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A REVIEW OF THE UNITED NATIONS OIL-FOR-FOOD PROGRAM

HEARING

BEFORE THE

COMMITTEE ON FOREIGN RELATIONS UNITED STATES SENATE

ONE HUNDRED EIGHTH CONGRESS

SECOND SESSION

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A REVIEW OF THE UNITED NATIONS OIL-FOR-FOOD PROGRAM

WEDNESDAY, APRIL 7, 2004

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met, pursuant to notice, at 9:30 a.m. in room SD–419, Dirksen Senate Office Building, Hon. Richard G. Lugar (chairman of the committee), presiding.

Present: Senators Lugar, Hagel, Chafee, Allen, Coleman, Sununu, Biden, and Dodd.

OPENING STATEMENT OF SENATOR RICHARD G. LUGAR, CHAIRMAN

The CHAIRMAN. This hearing of the Senate Foreign Relations Committee is called to order. The Senate Foreign Relations Committee meets today to examine the United Nations Oil-for-Food Program. Although the precise extent of the corruption and mismanagement in this program is not yet known, there is no doubt that billions of dollars that should have been spent on humanitarian needs in Iraq were siphoned off by Saddam Hussein's regime through a system of surcharges, bribes and kickbacks. This corruption was not solely a product of Saddam Hussein's machinations. He required members of the United Nations Security Council, who were willing to be complicit in his activities, and he required United Nations officials and contractors who were dishonest, inattentive or were willing to make damaging compromises in pursuit of a compassionate mission. Now, the costs of this corruption were multifaceted, and they may continue to be felt for years.

First, although the Oil-for-Food Program delivered food, medicine and other essentials to millions of people, countless Iraqis may have died or suffered because billions of dollars were diverted from the humanitarian effort.

Second, Saddam Hussein used the proceeds of the corruption to prop up his regime and his army. The coalition forces that invaded Iraq faced a better equipped Iraqi military than they otherwise would have faced had the corruption not occurred. According to the new head of the Iraq Survey Group, Charles Duelfer, these funds were the, "primary source," for Saddam's efforts to procure military goods and expertise. A portion of these illicit funds may still be accessible to Saddam loyalists who are financing terrorism against coalition forces and Iraqi citizens.

Third, the corruption in the Oil-for-Food Program almost certainly contributed to the international division over containing and ultimately ousting Saddam Hussein. By exacerbating the humani-

tarian problem in Iraq, the corruption weakened the international consensus for containment. Even more disturbing is the prospect that governments or individual officials may have opposed the coalition's decision to use military force against Saddam Hussein in part because an overthrow of the regime would expose ongoing corruption in the Oil-for-Food Program. Even if we assume that such calculations were not a part of any government's deliberative process, we must acknowledge that corruption on this scale carries with it the potential to skew international decisionmaking.

Finally, the damage to U.N. credibility from corruption in the Oil-for-Food Program is harmful to United States foreign policy and to efforts aimed at coordinating a stronger global response to terrorism. Whatever influence and capabilities that the United Nations possesses come from the credibility associated with countries acting together in a well-established forum with well-established rules. Profiteering, mismanagement and bureaucratic stonewalling squander this precious resource. At a time when the United States is appealing for greater international help in Iraq, Afghanistan, and in trouble spots around the world, a diminishment of United Nations credibility reduces United States' options and increases our own burdens. If the United Nations cannot be trusted to run a humanitarian program, its other activities, including peacekeeping, arms inspection regimes, or development projects, may be called into question. The United Nations' ability to organize burden sharing and take over missions best handled by the international community is critical to the long-term success of United States foreign policy. As such, the United States must insist on a full investigation of the Oil-for-Food Program and work with the United Nations to prevent corruption on future projects.

The United Nations initiated the Oil-for-Food Program for understandable reasons. The world community felt a humanitarian responsibility to prevent the deaths of innocent Iraqis, who, in essence, were being held hostage by the criminal intransigence of the Iraqi regime. The United States embraced this program in the 1990s not only because of altruistic impulses, but also because, without it, our policy of containing Iraq through sanctions may not have been sustainable within the international community. To provide humanitarian relief, the Security Council voted to allow Iraq to sell a portion of its domestically produced oil and use the receipts to buy food and medicine. The Security Council made the decision to have the receipts from oil sales deposited with the U.N., and have the U.N. oversee the Iraqi Government's purchase of food and medicine. The process was to be managed by the United Nations Iraq Sanctions Committee, known as the 661 Committee, after the Security Council resolution that created it.

Few American or international officials went into this program with the view that Saddam Hussein could be trusted. Any rational observer should have admitted that the leader of a brutal regime who had invaded his neighbors, used weapons of mass destruction, undercut U.N. resolutions and routinely lied to the international community would try to game the system. Yet, despite this reality, the U.N.'s mechanisms for controlling Oil-for-Food contracts were inadequate, transparency went by the wayside, and effective internal review of the program did not occur. The United Nations al-

lowed Saddam to select not only the suppliers of food and medicine, but also the buyers of Iraqi oil. Such an arrangement was a recipe for disaster. The General Accounting Office estimated that Saddam skimmed some $4.4 billion from transactions involving both sales and purchases. The GAO also estimated that an additional $5.7 billion of oil was smuggled out of Iraq—separate from the oil sold through the Oil-for-Food Program. Much of it apparently was transferred through Syria and Turkey.

The American people, who have borne much of the burden in offering the people of Iraq a better future, need answers to some key questions. First, why didn't the U.N. committee set up to oversee the Oil-for-Food Program discover such egregious irregularities? Second, who were Iraq's business partners, and to what degree did they facilitate and profit from the corruption? Third, was there complicity on the part of United Nations staff? Fourth, how much did individual governments know? Fifth, did individual countries actively aid Saddam, either because they disagreed with the sanctions policy, or because they saw money-making opportunities?

These charges must be fully investigated. Secretary General Kofi Annan's recent announcement that he will undertake a high-level investigation is welcome, but the Secretary General and his staff must understand that the credibility of this investigation will be suspect without diligent efforts to ensure its independence and its effectiveness. He must appoint individuals of the highest caliber, internationally recognized for their ability and integrity. The U.N.'s Office of Inspection and Oversight Services is conducting its own investigation into the possible culpability of U.N. personnel. The executive branch of the U.S. Government also should undertake its own investigation.

We now have access to records in Iraq, and we have a long and highly developed expertise in contract oversight. Today, the Foreign Relations Committee commences its contribution to the examination of the Oil-for-Food Program and we welcome Ambassador John Negroponte, the United States' Permanent Representative to the United Nations. Joining him on our first panel are Ambassador Patrick Kennedy, the U.S. Representative for U.N. Management and Reform; Ambassador Robin Raphel, the Coordinator of the Department of State's Office of Iraq Reconstruction, and Dr. Kim Holmes, Assistant Secretary of State for International Organizations.

On our second panel, we will hear from Joseph Christoff, the Director of International Affairs and Trade at the General Accounting Office, and Michael Thibault, the Deputy Director of the Defense Contract Audit Agency. They will discuss in greater detail their examination of the process and the methodology by which Saddam Hussein skimmed billions of dollars from the Oil-for-Food Program.

We thank, in advance, our witnesses for joining us. We look forward to their insights. But first of all, it's my privilege to call upon the distinguished ranking member, Senator Biden, for his opening comments.

OPENING STATEMENT OF SENATOR JOSEPH R. BIDEN, JR., RANKING MEMBER

Senator BIDEN. Thank you, Mr. Chairman, and thank you for holding this hearing. We welcome all of our distinguished witnesses today. As you've indicated we're going to hear testimony about the Oil-for-Food Program in Iraq, one of the largest humanitarian programs ever managed by the United Nations, or any other institution for that matter.

The Oil-for-Food Program has generally been recognized as easing the suffering of the Iraqi people. For example, the daily caloric intake of the average Iraqi citizen doubled between 1996 when the program started and 2002. But there also are serious allegations about mismanagement and corruption that must be addressed, not simply to hold accountable those who are guilty of corruption but to make sure that we get it right in the future because we're going to lose credibility, the institution will lose credibility and the ability in the future to act is going to be, I think, seriously damaged.

To that end I welcome your and Secretary General Kofi Annan's call for an independent investigation into these allegations because it's critically important, as I indicated, for the integrity and efficiency of the United Nations that we get to the bottom of the story. Without credibility it's not going to get support. We need to know to what extent the United Nations Secretariat and its employees knew about Saddam's manipulation of the Oil-for-Food Program, whether they were complicitous and what role, if any, the United Nations member states played in the process.

Just as important as learning who did what and when is ensuring that the lessons learned from the Oil-for-Food Program can be applied to future humanitarian assistance programs and sanctions regimes. Ambassador. So today's agenda is important. But quite frankly we can't ignore the thousand-pound gorilla sitting in the middle of this room today. The gorilla is, of course, the date of June 30, the deadline for returning sovereignty to Iraq. It gives us 85 days to finally get things right in Iraq and put on a course; that is, one that increases the prospects for success, success defined as having a participatory democracy in Iraq that is representative of the Iraqi people that is able to maintain its own boundaries and security and over time can do it without the help of the international community.

I've been saying for the last year that we have first-rate folks in Baghdad in the Coalition Provisional Authority, and I believe that to this day. But even the best folks can't create order out of chaos without a plan. Speaking for myself only, I still believe we don't have a plan for transferring authority to the Iraqi people, and if we have one I don't know what it is. I'm not informed of it; I don't know what the deal is and I don't think I'm alone in that regard. I doubt whether there's any single Member of Congress who does. We still don't know how the caretaker Iraqi Government will be chosen or what it will look like. We don't know who will referee the disputes that are sure to come along among the Shi'ite, Sunni and Kurds. We still don't know what role, if any, the United Nations will play and whether or not NATO will play. We still don't know

who the American ambassador will be in what is likely to be the largest and most important American embassy in the world.

We know one thing, that between July 30 and January 31, when general elections are to be held and a constitution is to be written, there will be an incredible difficulty. Incredible difficulty. In short, we still don't know the answers to the most basic and critical questions we face in Iraq.

Why are these questions and their answers so important? Well, I would suggest they are important because they go to the fundamental tension we face on June 30 between two contradictory needs. On the one hand the Iraqis will desperately need a strong international support to provide security, settle political disputes, and economic health. Their own security forces and political leaders will not be up to the task no matter how good they are. On the other hand, the U.S. desperately needs to take an American face off the occupation in Iraq, as the President has said. Otherwise we'll continue to bear 90 percent of the cost, take nearly 90 percent of the non-Iraqi casualties and provide 90 percent of the force. And we'll remain responsible for everything that goes wrong in Iraq.

Now, how do we square this circle? I believe by seizing the one last chance that we have to get the United Nations and NATO in on the deal. A U.N. high commissioner would have more legitimacy with Iraqis than a U.S. Ambassador to help them decide on a caretaker government, to referee disputes and oversee elections, to referee the disputes that are going to take place in the constitution, as was the case with the loya jirga in Afghanistan, and the U.N. would open the door to a more international participation by giving political coverage of the leaders whose peoples oppose the war. I have met with all of those leaders, I say to our Ambassador. They have been very straightforward with me. They need a U.N. resolution to vote for the participation of NATO forces. You and I both know that will be a relatively small number of forces but enough according to the Supreme Allied Commander to take care of securing the borders, to take over responsibility in the north and or to take over the responsibility for the Polish division in the south, freeing up roughly 20,000 American soldiers that we could badly use now, General Abizaid could badly use right now.

And the other piece of this is, we talked in this report, the Senator held hearings on the Hamre Commission. We talked about the window of opportunity closing. Well, the window of opportunity for the American people is closing. If we don't get this right soon, they'll continue to look at this as if we're alone in this deal. It's an exaggeration, but things appear to be out of hand, and in fact we may very well lose their support which would be devastating, because we cannot afford to lose Iraq.

I would say to my friend from Nebraska, who is a decorated war hero from Vietnam; you know what this reminds me of? Only one similarity to Vietnam. The Tet Offensive. The Tet Offensive took the mask off, said to the American people, my lord, we don't have control there, we don't have control, we don't have a plan. I think it's exaggerated but the marching that's taking place, the uprisings occurring in the triangle as well as that portion of the Shi'ite community, is communicating a similar fear to the American people.

That we're alone, we're the only ones in on the deal. And we don't have a plan.

This is salvageable. NATO cannot take on Iraq tomorrow but it could quickly generate enough troops to patrol Iraq's borders like I said, train its military, take responsibility for the north and or the Polish sector. And that would take a lot of pressure off our forces.

We may be a day late and a dollar short in getting the U.N. and NATO engaged, though. This administration, I think, has squandered so many opportunities, I think this is its one last opportunity. One last opportunity. And the worse the situation gets on the ground the more reluctant others are going to become to get involved. I read with great interest former CENTCOM commander General Zinni's comments today in the Wall Street Journal, basically saying it may be too late. I think he's wrong, that it's not too late. But let me tell you, I think it's getting close. I still believe we have a chance to broaden the coalition because many of our friends and allies have as much at stake in Iraq's success as we do. And as much to fear from its failure as we do. I think we have to make this one last effort to significantly broaden the responsibility.

In short, I believe we can still succeed and ensure a positive outcome on June 30. But to do so the administration needs to get serious now about answering these fundamental questions. And that's why I will raise them today, and when the Senator and I will be having lunch with the Secretary.

So, let me conclude, Mr. Chairman, I realize that's not the specific subject of our hearing today but I think it's all so interrelated here. And I respectfully suggest again to the President of the United States, he should be either on a plane or on the telephone with our major European allies saying we've got a lot to lose here, folks, we're in this together. What do you need to get in the deal? What do you need? What is it? What is it politically? What political input do you need? I'm open. Let's solve this problem.

And that may be going on but if it is, it's a surprise to me. It would be a great pleasure to hear that but I don't know why we're not being told if it is, and if it isn't I don't understand what's going on here. The President has to make a decision. It's decision time. What will July 1 look like in Iraq?

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Biden. Let me just comment for a moment that clearly the hearings that we've scheduled for April 20, 21 and 22, are an advance notice to the administration and to others. We encourage preparation so that the committee and the general public will be informed. Those are important dates. I mention them now so that those of you who are representing the administration today, and those of you from the State Department who are backing you, may convey our concern back to your colleagues. Senator Biden and I will directly address Secretary Powell. We will emphasize that we really do need answers to very critical issues. We're determined to get them. Absent that, the two of us, supplemented by Senator Allen, Senator Hagel and others, may write a potential plan and hold our own hearing. That would be much less satisfying. We've been down this trail once before, in terms of planning prior to hostilities. On that occa-

sion, inexplicably, General Garner was unavailable; so were the planners. We do not want a repetition of that experience. We have a very serious issue ahead of us here today. We appreciate very much your coming to address the U.N. Oil-for-Food Program.

As I understand, you wish to testify first, Ambassador Negroponte. Then Ms. Raphel, you will testify. Your associates will be available for questions, as I understand. I will ask you to proceed in the order we introduced you, first of all, Ambassador Negroponte and then Ms. Raphel. Please take the time that you need. Your full statements will be made a part of the record. You need not ask for permission for that. It is granted. Please proceed in your own way. Ambassador Negroponte.

STATEMENT OF AMB. JOHN D. NEGROPONTE, U.S. PERMANENT REPRESENTATIVE, U.S. MISSION TO THE UNITED NATIONS; ACCOMPANIED BY: AMB. PATRICK F. KENNEDY, U.S. REPRESENTATIVE FOR UNITED NATIONS MANAGEMENT AND REFORM, U.S. MISSION TO THE UNITED NATIONS

Mr. NEGROPONTE. Thank you very much, Mr. Chairman, Senator Biden, distinguished members of the committee. I welcome the opportunity to appear before you today to discuss the U.N. Oil-for-Food Program and recent allegations of possible mismanagement and abuse involving that program. At the outset I want to make perfectly clear that we share your concerns. We are committed to ensuring that all allegations are investigated and addressed.

Following the recent specific allegations of corruption by U.N. officials, I was immediately instructed by Secretary Powell to convey our concerns to United Nations Secretary General Annan. I have discussed this on several occasions with the Secretary General who has, on his own initiative, launched an investigation that will be independent, transparent, and comprehensive. As you know, we joined our fellow Security Council members on March 31 in welcoming this expanded investigation and pledging our full cooperation. We must not forget that, allegations aside, it is the Iraqi people who would have been most hurt by any wrongdoing. It is for them most of all that we must take this responsibility very seriously and we will urge all United Nations member states to do the same.

The Oil-for-Food Program, as you indicated, was created to alleviate the hardships faced by the Iraqi people, hardships caused by Saddam Hussein's regime's refusal to comply with its obligations and the resulting comprehensive, multilateral sanctions regime imposed by the Security Council on Iraq following the invasion of Kuwait in August 1990. The Oil-for-Food Program allowed for the import of humanitarian goods using the proceeds from authorized Iraqi oil sales while maintaining sanctions on imports other than food and medicine. It represented the largest humanitarian relief operation ever launched by the international community. The United States supported the program's general objective of creating a system to address the humanitarian needs of the Iraqi civilian population while maintaining strict sanctions enforcement on items that Saddam Hussein could use to re-arm or reconstitute his weapons of mass destruction program. We believe the system the Council devised largely met those objectives. However, the

rules and procedures governing implementation of the program were the product of negotiation among the 15 members of the Security Council and between the United Nations and the former Iraqi regime. The United States was able to set basic parameters and monitor the functioning of the program through our participation in Security Council discussions and as a member of the Iraq Sanctions Committee, also known as the 661 Committee, named for the Security Council resolution that created it. However, we were not in a position to exercise exclusive control over the process as the committee made decisions through consensus.

Although the flow of humanitarian and civilian goods to Iraq was a matter of strong interest to the U.S. Government, an even greater goal throughout the period of sanctions was to ensure that no items were imported which could in any way contribute to Iraq's weapons of mass destruction programs or capabilities. At the United States Mission to the United Nations we concentrated our efforts on this aspect of the sanctions. It is important to note that no U.S. Government funds, including those that might have been drawn from U.N. assessments, were involved in the establishment and functioning of the program. With the exception of voluntary funds provided by the United States for the U.N. guards contingency in Northern Iraq, whose task was to protect humanitarian personnel working there, all expenses associated with management of the program were drawn from Iraqi oil revenue that was deposited into a U.N. escrow account established in 1995 under Resolution 986.

Recent press reports allege that there was corruption and abuse in the implementation of the program. These allegations fall into four general categories. First, direct oil smuggling by the former Iraqi regime; second, the manipulation of pricing on Iraqi oil exports; third, kickbacks on Oil-for-Food humanitarian contracts; and last, possible abuse by United Nations personnel. At the heart of these were the determined efforts by Saddam Hussein to obtain funds illicitly and hide his sanctions-busting activities.

In the written statement that I have submitted for the record, I have provided greater detail about what we know about the allegations in each category. Where we could identify abuse and fraud in the implementation of the Oil-for-Food Program, we and the United Kingdom endeavored to stop them, including through bilateral diplomacy and special briefings to the Security Council and the 661 Committee of the ways in which we observed the Saddam Hussein regime diverting funds from the program, smuggling, and generally violating Council resolutions. What we did not have before the fall of Saddam's regime was documentation and witnesses who were willing to step forward to provide evidence of corruption. Documentation is now becoming available in the wake of the Saddam Hussein regime's demise. Witnesses are now coming forward who may be able to shed more light on how Saddam and his supporters evaded sanctions and on instances of corruption that may have existed in implementing the Oil-for-Food Program.

The independent, high-level inquiry initiated by the Secretary General will shortly get underway. The terms of reference have been written and provided to Security Council members. The inquiry will investigate allegations of fraud and corruption in the ad-

ministration and management of the Oil-for-Food Program, including those against United Nations personnel, contractors, and entities that entered into contracts with the U.N. or with Iraq under the program. We and other Security Council members have welcomed the Secretary General's initiative and called for international cooperation. Both the summary and final report on the findings of this panel will be made public. We expect announcements soon on the membership of the inquiry panel and have strongly urged the Secretary General to ensure that members are of unimpeachable standing. We believe that this inquiry can serve as an important vehicle in addressing various allegations.

Mr. Chairman, in Baghdad the CPA is also assisting the Iraqi Board of Supreme Audit to launch an investigation into the allegations of corruption regarding the Oil-for-Food Program. Coalition Provisional Authority administrator Ambassador Bremer has issued a directive to the CPA and all Iraqi ministries in early March, instructing all ministry officials to identify and secure relevant Oil-for-Food documents. Representatives of the Iraqi Board of Supreme Audit have met with the CPA and Iraqi ministry officials to ensure cooperation and transparency in this process. We hope that the inquiries now being launched will identify those who conspired with the Hussein regime and perhaps assist in recouping lost funds for the Iraqi people.

Mr. Chairman, again I thank you for the opportunity to provide this information on the Oil-for-Food Program. You have my fullest support and that of my staff in your efforts to determine the extent and involvement of wrongdoing associated with the program. Thank you very much.

[The prepared statement of Ambassador Negroponte follows:]

PREPARED STATEMENT OF AMB. JOHN D. NEGROPONTE

Mr. Chairman, distinguished members of the Committee,

I welcome and thank you for the opportunity to appear before you today to discuss the UN Oil-for-Food (OFF) program and recent allegations of possible mismanagement and abuse with regard to the implementation of that program.

At the outset, I want to make perfectly clear that we appreciate and share your concerns. We will do what we can to ensure that all such allegations are investigated and addressed, most importantly for the benefit of the Iraqi people. I can assure you of Secretary Powell's strong personal interest and concern regarding this issue. In reaction to recent specific allegations of corruption by UN officials, I immediately was instructed by Secretary Powell to convey our concerns to UN Secretary-General Annan. I have discussed this on several occasions with the Secretary-General, who has on his own initiative launched an investigation that will be independent, transparent and comprehensive. As you know, we joined our fellow Security Council members on March 31 in welcoming this expanded investigation and pledging our full cooperation. We must not forget that, corporate and official allegations aside, it is the Iraqi people who would have been most hurt by any wrongdoing. It is for them most of all that we must take this responsibility very seriously, and we will urge all UN member states to do the same so any and all wrongdoing is uncovered and addressed.

Mr. Chairman, I think it may be helpful to you to have some background on the Oil-for-Food program and the Iraq sanctions regime.

The United Nations' Oil-for-Food (OFF) program was authorized by Security Council Resolution 986 in April 1995 and became operational in December 1996. The Security Council had imposed comprehensive multilateral sanctions on Iraq in August 1990 (UNSCR 661) to convince Saddam Hussein to withdraw from Kuwait without the use of force. Sanctions on Iraq continued after the Gulf War and were thought by many in the international community to impose extreme hardship on the Iraqi people. The Oil-for-Food program was created to alleviate those hardships. It allowed the import of humanitarian goods using the proceeds from controlled Iraqi

oil sales while maintaining sanctions on imports other than food and medicine. The objective was to continue constraining Saddam Hussein's ability to use oil revenue to build a military arsenal.

The Oil-for-Food program represented the largest humanitarian relief operation ever launched by the international community. Iraqi oil exports totaled $64.2 billion over the life of the program. The proceeds funded $46 billion worth of humanitarian contracts for Iraq, and $16 billion for the UN Compensation Commission (UNCC), as well as administrative costs for the Office of the Iraq Program (OIP), the UN Monitoring, Verification, and Inspection Commission (UNMOVIC), and the UN Special Commission (UNSCOM) totaling $2.65 billion. Of the $46 billion funding for humanitarian contracts, more than $31 billion in humanitarian supplies was delivered to Iraq from March 1997 until November 21, 2003. An additional $8.2 billion in prioritized supplies ordered under the program is scheduled to arrive in the coming months. To date, $7.6 billion in surplus funds have been transferred from the UN escrow account to the Development Fund for Iraq (DFI), monies that have been extremely useful in the implementation of various programs for the people of Iraq.

The United States Government supported the program's general objective of creating a system to address the humanitarian needs of the Iraqi civilian population while maintaining strict sanctions enforcement of items that Saddam Hussein could use to re-arm or reconstitute his WMD program. We believe the system the Council devised by and large met those objectives. However, the rules and procedures governing implementation of the program were the product of negotiation among the fifteen members of the Security Council and between the UN and the former Iraqi regime. The United States was able to set basic parameters and monitor the functioning of the program through our participation in Security Council discussions and as a member of the Iraq Sanctions Committee, also known as the "661 Committee," named for the Security Council resolution that created it. However, we were not in a position to exercise exclusive control over the process. Although the flow of humanitarian and civilian goods to Iraq was a matter of strong interest to the U.S. government, it should be emphasized that an even greater preoccupation throughout the period of sanctions was to ensure that no items be permitted for import which could in any way contribute to Iraq's WMD programs or capabilities. Thus, at USUN we concentrated our efforts on this aspect of the sanctions.

It is important to note that no U.S. Government funds, including those that might have been drawn from UN assessments, were involved in the establishment and functioning of the program. With the exception of voluntary funds provided by the United States for the UN Guards Contingency in Northern Iraq (UNGCI), whose task was to protect humanitarian personnel working there, all expenses associated with management and implementation of the program were drawn from Iraqi oil revenue that was deposited into a UN escrow account established under Resolution 986 (1995).

The sanctions regime and the OFF program constituted the most comprehensive and intrusive regime ever imposed by the Security Council, short of a complete embargo. At the insistence of many other Security Council members, the program permitted the Government of Iraq to control the sale of oil and the selection and negotiation of contracts with suppliers of humanitarian items destined for Iraq. The United Nations and its UN Office of the Iraq Program (OIP), which managed implementation of the program, were not a party to the contracts. The contracts were concluded exclusively between the Iraqi government and individual suppliers. These Council members insisted that Iraq's national sovereignty and territorial integrity, and thus the right to execute contracts, be enshrined in the language of Resolution 986 (1995). The 661 Committee reviewed the contracts that had been concluded between the Iraqi government and contractors to ensure that no items could be used for military purposes.

Much of what the U.S. Government could and could not achieve with regard to monitoring the program and implementation of the sanctions was directly related to the political situation surrounding the contentious issue of Iraq in the Security Council and in the 661 Committee. U.S. efforts to keep the comprehensive sanctions regime in place repeatedly were challenged by Council members who complained about the humanitarian impact of sanctions on the Iraqi people, and whose national firms would derive economic benefit from the lifting of sanctions. Indeed, starting in the mid-'90s and continuing into 2001, these pressures to lift sanctions grew.

Recent press reports allege there was corruption and abuse in the implementation of the program, allegations which fall into four general categories:

- direct oil smuggling by the former Iraqi regime;
- manipulation of pricing on Iraqi oil exports;
- kickbacks on OFF humanitarian contracts; and

• possible abuse by UN personnel.

At the heart of this were the determined efforts by Saddam Hussein to obtain funds illicitly and his repeated efforts to hide sanctions-busting activities.

Mr. Chairman, we know there was abuse and fraud in the implementation of the OFF program. Where we could identify it, we and our UK partners stopped it. What we did not have before the fall of Saddam's regime was documentation and witnesses who were willing to step forward to provide evidence of corruption. Documentation is now becoming available in the wake of the Saddam Hussein regime's demise, and witnesses are also now coming forward who may be able to shed light more precisely on how the previous Government of Iraq and its supporters evaded sanctions, and on instances of corruption that may have existed in implementing the Oil-for-Food program.

The Secretary-General of the United Nations has initiated the process for conducting an independent high-level inquiry into the allegations of corruption and abuse in the administration and management of the OFF program. This inquiry will look into the allegations of fraud and corruption by UN personnel, contractors, and entities that entered into contracts with the UN or with Iraq under the program. Separately, the Iraqi Board of Supreme Audit, with assistance from the CPA, has launched its own investigation in Baghdad into allegations of misconduct concerning the OFF program. The United States will fully support these efforts.

OIL SMUGGLING

It was commonly understood that the Saddam regime engaged in multiple, complex efforts to evade the sanctions imposed by the Security Council. In fact, the Saddam Government orchestrated the largest share of non-compliance with the Council's demands through outright oil smuggling and the procurement of unauthorized goods completely outside the context of the OFF program.

While it is assumed that Saddam engaged in oil smuggling throughout the life of the sanctions regime on Iraq, reports suggest that oil smuggling efforts intensified from 2000 onward, reaching a peak annual level of $2 billion in 2002, mostly through the Persian Gulf and Syria. While it is not possible to confirm the General Accounting Office's March 2004 estimate of $5.7 billion in illegal oil smuggling revenue for the period 1997 through 2002, this figure appears realistic given the magnitude of the problem in 2002 alone. Saddam and his fellow ruling authorities then used these funds to acquire desired items in circumvention of Council oversight and review.

The Multinational Maritime Interception Force (MIF) operating in the Persian Gulf enjoyed success from 2000-2001 in significantly reducing the number of small vessels operating out of Shatt al-Arab that were smuggling Iraqi oil along Iran's southern coast. An equally noteworthy source of oil smuggling prior to the 2003 Iraq war was the illegal flow of oil through Iraq's pipeline with Syria, which restarted operations in late November 2000. The United States, in coordination with the UK, repeatedly raised concerns over such blatant noncompliance, only to be told by Syrian representatives that the Iraq-Syria pipeline was "being tested," but was not operational.

OIL SURCHARGE

Evidence that the Iraqis were attempting to impose excessive price premiums on oil exports to exploit differences between oil prices approved by the 661 Committee and subsequent fluctuations in global oil prices surfaced as early as the fall of 2000, when the UN oil overseers informed the 661 Committee of instances in which the GOI was requesting imposition of an additional fee on the sale of Iraqi crude.

Members of the 661 Committee, led by the U.S. and UK, agreed to a statement issued by the Committee Chairman on December 15, 2000, making clear that additional fees above the oil selling price approved by the 661 Committee were not acceptable, and that all revenue derived from the sale of Iraqi oil was to be deposited in the authorized UN escrow account. Despite circulation of this message to all companies approved to lift Iraqi oil, evidence of the illicit surcharge continued through the spring of 2001. In April 2001 the United States and the United Kingdom first blocked 661 Committee approval of the price of Iraqi oil. The U.S., working in close coordination with the UK delegation in New York, raised the issue of excessive oil price premiums in a series of more than 40 formal and informal 661 Committee and Security Council meetings. An early instance was in December 2000. The U.S. and UK initially sought in April 2001 to limit the time that oil prices approved by the Committee at the beginning of each month would remain valid, from 30 days, which had been the practice up to that point, to 15 days. The U.S. and UK also requested weekly updates from the UN oil overseers on the status of oil price premiums, which

revealed that the Iraqis continued to seek imposition of additional, unauthorized fees on oil shipments ranging from 5 cents to 50 cents per barrel. We were unable to secure agreement to deal with this ploy.

Bolstered by such reports from the UN oil overseers, U.S. and UK experts made creative use of the consensus rule governing decisions in the 661 Committee, and began to withhold support until the end of each month for oil prices submitted by the Iraqi State Oil Marketing Organization (SOMO) prior to the beginning of that month. This retroactive price analysis permitted U.S. and UK experts the opportunity to assess oil prices sought by SOMO compared to the actual market price of comparable crude oils to determine if SOMO's prices reflected "fair market value"—a requirement under Resolution 986 (1995). Beginning in October 2001 the U.S. and UK regularly employed the retroactive oil pricing mechanism to evaluate SOMO's suggested prices until the suspension of the OFF program in March 2003.

Certain 661 Committee members strongly resisted U.S. and UK efforts to deviate from the previously standard 30-day, pro-active oil pricing scheme. Some Council members alleged that imposition of retroactive oil pricing caused a decline in the total volume of Iraqi crude oil exports, thereby reducing available funds to finance procurement of additional humanitarian supplies to benefit the Iraqi civilian population. However, the retroactive oil pricing we imposed had, its intended effect: by the spring of 2002, the UN oil overseers reported that oil price premiums had been reduced from as much as 50 cents per barrel to an accepted industry variation of 3 to 5 cents per barrel. This significant reduction in price premiums made it economically unfeasible for oil traders to pay a kickback and still make a profit. Thus for at least the final 18 months of the program we were able to save the people of Iraq significant sums of money in illegal oil surcharges.

KICKBACKS ON HUMANITARIAN CONTRACTS

Allegations of kickbacks related to OFF humanitarian contracts began to surface in late 2000. No documentary evidence was produced at the time to support these allegations.

U.S. and UK experts raised this issue with 661 Committee experts and OIP representatives during late 2000 and early 2001 and formally submitted proposals to address this issue during a 661 Committee meeting in March 2001. Our proposals received no support: members claimed that absent receipt of evidence indicating that such kickbacks existed, no action could be taken.

In a few instances a supplier accidentally left surcharge language in a contract, and in every such case we blocked the contract. As a general rule, though we often suspected contract overpricing during the latter years of the program, we were hampered by the lack of substantiated evidence—evidence that is now becoming available and which we are intent on pursuing.

The most important measures taken by the United States to address this issue occurred after the U.S., through CPA, obtained direct access to Iraqis and some Iraqi ministry documents. With the fall of the Hussein regime in the spring of 2003, and with the subsequent authorities granted to CPA under UNSC Resolution 1483, CPA officials (including sanctions experts from USUN staff), in coordination with UN officials and the Iraqis, took steps to eliminate surcharges in existing Oil-for-Food contracts meant evidently for kickbacks.

The CPA and the Iraqis not only identified priority contracts in the OFF pipeline, but also requested the UN agencies to negotiate a reduction in the overall contract value at an average rate of 10 percent for those contracts that the Iraqis identified as containing the kickback. It is estimated that this process saved the Iraqis approximately $600 million—money that is being returned to the Development Fund for Iraq.

The efforts by the CPA and the Iraqis to uncover the scale and intricacy of the hidden network created by Saddam Hussein to siphon funds from OFF have produced the first public acknowledgement by Iraqis that a systemic kickback system for OFF contracts actually existed. As more information comes to light and is evaluated, especially documentary evidence, we hope that the true scope and extent of this system and associated corruption and wrongdoing can be established.

ALLEGATIONS AGAINST UN PERSONNEL

During the life of the OFF program, to the best of my knowledge the United States Government was not aware of allegations of abuse, fraud, or corruption against those UN officials responsible for management and implementation of OFF. It was with the appearance of press reports in January 2004 about abuse of the OFF program that allegations of corruption by UN Office of the Iraq Program (OIP) Executive Director Benon Sevan and possibly other UN officials were made. There-

after the UN Office of Internal Oversight Services (OIOS)—the UN's Inspector general—approached us at USUN to request any substantiating information or evidence from the CPA and the Iraq Governing Council.

The Independent Inquiry initiated by the Secretary-General is being complemented by an Iraqi Board of Supreme Audit investigation. The provision of documentation and the forthrightness of Iraqis who previously managed the Oil-for-Food matters will be essential to determine the full scope of the problem. We have informed the Secretary-General that the United States Government endorses and fully supports these investigations and will assist in whatever way we can.

U.S. INITIATIVES: SPECIAL BRIEFINGS

In addition to efforts to eliminate or counter surcharges, kickbacks, smuggling or sanctions-busting activities, the United States also took initiatives to provide members of the 661 Committee and the Council information and evidence of violations by the former regime through various briefings. To counter charges that the U.S. was responsible for the continued suffering of Iraqi children, the United States briefed Council members in 2000 on the various ways the Saddam regime was diverting funds to benefit Iraq's elite, including through the use of diverted funds to build and furnish Saddam's palaces. The U.S. again briefed Council ambassadors in the spring of 2002 on Saddam Hussein's non-compliance with UN Security Council resolutions, and Saddam's attempts to procure WMD-related materials. In March 2002 a U.S. interagency team briefed the 661 Committee on the former regime's diversion of trucks.

Starting in 1996, U.S. Commanders of the Multinational Maritime Interception Force (MIF) in the Gulf briefed the Committee each year on the MIF's activities in combating the illegal smuggling of Iraqi crude. Most recently, MIF Commanders Vice Admiral Moore in 2001 and Vice Admiral Keating in 2002 briefed the 661 Committee and highlighted the continued attempts by Saddam Hussein to circumvent sanctions by illegally exporting oil and illicitly importing material into Iraq through the unauthorized use of ferry services from neighboring states.

STATUS OF INVESTIGATIONS

The independent high-level inquiry initiated by the Secretary-General will shortly get underway. The Terms of Reference have been written and provided to Security Council members for their information. The inquiry will investigate allegations of fraud and corruption in the administration and management of the OFF program, including those against UN personnel, contractors and entities that entered into contracts with the UN or with Iraq under the program.

We and other Security Council members have welcomed the Secretary-General's initiative, including by calling for international cooperation. Members have requested they be provided original copies of the complete final report. Both the summary and the final report on the findings of this Panel will be made public. We expect announcements will be made soon on the composition of the members of the inquiry panel, and have strongly urged the Secretary-General to ensure that members of the panel are of unimpeachable standing and have the capacity and experience to make this process as thorough, viable, and transparent as possible. We would hope that an American will be a member of the panel. We believe that this inquiry will serve as an important vehicle in addressing allegations against the UN and the OFF program. The U.S. and CPA have pledged their support and assistance for the UN investigation.

In Baghdad, the CPA is assisting the Iraqi Board of Supreme Audit to launch a Baghdad-based investigation into the allegations of corruption regarding OFF. CPA Administrator Bremer issued a directive to all CPA and Iraqi Ministries in early March instructing all Ministry officials to identify and secure relevant OFF documents. Representatives of the Iraqi Board of Supreme Audit have met with CPA and Iraqi Ministry officials to ensure cooperation and transparency in this process.

Mr. Chairman, the UN Oil-for-Food program was established to address the humanitarian needs of the people of Iraq in the face of callous disregard by Saddam Hussein for their welfare. Failure to do so would have prompted an accelerated deterioration in international support for the sanctions regime. We met with fairly good success in limiting Saddam's access to prohibited items under the program, and in exercising control over most of the revenue derived from the export of Iraqi oil. However, this program was abused by Saddam Hussein in nefarious and clever ways. The inquiries now being launched will, we hope, identify those who may have conspired with him, and perhaps assist in recouping lost funds for the Iraqi people.

Mr. Chairman, again I thank you for the opportunity to provide this information on the Oil-for-Food program, and would close by emphasizing that you have my full-

est support and that of my staff in your efforts to determine the extent and involvement of wrongdoing associated with the program.

The CHAIRMAN. Thank you very much, Ambassador Negroponte. Coordinator Raphel.

STATEMENT OF HON. ROBIN L. RAPHEL, COORDINATOR, OFFICE OF IRAQ RECONSTRUCTION; ACCOMPANIED BY: HON. KIM R. HOLMES, ASSISTANT SECRETARY OF STATE FOR INTERNATIONAL ORGANIZATIONS, U.S. DEPARTMENT OF STATE

Ms. RAPHEL. Thank you, Mr. Chairman, and Senator Biden. Mr. Chairman and distinguished members of the committee, I also want to thank you for the opportunity to appear before you here today to share my particular experience with the U.N. Oil-for-Food Program.

I was the CPA's senior advisor to the Ministry of Trade in Baghdad between April and August of last year, which gave me a particular on the ground perspective of the program during that period. The Ministry of Trade was responsible for Iraq's public distribution system, which rationed basic goods, most importantly food, made scarce by international sanctions after the first gulf war. After the Oil-for-Food Program was established in 1996 the public distribution system was supplied largely by OFF-procured commodities. The public distribution system used a Ministry of Trade data base, which was designed to list every Iraqi family. Families would pick up their rations each month from one of close to 45,000 local food agents. Trade Ministry trucks moved commodities from ports of entry to warehouses throughout Iraq and the food agents took smaller trucks and picked up their share of these rations and took them back to their shops.

We were told that about 60 percent of the population was totally dependent upon these food rations and most Iraqis considered them an entitlement. So when the coalition arrived in Baghdad in April, one of our goals was to ensure that the ration system was reestablished, both to ensure that the people had enough to eat but also to provide a sense of stability and continuity for the Iraqi people. The World Food Program was already hard at work ensuring that food was delivered and distributed throughout Iraq. Between April and October of 2003 the World Food Program delivered over two million tons of food, the largest amount ever delivered anywhere so quickly by the WFP.

Through May my colleagues and I concentrated on what I would call the infrastructure supporting the public distribution system. We reconstituted the Ministry of Trade leadership, made emergency salary payments and cataloged looted warehouses and silos. We also planned for local crop purchases, security of the various warehouses and silos, ministry building repairs and helped to forge new relationships between Baghdad and the Governorate offices of the Ministry of Trade so that they could communicate and move various food items among warehouses where shortages became apparent.

In late May the U.N. Security Council Resolution 1483 gave the Secretary General the authority to prioritize Oil-for-Food contracts in coordination with the CPA and the interim Iraqi administration

and according to the needs of the Iraqi people. This precipitated CPA's involvement with the Oil-for-Food contracts. In Baghdad we worked out a tripartite process with the U.N. Office of the Humanitarian Coordinator for Iraq—that's a long name, the acronym is UNOHCI—with visiting U.N. Office of Iraqi Program staff and Iraqi ministry officials. We agreed that we would jointly decide which contracts were of, what the U.N. resolution referred to as "relative utility," contracts that should be brought forward. The key criterion was whether the goods were needed to meet the humanitarian and reconstruction needs of the Iraqi people. The supplier's ability to deliver on time and the reasonableness of price were also considered. This work was managed by what we called the OFF team in the CPA. This is a team which I led during my time in Baghdad. Eligible contracts numbered roughly 5,000 approved and funded contracts, which had been approved and funded by the Office of Iraqi Programs in New York, worth over $8 billion. The CPA decided that it would not agree to the prioritization of contracts from companies about which there were outstanding questions regarding their relationship to the former regime. So we made it clear that we would not sign off on prioritization of those contracts.

Now, early in the process we learned that many Iraqi ministries had detailed knowledge of this so-called kickback system, under which suppliers had agreed to inflated prices and to pay a percentage of the inflated contract value into regime officials' accounts in foreign banks. The CPA was very determined to avoid any kind of perpetuation of this kind of corruption related to these contracts. At the same time, however, we believed that the Iraqis themselves were best placed to determine which of these Oil-for-Food goods were needed for their reconstruction; not only food items but also goods and spare parts related to oil, electrical, and public works infrastructure projects. Since many of these key contracts, we understood, included extra fees or kickbacks, it was agreed that the way to handle this was to have the appropriate U.N. agency, which would be talking to supplier to change delivery dates and times and so on, that those agencies in that process would negotiate the removal of these fees with the suppliers. So each ministry would identify the amount of any fee or kickback associated with a contract. And we developed a blanket instruction that in the absence of any specific information, and we didn't always have specific information, the level of the fee was to be 10 percent of the contract value for all contracts from June 2000 forward. Because it was in June 2000 we understood that the regime began to insist and turn the screws and put the pressure on to get more out of this kickback arrangement from the suppliers.

Once the tripartite review was complete a schedule of contracts signed off on by the appropriate Iraqi ministry official was submitted to our OFF team for final CPA review. This list of contracts was then signed off on by the appropriate CPA ministry senior advisor once the OFF team had made sure that all the appropriate information for each contract was included on the list. And then we sent this package of contracts with the signatures onto the UNOHCI office in Baghdad and they forwarded it to the Office of Iraqi Programs in New York. Then the Office of Iraqi Programs would notify the suppliers that their particular contract had been

prioritized and send the relevant information on to the appropriate U.N. agency with instructions to renegotiate delivery times and locations and to negotiate the removal of these extra fees or kickbacks. These renegotiations were presided over by the U.N. agencies and did not involve either Iraqis or CPA officials. U.N. agency officials made no formal reference to allegations of corruption when they were talking to suppliers in order to avoid prejudicing any possible future legal action.

The prioritization and renegotiations of these contracts turned out to be an enormous task. I think no one really realized, when we began, how much time it would take, how labor-intensive it would be. And of course it was complicated by the tragic August 19 bombing of U.N. headquarters in Baghdad, where many of our colleagues were injured and they were all finally evacuated.

So by late 2003 we began to worry a bit about the food pipeline. As a result of this, in January we decided to approach the WFP for some assistance in this regard. The CPA, the Iraqi Ministry of Trade and the WFP agreed that WFP would procure and transport to warehouses throughout Iraq more than $900 million worth of food to ensure that food pipeline gaps would be filled and that a buffer stock would begin to be built. The stocks are now rising in Iraqi warehouses, I'm pleased to say, and the Ministry of Trade has again taken over all new procurement.

Mr. Chairman, in closing I would like to thank you and all members of the committee for your continuing support to Foreign Service officers, especially my colleagues in Iraq, and for your support for the Diplomatic Readiness Initiative. It makes a great deal of difference to our people who are working 16 to 18 hours a day in dangerous conditions to know that you are interested in and appreciate their service. So thank you very much for that, Mr. Chairman.

[Prepared statement of Ambassador Raphel follows:]

PREPARED STATEMENT OF HON. ROBIN L. RAPHEL

Mr. Chairman and distinguished members of the Committee,

Thank you for the opportunity to appear before you today to share my experience with the UN Oil-for-Food (OFF) program in Baghdad. I was the Coalition Provisional Authority's (CPA) Senior Advisor to the Ministry of Trade (MoT) in Baghdad from April through mid-August last year.

The Ministry of Trade was responsible for Iraq's Public Distribution System (PDS), a system developed after the first Gulf War, essentially to ration the scarcity of basic goods resulting from international sanctions and ensure that all Iraqis had a minimum amount of food to eat. After the OFF program was established in 1995 under Security Council Resolution 986 and implemented in 1996, the PDS system was supplied largely by commodities procured under OFF. The PDS system was based on a computerized database maintained by the Ministry of Trade that was designed to list every family in Iraq. Each family had a ration card that they would use to pick up their rations each month from one of the roughly 45,000 food agents based in neighborhood shops. The food agents collected these commodities from a series of Trade Ministry warehouses distributed throughout the governorates. A fleet of Trade Ministry trucks moved the commodities from the ports of entry to these warehouses.

It was estimated that before the 2003 war, roughly 60 percent of the Iraqi population was totally dependent upon the ration basket. Others would use it to supplement other food sources or to pass on to poorer relatives. In any case, most Iraqis considered their rations a basic entitlement. At least 90 percent of Iraqis picked up their rations each month. Maintaining the ration system was important to the sense of stability and continuity the Coalition was trying to provide in the immediate aftermath of hostilities. While the MoT ran the PDS, the UN's World Food Program

(WFP) was responsible for monitoring the arrival and distribution of OFF food shipments to ensure they were fairly distributed and not diverted.

By the time the coalition arrived in Baghdad, the UN had been authorized by the Security Council initially under UNSC Resolution 986, and modified under UNSC Resolution 1472 (and later extended under UNSC Resolution 1476), to oversee the procurement of new foodstuffs and medicines on behalf of the government of Iraq, a function previously managed by the individual Iraqi ministries. These ministries could no longer enter into new contracts under the program. UN agencies were also authorized to decide which existing contracts for food and medicine should be prioritized and implemented.

The WFP began an Emergency Operation on April 1, 2003, issuing a multilateral appeal to donors, and managing the logistics of delivering this food to warehouses in Iraq. At the same time, WFP was given responsibility for implementing OFF food contracts and managing the movement of this food into Iraq. Under these combined operations, the WFP delivered over two million tons of food between April 1 and the end of the Emergency Operation in October 2003. It was the largest amount of food aid ever delivered in a single WFP program over such a short a period of time.

In January 2004, the CPA, Iraqi Ministry of Trade, and WFP agreed that WFP would procure and transport to Iraqi warehouses more than $900 million in food items for the PDS using Iraqi money from the Development Fund for Iraq (DFI). This was necessary to help ensure that food pipeline gaps were filled and a buffer stock began to be built. The MoT is now poised to take over all future procurement for the PDS.

During the period before the passage of UNSC Resolution 1483 on May 22, 2003 which provided for the termination of the OFF program and the transition of any remaining activities to CPA, my colleagues and I concentrated on other matters such as reconstituting Ministry of Trade leadership, providing emergency salary payments, determining the status of warehouses and silos—many of which had been looted—and planning for security for these facilities, repairing ministry facilities, sorting out relationships between Baghdad and MoT offices in the governorates which were under new management since senior Ba'athists officials had disappeared, developing a budget, and purchasing the local wheat crop.

Once UNSC resolution 1483 had given the Secretary General the authority to prioritize contracts, in accordance with the needs of the Iraqi people, in coordination with the CPA and the Interim Iraqi administration, the UN Office of Iraq Programs (OIP) staff came to Iraq to work out the procedures for this prioritization process. A tripartite process was agreed to under which the relevant UN agency, the CPA ministry advisor, and Iraqi ministry officials would jointly decide which contracts were of "relative utility."

By June 2003, we had learned from Iraqi officials that many of the ministries had both records that documented and personnel with detailed knowledge of the "kickback" system under Saddam Hussein's regime, under which many suppliers had agreed to inflated prices and to pay a certain percentage of the inflated contract value into foreign bank accounts of regime officials. While the CPA was determined to avoid perpetuating any corruption related to these contracts wherever possible, the UN and CPA believed the Iraqis were best placed to determine what OFF goods they needed to rebuild their country—including its oil, electrical, and public works infrastructure. Many of the contracts they selected included "kickbacks." It was agreed that the best way to deal with these "kickbacks" in the prioritized contracts was for the responsible UN agency to negotiate the removal of the "kickback."

In early June 2003 the CPA began to work with the UN agencies and Iraqi ministries on the OFF contracts. This work was managed by the "OFF Team" in the CPA Ministry of Trade, and coordinated with OIP and the UN Office of the Humanitarian Coordinator for Iraq (UNOHCI). The general procedures governing the process are described below.

Eligible contracts were those that had been approved and funded by OIP prior to April 14, 2003 when OIP declared a pause in processing of contracts because of concerns about future oil revenues. This comprised roughly 5,000 contracts worth over $8 billion. (An additional $1 billion worth of funded contracts had already been prioritized for emergency distribution by UN relief agencies under UNSC Resolution 1472.) Contracts which had been registered with OIP but not approved, or which had not yet been funded, were generally not considered eligible at that time. [Note: A few unfunded contracts for very urgent items such as food, emergency vehicles and fertilizer were later prioritized.] CPA also took the decision that it would not agree to the prioritization of contracts from entities about which there were outstanding questions concerning their relationship to the former regime. Action on contracts not considered eligible, or on contracts determined to be of questionable utility, was to be postponed until an internationally recognized, representative gov-

ernment of Iraq was in a position to make its own determination as to whether such contracts should be fulfilled.

By late June 2003, the tripartite review process began to gather momentum. Officials from the relevant Iraqi ministry, the CPA ministry advisors and the relevant UN agency sat together to examine the contracts in order to determine relative utility. This ensured that the historical knowledge of the Iraqis would be captured in the process, and that the UN and CPA would be a party to all decisions. The key criterion was whether the particular goods were needed to meet the humanitarian and reconstruction needs of the Iraqi people. The supplier's ability to deliver on a timely basis, and overall reasonableness of price were also considered. Each contract was assigned a priority of one through four, with one being the most urgent, and four indicating that a contract was of no relative utility.

Each ministry was responsible for identifying the amount of any extra fee or "kickback" associated with the contract. We were told that the regime first began to insist on "kickbacks" beginning with phase 8 of OFF in June 2000. Therefore, in our review of contracts, the blanket instruction was that, in the absence of specific information, the level of the fee was 10 percent of the contract value for all contracts in and after Phase 8. In some cases ministries had more specific information as to the exact level of the fee, or that there was no fee assessed.

Weekly meetings of these tripartite groups were established (many ministries met more frequently), with progress reported at a separate weekly meeting co-chaired by UNOHCI and CPA. These meetings continued from July 2003 until the UN bombing on August 19, 2003, after which all UN staff vacated Baghdad. After the bombing, CPA and Iraqi ministries continued the prioritization with deferred UN agency input via email or telephone, though some ministries made periodic trips to Amman, Jordan, to meet with their UN counterparts to obtain their direct input into the process.

Once the tripartite review was complete, a schedule of contracts signed by the appropriate Iraqi ministry official was submitted to the OFF Team for final CPA review. Once the OFF team had determined that each contract had been assigned a priority, the percentage "kickback" fee to be removed, and the delivery date and delivery location, the list of contracts was signed off by the appropriate CPA ministry Senior Advisor. This information was then faxed and emailed to UNOHCI, who would countersign the document and send it to OIP.

Once OIP received the document, they would notify suppliers by posting those contracts deemed to have relative utility on the OIP Web site. OIP would also send the contract information to the appropriate UN agency, with instructions to renegotiate the following terms: delivery costs, delivery location and removal of any "extra fees." These renegotiations were presided over by the UN agencies and did not involve the Iraqis or the CPA ministries. We were told by UNOHCI officials that in their dealings with suppliers, UN agencies made no formal reference to allegations of corruption or improprieties, and did not refer to the extra fees as "kickbacks". UNOHCI and OIP believed this was the best way to handle this matter so as not to prejudice any possible legal action in the future.

There were approximately 300 cases in which suppliers refused to take out the extra fees, asserting they had never paid anything beyond the value of the contract. Such cases were resolved by CPA querying the Iraqi ministry to confirm—and, where possible, to document—the presence or absence of the extra fee.

The pace of contract renegotiations picked up considerably in September as OIP completed its processing of contracts and passed them on to UN agencies. Some agencies hired extra staff in an effort to complete the task by the November 21 deadline. Still, 251 contracts had not been renegotiated by November 21. These were turned over to the Defense Contract Management Agency (DCMA), which is still working on the last of the renegotiations.

Since November 21, CPA has also been working with the Iraqi ministries to ensure that the prioritized contracts are delivered on a timely basis. They have focused particularly on food contracts to ensure that the food pipeline for the Public Distribution System is maintained. It is expected that delivery of the remaining OFF contracts will continue beyond June 30, 2004.

Mr. Chairman, in closing I would like to thank you and all members of the Committee for your continuing support for Foreign Service officers, especially those in Iraq, and for your support for the Diplomatic Readiness Initiative. It makes a great deal of difference to people working 16-18 hours per day in dangerous conditions to know that you are interested in and appreciate their service.

The CHAIRMAN. Thank you very much, Coordinator Raphel. Let me just pick up on your last point. We do, indeed, think often of

our dedicated Foreign Service officers. They are in harm's way, doing remarkable work for our country and for the Iraqi people. We appreciate that. We appreciate your service there.

The Chair would suggest that we have a 10-minute question period as this is an important subject and we want to make certain members have an opportunity to ask their questions.

I'd like to begin, Ambassador Negroponte, with this question, which I've carefully worded so that there will not be a violation of security. I ask you, in your opinion, does the fault for the abuses we have discussed today lie more at the feet of individual United Nations officials, or with individual member states?

Mr. NEGROPONTE. I think, first of all, Mr. Chairman, we have to lay the major share of the responsibility on the regime of Saddam Hussein itself, I think. Since 1990, since the time that sanctions were imposed, the Saddam regime made efforts to evade the sanctions and I think when you mentioned that figure of $4.4 billion on the one hand with respect to contracts and the $5.7 billion with respect to oil smuggling, I believe that the oil smuggling activities was virtually entirely the responsibility of the regime itself. As regards the question of the responsibility of members versus particular individuals in the United Nations who may have been carrying out the programs, I think in part we're going to have to wait and see how these investigations turn out, both the U.N. investigation ordered by the Secretary General and the CPA. I do think that there were member states who at times frustrated efforts by the United States and the United Kingdom to correct what we perceived as some of the important abuses of the management of the Oil-for-Food Program and to that extent I would fault those member countries. I'm not sure I know what percentage of the blame I would apart to them for that.

The CHAIRMAN. Let me followup. Is it fairer to say that in the 661 Committee, China, France and Russia were unwilling to impose sanction guidelines on the Iraq sanctions that would have prevented these abuses? What other nations obstructed reforms?

Mr. NEGROPONTE. Well, I think with respect, for example, to oil pricing, we've met resistance from the countries that you mentioned. With respect to correcting improprieties and inadequacies in the oil pricing they had a system of forward pricing of oil where the price would be set artificially low and then the oil would be sold at market prices and then the regime was able to share the discrepancy between the artificially low price and the price at which it had been sold on the international market between various regime officials and other middlemen. We ultimately succeeded in correcting that problem in 2001, ourselves and the British, by insisting in the 661 Committee on a retroactive pricing system whereby the oil would be exported first and then the price would be set later, and that could be set in a manner more consistent with market realities and therefore the opportunity for corruption and kickbacks would be substantially reduced, and was in fact substantially reduced. Had we had the cooperation of the countries that you mentioned earlier we could have probably corrected that problem sooner.

The CHAIRMAN. In your judgment, why did we not have that cooperation from those countries, specifically China, France and Russia?

Mr. KENNEDY. Well, I'm not sure I can ascribe all of the motives that these countries might have had. I think in one instance, to some extent it must have been driven by commercial considerations of various companies that were of the nationality of those countries. I think another aspect may have been the fact that these countries, Russia for example, didn't like the sanctions regime in the first place. They had been strong advocates of removing sanctions for a very, very long time. Resolution 1284 was adopted in 1999 and was the last major resolution affecting the Oil-for-Food Program. France, China and Russia abstained in that resolution, really because they objected to it. So that could be another consideration. But I think as we delve into this perhaps we'll get even further insights into their motives. And I would, as a last point, hasten to add that I think these countries all accept the fact that these allegations must be investigated and they have all supported the Secretary General's initiative to conduct an investigation.

The CHAIRMAN. Ambassador Kennedy, let me ask this question of you. What were the most basic weaknesses in the Oil-for-Food Program that allowed Saddam to exploit it to such a staggering degree?

Mr. KENNEDY. Mr. Chairman, I believe that the basic weakness is that the original decision made, which as Ambassador Negroponte pointed in his statement, was the result of the consensus process that is necessary to get such a major resolution passed at the United Nations was that it left sovereignty in the hands of the Iraqis, that it was the insistence by the Iraqis and by others in the United Nations that the Iraqis had to have the right to select the suppliers and the Iraqis had to have the right to select the purchasers. Once that basic decision was made, if you have a regime that was so inherently corrupt, brutal, evil and, if I might say, with quotes around it, "clever," as Saddam Hussein, they were then able to take steps to manipulate the system and, as he moved to manipulate the system as Ambassador Negroponte has also pointed out, the United States and the United Kingdom worked in the 661 Committee to counter every step and every manipulation he made and I think the excellent example was the question of prospective versus retroactive pricing. When it became clear that he was manipulating the pricing that way the United States and the United Kingdom moved quickly to counter that.

The CHAIRMAN. Let me ask this question of you, Coordinator Raphel, apropos of what has been suggested about the sovereignty that Iraq will have after June 30. Should we worry that kickbacks and payoffs could resume when the Oil-for-Food Program is turned to the Iraqis? If, we should not worry, why so?

Ms. RAPHEL. Mr. Chairman, with respect to the contracts that were arrived at under the Oil-for-Food Program, they will shortly all have been renegotiated with the kickbacks taken out. I say shortly because when the U.N.—when the clock stopped on the 21st of November U.N. agencies hadn't quite finished and they handed over to the CPA about 250 contracts which are being worked on now by the Defense Contracting Management Agency.

But these renegotiations will soon be completed so these old contracts will be kickback-free, shall we say. They will continue to be delivered on past the 30th of June but I don't think there's reason to be concerned about those contracts. The larger question is the issue of procurement throughout the Iraqi Government. And I know that Ambassador Bremer and everyone at CPA has been working hard, Ambassador Kennedy as well, over the last some months to develop a system of procurement that is transparent and fair and as far as possible does not allow for this kind of thing to happen. Ambassador Bremer has also established the position of Inspector General in each one of the ministries, or at least they are working on a code of conduct for all Iraqi civil servants and in our own dealings with Oil-for-Food suppliers. It's now explicitly on the CPA Web site that there are to be no commissions paid by the suppliers. So there are a number of steps which have been taken which we hope collectively will establish a new ethic among the Iraqi civil servants and the Iraqi Government and the Iraqi people with respect to this kind of procurement.

The CHAIRMAN. Post-June 30, will we be monitoring that? Right now, Ambassador Bremer and other Americans, as you say, are providing a code of ethics and procedures which hopefully would be followed. Once again, as we try to delve into what happens post-June 30, who are the watchdogs? Or are there any? Or are the Iraqis on their? Would this be a situation in which whoever happens to be the minister of a particular department deals with this in his or her own way?

Ms. RAPHEL. Well, two points with regard to your question, Mr. Chairman. First of all, it is our hope and I think our expectation that these new offices, the Inspectors General, the new Board of Supreme Audit, which is undertaking the investigation in Iraq, that these institutions will begin to put down roots. And I think we have some reason to believe that that will be true within the ministries. After all, in the instant case of the Oil-for-Food issue it was the ministry officials themselves who came to us and said, you know, here's what's been going on, here's the system, here are the percentages and so on. So I think there is a desire there.

And second, we expect that we will retain a certain number of technical advisors to help the Iraqi ministries continue with their reform and transition. We know that many of the Iraqis want that and that is what we hope to arrange.

The CHAIRMAN. Thank you very much.

Senator Biden.

Senator BIDEN. Just like to followup on that, if I may. I'm deadly earnest when I ask, why do you at this point only hope? Why don't you know? I mean, hasn't anybody said how—we're 12 weeks away. We're going to be coming back, this President is going to have to, or the next President, if it's not this President either. Kerry or Bush are going to have to come back to this committee and ask for billions more dollars. We all know it, you know it. No one wants to say that but everybody knows that. And do we not know who will be the authority, like Bremer now, that says, hey, wait a minute. We think you've changed the Inspector Generals in a way because you cut a deal. There are going to be six million deals cut in this new emerging government. Who gets to say no? Who is

going to be the person—is it going to be the U.S. Ambassador of this new super embassy? Do we know that? I mean, do you have any idea other than a hope? You've expressed a great hope and I think you've done a heck of a job, personally; you personally have done a heck of a job. But why don't we know now? Who do you get the answer from? I mean, if we tasked you now, would you please go back to the administration and within 24 hours come back and tell us who, not a name, what office, is going to be responsible for and able to say no, you're not doing it the right way? Who would you go talk to? Would you go talk to the Secretary of State? Who do you go to to find out the answer to that question?

Ms. RAPHEL. Senator, I'm sure you're aware that we have an Iraq Transition Team in the Department of State married up with a counterpart in the Department of Defense.

Senator BIDEN. No, I'm not aware of that. I don't know the names of those people.

Ms. RAPHEL. Ambassador Ricciardone and General Kicklighter, retired general.

Senator BIDEN. So they'd be the ones to give you the answer?

Ms. RAPHEL. They are working very hard on the whole question of the structure of the new embassy and new mission, how it will relate to the Iraqis, how we will oversee this unprecedented amount of assistance, the $18.4 billion. These are questions which the administration takes extremely seriously and it is a very complicated and complex matter, as I'm sure you can appreciate, of how to put the right kinds of checks and balances in and decision-making processes and so on. But that planning process is quite far advanced.

Senator BIDEN. Well, I'd like to formally request that you let us know exactly what stage it's at now. This is above your pay grade, I acknowledge, and above mine, in a sense, but you've had 16 weeks since the decision was made as to how we were going to transition on June 30. You've got 12 weeks left, 12 weeks left. And we all know that billions of additional American taxpayers' dollars are going to be heading to Iraq. I'd like to know specifically, not generically, an answer to the following question: at what stage is the planning? What alternatives are being considered? And what decision, if any, has been made as to how we're going to track these dollars in the pipeline now and the ones in the future? I'd respectfully request within a week to get an answer to that specific question. I'd appreciate that very much.

The second question I have, and there's a thousand questions but Ambassador Negroponte, how does the U.N. police itself? Are there mechanisms within the U.N. to try member states or individuals or companies for breaking resolutions or engaging in corruption, and is there a means to otherwise hold them accountable? Is there a mechanism that allows whistle blowers to come forward without fear of reprisal? How does it work? Talk to us about how it actually functions, the policing function.

Mr. NEGROPONTE. I think that the U.N. organization, the Secretariat, as a practical matter has policing power or policing authority over its own personnel. And Kofi Annan as the chief administrative officer of the United Nations has that authority and that is

one of the aspects that he is going to be looking into in this independent inquiry.

Senator BIDEN. Is there a due process mechanism for him to be able to make those judgments or is it a matter totally at his discretion? He concludes by an internal investigation that John Brown engaged in corruption or turned his back to corruption taking place and he's fired. Or is there a mechanism he's required to go through like we would have to in this country? And what are the sanctions available to him other than dismissing someone who is guilty of either directly benefiting themselves and or turning a blind eye to corruption as it exists or an absolute violation of a U.N. resolution that they are responsible for implementing?

Mr. NEGROPONTE. Well, I don't think he has. He obviously doesn't have the authority to impose any kind of criminal penalties. It seems to me that if wrongdoing of that kind were found and if there was a desire to pursue a judicial recourse of some kind then that would have to go to some particular jurisdiction other than the United Nations itself. But I think his powers, his own powers, are confined to taking disciplinary action within the organization, I suppose up to and including dismissal. Ambassador Kennedy has also given me a note here which relates to whether or not we have jurisdiction to prosecute those involved.

Senator BIDEN. Do we, Ambassador Kennedy?

Mr. KENNEDY. Senator——

Senator BIDEN. The reason I ask the question, these are the questions that informed constituents ask us. They're sitting there and wondering how the investigation is taking place, the Iraqi Governing Council's looking at this, we, our administration is looking at this, we're talking about billions of dollars being involved here and so I get asked the question, as a matter of fact, getting on the train I got the following question: is this going to be like the way we deal with corporate scandal here? No one's held responsible? I said no, no, we're holding people responsible here. Well, you know, how? I mean, in terms of what is it we say to our constituents as to what sanction is available if it is shown that an individual member was negligent. The Wall Street Journal had an editorial today indicating what in fact they thought about had happened and what we should be looking at and raising some questions about specific individuals and whether or not the investigation is capable of being conducted fairly, et cetera. And it prompts questions, logical questions, from our constituency. So that's the reason I'm asking, not that I'm not suggesting that somehow we're deficient if there is no such mechanism at the United Nations; I just want to know, and as a matter of fact you can help me write my answers to my mail. Do we have jurisdiction to criminally prosecute?

Mr. KENNEDY. If I could answer in two parts, Senator. The Secretary General has the right to fire United Nations employees who he believes are guilty of misfeasance, malfeasance. They have the right to an appeal to a U.N. administrative tribunal but the Secretary General also has the right to accept or reject that administrative tribunal. So the Secretary General may terminate U.N. employees for wrongful acts. Should this independent investigation that he has commissioned find that there was wrongdoing in the implementation, there may well be criminal investigations under-

taken that would follow on. The Department of State has been in contact with the U.S. Department of Justice after these allegations have appeared in the media and whether or not the United States would have jurisdiction to prosecute individuals or corporations who might have been involved in any kind of wrongdoing would depend on the individual facts of an individual case and where the actual criminal act had taken place. This would be a matter that would be referred to the Justice Department. Of course, even if the United States did not have jurisdiction because of where the act occurred, the act could theoretically be prosecuted by the Iraqis in their criminal court system because the crime had been committed against them, or it might be prosecuted in the courts of another nation because the wrongful act had been created there.

Senator BIDEN. I thank you all very much.

The CHAIRMAN. Thank you, Senator Biden.

Senator Hagel.

Senator HAGEL. Mr. Chairman, thank you, and thank you each for appearing before the committee this morning.

Ambassador Negroponte, in your sense of this, your recollection, were any of these irregularities ever reported to the U.N. Mission of the United States?

Mr. NEGROPONTE. Well, first of all, with respect to oil smuggling, we've known for a long time that there was oil smuggling and we even undertook measures to try and prevent or minimize that, including a multi-national interdiction force in the Persian Gulf.

With respect to oil pricing, we were also aware of this forward underpricing scheme that I described earlier and we took measures to deal with that. As far as allegations against United Nations personnel are concerned, they only surfaced in late January of this year when a newspaper in the region, in the Middle East, published an article listing various individuals and entities that had received oil vouchers from the Iraqis during the Oil-for-Food Program. But no allegations of corruption or allegations of misconduct by United Nations personnel had been brought to our attention before then.

And then last, Senator Hagel, on the humanitarian contracts, there had been allegations of kickbacks on humanitarian contracts as far back as the year 2000. But there was no substantiating evidence available until the CPA, in coordination with Iraqi representatives, uncovered indications of this in the summer of the year 2003.

Senator HAGEL. So to summarize, as far as you know, and those at the U.S. Mission at the U.N. specifically focused on the Oil-for-Food Program, no one brought forward any allegation that U.N. representatives administering that program may have been involved in criminal acts or any acts of corruption?

Mr. NEGROPONTE. That is correct, until the allegations that were made in January of this year, yes sir.

Senator HAGEL. Thank you. Coordinator Raphel, how soon do you believe that the Oil-for-Food Program will be totally, can be totally phased out?

Ms. RAPHEL. Well, as you know Senator, the program was ended on the 21st of November, 2003, in the sense that there were no more contracts allowed to be made against the U.N. escrow account

which had the Iraqi oil revenues in it from the past. There are no new contracts. It's now just a matter of finishing up the renegotiation of old contracts and getting the goods shipped into the country. So now, if the Ministry of Trade wishes to order wheat, they do it using the funds from the development fund of Iraq, which is where all the Iraqi oil revenues are now going. They used to go into the U.N. escrow account; now they go into the development fund for Iraq.

Senator HAGEL. Well, what I'm really referring to is when do you believe the Iraqi people will be in a position to purchase their own food and all remnants?

Ms. RAPHEL. Sorry.

Senator HAGEL. Maybe I should have qualified that, remnants of the Oil-for-Food Program will be complete? And as you noted the Ministry of Trade, which I want to ask you a question about in a moment, but we know the transitional process there, but if you could stay focused on that question.

Ms. RAPHEL. OK. First of all, in terms of the old contracts we expect by autumn of this year that all of the goods that are coming in under those contracts should be in Iraq and distributed. If you're speaking more generally to the public distribution system——

Senator HAGEL. Yes.

Ms. RAPHEL [continuing]. The food ration system.

Senator HAGEL. Yes.

Ms. RAPHEL. OK, that is another question altogether. The view of CPA is definitely, and other international experts and economists and the World Bank and the IMF and so on, is that Iraq must take a serious look at the food ration system and in fact other subsidies that pervade their whole economic structure to find a way to bring this more in line with a market system to stimulate production of their own agricultural sector and so on. There's been a lot of thought given to this and to the whole question of food security and identifying who the really vulnerable groups are who need what would be in our terms say, food stamps, need some support, some subsidies to get basic food items for their family and so on. But the decision was made that this was something we really needed to leave to the next Iraqi Government. It's a highly political issue; as I mentioned early on, the Iraqis consider this an entitlement and with so many other issues on our plate, both on the economic and clearly on the security and political side, we thought this was best to leave to the Iraqis for a later date. But they are also aware that they need to change this system.

Senator HAGEL. So we don't have a general framework of a date as to when this would be phased out?

Ms. RAPHEL. No. I suspect that it will certainly continue at least to the end of this calendar year and on into 2005. But we have and will continue to work on various proposals to discuss with the Iraqis to give them some ideas on what other countries have done to reduce food subsidies and so on. So we're actively engaged with them on this subject.

Senator HAGEL. You mentioned in your testimony the Ministry of Trade picking this up and now the implementing agency will be, especially after June 30. In your opinion are they prepared to do this? And they are doing it in a way that will in fact affect what

needs to be accomplished, as you noted, socially, economically, diplomatically?

Ms. RAPHEL. Right. There are a couple of elements to the public distribution system. One of them is procurement. And in fact, as we've noted from this whole system, the Iraqis did their own procuring; that was part of the problem, in fact. But the Ministry of Trade has procured food stuffs before, they've done a lot of capacity building in Rome with the World Food Program, our people in CPA have worked with them to expand the list of suppliers that they consider and to develop a more transparent system altogether. So that capacity building is ongoing and in fact the Ministry is now doing its own procuring with oversight from CPA officials. So that's one element of it.

The distribution, again, is something that the Ministry of Trade was responsible for all along. They developed this system right after the first gulf war; it's elaborate, as I say, it's based on a sophisticated computer data base. The difficulty for them, after hostilities ceased, was really that they had problems with their trucking system, they had problems with communications as we all did, and the discipline and authority relationships between the center and the governorates upon which this system depended, if you were in the center watching the whole structure you had to call the Governor of Al Anbar and say, you know, we need to release a certain amount of tea to go from there down to Basra. That capability disappeared overnight and so we've had to rebuild this. But the fact is they used to do it, they're capable of doing it quite effectively.

Senator HAGEL. Thank you. I've got limited time and if you could give me a very short answer on one question and then I wanted to get one more—that is, NGOs. Are they going to play a role? Are they playing a role in this distribution process?

Ms. RAPHEL. The WFP was charged with monitoring the system in the south and central governorates, checking in on the warehouses, making sure none of the food that came in under this program disappeared and so on. It was a monitoring role.

Senator HAGEL. Thank you. And last question, you mentioned this, the Ambassador mentioned it, on CPA's involvement, your particular involvement over the last few months and looking at the specific charges, analyzing contracts, the issues that are part of, or at the core, actually of this hearing; my question is, do you believe the CPA has access to all the relevant U.N. documentation that they need to review to get to some of these issues that we all are going to be looking at, specifically what CPA's responsibilities are now, aside from what the Secretary General's charge is to his people at the U.N. for investigation? Do you have everything you need?

Ms. RAPHEL. Just speaking to things in Baghdad, Ambassador Bremer has ordered that the Board of Supreme Audit go through the files of each ministry and collect all relevant documentation that will help get at the bottom of the whole kickback scheme. As you know, many of the ministries were burned. Certainly the Ministry of Trade was and others were, so that documentation will not be complete but it is now being sequestered and gone through by the Iraqis in conjunction with CPA authorities.

Senator HAGEL. And you believe you have everything you need?

Ms. RAPHEL. Well, again, we don't know what a complete set of records would be and we assume that at least some of them were lost in the immediate aftermath of hostilities through the looting and burning and so on.

Senator HAGEL. Thank you.

The CHAIRMAN. Thank you, Senator Hagel.

Senator Dodd.

Senator DODD. Well, first of all, Mr. Chairman, thank you very much. This is a very important hearing and I'm very pleased that you're holding it. And I thank our witnesses as well for being here. And Mr. Chairman, I'm just going to ask, if I may, at the outset that some opening comments be included in the record, if I could.

The CHAIRMAN. They will be included in the record.

Senator DODD. And let me just summarize some of the comments I made in my written statement, very briefly.

Obviously, looking at the Food-for-Oil Program it is tremendously important and we can learn valuable lessons from it, but as has been pointed out it basically has ceased to function, except for what remains to be done back in November. But certainly, while we're very worried, and rightly so, about the corruption that went on, as I understand it about 72 percent of the funds that were secured as a result of the program actually went to serve the people of Iraq, innocent people in Iraq, who would have been, I think, under desperate circumstances had this program not been created. At least that's my observation. So, while I'm not excusing it, all the $10 billion plus that may have been stolen as a result of the program, the fact that 72 percent of the funds, roughly $63 billion, one way or the other got to people in Iraq, may have saved them from just a human tragedy of significant proportions. So, I just wanted to make that point.

And second, I'm actually, as I'm interested in this, I'm really more interested in the way in how the reconstruction funds are going to work. Let me just raise two or three quick questions, if I can, and get your responses, if I may.

First, this isn't something new. In 2002, weren't we aware—and I don't know who I should address this to, whether it's to you, Ms. Raphel or to John Negroponte—but in 2002, you had Turkey and Jordan that there was oil flowing out of Iraq to both of these countries. We were certainly aware of it at the time; they were getting it at below world prices. So this idea that we're somehow discovering this corruption at this hour, I think, is not borne out by facts. Weren't we aware of the Jordanian/Turkey use of Iraqi oil supplies 2 years ago?

Mr. NEGROPONTE. Yes sir. Iraq was Jordan's main trading partner before the gulf war and from 1980 to 1990, 19 percent of Jordan's exports were shipped to Iraq while 12 percent of Jordan's imports came from Iraq. And in recognition, this was a bit of a special arrangement here, of this unique relationship and wishing not to unnecessarily and unfairly penalize the people of Jordan from the negative economic consequences of sanctions on Iraq, the Security Council permitted Jordan to import oil from Iraq as compensation for the burden it was experiencing as a result of the United Nations sanctions on Iraq.

Senator DODD. Do we know what happened to the revenues that went for that? When they came in—the revenues that came back into Iraq?

Mr. NEGROPONTE. I don't know the answer to that question.

Senator DODD. Wouldn't it be a pretty good guess they probably ended up in the pockets of Saddam Hussein and his cronies?

Mr. NEGROPONTE. I just don't know, sir.

Senator DODD. Yes. Well would you generally agree that overall, despite the obvious, the clear evidence of corruption that the bulk of the resource that came into the program did serve and—we were told at the time that whatever other complaints, legitimate complaints about a terrorist regime, or certainly a brutal regime, that the bureaucracy of Iraq was such that in many cases they actually could serve people by getting resources to people who needed them. Is that a fair characterization?

Mr. NEGROPONTE. Yes sir. And, as I said in my prepared statement, I think the program by and large——

Senator DODD. Worked.

Mr. NEGROPONTE. Achieved its purposes. I think what we're talking about is the elements of corruption that were involved here. And I might just add that, you know, any sanctioned regime, inherently and particularly if it's been going on for a period of 12 years starts to get pretty seriously frayed at the edges. Because anybody who's under sanctions is going to try to find ways to get around it. But that notwithstanding, we managed to capture, in that Oil-for-Food escrow account, some $64 billion, as you mentioned, during the life of the program. And I think that's important.

Senator DODD. Well, I presume, based on the comments made by Mr. Kennedy, that the United States strongly supports this investigation that's ongoing. Will we require U.S. companies, oil companies, that participated in the Oil-for-Food Program to participate, to testify? What is the administration saying about those companies that were directly involved in the program and their willingness or unwillingness to participate in the investigation?

Mr. NEGROPONTE. Well, we've pledged, as a general, political matter, our full cooperation with the investigation. I think we'll have to see where that leads and we would have to deal with that particular bridge when we have to cross it.

Senator DODD. Let me ask, if I may, about this newly established fund for Iraq, as it's called, the DFI, which was established pursuant to Security Council Resolution 1483. As part of that resolution, it was to establish and take the responsibility for improving independent public audits of expenditures from this development fund.

First, has the International Advisory and Monitoring Board called for in the resolution ever been established?

Mr. NEGROPONTE. It's been established. It's functioning and it's had a couple of meetings.

Senator DODD. And have moneys been spent from the DFI?

Mr. NEGROPONTE. Absolutely. And I might add——

Senator DODD. I'd like to know how much and on what, if you could speak to that.

Mr. NEGROPONTE. First point I would make, Senator, is that of the unobligated moneys from the Oil-for-Food Program that were in the escrow account, $7.6 billion have been transferred from the

Oil-for-Food escrow account to the Development Fund for Iraq. So that money has been indispensable in terms of helping pay Iraqi civil service salaries and helping the Iraq Government continue to function.

If I could invite Ambassador Kennedy to address the other part of your question in a bit more detail, if that's all right.

Senator DODD. Let me spell out, just so people know what I'm talking about here, and they have referenced it already, Mr. Ambassador, and that is that you're talking about we transferred $1.7 billion of Iraq frozen assets to help pay for salaries of Iraqi civil servants, ministry operations, and expenses within Iraq; U.S. military and coalition forces seized another $926 million, as I understand it, of the regime assets. Other countries have transferred $751 million of assets they've identified as belonging to the regime of Saddam Hussein. And my question is, has the advisory body identified an independent auditor for these funds?

Mr. KENNEDY. Yes, Senator. The International Monitoring Board has been set up; it has already had two meetings; there is one U.S. representative, a Department of Defense official who is a member of that board. The board has named an external auditor; that selection has been made. There is also an internal auditor, an American company that is employed by the CPA to monitor that. The balance sheet of the Development Fund for Iraq is posted daily on the CPA Web site that shows the income, which consists of transfers of frozen assets from both the United States and other countries plus transfers, as Ambassador Negroponte said, from the residual balances in the Oil-for-Food, plus all the receipts of Iraqi oil sales in recent times. So all those sales are posted and then the categories of disbursement from the Development Fund for Iraq are posted there as well.

Senator DODD. OK, very good. I may have some followup questions for you but that's a thorough answer and I appreciate it.

We had a very good hearing under the leadership of Senator Allen a week or so ago focusing on the terrorist attacks in Madrid. But obviously the questions went beyond Madrid and we were looking ahead as to how things may work after June 30. And one of the issues, obviously, that's been raised, is to what extent the European countries are still going to be willing to participate, obviously given the statements of the Prime Minister-elect in Spain about their willingness to continue participation in the Iraqi theatre, and to what extent we're willing to pursue a new U.N. resolution giving the U.N. a clear mandate to manage the administrative activities in Iraq in cooperation with the interim Iraqi regime until elections are held. And I wonder, Mr. Ambassador, if you might, we've crafted a resolution, I'd say, Mr. Chairman, sort of calling on that, and there were some suggestions, Senator Biden made some strong suggestions there about the role of NATO, I raised the issue of whether or not we might overtly ask the Spanish and the French and others to help craft a resolution here, if that's what they felt necessary. Can you share with us what steps you've taken, what conversations you've had that you can talk about publicly that would pursue a new U.N. resolution. We're getting very late here, the June 30 date is closing in on us, and it seems to many of us here that in the absence of a new U.N. resolution that our European

partners can support that we're going to find a fractured relationship after the new interim government is established.

Mr. NEGROPONTE. Yes sir. Thank you for your question. First of all, I'd like to make a point that under existing resolutions, 1483 and 1511, the United Nations has a lot of authorities. If one takes a close look at those resolutions a number of different authorities are enumerated that enable them to act in Iraq and give them a lot of scope. I think what has been limiting the United Nations' ability to operate in Iraq up until now has really been the security situation in the wake of the August 19 bombing last year. And we are taking measures and working with the U.N. to try to give them a comfort level and assurances that if and when they go back into Iraq in any significant way that they will have the requisite security?

Second, and this goes a bit to a question that Senator Biden asked earlier, what's going to happen on the 1st of July and what is being done about that now? Well, as we speak the Secretary General's Special Envoy, Ambassador Lakhdar Brahimi, is in Iraq talking to various political players there in an effort to work with the Iraqis and with the Coalition Provisional Authority and also with Ambassador Robert Blackwell, who is the Deputy National Security Advisor and Special Envoy for Iraq, to talk about what the shape of this new transitional entity might be on the 1st of July. It's not that we're not working on that issue; that issue is being worked at the moment. I don't think we have the kind of detail that Senator Biden asked for.

As far as a future resolution, a Security Council resolution——

Senator DODD. Yes, where are we on that? Are we going to get one?

Mr. NEGROPONTE. We don't have anything specific in mind at the moment because I think we've been really waiting more for the outcome of these discussions on the transitional governmental arrangements on the 1st of July. We'd like to see that process develop a bit further. But I have no doubt in my mind——

Senator DODD. A dual track that, can't you just——

Mr. NEGROPONTE. We're already thinking about it, Senator. We just haven't yet fashioned a resolution. I'm sure that there's going to have to be some kind of resolution before the transition actually takes place that deals with the kinds of issues that you've raised.

Senator DODD. Well, does the administration accept the notion that we ought to have a, given the statements and positions taken by our European allies who are so critical in all this, that giving the U.N. a significant management role, working with the interim government until elections are held?

Mr. NEGROPONTE. I don't think we have any reservation whatsoever about giving the United Nations the primary role when it comes to facilitating the political transition and helping the Iraqis organize their elections if that's what the Iraqi Government and people would like. I don't think we have any difficulty at all giving them the central role in that process.

Senator DODD. Thank you, Mr. Chairman.

[The prepared statement of Senator Dodd follows:]

PREPARED STATEMENT OF SENATOR CHRISTOPHER J. DODD

The Foreign Relations Committee has convened this morning to take a closer look at the United Nations' Oil-for-Food Program, which helped provide vital humanitarian aid for the Iraqi people during almost a decade under Saddam Hussein's regime. I know we all agree that recent allegations of improprieties by U.N. staff with respect to this program are very troubling. And the problems of the Oil-for-Food Program did not begin or end with these allegations. This hearing is an opportunity to examine both the strengths and weaknesses of this program, and I commend the chairman for holding it today.

In 1990, only one week after Saddam Hussein ordered the Iraqi army to invade Kuwait, the U.N. Security Council passed Resolution 661, imposing an international trade embargo on Iraq. Those sanctions extended to Iraq's oil exports—its most profitable industry. Nonetheless, they were an important, necessary, and internationally accepted tool used to cripple the tyrannical regime led by Saddam Hussein.

However, the lack of oil export revenues also crippled that regime's ability to purchase food and medical supplies for its people. And out of a shared desire among the members of the international community for the welfare of the Iraqi people, in 1995, the U.N. Security Council passed Resolution 986, which established the Oil-for-Food Program.

The Oil-for-Food Program certainly deserves its share of criticism. And I will get to that. But before I do, I believe that it is important for us to keep in mind that with all its faults—and despite the corruption of the Hussein regime—this program helped millions of innocent Iraqis survive the violent rule of a merciless dictator. Indeed, from December 1996 through March 2003, it generated approximately $63 billion dollars—72 percent of which was devoted to humanitarian efforts. Certainly this money was not a cure-all for the ills of Iraq or its citizens. But I shudder to think of the humanitarian catastrophe that would have occurred had the Oil-for-Food Program not existed.

Having said that, there were obvious problems with the Oil-for-Food Program. One was based on concerns that Saddam Hussein had found ways to bypass the international sanctions imposed on Iraq. To that end, a March 2004 report by the General Accounting Office (GAO) suggests that from 1997-2002, Iraq earned $10.1 billion through oil smuggling, surcharges against oil sales, and illicit commissions from commodity suppliers. And it doesn't take an in-depth study to come to the conclusion that a great deal of this money was likely used for the personal enrichment of Saddam Hussein and his murderous cronies.

In January 2004, allegations surfaced that an array of foreign government officials, businessmen, journalists, and even the chief U.N. administrator of the Oil-for-Food Program, Benon Sevan, might have received oil "kickbacks."

I know that we all take these charges very seriously, and I am pleased that on March 26, U.N. Secretary General Kofi Annan called for an independent, high-level investigation into these allegations. I am hopeful that this investigation will soon proceed.

I also commend the Secretary General for having back in February directed the U.N. Office of Internal Oversight Services (OIOS) to investigate this matter, as well as for making all relevant transactions and documents in the U.N.'s possession available to members of the Security Council.

And while we wait for the conclusions of the independent investigation, we must not sit idly by. It is now our responsibility to look to the future so that we can prevent a situation like this from recurring. However, in order to do this, I believe we must first understand the nature of what it is we are dealing with. We must understand that international sanctions will never be airtight.

Even in the best of times, this is a certainty. And especially when we are presented with a situation such as this—the coupling of a corrupt dictatorship and billions of dollars in potential oil profits—it is inevitable that attempts will be made to circumvent sanctions.

In addition, we must become more adept at identifying potential problems and preventing them from coming to pass, particularly in light of the fact that the United States has been the steward of Iraq's wealth and resources for the last twelve months. We need to account for how all Iraqi frozen and seized assets have been spent by the Coalition Provisional Authority. We need to insure that there is accountability with respect to the Development Fund for Iraq, which was established pursuant to U.N. Resolution 1483. We need to understand why it does not appear that Iraqi oil production is currently being metered—a common practice in the oil business to keep track of production rates.

I am frankly more concerned about preventing problems associated with the reconstruction of Iraq, than I am about problems associated with a program that is

no longer operational, although I agree that there are important lessons we can learn by understanding any irregularities that occurred with the Oil-for-Food Program.

Again, I thank the chairman for holding this hearing today and I look forward to asking some questions of our expert witnesses.

The CHAIRMAN. Thank you very much, Senator Dodd.

Senator Chafee.

Senator CHAFEE. Thank you, Mr. Chairman. As we look back at the overall economic sanctions program, it seems from the outside that the palaces continue to be built but the people suffer. And you wonder if their counterproductive behavior does really change. And Ambassador, you said that, going back, in answer to Chairman Lugar's question, China, France and Russia were opposing some of these sanctions; I think you mentioned Resolution 1284, if I have it right. Is there a better way? What were these countries proposing in lieu of not supporting economic sanctions?

Mr. NEGROPONTE. Well, I think in many instances they were proposing that there not be sanctions at all and that the regime be free to export and import entirely freely without any kind of restrictions whatsoever. We did not agree with that because we did not believe that Iraq had come into compliance with the various U.N. Security Council resolutions that had been passed since 1990. So we had a different point of view. But we were ultimately able to come to this accommodation in Resolution 1284, where they acquiesced but with abstentions rather than voting affirmatively in favor of those resolutions.

Senator CHAFEE. And as you look back, it's easy to look back, 20/20 hindsight, but is economic sanctions a good policy or are they counterproductive?

Mr. NEGROPONTE. I would hate to make a general statement with regard to economic sanctions based on the particular instance of Iraq. Let's not forget that this all comes in the wake of Iraq having invaded and occupied Kuwait and this is all entirely a consequence of the first gulf war. So it's a very particular situation so I'd be reluctant to generalize about sanctions.

Senator CHAFEE. Great. And I'd like to just change the subject a little bit. You're our Ambassador to the United Nations and I'm just curious what the mood is, particularly on the Security Council now as we face enormous challenges in trying to bring the international community together on these challenges. What's the mood of, particularly on the Security Council, is there a sense of, hey, you guys went it alone, you're on your own? Or is there a coming together with your colleagues and saying we want to do our best to help?

Mr. NEGROPONTE. Well, I've been impressed by the fact that we've been able to pass resolutions since May of last year—Resolution 1483 was mentioned—by consensus in the Security Council. I think that a number of these countries, the ones that have been mentioned plus Germany certainly didn't favor our military action but they say all right, that's in the past. And I think they all recognize that they have an important stake in Iraq being a success, and I don't think they want our policies to fail. So I think they want to find ways to work with us to make things move in a constructive and positive direction going forward.

Senator CHAFEE. Well, you have a difficult job and I support what you're doing.

Mr. NEGROPONTE. Thank you.

Senator CHAFEE. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Chafee.

Senator Allen.

Senator ALLEN. Thank you, Mr. Chairman. I want to thank you for holding this hearing on this important issue, as well as for your opening statement and probative questions. This conspiracy to skim billions of dollars from the Iraqi Oil-for-Food Program is of great importance, and this committee determine what the truth is in all of it. Although listening to all of this, I don't think it should be any surprise that Saddam Hussein would seek to take advantage of a humanitarian program that the world community offered to the people of Iraq. His people were not only suffering from his dictatorial policies and his state police, that used rape and murder and torture to govern, they also, in effect, denied food and medicine and health facilities to the people of Iraq while he and his thugs lined their pockets with these illegal surcharges and kickbacks in the Oil-for-Food Program. It's been called actually a conversion to an oil-for-palaces program. And to the extent those billions of dollars were going for palaces it meant it was not going for hospitals or schools or medicine or food. There's also, from reports, that some of the food and the medicines were outdated anyway. So this whole scheme is one that is very troublesome. Now, the evidence is at least $10 billion was siphoned off in a 5-year period from revenues generated from this Oil-for-Food Program. We have to look at this complete ineptitude involved here with a lack of transparency, any sort of scrutiny, not just for the past but also for the future. But also recognize how this helped prop up this regime, this was the way for Saddam Hussein and those in power in Iraq to stay in power. Who knows what they did with all the money. There's estimates of $2 billion that was used for palaces. Who knows what they were buying from other countries. Three-quarters of this revenue and the purchases were from those three countries who were opposed to sanctions, China, Russia and France. You look at some of the figures that I've seen, Russia by far received the most in oil, 2½ billion barrels of oil. The French were the second largest beneficiary at 165 million barrels.

Regardless, we have Senators here and others around the world saying we need to get the United Nations involved in this, that they were important in the Oil-for-Food Program, but this is certainly a sad and very scandalous implementation of this program. I think that we need to go forward with this very cautiously but also we must do so fully. As a member of the United Nations the United States has an interest in making sure that what the United Nations does is ethical, proper and does nothing to further dictators and despots to stay in power. The United States taxpayers fund approximately one-fifth, maybe a little more than one-fifth, of the budget of the United Nations.

Let me ask some questions now on behalf of the taxpayers of the United States. The evidence I've seen is this would not directly affect the taxpayers of the United States. Ambassador Negroponte

would you want to respond if U.S. taxpayers' money was at all wasted in this scandalous oil-for-palaces scheme?

Mr. NEGROPONTE. As I said in my statement, Senator Allen, no appropriated funds were involved in the administration of the——

Senator ALLEN. All right. Let me ask you this as a followup. Would we have to be spending as much in Iraq today if this money had been properly handled? Are we building schools? Are building hospitals in Iraq? And if that money had been properly utilized for hospitals would that have saved U.S. taxpayers money presently?

Mr. NEGROPONTE. I think certainly that sounds like a logical proposition. I wouldn't want to put a number on it and as I mentioned earlier we did and we were gratified that $7.6 billion of unspent Oil-for-Food moneys was made available for use in the Development Fund for Iraq. So we're pleased to have those funds.

Senator ALLEN. Well that's nice, however we also did have an appropriation of $20 billion, some of which was for water, for sewer, for electricity; some for hospitals and police stations and other security-type matters that, particularly in the hospital and the health care areas this money could have gone toward that rather than the United States taxpayers providing those gratis.

Now, the United Nations is being invited to get involved in Iraq presently and in the future maybe as, again, the interim Iraqi governance group will make that determination. But to the extent that you hear assignations that we ought to get the United Nations involved, primarily as far as the security aspects, I think to get NATO forces who actually can have a positive impact as far as security, as you go forward in this investigation as to the truth of this Oil-for-Food scandal, if you can say, are the French and the Germans, not the Germans so much, the French and the Russians and the Chinese holding back on certain participation or any resolutions that might be coming forth because of a concern of our investigation or concern about this siphoning off, these kickbacks and scandal involving Oil-for-Food Program, which implicates their countries or companies in their countries? In fact, the Communist Party in Russia alone got 137 million barrels according to a report I've received.

Mr. NEGROPONTE. It's not my impression that they're holding back. Also, as I said earlier, as compared to last year I think the atmosphere in the Council has improved and I think countries, including the countries you mention, want to work with us to make things a success. And they also, my last point would be, they have pledged their cooperation with the Secretary General's investigation. I think now we want to be sure to hold them to that if we think that in some way or another they're not living up to that pledge.

Senator ALLEN. Well, I understand because of your role you have to be a diplomat as well. Do you have a great deal of confidence that this investigation will get to the truth?

Mr. NEGROPONTE. Well, I certainly hope so. The Secretary General has said it's his intention. I think the first indication is going to be to see, and I think it's important, that he choose very high caliber people of outstanding reputation to lead this panel, and I understand he intends to name the panel members in the near future.

Senator ALLEN. I think the key will to be to see how independent those panel members are.

A lot of these concerns—were concerns early on. These were concerns in the mid- to late-1990s insofar as questions about kickbacks and padded contracts and so forth. There were objections from the Russians, the Chinese and the French involved in this, and again, as I said earlier, three-quarters of these contracts were deals or products, products from these countries. Do you know, and I know you were not of that administration, but do you know why the Clinton administration did not push harder, rather than giving in to the Chinese and the Russians and the French?

Mr. NEGROPONTE. Well, I think we had different degrees of knowledge about different categories of malfeasance. Again, in the area of oil smuggling or of oil pricing I think we were aware of those problems earlier than we were with respect to some of these other issues. And again I think it's important to stress, Senator, that these contracts were signed directly between the Saddam regime and the suppliers so that that information and what may have been hidden in those contracts was not necessarily that easy to find out. And it's only in the wake of our military action that some of this evidence is starting to come more to light.

Senator ALLEN. Well, isn't it true that the British and the United States were objecting to some of these and then they'd be criticized for not caring about the feeding and the health of the Iraqi people whenever they'd try to get some transparency and honesty in this Oil-for-Food Program?

Mr. NEGROPONTE. Yes, and particularly with respect to oil pricing and with respect to smuggling. And it is also true that we very often put contracts on hold at different times in the carrying out of this program because of various objections. But in terms of good evidence of kickbacks or of any possible corruption by U.N. officials, I don't think there was that much information to go on in the time period you're talking about.

Senator ALLEN. Well, regardless of the corruption of U.N. officials I think there was sufficient evidence, at least in the late 1990s, of corruption by some of these companies that are from those particular countries.

All right, my time has expired.

Mr. NEGROPONTE. Can I ask Ambassador Kennedy if he wants to?

Mr. KENNEDY. Senator, I think the problem we face here is that once the allegations have come out, it appears clear. But as the contracts were negotiated between the Saddam regime directly with suppliers, the Saddam regime was essentially very clever. They buried things in the contract. If you're buying enough food to feed a nation of 24 million people, all you have to do is add a very, very small amount to every bushel of wheat you buy or every kilogram of baby milk. And if the contract itself on the face of it does not seem excessive, when we did see excessive contracts, you know, that the price of wheat was wildly out of the scope of the market, we held on those contracts. And the United States and the United Kingdom, as you rightly pointed out put holds on over 2,100 contracts valued at about $5.1 billion during the course of the effort. But what Saddam Hussein did was clever, it was to add a little bit

on a lot and make it up in volume. And so he worked the system so there was not evidence. It wasn't until the CPA and as Ambassador Raphel and I were both in Iraq at that point and saw the evidence coming forward from the Iraqis that we saw the magnitude of it. But he was very clever and, like I said, got a little bit on each contract, not enough to ring any alarm bell when you read the contract.

Senator ALLEN. Thank you all. Thanks for your testimony. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Allen.

Senator Sununu.

Senator SUNUNU. Thank you Mr. Chairman. Let me ask about the specifics of the language that might have alerted you in these supplier contracts. Ambassador Negroponte, in your testimony you note that there were a couple of instances where suppliers had accidentally left surcharge language in the contract and those were blocked. Could you describe a little bit more specifically what kind of language you're talking about? I think that's your testimony; is that Ambassador Kennedy's testimony? Did I misread the package? No, I think that's your written testimony.

Mr. KENNEDY. It is. You're correct, Senator, it is Ambassador Negroponte's testimony.

Senator SUNUNU. I apologize for having read it. But if either of you could address, just describe in a little bit of detail, what kind of language would that be? How specific was the reference to a surcharge or what that surcharge should have been used for?

Mr. KENNEDY. Basically, the earlier holes were almost exclusively based on the market pricing being wildly divergent from what the contract said in itself. Every once in a while, but more particularly when Ambassador Raphel did her work in Baghdad, we saw what was called "after sale service." You bought something and the contract provided that they would come and fix your refrigerator at your house afterwards. The Iraqi employees pointed out that there was no after sale service. But on the face of it in the contract, it would seem perfectly reasonable when you bought a large piece of equipment. We also did see, from time to time, clauses that contained indication that spare parts were included and it was evident that there weren't really that amount of spare parts and even no spare parts required in one contract. And in another one, again, 10 percent of the value of the contract for after sales service, again not things that would be normally for that kind of material in that kind of contract. Those just sort of leapt out at you.

Senator SUNUNU. And these are problems that were noticed before the contracts were let.

Mr. KENNEDY. Yes, sir. All the contracts required the approval of the 661 Committee before they could be executed because the U.N. had control of the bank account and the supplier would not get his, her, or its money without that U.N. sign-off and the U.N. sign-off was derivative of the 661 Committee's approval.

Senator SUNUNU. Ambassador, did you want to add anything to that? The GAO evaluation of the program, Ambassador, do you agree with the general findings of the GAO evaluation?

Mr. NEGROPONTE. We thought it was a reasonable report although we're not sure of those figures, the estimates that they have made. They seem to be in the ballpark and it's the same figures I believe that appeared in that Wall Street Journal article.

Senator SUNUNU. But was there any information in the GAO study that you found to be surprising or new?

Mr. NEGROPONTE. I'm not aware of any, Senator.

Senator SUNUNU. Mr. Kennedy, could you describe the activities, again in a little bit more detail, the activities of the Board of Auditors?

Mr. KENNEDY. Yes sir.

Senator SUNUNU. In other words, let me lead you a little bit. Were they constantly performing audits? Were there simply periodic audits? And how comprehensive were they?

Mr. KENNEDY. There, if I might—there is under the Charter of the United Nations a United Nations Board of Auditors established. It is a rotating board comprised essentially of the equivalent of the General Accounting Offices of three member states. It is currently France, the Philippines, and South Africa. Over the course of this it included at times the United Kingdom, Ghana, and others. Under the Oil-for-Food Program, they audited the program every 6 months.

Senator SUNUNU. They were not set up specifically to audit the Oil-for-Food Program. Isn't that correct? This is a normal auditing board that has existed for some years at the United Nations, as part of the charter.

Mr. KENNEDY. It has existed since the beginning of the Charter. And they were engaged, so to speak, to audit the Oil-for-Food Program every 6 months. They did that and rendered reports on that, on their findings.

Senator SUNUNU. OK, it still isn't quite clear to me, Ambassador Negroponte, whether or not their audits were made fully available to the 661 Committee.

Mr. NEGROPONTE. Yes they were, sir.

Senator SUNUNU. They were, all of them were. Were they found to be lacking or were any concerns about their quality raised contemporaneously?

Mr. NEGROPONTE. I'm not aware, Senator, of the answer to that question. I really am not aware that we've ever made a judgment about the adequacy of those audits.

Senator SUNUNU. Mr. Kennedy, what in your estimation is the track record of previous U.N. investigations of the type that we're now seeing on the Oil-for-Food Program? Ambassador, please.

Mr. NEGROPONTE. I think what I would respond to that is that we have a recent example with respect to Iraq, Senator Sununu, which is when the Secretary General named a panel to investigate the bombing and the security precautions that were being taken by the United Nations in the wake of the August 19 bombing; he named the former President of Finland, Mr. Martti Ahtisaari, to conduct an inquiry. And they came out with a scathing report. So I'd say that there are examples and that would be the most recent one of the Secretary General of the United Nations being willing to have a hard look taken at the operations of his own organization.

Senator SUNUNU. With regard to corruption, bribery or other crimes that might have been unearthed by past U.N. investigative bodies, have there ever been U.N. officials prosecuted or convicted as a result of the U.N. investigations?

Mr. NEGROPONTE. I would have to submit a response to that for the record.

Senator SUNUNU. If you could I would appreciate it very much.

[The following response was subsequently received.]

The following excerpts from OIOS annual reports provide instances in which findings from OIOS investigations were referred to national law enforcement authorities for further investigation and possible prosecutions.

From OIOS 1998 Annual Report (A/53/428)

General Developments: These decisions by programme managers to seek criminal prosecutions, in order to send a message that criminal conduct can result in criminal prosecution, were supported by both human and financial resources, and they represent hard evidence of the realization of the Secretary-General's determination to increase accountability as part of his reform programme.

- Theft of United Nations-owned equipment: As a result of an inquiry conducted from 1996 to 1997 by the Investigations Section with the support of DPKO, evidence of theft of United Nations-owned equipment by a United Nations contractor was obtained. This contractor had supplied catering services to two peacekeeping missions, the UN Transitional Authority in Cambodia and the UN Operation in Somalia. The United Nations filed a formal complaint in 1996 with the Government of Kenya because the UN equipment was ultimately located in Mombasa. The items that have been recovered were found in early 1997 in a search by the Kenyan Police, with the assistance of staff from OIOS and DPKO, of several vessels which were owned or operated by the caterer in Mombasa harbour. The investigation yielded evidence that the firm's owners and officials had stolen a total of approximately $400,000 in United Nations equipment from both missions. Although there is evidence that substantially more UN equipment had been stolen, that equipment has apparently been retained by the company's interests in Somalia and is not retrievable at this time. For the first time, the United Nations has sought criminal penalties against owners and officials of a contractor accused of theft and possession of United Nations-owned equipment. The trial in Kenya has been suspended because one of the accused had become a fugitive.
- UN Conference on Trade and Development—theft of $600,000 by manager: Evidence adduced by the investigation proved that, over a period of more than 10 years, a manager in UNCTAD stole nearly $600,000 from the UN by submitting false documents for daily subsistence allowance payments to fictitious "experts" attending non-existent UN conferences. When confronted with the evidence of his scheme, the staff member acknowledged his misconduct. The findings were provided to a Swiss court, which convicted the staff member of the crimes charged and directed that, in addition to the $350,000 repaid, the now former staff member was obliged to repay the balance.

From OIOS 1999 Annual Report (A/54/393)

- Investigation of UNDP's Reserve for Field Accommodation: The Investigations Section was requested by UNDP to undertake an investigation into procurement irregularities identified by the UNDP in the reserve for field accommodation expenditures made for a $50 million building programme. . . . The value of the loss to the Organization by the fraud is conservatively estimated at approximately two million dollars. As a result of this investigation, the Administrator fully supported the recommendation that the case be referred to the relevant United States authorities. In addition, he dismissed the UNDP official involved. An indictment was issued by the U.S. authorities, and the former staff member was arrested. Efforts to extradite the consultant have been unsuccessful. In cooperation with UNDP and the Office of Legal Affairs, the Section has been assisting the United States authorities and pursuing options to recover the lost funds. The case is pending.

From OIOS 2000 Annual Report (A/55/436)

- Cases presented to national law enforcement authorities: The Investigations Section investigated 38 cases which were presented for administrative or dis-

ciplinary action; 22 of those cases were recommended for criminal prosecution by national law enforcement authorities. It can take years for these cases to be finalized, since such proceedings are time-consuming and they require the Office to allocate significant resources to assist in their resolution.

From OIOS 2001 Annual Report (A/56/381)

- At the conclusion of an investigation, the Section evaluates the evidence and provides a report to the concerned programme manager. The Investigations Section is a recommendatory body and cannot prosecute a case before national law-enforcement authorities, institute disciplinary proceedings or take administrative measures. Then the Organization refers a case to national law-enforcement authorities for criminal investigation and possible prosecution; based on the Section's recommendations, the Section, in consultation with the Office of Legal Affairs and the programme manager concerned, assumes its designated role of liaison between the United Nations and the national authorities.
- Misdirection of funds at the United Nations Environment Programme: OIOS investigators assisted United States law enforcement authorities in the preparation of the criminal proceedings against a Chase Manhattan Bank customer who had been the erroneous recipient of over $700,000 in contributions made by several Member States for deposit in the UNEP Trust Fund account at the bank. The customer had refused to comply with the bank's request to have the money placed in the correct account, claiming that the money belonged to her. She was arrested in March 2000 and found guilty by a United States jury in October 2000 on charges of bank fraud and bank larceny. She was sentenced in April 2001 to 24 months in prison and was required to make restitution of the misdirected funds to the bank. The bank had previously credited the UNEP account with the entire amount.
- Investigation at the United Nations Mission in Bosnia and Herzegovina (UNMIBH): Following an OIOS investigation and a trial in a United States District Court, in April 2001, the United States Court of Appeals upheld the conviction of a former UNMIBH staff member who had been convicted of wire fraud and conspiring with a local travel agent and an airline employee to submit fraudulent invoices for excess baggage, resulting in a loss of $800,000 to the Organization. The individual is currently serving a 41-month prison sentence.

From OIOS 2003 Annual Report (A/58/364)

- Refugee smuggling in East Africa: OIOS continued to provide assistance to the Kenyan authorities during the ongoing criminal trials of the four UNHCR staff members, two members of an affiliated non-governmental organization and four others who operated the criminal enterprise of refugee smuggling at the Nairobi branch. To date, one of these offenders has been convicted and has begun serving his two-year prison sentence.
- United Nations Interim Administration in Kosovo: OIOS investigated, in cooperation with the EU Anti-Fraud Office, significant acts of fraud alleged to have been committed by an UNMIK senior staff member, who was assigned to the UNMIK reconstruction pillar, managed by the EU. The investigation revealed that the staff member had caused a public electricity provider in a neighbouring Member State to transfer more than $4 million, derived from UNMIK funds for the purchase and sale of electricity on the power grid of the former Yugoslavia, to his private Gibraltar bank account and later to another account in Belize. The transfer was stopped and the funds were returned. The investigation also confirmed that the staff member had engaged in other fraudulent acts of lesser significance. The former staff member was convicted in his home country on three charges and sentenced to a prison term of three years and six months.
- Investigation at the UN Conference on Trade and Development: In the context of a previous investigation by OIOS at the UN Conference on Trade and Development concerning attempted fraud involving an advance fee of $4.7 million as a payment towards a fake air transport contract for the delivery of humanitarian goods, OIOS provided investigative services and testimony to national law enforcement authorities. The perpetrator, now a fugitive, is being sought by the Member State concerned.

Senator SUNUNU. And finally, with regard to the oil sales themselves, do you believe it would have helped limit corruption if sales had not been limited for larger U.S. firms or larger U.S. firms had not been restricted in their participation? There's some discussion

about the degree to which corruption may have been exacerbated by the very large number of small firms, not just in the United States but around the world, and a certain limitation placed on larger firms.

Mr. NEGROPONTE. Of course, first of all, I'd like to say that the overall share of purchases from the United States, or by the U.S. firms or entry in the contracts——

Senator SUNUNU. About one-third.

Mr. NEGROPONTE [continuing]. Was quite—well, that's the overall quantity of oil but I think bought in the secondary market, if you will, they were not direct contractors. I think in the overall program, I see here, we were the eleventh largest purchaser of oil from Iraq. The question of whether it might have been helpful to have larger firms I think is a good one. I think what happened with the forward pricing scheme was that it caused a proliferation of a number of smaller companies to want to get into this business. It might have been a factor, I'm not sure.

[The following response was subsequently received.]

A fundamental principle underlying UN Security Council Resolution 986 (1995), which established the UN Oil-for-Food Program, was the preservation of the former Government of Iraq's sovereignty and territorial integrity. Consequently, the former Iraqi regime was permitted to sell its petroleum and petroleum products to purchasers of its choosing, as long as the oil price sought reflected "fair market value" and that price was approved by the Iraq Sanctions 661 Committee.

Under the Committee's Procedures, approved August 8, 1996, UN member states were instructed to submit a list of "national oil purchasers (private companies, State-owned companies, State agencies, ministries, etc.)," who would be authorized to communicate with the UN oil overseers and to conclude oil purchase agreements with the Iraqis. There were no stipulations either in the resolution or the Committee procedures governing the size and nature of those entities authorized to purchase Iraqi oil. We have provided under separate cover to the Senate Foreign Relations Committee a copy of the UN List, as of March 11, 2003, of Authorized Oil Purchasers. A total of 86 countries and 1,129 companies, of varying size, are listed.

You pose the hypothetical question of whether the alleged corruption involving Iraqi oil sales might have been reduced if there had been rules mandating that the former Iraqi regime could only sell its oil to large firms. While the answer to that question is best left to economists, I note that such a proposal likely would have elicited extensive debate among, and possible opposition from, certain Security Council members who sought to preserve the former Iraqi government's sovereign right to choose with whom to transact oil sales. I also note that it was the result of the former regime's concerted efforts to exploit differences between the Official Selling Price (OSP) of Iraqi crude oil, as approved by the 661 Committee, and constantly fluctuating global prices for other comparable oils, that produced alleged oil surcharges. Because the OSP remained fixed, typically for a 30-day period, price differences with other comparable crude oils necessarily emerged. Had purchasers of Iraqi crude oil been mandated to sign oil contracts in advance, at the fixed OSP, obligating them to lift the oil on a specific date, no matter what the price might have been for other comparable crudes, the room to exploit price differentials likely would have been significantly reduced.

Senator SUNUNU. Thank you very much. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Sununu. Let me ask more about the United States' participation. We were the eleventh largest purchaser of Iraqi oil. As Senator Sununu has mentioned, some have suggested about a third of the oil, maybe through secondary sources, came to the United States. First of all, I just wanted to check the accuracy of the volume. Beyond that, did the U.S. companies that purchased oil purchase it directly from Iraq or through broker middlemen? I ask this because we've talked

about Saddam and his role in fashioning contracts. Were some of these contracts directly with American oil firms? Were they observant of the items in these contracts that we have been unearthing today?

Mr. NEGROPONTE. Well, early in the program, Senator, we were a major buyer. The program had twelve 6-month phases over its life. And in the first two or three tranches, if you will, we were important direct buyers. But after that our direct purchases from Iraq fell off to the point that, in terms of direct purchases, we represented only about 2 percent of the market. So you're correct to say that we then bought in the secondary market from whomever but it was not from the regime itself.

The CHAIRMAN. What I'm driving at is that clearly we're suggesting that the United States and Great Britain were vigilant, and that the Security Council and other countries were not. I just want to make certain, in terms of our own United States participation, that everybody was above-board, that is, the American firms. Were there direct contracts between U.S. oil companies and Iraqi oil sellers? Were cognizant of these pricing changes, the kickbacks, and the developments that we've been describing today?

Mr. NEGROPONTE. Well, I think we'll have to see if any of that kind of information develops in the inquiry, Mr. Chairman.

The CHAIRMAN. Is the list of companies that sold goods to Saddam Hussein under the Oil-for-Food Program a public document at this point? Do we have documentation of all who were involved?

Mr. NEGROPONTE. I'm advised that we do not, Mr. Chairman, have a public list available.

The CHAIRMAN. Does it exist? I mean, is it likely that it will come to the fore in this investigation?

Mr. NEGROPONTE. Well, I would have thought that it would exist because the contracts had to be approved so any contract that was approved under the Oil-for-Food Program would, of course, list the companies. You wanted to say something, Ambassador?

Ms. RAPHEL. Yes, just to confirm that, the lists do exist, which include the name of the company, the country of origin, the type of product, and so on. These were given to the CPA as we worked on these contracts from the Office of Iraqi Programs. But these lists at this point are not public lists. On the U.N. Web site, when they notified suppliers on the prioritization of their contracts it listed merely what we call the COM number, the identification number, and the name of the mission in New York which had been working the particular contract.

The CHAIRMAN. Is all of this coming to the fore? I appreciate why things may not have been public, but are they going to be? Will the rest of the world have an item-by-item accounting of what occurred here?

Mr. NEGROPONTE. We have been assured that the Secretary General's report, both its summary and the body of its report, will be made public. We have been told that there may be instances where either for the protection of whistle blowers, and we actually insisted on a whistle blower clause in the terms of reference, and in the case of perhaps naming certain entities for either reasons of proprietary information of some other legal consideration, those

names might be redacted. But I believe that the fundamental motivation of the Secretary General is to have maximum transparency.

The CHAIRMAN. Well, I hope so. Clearly, the credibility of this entire thing is at stake. That includes who the Secretary General is appointing, or who finally is appointed by the Security Council, if that happens. The thoroughness of this redacting of situations raises questions right off the bat. By whom? Under whose authority? We're back once again to the situation of countries that didn't really want to get into this all that much to begin with suggesting bargaining over what is to be found. I think you understand that. That's why I'm asking the question. It's a critical question.

Let me ask, who conducted the audits of BNP, the bank holding the U.N.'s Iraq oil escrow account? Do we know if BNP was involved in passing illegal money to Saddam?

Mr. KENNEDY. If I might take that question, Mr. Chairman. The Board of Auditors, when it audited the Oil-for-Food Program every 6 months validated that the amounts held for the Oil-for-Food Program, which were held in two banks, principally, were there. It would be entirely speculation on my part to say one thing or another about the bank holdings other than the fact that the United Nations, once the goods arrived in Iraq the U.N. would be notified that the goods arrived under contract number 1–2–3; that information would be passed to Washington and all that would happen then would be that the bank holding the funds were simply told to pay the amount of money that's specifically allocated under the letter of credit for account 1–2–3. So the kickbacks came not from the banking institutions but from the company that held the contract.

The CHAIRMAN. Well, let me just follow that. The BNP bank I'm talking about is BNP Paribas. It's a French bank, and it has accounts in New York City. The Wall Street Journal, for the sake of argument this morning, says that another type of investigation might occur. It might explore wrongdoing that occurred in the state's banking department involving this bank. The question is what if we're not able to find out either via the U.N. investigation or through the fledgling attempts that we're attempting in Congress? Why, Elliot Spitzer might take a look at it, or perhaps Morgenthau, or somebody else. They might get to the heart of it. This is why I'm wondering how rigorous the banking audits of BNP were. Both BNP and the United Nations are located in New York. It appears that there are ways of finding out what happened, day by day, currency by currency. Do you have any comment about that?

Mr. KENNEDY. Mr. Chairman, we're in favor of complete transparency. My understanding from talking to officials at the United Nations is that the bank simply disbursed the funds as they were instructed. They held the funds that the U.N. gave them and then they disbursed the funds when the U.N. gave them a piece of paper and said, "pay this bill." But I believe that this will be one of the subjects of the inquiry, to make sure that all funds are totally, completely accounted for and that should be done.

The CHAIRMAN. I think it's fair to say that Senator Biden and I and clearly most of the members of this committee are strongly in favor of a strong United Nations and strong United States participation. I started my statement today by saying that this is integral

to our foreign policy. We've also discussed today the importance of the U.N. in Iraq. Mention has been made of the current U.N. emissary. As he goes back and forth through various persons and Iraq. He may offer leadership as he tries to find a new formula. We are praying for this during the countdown toward June 30. The credibility of the United Nations in attempting to referee, supervise or help to transform Iraq in this situation is at stake. It's important to the United States, given the sacrifices we have made, that the institution be sound. This is why this emphasis on the oil-for-food situation arises. The United Nations must vigorously show its abilities to unearth the scandal and to clarify what the situation is. After sovereignty is transferred, Iraqis will be running their own affairs. We all pray for a democratic government with human rights, a visible symbol to the world. In the meanwhile, who will supervise the situation that had previously led to the graft and corruption that we're discussing? You can say, well, we're doing our best, and we're sort of coaching people on why graft is not a good idea and why corruption shouldn't happen in this world. But without going into hyperbole about the situation, the fact is that we are also dealing with the U.N. Security Council. I specifically named names of countries that I believe obstructed justice. Now, one can say, well, you must have been born in a different era; after all, this is realpolitik, this is the way things really work. Yet this is not only a fastidious American government taking a look at this; there are other players. For the U.N. to be successful, and for food to be properly distributed to these people, even if only 72 percent got to them and somewhere else, that's the way the world works. We're saying, that isn't the way we want the world to work. To compromise that with a U.N. administration that is just as suspect after June 30 as it was before, with regards to Iraq, would be a travesty. That is why we're having the hearing, and that is why a number of people will have hearings. I think that you understand the gravity, because your responsibilities as public servants have been as advocates of the United Nations and United States participation in it, as ours has.

I appreciate your participation today, and the answers that you've given, and the work that you're doing. But I think it's a responsibility all of us have. The administration, Congress, those in the Foreign Service still have an opportunity to make a difference. Having said this, I pass the baton on to my distinguished colleague.

Senator BIDEN. Thank you, Mr. President—Mr. Chairman, and I would like to just ask two questions. That was a Freudian slip, Mr. President; I feel much better. By admiring him I realize I hurt his reputation but——

Let me say two things, or ask two questions. One, so that people listening to this hearing understand, there are two pieces to this. One is the oil that Iraq sold, and the money from these sales, where it went; to whom it went, what portions were skimmed off, et cetera. And the second piece of this is what the Iraqi Government did, i.e., Saddam Hussein, purchase, what services were purchased with the money? And what I'm a little confused about is why the list of those countries, companies or individuals for whom Saddam purchased something with this money, is not available. We

have that; you don't need the U.N. to figure that out, you can figure it out. I'd like a copy of it or an explanation of why you can't give us a copy. I don't quite get it. And so, I realize that might take time but the way you answered, unless I misunderstood you, you guys implied, well the investigation will uncover that and the Security Council make a judgment as to whether or not they'll release it. You have all that. The United States of America has all that information. Release it or give us an explanation why you shouldn't release it to this committee. Any problem with that?

Mr. NEGROPONTE. I think the point is it's not available publicly. I think you're right, I think——

Senator BIDEN. Well publicly, what the heck does that mean? Publicly? It just means no one's compiled it. No one's compiled it. It's public, it has numbers attached to it, not names. You know the names attached to the numbers on the Web site. Is there a reason why that shouldn't be part of a report that we file? These are all the companies in the United States, outside the United States that benefited by acquiring a contract with the Iraqi Government for the sale of something to Iraq from the money that Iraq got for the sale of their oil. That's not hard, is it?

Mr. NEGROPONTE. It's certainly not hard to compile and we will give you a forthright answer——

Senator BIDEN. OK, good.

Mr. NEGROPONTE [continuing]. As to the basis on which it can be provided to the committee.[1]

[The following response was subsequently received.]

On April 30, 2004, copies of the UN's List of Approved National Oil Purchasers in Accordance with Security Council Resolution 986 (1995), dated March 11, 2004, and a separate list of all UN Oil-for-Food (OFF) contracts for humanitarian goods submitted to the UN 661 Committee during the life of the program, were made available to Senate Foreign Relations Committee staffers by State Department representatives in response to your request.

Your request, made during my April 7, 2004, appearance before the Senate Foreign Relations Committee, raises the more fundamental issue of why the UN did not make public the specific information associated with Iraqi oil and OFF humanitarian supply contracts.

The UN Office of the Iraq Program (OIP) was guided on this issue by the views of the UN Office of Legal Affairs (OLA), who advised that in the absence of any indication to the contrary either in the contract itself or by the parties to the contract, that contracts and their contents should be considered "confidential" to the parties and to their advisers. However, OLA was of the view that the parties to the contract necessarily gave their consent for the communication of that contract to the exporting state and for circulation of that contract to members of the 661 Committee so that Committee members could decide whether to approve the intended export. Beyond these provisions, OLA believed that parties to a contract could not be assumed to have given their consent to a wider or more general circulation of the contract or to the information contained in such contracts.

Senator BIDEN. Good. All right. Because I see no rationale for it being classified. None. Zero. Nothing in the law, nothing in terms of U.S. security. Nothing. And if there is any I would love to hear the explanation.

Second point is to Ms. Raphel, just so she understands why I ask for the report, the first question I asked her. In an article published in the St. Petersburg Times, December 20 of last year, there is the following paragraph, quote, "But the council"—referring to

[1] See Appendix page 157.

the governing council—"has been dogged by allegations of nepotism, cronyism, self-dealing, outright corruption. The Pentagon is investigating alleged improprieties in the awarding of a coveted mobile phone license to a consortium linked to Ahmed Chalabi, the council's best known and most controversial member. Questions have been raised about other contracts amid complaints that council members are more interested in promoting their own agendas than working for the good of the country." End of quote. That's the reason I asked you to compile for me what I requested. Who is going to be the one? Let's assume that we find out that there is, you know, cronyism, nepotism, self-dealing-I don't mean Mr. Chalabi, I have no idea whether that's true or not about Mr. Chalabi—but among council members. Who do we rely on? Do we rely on the council to say by the way, there's cronyism, nepotism? Do we rely on the auditors we've trained for them? That's the purpose of my question, so you understand. You're welcome to comment if you'd like.

Ms. RAPHEL. Let me just say a couple of things. Thank you, Senator. The specific answer to your question, in today's Iraq in terms of who's responsible for investigating allegations such as the ones that you read about and also the Oil-for-Food Program and so on is the Iraqi Supreme Audit Board, which has been reconstituted from scratch by the CPA and is working in conjunction right now with CPA advisors.

Senator BIDEN. That's the point. The CPA oversees it. We don't accept what they say. We don't accept what they say. We take what they say, we hope they're actually auditing it, and then we investigate them. We, the CPA, the Defense Department, the State Department. We are spending American taxpayers' dollars. We do not, and if we do we should not, trust an auditing organization we set up under the control of an interim government. We should not take it on faith that what they're asserting to us is true. If we are we are incredibly naive and possibly derelict. And I know we're not. We're not doing that. So who will perform the same function that the CPA now performs? This auditing outfit we set up for them? They come back with a report. Somebody at the CPA sits down now and looks at that report. If it appears not to be kosher then in fact somebody at the CPA says hey, Ambassador Bremer, we think these guys ain't on the square. Right? Isn't that how it works now? I'm not using diplospeak here but that's how it works, right?

Ms. RAPHEL. Well, if I might just make a couple of comments.

Senator BIDEN. Please.

Ms. RAPHEL. First of all, with regard, of course, to the U.S. taxpayers' money, appropriated moneys, we have our own systems, as you well know, of keeping track of that money and what it's spent for. There's another element in this. In speaking about the Development Fund of Iraq, which is where the Iraqi oil revenues and their other revenues are deposited, one of the things we've been discussing with the Governing Council for the post-June 30 period is the possibility of having some international monitoring function of that account. Now, this sounds at first blush like a real affront to sovereignty, saying how could the Iraqis, when they become sovereign, wish to have somebody looking at their books? But the idea is, and many of the Iraqis we've talked to have taken this under

consideration, to have some sort of international stamp of approval to improve the kind of international confidence that you're speaking about in the procedures of the budgeting, revenue, and expenditures of the Iraqi system for a finite period of time.

Senator BIDEN. It's not an affront to sovereignty. The World Bank does this now. Other international organizations do this now. When we in fact say to the State of Delaware, federally we're going to provide *x* amount of dollars on condition that you show us how you're spending the rest of the money in your account. You know, this is not rocket science. This is difficult, more difficult than rocket science, but this is not rocket science. We're not setting down any new onerous standard on an independent sovereign state. And it's kind of basic, you know. You want our help, this is the conditions upon which you get our help. You don't want our help, no problem. No problem. And so I wonder who is the one, what entity it is going to be? Now, you're telling me we're considering an international organization of which I guess we'd be part, I don't know, but you know, there's got to be something. And I realize we're talking two different things. One, American taxpayers' dollars. And the second is the use of their own revenues that is taking advantage of fungible dollars that come from a lot of other places, not just within Iraq. And I realize that they are different but they are connected. And so the first question is, how about just plain U.S. dollars? What is the means by which we follow the dollar? And the second is this larger question but I'm anxious to hear what has already been decided, is being contemplated or is in the offing. And again, I'm serious when I say I realize these are tough questions but I also realize time's running out. Time is running out. And so, anyway, thank you very much, Mr. Chairman, my time is up, obviously.

The CHAIRMAN. Thank you, Senator Biden. I thank the witnesses for their very helpful answers. I will leave the committee record open today for additional questions that may come from Senators who are here and may have additional questions as well as other Senators who have not been here and therefore not had the opportunity to ask questions in person. We will request the cooperation of the witnesses in responding as rapidly as possible for the fullness of the record. Thank you, each of you, for your public service, and for the help that you've given us today.

The Chair now calls a second panel composed of Mr. Joseph Christoff, Director of International Affairs and Trade of the General Accounting Office, and Mr. Michael Thibault, Deputy Director, Defense Contract Audit Agency. Gentlemen, thank you very much for coming to the committee today. We look forward to your testimony. As I mentioned to the first panel of witnesses, your full statements will be made a part of the record, in full. We will ask you to proceed, either in summary form, or with a full presentation of your statement, whichever way you feel will be most effective. I will ask you to testify in the order that I introduced you, and that would mean first of all, Mr. Christoff.

STATEMENT OF JOSEPH A. CHRISTOFF, DIRECTOR, INTERNATIONAL AFFAIRS AND TRADE, U.S. GENERAL ACCOUNTING OFFICE

Mr. CHRISTOFF. Thank you, Mr. Chairman. Mr. Chairman, members of the committee, thank you for inviting GAO to this very important hearing. Last year this committee asked GAO to monitor reconstruction efforts in Iraq. As part of that effort we looked at the operations of the U.N. Oil-for-Food Program, its transfer to the Coalition Provisional Authority, and the challenges Iraq faces as it assumes responsibility for the program.

Let me first discuss the U.N.'s Oil-for-Food Program. Under U.N. sanctions Iraq was allowed to sell oil to purchase food and other humanitarian goods. From 1997 to 2002 the U.N. controlled over $67 billion in Iraqi oil revenues and issued $38 billion in letters of credit to purchase commodities. However, GAO estimates that the former Iraqi regime acquired $10.1 billion in illegal revenues from the Oil-for-Food Program. This included $5.7 billion in oil smuggled out of Iraq and $4.4 billion in surcharges on oil sales and illicit commissions on imported commodities.

Oil was smuggled through Syria by pipeline, across the borders of Jordan and Turkey by truck and through the Persian Gulf by ship. The government also levied surcharges against oil purchasers and commissions against suppliers of commodities. According to Security Council members this surcharge was up to 50 cents per barrel of oil and the commission was 5 to 10 percent of the commodity contract.

Let me make some observations on the U.N.'s administration of the Oil-for-Food Program. First, the Iraqi Government had the authority to negotiate contracts directly with companies that purchased oil or supplied commodities. This control over contract negotiations may have been one important factor in allowing Iraq to levy illegal surcharges and commissions. Second, according to U.N. procedures the Office of the Iraq Program was to examine the price and value of all commodity contracts. However, it is unclear whether the Office performed that function. Third, the Office of Iraq Program monitored oil sales at three exit points to ensure that Iraq sold only the amount of oil approved by the sanctions committee. However, the Iraqi Government bypassed the official checkpoints by smuggling oil through Syria, Jordan, and Turkey. The sanctions committee was able to reduce the illegal oil surcharges and to screen contracts for dual-use items. In 2001 it implemented retroactive pricing on oil contracts to prevent Iraq from discounting oil prices in return for surcharges. In addition, the members of the committee placed holds on contracts containing dual-use items. As of April 2002 about $5.1 billion in goods were being held for shipment to Iraq.

Now let's discuss the challenges that the CPA faced when it took over the program. Last year U.N. agencies, Iraqi ministries, and the CPA prioritized nearly 5,200 contracts pending shipment to Iraq. In November the U.N. transferred over 3,000 contracts worth $6.2 billion to the CPA. Most of these contracts had been renegotiated to remove the illicit commissions. The remaining 2,200 contracts were not continued because the Iraqi ministries no longer needed the commodities, suppliers were concerned about security,

or suppliers did not exist. Nearly one-half of the renegotiated contracts were with suppliers in Russia, Jordan, Turkey, the UAE, and France.

The transfer has not gone smoothly. CPA did not receive all of the original contracts, amendments and letters of credit. According to DOD officials some suppliers have not received payment for goods delivered in Iraq because CPA had no record of their contracts. CPA also did not have enough staff to administer the contracts. The CPA intended to have 48 coalition staff but as of today has 16. In addition, CPA's failed plans to privatize the food distribution system and delayed negotiations with the World Food Program resulted in diminished food stocks and localized shortages.

And finally, Iraq faces two key challenges in assuming responsibility for the Oil-for-Food Program. First, Iraq must ensure that the remaining contracts are managed with transparent and accountable controls. Building these controls and the operations of Iraqi ministries will help address corruption and safeguard the $32 billion expected from donors.

And second, the Iraqi Government will have to decide whether to continue, reform, or eliminate the current food distribution system. Although 60 percent of the population relies on food subsidies, the system is expensive and accounts for 25 percent of Iraq's budget.

Mr. Chairman, that concludes my statement. I'm pleased to answer any of your questions.

[The prepared statement of Mr. Christoff follows:]

PREPARED STATEMENT OF JOSEPH A. CHRISTOFF

OBSERVATIONS ON THE OIL FOR FOOD PROGRAM

WHAT GAO FOUND

GAO estimates that from 1997-2002, the former Iraqi regime attained $10.1 billion in illegal revenues from the Oil for Food program, including $5.7 billion in oil smuggled out of Iraq and $4.4 billion through surcharges on oil sales and illicit commissions from suppliers exporting goods to Iraq. This estimate includes oil revenue and contract amounts for 2002, updated letters of credit from prior years, and newer estimates of illicit commissions from commodity suppliers.

Both the U.N. Secretary General, through the Office of the Iraq Program (OIP) and the Security Council, through its sanctions committee for Iraq, were responsible for overseeing the Oil for Food Program. However, the Iraq government negotiated contracts directly with purchasers of Iraqi oil and suppliers of commodities, which may have been one important factor that allowed Iraq to levy illegal surcharges and commissions. While OIP was responsible for examining Iraqi contracts for price and value, it is unclear how it performed this function. The sanctions committee was responsible for monitoring oil smuggling, screening contracts for items that could have military uses, and approving oil and commodity contracts. While the sanctions committee responded to illegal surcharges on oil, it is unclear what actions it took to respond to illicit commissions on commodity contracts.

OIP transferred 3,059 Oil for Food contracts—with pending shipments valued at $6.2 billion—to the CPA on November 22, 2003. However, the CPA stated that it has not received all the original contracts, amendments, and letters of credit it needs to manage the program. These problems, along with inadequate CPA staffing during the transfer, hampered the efforts of CPA's Oil for Food coordination center in Baghdad to ensure continued delivery of commodities. Poor planning, coordination, and the security environment in Iraq continue to affect the execution of these contracts.

Inadequate oversight and corruption in the Oil for Food program raise concerns about the Iraqi government's ability to import and distribute Oil for Food commodities and manage at least $32 billion in expected donor reconstruction funds. The

CPA has taken steps, such as appointing inspectors general, to build internal control and accountability measures at Iraq's ministries. The CPA and the World Food Program (WFP) are also training ministry staff to help them assume responsibility for Oil for Food contracts in July 2004. The new government will have to balance the reform of its costly food subsidy program with the need to maintain food stability and protect the poorest populations.

Mr. Chairman and Members of the Committee:

I am pleased to be here today to discuss GAO's review of the United Nations (U.N.) Oil for Food program.

In 1996, the United Nations and Iraq established the Oil for Food program to address growing concerns about the humanitarian situation after international sanctions were imposed in 1990. The program allowed the Iraqi government to use the proceeds of its oil sales to pay for food, medicine, and infrastructure maintenance. From 1997 through 2002, Iraq sold more than $67 billion in oil through the program and issued $38 billion in letters of credit to purchase commodities.[1]

Today, we will present our findings and observations on the operation of the Oil for Food program and its transfer to the Coalition Provisional Authority (CPA). Specifically, we will (1) report on our estimates of the revenue diverted from the program by the former Iraqi regime; (2) provide some preliminary observations on the administration of the program; (3) describe the challenges the CPA faced when it assumed responsibility for the program; and (4) discuss the challenges Iraq faces as it assumes responsibility for the program.

To address these objectives, we reviewed documents and statements from (1) the United Nations on its management and oversight responsibilities for the Oil for Food program; (2) the CPA, the Departments of Defense and State, and the United Nations and its World Food Program (WFP) on the transfer of the program to the CPA and its implementation; and (3) from the World Bank and Iraq's 2004 budget regarding the effect of food subsidies on the Iraqi economy. We met with U.N. officials immediately following the transfer of the program to the CPA in November 2003 and with numerous U.S. officials representing the CPA, the Departments of Defense and State, and the U.S. Agency for International Development to discuss the program's transfer and ongoing management by the CPA. Our review is ongoing because we have not yet received all the CPA and Iraqi ministry documentation that we have requested from the CPA and the Department of State. We have also requested certain U.N. documents, including internal audits, to determine the use of Oil for Food funds prior to the transfer to the CPA and the current disposition of funds. We assessed the reliability of the data on the number of contracts reviewed for priority by the United Nations, the CPA, and Iraqi ministries and those transferred to the CPA November 2003 by corroborating OIP information with CPA data. We were unable to assess the reliability of the dollar amounts of contracts reviewed and pending shipment because we did not have access to the information that would have allowed us to confirm the dollar amounts reviewed and transferred.

We conducted our review from November 2003 through April 2004 in accordance with generally accepted government auditing standards.

SUMMARY

- From 1997 through 2002, we estimate that the former Iraqi regime acquired $10.1 billion in illegal revenues related to the Oil for Food program—$5.7 billion in oil smuggled out of Iraq and $4.4 billion in surcharges on oil sales and illicit charges from suppliers exporting goods to Iraq. This estimate is higher than our May 2002 estimate of $6.6 billion because it includes (1) oil revenue and contract amounts for 2002, (2) updated letters of credit from prior years, and (3) newer estimates of illicit commissions from commodity suppliers.
- Both the U.N. Secretary General, through the Office of the Iraq Program (OIP) and the Security Council, through its sanctions committee for Iraq, were responsible for overseeing the Oil for Food Program. However, the Iraq government negotiated contracts directly with purchasers of Iraqi oil and suppliers of commodities, which may have been one important factor in allowing Iraq to levy illegal surcharges and commissions. While OIP was responsible for examining Iraqi contracts for price and value, it is unclear how it performed this function. The sanctions committee was responsible for monitoring oil smuggling, screening contracts for items that could have military uses, and approving oil and commodity contracts. While the sanctions committee responded to illegal surcharges on oil, it is unclear what actions it took to respond to illicit commissions on commodity contracts.

[1] All references to Oil for Food estimates are in 2003 constant U.S. dollars.

- OIP turned over responsibility for 3,059 Oil for Food contracts—with pending shipments valued at $6.2 billion—to the CPA on November 22, 2003. However, the information the United Nations supplied to the CPA on the renegotiated contracts contained database errors and did not include all contracts, amendments, and letters of credit associated with the 3,000 contracts. These problems, along with inadequate CPA staffing at the time of the transfer, hampered efforts by the CPA's Oil for Food coordination center in Baghdad to ensure that commodities continued to be delivered. Also, the execution of these contracts continues to be affected by poor planning, coordination, and security.
- The history of inadequate oversight and corruption in the Oil for Food program raises concerns about the Iraqi government's ability to manage the remaining Oil for Food commodities and about $32 billion in expected donor reconstruction funds. The CPA has taken steps, such as appointing inspectors general, to build internal controls and accountability measures in Iraq's ministries. The CPA and the World Food Program (WFP) are also training ministry staff on procurement and distribution functions to help them fully assume responsibility for remaining contracts and a continued food distribution system in July 2004. In addition, the new government will have to balance the need to reform a costly food subsidy program with the need to maintain food stability and protect the poorest populations.

BACKGROUND

In August 1990, Iraq invaded Kuwait, and the United Nations imposed sanctions against Iraq. Security Council Resolution 661 of 1990 prohibited all nations from buying and selling Iraqi commodities, except for food and medicine. Security Council Resolution 661 also prohibited all nations from exporting weapons or military equipment to Iraq and established a sanctions committee to monitor compliance and progress in implementing the sanctions. The members of the sanctions committee were members of the Security Council. Subsequent Security Council resolutions specifically prohibited nations from exporting to Iraq items that could be used to build chemical, biological, or nuclear weapons. In 1991, the Security Council offered to let Iraq sell oil under a U.N. program to meet its peoples' basic needs. The Iraqi government rejected the offer, and over the next 5 years, the United Nations reported food shortages and a general deterioration in social services.

In December 1996, the United Nations and Iraq agreed on the Oil for Food program, which permitted Iraq to sell up to $1 billion worth of oil every 90 days to pay for food, medicine, and humanitarian goods. Subsequent U.N. resolutions increased the amount of oil that could be sold and expanded the humanitarian goods that could be imported. In 1999, the Security Council removed all restrictions on the amount of oil Iraq could sell to purchase civilian goods. The United Nations and the Security Council monitored and screened contracts that the Iraqi government signed with commodity suppliers and oil purchasers, and Iraq's oil revenue was placed in a U.N.-controlled escrow account. In May 2003, U.N. resolution 1483 requested the U.N. Secretary General to, transfer the Oil for Food program to the CPA by November 2003.

Despite concerns that sanctions may have worsened the humanitarian situation, the Oil for Food program appears to have helped the Iraqi people. According to the United Nations, the average daily food intake increased from around 1,275 calories per person per day in 1996 to about 2,229 calories at the end of 2001. In February 2002, the United Nations reported that the Oil for Food program had considerable success in several sectors such as agriculture, food, health, and nutrition by arresting the decline in living conditions and improving the nutritional status of the average Iraqi citizen.

The Public Distribution System run by Iraq's Ministry of Trade is the food portion of the Oil for Food program. The system distributes a monthly "food basket" that normally consists of a dozen items[2] to all Iraqis. About 60 percent of Iraqis rely on this basket as their main source of food.

FORMER IRAQI REGIME DIVERTED AN ESTIMATED $10.1 BILLION FROM THE OIL FOR FOOD PROGRAM

We estimate that, from 1997 through 2002, the former Iraqi regime acquired $10.1 billion in illegal revenues related to the Oil for Food program—$5.7 billion through oil smuggling and $4.4 billion through surcharges against oil sales and il-

[2] Wheat flour, rice, vegetable ghee (semifluid clarified butter used for cooking), pulses (edible seeds of various leguminous crops, such as peas, beans, or lentils), sugar, tea, salt, milk, infant formula, weaning cereal, soap, and detergent.

licit commissions from commodity suppliers. This estimate is higher than the $6.6 billion in illegal revenues we reported in May 2002.[3] We updated our estimate to include (1) oil revenue and contract amounts for 2002, (2) updated letters of credit from prior years, and (3) newer estimates of illicit commissions from commodity suppliers.

Oil was smuggled out through several routes, according to U.S. government officials and oil industry experts. Oil entered Syria by pipeline, crossed the borders of Jordan and Turkey by truck, and was smuggled through the Persian Gulf by ship. In addition to revenues from oil smuggling, the Iraqi government levied surcharges against oil purchasers and commissions against commodity suppliers participating in the Oil for Food program. According to some Security Council members, the surcharge was up to 50 cents per barrel of oil and the commission was 5 to 15 percent of the commodity contract.

In our 2002 report, we estimated that the Iraqi regime received a 5-percent illicit commission on commodity contracts. However, a September 2003 Department of Defense review found that at least 48 percent of 759 Oil for Food contracts that it reviewed were overpriced by an average of 21 percent.[4] Defense officials found 5 contracts that included "after-sales service charges" of between 10 and 20 percent. In addition, interviews by U.S. investigators with high-ranking Iraq regime officials, including the former oil and finance ministers, confirmed that the former regime received a 10-percent commission from commodity suppliers.

UNITED NATIONS AND SECURITY COUNCIL HAD RESPONSIBILITY FOR OVERSIGHT OF PROGRAM, BUT IRAQ CONTRACTED DIRECTLY WITH PURCHASERS AND SUPPLIERS

Both OIP and the sanctions committee were responsible for overseeing the Oil for Food Program. However, the Iraqi government negotiated contracts directly with purchasers of Iraqi oil and suppliers of commodities. While OIP was to examine each contract for price and value, it is unclear how it performed this function. The sanctions committee was responsible for monitoring oil smuggling, screening contracts for items that could have military uses, and approving oil and commodity contracts. The sanctions committee responded to illegal surcharges on oil, but it is unclear what actions it took to respond to commissions on commodity contracts.

Iraq Negotiated Directly with Oil Purchasers and Suppliers

U.N. Security Council resolutions and procedures recognized the sovereignty of Iraq and gave the Iraqi government authority to negotiate contracts and decide on contractors. Security Council resolution 986 of 1995 authorized states to import petroleum products from Iraq, subject to the Iraqi government's endorsement of transactions. Resolution 986 also stated that each export of goods would be at the request of the government of Iraq. Security Council procedures for implementing resolution 986 further stated that the Iraqi government or the United Nations Inter-Agency Humanitarian Program would contract directly with suppliers and conclude the appropriate contractual arrangements. Iraqi control over contract negotiations may have been one important factor in allowing Iraq to levy illegal surcharges and commissions. Appendix I contains a chronology of major events related to sanctions against Iraq and the administration of the Oil for Food program.

OIP Was Responsible for Key Oversight Aspects of the Program

OIP administered the Oil for Food program from December 1996 to November 2003. As provided in Security Council resolution 986 of 1995 and a memorandum of understanding between the United Nations and the Iraqi government, OIP was responsible for monitoring the sale of Iraq's oil, monitoring Iraq's purchase of commodities and the delivery of goods, and accounting for the program's finances. The United Nations received 3 percent of Iraq's oil export proceeds for its administrative and operational costs, which included the cost of U.N. weapons inspections.

The sanctions committee's procedures for implementing resolution 986 stated that U.N. independent inspection agents were responsible for monitoring the quality and quantity of oil being shipped and were authorized to stop shipments if they found irregularities. To do this, OIP employed 14 contract workers to monitor Iraqi oil sales at 3 exit points in Iraq. However, the Iraqi government bypassed the official exit points by smuggling oil through an illegal Syrian pipeline and by trucks

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[3] U.S. General Accounting Office, *Weapons of Mass Destruction: U.N. Confronts Significant Challenges in Implementing Sanctions Against Iraq,* GAO-02-625 (Washington, D.C.: May 23, 2002).

[4] The Defense Contract Audit Agency and the Defense Contract Management Agency, *Report on the Pricing Evaluation of Contracts Awarded Under the Iraq Oil for Food Program (Washington, D.C.: Sept. 12, 2003).*

through Jordan and Turkey. According to OIP, member states were responsible for ensuring that their nationals and corporations complied with the sanctions.

OIP was also responsible for monitoring Iraq's purchase of commodities and the delivery of goods. Security Council Resolution 986, paragraph 8a(ii) required Iraq to submit a plan, approved by the Secretary General, to ensure equitable distribution of Iraq's commodity purchases. The initial distribution plans focused on food and medicines while subsequent plans were expansive and covered 24 economic sectors, including electricity, oil, and telecommunications.

The sanction committee's procedures for implementing Security Council resolution 986 stated that experts in the Secretariat were to examine each proposed Iraqi commodity contract, in particular the details of price and value, and to determine whether the contract items were on the distribution plan. It is unclear whether the office performed this function. OIP officials told the Defense Contract Audit Agency they performed very limited, if any, pricing review. They stated that no U.N. resolution tasked them with assessing the price reasonableness of the contracts and no contracts were rejected solely on the basis of price.

The sanction committee's procedures for implementing resolution 986 state that independent inspection agents will confirm the arrival of supplies in Iraq. OIP deployed about 78 U.N. contract monitors to verify shipments and authenticate the supplies for payment. OIP employees were able to visually inspect 7 to 10 percent of the approved deliveries.

Security Council resolution 986 also requested the Secretary General to establish an escrow account for the Oil for Food Program, and to appoint independent and certified public accountants to audit the account. In this regard, the Secretary General established an escrow account at BNP Paribas into which Iraqi oil revenues were deposited and letters of credit were issued to suppliers having approved contracts. The U.N. Board of Audit, a body of external public auditors, audited the account. According to OIP, there were also numerous internal audits of the program. We are trying to obtain these audits.

The Sanctions Committee Had a Key Role in Enforcing Sanctions and Approving Contracts

The sanctions committee was responsible for three key elements of the Oil for Food Program: (1) monitoring implementation of the sanctions, (2) screening contracts to prevent the purchase of items that could have military uses, and (3) approving Iraq's oil and commodity contracts.

U.N. Security Council resolution 661 of 1990 directs all states to prevent Iraq from exporting petroleum products into their territories. Paragraph 6 of Resolution 661 establishes a sanctions committee to report to the Security Council on states' compliance with the sanctions and recommend actions regarding effective implementation. As early as June 1996, the Maritime Interception Force, a naval force of coalition partners including the United States and Great Britain, informed the sanctions committee that oil was being smuggled out of Iraq through Iranian territorial waters. In December 1996, Iran acknowledged the smuggling and reported that it had taken action. In October 1997, the sanctions committee was again informed about smuggling through Iranian waters. According to multiple sources, oil smuggling also occurred through Jordan, Turkey, Syria, and the Gulf. Smuggling was a major source of illicit revenue for the former Iraqi regime through 2002. It is unclear what recommended actions the sanctions committee made to the Security Council to address the continued smuggling.

A primary function of the members of the sanctions committee was to review and approve contracts for items that could be used for military purposes. For example, the United States conducted the most thorough review; about 60 U.S. government technical experts assessed each item in a contract to determine its potential military application. According to U.N. Secretariat data in 2002, the United States was responsible for about 90 percent of the holds placed on goods to be exported to Iraq. As of April 2002, about $5.1 billion worth of goods were being held for shipment to Iraq.

Under Security Council resolution 986 of 1995, paragraphs 1 and 8, the sanctions committee was responsible for approving Iraq's oil contracts; particularly to ensure that the contract price is fair, and for approving most of Iraq's commodity contracts.[5] In March 2001, the United States informed the Security Council about allegations that Iraqi government officials were receiving illegal surcharges on oil con-

[5] Under fast-track procedures established by Security Council resolution 1383 of 1999, OIP could approve contracts that contained only humanitarian goods.

tracts, and illicit commissions on commodity contracts.[6] According to OIP officials, the Security Council took action on the allegations of surcharges in 2001 by implementing retroactive pricing for oil contracts.[7] However, it is unclear what actions the sanctions committee took to respond to illicit commissions on commodity contracts. At that time, there was increasing concern about the humanitarian situation in Iraq and pressure on the United States to expedite its review process.

CPA's Administration of the Oil for Food Program

In November 2003, the United Nations transferred to the CPA responsibility for 3,059 Oil for Food contracts totaling about $6.2 billion and decided not to transfer a remaining 2,199 contracts for a variety of reasons. U.N. agencies had renegotiated most of the contracts turned over to the CPA with the suppliers to remove illicit charges and amend delivery and location terms. However, the information the United Nations supplied to the CPA on the renegotiated contracts contained database errors and did not include all contracts, amendments, and letters of credit associated with the 3,000 contracts. These data problems, coupled with inadequate staffing at the CPA, hampered the ability of the CPA's Oil for Food coordination center to ensure that suppliers complied with commodity deliveries. In addition, poor planning and coordination are affecting the execution of food contracts.

Program Transferred to the CPA in November 2003

On November 22, 2003, OIP transferred 3,059 contracts worth about $6.2 billion in pending commodity shipments to the CPA, according to OIP. Prior to the transfer, U.N. agencies had renegotiated the contracts with the suppliers to remove "after-sales service fees"—based on information provided by the CPA and Iraqi ministries—and to change delivery dates and locations. These fees were either calculated separately or were part of the unit price of the goods. At the time of the transfer, all but 251 contracts had been renegotiated with the suppliers. The Defense Contract Management Agency is renegotiating the remaining contracts for the CPA to remove additional fees averaging 10 percent. The criteria for renegotiating contracts and the amount of the reductions were based on information from the CPA in Baghdad and the ministries that originally negotiated the contracts.

An additional 2,199 contracts worth almost $2 billion were not transferred as a result of a review by U.N. agencies, the CPA, and the Iraqi ministries that negotiated the contracts. For example:

- The review did not recommend continuing 762 contracts, worth almost $1.2 billion, because it determined that the commodities associated with the contracts were no longer needed.
- Another 728 contracts, worth about $750 million, had been classified as priority contracts, but were not transferred to the CPA for several reasons. About half—351 contracts—were not transferred because suppliers were concerned about the adequacy of security within Iraq or could not reach agreement on price reductions or specification changes. Another 180 contracts were considered fully delivered. Another 136 suppliers had either declared bankruptcy, did not exist, or did not respond to U.N. requests. It is unclear why the remaining 61 contracts were removed from the priority list; the OIP document lists them as "other."
- Suppliers did not want to ship the outstanding small balances for an additional 709 contracts totaling about $28 million.

The largest portion of the $6.2 billion in Oil for Food contracts pending shipment in November 2003—about 23 percent—was designated for food procurement. An additional 9 percent was for food handling and transport. The oil infrastructure, power, and agriculture sectors also benefited from the remaining contracts. Nearly one half of the renegotiated contracts were with suppliers in Russia, Jordan, Turkey, the United Arab Emirates, and France.

Inadequate Information and Staffing Affected Transfer and Implementation of Contracts

According to CPA officials and documents, the incomplete and unreliable contract information the CPA received from the United Nations has hindered CPA's ability

[6] The sanctions committee received reports from the independent oil experts appointed by the Secretary General to determine whether there was fraud or deception in the oil contracting process.

[7] Under retroactive pricing, the Security Council did not approve a price per barrel until the oil was delivered to the refinery. The Iraq government signed contracts with suppliers without knowing the price it would have to pay until delivery. This allowed a fair market price to be set.

to execute and accurately report on the remaining contracts. U.N. resolution 1483 requested the Secretary General, through OIP, to transfer to the CPA all relevant documentation on Oil for Food contracts.[8] When we met with OIP officials on November 24, 2003, they stated that they had transferred all contract information to the CPA.

CPA officials and documents report that the CPA has not received complete information, including copies of all contracts. The CPA received several compact disks in November and January that were to contain detailed contract and delivery data, but the information was incomplete. The CPA received few source documents such as the original contracts, amendments, and letters of credit needed to identify the status of commodities, prepare shipment schedules, and contact suppliers. In addition, the CPA received little information on letters of credit that had expired or were canceled. Funds for the Oil for Food program are obligated by letters of credit to the bank holding the U.N. escrow account. When these commitments are canceled, the remaining funds are available for transfer to the Development Fund for Iraq. Without this information, the CPA cannot determine the disposition of Oil for Food funds and whether the proper amounts were deposited into the Development Fund for Iraq.[9]

In addition, the CPA received an OIP contract database but found it unreliable. For example, CPA staff found mathematical and currency errors in the calculation of contract cost. The inadequate data and documentation have made it difficult for CPA to prepare accurate reports on the status of inbound goods and closeouts of completed contracts.

According to a Department of Defense contracting official, some contractors have not received payment for goods delivered in Iraq because the CPA had no record of their contracts.

In November 2003, the CPA established a coordination center in Baghdad to oversee the receipt and delivery of Oil for Food commodities. The CPA authorized 48 coalition positions, to be assisted by Iraqis from various ministries. However, according to several U.S. and U.N. officials, the CPA had insufficient staff to manage the program and high staff turnover. As of mid-December 2003, the center had 19 coalition staff, including 18 staff whose tours ended in January 2004. U.S. and WFP officials stated that the staff assigned at the time of the transfer lacked experience in managing and monitoring the import and distribution of goods. A former CPA official stated that the Oil for Food program had been thrust upon an already overburdened and understaffed CPA. As a result, 251 contracts had not been renegotiated prior to the time of the transfer and the CPA asked the Defense Contract Management Agency to continue the renegotiation process. A November 2003 WFP report placed part of the blame in food shortfalls during the fall of 2003 on OIP delays in releasing guidelines for the contract prioritization and renegotiation process. A September 2003 U.N. report also noted that the transfer process in the northern governorates was slowing due to an insufficient number of CPA counterparts to work with U.N. staff on transition issues.

The center's capacity improved in March 2004 when its coalition staff totaled 37. By April 2004, the coordination center had 16 coalition staff. Up to 40 Iraqi ministry staff are currently working on Oil for Food contracts. As of April 1, the coordination center's seven ministry advisors have begun working with staff at their respective ministries as the first step in moving control of the program to the Iraqi government.

Inadequate Planning, Coordination, and Security Affect the Management of Food Contracts

According to U.S. officials and documents, CPA's failed plans to privatize the food distribution system and delayed negotiations with WFP to administer the system resulted in diminished stocks of food commodities and localized shortages. Before the transfer of the Oil for Food program, the CPA administrator proposed to eliminate Iraq's food distribution system and to provide former recipients with cash payments. He asserted that the system was expensive and depressed the agricultural sector, and the Ministry of Trade began drawing down existing inventories of food. In December 2003, as the security environment worsened, the CPA administrator reversed his decision to reform the food ration system and left the decision to the provisional Iraqi government.

In January 2004, CPA negotiated a memorandum of understanding (MOU) with WFP and the Ministry of Trade that committed WFP to procuring a 3-month emer-

[8] U.N. Resolution 1483, ¶16(f) (May 2003).

[9] As of March 31, 2004, the United Nations had transferred $7.6 billion in Oil for Food funds to the Development Fund for Iraq.

gency food stock by March 31, 2004 and providing technical support to the CPA and Ministry of Trade. Delays in signing the MOU were due to disagreements about the procurement of emergency food stocks, contract delivery terms, and the terms of WFP's involvement. No additional food was procured during the negotiations, and food stocks diminished and localized shortages occurred in February and March 2004. The CPA and WFP addressed these problems with emergency procurements from nearby countries.

An April WFP report projected a continued supply of food items through May 2004 except for a 12-percent shortage in milk. Only 55 percent of required domestic wheat has been procured for July 2004 and no domestic wheat has been procured for August. Under the terms of MOU, WFP's commitment to procuring food stock ended March 31, 2004. The Ministry of Trade assumed responsibility for food procurement on April 1, 2004.

According to a U.S. official, coordination between WFP and the Ministry of Trade has been deteriorating. The Ministry has not provided WFP with complete and timely information on monthly food allocation plans, weekly stock reports, or information on cargo arrivals, as the MOU required. WFP staff reported that the Ministry's data are subject to sudden, large, and unexplained stock adjustments, thereby making it difficult to plan deliveries.

The security environment in Iraq has also affected planning for the transfer and movement of Oil for Food goods in fall 2003. The transfer occurred during a period of deteriorating security conditions and growing violence in Iraq. A September 2003 U.N. report found that the evacuation of U.N. personnel from Baghdad affected the timetable and procedures for the transfer of the Oil for Food program to the CPA and contributed to delays in the contract prioritization and renegotiation processes. Most WFP staff remained in Amman and other regional offices and continued to manage the Oil for Food program from those locations. The August bombing of the U.N. Baghdad headquarters also resulted in the temporary suspension of the border inspection process and shipments of humanitarian supplies and equipment. A March 2004 CPA report also noted that stability of the food supply would be affected if security conditions worsened.

CPA AND TRANSITIONAL GOVERNMENT FACE CHALLENGES IN PREVENTING CORRUPTION AND REFORMING THE FOOD DISTRIBUTION SYSTEM

The history of inadequate oversight and corruption in the Oil for Food program raises questions about the Iraqi government's ability to manage the import and distribution of Oil for Food commodities and the billions in international assistance expected to flow into the country. In addition, the food distribution system created a dependency on food subsidies that disrupted private food markets. The government will have to decide whether to continue, reform, or eliminate the current system.

Addressing Corruption

The CPA and Iraqi ministries must address corruption in the Oil for Food program to help ensure that the remaining contracts are managed with transparent and accountable controls. Building these internal control and accountability measures into the operations of Iraqi ministries will also help safeguard the $18.4 billion in fiscal year 2004 U.S. reconstruction funds and at least $13.8 billion pledged by other countries.

To address these concerns and oversee government operations, the CPA administrator announced the appointment of inspectors general for 21 of Iraq's 25 national ministries on March 30, 2004. At the same time, the CPA announced the establishment of two independent agencies to work with the inspectors general—the Commission on Public Integrity and a Board of Supreme Audit. Finally, the United States will spend about $1.63 billion on governance-related activities in Iraq, which will include building a transparent financial management system in Iraq's ministries.

CPA's coordination center continues to provide on-the-job training for ministry staff who will assume responsibility for Oil for Food contracts. after July 2004. Coalition personnel have provided Iraqi staff with guidance on working with suppliers in a fair and open manner and determining when changes to letters of credit are appropriate. In addition, according to center staff, coalition and Iraqi staff signed a code of conduct, which outlined proper job behavior. Among other provisions, the code of conduct prohibited kickbacks and secret commissions from suppliers. The center also developed a code of conduct for suppliers. In addition, the center has begun identifying the steps needed for the transition of full authority to the Iraqi ministries. These steps include transferring contract related documents, contacting suppliers, and providing authority to amend contracts. In addition, the January 2004 MOU agreement commits WFP to training ministry staff in the procurement

and transport functions currently conducted by WFP. Training is taking place at WFP headquarters in Rome, Italy.

Reforming the Food Distribution System

After the CPA transfers responsibility for the food distribution system to the Iraqi provisional government in July 2004, the government will have to decide whether to continue, reform, or eliminate the current system. Documents from the Ministries of Trade and Finance indicate that the annual cost of maintaining the system is as high as $5 billion, or about 25 percent of total government expenditures. In 2005 and 2006, expenditures for food will be almost as much as all expenditures for capital projects. According to a September 2003 joint U.N. and World Bank needs assessment of Iraq,[10] the food subsidy, given out as a monthly ration to the entire population, staved off mass starvation during the time of the sanctions, but at the same time it disrupted the market for food grains produced locally. The agricultural sector had little incentive to produce crops in the absence of a promising market. However, the Iraqi government may find it politically difficult to scale back the food distribution system with 60 percent of the population relying on monthly rations as their primary source of nutrition. WFP is completing a vulnerability assessment that Iraq could use to make future decisions on food security programs and better target food items to those most in need.

Mr. Chairman and Members of the Committee, this concludes my prepared statement. I will be happy to answer any questions you may have.

Mr. Chairman and Members of the Committee, this concludes my prepared statement. I will be happy to answer any questions you may have.

Appendix I:—Timeline of Major Events Related to Sanctions Against Iraq and the Administration of the Oil for Food Program

Date	Event/Action	Summary
Aug. 2, 1990	U.N. Security Council Resolution 660	Iraqi forces invaded Kuwait. Resolution 660 condemned the invasion and demands immediate withdrawal from Kuwait.
Aug. 6, 1990	U.N. Security Council Resolution 661	Imposed economic sanctions against the Republic of Iraq. The resolution called for member states to prevent all commodity imports from Iraq and exports to Iraq, with the exception of supplies intended strictly for medical purposes and, in humanitarian circumstances, foodstuffs.
Aug. 6, 1990	Operation Desert Shield	President Bush ordered the deployment of thousands of U.S. forces to Saudi Arabia.
Nov. 5, 1990	U.S. legislation	Public Law 101–513 prohibited the import of products from Iraq into the United States and export of U.S. products to Iraq.
Jan. 12, 1991	U.S. legislation	Iraq War Powers Resolution authorized the president to use ''all necessary means'' to compel Iraq to withdraw military forces from Kuwait.
Jan. 16, 1991	Operation Desert Storm	Operation Desert Storm was launched: Coalition operation, was targeted to force Iraq to withdraw from Kuwait.
Feb. 28, 1991	Gulf War cease-fire	Iraq announced acceptance of all relevant U.N. Security Council resolutions.
Apr. 3, 1991	U.N. Security Council Resolution 687 (Cease-Fire Resolution)	Mandated that Iraq must respect the sovereignty of Kuwait and declare and destroy all ballistic missiles with a range of more than 150 kilometers as well as all weapons of mass destruction and production facilities.
Jun. 17, 1991	Creation of U.N. Special Commission	The U.N. Special Commission (UNSCOM) was charged with monitoring Iraqi disarmament as mandated by U.N. resolutions and to assist the International Atomic Energy Agency in nuclear monitoring efforts.
Aug. 15, 1991	U.N. Security Council Resolution 706	Proposed the creation of an Oil for Food program and authorized an escrow account to be established by the Secretary General. Iraq rejected the terms of this resolution.

[10] United Nations/World Bank, *Joint Iraq Needs Assessment: Agriculture, Water Resources, and Food Security* (New York: October 2003).

Appendix I:—Timeline of Major Events Related to Sanctions Against Iraq and the Administration of the Oil for Food Program—Continued

Date	Event/Action	Summary
Sep. 19, 1991	U.N. Security Council Resolution 712	Second attempt to create an Oil for Food program. Iraq rejected the terms of this resolution.
Oct. 2, 1992	U.N. Security Council Resolution 778	Authorized transferring money produced by any Iraqi oil transaction on or after August 6, 1990, which had been deposited into the escrow account, to the states or accounts concerned as long as the oil exports took place or until sanctions were lifted.
Apr. 14, 1995	U.N. Security Council Resolution 986	Allowed Iraq to sell $1 billion worth of oil every 90 days. Proceeds were to be used to procure foodstuffs, medicine, and material and supplies for essential civilian needs. Resolution 986 was supplemented by several U.N. resolutions over the next 7 years that extended the Oil for Food program for different periods of time and increased the amount of exported oil and imported humanitarian goods.
Mar. 27, 1996	U.N. Security Council Resolution 1051	Established the export and import monitoring system for Iraq.
May 20, 1996	Government of Iraq and the United Nations	Signed a memorandum of understanding allowing Iraq's export of oil to pay for food, medicine, and essential civilian supplies.
Jun. 17, 1996	United States	Based on information provided by the Multinational Interception Force (MIF), communicated concerns about alleged smuggling of Iraqi petroleum products through Iranian territorial waters in violation of resolution 661 to the Security Council sanctions committee.
Jul. 9, 1996	U.N. Security Council Sanctions Committee	Committee members asked the United States for more factual information about smuggling allegations, including the final destination and the nationality of the vessels involved.
Aug. 28, 1996	U.S. delegation to the U.N. Security Council Sanctions Committee	Provided briefing on the Iraqi oil smuggling allegations to the sanctions committee.
Dec. 3, 1996	Islamic Republic of Iran Permanent Representative to the United Nations	Acknowledged that some vessels carrying illegal goods and oil to and from Iraq had been using the Iranian flag and territorial waters without authorization and that Iranian authorities had confiscated forged documents and manifests. Representative agreed to provide the results of the investigations to the sanctions committee once they were available.
Dec. 10, 1996	Iraq and the United Nations	Phase I of the Oil for Food program began.
Jun. 4, 1997	U.N. Security Council Resolution 1111	Extended the term of resolution 986 another 180 days (phase II).
Sep. 12, 1997	U.N. Security Council Resolution 1129	Authorized special provision to allow Iraq to sell petroleum in a more favorable time frame.
Oct. 8, 1997	Representatives of the United Kingdom of Great Britain and Northern Ireland to the United Nations	Brought the issue of Iraqi smuggling petroleum products through Iranian territorial waters to the attention of the U.N. Security Council sanctions committee.
Nov. 18, 1997	Coordinator of the Multinational Interception Force (MIF)	Reported to the U.N. Security Council sanctions committee that since February 1997 there had been a dramatic increase in the number of ships smuggling petroleum from Iraq inside Iranian territorial waters.
Dec. 4, 1997	U.N. Security Council Resolution 1143	Extended the Oil for Food program another 180 days (phase III).

Appendix I:—Timeline of Major Events Related to Sanctions Against Iraq and the Administration of the Oil for Food Program—Continued

Date	Event/Action	Summary
Feb. 20, 1998	U.N. Security Council Resolution 1153	Raised Iraq's export ceiling of oil to about $5.3 billion per 6-month phase (phase IV).
Mar. 25, 1998	U.N. Security Council Resolution 1158	Permitted Iraq to export additional oil in the 90 days from March 5, 1998, to compensate for delayed resumption of oil production and reduced oil price.
Jun. 19, 1998	U.N. Security Council Resolution 1175	Authorized Iraq to buy $300 million worth of oil spare parts to reach the export ceiling of about $5.3 billion.
Aug. 14, 1998	U.S. legislation	Public Law 105–235, a joint resolution finding Iraq in unacceptable and material breach of its international obligations.
Oct. 31, 1998	U.S. legislation: Iraq Liberation Act	Public Law 105–338 Sec. 4 authorized the president to provide assistance to Iraqi democratic opposition organizations.
Oct. 31, 1998	Iraqi termination of U.N. Special Commission (UNSCOM) Activity	Iraq announced it would terminate all forms of interaction with UNSCOM and that it would halt all UNSCOM activity inside Iraq.
Nov. 24, 1998	U.N. Security Council Resolution 1210	Renewed the Oil for Food program for 6 months beyond November 26 at the higher levels established by resolution 1153. The resolution included additional oil spare parts (phase V).
Dec. 16, 1998	Operation Desert Fox	Following Iraq's recurrent blocking of U.N. weapons inspectors, President Clinton ordered 4 days of air strikes against military and security targets in Iraq that contribute to Iraq's ability to produce, store, and maintain weapons of mass destruction and potential delivery systems.
Mar. 3, 1999	President Clinton Report to Congress	President Clinton provided the status of efforts to obtain Iraq's compliance with U.N. Security Council resolutions. He discussed the MIF report of oil smuggling out of Iraq and smuggling of other prohibited items into Iraq.
May 21, 1999	U.N. Security Council Resolution 1242	Renewed the Oil for Food program another 6 months (phase VI).
Oct. 4, 1999	U.N. Security Council Resolution 1266	Permitted Iraq to export an additional amount of $3.04 billion of oil to make up for revenue deficits in phases IV and V.
Nov. 19, 1999	U.N. Security Council Resolution 1275	Extended phase VI of the Oil for Food program for 2 weeks until December 4, 1999.
Dec. 3, 1999	U.N. Security Council Resolution 1280	Extended phase VI of the Oil for Food program for 1 week until December 11, 1999.
Dec. 10, 1999	U.N. Security Council Resolution 1281	Renewed the Oil for Food program another 6 months (phase VII).
Dec. 17, 1999	U.N. Security Council Resolution 1284	Abolished Iraq's export ceiling to purchase civilian goods. Eased restrictions on the flow of civilian goods to Iraq and streamlined the approval process for some oil industry spare parts. Also established the United Nations Monitoring, Verification and Inspection Commission (UNMOVIC).
Mar. 31, 2000	U.N. Security Council Resolution 1293	Increased oil spare parts allocation from $300 million to $600 million under phases VI and VII.
Jun. 8, 2000	U.N. Security Council Resolution 1302	Renewed the Oil for Food program another 180 days until December 5, 2000 (phase VIII).
Dec. 5, 2000	U.N. Security Council Resolution 1330	Extended the Oil for Food program another 180 days (phase IX).

Appendix I:—Timeline of Major Events Related to Sanctions Against Iraq and the Administration of the Oil for Food Program—Continued

Date	Event/Action	Summary
Mar. 8, 2001	Deputy U.S. Representative to the United Nations Remarks to the Security Council	Ambassador Cunningham acknowledged Iraq's illegal re-export of humanitarian supplies, oil smuggling, establishment of front companies, and payment of kickbacks to manipulate and gain from Oil for Food contracts. Also acknowledged that the United States had put holds on hundreds of Oil for Food contracts that posed dual-use concerns.
Mar. 8, 2001	Acting U.S. Representative to the United Nations Remarks to the Security Council	Ambassador Cunningham addressed questions regarding allegations of surcharges on oil and smuggling. Acknowledged that oil industry representatives and other Security Council members provided the United States anecdotal information about Iraqi surcharges on oil sales. Also acknowledged companies claiming they were asked to pay commissions on contracts.
Jun. 1, 2001	U.N. Security Council Resolution 1352	Extended the terms of resolution 1330 (phase IX) another 30 days.
Jul. 3, 2001	U.N. Security Council Resolution 1360	Renewed the Oil for Food program an additional 150 days until November 30, 2001 (phase X).
Nov. 29, 2001	U.N. Security Council Resolution 1382	The resolution stipulated that a new Goods Review List would be adopted and that relevant procedures would be subject to refinement. Renewed the Oil for Food program another 180 days (phase XI).
May 14, 2002	U.N. Security Council Resolution 1409	UNMOVIC reviewed export contracts to ensure that they contain no items on a designated list of dual-use items known as the Goods Review List. The resolution also extended the program another 180 days (phase XII).
Nov. 6, 2002	U.N. Security Council Sanctions Committee	MIF reported that there had been a significant reduction in illegal oil exports from Iraq by sea over the past year but noted oil smuggling was continuing.
Nov. 25, 2002	U.N. Security Council Resolution 1443	Extended phase XII of the Oil for Food program another 9 days.
Dec. 4, 2002	U.N. Security Council Resolution 1447	Renewed the Oil for Food program another 180 days until June 3, 2003 (phase XIII).
Dec. 30,2002	U.N. Security Council Resolution 1454	Approved changes to the list of goods subject to review and the sanctions committee.
Mar. 12, 2003	U.N. Security Council Sanctions Committee	Chairman reported on a number of alleged sanctions violations noted by letters from several countries and the media from February to November 2002. Alleged incidents involved Syria, India, Liberia, Jordan, Belarus, Switzerland, Lebanon, Ukraine, and the United Arab Emirates.
Mar. 19, 2003	Operation Iraqi Freedom	Operation Iraqi Freedom is launched. Coalition operation led by the United States initiated hostilities in Iraq.
Mar. 28, 2003	U.N. Security Council Resolution 1472	Adjusted the Oil for Food program and gave the Secretary General authority for 45 days to facilitate the delivery and receipt of goods contracted by the Government of Iraq for the humanitarian needs of its people.
Apr. 16, 2003	U.S. legislation	Public Law 108–11 Sec. 1503 authorized the President to suspend the application of any provision of the Iraq Sanctions Act of 1990.
Apr. 24, 2003	U.N. Security Council Resolution 1476	Extended provision of resolution 1472 until June 3, 2003.
May 1, 2003	Operation Iraqi Freedom	End of major combat operations and beginning of post-war rebuilding efforts.

Appendix I:—Timeline of Major Events Related to Sanctions Against Iraq and the Administration of the Oil for Food Program—Continued

Date	Event/Action	Summary
May 22, 2003	U.N. Security Council Resolution 1483	Lifted civilian sanctions on Iraq and provided for the end of the Oil for Food program within 6 months, transferring responsibility for the administration of any remaining program activities to the Coalition Provisional Authority (CPA).
Nov. 21, 2003	U.N. Secretary General	Transferred administration of the Oil for Food program to the CPA.
Mar. 19, 2004	U.N. Secretary General	Responded to allegations of fraud by U.N. officials that were involved in the administration of the Oil for Food program.
Mar. 25, 2004	U.N. Secretary General	Proposed that a special investigation be conducted by an independent panel.

The CHAIRMAN. Thank you very much, Mr. Christoff.
Mr. Thibault.

STATEMENT OF MICHAEL J. THIBAULT, DEPUTY DIRECTOR, DEFENSE CONTRACT AUDIT AGENCY, U.S. DEPARTMENT OF DEFENSE

Mr. THIBAULT. Thank you, Mr. Chairman.

In May of 2003 the Under Secretary of Defense for Policy identified a requirement for an evaluation of approved and funded Oil-for-Food contracts before transition to the CPA. A team of DCAA auditors, Defense Contract Audit Agency, and Defense Contract Management Agency Contract Specialists began work on this evaluation from mid-May until the end of August 2003. A final report was issued on September 12 of last year.

The primary objectives of the evaluation were to review Oil-for-Food contracts for price reasonableness and develop recommendations and lessons learned that may be applied to the transition of the Oil-for-Food Program to the CPA. The team reviewed 759 contracts valued at $6.9 billion. Approximately 80 percent of these contracts were from Phase 8 or forward, or that is, from the year 2000 to the present. The review team met with representatives from the United Nations Office of Iraqi Program in order to gain an understanding of the review and approval process for the Oil-for-Food contracts. Although the Office of Iraqi Programs informed us that they did on occasion raise pricing issues during their review of contracts submitted for approval, validating pricing was not part of their mission since no U.N. resolution had tasked them with assessing the price reasonableness of the contracts. Therefore the Office of Iraqi Programs performed very limited, if any, pricing reviews or cost audits on individual contracts. The DCAA review team was further advised by U.N. officials that no contracts were disapproved based solely on pricing.

The results of the joint team review have been provided in the testimony. The team noted potential overpricing for the $6.9 billion that the team reviewed, totaling $656 million or 48 percent of the contracts evaluated. The team was unable, additionally, to reach a definitive conclusion on 44 added contracts valued at $1.1 billion simply because the contracts lacked sufficient detail to make the

kind of price comparisons needed to similar goods, or the team was unable to obtain independent pricing data.

Food commodity contracts were the most consistently overpriced, with overpricing identified in 87 percent of the contracts in this category. The potential overpricing by sector has also been provided within the testimony. The evaluation team also noted that many of the equipment and vehicle contracts contained unusually large quantities of spares. The team was advised that Iraq often purchased and warehoused large quantities of spares because it was uncertain if they would be able to obtain them in the future in the Oil-for-Food Program, specifically if the Oil-for-Food Program expired or if Iraq was otherwise unable to obtain or import these spares.

The team also attempted to identify contracts with illicit charges or what's been referred to already today as after-sales service charge. The team found that identifying the existence of surcharges is difficult from an examination of the contract documents themselves since the contract terms and conditions often do not specifically identify these surcharges. However, the evaluation did identify several examples of after-sales service charges that were included, ranging from 10 to 15 percent.

Finally, the team also identified items of questionable utility for use by the Iraqi people. For example, among the contracts reviewed by the team were two contracts valued at more than $16 million for high-end Mercedes Benz touring sedans, or a total of 300 cars. There were numerous other similar types of automobile purchases and other types of goods and services that in the view of the team was not beneficial for the health and benefits of the Iraqi people.

More recently DCAA has been involved with providing financial advisory services to support the transition of the Oil-for-Food Program to the CPA in northern Iraq. We've been providing recommendations. We have not been issuing audit reports but we have been providing advisory recommendations related to inventory controls to the CPA; related to cash management controls; related to management controls in the hiring of key staff positions, which is a critical need as has been mentioned at this testimony, and establishing procedures to perform bank reconciliations and initial balance sheets for the banking system which was somewhat limited in their capabilities.

As an example of the service we've provided, DCA auditors recently conducted physical perambulations and observations of Oil-for-Food warehouses in northern Iraq, a total of 17 out of 53 such warehouses. The auditors found a range of issues including warehouses without electricity or running water; guards complaining of not being paid; medicine and drugs being stored in warehouses that do not appear environmentally appropriate for such items; inventory stored in the open air without roofs or ceilings or protection or even tarps; furniture being damaged by being piled into large heaps in an open environment in the warehouses, and a couple of warehouses with computers, printers, scanners, copiers and other office equipment that had basically been set up as homes to very large numbers of pigeons where the droppings had basically or essentially gone into this various computer and high technology equipment which may well have rendered it of minimal value. All

DCA recommendations of this nature have been provided in writing to the Director of CPA Office of Project Coordination.

Our last activity of support has been based on a request from Ambassador Bremer dated February 4 of this year, that an audit, either by the Inspector General or by the DCAA be performed as part of the transition to look at the kinds of items, inventory controls, cash management controls, that I previously mentioned. The decision was made by the new CPA Inspector General that they would manage that audit and that DCAA would provide an advisory role, that of a contract and offer technical representative and that the CPA IG would hire a CPA firm so that these issues could be properly addressed prior to the transition. DCAA continues to support that.

So in closing I would like to underscore the DCAA is absolutely committee to supporting CPA and the CPA IG in transitioning this important program to the Iraqi people. I look forward to addressing whatever questions or comments that you have. Thank you, Senator.

[The prepared statement of Mr. Thibault follows:]

PREPARED STATEMENT OF MICHAEL J. THIBAULT

Mr. Chairman, members of the committee, my statement for this hearing will focus on the Defense Contract Audit Agency's (DCAA) evaluation of contracts awarded under the Iraq Oil for Food program and the financial assistance we have provided in the transition of the Oil for Food program to the Coalition Provisional Authority (CPA).

JOINT DCAA/DCMA EVALUATION

In May 2003, the Under Secretary of Defense (USD) for Policy identified a requirement for an evaluation of approved and funded Oil for Food contracts before transition to the CPA. The Under Secretary of Defense (Comptroller) requested that DCAA support the USD Policy by forming a joint review team led by DCAA and the Defense Contract Management Agency (DCMA). A team of DCAA auditors and DCMA contract specialists began work on the evaluation from mid-May until the end of August 2003. A final report was issued on September 12, 2003.

The primary objectives of the evaluation were to review Oil for Food contracts for price reasonableness and develop recommendations and lessons learned that may be applied to the transition of the Oil for Food program to the CPA. The team reviewed 759 contracts (10 percent of the total 7,591 approved and funded contracts). The 759 contracts were valued at $6.9 billion, or about 60 percent of the total approved and funded amount of $11.5 billion. Approximately 80 percent of the contracts reviewed are from Phase 8 or later (from June 2000 or later). Contracts were selected for evaluation to represent the broadest possible range of commodities across all sectors of the Iraq economy. Selections within the different sectors were based on dollar value, priority of goods, past issues with certain suppliers, and the description of the goods to be provided. The State Department worked with the United Nations Office of Iraq Programme (OIP) to provide the review team copies of the selected contracts.

The review team met with representatives from OIP in order to gain an understanding of the review and approval process for the Oil for Food contracts. OIP's primary focus was an administrative/contractual review of the items being purchased from a legal (United Nations Resolutions) perspective. Although OIP informed us that they did, on occasion, raise pricing issues during its review of contracts submitted for approval, validating pricing was not part of their mission since no UN resolution had tasked OIP with assessing the price reasonableness of contracts. Therefore, OIP performed very limited, if any, pricing reviews or cost audits on individual contracts. The DCAA review team was further advised by UN officials that no contracts were disapproved solely based on pricing.

To evaluate the pricing of the selected contracts, the team reviewed the terms of the contract and searched for available pricing information for the goods provided. The type of pricing information the team utilized included:

- World Market prices for food commodities (based primarily on data from the U.S. Department of Agriculture)
- Published Price Lists for the same or similar items
- Vendor quotes for the same or similar items
- Third-party pricing guides, such as Kelly Blue Book
- U.S. Government purchases for the same or similar items
- Published Industry Statistics and Standards
- Internet research for similar private or public sector projects and items

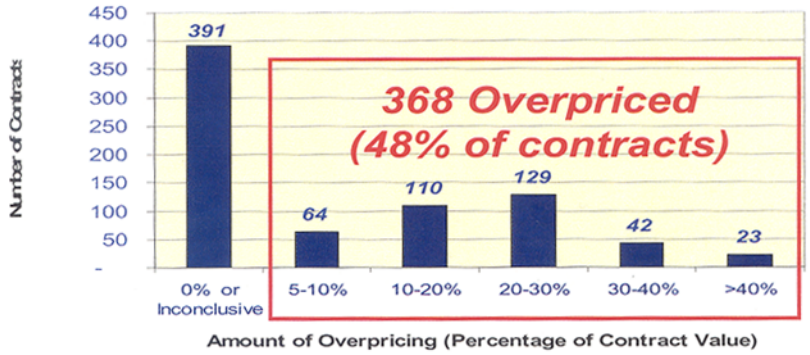
For example, our analysis of food contracts was based on world market prices for the individual commodities (wheat, rice, sugar, etc.). Data, including market prices and transportation costs for most food commodities, is maintained by the U.S. Department of Agriculture. For most of the food commodities, the team was able to obtain market prices specific to the countries and time periods specified in the contracts. The analysis of food commodities also included estimated shipping (including typical insurance costs) to a nearby port and inland trucking costs to points within Iraq. The analysis did not include costs for any potential transportation delay and disruption (demurrage).

The results of the joint team review are shown below:

CONCLUSION	No. of Contracts	Value	Overpricing
POTENTIALLY OVERPRICED	368	$3.1 Billion	$ 656 Million
REASONABLY PRICED	347	$2.7 Billion	
INCONCLUSIVE	44	$1.1 Billion	
TOTAL	**759**	**$6.9 Billion**	**$656 Million**

The team noted potential overpricing totaling $656 million in 48 percent of the contracts evaluated. The team was unable to form a definitive conclusion on 44 contracts, valued at $1.1 billion because the contracts lacked sufficient detail to make price comparisons to similar goods or the team was unable to obtain independent pricing data for comparable goods.

The review team considered a contract to be overpriced if the overpricing in total exceeded 5 percent of the contract value. The 5 percent reasonableness threshold was selected to assure that any reported potential overpricing was conservatively presented and did not overstate the issue (normally DCAA would take exception to all costs over an estimated reasonable price). A further breakdown of the overpriced contracts is shown below:



Food commodity contracts were the most consistently overpriced, with overpricing identified in 87 percent of the contracts in this category. The potential overpricing by sector is detailed in the following chart:

Sector	Total Contracts (a) No.	Total Contracts (b) ($000) Value	Potentially Overpriced (c) No.	(c)/(a) Percent of Contracts[1]	(d) ($000) Value	(e) ($000) Overprice	(e)/(d) Percent Overpriced[2]	(e)/(b) Percent of Total[3]
Food	178	2,131,392	155	87%	1,743,404	390,386	22%	18%
Electricity	35	1,225,974	8	23%	134,444	21,245	16%	2%
Transportation	88	595,002	19	22%	134,122	23,543	18%	4%
Vehicles	135	513,426	79	59%	145,860	17,790	12%	3%
Oil	49	611,769	16	33%	162,295	25,845	16%	4%
Agriculture	62	313,056	29	47%	173,312	41,286	24%	13%
Heavy Equip	36	265,950	9	25%	98,281	15,184	15%	6%
Housing	66	451,408	17	26%	173,756	37,991	22%	8%
Water & Sanitation	33	363,657	9	27%	72,705	21,218	29%	6%
Health	55	349,482	17	31%	175,833	39,746	23%	11%
Education	15	87,413	6	40%	58,237	20,425	35%	23%
Miscellaneous	7	31,293	4	57%	30,550	1,259	4%	4%
Total	759	6,939,822	368	48%	3,102,799	655,920	21%	9%

[1] Percent of contracts that are potentially overpriced
[2] Extent of overpricing on overpriced contracts
[3] Extent of overpricing on all contracts

The evaluation team also noted that many of the equipment and vehicle contracts contained unusually large quantities of spares. The team was advised that Iraq often purchased and warehoused large quantities of spares because it was uncertain that they would be able to obtain them in the future if the Oil for Food program expired or if Iraq was otherwise unable to import goods. The team also evaluated 64 contracts that required the sellers to provide, at their own expense, training to Iraqi personnel. The contracts almost always stipulated the duration and location of the training. Generally, the training was to be offered in the supplier's country. In all cases the training was not separately priced. The team also attempted to identify contracts with illicit surcharges ("after sales service charges"). The team found that identifying the existence of surcharges is generally not possible from an examination of the contract documents alone since the contract terms and conditions do not specifically identify the surcharges. However the evaluation did identify five examples of after sales service charges ranging from 10 to 15 percent.

Finally, the team also identified items of questionable utility for use by the Iraqi people. For example, among the contracts reviewed by the team were two contracts valued at more than $16 million for high-end Mercedes Benz touring sedans (a total of 300 cars).

DCAA FINANCIAL SUPPORT TO THE OIL FOR FOOD PROGRAM TRANSITION

More recently DCAA has been involved with providing financial advisory services to support the transition of the Oil for Food program to the CPA in Northern Iraq. While DCAA has not performed any audits of the Oil for Food program, the Agency has provided recommendations on strengthening the CPA's Office of Project Coordination (OPC) internal and financial controls. These controls include:

- Recommendations related to inventory controls
- Recommendations related to cash management controls
- Recommendations on management controls and the hiring of key staff positions
- Established procedures to perform bank reconciliations and initial balance sheets

For example, DCAA auditors recently conducted physical perambulations and observations of Oil for Food warehouses in Northern Iraq. The auditors found a range of issues including warehouses without electricity or running water; guards not being paid on time; medicine and drugs being stored in warehouses that do not appear environmentally appropriate for such items; inventory stored in the open air; furniture damaged by being piled into large heaps in an open environment; computers, printers, scanners, copiers, and other office equipment damaged by pigeon droppings. In this example, we believe these obvious inventory control issues are ongoing and need to be addressed by the CPA before the planned transition to the Iraqi Governing Council on July 1, 2004. All DCAA recommendations of this nature have been provided in writing to the Director, CPA Office of Project Coordination.

PLANNED REVIEW OF OIL FOR FOOD ACTIVITIES BY CPA INSPECTOR GENERAL

Based on a request from Ambassador Bremer, the CPA 10 is working to engage an independent accounting firm to review Oil for Food field activities in Iraq. The objectives of the review will center on documenting the internal controls associated with the Oil for Food program, assist CPA officials in effective discharge of their duties, and ensure that CPA oversight promotes effective control at a reasonable price.

The evaluation will be conducted in accordance with International Standards on Assurance Engagements (ISAEs). The review will focus on the key internal control points of the program as requested by Ambassador Bremer:

- Oil for Food Contract Authentication and Payment Process
- Contract Amendment Process
- Potential financial liabilities of the Oil for Food Contracts
- For the OFF North Program—the funding, selection, oversight and administration of the Oil for Food projects
- Safeguarding of all Oil for Food Assets (inventory and cash)
- Identify risk for fraud, waste and abuse

DCAA has worked with the CPA 10 to refine the statement of work for the independent accounting firm. The CPA 10 wants the work to commence by April 15, 2004. DCAA will act as the Contracting Officer's Technical Representative (COTR). As the COTR, DCAA will monitor the independent accountant's work to ensure compliance with contract terms and the quality of the final work product.

CLOSING

In closing I want to underscore that DCAA is committed to supporting the CPA and the CPA 10 in transitioning this important program to the Iraqi people. I look forward to addressing whatever questions or comments that you have. Thank you.

The CHAIRMAN. Thank you very much, Mr. Thibault. The committee has a copy of the Defense Contract Audit Agency Report that you completed in September. Can the report be made part of the official record of this hearing? [2]

Mr. THIBAULT. Yes sir, we have provided that to you and we have obtained the appropriate clearances within the Pentagon. Yes it can.

The CHAIRMAN. I thank you for that response, as well as for provision of the report.

Mr. Christoff, was the Oil-for-Food Program structured differently in the north? If so, can we determine whether it was run with any greater degree of efficiency there?

Mr. CHRISTOFF. One of the key differences is that in the north the United Nations was responsible for management of the Oil-for-Food Program. That was in the three northern governorates versus the 15 southern and central governorates where the Ministry of Trade was responsible. We have not looked at whether or not there may have been any differences in terms of let's say, the price reasonableness of the contracts. But I think it's a very fair comparison that should be made in any kind of future investigations.

The CHAIRMAN. By raising it in this hearing, we ask those who are vested with that responsibility to do just that. It would appear that there was a difference in administration. As you say, we will have to see what the facts are with regards to pricing or other aspects of the contracts.

[2] See Appendix page 157.

Can you comment on the reported SOMO document, published in Iraqi media in January? It lists 270 individuals, companies and states that received oil vouchers from Saddam Hussein.

Mr. CHRISTOFF. Senator, I know just about as much as you know in terms of seeing that list on their Web site and the list of purchasers of the oil vouchers. But we haven't looked into any of that in detail.

The CHAIRMAN. Who published that document, and how did it come into the hands of the Iraqi media?

Mr. CHRISTOFF. I don't know.

The CHAIRMAN. What percentage of contract holds within the UNOIP or the 661 Committee were made by U.S. officials?

Mr. CHRISTOFF. When we did our report 2 years ago, I believe as of April 2002 there were $5.1 billion in holds. Those were holds on dual-use contracts. They were not holds related to any pricing concerns. And 90 percent of the holds were placed by the United States, I think about 10 percent by the U.K.

The CHAIRMAN. For the record, please define what a dual-use contract would be.

Mr. CHRISTOFF. Sure. A dual-use item, first of all, is an item that can be used for either commercial or military applications. One example of an item that was placed on hold was chemical fertilizers. It was placed on hold because of the concern about the reconstitution of chemical weapons productions within Iraq.

The CHAIRMAN. How did such items as fertilizer or other items of this variety get to be included as goods purchased under the Oil-for-Food Program? How common was that?

Mr. CHRISTOFF. Well, in terms of the restricted items, if that's what you're referring to, Senator, when the United Nations moved to what was called smart sanctions in May of 2002 there was a general goods review list which specifically listed hundreds of items that were prohibited from being sent into Iraq or which would require greater scrutiny, very much like the control list that our Commerce Department uses.

The CHAIRMAN. Mr. Thibault, you mentioned the Mercedes Benz touring sedans and other vehicles. How did this ever get into the picture, in your judgment?

Mr. THIBAULT. I can't describe specifically how it got into the picture other than to state that when we were visiting with United Nations officials, when our auditors were visiting with them they described that, and they were candid about it, that they had received allegations that many of the items of questionable utility such as the Mercedes Benz sedans or some of the equipment, in one case, or several cases there were private gymnasiums, for example, that these were used as either rewards for people in the prior regime or were set up for resale. For example, in the period we looked at there were 37,000 automobiles——

The CHAIRMAN. Thirty-seven thousand automobiles?

Mr. THIBAULT [continuing]. That were approved and what we were told is it was likely, and that was the allegation, that these were being resold as a way of generating cash for officials in the prior regime.

The CHAIRMAN. There have been allegations that Saddam Hussein infiltrated the United Nations organization with his own intelligence officials. Is there any evidence that you have found of that?

Mr. CHRISTOFF. No sir, that would have been an excellent question for the first panel.

Mr. THIBAULT. We saw no indication of that also, sir.

The CHAIRMAN. Well, we'll take a second try. We will ask that of the first panel under the reservation that the Chair suggested, stipulating that the hearing record remain open for questions throughout the day.

Mr. CHRISTOFF. Excellent.

The CHAIRMAN. Which states benefited most from the OFF kickbacks? What do their mission officers say when confronted with this information?

Mr. CHRISTOFF. You know Senator, that's the question that you posed to the first panel as well and that we're trying to get a handle on, the totality of the contracts. I have some information that's just referring to 1998 to 2001—I'm not necessarily referring about kickbacks but in terms of the countries that were the chief suppliers of commodities were Russia, Egypt, France, China, and Jordan. And I think getting the totality of the information and making it public is important to have a complete understanding of who were the chief suppliers of the commodities, who were the chief purchasers of the oil as well.

The CHAIRMAN. Has there been any reaction from their missions to the U.N., their embassies with regard to these reports?

Mr. CHRISTOFF. I haven't chatted with them, no.

Mr. THIBAULT. Mr. Chairman, if I might?

The CHAIRMAN. Yes, sir.

Mr. THIBAULT. While we looked at a small snapshot, it was still $6.9 billion worth of costs. And in answer to your question we identified what we saw—we built a data base of each and every contract, each and every company that we reviewed and we provided that to CPA officials and State Department officials. And in our data that we evaluated there were eight countries that represented almost 70 percent of the potential overpricing that we identified and those countries alphabetically, and we used a criteria of $30 million or more and at the ninth country it fell down to like $14 million. So there was a clear break that amounted to 70 percent for eight countries out of about 50. And those countries alphabetically were Egypt, Jordan, Russian, Syria, Thailand, Turkey, United Arab Emerates, and Vietnam. And we also, again because we have a data base, we cut the list where there are 34—and this question came up earlier—there were 34 specific companies for country missions that amounted to—and we looked at a total of about 400 companies, so less than 10 percent amounted to exactly two-thirds of the potential contract overpricing. So it's interesting that within the data you can actually narrow it down to a fairly specific focus.

The CHAIRMAN. Clearly a lot of countries were doing a lot of business, not only with dual-use items, but with many other goods as well, some of which have been retraded for the benefit of the Iraqi Government. This obviously leads to questions with regard to the Saddam regime itself, and as to why other governments might have been reticent to see all of this come to an end. World rhetoric alter-

nated between lamentations about cruelty to Iraqis, the potential for aggression by Iraq against its neighbors, and attempts to build weapons of mass destruction, on the one hand; and business as usual, with billions of dollars of business being transacted on the other hand. This was of great benefit to a number of countries that may have been looking for a jobless program. That might have led some countries to say, let's don't be so fastidious about whatever is occurring in Iraq, we have really a good thing going. There's an overall impression that a great number of people, countries, entities were doing well in this situation, and that there was reticence on the part of the Security Council or the U.N. administration, either through ignorance of all of it or through reluctance to know much more. Perhaps we would not know what we know now without the United States having been in a position to finally seize the records and to begin to read what is there. No other nation, perhaps, had that much volition or interest. That's the basic question of the hearing. How do we get a change in culture with regards to the United Nations? Other nations may also be involved in this as we proceed toward international regimes that are very necessary, whether it be U.N. responsibilities in Iraq, or U.N. responsibilities in many other countries that may come along.

Yes.

Mr. CHRISTOFF. Senator, I would extend your point and also talk about how do you change the culture within the ministries within Iraq as well.

The CHAIRMAN. Yes.

Mr. CHRISTOFF. Since if you've had a legacy of corruption, how do you build the capacity to ensure that they are going to be using resources, not only our resources but their own resources, in a very fair and accountable and transparent manner.

The CHAIRMAN. Well, that clearly is the theme of this hearing. Senator Biden has illuminated those issues so well, but I would second the motion. I suspect that this is why we are very intensely interested in the planning that our government is doing now, and what it means to transfer sovereignty. The first witness of the day, Ambassador Negroponte, said that Iraq had sovereignty, and therefore Saddam Hussein was making the decisions as to what was bought and sold there. Now, another Iraqi Government, hopefully a democratic one, one with very good intentions, is about to proceed. What will its checks and balances be? Will there be any? We want to hear a lot more, very soon, because this is not an academic issue for State and Defense. What we're talking about today gets fundamentally to a question of, what can we anticipate, as a country, as a world, with regard to Iraqi sovereignty? Who will make decisions then? Who will make the audits? Might we find ourselves once again confronting a culture that might consider it naive to even raise these questions that we're raising today?

Mr. CHRISTOFF. Almost calls for an amen, Senator.

The CHAIRMAN. Thank you. Let me just ask, finally, how many contracts that you reviewed, Mr. Thibault, were refused for content of the goods? You mentioned dual-use. That's one reason why that might have occurred. Huge amounts of spare parts, for example, might also be of suspicion. Would that be a reason why somebody might take a look at such a contract?

Mr. THIBAULT. Senator, we saw no instances, and you're exactly right about the spare parts. To use my automobile example, the vehicles, which is just one sector, transportation, the 37,000 vehicles actually averaged about $1,200 spare parts for each vehicle when they were shipped in. There were no disapprovals for goods, either based on the fact that they were—at the time, by the prior regime and by the United Nations auditors' screening process, either based on the content, other than weapons of mass destruction or dual-use or potential weapons of mass destruction. And that was explained to us by the United Nations, and there were no refusals or disapprovals based on cost.

The CHAIRMAN. Let me ask both of you, as I did of our first witnesses, please, if you will, respond to questions that may be raised additionally by other Senators during the course of the day, as soon as you can, for the completeness of the record. We very much appreciate your public service. Staff has given to me other documents that should be a part of this record. Therefore I ask unanimous consent, and being the only Senator here, will grant that, that a statement by Ambassador Bremer regarding CPA's cooperation in the OFF investigation be placed in the record; and also a statement from UNICEF regarding nutrition trends in Iraq; a statement from WHO; a copy of the United Nations-Saybolt Contract and questions answered by their general counsel via e-mail with the Senate Foreign Relation Committee's staff, and a statement from Cotecna.

I further ask unanimous consent that the record of this hearing remain open until the close of business, Thursday, April 8. That will give opportunities for those senators who have heard this hearing, or their staffs to prompt Senators to get their questions in. So we will grant permission that all of this be made a part of the record, including the excellent statement you have submitted, Mr. Thibault. We thank you for that.

I thank both of you individually for your forthcoming answers and for your service.

Mr. CHRISTOFF. Thank you sir.

Mr. THIBAULT. Thank you sir.

The CHAIRMAN. The hearing is adjourned.

[Whereupon, at 12:21 p.m. the committee adjourned, to reconvene subject to the call of the Chair.]

APPENDIX

PREPARED STATEMENT OF SENATOR RUSSELL D. FEINGOLD

I thank the chairman and ranking member for holding this important hearing, and I thank all of the witnesses for their testimony.

Since late last year, we have gathered more and more information regarding abuses of the Oil-for-Food Program that was intended to ease the burden borne by the Iraqi people under Saddam Hussein's regime. What we know thus far suggests behavior that was simply unacceptable and in some cases quite likely criminal. Getting to the bottom of who was involved in abuse and why oversight mechanisms failed to expose and stop abuse sooner is critically important—not only for the Iraqi people, who have suffered for so many years, but also for the American people and people around the world who hear of these revelations and ask themselves why they should have confidence in the basic competence and integrity of the United Nations. Transparency and accountability are absolutely crucial to the future of U.S.-U.N. relations.

At the same time, we cannot allow those countries and corporations involved in corrupt practices that undermined a system established to bring some humanitarian relief to Iraq to avoid scrutiny by focusing on United Nations officials alone. We need a thorough accounting for the past that examines the roles played by everyone involved; we need to ensure that those involved in this scandal are held accountable for their actions; and we need to ensure that appropriate reforms are implemented to ensure that this kind of corruption cannot take root again.

PREPARED STATEMENT OF AMBASSADOR L. PAUL BREMER, III, ADMINISTRATOR, COALITION PROVISIONAL AUTHORITY (CPA)

Mr. Chairman and Members of the Senate Foreign Relations Committee:

I welcome this opportunity to provide a statement for the record concerning the Coalition Provisional Authority's (CPA's) response to allegations of misconduct involving the Oil for Food (OFF) Program, which was established by the United Nations (U.N.) in April 1995 in U.N. Security Council resolution no. 986.

The CPA intends to cooperate fully with the numerous investigative and oversight efforts currently underway regarding the former U.N. OFF Program. The CPA will not conduct its own investigation into this matter, and instead is taking immediate steps to ensure that potentially relevant documents are safeguarded and inventoried, and that witnesses who may know of misconduct are identified, in order to facilitate full and prompt access to this evidence by authorized investigative bodies.

In a letter to the CPA dated March 11, 2004, the U.N. Under-Secretary-General for Internal Oversight Services inquired into the status of his request for access to information concerning allegations, arising from records from the former Iraqi Ministry of Oil, that certain individuals, including U.N. staff members, purportedly received bribes in the form of oil and/or money, in connection with the administration of the OFF Program. The U.N. Under-Secretary General for Internal Oversight Services requested that the CPA provide direct access to individuals within the Iraqi Governing Council and interim ministries who had raised allegations of misconduct, and to Ministry of Oil documents relevant to these allegations. On March 13, the CPA responded to the Under-Secretary General for Internal Oversight Services by describing various CPA measures to facilitate investigations of this matter by the U.N. and other bodies.

Specifically, on March 14, I directed all interim Iraqi ministers, CPA senior advisors, and Regional Governance Coordinators to identify and safeguard all OFF-related information, including contracts, amendments and annexes to contracts, and supporting materials. My directive states that documents should be inventoried and

recorded, with notations of all irregularities—including any evidence of bribes, kickbacks or corruption.

My directive also requires interim Iraqi ministers to identify and make available any current ministry officials who may have knowledge of misconduct arising from the administration of the OFF Program. I directed the ministers to provide the names of such officials, and their contact information, to a designated CPA official who is serving as a point of contact on this matter, no later than March 21. We have begun to receive those names.

A U.N. team from New York is expected to come to Baghdad soon, and we will cooperate fully with its members and facilitate their full and immediate access to relevant documents and witnesses. We welcome U.N. involvement in this matter, and have recommended that the U.N. designate individuals to join with CPA officials and Iraqi, nationals in safeguarding and inventorying records at key ministries.

At CPA's request, the Iraqi Board of Supreme Audit (BSA) has agreed to participate fully in the process to safeguard and inventory records. This Board, now comprising some 1,200 employees, will provide impartial oversight. The BSA has assigned personnel on a full-time basis to each ministry to confirm that records are safeguarded. We have identified a secure central evidence repository for this purpose. In each ministry, the CPA-BSA teams seek meetings with the Minister or Inspector General to directly and personally request that they identify individuals with knowledge of abuses. The BSA teams will remain at each ministry to assist in completing inventories.

An external audit, which will be overseen by the BSA, will be undertaken as soon as possible by a firm chosen in a full, open and competitive process to investigate thoroughly alleged abuses under the OFF program that may have occurred prior to November 21. The CPA is making $5 million available from the DFI for this audit. We will work with the BSA to ensure that the auditors have complete access to information and individuals who may have knowledge of OFF Program abuses. The CPA is also in the process of identifying an external firm to audit its role in administering the OFF Program since November 21.

The OFF Program now administered by the CPA works with Iraqi partners to build Iraqi capability to distribute food and other essential needs to Iraqi people. If allegations of bribery and kickbacks in the OFF Program are proven, it will be yet another example of the former regime's utter disregard of the humanitarian needs of the Iraqi people. As stewards acting on behalf of the Iraqi people and for their benefit, the CPA will continue to support all authorized investigations and audits of the OFF Program, in order to ensure that those who may have profited at their expense are held accountable, and to recover, if possible, Iraqi assets that may have been improperly diverted for private gain.

Thank you for allowing me to share my observations.

PREPARED STATEMENT OF UNITED NATIONS CHILDREN'S FUND (UNICEF)

INTRODUCTION

After the Gulf war, a nation wide rationing system was introduced in Iraq following the imposition of sanctions. All families in Iraq received a monthly food ration distributed each month by the government, and approximately 60 percent of the population was fully dependent on it to meet all household needs. Since households' income dropped significantly after the war, the poorest families often sold part of the food ration to purchase other necessary items such as medicines and clothing. The calorie intake per capita dropped from an estimated 3,315 kcal pre-1990 to 1,093 kcal in 1995.

Acting under Chapter VII of the UN Charter, the Security Council adopted resolution 986, establishing the Oil for Food program (OFFP), providing Iraq with the ability to sell oil to purchase humanitarian goods. Oil was first exported under the program in December 1996 and the first shipment of supplies arrived in March 1997. UNICEF, WFP, FAO and WHO were directed to work on the nutritional status of children.

According to the UN Food and Agriculture Organization and The American Journal of Public Health (2000), the calorie intake per capita began to steadily increase in 1996. Although the caloric content of the ration increased to 2,215 kcal in 2002 through the implementation of the OFFP Targeted Nutrition Program, it did not meet the minimum level of 2,472 kcal set by the UN Secretary General under the OFFP.

CALORIES PER CAPITA 1990-2002

Pre-1990	1991	1992	1993	1995	1996	1997	1999	2002
3,315	1,300	1,770	1,654	1,093	1,295	2,030	2,150	2,215

(Source: Daponte, BO, Garfield, RM. "The Effect of Economic Sanctions on the Mortality of Iraqi Children prior to the 1991 Persian Gulf War." *American Journal of Public Health 2000,* FAO/WFP *Food Supply and Nutrition Assessment Mission to Iraq, 1997;* FAQ/GOI, *Evaluation of the Food and Nutrition Situation in Iraq, 1995.)*

NUTRITIONAL STATUS OF CHILDREN

While data was not easily attained in Iraq, there were a number of studies conducted that measured the rate of malnutrition among Iraqi children. In 1991, for instance, a study conducted by a team from Harvard University and in 1996 a series of Multiple Indicator Cluster Surveys (MICS) undertaken by UNICEF and the Government of Iraq in Northern and South/Central Iraq revealed an increase in the rates of child malnutrition between the years of 1991 and 1996.

The 1996 UNICEF-GOI MICS confirmed that chronic malnutrition (stunting) was 31%, underweight 23% and acute malnutrition (wasting) 10%. These figures reflected deterioration in the nutritional status of children, when compared to the results reported by the Harvard Study Team in 1991. The Harvard Team had observed rates of 22%, 12% and 3% respectively.

The national data available shows a decline in rates of child malnutrition from 1996 to 2000. Additional data is available for south/central Iraq and extend the trend to 2002 showing a sustained decline in malnutrition among children under five years old. The 2000 UNICEF-GOI MICS data for south/central Iraq, for instance, showed that nutrition rates were improving, with chronic malnutrition measured at 30%, underweight at 19.5% and acute malnutrition at 7.8%. This improvement continued and was confirmed through a 2002 UNICEF-GOI survey. Chronic malnutrition was measured at 23.1%, underweight at 9.4% and acute malnutrition at 4%.

RATES OF UNDER-NUTRITION AMONG UNDER FIVE YEAR OLDS IN SOUTH/CENTRAL IRAQ 1996-2002

	1996	2000	2002
Chronic Malnutrition	32	30	23.1
Underweight	12	23	16
Acute Malnutrition	11	7.8	4

(MICS-UNICEF/GOI 1996 Report with results from South/Central Governorates; MICS-UNICEF-GOI 1996 Report with results from Northern Governorates; UNICEF 2002 Nutritional Survey overview of under-fives in South/Central Governorates; UNICEF *State of the Arab Child, 2002; Arab Human Development Report, 2002,* UNICEF and Central Statistical Organization, Republic of Iraq.)

NATIONAL RATES OF UNDER-NUTRITION AMONG UNDER FIVE YEAR OLDS

	1991	1996	2000
Chronic Malnutrition	22	31	22
Underweight	12	23	16
Acute Malnutrition	3	10	6

(Harvard Study Team, "Effects of the Gulf Crisis on the Children of Iraq," New England Journal of Medicine 325, no. 13 (1991,); MICS 1996 Report with results from South/Central Governorates; MICS-UNICEF-GOI 1996 Report with results from Northern Governorates; MICS-UNICEF-GOI 2000 South/Central and Northern Governorates).

PREPARED STATEMENT OF THE WORLD HEALTH ORGANIZATION

"THE SITUATION OF HEALTH SUPPLIES FOR IRAQ UNDER THE OFFP, 1996-2002"

Pre-1991 Situation

Before 1990, Iraq had a GNP per capita of US$ 2,800 and belonged to the group of middle-income countries. Extensive investment in infrastructure and in human resources development during the 1960s and 1970s contributed to the development

of an efficient hospital-based health system that was considered one of the best in the Middle East region.

Malnutrition was rarely seen since households had easy and affordable access to a balanced dietary intake. Health care services were delivered by an extensive network of well-equipped, well-supplied and well-staffed health facilities, supported by a distributed network of secondary and tertiary hospitals/institutions accessible to all. Ambulances and emergency services were well developed and benefited from a properly maintained network of roads and telecommunications.

1991-1996 Situation

The sanctions imposed on Iraq in 1991 unintentionally had a damaging effect on health facilities and programmes upon which the health of the population was heavily dependent. In particular, owing to the impossibility of obtaining foreign exchange from the sale of oil, the importation of medicines and other health supplies was drastically restricted. Although the United Nations sanctions did not apply to food and medicine, the absence of revenues from oil sales left Iraq with virtually no money to spend for imported food and medicines.

As a result, many essential public health services dependent on imported items were severely compromised. Vaccination programmes were hampered by lack of vaccines, syringes and cold chain equipment. The TB control programme, blood transfusions, and water quality control services could not function due to lack of laboratory reagents and kits. Emergency and ambulance services for the referral of patients could not carry out their functions, due to lack of or inadequate provision of equipment and supplies. A declining number of laboratory investigations and surgeries could be performed, as seen in the following tables.

YEAR LABORATORY INVESTIGATIONS IN IRAQ (1990-1994) (BASE YEAR 1990)

Year	Laboratory Investigation	
	Number	%, as % of 1990
1990	11,370,183	100
1991	7,625,355	67
1992	7,079,420	62
1993	6,914,706	61
1994	6,316,611	54

Source: Ministry of Health, Government of Iraq.
Note: 3 Northern Governorates excluded.

MAJOR SURGICAL OPERATIONS IN IRAQ (1990-1994) (BASE YEAR 1990)

Year	Surgical Operations	
	Number	%, as % of 1990
1990	90,318	100
1991	78,089	87
1992	65,372	73
1993	62,463	69
1994	56,153	62

Source: Ministry of Health, Government of Iraq.
Note: 3 Northern Governorates excluded.

This was the situation in 1995 when the Security Council adopted SCR 986 which established the Oil for Food Programme (OFFP) to allow for the sale of oil to purchase food and essential health supplies.

Situation under the Oil for Food Programme 1997-2002

In 1997 the first health supplies financed under the Oil for Food Programme (OFFP) arrived in Iraq.

The contracting process for health supplies under OFFP was complex and time consuming, requiring identification of suppliers, bidding, and submission of contracts involving many actors before contracts reached the Office of the Iraq Programme for final approval. After final approval, long lead times for shipping and delivery of health supplies to Iraq—eight months on average—delayed further the

deployment of vital health supplies. Hospital equipment, in particular, was affected by "holds" placed by the 661 Committee.

In 1999 WHO reported that "40 percent of key basic drugs available at almost all of the health facilities observed were financed under Security Council resolution 986 (1995) while the remainder were from other sources." Shortages were nevertheless still prevalent. A study carried out the same year on 239,051 patients for whom antibacterial drugs were prescribed revealed that only 35 percent received the full course of treatment. Most drugs were rationed; there were still shortages of essential drugs—e.g. anti-tuberculosis drugs—and of medical supplies such as test tubes, syringes, needles and sutures. Shortage of disposable syringes adversely affected immunization programmes and the safety of injections. Medical equipment such as infant incubators, dialysis machines, ultrasonic and x-ray equipment, electrocardiograph machines, general laboratory equipment and patient monitors remained in short supply.

By 2001, health services had started benefiting from the inputs of the OFFP, and improvements in the health status of the population started becoming apparent. Cases of malaria, polio and diphtheria declined. Shortages of drugs and hospital equipment were, however, still being reported: only 30 percent of the essential drugs at hospitals were received in adequate quantities, and the stock of human vaccines in the country was still falling short of annual requirements. Some essential medicines, basic medical equipment, laboratory reagents and hospital supplies were in short supply due to late submission of contracts by the GOI, holds on applications, or erratic arrivals.

MALARIA

Year	Cases Reported
1997	13,959
1998	9,684
1999	4,134
2000	3,859
2001	1,120

POLIO

Year	Total Confirmed Polio Cases
1996	21
1997	28
1998	37
1999	8
2000	4
2001	0

DIPHTHERIA

Year	Cases Reported (incidence rate per 100,000)
1989	96 cases (0.53)
1990	168 cases (0.89)
1991	511 cases (2.61)
1992	369 cases (1.91)
1993	239 cases (1.20)
1994	132 cases (0.66)
1995	119 cases (0.58)
1996	258 cases (1.18)
1997	290 cases (1.29)
1998	160 cases (0.67)
1999	142 cases (0.59)
2000	34 cases (0.14)
2001	32 cases (0.12)

By 2002 the OFFP inputs to the health system—from sutures to laboratory equipment—had translated into improved health services. Compared to 1997, major surgeries had increased by 40 percent and laboratory investigations by 25 percent in the center and south. Throughout the country there had been a substantial reduction in vaccine preventable diseases because of improved quality of immunization campaigns including increased availability of vaccines.

In the last quarter of 2002 the health supply situation had further improved: approximately 80 percent of the essential drugs tracked in the hospitals and chronic illness pharmacies were adequate. In other peripheral health facilities, however, drugs continued to be available only in limited quantities. Daily rationing of medicines, except for in-patient services, was still the norm.

By the end of 2002, a cumulative total of US$ 2,074 million of health supplies had reached Iraq through the OFFP with absolute and per capita quantities having steadily increased over time. At that point in time about half the cumulative total of pharmaceuticals and medical items approved by the UN had been delivered to Iraq, with others still en route. The relatively high number of contracts on hold and the overall modest level of GOI funding for health supplies contributed to the limitations in health services for final users but the situation had improved measurably since 1995. The table below shows the increasing value of health supplies received in Iraq from 1997 to end of 2002, resulting in a gradually improving health situation due to increasing level of material inputs but a still inadequate level of supplies available on a per capita basis for essential health needs. For comparison purposes, in 1996 per capita pharmaceutical consumption alone was US$ 36 in Jordan and about US$ 15 per capita in Egypt.

Health supplies received in Iraq under OFFP in the period 1997-2002

Period	Health supplies received (Pharmaceuticals and Equipment) [1]	Average annual value per capita of health supplies received (estimated pop. 25 million)
1997-1999	US $ 751,439,966	US $ 10.02
2000	US $ 318,070,519	US $ 12.72
2001	US $466,464,318	US $ 18.66
2002	US $ 538,041,811	US $ 21.52

[1] Figures do not include Medical Equipment procured by WHO for the 3 Northern Governorates.

Throughout the OFFP, the overall quality of drugs and medical supplies to Iraq was not particularly worrisome despite the fact that Iraq was never allowed to include commercial protection clauses in OFFP contracts. By the end of 2002 only 0.69% of drugs, vaccines and insecticides received in Iraq under the OFFP had failed quality control tests. While technical limitations of the Quality Control Laboratories in Baghdad might imply that this low level of reported failures could be questioned, nevertheless QC failure rates observed in GOI contracts received by WHO under SCR 1472 and independently tested in Jordan highlighted comparable results: out of US $ 127 million value of drugs received in Amman, failure rates were around 0.25% of the total value.

COTECNA INSPECTION S.A.
58 RUE DE LA TERRASSIÈRE,
PO BOX 6155, CH-1211
Geneva 6, Switzerland, April 7, 2004.

Senator RICHARD G. LUGAR, *Chairman*
Senator JOSEPH R. BIDEN, JR., Ranking Member
U.S. Senate Committee on Foreign Relations,
Dirksen Senate Office Building,
Washington, DC 20510
USA

DEAR SENATORS LUGAR AND BIDEN:

It is my understanding that the Senate Foreign Relations Committee will be conducting a hearing on Wednesday, April 7, 2004 reviewing the United Nations Oil-for-Food Program. In recent weeks, there have been several articles in the media regarding this program mentioning Cotecna Inspection S.A. ("Cotecna"), as our company was authenticating goods imported into Iraq under the UN Oil-for-Food Program.

Recognizing the scope of your hearing and future deliberations, Cotecna would like to have the opportunity to submit for the record two documents:

1.) a "Guide to authentication procedures" we followed in Iraq, along with

2.) a statement issued by the company which clarifies a number of issues raised in op-eds and articles regarding Cotecna's technical and limited mission in Iraq.

Cotecna has a record of professionalism in the industry which we feel is being unfairly called into question and we want you to know Senator Lugar as Chairman and Senator Joseph Biden as Ranking Minority Member that we are prepared to provide the Committee with any further information you may require.

Respectfully,

ROBERT M. MASSEY,
Chief Executive Officer.

THE ROLE OF OIP AND COTECNA—PRIOR TO MARCH 2003

In April 1995 the Security Council adopted Security Council resolution 986 which established the Oil for Food Programme and permitted the former Government of Iraq to utilize 53 per cent of the revenue from oil sales for the purchase of humanitarian goods in the South and center of Iraq. The share of the oil revenue allocated to the former Government of Iraq was later increased to 59 per cent. The United Nations agencies were allocated 13 per cent of the oil sales revenue to implement the programme in the North of Iraq. The revenue from oil sales was held in an escrow account referred to as the United Nations Iraq account administered by BNP Paribas under the supervision of the United Nations Treasury.

Paragraph 8.a.(iii) of resolution 986 requested the Secretary-General of the United Nations to receive authenticated confirmation that exported goods had arrived in Iraq and for this purpose the United Nations contracted an Independent Inspection Agent.

Cotecna S.A., an international inspection company, based in Switzerland, was appointed as the United Nations Independent Inspection Agent from February 1999 until the termination of the Oil for Food Programme on 21 November 2003.

Cotecna established teams of inspectors at 5 inspection sites referred to as entry points to Iraq. These were located at Zakho, Al Walid, Trebil and Ar'ar on the respective land boundaries with Turkey, Syria, Jordan and Saudi Arabia. A fifth entry point was located at Umm Qasr, the sea port in the South of Iraq. The inspection site at Ar'ar only became operational in November 2002, at the request of the former Government of Iraq and no consignments were ever presented for authentication at this entry point.

During the course of the Oil for Food Programme, the Office of the Iraq Programme (OIP) assigned a unique Comm. (communication) number to each contract processed and suppliers were required to list every item, however small, destined for shipment to Iraq. This necessitated the submission of a detailed list of the contracted items, each line item consisting of a description of the goods (including part numbers), the quantity and the unit values. Information concerning each line item was transferred by, OIP, to the Oil for Food database. The supplier was also required to select a single point of entry to Iraq. Once an application had been approved and funded, OIP issued an approval/O.C. (official communication) letter to the supplier authorizing the export of the contracted goods and specifying the point of entry to Iraq.

Information concerning approved and funded contracts was replicated by OIP to the relevant Cotecna site through which the goods were destined for delivery. For security reasons other sites could not access the data. Suppliers were permitted to change the points of entry, as required, at which point a revised approval letter reflecting the change was issued, by OIP, and the database information was replicated to the alternative Cotecna site.

Approval letters issued by OIP were generally issued with a validity period of one year. Goods could not be authenticated if the validity of the approval letter had expired. In such cases suppliers were required to submit an extension request and OIP issued an extended approval letter.

OIP advised the UN Treasury and former Government of Iraq upon the issuance of each approval letter which served as the trigger for the submission of letters of credit (LCs) to Treasury by the Central Bank of Iraq. Treasury reviewed each LC received before instructing BNP Paribas to open the letter of credit.

It was agreed that Cotecna would physically inspect approximately 10 per cent of the delivered goods. This sampling ratio is considerably higher than that employed by customs organizations which typically carry out physical inspection of 3 per cent of imported goods. Authentication for the remaining 90 per cent of contracts was based upon documentary inspection procedures. In addition, Cotecna drew samples of all food stuffs entering Iraq and authentication was deferred until laboratory analysis had confirmed the goods to be fit for human consumption. The Government of Iraq lobbied strongly and repeatedly for deferred authentication to permit internal quality control tests which might facilitate the rejection of substandard goods. The United Nations resisted these requests as the process was designed to be independent and deferral of authentication was not mandated by the Security Council. In cases where the Government was not satisfied with the delivered goods the United Nations advised that normal commercial dispute resolution procedures, to include arbitration if required, should go forth.

At the conclusion of the inspection process Cotecna inspectors prepared a standardized confirmation often referred to as authentication sheet(s), extracted from the shipment inspection report. The shipment inspection reports and authentication sheets were issued by either team leader or deputy team leader at each site and were replicated to OIP via Oil for Food database (shipment inspection reports) and via e-mail (authentication sheets) respectively. Upon receipt of the authentication sheets, OIP staff verified that the information was accurate and consistent with line items entered on the database. The standardized confirmations were then dispatched electronically to the United Nations Treasury whereupon an instruction was issued by Treasury to BNP Paribas to effect payment against the letter of credit.

AGENCY GOODS

The payment system for agency goods operated under different procedures. Agencies were allocated tranches of revenue to implement activities in their respective sectors and payments were made directly by the agencies to suppliers.

In the early days of the Programme goods contracted by the UN agencies were not presented for authentication and data concerning the quantity and value of goods delivered to the North of Iraq was compiled from reports presented to OIP by the agencies. In late 1998 the Executive Director, OIP, requested that all agencies present their goods to the independent Inspection Agent for authentication purposes in order that reliable, immediate data concerning deliveries under the 13 per cent account be available instantaneously from the Oil for Food database. To this effect the UN agencies arranged daily convoys of agency goods from the Turkish border to the inspection site in Zakho.

INTERIM AUTHENTICATION MECHANISM—POST MARCH 2003

On 28 March 2003 the Security Council adopted resolution 1472 which authorized the Secretary-General to establish alternative locations, both inside and outside Iraq, in consultation with the respective governments, for the delivery, inspection and authenticated confirmation of humanitarian supplies and equipment provided under the Programme, as well as to re-direct shipments of goods to these locations, as necessary. Security Council resolution 1472 also required the United Nations agencies and Programmes to identify essential humanitarian goods which could be shipped within the period mandated by the resolution. The mandate established by resolution 1472 and extended by resolution 1476 was valid to 3 June 2003.

Under the interim revised authentication mechanism established by resolution 1472, rather than delivering goods to Iraq, suppliers were required to deliver to locations within the region agreed, in advance, with the UN agencies. The UN agencies and programmes were assigned responsibility for the storage and onward distribution of the goods following delivery to the agreed destinations.

In consultation with OIP, Cotecna established alternative delivery locations in Iskenderun (Turkey), Latakia (Syria), Aqaba (Jordan), Kuwait city and Dubai (UAE). From these locations Cotecna inspectors traveled to warehouses and ports in countries located across the region to inspect and authenticate goods prioritized by the UN agencies for delivery to Iraq pursuant to resolution 1472. The UN agencies were advised to request that the goods be authenticated only once they had assumed full control of the consignments. Such requests were submitted, by the agencies, to OIP. Once OIP had ascertained that the contracts had been prioritized pur-

suant to resolution 1472 and the contract amended accordingly, Cotecna was advised to inspect and authenticate the goods. In certain, exceptional, cases OIP agreed, with agencies such as WFP or WHO, to carry out the inspection of the goods but defer authentication until the agency had confirmed that the goods had been delivered to Iraq or that quality control tests had been successfully concluded.

IMPLEMENTATION OF SECURITY COUNCIL RESOLUTION 1483—REVISED AUTHENTICATION MECHANISM

On 22 May 2003 the Security Council adopted resolution 1483 which, in addition to terminating the Oil for Food Programme, required the UN agencies and programmes, in coordination with CPA, to establish the relative utility of each approved and funded contract for delivery to Iraq.

This presented a requirement to create a revised authentication mechanism based upon authentication within Iraq rather than the alternative delivery locations established under resolution 1472.

In July 2003 OIP staff met with representatives of the CPA in Baghdad to negotiate an authentication mechanism based upon inspection of goods within Iraq. It was agreed that Cotecna would establish bases in Kirkuk, Baghdad, Basrah and Umm Qasr, from which inspectors would be deployed to inspect goods at delivery locations nominated by each Iraqi Ministry. This plan was abandoned, one week prior to its implementation, following the evacuation of UN staff and contractors from Iraq after the bombing of the UN headquarters on 19 August 2003.

A variety of alternative options were discussed by OIP, CPA and Cotecna. Discussions were limited by the fact that the UN Security Coordinator would not approve any return of Cotecna inspectors to the former sites or any other location within Iraq.

As an emergency measure an ad hoc authentication mechanism was agreed and suppliers were advised that the small volume of contracts already renegotiated for delivery to Iraq under resolution 1483 could proceed and that CPA would advise Cotecna to authenticate based upon confirmation of the receipt of the goods by the Iraqi Ministries.

In September 2003 further discussions took place in Amman, Jordan between CPA, Cotecna and OIP. As a result of these discussions the agreement of the Governments of Turkey, Syria and Jordan was obtained to co-locate Cotecna inspectors at Silopi, At Tanf and Al Karama. These are the Turkish, Syrian and Jordanian customs stations respectively adjacent to Zakho, Al Walid and Trebil—the former Cotecna sites in Iraq.

Due to the absence of a corresponding land boundary, Umm Qasr presented greater challenges. It was eventually agreed that containerized traffic would discharge at Dubai (Port Rasheed, Port Jebel Ali), Abu Dhabi and Khorfakkan where it would be inspected by Cotecna. Authentication would, however, be deferred until CPA representatives had confirmed the arrival of the goods at Umm Qasr. With regard to foodstuffs and agricultural supplies shipped in bulk, a rendez vous point was established 5-7 miles off the coast of Dubai. Cotecna inspectors leased launches and boarded and inspected the vessels at sea, drawing samples for laboratory analysis, when required. The revised authentication mechanism was implemented and superceded the ad hoc mechanism in October 2003.

Up to the termination of the Oil for Food Programme in November 2003 Cotecna inspectors also continued to travel throughout the region authenticating goods prioritized under resolution 1472 which were delivered after the deadline imposed by resolution 1476.

TRANSFER OF COTECNA CONTRACT TO CPA AND FURTHER DISCUSSIONS

The contract for the inspection of goods destined to Iraq by Cotecna was officially transferred from the United Nations to the Coalition Provisional Authority on 20 November 2003.

PERIOD 21.NOVEMBER—31.DECEMBER 2003

Tripartite assignment of the contract: UNOIP-CPA-Cotecna was signed as the Amendment No. 5 to the main contract, covering period from 21.November until 31.December 2003 with no changes to the authentication procedures, described above.

CURRENT CONTRACT: AMENDMENT NO. 6, PERIOD 01.JANUARY-30.JUNE 2004

Main changes until now:

- deferred authentication for 15 days at land borders only, effective 01.January 2004
- deployment of small group of 4 Cotecna inspectors in Umm Qasr to report the arrival of containerized and bulk cargo in Umm Qasr to the Dubai team for authentication.

STATEMENT FROM COTECNA INSPECTION S.A.

This statement is being made in response to questions raised about the work carried out by Cotecna under contract with the UN's Oil For Food programme in Iraq. It seeks to set the record straight on the mission of Cotecna, whose thirty year record of professionalism as a world leader in innovative inspection services, has created an industry leader with 4,000 employees in 150 offices in 100 countries worldwide.

The Oil For Food Programme, established under resolution 986 of the UN Security Council in April 1995, allowed Iraq to use 53% (later increased to 59%) of oil sales revenues for the purchase of humanitarian goods. The resolution also requested the UN Secretary General to receive authenticated confirmation that exported goods had arrived in Iraq and, for this purpose, the UN contracted for the services of an agency internationally recognized as an expert in that field.

Cotecna Inspection S.A. Geneva, one of the international leaders in commercial authenticating services, participated in a UN call for tender for this programme in the fall of 1998 and was selected on December 31, 1998 for its efficiency, cost-effectiveness, and technologically advanced solutions. Indeed, Cotecna's quality performance led to an extension of the initial contract on a six-month basis and, then, to an extension of one year in 2002. In November 2003, this contract was renewed with the Coalition Provisional Authority in Iraq under identical terms.

Cotecna's limited, technical role in the Oil for Food programme was carried out in full compliance with contract requirements, with its own strict code of ethical conduct, and according to the best practices in the industry, as codified by the International Federation of Inspection Agencies.

A specific question has been raised in the media about the employment by Cotecna of Kojo Annan, the son of UN Secretary General Kofi Annan. It should be noted that Mr. Annan's full-time employment by Cotecna ended well before the selection of Cotecna for the UN mission; Mr. Annan's full-time employment began in December 1995 and ended in December 1997, after which Kojo Annan was retained as a consultant until the end of 1998. His activities concerned exclusively Cotecna's separate actitivies in Nigeria and Ghana, and he was not involved in any of Cotecna's operations involving the United Nations or Iraq.

The Cotecna mission in Iraq began in February 1999. It consisted of a comparative authentication between the goods entering the country and the list of goods to be imported. Authenticating meant confirming that imported goods effectively corresponded to their description on shipment documents presented to the agent and the copies of documents provided to the agent by UN-Office of Iraq Programme. "Authenticating" is a role that is different from "inspecting", as the latter could imply an assessment of the quality and/or value of the goods.

To perform this task, Cotecna employed 85 inspectors on four border posts between Iraq and Turkey, Syria, Jordan and at the port of Umm Qasr in the Persian Gulf. A fifth post on the frontier with Saudi Arabia was later added for a limited period of time. Approval of the UN-OIP was required for the recruitment of each of the professional inspectors from 30 different nationalities. Once imported goods were authenticated by Cotecna inspectors, they notified the UN-OIP-NYC in reports transmitted electronically.

It is important to understand that Cotecna's duties under its contract were limited to verifying that goods which were entering Iraq matched the list of goods authorized to be imported, and in a limited number of cases assessing the quality of the goods. Cotecna was not involved in selecting the goods which were to be imported, establishing the specifications of such products, selecting the parties who would supply such products, negotiating the prices to be paid or designating any sales intermediaries or sales commissions. In addition, Cotecna was not involved in handling any funds for the payment for any goods, other than verifying that items which had been approved for import had actually been delivered.

Contrary to some press reports, there were no "commission on fees." Rather, Cotecna's fees for this mission were contractually calculated on the basis of days worked by a maximum of 67 inspectors on 4 Iraqi sites.

Cotecna's contract for authentication of goods imported by Iraq under the Oil For Food programme was awarded in full compliance with United Nations' financial regulations and procurement policies.

Cotecna has accomplished its limited and technical mission in full accordance with its contract with the UN, with its own strict code of ethical conduct, and with the best practices in the industry, as codified by the International Federation of Inspection Agencies (IFIA). Any accusations or inferences otherwise are false and defamatory.

[From the Los Angeles Times, April 7, 2004]

OP ED ARTICLE BY AMBASSADOR JEAN-DAVID LEVITTE [1]

A year ago, when the question of military intervention to disarm Iraq was raised, my country strongly opposed such a step, convinced that Iraq was not an imminent threat to world peace, had no link with Al Qaeda and that the consequences of a war in Iraq needed to be seriously weighed.

At that time, as everyone will remember, France's position, which was shared by many countries and a number of Americans, was bitterly criticized and widely disparaged. Although there were many signs of friendship extended to me from individual Americans, for which I am very grateflul, there were also lot of false accusations spread in public to discredit France.

Since then, time has passed, and the diplomatic hurricane has abated. Today, we all understand the importance of what unites us, from our common fight against terrorism to our presence side by side in regional conflicts, in Afghanistan, Haiti, Kosovo and elsewhere.

Consequently I have been deeply surprised in the last few days to see a new campaign of unfounded accusations against my country flourish again in the press. These allegations, which are being spread by a handfull of influential conservative journalists in the United States, have arisen in connection with a newly initiated inquiry into the "oil-for-food" program that was run by the United Nations in Iraq during the final years of Saddam Hussein's government. These allegations suggest that the government of France condoned kickbacks—bribes, in effect—from French companies to the Iraqi government of Saddam Hussein in return for further contracts. They say that the French government turned a blind eye to these activities.

Let me be absolutely clear. These aspersions are completely false and can only have been made to try to discredit France, a longtime friend and an ally of the United States.

As the former French Ambassador to the United Nations, let me explain bow the oil-for-food program worked. Created in 1996, the program was intended to provide the Iraqi people with essential goods so as to alleviate the humanitarian impact of the international sanctions which remained in place. The program authorized Iraq to export agreed quantities of oil, and allowed the money from the sales to be used for food and other necessities. The program was managed by the United Nations and closely monitored by the Security Council members. Between 1996 and the end of the program in 2003, every single contract for every humanitarian purchase had to be formally and unanimously approved by the 15 members of the Security Council, including France, the United Kingdom and the U.S. The complete contracts were not circulated to Security Council members other than to the U.S. and U.K. which had expressly asked to see them and would have been in the best position to have known if anything improper was going on. While a number of contracts were put on hold by the American and British delegations on security-related grounds, no contract was ever held up because malfeasance, such as illegal kickbacks, had been detected.

Was there corruption and bribery inside the program? Frankly, I don't know; Iraq was not a market economy; it was under sanctions at the time. Customs experts had little choice but to assume that the prices set by outside companies were "reasonable and acceptable," a criterion of acceptance used by the UN secretariat, and had no way of checking whether some contracts were overpriced. That is why France fully supports the independent inquiry set up by the U.N. The truth must come out. But the notion that our government was somehow complicit is absurd.

Was France a major beneficiary of "oil-for-food" contracts, as several conservative columnists have claimed recently? Definitely not. From the beginning of the pro-

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[1] Jean-David Levitte is the French Ambassador to the United States. He previously served as the French Ambassador to the United Nations.

gram (1996) to its end (2003), French contracts accounted for 8% of the total. We were Iraq's eighth largest supplier.

In addition, throughout the program a sizable proportion of the contracts dubbed "French" were in fact contracts from foreign companies using their French branches, subsidiaries and agents. Among them were American companies providing spare parts for the oil industry (including several subsidiaries of Halliburton). They submitted contracts through French subsidiaries for more than S200 million.

It is also suggested that the money from the "oil-for-food" contracts passed exclusively through a French bank, BNP-Paribas. Wrong again: 41% of the money passed through J.P. Morgan Chase Bank which like BNP, was contracted by the UN with the approval of Security Council members.

This leaves us with one remaining accusation: that the French position on the oil-for-food program and Iraq in general was driven by the lure of oil. But France was never a major destination for Iraqi oil during the program. In 2001, 8% of Iraqi oil was imported by France, compared with 44.5% imported by the U.S., which was the number one importer all along.

So why do some people feel such a compelling need to blame my country for something it has not done?

At a time when the United Nations is considering a return to Iraq and we all agree on the need for close international cooperation to help a sovereign, stable Iraq emerge, I don't understand this campaign. Or the hidden agenda behind it.

RESPONSES OF AMB. JOHN D. NEGROPONTE TO ADDITIONAL QUESTIONS FOR THE RECORD

QUESTIONS SUBMITTED BY SENATOR RICHARD G. LUGAR

Question 1. Various nations began to send chartered flights to Baghdad in the mid-1990's. Which countries sent such flights in? Were these flights authorized by the 661 Committee? Did any member of the 661 Committee propose that the UN monitor the cargo brought in on such flights, if so name them? Did any nations object to such monitoring, if so who were they?

Answer. Countries that regularly sent chartered flights into Iraq included Jordan, Egypt, Lebanon and Russia. Anywhere between 5-15 flight requests typically were received by the Committee within a one-week period. Flights were authorized by the 661 Committee if they were for humanitarian purposes. Flight details, including cargo lists and flight manifests, were required to be approved by the Committee. It was the responsibility of the member state from which the flight departed to ensure that the contents of the aircraft had been approved by the Committee. The French repeatedly took the position in 661 Committee discussions that flights to Iraq only had to be notified to 661 Committee members; we and the British, however, insisted that all flights required 661 Committee approval before they could proceed, based on the clearly defined language in operative paragraph 4(b) of UN Security Council resolution 670 (1990). Our view prevailed.

Question 2. Kofi Annan has announced he will appoint a team of notables to conduct an investigation into this matter. Would an investigation authorized by the Security Council have more clout?

Answer. On 21 April, the Security Council unanimously adopted resolution 1538, expressing the Security Council's full support for the independent, high-level inquiry established by UN Secretary-General Annan. The Panel will be led by Mr. Paul Volcker, former Chairman of the Federal Reserve Bank. Resolution 1538 underscores the importance of full cooperation with the independent high-level inquiry by all United Nations officials and personnel, the Coalition Provisional Authority, Iraq, and all other Member States.

The Coalition Provisional Authority, Iraq, and all other Member States, including their national regulatory authorities, are asked "to cooperate fully by all appropriate means with the inquiry." We already publicly have expressed full support for the work of the inquiry, and we have encouraged other UN Member States to act in a similar fashion. Mr. Volcker noted in his April 21 remarks to the media that he believed the Panel would receive cooperation from all governments.

Question 3. The UN implemented a surcharge on the proceeds of Iraqi oil in order to cover the costs of managing the Oil-for-Food Program. Who audits those funds, and did the U.S. ever review those audits? How much money was left in the UN account at the termination of the program, and where did it go?

Answer. UN costs associated with the administration and management of the OFF program came from revenue derived from the sale of Iraq's oil, as called for in UN Security Council resolution 986 (1995). In this regard, the program was self-financing, and did not rely on UN-assessed funds.

Proceeds from Iraqi oil sales were divided as follows:

59 percent used to procure humanitarian supplies for central/southern Iraq;

13 percent used to procure humanitarian supplies for 3 northern governorates;

25 percent used to fund UN Compensation Commission (UNCC);

2.2 percent reserved for UN administrative costs, including the activities of OIP;

0.8 percent reserved for UNSCOM, and later UNMOVIC.

The UN Board of Auditors conducted routine audits of all these accounts—copies of such audits were provided to 661 Committee members, including the U.S., for their review.

When the Oil-for-Food Program terminated on November 21, 2003, as mandated by UN Security Council resolution 1483 (2003), approximately $14 billion was left in the UN escrow accounts—most of these funds were attached to letters of credit that had yet to expire for outstanding OFF contracts. The UN thus far has transferred $8.1 billion from the escrow account to the Development Fund for Iraq as letters of credit associated with non-prioritized OFF contracts have expired.

Question 4. What recommendations would you make to ensure that any future UN humanitarian operations do not suffer similar problems?

Answer. The Oil-for-Food Program was unprecedented in its size as well as in the use of revenue derived from the sale of Iraqi oil to sustain the operation. It was former Iraqi leader Saddam Hussein's repeated defiance of the demands placed upon him and his government by the Security Council, and his calculated failure to provide for the basic needs of the Iraqi people, that prompted creation and implementation of the Oil-for-Food Program in the first place. We agree that lessons need to be drawn and incorporated into any similar, future operations.

There are a number of investigations currently underway designed to look at the management and implementation of the Oil-for-Food Program—the UN inquiry led by Mr. Paul Volcker and the Baghdad-based audit led by the Iraqi Board of Supreme Audit. The Coalition Provisional Authority is co-operating with the Board of Supreme Audit by helping individual Iraqi ministries to secure potentially relevant documentation and to identify key personnel with knowledge of the former Iraqi regime's illicit schemes. We stand ready to review and assess any future reports and conclusions that may arise from these investigations.

Mr. Volcker already has commented that he interprets his job as not only to determine what had happened in the past, but also to draw lessons on what could be done in the future to avoid similar potential problems. This is certainly the right approach, one which the U.S. Government supports. In that regard, it therefore would be premature to offer any firm conclusions at this moment as to what modifications might be necessary to ensure future humanitarian operations do not suffer similar problems to those already identified. As we move forward in this process, we will be in a better position to understand the flaws and weaknesses that may have been inherent in the system, and to take such inadequacies into account for future humanitarian operations.

Question 5. There have been charges that Saddam infiltrated the UN organization with his own intelligence officials. Can that be verified? Would you expand on that?

Answer. To my knowledge, there has been no evidence provided to the U.S. Mission concerning this issue. I am not aware of any information that would indicate such infiltration occurred.

Question 6. Before it adopted "retroactive pricing" in 2001, which cut back much of the surcharges on oil being sold by the regime, the Sanctions Committee evaluated but rejected limiting Iraq's oil buyers to major international oil firms, rather than smaller oil traders that were willing to pay the Iraq surcharge. Why did the Sanctions Committee reject this idea?

Answer. Under Resolution 986 (1995), the former Government of Iraq was granted the authority to sell its oil to whomever it designated, thereby reflecting the insistence of most other Security Council members that Iraq's sovereignty be respected and guaranteed under the Oil-for-Food (OFF) Program. These other states argued that having the Security Council dictate to whom Iraq could sell oil would have compromised and undermined Iraq's national authority in an unacceptable fashion.

661 Committee procedures did, however, require member states to register companies established within their jurisdiction with the UN Office of Iraq Program (OIP) and with the UN Oil Overseers before being permitted to export oil from Iraq under the OFF program. It was the responsibility of member states to ensure that these firms were reputable. .

Question 7. What was the role of individual Mission offices in the contracting process? Did they have review responsibilities? Which states benefited most from the OFF kickbacks? What do their Mission offices say when confronted with this information?

Answer. Individual UN Mission offices were responsible for providing the UN Office of the Iraq Program (OIP), on behalf of suppliers operating in their jurisdiction, with copies of proposed 986 humanitarian contracts signed between the supplier and the Government of Iraq. They often served as the intermediary between these companies and OIP.

It is unclear who, other than the Saddam Hussein regime, benefited from the alleged kickbacks on UN Oil-for-Food (OFF) contracts. However, major suppliers of OFF contracts under the program included firms operating within their jurisdiction of some Council members and several of Iraq's neighboring states.

Question 8. How does the UN police itself? Are there mechanisms within the UN to try member states, individuals or companies for breaking resolution, in this case sanctions? Is there a means to otherwise hold them accountable? (As Senator Sununu asked in the hearing, can you provide a list of UN officials who have been disciplined for such instances.)

Answer. The UN monitors its activities through two avenues—the UN Board of Audit and the UN Office of Internal Oversight Services (OIOS). The three-nation UN Board of Auditors is charged with ensuring that UN programs and operations are implemented in a fiscally responsible manner, and that all funds are appropriately spent. The UN Office of Internal Oversight Services (OIOS) monitors, investigates and reports on the activities of UN personnel. The Secretary-General has the right to fire United Nations employees whom he believes are guilty of malfeasance. They have the right to an appeal, through a UN administrative tribunal, but the Secretary-General also has a right to accept or reject that administrative tribunal. So the Secretary-General may terminate UN employees for wrongful acts.

As recently as 2003, the Secretary-General, through the OIOS, has investigated and reprimanded UN personnel and/or contractors for misconduct or criminal behavior. In relevant instances, the UN has turned cases over to national authorities—whether here in the U.S. or abroad—for potential criminal investigation.

Question 9. Compensation claims make up 25 percent of OFF outlays. How were these claims resolved? Can you provide details of reviewed, paid and pending claims?

Answer. At the outset of OFF, 30 percent of oil sales proceeds went to the UN Compensation Commission (UNCC). This was reduced to 25 percent in December 2000 under UNSCR 1330 and further reduced to 5 percent in May 2003 under UNSCR 1483.

The United Nations Compensation Commission has paid out some $18 billion to victims of Iraq's invasion of Kuwait. An additional $29 billion is needed to complete payment of compensation awarded by the UNCC to individuals and companies.

Question 10, My understanding is that United States became a major purchaser of Iraqi oil once the Oil-for-Food Program started. Is that correct; which were the top five nations that purchased oil from Iraq? Did U.S. oil companies purchase the oil directly from Iraq or through brokers/middleman?

Answer. During Phases I through XI of the Program (December 1996-May 29, 2002), the U.S. purchased $942 million in Iraqi oil, while during the same comparable period, Russian firms entered into oil contracts with SOMO valued at $ 16.4 billion. France ($3.28 billion), Switzerland ($2.5 billion), Turkey ($2.4 billion), and China ($2.35 billion) were the next largest purchasers of Iraqi oil. We have requested from the UN Office of the Iraq Program figures concerning Iraqi oil sales during Phases XII and XIII to complete our records for the lifespan of the OFF Program. Those who entered into contracts with the Iraqi State Oil Marketing Organization (SOMO) to purchase Iraqi oil were not always the end-users. Between Phases 1 and 12 of the Program (10 December 1996-4 December 2002), Russian traders contracted for 979 million barrels of Iraqi oil, representing 31 percent of the total shipped by Iraq under the Program during this period.

Question 11. Do we have any reason to believe that U.S. oil companies participated in these same kickback and surcharges that we've discussed today?

Answer. I am unaware of any specific allegations or evidence involving U.S. oil firms or UN Oil-for-Food contract suppliers with regard to their possible participation in kickbacks or surcharges to the former Iraqi regime.

Question 12. Did U.S. companies sell goods to Saddam, and do we have any reason to believe that U.S. companies provided him with illicit profits?

Answer. The only U.S. companies that were permitted to sell goods to Saddam were those that received a license from the U.S. Treasury Department's Office of Foreign Assets Control (OFAC) to do business with Iraq under the Oil-for-Food Program. Twenty-four (24) U.S. companies submitted a total of 47 contracts (out of a total of more than 30,000 contracts) under the Oil-for-Food Program.

I am unaware of any specific allegations or evidence involving U.S. companies and the provision of illicit funds to Saddam Hussein.

Question 13. Who conducted the audits of BNP—the bank holding the UN's Iraqi oil escrow account? Do we know if BNP was involved in passing illegal money to Saddam? Who in the U.S. Government has reviewed BNP accounts? Do we have access to the account numbers into which BNP deposited money, in order to check the legitimacy of those companies? To whom has BNP turned over its documents on the OFF program?

Answer. The UN Oil-for-Food Program, in particular the escrow accounts held at both BNP and JP Morgan/Chase, were audited every six months by the UN Board of Auditors. BNP had no independent authority to make payments to suppliers—it was instructed by the UN Treasury to make specific payments to suppliers once the goods for a particular contract had been authenticated upon their arrival in Iraq.

Once BNP/Paribas was selected by the UN through a competitive bidding process to handle funds associated with the 59 percent account for procurement of goods destined for central and southern Iraq, OFAC issued them a license, limiting BNP/Paribas' work with Iraq solely to the Oil-for-Food Program. The U.S. Federal Reserve has oversight responsibility over all wire transfer systems in operation in the U.S., including over BNP/Paribas-New York.

I am unaware of any specific evidence that would indicate that BNP passed illegal money to Saddam. The OFF Program provided written instructions to BNP for the actions it was to take. BNP is still holding valid letters of credit for outstanding OFF contracts, and therefore maintains its own files of documents concerning OFF.

Question 14. What was the role of the individual UN Missions in New York as far as vetting the Oil-for-Food contracts were concerned? Were they expected to verify the legitimacy of the goods and the pricing involved?

Answer. Individual UN Mission offices were responsible for providing the UN Office of Iraq Program (OIP), on behalf of their suppliers established within their jurisdiction, copies of proposed 986 humanitarian contracts signed between the supplier and the Government of Iraq.

Each member state, including the U.S., was responsible for ensuring that their companies established within their jurisdiction adhered to the rules and restrictions under the Program and the ongoing multilateral sanctions regime on Iraq. The vetting process for each UN Mission varied. Although all 661 Committee members were given copies of each OFF contract, only the U.S. and UK governments actually reviewed such contracts in detail, with particular emphasis on preventing access by the former Iraqi regime to WMD and certain dual-use items that could be used to enhance Iraq's military capabilities.

Question 15. Regarding the OFF program in the north of Iraq, is it true that some $4 billion in funds has not been accounted for? If this is not true, who in the U.S. Government reviewed this program?

Answer. When the UN program responsibilities in the North were transferred to the CPA on November 21, 2003, financial liabilities for those programs transferred as well. Funding comes from the UN OFF escrow account, which contained a balance of roughly $14 billion as of the November 21 transfer date. Since that time, the UN treasurer has transferred $8.1 billion to the Development Fund for Iraq. The DFI is funding the former UN programs in the North. The balance in the OFF escrow account will pay for the remaining humanitarian supplies for all of Iraq that are still in the pipeline. Thereafter, the remaining surplus in the OFF escrow account will be transferred to the DFI. The final accounting will be audited.

The U.S. Government reviewed the implementation of the Oil-for-Food Program in northern Iraq on a regular basis, as a member of the Security Council, and as a member of the Security Council's Iraq Sanctions Committee. UN personnel working in the three northern governorates routinely briefed members of the Iraq Sanctions 661 Committee.

Question 16. The World Food Program used a considerable number of vehicles to distribute food throughout the North. Where are they now?

Answer. The World Food Program transferred these vehicles to the Coalition Provisional Authority (CPA) and Iraqi representatives through a tri-partite transfer process during the phasing out period of the Oil-for-Food Program in November 2003.

QUESTION SUBMITTED BY SENATOR JOSEPH R. BIDEN, JR.

Question 17. Ambassador Negroponte, you acknowledged during your testimony that the State Department is in a position to assemble a list of Oil-for-Food participants.

- For the public record, can you provide the Committee with a comprehensive list of purchasers of Iraqi oil and suppliers of civilian products under the Oil-for-Food Program?
- If such a list can not be publicly released, could you provide the Committee with a classified list and a detailed explanation as to the legal and/or security rationale keeping the information classified?

Answer. We have compiled a list of companies that purchased oil from Iraq under the Program. Separately, we have compiled a list of those firms that supplied civilian goods to Iraq under the program. We stand ready to make these lists available to the Committee.

QUESTIONS SUBMITTED BY SENATOR CHRISTOPHER J. DODD

Question 18. How many meetings have been held by the International Advisory and Monitoring Board?

Answer. The International Advisory and Monitoring Board has met five times, most recently on April 22-23 in New York City. The first formal meeting was December 5.

However, representatives of the member institutions of the Advisory Board—the UN, the Arab Fund for Social and Economic Development, the IMF and the World Bank—met informally many times with the CPA during the process leading to the establishment of the IAMB. These talks led to the October 24 announcement that the Board had been established in accord with a Terms of Reference that governs the relationship between the IAMB and the CPA.

The creation of the Board broke new ground in international relations, as a mechanism to ensure transparency in the financial affairs of an occupied country. Both CPA and the Advisory Board members continue to work very hard with the Iraqi people to realize this commitment to transparency.

Question 19. What are the names, affiliations, and positions of those serving on this Advisory and Monitoring Board?

Answer. The chairman of the International Advisory and Monitoring Board, selected by the members themselves, is Mr. Jean-Pierre Halbwachs, Assistant Secretary General and Controller of the UN. He represents Secretary General Annan.

The other members are Mr. Khalifa Ali Dau, a senior financial adviser in the Arab Fund for Economic and Social Development; Mr. Bert Keuppens, a senior advisor in the IMFs Finance Department, and Mr. Fayezul Choudhury, Vice President and Controller at the World Bank. Each of these representatives was appointed to represent the chief executive officer of their respective institutions.

Question 20. On what dates have these meetings been held? Locations?

Answer. I would like to take this opportunity to mention that the International Advisory and Monitoring Board established a very good Web site, www.iamb.info, which provides such information. The Board also posts minutes of the Board's meetings.

Meetings have been held:

December 5, 2003—New York
December 22, 2003-Washington, D.C.
February 12-13, 2004—Washington, D.C.
March 17-18, 2004—Kuwait

April 22-23, 2004—New York

Question 21. Were there agendas and/or minutes of these meetings? Please provide copies of these agendas and minutes.

Answer. The Advisory Board prepares minutes for each meeting and posts these on its Web site. Copies of the minutes are attached.

INTERNATIONAL ADVISORY AND MONITORING BOARD

Minutes of the organizational meeting held at United Nations Headquarters, New York on Friday 5 December 2003.

The following members of the Board were present:

Arab Fund for Economic and Social Development: Ms. Mervat Badawi, Director Technical Department (acting representative).

International Monetary Fund: Mr. Bert E. Keuppens, Senior Advisor.

United Nations: Mr. Jean-Pierre Halbwachs, Assistant Secretary-General, Controller.

World Bank: Mr. Fayezul Choudhury, Vice-President and Controller.

Also in attendance were the following:

International Monetary Fund:
Mr. Chris Hemus, Deputy Chief, Finance Department
Ms. Mary Hoare, Officer

United Nations:
Mr. Jayantilal Karia, Director, Accounts Division,
Ms. Arpana Mehrotra, Adviser/Coordinator on IAMB matters
Mr. Moses Bamuwamye, Finance Officer

World Bank:
Mr. Charles McDonough, Director, Accounting Department,
Mr. W. Ofosu Amaah, Vice President and Corporate Secretary

1. The meeting was opened at 11:00 a.m. by the Secretary General, of the United Nations.

In his opening remarks, the Secretary-General stressed that the IAMB had an important responsibility as an independent oversight body. He added that its independence could not be stressed enough and that it was fundamental to honoring the trust that the international community had placed in it. He noted that the Security Council had referred to it as the "eyes and ears of the international community", and that in view of privileges and immunities conferred on the funds of the DFI by the Security Council, this responsibility was even heavier.

2. The member from the United Nations, Mr. Jean-Pierre Halbwachs was chosen as the Chair of the Board for the first year.

Rules of Procedure

3. The members discussed the rules of procedure to govern the Board. The members agreed that it was important that the rules be adopted as soon as possible and that they be kept simple. It was agreed that the member from the IMF would circulate a working document to the members of the Board.

4. Two issues were considered critical in addressing the rules of procedure: confidentiality and transparency. Since the Board would make public the documents of the IAMB, there was a need to set guidelines in addition to the provisions of the rules of procedure, to ensure that appropriate information concerning the Board's work was made publicly available while ensuring the protection of sensitive and confidential information.

Observers

5. The appointment of observers was discussed. It was agreed that, consistent with its terms of reference, the Board should determine the number and qualifications of the observers. It was also agreed that among the observers would be one selected from nominations by the Coalition Provisional Authority (CPA), and two selected from nominations by the Iraqi Governing Council, preferably including, in respect to the latter, someone from the Iraq Supreme Audit Authority.

6. It was agreed that the Chairman, after consultation with other members, would request the CPA to submit a list of three names, and the Iraqi Governing Council to submit a list of five names for consideration by the Board. The IMF representative agreed to look into the status of the Iraqi Supreme Audit Authority and report to the board accordingly.

Secretariat

7. It was agreed that prevailing circumstances did not allow for the Secretariat to be established in Baghdad at this point in time.

8. It was decided that the Secretariat would be small, drawn as appropriate from member organizations, with one local professional staff in Baghdad. It was also decided that the experience and qualification of the staff would be determined by the Board. As for the local staff, it was agreed that the candidate would be an Iraqi national seconded from the Iraq Supreme Audit Authority. The representative of the IMF is to look into this matter further. The Chair agreed to circulate a draft on the qualifications and duties of the Secretariat staff.

9. It was agreed, as specified in the Terms of Reference that the costs associated with the running of the secretariat would be shared equally among the member institutions. This would continue to reinforce the spirit of independence with which the Board is expected to operate. It was also decided that incidental costs that are not material would be absorbed by the member institution providing the services.

External Auditors

10. The "Draft Statement of Work" for the external auditors was received from the CPA. It was agreed that the Board will undertake an expeditious review of the scope of work, in order that it may respond to the CPA as soon as possible.

11. Members agreed to share with each their comments and suggestions on the draft before the next meeting.

Briefings to the Board

12. The Board agreed on the necessity of requesting briefings from the CPA to improve their understanding in a few areas of special relevance to an evaluation of the Statement of Work. The initial areas suggested, with others to be identified, included:

DFI in general
Link of Programme Review Board (PRB) disbursements to actual programs delivered
Procurement process of CPA
How CPA undertakes oil and gas sales
Role of CPA's internal audit.

13. It was agreed that the Chair, in consultation with the Board, would contact the CPA in this regard.

IAMB Documentation

14. It was noted that transparency was critical to the smooth operation of the Board. Creation of an IAMB website therefore, would be explored. The IMF representative agreed to examine the feasibility of such a website and to report to the Board.

Communication

15. The Board agreed that the IAMB should speak with one voice, and that all communications from the Board will be made by the Chair following consultation with the members. This however, would not prevent the other Board members from providing routine information on the IAMB and its work.

Other Matters

16. The Board decided that its next meeting would be held on Monday 22 December 2003 at the World Bank in Washington DC.

17. The Board agreed to issue a press release on its meeting.

18. The Board also agreed that a draft agenda would be circulated among the members for their review before the next meeting.

19. The meeting was adjourned at 4.30 P.M.

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INTERNATIONAL ADVISORY AND MONITORING BOARD

Minutes of the organizational meeting held at the World Bank Headquarters in Washington DC on Monday 22 December 2003.

The following members of the Board were present:

International Monetary Fund: Mr. Bert E. Keuppens, Senior Advisor.
United Nations: Mr. Jean-Pierre Halbwachs, Assistant Secretary-General, Controller.
World Bank: Mr. Fayezul Choudhury, Vice-President and Controller.

Absent with apologies:

Arab Fund for Economic and Social Development: Mr. Khalifa Au Dau, Senior Financial Advisor

Also in attendance were the following:

International Monetary Fund:
Mr. Chris Hemus, Deputy Chief;, Finance Department
Mr. Ramanand Mundkur, Counsel, Legal Department

United Nations:
Mr. Jayantilal Karia, Director, Accounts Division,
Mr. Moses Bamuwainye, Finance Officer

World Bank:
Mr. Charles McDonough, Director; Accounting Department,
Mr. W. Ofosu Amaah, Vice President and Corporate Secretary

2. The meeting was opened at 10:00 a.m. by the Chair who informed the other members that the member from the Arab Fund could not attend the meeting due to factors beyond his control.

3. The agenda was unanimously adopted.

4. Certain revisions in the Minutes for the meeting of the 5/12/2003 were discussed.

Statement of Work

4. The main focus of the meeting was the Statement of Work (SOW) for the external audit of the Development Fund for Iraq (DFI). Members made a number of comments on the draft SOW pointing, among other things, to the need to:

- make the heading more descriptive;
- clarify the issue of designated recipient;
- elaborate on the four deliverables;
- adjust the audit option periods;
- clarify the role of IAMB with External Auditors.

5. The Chair undertook to revise the SOW on the basis of comments made during the meeting and to circulate the revised draft to the members for final review and comments. The Chair would subsequently complete the draft and submit it to the CPA before the end of the year. The Chair would also request the CPA to provide briefings on accounting and reporting issues relating to the DFI. The following were identified as areas of interest to the Board:

- The DFI in general;
- The link between the Program Review Board (PRB) disbursements to actual programs delivered;
- The procurement process of the CPA;
- The manner in which the CPA undertakes oil and gas sales;
- The role of the CPA's internal audit.

6. The timing of the briefing was also discussed and it was agreed that the briefing should take place at the earliest opportunity, preferably to coincide with the Board's next meeting.

Secretariat Functions

7. It was agreed that for the time being an ad hoc Secretary to the Board be established instead of maintaining a full time staff. To that end, each of the member institutions could have one of their staff to perform secretariat functions; It was however decided that all records would be kept in one central place—with the Chair.

8. On the issue of the local professional staff, it was recognized that further action needed to be undertaken to identify a suitable candidate.

Rules of Procedure

9. The Board reiterated the need to set clear rules for dealing with press queries. It was also reiterated that, as a rule, the Chair would speak for the Board. At the same time, it would be left to individual members to use their judgment in answering routine factual queries.

10. The drafting of Paragraph 3B (Public Disclosure) of the draft rules of procedure would be reviewed by the members from the World Bank and IMF.

11. It was agreed that comments on the draft rules of procedure should be submitted as soon as possible.

Press Release

12. The members agreed to issue a press release highlighting the results of the meeting.

Other Business

13. The venue and date of the next meeting was to be determined at a later date, in the light of the briefing material to be provided by the CPA.

14. An updated mailing list was requested by the Chair, and the issue of a logo for the IAMB was briefly discussed.

15. The meeting was adjourned at 4:30 p.m.

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INTERNATIONAL ADVISORY AND MONITORING BOARD

Minutes of the meeting held at the IMF Headquarters in Washington DC on 12 and 13 February 2004.

The following members of the Board were present:

Arab Fund for Economic and Social Development: Mr. Khalifa All Dau, Senior Financial Advisor

International Monetary Fund: Mr. Bert E. Keuppens, Senior Advisor.

United Nations: Mr. Jean-Pierre Halbwachs, Assistant Secretary-General, Controller.

World Bank: Mr. Fayezul Choudhury, Vice-President and Controller.

Also in attendance were the following:

International Monetary Fund:

Mr. Chris Hemus, Deputy Chief, Finance Department
Mr. Ramanarid Mundkur, Counsel, Legal Department
Ms. Mary Hoare, Officer

United Nations:

Mr. Jayantilal Karia, Director, Accounts Division,
Mr. Moses Bamuwamye, Finance Officer World Bank:
Mr. Charles McDonough, Director, Accounting Department,
Mr. W. Ofosu Amaah, Vice President and Corporate Secretary
Ms. Caroline Harper, Lead Operations Officer

5. The meeting was opened on 12th February 2004 at 1:00 p.m. by the Chair.

6. The agenda for the two day meeting was unanimously adopted.

Briefing by the CPA

3. Responding to the Board's request, the CPA provided a useful briefing about the financial functions and the operations of the DFI. The following topics were covered during the briefing.

- DFI Account Status
- Oil Proceeds
- Budget Process
- Program Review Board
- Contracting
- Financial Operation
- Extemal Audit Update

4. Following a recap of the briefing, the Chair was requested to send a letter to the CPA seeking clarification on a number of issues including:

- The controls with regards to the extraction of crude oil
- Contracting process by the CPA, including circumstances relating to single source contracts
- Oil product barter sales, not currently reflected in the DFI accounts.

External Audit of the DFI

5. It was noted that progress had been made in the appointment of external auditors for the DFI. The CPA had started the solicitation process for the external auditors and proposals were due by February 18, 2004. Board members noted that finalization of the appointment process was a priority and requested that the Chair ask the CPA to provide the evaluation and selection criteria that would be used to select the external auditor.

The IAMB Website

6. The IAMB website was officially launched on 13th February 2004. In the press release issued on 13 February 2004, the public was notified of the availability of the site which would serve as the informational platform for the Board.

Observers

13. It was noted that the CPA had nominated a candidate to serve as an observer.

14. Noting that the Governing Council of Iraq had not responded to the invitation to nominate candidates to serve as observers to the IAMB, it was agreed that the Chair would send a letter to the Governing Council of Iraq, with a copy to the CPA, urging the council for its nominations.

Rules of Procedure

9. The Board adopted the draft Rules of Procedure after minor amendments were made. It was also decided that the Rules of Procedure would be posted on the website.

Press Release

10. The members agreed to issue a press release highlighting the results of this meeting and to post this press release on the IAMB website.

Other Business

11. The Minutes for the 5th and 22nd December meetings of the IAMB were adopted and posted on the website.

12. The members agreed that the venue of the next meeting will be at the Arab Fund Headquarters in Kuwait at a date to be determined, preferably to coincide with the selection process of the External Auditors.

13. The meeting was adjourned on Friday at 2:30 PM.

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INTERNATIONAL ADVISORY AND MONITORING BOARD

Minutes of the meeting held at the Arab Fund Offices in Kuwait on 17 and 18 March 2004.

The following members of the IAMB were present:

Arab Fund for Economic and Social Development: Mr. Khalifa Mi Dau, Senior Financial Advisor

International Monetary Fund: Mr. Bert E. Keuppens, Senior Advisor

United Nations: Mr. Jean-Pierre Halbwachs, Assistant Secretary-General, Controller

World Bank: Mr. Fayezul Choudhuzy, Vice-President and Controller

Observer's Representative: Mr. Faik Ali Abdul-Rasool, Deputy Minister, Ministry of Planning and Development Cooperation (representing Dr. Mehdi Hafedh, Minister of Planning and Development Cooperation and Chairman of the Iraqi Strategic Review board for the Reconstruction of Iraq)

Also in attendance were the following:

The Arab Fund for Economic and Social Development:

Mr. Hassab El Rasoul El Obeid, Legal Advisor, Arab Fund for Economic and Social Development

Mr. Shehab Bayoumi, Financial Advisor. Legal Advisor, Arab Fund for Economic and Social Development

International Monetary Fund:

Mr. Chris Hemus, Deputy Chief, Finance Department

Mr. Ramanand Mundkur, Counsel, Legal Department

United Nations:

Mr. Bisrat Aklilu, Executive Coordinator, Iraq Trust Fund

Mr. Moses Bamuwamye, Finance Officer

World Bank:

Mr. Charles McDonough, Director, Accounting Department

Ms. Caroline Harper, Lead Operations Officer

Iraq Board of Supreme Audit

Mr. Ihsan Ghanim

Dr. Ala'a Alani

7. The meeting was opened by the Chair

8. The agenda for the meeting was unanimously adopted.

Executive Session

5. The members undertook a preliminary review of the information provided by the Coalition Provisional Authority regarding the selection process for the external auditor.

Briefing by the CPA

4. As part of its responsibility for monitoring the financial reporting and internal control systems established by the CPA, the IAMB received from the CPA further

briefing on the issues covered by the CPA at the IAMB previous meeting. The issues related to metering of crude oil, barter transactions, the use of non-competitive bidding procedures and the preparation of DFI financial statements in line with appropriate international standards on financial reporting.

Metering

7. The IAMB was informed that crude oil extraction is currently not metered. This precludes a reconciliation of all crude oil extracted with its eventual utilization and represents an internal control weakness which needs to be addressed urgently. The IAMB was informed of the steps taken by the CPA to mitigate the consequences of such weakness and to curtail smuggling. The IAMB welcomed these interim steps and recommended the expeditious installation of metering equipment in accordance with standard oil industry practices.

8. The IAMB was also informed that oil products were being metered at depots and service stations.

Bartering

15. The IAMB was informed that the bartering of residual fuel oil for light products had been discontinued. There is however bartering of residual fuel and crude oil for electricity and other products with neighbouring countries. The IAMB was concerned that such barter transactions are not reflected in the DFI as required by UN SCR 1483 (2003). The CPA indicated that it is investigating possible ways to ensure that the equivalent proceeds from such transactions are placed into the DFI and the IAMB looks forward to an early resolution of this issue.

Sole Source Contracts

8. Upon inquiry, the IAMB was informed that some contracts using DFI funds were awarded to Halliburton without competitive bidding. The CPA indicated that as a general rule, effective January 2004 contracts were no longer awarded without competitive bidding. The IAMB acknowledged that special circumstances may have warranted sole-sourced contracts and welcomed steps taken by the CPA to limit future such contracts to exceptional circumstances. At the same time the IAMB decided to consider further steps, such as the conduct of a special audit of some of the sole-sourced contracts.

9. The IAMB decided that it will continue to monitor closely these issues, and will direct the DFI external auditor to pay special attention, as appropriate.

10. The IAMB also expressed its thanks to the representatives of the CPA for the useful briefings provided.

Financial Information

11. The IAMB reiterated its view that the financial statements of the DFI need to be prepared in line with the appropriate international standards on financial reporting. The IAMB, following discussion with the CPA, believes such information is available to the CPA.

12. In addition, it was agreed that the DFTs weekly statements issued by the CPA would be linked to the IAMB website to ensure wider availability

External Audit of the DFI

14. Since the nomination and appointment by the CPA Administrator of the DFI external auditor is subject to approval by the IAMB, the CPA briefed the IAMB on the evaluation process of the solicitations received from external audit firms. Based on the information obtained by the IAMB, which was not available to the CPA's selection committee at the time the evaluations were made, the IAMB concluded that one candidate nominee firm did not meet the criteria. The IAMB sought supplemental infomiation from the CPA regarding the other nominee firm. Following receipt of such information after the meeting, the IAMB on March 24, 2004 approved the CPA's nomination for the external auditor noting the international competency and international composition of the audit team including the commitment by the firm to include in its team internationally experienced and specialized audit partners.

Observers

15. Deputy Minister Faik Ali Abdul-Rasool, representing the Observer, Minister Mehdi Hafedh, requested that persons representing the Iraqi Governing Council be given the right to vote. The IAMB stated that it welcomed the presence of Iraqi nationals at its meeting and that it looked forward to attendance by Iraqi nationals at future meetings. However, the IAMB indicated that acceding to this specific request would require amendments to the IAMB's Terms of Reference. Further, such Iraqi participation raises a number of complex legal issues, including under UN

SCR 1483 (2003). In light of these constraints, the IAMB strongly encouraged the presence of Iraqi nationals at its future meetings, stating that such participation would allow them to communicate their views to the IAMB and that the IAMB, for its part, would give the fullest consideration to these views.

Post June 2004

16. The IAMB began a review of ways in which the functions of the IAMB could be transferred to an Iraqi entity at a suitable time, in view of the envisaged handover of power to an interim Iraqi administration on June 30, 2004. In this context, the IAMB welcomed the opportunity to exchange views with representatives of the Iraq Board of Supreme Audit and expressed its thanks to the representatives of the Board of Supreme Audit for providing the IAMB with information on the Board of Supreme Audit's operations in Iraq. The IAMB also decided that it would further examine ways to involve the Board of Supreme Audit more actively in the IAMB's work.

Press Release

20. The members agreed to issue a press release highlighting the results of this meeting and to post this press release on the IAMB website.

Other Business

17. The minutes for the 12th-13th February meeting of the IAMB were adopted and posted on the website.

18. The venue and date of the next meeting would be determined at a later date, and will be announced on the website.

19. The meeting was adjourned on Thursday 18 March 2004.

* * * * *

Question 22. What are the name(s) of the independent public accounting firm(s) that have been tasked with auditing responsibility for the DFI? How many audits of the DFI, if any, have been conducted by these independent accountants. Please provide copies of these audits.

Answer. KPMG Audit & Risk Advisory Services won the contract to audit the Development Fund for Iraq and Iraq's export oil sales. CPA nominated this firm, and the Advisory Board approved the selection.

The contract for audit services was signed only in early April 2004, so the first audit is just getting underway. We would hope it will be available by late summer. It is part of the Board's Terms of References that all audits will be made public.

QUESTION SUBMITTED BY SENATOR JOHN E. SUNUNU

Question 23. In the event UN officials are found to have engaged in corrupt practices, would they be able to claim diplomatic immunity in the United States or elsewhere and thus escape prosecution and punishment?

Answer. The Secretary-General has the authority to waive the diplomatic immunity of any UN personnel found to have engaged in corrupt practices or misconduct under the program.

The Secretary-General has used this authority on several occasions, including as recently as 2003, when the Secretary-General, through the UN Office for Internal Oversight (OIOS), investigated and reprimanded UN personnel and/or contractors for misconduct or criminal behavior. In relevant instances, the UN has turned cases over to national authorities—both here in the U.S. or abroad—for judicial action.

RESPONSES OF AMB. PATRICK F. KENNEDY TO ADDITIONAL QUESTIONS FOR THE RECORD SUBMITTED BY SENATOR RICHARD G. LUGAR

Question 1. The UN apparently conducted numerous audits of the Oil-for-Food Program—how many audits were conducted and what was uncovered?

Answer. A three-nation UN Board of Auditors audited the operations of the Oil-for-Food Program, including the operations of UN offices in Iraq, and the UN Office of the Iraq Program (OIP) in New York. The Board audited the Oil-for-Food Program every six months, following the conclusion of each phase of the Program. There were thirteen 6-month phases of the OFF Program.

Separately, the UN Office of Internal Oversight Services (OIOS) conducted 55 reviews of various aspects of the UN Oil-for-Food (OFF) Program, including an assessment of the UN escrow accounts, analysis of UN Treasury's role in the OFF Pro-

gram, and ongoing, on-the-ground evaluation by two OIOS auditors in Iraq of the functions performed by the UN Humanitarian Coordinator in Iraq (UNOCHI). OIOS reports are internal UN Secretariat records which have never been shared with the Security Council or any member state.

Question 2. Were all the trucks carrying goods into Iraq inspected by the UN contractors; how did they report irregularities, and were they stationed at all the border crossings into Iraq? Were they inspected on the way out?

Answer. Cotecna's mandate was to oversee the arrival in Iraq of OFF merchandise. Cotecna, and its predecessor, Lloyd's Registry, were not authorized by the Security Council to inspect goods shipped to Iraq outside the Oil-for-Food Program. They were not authorized to function as Iraq's customs agent. Cotecna verified the arrival of Oil-for-Food goods in country. Suppliers were required to obtain Cotecna's stamp of authentication as a prerequisite for disbursement of funds from the UN escrow account.

Under Resolution 661 and subsequent resolutions, member states, including Iraq's frontline neighbors, were obligated to adhere to the sanctions imposed by the Security Council. In May 2001, the U.S. and UK delegations circulated a draft resolution to other Security Council members that would have tightened border monitoring by neighboring states. As part of this "smart sanctions" package that also included creation of a "Goods Review List" (subsequently supported by the Council under UNSCR 1409-05/14/02), the U.S.-UK draft resolution called for improving and strengthening land-based monitoring of Iraq's borders. Certain other Council members, as well as representatives of Iraq's neighbors, strongly opposed the U.S.-UK text, and the draft resolution was never adopted.

Question 3. There are numerous reports regarding passenger ferries being used to smuggle goods into Iraq. Where did these ships originate? Did any member of the 661 Committee suggest that the passengers and goods transported on these ships be scrutinized—either in Iraq or at the ports of embarkation—if so, which members? Which members opposed these checks?

Answer. In 1997, the 661 Committee authorized ferry service intended for religious pilgrims traveling between the United Arab Emirates (UAE) and Iraq. Ferries were authorized to carry passengers and their personal belongings, including their personal automobile. The UAE accepted the primary responsibility for ensuring sanctions compliance by the ferry operators, including by inspecting cargo for violations. When concerns were brought to light on UAE non-compliance with the procedures, the 661 Iraq Sanctions Committee, at the urging of the U.S. and UK, raised this issue with UAE authorities through written communications.

Because of ongoing concerns over non-compliance with the rules governing the UAE ferry service, the U.S. and UK, through the Committee, subsequently blocked requests from Oman, Bahrain and Qatar to open ferry services to Iraq.

Question 4. Why didn't the 661 Committee create a group of market sector experts to examine contracts for prices? We know that some contracts were rejected by the 661 Committee because they contained prohibited items; were any contracts rejected because they were either over- or under-priced?

Answer. Customs experts at OIP reviewed the value of each OFF contract to ensure that the price was within a credible range. These experts, on occasion, did identify overpriced contracts, and informed the 661 Committee thereafter. That said, we should remember that the GOI did not overtly charge the kickback—they increased the price of some contracts only marginally, in order to keep it under the radar of those who would check for price fluctuations. Secondly, prices on OFF contracts were for delivered goods. Port fees, internal Iraqi distribution costs, warehousing fees, and related expenses controlled by the former Iraqi regime were included in the overall contract costs, making it difficult to isolate the prices being charged for each requested commodity.

Question 5. What role did the three-nation Board of Auditors play in the UN's oversight process of the Oil-for-Food Program? Which nations were members of the Board?

Answer. The three-nation UN Board of Auditors acts much like the United States' General Accounting Office to ensure UN programs and operations are operated in a fiscally responsible manner, and that all funds are appropriately spent. The current UN Board comprises representatives of France, the Philippines, and South Africa. Previously during this period, members included the United Kingdom, India, and Ghana. The Board audited the financial statements of the UN Iraq escrow ac-

count in accordance with Resolution 986 (1995) and the May 1996 MOU signed between the former Iraqi Government and the UN.

Such audits were conducted to ensure that expenditures were incurred for purposes approved by the 661 Committee and to ascertain whether income and expenditures were properly classified and recorded according to UN financial rules and regulations. Board members also verified that the financial statements of the UN escrow account were presented fairly and accurately.

The Board audited the Oil-for-Food Program every six months, following the conclusion of each phase of the Program. There were thirteen 6-month phases of the OFF Program. The UN also conducted special, focused, audits such as an audit of UN Treasury operations, and an audit of UN agency operations in Northern Iraq.

These reports were circulated to 661 Committee members. USUN sent copies of such reports to the State Department.

The UN Board audited the operations of the Oil-for-Food Program, including the operations of UN offices in Iraq, and the UN Office of the Iraq Program (OIP) in New York.

Question 6. Were audits conducted of the companies who monitored the arrival of goods into Iraq, first by Lloyds of London and then by Cotecna? Did the U.S. see these audits? Were any irregularities noted?

Answer. The UN Board audited the contracts concluded between the UN and the firms Lloyds Registry, Cotecna, and Saybolt. Lloyds (British) and Cotecna (Swiss) furnished independent inspection agents who authenticated the arrival in Iraq of humanitarian supplies shipped under the Oil-for-Food Program. Saybolt (Dutch) provided independent agents who monitored oil exports from Iraq. This information was included in the reports circulated to all 661 Committee members. This information was included in the audit reports of the UN Board of Auditors that were circulated to all Committee members.

Separately, the UN Office of Internal Oversight Services (OIOS) conducted 55 separate reviews of various aspects of the UN Oil-for-Food (OFF) Program, including an assessment of Saybolt's and Cotecna's operations. OIOS reports are intended for internal UN use only and are not circulated to UN member states.

Question 7. What was the role of the Oil Observers on the 661 Committee, who were they, and how impartial were they?

Answer. The UN Oil Overseers were mandated by the 661 Committee, per the Committee's guidelines, to provide the Committee an independent analysis of oil pricing from the Iraqi State Oil Marketing Organization (SOMO). There were 6 Oil Overseers during the life of the program—their nationalities were U.S., French, Russian, Norwegian, Belgian and Netherlands. We found the analysis provided by the UN Oil Overseers to have been accurate, and, on occasion, helpful to U.S. and UK efforts to address allegations that the former Iraqi regime was illicitly imposing price premiums on its oil sales.

Question 8. Some states complained that UN sanctions were hampering Iraqi oil exports. Can you provide the Committee with the level of these exports relative to both the beginning of the Oil-for-Food program and the imposition of retroactive pricing in 2001?

Answer. Oil Exports Under Oil-for-Food

Phase I–VIII (Dec. 1996-June 2000)	Volume of oil (millions of barrels)	Value of oil exported ($million)
One (Dec. 1996-June 1997)	120	$2,150
Two (June 1997-Dec. 1997)	127	2,125
Three (Dec. 1997-May 1998)	182	2,085
Four (May 1998-Nov. 1998)	308	3,027
Five (Nov. 1998-May 1999)	360.8	3,947
Six (May 1999-Dec. 1999)	389.6	7,402
Seven (Dec. 1999-June 2000)	343.4	8,302
Eight (June 2000-Dec. 2000)	375.7	9,564
Total	2,206.5	$38,602

Phase IX–XIII (June 2000-June 2003)	Volume of oil (millions of barrels)	Value of oil exported ($million)
Nine (Dec. 2000-July 2001)	293	$5,638
Ten (July 2001-Nov. 2001) [1]	300.2	5,350
Eleven (Dec. 2001-May 2002)	225.9	4,589
Twelve (May 2002-Dec. 2002)	232.7	5,639
Thirteen (Dec. 2002-June 2003)	169.6	4,413
Subtotal Phases IX-XIII	1221.4	$25,629
Grand Total:	3,427.9	$64,231

[1] Imposition of retroactive pricing begins Oct. 2001

During the first three phases of the program, Iraq exported between 120-182 million barrels of oil within a 6-month period. Oil exports hit their maximum, under the program in Phases 5 through 8 between November 1998 and December 2000 when exports were between 343 and 390 million barrels during each phase.

After the imposition of retroactive pricing, oil exports between December 2001 and December 2002 were between 225 and 232 million barrels per phase. Although some Council members blamed retroactive pricing for the decline, the GOI's role in causing uncertainty over Iraqi exports by abruptly halting oil exports on three separate occasions, including between April and May of 2002, was a contributing factor in the decline of oil sales.

Question 9. What impact did Saddam's arbitrary stoppages of oil production have on the program; how many of such stoppages occurred?

Answer. The former government of Iraq abruptly halted its oil exports on three separate occasions:

(a) December 1-12, 2000: Iraqi oil exports halted to express Iraqi government displeasure with the refusal of the U.S. and UK, as members of the 661 Committee, to agree to oil prices proposed by the Iraqi State Oil Marketing Organization (SOMO) at the beginning of December; the U.S. and UK maintained such prices varied significantly from prices for comparable crude oils from other markets, and thus did not reflect "fair market value" as mandated under UNSCR 986 (1995); we estimate the loss of revenue to the UN Oil-for-Food (OFF) Program of the temporary halt in Iraqi oil exports to have been approximately USD 600 million;

(b) June 4, 2001-July 10, 2001: Iraq suspended its oil exports for a second time to protest the Security Council's adoption of Resolution 1352 (2001), which presaged the Council's willingness to consider future adoption of a Goods Review List of items with potential dual-use application; we estimate the loss of revenue to the OFF Program to have been approximately USD 933 million;

(c) April 8, 2002-May 8, 2002: The former Iraqi government arbitrarily suspended its oil sales for a third time as an expression of support for the Palestinian people; we estimate the loss of revenue to the OFF Program to have been approximately USD 750 million.

Questions 10. What mechanisms were in place to ensure that once the UN contract company monitoring Iraq's oil export—Saybolt—stopped work for the day, that Iraqis weren't able to continue pumping oil into tankers? Did these reports make it to the 661 Committee? What would happen?

Answer. Independent inspection agents from the Dutch firm, Saybolt, were contracted by the United Nations to monitor oil loadings at Mina al-Bakr oil terminal in the Persian Gulf and to oversee oil flows through the Iraq-Turkey pipeline. Saybolt representatives periodically briefed members of the 661 Committee on their work in Iraq. Separately, the UN Office of the Iraq Program (OIP) provided updates and comments on Saybolt's operations in the Secretary-General's regular 90-day and 180-day reports on the Oil-for-Food Program to the Security Council.

The issue of ensuring 24-hour Saybolt monitoring at the Mina al-Bakr oil loading platform was discussed by 661 Committee members on November 6, 2001, and again on November 8, 2001, in conjunction with the Committee's receipt of information concerning the reported over-loading of the vessel, *Essex,* on two separate occasions (May 16, 2001; August 27, 2001). The U.S., with UK support, called for 24-hour Saybolt monitoring at Mina al-Bakr, as well as the use of seals on oil manifolds of vessels, and meters on the oil pumps. The UN Office of the Iraq Program (OIP) sub-

sequently reported to the 661 Committee that the U.S. proposals were being acted upon in the field.

Question 11. Are you aware of a second oil platform in the Gulf that was not being monitored by the UN that might have been used to pump out Iraqi oil? Was the 661 Committee aware of this?

Answer. A second Iraqi oil-loading terminal in the Persian Gulf at Khoar al Amaya was significantly damaged during the 1991 Gulf War. The U.S. resisted Iraqi efforts to repair and rebuild the Khoar al Amaya facility, including by placing "holds" on all contracts for items destined for use at Khoar al Amaya, unless and until the former Iraqi government would agree to permit independent oil inspection agents stationed at any rebuilt Khoar facility. The Iraqis, and several 661 Committee members, opposed the conditions sought by the United States. The U.S. harbored suspicions that the Saddam regime was using the Khoar al Amaya facility to smuggle unauthorized oil exports out of Iraq. While the Multinational Maritime Interception Force (MIF) kept Khoar under regular surveillance, Saybolt, on behalf of the UN, was not mandated to monitor oil shipments from Khoar al Amaya.

Question 12. What can the Oil-for-Food Program tell us about the difficulties of maintaining international consensus on sanctions regimes for an extended period of time?

Answer. No sanctions regime, no matter how well targeted or well-structured, can be expected to ensure full compliance with the restrictive measures that have been imposed. Unless the individual, group, or state targeted for such measures is willing to comply fully with the demands placed upon them to modify a policy or action determined to be unacceptable to the international community, that targeted actor invariably will seek ways to evade the sanctions and to "wait out" the political will and unity of purpose of those who imposed the restrictive measures until such measures are lessened or removed. This has been the case with sanctions operations throughout history, and that was the case with the multilateral, comprehensive sanctions regime imposed by the Security Council on the former Iraqi government.

The effectiveness of most sanctions regimes diminishes over time, particularly when non-compliance produces economic gain. The Saddam Hussein regime's non-compliance began shortly after comprehensive, multilateral sanctions were imposed on Iraq. Hussein effectively used economic incentives to his advantage to garner sympathy and support from a number of states, including key Security Council members. The weakening of Council support for the sanctions regime on Iraq already has been well documented.

Question 13. How can international sanctions regimes be better designed to impede the ability of outlaw regimes to proliferate weapons of mass destruction, while minimizing the adverse consequences on civilian populations?

Answer. The Security Council's use of sanction measures as a key policy tool has evolved significantly over the past 10-12 years, spurred on by the divergent reaction among UN member states to the impact of the multilateral sanctions imposed in 1990 by the Security Council on Iraq. Largely in reaction to the Iraq sanctions, many UN members have pressed hard to ensure new sanctions regimes supported by the Council are more narrowly focused on those most responsible for unacceptable or harmful behavior or policies. This trend toward more "targeted" multilateral sanctions is reflected in the nature of sanction measures currently in place on non-state actors in Liberia (Resolution 1522), Al-Qaeda and Taliban members (Resolution 1267), and those seeking to ship arms into the Democratic Republic of the Congo (Resolution 1493). In each case, the sanction measures are designed to focus on a small group of individuals, not the general civilian population in the targeted state.

The effectiveness of all sanction measures rests on the willingness of states to fulfill their obligations under the UN Charter to implement and enforce the restrictive measures imposed by the Security Council. When states or other entities are willing to collude with the target of the sanctions to evade the measures, the usefulness and impact of the sanctions rapidly deteriorates. Short of threatening imposition of secondary sanctions on those states that fail to implement the original measures, bringing political pressure to bear against non-compliant states often produces only limited results.

International sanctions regimes imposed to impede the ability, of outlaw regimes to proliferate weapons of mass destruction will depend for their effectiveness on the commitment of states, particularly those bordering the target country, to prevent that state's access to prohibited goods. Publicly identifying and criticizing ("naming and shaming") non-compliant states is one method for promoting effective imple-

mentation. Limiting the restrictions to those items and individuals most closely associated with WMD, for example, will reduce the adverse consequences of such measures on civilian populations in the targeted state.

RESPONSES OF HON. ROBIN L. RAPHEL TO ADDITIONAL QUESTIONS FOR THE RECORD

QUESTIONS SUBMITTED BY SENATOR RICHARD G. LUGAR

Question 1. How are current stocks of food and medicine monitored?

Answer:

- The Iraqi Ministry of Trade is responsible for keeping records on food stocks. Warehouses and silos throughout the country report on stock levels on a weekly basis.
- The World Food Program is providing the Ministry of Trade with a system of high frequency radios to improve communication between Baghdad and outlying warehouses and silos.
- In preparation for the upcoming transfer of sovereignty, CPA has handed full authority for all health issues, including OFF monitoring, to the Ministry of Health. The Ministry is now responsible for tracking stocks of medicine.

Question 2. Who currently handles the food ration distribution in Iraq at the local level? Are they the same individuals (de-Baathification aside) that ran it when Saddam was in power? What role will the World Food Program play?

Answer:

- To a large degree, the same local food agents that distributed food rations prior to the conflict are doing so today and were not affected by de-Baathification programs. The vendors tended to be local shopkeepers, many of them women.
- Before the conflict, the World Food Program monitored the Public Distribution System in south and central Iraq, and was responsible for implementing it in the three northern govemorates.
- From June 2003 through November 2003, the World Food Program delivered more than 2.1 million tons into Iraq, the largest amount of food assistance ever delivered in such a short period of time.
- In January 2004 the WFP undertook to procure and deliver $900 million worth of food commodities to help the Ministry of Trade ensure against gaps in the food pipeline.
- The Ministry of Trade took over all procurement of food commodities in April 2004.
- WFP expects to resume its normal programs for vulnerable groups once the UN assistance agencies return to Iraq.

Question 3. How did the Iraqis view the Oil-for-Food Program?

Answer:

- It is important to distinguish between the Public Distribution System (PDS), which provided monthly rations to all Iraqis, and the UN mandated OFF program, under which Iraqi oil revenues were used to procure food and other essential goods from international suppliers.
- The Iraqis are by and large very proud of their ability to feed the Iraqi people through years of sanctions under the PDS.
- We are not aware of any systematic analysis or survey that provides reliable data on Iraqi views of the OFF program, but many Iraqis share the general perception that the regime officials enriched themselves under the OFF program during Saddam's rule. Some resented the UN for its association with the sanctions regime and the OFF program. Some believed the UN permitted the program to be manipulated by the regime, and that it interfered unnecessarily with Iraqi management of the PDS.

Question 4. What has happened to the contracts since the transition? Have we ensured that the graft and kickbacks are no longer happening?

Answer:

- CPA currently oversees the ongoing processing and delivery of OFF contracts. After June 30, Iraqi ministries will take full responsibility for the remaining OFF contracts.

- Before the November 21 transition, UN agencies had renegotiated almost all prioritized contracts to ensure excess fees or "kickbacks" were removed. It has put systems in place to prevent return to past practices.
- DOD's Defense Contracting Management Agency renegotiated the remaining 250 contracts after November 21. They also negotiated out the "kickbacks."
- To help guard against further corruption, there are now Inspectors General in place in each ministry. CPA is training ministry officials in more transparent procurement practices. The CPA Web site explicitly states that there are to be no commissions paid by suppliers.
- The Board of Supreme Audit is charged with investigating corruption charges concerning the OFF program in Iraq.

Question 5. What mechanisms are in place to ensure that kickbacks and payoffs will not resume when the Oil-for-Food Program is turned back to the Iraqis?

Answer:
- CPA has renegotiated all prioritized contracts have been renegotiated to ensure, among other things, that any bribes or kickbacks were removed. Systems are now in place to prevent the return to past practices.
- For example, there are now Inspectors General in place in each ministry, and a Board of Supreme Audit has been appointed and is currently working to secure all OFF-related documents from each ministry. Documents are stored securely in the Ministry of Oil and will be moved to the Iraq Special Tribunal (IST) where they will be under guard by coalition forces.
- A new independent Commission on Public Integrity has been established to develop and implement codes of conduct for government officials in each ministry and develop a new financial disclosure regime.
- The CPA and Governing Council are developing new banking and related rules to prevent money laundering and a revised public procurement law to promote greater transparency.
- We expect to retain, subject to Iraqi agreement, a number of technical advisors to help the Iraqi ministries continue with their reform and transition processes.

Question 6. How many years will it take for Iraq to be able to feed itself? Was it not at one point a net food exporter? Would this again be possible?

Answer:
- Iraq has the potential to feed itself, but the agricultural sector is depressed. With rich agricultural lands—more surface water than any Middle Eastern country—it is possible that Iraq could become a net food exporter. Iraq was a net food exporter in the 1970's, but mismanagement of the agriculture sector under Saddam Hussein contributed to serious decline in production.
- Food subsidies and the importation of many food commodities under the Oil-for-Food Program have also been factors in the lack of robust agricultural activity, because these programs tended to depress local crop prices, and thus incentives for farmers to plant.
- We expect that the Iraqi government will want to take steps to reduce dependency on the Public Distribution System and to increase efficiency in the agricultural sector. Despite poor performance, the agricultural sector is still the leading employer.
- The best outcome is not for Iraq to "feed itself" or become self-sufficient in food commodties, but rather to export agricultural projects in the areas where it has a comparative advantage, and import where others have a significant advantage, and ultimately to become a net exporter.

QUESTIONS SUBMITTED BY SENATOR JOSEPH R. BIDEN, JR.

Question 7. What concrete measures is the Coalition Provisional Authority taking to reform the culture of corruption that has long existed in Iraq? How effective have these measures been in your estimation?

Answer:
- Corruption has long been a serious problem in Iraq and will require a serious commitment from the Iraqi government.
- The TAL provides for a system of checks and balances and a functioning judicial system that can have a dampening effect on competition.
- Ambassador Bremer has established Inspectors General in each Iraqi Ministry.
- Government-wide, there is a new Commission on Public Integrity and a Board of Supreme Audit that functions much like our General Accounting Office.

- The Coalition Provisional Authority (CPA) has placed emphasis on capacity building in the government to ensure accountability and business practices that meet international standards.
- New government-wide codes of conduct have been written and provided to ministries for implementation. All ministries are expected to implement ethics programs in the next 60 to 90 days. USAID is providing ethics instructors to each ministry. At the end of the training period, each employee will be required to sign a statement committing him/herself to the new code.

Question 8. After the restoration of Iraqi sovereignty,what specific mechanisms will the United States and its coalition partners have in place to block corruption?

Answer:

- After June 30, the Iraqi government will play the primary role in preventing corruption. CPA is working hard to help the Iraqis put in place the necessary mechanisms to ensure financial accountability and transparency after the transfer of sovereignty.
- On January 28, the Iraqi Governing Council (IGC) and Ambassador Bremer established the Commission on Public Integrity, an independent body dedicated to enforcing anti-corruption laws.
- On February 5, Ambassador Bremer issued an order creating an independent Inspector General in each Iraqi ministry to pursue investigations of waste, fraud, abuse, and illegal acts. These inspectors general will cooperate with the Commission on Public Integrity.
- In addition, the Administration supported the creation of the International Advisory and Monitoring Board (IAMB), an independent body endorsed by UN Security Council resolution 1483 to oversee audits of Iraqi oil sales and expenditures from the Development Fund for Iraq (DFI). The IAMB and CPA collaborated on the recent hiring of an independent public accounting firm to audit oil sales and the DFI.
- As we work on next steps in the Security Council, we will discuss with the international community preserving the IAMB during the transition period to provide oversight on the transparent and appropriate handling of Iraq's oil revenues.
- CPA and the IGC, in collaboration with the IMF, World Bank, Washington agencies and our coalition partners, are preparing new laws on financial management and procurement that will provide the Iraqi interim government with guidance on how to develop a budget and disburse government funds in a transparent manner.
- Ambassador Bremer also has empowered the Iraqi Supreme Board of Auditors (BSA) to perform an oversight function, including conducting an investigation of possible past corruption of the UN Oil-for-Food Program. Bremer has committed approximately USD 5 million from the Development Fund for Iraq (DFI) to enable the BSA to carry out a thorough investigation.

Question 9. After the restoration of Iraqi sovereignty, what oversight authority will Americans and coalition technical advisors and inspectors general have in the various Iraqi ministries?

Answer:

- American and coalition advisors will continue to assist ministries after June 30 in accordance with the desires of the Iraqi ministries. While the Iraqis will need to make decisions for themselves, we plan to remain in a supportive role to provide technical advice and oversight as requested to strengthen reform and transition efforts.
- U.S. bilateral assistance for Iraq will continue to be audited by U.S. government agencies.

QUESTIONS SUBMITTED BY SENATOR CHUCK HAGEL

Question 10. Has the Coalition Provisional Authority received from the United Nations full details on contracts negotiated by Saddam Hussein's government through the Oil-for-Food Program? If not, what steps are you taking to get this information?

Answer:

- We have asked the UN to provide the Coalition Provisional Authority (CPA) with all contracts associated with Oil for Food, as well as amendments to those contracts, letters of credit and amendments, and supporting documents.

- We have also requested bank statements and financial documents that will allow CPA, and after June 30 the Iraqi government, to administer the contracts fully and in accordance with international legal standards.
- The UN has provided many records, but files are not complete. We continue to work with the UN to ensure that we have access to needed records.
- CPA is cooperating closely with the newly constituted UN Voicker Commission, appointed by Secretary General Annan, in its investigation of corruption in the Oil-for-Food Program.

Question 11. Does the CPA have a list of former Iraqi or other government officials and businessmen who were involved in kickbacks and questionable contracts? If there is not a list, what steps are being taken to deter future corruption and malfeasance in Iraq by these individuals?

Answer:

- The CPA has the names of the companies which had outstanding contracts with Iraq under the Oil-for-Food Program in March 2003, and the details of some 30,000 associated contracts.
- It should be emphasized, however, that these contracts were all delivered to the UN in accordance with OFF procedures. The presence of a company on this list does not automatically imply wrongdoing.
- CPA does not have an authenticated copy of the list of individual official organizations allegedly bribed by Saddam Hussein. The purpose of the investigation now underway is to bring to light any wrongdoing that may have occurred. Should any officials or businessmen be found to be involved in kickbacks, or questionable contracts emerge, we will take the steps necessary to minimize any opportunity for these individuals to be involved in corrupt activities in the future.

Question 12. Do we have any information regarding questionable business practices and contracts involving members of the Iraqi Governing Council?

Answer:

- The purpose of the UN investigation now underway is to bring to light any information about any wrongdoing that may have occurred. We intend to continue to cooperate fully in the effort to bring to the light any corrupt and questionable practices.
- The staff of the UN Commission investigating alleged abuses in the Oil-for-Food Program will travel to Baghdad for the first time the week of May 10.
- The UN Commission will look into allegations involving members of the Iraq Governing Council, as well as other Iraqi officials and other individuals and institutions

Question 13. Please provide full information on a contract for central irrigation pivots awarded to the Saudi Al-Khorayef Company (Comm. No. A-1200051). What is the amount of this contract? Who was the Iraqi point of contact for this company when the contract was negotiated? What is the status of other agricultural contracts negotiated during Oil-for-Food?

Answer:

- The Department of State does not have independent information on this contract. (The Comm. No. cited above is not accurate, but it is the correct contract). However, we requested information on this project from the Coalition Provisional Authority (CPA) in Baghdad.
- CPA Baghdad's Coordination Center has informed us that the value of the contract is $14,784,589. The Coordination Center does not have the information on who the Iraqi point of contact was for the contract.
- We have also asked our mission at the UN to review its records to determine if it has this or any other useful information to add going forward.
- There are 145 other agricultural contracts that are currently active (amended, approved and funded), out of a total of 2,526 approved agricultural contracts under the Oil-for-Food Program.

RESPONSES OF HON. KIM R. HOLMES TO ADDITIONAL QUESTIONS FOR THE RECORD SUBMITTED BY SENATOR RICHARD G. LUGAR

Question 1. A GAO study from May 2002 provided excellent details regarding Saddam's violations of both the Oil-for-Food Program and his smuggling operations in general. What use did the U.S. make of this information in the Committee?

Answer. Information on sanctions violations noted in the 2002 GAO report was already well known and was obtained largely from U.S. Government and UN reports. In April 2001 the U.S. and UK began experimenting with requiring retroactive oil pricing in the 661 Sanctions Committee. By October 2001 that practice was institutionalized, resulting in largely eliminating the illegal oil surcharge referenced in the GAO report.

Oil smuggling through bordering states remained a problem that the 661 Committee was unable to agree on how to address. U.S. and UK representatives did raise concerns about oil smuggling through border states in 661 Sanctions Committee discussions, but such allegations routinely were denied, in particular by Syria when it was a Committee member.

In March 2001, the U.S. and UK also proposed to the 661 Committee that the UN Secretariat (Office of the Iraq Program) produce a report on Iraqi efforts to charge suppliers commissions on their contracts. Our efforts were not successful because the Secretariat indicated that it had only limited, informal information on the allegations. The detailed information we have now was provided by Iraqi ministry officials following the fall of the regime.

Question 2. Who was responsible for shipping food and medicine purchased by Saddam to the Kurdish regions in the North? Were these shipments regularly delayed, if so by how much—weeks or months?

Answer. The former Iraqi regime, in particular its Ministry of Trade, was responsible for ensuring the timely delivery of OFF shipments, including bulk food and medicine supplies for the three northern governorates. Once these shipments were sent from central warehouses to Mosul and Kirkuk, World Food Program (WFP) representatives working in the North then arranged for the distribution of these supplies to the end user.

World Health Organization (WHO) officials collected medical supplies for use in northern Iraq from central warehouses in central/southern Iraq. UN officials periodically criticized the Iraqi government in the latter phases of the program for stockpiling in central and southern Iraq medical supplies originally destined for distribution throughout the country.

The UN concluded that reported delays were a result of operational problems in the distribution system nationwide. However, to pressure the Iraqi central government to make deliveries of food and medicine to the North, the UN delayed the transfer of funds from the "13 percent" UN escrow account (set aside for procurement of funds destined for the three northern govemorates) to the "59 percent" account (for procurement of goods for central and southern Iraq) until it was confirmed that such items were actually received in the North.

Question 3. What was the Multilateral Interception Force? Where did it conduct its inspections—on the high seas or onshore? Who ran it?

Answer. The Multinational Interception Force (MIF) was composed of 21 member states cooperating under the operational command of the MIF coordinator—the Commander, U.S. Fifth Fleet. The MIF conducted interceptions of maritime shipping to inspect and verify cargos and destinations and insure strict implementation of UNSCR 661, focusing especially on cargos of outbound oil but also inbound goods not approved by the UN 661 Iraq Sanctions Committee. The MIF operated both on the high seas and in the coastal waters of cooperating states such as the UAE. Over a more than 12-year period the MIF boarded and inspected over 21,000 vessels and diverted more than 1,200 to port for investigation of suspected sanctions violations.

Question 4. In 2002, the GAO reported that Syria was illegally exporting Iraqi oil outside of the Oil-for-Food system. When did the U.S. learn of this smuggling and what did the administration do to terminate this smuggling?

Answer. The GAO report quoted USG officials. From the time when sanctions against Iraq were established in 1990, Iraq continued to supply oil to neighboring states, whose economies depended on Iraqi oil. Syria imported Iraqi oil both for its domestic use and for export, but denied doing so. The administration refused to accept Syrian denials and repeatedly pressed Syria diplomatically in the Security Council and the 661 Iraq Sanctions Committee to halt the illegal shipments. Syria

earned an estimated $3 billion in illicit trade with Iraq in violation of United Nations sanctions.

Question 5. The 2002 GAO report suggests that certain nations were buying cheap Iraqi oil during the embargo, and were writing down debt owed them by the Iraqi regime. Is there any evidence that these nations have done so?

Answer. We are not aware of any evidence that those countries we believed were importing significant quantities of Iraqi oil during the embargo—Syria, Jordan, and Turkey—were also writing down debt owed them by the Iraqi regime. With the fall of the Saddam regime, official Iraqi records can now be inspected. In addition to the work of the Volcker Inquiry, the Iraqi Board of Supreme Audit is conducting an investigation and has retained an international accounting firm. We await the findings from these investigations.

RESPONSES OF JOSEPH A. CHRISTOFF TO ADDITIONAL QUESTIONS FOR THE RECORD SUBMITTED BY SENATOR RICHARD G. LUGAR

Question 1. Was OFF structured differently in the north? If so, can we determine if it was run with any greater degree of efficiency? Can you provide statistics on this?

Answer. The program in the north, which received 13 percent of Oil for Food revenues and covered the three northern governorates, was administered by nine U.N. specialized agencies, including the World Food Program, the U.N. Children's Fund, the U.N. Development Program, and the World Health Organization. The U.N. agencies primarily managed development projects in the north. Most of the food and medicines for the north were procured in bulk by the former regime in Baghdad for the entire country. The World Food Program implemented and oversaw the food distribution in the north. The terms were established in the 1996 memorandum of understanding between Iraq and the United Nations and in sanctions committee procedures.

The program in the southern and central governorates, which received 59 percent of Oil for Food revenues, was administered by the former regime. Unlike the north, the program in the south and central governorates was primarily a commodity import program run by the Ministry of Trade and other relevant ministries.

According to the U.N. Office of the Iraq Program, as of December 31, 2002, approved contracts for the north had totaled about $2.1 billion for projects and goods in nine sectors.[1] This did not include $2.3 billion in food and health sector supplies purchased by the Iraqi central government and $771 million for oil industry spare parts and equipment. Approved contracts for commodities in central and southern Iraq totaled about $36.7 billion in 15 sectors.[2]

Question 2. Can you comment on the purported SOMO document published in Iraqi media in January that lists individuals, companies, and states that received oil vouchers from Saddam?

Answer. We do not have any information on these documents.

Question 3. What were the terms of the contract for the bank—BNP—used by the UN to hold the escrow account for the funds generated by the Oil for Food program? Was it fixed fee or competitively bid? What was the length of the contract and was it ever re-bid?

Answer. We do not have the terms of the contract with BNP. The United Nations prepared a list of international banks with necessary credit ratings, strong capital positions, and the capability to handle the magnitude of transactions. The United Nations consulted with Iraq about the list and several banks were then asked to submit bids. We do not know how the selection was made.

U.N. external audit reports regularly recommended portfolio diversification in consultation with Iraqi government from the onset of the Oil For Food program. The Under Secretary-General for Management also stressed the need for bank diversification to Iraq's Permanent Representative to the United Nations, and he re-

[1] Agriculture, de-mining, education, electricity, health, nutrition, settlement rehabilitation and emergency assistance to internally displaced persons, telecommunications, and water and sanitation.

[2] Food, food handling, health, oil spares, electricity, water and sanitation, agriculture, education, communication and transportation, housing, special allocations, construction, industry, justice, and religious affairs.

quested an early decision from the Iraqi government on the selection of additional financial institutions. The Iraqi government agreed to execute agreements with three additional banks in 2000. In its 2001 report, the U.N. Board of External Auditors recommended that the U.N. Office of the Iraq Program continue efforts to diversify its investments and broaden the selection base for acceptable banks. We do not know which additional banks were chosen.

RESPONSE OF MICHAEL J. THIBAULT TO AN ADDDITIONAL QUESTION FOR THE RECORD SUBMITTED BY SENATOR RICHARD G. LUGAR

Question. Would it be accurate to say that, with the exception of items on the Goods Review List, Saddam could choose what he wanted to buy, from whom and at what price? As auditors, what is your assessment of the potential for fraud in a system set up like this? Can you make recommendations about the structure of such a program—if it were done by the United Nations—in the future?

Answer. In light of the fact that the United Nations staff told DCAA audit staff that there was not a procurement system in place, including a specific requirements determination process, and that there were no related price or audit evaluations, I would concur that the prior regime could and did likely choose what they wanted to buy. There were simply too many items contracted for, funded, and approved that clearly did not appear to have utility for the Iraqi people. In addition, approximately half of the contracts were substantially over-priced, indicating that there were minimal to nonexistent controls over the price.

As audit managers, we view situations in light of overall audit risk. In a situation where there is no apparent audit oversight, and where there are not even the basic components of a procurement process and related internal controls, the risk for improprieties, including fraud, are extremely high—essentially off of any risk charts, since no one is looking at critical contract pricing aspects.

If asked, DCAA would recommend that implementation by the United Nations of a procurement process with a good requirements definition; required proposals by suppliers; proposal audits by independent auditors, when appropriate; and negotiation by warranted and independent contracting officials is essential to successfully assure that similar overpricing does not occur in the future.

RESPONSES OF SAYBOLT EASTERN HEMISPHERE B.V., TO ADDITIONAL QUESTIONS FOR THE RECORD SUBMITTED BY SENATOR RICHARD G. LUGAR

Question 1. Was this contract audited (internally, externally or by the UN)? Were there IG reports, etc? If so, can you release a copy to the committee in advance of a hearing we are trying to do on or about 7 April.

Answer. We have been audited by the internal auditors of the United Nations. However we have only seen once a full audit report. A request for sharing this report will be submitted to the United Nations.

Question 2. Can the Committee get a copy of the Statement of Work or the contract itself?

Answer. Please see attached document on page .

Question 3. What was Saybolt hired to do?

Answer. Saybolt was retained by the United Nations to monitor the exports of crude oil and refined products exported from Iraq from the two recognised and authorised export points at Ceyhan, Turkey, and Mina al-Bakr, Persian Gulf, under the Security Council Resolution 986 (the "Oil for Food" program) from December 1996 until the commencement of hostilities in April 2003.

This task also included the montoring of all crude oil movements via the Iraq-Turkey pipeline (ITP) from the border crossing in Northern Iraq (Zahko) to the receiving tank farm in Ceyhan, Turkey.

Saybolt was also retained by the United Nations to monitor the delivery of oil spare parts and equipment approved by the 661 Sanctions Committee, supplied under the MOU and funded by the escrow account, and, where requested by the 661 Sanctions Committee, to monitor the end-use of same.

Saybolt was also retained to prepare specialised expert reports under Security Council Resolutions 1153 (1998), 1284 (2000) and 1330 (2000).

Question 3a. What reporting requirements did you have, to whom did you report, what did you say?

Answer:

1. OIL CARGOES.

1.1. Reporting was made on a daily basis to the United Nations Oil Overseers.

1.2. The UN Oil overseers received each day an itemised summary of all activities covering:

- Volume of oil leaving Iraq via the ITP.
- Volume of oil received in Ceyhan from the ITP.
- Time log of all shipping activities at Ceyhan and Mina al-Bakr.

1.3. Each vessel scheduled to load required a current contract approved by SOMO, and the 661. Sanctions Committee, with sufficient barrels left to cover the loading. Copies of each contract were sent to Saybolt on approval.

1.4. Each vessel scheduled to load required a Letter of Credit whose terms were approved by the UN Oil Overseers. Each approved L/C was copied to Saybolt.

1.5. Each vessel scheduled to load was given a unique file number, and all details regarding this vessel were entered on to the United Nations Oil for Food Lotus Notes database, live in real-time to the UN Oil Overseers.

1.6. Each crude oil vessel loaded at both Ceyhan and Mina al-Bakr was inspected, and analysed at our own laboratories on-site, and a full crude oil loading report prepared. The full report was retained at the load port. The summary page of each report (summarising the important points) was faxed to the UN Oil Overseers, and this page was also appended to the real-time Lotus Notes database operated by the UN to which Saybolt had reporting access.

1.7. Saybolt was requested by the United Nations to prepare summaries of activities for inclusion in the Office of the Iraq Program's 90/180 day reports required under the MOU.

2. SPARE PARTS & EQUIPMENT.

2.1. From Phase 4 onwards, the UN Security Council allowed the Iraqi Oil industry to purchase up to US$300M per phase of oil spare parts subject to the apporval of the 661 Sanctions Committee, funded from the escrow account. The amount was later increased to US$600M per phase.

2.2. Approved spare parts were shipped to Iraq against L/C's triggered by the arrival at one of four entry points into Iraq where the goods were inspected and approved by an independent verification agency, Cotecna.

2.3. Cotecna advised Saybolt of the arrival of these goods, and Saybolt then monitored their arrival into approved warehouses. These activities were reported by fax on a weekly spare parts activity report to the Office of the Iraq Program (OIP) whcih was then forwarded to the 661 Sanctions Committee. Monitoring activities were also recorded electronically on the UN Database against the specific Comm No for each spare part order.

2.4. In some specialized cases, at the request of the Office of the Iraq Program Spare Parts Section and/or the 661 Committee, Saybolt were requested to monitor the "end-use" of equipment.

2.5. Saybolt was also requested to observe and report, on an "ad-hoc" basis, on contracts such as intelligent pigging where the importation of specialised equipment was monitored into the country, during use, and then on re-export.

2.6 Saybolt also monitored the packing and shipment from the country of certain strategic items (gas turbines) which could only be repaired or serviced overseas.

Question 3b. Did Saybolt ever document irregularities and report them to the UN?

Answer. Operational problems do occur in a monitoring exercise of this size, which were reported and dealt with at the material time.

Question 3c. If so, what happened? Can you share specifics/documents?

Answer. Given sufficient time to locate and retrieve archived documents.

Question 4. What, if any, enforcement role did Saybolt have?

Answer. Saybolt is a professional monitoring, inspection and testing company—we are not, nor ever have been, involved in "enforcement". Saybolt's role was merely to monitor the volumes of exports of crude oil from nominated load ports. We reported only to the UN, with the exception of one document requested by the UN Oil Overseers regarding destination confirmation, no documents were provided to any other parties or placed on board vessels.

Question 5. What was the size of the operation?

Answer:

Mina al-Bakr loading platform—Persian Gulf.	6 monitors
Botas Oil Terminal, Ceyhan, Turkey	5 monitors
Zahko metering station, N Iraq	3 monitors
Baghdad Spare Parts monitors	Initial 2—Final 7 to 9

Question 6. How close was the observation or scrutiny of the Saybolt crew to the lifting of oil?

Answer. (a) Mina al-Bakr is an oil loading platform some 50 kms offshore Southern Iraq. The structure is some 1.5 kms in length and the Saybolt monitors were housed in accommodation at one end. Owing to a lack of metering on the terminal, and the limited (and uncalibrated) storage capacity on shore, there was no possibilty to reconcile the volumes of oil loaded to vessels with a shore based figure.

(b) Botas Terminal in Turkey is a multi-functional shore based terminal with storage tanks dedicated to the storage of crude oil from Iraq via the Iraq-Turkey pipeline. The volumes imported where compared with the volumes leaving the metering station at Zahko every 24 hours. All loadings to vessels were reconciled with incoming volumes on a monthly basis.

This Contract is entered into by and between the **UNITED NATIONS,** an international inter-governmental organization, with its headquarters, located in New York, N.Y. 10017, USA (hereinafter referred to as the "UN"), and **SAYBOLT EASTERN HEMISPHERE B.V.,** a corporation incorporated under the laws of the Netherlands, having its headquarters at P.O. Box 151, 3000 AD Rotterdam, The Netherlands (hereinafter referred to as the "Contractor"),. The UN and the Contractor are collectively hereinafter referred to as the "Parties".

WITNESSETH

WHEREAS the UN, in furtherance of the mandate of United Nations Security Council Resolution 986 (1995) and subsequent related resolutions, wishes to engage the Contractor to provide services of independent oil inspection agents, employed by the Contractor with particular experience and qualifications in (i) monitoring the export of petroleum and petroleum based products from Iraq; (ii) monitoring arrival, storage, distribution and utilization of oil spare parts and equipment in Iraq, (iii) reporting the arrival, storage, distribution and utilization of oil spare parts and equipment in Iraq, (iv) undertaking a mission to Iraq to review the list of spare parts and equipment for the oil industry in Iraq; and (v) providing expert technical advice to the United Nations, all on the terms and conditions set forth in this Contract;

WHEREAS the Contractor represents that it is qualified, ready, willing and able to provide these services on the terms and conditions set forth in this Contract;

NOW, THEREFORE, subject to the terms and conditions hereinafter set forth, the Parties agree as follows.

A. GENERAL

Article 1: Contract Documents

1.1 This document and all annexes hereto, together with the following named documents, which are incorporated herein by reference, constitute the entire contract (herein referred to as the "Contract" or this "Contract") between the UN and the Contractor:

(a) The Request for Proposal issued by the UN and dated 6 January 2000 under Reference Request for Proposal for the Provision of Independent Experts in International Oil Trade". (hereinafter referred to as the "RFP") and;

(b) The Contractor's Proposal dated 11 February 2000 (hereinafter referred to as the "Proposal").

1.2 The following Annexes shall form an integral part of this Contract:

Annex I: UN General Conditions for General Contracts;

Annex II: Security Council Resolution 986 (1995), 1111 (1997), 1143 (1997), 1153 (1998) and 1175 (1998) (as such Resolutions may be modified or supplemented after the date hereof, hereinafter referred to as the "Resolutions");

Annex III: Memorandum of Understanding between the Secretariat of the United Nations and the Government of Iraq on the Implementation of Security Council Resolution 986 (1995) (hereinafter referred to as the "MOU");

Annex IV: The Procedures to be Employed by the Security Council Committee Established by Resolution 661 (1990) Concerning the Situation between Iraq and Kuwait in the Discharge of its Responsibilities as Required by Paragraph 12 of Security Council Resolution 986 (1995) (as such Procedures may be modified or supplemented after the date hereof, hereinafter referred to as the "Procedures");

Annex V: Transportation Release Form;

Annex VI: Medical Release Form.

1.3 In the event of any inconsistency among the documents constituting this Contract, the following order of priority shall apply:

(a) this document and Annexes I – VI hereto;

(b) the RFP; and.

(c) The Proposal.

1.4 It is expressly agreed that this Contract embodies the entire agreement of the Parties with regard to the subject matter hereof, and that no promises, understandings, obligations or agreements, verbal or otherwise, exist between the Parties except as herein expressly set forth.

Article 2: Terms of Contract

This Contract shall be in force for an initial one-year period, from 29 May 2000 through 28 May 2001, with options to renew for three (3) successive one-year periods, under the same terms and conditions (including price), unless earlier terminated in accordance with the terms of this Contract. The UN shall have the right, at its sole option, to extend this

Contract on the same terms and conditions (including price), for additional periods of one-year each, or of such shorter duration as the UN may in its sole discretion determine, by giving the Contractor written notice of its intention to do so not less than fifteen (15) days prior to the expiration of the then current term of the Contract.

Article 3: Objective of Contract

The Resolutions direct the Security Council Committee established by UN Security Resolution 661 (1990) (hereinafter referred to as the "Committee"), inter alia, to monitor the sale by Iraq of petroleum and petroleum based products and their export via the Iraq – Turkey pipeline and from the Mina al-Bakr terminal, Iraq. Furthermore, in accordance with paragraph 1 of resolution 1175 (1998), wherein the Security Council authorized the purchase by Iraq of oil spare parts and equipment, paragraph 6 of the same resolution requested the monitoring inside Iraq of oil spare parts and equipment purchased by the Government of Iraq. Under this Contract, the Contractor will provide all services, equipment and materials in the (i) monitoring of the export of petroleum and petroleum products and (ii) monitoring inside Iraq of oil spare parts and equipment. The activities referred to in clauses (i) and (ii) above are hereinafter together referred to as the "Services".

B. RESPONSIBILITIES OF THE CONTRACTOR

Article 4: Scope of Work

3.1 The Contractor undertakes to provide independent inspection agents (hereinafter referred to as the "Agents") as required to achieve the objective of this Contract. In particular, the Contractor shall provide all services and materials, in accordance with the specifications and procedures set forth in the RFP and the Proposal.

3.2 The Contractor shall provide a total of twenty (20) Agents, to be comprised of fourteen (14) Agents to monitor the export of petroleum and petroleum products and six (6) Agents to monitor oil spare parts and equipment. The Agents assigned to perform the Services shall be selected by the UN from among the individuals identified by the Contractor as experienced and qualified to conduct the inspection work. There shall be no substitution of the Contractor's personnel without the UN's prior written consent in each instance. The UN reserves the right, at its sole discretion, to increase or reduce the number of Agents at any time, in which event the Parties shall mutually agree on a proportionate adjustment in the contract price set forth in Article 11, based on a labour cost per man/day as set forth in the Proposal. Notwithstanding anything in the Proposal to the contrary, any adjustment in the contract price arising from an increase in the number of Agents shall be based on the actual number of days worked by such additional Agents.

3.3. The Agents shall monitor the exports of petroleum and petroleum products from Iraq in

accordance with the requirements and specifications set forth in the Resolution, the MOU, the Procedures, the RFP and the Proposal, including without limitation the testing procedures set forth in the Proposal. The Agents shall be stationed at the loading terminals of Mina al-Bakr (Iraq) and Ceyhan (Turkey) as well as the metering station on the border between Iraq and Turkey on a 24 hour, 7-days a week basis.

3.4. The Contractor shall monitor and report on the arrival, storage, distribution and utilization in Iraq of oil spare parts and equipment purchased by the Government of Iraq, at the approved ports of entry, on to the storage of the goods at the designated sites and utilization for the purpose for which they were approved by the Committee.

3.5 The Contractor shall be responsible for making the necessary arrangements to ensure the fulfilment of its obligations under this Contract. The Contractor shall supply all equipment, materials and facilities, as necessary, including all the relevant transportation and communications equipment.

3.6 The Contractor shall perform its obligations under this Contract in accordance with the highest professional standards. The Contractor shall take all reasonable measures to ensure that all personnel assigned to provide the services under this Contract conform to the highest standards of moral and ethical conduct and respect local customs.

3.7 The Contractor acknowledges that (i) the UN shall have no obligation to provide any assistance to the Contractor in performing the Services other than as expressly set forth herein and (ii) the UN makes no representations as to the availability of any facilities or equipment in Iraq or the conduct of Iraqi authorities. The Contractor represents and warrants that all information in the Proposal is true and correct.

3.8 The UN reserves the right at any time, including during the term of this Contract or an extension thereof, to enter into any agreements or arrangements with any other entities or persons for performance of all or any part of the Services. The UN shall incur no liability to the Contractor by virtue of its entry into such agreements or arrangements. The UN may at any time expand or reduce the Services to be performed by the Contractor under this Contract, including without limitation the establishment of new duty stations, in which event the number of Agents shall be increased or decreased, as may be reasonably necessary in the UN's'sole discretion, in accordance with Article 3.2 hereof. In the event such a modification in the Contractor's'responsibilities shall reasonably cause the Contractor's'expenses (other than those included in the cost per man/day set forth in the Proposal) to increase or decrease, the Parties shall mutually agree on a corresponding change to the contract price payable to the Contractor.

3.9 The Contractor shall safeguard the security of all documents, equipment, materials and facilities used in connection with the performance of this Contract, including without limitation through the measures set forth in the Proposal.

Article 4: Contractor' Personnel

4.1 No person shall be assigned by the Contractor to provide services under this Contract unless the United Nations has approved in advance the selection of such person in writing. Without limiting the United Nations' rights of approval under Articles 3.2 and 4.2 hereof, in addition to the twenty (20) Agents selected by the United Nations under Article 3.2, the United Nations shall designate six (6) additional persons from among the individuals identified in the Proposal who are acceptable to serve as replacement Agents under this Contract.

4.2 The United Nations may request, at any time, the withdrawal or replacement of any personnel of the Contractor assigned to perform services under this Contract. The Contractor shall, at its own cost and expense, withdraw or replace such personnel forthwith. The assignment by the Contractor of any replacement personnel shall be subject to the UN's prior written approval. A request by the United Nations for withdrawal or replacement of the Contractor's personnel shall not be deemed a termination of the Contract.

4.3 The Contractor shall be fully responsible for all work and services performed by its employees, agents, servants and sub-contractors. The Contractor shall take all reasonable measures to ensure that they conform to the highest standards of moral and ethical conduct and respect the local customs which are not otherwise inconsistent with the provisions of this Contract, including without limitation the Resolutions, the MOU and the Procedures.

4.4 The Contractor shall ensure that all personnel used to perform services under this Contract are (i) medically fit to perform the Services and (ii) adequately covered by insurance for any service-related illness, injury, death or disability. The Contractor shall submit proof of such medical fitness and such insurance satisfactory to the UN before commencing any work under this Contract.

4.5 The UN shall not be liable for any action, omission, negligence or misconduct of the Contractor's employees, agents, servants or sub-contractors, nor for any insurance coverage which may be deemed necessary or desirable for the purpose of this Contract, nor for any costs, expenses or claims associated with any illness, injury, death or disability of the Contractor's employees, agents, servants or sub-contractors performing Services in connection with this Contract.

4.6 The Contractor shall ensure that the Agents are at their stations and ready to commence work under this Contract, in accordance with the RFP and the Proposal, on 29 May 2000. The duty stations shall be staffed as specified in the RFP and the Proposal, and the Agents shall carry out their work in accordance with a shift structure acceptable to the UN. The Contractor shall employ the management structure set forth in the Proposal. The UN reserves the right, at any time, to alter the assignment of the Agents set forth above, at no additional cost to the UN.

4.7 It is understood and agreed that the Agents performing the Services, whose names will be communicated to the Government of Iraq pursuant to Section VIII of the MOU, shall be deemed "experts" within the meaning of Article VI of the Convention on the Privileges and Immunities of the United Nations, and shall enjoy all of the privileges and immunities accorded to "experts" therein.

Article 5: Reporting Requirements

5.1 The Contractor shall submit to the Committee, the UN Secretary-General, and the United Nations Office of the Humanitarian Coordinator for Iraq weekly reports in writing describing in detail the Services performed under this Contract during the preceding week. Such reports shall be transmitted via satellite facsimile or, if available, electronic mail. These reports shall be in such format and provide such information as the UN shall specify.

Article 6: Contract Price and Payment Terms

6.1 In full payment for the complete and satisfactory performance by the Contractor of all its obligations under this Contract, the UN will pay the Contractor a not to exceed (N.T.E.) amount of **U.S. DOLLARS FIVE MILLION THREE HUNDRED SIXTEEN THOUSAND ONE HUNDRED AND FIFTY (US$5,316,150.00),** subject to any adjustment in such N.T.E. pursuant to Articles 3.2 and 11.1 hereof. This N.T.E. includes all costs relating to the Services to be provided under this Contract, including without limitation, salaries, benefits, insurance, board, lodging, security, transportation and communications, electronic data processing and other equipment. This N.T.E. also includes all taxes, duties, levies and other charges of any nature imposed by any authority, whether inside Iraq or in any other countries. Such amount shall be payable to the Contractor monthly in arrears in twelve equal instalments **of U.S. Dollars Four Hundred Forty Three Thousand Twelve and Fifty (US$443,012.50)** each, subject to any adjustment in the total price as provide in Articles 3.2 and 11.1 hereof.

6.2 Payments under this Contract shall be made only against receipt of Contractor's written invoices and certification by the UN that the services represented by the invoice have been satisfactorily completed. The Contractor shall submit its invoices to the UN, together with such supporting documentation as the UN may require to enable payment to the Office of the Iraq Programme, United Nations, New York, New York 10017, Attn: Senior Customs Officer, with a copy to the Procurement Division, United Nations, #304 East 45th Street, Room FF-202, New York, New York, 10017,Attn: Chief of Procurement Division.. All invoices shall make reference to the number of this Contract (PD/CO114/00) and shall be payable net thirty (30) days from the date of the UN's receipt of the invoice and all required supporting documentation.

6.3 The UN may offset any amounts which are due to it from the Contractor against any

payments due from the UN to the Contractor.

C. RESPONSIBILITIES OF THE UN

Article 7: Identification Cards

The UN shall provide the Contractor's personnel with appropriate identification cards.

Article 8: Access to Transport and Medical Facilities

8.1 Without limiting the Contractor's obligations under this Contract to provide all transportation, the United Nations agrees to allow the Contractor's personnel, on an exceptional basis and to the extent practicable, to travel on UN-provided transport to, in, and from Iraq strictly for the following purposes:

(a) evacuation due to security developments, on the understanding that such evacuation shall be to the nearest safe area; and

(b) medical evacuation due to serious medical conditions, provided that emergency medical evacuation of the Contractor's personnel will be from in-country sites to an in-country medical facility or transportation out of Iraq to an out-of-country medical facility in an appropriate neighbouring country.

8.2 In consideration of the Contractor's personnel being permitted to travel on UN-provided transport, each of such personnel shall sign a release from liability in the form attached hereto as Annex V, prior to their transport on any UN-provided transportation. The Contractor undertakes to obtain the signed release from each such person and to deliver the signed original to the UN prior to such person's initial use of any UN-provided transportation.

8.3 Without limiting the Contractor's obligation under this contract to provide all medical services, in the event that the Contractor's personnel require emergency medical treatment, the UN agrees, on an exceptional basis and to the extent practicable, to allow such personnel access to available UN medical facilities. In consideration of the Contractor's personnel being permitted to utilize such UN medical facilities, and prior to their using any such UN medical facilities, each of such personnel shall complete and sign the release from liability in the form attached hereto as Annex VI. The Contractor undertakes to obtain the signed release from each such person and to deliver the signed original to the UN prior to such person's initial use of any UN medical facility.

8.4 The Contractor hereby releases the UN and its officials, employees and agents from any and all liability of any nature arising in connection with the provision of any services to the Contractor's personnel under this Article 8 and waives any claims the Contractor may have against the UN, its officials, employees or agents arising in connection with the provision of

such services. The Contractor agrees to reimburse the UN for any costs incurred by it in connection with this Article 8 and to indemnify and hold harmless the UN and its officials, employees, and agents for any claim or liability of any nature arising in connection with this Article 8.

D. MISCELLANEOUS MATTERS:

Article 9: Contractor's Obligations Upon Expiration or Termination

Upon expiration or termination of this Contract, the Contractor shall take immediate steps to terminate its operations in a prompt and orderly manner and shall provide such information and take such actions as may be reasonably requested by the UN for the preservation and protection of (i) services already performed by the Contractor and the results thereof and (ii) all property of the UN provided to the Contractor.

Article 10: Liaison and Inspection

10.1 The UN reserves the right to inspect and test all services performed by the Contractor under this Contract, to the extent practicable, at all reasonable places and times during the term of this Contract. The UN shall perform inspections and tests in a manner that will not unduly hinder the performance of the services by the Contractor. The Contractor shall cooperate with all inspections and tests.

10.2 If any work or services performed by the Contractor do not conform with the requirements of this Contract, the UN shall have the following options:

(a) If the UN determines that the improper performance can be remedied by way of re-performance or other corrective measures by the Contractor, the UN may request the Contractor in writing to take and the Contractor shall take, at no expense to the UN, the measures necessary to re-perform or take other appropriate actions to remedy the improperly performed work or services within fourteen (14) days of receipt of the written request from the UN or within such shorter period as the UN may have specified in the written request if emergency conditions so require, as determined by the UN.

(b) If the Contractor does not promptly take corrective measures or if the UN reasonably determines that the Contractor is unable to timely remedy the improper performance, the UN may obtain the assistance of other entities or persons and have corrective measures taken at the expense of the Contractor.

(c) If the UN reasonably determines that the improper performance cannot be remedied by re-performance or other corrective measures by the Contractor, the UN may terminate the Contract in accordance with Article 15 of the UN General Conditions

required or contemplated under this Contract shall be in writing and shall be delivered either by: (i) personal delivery; (ii) recognized overnight delivery service; (iii) postage prepaid, return receipt requested,certified mail; (iv) confirmed facsimile; or (v) telegram, addressed to the Party or Parties for whom intended at the address shown below or such other address as the intended recipient previously shall have designated by written notice previously given pursuant to this Contract.

IF TO THE CONTRACTOR

Saybolt Eastern Hemisphere B.V.
P.O. Box 151
3000 AD Rotterdam
The Netherlands
Attn: Mr. Graham Brett/Mr. Peter Boks
Fax No.: 31-10-4353600

IF TO THE UN (communications/notices of a contractual nature)

Procurement Division
United Nations
#304 East 45th Street, Room FF-202
New York, New York, 10017
Attn: Mr. Andrew Toh, Chief
Procurement Division/OCSS
Fax no. (212) 963-9858

IF TO THE UN (communications/notices of an operational nature)

Office of the Iraq Programme
United Nations
New York, New York 10017
Attn: Senior Customs Officer
Fax No.: (212) 963-1984

Notice by overnight mail or recognized overnight delivery service shall be effective on the date it is officially recorded as delivered to (or refused by) the intended recipient by return receipt or equivalent. All notices and other communications required or contemplated by this Contract delivered in person, by facsimile, or by telegram shall be deemed to have been delivered to and received by the addressee and shall be effective on the date of the actual receipt.

IN WITNESS THEREOF, the Parties hereto have executed this Contract.

ACCEPTED:

FOR SAYBOLT EASTERN HEMISPHERE B.V.	**UNITED NATIONS**
BY:	**BY:**
NAME: Peter Boks	**NAME:** ANDREW TOH
TITLE: Man. Director	**TITLE:** Chief, Procurement Division
DATE: 30.05.2000	**DATE:** June 6, 2000

ATTACHMENTS

Annex I	-	UN General Conditions for General Contracts
Annex II	-	Security Council Resolutions
Annex III	-	Memorandum of Understanding
Annex IV	-	Procedures of the 661 Committee
Annex V	-	Transportation Release Form
Annex VI	-	Medical Release Form

ANNEX I

[UN GENERAL CONDITIONS FOR GENERAL CONTRACTS]

ANNEX I

UNITED NATIONS GENERAL CONDITIONS OF CONTRACT

1.0 **LEGAL STATUS:** The Contractor shall be considered as having the legal status of an independent contractor vis-a-vis the United Nations. The Contractor's personnel and sub-contractors shall not be considered in any respect as being the employees or agents of the United Nations.

2.0 **SOURCE OF INSTRUCTIONS:** The Contractor shall neither seek nor accept instructions from any authority external to the United Nations in connection with the performance of its services under this Contract. The Contractor shall refrain from any action which may adversely affect the United Nations and shall fulfil its commitments with the fullest regard to the interests of the United Nations.

3.0 **CONTRACTOR'S RESPONSIBILITY FOR EMPLOYEES:** The Contractor shall be responsible for the professional and technical competence of its employees and will select, for work under this Contract, reliable individuals who will perform effectively in the implementation of this Contract, respect the local customs, and conform to a high standard of moral and ethical conduct.

4.0 **ASSIGNMENT:** The Contractor shall not assign, transfer, pledge or make other disposition of this Contract or any part thereof, or any of the Contractor's rights, claims or obligations under this Contract except with the prior written consent of the United Nations.

5.0 **SUB-CONTRACTING:** In the event the Contractor requires the services of sub-contractors, the Contractor shall obtain the prior written approval and

clearance of the United Nations for all sub-contractors. The approval of the United Nations of a sub-contractor shall not relieve the Contractor of any of its obligations under this Contract. The terms of any sub-contract shall be subject to and conform with the provisions of this Contract.

6.0 **OFFICIALS NOT TO BENEFIT:** The Contractor warrants that no official of the United Nations has received or will be offered by the Contractor any direct or indirect benefit arising from this Contract or the award thereof. The Contractor agrees that breach of this provision is a breach of an essential term of this Contract.

7.0 **INDEMNIFICATION:** The Contractor shall indemnify, hold and save harmless, and defend, at its own expense, the United Nations, its officials, agents, servants and employees from and against all suits, claims, demands, and liability of any nature or kind, including their costs and expenses, arising out of acts or omissions of the Contractor, or the Contractor's employees, officers, agents or sub-contractors, in the performance of this Contract. This provision shall extend, inter alia, to claims and liability in the nature of workmen's compensation, products liability and liability arising out of the use of patented inventions or devices, copyrighted material or other intellectual property by the Contractor, its employees, officers, agents, servants or sub-contractors. The obligations under this Article do not lapse upon termination of this Contract.

8.0 **INSURANCE AND LIABILITIES TO THIRD PARTIES**

8.1 The Contractor shall provide and thereafter maintain insurance against all risks in respect of its property and any equipment used for the execution of this Contract.

8.2 The Contractor shall provide and thereafter maintain all appropriate workmen's compensation insurance, or its equivalent, with respect to its employees to cover claims for personal injury or death in connection with this Contract.

8.3 The Contractor shall also provide and thereafter maintain liability insurance in an adequate amount to cover third party claims for death or bodily injury,

or loss of or damage to property, arising from or in connection with the provision of services under this Contract or the operation of any vehicles, boats, airplanes or other equipment owned or leased by the Contractor or its agents, servants, employees or sub-contractors performing work or services in connection with this Contract.

8.4 Except for the workmen's compensation insurance, the insurance policies under this Article shall:

(i) Name the United Nations as additional insured;
(ii) Include a waiver of subrogation of the Contractor's rights to the insurance carrier against the United Nations;
(iii) Provide that the United Nations shall receive thirty (30) days written notice from the insurers prior to any cancellation or change of coverage.

8.5 The Contractor shall, upon request, provide the United Nations with satisfactory evidence of the insurance required under this Article.

9.0 **ENCUMBRANCES/LIENS**: The Contractor shall not cause or permit any lien, attachment or other encumbrance by any person to be placed on file or to remain on file in any public office or on file with the United Nations against any monies due or to become due for any work done or materials furnished under this Contract, or by reason of any other claim or demand against the Contractor.

10.0 **TITLE TO EQUIPMENT:** Title to any equipment and supplies that may be furnished by the United Nations shall rest with the United Nations and any such equipment shall be returned to the United Nations at the conclusion of this Contract or when no longer needed by the Contractor. Such equipment, when returned to the United Nations, shall be in the same condition as when delivered to the Contractor, subject to normal wear and tear. The Contractor shall be liable to compensate the United Nations for equipment determined to be damaged or degraded beyond normal wear and tear.

11.0 **COPYRIGHT, PATENTS AND OTHER PROPRIETARY RIGHTS:** The United Nations shall be entitled to all intellectual property and other

proprietary rights including but not limited to patents, copyrights, and trademarks, with regard to products, or documents and other materials which bear a direct relation to or are produced or prepared or collected in consequence of or in the course of the execution of this Contract. At the United Nations's request, the Contractor shall take all necessary steps, execute all necessary documents and generally assist in securing such proprietary rights and transferring them to the United Nations in compliance with the requirements of the applicable law.

12.0 **USE OF NAME, EMBLEM OR OFFICIAL SEAL OF THE UNITED NATION:** The Contractor shall not advertise or otherwise make public the fact that it is a Contractor with the United Nations, nor shall the Contractor, in any manner whatsoever use the name, emblem or official seal of the United Nations, or any abbreviation of the name of the United Nations in connection with its business or otherwise.

13.0 **CONFIDENTIAL NATURE OF DOCUMENTS AND INFORMATION**

13.1 All maps, drawings, photographs, mosaics, plans, reports, recommendations, estimates, documents and all other data compiled by or received by the Contractor under this Contract shall be the property of the United Nations, shall be treated as confidential and shall be delivered only to United Nations authorized officials on completion of work under this Contract.

13.2 The Contractor may not communicate at any time to any other person, Government or authority external to the United Nations, any information known to it by reason of its association with the United Nations which has not been made public except with the authorization of the United Nations; nor shall the Contractor at any time use such information to private advantage. These obligations do not lapse upon termination of this Contract.

14.0 **FORCE MAJEURE; OTHER CHANGES IN CONDITIONS**

14.1 In the event of and as soon as possible after the occurrence of any cause constituting force majeure, the Contractor shall give notice and full particulars in writing to the United Nations, of such occurrence or change if the Contractor is thereby rendered unable, wholly or in part, to perform its obligations and meet its responsibilities under this Contract. The Contractor shall also notify the United Nations of any other changes in conditions or the occurrence of any event which interferes or threatens to interfere with its performance of this Contract. On receipt of the notice required under this Article, the United Nations shall take such action as, in its sole discretion, it considers to be appropriate or necessary in the circumstances, including the granting to the Contractor of a reasonable extension of time in which to perform its obligations under this Contract.

14.2 If the Contractor is rendered permanently unable, wholly, or in part, by reason of force majeure to perform its obligations and meet its responsibilities under this Contract, the United Nations shall have the right to suspend or terminate this Contract on the same terms and conditions as are provided for in Article 15, "Termination", except that the period of notice shall be seven (7) days instead of thirty (30) days.

14.3 Force majeure as used in this Article means acts of God, war (whether declared or not), invasion, revolution, insurrection, or other acts of a similar nature or force.

14.4 Notwithstanding anything to the contrary in this Contract, the Contractor recognizes that the work and services will be performed under harsh or hostile conditions caused by civil unrest. Consequently, delays or failure to perform caused by events arising out of, or in connection with, such civil unrest shall not, in and of itself, constitute force majeure under this Contract.

15.0 **TERMINATION**

15.1 Either party may terminate this Contract for cause, in whole or in part, upon thirty (30) days notice, in writing, to the other party. The initiation of arbitral proceedings in accordance with Article 16 "Arbitration" below shall not be deemed a termination of this Contract.

15.2 The United Nations may terminate forthwith this Contract at any time should the mandate or the funding of the Mission/Agency be curtailed or terminated, in which case the Contractor shall be reimbursed by the United Nations for all reasonable costs incurred by the Contractor prior to receipt of the notice of termination.

15.3 In the event of any termination by the United Nations under this Article, no payment shall be due from the United Nations to the Contractor except for work and services satisfactorily performed in conformity with the express terms of this Contract.

15.4 Should the Contractor be adjudged bankrupt, or be liquidated or become insolvent, or should the Contractor make an assignment for the benefit of its creditors, or should a Receiver be appointed on account of the insolvency of the Contractor, the United Nations may, without prejudice to any other right or remedy it may have under the terms of these conditions, terminate this Contract forthwith. The Contractor shall immediately inform the UN of the occurrence of any of the above events.

16.0 **SETTLEMENT OF DISPUTES**

16.1 **Amicable Settlement**

The Parties shall use their best efforts to settle amicably any dispute, controversy or claim arising out of this Contract or the breach, termination or invalidity thereof. Where the parties wish to seek such an amicable settlement through conciliation, the conciliation shall take place in accordance with the UNCITRAL Conciliation Rules then obtaining, or according to such other procedure as may be agreed between the parties.

16.2 **Arbitration**

Any dispute, controversy or claim between the Parties arising out of this Contract or the breach, termination or invalidity thereof, unless settled amicably under the preceding paragraph of this Article within sixty (60) days after receipt by one Party of the other Party's request for such amicable settlement, shall be referred by either Party to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining. The arbitral tribunal shall have no authority to award punitive damages. In addition, unless otherwise expressly provided in this Contract, the arbitral tribunal shall have no authority to award interest in excess of six percent (6%), and any such interest shall be simple interest only. The parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy, claim or dispute.

17.0 **PRIVILEGES AND IMMUNITIES:** Nothing in or relating to this Contract shall be deemed a waiver, express or implied, of any of the privileges and immunities of the United Nations, including its subsidiary organs.

18.0 **TAX EXEMPTION**

18.1 Section 7 of the Convention on the Privileges and Immunities of the United Nations provides, inter-alia, that the United Nations, including its subsidiary organs, is exempt from all direct taxes, except charges for public utility services, and is exempt from customs duties and charges of a similar nature in respect of articles imported or exported for its official use. In the event any governmental authority refuses to recognize the United Nations exemption from such taxes, duties or charges, the Contractor shall immediately consult with the United Nations to determine a mutually acceptable procedure.

18.2 Accordingly, the Contractor authorizes the United Nations to deduct from the Contractor's invoice any amount representing such taxes, duties or charges, unless the Contractor has consulted with the United Nations before the payment thereof and the United Nations has, in each instance, specifically authorized the Contractor to pay such taxes, duties or charges under protest. In that event, the Contractor shall provide the United Nations with written evidence that payment of such taxes, duties or charges has been made and appropriately authorized.

19.0 **OBSERVANCE OF THE LAW:** The Contractor shall comply with all laws, ordinances, rules, and regulations bearing upon the performance of its obligations under the terms of this Contract.

20.0 **AUTHORITY TO MODIFY:** Pursuant to the Financial Regulations and Rules of the United Nations, only the Procurement Division at New York possesses the authority to agree on behalf of the United Nations to any modification of or change in this Contract, to a waiver of any of its provisions or to any additional contractual relationship of any kind with the Contractor. Accordingly, no modification or change in this Contract shall be valid and enforceable against the United Nations unless provided by an amendment to this Contract signed by the Contractor and the Chief or Deputy Chief of the Procurement Division.

ANNEX II

[SECURITY COUNCIL RESOLUTION 986 (1995)]

UNITED NATIONS

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Security Council

Distr.
GENERAL

S/RES/986 (1995)
14 April 1995

RESOLUTION 986 (1995)

Adopted by the Security Council at its 3519th meeting, on 14 April 1995

The Security Council,

Recalling its previous relevant resolutions,

Concerned by the serious nutritional and health situation of the Iraqi population, and by the risk of a further deterioration in this situation,

Convinced of the need as a temporary measure to provide for the humanitarian needs of the Iraqi people until the fulfilment by Iraq of the relevant Security Council resolutions, including notably resolution 687 (1991) of 3 April 1991, allows the Council to take further action with regard to the prohibitions referred to in resolution 661 (1990) of 6 August 1990, in accordance with the provisions of those resolutions,

Convinced also of the need for equitable distribution of humanitarian relief to all segments of the Iraqi population throughout the country,

Reaffirming the commitment of all Member States to the sovereignty and territorial integrity of Iraq,

Acting under Chapter VII of the Charter of the United Nations,

1. Authorizes States, notwithstanding the provisions of paragraphs 3 (a), 3 (b) and 4 of resolution 661 (1990) and subsequent relevant resolutions, to permit the import of petroleum and petroleum products originating in Iraq, including financial and other essential transactions directly relating thereto, sufficient to produce a sum not exceeding a total of one billion United States dollars every 90 days for the purposes set out in this resolution and subject to the following conditions:

(a) Approval by the Committee established by resolution 661 (1990), in order to ensure the transparency of each transaction and its conformity with the other provisions of this resolution, after submission of an application by the

State concerned, endorsed by the Government of Iraq, for each proposed purchase of Iraqi petroleum and petroleum products, including details of the purchase price at fair market value, the export route, the opening of a letter of credit payable to the escrow account to be established by the Secretary-General for the purposes of this resolution, and of any other directly related financial or other essential transaction;

(b) Payment of the full amount of each purchase of Iraqi petroleum and petroleum products directly by the purchaser in the State concerned into the escrow account to be established by the Secretary-General for the purposes of this resolution;

2. Authorizes Turkey, notwithstanding the provisions of paragraphs 3 (a), 3 (b) and 4 of resolution 661 (1990) and the provisions of paragraph 1 above, to permit the import of petroleum and petroleum products originating in Iraq sufficient, after the deduction of the percentage referred to in paragraph 8 (c) below for the Compensation Fund, to meet the pipeline tariff charges, verified as reasonable by the independent inspection agents referred to in paragraph 6 below, for the transport of Iraqi petroleum and petroleum products through the Kirkuk-Yumurtalik pipeline in Turkey authorized by paragraph 1 above;

3. Decides that paragraphs 1 and 2 of this resolution shall come into force at 00.01 Eastern Standard Time on the day after the President of the Council has informed the members of the Council that he has received the report from the Secretary-General requested in paragraph 13 below, and shall remain in force for an initial period of 180 days unless the Council takes other relevant action with regard to the provisions of resolution 661 (1990);

4. Further decides to conduct a thorough review of all aspects of the implementation of this resolution 90 days after the entry into force of paragraph 1 above and again prior to the end of the initial 180 day period, on receipt of the reports referred to in paragraphs 11 and 12 below, and expresses its intention, prior to the end of the 180 day period, to consider favourably renewal of the provisions of this resolution, provided that the reports referred to in paragraphs 11 and 12 below indicate that those provisions are being satisfactorily implemented;

5. Further decides that the remaining paragraphs of this resolution shall come into force forthwith;

6. Directs the Committee established by resolution 661 (1990) to monitor the sale of petroleum and petroleum products to be exported by Iraq via the Kirkuk-Yumurtalik pipeline from Iraq to Turkey and from the Mina al-Bakr oil terminal, with the assistance of independent inspection agents appointed by the Secretary-General, who will keep the Committee informed of the amount of petroleum and petroleum products exported from Iraq after the date of entry into force of paragraph 1 of this resolution, and will verify that the purchase price of the petroleum and petroleum products is reasonable in the light of prevailing market conditions, and that, for the purposes of the arrangements set out in this resolution, the larger share of the petroleum and petroleum products is shipped via the Kirkuk-Yumurtalik pipeline and the remainder is exported from the Mina al-Bakr oil terminal;

7. Requests the Secretary-General to establish an escrow account for the purposes of this resolution, to appoint independent and certified public accountants to audit it, and to keep the Government of Iraq fully informed;

8. Decides that the funds in the escrow account shall be used to meet the humanitarian needs of the Iraqi population and for the following other purposes, and requests the Secretary-General to use the funds deposited in the escrow account:

(a) To finance the export to Iraq, in accordance with the procedures of the Committee established by resolution 661 (1990), of medicine, health supplies, foodstuffs, and materials and supplies for essential civilian needs, as referred to in paragraph 20 of resolution 687 (1991) provided that:

(i) Each export of goods is at the request of the Government of Iraq;

(ii) Iraq effectively guarantees their equitable distribution, on the basis of a plan submitted to and approved by the Secretary-General, including a description of the goods to be purchased;

(iii) The Secretary-General receives authenticated confirmation that the exported goods concerned have arrived in Iraq;

(b) To complement, in view of the exceptional circumstances prevailing in the three Governorates mentioned below, the distribution by the Government of Iraq of goods imported under this resolution, in order to ensure an equitable distribution of humanitarian relief to all segments of the Iraqi population throughout the country, by providing between 130 million and 150 million United States dollars every 90 days to the United Nations Inter-Agency Humanitarian Programme operating within the sovereign territory of Iraq in the three northern Governorates of Dihouk, Arbil and Suleimaniyah, except that if less than one billion United States dollars worth of petroleum or petroleum products is sold during any 90 day period, the Secretary-General may provide a proportionately smaller amount for this purpose;

(c) To transfer to the Compensation Fund the same percentage of the funds deposited in the escrow account as that decided by the Council in paragraph 2 of resolution 705 (1991) of 15 August 1991;

(d) To meet the costs to the United Nations of the independent inspection agents and the certified public accountants and the activities associated with implementation of this resolution;

(e) To meet the current operating costs of the Special Commission, pending subsequent payment in full of the costs of carrying out the tasks authorized by section C of resolution 687 (1991);

(f) To meet any reasonable expenses, other than expenses payable in Iraq, which are determined by the Committee established by resolution 661 (1990) to be directly related to the export by Iraq of petroleum and petroleum products permitted under paragraph 1 above or to the export to Iraq, and activities

directly necessary therefor, of the parts and equipment permitted under paragraph 9 below;

(g) To make available up to 10 million United States dollars every 90 days from the funds deposited in the escrow account for the payments envisaged under paragraph 6 of resolution 778 (1992) of 2 October 1992;

9. Authorizes States to permit, notwithstanding the provisions of paragraph 3 (c) of resolution 661 (1990):

(a) The export to Iraq of the parts and equipment which are essential for the safe operation of the Kirkuk-Yumurtalik pipeline system in Iraq, subject to the prior approval by the Committee established by resolution 661 (1990) of each export contract;

(b) Activities directly necessary for the exports authorized under subparagraph (a) above, including financial transactions related thereto;

10. Decides that, since the costs of the exports and activities authorized under paragraph 9 above are precluded by paragraph 4 of resolution 661 (1990) and by paragraph 11 of resolution 778 (1991) from being met from funds frozen in accordance with those provisions, the cost of such exports and activities may, until funds begin to be paid into the escrow account established for the purposes of this resolution, and following approval in each case by the Committee established by resolution 661 (1990), exceptionally be financed by letters of credit, drawn against future oil sales the proceeds of which are to be deposited in the escrow account;

11. Requests the Secretary-General to report to the Council 90 days after the date of entry into force of paragraph 1 above, and again prior to the end of the initial 180 day period, on the basis of observation by United Nations personnel in Iraq, and on the basis of consultations with the Government of Iraq, on whether Iraq has ensured the equitable distribution of medicine, health supplies, foodstuffs, and materials and supplies for essential civilian needs, financed in accordance with paragraph 8 (a) above, including in his reports any observations he may have on the adequacy of the revenues to meet Iraq's humanitarian needs, and on Iraq's capacity to export sufficient quantities of petroleum and petroleum products to produce the sum referred to in paragraph 1 above;

12. Requests the Committee established by resolution 661 (1990), in close coordination with the Secretary-General, to develop expedited procedures as necessary to implement the arrangements in paragraphs 1, 2, 6, 8, 9 and 10 of this resolution and to report to the Council 90 days after the date of entry into force of paragraph 1 above and again prior to the end of the initial 180 day period on the implementation of those arrangements;

13. Requests the Secretary-General to take the actions necessary to ensure the effective implementation of this resolution, authorizes him to enter into any necessary arrangements or agreements, and requests him to report to the Council when he has done so;

14. Decides that petroleum and petroleum products subject to this resolution shall while under Iraqi title be immune from legal proceedings and not be subject to any form of attachment, garnishment or execution, and that all States shall take any steps that may be necessary under their respective domestic legal systems to assure this protection, and to ensure that the proceeds of the sale are not diverted from the purposes laid down in this resolution;

15. Affirms that the escrow account established for the purposes of this resolution enjoys the privileges and immunities of the United Nations;

16. Affirms that all persons appointed by the Secretary-General for the purpose of implementing this resolution enjoy privileges and immunities as experts on mission for the United Nations in accordance with the Convention on the Privileges and Immunities of the United Nations, and requires the Government of Iraq to allow them full freedom of movement and all necessary facilities for the discharge of their duties in the implementation of this resolution;

17. Affirms that nothing in this resolution affects Iraq's duty scrupulously to adhere to all of its obligations concerning servicing and repayment of its foreign debt, in accordance with the appropriate international mechanisms;

18. Also affirms that nothing in this resolution should be construed as infringing the sovereignty or territorial integrity of Iraq;

19. Decides to remain seized of the matter.

ANNEX III

[MEMORANDUM OF UNDERSTANDING]

UNITED
NATIONS

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Security Council

Distr.
GENERAL

S/1996/356*
20 May 1996

ORIGINAL: ENGLISH

LETTER DATED 20 MAY 1996 FROM THE SECRETARY-GENERAL
ADDRESSED TO THE PRESIDENT OF THE SECURITY COUNCIL

I have the honour to submit to you, and through you to the members of the Security Council, the text of a memorandum of understanding concluded today between the Secretariat of the United Nations and the Government of Iraq on the implementation of Security Council resolution 986 (1995) of 14 April 1995. I am also submitting to you a letter handed over by the Head of the Iraqi delegation upon signing the memorandum.

The memorandum represents an important step in the arrangements that are required under the resolution to bring it fully into effect. Once all the necessary actions have been taken, I will be in a position to report to the Security Council as provided for in paragraph 13 of the resolution. The present letter, therefore, is submitted with a view to keeping the Council abreast of the progress achieved so far in the implementation of the resolution.

(Signed) Boutros BOUTROS-GHALI

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* Reissued for technical reasons.

96-12771 (E) 220596 230596

Memorandum of understanding between the Secretariat of the United Nations and the Government of Iraq on the implementation of Security Council resolution 986 (1995)

Section I

General provisions

1. The purpose of this Memorandum of Understanding is to ensure the effective implementation of Security Council resolution 986 (1995) (hereinafter the Resolution).

2. The Distribution Plan referred to in paragraph 8 (a) (ii) of the Resolution, which has to be approved by the Secretary-General of the United Nations, constitutes an important element in the implementation of the Resolution.

3. Nothing in the present Memorandum should be construed as infringing upon the sovereignty or territorial integrity of Iraq.

4. The provisions of the present Memorandum pertain strictly and exclusively to the implementation of the Resolution and, as such, in no way create a precedent. It is also understood that the arrangement provided for in the Memorandum is an exceptional and temporary measure.

Section II

Distribution Plan

5. The Government of Iraq undertakes to effectively guarantee equitable distribution to the Iraqi population throughout the country of medicine, health supplies, foodstuffs and materials and supplies for essential civilian needs (hereinafter humanitarian supplies) purchased with the proceeds of the sale of Iraqi petroleum and petroleum products.

6. To this end the Government of Iraq shall prepare a Distribution Plan describing in detail the procedures to be followed by the competent Iraqi authorities with a view to ensuring such distribution. The present distribution system of such supplies, the prevailing needs and humanitarian conditions in the various Governorates of Iraq shall be taken into consideration with due regard to the sovereignty of Iraq and the national unity of its population. The plan shall include a categorized list of the supplies and goods that Iraq intends to purchase and import for this purpose on a six-month basis.

7. The part of the Distribution Plan related to the three northern Governorates of Arbil, Dihouk and Suleimaniyeh shall be prepared in accordance with Annex I, which constitutes an integral part of this Memorandum.

8. The Distribution Plan shall be submitted to the Secretary-General of the United Nations for approval. If the Secretary-General is satisfied that the

plan adequately ensures equitable distribution of humanitarian supplies to the Iraqi population throughout the country, he will so inform the Government of Iraq.

9. It is understood by the Parties to this Memorandum that the Secretary-General will not be in a position to report as required in paragraph 13 of the Resolution unless the plan prepared by the Government of Iraq meets with his approval.

10. Once the Secretary-General approves the plan, he will forward a copy of the categorized list of the supplies and goods, which constitutes a part of the plan, to the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait (hereinafter the 661 Committee) for information.

11. After the plan becomes operational, each Party to the present Memorandum may suggest to the other for its consideration a modification to the plan if it believes that such adjustment would improve the equitable distribution of humanitarian supplies and their adequacy.

Section III

Establishment of the escrow account and audit of that account

12. The Secretary-General, after consultations with the Government of Iraq, will select a major international bank and establish there the escrow account described in paragraph 7 of the Resolution, to be known as "the United Nations Iraq Account" (hereinafter the "Iraq Account"). The Secretary-General will negotiate the terms of this account with the bank and will keep the Government of Iraq fully informed of his actions in choosing the bank and opening the account. All transactions and deductions mandated by the Security Council under paragraph 8 of the Resolution shall be made from the "Iraq Account", which will be administered in accordance with the relevant Financial Regulations and Rules of the United Nations.

13. The Iraqi authorities might designate a senior banking official to liaise with the Secretariat of the United Nations on all banking matters relating to the "Iraq Account".

14. In accordance with the United Nations Financial Regulations, the "Iraq Account" will be audited by the Board of Auditors who are external independent public auditors. As provided for in the Regulations, the Board of Auditors will issue periodic reports on the audit of the financial statements relating to the account. Such reports will be submitted by the Board to the Secretary-General who will forward them to the 661 Committee and to the Government of Iraq.

15. Nothing in this Memorandum shall be interpreted to create a liability on the part of the United Nations for any purchase made by the Government of Iraq or any agents acting on its behalf pursuant to the provisions of the Resolution.

Section IV

Sale of petroleum and petroleum products originating in Iraq

16. Petroleum and petroleum products originating in Iraq will be exported via the Kirkuk-Yumurtalik pipeline through Turkey and from the Mina al-Bakr oil terminal. The 661 Committee will monitor the exports through those outlets to ensure that they are consistent with the Resolution. Transportation costs in Turkey will be covered by an additional amount of oil, as foreseen in the Resolution and in accordance with procedures to be established by the 661 Committee. The arrangement between Iraq and Turkey concerning the tariffs and payment modalities for the use of Turkish oil installations has been provided to the 661 Committee.

17. Each export of petroleum and petroleum products originating in Iraq shall be approved by the 661 Committee.

18. Detailed provisions concerning the sale of Iraqi petroleum and petroleum products are contained in Annex II, which constitutes an integral part of this Memorandum.

Section V

Procurement and confirmation procedures

19. The purchase of medicine, health supplies, foodstuffs, and materials and supplies for essential civilian needs of the Iraqi population throughout the country, as referred to in paragraph 20 of resolution 687 (1991), will, subject to paragraph 20 below, be carried out by the Government of Iraq, will follow normal commercial practice and be on the basis of the relevant resolutions of the Security Council and procedures of the 661 Committee.

20. The purchase of humanitarian supplies for the three northern Governorates of Arbil, Dihouk and Suleimaniyeh, as provided for in the Distribution Plan, will be carried out in accordance with Annex I.

21. The Government of Iraq will, except as provided for in paragraph 20, contract directly with suppliers to arrange the purchase of supplies, and will conclude the appropriate contractual arrangements.

22. Each export of goods to Iraq shall be at the request of the Government of Iraq pursuant to paragraph 8 (a) of the Resolution. Accordingly, exporting States will submit all relevant documentation, including contracts, for all goods to be exported under the Resolution to the 661 Committee for appropriate action according to its procedures. It is understood that payment of the supplier from the "Iraq Account" can take place only for items purchased by Iraq that are included in the categorized list referred to in Section II of the present Memorandum. Should exceptional circumstances arise, applications for the export of additional items may be submitted to the 661 Committee for its consideration.

23. As noted above, the 661 Committee will take action on applications for the export of goods to Iraq in accordance with its existing procedures subject to future modifications under paragraph 12 of the Resolution. The 661 Committee will inform the Government of Iraq, requesting States, and the Secretary-General of the actions taken on the requests submitted.

24. After the 661 Committee has taken action on the applications for export in accordance with its procedures, the Central Bank of Iraq will request the bank holding the "Iraq Account" to open irrevocable letters of credit in favour of the beneficiaries. Such requests shall be referred by the bank holding the "Iraq Account" to the United Nations Secretariat for approval of the opening of the letter of credit by the latter bank, allowing payment from the "Iraq Account" upon presentation of credit-conform documents. The letter of credit will require as condition of payment, inter alia, the submission to the bank holding the "Iraq Account" of the documents to be determined by the procedures established by the 661 Committee, including the confirmations by the agents referred to in paragraph 25 below. The United Nations, after consultations with the Government of Iraq, shall determine the clause to be inserted in all purchase orders, contracts and letters of credit regarding payment terms from the "Iraq Account". All charges incurred in Iraq are to be borne by the applicant, whereas all charges outside Iraq are for the account of the beneficiary.

25. The arrival of goods in Iraq purchased under the plan will be confirmed by independent inspection agents to be appointed by the Secretary-General. No payments can be made until the independent inspection agents provide the Secretary-General with authenticated confirmation that the exported goods concerned have arrived in Iraq.

26. The independent inspection agents may be stationed at relevant Iraqi entry points, customs areas or other locations where the functions set out in paragraph 27 of this Section can be performed. The number and location of the stationing points for the agents will be designated by the United Nations after consultations with the Government of Iraq.

27. The independent inspection agents will confirm delivery to Iraq of shipments. They will compare the appropriate documentation, such as bills of lading, other shipping documents or cargo manifests, and the documents issued by the 661 Committee, against goods actually arriving in Iraq. They will also have the authority to perform duties necessary for such confirmation, including: quantity inspection by weight or count, quality inspection including visual inspection, sampling, and, when necessary, laboratory testing.

28. The inspection agents will report all irregularities to the Secretary-General and to the 661 Committee. If the problem is related to normal commercial practice (e.g., some shortlanded goods), the 661 Committee and the Government of Iraq are informed, but normal commercial resolution practices (e.g., claims) go forth. If the matter is of serious concern, the independent inspection agents will hold the shipment in question pending guidance from the 661 Committee.

29. As regards the export to Iraq of parts and equipment which are essential for the safe operation of the Kirkuk-Yumurtalik pipeline system in Iraq, the requests will be submitted to the 661 Committee by the national Government of the supplier. Such requests will be considered for approval by the Committee in accordance with its procedures.

30. If the 661 Committee has approved a request in accordance with paragraph 29, the provisions of paragraph 24 shall apply. However, since the supplier can expect payment against future oil sales, as stated in paragraph 10 of the Resolution, the proceeds of which are to be deposited in the "Iraq Account", the bank holding the "Iraq Account" will issue an irrevocable letter of credit stipulating that payment can only be effected when at the time of drawing the "Iraq Account" has sufficient disposable funds and the United Nations Secretariat approves the payment.

31. The requirement of authenticated confirmation of arrival provided for in this Section shall apply also to the parts and equipment mentioned in paragraph 29.

Section VI

Distribution of humanitarian supplies purchased under the Distribution Plan

32. The distribution of humanitarian supplies shall be undertaken by the Government of Iraq in accordance with the Distribution Plan referred to in Section II of the present Memorandum. The Government of Iraq will keep the United Nations observation personnel informed about the implementation of the plan and the activities that the Government is undertaking.

33. The distribution of humanitarian supplies in the three northern Governorates of Arbil, Dihouk and Suleimaniyeh shall be undertaken by the United Nations Inter-Agency Humanitarian Programme on behalf of the Government of Iraq under the Distribution Plan with due regard to the sovereignty and territorial integrity of Iraq in accordance with Annex I.

Section VII

Observation of the equitable distribution of humanitarian supplies and determination of their adequacy

GENERAL PROVISIONS

34. The United Nations observation process will be conducted by United Nations personnel in Iraq under the overall authority of the Department of Humanitarian Affairs at United Nations Headquarters in New York in accordance with the provisions described below. Such observation shall apply to the distribution of humanitarian supplies financed in accordance with the procedures set out in the Resolution.

35. The objectives of the United Nations observation process shall be:

(a) to confirm whether the equitable distribution of humanitarian supplies to the Iraqi population throughout the country has been ensured;

(b) to ensure the effectiveness of the operation and determine the adequacy of the available resources to meet Iraq's humanitarian needs.

OBSERVATION PROCEDURES

36. In observing the equitable distribution and its adequacy, United Nations personnel will use, inter alia, the following procedures.

Food items

37. The observation of the equitability of food distribution will be based on information obtained from local markets throughout Iraq, the Iraqi Ministry of Trade, the information available to the United Nations and its specialized agencies on food imports, and on sample surveys conducted by United Nations personnel. The observation will also include the quantity and prices of food items imported under the Resolution.

38. To provide regular updated observation of the most pressing needs, a survey undertaken by United Nations agencies in cooperation with the appropriate Iraqi ministries will serve as a baseline for the continuing observation of nutritional status of the population of Iraq. This information will take account of public health data generated by the Ministry of Health (MOH) and the relevant United Nations agencies.

Medical supplies and equipment

39. Observation regarding distribution of medical supplies and equipment will focus on the existing distribution and storage system and will involve visits to hospitals, clinics as well as medical and pharmaceutical facilities where such supplies and equipment are stored. Such observation will also be guided by health statistics data from MOH and surveys by relevant United Nations agencies.

Water/sanitation supplies and equipment

40. Observation of distribution of water/sanitation supplies and equipment will focus on the determination that they are used for their intended purposes. Confirmation will be carried out by collecting data on the incidence of water-borne diseases and by water quality control checks by visits to water and sanitation facilities by representatives of relevant United Nations agencies. In this regard the United Nations will rely on all relevant indicators.

of Iraq in order to effectively reach the population. Recipients under this arrangement will pay a fee for internal transportation, handling, and distribution as in the rest of the country. The Programme shall ensure that the special needs of internally displaced persons, refugees, hospital in-patients and other vulnerable groups in need of supplementary food are appropriately met, and will keep the Government of Iraq informed.

8. The Programme will observe that humanitarian supplies are used for their intended purposes, through visits to sites and by collecting relevant data. The Programme will report to the Department of Humanitarian Affairs at United Nations Headquarters in New York and the Government of Iraq any violation observed by the Programme.

Annex II

1. The State concerned or, if the 661 Committee so decides, the national petroleum purchaser authorized by the 661 Committee, shall submit to the Committee for handling and approval the application, including the relevant contractual documents covering the sales of such petroleum and petroleum products, for the proposed purchase of Iraqi petroleum and petroleum products, endorsed by the Government of Iraq or the Iraqi State Oil Marketing Organization (hereinafter SOMO) on behalf of the Government. Such endorsement could be done by sending a copy of the contract to the 661 Committee. The application shall include details of the purchase price at fair market value, the export route, opening of a letter of credit payable to the "Iraq Account", and other necessary information required by the Committee. The sales of petroleum and petroleum products shall be covered by contractual documents. A copy of these documents shall be included in the information provided to the 661 Committee together with the application for forwarding to the independent inspection agents described in paragraph 4 of this Annex. The contractual documents should contain the following information: quantity and quality of petroleum and petroleum products, duration of contract, credit and payment terms and pricing mechanism. The pricing mechanism for petroleum should include the following points: marker crude oil and type of quotations to be used, adjustments for transportation and quality, and pricing dates.

2. Irrevocable confirmed letters of credit will be opened by the oil purchaser's bank with the irrevocable undertaking that the proceeds of the letter of credit will be paid directly to the "Iraq Account". For this purpose, the following clauses will have to be inserted in each letter of credit:

"- Provided all terms and conditions of this letter of credit are complied with, proceeds of this letter of credit will be irrevocably paid into the "Iraq Account" with ..... Bank."

"- All charges within Iraq are for the beneficiary's account, whereas all charges outside Iraq are to be borne by the purchaser."

3. All such letters of credit will have to be directed by the purchaser's bank to the bank holding the "Iraq Account" with the request that the latter adds its confirmation and forwards it to the Central Bank of Iraq for the purpose of advising SOMO.

4. The sale of petroleum and petroleum products originating in Iraq will be monitored by United Nations independent oil experts appointed by the Secretary-General of the United Nations to assist the 661 Committee. The monitoring of oil exports will be carried out by independent inspection agents at the loading facilities at Ceyhan and Mina al-Bakr and, if the 661 Committee so decides, at the pipeline metering station at the Iraq-Turkey border, and would include quality and quantity verification. They would authorize the loading, after they receive the information from the United Nations oil experts that the relevant contract has been approved, and report to the United Nations.

Letter dated 20 May 1996 from the Head of delegation of Iraq addressed to the Legal Counsel

In reference to the memorandum of understanding signed today and as I advised you during the discussion that a letter would be sent to you concerning the position of Iraq as to the cost of production and transportation of oil inside Iraq, I state below Iraq's position, which I request that you include in the official record of our discussion:

The Iraqi delegation explained during the discussion that the cost of production and transportation of petroleum excluding expenses in local currency, is currently estimated at US$ 2.00 per barrel. Such cost had to be deducted from the sale price or recovered through the production and export of extra quantity of petroleum and petroleum products. In either case the amount referred to above would be deposited in the "Iraq account" to be utilized for the import of spare parts and other items necessary for the maintenance and sustaining of production and transportation operations as is the established practice in the oil industry, otherwise production and transportation operations would be hindered and eventually come to a halt.

Nevertheless, and in order to facilitate the conclusion of this memorandum of understanding, the Iraqi delegation agreed not to insist on the acceptance of its position by the United Nations Secretariat delegation at this stage and agreed to have it included in a separate letter addressed to the Head of the delegation of the United Nations Secretariat for consideration in any future discussion.

Although the matter is not discussed, the Iraqi delegation wishes to state that a third outlet for Iraqi petroleum export could be via the Syrian Arab Republic.

(Signed) Ambassador A. Amir ANBARI
Head of the delegation of Iraq

ANNEX IV

[PROCEDURES OF THE 661 COMMITTEE]

UNITED NATIONS

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Security Council

Distr.
GENERAL

S/1996/636*
12 August 1996

ORIGINAL: ENGLISH

LETTER DATED 8 AUGUST 1996 FROM THE CHAIRMAN OF THE SECURITY COUNCIL COMMITTEE ESTABLISHED BY RESOLUTION 661 (1990) CONCERNING THE SITUATION BETWEEN IRAQ AND KUWAIT ADDRESSED TO THE PRESIDENT OF THE SECURITY COUNCIL

On behalf of the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait, I have the honour to communicate to you the following:

Pursuant to paragraph 12 of Security Council resolution 986 (1995), the Committee was requested to develop, in close coordination with the Secretary-General, expedited procedures as necessary to implement the arrangements in paragraphs 1, 2, 6, 8, 9 and 10 of that resolution. I am pleased to inform you that after several weeks of intensive deliberations the Committee, at its 142nd meeting held on 8 August 1996, adopted the procedures to be employed by it in the discharge of its responsibilities as required by paragraph 12 of resolution 986 (1995). A copy of the procedures is attached herewith for the information of the members of the Council.

(Signed) Tono EITEL
Chairman
Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait

* Reissued for technical reasons.

96-20488 (E) 120896 130896

PROCEDURES TO BE EMPLOYED BY THE SECURITY COUNCIL COMMITTEE ESTABLISHED BY RESOLUTION 661 (1990) CONCERNING THE SITUATION BETWEEN IRAQ AND KUWAIT IN THE DISCHARGE OF ITS RESPONSIBILITIES AS REQUIRED BY PARAGRAPH 12 OF SECURITY COUNCIL RESOLUTION 986 (1995)

SECTION I

Sale of petroleum and petroleum products originating in Iraq

1. The Committee will select, upon recommendation by the Secretariat of the Committee, at least four independent experts in international oil trade, to be appointed by the Secretary-General as "overseers" at the United Nations Headquarters. The number of the overseers will be reviewed depending on the volume of transactions to be processed. The overseers will have the authority and responsibilities set forth in this section.

2. Notwithstanding the obligations of States under the relevant Security Council resolutions, States may, if they so wish, forward to the Committee a list of national oil purchasers (private companies, State-owned companies, State agencies, ministries, etc.) authorized to communicate with the overseers. States may present changes to the list at any time. Once the Committee has taken note of these lists or the changes thereto and passed them on to the overseers, these purchasers are entitled to communicate directly with the overseers. If States do not submit such a list, or if a certain purchaser is not included in the list, the communication with the overseers shall be submitted through the Permanent Mission of the State of purchase.

3. A contract for the purchase of petroleum and petroleum products will only be considered for approval if it has been endorsed by the Government of Iraq, or the Iraqi State Oil Marketing Organization (hereinafter SOMO) on behalf of the Government. The submission by the Government of Iraq or SOMO of a copy of a contract is acceptable as an endorsement.

4. SOMO's contracts with purchasers will include all the details specified in paragraph 1 (a) of resolution 986 (1995). In particular, the contract shall indicate the export route, the payment by way of a confirmed letter of credit consistent with paragraph 9 below, quantity and quality of petroleum or petroleum products purchased, duration of contract, credit and payment terms and pricing mechanism. The pricing mechanism for petroleum should include the marker crude oil and type of quotations to be used, adjustments for transportation and quality, and pricing dates.

5. The Government of Iraq or SOMO may submit at any time pricing mechanisms for sales of petroleum for review by the Committee. The overseers will assess these pricing mechanisms, in particular whether they reflect fair market value and will provide analysis and recommendations to the Committee. The Committee will then review the pricing mechanism according to its no-objection procedure within two business days. The pricing mechanism should include the elements listed in paragraph 4 above. In

order to facilitate this process, regular consultations between the overseers and representatives of SOMO will take place consistent with paragraph 6 of annex II of the Memorandum of Understanding between the Secretariat of the United Nations and the Government of Iraq on the implementation of resolution 986 (1995) dated 20 May 1996 (hereinafter Memorandum of Understanding).

6. When market conditions so require, and in particular during the first month of the implementation of resolution 986 (1995) adjustments to pricing mechanisms may be submitted by the Government of Iraq or SOMO for review by the Committee in accordance with paragraph 5 above. The pricing mechanisms will in any case be reviewed in accordance with paragraph 5 above whenever the Government of Iraq or SOMO submits a revision. Current approved price mechanisms will remain in effect until new ones are approved by the Committee.

7. The Secretariat of the Committee will set up a new fax line to be used exclusively for correspondence with regard to the petroleum and petroleum products transactions. The national oil purchaser or the Permanent Mission of the State of purchase shall forward by fax to the overseers an application for approval, together with a copy of the contract and, if necessary, other supporting documents. States and national oil purchasers shall use only the Standard Application Form annexed to the present procedures. Other correspondence with the Committee shall go through the already existing channels.

8. A contract for the sale of petroleum which employs a pricing mechanism approved by the Committee under paragraph 5 above, will be reviewed by two overseers on behalf of the Committee to determine whether the contract meets the criteria set forth in paragraph 9 below. Such review should be completed within 24 hours. No overseer shall review a contract submitted by or on behalf of an oil purchaser with the same nationality as the overseer or which employed him or her within the last two years.

9. To ensure that all contracts comply with the provisions of resolution 986 (1995) and do not contain any attempt at fraud or deception, the overseers on duty review the contracts and supporting documents to determine that:

   - the contract and the documents comply with the requirements provided for in resolution 986 (1995) and in the present procedures, including details of a confirmed irrevocable letter of credit to be opened, with the irrevocable undertaking that the proceeds of the letter of credit will be paid directly to the escrow account established by the Secretary-General under paragraph 7 of resolution 986 (1995) (hereinafter Iraq account). The letter of credit should contain the information as set out in Annex II to this document.

   - the conditions of payment envisaged in the letters of credit are in conformity with the existing market practices;

- the contract price is fair in view of all relevant circumstances, in particular that it is consistent with a currently approved pricing mechanism, and competitive given world prices and market trends and taking into consideration the provisions of paragraph 6 of annex II of the Memorandum of Understanding;

- the transaction does not exceed the limits established by resolution 986 (1995), including the requirements set out in paragraph 6 of the resolution.

10. If the contract and supporting documents reviewed under paragraph 9 above are found to be in order, the overseers, on behalf of the Committee, shall immediately approve the contract and inform by fax the national oil purchaser or the Permanent Mission concerned, as well as SOMO and the bank holding the Iraq account. The Committee and the parties concerned shall be informed immediately upon rejection of any contract by an overseer. In circumstances other than rejection for technical reasons the overseers will make a full report to the Committee for appropriate action.

11. Contracts for the sale of petroleum or petroleum products which do not employ a pricing mechanism approved by the Committee under paragraph 5 above will be reviewed by the overseers who will provide their analysis and recommendations to the Committee. In addition to the factors in paragraph 9 above, the overseers shall consider whether the contract's pricing mechanism reflects fair market value. Such review should be completed within 24 hours. Upon receipt of the analysis and recommendations from the overseers, the Committee will consider the contracts under its expedited no-objection procedure within two business days.

12. Once a contract is approved pursuant to these procedures, the national oil purchaser shall cause a letter of credit consistent with paragraph 9 above to be opened and transmitted to the bank holding the Iraq account. The bank transmits the letter of credit to the overseers. The overseers immediately review the opened letter of credit in order to determine whether it complies with the information given in the application.

13. If the opened letter of credit complies with the information given in the application the overseers inform the bank holding the Iraq account which adds its confirmation to the letter of credit and, for information purposes only, forwards the letter of credit to the Central Bank of Iraq for the purpose of advising SOMO. Furthermore, the overseers send notification of sales approval, together with a copy of the contract and, if necessary, supporting documents to the inspectors at Ceyhan and at the metering station at the Iraq-Turkey border, or at Mina-al-Bakr. If the opened letter of credit does not comply with the information given in the application the overseers shall immediately inform the Committee.

14. The overseers will submit a substantive report to the Committee, in a standardized format, at least once a week on the contracts considered by them, including the cumulative quantity and approximate value of petroleum authorized for export, and inform the Secretary-General accordingly. In

the light of this report, any document submitted as part of an application to the Committee will be available for consultation by Committee members in the Secretariat.

15. The export of petroleum and petroleum products will be monitored by United Nations independent inspection agents, appointed by the Secretary-General, who will be stationed at the loading facilities at Ceyhan and Mina-al-Bakr and at the metering station at the Iraq-Turkey border. Such on-site monitoring will make use of the documents received from the overseers, direct observation, as well as quality and quantity verification. The independent inspection agents will authorize the loading, after they receive the information from the overseers that the relevant contract has been approved, and inform the overseers accordingly. The independent inspection agents will also have the authority to stop the loading of petroleum if there is any evidence of irregularity. They will immediately report any irregularity to the Committee and the Secretary-General.

16. In accordance with paragraph 3 of resolution 661 (1990) and the provisions of resolution 665 (1990) shipments of Iraqi oil must not be performed by Iraqi vessels. In order to facilitate the efficient maritime export of oil under resolution 986 (1995) oil purchasers will communicate to the Secretariat information when available concerning vessels contracted for shipping approved oil exports.

17. The Committee will be informed of the appointments of the independent inspection agents made by the Secretary-General under paragraph 6 of resolution 986 (1995).

18. The independent inspection agents shall report weekly to the Committee, through the overseers, on their assessment of the export operations. When the loading of oil under a contract is completed, they shall inform the overseers on the details for comparison with the original approved contract.

19. Payment of the full amount of each purchase of petroleum and petroleum products shall be made into the Iraq account as provided for in paragraph 1 (b) of resolution 986 (1995).

20. Once a week, the Secretary-General forwards to the Committee and to the Government of Iraq statements of the Iraq account, including outlines of anticipated future payments to and from that account.

21. The regime for the sale of petroleum products will be broadly similar to that described above, and the precise arrangements, consistent with paragraph 6 of resolution 986 (1995), can be elaborated at a later stage, as and when the need arises.

22. The overseers will receive monthly reports from SOMO on the actual volume and type of petroleum and petroleum products exported under the relevant sales contracts.

23. At a meeting, the Committee may provide additional guidance to be followed by the overseers.

24. If any Committee member judges the circumstances to be serious enough, that member may call for a review by the Committee of the system for approving oil contracts established in this section. At an urgent meeting, the Committee will decide, according to its normal procedures, whether to continue or revise the system. In the meantime, decisions on oil contracts can only be made in accordance with paragraph 11 above.

SECTION II

Import by Turkey of petroleum and petroleum products originating in Iraq pursuant to paragraph 2 of resolution 986 (1995)

25. The import by Turkey of petroleum and petroleum products originating in Iraq will be undertaken in accordance with the requirements of paragraphs 2 and 6 of resolution 986 (1995), so as to meet the pipeline tariff charges, verified as reasonable by the independent inspection agents, after the deduction of the percentage referred to in paragraph 2 of resolution 705 (1991) for the Compensation Fund. The import of petroleum and petroleum products will be authorized and monitored in accordance with the relevant provisions of section I of the present procedures.

SECTION III

Export to Iraq of humanitarian supplies

26. The Government of Iraq will prepare a categorized list of humanitarian supplies which it intends to purchase and import pursuant to resolution 986 (1995). This list will be submitted to the Secretary-General together with the distribution plan referred to in paragraph 8 (a) (ii) of the resolution.

27. After approving the distribution plan, the Secretary-General will forward the list, which constitutes a part of the plan, to the Committee, and will make it known to all States.

28. The Government of Iraq or the United Nations Inter-Agency Humanitarian Programme will contract directly with suppliers to arrange the purchase of humanitarian supplies, and will conclude the appropriate contractual arrangements.

29. Export to Iraq of medicine, health supplies, foodstuffs, and materials and supplies for essential civilian needs (hereinafter humanitarian supplies) financed from the Iraq account shall be undertaken in accordance with the following provisions.

30. Applications for each export of humanitarian supplies, to be financed from the Iraq account consistent with paragraph 22 of the Memorandum of Understanding, shall be submitted to the Committee at the request of the Government of Iraq by the exporting States with all relevant documentation,

including the concluded contractual arrangements. Payment from the Iraq account can take place only for items included in the categorized list, unless the Committee exceptionally decides otherwise on a case-by-case basis.

31. The Committee will take action on such applications in accordance with paragraph 20 of resolution 687 (1991), its existing procedures and the provisions of this section. The Committee will inform the Government of Iraq, the requesting States, the Secretary-General and, if appropriate, the independent inspection agents at the intended point(s) of entry into Iraq of the actions taken on the applications submitted.

32. Such applications shall be submitted as follows:

(a) Medicines and Health Supplies

The exporting State informs the Committee that the exporter requests payment from the Iraq account. A copy of the relevant documentation, including the concluded contractual arrangements and intended point(s) of entry into Iraq, must be attached to this communication.

(b) Foodstuffs

The exporting State notifies the Committee. The notification must indicate that the exporter requests payment from the Iraq account. A copy of the relevant documentation, including the concluded contractual arrangements and intended point(s) of entry into Iraq, must be attached to the notification.

(c) Other Materials and Supplies for Essential Civilian Needs

The exporting State submits an application for approval by the Committee under its no-objection procedure. The application must indicate that the exporter requests payment from the Iraq account. A copy of the relevant documentation, including the concluded contractual arrangements and intended point(s) of entry into Iraq, must be attached to the application.

33. Experts in the Secretariat examine each contract, in particular the details of price and value, and whether the items to be exported are on the categorized list referred to above. They will also take into consideration the reports of the Secretary-General provided for in paragraph 20 above, in order to check availability of funds in the Iraq account for the contract. They will inform the Committee of their findings.

34. The Committee acts upon the findings of the experts as set forth below:

(a) Medicines and Health Supplies

If the Committee finds, under its expedited no-objection procedure within two business days from the circulation of the application, that the contract is in order, it immediately informs the parties concerned that the exporter is eligible for payment from the Iraq account. If the contract is

not found in order, the Committee informs the parties concerned that payment cannot be made from the Iraq account, but the medicines and health supplies can be shipped anyway if the exporter so desires.

(b) Foodstuffs

If the Committee finds, under its expedited no-objection procedure within two business days from the circulation of the application, that the contract is in order, it immediately informs the parties concerned that the exporter is eligible for payment from the Iraq account. If the contract is not found in order, the Committee informs the parties concerned that payment cannot be made from the Iraq account, but the foodstuffs can be shipped anyway if the exporter so desires.

(c) Other Materials and Supplies for Essential Civilian Needs

If the Committee approves the supplies, under its no-objection procedure within seven days, and if the contract is found in order, the Committee informs the parties concerned of the approval and that the exporter is eligible for payment from the Iraq account. If the contract is not found in order, but the Committee approves the supplies under its no-objection procedure, it informs the parties concerned that payment cannot be made from the Iraq account, but that the supplies are approved and can be shipped anyway if the exporter so desires. If the Committee cannot approve the supplies, whether or not the contract is found in order, it informs the parties concerned that the supplies cannot be shipped.

35. When the Committee has informed the parties concerned that the exporter is eligible for payment from the Iraq account, the Central Bank of Iraq will request the bank holding the Iraq account to open an irrevocable, non-transferable, non-assignable (except to the supplier's bank for the repayment of financing for the purchase of the humanitarian supplies) letter of credit for the account of the Iraqi purchaser in favour of the supplier, which will be available only at the bank holding the Iraq account, and provide for payment from the Iraq account. Such requests shall be submitted by the bank holding the Iraq account to the Secretary-General for expeditious approval, so that payment from the Iraq account can be made without delay. The letter of credit will require as condition of payment the submission to the bank holding the Iraq account of the usual commercial documentation, and of the following documents: a copy of the Committee's letter stating that the exporter is eligible for payment from the Iraq account, and a standardized confirmation by the Secretary-General of the arrival of the humanitarian supplies in Iraq.

36. The arrival of the humanitarian supplies in Iraq will be confirmed by independent inspection agents appointed by the Secretary-General pursuant to resolution 986 (1995) and stationed at relevant entry points and other locations in Iraq as referred to in paragraph 26 of the Memorandum of Understanding. The independent inspection agents will add their authenticated confirmation of arrival to a copy of the Committee's letter stating that the exporter is eligible for payment from the Iraq account and to a copy of the invoice, and will inform the Secretary-General in

accordance with paragraph 8 (a) (iii) of Security Council resolution 986 (1995). This information should be given without delay and in any case within 24 hours. The inspection agents will report all irregularities to the Secretary-General and to the Committee. If the problem is related to normal commercial practice, the Committee and the Government of Iraq will be informed but normal commercial resolution practices will go forth. Performance bonds may not be opened. Payments in favour of the purchaser resulting from normal commercial resolution practices should be made to the Iraq account. If the matter is of serious concern, the independent inspection agents will hold the shipment in question, pending guidance from the Committee. The Committee will make every effort to provide such guidance in the most expeditious manner.

37. The bank holding the Iraq account shall effect payment under any letter of credit only if all documents (listed in para. 35 above) stipulated in the letter of credit are presented to it and the terms and conditions of any such letter of credit are complied with. When specified in the contract and the supporting documents, payment can be made in several instalments corresponding to actual deliveries to Iraq. Documentary discrepancies can only be waived by the Secretary-General.

38. The provisions of this section are without prejudice to the application of the existing procedures of the Committee for goods which are not supplied pursuant to resolution 986 (1995).

SECTION IV

Export to Iraq of parts and equipment, and financial transactions related thereto, pursuant to paragraphs 9 and 10 of resolution 986 (1995)

39. The export to Iraq of the parts and equipment which are essential for the safe operation of the Kirkuk-Yumurtalik pipeline system in Iraq will be undertaken in accordance with the procedures set out in section III of the present procedures. Requests for such exports to Iraq will be approved by the Committee on a case-by-case basis under its no-objection procedure. The Committee may request relevant United Nations personnel in Iraq to verify that the equipment exported to Iraq pursuant to paragraph 9 of resolution 986 (1995) is used only for the purposes permitted.

40. In accordance with paragraph 10 of resolution 986 (1995), until proceeds from the sale of petroleum and petroleum products are deposited into the Iraq account, the Committee may approve, on a case-by-case basis, the exceptional financing of the export of parts and equipment by letters of credit drawn against future oil sales. The Committee will seek, if necessary, the advice of the overseers in considering such requests. In this case the provisions of paragraph 35 above shall apply.

SECTION V

Approval of reasonable expenses other than expenses payable in Iraq

41. Pursuant to paragraph 8 (f) of resolution 986 (1995), the Committee can approve, under its no-objection procedure, the financing from the Iraq account of reasonable expenses, other than expenses payable in Iraq, which are determined by it to be directly related to the export by Iraq of petroleum and petroleum products permitted under paragraph 1 of resolution 986 (1995) or to the export to Iraq of the parts and equipment referred to in paragraph 9 of resolution 986 (1995), and of activities directly necessary therefor.

42. Requests for meeting the expenses referred to in the previous paragraph will be submitted by the Government of Iraq together with all necessary documentation, and will be approved on a case-by-case basis by the Committee under its no-objection procedure. The Committee will seek, if necessary, the advice of the overseers or the independent inspection agents in reaching a decision.

SECTION VI

General provisions

43. The Secretariat will arrange for the establishment of the appropriate communication links to permit immediate communication among the overseers, the independent inspection agents, the bank holding the Iraq account and the coordinator of the Multinational Interception Forces operating in the area under resolution 665 (1990), as well as with the Central Bank of Iraq and SOMO.

44. The Secretary-General reports regularly to the Committee on the details of the disbursements made pursuant to paragraph 8 of resolution 986 (1995).

45. Letters of credit mentioned in these procedures should conform with the Uniform Customs and Practice for Documentary Credit.

46. The Committee will amend or revise the present procedures, if necessary, in the light of future developments.

Annex II

Information to be included in the letter of credit

1. As provided for in paragraph 2 of Annex II of the Memorandum of Understanding between the Secretariat of the United Nations and the Government of Iraq on the implementation of Security Council resolution 986 (1995), signed on 20 May 1996, the following clauses will have to be inserted in each letter of credit:

"- Provided all terms and conditions of this letter of credit are complied with, proceeds of this letter of credit will be irrevocably paid into the 'Iraq Account' with .... Bank."

"- All charges within Iraq are for the beneficiary's account, whereas all charges outside Iraq are to be borne by the purchaser."

2. Other information to be included:

- nature of the petroleum or petroleum product
- forecast quantity of petroleum or petroleum product
- date of loading
- unit price
- forecast amount of the transaction

ANNEX VI

GENERAL RELEASE FROM LIABILITY ON ACCOUNT OF
PROVISION BY UN OF EMERGENCY MEDICAL CARE

I, the undersigned, hereby recognize that all emergency medical care provided to me at UN medical facilities, pursuant to Contract No. PD/CON/324/98 between the United Nations and Cotecna Inspection S.A., is solely for my own convenience and benefit and may take place in areas or under conditions of special risk. In consideration of receiving such medical care, I hereby:

(a) Assume all risks and liabilities in connection with the provision of such medical care;

(b) Recognize that neither the United Nations nor any of its officials, employees or agents are liable for any loss, damage, injury or death that may be sustained by me during the provision of such medical care;

(c) Agree, for myself as well as for my dependents, heirs and estate, to hold harmless the United Nations and all its officials, employees and agents from any claim or action on account of any such loss, damage, injury or death.

Nothing in or relating to this Release shall be deemed a waiver, express or implied, of any of the privileges and immunities of the United Nations, including its subsidiary organs.

_____
Employee

_____
Date

_____
Witness

ANNEX V

GENERAL RELEASE FROM LIABILITY ON ACCOUNT OF
USE OF UN-PROVIDED TRANSPORT

I, the undersigned, hereby recognize that all my travel on the UN-provided transport, pursuant to Contract No. PD/CON/324/98 between the United Nations and Cotecna Inspection S.A., is solely for my own convenience and benefit and may take place in areas or under conditions of special risk. In consideration of being permitted to travel on such means of transport, I hereby:

(a) Assume all risks and liabilities during such travel;

(b) Recognize that neither the United Nations nor any of its officials, employees or agents are liable for any loss, damage, injury or death that may be sustained by me during such travel;

(c) Agree, for myself as well as for my dependents, heirs and estate, to hold harmless the United Nations and all its officials, employees and agents from any claim or action on account of any such loss, damage, injury or death.

Nothing in or relating to this Release shall be deemed a waiver, express or implied, of any of the privileges and immunities of the United Nations, including its subsidiary organs.

_____
Passenger

_____
Date

_____
Witness

REPORT ON THE PRICING EVALUATION OF CONTRACTS AWARDED UNDER THE IRAQ OIL FOR FOOD PROGRAM

SUBMITTED BY THE JOINT
DEFENSE CONTRACT AUDIT AGENCY
AND
DEFENSE CONTRACT MANAGEMENT AGENCY
OFF PRICING EVALUATION TEAM

SEPTEMBER 12, 2003

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EXECUTIVE SUMMARY

The joint Defense Contract Audit Agency and Defense Contract Management Agency team evaluated 759 approved and funded Oil for Food (OFF) contracts valued at $6.9 billion. This represents 10 percent of the number of contracts and 60 percent of the value of contracts that were approved and funded but not delivered by the United Nations Office of the Iraq Programme (OIP) prior to commencement of Operation Iraqi Freedom. Our objectives were to determine if the contracts are reasonably priced, identify items of questionable utility, and offer recommendations to the Coalition Provisional Authority (CPA).

FINDINGS

- We identified potential overpricing in at least 48 percent of the contracts evaluated. The total potential overpricing identified in our sample is $656 million. The total value of contracts identified as potentially overpriced is $3.1 billion. There was insufficient data for us to determine the reasonableness of an additional $1.1 billion in contracts. Food commodity contracts are the most consistently overpriced, with potential overpricing identified in 87 percent of the contracts, averaging 22 percent of the contract value. On average, 37 percent of contracts in other sectors are potentially overpriced, averaging 20 percent of the contract value.

- We were unable to evaluate many of the high-dollar Electrical, Oil Spares, and Water & Sanitation rehabilitation contracts because of inadequate contract specifications and lack of contract pricing detail. These are the same contracts which lacked technical detail which resulted in objections to contract approval during the U. S. Government's nonproliferation technical review.

- More than half of the contracts we reviewed from Egypt, India, Jordan, Saudi Arabia, Syria, Thailand, Turkey, United Arab Emirates and Vietnam were potential overpriced. The overpricing on these contracts averaged more than 22 percent. Details on the potential overpricing by Country are shown on page 144 of this report.

- Illicit surcharges/kickbacks are difficult to identify from solely reviewing the contract. However, five contracts explicitly included "after sales service charges" of between 10 and 20 percent. In addition, former Iraqi ministries have provided information indicating illicit surcharges/kickbacks were standard practice for OFF contracts.

- There often is wide variability in pricing among different suppliers for same/similar items.

- Many contracts contain provisions for "training" of Iraqi personnel that were not separately priced. Most of these are identified as trips to the seller's facilities in

which the seller pays all expenses. In some cases, the seller must also provide "pocket money" to the Iraqi traveler.

- Transportation and insurance costs usually were not separately priced in OFF contracts. Contract prices may be high due to mandatory use of inefficiently Iraqi-run ports and transportation systems. Any savings may be offset by current increased war risk premiums.

- Many contracts (30 percent of the total contracts reviewed) contain unusually large quantities of spare parts.

- "Old technology" was procured, particularly in the electrical sector. This may impede modernization and could make Iraq dependent on a single supplier.

- Some items of questionable utility for the Iraqi people (e.g., Mercedes Benz touring sedans) were identified.

- The use of middlemen can significantly increase the contract prices, potentially by 20 percent or more.

RECOMMENDATIONS FOR CPA

Immediate Action on Existing OFF Contracts:

- Request additional documentation from suppliers for all potentially overpriced and inconclusive contracts.

- Require pricing adjustments, including deletion of Iraqi "service charges" on all overpriced contracts where the overpricing cannot be adequately explained by the supplier.

- Advise the UN not to proceed with overpriced contracts or suppliers who refuse to adjust their prices downward.

- Assess the need for the large quantity of spares and training. Remove contract requirements and adjust contract prices downward for unnecessary items.

- Assess whether contracts for "old technology" or items of questionable value are essential for immediate needs.

- Engage a transportation expert to determine differences for shipping and transport costs due to changed circumstances.

Future Action of Post-OFF Contracting:

- Require that future contracts itemize transportation, insurance, and all deliverables, including spare parts, services and other items.
- Require suppliers to provide detailed specifications on items being supplied and detailed cost data for unique (sole source) items.
- Require competitive bidding for commodity items.
- Limit the use of middlemen.

EVALUATION OVERVIEW

TASKING

The Defense Contract Audit Agency (DCAA) and Defense Contract Management Agency (DCMA) were requested to evaluate a sample of contracts proposed by the Iraqi government that were approved and funded but not delivered under the United Nations Oil for Food (OFF) program. In total, we reviewed 759 or 10 percent of the 7,591 approved and funded but not delivered contracts as of March 20, 2003, the start of Operation Iraqi Freedom. The value of contracts evaluated is $6.9 billion, which represents 60 percent of the total $11.5 billion in the pipeline.

This report describes our objectives, methodology, limitations, findings and recommendations. We provided interim results and recommendations through the Office of the Secretary of Defense (OSD), Under Secretary of Defense for Policy, to CPA in June and in August. This report incorporates findings previously reported.

OBJECTIVES

The purpose of the evaluation was threefold: (1) to identify potential pricing issues, including overcharges and illicit surcharges; (2) to determine through price analysis a range of reasonable pricing for these contracts; and (3) to develop recommendations and lessons learned that may be applied to ongoing and future Iraqi humanitarian efforts. This provides a basis for asking additional pricing questions on existing or new contract awards or a starting point for discussions if these contracts are to be renegotiated.

METHODOLOGY

Contracts were selected for evaluation to represent the broadest possible range of commodities and suppliers of goods. Selections were based on dollar value, priority of goods, past issues with certain suppliers, and description of goods to be provided. We chose contracts representing all sectors of the Iraq economy, such as Electricity, Food, Health, Agriculture, Transportation, Water, Sanitation, and Education. We selected contracts with numerous international suppliers. Copies of contracts were provided to us by the United Nations Office of the Iraq Programme (OIP). Contracts that met our selection criteria but were not provided to us are listed in Appendix 8.

We met with representatives from OIP, including the Chief of the Contracts Processing Unit, in order to gain an understanding of the review and approval process for these contracts. OIP's primary focus was an administrative/contractual review of the items being purchased from a legal (United Nations Resolutions) perspective. Although OIP did, on occasion, raise pricing issues during its review of contracts submitted for approval, the representatives we met with stated that validating pricing was not part of their mission since no UN resolution tasked them with assessing the price

reasonableness of the contracts. Therefore, OIP performed very limited, if any, pricing review on individual contracts. We were advised that no contracts were placed on hold or not approved solely because of pricing.

To evaluate the pricing of each of the selected OFF contracts, we reviewed the terms of the contract and searched for available pricing information for the goods provided. The type of pricing information we utilized includes the following:

- World market prices for food commodities specific to the country of origin of the goods and the time periods specified in the contracts. Most of this data was provide by the U.S. Department of Agriculture (USDA).
- Published price lists for the same or similar items
- Vendor quotes for the same or similar items
- Third party pricing guides, such as Kelley Blue Book
- U.S. government purchases for the same or similar items
- Internet research for similar private or public sector projects and items
- Published industry statistics and standards
- Other OFF contracts for the same or similar items
- Consultation with industry experts
- Consultation with OIP officials

For many of the contracts evaluated, we compared contract prices, which may have been negotiated 1 to 4 years ago, to current pricing information. We did not make adjustments in our analysis for the potential impact of inflation, deflation, or currency exchange rate fluctuations. Such an exercise would have introduced an additional element of uncertainty into potentially inexact estimates. The major exception to this principle was in the area of food commodities, where we were able in most cases to obtain historical prices.

Many of the contracts, especially in the Electricity, Oil, and Water & Sanitation sectors, lacked detailed specifications or descriptions of the goods or projects. This lack of detail often hindered our ability to obtain adequate comparable pricing data. In some cases, we were able to evaluate some of the individual components included in the contract. In other cases, we attempted to evaluate the project cost in total by comparing the total price to a similar project.

Most of the contracts we evaluated contain a requirement for the seller to deliver the goods to Baghdad or other locations within Iraq. Shipping and trucking costs were usually not separately priced but were often included in the contract prices of the equipment or commodities being procured. When possible, we included estimates for shipping or trucking costs in our analysis, but we were not able to do so for all contracts.

LIMITATIONS

Our findings are provided with the following limitations:

- The pricing evaluations performed by the team were not "audits." To audit means to go through the process, in accordance with established auditing standards, of examining and verifying a company's financial records, cost representations, and supporting documents against stated criteria such as Generally Accepted Accounting Principles (GAAP) or procurement regulations. None of the UN Security Council resolutions that established and modified the OFF program included objective criteria by which individual contracts could be evaluated for price reasonableness. In addition, an audit of contract prices would typically entail an evaluation of the financial records of the supplier. OIP informed us that they did not have, nor did they seek, supplier financial records. Our evaluation was based on a review of the contracts as submitted to OIP.

- In a typical contract pricing environment, prices are evaluated for reasonableness based on a variety of factors. For commodities, fair and reasonable prices are generally based on prevailing world market conditions or competitive bids among multiple suppliers. Although we were able, in some cases, to determine world market prices for certain commodities, OIP advised us that they did not have competitive bids that may have been obtained from other suppliers at the time of contract award. Contract pricing for unique items generally involves evaluating detailed pricing data provided by the supplier. OIP advised us that it did not have, and had not sought, such detail for any of the contracts evaluated and therefore did not provide it to us.

- Our analysis is based on a review of the contract as submitted to the U.N. for approval, and, in some cases, clarifying correspondence between the U.N. and the supplier. OIP did not provide any detailed pricing data, correspondence, or other information that may have passed between the suppliers and the Iraq ministries as part of the negotiation of these contracts.

- In many cases, our analysis was based on a comparison of contract prices established in other countries to U.S. market prices for the same or similar items. Significant economic differences, such as tax laws, labor laws, price subsidies, import/export tariffs, industrial bases, etc., can result in wide variances in market prices from country to country. Such comparisons may have resulted in a conclusion that the contract is reasonably priced when in fact the contract may not be.

- In several contracts, spares and training costs were not separately priced but were included in the total contract amount. In these cases, we were not able to make independent estimates of these costs. As a result, our comparison of contract prices to market prices that do not include such costs may yield disparate results.

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FINDINGS & RECOMMENDATIONS

DEFINITIONS

We categorized our conclusion on each contract into one of the three groupings defined below. Although some contracts may have individual items that meet any or all of the three definitions, our assessment of whether the contract is potentially overpriced, reasonably priced, or inconclusive was made for the contract in total.

Potentially Overpriced

This category includes those contracts for which we found pricing or market data for the same or similar items that was substantially less than the contract prices. We considered a contract to be potentially overpriced if the overpricing in total exceeds 5 percent of the total contract value.

Reasonably Priced

This category includes those contracts where the prices are comparable to or compare favorably to the best prices we were able to find for the same or similar items. When our analysis price was substantially equal to or exceeded the contract price, we considered the contract to be reasonably priced.

Although we may not have identified potential overpricing on these contracts, other issues, such as excessive spares or training, and hidden surcharges, may exist.

Inconclusive

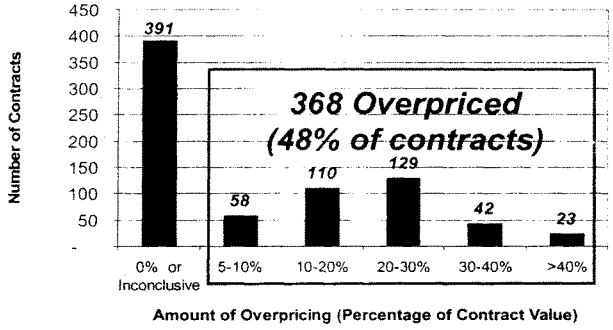
This category includes contracts that did not contain sufficient detail for us to identify comparable goods elsewhere, or we were unable to obtain independent pricing data for comparable goods.

SUMMARY OF RESULTS OF EVALUATION

Our conclusions on the 759 contracts we evaluated are summarized below.

CONCLUSION	No. of Contracts	Value	Overpricing
POTENTIALLY OVERPRICED	368	$3.1 Billion	$ 656 Million
REASONABLY PRICED	347	$2.7 Billion	
INCONCLUSIVE	44	$1.1 Billion	
TOTAL	**759**	**$6.9 Billion**	**$ 656 Million**

We noted potential overpricing totaling $656 million in at least 48 percent of the contracts evaluated. This amount could be higher since we were unable to form a conclusion on 44 contracts, valued at $1.1 billion. The average amount of overpricing identified on each overpriced contract is 21 percent. This equates to potential overpricing of 9 percent of the total value of contracts evaluated. The chart below illustrates our findings.



Food commodity contracts are the most consistently overpriced, with overpricing identified in 87 percent of the contracts averaging 22 percent of the contract value. In the other sectors, 37 percent of contracts are potentially overpriced, averaging 20 percent of the contract value.

The potential overpricing by sector is detailed as follows:

	Total Contracts		Potentially Overpriced					
Sector	(a) No.	(b) ($000) Value	(c) No.	(c)/(a) Percent of Contracts[1]	(d) ($000) Value	(e) ($000) Overprice	(e)/(d) Percent Overpriced[2]	(e)/(b) Percent of Total[3]
Food	178	2,131,392	155	87%	1,743,404	390,386	22%	18%
Electricity	35	1,225,974	8	23%	134,444	21,245	16%	2%
Transportation	88	595,002	19	22%	134,122	23,543	18%	4%
Vehicles	135	513,426	79	59%	145,860	17,790	12%	3%
Oil	49	611,769	16	33%	162,295	25,845	16%	4%
Agriculture	62	313,056	29	47%	173,312	41,286	24%	13%
Heavy Equip	36	265,950	9	25%	98,281	15,184	15%	6%
Housing	66	451,408	17	26%	173,756	37,991	22%	8%
Water & Sanitation	33	363,657	9	27%	72,705	21,218	29%	6%
Health	55	349,482	17	31%	175,833	39,746	23%	11%
Education	15	87,413	6	40%	58,237	20,425	35%	23%
Miscellaneous	7	31,293	4	57%	30,550	1,259	4%	4%
Total	**759**	**6,939,822**	**368**	**48%**	**3,102,799**	**655,920**	**21%**	**9%**

[1] Percent of contracts that are potentially overpriced

[2] Extent of overpricing on overpriced contracts

[3] Extent of overpricing on all contracts

SURCHARGES

It is widely rumored that many of the OFF contracts contained illicit surcharges of 10 to 20 percent of the contract price that were earmarked for return by the supplier to the former Iraqi regime. We were advised by the United Nations Office of the Iraq Programme (OIP) that these surcharges were often referred to as "after sales service costs." OIP representatives indicated they had heard stories of such surcharges but had not sought and did not have any factual documentation of their existence. They also advised that they had heard these surcharges could be in contracts in any sector, but may be more prevalent in oil spares, food, and construction contracts.

We were asked specifically to identify contracts that include these surcharges. We found that identifying the existence of surcharges or "after sales service costs" is generally not possible from examination of the contract alone since the contract terms and conditions generally do not specifically identify them. Identification appears to be possible only through communication with either contracting party, the Iraqi ministry who awarded the contract or the supplier/exporter. We were advised that CPA is currently working with Iraqi ministry personnel to identify contracts that contain such surcharges.

In our evaluation of 759 contracts, we noted only five examples of "after sales service" charges:

1. COMM 1000812: This is a medicine contract between Dr. Reddy's Lab and The State Company for Drugs and Medical Supplies (Kimadia). The supplier, in its transmittal of the contract to its mission at the UN, states "Please be informed that Euro 4612/ - (which is 10 percent of the value) have to be returned to Kimadia as after sales service expenses."

2. COMM 730939: This is a forklift contract between China North Industries Corp. (NORINCO) and the State Oil Marketing Organization (SOMO). The purchase order contains a line item called "after sales service" that is exactly 10 percent of the price of the forklifts.

3. COMM 830449: This is a contract for pumps between Petroleum & Industrial Realization Contractors (PIRECO) and the Iraqi Ministry of Oil. We discussed the pricing of this contract with the manufacturer's regional sales representative, who stated the contract price contains an "after sales service fee" of 10 percent.

4. COMM 1030484: This is a contract for pumps and spares between WESCO (located in UAE) and the Iraqi Ministry of Oil. The materials are provided by a Scottish supplier. We contacted the Scottish supplier (Weir) who provided us with a copy of its offer to WESCO. We noted that the contract prices in the OFF contract (WESCO and Iraq) are exactly 10 percent higher than Weir's offer to WESCO. Weir stated the 10 percent increase is an "after sales service charge."

5. COMM 830077: This is a contract for oil field trucks between Bukkehave and the Ministry of Oil. The origin of the vehicles is a U.S. manufacturer; Bukkehave is acting as the "middleman." The contract includes a line item called "After Sales Service" at 15 percent of the contract value. Bukkehave responded to a UN request in a March 28, 2001 memo explaining the after sales service as follows: "The after sales service has been a natural part of our contracts with the Iraqis and it is a normal term all over the world." This memo goes on to describe the purpose of the surcharge as a "security for the client that the trucks can drive when they receive them." According to the memo the charge covers the cost of one contractor employee for 15 days to teach the Iraqi staff to drive the trucks. The OIP commented on the after sales service, and the contractor's explanation of it, in its April 9, 2001 customs report. In this report, the OIP stated that any payment of a sales service would be contingent on "authentication...by the UN Independent Inspection Agents at the borders of Iraq (Cotecna)..."

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SPARES

Many of the equipment and vehicle contracts contain unusually large quantities of spares. We were advised that Iraq often purchased and warehoused large quantities of spares presumably because it was uncertain that it would be able to obtain them in the future if the OFF program expired or if Iraq was otherwise unable to import goods. However, the lifting of trade sanctions in UN Security Council Resolution (UNSCR) 1483 (May 21, 2003) may obviate the need to procure large quantities of spares.

Although we generally did not evaluate the pricing of spares, we did perform a limited review on some contracts. Most contracts with spares included a separate listing of parts with prices for each part. Some contracts merely state that the contract price includes spares, but do not separately list or price the spares or state what percentage of the total is comprised of spares.

The percentage of contracts containing separately priced spares and the average price of spares as a percentage the contract value are summarized in the following table. For example, 72 percent of the Heavy Equipment contracts contain spares that are separately priced. On those contracts, spares comprise on average 16 percent of the contract price.

SECTOR	NO. OF CONTRACTS	NO. WITH SPARES	% WITH SPARES	AVERAGE SPARES %
AGRICULTURE	62	3	5%	41%
EDUCATION	15	2	13%	22%
ELECTRICITY	35	12	34%	7%
FOOD	178	-		
MISCELLANEOUS	7	-		
HEALTH	55	16	29%	26%
HEAVY EQUIP	36	26	72%	16%
HOUSING	66	-		
OIL	49	3	6%	10%
TRANSPORTATION	88	60	68%	17%
VEHICLES	135	95	70%	10%
WATER & SANITATION	33	8	24%	53%
TOTAL	**759**	**225**	**30%**	**13%**

In general, we observed that spares, when separately priced, often appeared to be a fixed percentage (e.g., 10 percent, 15 percent, etc.) of the contract value. The prices of individual parts appear to have been estimated in such a manner as to arrive at the desired total amount for spares.

Listings of all contracts evaluated that contain spares are provided at Appendix 3 (Spares Separately Priced) and Appendix 4 (Spares Not Separately Priced).

TRAINING

Sixty-four (64) of the 759 contracts we evaluated contained language that required the seller to provide, at its expense, training to Iraqi personnel. The contracts almost always stipulated the duration and location of the training. Generally, the training was to be offered in the supplier's country. In all cases, the training was not separately priced.

While the need for the training may be legitimate, we were unable to make that assessment. In addition, the fact that the training was not separately priced made our price analysis problematic. We compared contract prices that include training to our analysis-derived prices that do not include training. In some cases, this may explain the overpricing we identified.

A list of the contracts we evaluated in which we noted training costs not separately priced is provided in Appendix 5.

TRANSPORTATION COSTS

In most contracts evaluated, transportation costs were not separately priced. We consulted with a transportation expert from the United Nations Joint Logistics Center (UNJLC) in an attempt to understand the unique circumstances regarding transportation to and within Iraq that may impact the pricing of the OFF contracts. We also spoke with the General Manager of a transportation company based in Dubai who ships to Iraq. We were advised by these transportation experts that transportation costs built into OFF contract prices may be artificially high due to inefficiencies at Iraqi-run ports, mandatory additional payments to the Iraqi regime to offload goods from ships, and mandatory use of Iraqi-run inland trucking companies. However, the UNJLC expert indicated the impact of these excesses may be offset by increased "war risk" insurance premiums that suppliers may now be required to pay.

When possible, we included estimates for transportation costs in our analysis. Our estimates were derived as follows:

Ocean Freight

Food Commodities

We relied on estimated freight costs provided to us by USDA experts. The freight costs provided were specific to the individual commodity and the country of origin. In the absence of specific estimates from USDA, we estimated costs based on Internet price lists or by using a USDA estimate for a similar commodity.

Vehicles

Our analysis did not include specific consideration for freight costs. Our research indicated that shipping costs would generally be offset by the value of fleet discounts, which also were not specifically factored into our analysis. We found the value of fleet discounts available to U.S. buyers typically start at $300 and could be as high as $2,000 per vehicle. We also observed that UN humanitarian organizations were able to obtain quantity discounts in the 7 to 8 percent range when contracting directly with Japanese car manufacturers. These discounts are usually offset by transportation costs, which can also range from $300 to $2,000 per vehicle.

Piping and Accessories

We reviewed a large number of piping contracts in the Agriculture, Oil, and Water & Sanitation sectors. In most cases, based on advice we received from a U.S. supplier, we estimated transportation costs by adding a factor of 20 percent to the quotes provided.

Inland Trucking

Based on advice from the UNJLC transportation expert and a former USDA attaché to Iraq, we estimated inland trucking costs from the port to final destinations in Iraq at $20 per metric ton.

USE OF MIDDLEMEN

During our evaluation, we noted that many of the contracts appear to be with a middleman rather than directly with the manufacturer or supplier of the goods. Since OIP provided us with only the contracts between the Iraqi ministries and the supplier, which may be a middleman, we generally did not have data (such as contracts between the middleman and the manufacturer) to use to analyze the extra cost associated with using a middleman versus contracting directly with the manufacturer or supplier of the goods. However, in the following two examples where we did have data we noted the incremental cost of using a middleman appears to be about 20 percent:

1. Many of the contracts from the U.N. agencies are direct with the suppliers. Although we noted some potential overpricing on these contracts, the overpricing is primarily based on comparing prices from one OFF contract to another. For example, UNICEF paid $16,000 for a Toyota Hilux pickup and World Health Organization (WHO) paid $19,000 for the same. We concluded the WHO contract is potentially overpriced by $3,000 per vehicle. The UNICEF contract is direct with Toyota Motor Corporation in Japan, and the WHO contract is with Toyota Gibraltar Stockholding Company, LTD (agents for Toyota Motor Marketing in Europe). The contracts are for similar quantities and similar time frames. This indicates that the cost of not contracting directly with the manufacturer was 19 percent for the WHO contracts.

2. In our evaluation of COMM 830077 for an Oil Field Truck, we noted the truck was to be supplied by a U.S. supplier through a Danish middleman (Bukkehave). We contacted the U.S. supplier of the vehicle who provided us with the price at which it sold the trucks to Bukkehave. In turn, the middleman, Bukkehave, sold the truck to Iraq at a 20 percent markup.

RECOMMENDATIONS

Based on our review, we offer the following recommendations to ensure fair and reasonable prices on current and future contracting efforts:

Immediate Action on Existing OFF Contracts:

1. Request additional documentation from suppliers for all contracts that are identified as potentially overpriced and for those where our analysis was inconclusive. At a minimum, the following should be requested of the supplier:

   - Separately price all transportation and insurance charges
   - Separately price all deliverables, including spare parts, services, or other items
   - Provide clear and detailed specifications for items to be delivered
   - Provide detailed cost data for unique (sole source) items

2. Require pricing adjustments, including deletion of Iraqi "service charges," on all overpriced contracts where the overpricing can not be adequately explained by the supplier.

3. Advise UN not to proceed with overpriced contracts or suppliers who refuse to adjust downward.

4. Assess the need for the large quantities of spares and the need for training in all contracts that include these items. Although we may have concluded a contract is reasonably priced, if it is determined that the spares are excessive or the training is unnecessary, those requirements should be removed from the contract and contract prices adjusted downward.

5. Assess whether contracts for "old technology" or items of questionable value are essential for immediate needs.

6. Engage a transportation expert to determine cost differences due to changed circumstances.

Future Action of Post-OFF Contracting

1. Require that future contracts itemize transportation, insurance, and all deliverables, including spare parts, services, and other items.

2. Require suppliers to provide detailed specifications on items being supplied and detailed cost data for unique (sole source) items.

3. Require competitive bidding for commodity items.

4. Limit the use of middlemen.

DETAILED FINDINGS BY SECTOR

OVERVIEW

During our evaluation, we noted that the same or similar items may be included in several sectors. For example, heavy equipment (bulldozers, forklifts, etc.) were included in the Agriculture, Oil, Housing, Electricity, Health, and Water & Sanitation sectors. We evaluated like items together and grouped them into a common sector for the purpose of this report. The Heavy Equipment sector includes all contracts for wheel loaders, bulldozers, excavators, forklifts, tractors, and other similar equipment. Likewise, the Vehicles sector contains all passenger vehicles (sedans), light trucks (pickups), and Sport Utility Vehicles (SUVs). The Transportation sector includes all cargo trucks, buses, railroad equipment, motorcycles, and other miscellaneous transportation equipment. Items unique to a sector, such as an oil field truck, remain in that sector.

The detail results by sector include numerous schedules showing the contract prices for items evaluated our analysis prices, and the potential overpricing. Although there are numerous instances where the analysis price is less than the contract price, we computed potential overpricing only if the difference exceeds 5 percent of the contract in total.

In many cases, due to the sheer volume of line items in some contracts (some contracts had in excess of 1,000 line items); we only reviewed a portion of some contracts. The summaries at the beginning of each section include the total contract price. However, the detailed schedules in the accompanying notes only contain the line items we evaluated.

Most contracts are stated in the currency of the supplier's country or Euro. For this evaluation, we converted all contract values to U.S. dollars.

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SUMMARY RESULTS BY SECTOR

Sector	Total			Potentially Overpriced			Reasonably Priced		Inconclusive	
	Contracts Reviewed	($000) Value	($000) Spares	Contracts Reviewed	($000) Value	Potential Overpricing	Contracts Reviewed	($000) Value	Contracts Reviewed	($000) Value
AGRICULTURE	62	313,056	6,080	29	173,312	41,286	29	108,674	4	31,070
EDUCATION	15	87,413	3,821	6	58,237	20,425	9	29,175	-	-
ELECTRICITY	35	1,225,974	17,515	8	134,444	21,245	11	289,167	16	802,363
FOOD	178	2,131,392	-	155	1,743,404	390,387	23	387,989	-	-
HEALTH	55	349,482	25,295	17	175,833	39,746	32	150,829	6	22,820
HEAVY EQUIP	36	265,950	19,847	9	98,281	15,184	26	166,892	1	777
HOUSING	66	451,408	-	17	173,756	37,991	49	277,651	-	-
MISCELLANEOUS	7	31,293	-	4	30,550	1,259	3	743	-	-
OIL	49	611,769	3,488	16	162,295	25,845	26	375,282	7	74,192
TRANSPORTATION	88	595,002	63,090	19	134,122	23,543	69	460,880	-	-
VEHICLES	135	513,426	42,197	79	145,860	17,790	56	367,566	-	-
WATER & SANITATION	33	363,657	25,281	9	72,705	21,218	14	119,545	10	171,407
TOTAL	759	6,939,823	206,614	368	3,102,799	655,920	347	2,734,393	44	1,102,630

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AGRICULTURE

SUMMARY OF EVALUATION
AGRICULTURE SECTOR

Description	Note	Total Contracts			Potentially Overpriced				Reasonably Priced		Inconclusive	
		No.	($000) Value	($000) Spares	No.	($000) Value	Potential Overpricing	Percent	No.	($000) Value	No	($000) Value
IRRIGATION SYSTEMS & EQUIP												
SPRINKLER IRRIGATION SYSTEMS	1	11	107,896	185	7	75,182	18,365	24%	4	32,714	-	-
PVC PIPES & FITTINGS	2	1	267	-	-	-	-		1	267	-	-
GALVANIZED PIPE & DIESEL MOTOR	2	1	9,955	-	-	-	-		1	9,955	-	-
CASING PIPES & ACCESSORIES	2	6	15,162	-	5	13,471	4,970	37%	1	1,691	-	-
WATER PUMPS & SPARES	3	5	12,779	5,721	1	3,686	568	15%	4	9,093	-	-
MECHANICAL EQUIPMENT												
GENERATING SET & SPARES	4	2	1,846	174	-	-	-		2	1,846	-	-
DRILLING RIG	5	1	20,090	-	-	-	-		1	20,090	-	-
MAKHOOL DAM PROJECT	6	1	27,496	-	-	-	-		-	-	1	27,496
FARM SUPPLIES												
POULTRY FARMS	7	2	7,203	-	-	-	-		2	7,203	-	-
BROILER/LAYER PROTEIN CONCENTRATE	8	3	13,692	-	3	13,692	3,603	26%	-	-	-	-
VETERINARY MEDICAL SUPPLIES	9	7	15,153	-	-	-	-		5	12,030	2	3,123
FEED BARLEY	10	3	40,150	-	3	40,150	7,623	19%	-	-	-	-
CORN	11	2	7,350	-	2	7,350	2,097	29%	-	-	-	-
SOY BEAN MEAL	12	5	20,269	-	4	18,602	3,917	21%	1	1,667	-	-
PESTICIDE	13	6	3,252	-	2	1,108	133	12%	3	1,693	1	451
MISCELLANEOUS ITEMS												
STEEL SCAFFOLDING	14	1	10,407	-	-	-	-		1	10,407	-	-
BOATS	15	2	72	-	2	72	11	16%	-	-	-	-
LIFE JACKETS	16	2	14	-	-	-	-		2	14	-	-
WATERPROOF OVERALLS	17	1	4	-	-	-	-		1	4	-	-
TOTAL		62	313,056	6,080	29	173,312	41,286	24%	29	108,674	4	31,070

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1. SPRINKLER IRRIGATION SYSTEMS

The OFF contracts include four different types of irrigation sprinkler systems for agricultural irrigation of various crops under Iraq's Enhanced Domestic Food Production Program. The contracts are with a number of suppliers in eight different countries (see table below). We evaluated the contract price by searching the Internet, contacting suppliers and comparing prices among OFF contracts. The contracts evaluated were awarded between August 1999 and October 2001. We found an Internet price list that provided pricing data for specific types of sprinkler systems (e.g., center pivot, linear, etc.) and other specifications (such as acres to be covered). Using this data, we concluded the Solid State sprinklers appear to be reasonably priced. However, the Center Pivot, Linear Move and Miscellaneous sprinkler systems are potentially overpriced. The prices quoted do not include shipping. Also, most of the contracts had spares and accessories built into the unit prices.

PRICING DETAILS
IRRIGATION SPRINKLER SYSTEM

				Contract (in USD)			Analysis (in USD)			
Comm	Mission	Date	Description	Qty	USD Unit Price	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	% Diff.
1001179	Russia	10/25/2001	Solid Set Sprinklers	550	**18,380**	10,109,127	**31,080**	-	-	
702011	Italy	7/1/2000	Solid Set Sprinklers	100	**22,900**	2,290,000	**31,080**	-	-	
801967	Russia	1/13/2001	Center Pivot Irrigation System	500	**19,116**	9,557,854	**10,522**	8,594	4,297,000	45%
900757	Italy	5/2/2001	Center Pivot Irrigation System	200	**22,375**	4,475,000	**17,908**	4,467	893,400	20%
1100304	Spain	10/9/2000	Center Pivot Irrigation System	1,000	**22,642**	22,642,161	**20,069**	2,573	2,573,000	11%
1100051	Saudi Arabia	12/17/2000	Center Pivot Irrigation System	500	**31,616**	15,807,784	**30,103**	-	-	
600378	Syria	8/31/1999	Linear Move Sprinkler System	280	**42,857**	11,999,960	**31,728**	11,129	3,116,120	26%
601909	Syria	10/28/1999	Linear Move Sprinkler System	100	**45,072**	4,507,245	**45,448**	-	-	
800329	Bulgaria	9/24/2000	Misc. Sprinkler Irrigation Systems	500	**26,040**	13,020,000	**18,991**	7,049	3,524,500	27%
901306	Egypt	5/29/2001	Misc. Sprinkler Irrigation Systems	550	**21,442**	11,792,908	**16,102**	5,340	2,937,000	25%
702218	UAE	8/27/2000	Misc. Sprinkler Irrigation Systems	100	**16,940**	1,694,000	**6,706**	10,234	1,023,400	60%
TOTALS				**4,380**		**107,896,038**			**18,364,420**	

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2. PVC Pipes & Fittings, Galvanized Pipes & Diesel Motor, and Casing Pipes & Accessories

Iraq contracted with a number of suppliers in five different countries (China, Jordan, Egypt, Russia and Saudi Arabia) for three different types of pipes used for water well drilling. The contracts evaluated were awarded between January 1999 and January 2003. We evaluated the contract price by searching the Internet, contacting suppliers and comparing prices among OFF contracts.

Our analysis used the best independently quoted price, if available, including an estimated factor of 20 percent for shipping and insurance cost based on discussions with one of the U.S. suppliers. Where we were unable to obtain an outside quote, we compared similar items among these OFF contracts. If there was a lower price among the OFF contracts, we used that price for our analysis. We noted that COMM 601477 has a requirement for the same sized pipe, with and without slotting. Pipe with slotting is priced at $88.00 per meter and pipe without slotting is priced at $22.00 per meter. This equates to a 400 percent difference. However, the quote we received from a U.S. supplier indicates a price difference of about 25 percent between pipes with slotting and pipes without slotting. To analyze the price of pipes with slotting, we added a factor of 25 percent to the lowest OFF contract price for similar sized pipe without slotting.

Many of the contracts contain numerous individual parts or components. We selected only the high-dollar items to review. The table below summarizes the parts for which we were able to obtain pricing information.

PRICING DETAILS
PIPES

COMM	Mission	Date	Description	Qty	Unit of Measure	Contract (in USD) Unit Price	Contract (in USD) Contract Value	Analysis (in USD) Unit Price	Analysis (in USD) Overprice Per Unit	Analysis (in USD) Total Overpricing	% Diff.
700505	China	1/29/2000	Casing 10 3/4	20,000	M	36.80	736,000	36.80			
1100221	Russia	10/3/2002	Casing 10 3/4	75,000	M	44.00	3,300,000	36.80	7.20	540,000	16%
700504	China	1/31/1999	Casing 10 3/4 (slotted)	4,000	M	108.00	432,000	45.00	63.00	252,000	58%
800332	Jordan	9/24/2000	Casing 10 3/4 (slotted)	12,000	M	52.63	631,560	45.00	7.63	91,560	14%
1001451	Egypt	10/30/2001	Casing 10 3/4 (slotted)	30,000	M	113.00	3,390,000	45.00	68.00	2,040,000	60%
1100221	Russia	10/3/2002	Casing 8 5/8	75,000	M	25.00	1,875,000	22.00	3.00	225,000	12%
601447	China	10/30/1999	Casing, 8 5/8	20,000	M	22.00	440,000	22.00			
700505	China	1/29/2000	Casing, 8 5/8	20,000	M	23.20	464,000	22.00			
700504	China	1/31/1999	Casing, 8 5/8 (slotted)	4,000	M	90.00	360,000	27.50	62.50	250,000	69%
1001451	Egypt	10/30/2001	Casing, 8 5/8 (slotted)	20,000	M	74.00	1,480,000	27.50	46.50	930,000	63%
800332	Jordan	9/24/2000	Casing, 8 5/8 (slotted)	12,000	M	30.52	366,240	27.50	3.02	36,240	10%
601447	China	10/31/1999	Casing, 8 5/8 (slotted)	10,000	M	88.00	880,000	27.50	60.50	605,000	69%
1001099	Russia	1/5/2003	Galvanized Pipe, 3"	3,071,014	LF	0.55	1,689,058	7.50			
1001099	Russia	1/5/2003	Galvanized Pipe, 5"	1,028,543	LF	1.11	1,141,683	7.50			
702796	Saudi	3/9/2001	PVC Casing Pipe	32,000	M	8.12	259,840	8.47			
TOTALS										4,969,800	

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3. WATER PUMPS AND SPARES

Iraq contracted with suppliers in three countries (Jordan, Egypt and Turkey) for water pump sets and spares to be used by farmers in the 15 Governorates of Iraq. The pumps are used for irrigation purposes in areas where electric power supply is not available or not sufficient. Three of the five contracts were with Arab Pump Manufacturing Company of Jordan. The contracts were awarded between June 2002 and January 2003. Many of the contracts contain numerous individual parts or components. We selected only the high dollar items to evaluate. We evaluated the contract prices by searching the Internet, contacting suppliers, and comparing prices between OFF contracts. We compared the contract prices to the average quoted price from six other suppliers. Based on our analysis we found only one Jordanian contract that had potentially overpriced items.

Our analysis does not include an estimate for shipping costs. The table below summarizes the parts for which we were able to obtain pricing information.

PRICING DETAILS
PUMP & SPARES

						Contract (in USD)		Analysis (in USD)			
COMM	Mission	Date	Engine	Description of Part	Qty	Unit Price	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	% Diff.
1101551	Jordan	8/17/2002	Deutz D-302-2	Crankshaft w/ balance weight	50	814.76	40,738	3,102.36	-	-	
1101551	Jordan	8/17/2002	Deutz D-302-2	Crankshaft	50	269.19	13,460	373.11	-	-	
1101551	Jordan	8/17/2002	Deutz F3 L912	Crankshaft	40	430.55	17,222	2,353.51	-	-	
1101551	Jordan	8/17/2002	Deutz F3 L912	Camshaft	40	280.50	11,220	1,021.64	-	-	
1101551	Jordan	8/17/2002	Deutz F3 L912	Fuel Injection Pump	80	2,310.00	184,800	2,868.58	-	-	
1101551	Jordan	8/17/2002	Deutz F3 L912	Gasket Set	300	143.50	43,050	166.42	-	-	
1101551	Jordan	8/17/2002	Deutz F4 L912	Crankshaft	40	1,787.50	71,500	3,177.25	-	-	
1101551	Jordan	8/17/2002	Deutz F4 L912	Camshaft	40	286.00	11,440	1,733.04	-	-	
1101551	Jordan	8/17/2002	Deutz F4 L912	Fuel Injection Pump	80	2,733.50	218,680	3,270.81	-	-	
1101551	Jordan	8/17/2002	Deutz F4 L912	Crankcase	30	3,036.00	91,080	5,584.24	-	-	
1101551	Jordan	8/17/2002	Deutz F4 L912	Gasket Set	300	171.60	51,480	156.60	-	-	
1101551	Jordan	8/17/2002	Deutz F6 L912	Crankshaft	50	2,310.00	115,500	5,616.34	-	-	
1101551	Jordan	8/17/2002	Deutz F6 L912	Fuel Injection Pump	80	3,039.90	243,192	3,704.81	-	-	
1101551	Jordan	8/17/2002	Deutz BF6 M1013	Crankcase	20	4,147.00	82,940	5,327.50	-	-	
1101551	Jordan	8/17/2002	Deutz BF6 M1013	Thrust Washer	75	23.49	1,762	28.55	-	-	
1101551	Jordan	8/17/2002	Deutz BF6 M1013	Cylinder Head	60	2,327.99	139,679	3,583.65	-	-	
1101551	Jordan	8/17/2002	Deutz BF6 M1013	Camshaft	60	914.22	54,853	1,101.87	-	-	
1101551	Jordan	8/17/2002	Deutz BF6 M1013	Starter	50	679.00	33,950	539.06	-	-	
1100358	Egypt	6/3/2002	Deutz F3 L912	3 Cylinder Engine	500	4,850.39	2,425,195	4,813.33	-	-	
1101550	Jordan	8/17/2002	Deutz F3 L912	APM56 Pump	150	4,513.00	676,950	5,715.00	-	-	
1101637	Turkey	8/17/2002	Water Pump Set	Model 8522-C 20-22 HP	200	1,817.82	363,564	5,715.00	-	-	
1201608	Jordan	1/5/2003	3-Diesel Engine	Pump - 56	150	14,138.00	2,120,700	12,471.00	1,667.00	250,050	12%
1201608	Jordan	1/6/2003	3-Diesel Engine	Pump - 8060	100	15,650.00	1,565,000	12,471.00	3,179.00	317,900	20%
TOTALS										567,950	

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4. GENERATING SETS AND SPARES

Iraq contracted with Al Mohandes International Co. of Egypt on two separate contracts for generator sets and spares to be used as standby electric power for farms. The contracts were awarded in April and December 2001. Spare parts represent 20 percent of the total price. We compared prices to quotes received for the same or similar items based on Internet vendor searches. Based on our price analysis, the generator set contracts appear to be reasonably priced.

5. DRILLING RIGS

Iraq contracted with a UK supplier for 12 hydraulic top-drive rotary drilling rigs to be delivered to three separate locations: Dohuk, Erbil and Suleimaniyah. The contract was awarded in April 2001 for humanitarian assistance to internally displaced populations in Northern Iraq. We evaluated the contract price by searching the Internet and contacting suppliers. We compared the contract price to a U.S. supplier quote for a comparable drilling-rig package. Although the quoted price was similar to the contract price, the quote did not include an estimate for shipping or other associated costs. Based on our price analysis, the drilling-rig contract appears to be reasonably priced.

6. MAKHOOL DAM PROJECT

The subject contract is for the Makhool Dam Project located in Salah Aldeen Governate of Iraq. The evaluated contract was awarded in March 2002. We selected some of the high-dollar and/or unusual items to review for detailed price comparisons. We compared the contract values to estimates provided by the Army Corps of Engineers for various U.S. dam projects. The U.S. prices appear to be considerably higher than the contract prices for the components evaluated. However, the contract does not contain sufficient detail to determine if the U.S. projects are comparable to the Iraqi project. We were informed that, on a large construction project, there could be an inherent risk that some items could be inflated as to price, and not readily

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4. GENERATING SETS AND SPARES

Iraq contracted with Al Mohandes International Co. of Egypt on two separate contracts for generator sets and spares to be used as standby electric power for farms. The contracts were awarded in April and December 2001. Spare parts represent 20 percent of the total price. We compared prices to quotes received for the same or similar items based on Internet vendor searches. Based on our price analysis, the generator set contracts appear to be reasonably priced.

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Iraq contracted with a UK supplier for 12 hydraulic top-drive rotary drilling rigs to be delivered to three separate locations: Dohuk, Erbil and Suleimaniyah. The contract was awarded in April 2001 for humanitarian assistance to internally displaced populations in Northern Iraq. We evaluated the contract price by searching the Internet and contacting suppliers. We compared the contract price to a U.S. supplier quote for a comparable drilling-rig package. Although the quoted price was similar to the contract price, the quote did not include an estimate for shipping or other associated costs. Based on our price analysis, the drilling-rig contract appears to be reasonably priced.

6. MAKHOOL DAM PROJECT

The subject contract is for the Makhool Dam Project located in Salah Aldeen Governate of Iraq. The evaluated contract was awarded in March 2002. We selected some of the high-dollar and/or unusual items to review for detailed price comparisons. We compared the contract values to estimates provided by the Army Corps of Engineers for various U.S. dam projects. The U.S. prices appear to be considerably higher than the contract prices for the components evaluated. However, the contract does not contain sufficient detail to determine if the U.S. projects are comparable to the Iraqi project. We were informed that, on a large construction project, there could be an inherent risk that some items could be inflated as to price, and not readily

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identifiable unless quotes could be obtained from other construction companies that build dams. Therefore, our results are inconclusive.

7. POULTRY FARMS

Iraq contracted with an Italian supplier in February and April 2001 for two separate contracts to build poultry farms. Each of the two contracts is for eight Poultry Farms. Each farm consists of one rearing installation and three production installations, accessories, and spare parts. The goods are intended for the agricultural industry in Iraq. We evaluated the OFF contracts by searching the Internet, contacting suppliers, and consulting with industry experts. We received price estimates from experts from Oklahoma State University and from Michigan State University. Based on our price analysis, the poultry farm contracts appear to be reasonably priced.

8. BROILER/LAYER PROTEIN CONCENTRATE

We evaluated three OFF contracts for deliveries of 31,000 metric tons of layer protein and broiler protein concentrate to be used in animal feed. We obtained market prices from the Kentucky Agricultural Statistics Service and Indiana Agricultural Statistics Service for the time period when the contracts were awarded. We compared the statistics to the contract metric ton prices. Our analysis includes an estimate for freight and inland trucking. The contracts in total are potentially overpriced by 26 percent.

PRICING DETAILS
PROTEIN CONCENTRATE

COMM	Supplier Country	Country of Origin	Date	Metric Tons	Contract USD Price/MT	Contract Total Value	Analysis (in USD) USD Price/MT	Analysis (in USD) Freight/ Trucking	Analysis (in USD) Analysis Price/MT	Potential Overpricing	% Over
LAYER PROTEIN CONCENTRATE											
800783	France	Spain	11/7/2000	5,000	371.70	1,858,481	286.00	45.00	331.00	203,481	11%
BROILER PROTEIN CONCENTRATE											
800784	France	Spain	11/27/2000	10,000	420.89	4,208,945	266.20	45.00	311.20	1,096,945	26%
1101080	Belgium	Belgium	6/7/2002	16,000	476.53	7,624,549	287.65	45.00	332.65	2,302,149	30%
TOTALS				**31,000**		**13,691,975**				**3,602,575**	

9. VETERINARY MEDICAL SUPPLIES

Iraq contracted with suppliers in France, India and Malaysia for deliveries of numerous veterinary drugs and supplies. We conducted extensive web searches and requested information from the Defense Logistics Agency (DLA) for the majority of the higher priced veterinary supplies. Many of the contracts contain numerous line items of individual medicines and supplies. We selected only the high-dollar items to review. We were unable to obtain pricing information for many of the items selected. We consider our analysis to be inconclusive for those contracts. However, for those where we were able to obtain prices, the prices we found are comparable to or exceed the OFF contract prices. In such cases, we consider the OFF contracts to be reasonably priced. The table below lists the items for which we were able to obtain pricing information.

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PRICING DETAILS
VETERINARY MEDICAL SUPPLIES

COMM	Mission	Date	Description	Package/ Dose	Qty	Contract (in USD)		Analysis (in USD)			
						Unit Price	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	% Diff.
1002232	France	2/28/2000	Foot & Mouth Vaccine (Type O1) Cattle	Vial of 1,000	10,000	21.50	215,000	63.07	-	-	
1002232	France	2/28/2000	Foot & Mouth Vaccine (Type O1) Sheep	Vial of 1,000	10,000	2.40	24,000	19.30	-	-	
1002232	France	2/28/2000	Mark's Disease Vaccine	Vial of 1,000	4,000	9.70	38,800	34.76	-	-	
1100813	India	4/16/2002	Albendazole	liter	75,000	1.0027	75,203	1.19	-	-	
1100813	India	4/16/2002	Quinapyramine Trepalnol	1 Sachet	3,000	1.1417	3,425	1.50	-	-	
1101412	India	6/9/2002	Niclosamide Powder	100 grams	20,000	1.4681	29,362	1.80	-	-	
1000876	Malaysia	11/9/2001	Dafilon Reverse Cutting Needle	box of 36	71	17.01	1,208	40.35	-	-	
1000876	Malaysia	11/9/2001	Cervix Set	1 dozen	517	196.65	101,668	174.00	-	-	
1000876	Malaysia	11/9/2001	Bone Wax	box of 24	1,395	31.25	43,594	93.00	-	-	
1000876	Malaysia	11/9/2001	Lyostypt	box of 12	4,216	39.03	164,550	100.64	-	-	
1000876	Malaysia	11/9/2001	Reverse Cutting Needle-Silk Black Braid	box of 36	4,231	10.10	42,733	6.20	-	-	
1200323	Malaysia	8/4/2002	Suture Needle (2XVSPMS-6/0)	1 dozen	904	113.85	102,920	135.18	-	-	
1200323	Malaysia	8/4/2002	Suture Needle (DSM11-6/0)	1 dozen	724	43.36	31,393	55.40	-	-	
1200323	Malaysia	8/4/2002	Suture Needle (HR48-2/0)	1 dozen	11,591	23.76	275,402	26.43	-	-	
1200323	Malaysia	8/4/2002	Suture Needle (HR48-0)	1 dozen	18,262	25.54	466,411	28.84	-	-	
1200323	Malaysia	8/4/2002	Suture Needle (HR40-2)	1 dozen	19,290	27.92	538,577	27.70	-	-	
1200323	Malaysia	8/4/2002	Suture Needle (2XDSM13-4/0)	1 dozen	837	55.44	46,403	61.23	-	-	
1200323	Malaysia	8/4/2002	Suture Needle (DS24-3/0)	1 dozen	520	13.86	7,207	44.23	-	-	

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10. FEED BARLEY

We evaluated three OFF contracts for deliveries of 250,000 metric tons of white barley to be used as animal feed. The three contracts are with suppliers in Egypt and Russia and were awarded a month apart, in June and July 2000. We evaluated the contracts by searching the Internet and contacting the USDA. We compared the contract prices to market prices obtained from the USDA for exports of feed barley from the same countries and time periods identified in the contracts. Our analysis includes an estimate supplied by USDA for freight. Based on our analysis, the contracts in total are potentially overpriced by 19 percent.

PRICING DETAILS
FEED BARLEY

COMM	Supplier Country	Country of Origin	Date	Metric Tons	Contract USD Price/MT	Contract Total Value	Analysis (in USD) USD Price/MT	Analysis (in USD) Freight/ Trucking	Analysis (in USD) Analysis Price/MT	Potential Overpricing	% Over
701030	Egypt	Egypt	6/7/2000	100,000	160.60	16,060,000	116.86	13.25	130.11	3,049,000	19%
701298	Russia	Russia, Kazakstan, Ukraine	7/5/2000	100,000	160.60	16,060,000	116.86	13.25	130.11	3,049,000	19%
701299	Russia	Russia, Kazakstan, Ukraine, Belarus	7/5/2000	50,000	160.60	8,030,000	116.86	13.25	130.11	1,524,500	19%
TOTALS				**250,000**		**40,150,000**				**7,622,500**	

11. CORN

Iraq contracted with suppliers in Argentina and Lebanon for deliveries of 42,000 metric tons of Argentinian yellow corn to be used as animal feed. The contracts were awarded in September 2000 and July 2002. We compared the contract prices to market prices obtained from the USDA for exports of yellow corn from Argentina for the same time periods identified in the contracts. Our analysis includes an estimate for freight and inland trucking supplied by the USDA. The contracts in total are potentially overpriced by 29 percent.

PRICING DETAILS
CORN

COMM	Supplier Country	Country of Origin	Date	Metric Tons	Contract USD Price/MT	Contract Total Value	Analysis (in USD) USD Price/MT	Analysis (in USD) Freight/ Trucking	Analysis (in USD) Analysis Price/MT	Potential Overpricing	% Over
800526	Argentina	Argentina	9/26/2000	30,000	151.80	4,554,000	79.00	48.50	127.50	729,000	16%
1200447	Lebanon	Argentina	7/23/2002	12,000	233.00	2,796,000	97.00	22.00	119.00	1,368,000	49%
TOTALS				**42,000**		**7,350,000**				**2,097,000**	

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12. SOYBEAN MEAL

Iraq contracted with suppliers in Egypt, India, and the United Arab Emirates (UAE) for deliveries of soybean meal in 50-kg packets for poultry feed manufacturing under Poultry Production Projects. The contracts were awarded between March 1999 and November 2002. We evaluated the contract prices by searching the Internet, contacting the USDA, and comparing the prices between OFF contracts. The contracts ranged in price from $191.50 to $336.83 per metric ton. The first Indian contract in 1999, under Phase 5, was notably less expensive per ton than the subsequent Indian contracts. The contracts in total are potentially overpriced by 20 percent. One Indian contract, COMM 1100541, is potentially overpriced by 34 percent (see table).

PRICING DETAILS
SOYBEAN MEAL

					Contract (in USD)		Analysis (in USD)				
COMM	Supplier Country	Country of Origin	Date	Metric Tons	USD Price/MT	Total Value	USD Price/MT	Freight/ Trucking	Analysis Price/MT	Potential Overpricing	% Over
1300034	Egypt	India	11/6/2002	20,000	**270.40**	5,408,000	184.35	47.50	**231.85**	771,000	14%
50249	India	India	3/31/1999	8,703	**191.50**	1,666,625	141.00	47.50	**188.50**	-	0%
800170	India	India	8/22/2000	15,000	**253.00**	3,795,000	164.00	47.50	**211.50**	622,500	16%
1100541	India	India	4/6/2002	16,000	**336.83**	5,389,280	175.00	47.50	**222.50**	1,829,280	34%
800146	UAE	Argentina	8/26/2000	15,000	**267.30**	4,009,500	164.00	57.00	**221.00**	694,500	17%
TOTALS				**74,703**		**20,268,405**				**3,917,280**	

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13. PESTICIDES

Iraq contracted with various suppliers in Lebanon, Jordan and Italy for deliveries of numerous types of pesticides to be used to control nematode species in vegetables, citrus, and other fruit. The contracts were awarded between April 2001 and July 2002. We obtained world market prices and USDA prices from web research and conversations with experts in the field. A number of our searches proved inconclusive. Our analysis does not include estimates for freight and inland trucking, or potential quantity discounts. The table below presents the pricing detail for the pesticides for which we were able to obtain pricing information.

PRICING DETAILS
PESTICIDES

					Contract (in USD)		Analysis (in USD)			
COMM	Mission	Date	Description	Qty (Liters)	Unit Price	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	% Diff.
1100748	Lebanon	4/15/2002	Cycloxidim	5,000	25.07	125,338	20.10	4.97	24,838	20%
1100748	Lebanon	4/15/2002	Imazamthabenz	2,000	44.68	89,350	23.23	21.45	42,890	48%
1100748	Lebanon	4/15/2002	Carbendazim	4,000	14.69	58,773	28.95			
1100748	Lebanon	4/15/2002	Dimethamorph (kg)	4,000	24.82	99,278	10.49	14.33	57,318	58%
1100748	Lebanon	4/15/2002	Triforine	2,000	24.82	49,639	24.81			
1200375	Jordan	7/16/2002	Ethoprophos	7,000	9.47	66,290	8.35	1.12	7,840	12%
1101060	Italy	4/15/2002	Tetraconazol	5,000	26.96	134,819	41.60			
1101060	Italy	4/15/2002	Benalaxyl (kg)	7,000	14.74	103,199	17.20			
1001694	Jordan	11/26/2001	Triazophos	30,000	14.48	434,400	38.59			
1002235	Jordan	4/20/2001	Fipronil	10,000	51.42	514,246	67.10			
1002235	Jordan	4/20/2001	Iprodione	5,000	27.43	137,132	31.29			
1002235	Jordan	4/20/2001	Fenoxaprop	10,000	36.93	369,278	43.59			
TOTALS									132,887	

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14. STEEL SCAFFOLDING

Iraq contracted with a supplier in the UAE in May 2001 for delivery of 31,000 square meters of scaffolding with accessories and spare parts. Most of the scaffolding is from a British-based company with a branch in the United Arab Emirates (UAE). Some items are also to be supplied by vendors in Sweden and the UAE. The scaffolding, referred to as shoring, is for major projects in Iraq. We searched the Internet and obtained world market prices for light scaffolding from various supplying countries. Based on our price analysis, the steel scaffolding contract appears to be reasonably priced.

15. BOATS

Iraq negotiated two contracts in early 2003 with a Danish vendor for deliveries of nine Yamaha utility boats (different models in each contract) with 25 horsepower engines. We evaluated the contract prices by searching the Internet, contacting suppliers, and comparing the prices between the OFF contracts. We obtained prices from the Yamaha web site. Our analysis includes an estimate for transportation (using the same costs included in the contract of $700 per boat). Based on our analysis, the boats appear to be overpriced.

PRICING DETAILS
BOATS

				Contract (in USD)			Analysis (in USD)			
Comm	Mission	Date	Description	Qty	Unit Price	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	% Diff.
910773	Denmark	1/29/2003	Boats and Outboard Engines	5	6,935	34,675	6,398	537	2,685	8%
910779	Denmark	1/29/2003	Boats and Outboard Engines	4	9,280	37,120	7,149	2,131	8,524	23%
TOTALS				9		71,795			11,209	

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16. LIFE JACKETS

Iraq negotiated two contracts with a Japanese vendor for deliveries of a total of 1,220 life jackets. Both contracts were awarded around February 2003. We evaluated the contract prices by searching the Internet for other companies that sell life jackets, contacting suppliers, and comparing the prices between the OFF contracts. Based on our price analysis, the life jacket contracts appear to be reasonably priced.

17. WATERPROOF OVERALLS

Iraq awarded a contract in January 2003 to a supplier in Denmark for delivery of 149 waterproof overalls. We performed web searches of a number of companies that deal in sports equipment and clothing. Based on our price analysis, the waterproof-overall contract appears to be reasonably priced.

SUMMARY OF EVALUATION OF EDUCATION SECTOR

Description	Note	Total Contracts			Potentially Overpriced				Reasonably Priced		Inconclusive	
		No.	($000) Value	($000) Spares	No.	($000) Value	Potential Overpricing	Percent	No.	($000) Value	No	($000) Value
PRINTING EQUIPMENT AND SUPPLIES	1	2	25,924	-	2	25,924	7,893	30%	-	-	-	-
TELEVISION TOWERS	2	1	19,325	-	1	19,325	7,340	38%	-	-	-	-
PHOTOCOPY MACHINES	3	1	10,892	2,148	1	10,892	4,978	46%	-	-	-	-
COMPUTERS & ACCESSORIES	4	5	5,747	-	2	2,097	215	10%	3	3,650	-	-
PROJECTORS	5	1	1,366	-	-	-	-		1	1,366	-	-
GENERATORS	6	2	19,037	1,673	-	-	-		2	19,037	-	-
SPORTS & RECREATIONAL EQUIP	7	1	2,900	-	-	-	-		1	2,900	-	-
CLOTHING/UNIFORMS	8	2	2,222	-	-	-			2	2,222	-	-
TOTAL		15	87,413	3,821	6	58,237	20,425	35%	9	29,175	-	-

1. PRINTING EQUIPMENT AND SUPPLIES

Iraq contracted with two Jordanian vendors for various supplies and equipment associated with textbook printing. The contracts were awarded in June 2000 and December 2001. We evaluated the contract prices by searching the Internet, contacting suppliers and comparing the prices between the two OFF contracts. Overall, we believe the contracts are potentially overpriced by 30 percent. See the detailed schedule and notes below for a summary of our analysis of this equipment.

PRICING DETAILS
PRINTING EQUIPMENT AND SUPPLIES

COMM	Mission	Date	Description	Qty	Contract		Analysis			% Diff.
					Unit Price	Contract Value	Unit Price	Difference Unit	Total Difference	
1201397	Jordan	6/28/2000	Canon LBP 2460	12	5,060	60,720	935	4,125	49,500	82%
1201397	Jordan	6/28/2000	Epson 2000 P	6	890	5,340	556	334	2,004	38%
1201397	Jordan	6/28/2000	Epson 1640XL	6	13,200	79,200	2,489	10,711	64,266	81%
1201397	Jordan	6/28/2000	Escoscan EF 14-A3	6	44,000	264,000	16,036	27,964	167,784	64%
1201397	Jordan	6/28/2000	Dotmate 7500P	6	99,000	594,000	15,117	83,883	503,298	85%
1201397	Jordan	6/28/2000	Canon CLC 950	24	7,823	187,740	3,995	3,828	91,860	49%
1201397	Jordan	6/28/2000	Montage Tables	36	5,500	198,000	5,137	363	13,077	7%
1201397	Jordan	6/28/2000	Offset Machine - QM 46.2	12	99,000	1,188,000	47,400	51,600	619,200	52%
1201397	Jordan	6/28/2000	Heidelberg Speed Master	6	504,000	3,024,000	289,000	215,000	1,290,000	43%
1201397	Jordan	6/28/2000	Sheet Folding Machine	12	88,000	1,056,000	100,000	-	-	
1201397	Jordan	6/28/2000	Paper Cutting Machine	12	108,000	1,296,000	51,450	56,550	678,600	52%
1201397	Jordan	6/28/2000	Offset Machine GTO 52-2	12	154,000	1,848,000	98,600	55,400	664,800	36%
1201397	Jordan	6/28/2000	Binding Machine	6	676,500	4,059,000	100,000	576,500	3,459,000	85%
1201397	Jordan	6/28/2000	Sewing Machine	6	176,000	1,056,000	185,000	-	-	
1201397	Jordan	6/28/2000	Heidelberg SM 102-2	6	655,000	3,930,000	720,000	-	-	
901995	Jordan	4/11/2002	Montage Tables	3	26,735	80,205	895	25,840	77,520	97%
901995	Jordan	4/11/2002	Textbook printing Equipment	1	758,637	758,637	548,076	210,561	210,561	28%
901995	Jordan	4/11/2002	Red Offset Ink	1,654	2.70	4,466	3.25	-	-	
901995	Jordan	4/11/2002	BlueOffset Ink	1,654	2.70	4,466	2.25	0.45	744	17%
901995	Jordan	4/11/2002	Yellow Offset Ink	1,654	2.70	4,466	2.25	0.45	744	17%
901995	Jordan	4/11/2002	Black Offset Ink	1,654	2.03	3,358	2.00	-	-	
TOTALS									7,892,959	

Detailed Notes:

a. We received a quote from a U.S. supplier for small-size Canon printers that was much lower than the contract price.

b. We incorporated the average price of Epson Stylus Photo 2200 inkjet printers from a supplier web site.

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c. We incorporated the average price of Epson Expression 1640XL Graphic Flatbed scanners from a supplier web site.
d. We received a quote from a supplier in the UK for an F14 Flatbed Scanner compatible with a Mac or PC computer.
e. We received a quote from a supplier in the UK for a used Dotmate 7500 Plus. Although the quote was for a used machine, it appears to have the same specifications as required under the contract.
f. We received a quote from a copier discount center for a Canon CLC 950 color photo copier.
g. We found a list price of $5,137 for a comparable digital readout bi-axis line-up table from an Internet catalog search.
h. We found a U.S. supplier web site and spoke to a company representative who gave us verbal quotes for the color offset printing machine, speed master offset machine, sheet-folding machine and a GTO 52-2 offset machine.
i. We received a quote of $51,450 from a U.S. supplier for a high-speed paper cutting machine.
j. We spoke to the president of a U.S. bookbinding equipment company that specializes in mechanical and electrical engineering and manufacturing. He quoted us prices for book binding machines and book sewing machines.
k. We spoke to Xerox engineers and incorporated quotes for montage tables based on the limited specs in this contract.
l. We received a quote of $548,076 for Xerox commercial textbook printing equipment.
m. We searched the internet and found pricing for red, blue, yellow and black offset ink.

2. TELEVISION TOWERS

Iraq contracted with a French supplier in March 2001 for seventeen 350-meter-high TV transmitter towers equipped with lightning protection. We evaluated the TV towers, since this represents 87 percent of the total contract value. We requested, and received, a quote from a U.S. supplier for 350 meter Guyed Mast Triangular Towers as required under the contract. Based on this quote, the TV towers are potentially overpriced by 44 percent. We also performed a separate analysis of the transportation costs to ship all the towers and

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accessories from Jordan to Iraq. A transportation expert provided trucking information (truck sizes, weights and daily costs) that allowed us to make this comparison. We found the transportation costs to be reasonably priced.

PRICING DETAILS
TV TRANSMITTER TOWERS

					Contract		Analysis			
COMM	Mission	Date	Description	Qty	Unit Price	Contract Value	Unit Price	Difference Unit	Total Difference	% Diff.
1101458	France	3/29/2001	TV Towers	17	$ 991,785	$ 16,860,345	$ 560,000	$ 431,785	$ 7,340,345	44%

3. PHOTOCOPY MACHINES

Iraq contracted with a Jordanian supplier in October 2001 for 2,500 Canon copiers with applicable accessories. We compared the copier price to a U.S. vendor quote for an updated, but comparable Canon copier model. According to the vendor, the 6330 model copier indicated in the contract is no longer available. Therefore, he recommended that we use the price for the newer 6230 model. We derived our toner comparison price from a Canon copier Internet price list. The prices quoted do not include shipping. Based on our analysis, we believe the Canon copiers and toner to be overpriced by 48 percent.

PRICING DETAILS
PHOTOCOPY MACHINE

					Contract		Analysis			
COMM	Mission	Date	Description	Qty	Unit Price	Contract Value	Unit Price	Difference Unit	Total Overpriced	% Diff.
901076	Jordan	10/30/2001	Canon 6330 Copier	2,500	$ 3,567.82	$ 8,919,550	$ 1,795.00	$ 1,772.82	$ 4,432,050	50%
901076	Jordan	10/30/2001	Toner	50,000	29.27	1,463,500	18.36	10.91	545,500	37%
TOTALS									$ 4,977,550	

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4. COMPUTERS & ACCESSORIES

Iraq contracted with suppliers in four countries (Russia, UAE, Jordan and France) for deliveries of personal computers and related computer accessories. The contracts we evaluated were awarded between March 1999 and December 2002. It should be noted that much of the computer technology Iraq contracted for is now outdated and is no longer easily available. We obtained world market prices via Internet searches for current, mid-range desktop computer packages. The prices we used did not include a consideration for freight, nor for quantity discounts that may be available.

PRICING DETAILS
COMPUTERS & ACCESSORIES

					Contract		Analysis			
COMM	Mission	Date	Description	Qty	Unit Price	Contract Value	Unit Price	Overprice Per Unit	Total Overprice	% Diff.
600876	Russia	3/15/1999	Pentium II 350 Mhz w/ Monitor	1,500	650	975,000	650	-	-	
600894	UAE	5/23/1999	Pentium II 350 Mhz w/ Monitor	2,000	590	1,180,000	650	-	-	
900784	Jordan	3/19/2001	Pentium III 700 Mhz w/ Monitor	2,500	700	1,750,214	650	50	125,214	7%
601663	France	12/31/2002	Pentium II 450 Mhz w/ Monitor	100	1,026	102,578	650	376	37,578	37%
601663	France	12/31/2002	HP Laserjet 1100 Printer	100	384	38,400	390	-	-	
601663	France	12/31/2002	HP Scanjet 6250 6250C	60	739	44,340	95	644	38,640	87%
601663	France	12/31/2002	1000 VA UPS	60	618	37,080	400	218	13,080	35%
601663	France	12/31/2002	DVD Drive	60	242	14,520	242	-	-	
601663	France	12/31/2002	CD R/W Drive	60	165	9,900	165	-	-	
601663	France	12/31/2002	Canon NP-3020 Copier	50	1,998	99,900	1,998	-	-	
TOTAL									214,512	

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5. PROJECTORS

This OFF contract for delivery of overhead projectors was awarded to an Egyptian supplier in November 2001. The contract calls for 14,500 separate items related to projectors, including different types of lamps. The end user is the Iraqi Ministry of Higher Education and Scientific Research. We compared the contract prices to market prices obtained via Internet searches. The prices we utilized in our analysis did not include a consideration for freight or for quantity discounts that may be available. Based on our analysis, the contract appears to be reasonably priced.

6. GENERATORS

Iraq contracted with two suppliers in Italy and Russia for deliveries of over 1,000 units of AC Generators with spare parts to be used for electricity provisions at colleges and universities. The two contracts were awarded in September 2000 and in June 2002. We compared the contract prices to prices obtained by searching the Internet. The prices we used did not include a consideration for freight or for quantity discounts that may be available. Based on our analysis, the contracts appear to be reasonably priced.

7. SPORTS & RECREATIONAL EQUIPMENT

Iraq contracted with an Indian supplier for delivery of 5,000 pairs of Olympic Basketball Goals, 5,000 pairs of Mini-Basketball Goals and 5,000 Ping-Pong Tables. We evaluated the contract price by searching the Internet for U.S. suppliers of sporting goods. We obtained a number of market prices via these searches and compared them to the contract prices. The prices we used did not include a consideration for freight or for quantity discounts that may be available. Based on our analysis, the contract in total appears to be reasonably priced.

8. CLOTHING UNIFORMS

Iraq awarded two contracts with a Tunisian supplier in November 2001 for the purchase of Indian winter fabric for men's suits intended for the teaching staff. The contracts call for the delivery of 660,000 meters of polyester and wool-blend fabric. We searched the Internet for the best sales prices available in order to take into account wholesale/volume discounts. Although the blends we found in our analysis did not match the exact contract blends, we observed that this did not appear to have a significant impact on price. We obtained a number of market prices via these web searches and compared an average of these prices to the contract price. The price we used did not include a consideration for freight or for quantity discounts that may be available. Based on our analysis, the contracts in total appear to be reasonably priced.

ELECTRICITY

The pricing of contracts in the Electricity sector is probably the most difficult to evaluate. Our discussions with knowledgeable individuals indicate that Iraq's electrical system is based on an older technology that very few suppliers in the world provide or maintain. It is reported that Russia built much of the electrical infrastructure in Iraq; thus, it was not unusual to see a large number of contracts in this sector with Russian organizations. Therefore, finding comparable market pricing is difficult. Much of the equipment and services included in the contracts are unique, and OIP did not provide detailed pricing data from the suppliers. In reviewing the prices of the contracts in this sector, we were able to find some comparable pricing from suppliers, the Internet, and government sources. In other cases we had difficulty in making positive assessments, primarily because specifications reflected inadequate detail on which to base a comparison. Consequently, the prices of almost two-thirds of the contracts in this sector were deemed inconclusive based on a lack of adequate information.

SUMMARY OF EVALUATION OF ELECTRICITY SECTOR

		Total Contracts			Potentially Overpriced				Reasonably Priced		Inconclusive	
Description	Note	No.	($000) Value	($000) Spares	No.	($000) Value	Potential Overpricing	Percent	No.	($000) Value	No	($000) Value
GAS TURBINES	1	5	362,672	11,050	1	75,652	8,391	11%	1	77,809	3	209,211
GOODS FOR RESUMPTION OF PROJECT	2	3	376,679	-	-	-	-		1	105,742	2	270,937
WATER IMPROVEMENT PROJECTS	3	5	196,820	-	-	-	-		-	-	5	196,820
REHABILITATION EQUIPMENT/SUPPLIES	4	2	91,337	-	-	-	-		-	-	2	91,337
OVERHEAD TRANSMISSION LINES	5	2	62,297	-	-	-	-		2	62,297	-	-
REHABILITATION OF DISTRIBUTION NETWORK	6	4	42,685	4,597	1	14,581	4,933	34%	3	28,104	-	-
SUBSTATION EQUIPMENT AND MATERIALS	7	4	53,772	1,217	1	23,048	3,048	13%	1	5,438	2	25,286
ALUMINUM BARE WIRE	8	5	14,645	-	4	11,247	2,969	26%	1	3,398	-	-
GENERATORS AND SPARE PARTS	9	1	9,916	651	1	9,916	1,904	19%	-	-	-	-
DISTRIBUTION TRANSFORMERS	10	3	7,235	-	-	-	-		2	6,379	1	856
CABLES	11	1	7,916	-	-	-	-		-	-	1	7,916
TOTAL		35	1,225,974	17,515	8	134,444	21,245	16%	11	289,167	16	802,363

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1. GAS TURBINES

We evaluated five contracts for gas turbines in this category, one each with firms in Russia, India and Switzerland and two with Chinese firms. We were unable to find comparable pricing for turbines in the Russian, Indian and one of the Chinese contracts because the specifications included in the contracts were too vague.

The second Chinese contract had better detail, and we were able to find some comparable prices for the high-dollar items on the Internet, as shown on the accompanying chart. The Internet prices exceeded the contract item price, leading us to conclude that the Chinese contract price as a whole was apparently reasonable. The Swiss contract also had sufficient detail for pricing purposes. In addition, it contained items comparable to the second Chinese contract. The items exceeded the Chinese price, and we therefore concluded it may be potentially overpriced. The analysis is shown below:

					Contract		Analysis			
COMM	Mission	Date	Description	Qty	Unit Price	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	% Diff.
1000712	China	2/7/2000	No. 3 Gas Turbine PG9171E	1	23,910,720	23,910,720	33,350,000	-	-	
1000712	China	2/7/2000	No. 4 Gas Turbine PG9171E	1	23,910,720	23,910,720	33,350,000	-	-	
900151	Switzerland	3/20/2001	No. 3 Gas Turbine PG9171E	1	28,071,729	28,071,729	23,910,720	4,161,009	4,161,009	15%
900151	Switzerland	3/20/2001	No. 4 Gas Turbine PG9171E	1	28,140,937	28,140,937	23,910,720	4,230,217	4,230,217	15%
TOTAL									8,391,226	

2. GOODS FOR RESUMPTION OF YOUSSIFIYAH POWER STATION PROJECT

This category contains two Russian contracts, and an addendum to a third, for the resumption of work on the Youssifiyah thermal power plant. The total value of all the contracts is $376.7 million.

We compared the contracted work with what appeared to be similar projects in Vietnam and Kaliningrad. One contract, valued at $105.7 million is within a reasonable price range of these projects. We were unable to assess the other two contracts. We noted that COMM 601654 had a line item for $28.2 million in engineering and technical services. There were no details concerning the number of personnel or duration of the services

that would allow us to assess its value. We note that these services are to be billed monthly and their delivery authenticated by independent UN inspection agents (Cotecna).

3. WATER IMPROVEMENT PROJECTS

This category contains contracts with firms in Russia, Yugoslavia, China, Italy, and the United Arab Emirates. We attempted to ascertain reasonableness based on a review of individual parts within the bills of material. The lack of detail in the specifications did not yield success. We then modified our approach to compare these projects with water improvement projects in other areas with similar populations. The comparison could point to a possible assessment that the subject contracts are conservatively priced, but without greater detail there is no clear basis to definitively reach this conclusion.

On one contract for a circulating water system for the rehabilitation of an electrical generation capacity and distribution network, three of our analysts reviewed the bill of material and contacted suppliers to assess the reasonableness of selected parts. We found that the specifications were fairly generic and lacked sufficient detail to perform a good evaluation of the proposed prices.

An example of the lack of definition in the bill of material is an item described as *circulating pumps*. Backup documentation in the file described the pumps in some further detail, but we contacted a U.S. supplier who indicated that the additional detail was inadequate, as there are many models that can fit the category at different prices. The supplier offered a rough estimate, which was at such variance with the contract price that we concluded there was insufficient information to make a proper evaluation.

4. REHABILITATION OF EQUIPMENT/SUPPLIES AT POWER STATIONS AT BAIJI, AL-NAJAF AND KHOR AL-ZUBAIR

We were unable to obtain pricing information from U.S. suppliers to evaluate these Italian contracts for rehabilitation and engineering services for of the Baiji, Al-Najaf and Khor Al-Zubair power stations because of lack of detail in the contract specifications. Therefore our analysis of the contract pricing is inconclusive.

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5. OVERHEAD TRANSMISSION LINES

In these two Russian and Turkish contracts we obtained quotes from U.S. suppliers that were higher than the contract prices, leading us to conclude that the prices appear to be reasonable. For instance, the Russian contract calls for 6000 km of ACSR Teal 30/17 conductor overhead transmission lines at $0.74 per foot, as converted for metrics and currency, while a U.S. supplier quoted a price of $0.86 per foot. Ground rods, jumper suspension and shield wire tension sets, glass insulator discs and leg extensions were similarly priced under the quotes that we obtained from U.S. suppliers. We concluded these items appear to be reasonably priced.

6. REHABILITATION OF DISTRIBUTION NETWORKS AT WAZIRIYA, AL WAHDA, AL YAQADISIYA AND AL YARMOUK.

These four projects call for the rehabilitation of various electrical distribution networks within Iraq, covering the entire circuit, from residential metering boxes to the cable connection of the 11 kilovolt (kV) outgoing feeders at source substations. We reviewed parts amounting to half or more of the value of all the contracts. We were unable to obtain vendor quotes and so relied on a comparison among the contracts. We concluded that prices on the Turkish contract appeared to significantly exceed those on the three Russian contracts. On the face of it, this fact might indicate that the Russian contracts are reasonable. Experts in the field, however, indicated a concern that the situation might represent an attempt on the part of the Russian contractor to buy into the program with the anticipation of sole-source work to follow. Nonetheless, we used the Russian contract prices as a basis for computing potential overpricing on the Turkish contract. As a result, the Turkish contract appears to be overpriced by 34 percent.

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7. SUBSTATION EQUIPMENT AND MATERIALS

We reviewed four substation contracts. One was for permanent 132/33/11 kV substations, one covered mobile substations of the same voltage, and one was for smaller voltage 33/11 kV substations. The fourth covered the rehabilitation of the Dohuk Substation.

- For the permanent 132/33/11 kV substations from Turkey, we compared the pricing with a UN website that listed pricing on similar projects. The comparison indicates that the Turkish contract could be overpriced by $3 million.

- For the mobile 132/33/11 kV substations from Belgium, we had a vendor in the industry review the specifications. The review indicated that the price appeared reasonable. Since the mobile substations are of the same voltage as the permanent substations noted above, we also attempted to compare their prices. We found that the two types of facilities are different. Mobile substations are portable structure for temporary installation at locations such as construction sites or for emergency backup. An attempt to compare the parts lists was similarly not possible because the mobile contract did not list individual parts. The mobile contract did contain a detailed listing of spares, but they were not comparable to parts on the other contract.

- On the smaller kV substations from Russia we were unable to obtain vendor quotes or technical assessments; however, we compared the parts lists on the larger substations with this substation. We noted some similarities in the parts. For these items, some prices were higher and some lower. Because the sample was small and the results dispersed, we did not consider the approach productive. Our evaluation of these smaller substations was therefore inconclusive.

- For the rehabilitation of the Dohuk Substation we were unable to obtain information from the Internet or suppliers to assess pricing. As a result, we compared the parts list with the 132/33/11 substation contract discussed above. We found only one part of value that appeared to be similar. While it appeared to be overpriced, it did not represent a significant portion of the overall contract price, and we therefore did not consider the analysis on this French contract to be conclusive.

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8. ALUMINUM BARE WIRE

We reviewed five contracts for aluminum bare wire. These contracts are for the rehabilitation of the electrical generation capacity and distribution network of Iraq. We evaluated these contracts by searching the Internet and comparing prices among the five OFF contracts. Through this latter analysis we found that certain types of wire were significantly lower in price than the same wire in other contracts. For instance, the Russian supplier under COMM 700365 provided three types of wire at lower prices than comparable wire provided by the other suppliers. The Chinese supplier under COMM 601078 provided one type of wire at a lower unit price than the other contracts. We have also noted that the two Russian contracts may be redeterminable. A clause in both contracts states that final prices will be recalculated based on prices on the London Metal Exchange following receipt of letters of credit. We utilized the lower Russian prices as benchmarks nonetheless, since the prices could go down as well as up. The results of our contract price comparisons are shown in the schedule below.

PRICING DETAIL
ALUMINUM BARE WIRE

COMM	Mission	Date	Description	QTY (in KM)	Contract		Analysis			% Diff.
					Unit Price	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	
1101995	Jordan	10/11/2001	120/20 mm^2	2,000	935.55	1,871,100	601.00	334.55	669,100	36%
1101995	Jordan	10/11/2001	70 mm^2	804	458.98	369,020	240.00	218.98	176,060	48%
601078	China	11/24/1999	210/35 mm^2	500	1,170.00	585,000	1,170.00	-	-	
601078	China	11/24/1999	120/20 mm^2	3,000	678.00	2,034,000	601.00	77.00	231,000	11%
601078	China	11/24/1999	95/15 mm^2	1,500	530.00	795,000	350.00	180.00	270,000	34%
600972	China	11/2/1999	95/15 mm^2	1,500	488.41	732,615	350.00	138.41	207,615	28%
600972	China	11/2/1999	70 mm^2	3,000	348.72	1,046,160	240.00	108.72	326,160	31%
600972	China	11/2/1999	50 mm^2	1,500	257.88	386,820	-	-	-	
600972	China	11/2/1999	35 mm^2	500	181.78	90,890	-	-	-	
700365	Russia	3/21/2000	120/20 mm^2	3,000	601.00	1,803,000	601.00	-	-	
700365	Russia	3/21/2000	95/15 mm^2	2,500	350.00	875,000	350.00	-	-	
700365	Russia	3/21/2000	70 mm^2	3,000	240.00	720,000	240.00	-	-	
602023	Russia	10/25/2001	210/35 mm^2	800	1,564.50	1,251,600	1,170.00	394.50	315,600	25%
602023	Russia	10/25/2001	120/20 mm^2	1,600	967.30	1,547,680	601.00	366.30	586,080	38%
602023	Russia	10/25/2001	95/15 mm^2	1,000	537.30	537,300	350.00	187.30	187,300	35%
TOTAL						14,645,185			2,968,915	

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9. GENERATORS

Our review of the Russian contract for generators yielded a determination of reasonableness for a 250 kV generator and potential overpricing of a 1000 kV generator based on quotations from a U.S. supplier. The contract as a whole was placed in the potentially overpriced category with the amount of overpricing calculated on the 1000 kV generator at $1.9 million.

We also looked at the spare parts price list and found several anomalies. Some of the parts appeared at more than one location on the list, and when they appeared the second time they had prices that were different

from the prices in the first occurrence. For example, part number 3176710 (fuel line) appears once at $794.69 and later at $1203.54 for the same quantity. Part number SG7 (as-bearing) appears as $1,515.39 one time and $602.26 the second time, for the same quantity. Part number PMC (battery charger) appears as $2,070.74 on the first occurrence and $2,308.24 on the second. Although the differences do not have a material impact on the contract price, it is not clear why the same parts should vary in price in this manner on the same parts list.

10. DISTRIBUTION TRANSFORMERS

Prices on two Russian/Belarus contracts for distribution transformers appear to be reasonable based on our use of three methodologies. We obtained quotations from outside vendors, compared the contracts with each other, and obtained government technical assessments. The third contract, power transformers from Italy, was more difficult to assess. While distribution transformers are built in standard ratings, power transformers are built according to specifications to fit each application. Because the requirements are not standard, we were unable to obtain Internet or supplier estimates to enable us to assess the price of the transformer for this application.

11. CABLES

Iraq contracted with a Syrian cable firm for armored and unarmored copper cross-linked polyethylene cables. We compared pricing with apparently similar cables in the substation category. We found price disparities too significant to allow us to form a conclusion as to the reasonableness of the prices in this contract. It may be that items that appear to be similar on the face may in fact be dissimilar, which would explain the wide variations in price.

FOOD AND NUTRITION

We reviewed the pricing of 178 approved and funded food commodity contracts, most valued at greater than $5 million. We identified potential overpricing in almost 90 percent of the contracts (155 contracts). The total value of contracts reviewed in this sector is $2.1 billion. The extent of potential overpricing is $390 million, or 22 percent.

Our analysis of the pricing of the food contracts is based on world market prices for the individual commodities. Data, including market prices and transportation costs, for most of the commodities is maintained by experts at USDA. We consulted with these experts on numerous occasions to obtain pricing data. Where possible, we obtained world market prices specific to the countries and time periods specified in the contracts. When this data was not available, we used current market prices. Our analysis for all commodities included estimated shipping to a nearby port and inland trucking costs, if the contract required delivery to points within Iraq. Shipping costs varied by commodity and country of origin. The USDA provided us with estimated freight costs for most commodities. When USDA data was not available, we used estimated freight costs published on the Internet. We used $20 per metric ton to estimate inland trucking costs for all commodities, based on advice we received from various experts.

SUMMARY OF EVALUATION OF FOOD AND NUTRITION COMMODITIES

Description	Note	Total Contracts			Potentially Overpriced				Reasonably Priced		Inconclusive	
		No.	($000) Value	Metric Tons	No.	($000) Value	Potential Overpricing	Percent	No.	($000) Value	No	($000) Value
WHEAT	1	40	922,233	4,217,500	29	628,326	178,896	28%	11	293,907	-	-
RICE	2	11	342,852	1,105,000	11	342,852	50,692	15%	-	-	-	-
VEGETABLE GHEE	3	38	230,939	346,000	38	230,939	55,838	24%	-	-	-	-
MILK POWDER	4	37	219,046	103,000	37	219,046	50,146	23%	-	-	-	-
SUGAR	5	16	169,713	547,500	12	118,035	12,603	11%	4	51,677	-	-
PULSES	6	17	96,777	162,750	17	96,777	22,163	23%	-	-	-	-
PALM OIL	7	2	42,415	99,952	1	20,618	3,028	15%	1	21,798	-	-
BABY FORMULA	8	4	43,469	16,500	4	43,469	11,294	26%	-	-	-	-
SOYBEAN OIL	9	3	26,920	25,447	2	19,110	2,591	14%	1	7,809	-	-
TEA	10	3	26,511	15,000	2	22,211	2,799	13%	1	4,300	-	-
HIGH ENERGY BISCUITS	11	1	5,092	5,585	-	-	-		1	5,092	-	-
BABY WEANING CEREAL	12	4	3,405	2,000	-	-	-		4	3,405	-	-
DETERGENT	13	2	2,021	3,000	2	2,021	336	17%	-	-	-	-
TOTAL		178	2,131,392		155	1,743,404	390,387	22%	23	387,989	-	-

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1. WHEAT

The pricing of the wheat contracts varies by country and by time period. This is to be expected since wheat from different countries trades at sometimes widely varying prices due to factors such as differing local weather conditions and crop yields. We obtained world market prices from the USDA for wheat from the various supplying countries for the time period when the contracts were awarded. With few exceptions, the Phase 6 and 7 contracts appeared to be reasonably priced. The majority of the potential overpricing was identified in contracts awarded in Phases 8 and later. The most significant pricing issues appear to be with the contracts for Syria, Cyprus, and Tunisia. Based on our analysis, the contracts in total are potentially overpriced by 19 percent.

PRICING DETAILS
WHEAT

COMM	Supplier Country	Country of Origin	Date	Metric Tons	Contract			Analysis (in USD)			Potential Overpricing	% Over
					Price/MT	USD Price/MT	Total Value	USD Price/MT	Freight/ Trucking	Analysis Price/MT		
1200083	Australia	Australia	7/15/2002	525,000	€ 237.55	$ 233.12	$ 122,388,371	$ 180.24	$ 43.55	$ 223.79	$ -	0%
1300016	Australia	Australia	12/11/2002	500,000	€ 287.37	$ 270.76	$ 135,382,046	$ 192.31	$ 48.80	$ 241.11	$ 14,827,046	11%
1300333	Cyprus	Russia	11/30/2002	52,500	€ 221.00	$ 230.69	$ 12,111,169	$ 80.00	$ 48.62	$ 128.62	$ 5,356,619	44%
702584	India	India	11/15/2000	35,000	£ 142.94	$ 214.41	$ 7,504,350	$ 121.67	$ 43.91	$ 165.58	$ 1,709,161	23%
800901	India	India	11/15/2000	35,000	£ 142.94	$ 214.41	$ 7,504,350	$ 121.67	$ 43.91	$ 165.58	$ 1,709,161	23%
800960	India	India	11/15/2000	70,000	£ 142.94	$ 214.41	$ 15,008,700	$ 121.67	$ 43.91	$ 165.58	$ 3,418,322	23%
800961	India	India	11/15/2000	35,000	£ 142.94	$ 214.41	$ 7,504,350	$ 121.67	$ 43.91	$ 165.58	$ 1,709,161	23%
800806	India	India	11/16/2000	35,000	£ 142.94	$ 217.83	$ 7,624,050	$ 121.67	$ 43.91	$ 165.58	$ 1,828,861	24%
900047	India	India	2/13/2001	35,000	€ 214.00	$ 205.96	$ 7,208,600	$ 131.00	$ 43.91	$ 174.91	$ 1,086,861	15%
702423	Morocco	Russia	9/19/2002	100,000	€ 214.00	$ 183.72	$ 18,372,114	$ 95.00	$ 48.62	$ 143.62	$ 4,010,000	22%
50238	Russia	Russia	1/22/1999	25,000	$ 145.00	$ 152.25	$ 3,806,250	$ 92.00	$ 34.63	$ 126.63	$ 640,500	17%
600074	Russia	Australia	7/18/1999	35,000	$ 158.00	$ 158.00	$ 5,806,500	$ 136.00	$ 42.50	$ 178.50	$ -	0%
600083	Russia	Canada	7/18/1999	35,000	$ 160.00	$ 160.00	$ 5,600,000	$ 149.00	$ 43.91	$ 192.91	$ -	0%
600419	Russia	Argentina	7/18/1999	50,000	$ 178.00	$ 186.90	$ 9,345,000	$ 136.00	$ 49.25	$ 185.25	$ -	0%
600597	Russia	Canada	9/22/1999	50,000	$ 178.00	$ 178.00	$ 8,900,000	$ 149.00	$ 43.91	$ 192.91	$ -	0%
600159	Russia	Canada	11/26/1999	35,000	$ 178.00	$ 178.00	$ 6,230,000	$ 150.00	$ 43.91	$ 193.91	$ -	0%
700027	Russia	Canada	2/1/2000	50,000	$ 170.00	$ 170.00	$ 8,500,000	$ 151.00	$ 43.91	$ 194.91	$ -	0%
800021	Russia	Australia	8/1/2000	200,000	$ 175.00	$ 175.00	$ 35,000,000	$ 182.00	$ 42.50	$ 224.50	$ -	0%
900014	Russia	Russia	3/3/2001	100,000	€ 214.00	$ 205.96	$ 20,596,000	$ 92.00	$ 34.63	$ 126.63	$ 7,933,000	39%
900037	Russia	Argentina	3/4/2001	50,000	€ 214.00	$ 205.96	$ 10,298,000	$ 111.00	$ 49.25	$ 160.25	$ 2,285,465	22%
800441	Russia	Canada	3/14/2001	45,000	$ 197.50	$ 197.50	$ 8,887,500	$ 154.00	$ 43.91	$ 197.91	$ -	0%
1000109	Russia	Argentina	7/5/2001	100,000	€ 233.30	$ 214.51	$ 21,450,525	$ 123.00	$ 49.25	$ 172.25	$ 4,225,930	20%
1000150	Russia	Argentina	8/7/2001	50,000	€ 233.30	$ 214.51	$ 10,725,500	$ 121.00	$ 49.25	$ 170.25	$ 2,212,965	21%
1100138	Russia	Argentina	2/10/2002	50,000	€ 249.00	$ 225.78	$ 11,289,000	$ 86.00	$ 49.25	$ 135.25	$ 4,526,465	40%
1100150	Russia	Argentina	2/10/2002	50,000	€ 249.00	$ 225.78	$ 11,289,000	$ 86.00	$ 49.25	$ 135.25	$ 4,526,465	40%
1200099	Russia	Russia	7/31/2002	50,000	€ 221.00	$ 228.40	$ 11,419,783	$ 95.00	$ 48.62	$ 143.62	$ 4,239,000	37%
1200124	Russia	Kazakhstan	7/31/2002	150,000	€ 221.00	$ 228.40	$ 34,259,350	$ 95.00	$ 48.62	$ 143.62	$ 12,717,000	37%
1200193	Russia	Kazakhstan	7/31/2002	125,000	€ 221.00	$ 217.52	$ 27,189,961	$ 95.00	$ 48.62	$ 143.62	$ 9,237,500	34%
1300331	Russia	Russia	7/31/2002	75,000	€ 221.00	$ 228.40	$ 17,129,675	$ 95.00	$ 48.62	$ 143.62	$ 6,358,500	37%
50035	Saudi Arabia	Canada	6/29/1998	250,000	$ 160.00	$ 168.00	$ 42,000,000	$ 163.00	$ 43.91	$ 206.91	$ -	0%
700207	Saudi Arabia	Canada	1/30/2000	250,000	$ 165.00	$ 165.00	$ 41,250,000	$ 152.00	$ 43.91	$ 195.91	$ -	0%
800137	Saudi Arabia	Argentina	7/24/2000	100,000	$ 178.00	$ 186.90	$ 18,690,000	$ 123.00	$ 49.25	$ 172.25	$ 1,464,930	8%
1200283	Syria	Syria	6/2/2002	200,000	€ 249.00	$ 256.58	$ 51,315,015	$ 95.00	$ 48.62	$ 143.62	$ 22,592,000	44%
1200105	Syria	Syria	6/3/2002	200,000	€ 249.00	$ 257.33	$ 51,466,535	$ 95.00	$ 48.62	$ 143.62	$ 22,742,000	44%
1200106	Syria	Syria	6/3/2002	200,000	€ 249.00	$ 257.33	$ 51,466,535	$ 95.00	$ 48.62	$ 143.62	$ 22,742,000	44%
1200789	Tunisia	Russia	8/14/2002	50,000	€ 230.00	$ 237.00	$ 11,849,853	$ 95.00	$ 48.62	$ 143.62	$ 4,669,000	39%
1300332	Tunisia	Russia	9/2/2002	50,000	€ 221.00	$ 228.62	$ 11,431,000	$ 78.00	$ 48.62	$ 126.62	$ 5,100,000	45%
801934	UAE	India	12/13/2000	35,000	£ 141.30	$ 215.02	$ 7,525,700	$ 121.67	$ 43.91	$ 165.58	$ 1,730,511	23%
900142	UAE	Pakistan	3/3/2001	100,000	€ 214.00	$ 198.68	$ 19,868,000	$ 131.00	$ 43.91	$ 174.91	$ 2,377,317	12%
900358	UAE	India	3/4/2001	35,000	€ 214.00	$ 201.16	$ 7,040,600	$ 131.00	$ 43.91	$ 174.91	$ 918,861	13%
TOTALS				4,217,500			$ 922,233,382				$ 178,896,601	

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2. RICE

The 11 contracts are for Vietnamese and Thai long-grain milled white rice to be packaged in 50-kilo polypropylene bags. Additional empty bags were also to be shipped along with the rice. All the evaluated contracts were dated from January 2002 to January 2003. We compared the contract prices to world market prices for rice, including estimates for transportation. We identified potential overpricing in all contracts, ranging from 7 to 25 percent.

PRICING DETAILS
RICE

					Contract			Analysis (in USD)				
COMM	Supplier Country	Country of Origin	Date	Metric Tons	EURO Price/MT	USD Price/MT	Total Value	USD Price/MT	Freight/ Trucking	Analysis Price/MT	Potential Overpricing	% Over
1200123	Russia	Vietnam	7/16/2002	25,000	€ 313.50	$ 316.22	$ 7,905,451	$ 203.00	$ 65.00	$ 268.00	$ 1,205,451	15%
1300076	Russia	Vietnam	12/30/2002	50,000	€ 292.00	$ 304.80	$ 15,240,079	$ 193.00	$ 65.00	$ 258.00	$ 2,340,079	15%
1300208	Russia	Vietnam	1/18/2003	25,000	€ 292.00	$ 311.56	$ 7,789,100	$ 203.00	$ 65.00	$ 268.00	$ 1,089,100	14%
1300080	Russia	Vietnam	1/18/2003	25,000	€ 292.00	$ 311.56	$ 7,789,100	$ 203.00	$ 65.00	$ 268.00	$ 1,089,100	14%
1100025	Thailand	Thailand	1/24/2002	15,000	€ 396.00	$ 347.80	$ 5,216,983	$ 197.00	$ 65.00	$ 262.00	$ 1,286,983	25%
1100026	Thailand	Thailand	1/24/2002	15,000	€ 396.00	$ 347.80	$ 5,216,983	$ 197.00	$ 65.00	$ 262.00	$ 1,286,983	25%
1100027	Thailand	Thailand	1/24/2002	150,000	€ 330.00	$ 290.49	$ 43,573,944	$ 197.00	$ 65.00	$ 262.00	$ 4,273,944	10%
1200231	Thailand	Thailand	6/20/2002	100,000	€ 313.50	$ 308.56	$ 30,856,300	$ 209.00	$ 65.00	$ 274.00	$ 3,456,300	11%
1300001	Thailand	Thailand	12/15/2002	200,000	€ 330.75	$ 345.25	$ 69,050,102	$ 193.00	$ 65.00	$ 258.00	$ 17,450,102	25%
1200016	Vietnam	Vietnam	6/15/2002	250,000	€ 313.50	$ 296.05	$ 74,013,431	$ 209.00	$ 65.00	$ 274.00	$ 5,513,431	7%
1300015	Vietnam	Vietnam	12/25/2002	250,000	€ 292.00	$ 304.80	$ 76,200,415	$ 193.00	$ 65.00	$ 258.00	$ 11,700,415	15%
TOTALS				1,105,000			$ 342,851,888				$ 50,691,888	

3. VEGETABLE GHEE

Vegetable Ghee is a cooking oil and butter substitute. Most of the 28 contracts specified that the vegetable ghee must be made from pure palm oil. We utilized world market prices of Palm Oil from Indonesia and Malaysia, the two largest producers of palm oil in the Middle East, for the time period of each vegetable ghee contract. We added a factor of 15 percent to the palm oil prices as recommended by USDA experts to account for final processing into vegetable ghee. We also added estimates for shipping to the final destination. We compared the contract prices to the analysis we developed. Based on our analysis, the contracts in total are potentially overpriced by 24 percent (see Table 1-3).

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PRICING DETAILS
VEGETABLE GHEE

COMM	Supplier Country	Country of Origin	Date	Metric Tons	Contract Price/MT	Contract USD Price/MT	Contract Total Value	Analysis (in USD) USD Price/MT	Analysis (in USD) Freight/ Trucking	Analysis (in USD) Analysis Price/MT	Potential Overpricing	% Over
1000134	Algeria	Algeria	5/29/2001	10,000	€ 607.20	$ 518.97	$ 5,189,738	$ 437.75	$ 34.25	$ 472.00	$ 469,738	9%
1000185	Algeria	Algeria	7/29/2001	10,000	€ 602.00	$ 547.27	$ 5,472,722	$ 284.82	$ 62.50	$ 347.32	$ 1,999,522	37%
1200279	Algeria	Algeria	6/4/2002	15,000	€ 739.20	$ 694.08	$ 10,411,268	$ 470.76	$ 34.25	$ 505.01	$ 2,836,116	27%
1300017	Belarus	Jordan	12/25/2002	10,000	€ 715.00	$ 746.35	$ 7,463,456	$ 533.52	$ 40.00	$ 573.52	$ 1,728,256	23%
1200361	China	China	4/20/2002	1,000	€ 716.10	$ 704.82	$ 704,823	$ 418.27	$ 35.60	$ 453.87	$ 250,953	36%
50279	Egypt	Egypt	2/3/1999	17,000	$ 860.00	$ 860.00	$ 14,620,000	$ 758.74	$ 50.00	$ 808.74	$ 871,420	6%
1001056	Egypt	Egypt	9/24/2001	4,000	€ 607.20	$ 547.27	$ 2,189,091	$ 318.33	$ 50.00	$ 368.33	$ 715,771	33%
1100626	Egypt	Egypt	4/2/2002	8,000	€ 727.10	$ 636.13	$ 5,089,064	$ 418.27	$ 50.00	$ 468.27	$ 1,342,904	26%
1200170	Egypt	Egypt	4/18/2002	3,000	€ 715.00	$ 644.82	$ 1,934,447	$ 418.27	$ 50.00	$ 468.27	$ 529,637	27%
1100938	Egypt	Egypt	4/20/2002	40,000	€ 715.00	$ 645.31	$ 25,812,274	$ 419.42	$ 50.00	$ 469.42	$ 7,035,474	27%
1200196	Egypt	Egypt	4/21/2002	4,000	€ 715.00	$ 645.31	$ 2,581,228	$ 418.27	$ 50.00	$ 468.27	$ 708,148	27%
1200151	Egypt	Egypt	9/3/2002	2,000	€ 727.10	$ 656.23	$ 1,312,455	$ 517.98	$ 50.00	$ 567.98	$ 176,495	13%
50517	Jordan	Jordan	2/2/1999	2,000	$ 855.00	$ 855.00	$ 1,710,000	$ 758.74	$ 50.00	$ 808.74	$ 92,520	5%
1200470	Libya	Jordan	5/23/2002	3,000	€ 715.00	$ 704.43	$ 2,113,297	$ 430.43	$ 40.00	$ 470.43	$ 702,007	33%
902100	Malaysia	Malaysia	6/29/2002	1,500	€ 683.10	$ 672.34	$ 1,008,514	$ 470.76	$ 62.50	$ 533.26	$ 208,624	21%
1200473	Malaysia	Malaysia	9/18/2002	1,000	€ 683.10	$ 669.96	$ 669,957	$ 517.98	$ 62.50	$ 580.48	$ 89,477	13%
1100417	Morocco	Morocco	4/18/2002	1,000	€ 715.00	$ 625.55	$ 625,547	$ 418.27	$ 34.25	$ 452.52	$ 173,027	28%
1200135	Saudi Arabia	Saudi Arabia	8/29/2001	10,000	€ 595.10	$ 513.90	$ 5,139,033	$ 298.98	$ 40.00	$ 338.98	$ 1,749,233	34%
1200165	Saudi Arabia	Saudi Arabia	4/4/2002	30,000	€ 708.40	$ 639.35	$ 19,180,505	$ 418.27	$ 40.00	$ 458.27	$ 5,432,405	28%
1300036	Saudi Arabia	Saudi Arabia	11/6/2002	10,000	$ 708.40	$ 708.40	$ 7,084,000	$ 551.98	$ 40.00	$ 591.98	$ 1,164,200	16%
1300041	Saudi Arabia	Saudi Arabia	12/4/2002	10,000	€ 715.00	$ 746.35	$ 7,463,456	$ 551.98	$ 40.00	$ 591.98	$ 1,543,656	21%
1200301	Sudan	Jordan	6/8/2002	10,000	€ 715.00	$ 701.67	$ 7,016,683	$ 470.76	$ 40.00	$ 510.76	$ 1,909,083	27%
1100796	Syria	Malaysia	4/4/2002	1,000	€ 683.10	$ 616.52	$ 616,516	$ 418.27	$ 62.50	$ 480.77	$ 135,746	22%
1200221	Syria	Malaysia	5/15/2002	1,000	€ 683.10	$ 616.52	$ 616,516	$ 430.43	$ 62.50	$ 492.93	$ 123,586	20%
1200286	Syria	Egypt	5/30/2002	10,000	€ 715.00	$ 701.67	$ 7,016,683	$ 430.43	$ 50.00	$ 480.43	$ 2,212,383	32%
1200402	Syria	Syria	7/3/2002	3,000	€ 710.60	$ 700.10	$ 2,100,292	$ 474.96	$ 40.00	$ 514.96	$ 555,412	26%
1000341	Thailand	Thailand	8/29/2001	10,000	€ 602.00	$ 547.27	$ 5,472,727	$ 298.98	$ 62.50	$ 361.48	$ 1,857,927	34%
1100785	Thailand	Thailand	4/22/2002	12,000	€ 716.10	$ 646.30	$ 7,755,596	$ 418.27	$ 62.50	$ 480.77	$ 1,986,356	26%
1000435	Tunisa	Tunisa	8/29/2001	3,000	€ 607.20	$ 557.58	$ 1,672,727	$ 298.98	$ 50.00	$ 348.98	$ 625,787	37%
1200202	Tunisa	Tunisa	5/19/2002	3,000	€ 739.20	$ 666.81	$ 2,000,444	$ 430.43	$ 50.00	$ 480.43	$ 559,154	28%
1200229	Tunisa	Tunisa	5/20/2002	3,500	€ 739.20	$ 694.08	$ 2,429,296	$ 430.43	$ 50.00	$ 480.43	$ 747,791	31%
1300108	Turkey	Turkey	1/12/2003	10,000	€ 715.00	$ 746.35	$ 7,463,456	$ 533.52	$ 62.50	$ 596.02	$ 1,503,256	20%
1300117	Turkey	Turkey	1/12/2003	10,000	€ 715.00	$ 746.35	$ 7,463,456	$ 533.52	$ 62.50	$ 596.02	$ 1,503,256	20%
1300066	Turkey	Turkey	1/18/2003	10,000	€ 715.00	$ 746.35	$ 7,463,456	$ 533.52	$ 62.50	$ 596.02	$ 1,503,256	20%
1200157	UAE	UAE	4/21/2002	3,000	€ 708.40	$ 639.35	$ 1,918,051	$ 418.27	$ 40.00	$ 458.27	$ 543,241	28%
1200357	UAE	UAE	7/10/2002	9,000	€ 708.40	$ 697.24	$ 6,275,197	$ 474.96	$ 40.00	$ 514.96	$ 1,640,557	26%
1200224	Vietnam	Vietnam	5/29/2002	50,000	€ 716.10	$ 646.30	$ 32,314,982	$ 430.43	$ 63.50	$ 493.93	$ 7,618,482	24%
1200282	Yemen	Yemen	7/31/2002	5,000	€ 727.10	$ 713.54	$ 3,567,713	$ 474.96	$ 40.00	$ 514.96	$ 992,913	28%
TOTALS				346,000			$ 230,938,666				$ 55,837,771	

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4. MILK POWDER

The subject contracts are for instant full-cream milk powder (whole milk powder) packaged in consumer-size packets of 250 grams or 500 grams. The primary producers of milk powder are located in Europe and New Zealand. The producers generally export the powder in 25-kilgram bags to repackers in Asia and Indonesia, who put it in the consumer-size packets. The pricing of the whole-milk powder contracts appears to be based on prices established by the Iraq buyer. These prices varied by time period but not by supplier. According to USDA experts we consulted, it is unusual to see commodity purchases negotiated under an apparent "fixed price" system.

The USDA provided us with historical world market prices for whole-milk powder and estimates for repackaging and transportation. Since the repackaging cost estimate is different for 250-gram versus 500-gram packets, our analysis is shown separately for each.

PRICING DETAILS
INSTANT FULL CREAM MILK POWDER (CASE SIZE 24 x 500 GRAMS)

					Contract			Analysis (in USD)						
COMM	Supplier Country	Country of Origin	Date	Metric Tons	Contract Price/MT	USD Price/MT	Total Value	Milk Powder	Repacking	Freight/ Trucking	Analysis Price/MT	Potential Overpricing	% Over
600096	Egypt	Egypt	9/14/1999	750	$ 2,335.00	**$ 2,335.00**	$ 1,751,247	$ 1,400	$ 100	$ 100	**$ 1,600**	$ 551,247	31%
600097	Egypt	Egypt	9/14/1999	500	$ 2,335.00	**$ 2,361.67**	$ 1,180,836	$ 1,400	$ 100	$ 100	**$ 1,600**	$ 380,836	32%
600197	Egypt	Egypt	9/29/1999	2,500	$ 2,335.00	**$ 2,361.69**	$ 5,904,214	$ 1,400	$ 100	$ 100	**$ 1,600**	$ 1,904,214	32%
702908	UAE	Oman	9/29/2002	250	€ 2,016.63	**$ 1,973.22**	$ 493,306	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 118,306	24%
800158	Tunisia	Tunisia	9/15/2000	2,000	$ 2,361.67	**$ 2,335.00**	$ 4,669,993	$ 1,900	$ 100	$ 100	**$ 2,100**	$ 469,993	10%
800813	China	China	11/21/2000	500	$ 2,361.69	**$ 2,335.00**	$ 1,167,498	$ 1,900	$ 100	$ 100	**$ 2,100**	$ 117,498	10%
1002229	UAE	Jordan	9/29/2002	1,000	€ 2,017.66	**$ 1,974.23**	$ 1,974,226	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 474,226	24%
1200522	Syria	Saudi/Egypt	9/30/2002	2,500	€ 2,017.66	**$ 1,987.85**	$ 4,969,614	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 1,219,614	25%
1200577	Egypt	Egypt	10/7/2002	2,000	€ 2,017.66	**$ 1,974.23**	$ 3,948,451	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 948,451	24%
1200590	Lebanon	Jordan	10/7/2002	1,000	€ 2,017.66	**$ 1,974.23**	$ 1,974,226	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 474,226	24%
1200595	Syria	Indonesia	10/14/2002	250	€ 2,016.63	**$ 1,973.22**	$ 493,306	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 118,306	24%
1200596	Vietnam	Vietnam	10/14/2002	12,500	€ 2,016.67	**$ 1,973.25**	$ 24,665,672	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 5,915,672	24%
1200631	Syria	Indonesia	10/17/2002	1,000	€ 2,016.66	**$ 1,973.25**	$ 1,973,247	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 473,247	24%
1200636	Syria	Indonesia	10/21/2002	500	€ 2,017.63	**$ 1,973.27**	$ 986,633	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 236,633	24%
1200637	Syria	Indonesia	10/18/2002	1,000	€ 2,016.66	**$ 1,973.25**	$ 1,973,247	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 473,247	24%
1200645	Russia	France	10/18/2002	1,500	€ 2,017.67	**$ 1,974.23**	$ 2,961,350	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 711,350	24%
1200677	Egypt	Egypt	10/24/2002	1,000	€ 2,017.66	**$ 1,974.23**	$ 1,974,226	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 474,226	24%
1200685	Syria	Bulgaria	10/25/2002	500	€ 2,017.66	**$ 1,974.20**	$ 987,101	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 237,101	24%
1200688	Syria	Jordan	10/25/2002	250	€ 2,017.63	**$ 1,974.20**	$ 493,550	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 118,550	24%
1200703	Syria	Indonesia	10/28/2002	500	€ 2,016.63	**$ 1,973.22**	$ 986,612	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 236,612	24%
1200721	Vietnam	Vietnam	10/31/2002	1,000	€ 2,016.66	**$ 1,973.25**	$ 1,973,247	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 473,247	24%
1200729	Egypt	Egypt	12/31/2002	3,500	€ 2,017.66	**$ 1,983.94**	$ 6,943,773	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 1,693,773	24%
1200738	UAE	UAE	11/1/2002	500	€ 2,016.63	**$ 1,983.87**	$ 991,933	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 241,933	24%
1200744	Russia	Estonia	11/4/2002	1,000	€ 2,017.66	**$ 1,983.93**	$ 1,983,932	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 483,932	24%
1200760	Syria	Jordan	11/4/2002	250	€ 2,017.63	**$ 1,983.91**	$ 495,977	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 120,977	24%
1200778	Jordan	Indonesia	11/5/2002	500	€ 2,016.63	**$ 1,982.92**	$ 991,462	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 241,462	24%
1200779	Syria	Indonesia	11/5/2002	250	€ 2,017.63	**$ 1,982.97**	$ 495,742	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 120,742	24%
1200782	Syria	Indonesia	11/7/2002	2,500	€ 2,017.66	**$ 1,983.00**	$ 4,957,490	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 1,207,490	24%
1200784	Syria	Okrania	11/6/2002	250	€ 2,017.63	**$ 1,983.91**	$ 495,977	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 120,977	24%
1200786	Syria	France	11/6/2002	250	€ 2,017.63	**$ 1,983.91**	$ 495,977	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 120,977	24%
1200903	Yemen	Indonesia	11/18/2002	250	€ 2,016.63	**$ 1,982.92**	$ 495,731	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 120,731	24%
1201089	Syria	Egypt	12/4/2002	250	€ 2,016.63	**$ 1,999.64**	$ 499,909	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 124,909	25%
1300018	Belarus	Indonesia	1/14/2003	1,500	€ 2,017.67	**$ 2,106.12**	$ 3,159,186	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 909,186	29%
1300225	Tunisia	Tunisia	11/13/2002	2,500	€ 2,017.66	**$ 1,983.94**	$ 4,959,841	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 1,209,841	24%
1300226	Tunisia	Tunisia	11/21/2002	1,500	€ 2,017.67	**$ 1,983.94**	$ 2,975,910	$ 1,300	$ 100	$ 100	**$ 1,500**	$ 725,910	24%
TOTALS CASE SIZE: 24 x 500g				**48,000**			**$ 97,444,642**					**$ 23,569,642**	

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PRICING DETAILS
INSTANT FULL CREAM MILK POWDER (CASE SIZE 48 x 250 GRAMS)

COMM	Supplier Country	Country of Origin	Date	Metric Tons	Contract			Analysis (in USD)				Potential Overpricing	% Over
					Contract Price/MT	USD Price/MT	Total Value	Milk Powder	Repacking	Freight/ Trucking	Analysis Price/MT		
600096	Egypt	Egypt	9/14/1999	750	$ 2,414.17	**$ 2,414.16**	$ 1,810,622	$ 1,400	$ 250	$ 100	**$ 1,750**	$ 498,122	28%
600097	Egypt	Egypt	9/14/1999	500	$ 2,414.17	**$ 2,445.00**	$ 1,222,499	$ 1,400	$ 250	$ 100	**$ 1,750**	$ 347,499	28%
600197	Egypt	Egypt	9/29/1999	2,500	$ 2,414.16	**$ 2,445.01**	$ 6,112,520	$ 1,400	$ 250	$ 100	**$ 1,750**	$ 1,737,520	28%
702908	UAE	Oman	9/29/2002	250	€ 2,199.96	**$ 2,152.61**	$ 538,152	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 125,652	23%
800156	Tunisia	Tunisia	9/15/2000	4,000	$ 2,445.00	**$ 2,414.16**	$ 9,656,651	$ 1,900	$ 250	$ 100	**$ 2,250**	$ 656,651	7%
800813	China	China	11/21/2000	2,500	$ 2,445.01	**$ 2,414.16**	$ 6,035,407	$ 1,900	$ 250	$ 100	**$ 2,250**	$ 410,407	7%
1002229	UAE	Jordan	9/29/2002	1,000	€ 2,200.99	**$ 2,153.61**	$ 2,153,612	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 503,612	23%
1200522	Syria	Saudi/Egypt	9/30/2002	2,500	€ 2,201.00	**$ 2,168.47**	$ 5,421,174	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 1,296,174	24%
1200577	Egypt	Egypt	10/7/2002	2,000	€ 2,200.99	**$ 2,153.61**	$ 4,307,223	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 1,007,223	23%
1200579	Russia	Spain	9/10/2002	2,000	€ 2,201.00	**$ 2,153.61**	$ 4,307,223	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 1,007,223	23%
1200590	Lebanon	Jordan	10/7/2002	1,000	€ 2,200.99	**$ 2,153.61**	$ 2,153,612	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 503,612	23%
1200595	Syria	Indonesia	10/14/2002	250	€ 2,199.96	**$ 2,152.61**	$ 538,152	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 125,652	23%
1200596	Vietnam	Vietnam	10/14/2002	12,500	€ 2,200.00	**$ 2,152.64**	$ 26,908,006	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 6,283,006	23%
1200631	Syria	Indonesia	10/17/2002	1,000	€ 2,199.99	**$ 2,152.63**	$ 2,152,633	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 502,633	23%
1200636	Syria	Indonesia	10/21/2002	500	€ 2,200.96	**$ 2,152.56**	$ 1,076,282	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 251,282	23%
1200637	Syria	Indonesia	10/18/2002	1,000	€ 2,199.99	**$ 2,152.63**	$ 2,152,633	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 502,633	23%
1200645	Russia	France	10/18/2002	1,500	€ 2,201.00	**$ 2,153.62**	$ 3,230,431	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 755,431	23%
1200677	Egypt	Egypt	10/24/2002	1,000	€ 2,200.99	**$ 2,153.61**	$ 2,153,612	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 503,612	23%
1200685	Syria	Bulgaria	10/25/2002	500	€ 2,200.99	**$ 2,153.59**	$ 1,076,793	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 251,793	23%
1200688	Syria	Jordan	10/25/2002	250	€ 2,200.96	**$ 2,153.59**	$ 538,396	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 125,896	23%
1200703	Syria	Indonesia	10/28/2002	500	€ 2,199.96	**$ 2,152.61**	$ 1,076,304	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 251,304	23%
1200721	Vietnam	Vietnam	10/31/2002	1,000	€ 2,199.99	**$ 2,152.63**	$ 2,152,633	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 502,633	23%
1200729	Egypt	Egypt	12/31/2002	3,500	€ 2,200.99	**$ 2,164.20**	$ 7,574,712	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 1,799,712	24%
1200738	UAE	UAE	11/1/2002	500	€ 2,199.96	**$ 2,164.22**	$ 1,082,108	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 257,108	24%
1200744	Russia	Estonia	11/4/2002	1,000	€ 2,200.99	**$ 2,164.20**	$ 2,164,200	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 514,200	24%
1200760	Syria	Jordan	11/4/2002	250	€ 2,200.96	**$ 2,164.17**	$ 541,043	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 128,543	24%
1200778	Jordan	Indonesia	11/5/2002	500	€ 2,199.96	**$ 2,163.19**	$ 1,081,595	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 256,595	24%
1200779	Syria	Indonesia	11/5/2002	250	€ 2,200.96	**$ 2,163.15**	$ 540,787	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 128,287	24%
1200782	Syria	Indonesia	11/7/2002	2,500	€ 2,201.00	**$ 2,163.18**	$ 5,407,947	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 1,282,947	24%
1200784	Syria	Okrania	11/6/2002	250	€ 2,200.96	**$ 2,164.17**	$ 541,043	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 128,543	24%
1200786	Syria	France	11/6/2002	250	€ 2,200.96	**$ 2,164.17**	$ 541,043	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 128,543	24%
1200828	Russia	Indonesia/Egypt	11/12/2002	1,000	€ 2,199.99	**$ 2,163.22**	$ 2,163,217	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 513,217	24%
1200903	Yemen	Indonesia	11/18/2002	250	€ 2,199.96	**$ 2,163.19**	$ 540,798	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 128,298	24%
1201089	Syria	Egypt	12/4/2002	250	€ 2,200.96	**$ 2,181.33**	$ 545,333	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 132,833	24%
1300018	Belarus	Indonesia	1/14/2003	1,500	€ 2,201.00	**$ 2,297.49**	$ 3,446,242	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 971,242	28%
1300225	Tunisia	Tunisia	11/13/2002	2,500	€ 2,201.00	**$ 2,164.20**	$ 5,410,512	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 1,285,512	24%
1300226	Tunisia	Tunisia	11/21/2002	1,500	€ 2,201.00	**$ 2,164.21**	$ 3,246,313	$ 1,300	$ 250	$ 100	**$ 1,650**	$ 771,313	24%
TOTALS CASE SIZE: 48 x 250g				**55,000**			**$ 121,601,465**					**$ 26,576,465**	

TOTAL ALL MILK POWDER	**103,000**	**$ 219,046,107**	**$ 50,146,107**

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5. SUGAR

The subject contracts call for sugar to be shipped in 50-kilogram bags. Most contracts also had a clause to ship up to 5,000 additional empty bags for repackaging to replace bags that would be damaged during unloading. We compared the contract prices to world market prices for sugar, including estimates for overseas and inland shipping. Based on our analysis, the contracts for white refined and/or crystal (fine, medium) sugar are potentially overpriced by 8 percent. And all the potential overpricing was in Phases 9, 11 and 12 (see Table 1-5). The raw brown sugar contract appears to be reasonably priced.

PRICING DETAILS
SUGAR

					Contract			Analysis (in USD)				
COMM	Supplier Country	Country of Origin	Date	Metric Tons	EURO Price/MT	USD Price/MT	Total Value	USD Price/MT	Freight/ Trucking	Analysis Price/MT	Potential Overpricing	% Over
REFINED WHITE SUGAR												
1100284	Tunisia	Brazil	4/9/2002	26,250	€ 379.50	**$ 332.02**	$ 8,715,551	$ 222.44	$ 70.00	**$ 292.44**	$ 1,039,001	12%
1200050	Egypt	Brazil	4/5/2002	26,250	€ 379.50	**$ 327.72**	$ 8,602,655	$ 222.44	$ 70.00	**$ 292.44**	$ 926,105	11%
1100244	Egypt	Brazil	4/5/2002	26,250	€ 379.50	**$ 327.72**	$ 8,602,655	$ 222.44	$ 70.00	**$ 292.44**	$ 926,105	11%
1100217	Vietnam	Thailand or Brazil	4/4/2002	26,250	€ 379.50	**$ 327.72**	$ 3,740,625	$ 222.44	$ 70.00	**$ 292.44**	$ 926,105	25%
1100201	Egypt	Egypt	4/2/2002	78,750	€ 386.10	**$ 333.42**	$ 8,602,655	$ 222.44	$ 70.00	**$ 292.44**	$ 3,227,175	38%
1100142	UAE	India	3/19/2002	13,125	€ 379.50	**$ 327.72**	$ 26,758,363	$ 238.32	$ 70.00	**$ 308.32**	$ 254,625	1%
1100101	Egypt	Egypt	3/12/2002	39,375	€ 386.10	**$ 339.86**	$ 26,256,801	$ 238.32	$ 70.00	**$ 308.32**	$ 1,242,675	5%
1100100	UAE	Egypt, Europe or India	3/12/2002	26,250	€ 379.50	**$ 339.86**	$ 8,921,765	$ 238.32	$ 70.00	**$ 308.32**	$ 828,450	9%
1100028	Thailand	Europe, UAE, Brazil & Thailand	1/24/2002	78,750	€ 386.00	**$ 339.79**	$ 13,382,647	$ 261.91	$ 70.00	**$ 331.91**	$ -	0%
900143	UAE	France	4/18/2001	26,250	€ 369.60	**$ 326.64**	$ 8,892,759	$ 233.91	$ 70.00	**$ 303.91**	$ 596,663	7%
900045	Egypt	Egypt	3/23/2001	26,250	€ 369.60	**$ 338.77**	$ 8,892,759	$ 226.19	$ 70.00	**$ 296.19**	$ 1,117,725	13%
900044	Egypt	Egypt	3/23/2001	26,250	€ 369.60	**$ 338.77**	$ 8,574,337	$ 226.19	$ 70.00	**$ 296.19**	$ 1,117,725	13%
900121	Jordan	France	3/10/2001	13,125	€ 369.60	**$ 326.79**	$ 4,289,125	$ 226.19	$ 70.00	**$ 296.19**	$ 401,625	9%
800019	Jordan	Brazil	7/19/2000	13,125	$ 285.00	**$ 285.00**	$ 4,301,328	$ 250.88	$ 70.00	**$ 320.88**	$ -	0%
600308	Syria	Syria	7/12/1999	26,250	$ 267.00	**$ 267.00**	$ 7,008,750	$ 208.78	$ 70.00	**$ 278.78**	$ -	0%
RAW BROWN SUGAR												
1001292	UAE	Brazil or South America	12/27/2001	75,000	€ 212.17	**$ 187.66**	$ 14,169,724	$ 253.97	$ 70.00	**$ 323.97**	$ -	0%
TOTALS				**547,500**			**$ 169,712,499**				**$ 12,603,980**	

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6. PULSES

The pulse contracts are for three commodity types: white beans, chickpeas and red split lentils. We compared the contract prices to world market prices for pulses, including estimates for repacking, tariffs and freight. The contracts call for additional empty bags for repacking. Based on our analysis, the white beans are potentially overpriced by 23 percent, the chick peas by 20 percent and the lentils by 25 percent. Overall, the Egyptian contracts, Phases 6 through 9, were significantly more overpriced than the Turkish contracts, Phase 13.

PRICING DETAILS
PULSES – WHITE BEANS

					Contract			Analysis (in USD)				
COMM	Supplier Country	Country of Origin	Date	Metric Tons	Contract Price/MT	USD Price/MT	Total Value	USD Price/MT	Freight/ Trucking	Analysis Price/MT	Potential Overpricing	% Over
600504	Egypt	Egypt	9/28/1999	4,000	$ 681.00	**$ 681.00**	$ 2,724,000	$ 473.00	$ 60.00	**$ 533.00**	$ 592,000	22%
800352	Egypt	Egypt	8/8/2000	5,000	$ 720.00	**$ 720.00**	$ 3,600,000	$ 473.00	$ 60.00	**$ 533.00**	$ 935,000	26%
800085	Egypt	Egypt	8/24/2000	7,000	$ 720.00	**$ 720.00**	$ 5,040,000	$ 473.00	$ 60.00	**$ 533.00**	$ 1,309,000	26%
900466	Egypt	Egypt	4/30/2001	5,000	€ 864.60	**$ 774.04**	$ 3,870,188	$ 473.00	$ 60.00	**$ 533.00**	$ 1,205,188	31%
900452	Egypt	Egypt	4/30/2001	5,000	€ 864.60	**$ 774.04**	$ 3,870,188	$ 473.00	$ 60.00	**$ 533.00**	$ 1,205,188	31%
702720	Egypt	Egypt	5/6/2001	5,000	€ 864.60	**$ 774.04**	$ 3,870,188	$ 473.00	$ 60.00	**$ 533.00**	$ 1,205,188	31%
1300137	Turkey	Turkey	1/11/2003	3,000	€ 605.00	**$ 631.52**	$ 1,894,572	$ 473.00	$ 60.00	**$ 533.00**	$ 295,572	16%
1300107	Turkey	Turkey	1/11/2003	500	€ 605.00	**$ 631.52**	$ 315,762	$ 473.00	$ 60.00	**$ 533.00**	$ 49,262	16%
1300255	Turkey	Turkey	1/11/2003	7,500	€ 605.00	**$ 631.52**	$ 4,736,430	$ 473.00	$ 60.00	**$ 533.00**	$ 738,930	16%
1300102	Turkey	Turkey	1/11/2003	8,000	€ 605.00	**$ 631.52**	$ 5,052,192	$ 473.00	$ 60.00	**$ 533.00**	$ 788,192	16%
1300100	Turkey	Turkey	1/20/2003	3,000	€ 605.00	**$ 631.52**	$ 1,894,570	$ 473.00	$ 60.00	**$ 533.00**	$ 295,570	16%
1300065	Turkey	Turkey	1/30/2003	7,000	€ 605.00	**$ 631.52**	$ 4,420,668	$ 473.00	$ 60.00	**$ 533.00**	$ 689,668	16%
600781	Turkey	Turkey	9/18/1999	750	$ 668.00	**$ 668.00**	$ 501,000	$ 473.00	$ 60.00	**$ 533.00**	$ 101,250	20%
600674	Turkey	Turkey	9/18/1999	750	$ 668.00	**$ 668.00**	$ 501,000	$ 473.00	$ 60.00	**$ 533.00**	$ 101,250	20%
600676	Turkey	Turkey	9/16/1999	750	$ 668.00	**$ 668.00**	$ 501,000	$ 473.00	$ 60.00	**$ 533.00**	$ 101,250	20%
600637	Russia	Turkey	9/6/1999	1,000	$ 668.00	**$ 668.00**	$ 668,000	$ 473.00	$ 60.00	**$ 533.00**	$ 135,000	20%
TOTAL WHITE BEANS				**63,250**			**$ 43,459,758**				**$ 9,747,508**	

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PULSES PRICING DETAILS
PULSES – LENTILS

COMM	Supplier Country	Country of Origin	Date	Metric Tons	Contract Price/MT	USD Price/MT	Total Value	USD Price/MT	Freight/ Trucking	Analysis Price/MT	Potential Overpricing	% Over
					Contract		Analysis (in USD)					
800352	Egypt	Egypt	8/8/2000	4,500	$ 605.00	**$ 605.00**	$ 2,722,500	$ 345.00	$ 60.00	**$ 405.00**	$ 900,000	33%
800085	Egypt	Egypt	8/24/2000	7,000	$ 605.00	**$ 605.00**	$ 4,235,000	$ 345.00	$ 60.00	**$ 405.00**	$ 1,400,000	33%
702720	Egypt	Egypt	5/6/2001	7,000	€ 662.20	**$ 592.84**	$ 4,149,866	$ 345.00	$ 60.00	**$ 405.00**	$ 1,314,866	32%
900466	Egypt	Egypt	4/30/2001	6,000	€ 662.20	**$ 592.84**	$ 3,557,028	$ 345.00	$ 60.00	**$ 405.00**	$ 1,127,028	32%
900452	Egypt	Egypt	4/30/2001	3,000	€ 662.20	**$ 592.84**	$ 1,778,514	$ 345.00	$ 60.00	**$ 405.00**	$ 563,514	32%
600504	Egypt	Egypt	9/28/1999	4,000	$ 613.00	**$ 613.00**	$ 2,452,000	$ 345.00	$ 60.00	**$ 405.00**	$ 832,000	34%
1300137	Turkey	Turkey	1/11/2003	4,000	€ 430.10	**$ 448.96**	$ 1,795,824	$ 345.00	$ 60.00	**$ 405.00**	$ 175,824	10%
1300107	Turkey	Turkey	1/11/2003	500	€ 430.10	**$ 448.96**	$ 224,478	$ 345.00	$ 60.00	**$ 405.00**	$ 21,978	10%
1300255	Turkey	Turkey	1/11/2003	7,500	€ 430.10	**$ 448.96**	$ 3,367,171	$ 345.00	$ 60.00	**$ 405.00**	$ 329,671	10%
1300102	Turkey	Turkey	1/11/2003	7,500	€ 430.10	**$ 448.96**	$ 3,367,171	$ 345.00	$ 60.00	**$ 405.00**	$ 329,671	10%
1300100	Turkey	Turkey	1/20/2003	4,000	€ 430.10	**$ 448.96**	$ 1,795,822	$ 345.00	$ 60.00	**$ 405.00**	$ 175,822	10%
1300065	Turkey	Turkey	1/30/2003	1,000	€ 430.10	**$ 448.96**	$ 448,956	$ 345.00	$ 60.00	**$ 405.00**	$ 43,956	10%
600925	Turkey	Turkey	10/10/1999	3,500	$ 600.00	**$ 600.00**	$ 2,100,000	$ 345.00	$ 60.00	**$ 405.00**	$ 682,500	33%
600781	Turkey	Turkey	9/18/1999	1,000	$ 600.00	**$ 600.00**	$ 600,000	$ 345.00	$ 60.00	**$ 405.00**	$ 195,000	33%
600674	Turkey	Turkey	9/18/1999	1,000	$ 600.00	**$ 600.00**	$ 600,000	$ 345.00	$ 60.00	**$ 405.00**	$ 195,000	33%
600676	Turkey	Turkey	9/16/1999	1,500	$ 600.00	**$ 600.00**	$ 900,000	$ 345.00	$ 60.00	**$ 405.00**	$ 292,500	33%
600637	Russia	Turkey	9/6/1999	1,000	$ 600.00	**$ 600.00**	$ 600,000	$ 345.00	$ 60.00	**$ 405.00**	$ 195,000	33%
TOTAL LENTILS				**64,000**			**34,694,330**				**8,774,330**	

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PRICING DETAILS
PULSES - CHICK PEAS

COMM	Supplier Country	Country of Origin	Date	Metric Tons	Contract			Analysis (in USD)			Potential Overpricing	% Over
					Contract Price/MT	USD Price/MT	Total Value	USD Price/MT	Freight/ Trucking	Analysis Price/MT		
800352	Egypt	Egypt	8/8/2000	2,000	$ 570.00	**$ 570.00**	$ 1,140,000	$ 362.00	$ 60.00	**$ 422.00**	$ 296,000	26%
800085	Egypt	Egypt	8/24/2000	5,000	$ 570.00	**$ 570.00**	$ 2,850,000	$ 362.00	$ 60.00	**$ 422.00**	$ 740,000	26%
1300137	Turkey	Turkey	1/11/2003	2,500	€ 495.00	**$ 516.70**	$ 1,291,753	$ 362.00	$ 60.00	**$ 422.00**	$ 236,753	18%
1300107	Turkey	Turkey	1/11/2003	500	€ 495.00	**$ 516.70**	$ 258,351	$ 362.00	$ 60.00	**$ 422.00**	$ 47,351	18%
1300255	Turkey	Turkey	1/11/2003	7,500	€ 495.00	**$ 516.70**	$ 3,875,261	$ 362.00	$ 60.00	**$ 422.00**	$ 710,261	18%
1300102	Turkey	Turkey	1/11/2003	5,000	€ 495.00	**$ 516.70**	$ 2,583,507	$ 362.00	$ 60.00	**$ 422.00**	$ 473,507	18%
1300100	Turkey	Turkey	1/20/2003	2,500	€ 495.00	**$ 516.70**	$ 1,291,752	$ 362.00	$ 60.00	**$ 422.00**	$ 236,752	18%
1300065	Turkey	Turkey	1/30/2003	7,000	€ 495.00	**$ 516.70**	$ 3,616,910	$ 362.00	$ 60.00	**$ 422.00**	$ 662,910	18%
600925	Turkey	Turkey	10/10/1999	1,000	$ 490.00	**$ 490.00**	$ 490,000	$ 362.00	$ 60.00	**$ 422.00**	$ 68,000	14%
600781	Turkey	Turkey	9/18/1999	1,000	$ 490.00	**$ 490.00**	$ 490,000	$ 362.00	$ 60.00	**$ 422.00**	$ 68,000	14%
600674	Turkey	Turkey	9/18/1999	500	€ 490.00	**$ 490.00**	$ 245,000	$ 362.00	$ 60.00	**$ 422.00**	$ 34,000	14%
600676	Turkey	Turkey	9/16/1999	1,000	€ 490.00	**$ 490.00**	$ 490,000	$ 362.00	$ 60.00	**$ 422.00**	$ 68,000	14%
TOTAL CHICK PEAS				**35,500**			**$ 18,622,534**				**$ 3,641,534**	

TOTAL PULSES	**162,750**	**96,776,622**	**22,163,372**

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7. PALM OIL

The two palm oil contracts call for cooking oils (palm oil, kernel oil, and stearin oil) to be supplied to Iraq. These are all cooking oils. To determine if the prices are reasonable, we utilized historical world market prices of foreign exports for each of these oils. We added estimates for shipping to the final destination. We compared the contract prices to the analysis we developed. Based on our analysis, the Malaysian contract is overpriced by 15 percent, and the Russian contract appears to be reasonably priced.

PRICING DETAILS
PALM OIL

					Contract			Analysis (in USD)				
COMM	Supplier Country	Country of Origin	Date	Metric Tons	EURO Price/MT[1]	USD Price/MT	Total Value	USD Price/MT[1]	Freight/ Trucking	Analysis Price/MT	Potential Overpricing	% Over
1000291	Malaysia	Malaysia	5/26/2001	49,852	€ 482.65	$ 413.58	$ 20,617,790	$ 290.33	$ 62.50	$ 352.83	$ 3,028,509	15%
1002072	Russia	Malaysia	10/7/2002	50,100	€ 503.82	$ 435.08	$ 21,797,508	$ 406.35	$ 62.50	$ 468.85	$ -	0%
TOTALS				99,952			$ 42,415,298				$ 3,028,509	

[1] Average price per metric ton for all varieties of palm oil on the contract (R.B.D. Palm Oil, Palm Kernal Oil, R.B.D. Stearin, Bleachingearth)

8. BABY FORMULA

The subject contracts are for baby milk powder (infant formula) packaged in consumer-size packets of 450 grams. The base product driving the cost for infant formula is whole-milk powder, the same as for instant full-cream milk powder. We compared the contract prices to world market prices for whole-milk powder, including estimates for repacking and transportation. We also added a premium of $450 per ton to account for the extra costs of producing infant formula versus whole milk powder based on advice from USDA experts. Based on our analysis, the contracts in total are potentially overpriced by 26 percent.

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PRICING DETAILS
BABY FORMULA

COMM	Supplier Country	Country of Origin	Date	Metric Tons	Contract Price/MT	Contract USD Price/MT	Contract Total Value	Analysis (in USD) Milk Powder	Repacking	Freight/ Trucking	Prem. For Baby Milk	Analysis Price/MT	Potential Overpricing	% Over
1200676	Egypt	Egypt/France	10/24/2002	1,500	€ 2,677.69	$ 2,608.38	$ 3,912,574	$ 1,300	$ 250	$ 100	$ 450	$ 1,950	$ 987,574	25%
1300173	Egypt	Egypt	10/31/2002	3,000	€ 2,677.69	$ 2,646.28	$ 7,938,828	$ 1,300	$ 250	$ 100	$ 450	$ 1,950	$ 2,088,828	26%
1300179	Tunisia	Tunisia	11/21/2002	2,000	€ 2,677.70	$ 2,675.16	$ 5,350,311	$ 1,300	$ 250	$ 100	$ 450	$ 1,950	$ 1,450,311	27%
1300169	Vietnam	Vietnam	10/14/2002	10,000	€ 2,676.67	$ 2,626.71	$ 26,267,069	$ 1,300	$ 250	$ 100	$ 450	$ 1,950	$ 6,767,069	26%
TOTALS				16,500			$ 43,468,782						$ 11,293,782	

9. SOY BEAN OIL

The subject Soy Bean Oil contracts provide for a higher cost vegetable oil in comparison to the other vegetable oil contracts under the Oil for Food Program (see Vegetable Ghee and Palm Oil, Notes 3 and 7). But unlike the other vegetable oil contracts the Soybean Oil contracts include a cost breakdown. These cost breakdowns disclose a very high shipping cost for each of the three contracts, up to 4 to 5 times higher than our analysis would indicate. The contracts in total are potentially overpriced by 10 percent. The Belgian contract appeared reasonable in comparison to Turkey and the Netherlands (see Table 1-9).

PRICING DETAILS
SOY BEAN OIL

COMM	Supplier Country	Country of Origin	Date	Metric Tons	Contract EURO Price/MT	Contract USD Price/MT	Contract Total Value	Analysis (in USD) USD Price/MT	Freight/ Trucking	Analysis Price/MT	Potential Overpricing	% Over
1110013	Belgium	Belgium	3/28/2003	8,547	$ 913.71	$ 913.71	$ 7,809,479	$ 926.00	$ 40.00	$ 966.00	$ -	0%
1110015	Netherlands	Netherlands	3/27/2003	8,280	$ 1,149.92	$ 1,149.92	$ 9,521,338	$ 926.00	$ 40.00	$ 966.00	$ 1,522,858	16%
1110016	Turkey	Turkey	3/27/2003	8,620	$ 1,112.43	$ 1,112.43	$ 9,589,147	$ 926.00	$ 62.50	$ 988.50	$ 1,068,277	11%
TOTALS				25,447			$ 26,919,964				$ 2,591,134	

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10. TEA

Both of the subject contracts are for various grades of Vietnamese Black Tea. We compared the contract prices to world market prices from a number of different sources, including an estimate for transportation. Based on this analysis, the tea contracts are potentially overpriced.

PRICING DETAILS
TEA

					Contract			Analysis (in USD)				
COMM	Supplier Country	Country of Origin	Date	Metric Tons	EURO Price/MT	USD Price/MT	Total Value	USD Price/MT	Freight/ Trucking	Analysis Price/MT	Potential Overpricing	% Over
700006	Vietnam	Vietnam	1/20/2000	10,000	$1,691.00	**$1,690.50**	$16,905,000	$1,438.00	$60.00	**$1,498.00**	$1,930,000	11%
1300040	Vietnam	Vietnam	12/21/2002	3,000	1,694.46	**$1,768.75**	$5,306,248	$1,419.00	$60.00	**$1,479.00**	$869,248	16%
50012	Kenya	Kenya	8/28/1998	2,000	$2,150.00	**$2,150.00**	$4,300,000	$2,102.50	$60.00	**$2,162.50**	-	0%
TOTALS				**15,000**			**$26,511,248**				**$2,799,246**	

11. HIGH ENERGY BISCUITS

This contract calls for 5,585 metric tons of high-energy biscuits fit for human consumption. Each biscuit is to be 10 to 20 grams and comply with minimum nutritional requirements specified in the contract. Our analysis of world food prices for the contract period found the contract price to be reasonable.

PRICING DETAIL
HIGH ENERGY BISCUITS

					Contract			Analysis (in USD)				
COMM	Supplier Country	Country of Origin	Date	Metric Tons	EURO Price/MT	USD Price/MT	Total Value	USD Price/MT	Freight/ Trucking	Analysis Price/MT	Potential Overpricing	% Over
910794	Turkey	Turkey	4/11/2003	5,585	$ 911.66	**$ 911.66**	$ 5,091,621	$ 900	$ -	**$ 900**	$ -	0%

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12. BABY WEANING CEREAL

The subject contracts are for cases of baby-weaning cereal, packaged in consumer sized packets of 400g. Each case contains 24 packets. We were unable to obtain world market prices for this commodity. Our analysis is based on prices from USDA contracts competitively awarded to U.S. manufacturers for U.S. food programs. Based on this analysis, the contracts appear to be reasonably priced.

PRICING DETAILS
BABY WEANING CEREAL

COMM	Supplier Country	Country of Origin	Date	Metric Tons	Contract			Analysis (in USD)			Potential Overpricing
					Contract Price/MT	USD Price/MT	Total Value	USD Price/MT	Freight/ Trucking	Analysis Price/MT	
600073	Tunisia	Tunisia	8/2/1999	1,000	$ 1,744.80	**$ 1,744.80**	$ 1,744,797	$ 2,448	$ 80	**$ 2,528**	-
902128	Oman	Oman	8/14/2002	250	€ 1,661.42	**$ 1,639.43**	$ 409,858	$ 2,448	$ 80	**$ 2,528**	-
1300177	China	China	11/12/2002	500	€ 1,661.45	**$ 1,678.96**	$ 839,480	$ 2,448	$ 80	**$ 2,528**	-
1300181	China	China	11/27/2002	250	€ 1,661.42	**$ 1,644.12**	$ 411,030	$ 2,448	$ 80	**$ 2,528**	-
TOTALS				**2,000**			**$ 3,405,165**				**$ -**

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13. DETERGENT

These contracts call for 3,000 metric tons of detergent powder. Although specifications were referred to, none were included in the contract for COMM 1200222. The only criteria we found in that contract stated that it must be for human use. However, COMM 600375 states that the detergent powder is actually hand soap. Therefore, we compared the contract prices to world market prices for hand soap from a number of different sources. We included an estimate for transportation. Based on our analysis, the detergent contracts are potentially overpriced by 17 percent.

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PRICING DETAILS
DETERGENT

COMM	Supplier Country	Country of Origin	Date	Metric Tons	Contract			Analysis (in USD)			Potential Overpricing	% Over
					Price/MT	USD Price/MT	Total Value	USD Price/MT	Freight/ Trucking	Analysis Price/MT		
600375	Syria	Syria	8/26/1999	2,000	$668.00	$ 668.00	$ 1,336,000	$ 527.43	$ 34.30	$ 561.73	$ 212,540	18%
1200222	Syria	Syria	5/16/2002	1,000	€ 759.00	$ 685.02	$ 685,020	$ 527.43	$ 34.30	$ 561.73	$ 123,290	18%
TOTALS				3,000			$ 2,021,020				$ 335,830	

SUMMARY OF EVALUATION OF HEALTH SECTOR

Description	Note	Total Contracts			Potentially Overpriced				Reasonably Priced		Inconclusive	
		No.	($000) Value	($000) Spares	No.	($000) Value	Potential Overpricing	Percent	No.	($000) Value	No	($000) Value
MEDICAL EQUIPMENT	1	16	177,737	17,719	9	128,740	31,279	24%	5	32,196	2	16,800
MEDICINE	2	16	54,231	-	5	15,501	1,084	7%	8	34,150	3	4,580
AMBULANCES	3	14	51,843	7,396	3	31,591	7,383	23%	11	20,252	-	-
MEDICAL SUPPLIES	4	4	20,375	-	-	-	-		4	20,375	-	-
CONSTRUCTION OF HOSPITAL	5	1	17,903	-	-	-	-		1	17,903	-	-
HEALTH CARE CENTERS	6	1	14,031	-	-	-	-		1	14,031	-	-
AIR CONDITIONED WAREHOUSE FOR PHARMACEUTICALS	7	1	10,822	-	-	-	-		1	10,822	-	-
STEAM BOILERS	8	1	1,439	179	-	-	-		-	-	1	1,439
AMBULANCE BOAT	9	1	1,100	-	-	-	-		1	1,100	-	-
TOTAL		55	349,482	25,295	17	175,833	39,746	23%	32	150,829	6	22,820

1. MEDICAL EQUIPMENT

The medical equipment specifications were in many cases quite detailed and complex in nature. Many of the contracts contained numerous line items or pieces of equipment. In most cases, we selected the high-dollar items to review.

To confirm our understanding of both the terminology and the capabilities of the equipment in the OFF contracts, we consulted with the administrator of a hospital radiology department and with the North Carolina Department of Health as well as several medical equipment vendors. We then were able to request price quotes from the vendors with whom we had consulted and obtain pricing data for comparable items. As a further measure, we performed Internet searches and identified additional vendor sources with prices for stock items

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having the same or similar specifications/capabilities to those in the OFF contracts. The following notes describe the basis of the analysis prices shown in the following table.

1. Discussion with Administrator, Radiology Dept, Roanoke, VA, confirmed the configuration of the scanner and approximate purchase and installation costs.
2. A vendor price list is available on the Internet and used as the basis of the analysis price.
3. We obtained a vendor price quote for this item.
4. The analysis price is the average of a U.S. vendor quote and an item on a U.S. vendor price list.
5. We consulted with a vendor and received general pricing information, but did not receive a firm quote.
6. The analysis price is for a comparable item with similar specifications/capabilities.
7. The North Carolina Department of Health provided prices for three comparable cardiac catheterization labs recently purchased in that state. The analysis price is the average cost of the three North Carolina labs.

We were not able to obtain pricing information for all items selected. The following table details the individual items we evaluated for which we were able to obtain pricing information.

PRICING DETAILS
MEDICAL EQUIPMENT

COMM	Mission	Date	Description	Qty	UoM	Contract (in USD) Unit Price	Contract (in USD) Contract Value	Analysis (in USD) Unit Price	Analysis (in USD) Difference Unit	Analysis (in USD) Total Difference	% Diff.	NOTE
501017	Germany	11/9/1999	Siemens SOMATOM PLUS 4 POWER CT Scan w/ accessories, warranty, transportation & training	14	system	1,225,916	17,162,824	1,100,000	125,916.00	1,762,824		1, 5, 6
501056	Germany	9/10/1999	Siemens SIREGRAPH CF & 33-4 X-Ray System	30	system	269,581	8,087,430	575,000	-	-		3, 6
601337	France	10/29/1999	Alys Anesthesia Machine	223	system	17,862	3,938,826	22,750	-	-		2, 6
601337	France	10/29/1999	Alys Ventilator	147	system	12,296	1,807,512	8,750	3,546.00	521,262	29%	2, 6
601337	France	10/29/1999	Interlock SELECTATEC Vaporizer Vapal Interlock II	681	unit	2,162	1,472,322	3,050	-	-		2, 6
601778	Germany	5/24/2000	Siemens NEUROSTAR PLUS/PT-T.O.P.Digital Neuro-Angiography system w/accessones	2	system	1,588,439	3,176,878	1,205,000	383,439.00	766,878	24%	2,6
601825	Germany	3/30/2000	Siemens SIREGRAPH CF & 33-4 Diagnostic X-Ray system	10	system	269,581	2,695,810	575,000	-	-		3, 6
602074	Russia	6/30/2001	Siemens MAGNETON CONCERTO MRI System	8	system	1,154,135	9,233,080	532,000	622,135.00	4,977,080	54%	2, 6
602074	Russia	6/30/2001	Siemens Patient Table	8	unit	76,181	609,448	26,000	50,181.00	401,448	66%	2, 6
602083	Russia	9/13/2001	Cardiac Catheterization Suite complete w/equipment, accessories and spare parts	2	suite	3,064,057	6,128,113	1,328,334	1,735,722.50	3,471,445	57%	6, 7
602084	Russia	9/11/2001	Servo Pediatric Ventilator 900c EN	175	unit	13,132	2,298,100	32,000	-	-		3
602084	Russia	9/11/2001	Power Pack 350b	175	unit	1,933	338,275	2,316	-	-		2, 6
602084	Russia	9/11/2001	F&P Humidifier MR730	175	unit	1,322	231,350	1,800	-	-		2, 6
702785	Russia	4/12/2001	Siemens SOMATOM EMOTION CT Scan w/ accessories	10	system	1,895,761	18,957,606	1,100,000	795,760.60	7,957,606	42%	1, 5, 6
1000932	France	3/24/2001	Factor Assay Kit (STA Def)	232	kit	120	27,840	385	-	-		2, 6
1000932	France	3/24/2001	Factor VII Assay Kit	226	kit	120	27,120	385	-	-		2, 6
1001423	Egypt	2/2/2002	Aquilion MULTI Helical CT Scan	6	unit	2,108,766	12,652,596	820,000	1,288,766.00	7,732,596	61%	3, 6
1001423	Egypt	2/2/2002	X-Ray Tube MEGACOOL	19	unit	135,102	2,566,938	100,000	35,102.00	666,938	26%	3
1002218	Sweden	8/4/2000	GE 2612 KC1 microprocessor controlled steam sterilizer w/ accessories	200	unit	44,966	8,993,220	51,687	-	-		2, 6
1100675	Russia	4/9/2002	Siemens SYMPHONY BASIC Magnetic Resonance Tomograph System	2	system	2,678,434	5,356,867	1,750,500	927,933.63	1,855,867	35%	4, 6
1100675	Russia	4/9/2002	Siemens SYMPHONY Removeable Patient Table w/ Trolley	2	unit	101,347	202,694	26,000	75,346.88	150,694	74%	2, 6
1200004	Jordan	10/9/2001	Eschweiler COMBISYS II Type 740 Blood Gases + Electrolytes Analyzer	81	system	27,047	2,190,807	22,300	4,747.00	384,507	18%	2, 6
1200004	Jordan	10/9/2001	PC02 Sensor complete	324	unit	883	289,332	985	-	-		2, 6
1200004	Jordan	10/9/2001	PO2 Sensor complete	324	unit	851	275,724	985	-	-		2, 6
1200004	Jordan	10/9/2001	pH Sensor complete	324	unit	851	275,724	676	175.00	56,700	21%	2, 6
1200004	Jordan	10/9/2001	NA+ Sensor Unit complete	324	unit	712	230,688	350	362.00	117,288	51%	2, 6
1200004	Jordan	10/9/2001	K+ Sensor Unit complete	324	unit	638	206,712	235	403.00	130,572	63%	2, 6
1200004	Jordan	10/9/2001	CA++ Sensor Unit complete	324	unit	638	206,712	248	390.00	126,360	61%	2, 6
1200004	Jordan	10/9/2001	PC02 Sensor Membrane Shell	243	unit	537	130,491	112	425.00	103,275	79%	2, 6
1200004	Jordan	10/9/2001	PO2 Sensor Membrane Shell	243	unit	505	122,715	112	393.00	95,499	78%	2, 6
1200004	Jordan	10/9/2001	pH Sensor Unit complete	243	unit	505	122,715	676	-	-		2, 6
TOTAL										31,278,839		

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2. MEDICINE

Many of the OFF contracts selected for evaluation contained numerous line items of various medicines. We selected the high-dollar items to review. We used two primary resources to obtain independent pricing information for pharmaceuticals (medicines, drugs, laboratory tests and supplies) included in the OFF contracts. The first is the "Universal Data Repository" (UDR), which was developed and is produced for the Defense Medical Logistics Standard Support (DMLSS) program by the Defense Logistics Information Service (DLIS) located in Battle Creek, Michigan. We identified recent purchases by U.S. military medical installations by performing pharmaceutical searches of the UDR, using generic drug names, as well as product names if available. We also consulted the Medical Directorate at the Defense Supply Center, Philadelphia (DSCP) for information on pricing. These resources provided the best indication of quantity pricing available to a large government customer.

If we could not match the OFF contract specification to a listed product, the UDR helped us identify other potential sources of supply. We contacted several vendors directly and obtained quotes for the same or similar items distributed by them. If the UDR or DSCP could not provide pricing information or identify helpful pricing sources, we performed Internet searches using the generic drug name, and brand name if available, to identify vendors supplying the same items, and to obtain their prices.

We were unable to obtain pricing information on all items selected for evaluation. The following table details the pricing information on those items for which we obtained pricing data.

PRICING DETAILS
MEDICINE

COMM	Mission	Date	Description	Qty	UM	Contract (in USD)		Analysis (in USD)			% Diff.
						Unit Price	Contract Value	Unit Price	Difference Unit	Total Difference	
901566	Jordan	8/16/2001	Floxapen Susp 125mg	798,842	100 ml pack	4.61	3,686,425	8.91	-	-	
901566	Jordan	8/16/2001	Zental tab 200 mg	2,064,290	2 tab pack	0.63	1,301,479	1.06	-	-	
901566	Jordan	8/16/2001	Floxapen Injectable 250 mg vial	28,826	10 vial pack	9.46	272,605	27.44	-	-	
1000518	Russia	6/12/2001	Erythromycin Ethyl Succinate	50,000	KG	73.47	3,673,488	87.84	-	-	
1000518	Russia	6/12/2001	Paracetamol	500,000	KG	2.26	1,132,262	2.53	-	-	
1000518	Russia	6/12/2001	Rifampicin	20,000	KG	45.18	903,593	76.00	-	-	
1000518	Russia	6/12/2001	Sulphamethoxazol	100,000	KG	6.54	654,472	8.20	-	-	
1000518	Russia	6/12/2001	Codeine Phosphate	1,000	KG	578.47	578,469	70.00	508.47	508,469	88%
1000518	Russia	6/12/2001	Lanoline Alcohol	30,000	KG	14.06	421,818	4.35	9.71	291,430	69%
1000518	Russia	6/12/2001	Ampicillin Trihydrate VFP	10,000	KG	27.57	275,723	35.05	-	-	
1000812	India	11/19/2001	Enalapril Maleate Tab 5mg	45,210	20 tab pack	0.93	41,922	0.49	0.44	19,950	48%
1000964	Syria	11/2/2001	Nitroglycerin sublingual tab 0.5 mg	440,000	50 tab bottle	0.64	280,000	0.93	-	-	
1001411	France	1/31/2002	HBS AG test	9,960	test	2.98	29,658	2.12	0.86	8,543	29%
1001411	France	1/31/2002	Anti-HBC IGM II test	1,980	test	9.36	18,541	7.25	2.11	4,186	23%
1001411	France	1/31/2002	HAV IGM test	1,980	test	6.19	12,257	2.53	3.66	7,248	59%
1001411	France	1/31/2002	Chlamydia Blocking Assay	390	test	15.36	5,990	7.79	7.57	2,952	49%
1001411	France	1/31/2002	CMV IGM test	480	test	10.85	5,209	2.53	8.32	3,995	77%
1001411	France	1/31/2002	Chlamydia test	360	test	7.84	2,821	7.79	-	-	
1001411	France	1/31/2002	CHL Male Collection Kit	360	test	7.84	2,821	7.79	-	-	
1001411	France	1/31/2002	CHL Female Collection Kit	360	test	7.84	2,821	7.79	-	-	
1001411	France	1/31/2002	CMV IGG test	480	test	5.43	2,605	2.53	2.90	1,390	53%
1001411	France	1/31/2002	HBS AG Confirmation test	500	test	1.62	811	2.12	-	-	
1001411	France	1/31/2002	HIV P24 II Confirmation test	480	test	1.18	564	7.68	-	-	
1001411	France	1/31/2002	Chlamydia test	360	test	0.00	0	7.79	-	-	
1001664	Russia	1/31/2002	Alcohol Cetosteryl USP 23 (NF 18) BP98	50,000	KG	1.65	82,306	1.34	0.30	15,226	18%
1001685	Jordan	12/2/2002	Empty Gelatin Capsules	5,285	Jar of 1,000	3.30	17,441	7.00	-	-	
1001687	Jordan	1/24/2002	Silver Sulphadiazine 1% Cream	517,572	30 gm tube	0.55	284,549	0.12	0.43	220,889	78%
1101024	Denmark	6/6/2002	Insulin Monotard HM 100iu	902,600	10ml vial	5.57	5,027,482	11.14	-	-	
1101024	Denmark	6/6/2002	Insulin Actrapid HM 100iu	663,000	10ml vial	5.57	3,692,910	11.21	-	-	
1101024	Denmark	6/6/2002	Insulin Mixtard HM 100iu	531,700	10ml vial	5.57	2,961,569	11.12	-	-	
1200093	China	6/29/2001	Distilled Water	408,678	5 ml ampule	5.41	2,210,948	5.24	-	-	
1200475	Germany	9/18/2002	Human Albumin 20% IV	154,241	100 ml bottle	54.10	8,344,828	58.04	-	-	
1200535	Egypt	10/20/2002	Vental Asthma Inhalers	2,345,200	unit	1.08	2,528,360	1.19	-	-	
1200713	Syria	11/19/2002	Glyciphage	759,000	tablet	0.0141	10,694	0.33	-	-	
	TOTAL									1,084,277	

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3. AMBULANCES

The Iraqi government contracted to purchase several different brands of ambulances under the OFF program. One contract in the Passenger Vehicle sector included eight more Toyota Landcruiser ambulances that are not included in the details shown below. Most of the contracts did not contain sufficiently detailed specifications and configuration information to permit us to perform a comprehensive price analysis of each vehicle. An ideal price estimate would depend on the level of medical equipment provided with the vehicle. However, we did obtain historical pricing from GSA for "basic" Type II ambulances, without options, purchased through GSA during the same periods as the listed contracts. The GSA prices were used as the analysis prices noted below.

Although we were unable to compare vehicles based on detailed specifications, we noted that the three contracts for Mercedes Benz "Sprinter" ambulances were priced consistently higher than the other models of ambulances purchased under the OFF program, and higher than the "basic" model we used for the pricing analysis. We recommend that a cost-benefit analysis be performed to determine if a lower-priced vehicle would meet the same needs as the Mercedes Benz models.

PRICING DETAILS
AMBULANCES

					Contract (in USD)			Analysis (in USD)			
COMM.	Mission	Date	Description	Qty	Unit Price	Spares	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	% Diff.
4974	Russia	3/3/1999	GAZ 32214 Ambulance	50	24,500		1,225,000	46,298	-	-	
601201	Russia	10/20/1999	GAZ 32214 Ambulance	200	28,500		5,700,000	46,298	-	-	
731008	Russia	10/11/2001	Nissan Urvan Ambulance	2	32,526		65,053	47,921	-	-	
800729	Turkey	9/7/2000	Iveco 35.10 Ambulance	2	38,430	7,725	84,584	46,298	-	-	
801381	Sweden	1/26/2001	Mercedes Benz Sprinter 214 Ambulance	200	69,563	2,756,829	16,669,359	47,243	22,320	4,463,930	27%
801660	France	2/9/2001	Peugeot Boxer 310C Ambulance	200	44,963	1,798,543	10,791,194	47,243	-	-	
811302	Japan	10/23/2002	Toyota Landcruiser 4x4 Ambulance	4	33,745	49,741	184,719	47,921	-	-	
811303	Japan	10/4/2002	Toyota Landcruiser 4x4 Ambulance	7	21,309	87,048	236,212	47,921	-	-	
811304	Japan	10/16/2002	Toyota Landcruiser 4x4 Ambulance	8	23,376	82,950	269,957	47,921	-	-	
1000854	Syria	10/13/2001	Mercedes Benz Sprinter 214 Ambulance	100	60,760	1,215,134	7,291,092	47,243	13,517	1,351,658	19%
1001313	UAE	11/28/2001	Mercedes Benz 100 Ambulance	5	35,797	26,848	205,833	47,243	-	-	
1001790	Sweden	3/25/2002	Mercedes Benz Sprinter 314 4x4 Ambulance	100	63,598	1,270,784	7,630,557	47,921	15,677	1,567,673	21%
1030305	Belarus	8/30/2001	Ford Transit V185 MWB 280 Ambulance	10	38,187		381,870	47,243	-	-	
1300024	Egypt	12/24/2001	Toyota Hiace Ambulance	40	25,176	100,705	1,107,746	47,243	-	-	
	TOTAL			928		7,396,307	51,843,176			7,383,262	

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4. MEDICAL SUPPLIES

Many of the OFF contracts selected for evaluation contained numerous line items of various medical supplies. We selected the high-dollar items to review. We obtained independent pricing information of medical supplies for comparison with the OFF contract prices.

To analyze COMM 901916, Glucose Test Strips, and COMM 1200659, Colostomy Bags, we performed Internet searches using the generic and brand names to identify vendors supplying the same items and to obtain their prices.

The analysis prices for COMM 1200085 and COMM 900780 were arrived at by calculating the average of prices paid by U.S. military medical installations for the same items. These prices were found on the "Universal Data Repository" (UDR). The UDR was developed and is produced for the Defense Medical Logistics Standard Support (DMLSS) program by the Defense Logistics Information Service (DLIS) located in Battle Creek, Michigan. The UDR permitted us to perform pharmaceutical searches using generic names and product names, and provided the best indication of quantity pricing available to a large government customer.

Although we noted differences in some items, we concluded that, overall, the contracts appear to be reasonably priced.

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PRICING DETAILS
MEDICAL SUPPLIES

COMM	Mission	Date	Description	Qty	UoM	Contract (in USD)		Analysis (in USD)			% Diff.
						Unit Price	Contract Value	Unit Price	Difference Unit	Total Difference	
1200659	Malaysia	11/19/2002	Colostomy Bags - 5 line items, various sizes	50,894	Box of 30	41.37	2,105,485	89.08	-	-	
901916	Germany	1/15/2002	Accucheck Active Glucose Test Strips	100,000	Box of 50	13.14	1,314,000	37.49	-	-	
900780	Jordan	6/22/2001	Guiding Catheters - 41 line items, various sizes	19,749	each	89.37	1,764,904	103.31	-	-	
900780	Jordan	6/22/2001	Mounted Stents - 17 line items, various sizes	3,856	each	730.87	2,818,247	1,229.06	-	-	
900780	Jordan	6/22/2001	Balloon Catheters - 15 line items, various sizes	4,527	each	317.89	1,439,078	201.57	-	-	
900780	Jordan	6/22/2001	Angiography Drape Sheet, 20,202 boxes of 13	262,626	each	10.27	2,696,751	6.01	-	-	
1200085	Jordan	7/31/2002	Plaster of Paris 8"x3 yd. Gauze Bandage	130,389	roll	10.26	1,337,799	19.93	-	-	
1200085	Jordan	7/31/2002	Plaster of Paris 6"x3 yd. Gauze Bandage	110,341	roll	8.11	894,856	14.17	-	-	
1200085	Jordan	7/31/2002	Plaster of Paris 4"x3 yd. Gauze Bandage	85,304	roll	4.93	420,660	13.82	-	-	
1200085	Jordan	7/31/2002	Plaster of Paris 3"x3 yd. Gauze Bandage	46,065	roll	4.02	185,345	9.84	-	-	
1200085	Jordan	7/31/2002	Plaster of Paris 2"x3 yd. Gauze Bandage	25,469	roll	2.68	68,309	9.33	-	-	

5. CONSTRUCTION OF HOSPITAL

The OFF contract provides for construction of a 193,750 square-foot hospital for the National Center for Diabetes and Endocrine Diseases for a price of $17.9 million. Our analysis is based on construction prices for a comparable hospital (Type V, with a 1-hour fire rating). We used a U.S. regional building standard developed by the International Conference of Building Officials (ICBO). ICBO standards provide regional estimates for construction of various structures, expressed as a cost per square foot. The standard we applied is inclusive of

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the following elements: architectural, structural, electrical, plumbing, mechanical work, air conditioning installation, sprinkler systems, and profit, corresponding with the scope of effort expressed in the OFF contract. Using this method, our analysis resulted in an estimated cost of $23.2 million. Therefore, we find the hospital contract appears to be reasonably priced.

6. HEALTH CARE CENTERS

The OFF contract provides for construction of 126 health centers (clinics), each sized at 770m^2 (8,130 square feet), costing $91,183 each, plus office and examination room furniture and fixtures priced at $20,173 each. Our analysis of the clinic structure is based on construction prices for a comparable medical office (Type V, 1 hour fire rating). We used a U.S. regional building standard developed by the International Conference of Building Officials (ICBO). ICBO standards provide regional estimates for construction of various structures, expressed as a cost per square foot. The standard we applied is inclusive of the following elements: architectural, structural, electrical, plumbing, mechanical work, air conditioning installation, sprinkler systems, and profit, corresponding with the scope of effort expressed in the OFF contract. Application of the standard rendered an analysis price of $686,000 per clinic. Our analysis of prices for the office and examination room furnishings and fixtures found those items to be reasonably priced as well.

7. AIR CONDITIONED WAREHOUSE FOR PHARMACEUTICALS

The OFF contract provides for construction of five 34,445 square-foot pharmaceutical warehouse buildings, each equipped with an internal cold-storage room, storage-racking system, fork lifts, a telephone system, and various electrical, plumbing, and mechanical spare parts for a price of $2,164,444 for each building.

Our analysis of the building structure is based on construction prices for a comparable warehouse (Type I/II fire resistant). We used a regional building standard developed by the International Conference of Building Officials (ICBO). ICBO standards provide regional estimates for construction of various structures, expressed as a cost per square foot. The standard we applied is inclusive of the following elements: architectural, structural, electrical, plumbing, mechanical work, air conditioning installation, sprinkler systems, and profit, corresponding

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with the scope of effort expressed in the OFF contract. Application of the standard rendered an analysis price of $2.2 million per warehouse.

We performed an Internet search and contacted vendors selling the same or similar cold-storage rooms and forklift trucks. Two vendors responded with quotes for similar cold-storage units. We used the average of both prices, inclusive of shipping CONUS and fabrication, as the basis of our evaluation price. A forklift dealer website listed 20 units with similar specifications to the forklifts under contract. We used the average price of those 20 units as our evaluation price. We did not evaluate the prices for the storage racks, telephone system, or spare parts. Based on our analysis, the warehouse contract appears to be reasonably priced.

8. STEAM BOILERS

This OFF contract is for installation of 30 steam boiler units, inclusive of feed tank, fuel tank, water softening unit and chimney, plus spare parts for a total price of $1.4 million.

We were unable to obtain comparative pricing data for this contract. Internet searches did not locate systems or components with specifications comparable to those in the contract. In addition, the search for vendors supplying similar units was hampered because the contract did not indicate the purpose of these boiler units or the facilities in which they were to be installed. As a result, the analysis is considered inconclusive.

9. AMBULANCE BOAT

This contract is for a 20.4-meter (67-foot) steel boat with twin engines capable of a speed of18 knots and priced at $1.1 million. The contract includes outfitting the boat with electronics, generators, air conditioning, safety equipment, and spare parts.

We performed Internet searches and located several vendors who had 12 boats for sale of a similar size and speed. As there were differences in configurations between the different boats and the OFF contract

(i.e., single engine instead of dual engines, fiberglass hull instead of steel hull, cabin and equipment), we used the average of the prices for the 12 boats as the starting point for our evaluation. We then added in the prices for electronics and spare parts found on other vendor websites. Based on the evaluation, we considered the OFF contract to be reasonably priced.

HEAVY EQUIPMENT

The items summarized below were found in various sectors (Oil, Agriculture, Housing, etc.). However, for the purposes of this evaluation they were grouped together.

To evaluate the OFF contract prices, where possible, we obtained pricing data for the same make and model of equipment by requesting price quotes from dealers or distributors and through Internet searches. However, for many items, we could not find pricing information for the same make or model. In such cases, we compared those OFF contract prices to the prices we found for comparable equipment on another OFF contract for the same or similar items.

We found one contract (COMM 730939) that contains a 10 percent "After Sales Service" cost in the contract (see Note 5).

SUMMARY OF EVALUATION OF HEAVY EQUIPMENT

Description	Note	Total Contracts				Potentially Overpriced				Reasonably Priced		Inconclusive	
		No.	($000) Value	Qty	($000) Spares	No.	($000) Value	Potential Overpricing	Percent	No.	($000) Value	No	($000) Value
WHEEL LOADERS	1	9	101,152	733	8,587	1	26,932	5,885	22%	8	74,220	-	-
BULLDOZERS	2	3	57,650	215	2,055	2	56,151	5,991	11%	1	1,499	-	-
MOTOR SCRAPER	3	2	17,417	64	911	-	-	-		2	17,417	-	-
MISC CONSTRUCTION EQUIPMENT	1,2,3a	3	26,532	103	2,792	-	-	-		3	26,532	-	-
EXCAVATORS	4	3	30,674	170	2,078	-	-	-		3	30,674	-	-
FORKLIFTS	5	9	16,346	386	1,039	5	12,925	2,954	23%	4	3,421	-	-
TRACTORS & SPARES	6	4	10,249	837	2,053	-	-	-		3	9,471	1	777
CORN HUSKERS	7	3	5,931	450	333	1	2,274	354	16%	2	3,658	-	-
TOTAL		36	265,950		19,847	9	98,281	15,184	71%	26	166,892	1	777

[a] *Miscellaneous Construction Equipment includes contracts with a combination of different types of equipment. Our analysis of these contracts is included in the discussions covering the individual components (wheel loaders, bulldozers, and motor scrapers).*

1. WHEEL LOADERS

The wheel loader contracts evaluated are detailed below. The wheel loaders varied in size, power, and capacity, all of which impact the price. We obtained price quotes from various U.S. suppliers (Caterpillar, Case Equipment, and Folcomer Equipment), found prices on the Internet, and consulted with U.S. Army Corps of Engineer experts on the same or similar equipment for most of the items evaluated. The OFF contract prices generally are lower than the best prices we found. In some cases, the prices we found were not for the identical make and model of equipment in the OFF contracts but were for what appears to be comparable equipment based on similar specifications.

When the same make and model was included in multiple OFF contracts, we compared the contract prices to the lower of either (a) the best price we found or (b) the lowest OFF contract price. We noted one case (COMM 1201514) where the make and model is identical to another OFF contract and the contract price is substantially *higher*. Although the best price found is higher than either contract, we computed potential overpricing on the higher contract based on the best OFF contract price.

PRICING DETAILS
WHEEL LOADERS

					Contract			Analysis			
COMM	Mission	Date	Description	Qty	Unit Price	Spares	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	% Diff.
801293	Russia	10/22/2000	B-361	30	72,958	663,450	2,852,196	102,500	-	-	
901396	Egypt	7/27/2001	Caterpillar 938G	60	88,188	802,135	6,093,415	133,460	-	-	
1201514	Syria	8/22/2001	Caterpillar 938G	200	117,615	3,409,090	26,932,000	88,188	29,427	5,885,310	22%
1300124	Belgium	7/4/2002	Caterpillar 938GII	98	127,339	1,808,563	14,287,744	133,460	-	-	
900510	Jordan	5/30/2001	Kawasaki KSS 70ZiV-2	60	98,930	290,167	6,225,967	128,000	-	-	
801482	Japan	10/11/2000	Kawasaki KSS 85ZIV-2	120	180,589		21,670,680	177,891	-	-	
802110	UAE	3/19/2001	Kawasaki KSS 85ZIV-2	45	177,891		8,005,095	197,626	-	-	
811169	UN-Habitat	10/1/2002	Komatsu D75S-5	3	251,871	127,546	883,158	251,871	-	-	
601016	Russia	11/7/1999	Stroydormash TO-40C	20	133,000	532,000	3,192,000	133,000	-	-	
901150	Sweden	5/31/2001	Volvo L120D	100	108,120	1,081,197	11,893,162	108,120	-	-	
801637	Russia	2/12/2001	VPK 7821	15	232,298	191,098	3,675,568	468,265	-	-	
801638	Russia	2/12/2001	VPK 7821	15	242,232	364,678	3,998,158	232,298	-	-	
TOTAL				766		9,269,924	109,709,142			5,885,310	

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2. BULLDOZERS

For COMM 1201408, we received a quote from Caterpillar for model D6N-XL (a newer model than in the contract) that is lower than the OFF contract price. The Caterpillar quote does not include transportation costs. However, the account manager indicated they would likely ship from their facility in Saudi Arabia, thereby reducing the transportation costs. The potential overpricing identified on the Komatsu D155 AX-5 bulldozer on COMM 802203 is based on a comparison of the contract price to COMM 811169, which also contained Komatsu D155 AX-5 bulldozers. COMM 811169 contained two types of bulldozers, a single shank ripper and a multi shank ripper. It is unclear if the bulldozer in COMM 802203 is a single- or multi-shank ripper. We used the higher-priced multi-shank ripper in our analysis of the contract price. COMM 811169 (the lower-priced contract) is direct with Komatsu, whereas COMM 802203 is with an exporter (middleman) in UAE.

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PRICING DETAILS
BULLDOZERS

COMM	Mission	Date	Description	Qty	Contract			Analysis			% Diff.
					Unit Price	Spares	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	
800928	Russia	12/11/2002	VPK B10.02E	20	74,955		1,499,100	74,955	-	-	
801637	Russia	2/12/2001	VPK T-25.01	9	239,426	50,505	2,205,339	375,743	-	-	
801638	Russia	2/12/2001	VPK T-25.01	15	242,636	358,629	3,998,169	375,743	-	-	
1201408	Syria	11/15/2001	Caterpillar D6M XL	95	160,500	2,054,864	17,302,364	134,107	26,393	2,507,335	14%
802203	UAE	4/9/2001	Komatsu D155 AX-5	100	388,487		38,848,671	353,654	34,833	3,483,285	9%
811169	UN-Habitat	10/1/2002	Komatsu D155 AX-5 1-1-2	8	340,120	459,293	3,180,255	340,120	-	-	
811169	UN-Habitat	10/1/2002	Komatsu D155 AX-5 1-2-2	9	353,654	537,265	3,720,149	353,654	-	-	
811169	UN-Habitat	10/1/2002	Komatsu D65E-12	3	190,372	96,403	667,521	190,372	-	-	
TOTAL				259		3,556,959	71,421,568			5,990,621	

3. MOTOR SCRAPERS

We obtained a quote from Caterpillar for a Model 621F scraper (COMM 802460). We were unable to obtain pricing data for the MoAZ 60071 scraper in COMM 601333. The specifications appear to be comparable to the Caterpillar 621F, but they may differ in unknown respects. Therefore, we consider our analysis of COMM 601333 to be inconclusive. The Komatsu motor scrapers in COMM 811169 appear to be somewhat smaller in size and capacity. We were unable to find prices for a comparable new motor scraper. However, based on the price of used equipment, the contract prices appear to be reasonable.

PRICING DETAILS
MOTOR GRADERS/SCRAPERS

					Contract			Analysis			
COMM	Mission	Date	Description	Qty	Unit Price	Spares	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	% Diff.
601333	Belarus	2/3/2000	MoAZ 60071	40	185,000		7,400,000	-	-		
802460	UAE	3/14/2001	Caterpillar 621F	24	379,440	910,659	10,017,230	382,861	-		
811169	UN-Habitat	10/1/2002	Komatsu GD621R-1	14	132,126	312,235	2,161,993	132,126	-	-	
811169	UN-Habitat	10/1/2002	Komatsu GD623R-1	12	145,536	294,794	2,041,223	145,536	-	-	
TOTAL				90		1,517,688	21,620,446		-		

4. EXCAVATORS

We evaluated the pricing on three excavator contracts. We were not able to obtain pricing data for a new Hitachi EX-200LC-5 excavator (COMM 600655). However, based on prices for used ones, the contract price appears reasonable. COMM 801777 is for a Chinese-made Funshun QUY50A. Although COMM 702154 does not specify the make and model, it is with the same Chinese supplier as COMM 801777 and appears to be for similar equipment. We were not able to obtain pricing data for the exact make and model, but we did receive a quote from a different supplier for a comparable excavator. The OFF contract prices are lower than the quote we received and therefore appear to be reasonable. However, we did note a pricing issue with the spares on COMMs 702154 and 801777. We received a quote from another supplier on several spare part items. The OFF contract prices are significantly higher than the quote. In addition, we found the prices on the two contracts to be widely inconsistent. For example, Item 181a (Pump Device Repair Kit) has a price of $6,625 on COMM 702154. Four months later, the same item is priced at $46,309 on COMM 801777. These anomalies do not impact the total contract price by more than 5 percent, and therefore the contract is not considered overpriced.

PRICING DETAILS
EXCAVATORS

COMM	Mission	Date	Description	Qty	Contract			Analysis			% Diff.
					Unit Price	Spares	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	
600655	China	10/27/1999	Hitachi EX 200LC-5HHE	90	86,039	675,948	8,419,500	98,580	-	-	
702154	China	7/12/2000	Funshun	40	251,732	470,720	10,540,000	320,000	-	-	
801777	China	11/18/2000	Funshun QUY50A	40	269,570	931,221	11,714,007	251,732	-	-	
TOTAL				170		2,077,889	30,673,508		-		

5. FORKLIFTS

In general, we were unable to obtain prices for the exact makes and models in most of the OFF contracts. However, we received quotes from a supplier for forklifts of comparable sizes and found prices on various Internet sites. For the most part, the prices we found are lower than the OFF contract prices. Our analysis did not include an estimate for transportation costs or an estimate for quantity discounts that may be available.

Also, we found that contract 730939 includes a 10 percent "after sales service" expense of $15,886. "After sales service costs" are considered by OIP to be potentially illicit surcharges to be returned to the former Iraqi regime. This is one of the few instances where we saw "after sales service" as a line item in the purchase order. OIP commented on the line item in its August 31, 2001, customs report. In this report, OIP stated that the costs were "clarified with the supplier on the basis of man-days and man-day rates and appear reasonable." Since we can not validate if the contractor's statements are accurate in relation to the purpose of the services, we consider the amount of the "after sales service" to be overpricing.

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PRICING DETAILS
FORKLIFTS

						Contract			Analysis			
COMM	Mission	Date	Description	Size	Qty	Unit Price	Spares	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	% Diff.
600660	Algeria	11/3/1999	15000KG Diesel	15 Ton	30	79,265	356,692	2,734,642	69,500	9,765	292,950	11%
600660	Algeria	11/3/1999	2000KG Diesel	2 ton	25	19,500	72,993	560,493	15,397	4,103	102,583	18%
600660	Algeria	11/3/1999	3000KG Diesel	3 ton	30	23,375	105,188	806,438	22,639	-	-	
600660	Algeria	11/3/1999	5000KG Diesel	5 ton	25	42,332	158,745	1,217,045	32,077	10,255	256,365	21%
701860	Jordan	8/14/2002	LK 100R (Italy)	5 Ton	25	63,627		1,590,675	32,077	31,550	788,740	50%
702685	India	2/26/2001	Tata DV1006	10 Ton	4	58,169	23,268	255,943	74,574	-	-	
802109	UAE	3/19/2001	Komatsu FD30T-12	10 ton	5	94,621		473,103	74,574	20,047	100,233	21%
802109	UAE	3/19/2001	Komatsu FD100T-6	3 ton	100	30,408		3,040,763	22,639	7,769	776,882	26%
802109	UAE	3/19/2001	Komatsu F50 AT-7	5 ton	20	50,386		1,007,729	32,077	18,309	366,180	36%
811111	UNDP	12/22/2001	ZV Model 100-06C	10 Ton	9	65,360	45,190	633,430	74,574	-	-	
811111	UNDP	12/22/2001	ZV Model SF 50D	5 Ton	14	34,360	25,510	506,550	32,077	-	-	
830869	Germany	1/29/2000	Linde H420	42 Ton	2	323,551		647,102	353,753	-	-	
1030605	Bulgaria	3/1/2002	Balkancarpdem D30-35	3 Ton	10	21,678	125,282	342,057	22,639	-	-	
1030605	Bulgaria	3/1/2002	Balkancarpdem D50-35	5 Ton	40	25,901		1,036,046	32,077	-	-	
1230099	Russia	9/1/2001	Spectra FD10Z18T	1 Ton	10	17,151	20,674	192,184	14,928	2,223	22,231	12%
1230099	Russia	9/1/2001	Spectra FD20Z5T-DLP	1.2 Ton	10	29,233	27,516	319,845	14,928	14,305	143,050	45%
1230099	Russia	9/1/2001	Spectra FD100Z8	10 Ton	5	58,608	26,767	319,805	74,574	-	-	
1230099	Russia	9/1/2001	Spectra FD20Z5T	2 Ton	10	20,675	27,669	234,417	15,397	5,278	52,782	23%
1230099	Russia	9/1/2001	Spectra FD50T8	5 Ton	6	38,138	23,827	252,652	32,077	6,060	36,361	14%
[a]730939	China	3/1/2001	Heli CPCD50	5 Ton	6	29,125	-	174,748	32,077	-	15,886	9%
TOTAL					386		1,039,320	16,345,665			2,954,240	18%

[a] *Contract includes a 10 percent "After Sales Service" charge*

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6. TRACTORS & SPARES

We were unable to obtain pricing data for the specific make and model of tractors in the OFF contracts. We compared the contract prices to quotes we received for comparable John Deere tractors and other prices we found on the Internet. The John Deere quote includes a 27 percent government discount and an estimate of 3 percent for freight costs. Based on the pricing data we found, it appears the OFF contracts are reasonably priced except for COMM 1201115. Our evaluation of COMM 1201115 is inconclusive. This contract, which is for spare parts for a New Holland model TM150 tractor, did not include a listing of parts. Therefore, we were unable to evaluate the prices on this contract.

PRICING DETAILS
TRACTORS

					Contract			Analysis			
COMM	Mission	Date	Description	Qty	Unit Price	Spares	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	% Diff.
600411	Belarus	8/18/1999	MTZ 800	300	**10,800**	324,000	3,564,000	**12,459**	-	-	
600411	Belarus	8/18/1999	MTZ 321	12	**7,900**	9,480	104,280	**7,519**	-	-	
601218	Egypt	9/10/1999	Kharkkov T-150	25	**24,400**	91,500	701,500	**33,000**	-	-	
1000634	Russia	9/25/2001	Lipetsk LTZ 60-V	500	**8,503**	850,301	5,101,706	**8,503**	-	-	
1201115	Jordan	2/1/2003	New Holland TM 150			777,383	777,383		-	-	
TOTAL				**837**		**2,052,664**	**10,248,869**		-		

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7. CORN HUSKERS

We were unable to obtain pricing data for the specific makes and models of corn huskers in the OFF contracts. We spoke with a U.S. manufacturer, who advised the price for a U.S.-made corn husker is approximately $20,000. This same individual expressed concern over the number of corn headers Iraq is purchasing since Iraq only produces about 100,000 metric tons of corn per year. We compared the limited specifications provided in the three contracts and noted that COMM 1100775 appears to be for a maize header that attaches to specific types of combines. The specifications (size, weight, etc.) appear to be somewhat different from those in COMMs 1200344 and 702089. However, the specifications in COMMs 1200344 and 702089 appear to be very similar. The potential overpricing in COMM 1200344 is based on our comparison of the contract price to COMM 702089.

PRICING DETAILS
CORN HUSKERS

					Contract			Analysis			
COMM	Mission	Date	Description	Qty	Unit Price	Spares	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	% Diff.
1100775	Italy	3/13/2002	Capella Maize Header	200	10,226	204,516	2,249,671	20,000	-	-	
1200344	Lebanon	7/22/2002	Tornado 80 Corn Husker	150	15,157		2,273,622	12,800	2,357	353,622	16%
702089	Yugoslavia	7/27/2000	ZMAJ 224 Corn Husker	100	12,800	128,000	1,408,000	12,800	-	-	
TOTAL				450		332,516	5,931,293			353,622	

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SUMMARY OF EVALUATION OF HOUSING SECTOR

Description	Note	Total Contracts		Potentially Overpriced				Reasonably Priced		Inconclusive	
		No.	($000) Value	No.	($000) Value	Potential Overpricing	Percent	No.	($000) Value	No	($000) Value
REINFORCING DEFORMED BARS	1	12	181,883	8	138,933	29,260	21%	4	42,950	-	-
WOODEN DOORS	2	7	83,181	-	-	-		7	83,181	-	-
DESIGN AND CONSTRUCTION OF HOUSING	3	7	60,110	-	-	-		7	60,110	-	-
CERAMIC TILES	4	16	36,709	-	-	-		16	36,709	-	-
BATH ROOM SETS	5	15	30,298	7	21,870	5,779	26%	8	8,428	-	-
TEAKWOOD & WHITE WOOD	6	5	26,446	2	12,953	2,953	23%	3	13,493	-	-
BATHROOM FAUCETS/FIXTURES	7	1	12,724	-	-	-		1	12,724	-	-
SPORTS HALLS	8	1	9,737	-	-	-		1	9,737	-	-
FLOURESCENT LIGHTING FIXTURES	9	1	8,139	-	-	-		1	8,139	-	-
GALVANIZED PIPES	10	1	2,180	-	-	-		1	2,180	-	-
TOTAL		66	451,408	17	173,756	37,991	22%	49	277,652	-	-

1. REINFORCING DEFORMED BARS

The OFF contracts for reinforcing deformed bars ("rebar") were awarded to various suppliers located in several countries (see table below). We evaluated the contract prices by searching the Internet, contacting suppliers, and comparing prices among OFF contracts. The contracts evaluated were awarded between November 1999 and November 2001. Most of the contracts indicate the origin of the rebar is Russia or Ukraine. We were unable to find market prices for rebar from those countries. However, we found other sources that indicate the world market price of steel increased throughout 1999, but decreased in 2000 and 2001. We found that historical U.S. prices of rebar follow this trend. Birmingham Steel, in its 2001 annual report, indicated its average selling price for rebar was $275, $263, and $260 per ton in 1999, 2000, and 2001, respectively.

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The OFF contract prices did not follow this same trend. In fact, the prices in contracts awarded in 2001 are substantially higher than the 1999 and 2000 contracts. Therefore, we used the lowest OFF contract price of $213 per metric ton to evaluate the reasonableness of the other OFF contracts. Our analysis indicates the rebar contracts are potentially overpriced by $29 million.

PRICING DETAILS
REINFORCING DEFORMED BARS (REBAR)

					Contract		Analysis			
COMM	Mission	Date	Description	Metric Tons	Unit Price	Contract Value	Unit Price	Overprice/ Unit	Total Overpricing	% Diff.
700384	Ukraine	11/1/1999	Reinforcing Bar	75,000	213	15,975,000	213	-	-	
700385	Russia	11/1/1999	Reinforcing Bar	75,000	213	15,975,000	213	-	-	
600760	Russia	11/18/1999	Reinforcing Bar	25,000	220	5,500,000	213	-	-	
600761	Russia	1/25/2000	Reinforcing Bar	25,000	220	5,500,000	213	-	-	
1000581	Jordan	9/6/2000	Reinforcing Bar	70,000	266	18,620,000	213	53	3,710,000	20%
800754	Morocco	10/9/2000	Reinforcing Bar	50,000	275	13,750,000	213	62	3,100,000	23%
801158	Jordan	11/25/2000	Reinforcing Bar	50,000	264	13,200,000	213	51	2,550,000	19%
801336	Ukraine	1/16/2001	Reinforcing Bar	19,900	267	5,313,300	213	54	1,074,600	20%
900655	Ukraine	5/24/2001	Reinforcing Bar	100,000	249	24,900,000	213	36	3,600,000	14%
1000600	Ukraine	9/23/2001	Reinforcing Bar	75,000	284	21,300,000	213	71	5,325,000	25%
1101151	Syria	10/9/2001	Reinforcing Bar	100,000	287	28,700,000	213	74	7,400,000	26%
1101471	Ukraine	11/21/2001	Reinforcing Bar	50,000	263	13,150,000	213	50	2,500,000	19%
TOTAL				714,900		181,883,300			29,259,600	

2. WOODEN DOORS

Iraq contracted with various suppliers located in several countries (Pakistan, Jordan, Syria and Tunisia) for interior and exterior wooden doors. We evaluated seven contracts that ranged in price from $225 to $241 per door. We searched the Internet and contacted suppliers and found similar wooden doors priced at $300. The seven OFF contracts evaluated appear to be reasonably priced.

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3. DESIGN AND CONSTRUCTION OF HOUSING

Iraq contracted with various suppliers located in several countries (Pakistan, UAE, Lebanon, Syria and Egypt) for the design and construction of housing communities. Each community includes 504 dwellings, a mosque, medical center, shops and schools (primary and intermediate). We evaluated seven OFF contracts, and all seven were similar in price, ranging from $8,432,658 to $8,922,351. We estimated construction costs for similar building types by using Building Valuation Data provided by the International Conference Building Officials (ICBO). The Building Valuation Data used represents the average U.S. cost for most types of buildings. Using this data, we computed a cost estimate for a project of comparable size in the U.S. to be $40 million. Therefore, we concluded the seven OFF contracts appear to be reasonably priced.

4. CERAMIC TILES

Iraq contracted with various suppliers located in several countries (see table below) in order to purchase ceramic wall and floor tiles. Prices of the tiles contracted for ranged from $4.71 to $5.19 per square meter. The contracts do not contain detailed descriptions of the tiles to be provided. They are simply described as "decorated wall tiles." Based on the prices, it appears they are of utilitarian quality. We performed a price comparison by searching the Internet and found a comparable price of $5.65 per square meter. Therefore, we concluded the contract prices appear to be reasonable.

PRICING DETAILS
CERAMIC FLOOR AND WALL TILES

COMM	Mission	Date	Description	Qty (Sq Mtrs)	Contract		Analysis			% Diff.
					Unit Price	Contract Value	Unit Price	Overprice/ Unit	Total Overprice	
800975	Syria	11/25/2000	Floor Tiles	500,000	4.90	2,450,000	5.65	-	[redacted]	
1000444	Algeria	5/29/2001	Floor Tiles	250,000	5.16	1,290,000	5.65	-		
1000445	Algeria	5/29/2001	Floor Tiles	500,000	5.16	2,580,000	5.65	-		
1100094	Syria	2/14/2001	Floor Tiles	150,000	5.17	775,500	5.65	-		
1100214	Vietnam	3/16/2002	Floor Tiles	50,000	5.19	259,500	5.65	-		
800486	Tunsiia	9/27/2000	Wall Tiles	200,000	5.61	1,122,000	5.65	-		
800975	Syria	11/25/2000	Wall Tiles	1,000,000	5.01	5,010,000	5.65	-		
801159	Jordan	11/27/2000	Wall Tiles	1,000,000	5.04	5,040,000	5.65	-	-	
801535	Tunisia	12/12/2000	Wall Tiles	200,000	5.17	1,034,000	5.65	-	-	
900307	Tunisia	4/10/2001	Wall Tiles	200,000	4.89	978,000	5.65	-	-	
900417	Tunisia	4/10/2001	Wall Tiles	200,000	4.89	978,000	5.65	-	-	
900856	Tunisia	5/19/2001	Wall Tiles	100,000	4.79	479,000	5.65	-	-	
900977	Tunisia	6/9/2001	Wall Tiles	200,000	4.67	934,000	5.65	-	-	
901006	Tunisia	5/30/2001	Wall Tiles	200,000	4.79	958,000	5.65	-	-	
1000368	Syria	8/15/2001	Wall Tiles	500,000	5.00	2,500,000	5.65	-	-	
1000444	Algeria	5/29/2001	Wall Tiles	250,000	4.94	1,235,000	5.65	-	-	
1000445	Algeria	5/29/2001	Wall Tiles	500,000	4.94	2,470,000	5.65	-	-	
1000454	Syria	5/26/2001	Wall Tiles	500,000	4.91	2,455,000	5.65	-	-	
1100094	Syria	2/14/2001	Wall Tiles	350,000	4.95	1,732,500	5.65	-	-	
1100214	Vietnam	3/16/2002	Wall Tiles	200,000	5.08	1,016,000	5.65	-	-	
1300215	Tunisia	7/29/2001	Wall Tiles	300,000	4.71	1,413,000	5.65	-	-	
TOTAL						36,709,500				

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5. BATHROOM SETS

Iraq contracted with various suppliers located in several countries in order to purchase bathroom sets (toilets, bidets, sinks and accessories). Prices ranged from $145 to $237 per set. We obtained quotes from two U.S. suppliers for the same or similar products. The OFF contract prices are generally lower than the best prices we found. However, the prices we found did not consider potential discounts available when buying in large volume. The makes/models of goods we researched are not identical to those of the OFF contracts, but are comparable products based on similar specifications. The contract prices in the Tunisian contracts were significantly lower than the other suppliers' prices. Therefore, we compared the contract prices in the Syria, Pakistan, and Jordan contracts to the average price in the Tunisia contracts.

PRICING DETAILS
BATHROOM SETS

					Contract		Analysis			
COMM	Mission	Date	Description	Qty	Unit Price	Contract Value	Unit Price	Overprice/ Unit	Total Overpricing	% Diff.
702787	Syria	10/11/2001	Bath Room Sets	10,000	237.00	2,370,000	153.25	83.75	837,500	35%
800974	Syria	11/24/2000	Bath Room Sets	30,000	201.00	6,030,000	153.25	47.75	1,432,500	24%
1000366	Syria	8/15/2001	Bath Room Sets	10,000	233.00	2,330,000	153.25	79.75	797,500	34%
1100227	Syria	2/17/2002	Bath Room Sets	15,000	220.00	3,300,000	153.25	66.75	1,001,250	30%
900034	Pakistan	3/3/2001	Bath Room Sets	20,000	175.00	3,500,000	153.25	21.75	435,000	12%
1000546	Jordan	9/3/2001	Bath Room Sets	10,000	235.00	2,350,000	153.25	81.75	817,500	35%
1000576	Jordan	6/20/2001	Bath Room Sets	10,000	199.00	1,990,000	153.25	45.75	457,500	23%
800180	Tunisia	9/12/2000	Bath Room Sets	5,000	145.00	725,000	145.00	-	-	
800530	Tunisia	9/11/2000	Bath Room Sets	20,000	145.00	2,900,000	145.00	-	-	
800746	Tunisia	9/20/2000	Bath Room Sets	5,000	145.00	725,000	145.00	-	-	
801328	Tunisia	1/16/2001	Bath Room Sets	5,000	156.00	780,000	156.00	-	-	
900304	Tunisia	4/10/2001	Bath Room Sets	2,500	164.00	410,000	164.00	-	-	
900306	Tunisia	4/8/2001	Bath Room Sets	2,500	168.00	420,000	168.00	-	-	
1000420	Tunisia	6/20/2001	Bath Room Sets	2,500	157.00	392,500	157.00	-	-	
1000426	Tunisia	8/24/2001	Bath Room Sets	12,500	166.00	2,075,000	166.00	-	-	
TOTAL						30,297,500			5,778,750	19%

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6. TEAKWOOD & WHITE WOOD

We evaluated five OFF contracts for wood. Three of the contracts are for board teakwood, one is for teak plywood, and one is for sawn white wood.

The three board teakwood contracts range in price from $50 to $66 per cubic foot. We consulted with a U.S. supplier, who indicated the price for teak is $96 per cubic foot. This supplier is relatively small, and the price quoted does not reflect quantity discounts that may be available when purchasing in large volume. Therefore, we computed potential overpricing on two contracts using the lowest OFF contract price of $50 per cubic foot.

The teak plywood contract has requirements for 3 different plywood sizes (4'x6', 3'x7', and 4'x8') with prices ranging from $8 to $12 per sheet. We contacted a U.S. supplier of teak plywood and were quoted a price of $50 a sheet. Therefore, we concluded the teak plywood contract appears to be reasonably priced.

The sawn white wood contract has requirements for different sizes of wood used in construction of housing. We compared the contract price to a U.S. supplier price for construction lumber and concluded the OFF contract appears to be reasonably priced.

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PRICING DETAILS
TEAKWOOD & WHITE WOOD

COMM	Mission	Date	Description	Qty	Unit of Measure	Contract Unit Price	Contract Contract Value	Analysis Unit Price	Analysis Overprice/ Unit	Analysis Total Overpricing	% Diff.
801103	Indonesia	1/2/2001	Teakwood	100,000	Cubic Feet	63.65	6,365,107	50.00	13.65	1,365,107	21%
900419	Malaysia	5/15/2001	Teakwood	100,000	Cubic Feet	65.88	6,587,914	50.00	15.88	1,587,914	24%
702190	UAE	9/29/2000	Teakwood	50,000	Cubic Feet	50.00	2,500,000	50.00	-	-	
901788	Malaysia	9/24/2001	Teak Plywood	650,000	Sheets	10.01	6,507,090	50.00	-	-	
601979	Turkey	12/20/2000	Sawn White Wood	20,000	Cubic Meters	224.30	4,486,000	275.00	-	-	
TOTAL							26,446,111			2,953,021	11%

7. BATHROOM FAUCETS AND FIXTURES

We evaluated one contract for bathroom faucets and fixtures, with prices for individual items ranging between $9 and $16. We performed a price comparison by searching the Internet and contacting a U.S. supplier. The prices we found were significantly higher, ranging from $16 to $25 for like items. However, the prices we found were for purchases of individual items, not for the quantities comparable to those in the OFF contract.

8. SPORTS HALLS

Iraq contracted with a supplier in Jordan to build three sports halls/gymnasiums. The cost for each sports hall was approximately $3.3 million. The facilities are approximately 135,000 square feet, with a structural steel dome and include all interior finishes plus scoreboards, benches, lockers, and posts. They are to be used for wrestling, karate, soccer, badminton, basketball, table tennis, and handball. The contract is not clear on the seating capacity. The specification indicates 7,500; however 2,500 seats are also listed under sports equipment. We performed a price comparison by searching the Internet for structures representing a range of square footages, seating capacities and sporting uses that were roughly for the range of what Iraq had contracted for. We found the price range to be comparable to the OFF contract price.

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9. FLUORESCENT LIGHTING FIXTURES

We evaluated one contract for fluorescent lighting tubes. The contract is for 4,500,000 day light fluorescent tubes and 1,464,845 warm light tubes priced at $1.39 per tube. We obtained a quote from a U.S. supplier of $1.86 per tube. Accordingly, we consider the OFF contracts to be reasonably priced.

10. GALVANIZED PIPES

We evaluated one contract for galvanized steel pipes used in housing construction. The contract is for ½-inch, ¾-inch, and 1-inch pipe, 6 meters in length, priced at $3.70, $4.80, and $7.00 per pipe, respectively. We performed a price comparison by searching the Internet and found a similar size pipe to cost approximately $60. We consider the contract to be reasonably priced.

SUMMARY OF EVALUATION OF MISCELLANEOUS ITEMS

Description	Note	Total Contracts		Potentially Overpriced				Reasonably Priced		Inconclusive	
		No.	($000) Value	No.	($000) Value	Potential Overpricing	Percent	No.	($000) Value	No	($000) Value
TELECOMMUNICATIONS EQUIPMENT	1	1	28,165	1	28,165	1,066	4%	-	-	-	-
POLYESTER FIBER	2	2	2,270	2	2,270	163	7%	-	-	-	-
CIGARETTE PAPER	3	2	601	-	-	-		2	601	-	-
CAR BATTERY MFG EQUIP	4	1	142	-	-	-		1	142	-	-
ELECTROLYTIC MANGANESE DIOXIDE	5	1	115	1	115	29	25%	-	-	-	-
TOTAL		7	31,293	4	30,550	1,259	4%	3	743	-	-

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1. TELECOMMUNICATIONS EQUIPMENT

This Chinese contract (COMM 50723) is for the installation of a 25,000 subscriber wireless telecommunications system for the city of Baghdad. The contract includes numerous line items of computer equipment and software to run and maintain the network and the billing system, as well as the mobile phones. Many of the line items lacked sufficient detail for us to be able to obtain comparable pricing data. For example, the contract listed "Maintenance Vehicle," "Billing HW," and "Set_27." No other details or descriptions were provided for these items. However, we were able to obtain pricing data for some items. As can be seen from the schedule below, for those items that did contain enough detail in the description for us to obtain pricing data (usually an exact make/model match), we identified significant potential overpricing.

PRICING DETAILS
COMM 50273 TELECOMMUNICATIONS EQUIPMENT

			Contract		Analysis			
Item	Description	Qty	Unit Price	Contract Value	Unit Price	Overprice/ Unit	Total Overpricing	% Diff.
Various	Rectifier Module	244	1,921	468,626	1,232	689	168,016	36%
64	Hiross 32UA (Item 64)	3	43,882	131,646	30,000	13,882	41,646	32%
85	3COM Ethernet HUB	1	1,346	1,346	34	1,312	1,312	97%
206	C3600 1CPU,1G RAM, 2*18G HD,32XCDRom	1	50,966	50,966	3,875	47,091	47,091	92%
207	B2000 1CPU 450M,256M RAM, 2*9G HD, 128MB	1	29,553	29,553	6,610	22,943	22,943	78%
208	Router 3640 (CISCO 3640)	1	25,885	25,885	2,499	23,386	23,386	90%
222	HP9000 Std Rack System E25 A4900A	1	3,562	3,562	1,767	1,795	1,795	50%
223	HP9000 A500 Enterprise Srvr Solution A5570B	2	9,922	19,843	2,795	7,127	14,253	72%
224	A-Class 440 MHz PA8500 CPU 1.5MB Cache A5571A	2	14,894	29,788	2,900	11,994	23,988	81%
225	512MB High Density SyncDRAM Memory Mod A5840A	4	6,893	27,571	1,200	5,693	22,771	83%
228	PCI 2 Port 100 Base-T 2 Port Ultra2 SCSI A5838A	2	2,732	5,463	1,000	1,732	3,463	63%
229	Terminal Console for HP3000/9000 Systems C1099A	2	990	1,980	550	440	880	44%
250	SMART Field Int. SE DDS3 DAT Module C6365A	2	4,592	9,185	100	4,492	8,985	98%
289	PC HP/Celeron 733MHz/64M/20GB/48XCDROM	32	1,761	56,360	630	1,131	36,200	64%
305	GSM Handsets	25,000	175	4,374,750	149	26	649,750	15%
TOTAL				5,236,525			1,066,482	

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2. POLYESTER FIBER

We evaluated two contracts for polyester fiber, rayon staple, and rayon yarn to be used for making fabric. We compared the contract prices to average historical sales data we found on a Chinese trading web site. The contract price for the polyester fiber is comparable to the data we found. However, the contract price of the rayon fiber and yarn is higher.

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PRICING DETAILS
POLYESTER FIBER

					Contract		Analysis			
COMM	Mission	Date	Description	Metric Tons	Unit Price	Contract Value	Unit Price	Overprice/ Unit	Total Overpricing	% Diff.
1000227	China	2/19/2001	Polyester Fiber	200	1,035.98	207,196	1,090.25	-	-	
1000227	China	2/19/2001	Rayon Staple	500	1,790.37	895,185	1,557.50	232.87	116,435	13%
802315	India	4/4/2001	Polyester Fiber	500	1,032.56	516,280	1,090.25	-	-	
802315	India	4/4/2001	Rayon Yarn	200	3,255.81	651,162	3,021.71	234.10	46,820	7%
TOTAL						2,269,823			163,255	

3. CIGARETTE PAPER

Iraq awarded two contracts (COMMs 1300012 and 1300013) for a total of 90,000 reels of cigarette paper used in the manufacturing of cigarettes. The contracts were priced at approximately $7 per reel. We spoke with a U.S. supplier, who indicated their price is approximately $8 per reel. Therefore, we concluded the contract appears to be reasonably priced.

4. CAR BATTERY MANUFACTURING EQUIPMENT

The contract (COMM 1101761) is for a set of five machines used to make car and truck batteries. Each machine was not separately priced in the contract, but the average price is approximately $29,000. We spoke to a U.S. supplier of the same equipment, who indicated the average price is $150,000 per machine. Therefore, we concluded the contract appears to be reasonably priced.

5. ELECTROLYTIC MANGANESE DIOXIDE

The contract is for 100 metric tons of electrolytic manganese dioxide (EMD) priced at $1,317 per metric ton. EMD is a powdered chemical compound used to make dry cell batteries. We requested and obtained a quote (CIF Aqaba, Jordan) of $828 per metric ton from a Chinese supplier. In our analysis we included an estimated $20 per metric ton for inland trucking costs from Jordan to Iraq. Therefore, we concluded the contract is potentially overpriced by 25 percent.

SUMMARY OF EVALUATION OF OIL SPARES

Description	Note	Total Contracts			Potentially Overpriced				Reasonably Priced		Inconclusive	
		No.	($000) Value	($000) Spares	No.	($000) Value	Potential Overpricing	Percent	No.	($000) Value	No	($000) Value
PIPELINES & ACCESSORIES	1	24	285,963	-	9	106,173	6,786	6%	14	177,726	1	2,063
WATER TREATMENT PLANT/EQUIPMENT	2	1	51,932	-	-	-	-		1	51,932	-	-
LPG CYLINDERS	3	5	47,422	-	-	-	-		5	47,422	-	-
EQUIP & SUPPLIES FOR LPG CYLINDER PROD MAINTENANCE	4	1	12,959	-	-	-	-		-	-	1	12,959
PRODUCTION LINES FOR LPG CYLINDERS	5	1	9,361	-	1	9,361	2,241	24%	-	-	-	-
GAS OIL DESUPLHERIZATION UNIT	6	1	34,964	-	-	-	-		1	34,964	-	-
HOT ROLLED CARBON STEEL COILS	7	1	28,660	-	-	-	-		1	28,660	-	-
TETRA ETHYL LEAD	8	3	28,118	-	2	22,586	8,065	36%	1	5,532	-	-
ZUBAIR GAS PROJECT	9	1	17,233	-	1	17,233	7,677	45%	-	-	-	-
CRUDE OIL PROCESSING & TREATMENT PLANT	10	1	16,513	314	-	-	-		1	16,513	-	-
STEAM TURBINES	11	1	16,279	3,054	-	-	-		-	-	1	16,279
DRILLING RIG	12	1	15,551	-	-	-	-		-	-	1	15,551
SOLAR POWER GENERATORS & ACCESSORIES	13	1	13,398	48	-	-	-		-	-	1	13,398
REHAB OF GAS COMPRESSION LINES	14	1	12,240	-	-	-	-		1	12,240	-	-
FLOATING ROOF STORAGE TANKS	15	1	11,464	-	-	-	-		-	-	1	11,464
PUMPS & SPARES	16	3	7,670	-	2	5,192	555	11%	-	-	1	2,478
OIL FIELD TRUCK	17	1	1,749	72	1	1,749	521	30%	-	-	-	-
MOBILE HYDRAULIC CRANES	18	1	293	-	-	-	-		1	293	-	-
TOTAL		49	611,769	3,488	16	162,295	25,845	16%	26	375,282	7	74,192

1. PIPELINES & ACCESSORIES

The contracts evaluated include a wide variety of pipes and accessories. While there was some commonality among a few contracts, most of the specifications were unique from contract to contract. Most of the contracts contained numerous line items of different sized pipes and accessories. We selected a few high-dollar line items from each contract to evaluate. We obtained pricing data from Internet price lists and vendor quotes. If pricing from more than one source was obtained, we used an average price from all sources in our analysis. In our analysis we included a factor of 20 percent for transportation and insurance costs, based on an

estimate provided by one supplier we consulted. The detailed pricing data for the items reviewed is provided in the table below.

PRICING DETAILS
OIL PIPES & ACCESSORIES

COMM	Mission	Date	Description	Qty	UM	Contract (in USD)		Analysis (in USD)			% Diff.
						Unit Price	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	
630427	UAE	10/15/1999	Top Co type 300 welded standard bow centralizer FOR 13 3/8"	2,200	Piece	31.22	68,684	73.06	-	-	
630427	UAE	10/15/1999	Top Co type 300 welded standard bow centralizer FOR 7"	3,500	Piece	17.55	61,425	41.09	-	-	
630427	UAE	10/15/1999	Top Co type 300 welded standard bow centralizer FOR 9 5/8"	3,000	Piece	22.85	68,550	53.48	-	-	
630427	UAE	10/15/1999	Top Co type 450 Cablewall scratchers for 7"	4,000	Piece	9.21	36,840	20.81	-	-	
630427	UAE	10/15/1999	Top Co type 450 Cablewall scratchers for 9 5/8" CSG	3,500	Piece	11.43	40,005	25.80	-	-	
630427	UAE	10/15/1999	Top-Co Type 235 Differential Fill Up Float Collarfor 9 5/8" K-55 43 LB/FT BTC Connection	100	Piece	463.70	46,370	730.94	-	-	
730661	France	4/19/2000	Casing 13 3/8" 54.5, K-55 BTC R3	30,000	Meters	40.64	1,219,200	90.55	-	-	
730661	France	4/19/2000	Casing, 7 OD, 26 Lbs/FT, L-80, R3, BT&C	120,000	Meters	21.60	2,592,000	38.40	-	-	
730661	France	4/19/2000	Casing, 9.625 OD, 40 Lbs/FT, K-55, R3, BT&C	30,000	Meters	31.57	947,100	68.40	-	-	
730661	France	4/19/2000	Tubing, 3.5 OD, L80, VAM, R2, 10.2 Lbs/FT	60,000	Meters	12.81	768,600	45.49	-	-	
730661	France	4/19/2000	Tubing, 4.5 OD, L80, VAM, R2, 12.6 Lbs/FT	60,000	Meters	15.15	909,000	27.35	-	-	
730711	Russia	6/29/2000	13 3/8" Centralizers Bow Non Weld Type	1,660	Piece	42.58	70,683	90.62	-	-	
730711	Russia	6/29/2000	7" Centralizers Bow Non Weld Type	3,500	Piece	23.93	83,755	50.89	-	-	
730711	Russia	6/29/2000	7" Two Stage Cementing (D.V.) Collar, N-80, 32 Lb/Ft. BT&C	10	Piece	3,876.00	38,760	4,116.40	-	-	
730711	Russia	6/29/2000	9 5/8" Centralizer Bow Non Weld Type	3,500	Piece	31.16	109,060	66.26	-	-	
730711	Russia	6/29/2000	Differential Full Up Float Shoe for 13 3/8" 54.5 PPF K-55, BTC	100	Piece	490.26	49,026	971.48	-	-	
730711	Russia	6/29/2000	Differential Full Up Float Shoe for 13 3/8" 54.5 PPF K-55, BTC Connection with Top and Bottom cementing Rubber	100	Piece	1,074.91	107,491	971.48	-	-	
730711	Russia	6/29/2000	Differential Full Up Float Shoe for 13 3/8" 68 PPF N-80, BTC	100	Piece	750.19	75,019	1,165.78	-	-	
730711	Russia	6/29/2000	Differential Full Up Float Shoe for 20" 106.5 PPF, K-55, BTC Connection with Top and Bottom cementing plugs rubber	20	Piece	3,506.78	70,136	1,927.45	-	-	
830227	UAE	4/11/2001	13 3/8 BTC Stage Cementing Collar W/ Plug Set, 778 MC 68/N-80	10	Piece	4,437.03	44,370	9,373.20	-	-	
830227	UAE	4/11/2001	13 3/8 BTC Stage Cementing Collar W/ Plug Set, 778 MC 72/N-80	10	Piece	4,437.03	44,370	9,373.20	-	-	

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PRICING DETAIL
OIL PIPES & ACCESSORIES (CONTINUED)

COMM	Mission	Date	Description	Qty	UM	Contract (in USD)		Analysis (in USD)			% Diff.
						Unit Price	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	
830227	UAE	4/11/2001	20" Differential Fill Float Shoe, Type 506, 106.5 PPF/K-55, BT&C	30	Piece	1,128.91	33,867	1,927.45	-	-	
830227	UAE	4/11/2001	20" Differential Fill Float Shoe, Type 506, 133 PPF/K-55, BT&C	30	Piece	1,128.91	33,867	1,927.45	-	-	
830227	UAE	4/11/2001	20" Differential Fill Float Shoe, Type 706-T, 106.5 PPF/K-55, BT&C	30	Piece	1,599.91	47,997	2,216.57	-	-	
830227	UAE	4/11/2001	20" Differential Fill Float Shoe, Type 706-T, 133 PPF/K-55, BT&C	30	Piece	1,599.91	47,997	2,216.57	-	-	
830227	UAE	4/11/2001	9 5/8 BTC Stage Cementing Collar W/ Plug Set, 778-MC 47/N-80	10	Piece	2,715.68	27,157	5,892.94	-	-	
830227	UAE	4/11/2001	9 5/8 BTC Stage Cementing Collar W/ Plug Set, 778-MC 53.5/P-110	10	Piece	2,920.09	29,201	6,482.23	-	-	
830228	Jordan	4/11/2001	13 3/8" Casing, 72#, N-80, BTC, R-3	10,000	Meters	100.60	1,006,000	153.60	-	-	
830228	Jordan	4/11/2001	Casing 13 3/8" 54.5, K-55 BTC R3	20,000	Meters	76.11	1,522,200	90.55	-	-	
830228	Jordan	4/11/2001	Casing 9 5/8" 40 K-55 BTC R-3	40,000	Meters	56.27	2,250,800	48.00	8.27	330,800	15%
830302	Russia	4/14/2001	Casing 13 3/8" 54.5, K-55 BTC R3	56,000	Meters	77.92	4,363,520	90.55	-	-	
830302	Russia	4/14/2001	Casing 13 3/8", 68#, N-80, BTC, R3	37,000	Meters	98.32	3,637,840	129.60	-	-	
830302	Russia	4/14/2001	Casing 9 5/8", 36#, K-55, BTC, R5	60,000	Meters	53.64	3,218,400	42.00	11.64	698,400	22%
830302	Russia	4/14/2001	Casing 9 5/8", 47#, P-110, BTC, R3	21,000	Meters	69.67	1,463,070	68.40	-	-	
830418	Malaysia	6/25/2001	API 5LX-60 Polyethylene coated submerged arc welded line pipe 42" OD, 12.7mm wall thickness	237,500	Meters	215.21	51,112,564	311.60	-	-	
830768	UAE	4/26/2001	6 5/" Casing, 28 Lbs, C-75, BTC, R3	13,000	Meters	48.54	631,020	38.40	10.14	131,820	21%
830768	UAE	4/26/2001	7" Casing, 32Lbs, C-75, BTC, R3	18,000	Meters	53.97	971,460	38.40	15.57	280,260	29%
830768	UAE	4/26/2001	7" Casing, 32Lbs, C-95, BTC, R3	21,000	Meters	53.92	1,132,320	38.40	15.52	325,920	29%
930094	Russia	5/30/2001	13 3/8" Casing, 72#, N-80, BTC, R-3	62,500	Meters	96.44	6,027,500	153.60	-	-	
930094	Russia	5/30/2001	20" Casing, 133#, K-55, BTC, R-2	23,775	Meters	252.90	6,012,698	236.40	16.50	392,288	7%
930094	Russia	5/30/2001	7" Casing, 29#, K-55, BTC, R3	91,500	Meters	41.59	3,805,485	38.40	3.19	291,885	8%
930094	Russia	5/30/2001	7" Casing, 32#, C-95, EXL, R3	69,500	Meters	49.43	3,435,385	38.40	11.03	766,585	22%
930094	Russia	5/30/2001	9 5/8" Casing, 53.5#, C-95, BTC, R3	56,000	Meters	71.50	4,004,000	84.00	-	-	
930094	Russia	5/30/2001	Casing 13 3/8" 54.5, K-55 BTC R3	34,500	Meters	73.58	2,538,510	90.55	-	-	
930127	Russia	5/30/2001	20" Casing, 133#, K-55, BTC, R-2	6,000	Meters	279.29	1,675,740	236.40	42.89	257,340	15%
930127	Russia	5/30/2001	20" CASING, 94#, K-155, BTC, R3	6,000	Meters	197.41	1,184,460	150.00	47.41	284,460	24%
930172	UAE	5/21/2001	20" Centralizers Stop Collars Model J1OH	8,000	Piece	24.83	198,640	73.06	-	-	
930172	UAE	5/21/2001	9 5/8" Centralizer Stop Collars Model JSH	38,920	Piece	6.37	247,920	50.89	-	-	
930172	UAE	5/21/2001	9 5/8" x 13 3/8", 68# Positive Rigid Non Weld Unassembled Spring BOW Centralizers (PO-5)	6,150	Piece	37.62	231,363	53.48	-	-	
930172	UAE	5/21/2001	9 5/8" x 13 3/8", 72# Positive Rigid Non Weld Unassembled Spring BOW Centralizers (PO-5)	6,000	Piece	37.62	225,720	53.36	-	-	

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PRICING DETAIL
OIL PIPES & ACCESSORIES (CONTINUED)

COMM	Mission	Date	Description	Qty	UM	Contract (in USD)		Analysis (in USD)			% Diff.
						Unit Price	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	
930172	UAE	5/21/2001	Model 303+402-1 Stab-In 30" Douplex Shoe & Collar 250# Big Omega Vecto	50	Piece	14,667.32	734,366	6,380.82	8,306.50	415,325	57%
930172	UAE	5/21/2001	Model 751E 13 3/8" Stage Cementing Collar, 72#, N80, BTC c/w	53	Piece	5,015.69	265,832	9,373.20	-	-	
930172	UAE	5/21/2001	Model 751E 9 5/8" Stage Cementing Collar, 47#, P110, BTC c/w	87	Piece	2,978.03	259,089	8,316.40	-	-	
1030034	Russia	12/6/2001	API 5LX-60 line pipe 10"OD, .562" wall thickness	50,000	Meters	94.99	4,749,605	88.20	6.79	339,605	7%
1030034	Russia	12/6/2001	API 5LX-60 line pipe 8"OD, .344" wall thickness	200,000	Meters	48.09	9,618,520	65.80	-	-	
1030034	Russia	12/6/2001	API 5LX-60 line pipe 8"OD, .375" wall thickness	200,000	Meters	52.11	10,421,680	47.66	4.45	889,680	9%
1030086	Russia	12/10/2001	API 5LX-56 Polyethylene coated submerged arc welded line pipe 48" OD, 17.5mm wall thickness	65,000	Meters	434.26	28,226,900	623.20	-	-	
1030728	Russia	4/25/2002	API 5LX-60 line pipe 10"OD, .562" wall thickness	50,000	Meters	87.76	4,388,086	88.20	-	-	
1030728	Russia	4/25/2002	API 5LX-60 line pipe 8"OD, .344" wall thickness	200,000	Meters	44.43	8,886,402	65.80	-	-	
1030728	Russia	4/25/2002	API 5LX-60 line pipe 8"OD, .375" wall thickness	200,000	Meters	48.14	9,628,429	47.66	-	-	
1030768	India	4/8/2002	BI 101-01 20" Cement Float Collar F/20" K-55, 133# CSG	25	Piece	3,312.20	82,805	1,640.40	1,671.80	41,795	50%
1030768	India	4/8/2002	BI 200-02, 13 3/8" G 2 Stage CMTG Collar F/13 3/8" Q-125 86#	10	Piece	7,562.63	75,626	13,122.00	-	-	
1030768	India	4/8/2002	BI 200-02, 13 3/8" G 2 Stage CMTG Collar F/13 3/8" S-95 86#	10	Piece	7,562.63	75,626	12,184.80	-	-	
1230259	Russia	7/16/2002	CASING 13 3/8", 86 LB/FT, SS 95 BTC, Range 2	2,000	Meters	176.23	352,460	153.60	-	-	
1230259	Russia	7/16/2002	CASING 13 3/8", 86 LB/FT, SS 95 BTC, Range 3	18,000	Meters	136.58	2,458,440	153.60	-	-	
1230265	Russia	3/29/2002	Casing 13 3/8" 54.5, K-55 BTC R3	12,000	Meters	79.45	953,400	90.55	-	-	
1230265	Russia	3/29/2002	Casing 13 3/8", 68#, N-80, BTC, R3	15,000	Meters	105.31	1,579,650	129.60	-	-	
1230265	Russia	3/29/2002	CASING Saw 30", (Weight 234, PPF 29), Length 38-40 Ft	4,000	Meters	881.93	3,527,720	984.56	-	-	
1230448	Lebanon	7/16/2002	13 3/8" Non Weld Positive Bow Centrilizers inside 20" 133 ppf Casing Type PO-8	1,000	Piece	57.99	57,990	137.80	-	-	
1230448	Lebanon	7/16/2002	9 5/8" Non Weld Positive Bow Centrilizers inside 13 3/8" 86 ppf Casing Type PO-5	1,000	Piece	46.43	46,430	99.59	-	-	
1230448	Lebanon	7/16/2002	Model 402, 20" Float Collar SS 3 K55, 133ppf, BTC c/w	20	Piece	3,379.09	67,582	2,416.03	-	-	
1230448	Lebanon	7/16/2002	Model 402, 20" Float Collar SS 3 K55, 133ppf, BTC c/w	20	Piece	3,379.09	67,582	2,416.03	-	-	
1230456	Lebanon	9/10/2002	2 7/8" X 6.5 Lbs/Ft, L-80, VAGT, R2, Weight M.T. 762	80,000	Meters	11.40	912,000	27.35	-	-	
1230456	Lebanon	9/10/2002	7", 32Lbs/Ft, T-95, BTC, R3 Weight/ M.T. 2143	45,000	Meters	42.17	1,897,650	38.40	3.77	169,650	9%
1230456	Lebanon	9/10/2002	7", 32Lbs/Ft, T-95, BTC, R3, Weight/ M.T. 2143	45,000	Meters	60.95	2,742,750	38.40	22.55	1,014,750	37%
1230456	Lebanon	9/10/2002	7", 35 Lbs/FT, T-95, BTC, R3 Weight/ M.T 938	18,000	Meters	47.04	846,720	38.40	8.64	155,520	18%
TOTAL										6,786,082	

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2. WATER TREATMENT PLANT/EQUIPMENT

Contract number 730770 is a single contract for construction of a water treatment plant, pipeline, five water injection stations, and ancillary equipment. The value is $51,932,155. The prime contractor is based in Tunisia, and the origin of equipment is Tunisia, Italy, Greece, Turkey and China.

We were unable to obtain detailed pricing data with which to evaluate this contract. We attempted to ascertain reasonableness based on a review of individual parts within the bills of material but were unable to because of the lack of detail in the specifications. We then modified our approach to compare these projects with water improvement projects in other areas with similar populations. The comparison could point to a possible assessment that the subject contracts are conservatively priced, but without greater detail there is no clear basis to definitively reach this conclusion.

3. LPG CYLINDERS

There are five contracts in this category, for the purchase of 3,012,500 Liquefied Petroleum Gas (LPG) cylinders, capacity 12.5KG (27.6 pounds). Our analysis price is based on information obtained from a local LPG dealer, who indicated the cost of a comparable cylinder is $28.75, inclusive of shipping. Therefore, we consider the contracts to be reasonably priced.

PRICING DETAIL
LPG CYLINDERS

					Contract (in USD)		Analysis (in USD)			
COMM	Mission	Date	Supplier	Qty	Unit Price	Contract Value	Unit Price	Overprice Per Unit	Total Overprice	% Diff.
930089	Lebanon	6/11/2001	Global Trade & Investment	600,000	15.75	9,452,308	28.75	-	-	
930090	Lebanon	6/3/2001	Global Trade & Investment	600,000	15.75	9,452,308	28.75	-	-	
930618	China	8/30/2001	Shanghai Metals & Minerals	612,500	15.62	9,564,466	28.75	-	-	
930037	India	6/9/2001	FLEX Engineering LTD	600,000	15.79	9,476,607	28.75	-	-	
930038	India	6/3/2001	FLEX Engineering LTD	600,000	15.79	9,476,607	28.75	-	-	
TOTAL						47,422,296				

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4. EQUIPMENT AND SUPPLIES FOR CONSTRUCTION OF LPG SPHERICAL TANKS

Contract number 631108 was awarded to a Chinese contractor for the design, supply, and installation of nine Japanese-made 3000m^3 LPG spherical tanks and spare parts, at a total cost of $12,958,882. The contract provides for supply of all the necessary materials for construction and maintenance of the LPG spheres. There is a separately priced line item, valued at $5,537,414 (43 percent of contract value) for consumable materials, construction equipment, tools, living necessities, vehicles, and office facilities.

We were unable to reach a conclusion regarding the price reasonableness of the contracted items. The contract is based on a custom design, but lacks specification details. The lack of part numbers and labor-hour estimates prevented us from obtaining fully comparable pricing information.

5. PRODUCTION OF LINES FOR LPG CYLINDERS

Contract number 930300 is for the construction of an assembly line for production of 6KG and 12KG LPG cylinders, at an annual rate of 600,000 units.

Our analysis price is based on Internet research that located two vendors (one Korean, one Indian) who construct assembly lines with similar productive capability. The two prices were close, averaging $7,120,000, which we used as our analysis price. The analysis indicates the OFF contract is potentially overpriced by $2,240,842.

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6. GAS OIL DESULPHURIZATION UNIT

Contract number 1030497 is for the design and construction of a gas oil desulphurization unit, complete with downstream "gas sweetening" unit, sulphur recovery apparatus, and spare parts. Separate line items identify project supervision costs, training and spare parts. Construction is by a Russian contractor using parts and components manufactured in Italy, Germany, France, USA, UAE, Saudi Arabia and Jordan.

Our pricing evaluation addressed only the design and construction elements, valued at $33.5 million of the total $35.3 million. We did not evaluate the supervision, training and spare parts.

We performed Internet searches to locate vendors servicing this specialized area. One U.S. vendor was able to assess the specifications we provided and confirmed that the OFF contract price of $33,480,168 is within 5 percent of the price his company would charge for an installation of this type.

7. HOT ROLLED CARBON STEEL COILS

This contract, COMM 930181, is for the purchase of 78,535 tons (seven line items in differing dimensions and quantities) of hot rolled carbon steel coils and 1,270 tons (three line items) of welding flux and welding wire. The contract price is $27,274,420 for the hot rolled steel coils ($347.29/ton) and $1,385,323 for the welding flux and wire, totaling $28,659,743. The contract was placed with a Belgium supplier to provide product from any combination of India, Belgium and Germany.

In order to analyze this product, we performed an Internet search to locate pricing history. *The Steel News*, a steel industry newsletter, reported long-term average import prices for a number of products, including Plate in Coil, which corresponds with the Hot Rolled Steel Coil items in this contract. The long-term average price for Plate in Coil is $361, and is subject to short-term and spot market fluctuations. Based on this information, we believe the contract price of $347.29 per ton, negotiated in June 2001, is reasonable.

8. TETRAETHYL LEAD

We evaluated three contracts from different suppliers to supply tetraethyl lead (TEL), as summarized below. TEL is a fuel additive. Due to the toxic effects on the human population, leaded gasoline has been essentially phased out in the U.S. and Europe. Because of limited worldwide demand and a limited number of suppliers for this product, we were unable to find comparative market prices. Although we could not find market prices for TEL, we obtained statistical data on lead from the U.S. Geological Survey. World prices for lead in 2002 were comparable to, if not less than, prices in 2001. Therefore, we considered it reasonable to compare prices among the three existing contracts. The price for COMM 1030169 is substantially lower than COMMs 1230533 and 1230577. Although this COMM is a year older than the other two, we consider this a comparable price based on the stability of the world market prices for lead during the same period.

PRICING DETAIL
TETRAETHYL LEAD

					Contract (in USD)		Analysis (in USD)			
COMM	Mission	Date	Supplier	Metric Tons	Unit Price	Contract Value	Unit Price	Overprice Per Unit	Total Overprice	% Diff.
1030169	Russia	10/22/2001	SINIT	800	6,915	5,532,000	6,915	-	-	
1230533	Switzerland	11/25/2002	Alcor Chemie Vertriebs	1,800	10,896	19,611,921	6,915	3,981	7,164,921	37%
1230577	Jordan	12/31/2002	Better Business International	300	9,914	2,974,187	6,915	2,999	899,687	30%
TOTAL				2,900		28,118,108			8,064,608	

9. ZUBAIR GAS PROJECT

COMM 730887 is for the design and construction of five first-stage gas recovery stations. The contract consists of four separate elements:

Material	$15,119,773
Engineering Services	1,566,638
Supervision - Erection/Construction	495,362
Supervision - Commissioning Activities	51,245

Only material was reviewed as part of this analysis. The material consists of 265 line items of various parts and quantities. We performed an Internet search and located a U.S. supplier who agreed to assess the pricing of the line items listed. The vendor indicated that his company could provide the majority of the items at 50 percent of the cost that Iraq had contracted for, with some items priced even lower. Based on the vendor assessment, the contract may be potentially overpriced by $7,676,770.

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10. CRUDE OIL PROCESSING AND TREATMENT PLANT

COMM 1230093 is for the design and construction of a crude oil processing and treatment facility, valued at $16,513,416. The contractor is an Italian company, and will use products originating in Italy, France, and the United Arab Emirates.

We performed an Internet search and located a U.S. vendor with experience constructing similar facilities in the Middle East. We provided the bill of materials (351 line items) to the vendor, who in turn responded with a budgetary estimate confirming that the OFF contract is reasonably priced.

11. STEAM TURBINES

Contract number 830240 was awarded by Iraq for the design and installation of nine GE steam turbines (four different models) and spares. The turbines are to be used for driving gas compressors at a petroleum gas processing plant in Kirkuk, Iraq. The value of the contract is $16,279,320. The prime contractor is based in Tunisia, and the origin of the equipment is France.

We were unable to obtain detailed pricing data with which to evaluate this contract. We attempted to determine reasonableness based on a discussion with GE's U.S. Sales Director for Iraq reconstruction efforts. Although we were advised the prices appeared reasonable, we did not consider such assurance sufficient to draw a conclusion for this analysis. Attempts to locate other vendors selling similar equipment were also unsuccessful due to the complexities and characteristics of the contracted turbines and lack of specificity regarding the installation site. We therefore consider the pricing of this contract to be inconclusive.

12. DRILLING RIG

Iraq awarded COMM 1130196 to a Russian supplier in February 2003. The contract provides for over 1,600 line items of Electric Drilling Rigs with accessories and spare parts related to sustaining and enhancing production capabilities of the Iraqi Drilling Company in Basrah and Kirkuk.

We performed an Internet search and located a U.S. vendor selling similar equipment but were unable to assess the reasonableness of the contract prices. The contract lacks detailed specifications such as drilling depth or other characteristics needed to obtain comparative pricing information. Therefore we consider the pricing on this contract to be inconclusive.

13. SOLAR POWER GENERATORS & ACCESSORIES

Iraq awarded COMM 930611 to a German supplier for 15 Solar Power Generators including accessories and spare parts for 10 years of operation. The contract states that the equipment is to be used for the rehabilitation of cathodic protection systems and facilities in the North Oil Company's Western pipe lines. Although the contract listed a number of spare parts, no price was associated with any of them. Apparently the spares were combined in the overall contract amount of $13,398,000. A separate line item of $41,559 was shown for packing and freight charges to Kirkuk.

We performed an Internet search and spoke to a number of U.S. companies dealing in similar equipment. Due to the large size of this contract, and lack of price descriptions for spares, we were unable to assess the reasonableness of the contract price. Therefore, we consider the pricing on this contract to be inconclusive.

14. REHAB OF GAS COMPRESSION LINES

Iraq awarded COMM 830424 to a Jordanian contractor for the supply of equipment, material and spare parts for gas compression station units at a total price of $12,239,503. Approximately 82 percent of the contract price consists of spare parts. We performed an Internet search and located a Canadian oil and gas production equipment company. We spoke to a representative of this company about the contract price. Although he was not able to provide specific quotes for the parts included in this contract, he did give a rough estimate that a contract of this magnitude could run between $13 million and $18 million. Based on these discussions we find that the contract appears to be reasonably priced.

15. FLOATING ROOF STORAGE TANKS

Iraq awarded COMM 930112 to a Russian supplier in May 2001 to provide for the supply of floating roof storage tanks as well as the material and tools for installation. The total contract value is $11,464,315. We

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performed an Internet search and located two industry sources for storage tanks. However, in both cases company representatives claimed that the specifications were too vague to provide an adequate quote. The contract did not give the diameter of the tanks, nor stipulate whether the price included the foundation and paint. However, one source did claim that, even without the exact specifications, the price appeared to be very high. However, without a more precise quote, the results of our analysis are inconclusive.

16. PUMPS & SPARES

Iraq awarded contracts to suppliers in Tunisia, UAE and Belgium for the supply of pumps and spare parts. These contracts were awarded between March and September 2001. The three contracts provide different types of pumps based on each contract's separate requirements. Specifically, the Tunisian Contract, COMM 830449, provides for various pumps for drainage, emergency sewage, washing water, and flood pumps, as well as many other uses. The contract with UAE, COMM 1030484, provides for the maintenance of pumps used in water treatment and water injection stations. And the Belgian contract, COMM 1230079, provides for the safe removal of contaminated waste water and sludge from refinery areas, and provides water for fire fighting and general duties. Overall, we believe these contracts are overpriced by $555,180, as summarized in the schedules and notes below:

PRICING DETAIL
PUMPS & SPARES

						Contract (in USD)		Analysis (in USD)			
COMM	Mission	Date	Description	Notes	Qty	Unit Price	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	% Diff.
830449	Tunisia	7/9/2001	Pumps, 65 Pumps (25 Diff. Types)	a.	1	3,043,835.00	3,043,835	2,739,451.50	304,383.50	304,384	10%
1030484	UAE	3/22/2002	Pumps, 72 line items, various sizes	b.	1	2,148,451.00	2,148,451	1,897,654.87	250,796.13	250,796	12%
1230079	Belgium	12/28/2001	Pumps, 3 line items, various sizes	c.	1	2,477,524.00	2,477,524			-	
TOTAL							7,669,810			555,180	

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a. COMM 830449 is a contract between Iraq and a Tunisian prime contractor, the middleman for an Italian supplier of pumps. The Italian company is owned by General Electric Corporation of America. We contacted a sales representative for the Italian company who verbally indicated that the contract includes a 10 percent "after sales service fee." According to him, this was customary for doing business throughout the Middle East. The company representative declined to send a fax confirmation of this statement, saying that he would be placing his company and himself in a difficult position. He also declined to send a copy of his contract with the Tunisian contractor, claiming that it was proprietary information between his company and the Tunisian contractor.

At the commencement of our project, we had been informed by the UN Office of Iraqi Programs (OIP) that many OFF contracts were widely rumored to contain illicit surcharges earmarked for return by the supplier to the Iraqi government. According to OIP, these surcharges usually ranged between 10 to 20 percent and were often referred to as "after sales service costs." Based on this information, and in light of our discussions with the Italian supplier, we concluded the contract is overpriced by the amount of the "after sales service cost."

b. Our calculated overpricing on COMM 1030484 is presented as follows:

		Supplier Quote (Euro)			Contract Amounts (Euro)						Total
Item No.	Description	Qty	Unit Price	Quoted Value	Qty	Unit Price	Contract Value	Diff Unit	% Diff/ Unit	Total Overpriced	% Diff.
300	Coupling Nut Pos. No. 1	1	€ 1,622.00	**€ 1,622**	4	€ 1,784.20	**€ 7,137**	€ 162.20	10.0%	**€ 5,515**	77%
301	Grub Screw Pos. No. 2	2	€ 24.00	**€ 48**	20	€ 26.40	**€ 528**	€ 2.40	10.0%	**€ 480**	91%
313	O' Ring Pos. No. 39	5	€ 10.00	**€ 50**	50	€ 11.00	**€ 550**	€ 1.00	10.0%	**€ 500**	91%
320	Set: Thrust Pads (16/Set)	2	€ 5,120.00	**€ 10,240**	20	€ 5,632.00	**€ 112,640**	€ 512.00	10.0%	**€ 102,400**	91%
321	Thrust Collar Key Pos. No. 48	-	€ 0.00	**€ 0**	10	€ 88.00	**€ 880**	€ 88.00	N/A	**€ 880**	100%
363	Pinion Shaft Journal Bearing Pos. No. 4&5	14	€ 7,786.00	**€ 109,004**	6	€ 8,564.60	**€ 51,388**	€ 778.60	10.0%	**-€ 57,616**	-112%
364	Pinion Shaft Oil Catcher Pos No. 2&3	6	€ 3,326.00	**€ 19,956**	14	€ 3,658.60	**€ 51,220**	€ 332.60	10.0%	**€ 31,264**	61%
	Subtotal						€ 224,343			€ 83,423	
	All Other Costs						€ 2,216,297		10.0%	€ 201,482	
	TOTAL						**€ 2,440,640**			€ 284,904	
	CONVERSION TO USD - Exchange Rate		**0.8802818**				**$ 2,148,451**			**$ 250,796**	

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COMM 1030484 represents a contract between Iraq and WESCO, a middleman prime contractor in the UAE. We contacted the second-tier company on this contract, WIER Engineering Services. A representative for WIER provided us with its original quote to the WESCO. This quote was noticeably different, by over 284,000 Euros, than the offer that was later provided by WESCO to the Ministry of Oil in Iraq. We found that a portion of this difference was due to differences in quantity for 7 of the 73 parts on the price list (see the schedule above). However, we also noted an additional 10 percent was added to the per unit price for each and every price on this list. When WIER sent us its original quote, they also sent us, in writing, the following statement, "Please note the order placed on our sister company included a portion for after sales services." As noted above, "after sales service costs" were considered to be illicit surcharges earmarked for return by the supplier to the Iraqi government. Based on this information, we believe this contract was overpriced by $250,796.

c. We searched the Internet for prices of the same or similar items and found very little information. We were also not able to find confirmation of a service fee on COMM 1230079, as we found with the other two Pumps & Spares contracts. Therefore, our findings are inconclusive in regard to this contract.

17. OIL FIELD TRUCK

We consider the Oil Field Truck contract to be potentially overpriced by $521,439. We determined this potential overpricing as follows:

PRICING DETAIL
OIL FIELD TRUCK

						Contract (in USD)		Analysis (in USD)			
COMM	Mission	Date	Description	Notes	Qty	Unit Price	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	% Diff.
83J077	Denmark	12/14/2000	Oil Field Truck - Kenworth 50 ton	a.	2	720,500	1,441,000	578,283	142,217.00	284,434	20%
830077	Denmark	12/14/2000	After Sales Service Applicable to Trucks	b.	1	237,005	237,005	-	237,005.41	237,005	100%
TOTAL										521,439	

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a. The potential overpricing on the Oil Field Trucks represents the difference between what the U.S. supplier of these trucks sold them to the middleman for, and the contract price. There was a 20 percent markup on the trucks by the middleman, which could be excessive.

b. Secondly, we found that the contract included a 15 percent "after sales service" expense of approximately $237,005. "After sales service costs" are considered to be potentially illicit surcharges for kickbacks to the Iraqi government. However, this is one of the few instances where the after sales service was actually included as a line item in the contract. The middleman responded to a UN request in a March 28, 2001 memo explaining the after sales service as follows: "The after sales service has been a natural part of our contracts with the Iraqis and it is a normal term all over the world." This memo goes on to describe the purpose of the surcharge as a "security for the client that the trucks can drive when they receive them." According to the memo the charge covers the cost of one contractor employee for 15 days to teach the Iraqi staff to drive the trucks. The OIP commented on the after sales service, and the contractor's explanation of it, in its April 9, 2001 customs report. In this report, the OIP stated that any payment of a sales service would be contingent on "authentication...by the UN Independent Inspection Agents at the borders of Iraq (Cotecna)..." This authentication was to "be based, in part, on the presentation of evidentiary documentation by the Supplier indicating that the services have been satisfactorily delivered and completed." Since we can not validate if the contractor's statements are accurate in relation to the purpose of the services, nor whether the authentication has occurred or will occur, we consider the amount of the after sales service to be overpricing.

18. MOBILE HYDRAULIC CRANES

Iraq awarded COMM 730445 to a Romanian contractor in May 2000 for the supply of various flanges, valves, gaskets and wrenches related to oil field "work over" operations in the North Oil Company (NOC) Sector. Through performing a number of Internet searches, we found a similar "work over" project sponsored by the UN. We did a price comparison with this project and found the prices similar. Therefore, we find that this contract appears to be reasonably priced.

SUMMARY OF EVALUATION OF TRANSPORTATION SECTOR

Description	Note	Total Contracts				Potentially Overpriced				Reasonably Priced		Inconclusive	
		No.	($000) Value	Qty	($000) Spares	No.	($000) Value	Potential Overpricing	Percent	No.	($000) Value	No.	($000) Value
CARGO TRUCKS													
GAZ CARGO TRUCKS	1	3	27,090	3,070	2,071	1	1,260	497	39%	2	25,830	-	-
HINO TRUCKS	1	2	10,113	373	1,685	-	-	-		2	10,113	-	-
ISUZU TRUCKS	1	3	938	28	254	-	-	-		3	938	-	-
IVECO CARGO TRUCKS	1	2	71,840	3,242	11,972	-	-	-		2	71,840	-	-
MAN TRACTOR WITH SEMI TRAILER	1	1	12,619	130	1,129	-	-	-		1	12,619	-	-
MERCEDES BENZ CARGO TRUCKS	1	1	4,402	50	333	1	4,402	397	9%	-	-	-	-
MITSUBISHI FLAT BED TRUCKS	1	1	1,903	38	361	1	1,903	171	9%	-	-	-	-
NISSAN CARGO TRUCKS	1	2	17,832	785	2,948	-	-	-		2	17,832	-	-
RENAULT CARGO TRUCKS	1	3	12,749	152	1,047	1	8,926	843	9%	2	3,823	-	-
SCANIA TRACTOR TRAILER	1	1	33,034	250	6,452	-	-	-		1	33,034	-	-
VOLVO TRUCKS	1	7	32,160	358	3,181	2	136	17	13%	5	32,024	-	-
SUBTOTAL CARGO TRUCKS		**26**	**224,679**	**8,476**	**31,435**	**6**	**16,627**	**1,925**	**1**	**20**	**208,052**	**-**	**-**
BUSES													
DAEWOO BUSES (45 SEATS)	2	1	3,769	50	-	-	-	-		1	3,769	-	-
IVECO MINI BUS (29 SEATS)	2	1	13,364	500	800	-	-	-		1	13,364	-	-
KASTOUR/MAN BUSES (45 SEATS)	2	1	9,922	100	820	-	-	-		1	9,922	-	-
MARZ BUSES (42 SEATS)	2	1	16,979	200	2,007	-	-	-		1	16,979	-	-
MCV BUSES (45 SEATS)	2	1	21,651	200	3,602	-	-	-		1	21,651	-	-
MITSUBISHI MINI BUS (12 SEATS)	2	1	11,921	760	1,987	-	-	-		1	11,921	-	-
MITSUBISHI MINI BUS (30 SEATS)	2	1	30,766	1,000	2,542	-	-	-		1	30,766	-	-
NISSAN MINI BUS (15 SEATS)	2	1	813	50	-	-	-	-		1	813	-	-
NISSAN MINI BUS (21 SEATS)	2	1	64	2	-	-	-	-		1	64	-	-
NISSAN MINI BUS (26 SEATS)	2	7	436	15	-	-	-	-		7	436	-	-
PEUGEOT MINI BUS (21 SEATS)	2	1	275	8	35	-	-	-		1	275	-	-
TOYOTA COASTER BUSES (26 SEATS)	2	6	30,658	742	649	4	29,382	7,712	26%	2	1,275	-	-
TOYOTA HIACE MINI BUS (12 SEATS)	2	1	1,374	75	125	-	-	-		1	1,374	-	-
SUBTOAL BUSES		**24**	**141,993**	**3,702**	**12,567**	**4**	**29,382**	**7,712**	**0**	**20**	**112,610**	**-**	**-**

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SUMMARY OF EVALUATION OF TRANSPORTATION SECTOR (CONTINUED)

Description	Note	Total Contracts				Potentially Overpriced				Reasonably Priced		Inconclusive	
		No.	($000) Value	Qty	($000) Spares	No.	($000) Value	Potential Overpricing	Percent	No.	($000) Value	No.	($000) Value
MISC TRUCKS & EQUIPMENT													
FIRE FIGHTING VEHICLES	3	9	65,731	367	9,688	-	-	-		9	65,731	-	-
TIPPER (DUMP) TRUCKS	4	5	7,107	91	606	1	2,565	247	10%	4	4,542	-	-
CRANE EQUIPPED TRUCK	5	1	1,784	20	297	-	-	-		1	1,784	-	-
WATER TANKERS	6	2	1,034	14	54	-	-	-		2	1,034	-	-
NISSAN BUSES AND TRUCKS	7	2	1,620	57	2	1	1,476	83	6%	1	144	-	-
MISC TRANSPORTATION & EQUIPMENT	8	4	17,515	673	1,823	1	773	45	6%	3	16,743	-	-
SUBTOAL MISC TRUCKS & EQUIPMENT		**23**	**94,792**	**1,222**	**12,471**	**3**	**4,813**	**375**	**0**	**20**	**89,978**	-	-
RAILROAD EQUIPMENT													
DIESEL ELECTRICAL LOCOMOTIVES	9a	1	41,317	-	3,791	1	41,317	4,526	11%	-	-	-	-
TURNOUTS	9b	1	13,283	-	-	-	-	-		1	13,283	-	-
RAIL BARS	9c	5	49,067	-	-	4	41,723	8,981	22%	1	7,344	-	-
RAIL CARS	9d	1	1,381	-	138	-	-	-		1	1,381	-	-
SUBTOAL RAILROAD EQUIPMENT		**8**	**105,049**	-	**3,929**	**5**	**83,040**	**13,507**	**0**	**3**	**22,008**	-	-
MOTORCYCLES													
IMZ URAL "GEAR-UP" MOTORCYCLES WITH SIDE CAR	10	1	10,053	2,000	1,537	-	-	-		1	10,053	-	-
IZH PLANETA MOTORCYCLES	10	1	2,889	3,000	122	-	-	-		1	2,889	-	-
JAWA MOTORCYCLE	10	1	1,179	682	108	-	-	-		1	1,179	-	-
SUZUKI POLICE MOTORCYCLES	10	1	949	100	114	-	-	-		1	949	-	-
MZ ETZ MOTORCYCLES	10	1	259	150	11	1	259	24	9%	-	-	-	-
SUBTOAL MOTORCYCLES		**5**	**15,329**	**5,932**	**1,893**	**1**	**259**	**24**	**0**	**4**	**15,070**	-	-
OTHER													
BOATS	11	2	13,161	9	795	-	-	-		2	13,161	-	-
TOTAL		**88**	**595,002**	**19,341**	**63,090**	**19**	**134,122**	**23,543**	**18%**	**69**	**460,880**	-	-

1. CARGO TRUCKS

The Cargo Truck contracts evaluated are detailed in the table below. We obtained price quotes from numerous suppliers, found prices on the Internet, and researched prices offered to GSA for the same or similar types of cargo trucks. The OFF contract prices generally are lower than the best prices we found. In most cases, the prices we found were not for the identical make and model of cargo truck as stipulated in the OFF contracts but were for what we believe to be comparable vehicles based on similar specifications. When the same make and model were included in multiple OFF contracts, we compared the contract prices to the lower of either (a) the best price we found or (b) the lowest OFF contract price.

PRICING DETAIL
CARGO TRUCKS

						Contract (in USD)			Analysis (in USD)			
COMM	Mission	Date	Description	Size	Qty	Unit Price	Spares	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	% Diff.
701136	Russia	6/20/2002	GAZ Cargo Truck	4x4	70	16,632	95,760	1,260,000	9,533	7,099	496,930	39%
1201398	Syria	5/6/2002	GAZ Cargo Truck	4x2, 2 ton	1,000	8,058	713,918	8,771,918	16,374	-	-	0%
1201399	Syria	4/19/2002	GAZ Cargo Truck	4x2, 2 ton	2,000	7,898	1,261,796	17,057,796	16,374	-	-	0%
1200396	Russia	8/18/2002	Hino Trucks	4x2	173	22,594	781,735	4,690,497	22,594	-	-	0%
1201532	Russia	8/27/2002	Hino Trucks	4x2	200	22,594	903,740	5,422,540	22,594	-	-	0%
710884	UNESCO	12/21/2001	Isuzu Trucks - crew cabin	2.2 ton	5	12,604	11,866	74,886	15,221	-	-	0%
710884	UNESC1	12/21/2001	Isuzu Trucks - cargo truck	4x2	2	46,399	17,295	110,093	42,470	-	-	0%
710886	UNESCO	2/8/2002	Isuzu Trucks	4x2, 2.5 ton	4	17,144	13,489	82,065	21,404	-	-	0%
811168	UNDP	6/7/2002	Isuzu Trucks	4x2	17	27,022	211,493	670,867	36,100	-	-	0%
1201414	Russia	3/5/2002	IVECO Cargo Trucks	4x2, 5 ton	1,581	18,214	5,759,195	34,555,529	29,715	-	-	0%
1201424	Russia	4/10/2002	IVECO Cargo Trucks	4x2, 5 ton	1,661	18,702	6,213,262	37,284,933	-	-	-	0%
700232	Tunisia	4/10/2000	Man Tractor with Semi	6x4	130	88,383	1,129,271	12,619,061	111,500	-	-	0%
1200144	Russia	7/5/2001	Mercedes Cargo Truck	6x4	50	81,385	333,232	4,402,482	73,450	7,935	396,750	9%
811150	UNDP	5/24/2002	Mitsubishi Truck w Crane	4x2	21	46,935	231,116	1,216,751	41,800	5,135	107,835	9%
811150	UNDP	5/24/2002	Mitsubishi Truck w/o Crane	4x2	17	32,693	130,002	685,783	28,975	3,718	63,206	9%
1201529	Russia	8/4/2002	Nissan Cargo Trucks	4x2, 14200 kg	20	57,401	200,905	1,348,925	-	-	-	0%
1300126	UAE	11/15/2002	Nissan Cargo Trucks	4x2, 7000 Kgs	765	17,955	2,747,217	16,482,792	23,686	-	-	0%
631126	Russia	10/17/2001	Renault Cargo Trucks	6x4, 16 ton	2	68,392		136,784	65,000	-	-	0%
1000147	Russia	9/28/2001	Renault Cargo Trucks	42 ton	100	81,883	737,682	8,925,982	73,450	8,433	843,300	9%
1200431	France	6/11/2001	Renault Cargo Trucks	16 ton	50	67,542	309,105	3,686,205	73,529	-	-	0%
1000288	Tunisia	10/3/2000	Scania Tractor Trailer	6x4	250	106,326	6,452,092	33,033,592	108,833	-	-	0%
801061	Russia	12/2/2002	Volvo Trucks	6x4, FH 12	200	93,147	2,075,944	20,705,344	103,571	-	-	0%
910165	Sweden	7/17/2002	Volvo Trucks	4x2, Type F LE	1	66,823	1,136	67,959	58,314	8,509	8,509	13%
910166	Sweden	7/17/2002	Volvo Trucks	4x2, type F LE	1	66,823	1,136	67,959	58,314	8,509	8,509	13%
910167	Sweden	7/17/2002	Volvo Trucks	4x2, type F LE	3	58,314	3,409	178,351	58,314	-	-	0%
910167	Sweden	7/17/2002	Volvo Trucks	truck w crane	1	86,182	960	87,142	94,292	-	-	0%
910167	Sweden	7/17/2002	Volvo Trucks	6x4 FM 12	1	71,545	960	72,505	73,592	-	-	0%
910230	Sweden	8/30/2002	Volvo Trucks	truck w crane	1	86,182	960	87,142	94,292	-	-	0%
1101443	Syria	12/18/2001	Volvo Trucks	16 ton, 6x2	100	71,685	670,484	7,838,984	73,450	-	-	0%
1300213	Tunisia	10/11/2001	Volvo Trucks	12 ton, 4x2	50	52,564	425,975	3,054,175	59,988	-	-	0%
TOTAL					8,476			224,679,042			1,925,039	

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2. BUSES

The Bus contracts evaluated are detailed in the table below. We obtained price quotes from U.S. suppliers (Triad Transportation, Blue Bird, Fleet Central and Tesco Bus), sources located on the Internet, and other government agencies (GSA), who provided pricing for the same or similar type of buses. The OFF contract prices generally are lower than the best prices we found. In most cases, the prices we found were not for the identical make and model of the OFF contracts but were for what appear to be comparable vehicles based on similar specifications. When the same make and model were included in multiple OFF contracts, we compared the contract prices to the lower of either (a) the best price we found or (b) the lowest OFF contract price.

PRICING DETAILS
BUSES

COMM	Mission	Date	Description	Seats	Qty	Contract			Analysis			% Diff.
						Unit Price	Spares	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	
1200739	UAE	4/11/2002	Buses Daewoo	45	50	75,386	-	3,769,300	93,198	-	-	
801598	Egypt	11/9/2000	Buses IVECO	29	500	25,128	800,360	13,364,360	34,666	-	-	
1100335	Russia	1/2/2002	Buses Marz	42	200	74,860	2,006,563	16,978,563	90,026	-	-	
800658	UAE	11/15/2000	Buses Kastourman	45	100	91,020	820,000	9,922,000	93,198	-	-	
1200030	Egypt	9/27/2001	Buses MCV	44	200	90,247	3,601,960	21,651,360	93,198	-	-	
1101473	Syria	2/20/20021	Buses Mitsubishi	12	760	13,071	1,986,818	11,920,778	18,909	-	-	
1000226	Egypt	6/11/2001	Buses Mitsubishi	29	1,000	28,224	2,542,450	30,766,450	34,666	-	-	
1200498	UAE	9/24/2002	Buses Nissan	15	50	16,267	-	813,350	26,562	-	-	
710883	Japan	1/24/2002	Buses Nissan	21	2	31,807	-	63,614	41,973	-	-	
702482	France	11/21/2000	Buses Peugeot	21	8	30,000	34,995	274,995	41,973	-	-	
910168	Japan	6/24/2002	Buses Nissan	26	1	29,054	-	29,054	29,054	-	-	
910173	Japan	6/24/2002	Buses Nissan	26	1	29,054	-	29,054	29,054	-	-	
910169	Japan	6/24/2002	Buses Nissan	26	2	29,054		58,108	29,054	-	-	
910174	Japan	6/24/2002	Buses Nissan	26	1	29,054	-	29,054	29,054	-	-	
910171	Japan	6/24/2002	Buses Nissan	26	3	29,054	-	87,162	29,054	-	-	
910170	Japan	6/24/2002	Buses Nissan	26	4	29,054	-	116,216	29,054	-	-	
910172	Japan	6/24/2002	Buses Nissan	26	3	29,054	-	87,162	29,054	-	-	
901672	Lebanon	5/31/2001	Buses Toyota	26	30	30,030	43,067	943,967	30,030	-	-	
810775	Oman	11/18/2001	Buses Toyota	26	2	32,100	3,400	67,600	30,030	2,070	4,140	6%
802016	Syria	12/26/2000	Buses Toyota	26	500	41,994	-	20,997,000	30,030	11,964	5,982,000	28%
1101618	UAE	6/29/2002	Buses Toyota	26	50	37,277	-	1,863,850	30,030	7,247	362,350	19%
900525	Lebanon	4/1/2001	Buses Toyota	26	10	31,479	16,568	331,358	30,030	-	-	
1001074	Russia	11/30/2001	Buses Toyota	26	150	39,119	586,102	6,453,952	30,030	9,089	1,363,350	21%
1001221	Russia	10/29/2001	Buses Toyota	12	75	16,659	124,942	1,374,367	16,659	-	-	
TOTAL					3,702		12,567,225	141,992,674			7,711,840	

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3. FIRE FIGHTING VEHICLES

The fire truck contracts evaluated are detailed in the table below. The fire trucks varied in chassis size and functionality (e.g., chemical versus house fire), which impacts the price. We obtained price quotes from two U.S. suppliers (Swab Wagon Company and HME Fire Trucks), who provided pricing for the same or similar type of truck and equipment for most of the items evaluated. The OFF contract prices generally are lower than the best prices we found. In most cases, the prices we found were not for the identical make and model of equipment in the OFF contracts but were for what we believe to be comparable equipment based on similar specifications. We evaluated nine contracts. All were deemed to be reasonably priced.

PRICING DETAILS
FIRE FIGHTING VEHICLES

						Contract			Analysis			
COMM	Mission	Date	Description	Note	Qty	Unit Price	Spares	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	% Diff.
1030540	Italy	4/12/2002	Silvani Fire Truck	6x4	3	202,642	13,638	621,564	285,000	-	-	
601341	Egypt	2/3/2000	Fire Truck		14	82,900	81,242	1,241,842	82,900	-	-	
630065	Italy	12/14/1999	Silvani Fire Truck	6x3	2	185,000	-	370,000	215,000	-	-	
630065	Italy	12/14/1999	Silvani Fire Truck	4x2	1	185,000	-	185,000	215,000	-	-	
1030296	Russia	11/28/2001	Mercedes Benz Fire Truck	6x4	1	170,139	-	170,139	160,000	-	-	
1030296	Russia	11/28/2001	Mercedes Benz Fire Truck	4x2	12	142,658	-	1,711,896	160,000	-	-	
1030296	Russia	11/28/2001	Mercedes Benz Fire Truck	6x4	8	192,126	-	1,537,008	210,000	-	-	
1230504	Russia	11/19/2001	Scania Fire Truck	6x4	10	244,194	253,733	2,695,673	268,500	-	-	
1200427	Egypt	9/7/2001	Fire Truck	4x2	100	153,425	3,068,500	18,411,000	175,000	-	-	
1201515	Egypt	1/8/2002	Actros Fire Truck	4x2	200	151,437	6,157,495	36,444,895	175,000	-	-	
1130474	Italy	10/24/2002	Chinetti Fire Truck	6x4	4	283,956	113,582	1,249,406	305,000	-	-	
802670	China	12/20/1999	Fire Truck		12	91,057	-	1,092,684	91,057	-	-	
TOTAL					367		9,688,190	65,731,107			-	

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4. TIPPER (DUMP) TRUCKS

Iraq contracted with various suppliers located in three countries (Egypt, Russia and Sweden) for dump trucks. We evaluated five contracts, with prices ranging from $68,639 to $77,318, per truck. One contract (COMM 910322) also contains a water tanker truck. It is included in our analysis shown below. We performed a price comparison by searching the Internet, contacting U.S. suppliers (Freightliner, Boyer Ford and International), and obtaining prices offered to GSA for similar types of trucks.

PRICING DETAIL
TIPPER (DUMP) TRUCKS

						Contract			Analysis			
COMM	Mission	Date	Description	Note	Qty	Unit Price	Spares	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	% Diff.
910232	Sweden	6/26/2002	VolvoTipper Dump Truck	6x4	3	71,476	-	214,428	69,071	-	-	
910231	Sweden	6/26/2002	VolvoTipper Dump Truck	6x4	2	71,476	-	142,952	69,071	-	-	
910322	Sweden	6/26/2002	VolvoTipper Dump Truck	6x4	4	71,476	-	285,904	69,071	-	-	
910322	Sweden	6/26/2002	Volvo Water Tanker	4x2	2	53,013	-	106,026	53,013	-	-	
901000	Russia	9/27/2001	Man Tipper Dump Truck	6x4	30	77,318	245,457	2,564,997	69,071	8,247	247,410	10%
901312	Egypt	2/12/2001	IVECOTipper Dump Truck	6x4	50	68,639	360,992	3,792,942	69,071	-	-	
TOTAL					91		606,449	7,107,249			247,410	

5. CRANE-EQUIPPED TRUCK

Iraq contracted with a supplier in Turkey for a Crane-Equipped Truck to be used by the Baghdad Water and Sewerage Department. One contract was reviewed, and the contracted price was $74,316 per truck. We performed a price comparison by contacting a U.S. supplier who provided a price quote of $86,592 for a similar type of crane. The OFF contract was considered to be reasonably priced.

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6. WATER TANKERS

Iraq contracted with two suppliers in Russia and Egypt for Water Tankers. The prices per unit were $67,497 and $76,382, respectively. On the contract from Egypt, we were unable to perform any type of price analysis due to lack of specifications in the OFF contract. However, we did perform a price comparison on the Russian contract by contacting the vendor in Russia, who provided a quote of $64,429 for a similar water tanker. We consider the Russian OFF contract to be reasonably priced.

7. NISSAN BUSES AND TRUCKS

Each contract included in this category contains multiple makes/models. We obtained price quotes from U.S. suppliers (Bus Sales Online and Nissan), along with sources located on the Internet (Edmunds and www.pickuptrucks.com) and GSA, who provided pricing for the same or similar types of buses or trucks. The OFF contract prices generally are lower than the best prices we found. The analysis prices for the buses are primarily GSA prices for comparably sized buses. The analysis prices for the trucks are based on our analysis of similar vehicles in the Passenger Cars and Light Trucks sector.

PRICING DETAILS
NISSAN BUSES AND TRUCKS

						Contract			Analysis			
COMM	Mission	Date	Description	Note	Qty	Unit Price	Spares	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	% Diff.
710885	Japan	2/26/2002	Nissan Buses	24 seats	3	32,764	-	98,292	45,613	-	-	
710885	Japan	2/26//2002	Nissan trucks		3	14,567	2,243	45,944	14,567	-	-	
710974	Japan	8/1/2002	Nissan Buses	45 seats	4	39,079	-	156,316	38,383	-	-	
710974	Japan	8/1/2002	Nissan Buses	30 seats	8	39,079	-	312,632	38,383	-	-	
710974	Japan	8/1/2002	Nissan Buses	24 seats	9	37,827	-	340,443	38,383	-	-	
710974	Japan	8/1/2002	Nissan Buses	21 seats	6	37,827	-	226,962	38,383	-	-	
710974	Japan	8/1/2002	Nissan Pickup Truck	4x4	12	17,759	-	213,108	14,567	3,192	38,309	18%
710974	Japan	8/1/2002	Nissan Pickup Truck	4x4	1	17,121	-	17,121	14,567	2,554	2,554	15%
710974	Japan	8/1/2002	Nissan Pickup Truck	4x4	5	17,656	-	88,280	14,567	3,089	15,447	17%
710974	Japan	8/1/2002	Nissan Flatbed Truck	4x2	2	19,557	-	39,114	15,079	4,478	8,956	23%
710974	Japan	8/1/2002	Nissan Patrol Pickup Truck		3	19,120	-	57,360	15,079	4,041	12,123	21%
710974	Japan	8/1/2002	Nissan Patrol Station Wagon		1	24,255	-	24,255	19,107	5,148	5,148	21%
TOTAL					57		2,243	1,619,827			82,537	

8. MISCELLANEOUS TRANSPORTATION AND EQUIPMENT

This category includes a variety of vehicles, with some contracts containing multiple types, makes, and models. We obtained price quotes from several U.S. suppliers, Internet sources, and GSA price lists for the same or similar types of vehicles. The OFF contract prices generally were lower than the best prices we found. In most cases, the prices we found were not for the identical make and model of the OFF contracts but were for what we believe to be comparable vehicles based on similar specifications. For the Mercedes Benz bus engines (COMM 1200423), we were quoted a price $17,250 versus the price of $22,920 by a U.S. supplier of a rebuilt engine with all new parts from Germany.

PRICING DETAILS
MISCELLANEOUS TRANSPORTATION EQUIPMENT

COMM	Mission	Date	Description	Note	Qty	Contract			Analysis			% Diff.
						Unit Price	Spares	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	
601809	Egypt	5/5/2000	Renault Loading car		40	44,500	140,000	1,920,000	42,470	-	-	
601809	Egypt	5/5/2000	Karosa Bus	44 seats	60	57,900	246,005	3,720,005	93,198	-	-	
601809	Egypt	5/5/2000	Fuqi Field car		60	13,275	73,500	870,000	17,000	-	-	
601809	Egypt	5/5/2000	Fuqi Pick-up		100	7,725	77,500	850,000	13,900	-	-	
501213	Egypt	4/20/2000	Renault Loading car		40	47,350	146,000	2,040,000	42,470	-	-	
501213	Egypt	4/20/2000	Renault Bus	44 seats	60	64,075	265,500	4,110,000	93,198	-	-	
501213	Egypt	4/20/2000	Fuqi Land cruiser		60	13,275	73,500	870,000	17,000	-	-	
501213	Egypt	4/20/2000	Fuqi Pick-up		100	7,725	77,500	850,000	13,900	-	-	
501213	Egypt	4/20/2000	Manitou Forklift		5	35,000	13,750	188,750	35,000	-	-	
630517	China	1/25/2000	Buses	12 seats	30	10,050	120,350	421,850	18,909	-	-	
630517	China	1/25/2000	Toyota Pick-up		110	8,200	-	902,000	13,900	-	-	
1200423	China	2/14/2002	Mercedes Benz Bus Engines	v6	8	22,920	589,375	772,735	17,250	5,670	45,360	6%
TOTAL					673		1,822,980	17,515,340			45,360	

9. RAILROAD EQUIPMENT

The following table summarizes our evaluation of various contracts for railroad equipment:

SUMMARY OF EVALUATION OF RAILROAD EQUIPMENT

COMM	Mission	Date	Description	Note	Qty	Contract			Analysis			% Diff.
						Unit Price	Spares	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	
1200218	Russia	11/28/2001	Diesel Electrical Locomotive	a	30	1,250,867	3,791,329	41,317,339	1,100,000	150,867	4,526,010	11%
1100177	Russia	4/1/2002	Turnouts Type 13	b	100	38,862		3,886,200	65,000	-	-	
1100177	Russia	4/1/2002	Turnouts Type 11	b	250	37,589		9,397,250	60,000	-	-	
1200077	Russia	7/25/2002	Rail Bars	c	7,000	413	-	2,891,000	306	107	749,000	26%
601265	Turkey	1/20/2000	Rail Bars	c	24,000	306	-	7,344,000	306	-	-	
50947	Russia	6/25/1999	Rail Bars	c	21,000	435	-	9,135,000	306	129	2,709,000	30%
802192	Turkey	3/30/2001	Rail Bars	c	25,000	393	-	9,825,000	306	87	2,175,000	22%
1100002	UAE	11/5/2001	Rail Bars	c	54,000	368	-	19,872,000	306	62	3,348,000	17%
801383	Austria	1/19/2001	Rail Cars	d	5	248,529	138,065	1,380,710	260,000	-	-	
TOTAL					77,385			105,048,499			13,507,010	

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a. DIESEL ELECTRICAL LOCOMOTIVES

Iraq contracted with a supplier in Russia for diesel electric locomotives, with a price of $1,250,867 per locomotive. We consulted with a U.S. supplier, who advised that a similar locomotive would cost approximately $1,100,000.

b. TURNOUTS

Iraq contracted with a supplier in Russia to provide two types of rail turnouts. One contract was reviewed, and the contracted price per unit of Type 13 and Type 11 turnouts were $38,862 and $37,589, respectively. We performed a price comparison by contacting a U.S. supplier who advised that Type 13 and Type 11 rail turnouts cost approximately $65,000 and $60,000 per unit, respectively. The contract reviewed was deemed reasonable.

c. RAIL BARS

The rail bars in the five OFF contracts evaluated are 18 meters (approximately 60 feet) in length, and the prices ranged from $306 to $413 per bar. We performed a price comparison by contacting two U.S. suppliers who both provided quotes for a piece of rail of similar size. Both quotes were significantly higher than the lowest OFF contract price of $306 per rail. Therefore we used the lowest OFF contract price as the benchmark for evaluating the other OFF contracts.

d. RAIL CARS

Iraq contracted with a supplier in Austria for rail cars with a price of $248,529 per rail car. We consulted with a U.S. supplier, who advised that a rail car of similar size would cost approximately $260,000.

10. MOTORCYCLES

Iraq contracted with various suppliers located in 3 countries (UAE, Russia and Lebanon), for motorcycles. A total of five contracts were evaluated and the OFF contract prices ranged from $863 to $8,345, per motorcycle. We searched the Internet and contacted various other motorcycle suppliers to find pricing for similar motorcycles. For most of the motorcycles, the best price we found is significantly higher than the OFF contract price. However, for the MZ ETZ Motorcycles (COMM 1200334), we found lower prices on an Internet price list.

PRICING DETAILS
MOTORCYLCES

						Contract (in USD)			Analysis (in USD)			
COMM	Mission	Date	Description	Size	Qty	Unit Price	Spares	Contract Value	Unit Price	Difference Unit	Total Difference	% Diff.
1200540	UAE	10/7/2002	JAWA Motorcycle	640/350cc	682	1,570	108,365	1,179,105	2,500	-	-	
901345	Russia	6/20/2001	IZH PLANETA Motorcycles	model 5-01	2,500	863	121,615	2,279,715	1,300	-	-	
901345	Russia	6/21/2001	IZH PLANETA Motorcycles	w/ side car	500	1,219		609,400	2,950	-	-	
902034	Russia	5/6/2002	IMZ Ural with Side Car		2,000	4,258	1,536,685	10,052,685	6,815	-	-	
1200334	UAE	12/1/2001	MZ ETZ Motorcycles	w/ side car	75	1,685	5,708	132,062	1,650	-	-	
1200334	UAE	12/1/2001	MZ ETZ Motorcycles		75	1,618	5,708	127,029	1,300	318	23,821	19%
1001581	Lebanon	12/4/2001	Suzuki Police	9500 rpm	100	8,345	114,437	948,937	9,944	-	-	
TOTAL					5,932		1,892,517	15,328,933			23,821	

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11. BOATS

The two contracts evaluated are for four mooring boats (COMM 702090) and five 24-meter fast steel patrol boats (COMM 801773). The contract for mooring boats did not contain detail specifications as to the size of the boat or type of engine. However, based on the Internet research we performed, the price appears to be reasonable. We consulted a US supplier who advised the cost of a fast patrol boat of this size would be in the $2 - $3 million range.

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PRICING DETAIL
BOATS

COMM	Mission	Date	Description	Size	Qty	Contract (in USD)			Analysis (in USD)			% Diff.
						Unit Price	Spares	Contract Value	Unit Price	Difference Unit	Total Difference	
702090	Malaysia	10/11/2000	Mooring Boat		4	200,000		800,000	200,000	-	-	
801773	China	5/2/2001	Fast Steel Patrol Boat	24 Meters	5	2,313,335	794,796	12,361,471	2,500,000	-	-	
TOTAL					**9**		**794,796**	**13,161,471**			-	

SUMMARY OF EVALUATION OF PASSENGER VEHICLES AND LIGHT TRUCKS

	Total Contracts				Potentially Overpriced				Reasonably Priced		Inconclusive	
Description	No.	($000) Value	Qty	($000) Spares	No.	($000) Value	Potential Overpricing	Percent	No.	($000) Value	No.	($000) Value
FIAT DUCATO PICKUP	1	5,628	250	938	-	-	-		1	5,628	-	-
GM TRUCKS	3	4,377	165	571	1	3,066	249	8%	2	1,310	-	-
HYUNDAIS	9	24,783	1,650	717	3	9,525	1,226	13%	6	15,258	-	-
ISUZU TROOPERS	1	218	10	17	-	-	-		1	218	-	-
MERCEDES BENZ S320L SEDAN	2	16,469	300	936	-	-	-		2	16,469	-	-
NISSAN MAXIMA	1	5,242	291	524	-	-	-		1	5,242	-	-
NISSAN PATHFINDER	1	1,021	50	-	-	-	-		1	1,021	-	-
NISSAN PATROL STATION WAGONS	13	31,902	1,589	943	7	19,227	2,593	13%	6	12,674	-	-
NISSAN PICKUPS	20	106,728	8,482	10,962	16	50,591	5,111	10%	4	56,137	-	-
OPEL ASTRA	1	91,517	8,500	8,830	-	-	-		1	91,517	-	-
PEUGEOT SEDANS	1	76,973	5,000	11,658	-	-	-		1	76,973	-	-
PROTON WIRA SALOON CARS	1	40,478	5,000	-	-	-	-		1	40,478	-	-
TOYOTA COROLLA	2	14,003	1,100	-	1	5,242	1,153	22%	1	8,761	-	-
TOYOTA DYNA TRUCKS	5	9,491	436	-	4	9,382	1,572	17%	1	109	-	-
TOYOTA HILUX PICKUPS	43	29,618	2,193	2,342	27	24,118	3,343	14%	16	5,500	-	-
TOYOTA LANDCRUISER	22	52,923	1,890	3,646	12	23,072	2,359	10%	10	29,851	-	-
TOYOTA MISC TRUCKS	9	2,057	121	112	8	1,637	184	11%	1	420	-	-
TOTAL	135	513,426	37,027	42,197	79	145,860	17,790	12%	56	367,566	-	-

We analyzed the OFF contracts and vehicle specifications to determine if equivalent models are sold in the U.S. If the vehicle is available in the U.S., we obtained the manufacturer's invoice prices and suggested retail pricing. Using the average of dealer invoice and manufacturer's suggested retail prices provided a reasonable estimate of market pricing. Many of the vehicle models and/or configurations are not sold in the U.S. To obtain comparative information, we searched the Internet and obtained pricing figures from a variety of international commercial sources as well as foreign municipal purchases.

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We noted the following:

- Generally, the OFF contract prices were less than the best prices we found.
- There is wide variability in the price per vehicle from supplier to supplier that does not appear to be driven merely by potential quantity discounts. For example, the lowest price for a Nissan Patrol Station Wagon was a contract for four vehicles for approximately $19,000 each. The highest was a contract for 94 vehicles, priced at $29,000 each.
- The contracts that appear to have the lowest prices are those that are between a UN Agency (e.g., UNICEF, WHO, UNOPS, etc.) and the supplier. In most cases, the supplier was the producer of the goods (e.g., Toyota, Nissan, etc.). Very few have what appears to be a middleman.

When the same makes and models were included in multiple OFF contracts, we compared the contract prices to the commercial prices we found and to the other OFF contracts. As noted above, the best commercial prices were generally higher than the best OFF contract price. When this occurred, we computed potential overpricing based on the best OFF contract price because it appears that better prices may be available through negotiation or direct from the manufacturer.

Our analysis did not include specific consideration for potential fleet (volume) discounts or shipping and insurance costs. In the absence of registered dealerships in Iraq, the value of fleet discounts would generally be offset by the additional costs to ship vehicles to Iraq. Our research indicates the value of fleet discounts available to U.S. buyers typically start at $300 and could be as high as $2,000 per vehicle. We also observed that UN humanitarian organizations were able to obtain quantity discounts in the 7 percent to 8 percent range when contracting directly with Japanese car manufacturers. However, these discounts are potentially offset by transportation costs, which can also range from $300 to $2,000 per vehicle.

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Many of the contracts included spare parts. The spares are normally separately identified and separately priced. We selected a number of common spare parts for various vehicles and compared the contract prices to commercial prices found on the internet. The evaluated spares were generally reasonably priced.

The schedules that follow provide details, by vehicle type, of the quantity under contract, the contract prices and the results of our pricing analysis. Note that some contracts included multiple vehicle makes or models and are therefore listed more than once.

VEHICLE PRICING DETAILS

					Contract (in USD)			Analysis			
COMM	Mission	Date	Description	Qty	Unit Price	Spares	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	% Diff.
FIAT DUCATO PICKUP											
702790	Spain	10/24/01	Fiat Ducato Pickup	250	18,760	938,014	5,628,093	19,339	-	-	
GM TRUCKS											
802524	Jordan	05/30/01	GM Blazer	100	26,663	399,944	3,066,238	24,172	2,491	249,095	8%
702173	UAE	09/28/00	GM LUV Pickup	50	15,706	117,795	903,095	17,962	-	-	
702174	UAE	09/28/00	GM Silverado Pickup	15	23,611	53,124	407,289	25,736	-	-	
	TOTAL			**165**		**570,863**	**4,376,622**			**249,095**	
HYUNDAIS											
1200439	UAE	09/11/02	Hyundai Accent	200	9,212	-	1,842,365	11,236	-	-	
1100548	UAE	04/25/02	Hyundai Elantra	200	10,164	382,256	2,415,064	10,164	-	-	
1200543	UAE	12/18/02	Hyundai Elantra	250	12,848	-	3,211,886	10,164	2,684	670,876	21%
700917	Russia	10/29/02	Hyundai Galloper	120	13,900	166,800	1,834,800	13,900	-	-	
800829	Turkey	10/29/02	Hyundai Galloper	40	17,319	36,905	729,676	13,900	3,419	136,771	19%
1200440	UAE	09/11/02	Hyundai Sonata	200	15,661	-	3,132,167	15,352	-	-	
602102	UAE	01/25/02	Hyundai Terracan	300	18,611	-	5,583,275	17,217	1,394	418,310	7%
602103	UAE	01/23/02	Hyundai Terracan	300	17,217	-	5,164,965	17,217	-	-	
1200248	Russia	08/23/02	Hyundai XG	40	18,435	131,474	868,885	23,322	-	-	
	TOTAL			**1,650**		**717,435**	**24,783,082**			**1,225,957**	
ISUZU											
1030661	Russia	04/01/02	Isuzu Troopers	10	20,031	17,415	217,723	29,553	-	-	
MERCEDES BENZ											
1100075	Jordan	02/04/02	Mercedes Benz S-320	100	51,037	-	5,103,673	51,565	-	-	
1100108	UAE	02/04/02	Mercedes Benz S-320	200	52,145	936,256	11,365,238	51,565	-	-	
	TOTAL			**300**		**936,256**	**16,468,911**			**-**	
NISSAN MAXIMA											
602071	UAE	10/02/01	Nissan Maxima	291	16,211	524,157	5,241,567	24,243	-	-	
NISSAN PATHFINDER											
1200502	UAE	11/21/02	Nissan Pathfinder	50	20,415	-	1,020,763	27,181	-	-	

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VEHICLE PRICING DETAILS

COMM	Mission	Date	Description	Qty	Contract (in USD)			Analysis			% Diff.
					Unit Price	Spares	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	
NISSAN PATROL STATION WAGONS											
811256	UNICEF	09/06/02	Nissan Patrol	4	19,107	3,417	79,845	19,107	-	-	
811257	UNICEF	09/06/02	Nissan Patrol	2	19,107	1,708	39,922	19,107	-	-	
910590	UNICEF	11/22/02	Nissan Patrol	6	19,107	5,125	119,767	19,107	-	-	
902041	UAE	05/28/02	Nissan Patrol	500	19,336	-	9,667,969	19,107	-	-	
902041	UAE	05/28/02	Nissan Pickup	250	10,656	-	2,664,062	10,315	-	-	
710725	UNICEF	12/12/01	Nissan Patrol	2	19,592	1,936	41,120	19,107	-	-	
711008	UNICEF	09/06/02	Nissan Patrol	3	19,592	2,903	61,680	19,107	-	-	
1200111	Jordan	01/02/02	Nissan Patrol	60	20,862	112,712	1,364,405	19,107	1,755	105,275	8%
1200472	UAE	09/18/02	Nissan Patrol	191	20,975	400,614	4,406,758	19,107	1,868	356,712	8%
1200500	UAE	09/25/02	Nissan Patrol	400	20,975	-	8,389,831	19,107	1,868	747,043	9%
1000713	Egypt	03/21/02	Nissan Patrol	50	22,740	95,000	1,232,000	19,107	3,633	181,852	15%
1230549	India	02/18/03	Nissan Patrol	25	25,892	67,040	714,332	19,107	6,785	169,618	24%
710089	Japan	03/21/00	Nissan Patrol	2	28,676	-	57,352	19,107	9,569	19,139	33%
1201426	UAE	07/10/02	Nissan Patrol	94	29,894	252,721	3,062,790	19,107	10,787	1,014,013	36%
	TOTAL			1,589		943,177	31,901,833			2,593,451	
NISSAN PICKUPS											
1201410	UAE	02/05/02	Nissan Cabstar Flatbed	317	14,711	699,526	5,363,034	15,079	-	-	
1200349	UAE	08/30/02	Nissan Cabstar Flatbed	196	15,079	295,552	3,251,068	15,079	-	-	
710972	UNESCO	08/01/02	Nissan Cabstar Flatbed	2	16,308	5,931	38,547	15,079	1,229	2,458	8%
710972	UNESCO	08/01/02	Nissan Patrol	2	21,543	4,383	47,470	19,107	2,436	4,873	10%
1101125	UAE	06/17/02	Nissan Patrol	40	25,175	-	1,006,992	19,107	6,068	242,713	24%
710972	UNESCO	08/01/02	Nissan Patrol Pickup	2	18,262	3,463	39,988	13,211	5,052	10,103	25%
1201413	UAE	03/22/02	Nissan Pickup	1,171	10,179	2,383,946	14,303,678	10,315	-	-	
1000840	Syria	11/28/01	Nissan Pickup	3,000	10,315	2,275,364	33,219,000	10,315	-	-	
1101125	UAE	06/17/02	Nissan Pickup	200	11,089	-	2,217,886	10,315	775	154,976	7%
900064	U.A.E.	03/30/01	Nissan Pickup	887	11,188	1,984,773	11,908,638	10,315	874	774,859	7%
1200405	UAE	09/06/02	Nissan Pickup	1,931	11,559	2,232,105	24,553,156	10,315	1,245	2,403,655	10%
1200503	UAE	09/25/02	Nissan Pickup	130	11,559	-	1,502,712	10,315	1,245	161,821	11%
902097	Russia	06/05/02	Nissan Pickup	38	11,665	44,328	487,604	10,315	1,351	51,323	11%
801677	UAE	02/13/01	Nissan Pickup	215	12,235	526,123	3,156,738	10,315	1,921	412,987	13%
801801	UAE	02/23/02	Nissan Pickup	108	12,235	264,285	1,585,710	10,315	1,921	207,454	13%
930577	Lebanon	11/02/01	Nissan Pickup	125	13,130	164,129	1,805,417	10,315	2,816	351,969	18%
930577	Lebanon	11/02/01	Mitsubishi Bus (25 Seats)	20	32,278	64,555	710,110	45,612	-	-	
910666	UNICEF	12/27/02	Nissan Pickup	1	14,005	568	14,573	10,315	3,690	3,690	25%
910667	UNICEF	12/27/02	Nissan Pickup	2	14,005	1,136	29,146	10,315	3,690	7,380	25%
910668	UNICEF	12/27/02	Nissan Pickup	1	14,005	568	14,573	10,315	3,690	3,690	25%
910669	UNICEF	12/27/02	Nissan Pickup	1	14,005	568	14,573	10,315	3,690	3,690	25%
910670	UNICEF	12/27/02	Nissan Pickup	2	14,005	1,136	29,146	10,315	3,690	7,380	25%
1200118	Egypt	06/06/02	Nissan Pickup	50	14,806	-	740,318	10,315	4,492	224,590	30%
710972	UNESCO	08/01/02	Nissan Pickup 4x4	4	18,426	6,132	71,834	14,567	1,859	7,436	10%
710972	UNESCO	08/01/02	Nissan Pickup 4x4	2	16,426	3,463	36,314	14,567	1,859	3,718	10%
1230380	Jordan	12/22/02	Nissan Pickup 4x4	35	16,571	-	579,960	14,567	2,004	70,150	12%
	TOTAL			8,482		10,962,036	106,728,203			5,110,915	

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VEHICLE PRICING DETAILS

COMM	Mission	Date	Description	Qty	Contract (in USD)			Analysis			% Diff.
					Unit Price	Spares	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	
OPEL ASTRA											
900446	Tunisia	04/23/01	Opel Astra	8,500	9,728	8,830,064	91,516,724	14,723	-	-	
PEUGEOT SEDANS											
1101710	France	09/13/02	Peugeot 406	5,000	13,063	11,658,057	76,972,907	25,187	-	-	
PROTON WIRA											
1200291	Malaysia	10/02/02	Proton Wira	5,000	8,096	-	40,477,522	14,215	-	-	
TOYOTA COROLLA											
1200057	Russia	11/8/2001	TOYOTA COROLLA Xli	750	11,682		8,761,483	11,682	-	-	
1200119	Egypt	4/30/2002	TOYOTA COROLLA Xli	350	14,977		5,241,963	11,682	3,295	1,153,271	22%
	TOTAL			1,100		-	14,003,446			1,153,271	
TOYOTA DYNA TRUCKS											
702907	UAE	10/2/2002	TOYOTA DYNA 250 2.5 TON	160	22,792		3,646,764	18,161	4,631	741,004	20%
710713	Jordan	11/21/2001	TOYOTA DYNA 300 3.5 TON	6	18,226		109,355	18,161	-	-	
801708	UAE	12/26/2000	TOYOTA DYNA 300 3.5 TON	200	19,649		3,929,871	18,161	1,488	297,671	8%
901580	Lebanon	7/14/2001	TOYOTA DYNA 400 2 TON	10	28,191		281,909	18,161	10,030	100,299	36%
1200539	UAE	10/7/2002	TOYOTA DYNA 250 2.5 TON	60	25,384	-	1,523,043	18,161	7,223	433,383	28%
	TOTAL			436		-	9,490,942			1,572,357	

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VEHICLE PRICING DETAILS

COMM	Mission	Date	Description	Qty	Contract (in USD)			Analysis			% Diff.
					Unit Price	Spares	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	
TOYOTA HILUX PICKUPS											
801314	UAE	8/11/2000	TOYOTA HILUX 2-DOOR 2WD	268	10,181	545,689	3,274,129	10,181	-	-	
811547	UNICEF	12/11/2002	TOYOTA HILUX 2-DOOR 2WD	8	11,341	-	90,728	10,181	1,160	9,282	10%
910412	UNICEF	7/29/2002	TOYOTA HILUX 2-DOOR 2WD	3	11,360	3,209	37,289	10,181	1,179	3,538	9%
901724	UAE	7/23/2001	TOYOTA HILUX 2-DOOR 2WD	100	13,485	-	1,348,511	10,181	3,304	330,436	25%
730812	UAE	9/30/2000	TOYOTA HILUX 4-DOOR 2WD	108	10,650	260,168	1,389,068	10,650	-	-	
910420	UNICEF	7/29/2002	TOYOTA HILUX 4-DOOR 2WD	4	11,416	3,767	49,433	10,650	766	3,066	6%
910435	UNICEF	7/29/2002	TOYOTA HILUX 4-DOOR 2WD	4	11,416	3,767	49,433	10,650	766	3,066	6%
910443	UNICEF	7/29/2002	TOYOTA HILUX 4-DOOR 2WD	5	11,416	4,708	61,791	10,650	-	-	
910442	UNICEF	7/29/2002	TOYOTA HILUX 4-DOOR 2WD	1	11,416	942	12,358	10,650	766	766	6%
910498	UNICEF	7/29/2002	TOYOTA HILUX 4-DOOR 2WD	1	11,416	942	12,358	10,650	766	766	6%
901671	Lebanon	5/24/2001	TOYOTA HILUX 4-DOOR 2WD	500	11,618	126,618	5,935,858	10,650	968	484,240	8%
901988	Russia	10/25/2001	TOYOTA HILUX 4-DOOR 2WD	1,000	12,734	1,273,375	14,007,124	10,650	2,084	2,083,749	15%
910733	UNICEF	7/29/2002	TOYOTA HILUX 4-DOOR 2WD	1	13,302	942	14,244	10,650	2,652	2,652	19%
910734	UNICEF	7/29/2002	TOYOTA HILUX 4-DOOR 2WD	2	13,302	1,884	28,488	10,650	2,652	5,304	19%
1101625	Egypt	6/29/2002	TOYOTA HILUX 4-DOOR 2WD	50	15,699		784,941	10,650	5,049	252,441	32%
811088	UNICEF	3/8/2002	TOYOTA HILUX 4-DOOR 4WD	2	16,542	1,661	34,746	16,542	-	-	
811090	UNICEF	3/8/2002	TOYOTA HILUX 4-DOOR 4WD	2	16,542	1,661	34,746	16,542	-	-	
811178	UNICEF	3/8/2002	TOYOTA HILUX 4-DOOR 4WD	2	16,542	1,661	34,746	16,542	-	-	
811179	UNICEF	3/8/2002	TOYOTA HILUX 4-DOOR 4WD	4	16,542	3,323	69,492	16,542	-	-	
811180	UNICEF	3/8/2002	TOYOTA HILUX 4-DOOR 4WD	7	16,542	5,814	121,611	16,542	-	-	
811087	UNICEF	3/8/2002	TOYOTA HILUX 4-DOOR 4WD	1	16,729	2,699	19,428	16,542	-	-	
811091	UNICEF	3/8/2002	TOYOTA HILUX 4-DOOR 4WD	1	16,729	2,699	19,428	16,542	-	-	
811317	WHO	10/31/2002	TOYOTA HILUX 4-DOOR 4WD	1	17,487	1,451	18,938	16,542	-	-	
811314	WHO	10/31/2002	TOYOTA HILUX 4-DOOR 4WD	6	17,487	8,709	113,630	16,542	-	-	
811316	WHO	10/31/2002	TOYOTA HILUX 4-DOOR 4WD	11	17,642	15,966	210,029	16,542	1,100	12,097	6%
811313	WHO	10/31/2002	TOYOTA HILUX 4-DOOR 4WD	6	17,642	8,709	114,561	16,542	1,100	6,598	6%
811315	WHO	10/31/2002	TOYOTA HILUX 4-DOOR 4WD	9	17,642	13,063	171,842	16,542	1,100	9,898	6%
811318	WHO	10/31/2002	TOYOTA HILUX 4-DOOR 4WD	1	17,642	1,451	19,094	16,542	1,100	1,100	6%
811319	WHO	10/31/2002	TOYOTA HILUX 4-DOOR 4WD	2	17,642	2,903	38,187	16,542	1,100	2,200	6%
811320	WHO	10/31/2002	TOYOTA HILUX 4-DOOR 4WD	4	17,642	5,806	76,375	16,542	1,100	4,399	6%
710238	WHO	7/2/2002	TOYOTA HILUX 4-DOOR 4WD	2	18,020	4,700	40,740	16,729	1,291	2,582	6%
710647	FAO	9/25/2001	TOYOTA HILUX 4-DOOR 4WD	19	18,895		359,012	16,542	2,353	44,707	12%
710225	WHO	6/7/2002	TOYOTA HILUX 4-DOOR 4WD	2	19,365	3,500	42,271	16,542	2,843	5,686	13%
710229	WHO	6/7/2002	TOYOTA HILUX 4-DOOR 4WD	1	19,386	1,750	21,136	16,542	2,843	2,843	13%
710234	WHO	6/7/2002	TOYOTA HILUX 4-DOOR 4WD	2	19,386	3,500	42,271	16,542	2,843	5,686	13%
910430	UNICEF	7/29/2002	TOYOTA HILUX 4-DOOR 4WD DIESEL	1	14,796	1,079	15,875	14,796	-	-	
910432	UNICEF	7/29/2002	TOYOTA HILUX 4-DOOR 4WD DIESEL	2	14,796	2,158	31,751	14,796	-	-	
910722	UNICEF	7/29/2002	TOYOTA HILUX 4-DOOR 4WD DIESEL	3	14,796	3,238	47,626	14,796	-	-	
811605	UNDP	12/13/2002	TOYOTA HILUX 4-DOOR 4WD DIESEL	12	15,575	2,977	189,879	14,796	-	-	
711132	UNDP	12/13/2002	TOYOTA HILUX 4-DOOR 4WD DIESEL	22	16,003	5,367	357,432	14,796	1,207	26,548	7%
811547	UNICEF	12/11/2002	TOYOTA HILUX 4-DOOR 4WD DIESEL	4	16,632		66,528	14,796	1,836	7,343	11%
910016	WFP	3/1/2002	TOYOTA HILUX 4-DOOR 4WD DIESEL	5	17,796	8,462	97,444	14,796	3,000	15,000	15%
710773	Denmark	11/27/2001	TOYOTA HILUX 4-DOOR 4WD DIESEL	1	18,105		18,105	14,796	3,309	3,309	18%
710774	Denmark	11/1/2001	TOYOTA HILUX 4-DOOR 4WD DIESEL	4	18,105		72,421	14,796	3,309	13,237	18%
910443	UNICEF	7/29/2002	TOYOTA LANDCRUISER GAS 136HP G	1	21,125	1,619	22,744	21,125	-	-	
	TOTAL			**2,193**		**2,341,939**	**29,617,842**			**3,342,541**	

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VEHICLE PRICING DETAILS

COMM	Mission	Date	Description	Qty	Contract (in USD)			Analysis			% Diff.
					Unit Price	Spares	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	
TOYOTA LANDCRUISER											
810008	UNOPS	12/05/00	NISSAN PICKUP 4X4	3	19,484	-	58,452	14,567	4,917	14,752	25%
1310002	UNOPS	4/16/2003	TOYOTA HILUX 4-DOOR 4WD	1	20,897	-	20,897	16,542	4,355	4,355	21%
1310001	UNOPS	4/16/2003	TOYOTA HILUX 4-DOOR 4WD DIESEL	2	16,639	-	33,277	14,796	-	-	
311084	UNICEF	3/8/2002	TOYOTA LANDCRUISER 4WD TRUCK	1	20,241		20,241	20,241	-	-	
810726	Jordan	11/29/2002	TOYOTA LANDCRUISER 4WD TRUCK	1	25,385		25,385	20,241	5,144	5,144	20%
810011	Japan	12/22/2000	TOYOTA LANDCRUISER AMBULANCE	8	34,613		276,904	47,922	-	-	
810338	UNICEF	8/24/2001	TOYOTA LANDCRUISER AUDIO VISUAL VAN	1	30,063		30,063	30,063	-	-	
1310001	UNOPS	4/16/2003	TOYOTA LANDCRUISER DIESEL	6	21,732	-	130,395	21,635	-	-	
811063	WFP	3/1/2002	TOYOTA LANDCRUISER DIESEL	4	22,258	9,534	98,565	21,635	-	-	
711149	UNICEF	8/27/2002	TOYOTA LANDCRUISER DIESEL	1	23,336	-	23,336	21,635	1,701	1,701	7%
1010009	UNOPS	2/5/2003	TOYOTA LANDCRUISER DIESEL	15	25,773	33,765	420,355	21,635	4,137	62,062	15%
1310002	UNOPS	4/16/2003	TOYOTA LANDCRUISER DIESEL	1	28,118	-	28,118	21,635	6,483	6,483	23%
810011	UNOPS	12/22/2000	TOYOTA LANDCRUISER DIESEL	3	28,534		85,603	21,635	6,899	20,697	24%
810008	UNOPS	12/5/2000	TOYOTA LANDCRUISER DIESEL	8	28,567		228,540	21,635	6,932	55,458	24%
910444	UNICEF	7/29/2002	TOYOTA LANDCRUISER GAS 136HP G	1	21,125	1,619	22,744	21,125	-	-	
910441	UNICEF	7/29/2002	TOYOTA LANDCRUISER GAS 136HP G	1	21,125	1,619	22,744	21,125	-	-	
810727	UNICEF	7/17/2001	TOYOTA LANDCRUISER GAS 136HP G	1	22,163	1,912	24,075	21,125	-	-	
1200542	UAE	9/21/2002	TOYOTA LANDCRUISER GAS 136HP G	20	27,715		554,305	21,125	6,591	131,813	24%
1001312	UAE	?	TOYOTA LANDCRUISER GAS 136HP G	100	27,802	417,029	3,197,225	21,125	6,677	667,733	21%
1300030	Egypt	?	TOYOTA LANDCRUISER GAS 136HP G	10	32,210	64,419	386,516	21,125	11,085	110,850	29%
630663	UAE	11/29/2002	TOYOTA LANDCRUISER GAS 240 HP GX-R	25	24,800	80,000	700,000	24,800	-	-	
1300128	Russia	12/12/2001	TOYOTA LANDCRUISER GAS 240 HP GX-R	1,000	25,397	2,345,290	27,742,077	24,800	-	-	
1100305	Lebanon	5/12/2001	TOYOTA LANDCRUISER GAS 240 HP GX-R	40	25,673		1,026,934	24,800	-	-	
901987	Russia	10/25/2001	TOYOTA LANDCRUISER GAS 240 HP GX-R	600	26,447	587,711	16,455,922	24,800	1,647	988,210	6%
1310002	UNOPS	4/16/2003	TOYOTA LANDCRUISER GAS 240 HP GX-R	1	29,382		29,382	24,800	4,582	4,582	16%
710208	WHO	6/30/2000	TOYOTA LANDCRUISER GAS 240 HP GX-R	1	30,987	2,900	33,887	24,800	6,187	6,187	18%
1200542	UAE	9/21/2002	TOYOTA LANDCRUISER GAS 240 HP GX-R	10	32,021		320,205	24,800	7,221	72,205	23%
1200051	Saudi Arabia	10/24/2001	TOYOTA LANDCRUISER GAS 240 HP GX-R	20	32,957	66,681	725,820	24,800	8,157	163,139	22%
1300030	Egypt	?	TOYOTA LANDCRUISER GAS 240 HP GX-R	5	33,509	33,509	201,053	24,800	8,709	43,544	22%
TOTAL				**1,890**		**3,645,991**	**52,923,019**			**2,358,914**	

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VEHICLE PRICING DETAILS

COMM	Mission	Date	Description	Qty	Contract (in USD)			Analysis			% Diff.
					Unit Price	Spares	Contract Value	Unit Price	Overprice Per Unit	Total Overpricing	
TOYOTA MISC TRUCKS											
630682	China	10/12/1999	TOYOTA BQ1020	40	9,455	41,800	420,000	10,650	-	-	
910280	UNOPS	7/29/2002	TOYOTA DYNA W/ CANVAS HOOD	8	18,161	5,163	150,454	18,161	-	-	
1010001	UNOPS	7/29/2002	TOYOTA DYNA W/ CANVAS HOOD	8	20,106	5,163	166,009	18,161	1,945	15,559	9%
811093	UNICEF	3/8/2002	TOYOTA HILUX 2-DOOR 2WD	5	11,951	5,334	65,092	10,181	1,771	8,854	14%
811092	UNICEF	3/8/2002	TOYOTA HILUX 4-DOOR 2WD	4	13,074		52,294	10,650	2,424	9,694	19%
811093	UNICEF	3/8/2002	TOYOTA HILUX 4-DOOR 2WD	2	13,157	1,661	27,974	10,650	2,507	5,013	18%
811095	UNICEF	3/8/2002	TOYOTA HILUX 4-DOOR 2WD	2	13,157	1,661	27,974	10,650	2,507	5,013	18%
1010001	UNOPS	8/12/2002	TOYOTA HILUX 4-DOOR 2WD	6	13,594	3,754	85,316	10,650	2,944	17,661	21%
910280	UNOPS	8/12/2002	TOYOTA HILUX 4-DOOR 2WD	5	13,639	3,129	71,323	10,650	2,989	14,944	21%
710799	UNICEF	11/29/2001	TOYOTA HILUX 4-DOOR 2WD	2	14,956		29,911	10,650	4,306	8,611	29%
710781	UNICEF	11/29/2001	TOYOTA HILUX 4-DOOR 2WD	1	14,956		14,956	10,650	4,306	4,306	29%
710277	WHO	9/19/2000	TOYOTA HILUX 4-DOOR 4WD	2	19,333	4,841	43,507	16,542	2,791	5,581	13%
1010001	UNOPS	8/12/2002	TOYOTA LANDCRUISER DIESEL	13	21,635	11,906	293,163	21,635	-	-	
910280	UNOPS	8/12/2002	TOYOTA LANDCRUISER DIESEL	13	22,944	11,906	310,178	21,635	1,309	17,015	5%
811092	UNICEF	3/8/2002	TOYOTA LANDCRUISER GAS 136HP G	3	26,770	4,952	85,262	21,125	5,645	16,935	20%
811093	UNICEF	3/8/2002	TOYOTA LANDCRUISER GAS 136HP G	2	26,770	3,302	56,841	21,125	5,645	11,290	20%
811095	UNICEF	3/8/2002	TOYOTA LANDCRUISER GAS 136HP G	1	26,770	1,651	28,421	21,125	5,645	5,645	20%
710781	UNICEF	11/29/2001	TOYOTA LANDCRUISER GAS 136HP G	1	28,943		28,943	21,125	7,818	7,818	27%
710799	UNICEF	11/29/2001	TOYOTA LANDCRUISER GAS 136HP G	1	28,943		28,943	21,125	7,818	7,818	27%
710277	WHO	9/1/2000	TOYOTA LANDCRUISER GAS 136HP G	2	32,200	5,800	70,200	21,125	11,075	22,151	32%
	TOTAL			**121**		**112,021**	**2,056,760**			**183,908**	

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WATER AND SANITATION

The water and sanitation category includes a wide array of equipment – pipes, pumps, compact drinking water treatment units, units for waste water, rehabilitation of plants, and construction of plants. These contracts are often broken down into detailed bills of material for individual items. However, many items are described generically, lacking sufficient detail to comparatively analyze with other suppliers. Sometimes, materials are supported elsewhere in the file by company brochures that provide specifications; however, the sheer quantity of parts in these listings would require a Herculean effort to determine comparability, even if side-by-side comparisons were done for high-dollar parts only. We did, in fact, perform one such analysis on water pumps, a high-dollar item, and found that there were either dissimilarities in the equipment among contracts that did not permit comparison, or a combination of units of equipment into priced components that masked individual prices. Over half of our findings in this category were inconclusive as a result of these circumstances.

SUMMARY OF EVALUATION OF WATER & SANITATION SECTOR

		Total Contracts			Potentially Overpriced				Reasonably Priced		Inconclusive	
Description	Note	No.	($000) Value	($000) Spares	No.	($000) Value	Potential Overpricing	Percent	No.	($000) Value	No	($000) Value
REHAB OF WATER TREATMENT PLANT	1	1	75,519	-	-	-	-		-	-	1	75,519
ELECTRO MECHANICAL EQUIPMENT	2	1	21,780	-	-	-	-		1	21,780	-	-
WATER TREATMENT PLANT/EQUIPMENT	3	4	46,705	178	-	-	-		1	10,014	3	36,691
PIPES & FITTINGS	4	15	108,568	-	7	59,947	15,662	26%	8	48,621	-	-
DREDGER	5	3	23,982	612	-	-	-		3	23,982	-	-
COMPACT SEWAGE UNITS	6	2	27,748	713	1	12,600	5,462	43%	1	15,148	-	-
SEWAGE NETWORK	7	1	16,165	-	-	-	-		-	-	1	16,165
WATER PUMPS & SPARES	8	5	23,935	23,777	1	158	95	60%	-	-	4	23,777
MECHANICAL EQUIPMENT	9	1	19,255	-	-	-	-		-	-	1	19,255
TOTAL		33	363,657	25,281	9	72,705	21,218	29%	14	119,545	10	171,407

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1. REHABILITATION OF WATER TREATMENT PLANT

This is a contract with a Russian firm to rehabilitate boilers and auxiliary equipment in the water treatment plant at Hartha. Comparison with pricing of U.S. projects did not yield a sufficient basis for reaching a conclusion on this contract.

2. ELECTRO MECHANICAL EQUIPMENT

This Turkish contract is for procurement of equipment for the Basrah Sewerage Treatment Plant and eleven pumping stations. We used a U.K. project detailed on the Internet that appeared to be similar, extrapolated it to account for the size of the Iraqi effort, and found the contract price to be within range of the comparison model.

3. WATER TREATMENT PLANTS AND EQUIPMENT

Of these four contracts with France, India and Greece, only one of the two Indian contracts had adequate specifications to permit an evaluation. We compared this contract for the construction of a water treatment plant in Al-Qush with four apparently similar projects in various countries. We found the pricing within a reasonable range of these similar projects.

4. PIPES AND FITTINGS

This category represents a variety of pipes for water and sewage needs. It includes polyvinylchloride, ductile iron, casing pipes, pipe fittings, and accessories. The accompanying chart compares 15 contracts, submitted by the missions of Egypt, Turkey, Iran, Jordan, China and the United Nations Children's Fund. Our analysis used the best independently quoted price, if available. Our analysis includes an estimate of 20 percent shipping and insurance cost based on discussions with one of the U.S. suppliers. Where we were unable to obtain an outside quote, we compared similar items among these OFF contracts. If there was a lower price among the OFF contracts, we used that price for our analysis. If the comparison was between only one OFF price and an independent quote, we used the independent quote, even if it was higher than the OFF price. In

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this last situation (lower OFF price and higher quote) we note that either choice puts the item in the reasonable category.

UNICEF has four contracts for pipes. The UNICEF web site indicates that the Fund makes water and sanitation purchases in support of its mission, with the intent to transition such procurement functions to local governments after initial purchases are made. The supplier of the UNICEF casing pipes is a firm in France. We obtained a quote from a U.S. supplier that was higher than the French prices. The French prices were thus considered reasonable. UNICEF was the only mission where contract prices were consistently reasonable. The remaining contracts reflect mixed results, with some prices higher or lower than our benchmark figures.

PRICING DETAILS
PIPES & FITTINGS

						Contract (in USD)		Analysis (in USD)			
COMM	Mission	Date	Description	Qty	UM (1)	Unit Price	Contract Value	Unit Price	Overprice/ Unit	Total Overpricing	% Diff.
1200401	Turkey	9/4/2002	1000 mm UPVC Pipe	10,000	ML	184.67	1,846,700	184.67	-	-	
50720	Egypt	3/16/1999	110 mm UPVC Pipe	210,000	ML	2.00	420,000	0.73	1.27	266,700	64%
50720	Egypt	3/16/1999	160 mm UPVC Pipe	150,000	ML	4.00	600,000	3.09	0.91	136,500	23%
1300131	Turkey	11/11/2002	160 mm UPVC Pipe	900,000	M	4.86	4,374,000	3.09	1.77	1,593,000	36%
800825	Turkey	11/11/2002	200 mm UPVC Pipe	80,000	M	6.73	538,400	3.82	2.91	232,800	43%
1300129	Turkey	11/11/2002	200 mm UPVC Pipe	80,000	M	3.82	305,600	3.82	-	-	
50720	Egypt	3/16/1999	225 mm UPVC Pipe	110,000	ML	5.00	550,000	4.46	0.54	59,400	11%
600824	Turkey	10/17/1999	225 mm UPVC Pipe 618	400,000	M	11.50	4,600,000	27.52	-	-	
600824	Turkey	10/17/1999	225 mm UPVC Pipe 619	500,000	M	5.50	2,750,000	27.52	-	-	
800825	Turkey	11/11/2002	250 mm UPVC Pipe	50,000	M	10.44	522,000	4.46	5.98	299,000	57%
1300129	Turkey	11/11/2002	250 mm UPVC Pipe	50,000	M	4.46	223,000	4.46	-	-	
600718	Egypt	11/11/2002	315 mm UPVC Pipe	200,000	M	12.60	2,520,000	5.63	6.97	1,394,000	55%
1300129	Turkey	11/11/2002	315 mm UPVC Pipe	60,000	M	5.63	337,800	5.63	-	-	
1300131	Turkey	11/11/2002	315 mm UPVC Pipe	150,000	M	10.55	1,582,500	5.63	4.92	738,000	47%
600718	Egypt	11/11/2002	400 mm UPVC Pipe	100,000	M	17.40	1,740,000	8.47	8.93	893,000	51%
800825	Turkey	11/11/2002	400 mm UPVC Pipe	50,000	M	26.52	1,326,000	8.47	18.05	902,500	68%
1300129	Turkey	11/11/2002	400 mm UPVC Pipe	50,000	M	8.47	423,500	8.47	-	-	
600718	Egypt	11/11/2002	500 mm UPVC Pipe	100,000	M	28.60	2,860,000	13.69	15.11	1,511,000	52%
800825	Turkey	11/11/2002	500 mm UPVC Pipe	40,000	M	41.35	1,654,000	13.69	27.66	1,106,400	67%
1200401	Turkey	9/4/2002	500 mm UPVC Pipe	14,000	ML	34.38	481,320	13.49	20.89	292,460	61%
1300129	Turkey	11/11/2002	500 mm UPVC Pipe	40,000	M	13.69	547,600	13.69	-	-	
600718	Egypt	11/11/2002	600 mm UPVC Pipe	100,000	M	37.20	3,720,000	19.13	18.07	1,807,000	49%
800825	Turkey	11/11/2002	600 mm UPVC Pipe	40,000	M	65.60	2,624,000	19.13	46.47	1,858,800	71%
1200401	Turkey	9/4/2002	600 mm UPVC Pipe	20,000	ML	54.60	1,092,000	18.88	35.72	714,400	65%
1300129	Turkey	11/11/2002	600 mm UPVC Pipe	40,000	M	19.13	765,200	19.13	-	-	

(1) M = Meter, ML = Meter Length of 6 meters.

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PRICING DETAILS
PIPES & FITTINGS (CONTINUED)

COMM	Mission	Date	Description	Qty	UM (1)	Contract (in USD) Unit Price	Contract Value	Analysis (in USD) Unit Price	Overprice/ Unit	Total Overpricing	% Diff.
1000942	China	1/28/2001	Butterfly Valves, Dia 1400 mm	2	Piece	11,287.30	22,575	6,833.71	4,453.59	8,907	39%
1001600	Jordan	12/26/2001	Butterfly Valves, Dia 1400 mm	3	Piece	6,833.71	20,501	6,833.71	-	-	
1000942	China	1/28/2001	Butterfly Valves, Dia 1600 mm	3	Piece	18,089.00	54,267	11,714.90	6,374.10	19,122	35%
1001600	Jordan	12/26/2001	Butterfly Valves, Dia 1600 mm	3	Piece	11,714.90	35,145	11,714.90	-	-	
810428	UNICEF	9/17/2001	Casing Pipe 12 3/4 In coml grade St-37-2, 5 8 M length	40	Piece	310.88	12,435	682.80	-	-	
810429	UNICEF	9/17/2001	Casing Pipe 12 3/4 In coml grade St-37-2, 5 8 M length	250	Piece	310.88	77,720	682.80	-	-	
810434	UNICEF	9/6/2001	Casing Pipe 12 3/4 In coml grade St-37-2, 5.8 M length	120	Piece	310.88	37,306	682.80	-	-	
810428	UNICEF	9/17/2001	Casing Pipe13 3/8 In coml grade St-37-2, 5 8 M length	140	Piece	350.00	49,000	939.60	-	-	
810429	UNICEF	9/17/2001	Casing Pipe13 3/8 In coml grade St-37-2, 5.8 M length	1,000	Piece	350.00	350,000	939.60	-	-	
810434	UNICEF	9/6/2001	Casing Pipe13 3/8 In coml grade St-37-2, 5.8 M length	100	Piece	350.00	35,000	939.60	-	-	
810446	UNICEF	9/19/2001	Casing Pipe. Mild Steel, grade St-37-2, 8 5/8, 6 mm, 5.8 m length	170	Piece	195.00	33,150	290.40	-	-	
1000942	China	1/28/2001	Collar 1600 mm	10	Piece	1,612.21	16,122	1,093.83	518.38	5,184	32%
1001600	Jordan	12/26/2001	Collar 1600 mm	20	Piece	1,093.83	21,877	1,093.83	-	-	
1000948	China	3/29/2001	Double Flange bend 90 Deg dn 400 mm	100	piece	122.06	12,206	78.00	44.06	4,406	36%
1000948	China	3/29/2001	Double socket bend 90 Deg dn 400 mm	25	piece	166.93	4,173	180.00	-	-	
1000948	China	3/29/2001	Ductile iron pipe 100 mm	200,000	M	11.22	2,244,000	9.00	2.22	444,000	20%
601348	Iran	10/21/1999	Ductile Iron Pipe 1000 mm	12,500	M	182.05	2,275,625	360.00	-	-	
601348	Iran	10/21/1999	Ductile Iron Pipe 1200 mm	12,500	M	261.35	3,266,875	360.00	-	-	
1000948	China	3/29/2001	Ductile iron pipe 150 mm	100,000	M	13.44	1,344,000	11.00	2.44	244,000	18%
1000942	China	1/28/2001	Ductile Iron Pipe 1600 mm	19,600	M	540.68	10,597,328	491.05	49.63	972,748	9%
1001600	Jordan	12/26/2001	Ductile Iron Pipe 1800 mm	20,000	M	491.05	9,821,000	491.05	-	-	
1000948	China	3/29/2001	Ductile iron pipe 200 mm	50,000	M	18.77	938,500	15.60	3.17	158,500	17%
601348	Iran	10/21/1999	Ductile Iron Pipe 900 mm	12,500	M	152.00	1,900,000	360.00	-	-	
1000948	China	3/29/2001	Socket Flange & Flange Spigot 100 mm	200	piece	31.29	6,258	35.00	-	-	
1000948	China	3/29/2001	Socket Flange & Flange Spigot 150 mm	100	piece	52.68	5,268	52.00	-	-	
1000948	China	3/29/2001	Socket Flange & Flange Spigot 300 mm	15	piece	129.19	1,938	129.00	-	-	
1000942	China	1/28/2001	tied dismantling joint, 1400 mm	5	Piece	1,251.88	6,259	1,251.88	-	-	
1001600	Jordan	12/26/2001	tied dismantling joint, 1400 mm	5	Piece	1,745.53	8,728	1,251.88	-	-	
1000942	China	1/28/2001	tied dismantling joint, 1600 mm	8	Piece	1,600.19	12,802	1,600.19	-	-	
1001600	Jordan	12/26/2001	tied dismantling joint, 1600 mm	3	Piece	2,608.53	7,826	2,608.53	-	-	
TOTALS				3,973,422						15,661,827	

(1) M = Meter, ML = Meter Length of 6 meters

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5. DREDGERS

These three contracts, with a UAE company and two French firms, cover reconditioned cutter suction dredgers, diesel dredgers, and secondhand trailing hopper dredgers. Discussions with a U.S. supplier indicated that prices were reasonable for two of the contracts, but the third with the French supplier was exceptionally low. The U.S. quote was $3.5 million and the French $1.7 million. We spoke directly to a representative of the French supplier, who, without knowledge of the fact that we were reviewing his firm's contract, quoted a price of $2.5 million that was more in line with the U.S. vendor's estimate. The representative stated that the firm does not sell used equipment, which might otherwise have accounted for the difference. The difference in the contract is thus unexplained but is not an issue of overpricing.

6. COMPACT SEWAGE UNITS

There are two contracts for compact sewage units, one Macedonian, the other Jordanian. While it is not clear whether the units are precisely identical, a comparison of the two contracts indicates that unit prices on the Macedonian contract at $126,000 per unit are 43 percent higher than on the Jordanian contract at $71,382 per unit. Volume differences could explain some of the overage, since the Jordanian contract is for 185 units and the Macedonian contract is for 100. Comparison of individual parts within the compact units was difficult because the specifications in the Macedonian contract were not clear. However, one similar high-dollar item, steel tanks, stood out as higher in the Macedonian contract. Macedonian tanks were about $171-$362 per cubic meter, whereas Jordanian tanks ranged from $45-$87 per cubic meter. This resulted in potential overpricing of $5.5 million on the Macedonian contract.

7. SEWAGE NETWORK

Under this contract a Spanish company will provide four sewage treatment plants for the Zafaraniya district in Baghdad. We compared the contract with the prices of two U.K. wastewater projects posted on the Internet but found the range too wide to form an assessment of the Spanish price. Therefore, our pricing analysis is inconclusive.

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8. WATER PUMPS AND SPARES

We compared these 5 contracts with 11 other water pump contracts evaluated in other sectors (Agriculture and Oil). We did not find sufficient commonality to provide good insight. However, we were able to obtain an estimate from an outside vendor on the Jordanian contract for horizontal pumps, which, at $63,230 per unit, led us to conclude that the Jordanian price of $157,814 per unit is potentially overpriced by $94,584.

9. MECHANICAL EQUIPMENT

This contract provides mechanical and electrical equipment for the Toz-Kefri water supply scheme. We reviewed water projects in California and Brooklyn in an attempt to price out the Toz-Kefri effort but were unable to form a conclusion using the comparison.

LISTING OF SUPPLIERS WITH OVERPRICING EXCEEDING $5 MILLION

SUPPLIER	Potentially Overpriced			
	Number Contracts	Value	Potential Overpricing	Percent
GENERAL EST. FOR CEREAL PROCESSING & TRADE	3	154,248,085	68,076,085	44%
CHAIYAPORN RICE CO. LTD.	7	167,142,635	31,598,667	19%
HOLDING CO. FOR FOOD INDUSTRIES	8	121,308,175	26,327,036	22%
VIETNAM DAIRY PRODUCTS COMPANY	2	77,840,748	18,965,748	24%
EMERCOM AGENCY	4	57,533,250	18,814,144	33%
VIETNAM NORTHERN FOOD CORPORATION	3	158,816,501	18,139,842	11%
LLC ALFA ECO	4	60,594,700	17,323,060	29%
JSC RUSSIAN FOOD COMPANY INC.	4	60,251,901	17,296,366	29%
ZAO "SAVAS OIL"	2	47,785,961	17,170,926	36%
AWB LIMITED	1	135,382,046	14,827,046	11%
RUSSIAN ENGINEERING COMPANY	6	85,213,660	13,391,841	16%
ALTAYLAR DIS TICARET LTD	3	28,389,752	11,507,032	41%
MAYODOR TRADING INTERNATIONAL	3	25,710,149	10,516,632	41%
ANWAR AKKAD SON'S CO. TRADE & IND.	3	37,100,000	9,670,000	26%
AL RIYADH INTERNATIONAL FLOWER COS	3	43,009,538	8,646,703	20%
MEDEQUIP FOR TRADING AND	1	23,165,776	8,399,534	36%
SYRABIA INTERNATIONAL FOR BUSINESS	2	44,234,364	8,392,645	19%
SITEA INTERNATIONAL SA	1	75,651,870	8,391,226	11%
AL WASEL & BABEL GENERAL TRADING CO	6	66,247,393	8,325,116	13%
PHOENIX INVESTMENT INTERNATIONAL	6	31,230,296	7,757,515	25%
ZHONGYUAN PETROLEUM EXPLORATION	1	17,233,018	7,676,770	45%
VOCARIMEX	1	32,314,982	7,618,307	24%

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LISTING OF SUPPLIERS WITH OVERPRICING EXCEEDING $5 MILLION

	Potentially Overpriced			
SUPPLIER	Number Contracts	Value	Potential Overpricing	Percent
TECHNOLOGY TRANSFER OF EUROPE	1	24,090,000	7,603,389	32%
BADER ESTABLISHMENT FOR MODERN	1	19,324,638	7,340,345	38%
ALCOR CHEMIE VERTRIEBS GMBH	1	19,611,921	7,164,921	37%
EL HOSAN FOR IMPORT AND EXPORT	6	49,529,469	7,091,089	14%
UNITED ARAB COMPANY FOR INTERNATIONAL TRADING	9	35,588,336	6,923,482	19%
JORDAN STEEL P.L.C.	2	31,820,000	6,260,000	20%
E & E LAND CO.	2	13,574,000	6,067,600	45%
MIDDLE EAST SKAN CONSULTING AND TRADING	2	24,299,916	6,031,603	25%
AL SAADY TRADING CO. LTD.	1	20,997,000	5,982,000	28%
ENERGOMACHEXPORT	2	44,653,919	5,614,990	13%
MAKFLUID D.O.O.	1	12,600,000	5,461,800	43%
KTG KENTFPRD GLOBE L.T.D.	1	12,111,169	5,358,619	44%

SUMMARY OF RESULTS BY COUNTRY

	Total		Potentially Overpriced					Reasonably Priced		Inconclusive	
Mission	Contracts Reviewed	Value	Number Contracts	Percent of Contracts	Value	Potential Overpricing	Percent Overpriced	Number Contracts	Value	Number Contracts	Value
ALGERIA	6	33,967,346	4	67%	26,392,346	5,957,236	23%	2	7,575,000	-	-
AUSTRALIA	2	257,770,417	1	50%	135,382,046	14,827,046	11%	1	122,388,371	-	-
AUSTRIA	2	13,317,366	-	0%	-	-	0%	1	1,380,710	1	11,936,656
BELARUS	6	26,556,065	2	33%	14,068,884	3,608,689	26%	4	12,487,181	-	-
BELGIUM	4	44,199,980	1	25%	7,624,549	2,302,149	30%	2	34,097,907	1	2,477,524
BULGARIA	2	14,398,103	1	50%	13,020,000	3,524,739	27%	1	1,378,103	-	-
CHINA	32	377,044,714	14	44%	84,720,930	13,727,375	16%	15	138,834,746	3	153,489,038
CYPRUS	1	12,111,169	1	100%	12,111,169	5,356,619	44%	-	-	-	-
DENMARK	2	13,430,213	1	50%	1,749,312	521,439	30%	1	11,680,901	-	-
EGYPT	62	510,614,279	41	66%	327,588,744	76,204,116	23%	21	183,025,535	-	-
FAO	9	20,674,028	4	44%	456,192	61,060	13%	5	20,217,836	-	-
FRANCE	22	213,862,896	5	23%	15,692,705	1,939,300	12%	9	119,132,734	8	79,037,457
GERMANY	9	65,150,067	2	22%	21,717,707	2,529,702	12%	5	25,170,697	2	18,261,663
GREECE	1	10,642,631	-	0%	-	-	0%	-	-	1	10,642,631
INDIA	23	212,327,620	12	52%	64,217,508	14,191,536	22%	8	33,903,676	3	114,206,436
INDONESIA	1	6,365,107	1	100%	6,365,107	1,365,107	21%	-	-	-	-
IRAN	1	9,000,000	-	0%	-	-	0%	1	9,000,000	-	-
ITALY	15	118,991,690	1	7%	4,475,000	893,500	20%	10	37,725,725	4	76,790,965
JORDAN	50	299,678,626	27	54%	162,227,028	37,760,089	23%	20	132,916,877	3	4,534,723
KENYA	1	4,300,000	-	0%	-	-	0%	1	4,300,000	-	-
LEBANON	19	97,216,312	8	42%	27,618,815	5,122,898	19%	11	69,597,497	-	-
LIBYA	1	2,113,297	1	100%	2,113,297	701,996	33%	-	-	-	-
MACEDONIA	1	12,600,000	1	100%	12,600,000	5,461,800	43%	-	-	-	-
MALAYSIA	11	144,273,442	4	36%	28,884,175	4,914,366	17%	7	115,389,267	-	-
MOROCCO	3	32,747,661	3	100%	32,747,661	7,283,145	22%	-	-	-	-
OMAN	1	409,858	-	0%	-	-	0%	1	409,858	-	-
PAKISTAN	3	24,467,093	1	33%	3,500,000	435,000	12%	2	20,967,093	-	-
RUSSIA	124	1,829,201,621	51	41%	603,056,185	129,171,844	21%	63	713,249,458	10	512,895,978
SAUDI ARABIA	9	156,881,570	5	56%	57,556,994	11,354,619	20%	4	99,324,576	-	-
SPAIN	5	56,195,446	2	40%	32,003,003	4,814,253	15%	2	8,027,062	1	16,165,381
SUDAN	1	7,016,683	1	100%	7,016,683	1,909,043	27%	-	-	-	-
SWEDEN	3	36,146,386	2	67%	24,299,916	6,031,603	25%	1	11,846,470	-	-
SWITZERLAND	2	95,263,791	2	100%	95,263,791	15,556,147	16%	-	-	-	-

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SUMMARY OF RESULTS BY COUNTRY

	Total		Potentially Overpriced					Reasonably Priced		Inconclusive	
Mission	Contracts Reviewed	Value	Number Contracts	Percent of Contracts	Value	Potential Overpricing	Percent Overpriced	Number Contracts	Value	Number Contracts	Value
SYRIA	56	534,576,056	34	61%	337,051,282	112,079,898	33%	20	188,607,531	2	8,917,233
THAILAND	8	193,900,998	7	88%	167,142,635	31,598,667	19%	1	26,758,363	-	-
TUNISIA	37	318,145,748	11	30%	77,387,734	19,614,378	25%	25	224,478,694	1	16,279,320
TURKEY	31	278,600,654	20	65%	145,700,767	30,747,504	21%	10	113,645,173	1	19,254,714
UAE	71	451,616,461	36	51%	223,424,082	31,186,835	14%	34	193,485,671	1	34,706,508
UK	1	9,075,118	-	0%	-	-	0%	1	9,075,118	-	-
UN HABITAT	1	12,654,298	-	0%	-	-	0%	1	12,654,298	-	-
UNDP	7	21,532,177	3	43%	2,317,318	216,728	9%	3	2,000,726	1	17,214,133
UNESCO	6	2,184,638	2	33%	1,709,744	111,125	6%	4	474,894	-	-
UNICEF	61	4,502,843	24	39%	1,226,860	192,015	16%	37	3,275,983	-	-
UNOPS	7	2,388,366	6	86%	2,224,894	233,567	10%	1	163,672	-	-
VIETNAM	12	305,823,758	9	75%	295,309,359	48,499,025	16%	3	10,514,399	-	-
WFP	6	32,207,594	3	50%	19,207,929	2,606,135	14%	3	12,999,665	-	-
WHO	17	1,747,556	12	71%	924,100	87,008	9%	5	823,456	-	-
YEMEN	2	4,604,242	2	100%	4,604,242	1,241,934	27%	-	-	-	-
YUGOSLAVIA	2	7,228,000	-	0%	-	-	0%	1	1,408,000	1	5,820,000
TOTAL	759	6,939,723,984	368		3,102,700,501	655,943,235		347	2,734,393,123	44	1,102,630,360

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Listing of Contracts with Spares Separately Priced

Sector	COMM	Description of Goods	Contract Value	Spares Amt	Spares
AGRICULTURE	600378	SPRINKLER IRRIGATION SYSTEMS	11,999,960	184,845	2%
AGRICULTURE	1001919	GENERATING SET & SPARES	1,045,775	174,240	20%
AGRICULTURE	1101551	WATER PUMPS & SPARES	5,720,919	5,720,919	100%
Average Spares %	**AGRICULTURE**				41%
EDUCATION	901976	PHOTOCOPY MACHINES	10,891,785	2,148,063	25%
EDUCATION	1201412	GENERATORS	10,037,123	1,672,854	20%
Average Spares %	**EDUCATION**				22%
ELECTRICITY	601096	GENERATORS AND SPARE PARTS	9,916,423	651,129	7%
ELECTRICITY	700824	GAS TURBINES	98,636,829	3,000,000	3%
ELECTRICITY	702374	GAS TURBINES	80,034,511	1,500,000	2%
ELECTRICITY	801655	REHABILITATION OF DISTRIBUTION	14,580,995	2,569,525	21%
ELECTRICITY	830081	SUBSTATION EQUIPMENT AND	5,438,164	134,518	3%
ELECTRICITY	900151	GAS TURBINES	75,651,870	2,563,721	4%
ELECTRICITY	1000709	GAS TURBINES	30,540,000	1,650,000	6%
ELECTRICITY	1000712	GAS TURBINES	77,809,255	2,335,885	3%
ELECTRICITY	1101245	REHABILITATION OF DISTRIBUTION	11,051,217	802,610	8%
ELECTRICITY	1101246	REHABILITATION OF DISTRIBUTION	8,687,464	637,974	8%
ELECTRICITY	1101387	REHABILITATION OF DISTRIBUTION	8,364,820	586,627	8%
ELECTRICITY	1101496	SUBSTATION EQUIPMENT AND	8,072,208	1,082,652	15%
Average Spares %	**ELECTRICITY**				7%
HEALTH	501017	MEDICAL EQUIPMENT	17,162,824	7,036,974	69%
HEALTH	501056	MEDICAL EQUIPMENT	10,632,507	515,007	5%
HEALTH	600682	STEAM BOILERS	1,439,228	179,228	14%
HEALTH	602074	MEDICAL EQUIPMENT	21,803,444	3,389,617	18%
HEALTH	800729	AMBULANCES	84,584	7,725	10%
HEALTH	801381	AMBULANCES	16,669,359	2,756,829	20%
HEALTH	801660	AMBULANCES	10,791,194	1,798,543	20%
HEALTH	811302	AMBULANCES	184,719	49,741	37%
HEALTH	811303	AMBULANCES	236,212	87,048	58%
HEALTH	811304	AMBULANCES	269,957	82,950	44%
HEALTH	1000894	AMBULANCES	7,291,092	1,215,134	20%
HEALTH	1001313	AMBULANCES	205,833	26,848	15%
HEALTH	1001423	MEDICAL EQUIPMENT	23,165,776	3,863,127	20%
HEALTH	1001790	AMBULANCES	7,630,557	1,270,784	20%
HEALTH	1002218	MEDICAL EQUIPMENT	11,846,470	2,914,670	33%
HEALTH	1300024	AMBULANCES	1,107,746	100,705	10%

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Listing of Contracts with Spares Separately Priced

Sector	COMM	Description of Goods	Contract Value	Spares Amt	Spares
Average Spares % HEALTH					26%
HEAVY EQUIP	600411	TRACTORS & SPARES	3,668,280	333,480	10%
HEAVY EQUIP	600655	EXCAVATORS	8,419,500	675,948	9%
HEAVY EQUIP	600660	FORKLIFTS	5,318,618	693,618	15%
HEAVY EQUIP	601016	WHEEL LOADERS	3,192,000	532,000	20%
HEAVY EQUIP	601218	TRACTORS & SPARES	701,500	91,500	15%
HEAVY EQUIP	702089	CORN HUSKERS	1,408,000	128,000	10%
HEAVY EQUIP	702154	EXCAVATORS	10,540,000	470,720	5%
HEAVY EQUIP	702685	FORKLIFTS	255,943	23,268	10%
HEAVY EQUIP	801293	WHEEL LOADERS	2,852,196	663,450	30%
HEAVY EQUIP	801637	MISC CONSTRUCTION EQUIPMENT	5,880,913	241,603	4%
HEAVY EQUIP	801638	MISC CONSTRUCTION EQUIPMENT	7,995,324	723,307	10%
HEAVY EQUIP	801777	EXCAVATORS	11,714,007	931,221	9%
HEAVY EQUIP	802460	MOTOR SCRAPER	10,017,239	910,659	10%
HEAVY EQUIP	811111	FORKLIFTS	1,139,980	70,700	7%
HEAVY EQUIP	811169	MISC CONSTRUCTION EQUIPMENT	12,654,298	1,827,536	17%
HEAVY EQUIP	900510	WHEEL LOADERS	6,225,977	290,167	5%
HEAVY EQUIP	901150	WHEEL LOADERS	11,893,162	1,081,197	10%
HEAVY EQUIP	901396	WHEEL LOADERS	6,093,417	802,135	15%
HEAVY EQUIP	1000634	TRACTORS & SPARES	5,101,706	850,301	20%
HEAVY EQUIP	1030605	FORKLIFTS	1,378,103	125,282	10%
HEAVY EQUIP	1100775	CORN HUSKERS	2,249,641	204,516	10%
HEAVY EQUIP	1201115	TRACTORS & SPARES	777,383	777,383	100%
HEAVY EQUIP	1201408	BULLDOZERS	17,302,364	2,054,864	13%
HEAVY EQUIP	1201514	WHEEL LOADERS	26,932,000	3,409,090	14%
HEAVY EQUIP	1230099	FORKLIFTS	1,318,903	126,452	11%
HEAVY EQUIP	1300124	WHEEL LOADERS	14,287,744	1,808,563	14%
Average Spares % HEAVY EQUIP					16%
OIL	830077	OIL FIELD TRUCK	1,749,312	71,792	4%
OIL	830240	STEAM TURBINES	16,279,320	3,053,993	23%
OIL	1230093	CRUDE OIL PROCESSING & TREATMENT	16,513,416	313,810	2%
Average Spares % OIL					10%
TRANSPORTATION	501213	MISC TRANSPORTATION & EQUIPMENT	8,058,750	576,250	8%
TRANSPORTATION	601177	CRANE EQUIPPED TRUCK	1,783,584	297,264	20%
TRANSPORTATION	601341	FIRE FIGHTING VEHICLES	1,241,842	81,242	7%
TRANSPORTATION	601809	MISC TRANSPORTATION & EQUIPMENT	7,360,005	537,005	8%

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Listing of Contracts with Spares Separately Priced

Sector	COMM	Description of Goods	Contract Value	Spares Amt	Spares
TRANSPORTATION	630517	MISC TRANSPORTATION & EQUIPMENT	1,323,850	120,350	10%
TRANSPORTATION	700232	MAN TRACTOR WITH SEMI TRAILER	12,619,061	1,129,271	10%
TRANSPORTATION	701136	GAZ CARGO TRUCKS	1,260,000	95,760	8%
TRANSPORTATION	702482	PEUGEOT MINI BUS (21 SEATS)	274,995	34,995	15%
TRANSPORTATION	710884	ISUZU TRUCKS	184,979	29,161	19%
TRANSPORTATION	710885	NISSAN BUSES AND TRUCKS	144,236	2,243	2%
TRANSPORTATION	710886	ISUZU TRUCKS	82,065	13,489	20%
TRANSPORTATION	800658	KASTOUR/MAN BUSES (45 SEATS)	9,922,000	820,000	9%
TRANSPORTATION	801061	VOLVO TRUCKS	20,705,344	2,075,944	11%
TRANSPORTATION	801383	RAIL CARS	1,380,710	138,070	11%
TRANSPORTATION	801598	IVECO MINI BUS (29 SEATS)	13,364,360	800,360	6%
TRANSPORTATION	801773	BOATS	12,361,471	794,796	7%
TRANSPORTATION	810775	TOYOTA COASTER BUSES (26 SEATS)	67,600	3,400	5%
TRANSPORTATION	811150	MITSUBISHI FLAT BED TRUCKS	1,902,534	361,118	23%
TRANSPORTATION	811168	ISUZU TRUCKS	670,867	211,493	46%
TRANSPORTATION	900525	TOYOTA COASTER BUSES (26 SEATS)	331,358	16,568	5%
TRANSPORTATION	901312	TIPPER (DUMP) TRUCKS	3,792,942	360,992	11%
TRANSPORTATION	901345	IZH PLANETA MOTORCYCLES	2,889,115	121,615	4%
TRANSPORTATION	901672	TOYOTA COASTER BUSES (26 SEATS)	943,967	43,067	5%
TRANSPORTATION	901800	TIPPER (DUMP) TRUCKS	2,564,997	245,457	11%
TRANSPORTATION	902034	IMZ URAL "GEAR-UP" MOTORCYCLES	10,052,685	1,536,685	18%
TRANSPORTATION	902072	WATER TANKERS	728,880	53,910	8%
TRANSPORTATION	910165	VOLVO TRUCKS	67,959	1,136	2%
TRANSPORTATION	910166	VOLVO TRUCKS	67,959	1,136	2%
TRANSPORTATION	910167	VOLVO TRUCKS	337,998	5,329	2%
TRANSPORTATION	910230	VOLVO TRUCKS	87,142	960	1%
TRANSPORTATION	1000147	RENAULT CARGO TRUCKS	8,925,982	737,682	9%
TRANSPORTATION	1000226	MITSUBISHI MINI BUS (30 SEATS)	30,766,450	2,542,450	9%
TRANSPORTATION	1000288	SCANIA TRACTOR TRAILER	33,033,592	6,452,092	24%
TRANSPORTATION	1001074	TOYOTA COASTER BUSES (26 SEATS)	6,453,952	586,102	10%
TRANSPORTATION	1001221	TOYOTA HIACE MINI BUS (12 SEATS)	1,374,367	124,942	10%
TRANSPORTATION	1001581	SUZUKI POLICE MOTORCYCLES	948,937	114,437	14%
TRANSPORTATION	1030540	FIRE FIGHTING VEHICLES	621,564	13,638	2%
TRANSPORTATION	1100335	MARZ BUSES (42 SEATS)	10,978,563	2,006,563	13%
TRANSPORTATION	1101443	VOLVO TRUCKS	7,838,984	670,484	9%
TRANSPORTATION	1101473	MITSUBISHI MINI BUS (12 SEATS)	11,920,778	1,986,818	20%
TRANSPORTATION	1130474	FIRE FIGHTING VEHICLES	1,249,406	113,582	10%

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Listing of Contracts with Spares Separately Priced

Sector	COMM	Description of Goods	Contract Value	Spares Amt	Spares
TRANSPORTATION	1200030	MCV BUSES (45 SEATS)	21,651,360	3,601,960	20%
TRANSPORTATION	1200144	MERCEDES BENZ CARGO TRUCKS	4,402,482	333,232	8%
TRANSPORTATION	1200218	DIESEL ELECTRICAL LOCOMOTIVES	41,317,339	3,791,329	10%
TRANSPORTATION	1200334	MZ ETZ MOTORCYCLES	259,091	11,415	5%
TRANSPORTATION	1200396	HINO TRUCKS	4,690,497	781,735	20%
TRANSPORTATION	1200423	MISC TRANSPORTATION & EQUIPMENT	772,735	589,375	321%
TRANSPORTATION	1200427	FIRE FIGHTING VEHICLES	18,411,000	3,068,500	20%
TRANSPORTATION	1200431	RENAULT CARGO TRUCKS	3,686,205	309,105	9%
TRANSPORTATION	1200540	JAWA MOTORCYCLE	1,179,105	108,365	10%
TRANSPORTATION	1201398	GAZ CARGO TRUCKS	8,771,918	713,918	9%
TRANSPORTATION	1201399	GAZ CARGO TRUCKS	17,057,796	1,261,796	8%
TRANSPORTATION	1201414	IVECO CARGO TRUCKS	34,555,529	5,759,195	20%
TRANSPORTATION	1201424	IVECO CARGO TRUCKS	37,284,933	6,213,262	20%
TRANSPORTATION	1201515	FIRE FIGHTING VEHICLES	36,444,895	6,157,495	20%
TRANSPORTATION	1201529	NISSAN CARGO TRUCKS	1,348,925	200,905	18%
TRANSPORTATION	1201532	HINO TRUCKS	5,422,540	903,740	20%
TRANSPORTATION	1230504	FIRE FIGHTING VEHICLES	2,695,673	253,733	10%
TRANSPORTATION	1300126	NISSAN CARGO TRUCKS	16,482,792	2,747,217	20%
TRANSPORTATION	1300213	VOLVO TRUCKS	3,054,175	425,975	16%
Average Spares %	**TRANSPORTATION**				17%
VEHICLES	602071	NISSAN MAXIMA	5,241,567	524,157	11%
VEHICLES	630663	TOYOTA LANDCRUISER	700,000	80,000	13%
VEHICLES	630682	TOYOTA MISC TRUCKS	420,000	41,800	11%
VEHICLES	700917	HYUNDAIS	1,834,800	165,800	10%
VEHICLES	702173	GM TRUCKS	903,095	117,795	15%
VEHICLES	702174	GM TRUCKS	407,289	53,124	15%
VEHICLES	702790	FIAT DUCATO PICKUP	5,628,093	938,014	20%
VEHICLES	710208	TOYOTA LANDCRUISER	33,887	2,900	9%
VEHICLES	710225	TOYOTA HILUX PICKUPS	42,271	3,500	9%
VEHICLES	710229	TOYOTA HILUX PICKUPS	21,136	1,750	9%
VEHICLES	710234	TOYOTA HILUX PICKUPS	42,271	3,500	9%
VEHICLES	710238	TOYOTA HILUX PICKUPS	40,740	4,700	13%
VEHICLES	710277	TOYOTA MISC TRUCKS	113,707	10,641	10%
VEHICLES	710725	NISSAN PATROL STATION WAGONS	41,120	1,936	5%
VEHICLES	710972	NISSAN PICKUPS	234,153	23,373	11%
VEHICLES	711008	NISSAN PATROL STATION WAGONS	61,680	2,903	5%
VEHICLES	711132	TOYOTA HILUX PICKUPS	357,432	5,367	2%

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Listing of Contracts with Spares Separately Priced

Sector	COMM	Description of Goods	Contract Value	Spares Amt	Spares
VEHICLES	730812	TOYOTA HILUX PICKUPS	1,389,068	260,168	23%
VEHICLES	800829	HYUNDAIS	729,676	36,905	5%
VEHICLES	801314	TOYOTA HILUX PICKUPS	3,274,129	545,689	20%
VEHICLES	801677	NISSAN PICKUPS	3,156,738	526,123	20%
VEHICLES	801801	NISSAN PICKUPS	1,585,710	264,285	20%
VEHICLES	802524	GM TRUCKS	3,066,238	399,944	15%
VEHICLES	810727	TOYOTA LANDCRUISER	24,075	1,912	9%
VEHICLES	811063	TOYOTA LANDCRUISER	98,565	9,534	11%
VEHICLES	811087	TOYOTA HILUX PICKUPS	19,428	2,699	16%
VEHICLES	811088	TOYOTA HILUX PICKUPS	34,746	1,661	5%
VEHICLES	811090	TOYOTA HILUX PICKUPS	34,746	1,661	5%
VEHICLES	811091	TOYOTA HILUX PICKUPS	19,428	2,699	16%
VEHICLES	811092	TOYOTA MISC TRUCKS	137,556	4,952	4%
VEHICLES	811093	TOYOTA MISC TRUCKS	149,907	10,297	7%
VEHICLES	811095	TOYOTA MISC TRUCKS	56,394	3,312	6%
VEHICLES	811178	TOYOTA HILUX PICKUPS	34,746	1,661	5%
VEHICLES	811179	TOYOTA HILUX PICKUPS	69,492	3,323	5%
VEHICLES	811180	TOYOTA HILUX PICKUPS	121,611	5,814	5%
VEHICLES	811256	NISSAN PATROL STATION WAGONS	79,845	3,417	4%
VEHICLES	811257	NISSAN PATROL STATION WAGONS	39,922	1,708	4%
VEHICLES	811313	TOYOTA HILUX PICKUPS	114,561	8,709	8%
VEHICLES	811314	TOYOTA HILUX PICKUPS	113,630	8,709	8%
VEHICLES	811315	TOYOTA HILUX PICKUPS	171,842	13,063	8%
VEHICLES	811316	TOYOTA HILUX PICKUPS	210,029	15,966	8%
VEHICLES	811317	TOYOTA HILUX PICKUPS	18,938	1,451	8%
VEHICLES	811318	TOYOTA HILUX PICKUPS	19,094	1,451	8%
VEHICLES	811319	TOYOTA HILUX PICKUPS	38,187	2,903	8%
VEHICLES	811320	TOYOTA HILUX PICKUPS	76,375	5,806	8%
VEHICLES	811605	TOYOTA HILUX PICKUPS	189,879	2,977	2%
VEHICLES	900064	NISSAN PICKUPS	11,908,638	1,984,773	20%
VEHICLES	900446	OPEL ASTRA	91,516,724	8,836,064	11%
VEHICLES	901671	TOYOTA HILUX PICKUPS	5,935,858	126,618	2%
VEHICLES	901987	TOYOTA LANDCRUISER	16,455,922	587,711	4%
VEHICLES	901988	TOYOTA HILUX PICKUPS	14,007,124	1,273,375	10%
VEHICLES	902097	NISSAN PICKUPS	487,604	44,328	10%
VEHICLES	910016	TOYOTA HILUX PICKUPS	97,444	8,462	10%
VEHICLES	910280	TOYOTA MISC TRUCKS	531,955	20,197	4%

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Listing of Contracts with Spares Separately Priced

Sector	COMM	Description of Goods	Contract Value	Spares Amt	Spares
VEHICLES	910412	TOYOTA HILUX PICKUPS	37,289	3,209	9%
VEHICLES	910420	TOYOTA HILUX PICKUPS	49,433	3,767	8%
VEHICLES	910430	TOYOTA HILUX PICKUPS	15,875	1,079	7%
VEHICLES	910432	TOYOTA HILUX PICKUPS	31,751	2,158	7%
VEHICLES	910435	TOYOTA HILUX PICKUPS	49,433	3,767	8%
VEHICLES	910441	TOYOTA LANDCRUISER	22,744	1,619	8%
VEHICLES	910442	TOYOTA HILUX PICKUPS	12,358	942	8%
VEHICLES	910443	TOYOTA HILUX PICKUPS	84,535	6,328	8%
VEHICLES	910444	TOYOTA LANDCRUISER	22,744	1,619	8%
VEHICLES	910498	TOYOTA HILUX PICKUPS	12,358	942	8%
VEHICLES	910590	NISSAN PATROL STATION WAGONS	119,767	5,125	4%
VEHICLES	910666	NISSAN PICKUPS	14,573	568	4%
VEHICLES	910667	NISSAN PICKUPS	29,146	1,136	4%
VEHICLES	910668	NISSAN PICKUPS	14,573	568	4%
VEHICLES	910669	NISSAN PICKUPS	14,573	568	4%
VEHICLES	910670	NISSAN PICKUPS	29,146	1,136	4%
VEHICLES	910722	TOYOTA HILUX PICKUPS	47,626	3,238	7%
VEHICLES	910733	TOYOTA HILUX PICKUPS	14,244	942	7%
VEHICLES	910734	TOYOTA HILUX PICKUPS	28,488	1,884	7%
VEHICLES	930577	NISSAN PICKUPS	2,515,527	228,684	10%
VEHICLES	1000713	NISSAN PATROL STATION WAGONS	1,232,000	95,000	8%
VEHICLES	1000840	NISSAN PICKUPS	33,219,000	2,275,364	7%
VEHICLES	1001312	TOYOTA LANDCRUISER	3,197,225	417,029	15%
VEHICLES	1010001	TOYOTA MISC TRUCKS	544,489	20,823	4%
VEHICLES	1010009	TOYOTA LANDCRUISER	420,355	33,765	9%
VEHICLES	1030661	ISUZU TROOPERS	217,723	17,415	9%
VEHICLES	1100108	MERCEDES BENZ S320L SEDAN	11,365,238	936,256	9%
VEHICLES	1100548	HYUNDAIS	2,415,064	382,256	19%
VEHICLES	1101710	PEUGEOT SEDANS	76,972,907	11,658,057	18%
VEHICLES	1200051	TOYOTA LANDCRUISER	725,820	66,681	10%
VEHICLES	1200111	NISSAN PATROL STATION WAGONS	1,264,405	112,712	9%
VEHICLES	1200248	HYUNDAIS	868,885	131,474	18%
VEHICLES	1200349	NISSAN PICKUPS	3,251,068	295,552	10%
VEHICLES	1200405	NISSAN PICKUPS	24,553,156	2,232,105	10%
VEHICLES	1200472	NISSAN PATROL STATION WAGONS	4,406,758	400,614	10%
VEHICLES	1201410	NISSAN PICKUPS	5,363,034	699,526	15%
VEHICLES	1201413	NISSAN PICKUPS	14,303,678	2,383,946	20%

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Listing of Contracts with Spares Separately Priced

Sector	COMM	Description of Goods	Contract Value	Spares Amt	Spares
VEHICLES	1201426	NISSAN PATROL STATION WAGONS	3,062,790	252,721	9%
VEHICLES	1230549	NISSAN PATROL STATION WAGONS	714,332	67,040	10%
VEHICLES	1300030	TOYOTA LANDCRUISER	587,569	97,928	20%
VEHICLES	1300128	TOYOTA LANDCRUISER	27,742,077	2,345,290	9%
Average Spares % VEHICLES					10%
WATER & SANITATION	600769	COMPACT SEWAGE UNITS	12,600,000	713,200	6%
WATER & SANITATION	901675	DREDGER	1,753,347	197,247	13%
WATER & SANITATION	1001204	WATER TREATMENT PLANT/EQUIPMENT	10,013,967	178,066	2%
WATER & SANITATION	1001412	WATER PUMPS & SPARES	4,846,958	4,846,958	100%
WATER & SANITATION	1001461	WATER PUMPS & SPARES	1,204,666	1,204,666	100%
WATER & SANITATION	1001462	WATER PUMPS & SPARES	3,722,876	3,722,876	100%
WATER & SANITATION	1100559	DREDGER	8,078,740	414,708	5%
WATER & SANITATION	1200426	WATER PUMPS & SPARES	14,002,779	14,002,779	100%
Average Spares % WATER & SANITATION					53%
Grand Total			1,757,093,040	206,565,075	13%

Listing of Contracts with Spares NOT Separately Priced

Sector	COMM	Description of Goods	Contract Value	Overprice	% Overpriced
AGRICULTURE	710555	DRILLING RIG	20,090,228		
AGRICULTURE	800329	SPRINKLER IRRIGATION SYSTEMS	13,020,000	3,524,739	27%
AGRICULTURE	802552	STEEL SCAFFOLDING	10,407,341		
AGRICULTURE	900069	POULTRY FARMS	4,803,787		
AGRICULTURE	1001179	SPRINKLER IRRIGATION SYSTEMS	10,109,127		
EDUCATION	702153	GENERATORS	9,000,000		
ELECTRICITY	802344	DISTRIBUTION TRANSFORMERS	1,037,031		
ELECTRICITY	1001142	DISTRIBUTION TRANSFORMERS	5,341,600		
ELECTRICITY	1200840	SUBSTATION EQUIPMENT AND	23,047,656	3,047,656	13%
HEALTH	4974	AMBULANCES	1,225,000		
HEALTH	601201	AMBULANCES	5,700,000		
HEALTH	701425	AMBULANCE BOAT	1,100,000		
HEALTH	702785	MEDICAL EQUIPMENT	18,957,606	7,957,610	42%
HEALTH	731008	AMBULANCES	65,053		
HEALTH	1030305	AMBULANCES	381,870		
HEALTH	1100675	MEDICAL EQUIPMENT	10,644,087	2,006,561	19%
HEAVY EQUIP	601333	MOTOR SCRAPER	7,400,000		
HEAVY EQUIP	801482	WHEEL LOADERS	21,670,680		
HEAVY EQUIP	802110	WHEEL LOADERS	8,005,092		
MISCELLANEOUS	50723	TELECOMMUNICATIONS EQUIPMENT	28,164,530	1,066,481	4%
OIL	730445	MOBILE HYDRAULIC CRANES	293,000		
OIL	930611	SOLAR POWER GENERATORS &	13,398,143		
OIL	1230079	PUMPS & SPARES	2,477,524		
TRANSPORTATION	631126	RENAULT CARGO TRUCKS	136,784		
TRANSPORTATION	701135	GAZ CARGO TRUCKS	1,260,000	496,930	39%
TRANSPORTATION	702090	BOATS	800,000		
TRANSPORTATION	710884	ISUZU TRUCKS	184,979		
TRANSPORTATION	710886	ISUZU TRUCKS	82,065		
TRANSPORTATION	710974	NISSAN BUSES AND TRUCKS	1,475,591	82,537	6%
VEHICLES	1200291	PROTON WIRA SALOON CARS	40,477,522		
WATER & SANITATION	601799	DREDGER	14,150,000		

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Listing of Contracts with Training Not Separately Priced

Sector	COMM	Description of Goods	Contract Value	Overprice	%	Description of Training
ELECTRICITY	601096	GENERATORS AND SPARE PARTS	9,916,423	1,904,424	19%	Contract includes training for 4 engineers for one month at manufacturer's facility in Austria.
HEALTH	600682	STEAM BOILERS	1,439,228			Contract price includes training for three people in France.
HEALTH	601201	AMBULANCES	5,700,000			Training for 3 technicians and 3 medical personnel for 10 days in Russia.
HEALTH	601337	MEDICAL EQUIPMENT	9,188,879	521,262	6%	Contract price includes training for 17 people in Germany for 2 weeks.
HEALTH	601778	MEDICAL EQUIPMENT	4,554,883	766,878	17%	Contract price includes training for two doctors, two nurses, two engineers, and two operators for four weeks each.
HEALTH	601825	MEDICAL EQUIPMENT	3,515,260			Contract price includes training for six engineers and technicians for 5 weeks in Germany.
HEALTH	602084	MEDICAL EQUIPMENT	5,951,394			Contract price includes training for 10 people for 2 weeks in Germany.
HEALTH	701425	AMBULANCE BOAT	1,100,000			Contract price includes training for four engineers for two weeks.
HEALTH	702289	MEDICAL EQUIPMENT	4,863,520			Contract price includes training for 4 doctors for two weeks and two engineers for 10 days.

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Listing of Contracts with Training Not Separately Priced

Sector	COMM	Description of Goods	Contract Value	Overprice	%	Description of Training
HEALTH	800729	AMBULANCES	84,584			Contract price includes training for 2 people for 1 week.
HEALTH	801660	AMBULANCES	10,791,194			Contract includes training for 5 medical and 5 engineers in French factory for 2 weeks.
HEALTH	901271	MEDICINE	823,044			The contract price includes training for 6 specialists in France.
HEALTH	1000894	AMBULANCES	7,291,092	1,351,658	19%	Training for 10 medical and 10 engineers in Germany for 4 weeks. Inspection of prototype for 7 medical and 7 engineers in Germany for 2 weeks.
HEALTH	1001260	MEDICINE	183,366			Contract includes provision for seller to provide a training course for specialists in the supplier's factories and laboratories.
HEALTH	1001423	MEDICAL EQUIPMENT	23,165,776	8,399,534	36%	Contract price includes training for 18 people in Europe or Japan.
HEALTH	1001535	HEALTH CARE CENTERS	14,030,810			Contract price includes training for twenty engineers and technicians in Syria for 10 days, plus $20/day pocket money.
HEALTH	1002218	MEDICAL EQUIPMENT	11,846,470			Contract price includes training for four doctors and four engineers for one week in Sweden.
HEALTH	1200004	MEDICAL EQUIPMENT	17,134,820	1,014,201	6%	Contract price includes training for 8 people for one week in Germany.

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Listing of Contracts with Training Not Separately Priced

Sector	COMM	Description of Goods	Contract Value	Overprice	%	Description of Training
HEAVY EQUIP	601016	WHEEL LOADERS	3,192,000			Contract includes provision for supplier to invite 5 engineers to Russia to visit the factory and for training.
HEAVY EQUIP	800928	BULLDOZERS	1,499,090			Contract includes training for 4 engineers in Russia. Duration is not specified.
HEAVY EQUIP	801293	WHEEL LOADERS	2,852,196			Contract includes provision for supplier to invite 4 Iraqi engineers to Russia for training.
HEAVY EQUIP	801637	MISC CONSTRUCTION EQUIPMENT	5,880,913			Contract includes training for 2 technicians for 3 weeks in Russia.
HEAVY EQUIP	801638	MISC CONSTRUCTION EQUIPMENT	7,996,324			Contract includes training for 2 technicians for 3 weeks in Russia.
HEAVY EQUIP	901150	WHEEL LOADERS	11,893,162			Contract includes training for 3 technicians. The place and duration is not specified.
HEAVY EQUIP	901396	WHEEL LOADERS	6,093,417			Contract includes training for 2 engineers for 10 days in Belgium.
HEAVY EQUIP	1300124	WHEEL LOADERS	14,287,744			Contract includes requirement for training 3 engineers at the Caterpillar workshop in Spain or Egypt and 3 engineers and 10 technicians at the Caterpillar maintenance center in Baghdad.
MISCELLANEOUS	1101761	CAR BATTERY MFG EQUIP	142,471			Training for one Iraqi in China for one week.

Listing of Contracts with Training Not Separately Priced

Sector	COMM	Description of Goods	Contract Value	Overprice	%	Description of Training
OIL	830077	OIL FIELD TRUCK	1,749,312	521,439	30%	Contract includes training course for three persons. The duration and location were not specified.
TRANSPORTATION	601177	CRANE EQUIPPED TRUCK	1,783,584			Contract price includes training for 3 Iraqi engineers to visit the supplier's factory in Turkey.
TRANSPORTATION	700232	MAN TRACTOR WITH SEMI TRAILER	12,619,061			Contract price includes training for 4 technicians for four weeks in Munich or Istanbul.
TRANSPORTATION	702090	BOATS	800,000			Contract includes requirement for seller to train four engineers for 2-3 weeks. Seller is to provide accommodations, board, expenses, and pocket money.
TRANSPORTATION	800658	KASTOUR/MAN BUSES (45 SEATS)	9,922,000			Contract includes training for 3 technicians for 10 days and the cost for 3 buyers to inspect a prototype.
TRANSPORTATION	801598	IVECO MINI BUS (29 SEATS)	13,364,360			Contract price includes training for 6 technicians for 4 weeks in Egypt or Italy.
TRANSPORTATION	801773	BOATS	12,361,471			Contract also includes travel to China for "supervision" and sea trials.
TRANSPORTATION	802828	WATER TANKERS	305,528			Contract includes 2 engineers to Korea for 10 days and $100/day pocket money
TRANSPORTATION	901345	IZH PLANETA MOTORCYCLES	2,889,115			Contract price includes training for 4 Iraqis in Russia for 4 weeks.

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Listing of Contracts with Training Not Separately Priced

Sector	COMM	Description of Goods	Contract Value	Overprice	%	Description of Training
TRANSPORTATION	901672	TOYOTA COASTER BUSES (26 SEATS)	943,967			Contract includes training for 3 Iraqi technicians in Lebanon. No specifics as to when or how long.
TRANSPORTATION	1001581	SUZUKI POLICE MOTORCYCLES	948,937			Contract includes requirement for seller to train 2 technicians for 1 week in Beirut.
TRANSPORTATION	1030540	FIRE FIGHTING VEHICLES	621,564			Contract price includes training for 4 people for 10 days at factory in Milan.
TRANSPORTATION	1101443	VOLVO TRUCKS	7,838,984			Contract includes training for 2 technicians in Syria or Sweden for 4 weeks.
TRANSPORTATION	1200144	MERCEDES BENZ CARGO TRUCKS	4,402,482	396,750	9%	Contract price includes training for 2 technicians for 4 weeks in Germany.
TRANSPORTATION	1200218	DIESEL ELECTRICAL LOCOMOTIVES	41,317,339	4,526,010	11%	Cost includes training for 25 engineers for 15 days.
TRANSPORTATION	1200423	MISC TRANSPORTATION & EQUIPMENT	772,735	45,360	6%	The contract price includes a seven day trip to China for 2 engineers to inspect spares.
TRANSPORTATION	1200431	RENAULT CARGO TRUCKS	3,686,205			Contract price includes training for 3 technicians for 4 weeks in France.
VEHICLES	602071	NISSAN MAXIMA	5,241,567			Contract price includes 4 Iraqi technicians to Japan for training (no time/duration specified).

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Listing of Contracts with Training Not Separately Priced

Sector	COMM	Description of Goods	Contract Value	Overprice	%	Description of Training
VEHICLES	800829	HYUNDAIS	729,676	136,771	19%	Contract includes training for 1 week for 2 technicians at manufacturer's location.
VEHICLES	900446	OPEL ASTRA	91,516,724			Contract price includes training for 12 technicians in Tunisia for 4 weeks.
VEHICLES	901671	TOYOTA HILUX PICKUPS	5,935,858	484,240	8%	Contract price includes 3 technicians to Lebanon for training. No specifics as to how long.
VEHICLES	901987	TOYOTA LANDCRUISER	16,455,922	988,210	6%	Contract price includes training for 3 technicians. No specifics as to where, when and how long.
VEHICLES	901988	TOYOTA HILUX PICKUPS	14,007,124	2,083,749	15%	Contract price includes training for 3 technicians at vendor's location. No specifics as to when and how long.
VEHICLES	1101710	PEUGEOT SEDANS	76,972,907			Contract includes two 4-week training courses for 6 technicians in France and two training courses for 3 weeks in Baghdad.
VEHICLES	1200057	TOYOTA COROLLA	8,761,483			Contract price includes 3 engineers to Jordan to inspect first shipment of cars
VEHICLES	1300128	TOYOTA LANDCRUISER	27,742,077			Contract includes training for six technicians. No specifics as to where, when or how long.
WATER & SANITATION	501101	REHAB OF WATER TREATMENT PLANT	75,519,047			Contract price includes training 30 engineers in Germany.

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Listing of Contracts with Training Not Separately Priced

Sector	COMM	Description of Goods	Contract Value	Overprice	%	Description of Training
WATER & SANITATION	800825	PIPES & FITTINGS	3,983,757	4,399,500	110%	Contract includes training for 4 engineers. The place and duration is not specified.
WATER & SANITATION	901066	SEWAGE NETWORK	16,165,381			Contract price includes 10 engineers to visit Spain for 10 days and $100/day pocket money
WATER & SANITATION	1000942	PIPES & FITTINGS	16,122,361	1,005,961	6%	Contract requires 6 engineers to visit China
WATER & SANITATION	1001412	WATER PUMPS & SPARES	4,846,958			Contract includes provision to train 6 experts for 2 weeks.
WATER & SANITATION	1001461	WATER PUMPS & SPARES	1,204,666			Supplier is to provide 4 technical experts for 2 weeks.
WATER & SANITATION	1001462	WATER PUMPS & SPARES	3,722,876			Contract includes provision to train 6 experts for 2 weeks (not separately priced).
WATER & SANITATION	1001600	PIPES & FITTINGS	10,571,532			Contract requires 8 engineers to visit China, first class hotel, $100 a day pocket money.
WATER & SANITATION	1200426	WATER PUMPS & SPARES	14,002,779			Contract includes provision to train 6 experts for 2 weeks.
WATER & SANITATION	1201670	COMPACT SEWAGE UNITS	15,147,580			Contract includes training for 3 technicians. The place and duration is not specified.
WATER & SANITATION	1300131	PIPES & FITTINGS	15,262,636	2,331,000	15%	Contract price includes training for unspecified number of engineers inside Iraq.

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Listing of Evaluated Contracts
By Sector and Category of Goods

SECTOR	COMM	MISSION	DESCRIPTION	VALUE	CONCLUSION	OVERPRICE
AGRICULTURE	910773	FAO	BOATS	34,675	POTENTIALLY OVERPRICED	2,685
AGRICULTURE	910779	FAO	BOATS	37,120	POTENTIALLY OVERPRICED	8,524
AGRICULTURE	800783	FRANCE	BROILER/LAYER PROTEIN CONCENTRATE	1,858,481	POTENTIALLY OVERPRICED	203,481
AGRICULTURE	800784	FRANCE	BROILER/LAYER PROTEIN CONCENTRATE	4,208,945	POTENTIALLY OVERPRICED	1,096,945
AGRICULTURE	1101080	BELGIUM	BROILER/LAYER PROTEIN CONCENTRATE	7,624,549	POTENTIALLY OVERPRICED	2,302,149
AGRICULTURE	601447	CHINA	CASING PIPES & ACCESSORIES	1,320,000	POTENTIALLY OVERPRICED	605,000
AGRICULTURE	700504	CHINA	CASING PIPES & ACCESSORIES	1,365,000	POTENTIALLY OVERPRICED	502,000
AGRICULTURE	700505	CHINA	CASING PIPES & ACCESSORIES	1,691,200	REASONABLY PRICED	
AGRICULTURE	800332	JORDAN	CASING PIPES & ACCESSORIES	1,148,070	POTENTIALLY OVERPRICED	127,800
AGRICULTURE	1001451	EGYPT	CASING PIPES & ACCESSORIES	4,761,799	POTENTIALLY OVERPRICED	2,970,000
AGRICULTURE	1100221	RUSSIA	CASING PIPES & ACCESSORIES	4,875,907	POTENTIALLY OVERPRICED	765,000
AGRICULTURE	800526	EGYPT	CORN	4,554,000	POTENTIALLY OVERPRICED	729,000
AGRICULTURE	1200447	LEBANON	CORN	2,796,059	POTENTIALLY OVERPRICED	1,368,000
AGRICULTURE	710555	FAO	DRILLING RIG	20,090,228	REASONABLY PRICED	
AGRICULTURE	701030	EGYPT	FEED BARLEY	16,060,000	POTENTIALLY OVERPRICED	3,049,000
AGRICULTURE	701298	RUSSIA	FEED BARLEY	16,060,000	POTENTIALLY OVERPRICED	3,049,000
AGRICULTURE	701299	RUSSIA	FEED BARLEY	8,030,000	POTENTIALLY OVERPRICED	1,524,500
AGRICULTURE	1001099	RUSSIA	GALVANIZED PIPE & DIESEL MOTOR	9,955,000	REASONABLY PRICED	
AGRICULTURE	900738	EGYPT	GENERATING SET & SPARES	800,150	REASONABLY PRICED	
AGRICULTURE	1001919	EGYPT	GENERATING SET & SPARES	1,045,775	REASONABLY PRICED	
AGRICULTURE	910772	FAO	LIFE JACKETS	12,605	REASONABLY PRICED	
AGRICULTURE	910774	FAO	LIFE JACKETS	1,387	REASONABLY PRICED	
AGRICULTURE	1100581	RUSSIA	MAKHOOL DAM PROJECT	27,496,000	INCONCLUSIVE	
AGRICULTURE	902033	ITALY	PESTICIDE	451,209	INCONCLUSIVE	
AGRICULTURE	1001694	JORDAN	PESTICIDE	434,267	REASONABLY PRICED	
AGRICULTURE	1002235	JORDAN	PESTICIDE	1,020,659	REASONABLY PRICED	
AGRICULTURE	1100748	LEBANON	PESTICIDE	1,041,376	POTENTIALLY OVERPRICED	125,047
AGRICULTURE	1101060	ITALY	PESTICIDE	238,019	REASONABLY PRICED	
AGRICULTURE	1200375	JORDAN	PESTICIDE	66,314	POTENTIALLY OVERPRICED	7,899
AGRICULTURE	802446	SPAIN	POULTRY FARMS	2,398,969	REASONABLY PRICED	
AGRICULTURE	900069	ITALY	POULTRY FARMS	4,803,787	REASONABLY PRICED	
AGRICULTURE	702796	SAUDI ARABIA	PVC PIPES & FITTINGS	266,792	REASONABLY PRICED	
AGRICULTURE	50249	INDIA	SOY BEAN MEAL	1,666,625	REASONABLY PRICED	
AGRICULTURE	800146	UAE	SOY BEAN MEAL	4,009,500	POTENTIALLY OVERPRICED	694,500
AGRICULTURE	800170	INDIA	SOY BEAN MEAL	3,795,000	POTENTIALLY OVERPRICED	622,500
AGRICULTURE	1100541	INDIA	SOY BEAN MEAL	5,389,326	POTENTIALLY OVERPRICED	1,829,326
AGRICULTURE	1300034	EGYPT	SOY BEAN MEAL	5,408,063	POTENTIALLY OVERPRICED	771,063
AGRICULTURE	600378	SYRIA	SPRINKLER IRRIGATION SYSTEMS	11,999,960	POTENTIALLY OVERPRICED	3,116,260
AGRICULTURE	601909	SYRIA	SPRINKLER IRRIGATION SYSTEMS	4,507,245	REASONABLY PRICED	

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SECTOR	COMM	MISSION	DESCRIPTION	VALUE	CONCLUSION	OVERPRICE
AGRICULTURE	702011	ITALY	SPRINKLER IRRIGATION SYSTEMS	2,290,000	REASONABLY PRICED	
AGRICULTURE	702218	UAE	SPRINKLER IRRIGATION SYSTEMS	1,694,000	POTENTIALLY OVERPRICED	1,023,375
AGRICULTURE	800329	BULGARIA	SPRINKLER IRRIGATION SYSTEMS	13,020,000	POTENTIALLY OVERPRICED	3,524,739
AGRICULTURE	801967	RUSSIA	SPRINKLER IRRIGATION SYSTEMS	9,557,854	POTENTIALLY OVERPRICED	4,296,917
AGRICULTURE	900757	ITALY	SPRINKLER IRRIGATION SYSTEMS	4,475,000	POTENTIALLY OVERPRICED	893,500
AGRICULTURE	901306	EGYPT	SPRINKLER IRRIGATION SYSTEMS	11,792,908	POTENTIALLY OVERPRICED	2,936,810
AGRICULTURE	1001179	RUSSIA	SPRINKLER IRRIGATION SYSTEMS	10,109,127	REASONABLY PRICED	
AGRICULTURE	1100051	SAUDI ARABIA	SPRINKLER IRRIGATION SYSTEMS	15,807,784	REASONABLY PRICED	
AGRICULTURE	1100304	SPAIN	SPRINKLER IRRIGATION SYSTEMS	22,642,161	POTENTIALLY OVERPRICED	2,573,411
AGRICULTURE	802552	UAE	STEEL SCAFFOLDING	10,407,341	REASONABLY PRICED	
AGRICULTURE	1000876	MALAYSIA	VETERINARY MEDICAL SUPPLIES	4,282,065	REASONABLY PRICED	
AGRICULTURE	1001297	INDIA	VETERINARY MEDICAL SUPPLIES	2,121,492	INCONCLUSIVE	
AGRICULTURE	1002232	FRANCE	VETERINARY MEDICAL SUPPLIES	253,800	REASONABLY PRICED	
AGRICULTURE	1100813	INDIA	VETERINARY MEDICAL SUPPLIES	78,628	REASONABLY PRICED	
AGRICULTURE	1101412	INDIA	VETERINARY MEDICAL SUPPLIES	35,299	REASONABLY PRICED	
AGRICULTURE	1200323	MALAYSIA	VETERINARY MEDICAL SUPPLIES	7,380,279	REASONABLY PRICED	
AGRICULTURE	1200346	SYRIA	VETERINARY MEDICAL SUPPLIES	1,001,476	INCONCLUSIVE	
AGRICULTURE	1100358	EGYPT	WATER PUMPS & SPARES	2,425,197	REASONABLY PRICED	
AGRICULTURE	1101550	JORDAN	WATER PUMPS & SPARES	582,924	REASONABLY PRICED	
AGRICULTURE	1101551	JORDAN	WATER PUMPS & SPARES	5,720,919	REASONABLY PRICED	
AGRICULTURE	1101637	TURKEY	WATER PUMPS & SPARES	363,563	REASONABLY PRICED	
AGRICULTURE	1201608	JORDAN	WATER PUMPS & SPARES	3,685,919	POTENTIALLY OVERPRICED	567,950
AGRICULTURE	910780	FAO	WATERPROOF OVERALLS	4,261	REASONABLY PRICED	
EDUCATION	1001125	TUNISIA	CLOTHING/UNIFORMS	369,147	REASONABLY PRICED	
EDUCATION	1001126	TUNISIA	CLOTHING/UNIFORMS	1,852,364	REASONABLY PRICED	
EDUCATION	600876	RUSSIA	COMPUTERS & ACCESSORIES	975,000	REASONABLY PRICED	
EDUCATION	600894	UAE	COMPUTERS & ACCESSORIES	1,180,000	REASONABLY PRICED	
EDUCATION	601663	FRANCE	COMPUTERS & ACCESSORIES	346,718	POTENTIALLY OVERPRICED	89,298
EDUCATION	900784	JORDAN	COMPUTERS & ACCESSORIES	1,750,214	POTENTIALLY OVERPRICED	125,214
EDUCATION	1002012	JORDAN	COMPUTERS & ACCESSORIES	1,495,337	REASONABLY PRICED	
EDUCATION	702153	ITALY	GENERATORS	9,000,000	REASONABLY PRICED	
EDUCATION	1201412	RUSSIA	GENERATORS	10,037,123	REASONABLY PRICED	
EDUCATION	901976	JORDAN	PHOTOCOPY MACHINES	10,891,785	POTENTIALLY OVERPRICED	4,977,550
EDUCATION	901995	JORDAN	PRINTING EQUIPMENT AND SUPPLIES	1,833,920	POTENTIALLY OVERPRICED	289,569
EDUCATION	1201397	JORDAN	PRINTING EQUIPMENT AND SUPPLIES	24,090,000	POTENTIALLY OVERPRICED	7,603,389
EDUCATION	901945	EGYPT	PROJECTORS	1,366,400	REASONABLY PRICED	
EDUCATION	601143	INDIA	SPORTS & RECREATIONAL EQUIP	2,900,000	REASONABLY PRICED	
EDUCATION	1101458	JORDAN	TELEVISION TOWERS	19,324,638	POTENTIALLY OVERPRICED	7,340,345
ELECTRICITY	600972	CHINA	ALUMINUM BARE WIRE	2,256,485	POTENTIALLY OVERPRICED	533,775

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ELECTRICITY	601078	CHINA	ALUMINUM BARE WIRE	3,414,000	POTENTIALLY OVERPRICED	501,000
ELECTRICITY	602023	RUSSIA	ALUMINUM BARE WIRE	3,336,580	POTENTIALLY OVERPRICED	1,088,980
ELECTRICITY	700365	RUSSIA	ALUMINUM BARE WIRE	3,398,000	REASONABLY PRICED	
ELECTRICITY	1101995	JORDAN	ALUMINUM BARE WIRE	2,240,120	POTENTIALLY OVERPRICED	845,160
ELECTRICITY	1200842	SYRIA	CABLES	7,915,757	INCONCLUSIVE	
ELECTRICITY	702245	ITALY	DISTRIBUTION TRANSFORMERS	856,289	INCONCLUSIVE	
ELECTRICITY	802344	BELARUS	DISTRIBUTION TRANSFORMERS	1,037,031	REASONABLY PRICED	
ELECTRICITY	1001142	RUSSIA	DISTRIBUTION TRANSFORMERS	5,341,600	REASONABLY PRICED	
ELECTRICITY	700824	INDIA	GAS TURBINES	98,636,829	INCONCLUSIVE	
ELECTRICITY	702374	RUSSIA	GAS TURBINES	80,034,511	INCONCLUSIVE	
ELECTRICITY	900151	SWITZERLAND	GAS TURBINES	75,651,870	POTENTIALLY OVERPRICED	8,391,226
ELECTRICITY	1000709	CHINA	GAS TURBINES	30,540,000	INCONCLUSIVE	
ELECTRICITY	1000712	CHINA	GAS TURBINES	77,809,255	REASONABLY PRICED	
ELECTRICITY	601096	RUSSIA	GENERATORS AND SPARE PARTS	9,916,423	POTENTIALLY OVERPRICED	1,904,424
ELECTRICITY	601654	RUSSIA	GOODS FOR RESUMPTION OF PROJECT	123,410,840	INCONCLUSIVE	
ELECTRICITY	801479	RUSSIA	GOODS FOR RESUMPTION OF PROJECT	147,526,110	INCONCLUSIVE	
ELECTRICITY	1200853	RUSSIA	GOODS FOR RESUMPTION OF PROJECT	105,742,021	REASONABLY PRICED	
ELECTRICITY	1001243	RUSSIA	OVERHEAD TRANSMISSION LINES	30,756,901	REASONABLY PRICED	
ELECTRICITY	1102011	TURKEY	OVERHEAD TRANSMISSION LINES	31,540,100	REASONABLY PRICED	
ELECTRICITY	4624	ITALY	REHABILITATION EQUIPMENT/SUPPLIES	50,938,967	INCONCLUSIVE	
ELECTRICITY	50931	FRANCE	REHABILITATION EQUIPMENT/SUPPLIES	40,397,906	INCONCLUSIVE	
ELECTRICITY	801655	TURKEY	REHABILITATION OF DISTRIBUTION NETWORK	14,580,995	POTENTIALLY OVERPRICED	4,932,532
ELECTRICITY	1101245	RUSSIA	REHABILITATION OF DISTRIBUTION NETWORK	11,051,217	REASONABLY PRICED	
ELECTRICITY	1101246	RUSSIA	REHABILITATION OF DISTRIBUTION NETWORK	8,687,464	REASONABLY PRICED	
ELECTRICITY	1101387	RUSSIA	REHABILITATION OF DISTRIBUTION NETWORK	8,364,820	REASONABLY PRICED	
ELECTRICITY	710876	UNDP	SUBSTATION EQUIPMENT AND MATERIALS	17,214,133	INCONCLUSIVE	
ELECTRICITY	830081	BELGIUM	SUBSTATION EQUIPMENT AND MATERIALS	5,438,164	REASONABLY PRICED	
ELECTRICITY	1101496	RUSSIA	SUBSTATION EQUIPMENT AND MATERIALS	8,072,208	INCONCLUSIVE	
ELECTRICITY	1200840	TURKEY	SUBSTATION EQUIPMENT AND MATERIALS	23,047,656	POTENTIALLY OVERPRICED	3,047,656
ELECTRICITY	702313	YUGOSLAVIA	WATER IMPROVEMENT PROJECTS	5,820,000	INCONCLUSIVE	
ELECTRICITY	801150	ITALY	WATER IMPROVEMENT PROJECTS	24,544,500	INCONCLUSIVE	
ELECTRICITY	801547	CHINA	WATER IMPROVEMENT PROJECTS	109,990,156	INCONCLUSIVE	
ELECTRICITY	900778	RUSSIA	WATER IMPROVEMENT PROJECTS	21,758,711	INCONCLUSIVE	
ELECTRICITY	902053	UAE	WATER IMPROVEMENT PROJECTS	34,706,508	INCONCLUSIVE	
FOOD	1200676	EGYPT	BABY FORMULA	3,912,574	POTENTIALLY OVERPRICED	987,574
FOOD	1300169	VIETNAM	BABY FORMULA	26,267,069	POTENTIALLY OVERPRICED	6,767,069
FOOD	1300173	EGYPT	BABY FORMULA	7,938,828	POTENTIALLY OVERPRICED	2,088,828
FOOD	1300179	TUNISIA	BABY FORMULA	5,350,311	POTENTIALLY OVERPRICED	1,450,311
FOOD	600073	TUNISIA	BABY WEANING CEREAL	1,744,797	REASONABLY PRICED	

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SECTOR	COMM	MISSION	DESCRIPTION	VALUE	CONCLUSION	OVERPRICE
FOOD	902128	OMAN	BABY WEANING CEREAL	409,858	REASONABLY PRICED	
FOOD	1300177	CHINA	BABY WEANING CEREAL	839,480	REASONABLY PRICED	
FOOD	1300181	CHINA	BABY WEANING CEREAL	411,030	REASONABLY PRICED	
FOOD	600375	SYRIA	DETERGENT	1,336,000	POTENTIALLY OVERPRICED	212,540
FOOD	1200222	SYRIA	DETERGENT	685,018	POTENTIALLY OVERPRICED	123,288
FOOD	910794	WFP	HIGH ENERGY BISCUITS	5,091,621	REASONABLY PRICED	
FOOD	600096	EGYPT	MILK POWDER	3,561,869	POTENTIALLY OVERPRICED	1,049,369
FOOD	600097	EGYPT	MILK POWDER	2,403,334	POTENTIALLY OVERPRICED	728,334
FOOD	600197	EGYPT	MILK POWDER	12,016,733	POTENTIALLY OVERPRICED	3,641,733
FOOD	702908	UAE	MILK POWDER	1,031,458	POTENTIALLY OVERPRICED	243,958
FOOD	800158	TUNISIA	MILK POWDER	14,326,644	POTENTIALLY OVERPRICED	1,126,644
FOOD	800813	CHINA	MILK POWDER	7,202,905	POTENTIALLY OVERPRICED	527,905
FOOD	1002229	UAE	MILK POWDER	4,127,837	POTENTIALLY OVERPRICED	977,837
FOOD	1200522	SYRIA	MILK POWDER	10,390,788	POTENTIALLY OVERPRICED	2,515,788
FOOD	1200577	EGYPT	MILK POWDER	8,255,675	POTENTIALLY OVERPRICED	1,955,675
FOOD	1200579	RUSSIA	MILK POWDER	4,307,223	POTENTIALLY OVERPRICED	1,007,223
FOOD	1200590	LEBANON	MILK POWDER	4,127,837	POTENTIALLY OVERPRICED	977,837
FOOD	1200595	SYRIA	MILK POWDER	1,031,458	POTENTIALLY OVERPRICED	243,958
FOOD	1200596	VIETNAM	MILK POWDER	51,573,679	POTENTIALLY OVERPRICED	12,198,679
FOOD	1200631	SYRIA	MILK POWDER	4,125,880	POTENTIALLY OVERPRICED	975,880
FOOD	1200636	SYRIA	MILK POWDER	2,062,915	POTENTIALLY OVERPRICED	487,915
FOOD	1200637	SYRIA	MILK POWDER	4,125,880	POTENTIALLY OVERPRICED	975,880
FOOD	1200645	RUSSIA	MILK POWDER	6,191,781	POTENTIALLY OVERPRICED	1,466,781
FOOD	1200677	EGYPT	MILK POWDER	4,127,837	POTENTIALLY OVERPRICED	977,837
FOOD	1200685	SYRIA	MILK POWDER	2,063,894	POTENTIALLY OVERPRICED	488,894
FOOD	1200688	SYRIA	MILK POWDER	1,031,947	POTENTIALLY OVERPRICED	244,447
FOOD	1200703	SYRIA	MILK POWDER	2,062,915	POTENTIALLY OVERPRICED	487,915
FOOD	1200721	VIET NAM	MILK POWDER	4,125,880	POTENTIALLY OVERPRICED	975,880
FOOD	1200729	EGYPT	MILK POWDER	14,518,485	POTENTIALLY OVERPRICED	3,493,485
FOOD	1200738	UAE	MILK POWDER	2,074,041	POTENTIALLY OVERPRICED	499,041
FOOD	1200744	RUSSIA	MILK POWDER	4,148,132	POTENTIALLY OVERPRICED	998,132
FOOD	1200760	SYRIA	MILK POWDER	1,037,020	POTENTIALLY OVERPRICED	249,520
FOOD	1200778	JORDAN	MILK POWDER	2,073,058	POTENTIALLY OVERPRICED	498,058
FOOD	1200779	SYRIA	MILK POWDER	1,036,529	POTENTIALLY OVERPRICED	249,029
FOOD	1200782	SYRIA	MILK POWDER	10,365,437	POTENTIALLY OVERPRICED	2,490,437
FOOD	1200784	SYRIA	MILK POWDER	1,037,020	POTENTIALLY OVERPRICED	249,520
FOOD	1200786	SYRIA	MILK POWDER	1,037,020	POTENTIALLY OVERPRICED	249,520
FOOD	1200828	RUSSIA	MILK POWDER	2,163,217	POTENTIALLY OVERPRICED	513,217
FOOD	1200903	YEMEN	MILK POWDER	1,036,529	POTENTIALLY OVERPRICED	249,029

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SECTOR	COMM	MISSION	DESCRIPTION	VALUE	CONCLUSION	OVERPRICE
FOOD	1201089	SYRIA	MILK POWDER	1,045,243	POTENTIALLY OVERPRICED	257,743
FOOD	1300018	BELARUS	MILK POWDER	6,605,428	POTENTIALLY OVERPRICED	1,880,428
FOOD	1300225	TUNISIA	MILK POWDER	10,370,354	POTENTIALLY OVERPRICED	2,495,354
FOOD	1300226	TUNISIA	MILK POWDER	6,222,222	POTENTIALLY OVERPRICED	1,497,222
FOOD	1000291	MALAYSIA	PALM OIL	20,617,790	POTENTIALLY OVERPRICED	3,028,360
FOOD	1002072	RUSSIA	PALM OIL	21,797,498	REASONABLY PRICED	
FOOD	600504	EGYPT	PULSES	5,176,000	POTENTIALLY OVERPRICED	1,424,000
FOOD	600637	RUSSIA	PULSES	1,268,000	POTENTIALLY OVERPRICED	330,000
FOOD	600674	TURKEY	PULSES	1,346,000	POTENTIALLY OVERPRICED	330,250
FOOD	600676	TURKEY	PULSES	1,891,000	POTENTIALLY OVERPRICED	461,750
FOOD	600781	TURKEY	PULSES	1,591,000	POTENTIALLY OVERPRICED	364,250
FOOD	600925	TURKEY	PULSES	2,590,000	POTENTIALLY OVERPRICED	750,500
FOOD	702720	EGYPT	PULSES	8,020,054	POTENTIALLY OVERPRICED	2,520,054
FOOD	800085	EGYPT	PULSES	12,125,000	POTENTIALLY OVERPRICED	3,449,000
FOOD	800352	EGYPT	PULSES	7,462,500	POTENTIALLY OVERPRICED	2,131,000
FOOD	900452	EGYPT	PULSES	5,648,702	POTENTIALLY OVERPRICED	1,768,702
FOOD	900466	EGYPT	PULSES	7,427,216	POTENTIALLY OVERPRICED	2,332,216
FOOD	1300065	TURKEY	PULSES	8,486,534	POTENTIALLY OVERPRICED	1,396,534
FOOD	1300100	TURKEY	PULSES	4,982,144	POTENTIALLY OVERPRICED	708,144
FOOD	1300102	TURKEY	PULSES	11,002,871	POTENTIALLY OVERPRICED	1,591,371
FOOD	1300107	TURKEY	PULSES	798,591	POTENTIALLY OVERPRICED	118,591
FOOD	1300137	TURKEY	PULSES	4,982,150	POTENTIALLY OVERPRICED	708,150
FOOD	1300255	TURKEY	PULSES	11,978,862	POTENTIALLY OVERPRICED	1,778,862
FOOD	1100025	THAILAND	RICE	5,216,983	POTENTIALLY OVERPRICED	1,286,983
FOOD	1100026	THAILAND	RICE	5,216,983	POTENTIALLY OVERPRICED	1,286,983
FOOD	1100027	THAILAND	RICE	43,573,944	POTENTIALLY OVERPRICED	4,273,944
FOOD	1200016	VIETNAM	RICE	74,013,431	POTENTIALLY OVERPRICED	5,513,431
FOOD	1200123	RUSSIA	RICE	7,905,451	POTENTIALLY OVERPRICED	1,205,451
FOOD	1200231	THAILAND	RICE	30,856,300	POTENTIALLY OVERPRICED	3,456,300
FOOD	1300001	THAILAND	RICE	69,050,102	POTENTIALLY OVERPRICED	17,450,102
FOOD	1300015	VIETNAM	RICE	76,200,415	POTENTIALLY OVERPRICED	11,700,415
FOOD	1300076	RUSSIA	RICE	15,240,079	POTENTIALLY OVERPRICED	2,340,079
FOOD	1300080	RUSSIA	RICE	7,789,100	POTENTIALLY OVERPRICED	1,089,100
FOOD	1300208	RUSSIA	RICE	7,789,100	POTENTIALLY OVERPRICED	1,089,100
FOOD	1110013	WFP	SOYBEAN OIL	7,809,479	REASONABLY PRICED	
FOOD	1110015	WFP	SOYBEAN OIL	9,521,338	POTENTIALLY OVERPRICED	1,522,858
FOOD	1110016	WFP	SOYBEAN OIL	9,589,147	POTENTIALLY OVERPRICED	1,068,277
FOOD	600308	SYRIA	SUGAR	7,008,750	REASONABLY PRICED	
FOOD	800019	JORDAN	SUGAR	3,740,625	REASONABLY PRICED	

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FOOD	900044	EGYPT	SUGAR	8,892,759	POTENTIALLY OVERPRICED	1,117,720
FOOD	900045	EGYPT	SUGAR	8,892,759	POTENTIALLY OVERPRICED	1,117,720
FOOD	900121	JORDAN	SUGAR	4,289,125	POTENTIALLY OVERPRICED	401,605
FOOD	900143	UAE	SUGAR	8,574,337	POTENTIALLY OVERPRICED	596,750
FOOD	1001292	UAE	SUGAR	14,169,724	REASONABLY PRICED	
FOOD	1100028	THAILAND	SUGAR	26,758,363	REASONABLY PRICED	
FOOD	1100100	EGYPT	SUGAR	8,921,765	POTENTIALLY OVERPRICED	828,437
FOOD	1100101	EGYPT	SUGAR	13,382,647	POTENTIALLY OVERPRICED	1,242,654
FOOD	1100142	UAE	SUGAR	4,301,328	POTENTIALLY OVERPRICED	254,664
FOOD	1100201	EGYPT	SUGAR	26,256,801	POTENTIALLY OVERPRICED	3,226,825
FOOD	1100217	VIETNAM	SUGAR	8,602,655	POTENTIALLY OVERPRICED	925,996
FOOD	1100244	EGYPT	SUGAR	8,602,655	POTENTIALLY OVERPRICED	925,996
FOOD	1100284	TUNISIA	SUGAR	8,715,551	POTENTIALLY OVERPRICED	1,038,892
FOOD	1200050	EGYPT	SUGAR	8,602,655	POTENTIALLY OVERPRICED	925,996
FOOD	50012	KENYA	TEA	4,300,000	REASONABLY PRICED	
FOOD	700006	VIETNAM	TEA	16,905,000	POTENTIALLY OVERPRICED	1,930,000
FOOD	1300040	VIETNAM	TEA	5,306,248	POTENTIALLY OVERPRICED	869,248
FOOD	50279	EGYPT	VEGETABLE GHEE	14,620,000	POTENTIALLY OVERPRICED	871,497
FOOD	50517	JORDAN	VEGETABLE GHEE	1,710,000	POTENTIALLY OVERPRICED	92,529
FOOD	902100	MALAYSIA	VEGETABLE GHEE	1,008,514	POTENTIALLY OVERPRICED	208,618
FOOD	1000134	ALGERIA	VEGETABLE GHEE	5,189,738	POTENTIALLY OVERPRICED	469,763
FOOD	1000185	ALGERIA	VEGETABLE GHEE	5,472,722	POTENTIALLY OVERPRICED	1,999,517
FOOD	1000341	THAILAND	VEGETABLE GHEE	5,472,727	POTENTIALLY OVERPRICED	1,857,957
FOOD	1000435	TUNISIA	VEGETABLE GHEE	1,672,727	POTENTIALLY OVERPRICED	625,796
FOOD	1001056	EGYPT	VEGETABLE GHEE	2,189,091	POTENTIALLY OVERPRICED	715,765
FOOD	1100417	MOROCCO	VEGETABLE GHEE	625,547	POTENTIALLY OVERPRICED	173,031
FOOD	1100626	EGYPT	VEGETABLE GHEE	5,089,064	POTENTIALLY OVERPRICED	1,342,932
FOOD	1100785	THAILAND	VEGETABLE GHEE	7,755,596	POTENTIALLY OVERPRICED	1,986,398
FOOD	1100796	SYRIA	VEGETABLE GHEE	616,516	POTENTIALLY OVERPRICED	135,750
FOOD	1100938	EGYPT	VEGETABLE GHEE	25,812,274	POTENTIALLY OVERPRICED	7,035,614
FOOD	1200135	SAUDI ARABIA	VEGETABLE GHEE	5,139,033	POTENTIALLY OVERPRICED	1,749,263
FOOD	1200151	EGYPT	VEGETABLE GHEE	1,312,450	POTENTIALLY OVERPRICED	176,489
FOOD	1200157	UAE	VEGETABLE GHEE	1,918,051	POTENTIALLY OVERPRICED	543,251
FOOD	1200165	SAUDI ARABIA	VEGETABLE GHEE	19,180,505	POTENTIALLY OVERPRICED	5,432,510
FOOD	1200170	EGYPT	VEGETABLE GHEE	1,934,447	POTENTIALLY OVERPRICED	529,647
FOOD	1200196	EGYPT	VEGETABLE GHEE	2,581,228	POTENTIALLY OVERPRICED	708,162
FOOD	1200202	TUNISIA	VEGETABLE GHEE	2,000,444	POTENTIALLY OVERPRICED	559,143
FOOD	1200221	SYRIA	VEGETABLE GHEE	616,516	POTENTIALLY OVERPRICED	123,582
FOOD	1200224	VIETNAM	VEGETABLE GHEE	32,314,982	POTENTIALLY OVERPRICED	7,618,307

Listing of Evaluated Contracts
By Sector and Category of Goods

SECTOR	COMM	MISSION	DESCRIPTION	VALUE	CONCLUSION	OVERPRICE
FOOD	1200229	TUNISIA	VEGETABLE GHEE	2,429,296	POTENTIALLY OVERPRICED	747,779
FOOD	1200279	ALGERIA	VEGETABLE GHEE	10,411,268	POTENTIALLY OVERPRICED	2,836,058
FOOD	1200282	YEMEN	VEGETABLE GHEE	3,567,713	POTENTIALLY OVERPRICED	992,905
FOOD	1200286	SYRIA	VEGETABLE GHEE	7,016,683	POTENTIALLY OVERPRICED	2,212,348
FOOD	1200301	SUDAN	VEGETABLE GHEE	7,016,683	POTENTIALLY OVERPRICED	1,909,043
FOOD	1200357	UAE	VEGETABLE GHEE	6,275,197	POTENTIALLY OVERPRICED	1,640,544
FOOD	1200361	CHINA	VEGETABLE GHEE	704,823	POTENTIALLY OVERPRICED	250,956
FOOD	1200402	SYRIA	VEGETABLE GHEE	2,100,292	POTENTIALLY OVERPRICED	555,407
FOOD	1200470	LIBYA	VEGETABLE GHEE	2,113,297	POTENTIALLY OVERPRICED	701,996
FOOD	1200473	MALAYSIA	VEGETABLE GHEE	669,957	POTENTIALLY OVERPRICED	89,474
FOOD	1300017	BELARUS	VEGETABLE GHEE	7,463,456	POTENTIALLY OVERPRICED	1,728,261
FOOD	1300036	SAUDI ARABIA	VEGETABLE GHEE	7,084,000	POTENTIALLY OVERPRICED	1,164,230
FOOD	1300041	SAUDI ARABIA	VEGETABLE GHEE	7,463,456	POTENTIALLY OVERPRICED	1,543,686
FOOD	1300066	TURKEY	VEGETABLE GHEE	7,463,456	POTENTIALLY OVERPRICED	1,503,261
FOOD	1300108	TURKEY	VEGETABLE GHEE	7,463,456	POTENTIALLY OVERPRICED	1,503,261
FOOD	1300117	TURKEY	VEGETABLE GHEE	7,463,456	POTENTIALLY OVERPRICED	1,503,261
FOOD	50035	SAUDI ARABIA	WHEAT	42,000,000	REASONABLY PRICED	
FOOD	50238	RUSSIA	WHEAT	3,806,250	POTENTIALLY OVERPRICED	640,616
FOOD	600074	RUSSIA	WHEAT	5,806,500	REASONABLY PRICED	
FOOD	600083	RUSSIA	WHEAT	5,600,000	REASONABLY PRICED	
FOOD	600159	RUSSIA	WHEAT	6,230,000	REASONABLY PRICED	
FOOD	600419	RUSSIA	WHEAT	9,345,000	REASONABLY PRICED	
FOOD	600597	RUSSIA	WHEAT	8,900,000	REASONABLY PRICED	
FOOD	700027	RUSSIA	WHEAT	8,500,000	REASONABLY PRICED	
FOOD	700207	SAUDI ARABIA	WHEAT	41,250,000	REASONABLY PRICED	
FOOD	702423	MOROCCO	WHEAT	18,372,114	POTENTIALLY OVERPRICED	4,010,114
FOOD	702584	INDIA	WHEAT	7,504,350	POTENTIALLY OVERPRICED	1,709,161
FOOD	800021	RUSSIA	WHEAT	35,000,000	REASONABLY PRICED	
FOOD	800137	SAUDI ARABIA	WHEAT	18,690,000	POTENTIALLY OVERPRICED	1,464,930
FOOD	800441	RUSSIA	WHEAT	8,887,500	REASONABLY PRICED	
FOOD	800806	INDIA	WHEAT	7,624,050	POTENTIALLY OVERPRICED	1,828,861
FOOD	800901	INDIA	WHEAT	7,504,350	POTENTIALLY OVERPRICED	1,709,161
FOOD	800960	INDIA	WHEAT	15,008,700	POTENTIALLY OVERPRICED	3,418,322
FOOD	800961	INDIA	WHEAT	7,504,350	POTENTIALLY OVERPRICED	1,709,161
FOOD	801934	UAE	WHEAT	7,525,700	POTENTIALLY OVERPRICED	1,730,511
FOOD	900014	RUSSIA	WHEAT	20,596,000	POTENTIALLY OVERPRICED	7,933,465
FOOD	900037	RUSSIA	WHEAT	10,298,000	POTENTIALLY OVERPRICED	2,285,465
FOOD	900047	INDIA	WHEAT	7,208,600	POTENTIALLY OVERPRICED	1,086,861
FOOD	900142	UAE	WHEAT	19,868,000	POTENTIALLY OVERPRICED	2,377,317

Listing of Evaluated Contracts
By Sector and Category of Goods

SECTOR	COMM	MISSION	DESCRIPTION	VALUE	CONCLUSION	OVERPRICE
FOOD	900358	UAE	WHEAT	7,040,600	POTENTIALLY OVERPRICED	918,861
FOOD	1000109	RUSSIA	WHEAT	21,450,525	POTENTIALLY OVERPRICED	4,225,455
FOOD	1000150	RUSSIA	WHEAT	10,725,500	POTENTIALLY OVERPRICED	2,212,965
FOOD	1100138	RUSSIA	WHEAT	11,289,000	POTENTIALLY OVERPRICED	4,526,465
FOOD	1100150	RUSSIA	WHEAT	11,289,000	POTENTIALLY OVERPRICED	4,526,465
FOOD	1200083	AUSTRALIA	WHEAT	122,388,371	REASONABLY PRICED	
FOOD	1200099	RUSSIA	WHEAT	11,419,783	POTENTIALLY OVERPRICED	4,238,783
FOOD	1200105	SYRIA	WHEAT	51,466,535	POTENTIALLY OVERPRICED	22,742,535
FOOD	1200106	SYRIA	WHEAT	51,466,535	POTENTIALLY OVERPRICED	22,742,535
FOOD	1200124	RUSSIA	WHEAT	34,259,350	POTENTIALLY OVERPRICED	12,716,350
FOOD	1200193	RUSSIA	WHEAT	27,189,961	POTENTIALLY OVERPRICED	9,237,461
FOOD	1200283	SYRIA	WHEAT	51,315,015	POTENTIALLY OVERPRICED	22,591,015
FOOD	1200789	TUNISIA	WHEAT	11,849,853	POTENTIALLY OVERPRICED	4,668,853
FOOD	1300016	AUSTRALIA	WHEAT	135,382,046	POTENTIALLY OVERPRICED	14,827,046
FOOD	1300331	RUSSIA	WHEAT	17,129,675	POTENTIALLY OVERPRICED	6,358,175
FOOD	1300332	TUNISIA	WHEAT	11,431,000	POTENTIALLY OVERPRICED	5,100,000
FOOD	1300333	CYPRUS	WHEAT	12,111,169	POTENTIALLY OVERPRICED	5,358,619
HEALTH	702770	JORDAN	AIR CONDITIONED WAREHOUSE FOR	10,822,221	REASONABLY PRICED	
HEALTH	701425	VIETNAM	AMBULANCE BOAT	1,100,000	REASONABLY PRICED	
HEALTH	4974	RUSSIA	AMBULANCES	1,225,000	REASONABLY PRICED	
HEALTH	601201	RUSSIA	AMBULANCES	5,700,000	REASONABLY PRICED	
HEALTH	731008	RUSSIA	AMBULANCES	65,053	REASONABLY PRICED	
HEALTH	800729	TURKEY	AMBULANCES	84,584	REASONABLY PRICED	
HEALTH	801381	SWEDEN	AMBULANCES	16,669,359	POTENTIALLY OVERPRICED	4,463,930
HEALTH	801660	FRANCE	AMBULANCES	10,791,194	REASONABLY PRICED	
HEALTH	811302	WHO	AMBULANCES	184,719	REASONABLY PRICED	
HEALTH	811303	WHO	AMBULANCES	236,212	REASONABLY PRICED	
HEALTH	811304	WHO	AMBULANCES	269,957	REASONABLY PRICED	
HEALTH	1000894	SYRIA	AMBULANCES	7,291,092	POTENTIALLY OVERPRICED	1,351,658
HEALTH	1001313	UAE	AMBULANCES	205,833	REASONABLY PRICED	
HEALTH	1001790	SWEDEN	AMBULANCES	7,630,557	POTENTIALLY OVERPRICED	1,567,673
HEALTH	1030305	BELARUS	AMBULANCES	381,870	REASONABLY PRICED	
HEALTH	1300024	EGYPT	AMBULANCES	1,107,746	REASONABLY PRICED	
HEALTH	1000690	TURKEY	CONSTRUCTION OF HOSPITAL	17,903,030	REASONABLY PRICED	
HEALTH	1001535	SYRIA	HEALTH CARE CENTERS	14,030,810	REASONABLY PRICED	
HEALTH	501017	GERMANY	MEDICAL EQUIPMENT	17,162,824	POTENTIALLY OVERPRICED	1,762,824
HEALTH	501056	GERMANY	MEDICAL EQUIPMENT	10,632,507	REASONABLY PRICED	
HEALTH	601337	FRANCE	MEDICAL EQUIPMENT	9,188,879	POTENTIALLY OVERPRICED	521,262
HEALTH	601778	GERMANY	MEDICAL EQUIPMENT	4,554,883	POTENTIALLY OVERPRICED	766,878

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Listing of Evaluated Contracts
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SECTOR	COMM	MISSION	DESCRIPTION	VALUE	CONCLUSION	OVERPRICE
HEALTH	601825	GERMANY	MEDICAL EQUIPMENT	3,515,260	REASONABLY PRICED	
HEALTH	602074	RUSSIA	MEDICAL EQUIPMENT	21,803,444	POTENTIALLY OVERPRICED	5,378,528
HEALTH	602083	RUSSIA	MEDICAL EQUIPMENT	6,128,113	POTENTIALLY OVERPRICED	3,471,445
HEALTH	602084	RUSSIA	MEDICAL EQUIPMENT	5,951,394	REASONABLY PRICED	
HEALTH	702289	GERMANY	MEDICAL EQUIPMENT	4,863,520	INCONCLUSIVE	
HEALTH	702785	RUSSIA	MEDICAL EQUIPMENT	18,957,606	POTENTIALLY OVERPRICED	7,957,610
HEALTH	1000932	FRANCE	MEDICAL EQUIPMENT	250,286	REASONABLY PRICED	
HEALTH	1001078	AUSTRIA	MEDICAL EQUIPMENT	11,936,656	INCONCLUSIVE	
HEALTH	1001423	EGYPT	MEDICAL EQUIPMENT	23,165,776	POTENTIALLY OVERPRICED	8,399,534
HEALTH	1002218	SWEDEN	MEDICAL EQUIPMENT	11,846,470	REASONABLY PRICED	
HEALTH	1100675	RUSSIA	MEDICAL EQUIPMENT	10,644,087	POTENTIALLY OVERPRICED	2,006,561
HEALTH	1200004	JORDAN	MEDICAL EQUIPMENT	17,134,820	POTENTIALLY OVERPRICED	1,014,201
HEALTH	900780	JORDAN	MEDICAL SUPPLIES	12,210,514	REASONABLY PRICED	
HEALTH	901916	GERMANY	MEDICAL SUPPLIES	2,031,000	REASONABLY PRICED	
HEALTH	1200085	JORDAN	MEDICAL SUPPLIES	2,906,968	REASONABLY PRICED	
HEALTH	1200659	MALAYSIA	MEDICAL SUPPLIES	3,226,748	REASONABLY PRICED	
HEALTH	901271	FRANCE	MEDICINE	823,044	INCONCLUSIVE	
HEALTH	901566	UK	MEDICINE	9,075,118	REASONABLY PRICED	
HEALTH	1000518	RUSSIA	MEDICINE	15,002,823	POTENTIALLY OVERPRICED	799,898
HEALTH	1000812	INDIA	MEDICINE	41,922	POTENTIALLY OVERPRICED	19,949
HEALTH	1000964	SYRIA	MEDICINE	280,000	REASONABLY PRICED	
HEALTH	1001260	JORDAN	MEDICINE	183,366	INCONCLUSIVE	
HEALTH	1001411	FRANCE	MEDICINE	89,682	POTENTIALLY OVERPRICED	28,314
HEALTH	1001664	RUSSIA	MEDICINE	82,306	POTENTIALLY OVERPRICED	15,226
HEALTH	1001685	JORDAN	MEDICINE	17,446	REASONABLY PRICED	
HEALTH	1001687	JORDAN	MEDICINE	284,549	POTENTIALLY OVERPRICED	220,889
HEALTH	1101024	DENMARK	MEDICINE	11,680,901	REASONABLY PRICED	
HEALTH	1200070	JORDAN	MEDICINE	3,573,974	INCONCLUSIVE	
HEALTH	1200093	CHINA	MEDICINE	2,212,332	REASONABLY PRICED	
HEALTH	1200475	GERMANY	MEDICINE	8,344,828	REASONABLY PRICED	
HEALTH	1200535	EGYPT	MEDICINE	2,528,360	REASONABLY PRICED	
HEALTH	1200713	SYRIA	MEDICINE	10,694	REASONABLY PRICED	
HEALTH	600682	FRANCE	STEAM BOILERS	1,439,228	INCONCLUSIVE	
HEAVY EQUIP	800928	RUSSIA	BULLDOZERS	1,499,090	REASONABLY PRICED	
HEAVY EQUIP	802203	UAE	BULLDOZERS	38,848,671	POTENTIALLY OVERPRICED	3,483,285
HEAVY EQUIP	1201408	SYRIA	BULLDOZERS	17,302,364	POTENTIALLY OVERPRICED	2,507,335
HEAVY EQUIP	702089	YUGOSLAVIA	CORN HUSKERS	1,408,000	REASONABLY PRICED	
HEAVY EQUIP	1100775	ITALY	CORN HUSKERS	2,249,641	REASONABLY PRICED	
HEAVY EQUIP	1200344	LEBANON	CORN HUSKERS	2,273,622	POTENTIALLY OVERPRICED	353,622

Listing of Evaluated Contracts
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SECTOR	COMM	MISSION	DESCRIPTION	VALUE	CONCLUSION	OVERPRICE
HEAVY EQUIP	600655	CHINA	EXCAVATORS	8,419,500	REASONABLY PRICED	
HEAVY EQUIP	702154	CHINA	EXCAVATORS	10,540,000	REASONABLY PRICED	
HEAVY EQUIP	801777	CHINA	EXCAVATORS	11,714,007	REASONABLY PRICED	
HEAVY EQUIP	600660	ALGERIA	FORKLIFTS	5,318,618	POTENTIALLY OVERPRICED	651,898
HEAVY EQUIP	701860	JORDAN	FORKLIFTS	1,590,675	POTENTIALLY OVERPRICED	788,740
HEAVY EQUIP	702685	INDIA	FORKLIFTS	255,943	REASONABLY PRICED	
HEAVY EQUIP	730939	CHINA	FORKLIFTS	174,746	POTENTIALLY OVERPRICED	15,886
HEAVY EQUIP	802109	UAE	FORKLIFTS	4,521,594	POTENTIALLY OVERPRICED	1,243,295
HEAVY EQUIP	811111	UNDP	FORKLIFTS	1,139,980	REASONABLY PRICED	
HEAVY EQUIP	830869	GERMANY	FORKLIFTS	647,102	REASONABLY PRICED	
HEAVY EQUIP	1030605	BULGARIA	FORKLIFTS	1,378,103	REASONABLY PRICED	
HEAVY EQUIP	1230099	RUSSIA	FORKLIFTS	1,318,903	POTENTIALLY OVERPRICED	254,422
HEAVY EQUIP	801637	RUSSIA	MISC CONSTRUCTION EQUIPMENT	5,880,913	REASONABLY PRICED	
HEAVY EQUIP	801638	RUSSIA	MISC CONSTRUCTION EQUIPMENT	7,996,324	REASONABLY PRICED	
HEAVY EQUIP	811169	UN HABITAT	MISC CONSTRUCTION EQUIPMENT	12,654,298	REASONABLY PRICED	
HEAVY EQUIP	601333	BELARUS	MOTOR SCRAPER	7,400,000	REASONABLY PRICED	
HEAVY EQUIP	802460	UAE	MOTOR SCRAPER	10,017,239	REASONABLY PRICED	
HEAVY EQUIP	600411	BELARUS	TRACTORS & SPARES	3,668,280	REASONABLY PRICED	
HEAVY EQUIP	601218	EGYPT	TRACTORS & SPARES	701,500	REASONABLY PRICED	
HEAVY EQUIP	1000634	RUSSIA	TRACTORS & SPARES	5,101,706	REASONABLY PRICED	
HEAVY EQUIP	1201115	JORDAN	TRACTORS & SPARES	777,383	INCONCLUSIVE	
HEAVY EQUIP	601016	RUSSIA	WHEEL LOADERS	3,192,000	REASONABLY PRICED	
HEAVY EQUIP	801293	RUSSIA	WHEEL LOADERS	2,852,196	REASONABLY PRICED	
HEAVY EQUIP	801482	UAE	WHEEL LOADERS	21,670,680	REASONABLY PRICED	
HEAVY EQUIP	802110	UAE	WHEEL LOADERS	8,005,092	REASONABLY PRICED	
HEAVY EQUIP	900510	JORDAN	WHEEL LOADERS	6,225,977	REASONABLY PRICED	
HEAVY EQUIP	901150	JORDAN	WHEEL LOADERS	11,893,162	REASONABLY PRICED	
HEAVY EQUIP	901396	EGYPT	WHEEL LOADERS	6,093,417	REASONABLY PRICED	
HEAVY EQUIP	1201514	SYRIA	WHEEL LOADERS	26,932,000	POTENTIALLY OVERPRICED	5,885,310
HEAVY EQUIP	1300124	SYRIA	WHEEL LOADERS	14,287,744	REASONABLY PRICED	
HOUSING	702787	SYRIA	BATH ROOM SETS	2,370,000	POTENTIALLY OVERPRICED	837,500
HOUSING	800180	TUNISIA	BATH ROOM SETS	725,000	REASONABLY PRICED	
HOUSING	800530	TUNISIA	BATH ROOM SETS	2,900,000	REASONABLY PRICED	
HOUSING	800746	TUNISIA	BATH ROOM SETS	725,000	REASONABLY PRICED	
HOUSING	800974	SYRIA	BATH ROOM SETS	6,030,000	POTENTIALLY OVERPRICED	1,432,500
HOUSING	801328	TUNISIA	BATH ROOM SETS	780,000	REASONABLY PRICED	
HOUSING	900034	PAKISTAN	BATH ROOM SETS	3,500,000	POTENTIALLY OVERPRICED	435,000
HOUSING	900304	TUNISIA	BATH ROOM SETS	410,000	REASONABLY PRICED	
HOUSING	900306	TUNISIA	BATH ROOM SETS	420,000	REASONABLY PRICED	

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Listing of Evaluated Contracts
By Sector and Category of Goods

SECTOR	COMM	MISSION	DESCRIPTION	VALUE	CONCLUSION	OVERPRICE
HOUSING	1000366	SYRIA	BATH ROOM SETS	2,330,000	POTENTIALLY OVERPRICED	797,500
HOUSING	1000420	TUNISIA	BATH ROOM SETS	392,500	REASONABLY PRICED	
HOUSING	1000426	TUNISIA	BATH ROOM SETS	2,075,000	REASONABLY PRICED	
HOUSING	1000546	JORDAN	BATH ROOM SETS	2,350,000	POTENTIALLY OVERPRICED	817,500
HOUSING	1000576	JORDAN	BATH ROOM SETS	1,990,000	POTENTIALLY OVERPRICED	457,500
HOUSING	1100227	SYRIA	BATH ROOM SETS	3,300,000	POTENTIALLY OVERPRICED	1,001,250
HOUSING	1000177	LEBANON	BATHROOM FAUCETS/FIXTURES	12,724,387	REASONABLY PRICED	
HOUSING	800486	TUNISIA	CERAMIC TILES	1,122,000	REASONABLY PRICED	
HOUSING	800975	SYRIA	CERAMIC TILES	7,460,000	REASONABLY PRICED	
HOUSING	801159	JORDAN	CERAMIC TILES	5,040,000	REASONABLY PRICED	
HOUSING	801535	TUNISIA	CERAMIC TILES	1,034,000	REASONABLY PRICED	
HOUSING	900307	TUNISIA	CERAMIC TILES	978,000	REASONABLY PRICED	
HOUSING	900417	TUNISIA	CERAMIC TILES	978,000	REASONABLY PRICED	
HOUSING	900856	TUNISIA	CERAMIC TILES	479,000	REASONABLY PRICED	
HOUSING	900977	TUNISIA	CERAMIC TILES	934,000	REASONABLY PRICED	
HOUSING	901006	TUNISIA	CERAMIC TILES	958,000	REASONABLY PRICED	
HOUSING	1000368	SYRIA	CERAMIC TILES	2,500,000	REASONABLY PRICED	
HOUSING	1000444	ALGERIA	CERAMIC TILES	2,525,000	REASONABLY PRICED	
HOUSING	1000445	ALGERIA	CERAMIC TILES	5,050,000	REASONABLY PRICED	
HOUSING	1000454	SYRIA	CERAMIC TILES	2,455,000	REASONABLY PRICED	
HOUSING	1100094	SYRIA	CERAMIC TILES	2,507,500	REASONABLY PRICED	
HOUSING	1100214	VIETNAM	CERAMIC TILES	1,275,500	REASONABLY PRICED	
HOUSING	1300215	TUNISIA	CERAMIC TILES	1,413,000	REASONABLY PRICED	
HOUSING	901292	PAKISTAN	DESIGN AND CONSTRUCTION OF HOUSING	8,492,735	REASONABLY PRICED	
HOUSING	1001314	UAE	DESIGN AND CONSTRUCTION OF HOUSING	8,922,351	REASONABLY PRICED	
HOUSING	1001374	LEBANON	DESIGN AND CONSTRUCTION OF HOUSING	8,583,259	REASONABLY PRICED	
HOUSING	1001474	SYRIA	DESIGN AND CONSTRUCTION OF HOUSING	8,551,734	REASONABLY PRICED	
HOUSING	1001516	EGYPT	DESIGN AND CONSTRUCTION OF HOUSING	8,563,600	REASONABLY PRICED	
HOUSING	1001517	EGYPT	DESIGN AND CONSTRUCTION OF HOUSING	8,432,658	REASONABLY PRICED	
HOUSING	1001519	EGYPT	DESIGN AND CONSTRUCTION OF HOUSING	8,563,600	REASONABLY PRICED	
HOUSING	1100408	VIET NAM	FLOURESCENT LIGHTING FIXTURES	8,138,899	REASONABLY PRICED	
HOUSING	701494	UAE	GALVANIZED PIPES	2,180,000	REASONABLY PRICED	
HOUSING	600760	RUSSIA	REINFORCING DEFORMED BARS	5,500,000	REASONABLY PRICED	
HOUSING	600761	RUSSIA	REINFORCING DEFORMED BARS	5,500,000	REASONABLY PRICED	
HOUSING	700384	RUSSIA	REINFORCING DEFORMED BARS	15,975,000	REASONABLY PRICED	
HOUSING	700385	RUSSIA	REINFORCING DEFORMED BARS	15,975,000	REASONABLY PRICED	
HOUSING	800754	MOROCCO	REINFORCING DEFORMED BARS	13,750,000	POTENTIALLY OVERPRICED	3,100,000
HOUSING	801158	JORDAN	REINFORCING DEFORMED BARS	13,200,000	POTENTIALLY OVERPRICED	2,550,000
HOUSING	801336	JORDAN	REINFORCING DEFORMED BARS	5,313,300	POTENTIALLY OVERPRICED	1,074,600

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HOUSING	900655	RUSSIA	REINFORCING DEFORMED BARS	24,900,000	POTENTIALLY OVERPRICED	3,600,000
HOUSING	1000581	JORDAN	REINFORCING DEFORMED BARS	18,620,000	POTENTIALLY OVERPRICED	3,710,000
HOUSING	1000600	RUSSIA	REINFORCING DEFORMED BARS	21,300,000	POTENTIALLY OVERPRICED	5,325,000
HOUSING	1101151	SYRIA	REINFORCING DEFORMED BARS	28,700,000	POTENTIALLY OVERPRICED	7,400,000
HOUSING	1101471	JORDAN	REINFORCING DEFORMED BARS	13,150,000	POTENTIALLY OVERPRICED	2,500,000
HOUSING	1001885	JORDAN	SPORTS HALLS	9,737,192	REASONABLY PRICED	
HOUSING	601979	TURKEY	TEAKWOOD & WHITE WOOD	4,486,000	REASONABLY PRICED	
HOUSING	702190	UAE	TEAKWOOD & WHITE WOOD	2,500,000	REASONABLY PRICED	
HOUSING	801103	INDONESIA	TEAKWOOD & WHITE WOOD	6,365,107	POTENTIALLY OVERPRICED	1,365,107
HOUSING	900419	MALAYSIA	TEAKWOOD & WHITE WOOD	6,587,914	POTENTIALLY OVERPRICED	1,587,914
HOUSING	901788	MALAYSIA	TEAKWOOD & WHITE WOOD	6,507,090	REASONABLY PRICED	
HOUSING	900020	PAKISTAN	WOODEN DOORS	12,474,358	REASONABLY PRICED	
HOUSING	900032	JORDAN	WOODEN DOORS	12,474,358	REASONABLY PRICED	
HOUSING	900055	SYRIA	WOODEN DOORS	11,267,163	REASONABLY PRICED	
HOUSING	900056	SYRIA	WOODEN DOORS	11,267,163	REASONABLY PRICED	
HOUSING	900109	SYRIA	WOODEN DOORS	12,033,179	REASONABLY PRICED	
HOUSING	900209	TUNISIA	WOODEN DOORS	12,033,179	REASONABLY PRICED	
HOUSING	1000321	SYRIA	WOODEN DOORS	11,632,073	REASONABLY PRICED	
MISCELLANEOUS	1101761	CHINA	CAR BATTERY MFG EQUIP	142,471	REASONABLY PRICED	
MISCELLANEOUS	1300012	LEBANON	CIGARETTE PAPER	396,056	REASONABLY PRICED	
MISCELLANEOUS	1300013	ITALY	CIGARETTE PAPER	204,892	REASONABLY PRICED	
MISCELLANEOUS	1101762	CHINA	ELECTROLYTIC MANGANESE DIOXIDE	115,364	POTENTIALLY OVERPRICED	28,940
MISCELLANEOUS	802315	INDIA	POLYESTER FIBER	1,167,442	POTENTIALLY OVERPRICED	46,821
MISCELLANEOUS	1000227	CHINA	POLYESTER FIBER	1,102,381	POTENTIALLY OVERPRICED	116,435
MISCELLANEOUS	50723	CHINA	TELECOMMUNICATIONS EQUIPMENT	28,164,530	POTENTIALLY OVERPRICED	1,066,481
OIL	1230093	ITALY	CRUDE OIL PROCESSING & TREATMENT PLANT	16,513,416	REASONABLY PRICED	
OIL	1130196	RUSSIA	DRILLING RIG	15,550,762	INCONCLUSIVE	
OIL	631108	CHINA	EQUIP & SUPPLIES FOR LPG CYLINDER	12,958,882	INCONCLUSIVE	
OIL	930112	RUSSIA	FLOATING ROOF STORAGE TANKS	11,464,315	INCONCLUSIVE	
OIL	1030497	RUSSIA	GAS OIL DESUPLHERIZATION UNIT	34,963,908	REASONABLY PRICED	
OIL	930181	BELGIUM	HOT ROLLED CARBON STEEL COILS	28,659,743	REASONABLY PRICED	
OIL	930037	INDIA	LPG CYLINDERS	9,476,607	REASONABLY PRICED	
OIL	930038	INDIA	LPG CYLINDERS	9,476,607	REASONABLY PRICED	
OIL	930089	LEBANON	LPG CYLINDERS	9,452,308	REASONABLY PRICED	
OIL	930090	LEBANON	LPG CYLINDERS	9,452,308	REASONABLY PRICED	
OIL	930618	CHINA	LPG CYLINDERS	9,564,466	REASONABLY PRICED	
OIL	730445	CHINA	MOBILE HYDRAULIC CRANES	293,000	REASONABLY PRICED	
OIL	830077	DENMARK	OIL FIELD TRUCK	1,749,312	POTENTIALLY OVERPRICED	521,439
OIL	630427	UAE	PIPELINES & ACCESSORIES	1,000,000	REASONABLY PRICED	

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OIL	730661	FRANCE	PIPELINES & ACCESSORIES	11,000,000	REASONABLY PRICED	
OIL	730711	RUSSIA	PIPELINES & ACCESSORIES	1,395,000	REASONABLY PRICED	
OIL	830227	UAE	PIPELINES & ACCESSORIES	876,803	REASONABLY PRICED	
OIL	830228	JORDAN	PIPELINES & ACCESSORIES	7,347,896	POTENTIALLY OVERPRICED	330,800
OIL	830242	LEBANON	PIPELINES & ACCESSORIES	24,252,703	REASONABLY PRICED	
OIL	830302	RUSSIA	PIPELINES & ACCESSORIES	15,598,226	POTENTIALLY OVERPRICED	698,400
OIL	830418	MALAYSIA	PIPELINES & ACCESSORIES	52,715,563	REASONABLY PRICED	
OIL	830768	UAE	PIPELINES & ACCESSORIES	3,282,445	POTENTIALLY OVERPRICED	738,000
OIL	930094	RUSSIA	PIPELINES & ACCESSORIES	38,154,104	POTENTIALLY OVERPRICED	1,450,758
OIL	930127	RUSSIA	PIPELINES & ACCESSORIES	2,860,200	POTENTIALLY OVERPRICED	541,800
OIL	930172	UAE	PIPELINES & ACCESSORIES	4,738,816	POTENTIALLY OVERPRICED	415,325
OIL	1030034	RUSSIA	PIPELINES & ACCESSORIES	24,789,805	POTENTIALLY OVERPRICED	1,229,285
OIL	1030035	RUSSIA	PIPELINES & ACCESSORIES	6,010,650	REASONABLY PRICED	
OIL	1030050	RUSSIA	PIPELINES & ACCESSORIES	2,063,474	INCONCLUSIVE	
OIL	1030086	RUSSIA	PIPELINES & ACCESSORIES	30,545,141	REASONABLY PRICED	
OIL	1030287	RUSSIA	PIPELINES & ACCESSORIES	8,609,497	REASONABLY PRICED	
OIL	1030728	RUSSIA	PIPELINES & ACCESSORIES	22,902,916	REASONABLY PRICED	
OIL	1030768	INDIA	PIPELINES & ACCESSORIES	755,086	POTENTIALLY OVERPRICED	41,795
OIL	1130639	RUSSIA	PIPELINES & ACCESSORIES	6,714,216	REASONABLY PRICED	
OIL	1230259	RUSSIA	PIPELINES & ACCESSORIES	2,810,900	REASONABLY PRICED	
OIL	1230265	RUSSIA	PIPELINES & ACCESSORIES	7,407,487	REASONABLY PRICED	
OIL	1230448	LEBANON	PIPELINES & ACCESSORIES	1,485,280	REASONABLY PRICED	
OIL	1230456	LEBANON	PIPELINES & ACCESSORIES	8,646,627	POTENTIALLY OVERPRICED	1,339,920
OIL	930300	SPAIN	PRODUCTION LINES FOR LPG CYLINDERS	9,360,842	POTENTIALLY OVERPRICED	2,240,842
OIL	830449	TUNISIA	PUMPS & SPARES	3,019,332	POTENTIALLY OVERPRICED	304,384
OIL	1030484	UAE	PUMPS & SPARES	2,074,544	POTENTIALLY OVERPRICED	250,796
OIL	1230079	BELGIUM	PUMPS & SPARES	2,477,524	INCONCLUSIVE	
OIL	830424	JORDAN	REHAB OF GAS COMPRESSION LINES	12,239,503	REASONABLY PRICED	
OIL	930611	GERMANY	SOLAR POWER GENERATORS & ACCESSORIES	13,398,143	INCONCLUSIVE	
OIL	830240	TUNISIA	STEAM TURBINES	16,279,320	INCONCLUSIVE	
OIL	1030169	JORDAN	TETRA ETHYL LEAD	5,532,000	REASONABLY PRICED	
OIL	1230533	SWITZERLAND	TETRA ETHYL LEAD	19,611,921	POTENTIALLY OVERPRICED	7,164,921
OIL	1230577	JORDAN	TETRA ETHYL LEAD	2,974,187	POTENTIALLY OVERPRICED	899,687
OIL	730770	TUNISIA	WATER TREATMENT PLANT/EQUIPMENT	51,932,155	REASONABLY PRICED	
OIL	730897	CHINA	ZUBAIR GAS PROJECT	17,233,018	POTENTIALLY OVERPRICED	7,676,770
TRANSPORTATION	702090	MALAYSIA	BOATS	800,000	REASONABLY PRICED	
TRANSPORTATION	801773	CHINA	BOATS	12,361,471	REASONABLY PRICED	
TRANSPORTATION	601177	TURKEY	CRANE EQUIPPED TRUCK	1,783,584	REASONABLY PRICED	
TRANSPORTATION	1200739	UAE	DAEWOO BUSES (45 SEATS)	3,769,300	REASONABLY PRICED	

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TRANSPORTATION	1200218	RUSSIA	DIESEL ELECTRICAL LOCOMOTIVES	41,317,339	POTENTIALLY OVERPRICED	4,526,010
TRANSPORTATION	601341	EGYPT	FIRE FIGHTING VEHICLES	1,241,842	REASONABLY PRICED	
TRANSPORTATION	630065	ITALY	FIRE FIGHTING VEHICLES	555,000	REASONABLY PRICED	
TRANSPORTATION	802670	CHINA	FIRE FIGHTING VEHICLES	1,092,684	REASONABLY PRICED	
TRANSPORTATION	1030296	RUSSIA	FIRE FIGHTING VEHICLES	3,419,043	REASONABLY PRICED	
TRANSPORTATION	1030540	ITALY	FIRE FIGHTING VEHICLES	621,564	REASONABLY PRICED	
TRANSPORTATION	1130474	ITALY	FIRE FIGHTING VEHICLES	1,249,406	REASONABLY PRICED	
TRANSPORTATION	1200427	EGYPT	FIRE FIGHTING VEHICLES	18,411,000	REASONABLY PRICED	
TRANSPORTATION	1201515	EGYPT	FIRE FIGHTING VEHICLES	36,444,895	REASONABLY PRICED	
TRANSPORTATION	1230504	RUSSIA	FIRE FIGHTING VEHICLES	2,695,673	REASONABLY PRICED	
TRANSPORTATION	701136	RUSSIA	GAZ CARGO TRUCKS	1,260,000	POTENTIALLY OVERPRICED	496,930
TRANSPORTATION	1201398	SYRIA	GAZ CARGO TRUCKS	8,771,918	REASONABLY PRICED	
TRANSPORTATION	1201399	SYRIA	GAZ CARGO TRUCKS	17,057,796	REASONABLY PRICED	
TRANSPORTATION	1200396	RUSSIA	HINO TRUCKS	4,690,497	REASONABLY PRICED	
TRANSPORTATION	1201532	RUSSIA	HINO TRUCKS	5,422,540	REASONABLY PRICED	
TRANSPORTATION	902034	RUSSIA	IMZ URAL "GEAR-UP" MOTORCYCLES WITH	10,052,685	REASONABLY PRICED	
TRANSPORTATION	710884	UNESCO	ISUZU TRUCKS	184,979	REASONABLY PRICED	
TRANSPORTATION	710886	UNESCO	ISUZU TRUCKS	82,065	REASONABLY PRICED	
TRANSPORTATION	811168	UNDP	ISUZU TRUCKS	670,867	REASONABLY PRICED	
TRANSPORTATION	1201414	RUSSIA	IVECO CARGO TRUCKS	34,555,529	REASONABLY PRICED	
TRANSPORTATION	1201424	RUSSIA	IVECO CARGO TRUCKS	37,284,933	REASONABLY PRICED	
TRANSPORTATION	801598	EGYPT	IVECO MINI BUS (29 SEATS)	13,364,360	REASONABLY PRICED	
TRANSPORTATION	901345	RUSSIA	IZH PLANETA MOTORCYCLES	2,889,115	REASONABLY PRICED	
TRANSPORTATION	1200540	UAE	JAWA MOTORCYCLE	1,179,105	REASONABLY PRICED	
TRANSPORTATION	800658	UAE	KASTOUR/MAN BUSES (45 SEATS)	9,922,000	REASONABLY PRICED	
TRANSPORTATION	700232	TUNISIA	MAN TRACTOR WITH SEMI TRAILER	12,619,061	REASONABLY PRICED	
TRANSPORTATION	1100335	RUSSIA	MARZ BUSES (42 SEATS)	16,978,563	REASONABLY PRICED	
TRANSPORTATION	1200030	EGYPT	MCV BUSES (45 SEATS)	21,651,360	REASONABLY PRICED	
TRANSPORTATION	1200144	RUSSIA	MERCEDES BENZ CARGO TRUCKS	4,402,482	POTENTIALLY OVERPRICED	396,750
TRANSPORTATION	501213	EGYPT	MISC TRANSPORTATION & EQUIPMENT	8,059,750	REASONABLY PRICED	
TRANSPORTATION	601809	EGYPT	MISC TRANSPORTATION & EQUIPMENT	7,360,005	REASONABLY PRICED	
TRANSPORTATION	630517	CHINA	MISC TRANSPORTATION & EQUIPMENT	1,323,850	REASONABLY PRICED	
TRANSPORTATION	1200423	CHINA	MISC TRANSPORTATION & EQUIPMENT	772,735	POTENTIALLY OVERPRICED	45,360
TRANSPORTATION	811150	UNDP	MITSUBISHI FLAT BED TRUCKS	1,902,534	POTENTIALLY OVERPRICED	171,041
TRANSPORTATION	1101473	SYRIA	MITSUBISHI MINI BUS (12 SEATS)	11,920,778	REASONABLY PRICED	
TRANSPORTATION	1000226	EGYPT	MITSUBISHI MINI BUS (30 SEATS)	30,766,450	REASONABLY PRICED	
TRANSPORTATION	1200334	UAE	MZ ETZ MOTORCYCLES	259,091	POTENTIALLY OVERPRICED	23,821
TRANSPORTATION	710885	UNESCO	NISSAN BUSES AND TRUCKS	144,236	REASONABLY PRICED	
TRANSPORTATION	710974	UNESCO	NISSAN BUSES AND TRUCKS	1,475,591	POTENTIALLY OVERPRICED	82,537

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TRANSPORTATION	1201529	RUSSIA	NISSAN CARGO TRUCKS	1,348,925	REASONABLY PRICED	
TRANSPORTATION	1300126	UAE	NISSAN CARGO TRUCKS	16,482,792	REASONABLY PRICED	
TRANSPORTATION	1200498	UAE	NISSAN MINI BUS (15 SEATS)	813,350	REASONABLY PRICED	
TRANSPORTATION	710883	UNESCO	NISSAN MINI BUS (21 SEATS)	63,614	REASONABLY PRICED	
TRANSPORTATION	910168	UNICEF	NISSAN MINI BUS (26 SEATS)	29,054	REASONABLY PRICED	
TRANSPORTATION	910169	UNICEF	NISSAN MINI BUS (26 SEATS)	58,108	REASONABLY PRICED	
TRANSPORTATION	910170	UNICEF	NISSAN MINI BUS (26 SEATS)	116,216	REASONABLY PRICED	
TRANSPORTATION	910171	UNICEF	NISSAN MINI BUS (26 SEATS)	87,162	REASONABLY PRICED	
TRANSPORTATION	910172	UNICEF	NISSAN MINI BUS (26 SEATS)	87,162	REASONABLY PRICED	
TRANSPORTATION	910173	UNICEF	NISSAN MINI BUS (26 SEATS)	29,054	REASONABLY PRICED	
TRANSPORTATION	910174	UNICEF	NISSAN MINI BUS (26 SEATS)	29,054	REASONABLY PRICED	
TRANSPORTATION	702482	FRANCE	PEUGEOT MINI BUS (21 SEATS)	274,995	REASONABLY PRICED	
TRANSPORTATION	50947	RUSSIA	RAIL BARS	9,135,000	POTENTIALLY OVERPRICED	2,709,000
TRANSPORTATION	601265	TURKEY	RAIL BARS	7,344,000	REASONABLY PRICED	
TRANSPORTATION	802192	TURKEY	RAIL BARS	9,825,000	POTENTIALLY OVERPRICED	2,175,000
TRANSPORTATION	1100002	UAE	RAIL BARS	19,872,000	POTENTIALLY OVERPRICED	3,348,000
TRANSPORTATION	1200077	RUSSIA	RAIL BARS	2,891,000	POTENTIALLY OVERPRICED	749,000
TRANSPORTATION	801383	AUSTRIA	RAIL CARS	1,380,710	REASONABLY PRICED	
TRANSPORTATION	631126	RUSSIA	RENAULT CARGO TRUCKS	136,784	REASONABLY PRICED	
TRANSPORTATION	1000147	RUSSIA	RENAULT CARGO TRUCKS	8,925,982	POTENTIALLY OVERPRICED	843,300
TRANSPORTATION	1200431	FRANCE	RENAULT CARGO TRUCKS	3,686,205	REASONABLY PRICED	
TRANSPORTATION	1000288	TUNISIA	SCANIA TRACTOR TRAILER	33,033,592	REASONABLY PRICED	
TRANSPORTATION	1001581	LEBANON	SUZUKI POLICE MOTORCYCLES	948,937	REASONABLY PRICED	
TRANSPORTATION	901312	EGYPT	TIPPER (DUMP) TRUCKS	3,792,942	REASONABLY PRICED	
TRANSPORTATION	901800	RUSSIA	TIPPER (DUMP) TRUCKS	2,564,997	POTENTIALLY OVERPRICED	247,410
TRANSPORTATION	910231	UNICEF	TIPPER (DUMP) TRUCKS	142,952	REASONABLY PRICED	
TRANSPORTATION	910232	UNICEF	TIPPER (DUMP) TRUCKS	214,428	REASONABLY PRICED	
TRANSPORTATION	910322	UNICEF	TIPPER (DUMP) TRUCKS	391,930	REASONABLY PRICED	
TRANSPORTATION	802016	SYRIA	TOYOTA COASTER BUSES (26 SEATS)	20,997,000	POTENTIALLY OVERPRICED	5,982,000
TRANSPORTATION	810775	UNICEF	TOYOTA COASTER BUSES (26 SEATS)	67,600	POTENTIALLY OVERPRICED	4,140
TRANSPORTATION	900525	LEBANON	TOYOTA COASTER BUSES (26 SEATS)	331,358	REASONABLY PRICED	
TRANSPORTATION	901672	LEBANON	TOYOTA COASTER BUSES (26 SEATS)	943,967	REASONABLY PRICED	
TRANSPORTATION	1001074	RUSSIA	TOYOTA COASTER BUSES (26 SEATS)	6,453,952	POTENTIALLY OVERPRICED	1,363,350
TRANSPORTATION	1101618	UAE	TOYOTA COASTER BUSES (26 SEATS)	1,863,850	POTENTIALLY OVERPRICED	362,350
TRANSPORTATION	1001221	RUSSIA	TOYOTA HIACE MINI BUS (12 SEATS)	1,374,367	REASONABLY PRICED	
TRANSPORTATION	1100177	RUSSIA	TURNOUTS	13,283,450	REASONABLY PRICED	
TRANSPORTATION	801061	RUSSIA	VOLVO TRUCKS	20,705,344	REASONABLY PRICED	
TRANSPORTATION	910165	UNICEF	VOLVO TRUCKS	67,959	POTENTIALLY OVERPRICED	8,509
TRANSPORTATION	910166	UNICEF	VOLVO TRUCKS	67,959	POTENTIALLY OVERPRICED	8,509

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TRANSPORTATION	910167	UNICEF	VOLVO TRUCKS	337,998	REASONABLY PRICED	
TRANSPORTATION	910230	UNICEF	VOLVO TRUCKS	87,142	REASONABLY PRICED	
TRANSPORTATION	1101443	SYRIA	VOLVO TRUCKS	7,838,984	REASONABLY PRICED	
TRANSPORTATION	1300213	TUNISIA	VOLVO TRUCKS	3,054,175	REASONABLY PRICED	
TRANSPORTATION	802828	EGYPT	WATER TANKERS	305,528	REASONABLY PRICED	
TRANSPORTATION	902072	RUSSIA	WATER TANKERS	728,880	REASONABLY PRICED	
VEHICLES	702790	SPAIN	FIAT DUCATO PICKUP	5,628,093	REASONABLY PRICED	
VEHICLES	702173	UAE	GM TRUCKS	903,095	REASONABLY PRICED	
VEHICLES	702174	UAE	GM TRUCKS	407,289	REASONABLY PRICED	
VEHICLES	802524	JORDAN	GM TRUCKS	3,066,238	POTENTIALLY OVERPRICED	249,095
VEHICLES	602102	RUSSIA	HYUNDAIS	5,583,275	POTENTIALLY OVERPRICED	418,310
VEHICLES	602103	UAE	HYUNDAIS	5,164,965	REASONABLY PRICED	
VEHICLES	700917	RUSSIA	HYUNDAIS	1,834,800	REASONABLY PRICED	
VEHICLES	800829	TURKEY	HYUNDAIS	729,676	POTENTIALLY OVERPRICED	136,771
VEHICLES	1100548	UAE	HYUNDAIS	2,415,064	REASONABLY PRICED	
VEHICLES	1200248	RUSSIA	HYUNDAIS	868,885	REASONABLY PRICED	
VEHICLES	1200439	UAE	HYUNDAIS	1,842,365	REASONABLY PRICED	
VEHICLES	1200440	UAE	HYUNDAIS	3,132,167	REASONABLY PRICED	
VEHICLES	1200543	UAE	HYUNDAIS	3,211,886	POTENTIALLY OVERPRICED	670,876
VEHICLES	1030661	RUSSIA	ISUZU TROOPERS	217,723	REASONABLY PRICED	
VEHICLES	1100075	JORDAN	MERCEDES BENZ S320L SEDAN	5,103,673	REASONABLY PRICED	
VEHICLES	1100108	UAE	MERCEDES BENZ S320L SEDAN	11,365,238	REASONABLY PRICED	
VEHICLES	602071	UAE	NISSAN MAXIMA	5,241,567	REASONABLY PRICED	
VEHICLES	1200502	UAE	NISSAN PATHFINDER	1,020,763	REASONABLY PRICED	
VEHICLES	710089	UNDP	NISSAN PATROL STATION WAGONS	57,352	POTENTIALLY OVERPRICED	19,139
VEHICLES	710725	UNICEF	NISSAN PATROL STATION WAGONS	41,120	REASONABLY PRICED	
VEHICLES	711008	UNICEF	NISSAN PATROL STATION WAGONS	61,680	REASONABLY PRICED	
VEHICLES	811256	UNICEF	NISSAN PATROL STATION WAGONS	79,845	REASONABLY PRICED	
VEHICLES	811257	UNICEF	NISSAN PATROL STATION WAGONS	39,922	REASONABLY PRICED	
VEHICLES	902041	UAE	NISSAN PATROL STATION WAGONS	12,332,031	REASONABLY PRICED	
VEHICLES	910590	UNICEF	NISSAN PATROL STATION WAGONS	119,767	REASONABLY PRICED	
VEHICLES	1000713	EGYPT	NISSAN PATROL STATION WAGONS	1,232,000	POTENTIALLY OVERPRICED	181,652
VEHICLES	1200111	JORDAN	NISSAN PATROL STATION WAGONS	1,364,405	POTENTIALLY OVERPRICED	105,275
VEHICLES	1200472	UAE	NISSAN PATROL STATION WAGONS	4,406,758	POTENTIALLY OVERPRICED	356,712
VEHICLES	1200500	UAE	NISSAN PATROL STATION WAGONS	8,389,831	POTENTIALLY OVERPRICED	747,043
VEHICLES	1201426	UAE	NISSAN PATROL STATION WAGONS	3,062,790	POTENTIALLY OVERPRICED	1,014,013
VEHICLES	1230549	INDIA	NISSAN PATROL STATION WAGONS	714,332	POTENTIALLY OVERPRICED	169,618
VEHICLES	710972	UNESCO	NISSAN PICKUPS	234,153	POTENTIALLY OVERPRICED	28,588
VEHICLES	801677	UAE	NISSAN PICKUPS	3,156,738	POTENTIALLY OVERPRICED	412,987

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VEHICLES	801801	UAE	NISSAN PICKUPS	1,585,710	POTENTIALLY OVERPRICED	207,454
VEHICLES	900064	UAE	NISSAN PICKUPS	11,908,638	POTENTIALLY OVERPRICED	774,859
VEHICLES	902097	RUSSIA	NISSAN PICKUPS	487,604	POTENTIALLY OVERPRICED	51,323
VEHICLES	910666	UNICEF	NISSAN PICKUPS	14,573	POTENTIALLY OVERPRICED	3,690
VEHICLES	910667	UNICEF	NISSAN PICKUPS	29,146	POTENTIALLY OVERPRICED	7,380
VEHICLES	910668	UNICEF	NISSAN PICKUPS	14,573	POTENTIALLY OVERPRICED	3,690
VEHICLES	910669	UNICEF	NISSAN PICKUPS	14,573	POTENTIALLY OVERPRICED	3,690
VEHICLES	910670	UNICEF	NISSAN PICKUPS	29,146	POTENTIALLY OVERPRICED	7,380
VEHICLES	930577	LEBANON	NISSAN PICKUPS	2,515,527	POTENTIALLY OVERPRICED	351,969
VEHICLES	1000840	SYRIA	NISSAN PICKUPS	33,219,000	REASONABLY PRICED	
VEHICLES	1101125	UAE	NISSAN PICKUPS	3,224,878	POTENTIALLY OVERPRICED	397,689
VEHICLES	1200118	EGYPT	NISSAN PICKUPS	740,318	POTENTIALLY OVERPRICED	224,590
VEHICLES	1200349	UAE	NISSAN PICKUPS	3,251,068	REASONABLY PRICED	
VEHICLES	1200405	UAE	NISSAN PICKUPS	24,553,156	POTENTIALLY OVERPRICED	2,403,655
VEHICLES	1200503	UAE	NISSAN PICKUPS	1,502,712	POTENTIALLY OVERPRICED	161,821
VEHICLES	1201410	UAE	NISSAN PICKUPS	5,363,034	REASONABLY PRICED	
VEHICLES	1201413	UAE	NISSAN PICKUPS	14,303,678	REASONABLY PRICED	
VEHICLES	1230380	JORDAN	NISSAN PICKUPS	579,980	POTENTIALLY OVERPRICED	70,150
VEHICLES	900446	TUNISIA	OPEL ASTRA	91,516,724	REASONABLY PRICED	
VEHICLES	1101710	FRANCE	PEUGEOT SEDANS	76,972,907	REASONABLY PRICED	
VEHICLES	1200291	MALAYSIA	PROTON WIRA SALOON CARS	40,477,522	REASONABLY PRICED	
VEHICLES	1200057	RUSSIA	TOYOTA COROLLA	8,761,483	REASONABLY PRICED	
VEHICLES	1200119	EGYPT	TOYOTA COROLLA	5,241,963	POTENTIALLY OVERPRICED	1,153,271
VEHICLES	702907	UAE	TOYOTA DYNA TRUCKS	3,646,764	POTENTIALLY OVERPRICED	741,004
VEHICLES	710713	FAO	TOYOTA DYNA TRUCKS	109,355	REASONABLY PRICED	
VEHICLES	801708	UAE	TOYOTA DYNA TRUCKS	3,929,871	POTENTIALLY OVERPRICED	297,671
VEHICLES	901580	LEBANON	TOYOTA DYNA TRUCKS	281,909	POTENTIALLY OVERPRICED	100,299
VEHICLES	1200539	UAE	TOYOTA DYNA TRUCKS	1,523,043	POTENTIALLY OVERPRICED	433,383
VEHICLES	710225	WHO	TOYOTA HILUX PICKUPS	42,271	POTENTIALLY OVERPRICED	5,686
VEHICLES	710229	WHO	TOYOTA HILUX PICKUPS	21,136	POTENTIALLY OVERPRICED	2,843
VEHICLES	710234	WHO	TOYOTA HILUX PICKUPS	42,271	POTENTIALLY OVERPRICED	5,686
VEHICLES	710238	WHO	TOYOTA HILUX PICKUPS	40,740	POTENTIALLY OVERPRICED	2,582
VEHICLES	710647	FAO	TOYOTA HILUX PICKUPS	359,012	POTENTIALLY OVERPRICED	44,707
VEHICLES	710773	UNICEF	TOYOTA HILUX PICKUPS	18,105	POTENTIALLY OVERPRICED	3,309
VEHICLES	710774	UNICEF	TOYOTA HILUX PICKUPS	72,421	POTENTIALLY OVERPRICED	13,237
VEHICLES	711132	UNDP	TOYOTA HILUX PICKUPS	357,432	POTENTIALLY OVERPRICED	26,548
VEHICLES	730812	UAE	TOYOTA HILUX PICKUPS	1,389,068	REASONABLY PRICED	
VEHICLES	801314	UAE	TOYOTA HILUX PICKUPS	3,274,129	REASONABLY PRICED	
VEHICLES	811087	UNICEF	TOYOTA HILUX PICKUPS	19,428	REASONABLY PRICED	

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VEHICLES	811088	UNICEF	TOYOTA HILUX PICKUPS	34,746	REASONABLY PRICED	
VEHICLES	811090	UNICEF	TOYOTA HILUX PICKUPS	34,746	REASONABLY PRICED	
VEHICLES	811091	UNICEF	TOYOTA HILUX PICKUPS	19,428	REASONABLY PRICED	
VEHICLES	811178	UNICEF	TOYOTA HILUX PICKUPS	34,746	REASONABLY PRICED	
VEHICLES	811179	UNICEF	TOYOTA HILUX PICKUPS	69,492	REASONABLY PRICED	
VEHICLES	811180	UNICEF	TOYOTA HILUX PICKUPS	121,611	REASONABLY PRICED	
VEHICLES	811313	WHO	TOYOTA HILUX PICKUPS	114,561	POTENTIALLY OVERPRICED	6,598
VEHICLES	811314	WHO	TOYOTA HILUX PICKUPS	113,630	REASONABLY PRICED	
VEHICLES	811315	WHO	TOYOTA HILUX PICKUPS	171,842	POTENTIALLY OVERPRICED	9,898
VEHICLES	811316	WHO	TOYOTA HILUX PICKUPS	210,029	POTENTIALLY OVERPRICED	12,097
VEHICLES	811317	WHO	TOYOTA HILUX PICKUPS	18,938	REASONABLY PRICED	
VEHICLES	811318	WHO	TOYOTA HILUX PICKUPS	19,094	POTENTIALLY OVERPRICED	1,100
VEHICLES	811319	WHO	TOYOTA HILUX PICKUPS	38,187	POTENTIALLY OVERPRICED	2,200
VEHICLES	811320	WHO	TOYOTA HILUX PICKUPS	76,375	POTENTIALLY OVERPRICED	4,399
VEHICLES	811547	UNICEF	TOYOTA HILUX PICKUPS	157,256	POTENTIALLY OVERPRICED	16,625
VEHICLES	811605	UNDP	TOYOTA HILUX PICKUPS	189,879	REASONABLY PRICED	
VEHICLES	901671	LEBANON	TOYOTA HILUX PICKUPS	5,935,858	POTENTIALLY OVERPRICED	484,240
VEHICLES	901724	UAE	TOYOTA HILUX PICKUPS	1,348,511	POTENTIALLY OVERPRICED	330,436
VEHICLES	901988	RUSSIA	TOYOTA HILUX PICKUPS	14,007,124	POTENTIALLY OVERPRICED	2,083,749
VEHICLES	910016	WFP	TOYOTA HILUX PICKUPS	97,444	POTENTIALLY OVERPRICED	15,000
VEHICLES	910412	UNICEF	TOYOTA HILUX PICKUPS	37,289	POTENTIALLY OVERPRICED	3,538
VEHICLES	910420	UNICEF	TOYOTA HILUX PICKUPS	49,433	POTENTIALLY OVERPRICED	3,066
VEHICLES	910430	UNICEF	TOYOTA HILUX PICKUPS	15,875	REASONABLY PRICED	
VEHICLES	910432	UNICEF	TOYOTA HILUX PICKUPS	31,751	REASONABLY PRICED	
VEHICLES	910435	UNICEF	TOYOTA HILUX PICKUPS	49,433	POTENTIALLY OVERPRICED	3,066
VEHICLES	910442	UNICEF	TOYOTA HILUX PICKUPS	12,358	POTENTIALLY OVERPRICED	766
VEHICLES	910443	UNICEF	TOYOTA HILUX PICKUPS	84,535	REASONABLY PRICED	
VEHICLES	910498	UNICEF	TOYOTA HILUX PICKUPS	12,358	POTENTIALLY OVERPRICED	766
VEHICLES	910722	UNICEF	TOYOTA HILUX PICKUPS	47,626	REASONABLY PRICED	
VEHICLES	910733	UNICEF	TOYOTA HILUX PICKUPS	14,244	POTENTIALLY OVERPRICED	2,652
VEHICLES	910734	UNICEF	TOYOTA HILUX PICKUPS	28,488	POTENTIALLY OVERPRICED	5,304
VEHICLES	1101625	EGYPT	TOYOTA HILUX PICKUPS	784,941	POTENTIALLY OVERPRICED	252,441
VEHICLES	630663	UAE	TOYOTA LANDCRUISER	700,000	REASONABLY PRICED	
VEHICLES	710208	WHO	TOYOTA LANDCRUISER	33,887	POTENTIALLY OVERPRICED	6,187
VEHICLES	711149	UNICEF	TOYOTA LANDCRUISER	23,336	POTENTIALLY OVERPRICED	1,701
VEHICLES	810008	UNOPS	TOYOTA LANDCRUISER	286,992	POTENTIALLY OVERPRICED	70,210
VEHICLES	810011	UNOPS	TOYOTA LANDCRUISER	362,507	POTENTIALLY OVERPRICED	20,697
VEHICLES	810338	UNICEF	TOYOTA LANDCRUISER	30,063	REASONABLY PRICED	
VEHICLES	810726	FAO	TOYOTA LANDCRUISER	25,385	POTENTIALLY OVERPRICED	5,144

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VEHICLES	810727	UNICEF	TOYOTA LANDCRUISER	24,075	REASONABLY PRICED	
VEHICLES	811063	WFP	TOYOTA LANDCRUISER	98,565	REASONABLY PRICED	
VEHICLES	811084	UNICEF	TOYOTA LANDCRUISER	20,241	REASONABLY PRICED	
VEHICLES	901987	RUSSIA	TOYOTA LANDCRUISER	16,455,922	POTENTIALLY OVERPRICED	988,210
VEHICLES	910441	UNICEF	TOYOTA LANDCRUISER	22,744	REASONABLY PRICED	
VEHICLES	910444	UNICEF	TOYOTA LANDCRUISER	22,744	REASONABLY PRICED	
VEHICLES	1001312	UAE	TOYOTA LANDCRUISER	3,197,225	POTENTIALLY OVERPRICED	667,733
VEHICLES	1010009	UNOPS	TOYOTA LANDCRUISER	420,355	POTENTIALLY OVERPRICED	62,062
VEHICLES	1100305	LEBANON	TOYOTA LANDCRUISER	1,026,934	REASONABLY PRICED	
VEHICLES	1200051	SYRIA	TOYOTA LANDCRUISER	725,820	POTENTIALLY OVERPRICED	163,139
VEHICLES	1200542	UAE	TOYOTA LANDCRUISER	874,511	POTENTIALLY OVERPRICED	204,018
VEHICLES	1300030	EGYPT	TOYOTA LANDCRUISER	587,569	POTENTIALLY OVERPRICED	154,394
VEHICLES	1300128	RUSSIA	TOYOTA LANDCRUISER	27,742,077	REASONABLY PRICED	
VEHICLES	1310001	UNOPS	TOYOTA LANDCRUISER	163,672	REASONABLY PRICED	
VEHICLES	1310002	UNOPS	TOYOTA LANDCRUISER	78,396	POTENTIALLY OVERPRICED	15,419
VEHICLES	630682	CHINA	TOYOTA MISC TRUCKS	420,000	REASONABLY PRICED	
VEHICLES	710277	WHO	TOYOTA MISC TRUCKS	113,707	POTENTIALLY OVERPRICED	27,732
VEHICLES	710781	UNICEF	TOYOTA MISC TRUCKS	43,899	POTENTIALLY OVERPRICED	12,124
VEHICLES	710799	UNICEF	TOYOTA MISC TRUCKS	58,854	POTENTIALLY OVERPRICED	16,429
VEHICLES	811092	UNICEF	TOYOTA MISC TRUCKS	137,556	POTENTIALLY OVERPRICED	26,629
VEHICLES	811093	UNICEF	TOYOTA MISC TRUCKS	149,907	POTENTIALLY OVERPRICED	25,157
VEHICLES	811095	UNICEF	TOYOTA MISC TRUCKS	56,394	POTENTIALLY OVERPRICED	10,658
VEHICLES	910280	UNOPS	TOYOTA MISC TRUCKS	531,955	POTENTIALLY OVERPRICED	31,959
VEHICLES	1010001	UNOPS	TOYOTA MISC TRUCKS	544,489	POTENTIALLY OVERPRICED	33,220
WATER &	600769	MACEDONIA	COMPACT SEWAGE UNITS	12,600,000	POTENTIALLY OVERPRICED	5,461,800
WATER &	1201670	JORDAN	COMPACT SEWAGE UNITS	15,147,580	REASONABLY PRICED	
WATER &	601799	FRANCE	DREDGER	14,150,000	REASONABLY PRICED	
WATER &	901675	FRANCE	DREDGER	1,753,347	REASONABLY PRICED	
WATER &	1100559	UAE	DREDGER	8,078,740	REASONABLY PRICED	
WATER &	902070	TURKEY	ELECTRO MECHANICAL EQUIPMENT	21,780,000	REASONABLY PRICED	
WATER &	1000941	TURKEY	MECHANICAL EQUIPMENT	19,254,714	INCONCLUSIVE	
WATER &	50720	EGYPT	PIPES & FITTINGS	2,714,000	POTENTIALLY OVERPRICED	462,600
WATER &	600718	EGYPT	PIPES & FITTINGS	10,860,000	POTENTIALLY OVERPRICED	5,605,000
WATER &	600824	TURKEY	PIPES & FITTINGS	9,437,500	REASONABLY PRICED	
WATER &	601348	IRAN	PIPES & FITTINGS	9,000,000	REASONABLY PRICED	
WATER &	800825	TURKEY	PIPES & FITTINGS	3,983,757	POTENTIALLY OVERPRICED	4,399,500
WATER &	810428	UNICEF	PIPES & FITTINGS	69,090	REASONABLY PRICED	
WATER &	810429	UNICEF	PIPES & FITTINGS	479,560	REASONABLY PRICED	
WATER &	810434	UNICEF	PIPES & FITTINGS	81,551	REASONABLY PRICED	

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WATER &	810446	UNICEF	PIPES & FITTINGS	59,337	REASONABLY PRICED	
WATER &	1000942	CHINA	PIPES & FITTINGS	16,122,361	POTENTIALLY OVERPRICED	1,005,961
WATER &	1000948	CHINA	PIPES & FITTINGS	4,772,582	POTENTIALLY OVERPRICED	850,906
WATER &	1001600	JORDAN	PIPES & FITTINGS	10,571,532	REASONABLY PRICED	
WATER &	1200401	TURKEY	PIPES & FITTINGS	6,231,527	POTENTIALLY OVERPRICED	1,006,860
WATER &	1300129	TURKEY	PIPES & FITTINGS	18,922,812	REASONABLY PRICED	
WATER &	1300131	TURKEY	PIPES & FITTINGS	15,262,636	POTENTIALLY OVERPRICED	2,331,000
WATER &	501101	RUSSIA	REHAB OF WATER TREATMENT PLANT	75,519,047	INCONCLUSIVE	
WATER &	901066	SPAIN	SEWAGE NETWORK	16,165,381	INCONCLUSIVE	
WATER &	901046	JORDAN	WATER PUMPS & SPARES	157,813	POTENTIALLY OVERPRICED	94,584
WATER &	1001412	FRANCE	WATER PUMPS & SPARES	4,846,958	INCONCLUSIVE	
WATER &	1001461	FRANCE	WATER PUMPS & SPARES	1,204,666	INCONCLUSIVE	
WATER &	1001462	FRANCE	WATER PUMPS & SPARES	3,722,876	INCONCLUSIVE	
WATER &	1200426	FRANCE	WATER PUMPS & SPARES	14,002,779	INCONCLUSIVE	
WATER &	600859	FRANCE	WATER TREATMENT PLANT/EQUIPMENT	12,600,000	INCONCLUSIVE	
WATER &	601404	INDIA	WATER TREATMENT PLANT/EQUIPMENT	13,448,115	INCONCLUSIVE	
WATER &	1000944	GREECE	WATER TREATMENT PLANT/EQUIPMENT	10,642,631	INCONCLUSIVE	
WATER &	1001204	INDIA	WATER TREATMENT PLANT/EQUIPMENT	10,013,967	REASONABLY PRICED	

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COMM	SECTOR	MISSION	DESCRIPTION	VALUE	CONCLUSION	OVERPRICE
4624	ELECTRICITY	ITALY	REHABILITATION EQUIPMENT/SUPPLIES	50,938,967	INCONCLUSIVE	
4974	HEALTH	RUSSIA	AMBULANCES	1,225,000	REASONABLY PRICED	
50012	FOOD	KENYA	TEA	4,300,000	REASONABLY PRICED	
50035	FOOD	SAUDI ARABIA	WHEAT	42,000,000	REASONABLY PRICED	
50238	FOOD	RUSSIA	WHEAT	3,806,250	POTENTIALLY OVERPRICED	640,516
50249	AGRICULTURE	INDIA	SOY BEAN MEAL	1,666,625	REASONABLY PRICED	
50279	FOOD	EGYPT	VEGETABLE GHEE	14,620,000	POTENTIALLY OVERPRICED	871,497
50517	FOOD	JORDAN	VEGETABLE GHEE	1,710,000	POTENTIALLY OVERPRICED	92,529
50720	WATER &	EGYPT	PIPES & FITTINGS	2,714,000	POTENTIALLY OVERPRICED	462,600
50723	MISCELLANEOUS	CHINA	TELECOMMUNICATIONS EQUIPMENT	28,164,530	POTENTIALLY OVERPRICED	1,066,481
50931	ELECTRICITY	FRANCE	REHABILITATION EQUIPMENT/SUPPLIES	40,397,906	INCONCLUSIVE	
50947	TRANSPORTATION	RUSSIA	RAIL BARS	9,135,000	POTENTIALLY OVERPRICED	2,709,000
501017	HEALTH	GERMANY	MEDICAL EQUIPMENT	17,162,824	POTENTIALLY OVERPRICED	1,762,824
501056	HEALTH	GERMANY	MEDICAL EQUIPMENT	10,632,507	REASONABLY PRICED	
501101	WATER &	RUSSIA	REHAB OF WATER TREATMENT PLANT	75,519,047	INCONCLUSIVE	
501213	TRANSPORTATION	EGYPT	MISC TRANSPORTATION & EQUIPMENT	8,058,750	REASONABLY PRICED	
600073	FOOD	TUNISIA	BABY WEANING CEREAL	1,744,797	REASONABLY PRICED	
600074	FOOD	RUSSIA	WHEAT	5,806,500	REASONABLY PRICED	
600083	FOOD	RUSSIA	WHEAT	5,600,000	REASONABLY PRICED	
600096	FOOD	EGYPT	MILK POWDER	3,561,869	POTENTIALLY OVERPRICED	1,049,369
600097	FOOD	EGYPT	MILK POWDER	2,403,334	POTENTIALLY OVERPRICED	728,334
600159	FOOD	RUSSIA	WHEAT	6,230,000	REASONABLY PRICED	
600197	FOOD	EGYPT	MILK POWDER	12,016,733	POTENTIALLY OVERPRICED	3,641,733
600308	FOOD	SYRIA	SUGAR	7,008,750	REASONABLY PRICED	
600375	FOOD	SYRIA	DETERGENT	1,336,000	POTENTIALLY OVERPRICED	212,540
600378	AGRICULTURE	SYRIA	SPRINKLER IRRIGATION SYSTEMS	11,999,960	POTENTIALLY OVERPRICED	3,116,260
600411	HEAVY EQUIP	BELARUS	TRACTORS & SPARES	3,668,280	REASONABLY PRICED	
600419	FOOD	RUSSIA	WHEAT	9,345,000	REASONABLY PRICED	
600504	FOOD	EGYPT	PULSES	5,176,000	POTENTIALLY OVERPRICED	1,424,000
600597	FOOD	RUSSIA	WHEAT	8,900,000	REASONABLY PRICED	
600637	FOOD	RUSSIA	PULSES	1,268,000	POTENTIALLY OVERPRICED	330,000
600655	HEAVY EQUIP	CHINA	EXCAVATORS	8,419,500	REASONABLY PRICED	
600660	HEAVY EQUIP	ALGERIA	FORKLIFTS	5,318,618	POTENTIALLY OVERPRICED	651,898
600674	FOOD	TURKEY	PULSES	1,346,000	POTENTIALLY OVERPRICED	330,250
600676	FOOD	TURKEY	PULSES	1,891,000	POTENTIALLY OVERPRICED	461,750
600682	HEALTH	FRANCE	STEAM BOILERS	1,439,228	INCONCLUSIVE	
600718	WATER &	EGYPT	PIPES & FITTINGS	10,860,000	POTENTIALLY OVERPRICED	5,605,000

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COMM	SECTOR	MISSION	DESCRIPTION	VALUE	CONCLUSION	OVERPRICE
600760	HOUSING	RUSSIA	REINFORCING DEFORMED BARS	5,500,000	REASONABLY PRICED	
600761	HOUSING	RUSSIA	REINFORCING DEFORMED BARS	5,500,000	REASONABLY PRICED	
600769	WATER &	MACEDONIA	COMPACT SEWAGE UNITS	12,600,000	POTENTIALLY OVERPRICED	5,461,800
600781	FOOD	TURKEY	PULSES	1,591,000	POTENTIALLY OVERPRICED	364,250
600824	WATER &	TURKEY	PIPES & FITTINGS	9,437,500	REASONABLY PRICED	
600859	WATER &	FRANCE	WATER TREATMENT PLANT/EQUIPMENT	12,600,000	INCONCLUSIVE	
600876	EDUCATION	RUSSIA	COMPUTERS & ACCESSORIES	975,000	REASONABLY PRICED	
600894	EDUCATION	UAE	COMPUTERS & ACCESSORIES	1,180,000	REASONABLY PRICED	
600925	FOOD	TURKEY	PULSES	2,590,000	POTENTIALLY OVERPRICED	750,500
600972	ELECTRICITY	CHINA	ALUMINUM BARE WIRE	2,256,485	POTENTIALLY OVERPRICED	533,775
601016	HEAVY EQUIP	RUSSIA	WHEEL LOADERS	3,192,000	REASONABLY PRICED	
601078	ELECTRICITY	CHINA	ALUMINUM BARE WIRE	3,414,000	POTENTIALLY OVERPRICED	501,000
601096	ELECTRICITY	RUSSIA	GENERATORS AND SPARE PARTS	9,916,423	POTENTIALLY OVERPRICED	1,904,424
601143	EDUCATION	INDIA	SPORTS & RECREATIONAL EQUIP	2,900,000	REASONABLY PRICED	
601177	TRANSPORTATION	TURKEY	CRANE EQUIPPED TRUCK	1,783,584	REASONABLY PRICED	
601201	HEALTH	RUSSIA	AMBULANCES	5,700,000	REASONABLY PRICED	
601218	HEAVY EQUIP	EGYPT	TRACTORS & SPARES	701,500	REASONABLY PRICED	
601265	TRANSPORTATION	TURKEY	RAIL BARS	7,344,000	REASONABLY PRICED	
601333	HEAVY EQUIP	BELARUS	MOTOR SCRAPER	7,400,000	REASONABLY PRICED	
601337	HEALTH	FRANCE	MEDICAL EQUIPMENT	9,188,879	POTENTIALLY OVERPRICED	521,262
601341	TRANSPORTATION	EGYPT	FIRE FIGHTING VEHICLES	1,241,842	REASONABLY PRICED	
601348	WATER &	IRAN	PIPES & FITTINGS	9,000,000	REASONABLY PRICED	
601404	WATER &	INDIA	WATER TREATMENT PLANT/EQUIPMENT	13,448,115	INCONCLUSIVE	
601447	AGRICULTURE	CHINA	CASING PIPES & ACCESSORIES	1,320,000	POTENTIALLY OVERPRICED	605,000
601654	ELECTRICITY	RUSSIA	GOODS FOR RESUMPTION OF PROJECT	123,410,840	INCONCLUSIVE	
601663	EDUCATION	FRANCE	COMPUTERS & ACCESSORIES	346,718	POTENTIALLY OVERPRICED	89,298
601778	HEALTH	GERMANY	MEDICAL EQUIPMENT	4,554,883	POTENTIALLY OVERPRICED	766,878
601799	WATER &	FRANCE	DREDGER	14,150,000	REASONABLY PRICED	
601809	TRANSPORTATION	EGYPT	MISC TRANSPORTATION & EQUIPMENT	7,360,005	REASONABLY PRICED	
601825	HEALTH	GERMANY	MEDICAL EQUIPMENT	3,515,260	REASONABLY PRICED	
601909	AGRICULTURE	SYRIA	SPRINKLER IRRIGATION SYSTEMS	4,507,245	REASONABLY PRICED	
601979	HOUSING	TURKEY	TEAKWOOD & WHITE WOOD	4,486,000	REASONABLY PRICED	
602023	ELECTRICITY	RUSSIA	ALUMINUM BARE WIRE	3,336,580	POTENTIALLY OVERPRICED	1,088,980
602071	VEHICLES	UAE	NISSAN MAXIMA	5,241,567	REASONABLY PRICED	
602074	HEALTH	RUSSIA	MEDICAL EQUIPMENT	21,803,444	POTENTIALLY OVERPRICED	5,378,528
602083	HEALTH	RUSSIA	MEDICAL EQUIPMENT	6,128,113	POTENTIALLY OVERPRICED	3,471,445
602084	HEALTH	RUSSIA	MEDICAL EQUIPMENT	5,951,394	REASONABLY PRICED	
602102	VEHICLES	RUSSIA	HYUNDAIS	5,583,275	POTENTIALLY OVERPRICED	418,310

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602103	VEHICLES	UAE	HYUNDAIS	5,164,965	REASONABLY PRICED	
630065	TRANSPORTATION	ITALY	FIRE FIGHTING VEHICLES	555,000	REASONABLY PRICED	
630427	OIL	UAE	PIPELINES & ACCESSORIES	1,000,000	REASONABLY PRICED	
630517	TRANSPORTATION	CHINA	MISC TRANSPORTATION & EQUIPMENT	1,323,850	REASONABLY PRICED	
630663	VEHICLES	UAE	TOYOTA LANDCRUISER	700,000	REASONABLY PRICED	
630682	VEHICLES	CHINA	TOYOTA MISC TRUCKS	420,000	REASONABLY PRICED	
631108	OIL	CHINA	EQUIP & SUPPLIES FOR LPG CYLINDER	12,958,882	INCONCLUSIVE	
631126	TRANSPORTATION	RUSSIA	RENAULT CARGO TRUCKS	136,784	REASONABLY PRICED	
700006	FOOD	VIETNAM	TEA	16,905,000	POTENTIALLY OVERPRICED	1,930,000
700027	FOOD	RUSSIA	WHEAT	8,500,000	REASONABLY PRICED	
700207	FOOD	SAUDI ARABIA	WHEAT	41,250,000	REASONABLY PRICED	
700232	TRANSPORTATION	TUNISIA	MAN TRACTOR WITH SEMI TRAILER	12,619,061	REASONABLY PRICED	
700365	ELECTRICITY	RUSSIA	ALUMINUM BARE WIRE	3,398,000	REASONABLY PRICED	
700384	HOUSING	RUSSIA	REINFORCING DEFORMED BARS	15,975,000	REASONABLY PRICED	
700385	HOUSING	RUSSIA	REINFORCING DEFORMED BARS	15,975,000	REASONABLY PRICED	
700504	AGRICULTURE	CHINA	CASING PIPES & ACCESSORIES	1,365,000	POTENTIALLY OVERPRICED	502,000
700505	AGRICULTURE	CHINA	CASING PIPES & ACCESSORIES	1,691,200	REASONABLY PRICED	
700824	ELECTRICITY	INDIA	GAS TURBINES	98,636,829	INCONCLUSIVE	
700917	VEHICLES	RUSSIA	HYUNDAIS	1,834,800	REASONABLY PRICED	
701030	AGRICULTURE	EGYPT	FEED BARLEY	16,060,000	POTENTIALLY OVERPRICED	3,049,000
701136	TRANSPORTATION	RUSSIA	GAZ CARGO TRUCKS	1,260,000	POTENTIALLY OVERPRICED	496,930
701298	AGRICULTURE	RUSSIA	FEED BARLEY	16,060,000	POTENTIALLY OVERPRICED	3,049,000
701299	AGRICULTURE	RUSSIA	FEED BARLEY	8,030,000	POTENTIALLY OVERPRICED	1,524,500
701425	HEALTH	VIETNAM	AMBULANCE BOAT	1,100,000	REASONABLY PRICED	
701494	HOUSING	UAE	GALVANIZED PIPES	2,180,000	REASONABLY PRICED	
701860	HEAVY EQUIP	JORDAN	FORKLIFTS	1,590,675	POTENTIALLY OVERPRICED	788,740
702011	AGRICULTURE	ITALY	SPRINKLER IRRIGATION SYSTEMS	2,290,000	REASONABLY PRICED	
702089	HEAVY EQUIP	YUGOSLAVIA	CORN HUSKERS	1,468,000	REASONABLY PRICED	
702090	TRANSPORTATION	MALAYSIA	BOATS	600,000	REASONABLY PRICED	
702153	EDUCATION	ITALY	GENERATORS	9,000,000	REASONABLY PRICED	
702154	HEAVY EQUIP	CHINA	EXCAVATORS	10,540,000	REASONABLY PRICED	
702173	VEHICLES	UAE	GM TRUCKS	903,095	REASONABLY PRICED	
702174	VEHICLES	UAE	GM TRUCKS	407,289	REASONABLY PRICED	
702190	HOUSING	UAE	TEAKWOOD & WHITE WOOD	2,500,000	REASONABLY PRICED	
702218	AGRICULTURE	UAE	SPRINKLER IRRIGATION SYSTEMS	1,694,000	POTENTIALLY OVERPRICED	1,023,375
702245	ELECTRICITY	ITALY	DISTRIBUTION TRANSFORMERS	856,289	INCONCLUSIVE	
702289	HEALTH	GERMANY	MEDICAL EQUIPMENT	4,863,520	INCONCLUSIVE	
702313	ELECTRICITY	YUGOSLAVIA	WATER IMPROVEMENT PROJECTS	5,820,000	INCONCLUSIVE	

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702374	ELECTRICITY	RUSSIA	GAS TURBINES	80,034,511	INCONCLUSIVE	
702423	FOOD	MOROCCO	WHEAT	18,372,114	POTENTIALLY OVERPRICED	4,010,114
702482	TRANSPORTATION	FRANCE	PEUGEOT MINI BUS (21 SEATS)	274,995	REASONABLY PRICED	
702584	FOOD	INDIA	WHEAT	7,504,350	POTENTIALLY OVERPRICED	1,709,161
702685	HEAVY EQUIP	INDIA	FORKLIFTS	255,943	REASONABLY PRICED	
702720	FOOD	EGYPT	PULSES	8,020,054	POTENTIALLY OVERPRICED	2,520,054
702770	HEALTH	JORDAN	AIR CONDITIONED WAREHOUSE FOR	10,822,221	REASONABLY PRICED	
702785	HEALTH	RUSSIA	MEDICAL EQUIPMENT	18,957,606	POTENTIALLY OVERPRICED	7,957,610
702787	HOUSING	SYRIA	BATH ROOM SETS	2,370,000	POTENTIALLY OVERPRICED	837,500
702790	VEHICLES	SPAIN	FIAT DUCATO PICKUP	5,628,093	REASONABLY PRICED	
702796	AGRICULTURE	SAUDI ARABIA	PVC PIPES & FITTINGS	266,792	REASONABLY PRICED	
702907	VEHICLES	UAE	TOYOTA DYNA TRUCKS	3,646,764	POTENTIALLY OVERPRICED	741,004
702908	FOOD	UAE	MILK POWDER	1,031,458	POTENTIALLY OVERPRICED	243,958
710089	VEHICLES	UNDP	NISSAN PATROL STATION WAGONS	57,352	POTENTIALLY OVERPRICED	19,139
710208	VEHICLES	WHO	TOYOTA LANDCRUISER	33,887	POTENTIALLY OVERPRICED	6,187
710225	VEHICLES	WHO	TOYOTA HILUX PICKUPS	42,271	POTENTIALLY OVERPRICED	5,686
710229	VEHICLES	WHO	TOYOTA HILUX PICKUPS	21,136	POTENTIALLY OVERPRICED	2,843
710234	VEHICLES	WHO	TOYOTA HILUX PICKUPS	42,271	POTENTIALLY OVERPRICED	5,686
710238	VEHICLES	WHO	TOYOTA HILUX PICKUPS	40,740	POTENTIALLY OVERPRICED	2,582
710277	VEHICLES	WHO	TOYOTA MISC TRUCKS	113,707	POTENTIALLY OVERPRICED	27,732
710555	AGRICULTURE	FAO	DRILLING RIG	20,090,228	REASONABLY PRICED	
710647	VEHICLES	FAO	TOYOTA HILUX PICKUPS	359,012	POTENTIALLY OVERPRICED	44,707
710713	VEHICLES	FAO	TOYOTA DYNA TRUCKS	109,355	REASONABLY PRICED	
710725	VEHICLES	UNICEF	NISSAN PATROL STATION WAGONS	41,120	REASONABLY PRICED	
710773	VEHICLES	UNICEF	TOYOTA HILUX PICKUPS	18,105	POTENTIALLY OVERPRICED	3,309
710774	VEHICLES	UNICEF	TOYOTA HILUX PICKUPS	72,421	POTENTIALLY OVERPRICED	13,237
710781	VEHICLES	UNICEF	TOYOTA MISC TRUCKS	43,899	POTENTIALLY OVERPRICED	12,124
710799	VEHICLES	UNICEF	TOYOTA MISC TRUCKS	58,854	POTENTIALLY OVERPRICED	16,429
710876	ELECTRICITY	UNDP	SUBSTATION EQUIPMENT AND MATERIALS	17,214,133	INCONCLUSIVE	
710883	TRANSPORTATION	UNESCO	NISSAN MINI BUS (21 SEATS)	63,614	REASONABLY PRICED	
710884	TRANSPORTATION	UNESCO	ISUZU TRUCKS	184,979	REASONABLY PRICED	
710885	TRANSPORTATION	UNESCO	NISSAN BUSES AND TRUCKS	144,236	REASONABLY PRICED	
710886	TRANSPORTATION	UNESCO	ISUZU TRUCKS	82,065	REASONABLY PRICED	
710972	VEHICLES	UNESCO	NISSAN PICKUPS	234,153	POTENTIALLY OVERPRICED	28,588
710974	TRANSPORTATION	UNESCO	NISSAN BUSES AND TRUCKS	1,475,591	POTENTIALLY OVERPRICED	82,537
711008	VEHICLES	UNICEF	NISSAN PATROL STATION WAGONS	61,680	REASONABLY PRICED	
711132	VEHICLES	UNDP	TOYOTA HILUX PICKUPS	357,432	POTENTIALLY OVERPRICED	26,548
711149	VEHICLES	UNICEF	TOYOTA LANDCRUISER	23,336	POTENTIALLY OVERPRICED	1,701

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730445	OIL	CHINA	MOBILE HYDRAULIC CRANES	293,000	REASONABLY PRICED	
730661	OIL	FRANCE	PIPELINES & ACCESSORIES	11,000,000	REASONABLY PRICED	
730711	OIL	RUSSIA	PIPELINES & ACCESSORIES	1,395,000	REASONABLY PRICED	
730770	OIL	TUNISIA	WATER TREATMENT PLANT/EQUIPMENT	51,932,155	REASONABLY PRICED	
730812	VEHICLES	UAE	TOYOTA HILUX PICKUPS	1,389,068	REASONABLY PRICED	
730897	OIL	CHINA	ZUBAIR GAS PROJECT	17,233,018	POTENTIALLY OVERPRICED	7,676,770
730939	HEAVY EQUIP	CHINA	FORKLIFTS	174,746	POTENTIALLY OVERPRICED	15,886
731008	HEALTH	RUSSIA	AMBULANCES	65,053	REASONABLY PRICED	
800019	FOOD	JORDAN	SUGAR	3,740,625	REASONABLY PRICED	
800021	FOOD	RUSSIA	WHEAT	35,000,000	REASONABLY PRICED	
800085	FOOD	EGYPT	PULSES	12,125,000	POTENTIALLY OVERPRICED	3,449,000
800137	FOOD	SAUDI ARABIA	WHEAT	18,690,000	POTENTIALLY OVERPRICED	1,464,930
800146	AGRICULTURE	UAE	SOY BEAN MEAL	4,009,500	POTENTIALLY OVERPRICED	694,500
800158	FOOD	TUNISIA	MILK POWDER	14,326,644	POTENTIALLY OVERPRICED	1,126,644
800170	AGRICULTURE	INDIA	SOY BEAN MEAL	3,795,000	POTENTIALLY OVERPRICED	622,500
800180	HOUSING	TUNISIA	BATH ROOM SETS	725,000	REASONABLY PRICED	
800329	AGRICULTURE	BULGARIA	SPRINKLER IRRIGATION SYSTEMS	13,020,000	POTENTIALLY OVERPRICED	3,524,739
800332	AGRICULTURE	JORDAN	CASING PIPES & ACCESSORIES	1,148,070	POTENTIALLY OVERPRICED	127,800
800352	FOOD	EGYPT	PULSES	7,462,500	POTENTIALLY OVERPRICED	2,131,000
800441	FOOD	RUSSIA	WHEAT	8,887,500	REASONABLY PRICED	
800486	HOUSING	TUNISIA	CERAMIC TILES	1,122,000	REASONABLY PRICED	
800526	AGRICULTURE	EGYPT	CORN	4,554,000	POTENTIALLY OVERPRICED	729,000
800530	HOUSING	TUNISIA	BATH ROOM SETS	2,900,000	REASONABLY PRICED	
800658	TRANSPORTATION	UAE	KASTOUR/MAN BUSES (45 SEATS)	9,922,000	REASONABLY PRICED	
800729	HEALTH	TURKEY	AMBULANCES	84,584	REASONABLY PRICED	
800746	HOUSING	TUNISIA	BATH ROOM SETS	725,000	REASONABLY PRICED	
800754	HOUSING	MOROCCO	REINFORCING DEFORMED BARS	13,750,000	POTENTIALLY OVERPRICED	3,100,000
800783	AGRICULTURE	FRANCE	BROILER/LAYER PROTEIN CONCENTRATE	1,858,481	POTENTIALLY OVERPRICED	203,481
800784	AGRICULTURE	FRANCE	BROILER/LAYER PROTEIN CONCENTRATE	4,206,945	POTENTIALLY OVERPRICED	1,096,945
800806	FOOD	INDIA	WHEAT	7,624,050	POTENTIALLY OVERPRICED	1,828,861
800813	FOOD	CHINA	MILK POWDER	7,202,905	POTENTIALLY OVERPRICED	527,905
800825	WATER &	TURKEY	PIPES & FITTINGS	3,983,757	POTENTIALLY OVERPRICED	4,399,500
800829	VEHICLES	TURKEY	HYUNDAIS	729,676	POTENTIALLY OVERPRICED	136,771
800901	FOOD	INDIA	WHEAT	7,504,350	POTENTIALLY OVERPRICED	1,709,161
800928	HEAVY EQUIP	RUSSIA	BULLDOZERS	1,499,090	REASONABLY PRICED	
800960	FOOD	INDIA	WHEAT	15,008,700	POTENTIALLY OVERPRICED	3,418,322
800961	FOOD	INDIA	WHEAT	7,504,350	POTENTIALLY OVERPRICED	1,709,161
800974	HOUSING	SYRIA	BATH ROOM SETS	6,030,000	POTENTIALLY OVERPRICED	1,432,500

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800975	HOUSING	SYRIA	CERAMIC TILES	7,460,000	REASONABLY PRICED	
801061	TRANSPORTATION	RUSSIA	VOLVO TRUCKS	20,705,344	REASONABLY PRICED	
801103	HOUSING	INDONESIA	TEAKWOOD & WHITE WOOD	6,365,107	POTENTIALLY OVERPRICED	1,365,107
801150	ELECTRICITY	ITALY	WATER IMPROVEMENT PROJECTS	24,544,500	INCONCLUSIVE	
801158	HOUSING	JORDAN	REINFORCING DEFORMED BARS	13,200,000	POTENTIALLY OVERPRICED	2,550,000
801159	HOUSING	JORDAN	CERAMIC TILES	5,040,000	REASONABLY PRICED	
801293	HEAVY EQUIP	RUSSIA	WHEEL LOADERS	2,852,196	REASONABLY PRICED	-
801314	VEHICLES	UAE	TOYOTA HILUX PICKUPS	3,274,129	REASONABLY PRICED	
801328	HOUSING	TUNISIA	BATH ROOM SETS	780,000	REASONABLY PRICED	
801336	HOUSING	JORDAN	REINFORCING DEFORMED BARS	5,313,300	POTENTIALLY OVERPRICED	1,074,600
801381	HEALTH	SWEDEN	AMBULANCES	16,669,359	POTENTIALLY OVERPRICED	4,463,930
801383	TRANSPORTATION	AUSTRIA	RAIL CARS	1,380,710	REASONABLY PRICED	
801479	ELECTRICITY	RUSSIA	GOODS FOR RESUMPTION OF PROJECT	147,526,110	INCONCLUSIVE	
801482	HEAVY EQUIP	UAE	WHEEL LOADERS	21,070,680	REASONABLY PRICED	
801535	HOUSING	TUNISIA	CERAMIC TILES	1,034,000	REASONABLY PRICED	
801547	ELECTRICITY	CHINA	WATER IMPROVEMENT PROJECTS	109,990,156	INCONCLUSIVE	
801598	TRANSPORTATION	EGYPT	IVECO MINI BUS (29 SEATS)	13,364,360	REASONABLY PRICED	
801637	HEAVY EQUIP	RUSSIA	MISC CONSTRUCTION EQUIPMENT	5,880,913	REASONABLY PRICED	
801638	HEAVY EQUIP	RUSSIA	MISC CONSTRUCTION EQUIPMENT	7,996,324	REASONABLY PRICED	
801655	ELECTRICITY	TURKEY	REHABILITATION OF DISTRIBUTION NETWORK	14,580,995	POTENTIALLY OVERPRICED	4,932,532
801660	HEALTH	FRANCE	AMBULANCES	10,791,194	REASONABLY PRICED	
801677	VEHICLES	UAE	NISSAN PICKUPS	3,156,738	POTENTIALLY OVERPRICED	412,987
801708	VEHICLES	UAE	TOYOTA DYNA TRUCKS	3,929,871	POTENTIALLY OVERPRICED	297,671
801773	TRANSPORTATION	CHINA	BOATS	12,361,471	REASONABLY PRICED	
801777	HEAVY EQUIP	CHINA	EXCAVATORS	11,714,007	REASONABLY PRICED	
801801	VEHICLES	UAE	NISSAN PICKUPS	1,585,710	POTENTIALLY OVERPRICED	207,454
801934	FOOD	UAE	WHEAT	7,525,700	POTENTIALLY OVERPRICED	1,730,511
801967	AGRICULTURE	RUSSIA	SPRINKLER IRRIGATION SYSTEMS	9,557,854	POTENTIALLY OVERPRICED	4,296,917
802016	TRANSPORTATION	SYRIA	TOYOTA COASTER BUSES (26 SEATS)	20,997,000	POTENTIALLY OVERPRICED	5,982,000
802109	HEAVY EQUIP	UAE	FORKLIFTS	4,521,594	POTENTIALLY OVERPRICED	1,243,295
802110	HEAVY EQUIP	UAE	WHEEL LOADERS	8,005,092	REASONABLY PRICED	
802192	TRANSPORTATION	TURKEY	RAIL BARS	9,825,000	POTENTIALLY OVERPRICED	2,175,000
802203	HEAVY EQUIP	UAE	BULLDOZERS	38,848,671	POTENTIALLY OVERPRICED	3,483,285
802315	MISCELLANEOUS	INDIA	POLYESTER FIBER	1,167,442	POTENTIALLY OVERPRICED	46,821
802344	ELECTRICITY	BELARUS	DISTRIBUTION TRANSFORMERS	1,037,031	REASONABLY PRICED	
802446	AGRICULTURE	SPAIN	POULTRY FARMS	2,398,969	REASONABLY PRICED	
802460	HEAVY EQUIP	UAE	MOTOR SCRAPER	10,017,239	REASONABLY PRICED	
802524	VEHICLES	JORDAN	GM TRUCKS	3,066,238	POTENTIALLY OVERPRICED	249,095

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802552	AGRICULTURE	UAE	STEEL SCAFFOLDING	10,407,341	REASONABLY PRICED	
802670	TRANSPORTATION	CHINA	FIRE FIGHTING VEHICLES	1,092,684	REASONABLY PRICED	
802828	TRANSPORTATION	EGYPT	WATER TANKERS	305,528	REASONABLY PRICED	
810008	VEHICLES	UNOPS	TOYOTA LANDCRUISER	286,992	POTENTIALLY OVERPRICED	70,210
810011	VEHICLES	UNOPS	TOYOTA LANDCRUISER	362,507	POTENTIALLY OVERPRICED	20,697
810338	VEHICLES	UNICEF	TOYOTA LANDCRUISER	30,063	REASONABLY PRICED	
810428	WATER &	UNICEF	PIPES & FITTINGS	69,090	REASONABLY PRICED	
810429	WATER &	UNICEF	PIPES & FITTINGS	479,560	REASONABLY PRICED	
810434	WATER &	UNICEF	PIPES & FITTINGS	81,551	REASONABLY PRICED	
810446	WATER &	UNICEF	PIPES & FITTINGS	59,337	REASONABLY PRICED	
810726	VEHICLES	FAO	TOYOTA LANDCRUISER	25,385	POTENTIALLY OVERPRICED	5,144
810727	VEHICLES	UNICEF	TOYOTA LANDCRUISER	24,075	REASONABLY PRICED	
810775	TRANSPORTATION	UNICEF	TOYOTA COASTER BUSES (26 SEATS)	67,600	POTENTIALLY OVERPRICED	4,140
811063	VEHICLES	WFP	TOYOTA LANDCRUISER	98,565	REASONABLY PRICED	
811084	VEHICLES	UNICEF	TOYOTA LANDCRUISER	20,241	REASONABLY PRICED	
811087	VEHICLES	UNICEF	TOYOTA HILUX PICKUPS	19,428	REASONABLY PRICED	
811088	VEHICLES	UNICEF	TOYOTA HILUX PICKUPS	34,746	REASONABLY PRICED	
811090	VEHICLES	UNICEF	TOYOTA HILUX PICKUPS	34,746	REASONABLY PRICED	
811091	VEHICLES	UNICEF	TOYOTA HILUX PICKUPS	19,428	REASONABLY PRICED	
811092	VEHICLES	UNICEF	TOYOTA MISC TRUCKS	137,556	POTENTIALLY OVERPRICED	26,629
811093	VEHICLES	UNICEF	TOYOTA MISC TRUCKS	149,907	POTENTIALLY OVERPRICED	25,157
811095	VEHICLES	UNICEF	TOYOTA MISC TRUCKS	56,394	POTENTIALLY OVERPRICED	10,658
811111	HEAVY EQUIP	UNDP	FORKLIFTS	1,139,980	REASONABLY PRICED	
811150	TRANSPORTATION	UNDP	MITSUBISHI FLAT BED TRUCKS	1,902,534	POTENTIALLY OVERPRICED	171,041
811168	TRANSPORTATION	UNDP	ISUZU TRUCKS	670,867	REASONABLY PRICED	
811169	HEAVY EQUIP	UN HABITAT	MISC CONSTRUCTION EQUIPMENT	12,654,298	REASONABLY PRICED	
811178	VEHICLES	UNICEF	TOYOTA HILUX PICKUPS	34,746	REASONABLY PRICED	
811179	VEHICLES	UNICEF	TOYOTA HILUX PICKUPS	69,492	REASONABLY PRICED	
811180	VEHICLES	UNICEF	TOYOTA HILUX PICKUPS	121,611	REASONABLY PRICED	
811256	VEHICLES	UNICEF	NISSAN PATROL STATION WAGONS	79,845	REASONABLY PRICED	
811257	VEHICLES	UNICEF	NISSAN PATROL STATION WAGONS	39,922	REASONABLY PRICED	
811302	HEALTH	WHO	AMBULANCES	184,719	REASONABLY PRICED	
811303	HEALTH	WHO	AMBULANCES	236,212	REASONABLY PRICED	
811304	HEALTH	WHO	AMBULANCES	269,957	REASONABLY PRICED	
811313	VEHICLES	WHO	TOYOTA HILUX PICKUPS	114,561	POTENTIALLY OVERPRICED	6,598
811314	VEHICLES	WHO	TOYOTA HILUX PICKUPS	113,630	REASONABLY PRICED	
811315	VEHICLES	WHO	TOYOTA HILUX PICKUPS	171,842	POTENTIALLY OVERPRICED	9,898
811316	VEHICLES	WHO	TOYOTA HILUX PICKUPS	210,029	POTENTIALLY OVERPRICED	12,097

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811317	VEHICLES	WHO	TOYOTA HILUX PICKUPS	18,938	REASONABLY PRICED	
811318	VEHICLES	WHO	TOYOTA HILUX PICKUPS	19,094	POTENTIALLY OVERPRICED	1,100
811319	VEHICLES	WHO	TOYOTA HILUX PICKUPS	38,187	POTENTIALLY OVERPRICED	2,200
811320	VEHICLES	WHO	TOYOTA HILUX PICKUPS	76,375	POTENTIALLY OVERPRICED	4,399
811547	VEHICLES	UNICEF	TOYOTA HILUX PICKUPS	157,256	POTENTIALLY OVERPRICED	16,625
811605	VEHICLES	UNDP	TOYOTA HILUX PICKUPS	189,879	REASONABLY PRICED	
830077	OIL	DENMARK	OIL FIELD TRUCK	1,749,312	POTENTIALLY OVERPRICED	521,439
830081	ELECTRICITY	BELGIUM	SUBSTATION EQUIPMENT AND MATERIALS	5,438,164	REASONABLY PRICED	
830227	OIL	UAE	PIPELINES & ACCESSORIES	876,803	REASONABLY PRICED	
830228	OIL	JORDAN	PIPELINES & ACCESSORIES	7,347,896	POTENTIALLY OVERPRICED	330,800
830240	OIL	TUNISIA	STEAM TURBINES	16,279,320	INCONCLUSIVE	
830242	OIL	LEBANON	PIPELINES & ACCESSORIES	24,252,703	REASONABLY PRICED	
830302	OIL	RUSSIA	PIPELINES & ACCESSORIES	15,598,226	POTENTIALLY OVERPRICED	698,400
830418	OIL	MALAYSIA	PIPELINES & ACCESSORIES	52,715,563	REASONABLY PRICED	
830424	OIL	JORDAN	REHAB OF GAS COMPRESSION LINES	12,239,503	REASONABLY PRICED	
830449	OIL	TUNISIA	PUMPS & SPARES	3,019,332	POTENTIALLY OVERPRICED	304,384
830768	OIL	UAE	PIPELINES & ACCESSORIES	3,282,445	POTENTIALLY OVERPRICED	738,000
830869	HEAVY EQUIP	GERMANY	FORKLIFTS	647,102	REASONABLY PRICED	
900014	FOOD	RUSSIA	WHEAT	20,596,000	POTENTIALLY OVERPRICED	7,933,465
900020	HOUSING	PAKISTAN	WOODEN DOORS	12,474,358	REASONABLY PRICED	
900032	HOUSING	JORDAN	WOODEN DOORS	12,474,358	REASONABLY PRICED	
900034	HOUSING	PAKISTAN	BATH ROOM SETS	3,500,000	POTENTIALLY OVERPRICED	435,000
900037	FOOD	RUSSIA	WHEAT	10,298,000	POTENTIALLY OVERPRICED	2,285,465
900044	FOOD	EGYPT	SUGAR	8,892,759	POTENTIALLY OVERPRICED	1,117,720
900045	FOOD	EGYPT	SUGAR	8,892,759	POTENTIALLY OVERPRICED	1,117,720
900047	FOOD	INDIA	WHEAT	7,208,600	POTENTIALLY OVERPRICED	1,086,861
900055	HOUSING	SYRIA	WOODEN DOORS	11,267,163	REASONABLY PRICED	
900056	HOUSING	SYRIA	WOODEN DOORS	11,267,163	REASONABLY PRICED	
900064	VEHICLES	UAE	NISSAN PICKUPS	11,908,638	POTENTIALLY OVERPRICED	774,859
900069	AGRICULTURE	ITALY	POULTRY FARMS	4,803,787	REASONABLY PRICED	
900109	HOUSING	SYRIA	WOODEN DOORS	12,033,179	REASONABLY PRICED	
900121	FOOD	JORDAN	SUGAR	4,289,125	POTENTIALLY OVERPRICED	401,605
900142	FOOD	UAE	WHEAT	19,868,000	POTENTIALLY OVERPRICED	2,377,317
900143	FOOD	UAE	SUGAR	8,574,337	POTENTIALLY OVERPRICED	596,750
900151	ELECTRICITY	SWITZERLAND	GAS TURBINES	75,651,870	POTENTIALLY OVERPRICED	8,391,226
900209	HOUSING	TUNISIA	WOODEN DOORS	12,033,179	REASONABLY PRICED	
900304	HOUSING	TUNISIA	BATH ROOM SETS	410,000	REASONABLY PRICED	
900306	HOUSING	TUNISIA	BATH ROOM SETS	420,000	REASONABLY PRICED	

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900307	HOUSING	TUNISIA	CERAMIC TILES	978,000	REASONABLY PRICED	
900358	FOOD	UAE	WHEAT	7,040,600	POTENTIALLY OVERPRICED	918,861
900417	HOUSING	TUNISIA	CERAMIC TILES	978,000	REASONABLY PRICED	
900419	HOUSING	MALAYSIA	TEAKWOOD & WHITE WOOD	6,587,914	POTENTIALLY OVERPRICED	1,587,914
900446	VEHICLES	TUNISIA	OPEL ASTRA	91,516,724	REASONABLY PRICED	
900452	FOOD	EGYPT	PULSES	5,648,702	POTENTIALLY OVERPRICED	1,768,702
900466	FOOD	EGYPT	PULSES	7,427,216	POTENTIALLY OVERPRICED	2,332,216
900510	HEAVY EQUIP	JORDAN	WHEEL LOADERS	6,225,977	REASONABLY PRICED	
900525	TRANSPORTATION	LEBANON	TOYOTA COASTER BUSES (26 SEATS)	331,358	REASONABLY PRICED	
900655	HOUSING	RUSSIA	REINFORCING DEFORMED BARS	24,900,000	POTENTIALLY OVERPRICED	3,600,000
900738	AGRICULTURE	EGYPT	GENERATING SET & SPARES	800,150	REASONABLY PRICED	
900757	AGRICULTURE	ITALY	SPRINKLER IRRIGATION SYSTEMS	4,475,000	POTENTIALLY OVERPRICED	893,500
900778	ELECTRICITY	RUSSIA	WATER IMPROVEMENT PROJECTS	21,758,711	INCONCLUSIVE	
900780	HEALTH	JORDAN	MEDICAL SUPPLIES	12,210,514	REASONABLY PRICED	
900784	EDUCATION	JORDAN	COMPUTERS & ACCESSORIES	1,750,214	POTENTIALLY OVERPRICED	125,214
900856	HOUSING	TUNISIA	CERAMIC TILES	479,000	REASONABLY PRICED	
900977	HOUSING	TUNISIA	CERAMIC TILES	934,000	REASONABLY PRICED	
901006	HOUSING	TUNISIA	CERAMIC TILES	958,000	REASONABLY PRICED	
901046	WATER &	JORDAN	WATER PUMPS & SPARES	157,813	POTENTIALLY OVERPRICED	94,584
901066	WATER &	SPAIN	SEWAGE NETWORK	16,165,381	INCONCLUSIVE	
901150	HEAVY EQUIP	JORDAN	WHEEL LOADERS	11,893,162	REASONABLY PRICED	
901271	HEALTH	FRANCE	MEDICINE	823,044	INCONCLUSIVE	
901292	HOUSING	PAKISTAN	DESIGN AND CONSTRUCTION OF HOUSING	8,492,735	REASONABLY PRICED	
901306	AGRICULTURE	EGYPT	SPRINKLER IRRIGATION SYSTEMS	11,792,908	POTENTIALLY OVERPRICED	2,936,810
901312	TRANSPORTATION	EGYPT	TIPPER (DUMP) TRUCKS	3,792,942	REASONABLY PRICED	
901345	TRANSPORTATION	RUSSIA	IZH PLANETA MOTORCYCLES	2,889,115	REASONABLY PRICED	
901396	HEAVY EQUIP	EGYPT	WHEEL LOADERS	6,093,417	REASONABLY PRICED	
901566	HEALTH	UK	MEDICINE	9,075,118	REASONABLY PRICED	
901580	VEHICLES	LEBANON	TOYOTA DYNA TRUCKS	281,909	POTENTIALLY OVERPRICED	100,299
901671	VEHICLES	LEBANON	TOYOTA HILUX PICKUPS	5,935,858	POTENTIALLY OVERPRICED	484,240
901672	TRANSPORTATION	LEBANON	TOYOTA COASTER BUSES (26 SEATS)	943,967	REASONABLY PRICED	
901675	WATER &	FRANCE	DREDGER	1,753,347	REASONABLY PRICED	
901724	VEHICLES	UAE	TOYOTA HILUX PICKUPS	1,348,511	POTENTIALLY OVERPRICED	330,436
901788	HOUSING	MALAYSIA	TEAKWOOD & WHITE WOOD	6,507,090	REASONABLY PRICED	
901800	TRANSPORTATION	RUSSIA	TIPPER (DUMP) TRUCKS	2,564,997	POTENTIALLY OVERPRICED	247,410
901916	HEALTH	GERMANY	MEDICAL SUPPLIES	2,031,000	REASONABLY PRICED	
901945	EDUCATION	EGYPT	PROJECTORS	1,366,400	REASONABLY PRICED	
901976	EDUCATION	JORDAN	PHOTOCOPY MACHINES	10,891,785	POTENTIALLY OVERPRICED	4,977,550

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901987	VEHICLES	RUSSIA	TOYOTA LANDCRUISER	16,455,922	POTENTIALLY OVERPRICED	988,210
901988	VEHICLES	RUSSIA	TOYOTA HILUX PICKUPS	14,007,124	POTENTIALLY OVERPRICED	2,083,749
901995	EDUCATION	JORDAN	PRINTING EQUIPMENT AND SUPPLIES	1,833,920	POTENTIALLY OVERPRICED	289,569
902033	AGRICULTURE	ITALY	PESTICIDE	451,209	INCONCLUSIVE	
902034	TRANSPORTATION	RUSSIA	IMZ URAL "GEAR-UP" MOTORCYCLES WITH	10,052,685	REASONABLY PRICED	
902041	VEHICLES	UAE	NISSAN PATROL STATION WAGONS	12,332,031	REASONABLY PRICED	
902053	ELECTRICITY	UAE	WATER IMPROVEMENT PROJECTS	34,706,508	INCONCLUSIVE	
902070	WATER &	TURKEY	ELECTRO MECHANICAL EQUIPMENT	21,780,000	REASONABLY PRICED	
902072	TRANSPORTATION	RUSSIA	WATER TANKERS	728,880	REASONABLY PRICED	
902097	VEHICLES	RUSSIA	NISSAN PICKUPS	487,604	POTENTIALLY OVERPRICED	51,323
902100	FOOD	MALAYSIA	VEGETABLE GHEE	1,008,514	POTENTIALLY OVERPRICED	208,618
902128	FOOD	OMAN	BABY WEANING CEREAL	409,858	REASONABLY PRICED	
910016	VEHICLES	WFP	TOYOTA HILUX PICKUPS	97,444	POTENTIALLY OVERPRICED	15,000
910165	TRANSPORTATION	UNICEF	VOLVO TRUCKS	67,959	POTENTIALLY OVERPRICED	8,509
910166	TRANSPORTATION	UNICEF	VOLVO TRUCKS	67,959	POTENTIALLY OVERPRICED	8,509
910167	TRANSPORTATION	UNICEF	VOLVO TRUCKS	337,998	REASONABLY PRICED	
910168	TRANSPORTATION	UNICEF	NISSAN MINI BUS (26 SEATS)	29,054	REASONABLY PRICED	
910169	TRANSPORTATION	UNICEF	NISSAN MINI BUS (26 SEATS)	58,108	REASONABLY PRICED	
910170	TRANSPORTATION	UNICEF	NISSAN MINI BUS (26 SEATS)	116,216	REASONABLY PRICED	
910171	TRANSPORTATION	UNICEF	NISSAN MINI BUS (26 SEATS)	87,162	REASONABLY PRICED	
910172	TRANSPORTATION	UNICEF	NISSAN MINI BUS (26 SEATS)	87,162	REASONABLY PRICED	
910173	TRANSPORTATION	UNICEF	NISSAN MINI BUS (26 SEATS)	29,054	REASONABLY PRICED	
910174	TRANSPORTATION	UNICEF	NISSAN MINI BUS (26 SEATS)	29,054	REASONABLY PRICED	
910230	TRANSPORTATION	UNICEF	VOLVO TRUCKS	87,142	REASONABLY PRICED	
910231	TRANSPORTATION	UNICEF	TIPPER (DUMP) TRUCKS	142,952	REASONABLY PRICED	
910232	TRANSPORTATION	UNICEF	TIPPER (DUMP) TRUCKS	214,428	REASONABLY PRICED	
910280	VEHICLES	UNOPS	TOYOTA MISC TRUCKS	531,955	POTENTIALLY OVERPRICED	31,959
910322	TRANSPORTATION	UNICEF	TIPPER (DUMP) TRUCKS	391,930	REASONABLY PRICED	
910412	VEHICLES	UNICEF	TOYOTA HILUX PICKUPS	37,289	POTENTIALLY OVERPRICED	3,538
910420	VEHICLES	UNICEF	TOYOTA HILUX PICKUPS	49,433	POTENTIALLY OVERPRICED	3,066
910430	VEHICLES	UNICEF	TOYOTA HILUX PICKUPS	15,875	REASONABLY PRICED	
910432	VEHICLES	UNICEF	TOYOTA HILUX PICKUPS	31,751	REASONABLY PRICED	
910435	VEHICLES	UNICEF	TOYOTA HILUX PICKUPS	49,433	POTENTIALLY OVERPRICED	3,066
910441	VEHICLES	UNICEF	TOYOTA LANDCRUISER	22,744	REASONABLY PRICED	
910442	VEHICLES	UNICEF	TOYOTA HILUX PICKUPS	12,358	POTENTIALLY OVERPRICED	766
910443	VEHICLES	UNICEF	TOYOTA HILUX PICKUPS	84,535	REASONABLY PRICED	
910444	VEHICLES	UNICEF	TOYOTA LANDCRUISER	22,744	REASONABLY PRICED	
910498	VEHICLES	UNICEF	TOYOTA HILUX PICKUPS	12,358	POTENTIALLY OVERPRICED	766

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910590	VEHICLES	UNICEF	NISSAN PATROL STATION WAGONS	119,767	REASONABLY PRICED	
910666	VEHICLES	UNICEF	NISSAN PICKUPS	14,573	POTENTIALLY OVERPRICED	3,690
910667	VEHICLES	UNICEF	NISSAN PICKUPS	29,146	POTENTIALLY OVERPRICED	7,380
910668	VEHICLES	UNICEF	NISSAN PICKUPS	14,573	POTENTIALLY OVERPRICED	3,690
910669	VEHICLES	UNICEF	NISSAN PICKUPS	14,573	POTENTIALLY OVERPRICED	3,690
910670	VEHICLES	UNICEF	NISSAN PICKUPS	29,146	POTENTIALLY OVERPRICED	7,380
910722	VEHICLES	UNICEF	TOYOTA HILUX PICKUPS	47,626	REASONABLY PRICED	
910733	VEHICLES	UNICEF	TOYOTA HILUX PICKUPS	14,244	POTENTIALLY OVERPRICED	2,652
910734	VEHICLES	UNICEF	TOYOTA HILUX PICKUPS	28,488	POTENTIALLY OVERPRICED	5,304
910772	AGRICULTURE	FAO	LIFE JACKETS	12,605	REASONABLY PRICED	
910773	AGRICULTURE	FAO	BOATS	34,675	POTENTIALLY OVERPRICED	2,685
910774	AGRICULTURE	FAO	LIFE JACKETS	1,387	REASONABLY PRICED	
910779	AGRICULTURE	FAO	BOATS	37,120	POTENTIALLY OVERPRICED	8,524
910780	AGRICULTURE	FAO	WATERPROOF OVERALLS	4,261	REASONABLY PRICED	
910794	FOOD	WFP	HIGH ENERGY BISCUITS	5,091,621	REASONABLY PRICED	
930037	OIL	INDIA	LPG CYLINDERS	9,476,607	REASONABLY PRICED	
930038	OIL	INDIA	LPG CYLINDERS	9,476,607	REASONABLY PRICED	
930089	OIL	LEBANON	LPG CYLINDERS	9,452,308	REASONABLY PRICED	
930090	OIL	LEBANON	LPG CYLINDERS	9,452,308	REASONABLY PRICED	
930094	OIL	RUSSIA	PIPELINES & ACCESSORIES	38,154,104	POTENTIALLY OVERPRICED	1,450,758
930112	OIL	RUSSIA	FLOATING ROOF STORAGE TANKS	11,464,315	INCONCLUSIVE	
930127	OIL	RUSSIA	PIPELINES & ACCESSORIES	2,860,200	POTENTIALLY OVERPRICED	541,800
930172	OIL	UAE	PIPELINES & ACCESSORIES	4,738,816	POTENTIALLY OVERPRICED	415,325
930181	OIL	BELGIUM	HOT ROLLED CARBON STEEL COILS	28,659,743	REASONABLY PRICED	
930300	OIL	SPAIN	PRODUCTION LINES FOR LPG CYLINDERS	9,360,842	POTENTIALLY OVERPRICED	2,240,842
930577	VEHICLES	LEBANON	NISSAN PICKUPS	2,515,527	POTENTIALLY OVERPRICED	351,969
930611	OIL	GERMANY	SOLAR POWER GENERATORS & ACCESSORIES	13,398,143	INCONCLUSIVE	
930618	OIL	CHINA	LPG CYLINDERS	9,564,466	REASONABLY PRICED	
1000109	FOOD	RUSSIA	WHEAT	21,450,525	POTENTIALLY OVERPRICED	4,225,455
1000134	FOOD	ALGERIA	VEGETABLE GHEE	5,189,738	POTENTIALLY OVERPRICED	469,763
1000147	TRANSPORTATION	RUSSIA	RENAULT CARGO TRUCKS	8,925,982	POTENTIALLY OVERPRICED	843,300
1000150	FOOD	RUSSIA	WHEAT	10,725,500	POTENTIALLY OVERPRICED	2,212,965
1000177	HOUSING	LEBANON	BATHROOM FAUCETS/FIXTURES	12,724,387	REASONABLY PRICED	
1000185	FOOD	ALGERIA	VEGETABLE GHEE	5,472,722	POTENTIALLY OVERPRICED	1,999,517
1000226	TRANSPORTATION	EGYPT	MITSUBISHI MINI BUS (30 SEATS)	30,766,450	REASONABLY PRICED	
1000227	MISCELLANEOUS	CHINA	POLYESTER FIBER	1,102,381	POTENTIALLY OVERPRICED	116,435
1000288	TRANSPORTATION	TUNISIA	SCANIA TRACTOR TRAILER	33,033,592	REASONABLY PRICED	
1000291	FOOD	MALAYSIA	PALM OIL	20,617,790	POTENTIALLY OVERPRICED	3,028,360

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1000321	HOUSING	SYRIA	WOODEN DOORS	11,632,073	REASONABLY PRICED	
1000341	FOOD	THAILAND	VEGETABLE GHEE	5,472,727	POTENTIALLY OVERPRICED	1,857,957
1000366	HOUSING	SYRIA	BATH ROOM SETS	2,330,000	POTENTIALLY OVERPRICED	797,500
1000368	HOUSING	SYRIA	CERAMIC TILES	2,500,000	REASONABLY PRICED	
1000420	HOUSING	TUNISIA	BATH ROOM SETS	392,500	REASONABLY PRICED	
1000426	HOUSING	TUNISIA	BATH ROOM SETS	2,075,000	REASONABLY PRICED	
1000435	FOOD	TUNISIA	VEGETABLE GHEE	1,672,727	POTENTIALLY OVERPRICED	625,796
1000444	HOUSING	ALGERIA	CERAMIC TILES	2,525,000	REASONABLY PRICED	
1000445	HOUSING	ALGERIA	CERAMIC TILES	5,050,000	REASONABLY PRICED	
1000454	HOUSING	SYRIA	CERAMIC TILES	2,455,000	REASONABLY PRICED	
1000518	HEALTH	RUSSIA	MEDICINE	15,002,823	POTENTIALLY OVERPRICED	799,898
1000546	HOUSING	JORDAN	BATH ROOM SETS	2,350,000	POTENTIALLY OVERPRICED	817,500
1000576	HOUSING	JORDAN	BATH ROOM SETS	1,990,000	POTENTIALLY OVERPRICED	457,500
1000581	HOUSING	JORDAN	REINFORCING DEFORMED BARS	18,620,000	POTENTIALLY OVERPRICED	3,710,000
1000600	HOUSING	RUSSIA	REINFORCING DEFORMED BARS	21,300,000	POTENTIALLY OVERPRICED	5,325,000
1000634	HEAVY EQUIP	RUSSIA	TRACTORS & SPARES	5,101,706	REASONABLY PRICED	
1000690	HEALTH	TURKEY	CONSTRUCTION OF HOSPITAL	17,903,030	REASONABLY PRICED	
1000709	ELECTRICITY	CHINA	GAS TURBINES	30,540,000	INCONCLUSIVE	
1000712	ELECTRICITY	CHINA	GAS TURBINES	77,809,255	REASONABLY PRICED	
1000713	VEHICLES	EGYPT	NISSAN PATROL STATION WAGONS	1,232,000	POTENTIALLY OVERPRICED	181,652
1000812	HEALTH	INDIA	MEDICINE	41,922	POTENTIALLY OVERPRICED	19,949
1000840	VEHICLES	SYRIA	NISSAN PICKUPS	33,219,000	REASONABLY PRICED	
1000876	AGRICULTURE	MALAYSIA	VETERINARY MEDICAL SUPPLIES	4,282,065	REASONABLY PRICED	
1000894	HEALTH	SYRIA	AMBULANCES	7,291,092	POTENTIALLY OVERPRICED	1,351,658
1000932	HEALTH	FRANCE	MEDICAL EQUIPMENT	250,286	REASONABLY PRICED	
1000941	WATER &	TURKEY	MECHANICAL EQUIPMENT	19,254,714	INCONCLUSIVE	
1000942	WATER &	CHINA	PIPES & FITTINGS	16,122,361	POTENTIALLY OVERPRICED	1,005,961
1000944	WATER &	GREECE	WATER TREATMENT PLANT/EQUIPMENT	10,642,631	INCONCLUSIVE	
1000948	WATER &	CHINA	PIPES & FITTINGS	4,772,582	POTENTIALLY OVERPRICED	850,906
1000964	HEALTH	SYRIA	MEDICINE	280,000	REASONABLY PRICED	
1001056	FOOD	EGYPT	VEGETABLE GHEE	2,189,091	POTENTIALLY OVERPRICED	715,765
1001074	TRANSPORTATION	RUSSIA	TOYOTA COASTER BUSES (26 SEATS)	6,453,952	POTENTIALLY OVERPRICED	1,363,350
1001078	HEALTH	AUSTRIA	MEDICAL EQUIPMENT	11,936,656	INCONCLUSIVE	
1001099	AGRICULTURE	RUSSIA	GALVANIZED PIPE & DIESEL MOTOR	9,955,000	REASONABLY PRICED	
1001125	EDUCATION	TUNISIA	CLOTHING/UNIFORMS	369,147	REASONABLY PRICED	
1001126	EDUCATION	TUNISIA	CLOTHING/UNIFORMS	1,852,364	REASONABLY PRICED	
1001142	ELECTRICITY	RUSSIA	DISTRIBUTION TRANSFORMERS	5,341,600	REASONABLY PRICED	
1001179	AGRICULTURE	RUSSIA	SPRINKLER IRRIGATION SYSTEMS	10,109,127	REASONABLY PRICED	

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1001204	WATER &	INDIA	WATER TREATMENT PLANT/EQUIPMENT	10,013,967	REASONABLY PRICED	
1001221	TRANSPORTATION	RUSSIA	TOYOTA HIACE MINI BUS (12 SEATS)	1,374,367	REASONABLY PRICED	
1001243	ELECTRICITY	RUSSIA	OVERHEAD TRANSMISSION LINES	30,756,901	REASONABLY PRICED	
1001260	HEALTH	JORDAN	MEDICINE	183,366	INCONCLUSIVE	
1001292	FOOD	UAE	SUGAR	14,169,724	REASONABLY PRICED	
1001297	AGRICULTURE	INDIA	VETERINARY MEDICAL SUPPLIES	2,121,492	INCONCLUSIVE	
1001312	VEHICLES	UAE	TOYOTA LANDCRUISER	3,197,225	POTENTIALLY OVERPRICED	667,733
1001313	HEALTH	UAE	AMBULANCES	205,833	REASONABLY PRICED	
1001314	HOUSING	UAE	DESIGN AND CONSTRUCTION OF HOUSING	8,922,351	REASONABLY PRICED	
1001374	HOUSING	LEBANON	DESIGN AND CONSTRUCTION OF HOUSING	8,583,259	REASONABLY PRICED	
1001411	HEALTH	FRANCE	MEDICINE	89,682	POTENTIALLY OVERPRICED	28,314
1001412	WATER &	FRANCE	WATER PUMPS & SPARES	4,846,958	INCONCLUSIVE	
1001423	HEALTH	EGYPT	MEDICAL EQUIPMENT	23,165,776	POTENTIALLY OVERPRICED	8,399,534
1001451	AGRICULTURE	EGYPT	CASING PIPES & ACCESSORIES	4,761,799	POTENTIALLY OVERPRICED	2,970,000
1001461	WATER &	FRANCE	WATER PUMPS & SPARES	1,204,666	INCONCLUSIVE	
1001462	WATER &	FRANCE	WATER PUMPS & SPARES	3,722,876	INCONCLUSIVE	
1001474	HOUSING	SYRIA	DESIGN AND CONSTRUCTION OF HOUSING	8,551,734	REASONABLY PRICED	
1001516	HOUSING	EGYPT	DESIGN AND CONSTRUCTION OF HOUSING	8,563,600	REASONABLY PRICED	
1001517	HOUSING	EGYPT	DESIGN AND CONSTRUCTION OF HOUSING	8,432,658	REASONABLY PRICED	
1001519	HOUSING	EGYPT	DESIGN AND CONSTRUCTION OF HOUSING	8,563,600	REASONABLY PRICED	
1001535	HEALTH	SYRIA	HEALTH CARE CENTERS	14,030,810	REASONABLY PRICED	
1001581	TRANSPORTATION	LEBANON	SUZUKI POLICE MOTORCYCLES	948,937	REASONABLY PRICED	
1001600	WATER &	JORDAN	PIPES & FITTINGS	10,571,532	REASONABLY PRICED	
1001664	HEALTH	RUSSIA	MEDICINE	82,306	POTENTIALLY OVERPRICED	15,226
1001685	HEALTH	JORDAN	MEDICINE	17,446	REASONABLY PRICED	
1001687	HEALTH	JORDAN	MEDICINE	284,549	POTENTIALLY OVERPRICED	220,889
1001694	AGRICULTURE	JORDAN	PESTICIDE	434,287	REASONABLY PRICED	
1001790	HEALTH	SWEDEN	AMBULANCES	7,630,557	POTENTIALLY OVERPRICED	1,567,673
1001885	HOUSING	JORDAN	SPORTS HALLS	9,737,192	REASONABLY PRICED	
1001919	AGRICULTURE	EGYPT	GENERATING SET & SPARES	1,045,775	REASONABLY PRICED	
1002012	EDUCATION	JORDAN	COMPUTERS & ACCESSORIES	1,495,337	REASONABLY PRICED	
1002072	FOOD	RUSSIA	PALM OIL	21,797,498	REASONABLY PRICED	
1002218	HEALTH	SWEDEN	MEDICAL EQUIPMENT	11,846,470	REASONABLY PRICED	
1002229	FOOD	UAE	MILK POWDER	4,127,837	POTENTIALLY OVERPRICED	977,837
1002232	AGRICULTURE	FRANCE	VETERINARY MEDICAL SUPPLIES	253,800	REASONABLY PRICED	
1002235	AGRICULTURE	JORDAN	PESTICIDE	1,020,659	REASONABLY PRICED	
1010001	VEHICLES	UNOPS	TOYOTA MISC TRUCKS	544,489	POTENTIALLY OVERPRICED	33,220
1010009	VEHICLES	UNOPS	TOYOTA LANDCRUISER	420,355	POTENTIALLY OVERPRICED	62,062

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COMM	SECTOR	MISSION	DESCRIPTION	VALUE	CONCLUSION	OVERPRICE
1030034	OIL	RUSSIA	PIPELINES & ACCESSORIES	24,789,805	POTENTIALLY OVERPRICED	1,229,285
1030035	OIL	RUSSIA	PIPELINES & ACCESSORIES	6,010,650	REASONABLY PRICED	
1030050	OIL	RUSSIA	PIPELINES & ACCESSORIES	2,063,474	INCONCLUSIVE	
1030086	OIL	RUSSIA	PIPELINES & ACCESSORIES	30,545,141	REASONABLY PRICED	
1030169	OIL	JORDAN	TETRA ETHYL LEAD	5,532,000	REASONABLY PRICED	
1030287	OIL	RUSSIA	PIPELINES & ACCESSORIES	8,609,497	REASONABLY PRICED	
1030296	TRANSPORTATION	RUSSIA	FIRE FIGHTING VEHICLES	3,419,043	REASONABLY PRICED	
1030305	HEALTH	BELARUS	AMBULANCES	381,870	REASONABLY PRICED	
1030484	OIL	UAE	PUMPS & SPARES	2,074,544	POTENTIALLY OVERPRICED	250,796
1030497	OIL	RUSSIA	GAS OIL DESUPLHERIZATION UNIT	34,963,908	REASONABLY PRICED	
1030540	TRANSPORTATION	ITALY	FIRE FIGHTING VEHICLES	621,564	REASONABLY PRICED	
1030605	HEAVY EQUIP	BULGARIA	FORKLIFTS	1,378,103	REASONABLY PRICED	
1030661	VEHICLES	RUSSIA	ISUZU TROOPERS	217,723	REASONABLY PRICED	
1030728	OIL	RUSSIA	PIPELINES & ACCESSORIES	22,902,916	REASONABLY PRICED	
1030768	OIL	INDIA	PIPELINES & ACCESSORIES	755,086	POTENTIALLY OVERPRICED	41,795
1100002	TRANSPORTATION	UAE	RAIL BARS	19,872,000	POTENTIALLY OVERPRICED	3,348,000
1100025	FOOD	THAILAND	RICE	5,216,983	POTENTIALLY OVERPRICED	1,286,983
1100026	FOOD	THAILAND	RICE	5,216,983	POTENTIALLY OVERPRICED	1,286,983
1100027	FOOD	THAILAND	RICE	43,573,944	POTENTIALLY OVERPRICED	4,273,944
1100028	FOOD	THAILAND	SUGAR	26,758,363	REASONABLY PRICED	
1100051	AGRICULTURE	SAUDI ARABIA	SPRINKLER IRRIGATION SYSTEMS	15,807,784	REASONABLY PRICED	
1100075	VEHICLES	JORDAN	MERCEDES BENZ S320L SEDAN	5,103,673	REASONABLY PRICED	
1100094	HOUSING	SYRIA	CERAMIC TILES	2,507,500	REASONABLY PRICED	
1100100	FOOD	EGYPT	SUGAR	8,921,765	POTENTIALLY OVERPRICED	828,437
1100101	FOOD	EGYPT	SUGAR	13,382,647	POTENTIALLY OVERPRICED	1,242,654
1100108	VEHICLES	UAE	MERCEDES BENZ S320L SEDAN	11,365,238	REASONABLY PRICED	
1100138	FOOD	RUSSIA	WHEAT	11,289,000	POTENTIALLY OVERPRICED	4,526,465
1100142	FOOD	UAE	SUGAR	4,301,328	POTENTIALLY OVERPRICED	254,664
1100150	FOOD	RUSSIA	WHEAT	11,289,000	POTENTIALLY OVERPRICED	4,526,465
1100177	TRANSPORTATION	RUSSIA	TURNOUTS	13,283,450	REASONABLY PRICED	
1100201	FOOD	EGYPT	SUGAR	26,256,801	POTENTIALLY OVERPRICED	3,226,825
1100214	HOUSING	VIETNAM	CERAMIC TILES	1,275,500	REASONABLY PRICED	
1100217	FOOD	VIETNAM	SUGAR	8,602,655	POTENTIALLY OVERPRICED	925,996
1100221	AGRICULTURE	RUSSIA	CASING PIPES & ACCESSORIES	4,875,907	POTENTIALLY OVERPRICED	765,000
1100227	HOUSING	SYRIA	BATH ROOM SETS	3,300,000	POTENTIALLY OVERPRICED	1,001,250
1100244	FOOD	EGYPT	SUGAR	8,602,655	POTENTIALLY OVERPRICED	925,996
1100284	FOOD	TUNISIA	SUGAR	8,715,551	POTENTIALLY OVERPRICED	1,038,892
1100304	AGRICULTURE	SPAIN	SPRINKLER IRRIGATION SYSTEMS	22,642,161	POTENTIALLY OVERPRICED	2,573,411

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COMM	SECTOR	MISSION	DESCRIPTION	VALUE	CONCLUSION	OVERPRICE
1100305	VEHICLES	LEBANON	TOYOTA LANDCRUISER	1,026,934	REASONABLY PRICED	
1100335	TRANSPORTATION	RUSSIA	MARZ BUSES (42 SEATS)	16,978,563	REASONABLY PRICED	
1100358	AGRICULTURE	EGYPT	WATER PUMPS & SPARES	2,425,197	REASONABLY PRICED	
1100408	HOUSING	VIET NAM	FLOURESCENT LIGHTING FIXTURES	8,138,899	REASONABLY PRICED	
1100417	FOOD	MOROCCO	VEGETABLE GHEE	625,547	POTENTIALLY OVERPRICED	173,031
1100541	AGRICULTURE	INDIA	SOY BEAN MEAL	5,389,326	POTENTIALLY OVERPRICED	1,829,326
1100548	VEHICLES	UAE	HYUNDAIS	2,415,064	REASONABLY PRICED	
1100559	WATER &	UAE	DREDGER	8,078,740	REASONABLY PRICED	
1100581	AGRICULTURE	RUSSIA	MAKHOOL DAM PROJECT	27,496,000	INCONCLUSIVE	
1100626	FOOD	EGYPT	VEGETABLE GHEE	5,089,064	POTENTIALLY OVERPRICED	1,342,932
1100675	HEALTH	RUSSIA	MEDICAL EQUIPMENT	10,644,087	POTENTIALLY OVERPRICED	2,006,561
1100748	AGRICULTURE	LEBANON	PESTICIDE	1,041,376	POTENTIALLY OVERPRICED	125,047
1100775	HEAVY EQUIP	ITALY	CORN HUSKERS	2,249,641	REASONABLY PRICED	
1100785	FOOD	THAILAND	VEGETABLE GHEE	7,755,596	POTENTIALLY OVERPRICED	1,986,398
1100796	FOOD	SYRIA	VEGETABLE GHEE	616,516	POTENTIALLY OVERPRICED	135,750
1100813	AGRICULTURE	INDIA	VETERINARY MEDICAL SUPPLIES	78,628	REASONABLY PRICED	
1100938	FOOD	EGYPT	VEGETABLE GHEE	25,812,274	POTENTIALLY OVERPRICED	7,035,614
1101024	HEALTH	DENMARK	MEDICINE	11,680,901	REASONABLY PRICED	
1101060	AGRICULTURE	ITALY	PESTICIDE	238,019	REASONABLY PRICED	
1101080	AGRICULTURE	BELGIUM	BROILER/LAYER PROTEIN CONCENTRATE	7,624,549	POTENTIALLY OVERPRICED	2,302,149
1101125	VEHICLES	UAE	NISSAN PICKUPS	3,224,878	POTENTIALLY OVERPRICED	397,689
1101151	HOUSING	SYRIA	REINFORCING DEFORMED BARS	28,700,000	POTENTIALLY OVERPRICED	7,400,000
1101245	ELECTRICITY	RUSSIA	REHABILITATION OF DISTRIBUTION NETWORK	11,051,217	REASONABLY PRICED	
1101246	ELECTRICITY	RUSSIA	REHABILITATION OF DISTRIBUTION NETWORK	8,687,464	REASONABLY PRICED	
1101387	ELECTRICITY	RUSSIA	REHABILITATION OF DISTRIBUTION NETWORK	8,364,820	REASONABLY PRICED	
1101412	AGRICULTURE	INDIA	VETERINARY MEDICAL SUPPLIES	35,299	REASONABLY PRICED	
1101443	TRANSPORTATION	SYRIA	VOLVO TRUCKS	7,838,984	REASONABLY PRICED	
1101458	EDUCATION	JORDAN	TELEVISION TOWERS	19,324,638	POTENTIALLY OVERPRICED	7,340,345
1101471	HOUSING	JORDAN	REINFORCING DEFORMED BARS	13,150,000	POTENTIALLY OVERPRICED	2,500,000
1101473	TRANSPORTATION	SYRIA	MITSUBISHI MINI BUS (12 SEATS)	11,920,778	REASONABLY PRICED	
1101496	ELECTRICITY	RUSSIA	SUBSTATION EQUIPMENT AND MATERIALS	8,072,208	INCONCLUSIVE	
1101550	AGRICULTURE	JORDAN	WATER PUMPS & SPARES	582,924	REASONABLY PRICED	
1101551	AGRICULTURE	JORDAN	WATER PUMPS & SPARES	5,720,919	REASONABLY PRICED	
1101618	TRANSPORTATION	UAE	TOYOTA COASTER BUSES (26 SEATS)	1,863,850	POTENTIALLY OVERPRICED	362,350
1101625	VEHICLES	EGYPT	TOYOTA HILUX PICKUPS	784,941	POTENTIALLY OVERPRICED	252,441
1101637	AGRICULTURE	TURKEY	WATER PUMPS & SPARES	363,563	REASONABLY PRICED	
1101710	VEHICLES	FRANCE	PEUGEOT SEDANS	76,972,907	REASONABLY PRICED	
1101761	MISCELLANEOUS	CHINA	CAR BATTERY MFG EQUIP	142,471	REASONABLY PRICED	

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1101762	MISCELLANEOUS	CHINA	ELECTROLYTIC MANGANESE DIOXIDE	115,364	POTENTIALLY OVERPRICED	28,940
1101995	ELECTRICITY	JORDAN	ALUMINUM BARE WIRE	2,240,120	POTENTIALLY OVERPRICED	845,160
1102011	ELECTRICITY	TURKEY	OVERHEAD TRANSMISSION LINES	31,540,100	REASONABLY PRICED	
1110013	FOOD	WFP	SOYBEAN OIL	7,809,479	REASONABLY PRICED	
1110015	FOOD	WFP	SOYBEAN OIL	9,521,338	POTENTIALLY OVERPRICED	1,522,858
1110016	FOOD	WFP	SOYBEAN OIL	9,589,147	POTENTIALLY OVERPRICED	1,068,277
1130196	OIL	RUSSIA	DRILLING RIG	15,550,762	INCONCLUSIVE	
1130474	TRANSPORTATION	ITALY	FIRE FIGHTING VEHICLES	1,249,406	REASONABLY PRICED	
1130639	OIL	RUSSIA	PIPELINES & ACCESSORIES	6,714,216	REASONABLY PRICED	
1200004	HEALTH	JORDAN	MEDICAL EQUIPMENT	17,134,820	POTENTIALLY OVERPRICED	1,014,201
1200016	FOOD	VIETNAM	RICE	74,013,431	POTENTIALLY OVERPRICED	5,513,431
1200030	TRANSPORTATION	EGYPT	MCV BUSES (45 SEATS)	21,651,360	REASONABLY PRICED	
1200050	FOOD	EGYPT	SUGAR	8,602,655	POTENTIALLY OVERPRICED	925,996
1200051	VEHICLES	SYRIA	TOYOTA LANDCRUISER	725,820	POTENTIALLY OVERPRICED	163,139
1200057	VEHICLES	RUSSIA	TOYOTA COROLLA	8,761,483	REASONABLY PRICED	
1200070	HEALTH	JORDAN	MEDICINE	3,573,974	INCONCLUSIVE	
1200077	TRANSPORTATION	RUSSIA	RAIL BARS	2,891,000	POTENTIALLY OVERPRICED	749,000
1200083	FOOD	AUSTRALIA	WHEAT	122,388,371	REASONABLY PRICED	
1200085	HEALTH	JORDAN	MEDICAL SUPPLIES	2,906,968	REASONABLY PRICED	
1200093	HEALTH	CHINA	MEDICINE	2,212,332	REASONABLY PRICED	
1200099	FOOD	RUSSIA	WHEAT	11,419,783	POTENTIALLY OVERPRICED	4,238,783
1200105	FOOD	SYRIA	WHEAT	51,466,535	POTENTIALLY OVERPRICED	22,742,535
1200106	FOOD	SYRIA	WHEAT	51,466,535	POTENTIALLY OVERPRICED	22,742,535
1200111	VEHICLES	JORDAN	NISSAN PATROL STATION WAGONS	1,364,405	POTENTIALLY OVERPRICED	105,275
1200118	VEHICLES	EGYPT	NISSAN PICKUPS	740,318	POTENTIALLY OVERPRICED	224,590
1200119	VEHICLES	EGYPT	TOYOTA COROLLA	5,241,963	POTENTIALLY OVERPRICED	1,153,271
1200123	FOOD	RUSSIA	RICE	7,905,451	POTENTIALLY OVERPRICED	1,205,451
1200124	FOOD	RUSSIA	WHEAT	34,259,350	POTENTIALLY OVERPRICED	12,716,350
1200135	FOOD	SAUDI ARABIA	VEGETABLE GHEE	5,139,033	POTENTIALLY OVERPRICED	1,749,263
1200144	TRANSPORTATION	RUSSIA	MERCEDES BENZ CARGO TRUCKS	4,402,482	POTENTIALLY OVERPRICED	396,750
1200151	FOOD	EGYPT	VEGETABLE GHEE	1,312,455	POTENTIALLY OVERPRICED	176,489
1200157	FOOD	UAE	VEGETABLE GHEE	1,918,051	POTENTIALLY OVERPRICED	543,251
1200165	FOOD	SAUDI ARABIA	VEGETABLE GHEE	19,180,505	POTENTIALLY OVERPRICED	5,432,510
1200170	FOOD	EGYPT	VEGETABLE GHEE	1,934,447	POTENTIALLY OVERPRICED	529,647
1200193	FOOD	RUSSIA	WHEAT	27,189,961	POTENTIALLY OVERPRICED	9,237,461
1200196	FOOD	EGYPT	VEGETABLE GHEE	2,581,228	POTENTIALLY OVERPRICED	708,162
1200202	FOOD	TUNISIA	VEGETABLE GHEE	2,000,444	POTENTIALLY OVERPRICED	559,143
1200218	TRANSPORTATION	RUSSIA	DIESEL ELECTRICAL LOCOMOTIVES	41,317,339	POTENTIALLY OVERPRICED	4,526,010

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1200221	FOOD	SYRIA	VEGETABLE GHEE	616,516	POTENTIALLY OVERPRICED	123,582
1200222	FOOD	SYRIA	DETERGENT	685,018	POTENTIALLY OVERPRICED	123,288
1200224	FOOD	VIETNAM	VEGETABLE GHEE	32,314,982	POTENTIALLY OVERPRICED	7,618,307
1200229	FOOD	TUNISIA	VEGETABLE GHEE	2,429,296	POTENTIALLY OVERPRICED	747,779
1200231	FOOD	THAILAND	RICE	30,856,300	POTENTIALLY OVERPRICED	3,456,300
1200248	VEHICLES	RUSSIA	HYUNDAIS	868,885	REASONABLY PRICED	
1200279	FOOD	ALGERIA	VEGETABLE GHEE	10,411,268	POTENTIALLY OVERPRICED	2,836,058
1200282	FOOD	YEMEN	VEGETABLE GHEE	3,567,713	POTENTIALLY OVERPRICED	992,905
1200283	FOOD	SYRIA	WHEAT	51,315,015	POTENTIALLY OVERPRICED	22,591,015
1200286	FOOD	SYRIA	VEGETABLE GHEE	7,016,683	POTENTIALLY OVERPRICED	2,212,348
1200291	VEHICLES	MALAYSIA	PROTON WIRA SALOON CARS	40,477,522	REASONABLY PRICED	
1200301	FOOD	SUDAN	VEGETABLE GHEE	7,016,683	POTENTIALLY OVERPRICED	1,909,043
1200323	AGRICULTURE	MALAYSIA	VETERINARY MEDICAL SUPPLIES	7,380,279	REASONABLY PRICED	
1200334	TRANSPORTATION	UAE	MZ ETZ MOTORCYCLES	259,091	POTENTIALLY OVERPRICED	23,821
1200344	HEAVY EQUIP	LEBANON	CORN HUSKERS	2,273,622	POTENTIALLY OVERPRICED	353,622
1200346	AGRICULTURE	SYRIA	VETERINARY MEDICAL SUPPLIES	1,001,476	INCONCLUSIVE	
1200349	VEHICLES	UAE	NISSAN PICKUPS	3,251,068	REASONABLY PRICED	
1200357	FOOD	UAE	VEGETABLE GHEE	6,275,197	POTENTIALLY OVERPRICED	1,640,544
1200361	FOOD	CHINA	VEGETABLE GHEE	704,823	POTENTIALLY OVERPRICED	250,956
1200375	AGRICULTURE	JORDAN	PESTICIDE	66,314	POTENTIALLY OVERPRICED	7,899
1200396	TRANSPORTATION	RUSSIA	HINO TRUCKS	4,690,497	REASONABLY PRICED	
1200401	WATER &	TURKEY	PIPES & FITTINGS	6,231,527	POTENTIALLY OVERPRICED	1,006,860
1200402	FOOD	SYRIA	VEGETABLE GHEE	2,100,292	POTENTIALLY OVERPRICED	555,407
1200405	VEHICLES	UAE	NISSAN PICKUPS	24,553,156	POTENTIALLY OVERPRICED	2,403,655
1200423	TRANSPORTATION	CHINA	MISC TRANSPORTATION & EQUIPMENT	772,735	POTENTIALLY OVERPRICED	45,360
1200426	WATER &	FRANCE	WATER PUMPS & SPARES	14,002,779	INCONCLUSIVE	
1200427	TRANSPORTATION	EGYPT	FIRE FIGHTING VEHICLES	18,411,000	REASONABLY PRICED	
1200431	TRANSPORTATION	FRANCE	RENAULT CARGO TRUCKS	3,686,205	REASONABLY PRICED	
1200439	VEHICLES	UAE	HYUNDAIS	1,842,365	REASONABLY PRICED	
1200440	VEHICLES	UAE	HYUNDAIS	3,132,167	REASONABLY PRICED	
1200447	AGRICULTURE	LEBANON	CORN	2,796,059	POTENTIALLY OVERPRICED	1,368,000
1200470	FOOD	LIBYA	VEGETABLE GHEE	2,113,297	POTENTIALLY OVERPRICED	701,996
1200472	VEHICLES	UAE	NISSAN PATROL STATION WAGONS	4,406,758	POTENTIALLY OVERPRICED	356,712
1200473	FOOD	MALAYSIA	VEGETABLE GHEE	669,957	POTENTIALLY OVERPRICED	89,474
1200475	HEALTH	GERMANY	MEDICINE	8,344,828	REASONABLY PRICED	
1200498	TRANSPORTATION	UAE	NISSAN MINI BUS (15 SEATS)	813,350	REASONABLY PRICED	
1200500	VEHICLES	UAE	NISSAN PATROL STATION WAGONS	8,389,831	POTENTIALLY OVERPRICED	747,043
1200502	VEHICLES	UAE	NISSAN PATHFINDER	1,020,763	REASONABLY PRICED	

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COMM	SECTOR	MISSION	DESCRIPTION	VALUE	CONCLUSION	OVERPRICE
1200503	VEHICLES	UAE	NISSAN PICKUPS	1,502,712	POTENTIALLY OVERPRICED	161,821
1200522	FOOD	SYRIA	MILK POWDER	10,390,788	POTENTIALLY OVERPRICED	2,515,788
1200535	HEALTH	EGYPT	MEDICINE	2,528,360	REASONABLY PRICED	
1200539	VEHICLES	UAE	TOYOTA DYNA TRUCKS	1,523,043	POTENTIALLY OVERPRICED	433,383
1200540	TRANSPORTATION	UAE	JAWA MOTORCYCLE	1,179,105	REASONABLY PRICED	
1200542	VEHICLES	UAE	TOYOTA LANDCRUISER	874,511	POTENTIALLY OVERPRICED	204,018
1200543	VEHICLES	UAE	HYUNDAIS	3,211,886	POTENTIALLY OVERPRICED	670,876
1200577	FOOD	EGYPT	MILK POWDER	8,255,675	POTENTIALLY OVERPRICED	1,955,675
1200579	FOOD	RUSSIA	MILK POWDER	4,307,223	POTENTIALLY OVERPRICED	1,007,223
1200590	FOOD	LEBANON	MILK POWDER	4,127,837	POTENTIALLY OVERPRICED	977,837
1200595	FOOD	SYRIA	MILK POWDER	1,031,458	POTENTIALLY OVERPRICED	243,958
1200596	FOOD	VIETNAM	MILK POWDER	51,573,679	POTENTIALLY OVERPRICED	12,198,679
1200631	FOOD	SYRIA	MILK POWDER	4,125,880	POTENTIALLY OVERPRICED	975,880
1200636	FOOD	SYRIA	MILK POWDER	2,062,915	POTENTIALLY OVERPRICED	487,915
1200637	FOOD	SYRIA	MILK POWDER	4,125,880	POTENTIALLY OVERPRICED	975,880
1200645	FOOD	RUSSIA	MILK POWDER	6,191,781	POTENTIALLY OVERPRICED	1,466,781
1200659	HEALTH	MALAYSIA	MEDICAL SUPPLIES	3,226,748	REASONABLY PRICED	
1200676	FOOD	EGYPT	BABY FORMULA	3,912,574	POTENTIALLY OVERPRICED	987,574
1200677	FOOD	EGYPT	MILK POWDER	4,127,837	POTENTIALLY OVERPRICED	977,837
1200685	FOOD	SYRIA	MILK POWDER	2,063,894	POTENTIALLY OVERPRICED	488,894
1200688	FOOD	SYRIA	MILK POWDER	1,031,947	POTENTIALLY OVERPRICED	244,447
1200703	FOOD	SYRIA	MILK POWDER	2,062,915	POTENTIALLY OVERPRICED	487,915
1200713	HEALTH	SYRIA	MEDICINE	10,694	REASONABLY PRICED	
1200721	FOOD	VIET NAM	MILK POWDER	4,125,880	POTENTIALLY OVERPRICED	975,880
1200729	FOOD	EGYPT	MILK POWDER	14,518,485	POTENTIALLY OVERPRICED	3,493,485
1200738	FOOD	UAE	MILK POWDER	2,074,041	POTENTIALLY OVERPRICED	499,041
1200739	TRANSPORTATION	UAE	DAEWOO BUSES (45 SEATS)	3,769,300	REASONABLY PRICED	
1200744	FOOD	RUSSIA	MILK POWDER	4,148,132	POTENTIALLY OVERPRICED	998,132
1200760	FOOD	SYRIA	MILK POWDER	1,037,020	POTENTIALLY OVERPRICED	249,520
1200778	FOOD	JORDAN	MILK POWDER	2,073,058	POTENTIALLY OVERPRICED	498,058
1200779	FOOD	SYRIA	MILK POWDER	1,036,529	POTENTIALLY OVERPRICED	249,029
1200782	FOOD	SYRIA	MILK POWDER	10,365,437	POTENTIALLY OVERPRICED	2,490,437
1200784	FOOD	SYRIA	MILK POWDER	1,037,020	POTENTIALLY OVERPRICED	249,520
1200786	FOOD	SYRIA	MILK POWDER	1,037,020	POTENTIALLY OVERPRICED	249,520
1200789	FOOD	TUNISIA	WHEAT	11,849,853	POTENTIALLY OVERPRICED	4,668,853
1200828	FOOD	RUSSIA	MILK POWDER	2,163,217	POTENTIALLY OVERPRICED	513,217
1200840	ELECTRICITY	TURKEY	SUBSTATION EQUIPMENT AND MATERIALS	23,047,656	POTENTIALLY OVERPRICED	3,047,656
1200842	ELECTRICITY	SYRIA	CABLES	7,915,757	INCONCLUSIVE	

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Listing of Evaluated Contracts
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COMM	SECTOR	MISSION	DESCRIPTION	VALUE	CONCLUSION	OVERPRICE
1200853	ELECTRICITY	RUSSIA	GOODS FOR RESUMPTION OF PROJECT	105,742,021	REASONABLY PRICED	
1200903	FOOD	YEMEN	MILK POWDER	1,036,529	POTENTIALLY OVERPRICED	249,029
1201089	FOOD	SYRIA	MILK POWDER	1,045,243	POTENTIALLY OVERPRICED	257,743
1201115	HEAVY EQUIP	JORDAN	TRACTORS & SPARES	777,383	INCONCLUSIVE	
1201397	EDUCATION	JORDAN	PRINTING EQUIPMENT AND SUPPLIES	24,090,000	POTENTIALLY OVERPRICED	7,603,389
1201398	TRANSPORTATION	SYRIA	GAZ CARGO TRUCKS	8,771,918	REASONABLY PRICED	
1201399	TRANSPORTATION	SYRIA	GAZ CARGO TRUCKS	17,057,796	REASONABLY PRICED	
1201408	HEAVY EQUIP	SYRIA	BULLDOZERS	17,302,364	POTENTIALLY OVERPRICED	2,507,335
1201410	VEHICLES	UAE	NISSAN PICKUPS	5,363,034	REASONABLY PRICED	
1201412	EDUCATION	RUSSIA	GENERATORS	10,037,123	REASONABLY PRICED	
1201413	VEHICLES	UAE	NISSAN PICKUPS	14,303,678	REASONABLY PRICED	
1201414	TRANSPORTATION	RUSSIA	IVECO CARGO TRUCKS	34,555,529	REASONABLY PRICED	
1201424	TRANSPORTATION	RUSSIA	IVECO CARGO TRUCKS	37,284,933	REASONABLY PRICED	
1201426	VEHICLES	UAE	NISSAN PATROL STATION WAGONS	3,062,790	POTENTIALLY OVERPRICED	1,014,013
1201514	HEAVY EQUIP	SYRIA	WHEEL LOADERS	26,932,000	POTENTIALLY OVERPRICED	5,885,310
1201515	TRANSPORTATION	EGYPT	FIRE FIGHTING VEHICLES	36,444,895	REASONABLY PRICED	
1201529	TRANSPORTATION	RUSSIA	NISSAN CARGO TRUCKS	1,348,925	REASONABLY PRICED	
1201532	TRANSPORTATION	RUSSIA	HINO TRUCKS	5,422,540	REASONABLY PRICED	
1201608	AGRICULTURE	JORDAN	WATER PUMPS & SPARES	3,685,919	POTENTIALLY OVERPRICED	567,950
1201670	WATER &	JORDAN	COMPACT SEWAGE UNITS	15,147,580	REASONABLY PRICED	
1230079	OIL	BELGIUM	PUMPS & SPARES	2,477,524	INCONCLUSIVE	
1230093	OIL	ITALY	CRUDE OIL PROCESSING & TREATMENT PLANT	16,513,416	REASONABLY PRICED	
1230099	HEAVY EQUIP	RUSSIA	FORKLIFTS	1,318,903	POTENTIALLY OVERPRICED	254,422
1230259	OIL	RUSSIA	PIPELINES & ACCESSORIES	2,810,900	REASONABLY PRICED	
1230265	OIL	RUSSIA	PIPELINES & ACCESSORIES	7,407,487	REASONABLY PRICED	
1230380	VEHICLES	JORDAN	NISSAN PICKUPS	579,980	POTENTIALLY OVERPRICED	70,150
1230448	OIL	LEBANON	PIPELINES & ACCESSORIES	1,485,280	REASONABLY PRICED	
1230456	OIL	LEBANON	PIPELINES & ACCESSORIES	8,646,627	POTENTIALLY OVERPRICED	1,339,920
1230504	TRANSPORTATION	RUSSIA	FIRE FIGHTING VEHICLES	2,695,673	REASONABLY PRICED	
1230533	OIL	SWITZERLAND	TETRA ETHYL LEAD	19,611,921	POTENTIALLY OVERPRICED	7,164,921
1230549	VEHICLES	INDIA	NISSAN PATROL STATION WAGONS	714,332	POTENTIALLY OVERPRICED	169,618
1230577	OIL	JORDAN	TETRA ETHYL LEAD	2,974,187	POTENTIALLY OVERPRICED	899,687
1300001	FOOD	THAILAND	RICE	69,050,102	POTENTIALLY OVERPRICED	17,450,102
1300012	MISCELLANEOUS	LEBANON	CIGARETTE PAPER	396,056	REASONABLY PRICED	
1300013	MISCELLANEOUS	ITALY	CIGARETTE PAPER	204,892	REASONABLY PRICED	
1300015	FOOD	VIETNAM	RICE	76,200,415	POTENTIALLY OVERPRICED	11,700,415
1300016	FOOD	AUSTRALIA	WHEAT	135,382,046	POTENTIALLY OVERPRICED	14,827,046
1300017	FOOD	BELARUS	VEGETABLE GHEE	7,463,456	POTENTIALLY OVERPRICED	1,728,261

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COMM	SECTOR	MISSION	DESCRIPTION	VALUE	CONCLUSION	OVERPRICE
1300018	FOOD	BELARUS	MILK POWDER	6,605,428	POTENTIALLY OVERPRICED	1,880,428
1300024	HEALTH	EGYPT	AMBULANCES	1,107,746	REASONABLY PRICED	
1300030	VEHICLES	EGYPT	TOYOTA LANDCRUISER	587,569	POTENTIALLY OVERPRICED	154,394
1300034	AGRICULTURE	EGYPT	SOY BEAN MEAL	5,408,063	POTENTIALLY OVERPRICED	771,063
1300036	FOOD	SAUDI ARABIA	VEGETABLE GHEE	7,084,000	POTENTIALLY OVERPRICED	1,164,230
1300040	FOOD	VIETNAM	TEA	5,306,248	POTENTIALLY OVERPRICED	869,248
1300041	FOOD	SAUDI ARABIA	VEGETABLE GHEE	7,463,456	POTENTIALLY OVERPRICED	1,543,686
1300065	FOOD	TURKEY	PULSES	8,486,534	POTENTIALLY OVERPRICED	1,396,534
1300066	FOOD	TURKEY	VEGETABLE GHEE	7,463,456	POTENTIALLY OVERPRICED	1,503,261
1300076	FOOD	RUSSIA	RICE	15,240,079	POTENTIALLY OVERPRICED	2,340,079
1300080	FOOD	RUSSIA	RICE	7,789,100	POTENTIALLY OVERPRICED	1,089,100
1300100	FOOD	TURKEY	PULSES	4,982,144	POTENTIALLY OVERPRICED	708,144
1300102	FOOD	TURKEY	PULSES	11,002,871	POTENTIALLY OVERPRICED	1,591,371
1300107	FOOD	TURKEY	PULSES	798,591	POTENTIALLY OVERPRICED	118,591
1300108	FOOD	TURKEY	VEGETABLE GHEE	7,463,456	POTENTIALLY OVERPRICED	1,503,261
1300117	FOOD	TURKEY	VEGETABLE GHEE	7,463,456	POTENTIALLY OVERPRICED	1,503,261
1300124	HEAVY EQUIP	SYRIA	WHEEL LOADERS	14,287,744	REASONABLY PRICED	
1300126	TRANSPORTATION	UAE	NISSAN CARGO TRUCKS	16,482,792	REASONABLY PRICED	
1300128	VEHICLES	RUSSIA	TOYOTA LANDCRUISER	27,742,077	REASONABLY PRICED	
1300129	WATER &	TURKEY	PIPES & FITTINGS	18,922,812	REASONABLY PRICED	
1300131	WATER &	TURKEY	PIPES & FITTINGS	15,262,636	POTENTIALLY OVERPRICED	2,331,000
1300137	FOOD	TURKEY	PULSES	4,982,150	POTENTIALLY OVERPRICED	708,150
1300169	FOOD	VIETNAM	BABY FORMULA	26,267,069	POTENTIALLY OVERPRICED	6,767,069
1300173	FOOD	EGYPT	BABY FORMULA	7,938,828	POTENTIALLY OVERPRICED	2,088,828
1300177	FOOD	CHINA	BABY WEANING CEREAL	839,480	REASONABLY PRICED	
1300179	FOOD	TUNISIA	BABY FORMULA	5,350,311	POTENTIALLY OVERPRICED	1,450,311
1300181	FOOD	CHINA	BABY WEANING CEREAL	411,030	REASONABLY PRICED	
1300208	FOOD	RUSSIA	RICE	7,789,100	POTENTIALLY OVERPRICED	1,089,100
1300213	TRANSPORTATION	TUNISIA	VOLVO TRUCKS	3,054,175	REASONABLY PRICED	
1300215	HOUSING	TUNISIA	CERAMIC TILES	1,413,000	REASONABLY PRICED	
1300225	FOOD	TUNISIA	MILK POWDER	10,370,354	POTENTIALLY OVERPRICED	2,495,354
1300226	FOOD	TUNISIA	MILK POWDER	6,222,222	POTENTIALLY OVERPRICED	1,497,222
1300255	FOOD	TURKEY	PULSES	11,978,862	POTENTIALLY OVERPRICED	1,778,862
1300331	FOOD	RUSSIA	WHEAT	17,129,675	POTENTIALLY OVERPRICED	6,358,175
1300332	FOOD	TUNISIA	WHEAT	11,431,000	POTENTIALLY OVERPRICED	5,100,000
1300333	FOOD	CYPRUS	WHEAT	12,111,169	POTENTIALLY OVERPRICED	5,358,619
1310001	VEHICLES	UNOPS	TOYOTA LANDCRUISER	163,672	REASONABLY PRICED	
1310002	VEHICLES	UNOPS	TOYOTA LANDCRUISER	78,396	POTENTIALLY OVERPRICED	15,419

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Listing of Contracts Selected - Not Received

COMM	SECTOR	MISSION	DESCRIPTION	VALUE
600579	ELECTRICITY	INDIA	GAS TURBINES	105,087,338
1201273	ELECTRICITY	LEBANON	GENERATOR SET	66,597,077
1200145	VEHICLES	RUSSIA	SALOON CAR; SPARE PARTS	42,706,835
631099	OIL	SYRIA	SERVICE CONTRACT FOR COMPLETION OF WELLS	37,208,523
710300	AGRICULTURE	FAO	CATTLE FEED CONCENTRATE	17,824,356
601973	FOOD	INDIA	WHEAT	15,008,700
710299	AGRICULTURE	FAO	CATTLE FEED CONCENTRATE	13,446,444
900013	HOUSING	SYRIA	WOODEN PRODUCTS	12,474,358
800084	FOOD	EGYPT	PULSES	10,080,000
601975	FOOD	INDIA	WHEAT	8,155,648
800235	FOOD	SYRIA	VEGETABLE GHEE	6,300,000
1000084	FOOD	SYRIA	VEGETABLE GHEE	5,145,299
1000086	FOOD	SYRIA	VEGETABLE GHEE	5,145,299
700581	FOOD	CHINA	MILK POWDER	4,625,009
601440	TELE/TRANS	LEBANON	UPS	4,053,210
900078	FOOD	INDIA	WHEAT	3,501,283
1101154	HOUSING	SYRIA	CERAMIC TILES	2,554,850
1101156	HOUSING	SYRIA	ENTRANCE BATH ROOM SETS	2,348,991
1101153	HOUSING	SYRIA	ENTRANCE BATH ROOM SETS	2,348,991
1200005	TRANSPORTATION	FRANCE	BOATS; ACCESSORIES; EQUIPMENT	2,200,000
710892	TRANSPORTATION	UNESCO	VEHICLES WITH SPARE PARTS	1,418,349
4568	WATER &	CHINA	TRAILER	1,039,000
710092	WATER &	UNICEF	PICKUPS	764,358
710891	TRANSPORTATION	UNESCO	VEHICLES WITH SPARE PARTS	427,564
801723	TRANSPORTATION	FRANCE	PICKUPS	401,787
4440	AGRICULTURE	JORDAN	VEHICLE	202,500
710250	HEALTH	WHO	AMBULANCES	40,864
710193	HEALTH	WHO	VEHICLE	33,887

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