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**COLAITION PROVISIONAL AUTHOURITY  
BAGHDAD**

August 5, 2003

**FOR: DIRECTORS  
SENIOR ADVISORS TO MINISTRIES**

**FROM: Director, Management and Budget**

**SUBJECT: Restriction on Hiring Iraqi Civil Servants**

The uncertain future of some State-owned enterprises (SOEs) in Iraq and the relatively high wages that the CPA is paying even to lower-level civil service employees, have prompted a substantial number of Iraqis to apply for civil service positions. This Memorandum establishes restrictions necessary to ensure that civil servants are not hired in numbers greater than approved end strengths currently funded in the national budget.

Historically, private sector performance is forty to sixty percent more efficient than public sector performance. Thus, the success of a market economy in Iraq will depend upon the development of talent in the private sector and it is generally not in Iraq's best interest to expand the public service payroll. Accordingly, the following guidance applies to the hiring of Iraqis for civil service positions:

- 1) No Iraqi Ministry, agency, company or other government organization may hire employees at a level above the applicable end strength limit for that entity, as approved in the current national budget, which became effective on July 1, 2003, except as authorized by the CPA Director of Management and Budget under the procedures specified herein.
- 2) Any individual hired in violation of the restrictions set forth in this Memorandum shall not be entitled to compensation, and shall not be considered a government employee for any other purposes.
- 3) Any Iraqi Ministry, agency, company, or other government organization that proposes to restructure its workforce in a manner that would reduce by more than 5% the total number of employees authorized for that entity, shall obtain the written approval of the Director of Management and Budget prior to carrying out such a restructuring.

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Requests for exceptions to the hiring restrictions set forth in this Memorandum may be submitted, in writing and on a case basis, to the CPA Director of Management and Budget by the Director of Administration and Finance (or equivalent official) within the concerned Iraqi Ministry, agency, company or other government organization. The request for exception shall include:

- 1) A statement justifying the exception, in terms of achieving the requesting entity's objectives;
- 2) A description of the implications of the proposed hiring action cannot be achieved through contractor employees funded with the requesting entity's operating budget; and
- 3) An explanation as to why the requesting entity's objectives cannot be achieved through contractor employees funded with the requesting entity's operating budget; and
- 4) An explanation as to how the requesting entity's new payroll would comply with the civilian pay grades designated for that entity.



**David Oliver**  
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**Office of Management and Budget**

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