



Natural Resources
Transparency Commission



2021 Transparency Report

Oil, Gas, and Mining

December 2023



This report has been prepared at the request of the Multi-Stakeholder Group (MSG) in charge of the implementation of the Extractive Industries Transparency Initiative in Iraq. The information in the report was compiled by the Independent Administrator and the report has been approved by the MSG. This report has been prepared exclusively for use by the NRTC and must not be used by other parties, nor for any purposes other than those for which it is intended.

TABLE OF CONTENTS

OVERVIEW	16
EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (EITI)	16
EITI IN IRAQ.....	19
SCOPE OF WORK.....	21
1 EXECUTIVE SUMMARY	23
1.1 OBJECTIVE OF THE REPORT	23
1.2 SCOPE OF WORK.....	23
1.3 LIMITATIONS.....	24
1.4 REVENUE GENERATED FROM THE EXTRACTIVE INDUSTRIES	24
1.4.1 EXTRACTIVE REVENUE DURING THE REPORTING PERIOD	24
1.4.2 REVIEW OF THE EXTRACTIVE REVENUES FROM 2017 TO 2021	26
1.5 CONTRIBUTION TO IRAQ'S ECONOMY	27
1.6 PRODUCTION AND EXPORT DATA	28
1.7 SCOPE OF THE DATA COLLECTION AND RECONCILIATION	29
1.8 COMPLETENESS AND RELIABILITY OF DATA.....	31
1.8.1 DATA COMPLETENESS	31
1.8.2 DATA QUALITY AND ASSURANCE.....	37
1.9 EITI RECOMMENDATIONS.....	40
2 APPROACH AND METHODOLOGY.....	42
2.1 SCOPING STUDY	42
2.2 DATA COLLECTION.....	43
2.3 REVIEW OF THE LEGAL AND TAX DOCUMENTATION.....	43
2.4 COMPILATION OF STATISTICAL DATA ON THE EXTRACTIVE SECTORS	44
3 CONTEXTUAL INFORMATION ON THE EXTRACTIVE SECTORS.....	45
3.1 OVERVIEW OF THE EXTRACTIVES INDUSTRIES INCLUDING PROSPECTING ACTIVITIES (EITI REQUIREMENT 3.1)	45
3.1.1 OIL & GAS SECTOR.....	45
3.1.1.1 General context.....	45
3.1.1.2 Energy transition.....	45

3.1.1.3	Oil and gas sector in the Kurdistan Region	46
3.1.2	Mineral occurrences (resources) and mining sector	53
3.1.2.1	General context.....	53
3.1.2.2	Artisanal mining.....	57
3.1.2.3	Mineral occurrences in the Kurdistan Region	57
3.2	LEGAL FRAMEWORK AND FISCAL REGIME (EITI REQUIREMENT 2.1)	59
3.2.1	OIL AND GAS SECTOR.....	59
3.2.1.1	Legal framework.....	59
3.2.1.2	Institutional framework	62
3.2.1.3	Tax regime.....	63
3.2.2	MINING SECTOR	64
3.2.2.1	Legal framework.....	64
3.2.2.2	Institutional framework	66
3.2.2.3	Tax regime.....	67
3.3	CONTRACT AND LICENSE ALLOCATIONS (EITI REQUIREMENT 2.2).....	68
3.3.1	OIL AND GAS SECTOR.....	68
3.3.1.1	Types of licenses.....	68
3.3.1.2	License allocation	70
3.3.2	MINING SECTOR	80
3.3.2.1	Types of licenses.....	80
3.3.2.2	Licences allocation	80
3.4	REGISTER OF LICENSES (EITI REQUIREMENT 2.3)	83
3.4.1	OIL AND GAS SECTOR.....	83
3.4.2	MINING SECTOR	85
3.5	DISCLOSURE OF LICENSES AND CONTRACTS (EITI REQUIREMENT 2.4).....	86
3.5.1	OIL AND GAS SECTOR.....	86
3.5.2	MINING SECTOR	87
3.6	BENEFICIAL OWNERSHIP (EITI REQUIREMENT 2.5).....	87
3.6.1	BENEFICIAL OWNERSHIP (BO) ROAD MAP	88
3.6.2	BENEFICIAL OWNERSHIP REPORTING.....	88
3.7	STATE PARTICIPATION (EITI REQUIREMENT 2.6)	89

3.7.1	OIL AND GAS SECTOR.....	89
3.7.2	MINING SECTOR	108
3.8	EXPLORATION (EITI REQUIREMENT 3.1)	121
3.8.1	OIL AND GAS SECTOR.....	121
3.8.2	MINING SECTOR	128
3.9	PRODUCTION (EITI REQUIREMENT 3.2)	130
3.9.1	OIL AND GAS SECTOR.....	130
3.9.2	MINING SECTOR	138
3.10	EXPORT DATA (EITI REQUIREMENT 3.3)	139
3.10.1	OIL AND GAS SECTOR.....	139
3.10.2	MINING SECTOR	147
3.11	IN-KIND PAYMENT (EITI REQUIREMENT 4.2)	148
3.11.1	OIL AND GAS SECTOR.....	149
3.11.2	MINING SECTOR	154
3.12	INFRASTRUCTURE PROVISION AND BARTER ARRANGEMENTS IN THE EXTRACTIVE SECTOR (EITI REQUIREMENT 4.3)	154
3.12.1	OIL AND GAS SECTOR.....	154
3.12.2	MINING SECTOR	155
3.13	TRANSACTIONS RELATED TO STATE-OWNED ENTERPRISES (EITI REQUIREMENT 4.5)	155
3.14	SUB-NATIONAL PAYMENTS (EITI REQUIREMENT 4.6)	157
3.14.1	EITI REQUIREMENT	157
3.14.2	LOCAL GOVERNMENT UNITS	158
3.14.3	IMPLEMENTATION PROCESS.....	159
3.14.4	SUB NATIONAL PAYMENTS IN IRAQ.....	159
3.15	LEVEL OF DISAGGREGATION (EITI REQUIREMENT 4.7)	159
3.16	DATA QUALITY AND ASSURANCE (EITI REQUIREMENT 4.9)	159
3.16.1	EXTRACTIVE COMPANIES	159
3.16.2	GOVERNMENT AGENCIES	160
3.16.3	IOCs	160
3.17	DISTRIBUTION OF EXTRACTIVE REVENUES (EITI REQUIREMENT 5.1)	161
3.17.1	BUDGET PROCESS	161

3.17.2	AUDIT OF THE FEDERAL BUDGET	162
3.17.3	AUDIT OF THE ACCOUNT OF THE DEVELOPMENT FUND FOR IRAQ (DFI)	162
3.17.4	COMPENSATION FUND OF KUWAIT WAR	163
3.17.5	REVENUES COLLECTION	164
3.17.6	CSO review of the federal budget for the year 2021.....	164
3.18	SUB-NATIONAL TRANSFERS (EITI REQUIREMENT 5.2)	165
3.18.1	PETRODOLLAR	165
3.18.2	GOVERNORATES' DEVELOPMENT PROGRAM.....	166
3.19	SOCIAL AND ENVIRONMENTAL EXPENDITURES (EITI REQUIREMENT 6.1)	167
3.19.1	OIL AND GAS SECTOR.....	167
3.19.2	MINING SECTOR	167
3.20	QUASI-FISCAL EXPENDITURES (EITI REQUIREMENT 6.2)	168
3.21	CONTRIBUTION OF THE EXTRACTIVE SECTOR TO THE ECONOMY (EITI REQUIREMENT 6.3).....	170
3.21.1	EXTRACTIVE SECTOR CONTRIBUTION TO GDP	171
3.21.2	EXTRACTIVE SECTOR CONTRIBUTION TO STATE EXPORTS.....	173
3.21.3	EXTRACTIVE SECTOR CONTRIBUTION TO STATE REVENUE.....	174
3.21.4	EXTRACTIVE SECTOR CONTRIBUTION TO EMPLOYMENT.....	174
3.22	ENVIRONMENTAL IMPACT OF EXTRACTIVE ACTIVITIES (EITI REQUIREMENT 6.4) ..	175
3.23	GOVERNANCE INDICES.....	177
3.24	CORRUPTION PERCEPTIONS INDEX.....	178
3.25	RESOURCE GOVERNANCE INDEX.....	179
4	SCOPE OF THE REPORT	180
4.1	REPORTING PERIOD	180
4.2	LEVEL OF DISAGGREGATION	180
4.3	GOVERNMENT AGENCIES AND STATE-OWNED ENTERPRISES	180
4.4	EXTRACTIVE COMPANIES.....	180
4.5	OTHER INFORMATION IN LINE WITH THE EITI STANDARD	180
4.6	SOCIAL AND ENVIRONMENTAL EXPENDITURES (EITI REQUIREMENT 6.1)	181
4.6.1	MANDATORY SOCIAL EXPENDITURES	181
4.6.2	VOLUNTARY SOCIAL EXPENDITURES.....	182
4.6.3	ENVIRONMENTAL EXPENDITURES	182

5	ANALYSIS OF REPORTED DATA	183
5.1	ANALYSIS OF EXTRACTIVE REVENUES	183
5.2	ANALYSIS OF SALES REVENUES	184
5.2.1	ANALYSIS OF SALES REVENUES BY PRODUCT	184
5.2.2	ANALYSIS OF SALES REVENUES BY COMPANY	185
5.3	ANALYSIS OF CRUDE OIL LIFTING	186
5.3.1	ANALYSIS OF CRUDE OIL LIFTING BY PRODUCT	186
5.3.2	ANALYSIS OF CRUDE OIL LIFTING BY COMPANY	187
5.4	ANALYSIS OF TAX REVENUE	188
5.4.1	ANALYSIS OF TAX REVENUE BY TAX	188
5.4.2	ANALYSIS OF TAX REVENUE BY FIELD	188
5.4.3	ANALYSIS OF TAX REVENUES BY COMPANY	189
5.5	RECONCILIATION RESULTS	190
5.5.1	RECONCILIATION OF BUYER COMPANIES' DATA	190
5.5.2	RECONCILIATION OF IOCS' DATA	195
5.6	SOCIAL AND ENVIRONMENTAL EXPENDITURES DISCLOSED BY IOCs (EITI REQUIREMENT 6.1)	198
5.7	QUASI-FISCAL EXPENDITURES REPORTED BY SOEs	199
5.8	ADDITIONAL INFORMATION	200
6	RECOMMENDATIONS	202
6.1	NEW RECOMMENDATIONS	203
6.2	RECOMMENDATIONS FROM THE LATEST VALIDATION REPORT	220
6.3	RECOMMENDATIONS FROM THE PREVIOUS EITI REPORT	232
	ANNEXES	244
	Annex 1: Outstanding documents from GAs and SOEs	245
	Annex 2: Details of data submission	245
	Annex 3: Register of active mining licences	245
	Annex 4: Five-year seismic survey plan	245
	Annex 5: Social and environmental expenditures disclosed by IOCs	245
	Annex 6: Quasi-fiscal expenditures reported by SOEs	245
	Annex 7: Crude oil sales revenues reported by SOMO	245
	Annex 8: Petroleum products sales revenues reported by SOMO	245

Annex 9: Crude oil lifting reported by SOMO245
Annex 10: Employment data reported by IOCs and SOEs245
Annex 11: Ministerial Order of 11 December 2023246
Annex 12: IA Team248

LIST OF TABLES

Table 1: List of EITI Reports	19
Table 2: Timeline for the EITI process	20
Table 3: CSO activities in 2021.....	21
Table 4: Main Outstanding documents	24
Table 5: Breakdown of extractive revenues during 2021	25
Table 6: Production data (quantities).....	28
Table 7: Extractive sector exports by commodity	28
Table 8: Reconciled sales revenues for the year 2021	29
Table 9: Detail of IOCs' Taxes by revenue stream	30
Table 10: Oil lifted by IOCs reconciled revenues for the year 2021	30
Table 11: List of in-scope Government Agencies.....	31
Table 12: List of in-Scope SOEs	31
Table 13: List of in-scope IOCs.....	32
Table 14: List of in-scope crude oil buyers.....	32
Table 15: List of in-scope petroleum products buyers	34
Table 16: Data completeness.....	34
Table 17: Detailed Data completeness	34
Table 18: Data completeness and assurance compliance by SOE.....	38
Table 19: Data Completeness and Assurance Compliance by IOC	39
Table 20: List of new recommendations by EITI requirement	40
Table 21: OPEC MEMBERS' PROVEN CRUDE OIL RESERVES	45
Table 22: KRG oil production and exports for the period 2019-2021	48
Table 23: Mineral deposits in Iraq	55
Table 24: Other mineral deposits in Iraq	56
Table 25: Conditions and procedures for obtaining mining licenses in Kurdistan Region.....	57
Table 26: Iraqi Constitution provisions for the Oil & Gas sector.....	59
Table 27: Oil & Gas sector legal framework	60
Table 28: Institutional framework in the Oil & Gas sector	62
Table 29: Taxes payable by Oil and Gas Companies	63
Table 30: Mining sector legal framework.....	64
Table 31: Investment fees by the new regulation	66
Table 32: Institutional Framework	66
Table 33: Main taxes in Iraq	67
Table 34: Oil and Gas service contracts	69
Table 35: IOCs qualification requirements.....	70
Table 36: Fifth licensing round awards	74
Table 37: Fifth (+) and Sixth licensing round contract areas.....	75
Table 38: Terms and conditions of licensing rounds.....	76

Table 39: Existing oil and gas licenses in Iraq	83
Table 40: Mining licences by Governorate	85
Table 41: Minerals by licences	86
Table 42: Oil and gas Contracts and their amendments	86
Table 43: Definition of BO and PEP.....	88
Table 44: Daily refining capacity by refinery	103
Table 45: Departments of the SRC	104
Table 46: Departments of SCOP.....	107
Table 47: Production capacity by plan.....	113
Table 48: ICSC production capacity by plant site	117
Table 49: National Effort Production Oil & Gas fields managed by SOEs.....	121
Table 50: List of Blocks By Province.....	124
Table 51: Details of exploration activities during 2021	126
Table 52: Exploratory geological studies:	127
Table 53: Geological Evaluation Studies:.....	127
Table 54: Laboratory Geological Studies	127
Table 55: Main Ongoing Mining Projects.....	128
Table 56: Oil production by company	131
Table 57: NOC crude oil production by field.....	133
Table 58: Oil production by oil field	134
Table 59: Oil production by governorate between 2019 and 2021	135
Table 60: Top 20 largest energy producers	136
Table 61: Petroleum products volumes by company & commodity	137
Table 62: Cement production by company in 2021	138
Table 63: Minerals production by commodity	139
Table 64: Evolution of Production and export of petroleum 2012-2021.....	139
Table 65: Crude oil exports.....	140
Table 66: Crude Oil exports by product	141
Table 67: Crude oil exports by destination	142
Table 68: Crude oil exports by country	143
Table 69: Top 10 purchasing companies.....	144
Table 70: Differences of export quantities.....	144
Table 71: Other petroleum products exports by product.....	145
Table 72: LPG & Condensate exports by country	146
Table 73: Mining exports by commodity.....	147
Table 74: Mining exports by commodity & destination.....	148
Table 75: National Treasury share of Oil & Gas SOEs profit for 2021	155
Table 76: Social Care Fund share of Oil & Gas SOEs profit for 2021	156
Table 77: Mandatory social expenditures	167
Table 78: Types of Quasi-Fiscal Activity.....	169
Table 79: Cumulative debt of the Ministry of Electricity to the Ministry of Oil	170
Table 80: GDP by activity type, at basic current prices for the years 2020 and 2021	171

Table 81: Key figures on the economy and the oil and gas sector in Iraq and neighbouring OPEC countries.....	172
Table 82: Contribution of the extractive sector to the state exports	173
Table 83: Extractive sector contribution to State revenue.....	174
Table 84: Extractive sector contribution to employment.....	174
Table 85: Employees by Oil & Gas company	175
Table 86: Definition of the WB governance indicators	177
Table 87: Iraq's WGI	178
Table 88: Evolution of CPI Between 2012 and 2022	179
Table 89: Oil & Gas sector revenues by revenue stream.....	183
Table 90: Oil & Gas sales revenue by product	184
Table 91: Oil & Gas sales revenue by company	185
Table 92: Oil lifting by product	186
Table 93: Crude oil lifting by company	187
Table 94: Tax revenues by tax	188
Table 95: Tax revenues by field	188
Table 96: Top 5 tax paying companies.....	189
Table 97: Summary of Reconciliation Discrepancies (Crude Oil Sales)	190
Table 98: Reconciliation Discrepancies (Crude Oil Sales).....	190
Table 99: Unilateral disclosure by SOMO (Crude Oil Sales).....	192
Table 100: Summary of Reconciliation Discrepancies (petroleum products Sales)	193
Table 101: Reconciliation Discrepancies (petroleum products Sales)	193
Table 102: Unilateral disclosure by SOMO (petroleum products Sales).....	194
Table 103: Summary of reconciliation discrepancies (Crude Oil lifted in-kind).....	195
Table 104: Summary of reconciliation discrepancies (crude oil lifted in-kind)	195
Table 105: Unilateral disclosure by SOMO (crude oil lifted in-kind)	196
Table 106: Summary of social & environmental expenditures	198
Table 107: Summary of social and environmental expenditure reported by IOC	199
Table 108: QFE by beneficiary	200
Table 109: QFE by company	200
Table 110: Details of the additional requirements	201
Table 111: List of Recommendations by EITI Requirement	202
Table 112: List of new recommendations by EITI Requirement.....	203
Table 113: Summary of recommendations from EITI Implementation	217

LISTE OF FIGURES

Figure 1: Evolving normative framework (2003-2023).....	16
Figure 2: Map of EITI implementing countries	18
Figure 3: Structure of revenues from the extractive sector.....	25
Figure 4: Trend of the extractive revenues between 2017 and 2021 (in US\$ billion)	26
Figure 5: Contribution of the extractive sector to the economy	27
Figure 6: Exports by commodity	29
Figure 7: Net oil lifted by buyers in volume and value 2017-2021	48
Figure 8: KRG exports and production evolution between 2019 and 2021	49
Figure 9: Oil price evolution between 2019 and 2021	49
Figure 10: Fields related to the PCSs	50
Figure 11: KRG'S Production Sharing Contracts	51
Figure 12: Mineral occurrences map of Iraq	54
Figure 13: Contract Award process	70
Figure 14: Licenses geographical area	72
Figure 15: State-Owned Enterprises (SOEs) in the oil and gas sector.....	89
Figure 16: SOEs in the oil and gas upstream sector.....	91
Figure 17: Fundamental tasks of the North Oil Company (NOC).....	93
Figure 18: Fundamental tasks of the Basra Oil Company (BOC)	95
Figure 19: MOC's key responsibilities	96
Figure 20: TOC's key responsibilities and activities	98
Figure 21: State-Owned Enterprises (SOEs) in the mining sector.....	108
Figure 22: SOEs in the mining extractive sector.....	110
Figure 23: MSSC key responsibilities	115
Figure 24: Main steps in the SCIS history	116
Figure 25: ICSC key responsibilities	117
Figure 26: GEOSURV-Iraq history.....	119
Figure 27: GEOSURV-Iraq key responsibilities	120
Figure 28: MAP of Iraq - Seismic Surveys (2024-28).....	123
Figure 29: Map of Iraq - Appendix to the fifth+ and sixth licensing rounds	125
Figure 30: production of crude oil 2012-2021	131
Figure 31: oil production evolution by company between 2019 and 2021	131
Figure 32: Oil production by company	132
Figure 33: NOC crude oil production by field.....	133
Figure 34: Most productive oil fields in 2021	134
Figure 35: Oil production by governorate between 2019 and 2021	135
Figure 36: Gas production and reserves 2012-2021	136
Figure 37: Evolution of Iraq's energy production between 1980 and 2021.....	137
Figure 38: Gas production between 1991 and 2021.....	137
Figure 39: Minerals production by commodity.....	139

Figure 40: Exports of petroleum 2012-2021	140
Figure 41: CAGR of export quantities between 2017-2021	141
Figure 42: Crude oil share of export	141
Figure 43: Crude oil exports by product	142
Figure 44: Crude oil exports by destination.....	142
Figure 45: Nationalities of Iraqi oil buying companies	143
Figure 46: Top 10 purchasing companies	144
Figure 47: Petroleum products exports by product	146
Figure 48: Share of other petroleum products exports.....	146
Figure 49: LPG & Condensate exports destinations.....	147
Figure 50: Mining exports by commodity	147
Figure 51: Mining exports by destination	148
Figure 52: Cost recovery & remuneration fee payment process.....	151
Figure 53: Subnational payments	157
Figure 54: Implementation of EITI Requirement 4.6.....	159
FIGURE 55: COMPENSATIONS TO KUWAIT DURING 2021	163
Figure 56: revenue collection from export sales oil & gas.....	164
Figure 57: Oil supplied for electricity from 2015 to 2021	170
Figure 58: Extractive sector contribution to the Iraqi's economy.....	171
Figure 59: Extractive sector contribution 2020-2021 (MoP)	172
Figure 60: Extractive sector contribution 2020-2021 (CBI)	173
Figure 61: Contribution of the extractive sector to the state's exports	174
Figure 62: Employment by sector.....	174
Figure 63: Allocation keys of SOEs' mse	182
Figure 64: Oil & Gas revenues by revenue stream	183
Figure 65: Oil & Gas sales revenue by product	184
Figure 66: Oil & Gas sales revenue by company.....	185
Figure 67: Oil lifting by product	186
Figure 68: Crude oil lifting by company	187
Figure 69: Tax revenues by tax	188
Figure 70: Tax revenues by field.....	188
Figure 71: Top 5 tax paying companies.....	189
Figure 72: Summary of social & environmental expenditure.....	198
Figure 73: QFE by beneficiary	200
Figure 74: QFE by company.....	200

LIST OF ABBREVIATIONS

b/d	Barrel per day
BGC	Basra Gas Company
BO	Beneficial ownership
BOC	Basra Oil Company
BOD	Board of Directors
BOTI	Baghdad Oil Training Institute
CAGR	Compound annual growth rate
CBI	Central Bank of Iraq
DPSC	Development and Production Service Contract
EDPSC	Exploration, Development and Production Service Contract
FBSA	Federal Board of Supreme Audit
FY	Financial Year
GFC	Gas Filling Company
IDC	Iraqi Drilling Company
IMF	International Monetary Fund
INOC	Iraqi National Oil Company
IOB	International Oil buyers
IOTC	Iraqi Oil Tankers Company
IPC	Iraq Petroleum Company
IPR	Initial Production Rate
IRENA	International Renewable Energy Agency
ISRS	International Standards on Related Services
KOTI	Kirkuk Oil Training Institute
KRG	Kurdish Regional Government
MdOC	Midland Oil Company
MNR	Ministry of Natural Resources
MOC	Missan Oil Company
MoE	Ministry of Environment
MoF	Ministry of Finance
MoIM	Ministry of Industry and Minerals
MoO	Ministry of Oil
MoP	Ministry of Planning
MRC	Midland Refineries Company
MSE	Mandatory Social Expenditures
MSG	Multi-Stakeholder Group
NGC	North Gas Company
NOC	North Oil Company
NRC	North Refineries Company

OEC	Oil Exploration Company
OPC	Oil Pipelines Company
OPDC	Oil Products Distribution Company
OPEC	Organization of the Petroleum Exporting Countries
OPRA	Oil Proceed Receipt Account
OTI	Oil Training Institute, Baiji
PCLD	Petroleum Contracts and Licensing Department
PEP	Politically exposed Person
PPT	Plateau Production Target
PRDC	Petroleum Research and Development Center
RFB	Remuneration Fee Bid
SCOP	State company for Oil Projects
SGC	South Gas Company
SOMO	Oil Marketing Company
SRC	South Refineries Company
TAEI	Transparency Alliance for Extractive Industries
TOC	Thi-Qar Oil Company
VSE	Voluntary Social Expenditures

OVERVIEW

EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (EITI)

Background

The Extractive Industries Transparency Initiative (EITI) was first announced at the World Summit on Sustainable Development in Johannesburg in 2002 (the Earth Summit 2002) and was officially launched in London in 2003.¹

It is a global standard to promote open and accountable management of natural resources. It seeks to strengthen government and company systems, inform public debates, and enhance trust. In each implementing country, it is supported by a coalition of governments, companies operating in the extractive sector and civil society organisations working together.

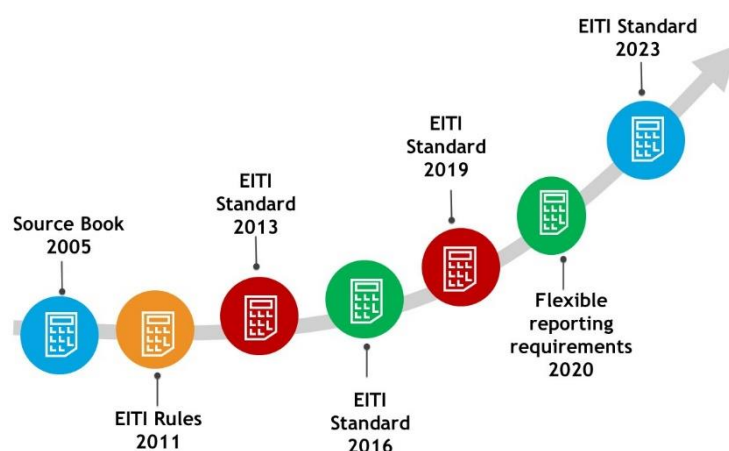
Evolving normative framework (2003-2023)

From 1 January 2025 onwards, EITI reports should be prepared based on the 2023 EITI Standard (here in after referred to as the “[The EITI Standard](#)”). This is the seventh version of the Standard since the EITI Principles were declared in 2003. Please see Figure 1 below.

The EITI Standard encourages countries to make use of existing reporting systems for EITI data collection and to make the results transparent at source. The 2019 EITI Standard introduced new aspects on environmental, social, and gender impacts. It also broke ground on the disclosure of the identity of the real owners - the ‘beneficial owners’ - of the companies that have obtained rights to extract oil, gas and minerals starting from 2020. The EITI Standard sets out the requirements which countries need to meet to be recognised, first as EITI Candidates and subsequently as EITI Compliant countries.

Recognising the challenges associated with the COVID-19 pandemic, the EITI Board issued new measures to provide flexibility in EITI implementation and reporting scheduled for publication in 2021 and 2022.²

FIGURE 1: EVOLVING NORMATIVE FRAMEWORK (2003-2023)



¹ For more information on the EITI, please visit their website [here](#).

² For more information on these measures, please see [here](#).

Key changes to the EITI Standard

To enable countries to respond to the most pressing challenges facing natural resource governance today, the 2023 EITI Standard includes several new and refined provisions. EITI Implementing Countries will not be assessed against the 2023 Standard until 2025, but are encouraged to incorporate the new requirements earlier.

These broadly cover four thematic areas:

- **Anti-corruption:** Enhance the ability of countries and companies to use the EITI platform for the identification and management of corruption risks in the natural resource sector.
- **Energy transition:** Supporting disclosure and public debate on the implications of energy transition by highlighting relevant policies, as well as revenues countries can expect from their oil, gas and minerals under different market scenarios.
- **Gender, social and environmental issues:** To help ensure that natural resources are managed in the interests of all citizens, there are stronger provisions to promote greater diversity in decision-making and disclosure, considering gender, social and environmental issues.
- **Revenue collection:** New and refined provisions require more comprehensive and detailed disclosures, which can help countries strengthen their tax base and raise revenues.

For further information about the 2023 EITI Standard, please refer to the summary of changes the EITI International Secretariat prepared in June 2023.³

Independent evaluation of EITI

The EITI International Secretariat published in November 2022 an [independent evaluation of EITI](#). It builds on efforts to strengthen the EITI's approach to documenting, communicating and learning from the results of implementation, in line with recommendations from a 2020 review of international best practice in results measurement and impact evaluation.

The study raised some key findings relating to:

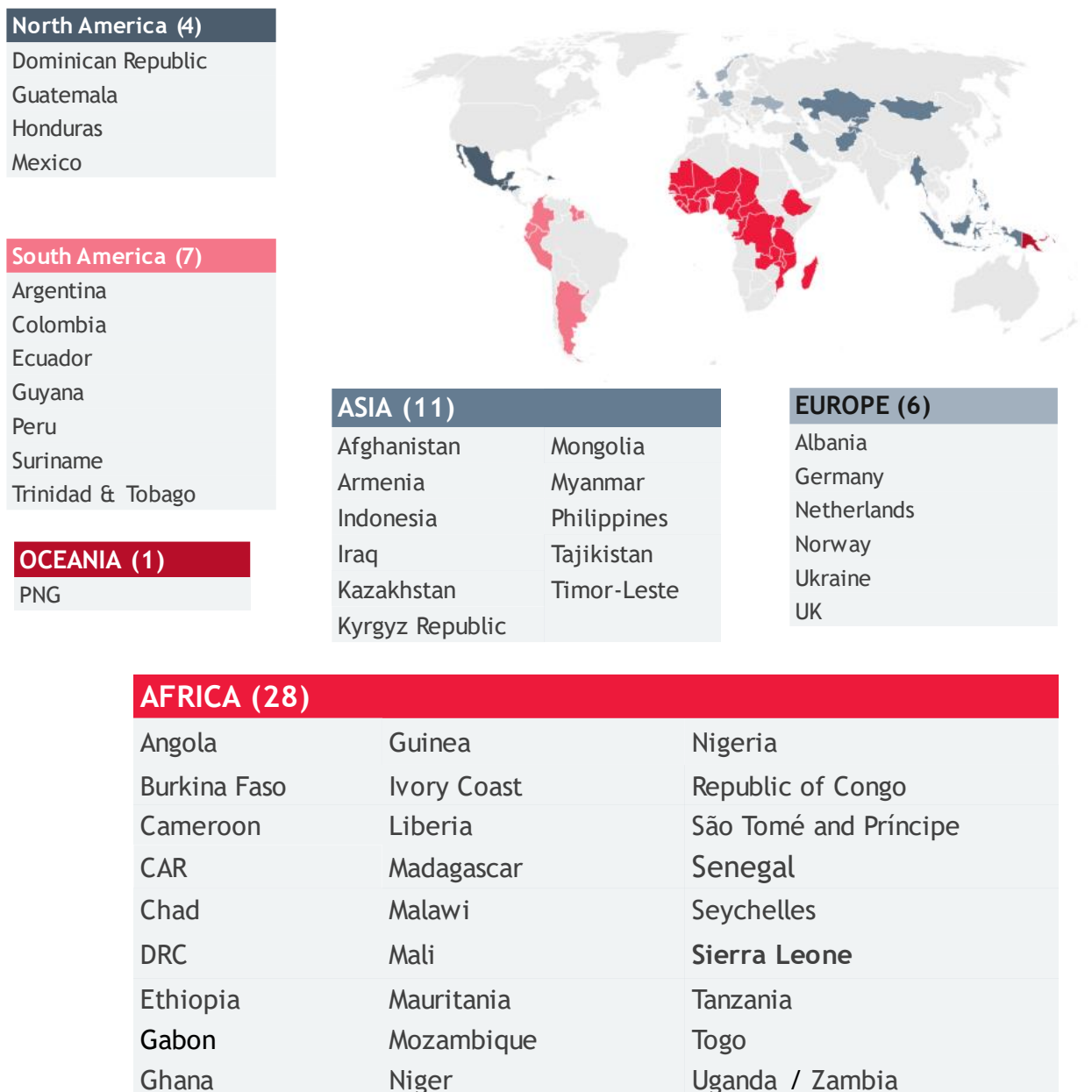
- informing the energy transition;
- supporting open data;
- informing investment decisions;
- strengthening revenue mobilisation;
- addressing corruption risks; and
- measuring impact.

³ https://eti.org/sites/default/files/2023-06/Explainer_EITI%20Standard%202023_%20Summary%20of%20changes.pdf

EITI Implementing countries

EITI is currently being implemented in 57 countries in Africa, Asia, Europe, America and Oceania. Please see Figure 2 below.

FIGURE 2: MAP OF EITI IMPLEMENTING COUNTRIES



EITI IN IRAQ⁴

The Government of Iraq first announced its intention to join the EITI programme in March 2009 to promote transparency and accountability in the management of its mineral resources. The country formed its first multi-stakeholder group (MSG) in September 2010. Iraq became an EITI Candidate in February 2010, and it became a compliant country in December 2012.

The MSG is responsible for developing policies and programmes that align with the EITI Standard and reflect national priorities, oversee the EITI reporting process, approve work plans and effectively undertake outreach activities on necessary information that emanate from the EITI Process.

The MSG provides oversight of the EITI process and comprises full members and their alternates from several government ministries, departments and agencies, mining companies, and civil society organisations. The MSG has reviewed its own internal governance for better oversight of the EITI implementation.

The NRTC is responsible for the implementation of planned and approved activities designed by the MSG's work plan and the EITI Standard. Headed by a National Coordinator, the Secretariat lacks key professional staff drawn from several professional backgrounds required for the day-to-day operations of the Secretariat.

The EITI process covers two sectors in Iraq: oil and gas and mining. To date eleven (11) EITI Independent Administrator reports have been published covering the years from 1 January 2009 to 31 December 2020 as detailed in the table below:

TABLE 1: LIST OF EITI REPORTS

N°	Year	Publication date
1	2009	December 2011
2	2010	May 2013
3	2011	December 2013
4	2012	December 2014
5	2013	December 2015
6	2014	April 2016
7	2015	November 2016
8	2016	December 2018
9	2017	December 2019
10	2018	March 2021
11	2019-2020	July 2022

This report is the twelfth (12th) report for Iraq which covers the period from 1 January to 31 December 2021.

⁴ For more information on EITI in Iraq, see the website [here](#).

The timeline for the EITI process can be presented as follows:

TABLE 2: TIMELINE FOR THE EITI PROCESS

Date	Event
March 2009	Government announces commitment to join the EITI
January 2010	Candidature application is submitted
February 2010	Iraq joined
September 2010	Multi-stakeholder group is formed
November 2011	1 st EITI Report published (Period covered: calendar year 2009 / Sectors covered: Oil, Gas and Mining)
December 2012	Iraq designed EITI compliant country
December 2012	2 nd EITI Report published (Period covered: calendar year 2010 / Sectors covered: Oil, Gas and Mining)
December 2013	3 rd EITI Report published (Period covered: calendar year 2011 / Sectors covered: Oil, Gas and Mining)
December 2014	4 th EITI Report published (Period covered: calendar year 2012 / Sectors covered: Oil, Gas and Mining)
December 2015	5 th EITI Report published (Period covered: calendar year 2013 / Sectors covered: Oil, Gas and Mining)
April 2016	6 th EITI Report published (Period covered: calendar year 2014 / Sectors covered: Oil, Gas and Mining)
December 2016	7 th EITI Report published (Period covered: calendar year 2015 / Sectors covered: Oil, Gas and Mining)
October 2017	1 st validation result: Inadequate progress
December 2018	8 th EITI Report published (Period covered: calendar year 2016 / Sectors covered: Oil, Gas and Mining)
October 2019	2 nd validation result: Meaningful progress
December 2019	9 th EITI Report published (Period covered: calendar year 2017 / Sectors covered: Oil, Gas and Mining)
March 2021	10 th EITI Report published (Period covered: calendar year 2018 / Sectors covered: Oil, Gas and Mining)
July 2022	11 th EITI Report published (Period covered: calendar years 2019 and 2020 / Sectors covered: Oil, Gas and Mining)

EITI Validation

Iraq was found to have made meaningful progress in implementing the 2016 EITI Standard in October 2019, following its second Validation. Iraq has fully addressed 10 of the 22 corrective actions identified in this Validation, with significant improvements across the 12 remaining actions. The next Validation was expected to commence in January 2023.⁵

CSO activities in 2021

The Iraqi Transparency Alliance for Extractive Industries (TAEI) carried out a number of activities for the year 2021, as shown in the following table:

⁵ <https://eiti.org/countries/iraq>

TABLE 3: CSO ACTIVITIES IN 2021

N°	Workshop	Attendance
1	Training for new members from youth groups on the concepts, principles and the EITI Standard.	28
2	A panel discussion on analysing the development impact of the 2018 EITI report.	38
3	Four capacity building activities for CSOs:	
	Capacity building workshop to explain the concepts of the Civil Society Protocol attached to the 2019 EITI Standard.	34
	Capacity building workshop to evaluate the EITI process in Iraq and the role of civil society inside and outside the MSG	26
	Capacity building workshop on organizing advocacy campaigns for CSOS	33
	Capacity building workshop on "The Importance of Environmental Disclosure" in Iraqi Initiative Reports and Reducing Environmental Damage	28
4	Implementing two discussion panels to analyse the 2018 EITI report.	58
5	Implementing three seminars to analyse the 2021 budget:	
	First seminar	26
	Second seminar	34
	Third seminar	27
6	The Fifth Economic Forum of 2021 "For optimal investment of energy and its resources in Iraq"	144

According to TAEI, these are the main achievements for the year 2021:

- Increasing the coalition's membership with youth from the areas most affected by the extractive industry.
- Improving the coalition's ability to engage in the EITI process and in the MSG.
- Enhancing the effectiveness of evidence-based advocacy.
- Create a platform for public discussion and advocacy with the government through the implementation of the 2020 Forum and the 2021 Forum.

SCOPE OF WORK

BDO LLP was appointed as Independent Administrator for the preparation of the EITI report for the year 2021.

This engagement was carried out in accordance with the International Standards on Related Services (ISRS 4400 Engagements to perform agreed upon procedures regarding Financial Information). The procedures performed were those set out in the terms of reference included in the contract for consultants' services.

The reconciliation procedures carried out were not designed to constitute an audit or a review in accordance with International Standards on Auditing or International Standards on Review Engagements and as a result, no assurances on the transactions beyond the explicit statements set out in this report are being expressed. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This Report includes six sections as follows:

- Executive summary;
- Approach and methodology;
- Contextual information on the extractive sectors;

- Scope of the EITI Report;
- Analysis of the reported data; and
- Recommendations.

Our report includes information received up to **29 December 2023**. Any information received after this date has not, therefore, been taken into consideration.

Our work included a general understanding of the extractive sectors in Iraq. We also held meetings with several entities involved in the EITI process to collect relevant information and documentation necessary to achieve the objectives of our work.

1 EXECUTIVE SUMMARY

1.1 OBJECTIVE OF THE REPORT

The purpose of this 12th EITI report is to compile and present the data provided by the state-owned companies (SOEs) and international oil companies (IOCs) in comparison with the relevant data provided by government agencies for effective governance of the sector.

The overall objective of this exercise is to assist the government in identifying the positive contribution that extractive resources make to the economic and social development of the country and to realise their potential through improved resource governance that encompasses and fully implements the principles and criteria of the EITI.

1.2 SCOPE OF WORK

In accordance with the terms of reference for the engagement, we were required to carry out a scoping study ahead of the preparation of the 2021 EITI Report, including a proposal of:

- taxes and revenues to be included in the scope;
- companies and government agencies to be included in the report;
- a reporting template to be completed by the reporting entities;
- the materiality threshold for receipts and payments by sector;
- assurances to be provided by reporting parties to ensure credibility of the data being reported.

To expedite the data collection process, we visited the following reporting entities:

Ministries

- Ministry of Finance (MoF).
- Ministry of Electricity.
- Ministry of Environment (MoE).
- Ministry of Planning (MoP).
- Ministry of Oil (MoO) (including the Petroleum Contracts and Licensing Department (PCLD), the Economic and Financial Directory, the Technical Directory, the Studies, planning and follow up Department and the Internal Control Directorate.

State owned enterprises

- Oil Marketing Organisation (SOMO).
- Basra Gas Company (BGC).
- Oil Exploration Company (OEC).

Others

- Central Bank of Iraq (CBI).

Despite the efforts we made we failed to receive some crucial information, especially from the MoF and PCLD. Accordingly, we have requested all international oil companies (IOCs) to complete the reporting templates regardless of any materiality threshold.

1.3 LIMITATIONS

We set out below the limitations preventing the comprehensive disclosure of all EITI information.

We requested 185 documents/information from 27 reporting entities (10 government agencies and 17 SOEs). As of 29 December 2023, twelve (12) reporting entities (44%) did not provide the requested information.

The main outstanding documents are the following:

TABLE 4: MAIN OUTSTANDING DOCUMENTS

N°	Outstanding documents by reporting entity
Ministry of Finance (MoF)	
1	Statement of all revenues received from the oil, gas and mining sector detailed by tax and by licence holder.
2	Legal framework and fiscal regime governing the extractive industries and any ongoing reform.
3	A description of the country's budget and audit processes.
4	Details of sub-national transfers (Petrodollar allocation and Development Allocations and Transfers to Regions and Governorates).
5	A description of any extractive revenues earmarked for specific programmes or geographic regions.
6	Information about the contribution of the extractive industries to the economy.
7	Account statement of the Development Fund for Iraq (DFI), where all proceeds from sales of crude oil, oil and gas products are deposited. ⁶
Ministry of Oil (MoO) / PCLD	
7	List of all oil and gas companies holding licences during 2021.
8	Details of cost recovery and remuneration fees made to IOCs.
9	Oil and gas companies' shareholding during 2021.
10	Detail of oil and gas licences transferred during 2021.
11	Detail of tendering process launched during 2021 to award oil and gas licences and contracts with the detail of applicants and the bid criteria, and the recipients of the licenses.
12	Government's policy on disclosure of contracts and licenses that govern the exploration and exploitation of oil, gas.

The detailed follow up of the requested documents is presented in Annex 1 to this report.

1.4 REVENUE GENERATED FROM THE EXTRACTIVE INDUSTRIES

1.4.1 EXTRACTIVE REVENUE DURING THE REPORTING PERIOD

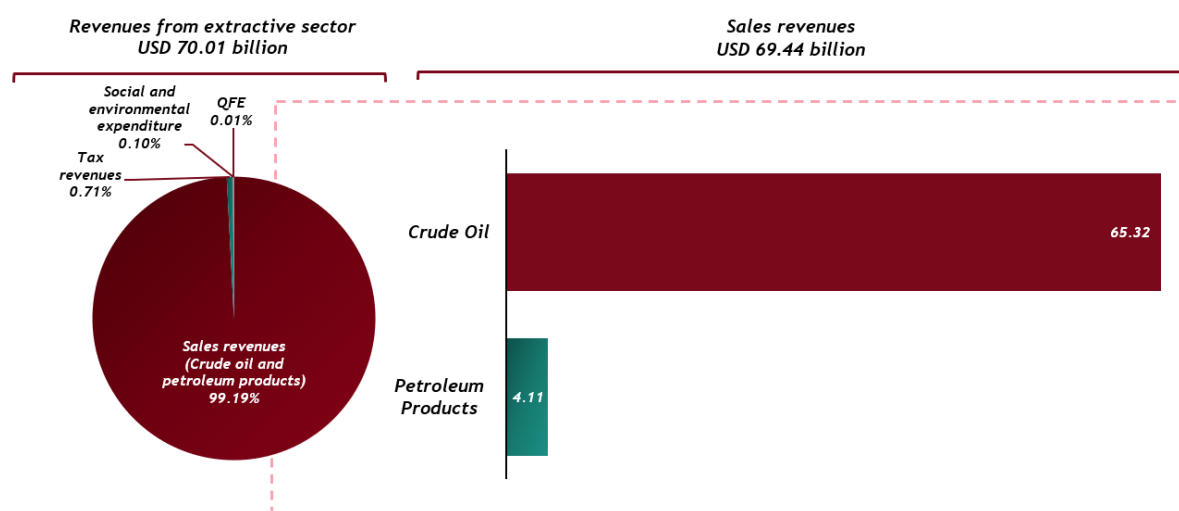
Total revenues received from the extractive sector amounted to **US\$ 70 billion** during the calendar year 2021. Revenues from sales of crude oil and petroleum products accounted for 99% of the total revenue streams generated by the sector. The breakdown of revenues is set out in the table below:

⁶ As a result, we were unable to compare the amounts of oil sales proceeds reported by SOMO and buyers' companies during 2021 with the receipts of oil proceeds by the DFI accounts at the Federal Reserve Bank of New York.

TABLE 5: BREAKDOWN OF EXTRACTIVE REVENUES DURING 2021

Type of revenue	Source	Amount US\$ billion	% of total revenues
Sales revenues (Crude Oil and Petroleum Products)			
Crude Oil sales revenues (a-b)	SOMO	65.32	93.31%
<i>Crude Oil Exports (a)</i>	SOMO	75.54	-
<i>Value of lifted Oil related to IOCs (b)</i>	SOMO	10.21	-
Petroleum Products sales revenues	SOMO	4.11	5.87%
Total sales revenues		69.44	99.19%
Tax revenues	IOCs	0.49	0.67%
Social and environmental expenditures	IOCs	0.07	0.10%
Quasi-fiscal expenditures (QFE)	SOEs	0.01	0.01%
Total extractive sector revenues		70.01	100.00%

FIGURE 3: STRUCTURE OF REVENUES FROM THE EXTRACTIVE SECTOR



The information below was not provided by the different reporting entities, preventing the comprehensive reporting of taxes and revenues generated by the extractive sector during 2021:

- The Ministry of Finance (MoF) did not provide the revenues from the oil, gas and mining sectors during 2021. Tax revenues presented in this report are based on the data collected from the international oil companies (IOCs) included in the reporting scope; and
- We did not received information on the National Treasury share of profit (dividends) paid during 2021 by the state-owned enterprises (SOEs) operating in the oil and gas sector.

The detail of total extractive revenues during the calendar year 2021 is presented in Section 5.1 of this report.

Oil and gas sales revenues are deposited by buyers into the Oil Proceed Receipt Account (OPRA) at the Federal Reserve Bank of New York. Despite the fact that we were not be provided with the bank account statements, we received information from the Central Bank of Iraq (CBI) that the sales revenues for 2021 (amount paid by the buyers into the bank account in New York) amount to US\$ 59,85 billion and the difference between these revenues

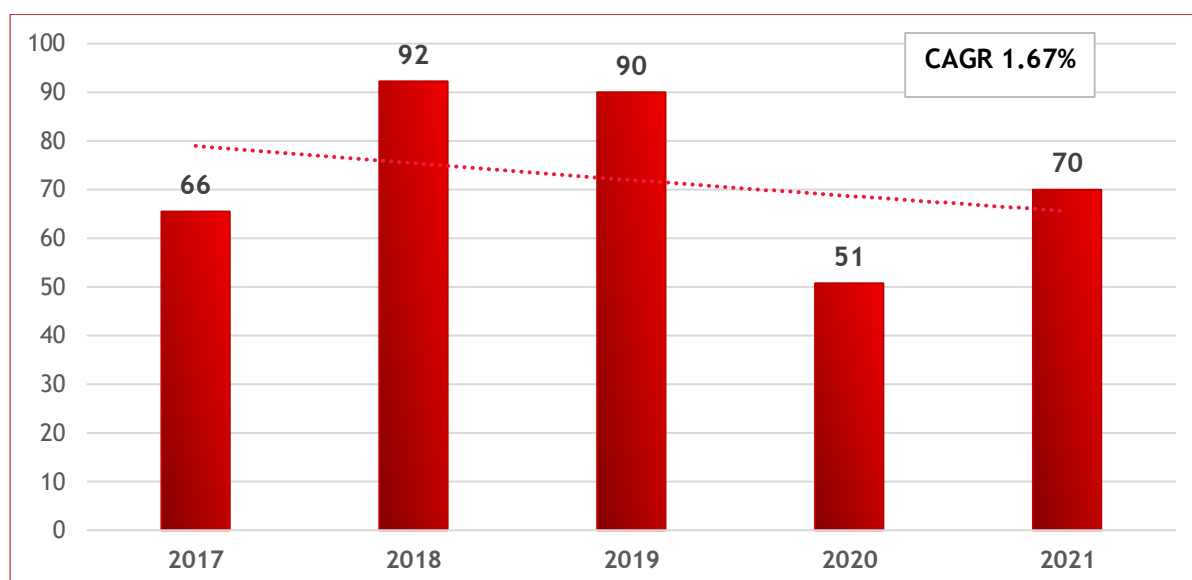
and those reported by SOMO amounted to US\$ 9.59 billion (13.8%) explained by the credit notes granted to the buyers following the breach of certain clauses of the contract (delay in shipment...) or by the fact that SOMO records these revenues on accrual basis.

1.4.2 REVIEW OF THE EXTRACTIVE REVENUES FROM 2017 TO 2021

The average annual increase of the extractive revenues between 2017 and 2021 accounted for 1.67%. After a significant rise of 41% between 2017 and 2018, revenues dropped by 44% between 2019 and 2020 because of the Covid-19 pandemic which has caused a sharp drop in oil prices in the international market. During 2021, the figures improved significantly compared with 2020 as petroleum activities had resumed almost as normal, resulting in a rise of the quantities exported by 22% in one hand, and the crude oil prices have increased in the international market in the other hand, resulting in an average price increase of 78%, moving from US\$38.6/bbl to US\$ 68.6/bbl according to the exports data provided by SOMO for the years 2020 and 2021.

The Figure below shows the trend of the extractive revenues over five years (2017-2021).

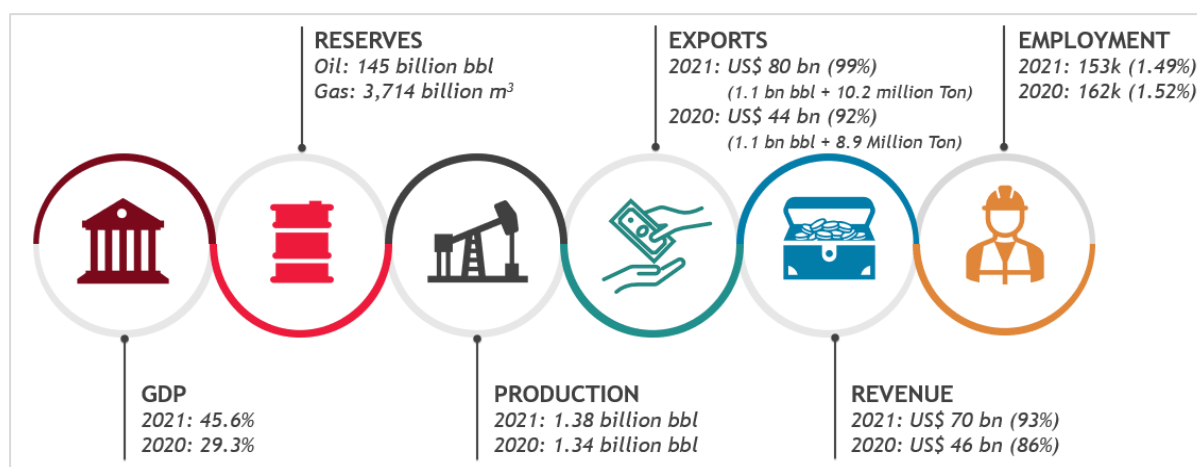
FIGURE 4: TREND OF THE EXTRACTIVE REVENUES BETWEEN 2017 AND 2021 (IN US\$ BILLION)



1.5 CONTRIBUTION TO IRAQ'S ECONOMY

The contribution of the extractive sector can be summarised as follows:

FIGURE 5: CONTRIBUTION OF THE EXTRACTIVE SECTOR TO THE ECONOMY



The value of exports from the oil and gas and mining sectors amounted to approximately US\$ 80 billion accounting for almost 99% of the total exports of the country during the year 2021 compared to US\$ 44 billion (92%) in 2020.

According to macro-economic data received from the Central Bureau of Statistics under the Ministry of Planning, the gross domestic product (GDP) from oil and gas and mining sectors amounted to US\$ 95 billion and accounted for 45.6% of total GDP in 2021 compared to 29.3% in 2020.

The contribution of the extractive sector to Government's revenue amounted to US\$ 70 billion, accounting for 93% of the total domestic revenues for the year 2021 compared to 86% in 2020 generated from US\$ 46 bn.

According to data collected from the Central Statistical Organisation, the SOEs and extractive companies operating in the Oil & Gas sector, there were 153 thousand people employed in the oil and gas and mining sectors in 2021, representing 1.49% of the country's labour force compared to 1.52% in 2020.

The details of the contribution to the economy are presented in Section 3.21 of this report.

1.6 PRODUCTION AND EXPORT DATA

Production

The table below presents a summary of production quantities for the Oil & Gas and mining sectors for the FY 2021 by commodity:

TABLE 6: PRODUCTION DATA (QUANTITIES)

Commodity	Unit	Volume	Commodity	Unit	Volume
Oil & Gas (1)			Mining (2)		
Crude Oil	M.Bbl	1,383	Salt	Ton	57,602
Gas	M.m ³	30,275	Calcium Bentonite	Ton	177
			Raw Bentonite	Ton	5
			Standard sand	Ton	4

(1) According to data provided by the Ministry of Oil (MoO) and Thi-Qar Oil company (TQOC).

(2) According to data provided by the State Company for Mining Industries. Neither the Ministry of Industry and Minerals (MoIM) nor other SOEs provided us with production data.

Details of production volumes are detailed by sector and by extractive company in section 3.9 of this report.

Exports

The table and figure below provide an overview of export data from the oil & gas and mining sectors as well as the contribution by sector and by commodity to the State exports in 2021:

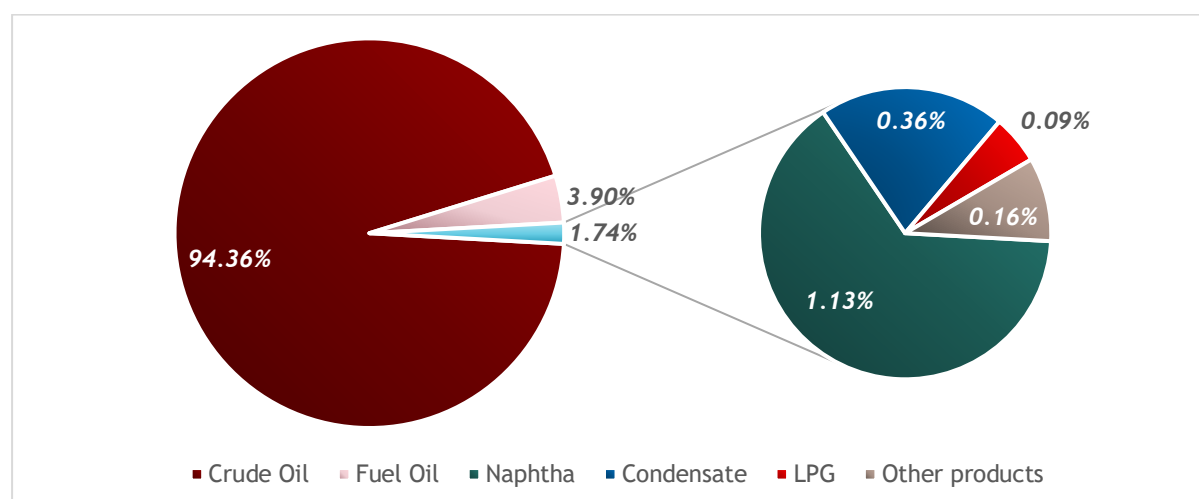
TABLE 7: EXTRACTIVE SECTOR EXPORTS BY COMMODITY

Commodity	Unit	Quantity	Value (US\$ billion)	%
Oil & Gas			80.04	99.98%
Crude Oil	Barrel	1,100,798,522	75.54	94.36%
Fuel Oil	Ton	7,663,884	3.12	3.90%
Naphtha	Ton	1,448,875	0.90	1.13%
Condensate	Ton	455,592	0.29	0.36%
LPG	Ton	138,795	0.08	0.09%
Natural gasoline	Ton	90,288	0.05	0.06%
Vacuum Distillation	Ton	182,442	0.04	0.05%
Kerosene	Ton	40,535	0.02	0.03%
Sulphur	Ton	105,862	0.00	0.01%
Mining			0.02	0.02%
Iron & steel scrap	Ton	79,610	0.01	0.01%
Sulphur	Ton	73,747	0.01	0.01%
Carbon	Ton	430	0.00	0.00%
Anthracite & Coal	Ton	600	0.00	0.00%
Blocks & bricks	Ton	350	0.00	0.00%
Extractive sector exports			80.06	100.00%

(1) According to data provided by SOMO

(2) According to data provided by the MoP

FIGURE 6: EXPORTS BY COMMODITY



Details of export volumes and values are detailed by sector and by destination in section 3.10 of this report.

1.7 SCOPE OF THE DATA COLLECTION AND RECONCILIATION

Sales revenues

Based on the export data for the calendar year 2021 communicated by SOMO, we have included all the crude oil and petroleum products buyer companies in the reconciliation scope without applying any materiality threshold.

As detailed in the table below, the revenues generated from the sales of crude oil and petroleum products amounted to US\$ 69 billion. The reconciled revenues amounted to US\$ 41 billion and represent 59% of the total sales revenues during 2021.

TABLE 8: RECONCILED SALES REVENUES FOR THE YEAR 2021

Sales revenues In US\$ billion	SOMO	Buyers	Discrepancies	%
Reconciled revenues (*)				
Crude Oil sales revenues	39.83	40.19	(0.36)	(0.91%)
Petroleum products sales revenues	1.31	1.31	0.00	0.00%
Sub-total reconciled revenues	41.14	41.50	(0.36)	(0.88%)
%	59.25%			
Unilateral disclosure (**)				
Crude Oil sales revenues	25.50			
Petroleum products sales revenues	2.80			
Sub-total unilateral disclosure	28.30			
%	40.75%			
Total sales revenues	69.44			

(*) Reconciled sales revenues detailed by buyer company are presented in Section 5.5.1 of this report.

(**) Unilateral disclosure by SOMO for the buyers companies that did not submit their reporting templates

Tax revenues

The Ministry of Finance (MoF) did not provide the taxes collected from extractive companies during 2021. The tables below show the payments disclosed by IOCs detailed by revenue stream:

TABLE 9: DETAIL OF IOCs' TAXES BY REVENUE STREAM

Payment stream	Total US\$ billion
Corporate income tax (CIT)	0.36
Withholding tax (WHT)	0.08
Personal Income tax (PIT)	0.04
Other payments	0.01
Total	0.49

The detail of tax payments reported by the IOCs during the period from 1 January 2021 and 31 December 2021 is presented in Section 5.4 of this report.

Crude oil lifting

Based on the crude oil lifted in lieu of cost recovery and remuneration fees for the calendar year 2021 communicated by SOMO, we have included all the international oil companies (IOCs) in the reconciliation scope without applying any materiality threshold.

As detailed in the table below, revenues generated from the crude oil lifted in lieu of cost recovery and remuneration fees amounted to US\$ 10 billion. The reconciled revenues amounted to US\$ 7 billion and represent approximately 73% of the total oil lifted by IOCs during 2021.

TABLE 10: OIL LIFTED BY IOCs RECONCILED REVENUES FOR THE YEAR 2021

Crude oil lifting In US\$ billion	SOMO	IOCs	Discrepancies	%
Reconciled revenues (*)				
Crude Oil lifting	7.41	7.41	-	0.00%
Sub-total reconciled revenues	7.41	7.41	-	0.00%
%	72.54%			
Unilateral disclosure (**)				
Crude Oil lifting	2.8			
Sub-total unilateral disclosure	2.8			
%	27.46%			
Total crude oil lifting	10.21			

(*) Reconciled crude oil lifting revenues in lieu of cost recovery and remuneration fees detailed by IOC are presented in Section 5.5.2 of this report.

(**) Unilateral disclosure by SOMO for the IOCs that did not submit their reporting templates.

1.8 COMPLETENESS AND RELIABILITY OF DATA

1.8.1 DATA COMPLETENESS

Government Agencies

It was agreed that ten (10) government agencies (GAs) would be required to disclose the revenues received from extractive companies, contextual data related the exploration, production, exports, state participation, infrastructure provisions and barter agreements, environmental and social expenditure, and employment as required by the EITI Standard. The government agencies selected in the scope are presented in the table below.

TABLE 11: LIST OF IN-SCOPE GOVERNMENT AGENCIES

N°	GA	Sector
1	Ministry of Oil (MoO) / Petroleum Contracts and Licensing Department (PCLD)	Oil & Gas
2	Ministry of Oil (MoO) / Technical Directory	Oil & Gas
3	Ministry of Oil (MoO) / Economic and Financial Directory	Oil & Gas
4	Ministry of Industry and Minerals (MoIM)	Mining
5	Ministry of Planning (MoP) Central Bureau of Statistics	Oil & Gas and Mining
6	Ministry of Electricity	Oil & Gas and Mining
7	Ministry of Environment (MoE)	Oil & Gas and Mining
8	Ministry of Finance (MoF)	Oil & Gas and Mining
9	Central Bank of Iraq (CBI)	Oil & Gas and Mining
10	Ministry of Natural Resources (MNR) - Kurdistan Regional Government (KRG)	Oil & Gas and Mining

State owned enterprises (SOEs)

It was agreed that seventeen (17) state owned enterprises (SOEs) would be required to disclose the revenues received from extractive companies, contextual data related the exploration, production, exports, state participation, infrastructure provisions and barter agreements, environmental and social expenditure, and employment as required by the EITI Standard. The government agencies selected in the scope are presented in the table below.

TABLE 12: LIST OF IN-SCOPE SOES

N°	SOE	Sector
1	Thi-Qar Oil Company (TOC)	Oil & Gas
2	Midland Oil Company (MDOC)	Oil & Gas
3	North Gas Company (NGC)	Oil & Gas
4	North Oil Company (NOC)	Oil & Gas
5	Oil Marketing Organisation (SOMO)	Oil & Gas
6	Oil Exploration Company (OEC)	Oil & Gas
7	Iraqi Cement State Company (ICSC)	Mining
8	Midland Refineries Company (MRC)	Oil & Gas
9	State company for Oil Projects (SCOP)	Oil & Gas
10	South Refineries Company (SRC)	Oil & Gas
11	Missan Oil Company (MOC)	Oil & Gas
12	Basra Gas Company (BGC)	Oil & Gas
13	North Refineries Company	Oil & Gas
14	Basra Oil Company (BOC)	Oil & Gas
15	South Gas Company (SGC)	Oil & Gas
16	Oil Products Distribution Company (OPDC)	Oil & Gas
17	Iraqi Drilling Company (IDC)	Oil & Gas

International oil companies (IOCs)

It was agreed that twenty-four (24) international oil companies (IOCs) would be required to disclose the revenues paid / received to / from government agencies or state-owned enterprises (SOEs), production, exports, infrastructure provisions and barter agreements, environmental and social expenditure, and employment as required by the EITI Standard. The IOCs selected in the scope are presented in the table below.

TABLE 13: LIST OF IN-SCOPE IOCS

N° IOCs	N° IOCs
1 Japex Garraf Ltd	13 PT PERTAMINA IRAK
2 ITOCHU Oil Exploration (Iraq) B.V.	14 THE EGYPTIAN GENERAL PETROLEUM CORPORATION (EGPC)
3 Kuwait Energy Basra Limited (KEBL)	15 LUKOIL MID - EAST LIMITED
4 LUKOIL Overseas Iraq Exploration B.V.	16 GAZPROM NEFT BADRA B.V.
5 TURKISH PETROLEUM OVERSEAS COMPANY LIMITED	17 TOTAL E & P IRAQ.
6 INPEX South Iraq, Ltd.	18 Korea Gas Corporation (KOGAS) IRAQ OPERATIONS
7 Eni Iraq B.V.	19 AL WAHA PETROLEUM CO. LTD.
8 CNOOC Iraq	20 Bashneft International B.V.
9 PETRONAS CARIGALI IRAQ HOLDING B.V. (PCIHBV)	21 CHINA ZHENHUA OIL CO. LTD.
10 BP Iraq NV	22 PPL ASIA E&P B.V. IRAQ BRANCH
11 PETROCHINA IRAQ OPERATIONS	23 SONANGOL PESQUISA E PRODUCAO S.A.
12 ExxonMobil Iraq Limited (EMIL)	24 United Energy Group (UEG)

Crude oil buyers

It was agreed that fifty-six (56) crude oil buyers would be required to disclose their purchases from SOMO during 2021 regardless of any materiality threshold. The list of buyers selected in the scope includes IOCs that lifted crude oil, in lieu of cost recovery and remuneration fees. No materiality threshold was applied.

TABLE 14: LIST OF IN-SCOPE CRUDE OIL BUYERS

N° Crude oil buyer
1 Kuwait Energy Basra Limited (KEBL)
2 ITOCHU OIL EXPLONATION IRAQ (B.V.)
3 JAPEX GARRAF LTD
4 ENI IRAQ B.V.
5 TOTAL E & P IRAQ
6 TURKISH PETROLEUM OVERSEAS COMPANY LIMITED
7 PETRONAS
8 EXXONMOBIL IRAQ LIMITED
9 BP Iraq NV
10 DRAGON OIL (BLOCK 9) LIMITED
11 PETROCHINA IRAQ OPERATIONS
12 PT PERTAMINA IRAK
13 CNOOC IRAQ LIMITED & TURKISH PETROLEUM OVERSEAS COMPANY LTD (TP)
14 CHEVRON

N°	Crude oil buyer
15	HPCL-MITTAL ENERGY LIMITED
16	THE EGYPTIAN GENERAL PETROLEUM CORPORATION (EGPC)
17	GS CALTEX SINGAPORE PTE. LTD
18	REPSOL TRADING S.A
19	NAYARA ENERGY LIMITED
20	HELLENIC PETROLEUM S.A.
21	HINDUSTAN PETROLEUM CORPORATION LIMITED
22	IPLOM INERNATIONAL SA
23	TURKISH PETROLEUM REFINERIES CORP. (TUPRAS) - TURKEY
24	SK ENERGY CO. LTD
25	CHINA INTERNATIONAL UNITED PETROLEUM AND CHEMICALS CO. LTD. (UNIPEC)
26	HENGLI
27	SARAS TRADING SA
28	JORDAN PETROLEUM REFINERY CO. LTD.
29	INDIAN OIL (CHENNAI PETROLEUM CORPORATION LTD)
30	TOTSA TOTAL OIL TRADING SA
31	Korea Gas Corporation (KOGAS)
32	VALERO MARKETING & SUPPLY COMPANY
33	MOTOR OIL HELLAS CORINTH REFINERIES S.A
34	SINOCHEM
35	RELIANCE INDUSTRIES LIMITED (RIL)
36	CHINA ZHENHUA OIL CO. LTD (SINOSURE)
37	SHELL
38	BHARAT PETROLEUM CORPORATION LTD.
39	MANGALORE REFINERY & PETROCHEMICALS LIMITED.
40	MARATHON PETROLEUM SUPPLY LLC
41	EXXONMOBIL SALES AND SUPPLY CORPORATION GALLOWS
42	LUKOIL MID - EAST LIMITED
43	BHARAT OMAN REFINERIES LIMITED
44	CHINA OFFSHORE OIL (SINGAPORE) INTERNATIONAL PTE. LTD.
45	ENI TRADING & SHIPPING SPA - ITALY
46	AL WAHA PETROLEUM CO. LTD.
47	GAZPROM NEFT BADRA B.V.
48	FORMOSA PETROCHEMICAL CORPORATION (FPCC)
49	EBS PETROLEUM COMPANY LIMITED
50	Kuwait Energy Iraq Limited (SIBA and Mansuriya)
51	SOCAR TRADING
52	PETROBRAS GLOBAL TRADING B.V.
53	PETROCHINA INTERNATIONAL CO.
54	BOC
55	SHANDONG DONGMING
56	RONGSHENG PETROCHEMICAL

Petroleum products buyers

It was agreed that seventeen (17) petroleum products buyers would be required to disclose their purchases from SOMO during 2021 regardless of any materiality threshold.

TABLE 15: LIST OF IN-SCOPE PETROLEUM PRODUCTS BUYERS

N°	Petroleum products buyer	N°	Petroleum products buyer
1	EnIL Energy	10	Shoroq Al Anouar Company
2	Ministry of Energy and Water Lebanon	11	VENANDI Global company
3	Shuaa taqa Petrol services Company	12	Aramco Trading Fujairah
4	LARAAK OIL trading	13	Layali Sahab Company
5	RELIANCE Industries Company	14	Djabal Asoued Company
6	Chevron AL KHALIJ	15	GUNVOR
7	Manabaa wassit Company	16	Nassim Brari Company
8	PTT International Trading	17	Wadi Company Ltd
9	LITASCO middle East		

As of 29 December 2023, 72 out of 124 reporting entities (or 58%) submitted their data for 2021. However, it is worth noting that SOMO provided the sales data for all crude oil/petroleum products buyers. This comprehensive data is detailed by transaction in Annexes 7, 8 and 9 to this report.

The table below shows the data collected by reporting entity:

TABLE 16: DATA COMPLETENESS

Reporting entities	Total number	Number of compliant entities	%	Non-compliant entities	%
Federal Iraq					
Government agencies	9	7	78%	2	22%
SOE	17	8	47%	9	53%
IOCs	24	17	71%	7	29%
Crude oil buyers	56	34	61%	22	39%
Petroleum products buyers	17	6	35%	11	65%
Kurdistan Regional Government					
GA	1	0	0%	1	100%
Total	124	72	58%	52	42%

TABLE 17: DETAILED DATA COMPLETENESS

Reporting entities	Compliant	Mostly compliant	Partly compliant	Non-compliant
GAs	<ul style="list-style-type: none"> Central Bank of Iraq (CBI) Ministry of Industry and Minerals (MoIM) Central Bureau of Statistics / Ministry of Planning Ministry of Electricity 		<ul style="list-style-type: none"> Ministry of Oil (MoO) / Petroleum Contracts and Licensing Department (PCLD) 	<ul style="list-style-type: none"> Ministry of Environment (MoE) Ministry of Finance (MoF) Ministry of Natural Resources (MNR) - KRG

Reporting entities	Compliant	Mostly compliant	Partly compliant	Non-compliant
	<ul style="list-style-type: none"> Ministry of Oil (MoO) / Technical Directory Ministry of Oil (MoO) / Economic and Financial Directory 			
SOEs	<ul style="list-style-type: none"> Thi-Qar Oil Company (TOC) Midland Oil Company (MIOC) North Gas Company (NGC) North Oil Company (NOC) Oil Marketing Organisation (SOMO) Oil Exploration Company (OEC) Basra Gas Company (BGC) 		<ul style="list-style-type: none"> Midland Refineries Company (MRC) State company for Oil Projects (SCOP) South Refineries Company (SRC) Missan Oil Company (MOC) North Refineries Company (NRC) Iraqi Drilling Company (IDC) Basra Oil Company (BOC) South Gas Company (SGC) Oil Products Distribution Company (OPDC) 	<ul style="list-style-type: none"> Iraqi Cement State Company (ICSC)
IOCs	<ul style="list-style-type: none"> Japex Garraf Ltd Itochu Oil Exploration (Iraq) B.V. Kuwait Energy Basra Limited (KEBL) LUKOIL Overseas Iraq Exploration B.V. INPEX South Iraq, Ltd. Eni Iraq B.V. BP PETROCHINA IRAQ OPERATIONS ExxonMobil (ExxonMobil Iraq Limited (EMIL)). PT PERTAMINA IRAK TOTAL E & P IRAQ. Korea Gas Corporation (KOGAS) IRAQ OPERATIONS Sonangol Pesquisa E Producao S.A. 	<ul style="list-style-type: none"> PETRONAS CARIGALI IRAQ HOLDING B.V. (PCIHVB) Turkish Petroleum Overseas Company Limited CNOOC Iraq 	<ul style="list-style-type: none"> The Egyptian General Petroleum Corporation (EGPC) 	<ul style="list-style-type: none"> LUKOIL MID - EAST LIMITED Gazprom Neft Badra B.V. Al Waha Petroleum Co. LTD. Bashneft International B.V. CHINA ZHENHUA OIL CO. LTD. PPL ASIA E&P B.V. IRAQ BRANCH United Energy Group (UEG)
Crude Oil buyers	<ul style="list-style-type: none"> Kuwait Energy Basra Limited (KEBL) ITOCHU OIL EXPLONATION IRAQ (B.V.) JAPEX GARRAF LTD Eni Iraq B.V. Total E & P Iraq Turkish Petroleum Overseas Company Limited PETRONAS 			<ul style="list-style-type: none"> VALERO MARKETING & SUPPLY COMPANY Sinochem Reliance Industries Limited (RIL) China Zhenhua Oil Co. Ltd (SINOSURE) Shell Mangalore Refinery & Petrochemicals Limited Marathon Petroleum Supply LLC

Reporting entities	Compliant	Mostly compliant	Partly compliant	Non-compliant
	<ul style="list-style-type: none"> ▪ ExxonMobil Iraq Limited ▪ BP Oil International ▪ Dragon Oil (Block 9) Limited ▪ Petrochina Iraq Operations ▪ Pt Pertamina Irak ▪ CNOOC Iraq Limited & Turkish Petroleum Overseas Company Ltd (TP) ▪ Chevron ▪ Korea Gas Corporation (KOGAS) ▪ HPCL-Mittal Energy Limited ▪ The Egyptian General Petroleum Corporation (EGPC) ▪ GS Caltex Singapore PTE. Ltd ▪ Repsol Trading S.A ▪ Nayara Energy Limited ▪ Hellenic Petroleum S.A. ▪ Hindustan Petroleum Corporation Limited ▪ IPLOM International SA ▪ Turkish Petroleum Refineries Corp. (TUPRAS) - Turkey ▪ SK ENERGY CO. LTD ▪ China International United Petroleum and Chemicals Co. Ltd. (UNIPEC) ▪ Hengli ▪ Saras Trading SA ▪ Jordan Petroleum Refinery Co. Ltd. ▪ Indian Oil (Chennai Petroleum Corporation Ltd) ▪ Totsa Total Oil Trading Sa ▪ Bharat Petroleum Corporation Ltd ▪ Bharat Oman Refineries Limited ▪ Motor Oil Hellas Corinth Refineries S.A 			<ul style="list-style-type: none"> ▪ ExxonMobil Sales And Supply Corporation Gallows ▪ Lukoil Mid - East Limited ▪ China Offshore Oil (Singapore) International Pte. Ltd ▪ Eni Trading & Shipping Spa - Italy ▪ Al Waha Petroleum Co. Ltd ▪ Gazprom Neft Badra B.V. ▪ Formosa Petrochemical Corporation (FPCC) ▪ EBS Petroleum Company Limited ▪ Kuwait Energy Iraq Limited (SIBA and Mansuriya) ▪ Socar Trading ▪ Petrobras Global Trading B.V. ▪ Petrochina International Co. ▪ BOC ▪ Shandong Dongming ▪ Rongsheng Petrochemical
Petroleum products buyers	<ul style="list-style-type: none"> ▪ EnLIL Energy ▪ Ministry of Energy and Water Lebanon ▪ Shuaa Taqa Petrol services Company ▪ Laraak Oil Trading 			<ul style="list-style-type: none"> ▪ Reliance Industries Company ▪ Chevron AL KHALIJ ▪ Manabaa wassit Company

Reporting entities	Compliant	Mostly compliant	Partly compliant	Non-compliant
	<ul style="list-style-type: none"> Layali Sahab Company VENANDI Global company 			<ul style="list-style-type: none"> PTT International Trading LITASCO middle East Shoroq Al Anouar Company Aramco Trading Fujairah Djabal Asoued Company GUNVOR Nassim Brari Company Wadi Company Ltd

Assessment of the comprehensiveness

Based on above, we **cannot confirm** that both financial and non-financial data included in the EITI Report for 2021 is comprehensive.

1.8.2 DATA QUALITY AND ASSURANCE

Government Agencies

To comply with EITI Requirement 4.9 on Data quality and assurance, it was agreed that the reporting templates for government agencies should be signed by the government agency representative (senior manager) and the Finance/Tax officer.

Assessment of the data quality of government agencies

The assessment of the data quality of government agencies depends on the percentage (%) of contribution of the institutions that failed to submit signed and certified reporting templates to the total extractive revenues as indicated in the table below:

Reporting entities	Data	Less than 5%	Between 5% and less than 20%	20% and above
Government agencies	Financial and contextual data	High data quality	Medium data quality	Low data quality

The data we received from government agencies were subject to internal review process and was endorsed by the main representative Accordingly, we can conclude on the **high quality** of data reported by GAs.

SOEs

To comply with EITI Requirement 4.9 on Data quality and assurance, it was agreed that reporting templates for the SOEs should be:

- signed by the company representative (senior manager) and the Finance/Tax officer.
- accompanied by the company audited financial statements for the year 2021.

Assessment of the data quality of SOEs

The assessment of the data quality of SOEs depends on the percentage (%) of contribution of the companies that failed to submit their data and audited financial statements as indicated in the table below.

Reporting entities	Data	Less than 5%	Between 5% and less than 20%	20% and above
SOEs	Financial and contextual data	High data quality	Medium data quality	Low data quality

The table below provide the compliance status of each in-scope SOE for the year 2021.

TABLE 18: DATA COMPLETENESS AND ASSURANCE COMPLIANCE BY SOE

N°	SOE	Sector	Data submitted (Yes/no)	FS	Status
1	Thi-Qar Oil Company (TQOC)	Oil & Gas	Yes	Yes	Compliant
2	Midland Oil Company (MDOC)	Oil & Gas	Yes	Yes	Compliant
3	North Gas Company (NGC)	Oil & Gas	Yes	Yes	Compliant
4	North Oil Company (NOC)	Oil & Gas	Yes	Yes	Compliant
5	Oil Marketing Organisation (SOMO)	Oil & Gas	Yes	Yes	Compliant
6	Oil Exploration Company (OEC)	Oil & Gas	Yes	Yes	Compliant
7	Basra Gas Company (BGC)	Oil & Gas	Yes	Yes	Compliant
8	South Refineries Company (SRC)	Oil & Gas	Yes	Yes	Compliant
9	Midland Refineries Company (MRC)	Oil & Gas	No	Yes	Partly compliant
10	State company for Oil Projects (SCOP)	Oil & Gas	No	Yes	Partly compliant
11	Missan Oil Company (MOC)	Oil & Gas	No	Yes	Partly compliant
12	North Refineries Company (NRC)	Oil & Gas	No	Yes	Partly compliant
13	Basra Oil Company (BOC)	Oil & Gas	No	Yes	Partly compliant
14	South Gas Company (SGC)	Oil & Gas	No	Yes	Partly compliant
15	Oil Products Distribution Company (OPDC)	Oil & Gas	No	Yes	Partly compliant
16	Iraqi Drilling Company (IDC)	Oil & Gas	No	Yes	Partly compliant
17	Iraqi Cement State Company (ICSC)	Mining	No	No	Non-compliant

The eight SOEs that participated in the reporting process have met the agreed quality criteria.

However, given the lack of the account statement of the Development Fund for Iraq (DFI), where all proceeds from sales of crude oil, oil and gas products are deposited. we were unable to compare the amounts of oil sales proceeds reported by SOMO and buyers' companies during 2021 with the receipts of oil proceeds by the DFI accounts at the Federal Reserve Bank of New York.

Accordingly, we can conclude on the **medium quality** of data reported by SOEs.

IOCs

To comply with EITI Requirement 4.9 on Data quality and assurance, it was agreed that reporting templates for the IOCs should be:

- co-signed by an authorised senior manager and the finance/tax officer; and
- accompanied by the company audited financial statements for the year 2021.

Assessment of the data quality of IOCs

The assessment of the data quality of IOCs depends on the percentage (%) of contribution of the companies that failed to submit signed and certified reporting templates and BO declaration forms to the total extractive revenues as indicated in the table below.

Reporting entities	Data	Less than 5%	Between 5% and less than 20%	20% and above
Extractive companies	Contextual data	High data quality	Medium data quality	Low data quality

The table below provides the compliance status of each in-scope IOC for the year 2021.

TABLE 19: DATA COMPLETENESS AND ASSURANCE COMPLIANCE BY IOC

N°	IOCs	RTs (Excel)	Legal ownership	BO declaration form	Audited Financial Statements	Status
1	Bp Iraq NV	Yes	Yes	Yes	Yes	Compliant
2	Eni Iraq B.V.	Yes	Yes	Yes	Yes	Compliant
3	ExxonMobil Iraq Limited (EMIL)	Yes	Yes	Yes	Yes	Compliant
4	Inpex South Iraq, Ltd.	Yes	Yes	Yes	Yes	Compliant
5	Itochu Oil Exploration (Iraq) B.V.	Yes	Yes	Yes	Yes	Compliant
6	Japex Garraf Ltd	Yes	Yes	Yes	Yes	Compliant
7	Kuwait Energy Basra Limited (KEBL)	Yes	Yes	Yes	Yes	Compliant
8	Lukoil Overseas Iraq Exploration B.V.	Yes	Yes	Yes	Yes	Compliant
9	Petrochina Iraq Operations	Yes	Yes	Yes	Yes	Compliant
10	PT Pertamina Irak	Yes	Yes	Yes	Yes	Compliant
11	Total E & P Iraq.	Yes	Yes	Yes	Yes	Compliant
12	Korea Gas Corporation (KOGAS) Iraq Operations	Yes	Yes	Yes	Yes	Compliant
13	Petronas Carigali Iraq Holding B.V. (PCIHBV)	Yes	Yes	No	Yes	Mostly compliant
14	Turkish Petroleum Overseas Company Limited	Yes	Yes	No	Yes	Mostly compliant
15	Cnooc Iraq	Yes	Yes	Yes	No	Mostly compliant
16	Sonangol Pesquisa E Producao S.A.	Yes	No	No	Yes	Mostly compliant
17	The Egyptian General Petroleum Corporation (EGPC)	Yes	No	No	No	Partly compliant
18	Lukoil Mid - East Limited	No	No	No	No	Non-compliant
19	Gazprom Neft Badra B.V.	No	No	No	No	Non-compliant
20	Al Waha Petroleum Co. Ltd.	No	No	No	No	Non-compliant
21	Bashneft International B.V.	No	No	No	No	Non-compliant
22	China Zhenhua Oil Co. Ltd.	No	No	No	No	Non-compliant
23	Ppl Asia E&P B.V. Iraq Branch	No	No	No	No	Non-compliant
24	United Energy Group (UEG)	No	No	No	No	Non-compliant

16 out of 17 IOCs that participated in the reporting process have either fully or mostly met the agreed quality criteria. Accordingly, we can conclude on the **high quality** of data reported by IOCs.

Assessment of the overall data quality and assurance

The assessment the overall data quality and assurance of the EITI report for the year 2021 is based on a combination between the assessment of data quality for government agencies (High), SOEs (Medium) and IOCs (High).

Considering the above, we can conclude the **medium quality** of the overall data included in the EITI report for the year 2021.

1.9 EITI RECOMMENDATIONS

There were 12 outstanding corrective actions from the second validation report⁷ (published in October 2019) and 12 others from the previous EITI Report⁸ for the years 2019 and 2020 (published in June 2022).

Furthermore, we raised several findings and have made 13 recommendations with a view to improve the EITI process in Iraq, governance of the extractive sector and revenue management. The findings raised are summarised as follows:

TABLE 20: LIST OF NEW RECOMMENDATIONS BY EITI REQUIREMENT

N°	Recommendation	Priority
Oversight by the MSG		
1	Strengthen the capacity of the MSG and NRTC	High
Legal and institutional framework, including allocation of contracts and licenses		
2	Improve the registers of mining and oil and gas licenses	High
3	Disclose extractive contracts	High
4	Implement the recommendation from the latest beneficial ownership consultancy study	High
5	Review PEP data	High
6	Expedite the audit process for SOEs and publish their audited financial statements	High
Revenue collection		
7	Chase up non-participating reporting entities	High
Social and economic spending		
8	Review the artisanal and small-scale mining (ASM) sector	High
Outcomes and impact		
9	Enhance public debate	High
10	Facilitate the data collection process and enhance the systematic disclosure	High
11	Ensure data accessibility and open data	High
12	Monitor the implementation of the previous EITI recommendations	High
13	Review the outcomes and impact of EITI implementation	High

⁷ <https://eiti.org/board-decision/2019-56>

⁸ eiti.org/sites/default/files/2023-01/doc-1232-2022_12_15_11_48_01.pdf

These recommendations are detailed in Section 6.1 of the report.

Sections 6.2 and 6.3 of this report show the progress the MSG made towards the implementation of the latest corrective actions and the previous IA recommendations respectively.

Mark Henderson

Partner

BDO LLP

30 December 2023

55 Baker Street

London W1U 7EU

2 APPROACH AND METHODOLOGY

2.1 SCOPING STUDY

To be effective and compliant, the EITI Report should be timely, reliable, comprehensive and comprehensible. Scoping decisions are critical in ensuring that EITI reports meet these requirements. The scoping study involves:

- collating all necessary information related to the management of the extractive sectors in line with MSG's objectives and workplan, and the EITI's requirements (EITI Requirements 2, 3, 4, 5 and 6).
- proposing options for strengthening disclosure of information to ensure accessibility, reliability and complementarity with existing government and company systems (EITI Requirement 7.2.c and the EITI Open data policy).
- identifying the total government revenues from the extractive sectors to document a recommended definition of materiality and coverage (EITI Requirements 4, 4.1.d and 4.1.a).
- suggesting the payments and revenue streams to be reported, including appropriate materiality thresholds and the levels of disaggregation where applicable (EITI Requirements 4.1.a, 4.1.b and 4.7).
- listing the companies, state-owned enterprises and government agencies expected to participate in the report according to a suggested materiality threshold (EITI Requirement 4.1.a).
- identifying additional benefit streams from the extractive sectors that should be disclosed (EITI Requirements 4.2, 4.3, 4.4, 4.5 and 4.6).
- identifying revenue streams that are not recorded in the national budget and explaining the allocation of such off-budget revenues as well as tracking implementation of the International Monetary Fund's Government Finance Statistics (GFS) classifications for extractive revenues.
- considering revenue allocations and expenditure that should be disclosed under EITI Requirements 5 and 6, and to the extent possible, assessing the possibility for unilateral or where possible reconciliation of social expenditure as per EITI Requirements 6.1 a) and b) and other contributions.
- assessing the reliability of available data, including reviewing current auditing practices and the assurances to be provided by the reporting entities (EITI Requirement 4.9).
- identifying any barriers to disclosure of the information requested and propose solutions for addressing them; and
- investigating any other issues as mandated by the MSG.

To conduct the preliminary analysis, the following steps should be performed:

- obtain a good understanding of the extractive resources and sectors of the country;
- review the fiscal regime and other relevant revenue streams applicable to the extractive sector, including in-kind payments, social payments, infrastructure provisions and other bartering agreements;

- consider the current auditing practices for companies and government agencies;
- review existing data from the relevant period to determine significant revenue streams;
- define a materiality threshold for revenue streams to be covered in the EITI Report;
- identify extractive companies which make material payments within the scope of the agreed material revenue streams;
- identify government agencies, including those at sub-national level, which collect material revenues within the scope of the agreed material revenue streams;
- examine the MSG's workplan in order to gain a clear understanding of the objectives and scope of Iraq's EITI implementation;
- review any annual progress reports that have been produced as well as any actions undertaken by the MSG to assess progress made and address recommendations from any previous EITI reporting exercises and validations;
- undertake a review of all past EITI and Validation reports to gain an understanding of the current scope and state of the EITI reporting process in Iraq and assessed areas where further improvement is needed; and
- assess the timeliness, comprehensiveness and reliability of the information received and make recommendations on how publicly available data can be improved or complemented to address the EITI requirements and the MSG's objectives.

We were not able to carry out a full scoping study, including setting the materiality thresholds for revenues and expenditures, taxes and revenues to be included, and companies and government agencies to be included in the report.

2.2 DATA COLLECTION

To understand and document the size of the Iraqi Extractive Industry and the commercial practices, tax systems and the payment flows as well as extractive companies and government agencies involved in this sector, we collected data on:

- legislation applicable to the extractive sectors.
- the structure of the extractive sectors in Iraq, its size, and its main stakeholders.
- the statistics and financial indicators of the extractive sectors in terms of production and contribution in the Iraqi revenue performance.
- all changes which occurred during the period with regards to legislation, new contracts or agreements that might impact the extractive sectors; and
- the main conclusions and issues raised in previous reports.

2.3 REVIEW OF THE LEGAL AND TAX DOCUMENTATION

We examined all relevant legislation applicable to the Iraqi extractive sectors to identify:

- all revenue streams paid by companies operating in mining and oil and gas sectors;
- the basis of calculation of these revenue streams in the extractive sectors;
- the government agencies which collect the revenue streams paid by companies; and

- audit regulations governing extractive companies and government agencies.

2.4 COMPILATION OF STATISTICAL DATA ON THE EXTRACTIVE SECTORS

To identify all payment flows as well as relevant entities in the extractive sectors, we are required to perform the following tasks:

- collection of the list of all active licenses during the period;
- collection of all receipts made by the State from companies operating in the extractive sectors;
- reconciliation of the list of licenses for exploitation and exploration with the list of registered companies;
- checking of the list of companies included within the scope of previous years to ensure comparability between the years;
- consolidation of revenues collected by government agencies, by type of payment flow and by company;
- calculation of the impact of the consolidation results on the materiality analysis; and
- amendment of the reporting template in accordance with the results of the scoping study and the requirement of the EITI Standard.

We were unable able to carry out all of these tasks due to non-submission of the requested data by some GAs and SOEs.

3 CONTEXTUAL INFORMATION ON THE EXTRACTIVE SECTORS

3.1 OVERVIEW OF THE EXTRACTIVES INDUSTRIES INCLUDING PROSPECTING ACTIVITIES (EITI REQUIREMENT 3.1)

3.1.1 OIL & GAS SECTOR

3.1.1.1 General context

Iraq has significant reserves of oil and natural gas. With proven crude oil reserves estimated at 145 billion barrels, Iraq is the fourth largest in the world among the Organization of the Petroleum Exporting Countries (OPEC) after Venezuela, Saudi Arabia and Iran⁹.

TABLE 21: OPEC MEMBERS' PROVEN CRUDE OIL RESERVES

N°	Country	Reserves (million bbl)
1	Venezuela	303,468
2	Saudi Arabia	267,192
3	IR Iran	208,600
4	Iraq	145,019

Source: OPEC Annual Statistical Bulletin 2022

Most of Iraq's major known fields - all of which are onshore - are in production or are under development.¹⁰

3.1.1.2 Energy transition

In March 2023, the Iraqi Prime Minister (PM) announced a campaign to combat the severe impacts of climate change on the water-scarce country, including promoting clean and renewable energy. The PM said Iraq was "moving forward to conclude contracts for constructing renewable energy power plants to provide one-third of our electricity demand by 2030."¹¹

Establishment of the Carbon Economics Company¹²

The Iraqi government has announced in November 2023, the establishment of the "Carbon Economics Company", as a public organisation dedicated to controlling and reducing carbon emissions across the nation. This was considered as a shift in Iraq's environmental policy, moving from reactive measures to a more proactive and structured approach. This initiative is expected to lead the way to more sustainable energy practices, thereby reducing Iraq's carbon footprint and lessening the environmental impact of its oil and gas industry.

⁹ OPEC Annual Statistical Bulletin (57th edition

https://www.opec.org/opec_web/static_files_project/media/downloads/publications/ASB_2022.pdf

¹⁰ Energy Intelligence, Crude Profiles and Analytics, Iraq country profile (published July 12, 2022); Fitch Solutions, Iraq Oil and Gas Report, Q3 2022, page 7.

¹¹ [Iraq Plans to Boost Solar Energy Projects to Reach 2030 Renewable Energy Target - SolarQuarter](https://www.solarquarter.com/news/iraq-plans-to-boost-solar-energy-projects-to-reach-2030-renewable-energy-target)

¹² <https://www.oilandgasmiddleeast.com/news/iraq-launches-carbon-economics-company-to-combat-rising-carbon-emissions>

This initiative comes in response to increasing concerns over Iraq's environmental challenges, notably in areas such as Basra, where the flaring of gas from oil wells has been a persistent issue and to combat climate change and protect the environment for future generations.

The new company will operate under the auspices of the Ministry of Environment. Its primary responsibility will be to ensure that all energy projects in the country adhere to stringent regulations governing emissions and environmental impact.

Renewable energy projects¹³

The Iraqi government and TotalEnergies have signed a long-delayed \$27 billion energy deal that aims to increase oil production and boost the country's capacity to produce energy with four oil, gas and renewables projects.

Initially signed in 2021, the deal has faced delays amid disputes between Iraqi politicians over the terms, but was finally closed in April 2023.

The Iraqi government holds 15% participating interest in the project while its partners TotalEnergies and QatarEnergy hold 45% and 25% shares respectively.

3.1.1.3 Oil and gas sector in the Kurdistan Region

Overview

The Kurdistan Region is believed to possess around 45 billion barrels of oil in verified reserves, along with potential 25 billion barrels of unverified reserves. Moreover, the region is believed to hold 200 trillion cubic feet of gas reserves.

Beginning in 2004, the KRG has held talks with international companies to pursue exploration and development in a range of areas within the region, including disputed areas. The Kurdistan Regional Government (KRG) Oil and Gas Act has been established, and since its inception, the KRG has forged its own petroleum policies autonomously from the federal government, with the aim of achieving the following objectives:

- Acquiring international investment;
- Expanding the level of oil exploration;
- Expanding the level of oil reserves;
- Expanding both the production and export of oil;
- Building out the region's infrastructure, including any necessary pipes and tanks for export and transportation; and
- Building refineries to increase the region's capability for refining.

Following a referendum in October 2017, some Kirkuk oil fields as well as other crucial infrastructure, including airports and border crossings, were taken over by Iraq's central government forces. The NOC of Federal Iraq thereafter assumed control of the Avana Dome, Baba Dome, and Bai Hassan oil fields. The oil fields near Kirkuk, namely Qubbet Baba, Jambour, and Khabbaz, are still under NOC operation.

¹³ <https://www.offshore-technology.com/news/iraq-totalenergies-27bn-deal/?cf-view>

Production in northern Iraq (including that from the KRG and Federal Iraq) fell to around half of its pre-referendum level by the end of October 2017. This amounted to nearly 600,000 barrels per day. Due to tiny oil companies boosting output at already-existing sites and bringing numerous smaller fields online in the KRG-controlled area, production in Northern Iraq has largely returned to pre-referendum norms over the past few years. Due to the COVID-19 epidemic and decreased international oil company (IOC) investment in field development and exploration, KRG oil output fell somewhat in 2019 after peaking at over 470,000 barrels per day. In 2021, ExxonMobil abandoned its final license in Kurdistan¹⁴.

Federal Iraq's Supreme Court rendered a decision in February 2022 declaring that the KRG lacked the jurisdiction to produce or market natural gas and oil, and that any agreements the KRG entered into with foreign oil and gas service businesses were unlawful. The decision is available [here](#).

The Ministry of Petroleum in Iraq claims that international oil service companies operating in the Kurdistan region, namely Schlumberger, Baker Hughes, and Halliburton, have confirmed in official letters to the Ministry that they will comply with the decision of the Federal Supreme Court and the directives of the steering committee of the Ministry of Oil. They have also stated that they will refrain from entering into new projects in the Kurdistan region.¹⁵

The KRG government disagreed with the decision and argued that it is entitled by the constitution to export Kurdistan's oil. The protracted conflict has resulted in legal pressure from Federal Iraq on a number of Kurdistan-based businesses. If a number of oil corporations choose to permanently suspend their operations in the region in response to the court verdict, this legal dispute may hinder the production of oil and natural gas in Kurdistan. The dispute is ongoing.¹⁶

On 23 March 2023, Iraq has won a longstanding arbitration case against Türkiye over KRG oil exports between 2014 and 2018 via pipeline from the Kurdish Fish-Khabur border to the Turkish port of Ceyhan without Baghdad's consent between 2014 and 2018.¹⁷ The Paris-based arbitration court ordered Türkiye to pay Iraq around US\$ 1.5 billion in this regard according to international media sources.¹⁸

Production and exports

The KRG's Ministry of Natural Resources posts the production sharing contracts (PSCs) it has signed with foreign oil companies on its website.¹⁹

¹⁴ https://www.eia.gov/international/content/analysis/countries_long/Iraq/iraq_exe.pdf

¹⁵ <https://oil.gov.iq/?article=1105>

¹⁶ <https://www.reuters.com/world/middle-east/iraqi-federal-court-deems-kurdish-oil-gas-law-unconstitutional-2022-02-15/>

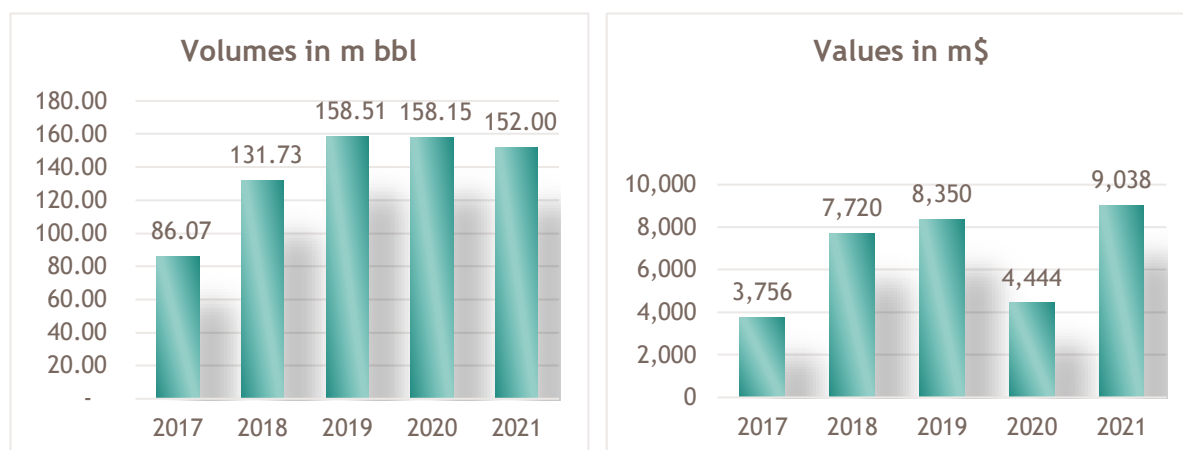
¹⁷ [Iraq, KRG reach deal to resume oil exports: Kurdish official | Kurds News | Al Jazeera](#)

¹⁸ [Iraq halts northern crude exports after winning arbitration case against Turkey | Reuters](#)

¹⁹ <https://gov.krd/mnr-en/publications/contracts/>

The following charts show the evolution of KRG net oil lifted between 2017 and 2021. The lowest quantity lifted was 86 million bbl in 2017 while the highest year was 2019 when production reached record levels of 158.51 million bbl.²⁰

FIGURE 7: NET OIL LIFTED BY BUYERS IN VOLUME AND VALUE 2017-2021



Source: Deloitte, oil production, export, consumption and revenue

The value increase between 2020 and 2021 amounts to \$4,594 million, or 103%, while the quantity of net oil lifted decreased by 4%. The value increase is explained by the increase in oil and gas prices between 2020 and 2021. Average Brent prices were approximately \$42/bbl in 2020 and \$71/bbl in 2021, representing an increase of 69%. The COVID-19 pandemic created uncertainty which impacted demand for oil and led to the significant decrease in the oil price during 2020.

The KRG production and exports of crude oil are publicly available on the KRG official website²¹. Below are the production and exports of the period from 2019 to 2021 according to the quarterly Oil & Gas review reports published on the [KRG website](#):²²

TABLE 22: KRG OIL PRODUCTION AND EXPORTS FOR THE PERIOD 2019-2021

	Quantity (bbl)			Value (US\$)		
	2021	2020	2019	2021	2020	2019
Piped export of crude oil*	152,549,610	157,599,661	160,306,283	9,066,607,447	4,428,550,474	8,444,293,763
Crude oil delivered for MNR refining	8,357,027	8,245,586	8,737,444	474,403,796	421,769,969	401,406,915
Sales to refineries	800,436	97,614	564,476	45,287,579	4,993,054	25,932,592
Local sales	821,543	-	1,369,581	42,812,505	-	62,919,921
Total exported & consumed	162,528,616	165,942,861	170,977,784	9,629,111,327	4,855,313,497	8,934,553,191

* Among which 304,795 bbl of surplus refined heavy fuel oil (341,542 in 2020 and 2,366,581 in 2019)

Source: KRG website

As presented above, KRG oil exports totalled US\$ 9.6 billion for 152 million bbl out of 163 million produced in 2021, presenting thus 94% of the KRG's production.

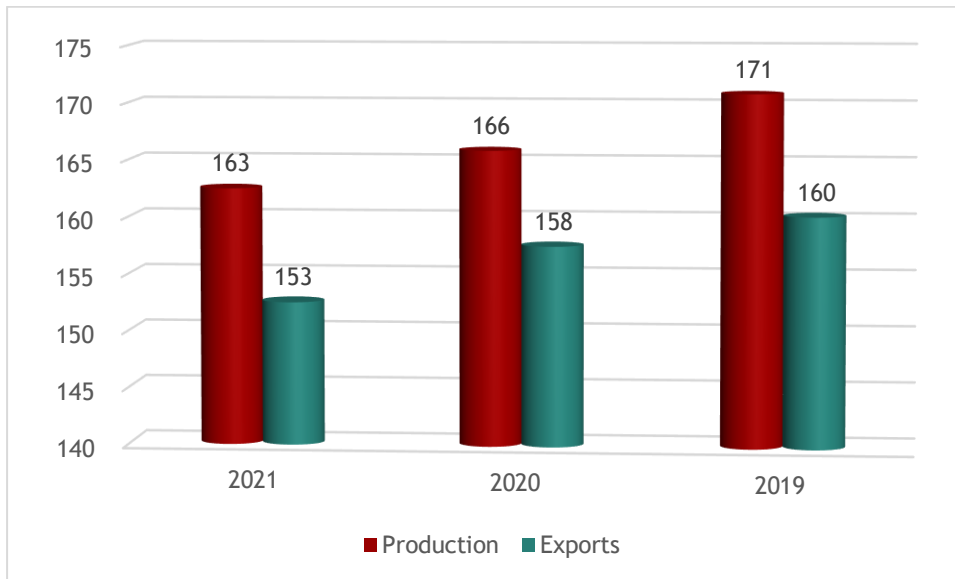
²⁰ Disclaimer: This information was not verified and/or reconciled as the IA was unable to collect it from its sources.

²¹ [Deloitte report on Oil and Gas review in the Iraqi Kurdistan Region - 2021 | GOV.KRD](#)

²² Disclaimer: This information was not verified and/or reconciled as the IA was unable to collect it from its sources.

Below is the production and exports evolution between 2019 and 2021 according to the quarterly Oil & Gas review reports published on the [KRG website](#).²³

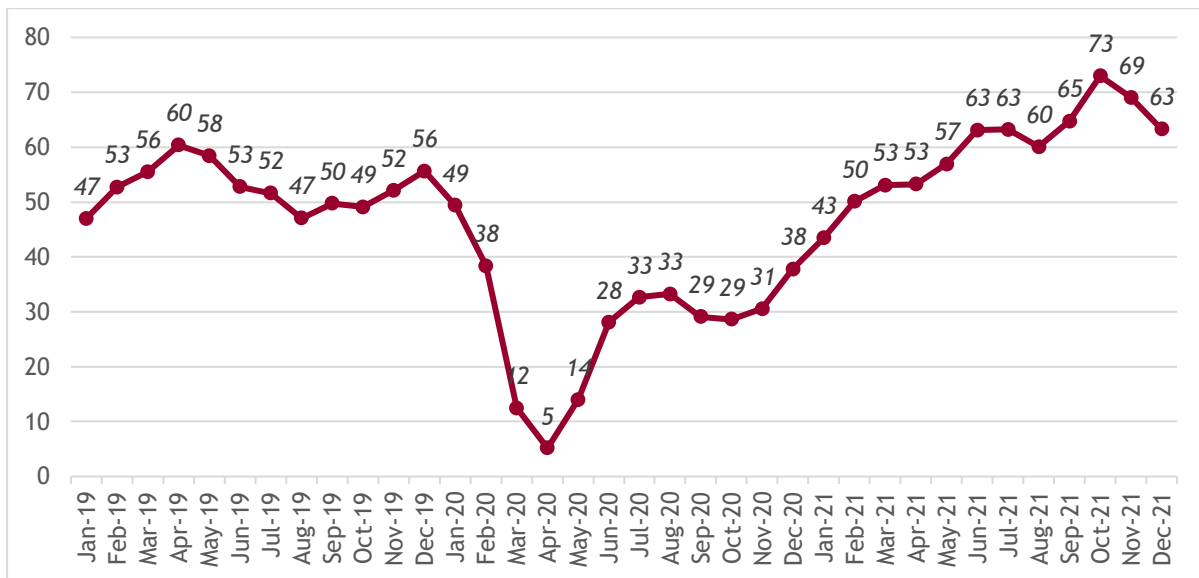
FIGURE 8: KRG EXPORTS AND PRODUCTION EVOLUTION BETWEEN 2019 AND 2021



On the other hand, the value of exports was highly affected by the instability of oil prices in the international market, especially in 2020 as a result of COVID-19.

The graph below shows the evolution of the monthly average oil price per barrel for the period 2019-2021:²⁴

FIGURE 9: OIL PRICE EVOLUTION BETWEEN 2019 AND 2021



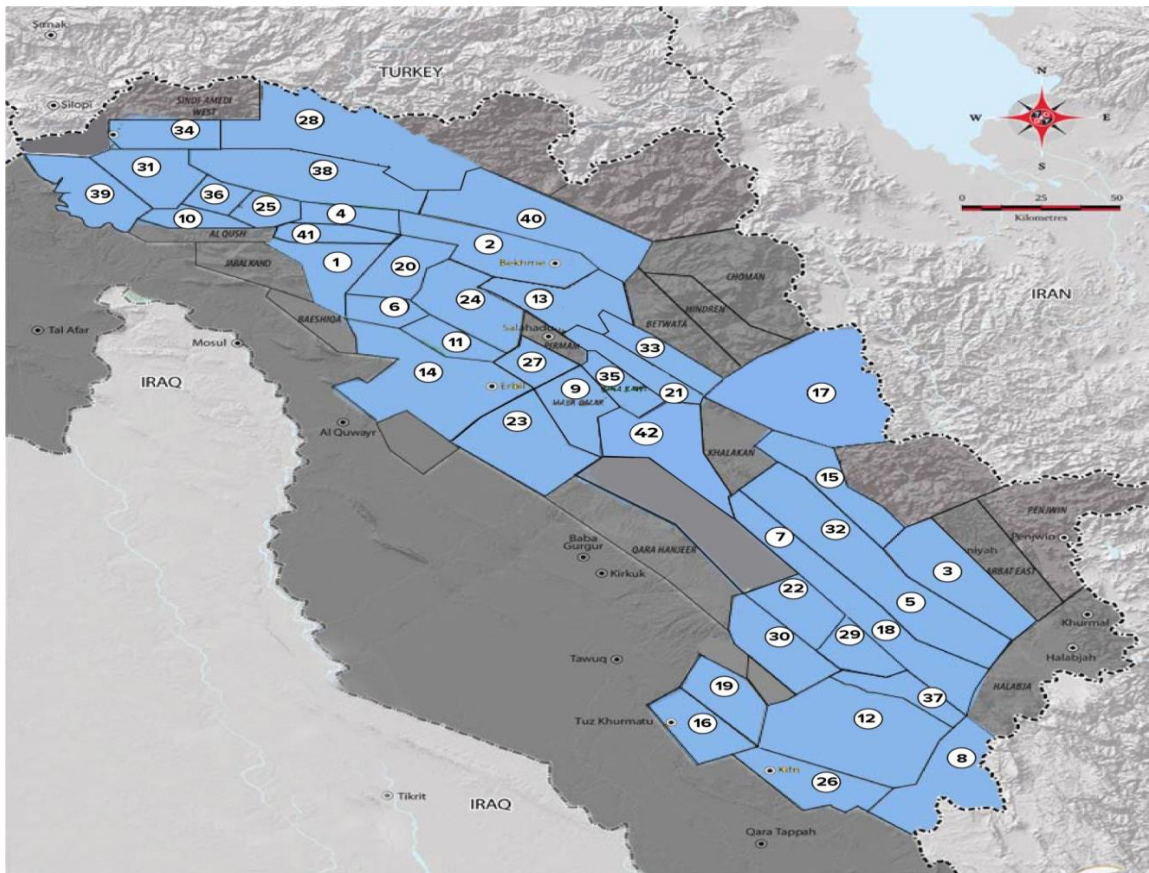
Source: KRG open data

²³ Disclaimer: This information was not verified and/or reconciled as the IA was unable to collect it from its sources.

²⁴ Disclaimer: This information was not verified and/or reconciled as the IA was unable to collect it from its sources.

The map below shows the 42 fields related to the PCSs:²⁵

FIGURE 10: FIELDS RELATED TO THE PCSs



1. Ain Sifni	2. Akri Bijeel	3. Arbat	4. Atrush	5. Baranan	6. Barda Rash	7. Bazian
8. Chia Surkh	9. Mala Omar	10. Duhok	11. Erbil	12. Garmain	13. Harir	14. Hawler
15. Pramagrün	16. Pulkhana	17. Qala Dze	18. Qara Dagh	19. Taza	20. Rovi	21. Safen
22. Sangaw North	23. Qush Tapa	24. Sarta	25. Sheikh Adi	26. Shakal	27. Shorish	28. Sindi Amedi
29. Sangaw South	30. Topkhana	31. Central Duhok	32. Miran	33. Shakrok	34. Tawke	35. Bina Bawi
36. Ber Bahr	37. Kurdamir	38. Sarsang	39. Sulevani	40. Dinarta	41. Shaikan	42. Taq Taq

²⁵ Disclaimer: This information was not verified and/or reconciled as the IA was unable to collect it from its sources.

Institutional framework²⁶

The KRG is supervised by the MNR across the public entities mentioned below according to the Law No. 22 of 2007:²⁷

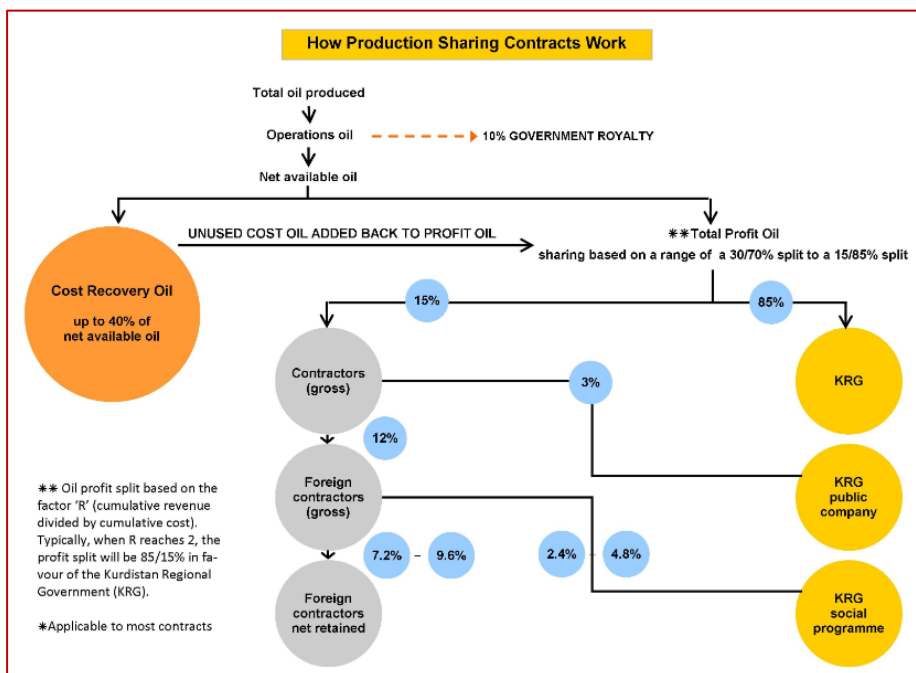
- Kurdistan Exploration and Production Company (KEPCO): Website [here](#)
- Kurdistan National Oil Company (KNOC): Website [here](#)
- Kurdistan Oil Marketing Organization (KOMO); and
- Kurdistan Organization for Downstream Operations (KODO).

The official name of this law is ‘Law No. 5 of 2013’, which is the Law of identifying and obtaining financial dues to the Kurdistan Region of Iraq from Federal Revenue. It serves as the formal foundation for resolving unresolved revenue disputes between the KRG and the Iraqi federal government.

The law outlines a mechanism for determining and then collecting the outstanding revenues owed to the Kurdistan Region by the federal government since 2004. It states that if the federal government defaults on payments, the KRG will be authorised to sell oil produced in the region to recover unpaid dues. It will also include items such as the KRG’s share of sovereign expenditure revenues owed to the region’s security forces (the Peshmerga) and payments to the region as compensation for damage caused by the former regime.²⁸

This Diagram shows how the KRG’s production sharing contracts work:

FIGURE 11: KRG’S PRODUCTION SHARING CONTRACTS



Source: KRG Ministry of Natural resources²⁹

²⁶ Disclaimer: This information was not verified and/or reconciled as the IA was unable to collect it from its sources.

²⁷ https://archive.gov.krd/mnr/mnr.krg.org/images/pdfs/Kurdistan_Oil_and_Gas_Law_English_2007.pdf

²⁸ <https://archive.gov.krd/mnr/mnr.krg.org/index.php/en/the-ministry/legal-framework/laws.html>

²⁹ <https://archive.gov.krd/mnr/mnr.krg.org/index.php/en/the-ministry/contracts/new-psc.html>

The Regional Council for the Oil & Gas Affairs (RCOGA)³⁰

The Regional Council for the Oil & Gas Affairs (RCOGA) was established in the “Oil & Gas Law of the Kurdistan Region - Iraq” (Law No. 22 - 2007) and aims to:

- i. Formulate the general principles of petroleum policy, prospect planning and field development, and any modifications to those principles, in the region;
- ii. Approve petroleum contracts; and
- iii. Limit production levels in the region consistent with the provisions of Article 112 of the Federal Constitution.

The Council is made up of:

- The Prime Minister (KRG), as President of the Council;
- The Deputy Prime Minister (KRG), as Deputy President of the Council;
- The Minister of Natural Resources (KRG), as a member of the Council;
- The Minister of Finance and Economy (KRG), as a member of the Council; and
- The Minister of Planning (KRG), as a member of the Council.

Considering the importance of the oil sector in the region’s economy, the Regional Council serves as the highest authority in regulating the sector and strategically supervises the works of the Ministry of National Resources (MNR), helping establish a system of checks and balances that encourages transparency and accountability. Therefore, all major decisions related to the sector need to be reviewed and approved by the Regional Council prior to taking effect, ensuring greater oversight and a more controlled and transparent decision-making process.³¹

Production sharing contracts³²

These contracts are chosen by the KRG in application of Chapter 10 of Kurdistan’s Oil & Gas Law (Law No. 22 of 2007), ratified by Parliament on August 6th, 2007. The region follows the PSC model to explore and develop its oil and gas sector, with the Law explicitly regulating the parameters of such contracts (Article 37 of the Law). The international oil companies entering into these contracts share risks and rewards by incurring the cost of exploring oil and gas prospects which can only be recovered if reserves are found, and once a minimum of 5,000 barrels of oil are produced daily for a period of 12 months (otherwise operational costs are born solely by the IOC, with no liability to the KRG).

Upon commercial production of oil and gas, certain numbers of barrels are allocated toward the cost recovery (Cost Oil), while the remaining production is shared between the KRG and the IOC contractor.³³

The Kurdistan Oil and Gas Law, as well as the signed exploration and production contracts (<https://archive.gov.krd/mnr/mnr.krg.org/index.php/en/the-ministry/contracts/pscs-signed.html>)

³⁰ Disclaimer: This information was not verified and/or reconciled as the IA was unable to collect it from its sources.

³¹ [KRG Oil & Gas Sector - Frequently Asked Questions ENG.pdf \(b-cdn.net\)](#)

³² Disclaimer: This information was not verified and/or reconciled as the IA was unable to collect it from its sources.

³³ [KRG Oil & Gas Sector - Frequently Asked Questions ENG.pdf \(b-cdn.net\)](#)

that the KRG has awarded, are taken into consideration when creating the Model Production Sharing Contract ([PSC](#)) that the KRG has made available.

3.1.2 Mineral occurrences (resources) and mining sector

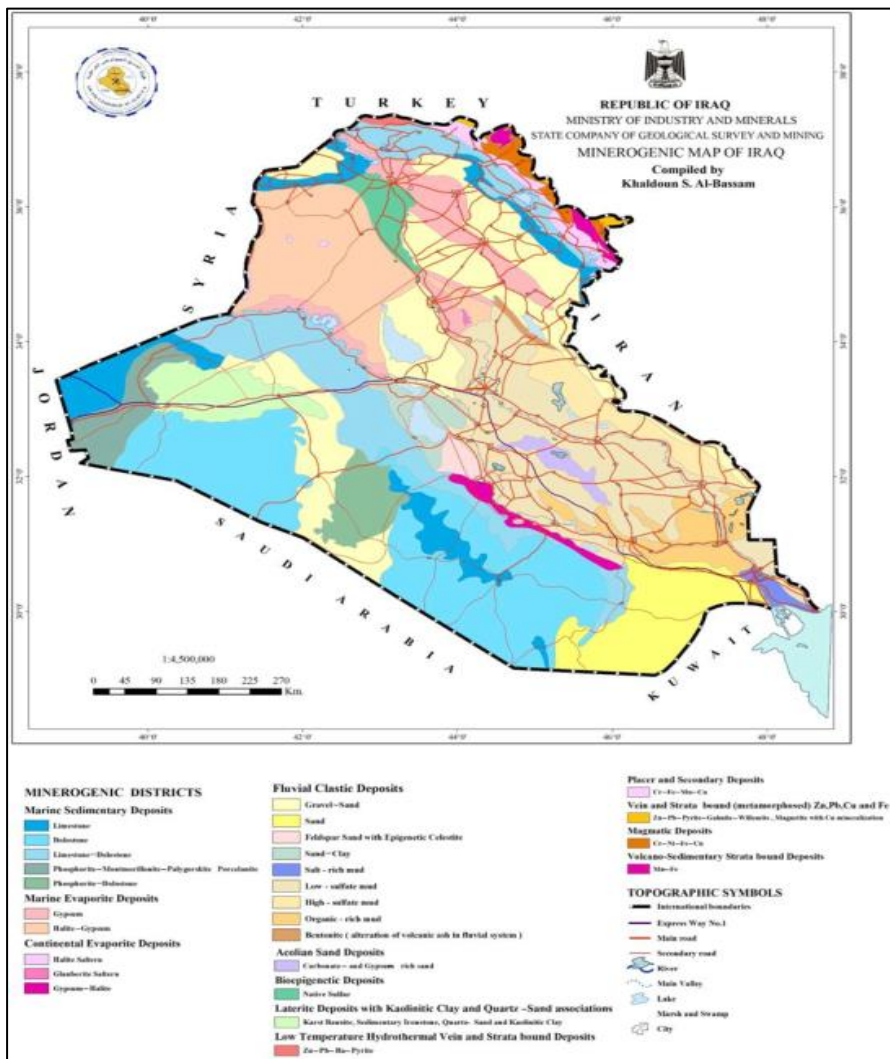
3.1.2.1 General context

Mineral resources in Iraq are of two types, metallic and non-metallic minerals. Most of Iraq's mineral resources are non-metallic sedimentary types, developed in various rock units of the Arabian Plate. Igneous, metamorphic and hydrothermal deposits (including metallic ores.) are mainly found in the Zagros Suture Zones. From its location and mineral wealth, Iraq can be a competitive regional player in the mining industry, making this industry an essential basis for industrial growth, addressing the needs of the local market, creating jobs for Iraqis and developing infrastructure and social development in remote areas of Iraq, thereby contributing to its sustainable development.

As of mid-2014, the ISIS insurgency caused significant damage to most of the country's extractive facilities, including site infrastructure and production lines. Subsequently, security concerns in Iraq resulted in the cessation of exploration, production, and sales in most of the extractive areas.

The map below shows the minerals occurrences in Iraq (prepared by Iraq Geological Survey).

FIGURE 12: MINERAL OCCURRENCES MAP OF IRAQ



Source: Geo-survey

Iraq's geological evolution has led to the emergence of favourable conditions for the formation of diverse minerals and industrial rocks.

The majority of Iraq's mineral resources are non-metallic sedimentary types that have developed in various Arabic Plate rock formations.

Mineral deposits

According to data provided by the MoIM, the country contains nearby 20,781 m.t. of mineral deposits as detailed by commodity in the table below:

TABLE 23: MINERAL DEPOSITS IN IRAQ

Mineral deposit	Formation	Geographical location	Recorded reserve	Uses
Free Sedimentary Sulfur	Fatha Formation (Middle Miocene)	Nineveh and Salah Al Deen Governorates	About 600 m.t	Phosphatic fertilizers and chemical industries
Phosphates 21%-22% P2O5 (can be increased to 30%)	Akashat Formation (Paleocene), Ratka Formation (Eocene), and Digma Formation	Anbar Governorate	More than 10,000 m.t	Phosphatic fertilizers industry
Sodium chloride (Salt)	Dhiban and Al-Fatha (Middle Miocene) formations and quaternary deposits	Nineveh and Muthanna Governorates	About 50 m.t	Nourishments, textile, and textile industries
Limestone	Several geological formations	Anbar, Al-Diwaniya, Muthanna, Al-Najaf and Karbala Region	About 8,000 m.t	The industry of cement, lime, glass, ceramics, iron, steel & construction
Dolomite	Several geological formations	Anbar and Muthanna Governorates	More than 330 m.t	Production of magnesia, magnetite brick, glass industry, ceramics, iron, steel & construction
Gypsum	Al-Fatha (Middle Miocene)	Nineveh, Kirkuk, Wasit, Salah Al Deen & Anbar Governorates	About 130 m.t	Plaster industry for decoration & cement industry
Quartzite	Nahr Umar & Rutba formations	Western desert Anbar Governorate	About 16 m.t	Silicon industries & acid lining of furnaces
Feldspar bearing sand	Dibdibba formation (Pliocene)	Al-Najaf Al-Ashraf Governorate	7 m.t (ready for investment)	Ceramic industries & filters
Kaolin clays	Ga'ara (Permian), Hussainiat and Amij (Jurassic) formations	Anbar Governorate	1,200 m.t	Cement, refractories, white cement and historical bricks
Flint clay	Karst deposits north of Al-Hussainiat	Western desert Anbar Governorate	10 m.t	White cement and refractories
Bentonite clay	Digma (late cretaceous) and Akashat (Pliocene) formations	Western desert Anbar Governorate	22 m.t	Drilling muds for oil wells & concrete pillars, animal feed preparation, vegetable oils for paraffin wax, mold and plumbing works.
Attapulgitic clays	Digma (late cretaceous), Akashat (Pliocene) and Injana (Late	Western desert Anbar & Nineveh Governorates	0.5 m.t	Salty drilling muds, color bleaching for wax & vegetable oils

Mineral deposit	Formation	Geographical location	Recorded reserve	Uses
	Miocene) formations			
Celestite (Strontium Sulphate)	Injana (Late Miocene) and Dibdibba (Paleocene) formations	Al-Najaf Al-Ashraf and Karbala Governorates	0.8 m.t	Raw materials for extraction
Porcellanite Siliceous rocks of low density less than 1 gm/cm ³	Digma (Late Cretaceous) and Akashat (Pliocene) formations	Western desert Anbar Governorate	1.8 m.t	Purification assistants
Bauxite	Karst deposits reserved in carbonate rocks belongs to Jurassic period north of Al Hussainiat formations	Western desert Anbar Governorate	1 m.t	Refractories industry
Sedimentary Iron	Ga'ara (Permian) and Al-Hussainiat (Jurassic) formations	Western desert Anbar Governorate	60 m.t	Resistant cement
Glass sand	Ga'ara Formation (Permocapronian), Al-Husayniyat Formation (Jurassic), Nahr Omar Formation and Rutbah Formation (Cretaceous)	Western desert Anbar Governorate	330 m.t	Glass, ceramics, refractories and plumbing industries
Glauberite Ore	Quaternary deposits	Al-Shara'a Lake / Samarra Salah Al Deen governorate	22 m.t	Production of sodium sulfate for the detergent and glass industry

Source: MoIM

In addition, Iraq contains several other mineral deposits, presented in the table below. We were not provided with the recorded reserves for these minerals.

TABLE 24: OTHER MINERAL DEPOSITS IN IRAQ

Mineral deposit	Formation	Geographical location	Uses
Ancient formations clays	Al-Fatha formation (Middle Miocene) and Angana formation (Late Miocene)	Nineveh, Wasit, Salah Al Deen, Kirkuk and Diyala governorates	Block industry
Heavy minerals sand	Ga'ara (Permocarboniferous) and Amij (Jurassic) formations	Anbar Governorate	Jewelry manufacture Rutile / source for titanium Zircon / source for zirconium Monazite / source for thorium
Sand and gravel	Dibdibba (Pliocene) formations, and Quarter	Al-Najaf Al Ashraf, Karbala, Salah Al Deen, Kirkuk and Al-Basra	Construction

Mineral deposit	Formation	Geographical location	Uses
Recent clays	Al-Fatha (Middle Miocene) and Injana (Late Miocene) formations	Governorates located in the Mesopotamian and Anbar Governorate	Brick & cement industries
Lead and zinc	Qara Jinni Formation (Triassic), Akre-Bekhma Formation (Late Cretaceous)	Duhok and Al-Sulaymaniyah governorates	Metallic and metallurgical industries
Copper	Basic and suprabasic fire complexes	Al-Sulaymaniyah governorate	Metallic and metallurgical industries
Chrome and nickel	Basic and suprabasic fire complexes	Al-Sulaymaniyah governorate	Metallic and metallurgical industries
Iron and manganese	Basic and suprabasic fire complexes	Duhok and Al-Sulaymaniyah governorates	Metallic and metallurgical industries
Baryte	Gyaziri Formation (Permian) Akre-Bakhma Formation (Late Cretaceous)	Duhok governorate	Drilling mud - a filler material in the paper and pharmaceutical industries
Asbestos	-	Al-Sulaymaniyah governorate	Manufacture of asbestos boards and heat-resistant fibres
Marble	Several geological formations	Erbil and Al-Sulaymaniyah governorates	Décor

Source: MoIM

3.1.2.2 Artisanal mining

EITI Requirement 6.3.a requires implementing countries to disclose information about the contribution of informal sector activities, including but not necessarily limited to Artisanal and Small-Scale Mining (ASM).

3.1.2.3 Mineral occurrences in the Kurdistan Region³⁴

Iron, chromium, nickel, platinum, gold, copper, barite, and zinc are among the metals that have the highest potential for deposits in a 15-25 km broad mountainous belt that crosses the Kurdistan Region. It is possible that other parts of the Kurdistan Region have abundant supplies of gypsum, limestone, sand, clay and gravel.

In order to obtain or renew a gold workshop licence, the responsible entity is the Ministry of Planning and its divisions, namely the Board of Measurement and Quality Control and the Directorate of Measurement and Quality Control.

The documents that should be provided to obtain a gold workshop licence are available in KRG's website.³⁵

Below are the main conditions and procedures to follow for obtaining this license:

TABLE 25: CONDITIONS AND PROCEDURES FOR OBTAINING MINING LICENSES IN KURDISTAN REGION

³⁴ Disclaimer: This information was not verified and/or reconciled as the IA was unable to collect it from its sources.

³⁵ <https://xizmet.gov.krd/en/service/mop11>

Condition	Procedures
<ul style="list-style-type: none"> •The applicant must be Iraqi and over 18 years old and is not employed by KRG. •The holder of a workshop license may apply for a license to manufacture printed pounds. •Not a government employee. •The professional must have a business location. •Must have a letter of support from the jewelers union. •The employee must check income tax to ensure that he is not in debt and has paid taxes to the government>Collection of occupational and business taxes. •The attendant must have a security clearance. •The licensee must work at his/her place of employment, except during illness and travel. •Her or his legal representative must be present when applying for the license, but the professional examination must be present in person->Private power of attorney / General Power of Attorney. •The licensee shall not re-let his license. •The license expires with the annual calendar and must be renewed between 2/1 and 31/5 Renewal of workshop license. 	<ul style="list-style-type: none"> •Submitting initials and support letters as per gold act no. 112 of the year 1974. •Granting Goldsmith workshop License. •After returning the results of the field inspection committee, he will visit the license room again, in order to prepare a letter to the Income Tax Directorate and the Security Directorate of the Economic Department according to geographical location. •After returning the approval letters by telephone, the employee (professional) will be notified on the day of the jewelry professional examination to appear in order to conduct the jewelry professional examination in theory and practice (practical and theoretical). •After passing the professional examination, the tradesman is sent to the accounting room for the purpose of paying the fees for issuing his license. •Then returns a copy of the fee receipt to the textile license room for the purpose of preparing the license and signing it by the director of the license department. •Then visits the office manager for the final signature on the license and visits the license room again to return his case.

Source: MNR website

3.2 LEGAL FRAMEWORK AND FISCAL REGIME (EITI REQUIREMENT 2.1)

3.2.1 OIL AND GAS SECTOR

3.2.1.1 Legal framework

Current legal framework

Due to the importance of the oil and gas resources for the economy at both national and international levels, Iraq has adopted several laws and regulations organising the sector and determining the rights and obligations.

In this perspective, the Iraqi Constitution of 2005 provides for several aspects in relation to the oil and gas sector as detailed in the table below:

TABLE 26: IRAQI CONSTITUTION PROVISIONS FOR THE OIL & GAS SECTOR

Article	Provision
Article 25	The State shall guarantee the reform of the Iraqi economy in accordance with modern economic principles to insure the full investment of its resources, diversification of its sources, and the encouragement and development of the private sector.
Article 26	The State shall guarantee the encouragement of investment in the various sectors, and this shall be regulated by law.
Article 111	Oil and gas are owned by all the people of Iraq in all the regions and governorates.
Article 112	<p><u>First:</u></p> <p>The federal government, with the producing governorates and regional governments, shall undertake the management of oil and gas extracted from present fields, provided that it distributes its revenues in a fair manner in proportion to the population distribution in all parts of the country, specifying an allotment for a specified period for the damaged regions which were unjustly deprived of them by the former regime, and the regions that were damaged afterwards in a way that ensures balanced development in different areas of the country, and this shall be regulated by a law.</p> <p><u>Second:</u></p> <p>The federal government and the governments of the producing regions and governorates shall together draw up the necessary strategic policies to develop the oil and gas wealth in a manner that achieves the highest benefit for the Iraqi people, adopting the latest techniques of market principles and encouraging investment.</p>

Source: Constitution of the Republic of Iraq of 2005

In addition to the Constitution, the oil and gas exploration and production activities in Iraq are governed by the following main legislation:

TABLE 27: OIL & GAS SECTOR LEGAL FRAMEWORK

Law	Year	Description
Organization of Ministry of Oil Law No. 101 (as amended)	1976	<p>According to Article 5 of the Law, the Ministry of Oil (MoO) is responsible for the management of the oil sector, which involves:</p> <ol style="list-style-type: none"> Exploration, drilling and extraction of oil and gas. Refining activities and the production of gas. Transportation and marketing of crude oil and gas and their products. <p>The MoO is also responsible for drafting the initial plans for the various aspects of oil and gas investment activity and supervising their implementation after approval. It is also responsible for supervising the implementation of the sector law and overseeing the implementation of the “Preservation of Hydrocarbon Resources” Law.</p>
Income Tax Law No. 113 (as amended)	1982	Provides for the applicable corporate income tax (CIT) rate for oil and gas companies.
Mineral Investment Law No. 91	1988	<p>Under this law, GEOSURV (previously named the 'Iraqi Geological Survey and Mining Company') should:</p> <ol style="list-style-type: none"> supervise the enforcement of the Law. monitor the investment in quarries and mines across the country. compile and classify the information pertaining to those activities for the purposes of promoting. guide and direct investments to guarantee the maintenance of mineral wealth and protecting the environment. <p>According to Article 4 of the Law, the Minister of Industry and Minerals, or his nominee may allocate certain areas of land to private and mixed sector companies for investment in quarries to execute their own projects, either with or without compensation, for a limited period and according to specific conditions including the handling of by-products</p>
Public Companies Law No. 22 (as amended)	1997	This law is applicable to the state-owned enterprises (SOEs) in federal Iraq (including those operating in the mining, oil and gas sectors) that are defined under Article 1 of the law as “a self-funded economic unit which is fully owned by the state, has a legal personality, is financially and economically independent, and operates according to economic bases”.
Investment Law No. 13	2006	<p>This Law aims to encourage Iraqi and foreign private sector investment in Iraq in order to contribute to the economic and social development of the country, expand and diversify its production and service base, and create work opportunities for Iraqi citizens.</p> <p>Article 12 of the Law No. 13 of 2006 provides for the priority in recruitment and employment to be given to Iraqi workers. In addition, investors have the right to employ and use non-Iraqi workers only when it is not possible to employ an Iraqi with the required qualifications and capabilities.</p>
Crude Oil Refining Investment Law No. 64 of 2007, as amended in 2016	2007	<p>The law aims to encourage the private sector participation in the economic development process in the country and the contribution towards the development of Iraq’s industrial base by participating in crude oil refining activities. In fact, the Refining Law offers the following incentives:</p> <ol style="list-style-type: none"> The MoO is obligated to supply crude oil to the refining company at a price equal to the international FOB export price for Iraqi crude less a discount of 5%; provided that the discount will not be less than US\$ 4 per barrel or more than US\$ 8 per barrel. The investing company is entitled to determine the prices of its oil products and sell them inside Iraq or export them to foreign markets according to the applicable regulations in the free zones. The investing company may utilize public facilities (such as terminals, export ports and pipelines) in accordance with a contract to be signed between it and the Ministry of Oil and the relevant ministries.

Law	Year	Description
Law No. 27 on the Protection and Improvement of the Environment	2009	<p>The law deals with matters relating to the environment-related matters within mining and oil & gas exploration activities. Article 21 of the Law provides for the requirements to be accomplished by the entities in relation to their exploration and extraction activities in the oil and gas sector:</p> <ul style="list-style-type: none"> • take necessary measures to limit the dangers and risks resulting from petroleum operations. • take necessary measures to protect earth, air, water and underground reservoirs from pollution and destruction. • take necessary precautions to dispose of produced salt water through safe environmental methods. • prevent spills of oil and refrain from injecting oil into subsurface areas that are used for human and agricultural purposes. • provide the Ministry of Environment with information about the causes of any fires, explosions, breakdowns, accidents and leakage of crude oil and gas from wells and pipelines.
The Law of Income Taxation on Foreign Oil Companies Working in Iraq No. 19 of 2010 and its accompanying instructions;	2013	<p>This Law was enacted for the purpose of supporting the national economy, the income generated in Iraq by foreign oil companies and their subcontractors in the field of oil and gas production and extraction is subject to income tax. It therefore imposes the income generated in Iraq for contracts concluded with foreign oil companies contracting to work in Iraq, or their branches or offices, and their subcontractors in the field of oil and gas production and extraction and related industries to CIT at a rate of 35%.</p>
Iraqi National Oil Company Law No. 4	2018	<p>This law provides for the establishment of the Iraqi National Oil Company (INOC) and fixes its mission as well as the composition of its governing bodies and the SOEs within its scope of activities.</p>

Other laws and regulations in relation to the oil & gas sector were also enacted such as:

- Oil Production Fees Law No. 9 (as amended) - 1939.
- Law regulating the work of the Ministry of Oil No. 101 - 1967.
- Allocation of Investment Areas for the Iraqi National Oil Company Law No. 97 - 1967.
- Law No. 84 for preservation and protection of Hydrocarbon Endowment - 1985.
- Government Contracts Law No. 87, and its Instructions No. 2 of 2014 (as amended) and its annexes - 2004.
- Oil Products Import and Sale Law No. 9 - 2006.
- Oil Products Anti-Smuggling Law No. 41 - 2008.
- Law No. 37 on Documents Preservation - 2016.
- Law of the General Authority for Oil, Gas and Petrochemicals for the Kurdistan Region of Iraq No. 38 - 2004.
- Oil and Gas Law of the Kurdistan Region No. 22 - 2007.
- Ministry of Natural Resources Law No. 21 of 2008, which provides for the formation of the Ministry of Natural Resources in the Iraqi Kurdistan region and the tasks and powers of the ministry.

The list of the major laws and regulations in relation to the oil and gas sector is available on the NRTC website with the latest update in 2018.³⁶ In addition, the Iraqi Legislation Base, an online repository portal launched in 2016, includes the full text of the different forms of laws and

³⁶ <4D6963726F736F667420576F7264202D20C7E1CFD3CAE6D120C7E1DAD1C7DEED20D1DEE32032> (ieiti.org.iq)

regulations that were enacted since 1918. It also allows an advanced search by date, kind, number, status and title.³⁷

Legal framework reforms

According to different media sources, a project of a draft Oil and Gas Law is underway. These sources confirmed that the new law “proposes an equitable distribution of profits from oil exports among Iraq’s governorates, based on their gross domestic product (GDP). This approach is designed to ensure a fair and equal distribution of the country’s oil wealth across its various regions. Moreover, this law would empower each governorate to independently grant oil concessions and sign contracts for exploration and production.”³⁸

This legal reform was not confirmed by the government authorities in Iraq.

3.2.1.2 Institutional framework

Institutional framework in Federal Iraq

The table below presents the main Iraqi government agencies involved in the oil and gas sector :

TABLE 28: INSTITUTIONAL FRAMEWORK IN THE OIL & GAS SECTOR

Institution	Description
Ministry of Oil (MoO) ³⁹	The MoO is the major Government authority responsible for the management of the oil sector, in particular: <ul style="list-style-type: none"> - Exploration, drilling and extraction of oil and gas; - Refining activities and the production of gas; - Transportation and marketing of crude oil and gas and their products.
State Organisation for Marketing of Oil (SOMO) ⁴⁰	SOMO is an SOE founded in 1998 and is considered as the sole entity that is legally authorized to market Iraqi crude oil and gas to local and global markets along with marketing the surplus oil products to global markets and importing oil products that are necessary to overcome local shortages. <p>SOMO aims to support the national economy in the oil sector through marketing crude oil, oil products and gas to ensure maximizing the country’s financial and economic resources.</p> <p>The company’s policy is restricted to deal with companies that own refineries in order to achieve the fair value of Iraqi crude oil sales. In this perspective, the company enters into standard unified contracts for the sale at the available quantities of crude oil dedicated for export.</p>
Petroleum Contracts and Licenses Directorate (PCLD) ⁴¹	The PCLD was created in 2007 as one of the structures of the MoO and is mandated with: <ul style="list-style-type: none"> - Planning, coordination and follow-up of the stages of oil licensing and contracts. - Managing licensing cycles, bidding or tendering sessions, and carrying out negotiations with oil companies in order to enter into contracts for exploration, development and production licenses according to the powers assigned to the Ministry. - Follow up on the implementation of contracts concluded in coordination with the competent bodies and other ministry departments.

³⁷ https://iraqid.e-sjc-services.iq/main_id.aspx

³⁸ [Iraq’s Oil and Gas Law: A Potential Turning Point for International Corporations \(bnn.network\)](#)

³⁹ Organization of Ministry of Oil Law No. 101 (as amended)

⁴⁰ [SOMO Oil](#)

⁴¹ [doc-1190-2021_01_31_08_32_04.pdf](#)

Institution	Description
General Commission of Taxes (GCT) ⁴²	<p>Founded in 1982 by the merger of the General Income Directorate with the General Imports Directorate, the GCT is the Government authority responsible for collecting tax payments by companies and individuals, and aims to:</p> <ul style="list-style-type: none"> - Generating revenues that contribute to financing the state budget; - Commitment to the best application of tax laws in collecting the amounts generated; - Finding new sources of income; - Expanding the tax base to reduce tax evasion; - Achieving economic balance in light of applying the principle of tax justice for all taxpayers and achieving equality in tax assignments; - Deepening the culture of voluntary commitment for taxpayers; - Developing all capabilities and advanced work methods to serve citizens.

The Law No. 4 of 2018 provided for the establishment of the Iraqi National Oil Company (INOC). The law stated its mission as well as the composition of its governing bodies and the SOEs within its scope of activities.

INOC is mandated with:

- Managing, developing and operating productive fields and undeveloped fields;
- Concluding exploration, production and export contracts in accordance with state policy and the Constitution;
- Managing the service contracts concluded in licensing rounds in exploration, development and production;
- Managing and operating the main oil pipeline network and export ports;
- Establishing and financing companies to carry out its work based on economic, financial and societal feasibility and with the approval of the Council of Ministers.

According to media sources, the Federal Supreme Court issued a ruling on 21 September 2022 ordering the cancelation of the Government decision relating to the establishment and leadership of the INOC, claiming that such decision is invalid.⁴³

3.2.1.3 Tax regime

The tax regime for the oil and gas sector is set by:

- The Income Tax Law No. 113 of 1982 (as amended);
- The Taxation Instructions No. 5 of 2011 (as amended); and
- The MoO's model TSC.

The table below shows the main revenue streams payable by oil and gas companies.

TABLE 29: TAXES PAYABLE BY OIL AND GAS COMPANIES

Taxes	Description	Rate	Reference
Corporate income tax	Taxes are assessed as a percentage of the net profit as reported in the audited IAS financial statements, adjusted for any non-deductible expenses and tax-exempt income. In addition, tax losses are available to offset against future	35% on the contractor's taxable income.	Article 13 § 3 of the Income Tax Law (1982)

⁴² mof.gov.iq (المفوضية العامة للهيئة - الهيئة نشوء تاريخ)

⁴³ [Iraq's highest court strikes down INOC - Iraq Oil Report](#)

Taxes	Description	Rate	Reference
	taxable income up to 50% of the year's taxable income for five consecutive years.		
Withholding tax	Subcontractors to whom the Oil & Gas Tax Law applies are subject to withholding tax on their contract payments to be remitted to tax authorities within 30 days of making the payment.	7% of contract's gross amount.	Article 4 (Second) of Instructions No. 5 of 2011 (as amended)
Signature bonus	A pro-rated Participating Interest share of a signature bonus.	A non-defined amount to be paid within 30 days of the Effective Date as signature bonus, to be amortized and recovered over a period of 20 quarters starting from the 9 th quarter.	Articles 4 and 19.2 of the MoO Model TSC
Contribution to the Training, Technology and Scholarship Fund	Contractor shall allocate during the Term an annual amount to the Training, Technology and Scholarship Fund. The Fund payment shall not be recoverable as Petroleum Costs.	- TSC: minimum of US\$ 5,000,000 - DPSC and EDPSC: minimum of US\$ 1,000,000	Article 26.3 of Model TSC, Model DPSC and Model EDPSC

According to the MoO's Model TSC, the basis for the computation of the CIT is the remuneration fees rather than the taxable income:

"23.3: Contractor under this Contract shall be corporate income tax at a rate not to exceed 35% levied on the Remuneration Fee calculated in accordance with Article 19.5. SOC shall secure that the provisions of the relevant Law are consistent with this understanding and afford Contractor such treatment under the Contract and the Law.

23.4 In the event Contractor is subject to any demand to pay other taxes (other than corporate income tax in accordance with Article 23.3) SOC shall bear and pay on behalf of Contractor all such other taxes and shall indemnify and hold Contractor harmless against any and all liabilities relating to the payment of such other taxes."

3.2.2 MINING SECTOR

3.2.2.1 Legal framework

Current legal framework

The MoIM is the sole governing body responsible for the extraction and marketing of minerals in Iraq and is legally authorised to make decisions in that regard.⁴⁴

The mining sector is regulated by the following main law and regulations:

TABLE 30: MINING SECTOR LEGAL FRAMEWORK

⁴⁴ <https://industry.gov.iq/>

Legislation	Description
Mineral Investment Law No. 91 of 1988 (after amendment) ⁴⁵	<p>Provides that the Iraqi Geological Survey and Mining Company (“the establishment”) is responsible for supervising the enforcement of the Law, and that it is responsible for monitoring the investment in quarries and mines across the country, compiling and classifying the information pertaining to those activities for the purposes of promoting, guiding and directing investments to guarantee the maintenance of mineral wealth and protecting the environment.</p> <p>According to Article 4 of the Law, the Minister of Industry and Minerals, or his nominee may allocate certain areas of land to private and mixed sector companies for investment in quarries to execute their own projects, either with or without compensation, for a limited period and according to specific conditions including the handling of by-products.</p>
Law No. 22 of 1997	<p>Applicable to the State-owned entities (SOEs) in federal Iraq (including those operating in the mining, oil and gas sectors). Article 1 of the law defines a public/state entity as “a self-funded economic unit which is fully owned by the state, has a legal personality, is financially and economically independent, and operates according to economic bases”.</p> <p>The MoIM operates the sector through nine state-owned entities, as follows:</p> <ul style="list-style-type: none"> • The State Company for Mining Industries • The State Company of Fertilizers - Southern Region • The State Company of Fertilizers- Northern Region • Sate Company for Petrochemical Industries • Phosphate Company • Mishraq Sulphur Company • Sate Company for Iron & Steel • Iraq Sate Cement Company • Iraqi Geological Survey and Mining Company (Geosurv-Iraq)
Investment Law No. 13 of 2006	<p>Investment Law No. 13 of 2006 aims to encourage Iraqi and foreign private sector investment in Iraq in order to contribute to the economic and social development of the country, and to expand and diversify its production and service base, all while creating work opportunities for Iraqi citizens.</p> <p>Article 12 of the Iraqi Investment Law No. 13 of 2006 provides that priority in recruitment and employment shall be given to Iraqi workers and goes on to state that investors have the right to employ and use non-Iraqi workers only when it is not possible to employ an Iraqi with the required qualifications and capabilities.</p>
Protection and Improvement of the Environment Law No. 27 of 2009	<p>Matters relating to the environment within mining, and oil and gas exploration activities are governed by Law No. 27 of 2009 on the Protection and Improvement of the Environment. Article 21 of the Law addresses the activities of the entities involved in the exploration and extraction of oil and natural gas, whereby it requires such entities to:</p> <ul style="list-style-type: none"> • take necessary measures to limit the dangers and risks resulting from petroleum operations; • take necessary measures to protect earth, air, water and underground reservoirs from pollution and destruction; • take necessary precautions to dispose of produced salt water through safe environmental methods; • prevent spills of oil and refrain from injecting oil into subsurface areas that are used for human and agricultural purposes; and • provide the Ministry of Environment with information about the causes of any fires, explosions, breakdowns, accidents and leakage of crude oil and gas from wells and pipelines.
Iraqi Ministry of Industry and Minerals Law No. 38 of 2011	<p>Defines the ministry’s objectives, scope, and structure and explains its role in promoting the country’s mineral industry sector.</p> <p>Article 3 of the law states that the MOIM is responsible for increasing the non-oil minerals sector’s share of the GDP, organizing and developing industrial and mineral activities, and setting industrial policies and strategies in accordance with the Government’s policies.</p>

⁴⁵ <https://investpromo.gov.iq/wp-content/uploads/2013/06/Law-for-the-Regulation-of-Mineral-Investments-No.-91-for-1988-after-Amendment-EN.pdf>

Following a confirmation received from the MoIM, the raw material used by Iraq Sate Cement Company to produce the cement is imported and not extracted from the Iraqi soil.

Legal reforms in mining sector

According to the Ministry of Industry and Minerals, only one reform was carried out in 2021, namely the Quarry Instruction No. 1 of 2021.⁴⁶

As per the article 1 of the new Quarry instruction, lands suitable for investment are classified as quarries according to the type of materials to be invested, and the amount of investment fees is as follows:

TABLE 31: INVESTMENT FEES BY THE NEW REGULATION

Type of quarries	The material invested and the purpose of use	Amount of investment allowance per m ³ in IQD
1. Stone quarries	Limestone and dolomite for construction purposes	500
	Limestone and dolomite for arbitration and payment purposes	1,500
	Marble and its substitutes for construction, arbitration, payment, decoration and industrial purposes	10,000
	Limestone and dolomite for industrial purposes	2,500
	Limestone and dolomite and primary gypsum for decorative purposes	3,000
	Primary gypsum for industrial purposes	1,500
2. Gravel quarries	Crushed gravel for construction purposes	750
	Crushed gravel for arbitration, payment, burial and elevation	1,500
	Crushed gravel for filters purposes	1,500
3. Quarries of sand, dirt and river mixture	Sand for construction purposes	750
	Sand for filters purposes	4,000
	Dust container on secondary gypsum for industrial purposes	500
	Soil for burial and elevation purposes	500
	Soil for industrial purposes	400
	Sand suitable for making thermestone	2,000
	Sand suitable for making lime bricks	2,000

Source: Quarry instruction N°1 of 2021

3.2.2.2 Institutional framework

The main government agencies involved in the mining sector in Iraq are set out in the table below:

TABLE 32: INSTITUTIONAL FRAMEWORK

Entity	Functions
Ministry of Industry and Minerals	The sole governing body responsible for the extraction and marketing of minerals in Iraq and is legally authorized to make decisions in that regard.
Iraqi Geological Survey - GEOSURV	Responsible for monitoring investments in quarries and mines throughout the country, and for collecting and classifying information on these activities in order to promote, guide and direct investments in order to ensure the conservation of mineral wealth and the protection of the environment.

⁴⁶ [4637.pdf \(moj.gov.iq\)](#)

3.2.2.3 Tax regime

The main key taxes in Iraq that can be applied to mining extraction sector are the following:

TABLE 33: MAIN TAXES IN IRAQ

Taxes Payable	
Corporation tax	<p>An Iraqi resident company is subject to corporation tax on all of its income and capital gains.</p> <p>The corporate tax rate is set for each fiscal year that concludes on 31 December.</p> <ul style="list-style-type: none"> • A fixed tax rate of 15% is applied to Limited Liability Companies. • A fixed tax rate of 15% is applicable to Private Shareholding Companies. • A 15% fixed tax rate applies to Mixed Shareholding Companies. • Contracts involving foreign oil companies engaged in the production, extraction, and related industries of oil and gas within Iraq, as well as their branches, offices, and subcontracting parties, are subject to a 35% income tax on income realized within the country. <p>Tax returns have to be submitted by 31 May of the assessment year, at the latest. The tax authorities will raise an assessment based on the information at their disposal if the returned self-assessed position is rejected, and payment of the tax liability is due within 21 days of the assessment date. During a tax year, no quarterly payments are required.</p>
Capital gains tax	Capital gains made by companies are taxed at the appropriate corporation tax rate.
Branch profits tax	After deducting any foreign taxes, foreign branches operating in Iraq are subject to corporation income tax ratios.
Value added tax	Iraq does not have VAT.
Taxable Income	
Income tax	Income tax is imposed on any money earned in Iraq. Establishing assessable gross income and deducting allowable expenses from it yields corporate taxable income.
Depreciation	While depreciation on real estate and buildings is not deductible, depreciation on machinery and equipment is deductible based on specific ratios.
Inventory	Every inventory item is valued at net realizable value less cost.
Capital gains and losses	The profit subject to corporation tax for the accounting period includes both capital gains and losses.
Dividends	Given that the aforementioned income was previously subject to tax, dividends paid to Iraqi corporations are typically free from corporation tax.
Interest deductions	Generally, business interests paid or incurred during the tax year may be written off by the taxpayer. Interest has to be directly tied to the income that is being discussed.
Losses	With a maximum deduction of 50% of taxable income each year, net operating losses may be carried forward against the same taxable income for five years.
Foreign sourced income	Iraqi companies pay taxes on their worldwide profits, including those from their overseas branches.
Incentives	In some circumstances, the investor may benefit from a five-year tax and customs exemption; this period may be extended to ten years.
Foreign Tax Relief	
If the taxes are associated with or related to the business, or if the income is taxed by Iraq, an Iraqi corporation or a foreign corporation operating in Iraq may choose to claim a credit or a deduction for income tax paid to another nation.	
Corporate Groups	
Iraq does not have any provisions for group taxation or account consolidation for tax purposes.	

Related Party Transactions

The tax authorities have the authority to determine whether or not related party transactions are at arm's length, and related party transactions must be reported separately. The assessing officer may refuse to allow a deduction for the excess amount in cases where the prices paid for the purchase of goods or services are exorbitant or unreasonable.

Withholding Tax

Any income that a resident Iraqi pays to a non-resident (non-Iraqi) will be subject to 15% withholding tax if it includes annual allowances, pension salaries, or other annual payments, as well as interest on debentures, mortgages, loans, deposits, and advances. Note that there is no withholding tax on dividends.

Exchange Control

In Iraq, exchange control regulations do not exist.

Personal Income Tax

Personal Income tax (PIT) on residents:

- 3% is applied to the first IQD 250,000 after exemptions are deducted.
- 5% tax from IQD 250,000 to 500,000 after deducting exemptions.
- 10% is applied to the amount between IQD 500,000 and \$1,000,000 after exemptions are subtracted.
- 15% is applied to any amount over IQD one million after deducting exemptions.

PIT for Non-residents:

- The taxpayer is not eligible for any exemptions; the first IQD 250,000 is subject to a 3% tax.
- There is a 5% tax from IQD 250,000 to 500,000; the taxpayer is not eligible for any exemptions.
- The 10% tax applies to IQD 500,000 to \$1,000,000; the taxpayer is not eligible for any exemptions.
- There are no taxpayer exemptions for amounts over IQD 1,000,000; the taxpayer is subject to 15% of the total amount.

Treaty and Non-Treaty Withholding Tax Rates

Iraq has signed on 2 December 1968 just one tax treaty with Egypt.

3.3 CONTRACT AND LICENSE ALLOCATIONS (EITI REQUIREMENT 2.2)

3.3.1 OIL AND GAS SECTOR

3.3.1.1 Types of licenses

The main licenses are granted in the form of service contracts as presented below:

Service contracts

Opted for by the Federal Government and are characterized by the retention of the ownership of oil wealth and control of all oil operations by the Government. Under these service contracts, the company behaves as a “Contractor” for the national oil company, which varies by field/exploration block. The national oil company is referred to as a Regional Oil Company (ROC) in the service contracts and is contractually defined as an Iraqi state oil and gas company, exclusively entrusted with and authorized for exploration, appraisal, development and production of the contract area, in accordance with the Law. In addition, the Iraqi Government has the right to acquire a share of the consortium’s/company’s total

participating interest in the oil and gas license, through a state-owned entity referred to as the state partner.⁴⁷

The table below presents the different service contracts operated by the Federal Government:

TABLE 34: OIL AND GAS SERVICE CONTRACTS

Type	Duration	Rights conferred
Technical Services Contract (TSC) ⁴⁸	20 years, renewable for no more than five additional years	The IOC carries out Petroleum Operations to rehabilitate, to further appraise, and to re-develop the Field for improved production and to carry out enhanced recovery of Petroleum from the Field in order to achieve the production targets: - the Improved Production Target being a Net Production Rate of 10% above the Initial Production Rate, to be achieved as soon as possible after the approval date of the Rehabilitation Plan - the Plateau Production Target at the Net Production Rate of a predetermined number of Barrels of Crude Oil and NGL per day for the Plateau Production Period.
Development and Production Service Contract (DPSC) ⁴⁹	20 years, renewable for no more than five additional years	The IOC conducts Petroleum Operations with the intention to achieve an optimal development of the Petroleum resources within the Contract Area in a way that a plateau production target at a predetermined net production rate should be reached.
Exploration, Development and Production Service Contract (EDPSC) ⁵⁰	A total non-expandable period of: - Oil fields: 30 years - Gas fields: 40 years Exploration period should be 5 years with a possibility of extension with two years.	The IOC carries out Petroleum Operations, for and on behalf of ROC, to explore for, study, appraise, develop and produce any Commercial Discovery within the Contract Area. Costs incurred will be recovered in addition to a predetermined remuneration for services offered.

IOCs are paid in-kind in lieu of the cost recovery and a remuneration fee. The mechanism for calculating the cost recovery and remuneration fee is presented in section 3.11.1 of this report.

⁴⁷ EITI Report 2017

⁴⁸ [PFTSC -First Round.doc \(eiti.org\)](#)

⁴⁹ [Development-Production-Service-Contract.pdf \(iraqoilforum.com\)](#)

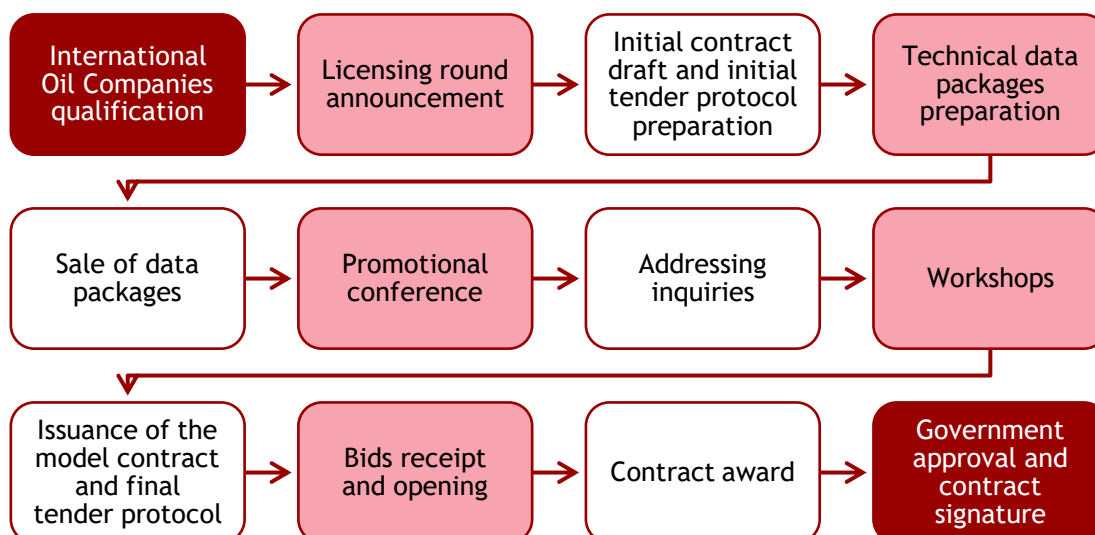
⁵⁰ [Model Contract - 4BR-English.docx \(eiti.org\)](#)

3.3.1.2 License allocation

Awarding process

The figure below shows the main steps in the award process of oil and gas contracts:

FIGURE 13: CONTRACT AWARD PROCESS



Technical and financial criteria

The granting licenses process initiated by the PCLD is launched by the IOC qualification to participate in the licensing round. This step consists of reviewing documents submitted by IOCs and their evaluation based on the following criteria: legal, technical and training, financial, health and environmental standards.

The table below contains the qualification requirements for each criterion:

TABLE 35: IOCs QUALIFICATION REQUIREMENTS

Criteria	Requirements
Legal	<p>The following documents/statements are required from each applicant company:</p> <ul style="list-style-type: none"> - Full company name, type, and address of headquarters. - Articles of Association. - Confirmation from the Registrar of Companies that the company is still operating and has not been liquidated, dissolved or bankrupt. - The coalition contract, where applicable, and the ownership of each coalition partner. - A tax clearance certificate issued by the countries in which the company operates. - Record of previous projects including stalled projects (completed and incomplete) with a description of these projects. - A list of all lawsuits in which the Company has been a party (whether as a defendant or plaintiff) and arbitrations, and the results of such lawsuits and arbitrations. - Original company documents authenticated by the relevant authorities.

Criteria	Requirements
Technical & training	<ul style="list-style-type: none"> - The number of exploration and development projects managed by the company as an operator or non-operator. - Whether the company has an exploration or development project or projects in offshore areas (as an operator or as a non-operator). - Total production managed by the company. - The quantity of the company's equivalent oil reserve. - Qualitative assessment of the company's experience with technical challenges matters. - The level of investment in applied extractive research activities. - Number of certificates of appreciation in the field of work or patents. - Courses held by the company for its members and courses organized by the company for the host country under exploration and development contracts. - If the company has an institute or training centre.
Financial	<ul style="list-style-type: none"> - The annual report including the comprehensive financial statements certified and audited by an independent chartered accountant for the previous three years. - The financial level determined by the specialized experts and consulting firms and according to the international classification expert and consulting firms for long-term debt. - Amounts invested in petroleum exploration and development operations. - Total assets of the company. - Net income and trading ratio. - The earnings per ordinary shares achieved.
Health & Environmental	<ul style="list-style-type: none"> - Occupational health, safety, and environmental protection policy documents. - Documents for the applicable international standards ISO (ISO 14001 - 18001). - Documents explaining the company's approved emergency plans and the mechanism for their implementation. - Waste management policy document. - Documents on occupational health and safety applied by the company and its implementation procedures. - Documents explaining the company's approved emergency plans and the mechanism for their implementation. - Number of fatal human accidents resulting from work. - The number of environmental pollution incidents that affect and pollute the air, soil and water.

Source: PCLD

The PCLD has the right to exclude any non-compliant companies that are unable to pass the qualification criteria because their technical competence or financial suitability are not commensurate with the size and nature of the fields included in the licensing round since the qualification stage, and therefore they are not allowed to participate in the licensing round tender.

The same criteria as described above are used when transferring ownership interests in oil and gas licenses between IOCs.

According to the PCLD, the various milestones used in evaluating the above-mentioned criteria are not published, as they are considered confidential information.

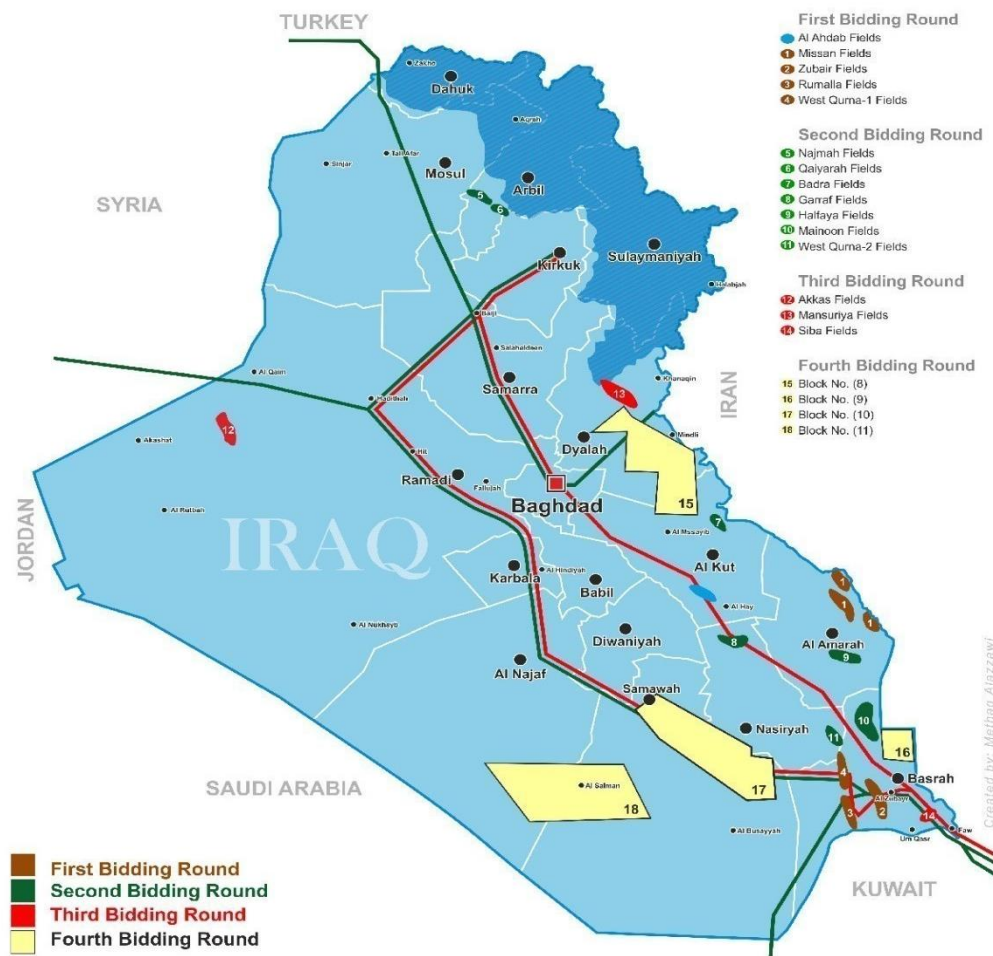
Licensing rounds

To date, licenses were approved for the five licensing rounds that were launched between 2008 and 2018. In addition, the MoO announced an offering of 30 projects throughout Iraq to qualified companies in 2023 and these will be offered in two distinct offerings:

- the Fifth (+) Round Offering and
- the Sixth Round Offering.

The map below provides the geographical area of awarded contracts by licensing round:

FIGURE 14: LICENSES GEOGRAPHICAL AREA⁵¹



It is to be noted that the map above does not take into account the fifth-round results that reportedly were approved.

Below are the details of each licensing round as provided by the PCLD:

First Licensing Round (Producing Oil Fields)

The first petroleum-licensing round was announced by the MoO on 30 June 2008, under which IOCs were invited to bid to develop six oil fields (1 - Rumaila, 2 - Zubair, 3 - West Qurna (first stage), 4 - Missan fields, 5 - Kirkuk, and 6 - Bai Hassan) and two gas fields (1 - Akkas and 2 - Mansuriya). These companies paid the purchase fees for technical service contracts to allow them to participate in bidding. On 30 June 2009, licenses were granted to work in four oil fields (Rumaila, West Qurna (first stage), Zubair and Missan fields).

According to the PCLD, the formula used to select the winning bidder was as follows:

$$Bid\ score = (PPT - IPR) * (50 - RFB)$$

⁵¹ [IEITI - Iraqi Extractive Industries Transparency Initiative](#)

The Initial Production Rate (IPR) is the baseline production capacity of the field before awarding the field to the company or consortium, which is defined by the MoO. The maximum Remuneration Fee is set in advance by the MoO, as the consortium that achieves the highest bidding points is invited to reach the maximum Remuneration Fee set by the Ministry. In the event of a refusal, the consortium with the second highest score is then invited to do the same. In case of rejection, the field is not granted to any company.

Second Licensing Round (Non-producing Oil Fields)

The tender for the second round of licenses was announced by the Iraqi Government between 11 and 12 December 2009, and included 10 major oil fields, which resulted in the referral of seven fields (1 - Halfaya, 2- Majnoon, 3 - Qaiyarah, 4 - Badra, 5 - Garraf, 6 - Najmah and 7 - West Qurna 2), with three fields not awarded (1 - East Baghdad, 2 - the Eastern Fields and 3 - Middle Furat).

According to the PCLD, the formula used to select the winning bidder was as follows:

Total points = Remuneration Fee Bid (RFB) + Plateau Production Target (PPT)

$$\begin{aligned} \text{Total RFB} &= 80 * (\text{Lower RFB/Bidder RFB}) \\ \text{PPT bid score} &= 20 * (\text{Bidder PPT/ Highest PPT bid}) \end{aligned}$$

Out of the 40 companies, only nine applicants were retained in the pre-qualification phase of the second bidding round.

Third Licensing Round (Gas Fields)

Three gas fields were offered and awarded as part of the third licensing round (1 - Akkas, 2 - Siba, and 3 - Mansuriya). According to the PCLD license register, only 21 out of 54 participating companies were retained in the qualification phase of the third bidding round.

According to the PCLD, the formula used to select the winning bidder in this round was as follows:

$$\begin{aligned} \text{Bid score} &= \text{RFB bid score} + \text{PPT bid score} \\ \text{RFB bid score} &= 90 * (\text{Lowest RFB/Bidder RFB}) \\ \text{PPT bid score} &= 10 * (\text{Bidder PPT/Highest PPT bid}) \end{aligned}$$

Fourth Licensing Round (Exploration Blocks)

In May 2012, the MoO launched the fourth licensing round, which included 12 exploration blocks throughout the country. The licenses had the purpose of increasing the volume of oil and gas reserves in new areas that were not previously explored and did not have specific levels of hydrocarbons. Accordingly, the only criterion for registering the companies that submitted their bids was Remuneration Fee Bid (RFB) for each barrel of oil, which is the same for all discovered development areas within each exploration contract, as the lower the bid for Remuneration Fee for each barrel of oil, the bidder scored higher points. Only four exploratory blocks were contracted, as no bids were received for the other blocks and bids were not approved by the Iraqi side.

Fifth Licensing Round (Border Fields)

The fifth round of licenses was announced in mid-2017, where 11 fields and boundaries of exploratory blocks were displayed, and the total number of companies eligible to compete for those fields and blocks was 26 companies. The profit-sharing agreements were introduced during that round for the first time compared to the previous licensing rounds where only service contracts were awarded. The implementation of this round began on 26 April 2018, where six (6) licenses were granted out of 11 licenses, as shown below:

TABLE 36: FIFTH LICENSING ROUND AWARDS

Type	Field	Governorate	Winner
Development	Gilabat-Qumar	Diyala	Crescent Petroleum - UAE
Development	Khashim Ahmer-Injana	Diyala	Crescent Petroleum - UAE
Development	Khudher Al-Mai	Basra & Muthanna	Crescent Petroleum - UAE
Development	Huwaiza	Missan	Geo Jade Petroleum - China
Exploration	Naft Khana	Diyala	Geo Jade Petroleum - China
Exploration	Sindbad	Basra	United Energy Group - Hong Kong
Exploration	Zurbatiya	Wasit & Diyala	Not awarded
Exploration	Shihabi	Missan	Not awarded
Exploration	Fao	Basra	Not awarded
Exploration	Jebel Sanam	Basra	Not awarded
Exploration	Offshore Golf Block		Not awarded

The two criteria used to calculate the total points for the companies participating in the tender were:

Maximum Remuneration Percentage Bid (MRPB): The maximum remuneration percentage that can be granted to a company, which was determined by the MoO.

Remuneration Percentage Bid (RPB): the remuneration percentage offered by the company where, the bidding companies' RPB should be equal to or lower than the MRPB.

Despite the issuance of Cabinet Resolution No. (21) for the year 2020, which includes the approval of Recommendation No. (4) of the Ministerial Council of Energy Resolution (8 for the year 2020) regarding the approval of contracts for the field tour and border blocks (the fifth round), the Ministry of Oil has decided to postpone the activation of the approval of the Council of Ministers on these contracts due to the nature of supply and demand for crude oil and the commitment to the production quotas imposed by OPEC + to meet the decline in its prices, which may not give an encouraging picture to increase production capacities at the present time. Not before 21 February 2023 that the MoO signed the aforementioned contracts after having been approved by the Council of Ministers during the same month according to media sources⁵².

It is to be noted that the PCLD database shows that the 5th licensing round contracts are not yet approved, while the UAE company Crescent Petroleum confirms through its website the signature of the service contracts covering three of the six awarded oil fields (Gilabat-Qumar, Khashim Al-Ahmar and Khudher Al-Mai).⁵³

⁵² [Contracts Signed for Iraq's Fifth Round Energy Licences | Iraq Business News \(iraq-businessnews.com\)](#)

⁵³ [News Archive - Crescent Petroleum](#)

Fifth (+) and Sixth Licensing Rounds

In May and June 2023, the MoO announced an offering of 30 projects throughout the country to qualified companies. The majority of the areas are offered under long term (30-34 years) profit-sharing based EDPSC, except two areas that are offered under 20-25-year DPSC. The projects will be offered in two distinct offerings: the Fifth (+) Round Offering and the Sixth Round Offering. The Initial Tender Protocol published by the PCLD defines the rules which must be followed by all companies interested in participating in the tender process for the offered projects and will be replaced by a Final Tender Protocol to be published by March 2024.

The table below presents the contract areas for each licensing round:

TABLE 37: FIFTH (+) AND SIXTH LICENSING ROUND CONTRACT AREAS

Licensing round	Form of Contract	Area Name	Approximate Area	Province	Wells
Fifth (+)	EDPC	Zurbatiya	519	Wasit	0
Fifth (+)	EDPC	Shihabi	1428	Wasit/Maysan	0
Fifth (+)	EDPC	FAO	1398	Basra	1
Fifth (+)	EDPC	Jabal Sanam	235	Basra	1
Fifth (+)	EDPC	Arabian Gulf	554	Offshore	0
Fifth (+)	EDPC	Ad Daimah	451	Maysan	1
Fifth (+)	EDPC	Qalat Salah	318	Maysan	1
Fifth (+)	EDPC	Sasan	197	Nineveh	2
Fifth (+)	EDPC	Alan	162	Nineveh	2
Fifth (+)	EDPC	Pulkhana	412	Salah Al Den	8
Fifth (+)	DPC	Middle Furat	1073	Al Najaf/Karbala	6
Fifth (+)	DPC	Northern Extension of East Baghdad	231	Baghdad/Salah Al Den	7
Fifth (+)	EDPC	Dhufriyah	369	Wasit	2
Fifth (+)	EDPC	Abu Khema	1810	Al Muthanna	1
Fifth (+)	EDPC	Block 11	8000	Al Najaf/Al Muthanna	1
Fifth (+)	EDPC	Block 7	6000	Al Najaf/ Al Muthanna/ Wasit/ Babylon/ Diwanya	0
Sixth	EDPC	Tel Hajar	7300	Nineveh	3
Sixth	EDPC	Khliesiea	7300	Nineveh/Al Anbar	1
Sixth	EDPC	Anah	7100	Al Anbar	2
Sixth	EDPC	Anbar	8500	Al Anbar	0
Sixth	EDPC	Anz	8521	Al Anbar	0
Sixth	EDPC	Okashat	6665	Al Anbar	0
Sixth	EDPC	North Rutba	6500	Al Anbar	0
Sixth	EDPC	South Rutba	7907	Al Anbar	0
Sixth	EDPC	Tobal	9001	Al Anbar	0
Sixth	EDPC	Waleed	8300	Al Anbar	0
Sixth	EDPC	Qurnain	8500	Najaf	0
Sixth	EDPC	Addan	4400	Al Muthanna	0
Sixth	EDPC	Shaiban	2100	Al Muthanna	0
Sixth	EDPC	Sumer	1700	Al Muthanna	0

Source: PCLD

The terms and conditions of the licensing rounds are detailed as follows:

TABLE 38: TERMS AND CONDITIONS OF LICENSING ROUNDS

N°	Terms & conditions
1	All oil and gas in-place and produced belongs to the people of Iraq.
2	The Contractor funds all exploration, appraisal, development and production activities.
3	The Contractor is entitled to recover Petroleum Costs and to receive Remuneration from any resulting developments.
4	For certain costs categorized as Supplementary Costs, the Contractor is entitled to recover such costs at an accelerated rate and with interest.
5	Petroleum Costs, Supplementary Costs and Remuneration will be paid in export oil unless Iraq elects to pay in cash. Any cash election shall be made in advance of the calendar year for which cash payments have been elected and such cash election shall apply for the entire year.
6	The terms of the Contracts vary according to the level of exploration maturity.
7	The EDPC provides for an Exploration Period from 5 to 9 years and a Development Periods of 25 years.
8	The DPC has a Development Period of 20 years with the potential for a single 5-year extension.
9	Bonus payments are required in the Contracts.
10	The EDPC will require a signature bonus and a further bonus upon the Declaration of Commerciality.
11	The DPC will require a signature bonus and a further bonus following the achievement of the First Commercial Production Date.
12	Bonus payments are not cost recoverable or tax deductible.
13	Petroleum Costs, Supplementary Costs and Remuneration Fees are payable once a sustained level of production has been achieved, which is referred to as the 'First Commercial Production Date'.
14	Royalty of 15% is payable from Deemed Revenues.
15	Petroleum Costs are payable from the Net Deemed Revenue (Deemed Revenue less Royalty)
16	Supplementary Costs are payable from Net Deemed Revenue less Petroleum Costs and Remuneration.
17	Remuneration is payable as a (bid) percentage of the Remaining Net Deemed Revenue (Deemed Revenue less Royalty less Petroleum Costs paid).
18	Contractor profits (Remuneration) will be subject to Corporate Income Tax in Iraq.
19	Minimum Work and Expenditure Obligations will vary by Contract Area depending upon the expected minimum requirements for the Contract Area.
20	Contractors will have obligations with respect to the provision of training and technology transfer as well as employment of local personnel and the procurement of local goods and services.
21	Contractors will contribute to an Infrastructure Fund and these contributions will be considered as Petroleum Costs.
22	The Contracts will be in both the Arabic and English languages, in the event of a conflict, the English language version shall prevail.
23	Provisions for resolution of disputes between the parties to the Contracts include potential recourse to independent expert as well as to international arbitration (International Chamber of Commerce rules, seat in Paris or mutually agreed alternate venue, English language).
24	Activities in the Contract Areas will be subject to Iraqi law and the applicable regulations of the Ministry of Oil and must comply with the "best practices" of the international petroleum industry, particularly with regard to health and safety of human resources, public safety, and preservation of the environment and general business ethics.

According to the PCLD, the sole bidding parameter will be the Remuneration Percentage Bid.

The MoO will accept the bid with the lowest Remuneration Percentage Bid for the Contract Area provided that its RPB does not exceed a Maximum Remuneration Percentage Bid

(“MRPB”) pre-defined by the Ministry. The MRPB for Contract Areas will not be advised to bidders in advance.⁵⁴

The coordinates of each oil and gas field, either operated by IOCs as a result of the licensing rounds or directed by the SOEs operating in the oil and gas sector are publicly available on the NRTC website [here](#).

Contracts outside the licensing rounds

Ahdeb field contract

The contract for the development and production of the field was signed on 4 June 1997 and approved through Law No. 21 of 1997 by the Revolution Command Council at that time. According to the annual report of the Ahdeb Field submitted by Al-Waha Petroleum Company Ltd, the contract for the development and production of the Ahdeb Field was suspended on 1 January 2000 due to the non-application of the development and production contract. On 23 June 2007, the Iraqi and Chinese governments signed a memorandum of understanding expressing the intention to reactivate the development and production contract.

The Iraqi Council of Ministers held in August 2008 approved the signing of a PDSC for the Ahdeb Field between the North Oil Company, the Al-Waha Petroleum Company Ltd and the Oil Marketing Company. On 10 November 2008, a development and production service contract was signed between Al-Waha Petroleum Company Ltd, the Oil Marketing Company (a government partner) and the North Oil Company (the license holder). On 30 June 2010, the North Oil Company was changed to Middle Oil Company, an Iraqi oil company, incorporated and operating under the laws of the Republic of Iraq.

On April 25, 2011, the Iraqi parliament passed Law No. 3 of 2011, in which Revolutionary Command Council Law No. 21 of 1997 related to the ratification of the contract for the development and production of the Ahdeb oil field was officially repealed.

East Baghdad field contract

A contract was signed in 2018 with Zehenhua to develop the East Baghdad field - the southern part and it was signed through direct negotiation. According to the PCLD, the East Baghdad field - the southern part had already been offered within the fields of the second round of licenses in 2009, in the absence of any other competitive offer from the eligible companies participating in that round at the time, and later the Japanese company (JABEX) submitted to the Ministry of Oil an offer to develop the field based on a study prepared by that company, and the offer was rejected at first due to the high development cost, which prompted (JABEX) to participate in the Chinese company (Zehenhua) in order to reduce the development costs. Subsequently, JABEX withdrew from the project while negotiations continued with the Chinese company Zhenhua, which culminated in the initialling of the contract on 25 December 2017, and entered into force on 24 May 2018.

⁵⁴ [Initial Tender Protocol - Iraq Petroleum Licensing Rounds \(iraq-pclد.com\)](#)

Oil and gas licences awarded in 2021

Gas Growth Integrated Project - TotalEnergies

According to a press release from TotalEnergies, the Iraqi Government and the French company signed in September 2021 a Development and Production Service Contract as part of the Gas Growth Integrated Project (GGIP). The US\$10 billion agreement was finalised in April 2023 and aims to:

- recover flared gas on three oil fields in order to supply gas to power generation plants,
- build a seawater treatment plant in order to provide water injection for pressure maintenance to increase regional oil production, as an alternative to the use of fresh water from rivers and aquifers.

The consortium taking part of this agreement split rights as follows:

- TotalEnergies: 45%
- Basrah Oil Company: 30%
- Qatar Energy: 25%

TotalEnergies estimates that it will develop a 1 GW solar power plant to supply electricity to the Basrah regional grid. In agreement with Iraqi authorities, the company will invite the Saudi company ACWA Power to join this solar project.⁵⁵

Mansuriya gas field - SINOPEC

According to the PCLD, the Government awarded the Mansuriya undeveloped gas field in Diyala province to the Chinese company SINOPEC in April 2021.

The Mansuriya gas field was put up for competition based on the Council of Ministers Resolution No. 270 of 2019, which included the approval of the Ministry of Oil No. 1765 on 17/6/2019 to develop the Mansuriya Gas field in the national effort, with the participation of one of the qualified international companies (51% by the Midland Oil Company and 49% by the international company) and the adoption of the standard contract for the border fields round (the fifth round) according to the principle of profit share.

In the associated gas agreement announced on 29 March 2021, TotalEnergies will establish a central gas complex in Ratawi with the aim of collecting and refining associated gas produced from the Ratawi, West Qurna 2, Majnoun, Tuba and Lahis oil fields.

The agreement involves the construction of complexes and units to treat associated gas, which will be in two phases with a capacity of 600 MMcf/d, according to the oil ministry.

The Government initially planned to launch a licensing round for the Mansuriyah gas field, after it cancelled a contract with a group of companies led by Turkey's state-owned TPAO. Under their initial development plan for the field, commercial production had been due to begin in 2015 and reach 80 MMcf/d that year, but their plans were scuppered by the June 2014 security events.⁵⁶

⁵⁵ [Iraq: Agreement between Iraq and TotalEnergies | TotalEnergies.com](#)

⁵⁶ [Sinopec wins contract to develop Iraq's Mansuriyah gas field | S&P Global Commodity Insights \(spglobal.com\)](#)

The share of interest is detailed as follows:

- SINOPEC: 49%
- Midland Oil Company: 51%.

It is to be noted that the contract still requires obtaining the approval of the Ministerial Energy Committee and the Council of Ministers, after which the final signature is done by the Midland Oil Company, one of the national oil companies, and the Chinese Sinopec Company in order to activate the contract and start development operations.

Transfer of oil and gas licenses

The Article 28 of the service contracts model states that the process of transferring ownership in service contracts is carried out through the complete or partial assignment of rights and obligations as follows:

- *"28.1 No Company shall assign its rights or obligations under this Contract, in whole or in part, without the prior written consent of a National Oil Company."*
- *"28.2 In the event that any company wishes to assign any of its shares, rights, privileges, duties or obligations under this contract to a wholly owned or controlled subsidiary, the company shall submit to a national oil company an application for this purpose together with documentary evidence that the said subsidiary is qualified by the Ministry of Oil and that such qualification remains in effect as of the date of the proposed assignment. The National Oil Company will not withhold approval of the referral to a wholly owned and controlled subsidiary if the said subsidiary is qualified by the Ministry of Oil and such qualification shall remain in effect as of the date of the proposed appointment. Notwithstanding the foregoing, unless expressly agreed to in writing by the National Oil Company, such waiver shall not release the Company from its obligations under this Contract, and shall remain jointly liable with the assigned company to ensure the proper execution and compliance with the time specified for this Contract. "*
- *"28.3 In the event that any company wishes to assign, in whole or in part, any of its shares, rights, privileges, duties or obligations under this Contract to a third party or an affiliated company which is not wholly owned, the company shall submit to a National Oil Company an application for this purpose and provide detailed evidence of the (recommended) transferee's technical and financial competence (i.e., the transferee must be qualified by the Iraqi Ministry of Oil). The Regional Oil Company shall consider the said application and notify the Company of its approval or otherwise within three (3) months of receipt thereof. Before such assignment becomes effective, the assignee party shall first provide an acceptable guarantee to the National Oil Company as per the form set out in Appendix F, and thereafter the National Oil Company shall, within the limits of the assigned participation share, release the assigning company from its obligations under this contract and any guarantee given to it by the assigning company. "*

The PCLD did not confirm any case of transfer of shares in licensing round contracts during the reporting period.

3.3.2 MINING SECTOR

3.3.2.1 Types of licenses

A record of licenses is held by the Ministry of Industry and Minerals, (specifically at the Geological Survey Department), but it has not been published on the website.

The list of active mineral licences in 2021 is detailed in Annex 3 to this report.

3.3.2.2 Licences allocation

The following is a description of the methodology applied by national mining companies when contracting with private and public companies, in accordance with the Public Companies Law No. 22 of 1997 and based on Article 4 (Part 9) of the Ministry of Industry and Minerals Law No. 38 of 2011 (amended). The presented methodology was officially adopted by decision of the Ministry on 16 January 2019.

Production sharing contracts announcement

- The public company announces its intention to conclude participation contracts in three approved one-time newspapers and on its official website. It advertises on the bulletin board of the Ministry of Industry and Minerals website and sends a copy to the Ministry of Foreign Affairs.
- Bids will not be opened until a period of no less than 30 days has passed from the date of publication of the advertisement.
- If no bids are received within 30 days, the announcement is considered effective until an acceptable offer is received, and the announcement is removed from the website after the bid is opened or updated to indicate that its purpose has been completed.
- If a single offer is received that is technically and commercially acceptable, the necessary measures will be taken to study and analyse it, and the announcement will be considered effective in the event that offers that do not conform to the standards are received.
- The public company may issue direct invitations if the subject matter of the partnership contract is limited to specific, well-known manufacturing companies, and it has the right to issue a single monopoly invitation if there are monopoly companies.

Tender, deadline and contractual requirements

- Preference will be given to international manufacturing companies specializing in the industrial field. Offers may also be accepted from any other companies, financial or commercial institutions, investors, or venture capitalists that attach their contracting and cooperation documents (authorization, agency, or partnership) with manufacturing companies specialized in the announced field.
- The company must have been established for a period of no less than two years.
- The company submits its documents along with the certificate of incorporation, financial statements (in English for non-Arab companies) for the last two years audited by a chartered accountant's office or an international auditing company,

and all documents must be authenticated by the Embassy of the Republic of Iraq in the company's country.

- Submitting a letter of support from reputable banks confirming their financial competence and dealings with a statement of cash deposits for the last financial year certified by the company's auditor and the Iraqi Council of Certified Auditors for Iraqi Companies and by the Embassy of the Republic of Iraq in the country of non-Iraqi companies.
- The bidding company presents its technical capabilities and its plan to develop existing products or introduce new products.
- Providing statements that include production machines or lines, tools, and preparations for technology transfer and training, with details of the amounts allocated for each item, with emphasis that the machines, lines, tools, and tools are new and from an approved manufacturer.
- The contract is subject to Iraqi laws and legislation to resolve the dispute, if any, and the Iraqi judiciary is the competent person to consider the dispute.
- Submitting a letter of guarantee for at least US\$ 100,000, depending on the nature and cost of the project, to ensure the implementation of general obligations.
- Provisions of Article 14 of the Companies Law No. 2 of 2017 regarding the establishment license and the necessity of opening a registered branch in Iraq upon contracting and duly registering it with the Registrar of Companies within a period of 3 months from the date of signing or a branch of the companies mentioned in Clause 1 above with the contracting companies.

The stage of opening and studying offers and referrals

- Forming a committee in the public company to open offers.
- Forming a committee to study and analyse offers from various specializations (technical, financial, legal, control and investment in the company and the commercial factory concerned with the matter) (the period of study and analysis is two weeks).
- The committee submits its recommendations to the company's general manager for the purpose of requesting that they be presented to the board of directors for approval.
- After the Board of Directors discusses the matter and makes the decision on the initial referral after fulfilling all the requirements mentioned above, the initial referral is issued conditional on completing the requirements mentioned later within a period of one month.
- The public company may conduct negotiations in the event that the offers submitted or the only offer are similar, in a way that contributes to improving the technology and the amount of funds allocated, as well as raising its share in the partnership contract (the period for fulfilling the contracting and negotiation requirements is only one month).
- The duration of the contract shall not be less than 5 years, subject to extension upon the recommendation of the Board of Directors and the approval of the Minister.
- Ensuring the integrity of the company's legal position.

Rehabilitation and operation contracts

These mechanisms are developed in the event of entering into partnership contracts in accordance with the text of Article 15 of the Public Companies Law No. 22 of 1997 and the text of Paragraph (B) of Article 32 of Investment Law No. 13 of 2006 and its amendments and Law No. 50 of 2015. For rehabilitation cases, considering the following:

- Mention the qualification amounts and their details about each paragraph in the second party's offer.
- Providing a power station by the second party during the rehabilitation period, at its own expense, while bearing the costs of operation and maintenance during the project period.
- The second party shall bear the salaries and allowances of the factory employees, according to actual need and by agreement between the two parties.
- The second party bears all production costs, and the responsibility for sales and marketing is shared and agreed upon between the two parties.
- Coordination committees are formed between the two parties to monitor and investigate production and prepare joint monthly reports.
- The duration of the contract shall not be less than 10 years.
- The factories will be re-delivered after the end of the contract period to the first party without compensation, provided that their production capacity is no less than 90% of the design capacity as a result of the rehabilitation process.
- Work according to the attached information form, evaluation criteria and general conditions.

Pre-contract stage

1. Review the list of companies banned in the Ministry of Planning's bulletin.
2. Informing the Iraqi National Intelligence Service regarding contracting or participating with companies, as stated in the letter of the General Secretariat of the Council of Ministers No. 1129 on 10 January 2012, and according to the following mechanism:
 - The National Intelligence Service is approached by the contracting parties directly and through the agency's representatives in those parties in Iraq (and in the absence of representatives, the aforementioned agency shall nominate its representatives for this purpose) regarding contracts for the supply of chemical materials, communications devices, surveillance and photography devices, weapons, and explosive materials, which require approval. The above-mentioned agency must review it before concluding the contract according to the information form to obtain its approval.
 - Contracting and other supply contracts not mentioned in (a) above, which are contracted with Arab and foreign companies, the information will be submitted to the agency later according to the same form, after concluding the contract, and within a period not exceeding 15 days from the date of the contract, and the intelligence service will be responsible for verifying this information and informing those The authorities shall provide any comments, if any, within a period of 15 days from the date of receipt of the request.

Contract signing stage

After completing what was stated above:

- Letters of guarantee are completed, and their issuance is verified before signing the contract.
- The initial contract is prepared and appended to me by the legal, commercial, financial, internal control and investment departments of the public company.
- The priorities are presented to the Board of Directors for the purpose of approval, including the initial contract with the aim of having it signed by both parties and entering into implementation from its date, provided that both the Investment Department and the Technical Department are provided with a copy of the contract for the purpose of follow-up and presenting the results to the attention of the Minister.

3.4 REGISTER OF LICENSES (EITI REQUIREMENT 2.3)

The EITI Standard requires implementing countries to maintain a publicly available register or cadastre system which must be kept up to date with comprehensive information regarding each of the licenses pertaining to companies covered in the EITI Report: i. Name(s) of license holder(s); ii. Coordinates of the licensed area; iii. Date of application, date of award and duration of the license; and iv. In the case of production licenses, the commodity being produced.

3.4.1 OIL AND GAS SECTOR

This oil and gas register can be found in the Petroleum Contracts and Licenses Department (PCLD) website⁵⁷ and has been published, as well, by the NRTC on its website.⁵⁸

The table below shows the existing licenses in Iraq according to the available register published by the PCLD.

TABLE 39: EXISTING OIL AND GAS LICENSES IN IRAQ

Production licence	Location	Production	License type	Current Participating Interests	Producing / non-producing	License period
First round (Licensing application on 01/06/2009)						
Rumaila	Basra Governorate	Crude Oil	TSC	BP (%47.63) Petrochina (%46.37) SOMO (%6)	Producing	25 Years
Zubair	Basra Governorate	Crude Oil	TSC	ENI (%41.56) Basra Oil Company (%29.69) KOGAS (%23.75) MOC (%5)	Producing	25 Years
West Qurna (Phase 1)	Basra Governorate	Crude Oil	TSC	Exxonmobil (%32.692) Itochu (%19.61) Petrochina (%32.692) Petramina (%10) OEC (%5)	Producing	20 Years that can be extended for additional 10 Years
Missan Fields (Bazerkan, Abu Ghraib and Faqaqa)	Missan Governorate	Crude Oil	TSC	CNOOC Iraq (%63.75) TPAO (%11.25) IDC (%25)	Producing	20 Years
Second round (Licensing application on 01/12/2009)						
West Qurna (Phase 2)	Basra Governorate	Crude Oil	DPSC	LUKOIL Mid-East (%75) NOC (%25)	Producing	25 Years

⁵⁷ <https://www.pclregister.com/Licence>

⁵⁸ <https://ieiti.org.iq/ar/listing/reports-and-publications/contracts-licences>

Production licence	Location	Production	License type	Current Participating Interests	Producing / non-producing	License period
Majnoon	Basra Governorate	Crude Oil	DPSC	Shell (%45) Petronas (%30) MOC (%25)	Producing	20 Years
Halfaya	Missan Governorate	Crude Oil	DPSC	Petrochina (%45) Petronas (%22.5) TOTAL (%22.5) BOC (%10)	Producing	30 Years
Garraf	Thi Qar Governorate	Crude Oil	DPSC	Petronas (%45) Japex (%30) NOC (%25)	Producing	20 Years
Badra	Wasset Governorate	Crude Oil	DPSC	Gazprom (%30) KOGAS (%22.5) Petronas (%15) TPAO (%7.5) OEC (%25)	Producing	20 Years
Qaiyarah	Naynawa Governorate	Crude Oil	DPSC	Sonangol (%75) BOC (%25)	Producing	20 Years
Najmah	Naynawa Governorate	Crude Oil	DPSC	Sonangol (%75) IDC (%25)	Non-Producing	20 Years
Third round (Licensing application on 01/10/2010)						
Akkas	Anbar Governorate	Gas	DPSC	KOGAS (%75) NOC (%25) TPAO (%37.5)	Non-Producing	20 Years
Mansuriyah (Inactive)	Diyala Governorate	Gas	DPSC	Kuwait Energy (%22.5) KOGAS (%15) OEC (%25)	Non-Producing	20 Years
Siba	Basra Governorate	Gas	DPSC	Kuwait Energy (%30) TPAO (%30) EGPC (%15) MOC (%25)	Producing	20 Years
Fourth round (Licensing application on 01/05/2012)						
Block 8	Diyala Governorate	Crude Oil / Gas	EDPSC	Pakistan Petroleum (%100)	Non-Producing	30 Years for Oil Field, and 40 Years for Gas Field,
Block 9 (Al Fayhaa)	Basra Governorate	Crude Oil	EDPSC	Kuwait Energy (%60) DragonOil (%30) EGPC (%10)	Producing	30 Years
Block 10	Thi Qar Governorate	Crude Oil	EDPSC	Lukoil (%60) Inpex (%40)	Non-Producing	30 Years
Block 12	Najaf / Muthanna Governorate	Crude Oil	EDPSC	Bashneft (%100)	Non-Producing	30 Years
Fifth round (Licensing application on 01/04/2018)						
Naft Khana	Diyala Governorate	Crude Oil	EDPSC	GeoJade (%100)	Producing	License not yet formally approved
Huwaiza	Missan Governorate	Crude Oil	EDPSC	GeoJade (%100)	Non-Producing	License not yet formally approved
Sindbad	Missan / Wassit Governorate	Crude Oil	EDPSC	UEG (%100)	Non-Producing	License not yet formally approved
Khidher Al-Mai	Basra / Muthanna Governorate	Crude Oil	EDPSC	Crescent Oil Company (%100)	Non-Producing	License not yet formally approved*
Gilabat-Qumar	Diyala Governorate	Crude Oil	EDPSC	Crescent Oil Company (%100)	Non-Producing	License not yet formally approved*
Injana-Khashm Al Ahmar	Diyala Governorate	Crude Oil	EDPSC	Crescent Oil Company (%100)	Non-Producing	License not yet formally approved*
Sixth round						
Mansuriyah	Diyala Governorate	Gas	DPSC	SINOPEC (49%) MdOC (51%)	Non-Producing	License not yet formally approved
Contracts outside the licensing rounds						
Ahdeb	Wassit Governorate	Crude Oil	DPSC	Al-Waha (%75) SOMO (%25)	Producing	20 Years
East Baghdad (South Part)	Baghdad Governorate	Crude Oil	DPSC	China Zhenhua (%90) NOC (%10)	Producing	25 Years

Source: PCLD website

* Crescent Petroleum confirms through its website the signature of the service contracts covering three of the six awarded oil fields (Khidher Al-Mai, Gilabat-Qumar and Khashim Al-Ahmar)⁵⁹.

3.4.2 MINING SECTOR

The license register received from the Geological Survey Department (Geosurv-Iraq)⁶⁰ of the MoIM shows current license information, and therefore does not necessarily reflect the actual ownership status during 2021. The register includes the following information:

- the identity of the license holder;
- the status of the license;
- the date of award;
- the expiry date;
- the commodity produced; and
- the area of the license.

According to this licence register, there were 615 active mineral licences in 2021 detailed by governorate as follows:

TABLE 40: MINING LICENCES BY GOVERNORATE

Governorate	Number of licences
Al-Anbar	184
Baghdad	78
Diyala	68
Wasit	63
Maysan	43
Muthanna	38
Karbala	36
Diwaniya	29
Najaf	22
Thi Qar	14
Salah ad-Din	13
Babil	12
Kirkuk	9
Basra	5
Nineveh	1
Total	615

Source: Geosurv-Iraq

The table below shows a summary of data of prominent minerals according to a study prepared by the Geosurv-Iraq. Clays and Gypsum licences represent 79% of the total mining licences in Iraq:

⁵⁹ [News Archive - Crescent Petroleum](#)

⁶⁰ The Iraq Geological Survey is a scientific research organisation that aligns with Iraqi academic institutions conducting research in earth sciences. It is responsible for Federal Government geology and mineral resources and strives to meet sustainable development objectives. Furthermore, it seeks to modernise the national geological and mineral information network and provide scientific services to the state in the earth sciences field, whilst acting as a scientific reference. <http://geosurviraq.iq/>

TABLE 41: MINERALS BY LICENCES

Product	Number of licences
Clays	277
Gypsum	205
Aggregate	61
Gravel	43
Sand	10
Limestone	9
Soil	6
Plaster	4
Total	615

Source: Geosurv-Iraq

The list of active mineral licences in 2021 is detailed in Annex 3 to this report.

3.5 DISCLOSURE OF LICENSES AND CONTRACTS (EITI REQUIREMENT 2.4)

3.5.1 OIL AND GAS SECTOR

Iraq does not have a formal policy for disclosing oil and gas contracts, and current contracts are not published.

The Deputy Prime Minister/ Minister of Oil, in his letter dated of 11 September 2023, ordered all national companies affiliated with the Ministry of Oil, the PCLD, and the IOCs forum to adhere to the policy of contract transparency within the Ministry of Oil and to consider it a continuous work policy.

Oil and gas service contracts (SCs) are not publicly available. However, the model of service contracts are publicly available on the EITI website for [TSC](#), [PDSC](#) and [EPDSC](#).

The contracts in the Federal Republic of Iraq and their amendments are listed in the table below.

TABLE 42: OIL AND GAS CONTRACTS AND THEIR AMENDMENTS

Licensing Round/ Contracting Area	Date of signing the contract	Amendments	Date of amendment
First round			
Rumaila	3 November 2009	Amendment No. 1	14 September 2014
		Amendment No. 1	15 September 2010
Zubair	22 January 2010	Amendment No. 2	15 July 2013
		Amendment No. 3	28 May 2017
		Amendment No. 4	February 2020
West Qurna (Phase 1)	25 January 2010	Amendment No. 1	18 August 2010
		Amendment No. 2	18 August 2010
		Amendment No. 3	28 November 2013
		Amendment No. 4	19 February 2014
		Amendment No. 5	27 May 2018
Missan Fields (Abu Gharib, Buzurgan, Al-Fakkah)	15 May 2010	None	-
Second round			

Licensing Round/ Contracting Area	Date of signing the contract	Amendments	Date of amendment
West Qurna (Phase 2)	31 January 2010	Amendment No. 1	17 January 2013
		Amendment No. 2	28 November 2013
		Amendment No. 3	19 April 2018
Majnoon	17 January 2010	None	-
Halfaya	18 January 2010	Amendment No. 1	4 September 2014
Garraf	26 January 2010	None	-
Badra	17 January 2010	None	-
Qaiyarah	26 January 2010	None	-
Najmah	26 January 2010	None	-
Third round			
Akkas	13 October 2011	None	-
Mansuriya	5 June 2011	None	-
Siba	5 June 2011	Amendment No. 1	23 May 2017
Fourth round			
Exploration Block 8	5 November 2012	Amendment No. 1	2015
		Amendment No. 2	26 October 2017
Exploration Block 9 (alfayha)	27 January 2013	Amendment No. 1	July 2015
		Amendment No. 2	30 September 2015
Exploration Block 10	7 November 2012	Amendment No. 1	17 December 2018
Exploration Block 12	8 November 2012	Amendment No. 1	2 August 2017
Outside Licensing rounds			
Ahdeb	1 September 2008	Amendment No. 1	5 June 2011
East Baghdad (southern part)	24 May 2018	None	-

Source: NRTC website

As of the date of this report, we have not been advised of new amendments to oil and gas contracts.

In Kurdistan, the model PSC is not made publicly available. However, the KRG's MNR publishes in its [official website](#) the full list of the signed PSCs by region and by date.

3.5.2 MINING SECTOR

Mining contracts are not accessible to the public. The MoIM did not provide us with the mining contracts including the information required by the EITI Standard for the mining sector.

3.6 BENEFICIAL OWNERSHIP (EITI REQUIREMENT 2.5)

As of 1 January 2020, the EITI Standard prescribes “that implementing countries request, and companies disclose, beneficial ownership (BO) information for inclusion in the EITI Report. This applies to corporate entity(ies) that apply for or hold a participating interest in an exploration or production oil, gas or mining license or contract and should include the identity(ies) of their beneficial owner(s), the level of ownership and details about how ownership or control is exerted. (Requirement 2.5 (c).”

3.6.1 BENEFICIAL OWNERSHIP (BO) ROAD MAP

According to the EITI Requirement 2.5 (a): It is recommended that implementing countries maintain a publicly available register of the beneficial owners of the corporate entity(ies) that apply for or hold a participating interest in an exploration or production oil, gas or mining license or contract, including the identity(ies) of their beneficial owner(s), the level of ownership and details about how ownership or control is exerted. Where possible, beneficial ownership information should be incorporated in existing filings by companies to corporate regulators, stock exchanges or agencies regulating extractive industry licensing. Where this information is already publicly available, the EITI Report should include guidance on how to access this information.

Implementing countries are required to document the government’s policy and MSG’s discussion on disclosure of BO. This should include details of the relevant legal provisions, actual disclosure practices and any reforms that are planned or underway related to BO disclosure.

The Iraqi Road map is available [here](#).

TABLE 43: DEFINITION OF BO AND PEP

Terms	Definition
BO	BO refers to the natural person(s) who ultimately owns or controls a company and/or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement. Reference to “ultimately owned or controlled” and “ultimate effective control” refer to situations in which ownership/control is exercised through a chain of ownership or by means of control other than direct control.
Threshold	Directly or indirectly (e.g., through a chain of entities) 5% or more of the shares or voting rights of an entity.
PEP	The comprehensive PEP definition below as mentioned in the Anti-Money Laundering Act 2012 has been adopted: “Persons holding prominent public positions domestically or in a foreign country such as heads of state or government, senior politicians at national level, senior government, judicial, military or party officials at national level, or senior executives of state-owned enterprises of national importance, or individuals or undertakings identified as having close family ties or personal or business connections to such persons.”

3.6.2 BENEFICIAL OWNERSHIP REPORTING

The MSG should assess any existing mechanisms for assuring the reliability of BO information and agree an approach for corporate entities within the scope of EITI Requirement 2.5(c) to assure the accuracy of the BO information they provide. This could include requiring companies to attest the BO declaration form through sign-off by a member of the senior management team or senior legal counsel or submit supporting documentation.

To comply with Requirement 2.5 (C) for collecting information about the BO of the extractive companies operating in Iraq for the 2020/21 EITI report, the MSG agreed to maintain the definition of BO and PEP as adopted by the BO working group.

3.7 STATE PARTICIPATION (EITI REQUIREMENT 2.6)

3.7.1 OIL AND GAS SECTOR

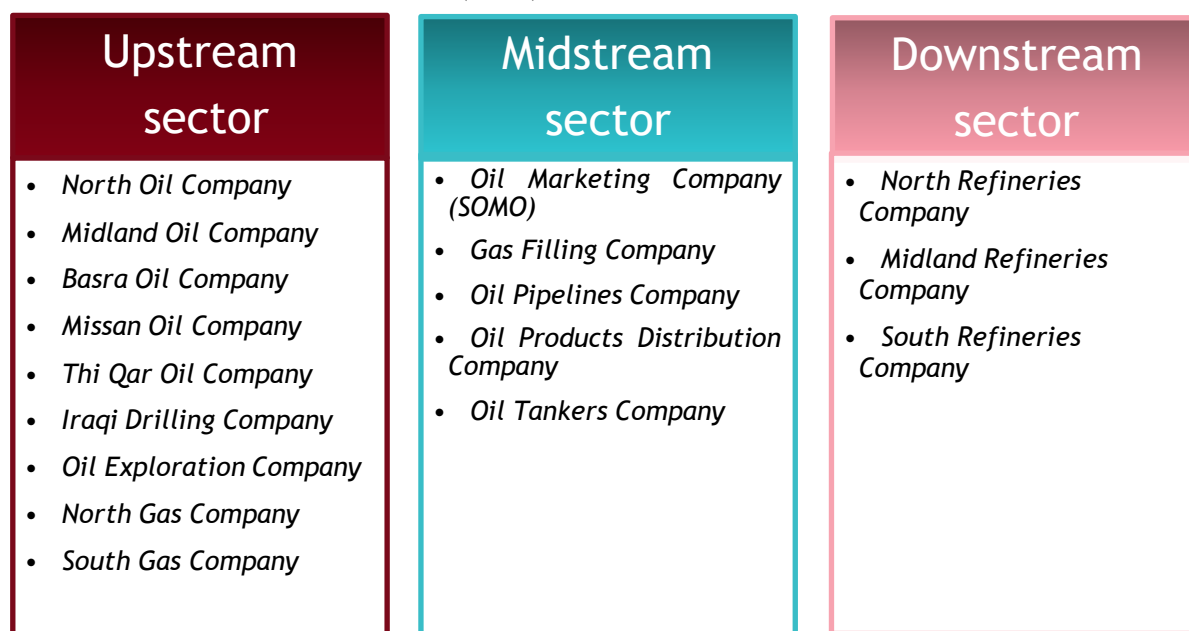
EITI Requirement 2.6 requires the government and state-owned enterprises to disclose their shareholding in oil, gas and mining companies operating within the country, and any changes in the shareholding during the accounting period covered by the report.

The MSG has defined state-owned enterprises (SOEs) in accordance with the amended Public Companies' Law No. 22 of 1997, which defines a public company as: *“a self-funded economic unit which is fully owned by the state, has a legal personality, financially and economically independent, and operates according to economic bases”*.

Overview of State participation in the oil and gas sector

Iraq has several state companies operating in the oil and gas sector affiliated to the MoO that play crucial roles in the exploration, production, and management of the country's significant hydrocarbon resources. Fully owned subsidiaries of the MoO, are divided into three categories based on the sectors in which they operate: upstream, midstream, and downstream sectors, as detailed in the figure below:

FIGURE 15: STATE-OWNED ENTERPRISES (SOEs) IN THE OIL AND GAS SECTOR⁶¹



The Iraqi parliament enacted the Law of Iraqi National Oil Company (the “Law”) on 5 March 2018 to establish a new form of national oil company as an entity enjoying financial and administrative independence and linked directly to the Council of Ministers; thus, distancing it from the MoO whose role would become focused on planning and follow-up.

⁶¹ <https://oil.gov.iq/>

According to the Law, Iraqi National Oil Companies (INOC) would take key operational responsibilities from the MoO and would be granted the right to exercise its authority inside and outside Iraq.

The companies transferred to INOC ownership, as per the Law, are:

- Iraqi Oil Exploration Company.
- Iraqi Drilling Company.
- Basra Oil Company.
- North Oil Company.
- Missan Oil Company.
- Midland Oil Company.
- Thi Qar Oil Company.
- Oil Marketing Company (SOMO); and
- Iraqi Oil Tankers Company.

State participation in the oil and gas upstream sector

In federal Iraq, there are nine SOEs in the extractive drilling and production sector (upstream sector).

FIGURE 16: SOEs IN THE OIL AND GAS UPSTREAM SECTOR

**North Oil Company (NOC)**

NOC operates in northern Iraq, including the Kirkuk province. It is responsible for the operation and management of oil fields in this region, such as the Kirkuk oil field.

**Midland Oil Company (MdOC)**

MdOC operates in central Iraq and is responsible for managing oil fields in the central and midland regions. It plays a key role in oil production and export operations.

**Basra Oil Company (BOC)**

BOC primarily operates in the Basra province, which is home to some of Iraq's largest oil fields. It is responsible for managing and developing oil fields in the southern region.

**Missan Oil Company (MOC)**

MOC operates in the Missan province in southern Iraq and is involved in the exploration and production of oil and gas resources in the region.

**Thi Qar Oil Company (TOC)**

TOC is responsible for oil and gas activities in the Thi Qar province in southern Iraq. It manages the exploration, drilling, and production of hydrocarbons in this area.

**Iraqi Drilling Company (IDC)**

IDC is responsible for providing drilling and well-related services to the Iraqi oil industry. The company plays a significant role in the exploration and production of oil and natural gas resources in Iraq.

**Oil Exploration Company (OEC)**

The responsibility entrusted to OEC, is to explore and evaluate oil and gas complexes using the latest available technologies. The company is engaged geology and seismic surveys, research and analyses, and other related services.

**North Gas Company (NGC)**

NGC is responsible for the extraction, processing, and distribution of natural gas in the northern regions of the country, primarily in the Kurdistan region.

**South Gas Company (SGC)**

SGC is responsible for the extraction, processing, and distribution of natural gas in the southern regions of the country, particularly in and around Basra province.

North Oil Company (NOC)

Company profile and key activities



The North Oil Company (NOC) is responsible for the exploration, production, and management of oil resources in the northern regions of the country, including the Kirkuk and Mosul areas. NOC plays a crucial role in Iraq's oil industry, as the northern region is home to significant oil fields.

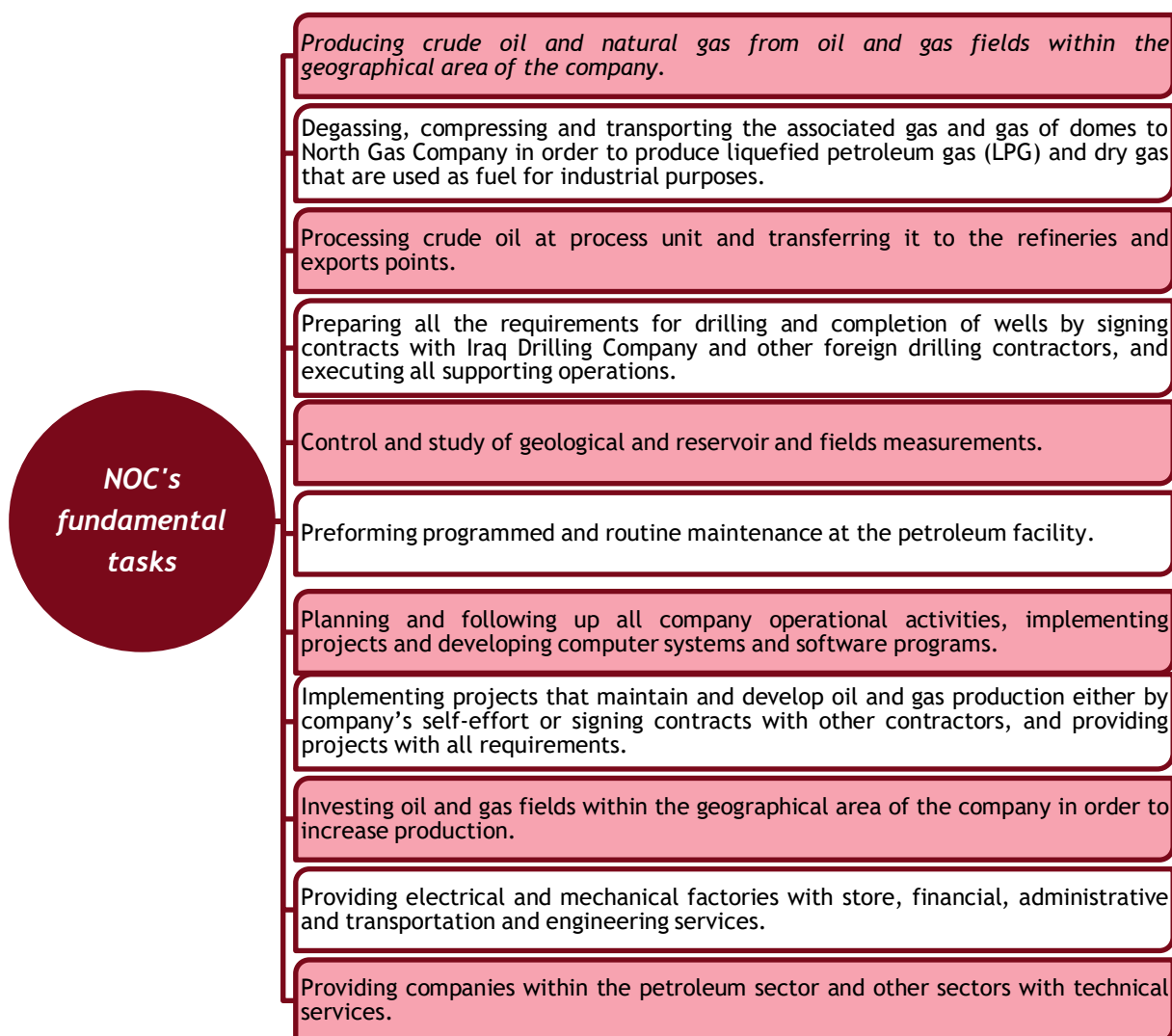
It was established in 1929 under the name Iraq Petroleum Company (IPC), then the name was shifted to North Oil Establishment in 1972 and to North Oil Company in 1987. Its first well was drilled on 30 June 1927 at a depth 400m, and on 14 October 1927 oil flowed from that well within Kirkuk field at a rate of (60,000 - 70,000 b/d).

The geographical area of the company extends to four Iraqi provinces:

- Kirkuk
- Nineveh
- Salah Al-Deen
- Anbar

NOC includes over 50 facilities of pump stations, process units, oil field tanks, degassing stations, and many oil wells linked by pipelines nets that are spread over the company's area.

NOC's Key responsibilities and activities in the upstream oil and gas sub-sector, includes:

FIGURE 17: FUNDAMENTAL TASKS OF THE NORTH OIL COMPANY (NOC)⁶²

Organisational structure

The organisational structure of NOC can be found on the company website.⁶³

Financial information

Financial statements are not published on the company website. We obtained a copy of the unaudited financial statements as well as the annual report of the company for the FY 2021 from the Internal Control Directorate.

For further information, please visit the company website [here](#) or email the company [here](#).

⁶² <https://nocoil.gov.iq/fundamental-tasks-of-north-oil-company/>

⁶³ <https://nocoil.gov.iq/category/organizational-structure/>

Midland Oil Company (MDOC)

Company profile and key activities



Midland Oil Company (MDOC) was established in 2010 with a share capital of IQD 100 billion.⁶⁴ It plays a significant role in the exploration, production, and export of crude oil in the centre of the country.

The geographical area of the company extends to eight Iraqi provinces:

- Diyala
- Wasit
- Babel
- Diwaniyah
- Najaf
- Karbala
- Anbar
- Baghdad

There are more than 30 oil and gas fields that are located within the area of operations of the company, in addition to about 160 geological blocks that have not been explored yet.⁶⁵

The company's most important fields developed within licensing round contracts are the East Baghdad field, the Al-Ahdab and Badra field.

Financial information

Financial statements are not published on the company website. We obtained a copy of the unaudited financial statements as well as the annual report of the company for the FY 2021 from the Internal Control Directorate.

For further information, please visit the company website [here](#) or email the company [here](#).

Basra Oil Company (BOC)

Company profile and key activities



Basra Oil Company (BOC) was established in 1964 and is ranked first in Iraq and eighth worldwide in terms of production volumes. It is responsible for the exploration, drilling, production, and development of oil fields in the Basra province of Iraq. Basra is a major oil-producing region in Iraq, and the Basra Oil Company plays a crucial role in managing and operating the oil fields in this area.

BOC is headquartered in Basra, which is a major city in southern Iraq. Basra is strategically located near the Persian Gulf and is home to some of Iraq's most significant oil fields. It manages and operates several large oil fields, including Rumaila (largest oil field discovered

⁶⁴ <https://mdoc.oil.gov.iq/upload/9968458371.pdf>

⁶⁵ <https://mdoc.oil.gov.iq/upload/2612815341.pdf>

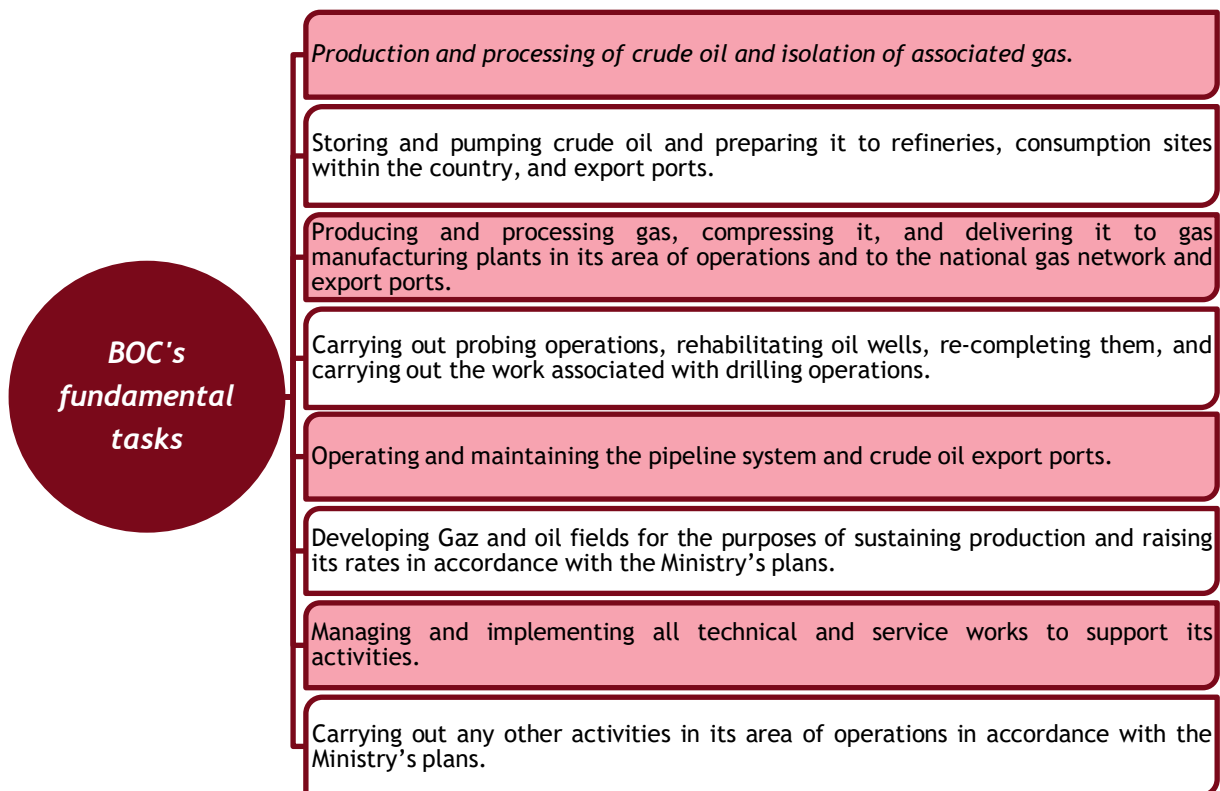
in Iraq and is considered the third largest oil field in the world), West Qurna, Majnoon, and others.

BOC was established in May 1998 with a share capital of IQD 3 billion.⁶⁶ BOC was previously known as South Oil Company (SOC), and as of April 2017, SOC's name was changed to Basra Oil Company after it was restructured following the establishment and independence of Thi Qar Oil Company.

BOC's fundamental tasks

BOC's fundamental tasks in the upstream oil and gas sub-sector, include:

FIGURE 18: FUNDAMENTAL TASKS OF THE BASRA OIL COMPANY (BOC)⁶⁷



Financial information

Financial statements are not published on the company website. We obtained a copy of the unaudited financial statements as well as the annual report of the company for the FY 2021 from the Internal Control Directorate.

For further information, please visit the company website [here](#).

⁶⁶ <https://boc.oil.gov.iq/index.php?name=Pages&op=page&pid=137>

⁶⁷ <https://boc.oil.gov.iq/index.php?name=Pages&op=page&pid=137>

Missan Oil Company (MOC)

Company profile and key activities

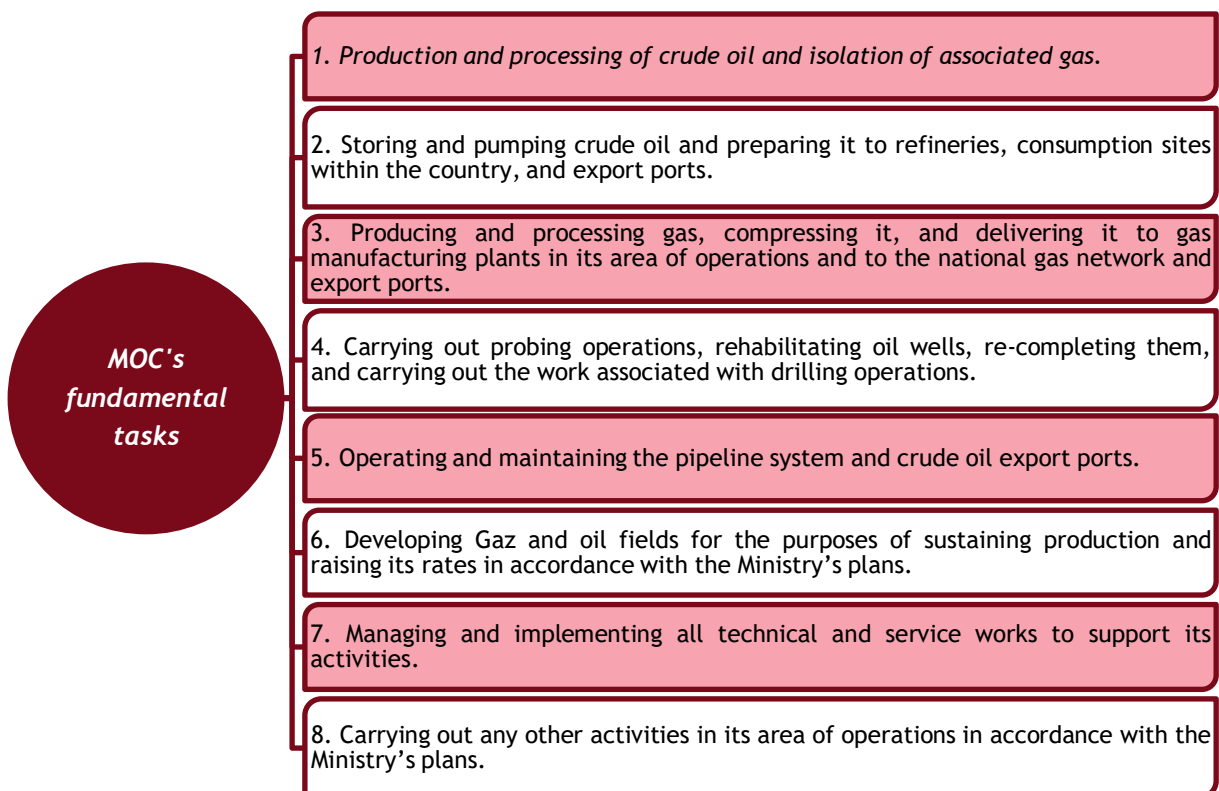


Missan Oil Company (MOC) is one of the south oil companies in Iraq. It was created in 2008, as a spin-off from South Oil Company, to expand oil related activities in Maysan governorate and to set up joint ventures with international companies to develop the province's oil fields.⁶⁸

The geographical area of Maysan Governorate includes many oil fields, the most prominent of which are the Al-Amara and Nour fields. There are also other major fields that are subject to rehabilitation and development through foreign investment efforts, which are the fields of Halfaya, Bazarkan, Al-Fakka, and Abu Gharb, in addition to other fields and geological structures that have not been developed, namely Dima, Al-Hawizeh, Al-Rifai, Kamit, Ali Al-Gharbi, Al-Dujaila, and Qalaat Saleh in addition to several other compositions in different areas.⁶⁹

Key responsibilities and activities

FIGURE 19: MOC'S KEY RESPONSIBILITIES



Organisational structure

The organisational structure of MOC can be found on the company website.⁷⁰

⁶⁸ <https://moc.oil.gov.iq/upload/1358194085.pdf>

⁶⁹ <https://moc.oil.gov.iq/?page=30>

⁷⁰ <https://moc.oil.gov.iq/upload/1335079853.jpg>

Financial information

Financial statements are not published on the company website. We obtained a copy of the unaudited financial statements as well as the annual report of the company for the FY 2021 from the Internal Control Directorate.

For further information, please visit the company website [here](#) or email the company on [here](#) or [here](#).

Thi Qar Oil Company (TOC)

Company profile and key activities



The Thi Qar Oil Company (TOC) is responsible for the exploration, production, and development of oil resources in the Thi Qar Governorate of Iraq. TOC was established in September 2016 with a share capital of IQD 300 billion.⁷¹

The Thi Qar Governorate is located in the southern part of Iraq and is known to have substantial oil reserves. TOC operates within this region, focusing on the extraction and production of crude oil.

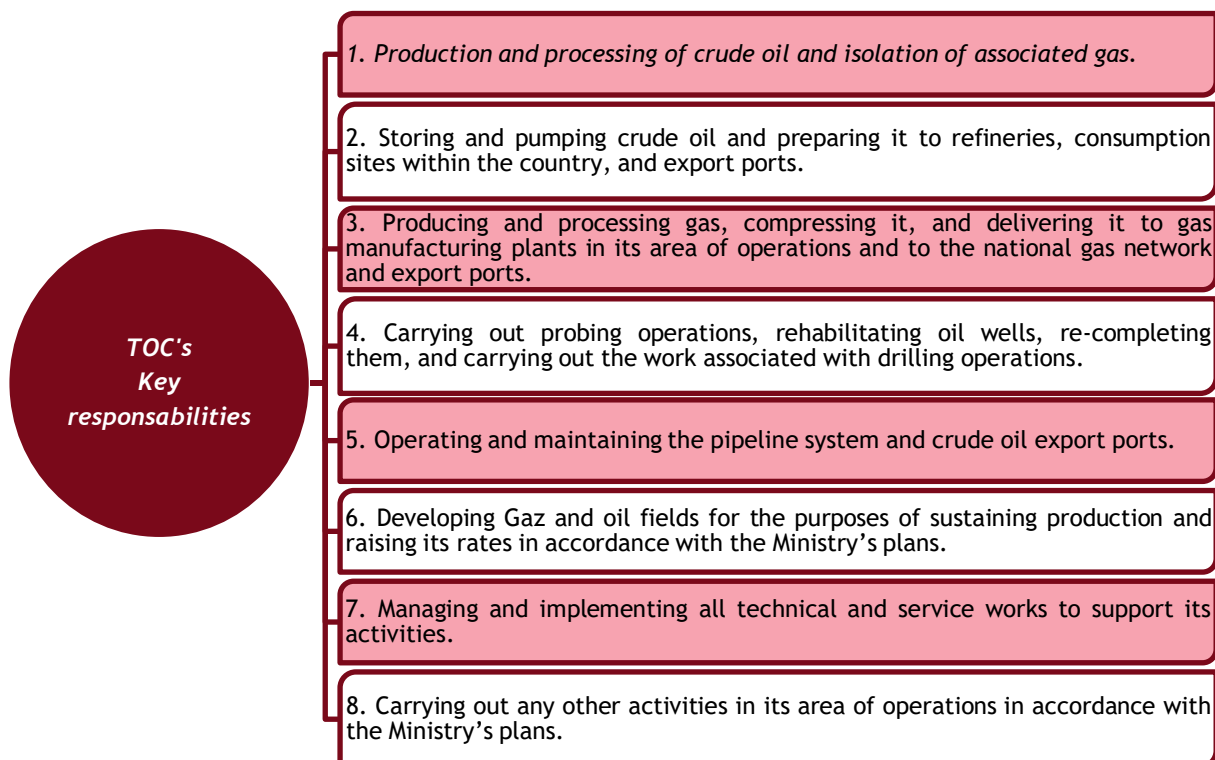
TOC operates the Nasiriyah and Subba fields in the Thi Qar governorate in southern Iraq. Nasiriyah is a large oil field located approximately 200 kilometres to the northwest of Basra. The field is estimated to hold recoverable resources of 4.4 billion barrels and was brought onstream in 2009. Production ramped up steadily to over 70,000 b/d through continuous infill drilling. The facilities have also been expanded, with current field capacity at 100,000 b/d.⁷²

⁷¹ <https://toc.oil.gov.iq/upload/2274698892.pdf>

⁷² <https://www.woodmac.com/reports/upstream-oil-and-gas-dhi-qar-oil-company-operated-assets-3017153/>

TOC's key responsibilities and activities

FIGURE 20: TOC'S KEY RESPONSIBILITIES AND ACTIVITIES



Financial information

Financial statements are not published on the company website. We obtained a copy of the unaudited financial statements as well as the annual report of the company for the FY 2021 from the Internal Control Directorate.

However, the unaudited balance sheet for the year 2021 is published on the company website, [here](#).

For further information, please visit the company website [here](#).

Iraqi Drilling Company (IDC)

Company profile and key activities



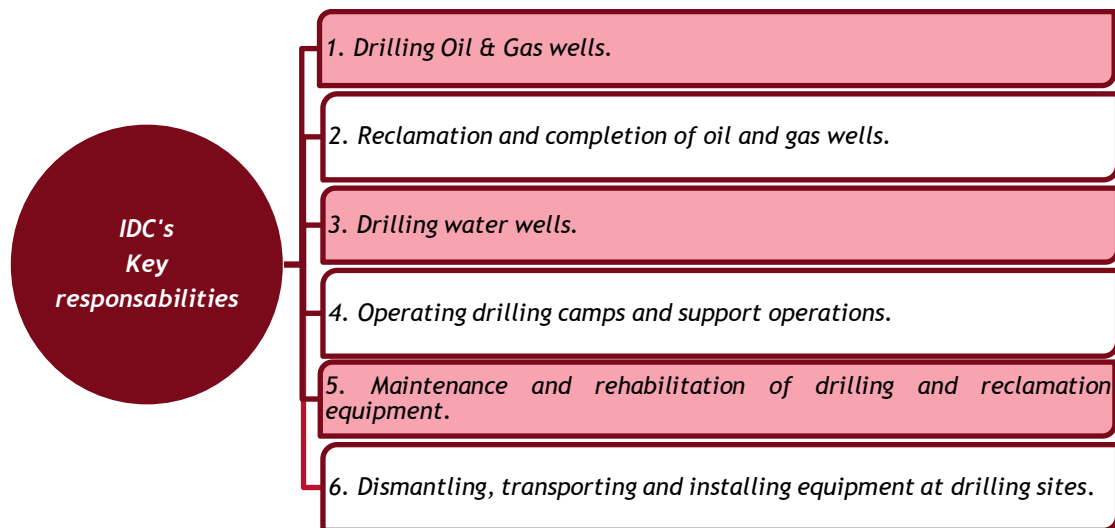
Iraqi Drilling Company (IDC) was established in 1990 and it monopolizes the drilling and reclamation activities in the country after these operations were managed by extraction companies such as the South Oil Company and the North Oil Company.

Since its foundation, the company was able to complete the drilling of 230 wells and the reclamation of 600 wells in the period between 1990 and 2003. Since then, approximately 423 wells have been drilled and more than 1,077 wells have been reclaimed due to the increase in the company's capacity of modern equipment⁷³.

⁷³ <https://www.idc.gov.iq/>

IDC's key responsibilities and activities

The key responsibilities of the company are detailed below:



Organisational structure

The organisational structure of the company is not publicly available.

Financial information

The latest financial statements published are those related to FY 2018. We obtained a copy of the unaudited financial statements as well as the annual report of the company for the FY 2021 from the Internal Control Directorate.

For further information, please visit the company website [here](#) or email the company [here](#) or [here](#).

Oil Exploration Company (OEC)

Company profile and key activities



Oil Exploration Company (OEC) was established in 1987 after suspending the National Oil Company and cancelling all of its related companies. The responsibility of OEC is to explore and evaluate oil and gas accumulations based on the law No. 84 of 1985 about the preservation of hydrocarbon wealth by using the latest technologies with a national technical staff of specialized expertise, especially in the fields of geology, processing and interpretation, field seismic survey and laboratories supported by engineering, legal, financial, administrative and service staff.⁷⁴

Financial information

Financial statements are not published on the company website. We obtained a copy of the unaudited financial statements as well as the annual report of the company for the FY 2021 from the Internal Control Directorate.

For further information, please visit the company website [here](#).

⁷⁴ OEC Website, [here](#).

North Gas Company (NGC)

Company profile and key activities



North Gas Company (NGC) is operating in the natural gas industry. Its main objective is processing crude oil in the northern region in order to produce the dry gas, liquefied gas, natural gasoline and sulphur.

Financial information

Financial statements are not published on the company website. We requested a copy of the 2021 audited financial statements but did not receive them.

For further information, please visit the company website [here](#) or email the company [here](#).

South Gas Company (SGC)

Company profile and key activities



South Gas Company (SGC) was part of Basra refinery, but it became independent in 1998.

Financial information

Financial statements are not published on the company website. We obtained a copy of the unaudited financial statements as well as the annual report of the company for the FY 2021 from the Internal Control Directorate.

For further information, please visit the company website [here](#) or email the company [here](#) or [here](#).

Basra Gas Company (BGC)

Company profile and key activities



Basra Gas Company (BGC) is an Iraqi joint venture established in 2013 as a 25-year incorporated between the Iraqi Government through SGC (51%), Shell (44%) and Mitsubishi (4%) to fulfil Iraq's strategy of energy independence and further investment in its natural gas resources. BGC is one of the largest flare reduction projects in the world and has turned Iraq from a net importer to a net exporter of LPG in record time. BGC is a living example of what good partnerships can bring to Iraq's current and future generations.⁷⁵

Financial information

Financial statements are not published on the company website. We obtained a copy of the unaudited financial statements as well as the annual report of the company for the FY 2021 from the Internal Control Directorate.

For further information, please email the company [here](#).

⁷⁵ https://www.shell.iq/en_iq/about-us/projects-and-sites/basrahgascompany.html#

State participation in the oil and gas Midstream sector

Oil Marketing Company (SOMO)

Company profile and key activities



Oil Marketing Company (SOMO) was established in 1979 and it considered the most important SOE in Iraq. It is the only entity allowed to sign export contracts for crude oil as well as export/import contracts of oil derivatives.

SOMO works on selling the Iraqi crude oil (light Basra and Kirkuk crude oil) via Basra oil port, Khur Al-Amya port, and Ceyhan port in Türkiye.

Financial information

Financial statements are not published on the company website. We obtained a copy of the unaudited financial statements as well as the annual report of the company for the FY 2021 from the Internal Control Directorate.

For further information, please visit the company website [here](#) or email the company [here](#).

Gas Filling Company (GFC)

Company profile and key activities



Gas Filling Company (GFC) was established in 1991 replacing the State Facility of Gas Filling. It is responsible for running gas factories, filling gas cylinders, gas cylinders manufacturing and their maintenance.

It is also responsible for installing the liquid gas systems for industrial facilities and domestic services. The company owns 52 factories for this purpose.

Organisational structure

GFC includes the following departments:

- General manager's office
- Factories Department
- Engineering and Technical Affairs Department
- Operations Department
- Technical Equipment Department
- Administrative Department
- Materials Management Department
- Internal Audit Oversight Department
- Financial Affairs Department
- Department of Studies, Planning and Follow-up
- Inspection and Follow-up Department
- Engineering Inspection Department
- Health, Safety and Environment Department
- Measurement and Calibration Department
- Processing Department

- Legal Department
- Department of Warehouses and Gas Networks
- Automotive Gas Department
- Department of Information and Communications Technology

The organisation structure is available in Arabic on the company website, [here](#).

Financial information

Financial statements are not published on the company website. We obtained a copy of the unaudited financial statements as well as the annual report of the company for the FY 2021 from the Internal Control Directorate.

For further information, please visit the company website [here](#) or email the company [here](#).

Oil Pipelines Company (OPC)

Company profile and key activities



Oil Pipelines Company (OPC) was established in 1998. It is responsible for transporting all hydrocarbon materials from their production sources areas and storing them in the depots. It is also responsible for operating and providing maintenance for pumping stations, oil products transportation pipelines and dry liquid gas pipelines from their production sources to the filling factories, depots and residential complexes.

Financial information

Financial statements are not published on the company website. We requested a copy of the 2021 audited financial statements but did not receive them.

For further information, please visit the company website [here](#) or email the company [here](#).

Oil Products Distribution Company (OPDC)

Company profile and key activities



Oil Products Distribution Company (OPDC) was established in 195. It is responsible for the transportation of all types of oil products inside and outside Iraq. It supplies the Iraqi Airlines company with aviation fuel in addition to supplying oil and gas stations with cars fuel.

Financial information

Financial statements are not published on the company website. We obtained a copy of the unaudited financial statements as well as the annual report of the company for the FY 2021 from the Internal Control Directorate.

For further information, please visit the company website [here](#) or email the company [here](#) or [here](#).

Iraqi Oil Tankers Company (IOTC)

Company profile and key activities



Iraqi Oil Tankers Company (IOTC) was established in 1972 with seven oil tankers of 35,000 tons each.

Financial information

Financial statements are not published on the company website. We obtained a copy of the unaudited financial statements as well as the annual report of the company for the FY 2021 from the Internal Control Directorate.

For further information, please visit the company website [here](#) or email the company [here](#).

State participation in the oil and gas downstream sector

Iraq's refining capacity was around one million barrels daily as presented in the table below:

TABLE 44: DAILY REFINING CAPACITY BY REFINERY

Refinery location	Capacity in Thousand Barrels/Day
Baiji	140
Basrah	210
Daura	140
Kirkuk	56
Sainia	30
Najaf	30
Samawa	30
Nasiria	30
Missan	40
Diwania	20
Haditha	16
Qaiarah	14
Kask	20
Kar	160
Bazyan	40
Karbala	na
Bazyan	976

Source: OPEC Annual Statistical Bulletin 2022

North Refineries Company (NRC)

Company profile and key activities



North Refineries Company (NRC) was established in 1980. It is connected to a large group of refineries (e.g., Salah-Aldeen refinery 1, Salah-Aldeen refinery 2, North refinery, Oil lubricates refinery, Hadeetha refinery, Kirkuk refinery, Seniya refinery, Qayara refinery, Kusk refinery, and Al-Jazeera refinery).

Financial information

Financial statements are not published on the company website. We obtained a copy of the unaudited financial statements as well as the annual report of the company for the FY 2021 from the Internal Control Directorate. The latest available financial information relates to the year 2019.⁷⁶

For further information, please visit the company website [here](#) or email the company [here](#) or [here](#).

Midland Refineries Company (MRC)

Company profile and key activities



Midland Refineries Company (MRC) was established in 1955 and it has five producing refineries: Aldoorra refinery, Al-Najaf Refinery, Karbala Refinery, Diwaniya refinery and Al-Samawa Refinery.

Financial information

Financial statements are not published on the company website. We obtained a copy of the unaudited financial statements as well as the annual report of the company for the FY 2021 from the Internal Control Directorate.

For further information, please visit the company website [here](#) or email the company [here](#).

South Refineries Company (SRC)

Company profile and key activities



South Refineries Company (SRC) was established in 1969 in Basra and entered into production in 1974. The company produces petroleum products. (e.g. gasoline, kerosene, light gas oil, diesel, fuel oil, marine fuel oil, LPG, jet fuel, etc.).

Organisational structure

South Refineries Company consist of the following departments:⁷⁷

TABLE 45: DEPARTMENTS OF THE SRC

N°	Refinery	Description
1	AlShuaiba refinery	a-Two distillation units with capacity of 7000 b/d each. b-Two hydrogenation - distillation units, capacity 29000 b/d. c-Two gasoline reforming units, capacity 8000 b/d. d-Unit for producing liquid gas with capacity is 200 t/d.
2	Department of Lub oil refinery	It was established in 1977 and accomplished in 1982. Production started in 1996 with variety of lub oils. It is considered a major source of our national economy as it meets the needs for lub oil and derivatives, with production capacity of (100000 ton/year) It includes: vacuum distillation unit, deasphalt unit, furfural- treating unit, dewaxing

⁷⁶ <https://nrc.oil.gov.iq/upload/upfile/ar/19.PDF>

⁷⁷ <https://www.src.gov.iq/en/Departments>

N°	Refinery	Description
		unit, Lub oil hydrogenation blending and filling unit. It produces amount of 110000 ton/year of low permeability asphalt.
3	Thi Qar Refinery division:	This refinery was built in 1980 with two distillation units, capacity 10,000 b/d each. It was supplemented with third distillation unit which was operated in 1981 with total capacity of 30,000 b/d. In 1982, Asphalt unit was established with capacity 500 ton/day. This refinery was intended to provide the governorate and areas nearby with petroleum products.
4	Department of Maissan refinery:	It was established in 1999 to supply Maissan governorate and areas nearby with oil products and support total production capacity with 1000 b/d amount. In the beginning of the year 2010 it was expanded to include two additional distillation units with capacity of 1,000 b/d for each. It is now located in Bazergan area.

Source: SRC website

Financial information

Financial statements are not published on the company website. We obtained a copy of the unaudited financial statements as well as the annual report of the company for the FY 2021 from the Internal Control Directorate.

However, the unaudited balance sheet for the year 2021 is published on the company website, [here](#).

For further information, please visit the company website [here](#) or email the company [here](#).

Karbala Oil Refinery

Iraq inaugurated an oil refinery in the central city of Karbala in April 2023. The refinery is expected to refine 140,000 barrels daily helping to meet local demand for petrol, kerosene, and heating oil while reducing imports. It is the first to be built since the 1980s with such production capacity. Three other refineries across Iraq meet about half of the country's demand for refined products, and the rest is imported.

The refinery's products, including gasoline and kerosene, will meet the highest European standards and specifications (Euro 5). The refinery will produce high-octane gasoline with a degree of 95, with a capacity of 8-9 million litres per day, which can be increased to 12 million litres per day after mixing with naphtha produced at the refinery. (Credit: AFP / Iraqi PM's press office.)

The refinery's production is expected to cover up to 75% of domestic consumption, with the remainder being imported or produced at other local refineries⁷⁸.

Despite its immense oil and gas reserves, Iraq remains dependent on imports to meet energy needs.

⁷⁸ [Karbala Oil Refinery to Begin Production in mid-March | Iraq Business News \(iraq-businessnews.com\)](#)

Oil training institutes

Kirkuk Oil Training Institute (KOTI)

Institute profile and key activities



Kirkuk Oil Training Institute (KOTI) was established in 1951. It is the first oil-training institute in Iraq and one of the oldest training institutes in the Middle East. The training institute Curriculum consist of theoretical and practical study. It is well equipped with modern classrooms, educational aids, workshops, and labs.⁷⁹

For further information, please email the institute [here](#).

Oil Training Institute, Baiji (OTI)

Institute profile and key activities



Oil Training Institute, Baiji (OTI) was established in 1956. It gives courses in oil, refinery, electricity, and mechanics over two years (70% practical training and 30% theoretical study). The graduate granted diploma in the above-mentioned specializations.⁸⁰

For further information, please email the institute [here](#).

Baghdad Oil Training Institute (BOTI)

Institute profile and key activities



Baghdad Oil Training Institute (BOTI) was established in 1971 with the aim of graduating students (Iraqi and foreign) with a technical diploma level and developing the employees of the oil sector covering all the specialisations.

The institute has advanced trainings materials for students.

For further information, please visit the institute website [here](#) or email the institute [here](#) or [here](#).

Basra Oil Training Institute

Institute profile and key activities



Basra Oil Training Institute was established in 1994. Its aims to prepare and qualify the mid staff in the petroleum and semi petroleum specialization. It granted technical diploma. It prepares and performs developmental and qualifying training courses for different levels in the petroleum industry.

For further information, please email the institute [here](#).

⁷⁹ <http://elearningmoo.com/en/institutes/koti.php>

⁸⁰ <http://elearningmoo.com/en/institutes/baiji.php>

Other entity

State Company for Oil Projects (SCOP)

Company profile and key activities



State Company for Oil Projects (SCOP) was established in 1964. It is specialised in implementing oil projects in Iraq.

Organisational structure

SCOP has five project departments:

TABLE 46: DEPARTMENTS OF SCOP

N°	Project department	Key achievements	Email address
1	North	Kasak Refinery Rehabilitation Project. Establishing three (3) tanks in the Kirkuk refinery and rehabilitating three other tanks. The crude oil pipeline is 14 knots from the strategic line to the Al-Khairat gas station. 8-knot dry gas pipe feeding to the Samawa gas station.	north.oper@scop.oil.gov.iq
2	Baghdad	Al-Rafidain Bank Building Caravan works. East Baghdad project. Jerusalem power station. Rusafa warehouse project. Optical cable project.	bagh.oper@scop.oil.gov.iq
3	South	Azmarra Unit Project. Gas isolation and compression stations. Rumaila gas investment project. FAO warehouse. Project to lay a 48-knot Zubair 2 FAO pipeline.	south.oper@scop.oil.gov.iq
4	Midland	FAO tanks project. Diwanayah/Najaf pipeline project to deliver gas to the Najaf gas station. A 24-knot pipeline project to deliver gas to the Diwanayah power station. Najaf refinery. Dry gas pipeline project to Haidariyah.	middle.oper@scop.oil.gov.iq
5	Karbala	NA	NA

Source: SCOP website

SCOP includes the following central departments:

- Information and Communications Technology Department.
- Engineering Examination Department.
- Legal Department.

- Internal Control and Auditing Department.
- Purchasing and Exporting Department.
- Contracts Department.
- Performance Follow-up and Quality Management Department; and
- Safety and Environment Department.

Financial information

Financial statements are not published on the company website. We obtained a copy of the unaudited financial statements as well as the annual report of the company for the FY 2021 from the Internal Control Directorate.

For further information, please visit the company website [here](#) or email the company [here](#).

3.7.2 MINING SECTOR

EITI Requirement 2.6 requires the government and state-owned enterprises to disclose their shareholding in oil, gas and mining companies operating within the country, and any changes in the shareholding during the accounting period covered by the report.

The MSG has defined state-owned enterprises (SOEs) in accordance with the amended Public Companies' Law no. 22 of 1997, which defines a public company as: *“a self-funded economic unit which is fully owned by the state, has a legal personality, financially and economically independent, and operates according to economic bases”*.

Overview of State participation in the mining sector

The mining sector comprises several companies affiliated to the MIM that play crucial roles in the exploration, production, and management of the country's significant mineral resources. Those state-owned companies can be defined as extractive companies or service companies as presented in the figure below:

FIGURE 21: STATE-OWNED ENTERPRISES (SOEs) IN THE MINING SECTOR⁸¹

⁸¹ <https://oil.gov.iq/>

Extractive companies

- *State Company for Mining Industries*
- *State Co. For Fertilizer North Area*
- *State Company of Southern Fertilizers*
- *State Company for Petrochemical Industries*
- *State Company of Phosphate*
- *Mishraq Sulfur State Company*
- *State Company for Iron and Steel*
- *Iraqi Cement State Co.*

Service company

- *Iraq Geological Survey*

The full list of the SOEs operating in the extractive sectors in Iraq is publicly available on the NRTC website. It also contains a brief description of each entity and its operations.⁸²

⁸² [doc-881-2019_08_04_12_26_03.docx \(live.com\)](#)

State participation in the mining sector

In Federal Iraq, there are eight (8) SOEs operating in the mining sector.

FIGURE 22: SOES IN THE MINING EXTRACTIVE SECTOR



State Company for Mining Industries (SCMI)

SCMI operates in Baghdad with other locations throughout the country. It participates in minerals' extraction and production.



State Co. For Fertilizer North Area (NORTHASM)

NORTHASM operates in Baghdad and is specialized in producing Urea fertilizer and Ammonia gas.



State Company of Southern Fertilizers (SCF)

SCF primarily operates in the Basra province, and specializes in the production of Urea fertilizer and Ammonia in southern Iraq.



State Company for Petrochemical Industries (SCPI)

SCPI operates in the Basra province in southern Iraq and is emphasized in the production of polyethylene as well as other chemical products.



State Company for Phosphate (SCP)

SCP operates in Western Iraq and is responsible for the extraction of Phosphate and manufacture of Phosphate fertilizers.



Mishraq Sulfur State Company

The company operates in Northern Iraq and is specialised in the extraction and manufacturing of Sulfur products.



State Company for Iron and Steel (SCIS)

SCIS is the only company that is responsible for manufacturing iron, steel and iron pipes.



Iraqi Cement State Co. (ICSC)

ICSC is responsible for production and marketing of Cement, as well as the manufacture of cement packaging.

State Company for Mining Industries (SCMI)

Company profile and key activities



The State Company for Mining Industries (SCMI) is one of the main entities of the Ministry of Industry and Minerals. Established in 1992, the company specializes in chemical and mining industries and has two industrial identities:

- **Chemical production:** The company participates in the production of various types of products such as construction products, polymeric asphalt and cement, and German insulation products that are used in thermal insulation of tanks and pipes.
- **Mining:** The company participates in opening mines, extracting, purifying, concentrating, and marketing mineral ores to beneficiaries. The major product of the company is sand of all kinds, such as silica sand, filter sand, feldspar-bearing sand, flint clay, and kaolin.

The Mineral Extraction Unit is a unit within the company that specializes in extracting and marketing mineral raw materials and semi-finished products.

The company has several locations in Iraq as follows:

- Baghdad: Company headquarters, Metal Extraction Department
- Basra: Al-Thagher Factory and Basra salt pans
- Al-Muthanna: Samawah
- Mosul: Al-Rimah Factory
- Najaf: Najaf Mine
- Nineveh: Al-Rayma Factory
- Anbar: Western Desert Mines and Bentonite Activation Project.⁸³

Organisational structure

The organisational structure of the SCMI is not publicly available.

Financial information

Financial statements are not published on the company website. We requested a copy of the 2021 audited financial statements but we did not receive them.

For further information, please email the company [here](#).

State Company of Fertilizers (SCF)

Company profile and key activities

The State Company of Fertilizers was established in Abu Al-Khasib, Basra Governorate, in 1969 with a share capital of IQD 12,000,000. The company's factory began operating in 1971 with the manufacture of urea fertilizer and ammonia.

Since a single fertilizer plant was unable to meet the requirements at that time, it was decided to expand the capacity of the first plant through the requirements of the agricultural industry at the same location by establishing a second factory for the production

⁸³ FB [page](#).

of urea fertilizers in Abu Al-Khasib with a capital of IQD 32,000,000 with planned daily capacities of 1,300 tons/day for urea fertilizer and 800 tons/day for ammonia.

In order to meet the urea demand for use in agricultural and industrial activities, a decision was made to build a large urea production plant at a cost of IQD 192,000,000 in Khor Al-Zubair and with a total urea fertilizer production capacity of 3,200 tons/day.⁸⁴

The two companies (Abu Al-Khasib and Khor Al-Zubair) were merged in 1988 within the State Company of Fertilizers. However, the two companies were divided into two separate companies in 1994:

State Co. For Fertilizer North Area

(NORTHASM)



State Company of Southern Fertilizers

(SCF)



Organisational structure

The organisational structure of the companies is not publicly available.

Financial information

Financial statements are not published on the company website. We requested a copy of the 2021 audited financial statements but we did not receive them.

State Company for Petrochemical Industries (SCPI)

Company profile and key activities



The SCPI was founded in Khur Al-Zubair - Basra province in 1977 with a purpose of producing raw materials used in the manufacture of plastic materials such as polyethylene, polyvinyl chloride and other chemical products using natural gas and other petroleum products.

The Basrah petrochemical complex (PC-1) was the first petrochemical facility built in Iraq and is still the only complete petrochemical producing facility in Iraq. The complex consists of six major plants, Ethylene, Caustic/Chlorine, Vinyl Chlorine Monomer (VCM), PVC plant, Low Density polyethylene, and High-Density Polyethylene plant.

SCPI is in the business of manufacturing high-quality, high-density polyethylene (HDPE), low-density polyethylene (LDPE), polyvinyl chloride (PVC), polyethylene master batch (coloured and black), polyvinyl chloride compounding, agricultural film, and other chemical products.

⁸⁴ [The State Company of Fertilizers - About Us \(scf.gov.iq\)](http://scf.gov.iq)

Different grades of the aforementioned products are available to satisfy the requirements of most thermoplastic processing techniques including blown film extrusion, cast film extrusion, wire and cable coating, pipe extrusion, injection moulding, blow moulding, and rotational moulding.

In addition, the company also produces other chemical products such as hydrochloric acid (HCl), sodium hypochlorite (NaOCl) and caustic soda.⁸⁵

Production capacity

The production capacity of the company plants is detailed in the table below:

TABLE 47: PRODUCTION CAPACITY BY PLAN⁸⁶

Plant	Licensor	Capacity / MtpY	Description
Ethylene	Lummus	132,000	This unit is considered to be the fundamental unit in the company is fed by (LNG) gas as a raw material (feed stock) supplied through a pipeline from Rumaila oil fields to produce ethylene gas which is the elementary material needed to produce plastic granules and some other industrial liquids.
High Density Polyethylene	Phillips	30,000	This unit produces different grades of high-density polyethylene granules differs in melt index and density. HDPE granules are food grade used to produce (general purpose bags, thermo-formed dunnage, containers for bottling proudest, gas distribution pipes, potable water pipes, housewares, toys).
Low Density Polyethylene	Equistar	60,000	This unit produces different grades of polyethylene granules differs in melt index and density. LDPE granules are food grade product (general purpose film, carrier bags, heavy duty packaging, agriculture film, blow mouldings, toys, general purpose articles etc...)
Vinyl Chloride Monomer	Stuffer	660,000	This unit react chlorine and Ethylene in special reactors to produce (VCM) and hydrochloric acid. The products of this unit are mainly used to produce PVC.
Poly Vinyl Chloride	Stuffer	60,000	This unit converts vinyl chlorine monomer to PVC powder of different grades like (54,66,71) different in K. value, B-density, volatile. These grades are commonly used for pipes, sheet, conduit, electric wire, coating, package, bottle, injection moulded products, flexible pipes...
Liquid Chlorine	Oxytch	42,000	This unit produces liquid chlorine by a process of electrolytic analysis of the brine (salt solution) liquid chlorine packed in cylinders mostly used for the domestic water chlorination. This unit also produces caustic soda for various purposes. Hydrochloric acid and sodium Hypochlorite
Caustic	Zarmba	84,000	

Source: SCPI website

Organisational structure

The organisational structure of the companies is not publicly available.

⁸⁵ [STATE COMPANY FOR PETROCHEMICAL INDUSTRIES \(pchem.gov.iq\)](http://pchem.gov.iq)

⁸⁶ [STATE COMPANY FOR PETROCHEMICAL INDUSTRIES \(pchem.gov.iq\)](http://pchem.gov.iq)

Financial information

Financial statements are not published on the company website. We requested a copy of the 2021 audited financial statements but we did not receive them. For further information, please visit the company website [here](#).

State Company for Phosphate (SCP)

Company profile and key activities



Founded in 1978, the SCP's main objective is to explore and mine phosphate deposits, as well as produce and transport phosphate ores for the production of phosphate fertilizers, compound fertilizers, and various by-products.

The company is specialized in extracting, crushing, transporting, concentrating and purifying phosphate ores, and manufacturing phosphate fertilizers of various types, intermediate and incidental products, as well as complementary industries necessary for the production of phosphate compounds, developing and expanding existing factories and production lines, and establishing projects and lines complementary to them. Purchasing and importing production requirements and any materials included in its production or need and marketing its production for local purposes or for export.⁸⁷

Organisational structure

The organisational structure of the companies is not publicly available.

Financial information

Financial statements are not published on the company website. We requested a copy of the 2021 audited financial statements but we did not receive them.

For further information, please visit the company website [here](#) or email the company on [here](#).

Mishraq Sulfur State Company

Company profile and key activities



The company was established in 1969 in Nineveh governorate. Sulphur production began around the end of 1971, which is extracted from the Mishraq field using the so-called Frasch method and from depths ranging between 120 and 200 metres.

This method relies on melting sulphur underground using hot water that is injected into the rock layer containing the sulphur using special wells. The molten sulphur is then extracted from the same wells with the help of compressed air.⁸⁸

The company produces the following products:

- Pure sulphur
- Wet aluminium sulphate

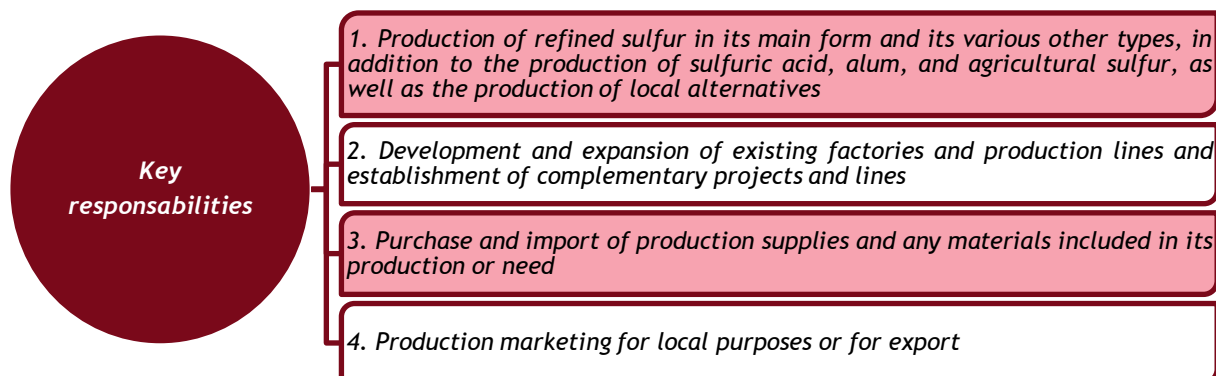
⁸⁷ <https://www.phoco.industry.gov.iq/>

⁸⁸ <https://mishraq.industry.gov.iq/about>

- Agricultural sulphur
- Sulfuric acid

Key responsibilities and activities

FIGURE 23: MSSC KEY RESPONSIBILITIES



Organisational structure

The organisational structure of the companies is not publicly available. However, the responsibilities of each department of the company are described under 'Sections' field of the company's website.

Financial information

Financial statements are not published on the company website. We requested a copy of the 2021 audited financial statements but we did not receive them.

For further information, please visit the company website [here](#).

State Company for Iron and Steel (SCIS)

Company profile and key activities

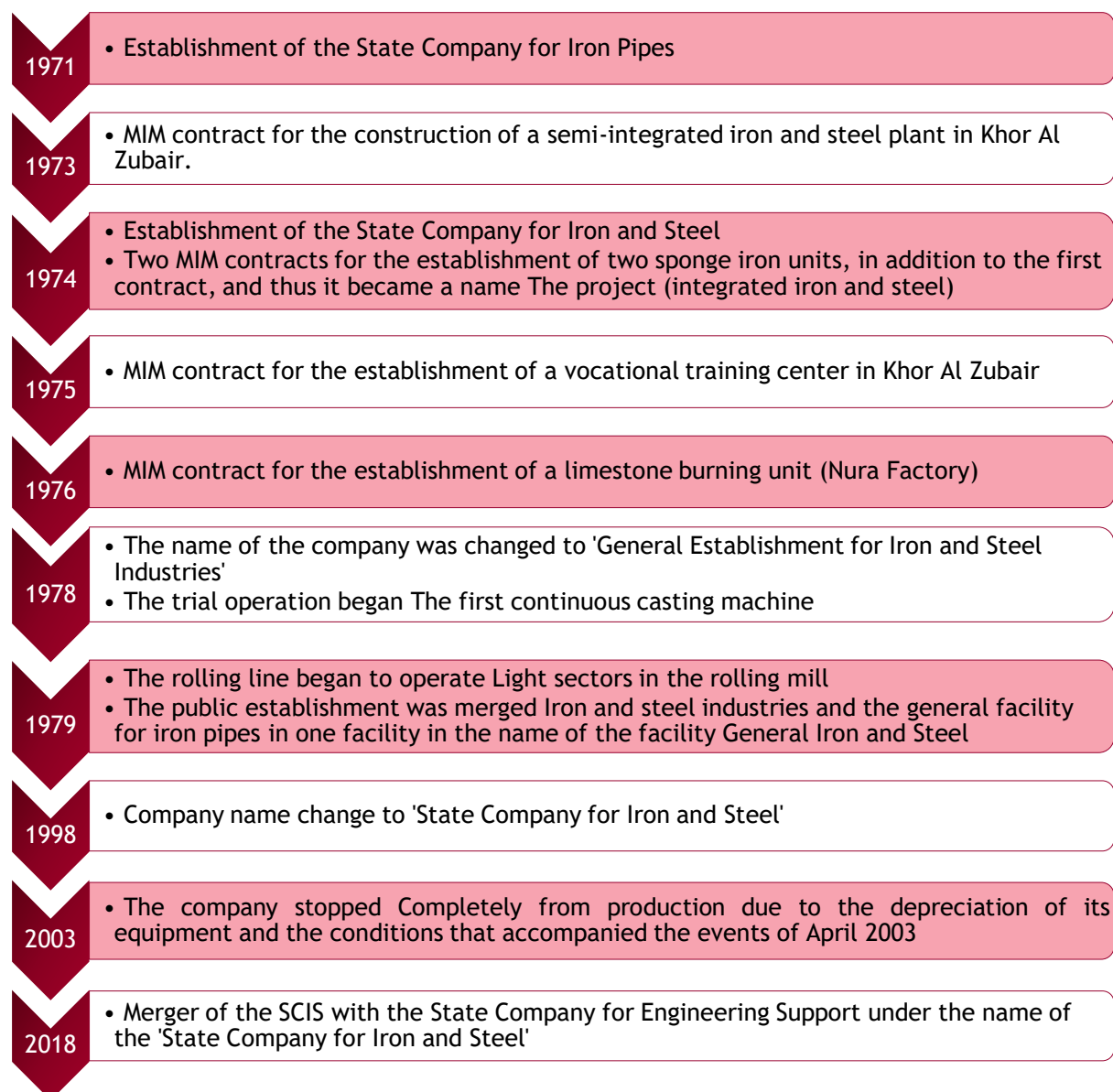


The State Company for Iron and Steel (SCIS) is one of the companies affiliated with the Ministry of Industry and Minerals. It is one of the public sector companies wholly owned by the state and the only company specialized in Iraq in its diversified production (reinforcement steel, sponge iron and spiral-welded iron pipes - and longitudinally welded iron pipes).

The company is located in Khor Al Zubair, at a distance of 45 km south of the centre of Basra Governorate, close to Umm Qasr, and is located on the tongue of Khor Al-Zubayr, which extends To the Arabian Gulf and at a distance of 7 km from the Khor Al Zubair Industrial Port in which the company owns three specialized berths for its activity by owning specialized equipment for importing Scrap iron and iron ores pellets (Iron Ore - Pellets) and export of the sponge iron product (DRI-Pellets).⁸⁹

The major steps in the company's history are presented in the figure below:

⁸⁹ [STATE COMPANY FOR IRON AND STEEL \(steel-iraq.gov.iq\)](http://steel-iraq.gov.iq)

FIGURE 24: MAIN STEPS IN THE SCIS HISTORY⁹⁰

Organisational structure

The organisational structure of the SCIS is available in the company's website [here](#).

Financial information

Financial statements are not published on the company website. We requested a copy of the 2021 audited financial statements but we did not receive them.

For further information, please visit the company website [here](#).

⁹⁰ [STATE COMPANY FOR IRON AND STEEL \(steel-iraq.gov.iq\)](http://steel-iraq.gov.iq)

Iraqi Cement State Co. (ICSC)

Company profile and key activities



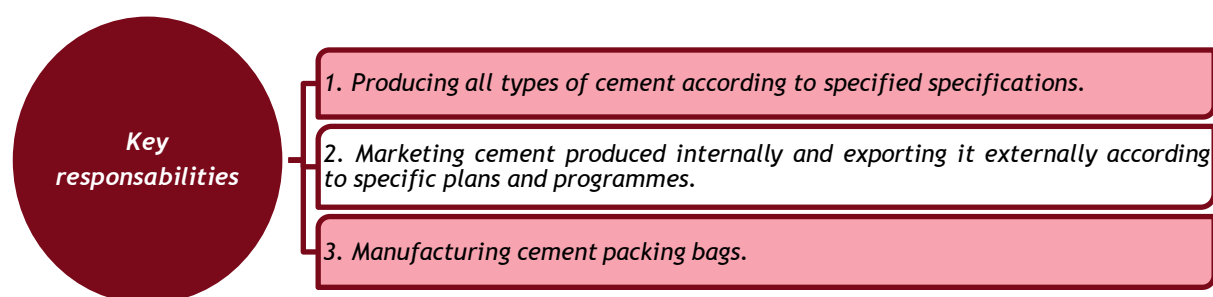
The ICSC was established as a public company in 1964 as a public cement company after the issuance of Public Companies Law No. 22 in 1997. Before that, the Iraqi General Cement Company consisted of three companies:

- the Iraqi Cement Company Limited that was established in 1936,
- the Al-Furat Cement Company that was established in 1957, and
- the United Cement Company that was established in 1958.⁹¹

Key responsibilities and activities

The company's functions are defined as follows:

FIGURE 25: ICSC KEY RESPONSIBILITIES



Plant sites and production capacity

The production capacity by plant site is detailed in the table below:

TABLE 48: ICSC PRODUCTION CAPACITY BY PLANT SITE⁹²

Plant name	Location	Founded	Production start	Product type	Prod lines	Capacity (Ton/year)	Implemented Company	Manufacturing method
Basra Cement Plant	Basra	1974	1974	Ordinary & salt resistant portland cement	2	600,000	F.L.S. Denmark	Grinding station
Karbala Cement Plant	Karbala	1981	1984	Salt resistant portland cement	2	2,000,000	Krupp Polysius - Germany	Dry method
Kufa Cement Plant	Al Najaf	1977	1984	Ordinary portland cement	4	2,000,000	F.L.S. Denmark	Wet method
Babil Cement Plant	Babil	1955	1957	Normal & salt resistant portland cement	2	200,000	Test company	Test method
Al Qaim Cement Plant	Al Anbar	1986	1989	Sulphate resistant cement	1	1,000,000	Eosin Export Romain	Dry method
Al Falluja Cement Plant	Al Anbar	1978	1984	White Cement	3	291,000	1st line: Krauss-Maffei German 2nd & 3rd line: BKMI German	Dry method

⁹¹ <https://icsc.gov.iq/about>

⁹² <https://icsc.gov.iq/plants>

Plant name	Location	Founded	Production start	Product type	Prod lines	Capacity (Ton/year)	Implemented Company	Manufacturing method
Kubaisa Cement Plant	Al Anbar	1981	1983	Ordinary portland cement	2	2,000,000	Kawasaki, Japan	Dry method
Kirkuk Cement Plant	Kirkuk	1981	1984	Ordinary portland cement	2	2,000,000	Kawasaki, Japan	Dry method
Al Muthanna Cement Plant	Muthanna	1984	1985	Salt resistant cement	2	2,000,000	K.H.D. - Germany	Dry method
Al Najaf Cement Plant	Al Najaf	1975	1975	Ordinary portland cement	1	156,000	ACC India	Wet method
Al Samawah Cement Plant	Samawah	1984	1985	Ordinary & Sulphate resisting portland cement	1	400,000	F.L.S. Denmark	Wet method
Karbala Cement & Noora Plant	Karbala	1981	1984	Hydrated Lime - Hard Quicklime - Soft Quicklime	2	200,000	Polymex Cekop - Poland	Dry method
Alrafidin Cement Plant	Nineveh	1977	1978	Ordinary portland cement	2	1,000,000	Krupp Polysius - Germany	Dry method
Badoush Cement Plant - New	Nineveh	1977	1978	Ordinary portland cement	2	1,000,000	Krupp Polysius - Germany	Dry method
Badoush Cement Plant - Extension	Nineveh	1983	1986	Ordinary portland cement	1	1,000,000	FCB - France IHI Corporation - Japan	Wet method
Al Hadbaa Cement Plant	Nineveh	1963	1973	- Ordinary portland cement - Sulphate resisting cement - Low-alkali - Ultra-soft, low alkali & fast hardening sulphate resisting cement	2	225,000	FCB - France	Wet method
Hammam Al Alaeel Cement Plant - New	Nineveh	1977	1979	Ordinary portland cement	1	400,000	FCB - France	Wet method
Sinjar Cement Plant	Nineveh	1986	1988	Ordinary portland cement	2	2,000,000	UZINE-EXPORT-IMPORT - Romania	Dry method

Organisational structure

The organisational structure of the companies is not publicly available. However, the responsibilities of each department of the company are described under 'Sections' field of the company's website.

Financial information

Financial statements are not published on the company website. We requested a copy of the 2021 audited financial statements but we did not receive them.

For further information, please visit the company website [here](#) or email the company [here](#).

State participation in the mining Midstream sector

Iraq Geological Survey (GEOSURV-Iraq)

Company profile and key activities



GEOSURV-Iraq is one of the facilities of the MoIM and is responsible for conducting geological surveys and mineral exploration, promoting mining projects in the private and public sectors, and conducting inter-impact studies.

History

The company's history is summarised in the figure below:

FIGURE 26: GEOSURV-IRAQ HISTORY⁹³



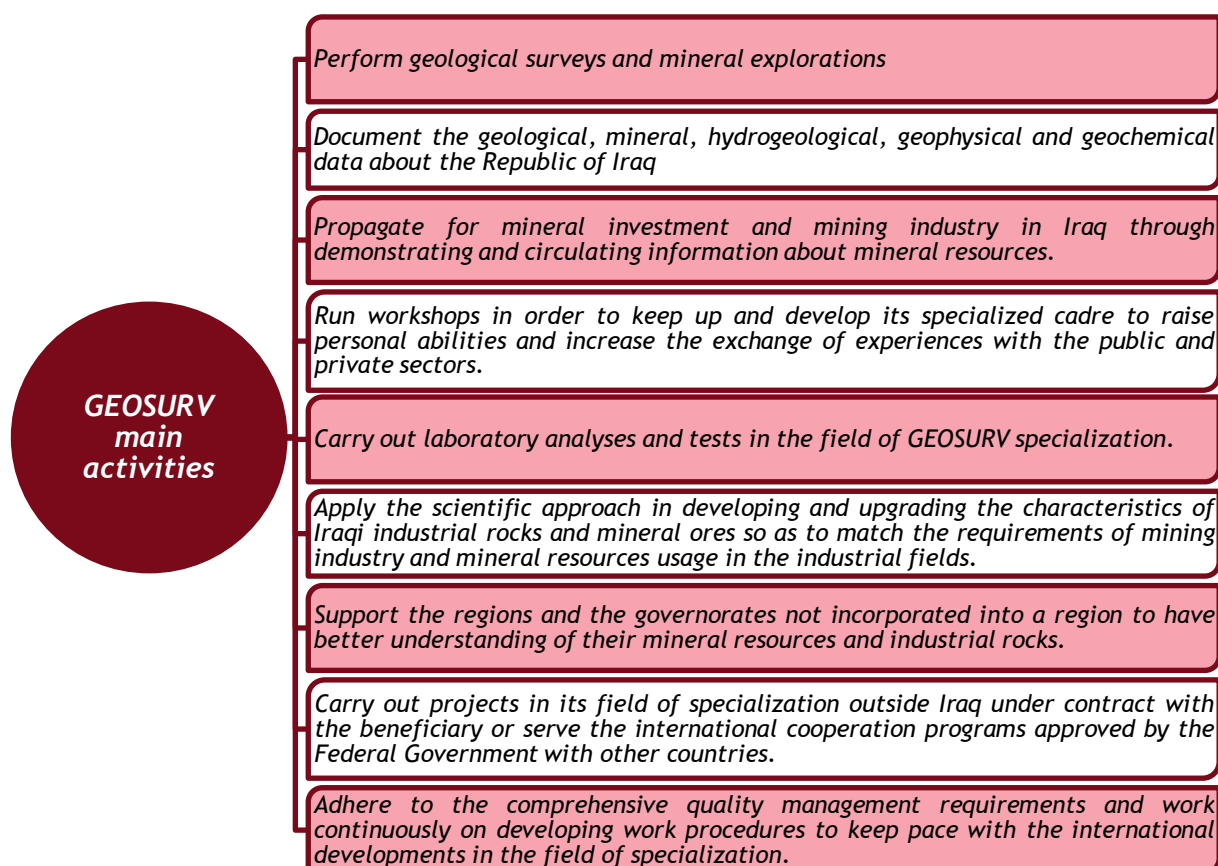
⁹³ [History \(geosurviraq.iq\)](http://geosurviraq.iq)

Key responsibilities

GEOSURV-Iraq is responsible for implementing the Mineral Investment Law N°91 of 1988 (amended), which provides a variety of investment opportunities including investments in phosphate, free Sedimentary sulfur, sulfate, silica sand, red clay, brick clay, etc.

The main responsibilities of the company are detailed below:

FIGURE 27: GEOSURV-IRAQ KEY RESPONSIBILITIES



Studies

Since its foundation, GEOSURV provided the following studies:

- Consultation studies to select some sites for tunnels, dams, reservoirs and power stations;
- Choosing the location of the nuclear power station;
- Study of soil and foundations for civil and industrial facilities and irrigation projects;
- Study of cavitations, subsidence, and subsidence areas of industrial and civil facilities;
- Selection of sites for sanitary landfilling of industrial waste;
- Study of buried archaeological sites.

Organisational structure

The organisational structure of the companies is not publicly available. However, the responsibilities of each department of the company are described under 'Our departments' field of the company's website.

Financial information

Financial statements are not published on the company website. We requested a copy of the 2021 audited financial statements but we did not receive them.

For further information, please visit the company website [here](#) or email the company [here](#).

3.8 EXPLORATION (EITI REQUIREMENT 3.1)

EITI Requirement 3.1 states that implementing countries should disclose an overview of the extractive industries, including any significant exploration activities.

3.8.1 OIL AND GAS SECTOR

SOE-managed oil & gas fields

Despite the oil & gas fields that were awarded to the several IOCs operating in Iraq as part of the licensing rounds concluded since 2008, the country still has numerous oil and gas fields, many of them non-productive, that are fully managed by SOEs in application of the respective ministerial decisions. The so-called “National Effort Production” oil and gas fields are detailed in the table below:

TABLE 49: NATIONAL EFFORT PRODUCTION OIL & GAS FIELDS MANAGED BY SOEs⁹⁴

Field	SOE	Status	Exploration
Eastern Baghdad	MdOC	Productive	2010
Nahrwan	MdOC	Non-productive	2010
Naft Khana*	MdOC	Productive	2010
Jaria Pika	MdOC	Non-productive	2010
Tal Ghazal	MdOC	Non-productive	2010
Nao Doman	MdOC	Non-productive	2010
Injana	MdOC	Non-productive	2010
Dhifriya	MdOC	Non-productive	2010
Marjan	MdOC	Non-productive	2010
Kifl	MdOC	Non-productive	2010
West Kifl	MdOC	Non-productive	2010
Kirkuk	NOC	Productive	N/A
Bai Hassan	NOC	Productive	N/A
Jambour	NOC	Productive	N/A
Safiya	NOC	Productive	N/A
Khabbaz	NOC	Productive	N/A
Agil	NOC	Productive	N/A
Tikrit	NOC	Productive	N/A
Balad	NOC	Productive	N/A

⁹⁴ [EITI - Iraqi Extractive Industries Transparency Initiative](#)

Field	SOE	Status	Exploration
Ain Zalah + Batma	NOC	Productive	N/A
Hamrin	NOC	Non-productive	N/A
Khanuqah	NOC	Non-productive	N/A
Khasib	NOC	Non-productive	N/A
Amara	MOC	Productive	N/A
Nour	MOC	Non-productive	N/A
Abu Amood	MOC	Non-productive	N/A
Kumait	MOC	Non-productive	N/A
Dujaila	MOC	Non-productive	N/A
Rifa'i	MOC	Non-productive	N/A
Dima	MOC	Non-productive	N/A

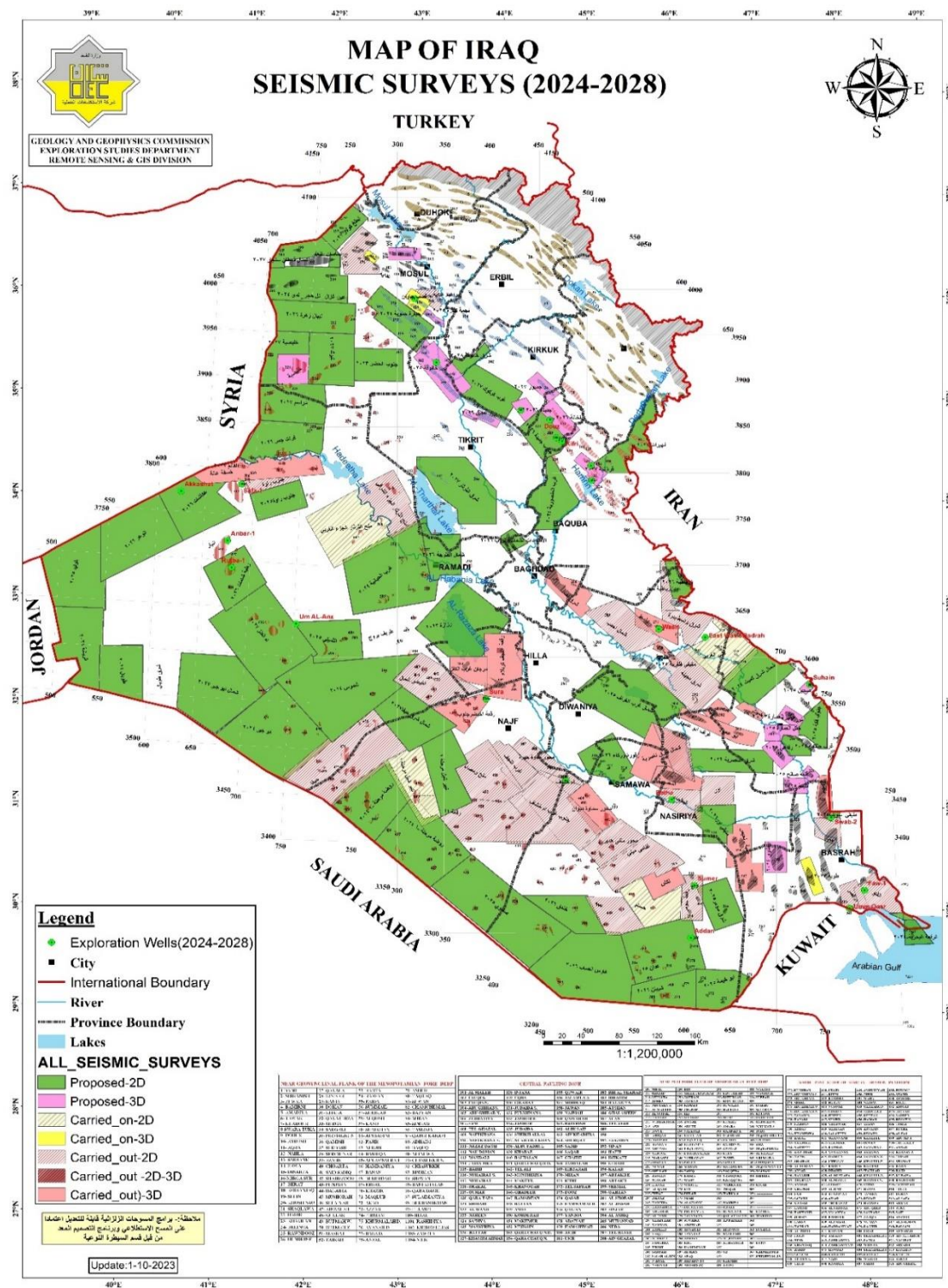
Source: NRTC website

* Naft Khana field was reportedly awarded to the Chinese company Geo-jade Petroleum as part of the 5th licensing round

Seismic surveys

The map below shows seismic surveys for the period 2024-28

FIGURE 28: MAP OF IRAQ - SEISMIC SURVEYS (2024-28)⁹⁵



⁹⁵ Source: OEC.

Fifth+ and sixth licensing rounds

Iraq has announced the fifth+ and sixth licensing rounds in 2023. The table below lists out the 13 fields by province.

TABLE 50: LIST OF BLOCKS BY PROVINCE

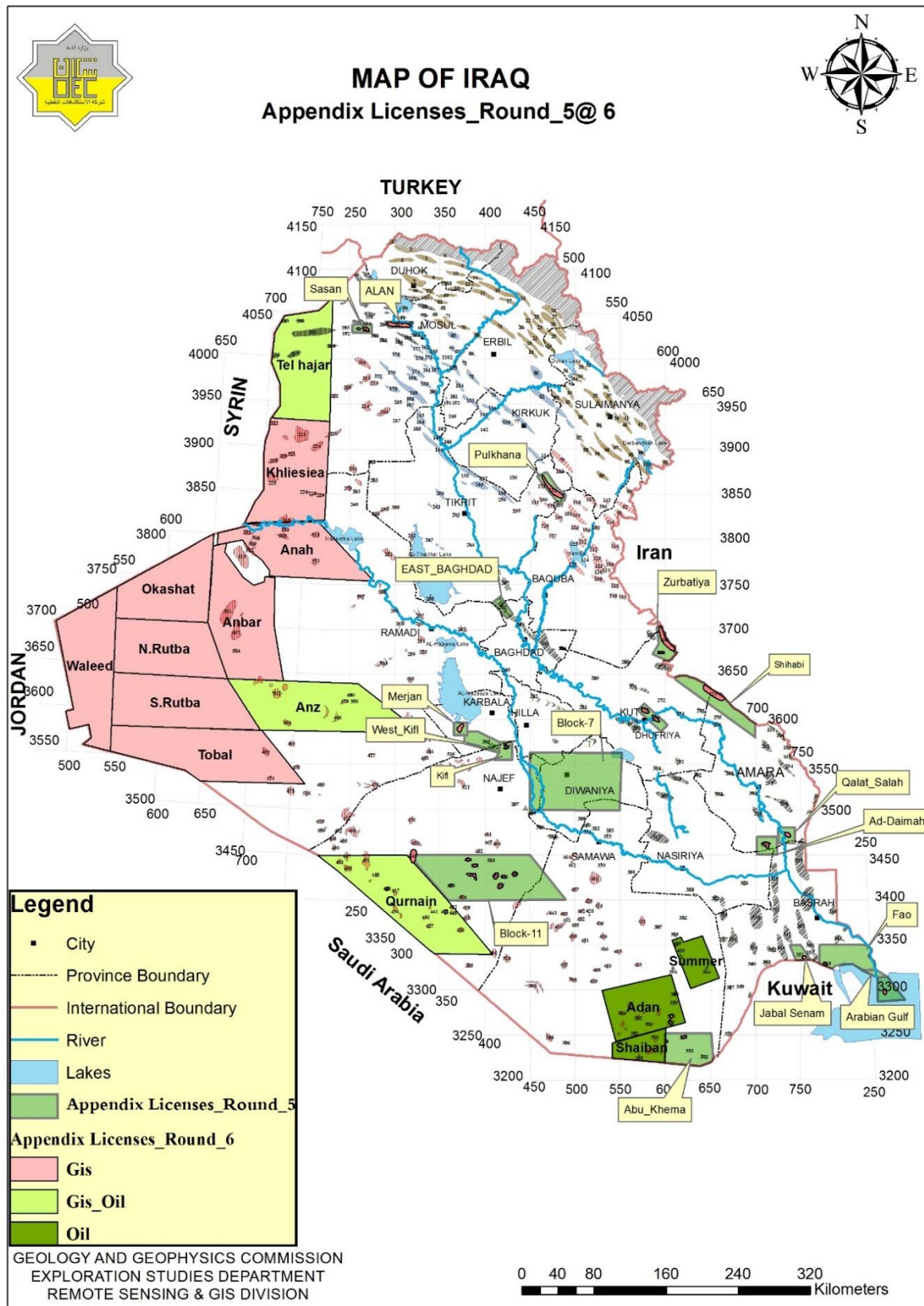
N°	Blocks \ province
	Al-Anbar, Al-Najaf and Karbala
1	Middle Euphrates (Kifl, West Kifl and Marjan) Fields
	Al-Muthanna
2	Abu Khaimah and Abu Khaimah N. Fields
	Baghdad and Salahuddin
3	N. Extensions of East Baghdad Field
	Basra
4	Jabal Sanam Area
5	Fao Area
	Misan
6	Qalat Saleh Area
7	Dima Field
	Misan and Wasit
8	Shihabi Area
	Ninawa
9	Sasan Field
10	Alan Field
	Salahuddin
11	Pulkhana Field
	Wasit
12	Zurbatia Area
13	Dhafriya Field

The map below was annexed to the fifth+ and sixth licensing rounds which included 13 oil and gas fields and sites. Nine (9) of these were added to the rounds' annex, as well as four (4) blocks or exploratory sites that were not referenced in the fifth round in 2018.

The deadline for IOCs to submit formal letters of intent for participation in Iraq's fifth+ and sixth licencing rounds is set for January 2024. These licencing rounds are expected to bring about a substantial shift in the way investors and the government share profits from oil production. It is expected that these rounds will introduce a profit-sharing arrangement designed to alleviate the financial burden on investors.⁹⁶

⁹⁶ <https://www.oilandgasmiddleeast.com/news/adipec-2021/adipec-2023-iraqs-fifth-and-sixth-licencing-rounds-promise-profit-sharing>

FIGURE 29: MAP OF IRAQ - APPENDIX TO THE FIFTH+ AND SIXTH LICENSING ROUNDS⁹⁷



⁹⁷ Source: OEC.

Details of exploration activities during 2021

We present below the main activities the OEC achieved in 2021:

TABLE 51: DETAILS OF EXPLORATION ACTIVITIES DURING 2021⁹⁸

Exploration activity	Unit	Planned	Executed	Completion rate
1. Seismic Field Surveys	Km ²	957	909	90.00%
	Km - Length	9,154	7,889	86.10%
2. Geology and Geophysics Authority	Studies	1,760	1,759	99.90%
3. Processing and Information Technology Authority	Two-dimensional information processing (Km - Length)	4,807	4,957	103.00%
	Information and Information & Communication Technology Department (Workload required)	1,200	1,240	103.30%

Seismic field surveys

Seismic teams carried out sixteen (16) seismic surveys:

- Three (3) programs were in 3D (including one for the Basra Oil Company and the other for the Russian company Bashneft); and
- Thirteen (13) programs in 2D (one for the Russian Bashneft Company).

Geology and Geophysics Authority

Exploratory and evaluation drilling:

The wells included in the company's plan for 2021 have not been drilled due to the lack of the necessary allocations by the extractive companies regarding the wells of the national effort. The wells funded by the investment budget did not obtain the approval of the Ministry of Planning to include the drilling project as a new project and provide financial allocation for the purpose of implementation.

Geological and geophysical studies

Implementation of eighteen (18) studies within the plan for the year 2021 detailed as follows:

- Nine (9) exploratory geological studies, including a rounded study from the plan for the year 2020;
- Five (5) geological evaluation studies; and
- Four (4) laboratory geological studies.

The three tables below provide the details of these 18 studies.

⁹⁸ Source: OEC.

TABLE 52: EXPLORATORY GEOLOGICAL STUDIES:

N°	Study	Planned and completed up to 31/12/2021		Beneficiary Company
		Planned (%)	Completed (%)	
1	Geophysical and geological study of the Batha area	100	100	Thi Qar Oil company
2	Geophysical and geological study of Abu-Jir Area	100	100	Midland Oil company
3	Geophysical and geological study of Safawi Area	100	100	Midland Oil company
4	Exploratory study of the North Sinjar region	100	100	North Oil company
5	Geophysical and geological study of the area (Shahabi - Al Kut - Tigris) of selected reservoirs from the Tertiary and Cretaceous eras	100	100	Midland Oil company
6	Geophysical and geological study of South Rutba Area	100	100	Midland Oil company
7	Study of hydrocarbon potential for the Western Sahara region	100	100	Midland Oil company
8	Study of the inter-region (Graf - Nasiriyah) and northwest of Nasiriyah at the level of training Rumaila / Mushrif, rounded from 2020, with a completion rate of 40%	60	60	Thi Qar Oil company
9	A preliminary report to interpret the results of the two-dimensional seismic survey of an area (Zarbatiya - Saad - Tariq)	100	100	Midland Oil company

TABLE 53: GEOLOGICAL EVALUATION STUDIES:

N°	Study	Planned and completed up to 31/12/2021		Beneficiary Company
		Planned (%)	Completed (%)	
1	An Evaluation Geological Study of the Yamama Reservoir in Al-Tuba Field	100	100	Basra oil company
2	An Evaluation Geological Study of the Yamama Reservoir in Lahis Field	100	100	Basra oil company
3	Well Palpation Information Book (Part VI)	100	100	NA
4	An Evaluation Geological Study of the Salman field	100	100	Thi-Qar oil company
5	An Evaluation Geological Study of the reservoir in the field of Fayhaa	99	100	Basra oil company

TABLE 54: LABORATORY GEOLOGICAL STUDIES

N°	Study	Planned and completed up to 31/12/2021		Beneficiary Company
		Planned (%)	Completed (%)	
1	Study of microfacies and sedimentary environments for supervisor training in Erido field	100	100	Thi-Qar oil company
2	Sedimentary geochemical study of selected formations from a well (Madain-1)	100	100	Midland Oil company
3	Geological and geochemical study of the composition of the supervisor in the well (Sweep-1) and neighboring wells	100	100	Basra oil company
4	Sedimentary petrophysical geochemical study of fertile formation in the field of architecture	100	100	Missan oil company

3.8.2 MINING SECTOR

Overview

EITI requirement 3.1 states that “Implementing countries should disclose an overview of the extractive industries, including any significant exploration activities.”.

GEOSURV confirms the presence of important investment opportunities in the mining sector, as the country comprises a wide variety of industrial minerals and raw materials all over the Iraqi territory. The company therefore offers several investment opportunities for minerals and industrial raw materials exploitation such as phosphate, native sulphur, sulphate, silica sand, red clay, etc.⁹⁹

Main investment opportunities in the mining sector

The geological studies conducted by authorities in Iraq show that the country has important mineral deposits that remain unexploited. In fact, the MoIM confirms more than 12,000 m.t of ready-for-investment mineral deposits as presented in the table below:

TABLE 55: MAIN ONGOING MINING PROJECTS

Commodity / Field	Geographical location	Available for investment reserve	Uses
Free Sedimentary Sulfur			
Mishraq Sulfur (Al-Lazaka field)	The right side of the Tigris River, 15 km south of the city of Mosul	23.5 m.t	Phosphatic fertilizers and sedimentary Sulfuric acid extraction
Mishraq Sulfur (2 and 3)	Southeast of Mosul city at 45 km of Nineveh Governorate, on the left side of the Tigris River	Mishraq 2: 65.8 m.t Mishraq 3: 224 m.t	Phosphatic fertilizers and sedimentary Sulfuric acid extraction
Phosphate			
Wadi Sawab	Located at 110 km north of Rutba city and 5 km west of Akashat Mines	3,500 m.t C1 category Phosphates 21%-22% P2O5 (can be increased to 30%)	Phosphatic fertilizers and sedimentary Sulfuric acid extraction

⁹⁹ [GEOSURVIRAQ](#)

Commodity / Field	Geographical location	Available for investment reserve	Uses
Wadi Al Hirri	Located at 15-20 km north-east of Akashat Mines	195 m.t B Phosphates 21%-22% P ₂ O ₅ (can be increased to 30%)	Phosphatic fertilizers and sedimentary Sulfuric acid extraction
Silica sand			
Anbar governorate	Ga'ara at 80 km north of Rutba city, Wadi Al Amij at 30 km north and Ardhma at 18 km of Rutba city	330 million m ³ (SiO ₂ <95%-98%)	Glass, silicone and thermstone industries
Najaf governorate	25 km north-west of Najaf city	12 million m ³ , expandable	Stained glass and the manufacture of glassware, containers, glass, crystal, panels and fiberglass
Feldspathic sand			
Najaf governorate	25 km north-west of Najaf city	7 m.t (20% Feldspar)	Glass, ceramic, abrasive materials, electric insulators, fillers for the plastics, paint, rubber and industries
Limestone suitable for cement			
Anbar governorate	- Wadi Al-Ghadaf - Wadi Sawab - H3	900 m.t 576.21 m.t 778 m.t	Cement manufacturing
Najaf governorate	- South-eastern Najaf city - Khriba and Mouradiya area - Mazloum castle	1,612 m.t	Cement manufacturing
Al-Muthanna governorate	- Al-Salman - Busayya - Umm Rahal - Al-Khudhari	183.09 m.t 188.5 m.t 182 m.t -	Cement manufacturing
Karbala governorate	Rabi'i area	369 m.t	Cement manufacturing
Al-Kadisiyyah governorate	Wadi Al-Mahari, 15 km southwest of Al-Shenafiya area	400 m.t	Cement manufacturing
Bauxite			
Anbar governorate	- Al-Hussainiyat - Amij area	50 m.t 30 m.t	Bricks and red tiles manufacturing
Anbar governorate (Kaolin clay for alumina production)	Northern Al-Hussainiyat	C1 category: 200 m.t C2 category: 500 m.t	Alumina production and Clinker by-product
Ancient clays	- Zurbatiya - Hamrin mountains - Northeastern Kirkuk	20 m.t - -	Red bricks
Carbonates & Sulfates			
Sodium Carbonate - Anbar governorate	- Limestone: 80 km North Ar-Rutbah city - Sodium Chloride: 60 km west Rawa	1,000 m.t 13 m.t	Glass, soap, detergent and paper pulp
Sodium Carbonate - Al-Muthanna governorate	- Limestone: 80 km North Ar-Rutbah city - Sodium Chloride: 60 km Southwest Samawah	50 m.t C1 category 40 m.t	Glass, soap, detergent and paper pulp
Calcium Carbonate - Anbar governorate	Wadi Ghadaf	124 m.t C1 and C2 categories	Paper, dyes, rubber, inks and medicine
Sodium Sulfate - Saladin	35 km northeast Samarra city	more than 20 m.t	Detergent and paper industries
Magnesia refractory bricks			

Commodity / Field	Geographical location	Available for investment reserve	Uses
Al-Muthanna governorate	Al khudhari area	C1 category: 188 m.t C2 category: 277 m.t	Investing in dolomite deposits to produce magnesia for the manufacture of magnesia refractory bricks that are used in lining cement kilns.
Anbar governorate	Wadi Huran, 3.5 km east Ar-Rutbah city	More than 300 m.t	Investing in dolomite deposits to produce magnesia for the manufacture of magnesia refractory bricks that are used in lining cement kilns.
Gypsum			
Gypsum	Nineveh (Tal Afar and Musol) Saladin (Tikrit and Sulaiman Bek) Anbar (Rawa and Hit) Wasit (Zurbatiya)	95 m.t C1 and B categories	Binder for construction Cement industry Solution industry Interior panel partitions

Source: MoIM

3.9 PRODUCTION (EITI REQUIREMENT 3.2)

3.9.1 OIL AND GAS SECTOR

Oil production

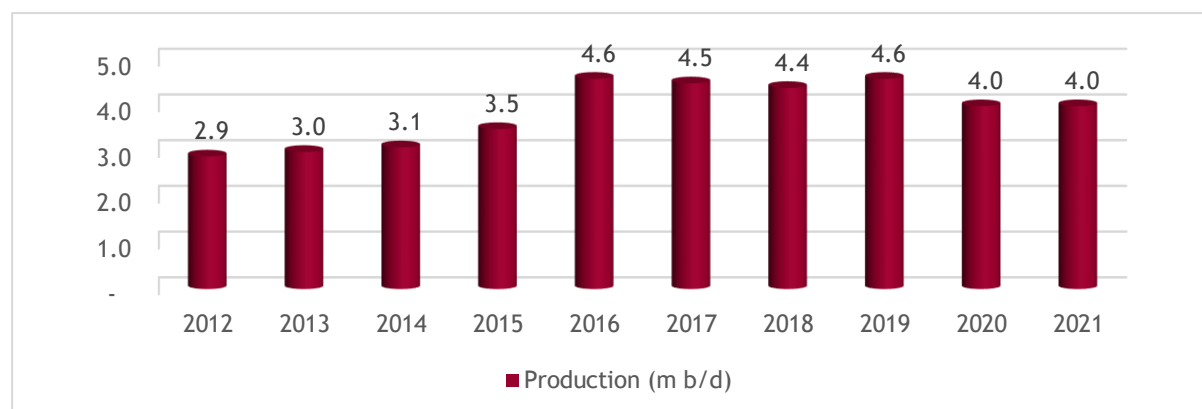
Iraq is the second-largest crude oil producer within the OPEC with 4 million barrels daily after Saudi Arabia with 9.1 million barrels daily. Crude exports represent around 90% of the government's revenue. Ravaged by decades of conflict, Iraq's crumbling infrastructure and endemic corruption have obstructed reconstruction efforts.¹⁰⁰

According to data provided by OPEC, Iraq's crude oil production increased by 1.7 million barrels daily (bbl/d) from 2012 to 2019, and averaged 4.6 bbl/d in 2019, an all-time high over a year. In 2020, Iraq's crude oil output fell to less than 4.0 million bbl/d. Iraq voluntarily reduced its crude oil production in the second quarter of 2020 to comply with the OPEC+ agreement. As OPEC+ members reversed the significant production cuts made in 2020, Iraq's crude oil production rose to an average of nearly 4.0 million bbl/d in 2021.

¹⁰⁰ <https://www.dailysabah.com/business/energy/iraq-launches-new-oil-refinery-to-reduce-imports>

The graph below shows the evolution of Iraqi crude oil production (billion \$) from 2012 to 2021:

FIGURE 30: PRODUCTION OF CRUDE OIL 2012-2021



Source: OPEC Annual Statistical Bulletin 2022

According to the data provided by the MoO, Iraq produced 1,382,582,452 barrels in 2021, compared to 1,343,582,452 in 2020, registering thus a decrease of 6.4%. The table below presents the production by company:

TABLE 56: OIL PRODUCTION BY COMPANY

Company	2021	2020	2019
NOC	116,834,241	107,923,167	126,061,964
BOC	1,033,080,459	1,000,739,902	1,085,482,873
MOC	146,522,571	154,553,995	228,970,537
MdOC	39,636,338	43,647,829	56,713,066
TQOC	46,463,192**	36,717,559	67,805,172
Total	1,382,536,801	1,343,582,452	1,565,033,612

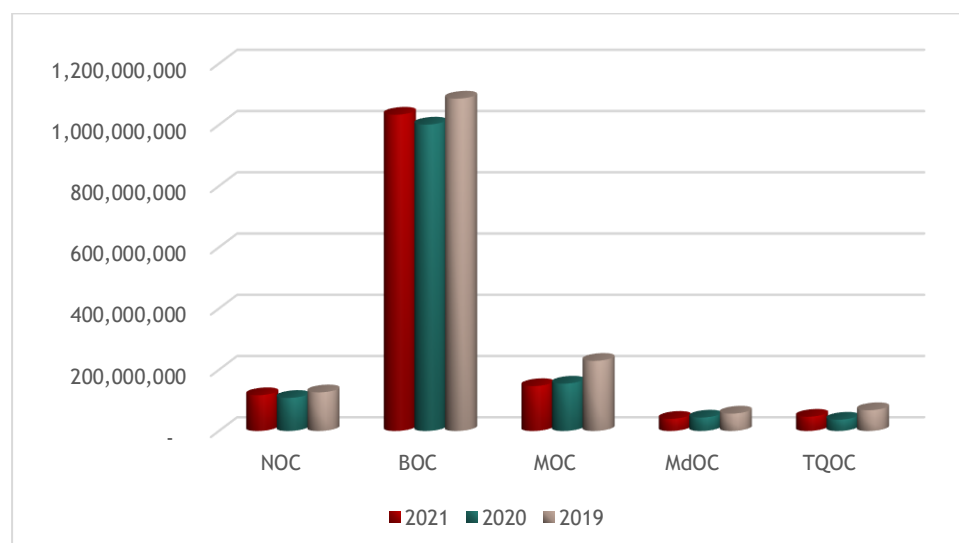
Source: MoO

* Quantities reconciled with SOEs annual reports 2021. No differences noted

** according to the TQOC 2021 unaudited financial statements. The MoO has reported nil production for the company in 2021.

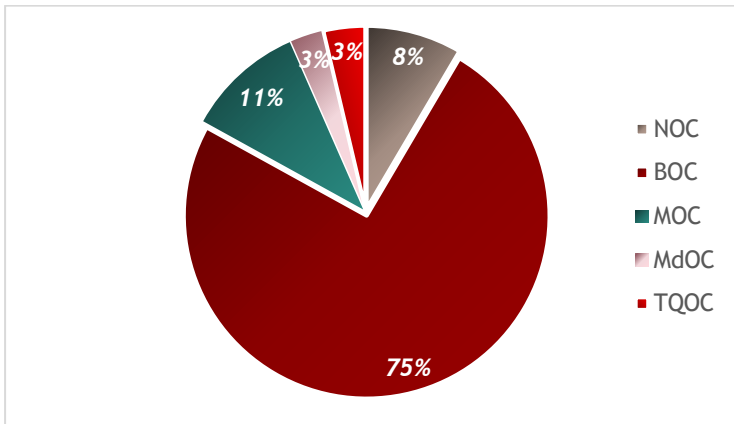
The graph below shows the monthly production evolution by company:

FIGURE 31: OIL PRODUCTION EVOLUTION BY COMPANY BETWEEN 2019 AND 2021



As presented in the pie chart below, Basrah Oil Company afforded 75% of oil production in 2021:

FIGURE 32: OIL PRODUCTION BY COMPANY



The North Oil Company production for the FY 2021 is confirmed by the company in its annual transparency report for 2021. The production by field is detailed as follows:

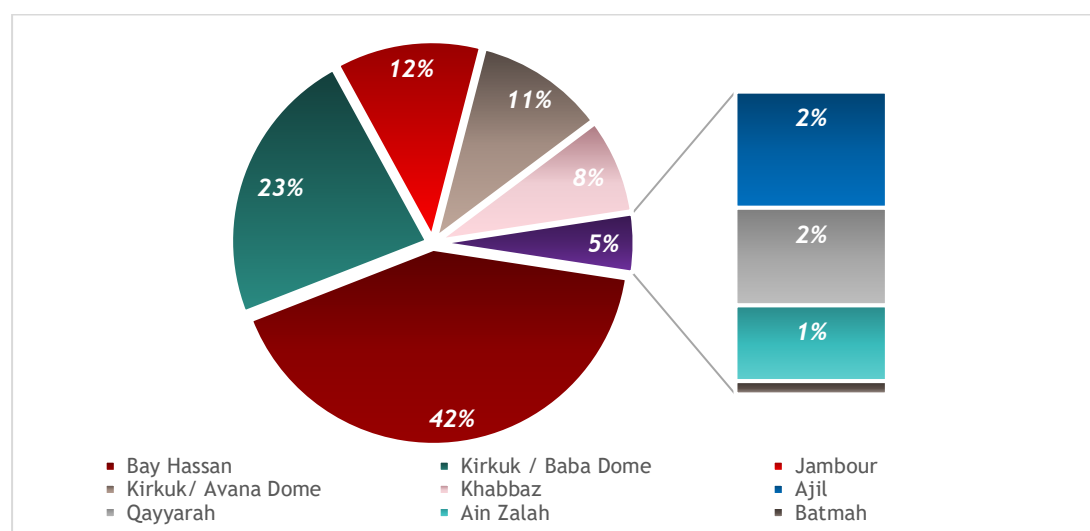
TABLE 57: NOC CRUDE OIL PRODUCTION BY FIELD

Field	Production 2021 (bbl)	% of total production	Production 2020 (bbl)	Change %
Bay Hassan	48,672,087	42%	40,849,344	19%
Kirkuk/Baba Dome	26,822,678	23%	31,235,860	-14%
Jambour	14,008,692	12%	12,602,565	11%
Kirkuk/Avana Dome	12,542,338	11%	12,749,794	-2%
Khabbaz	9,139,429	8%	8,769,428	4%
Ajil	2,167,278	2%	75,649	2765%
Qayyarah	1,821,143	2%	675,236	170%
AinZalah	1,412,999	1%	916,024	54%
Batmah	247,597	0%	49,267	403%
Total	116,834,241	100%	107,923,167	8%

Source: NOC Transparency Reports 2020 and 2021

As presented above, Bay Hassan oil field afforded 42% of the company's production with 42%, followed by Kirkuk/ Baba Dome (23%) and Jambour (12%):

FIGURE 33: NOC CRUDE OIL PRODUCTION BY FIELD



However, the data provided by the Petroleum Contracts and Licensing Department (PCLD) shows a total oil production of 1,386,426,020 barrels in 2021 that are detailed as follows, registering thus a difference of 3,889,219 barrels:

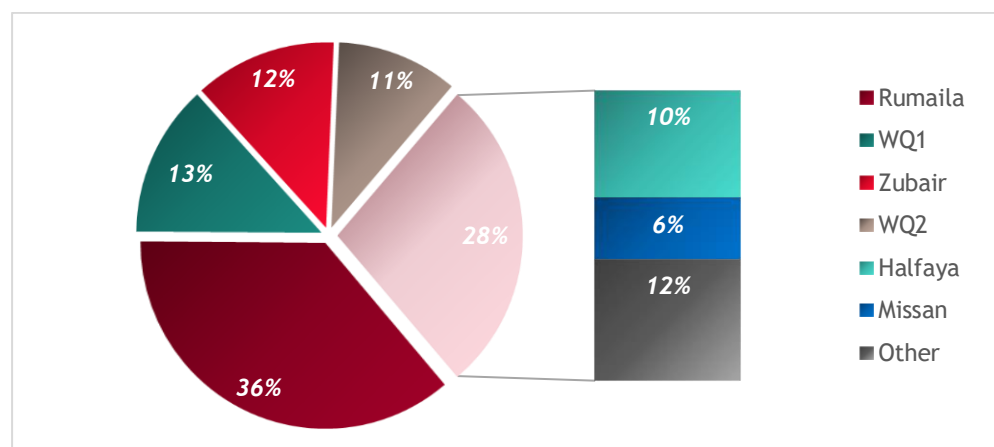
TABLE 58: OIL PRODUCTION BY OIL FIELD

Field	Governorate	Total Production (Barrels)	% of total production
Rumaila	Basra	503,481,731	36.32%
West Qurna 1	Basra	182,404,555	13.16%
Zubair	Basra	171,760,022	12.39%
West Qurna 2	Basra	146,022,515	10.53%
Halfaya	Maysan	142,213,694	10.26%
Missan	Maysan	80,650,634	5.82%
Majnoon	Basra	64,240,000	4.63%
Garraf	Thi Qar	33,221,515	2.40%
Ahdeb	Wasit	17,956,867	1.30%
Faihaa	Basra	15,938,661	1.15%
Badra	Wasit	12,857,981	0.93%
Siba	Basra	7,272,383	0.52%
E. Baghdad	Baghdad	6,630,000	0.48%
Qiyarah	Nineveh	1,775,463	0.13%
Total Fields		1,386,426,020	100.00%

Source: PCLD

As presented above, Rumaila oil field is the major productive field in the country with 36.32% of the overall 2021 oil production.

FIGURE 34: MOST PRODUCTIVE OIL FIELDS IN 2021



The table below presents the oil production by governorate in 2021:

TABLE 59: OIL PRODUCTION BY GOVERNORATE BETWEEN 2019 AND 2021

Governorate	2021*	2020**	2019**
Basra	1,091,119,867	1,000,739,902	1,085,482,873
Maysan	222,864,328	154,553,995	228,970,537
Thi Qar	33,221,515	36,717,559	67,805,172
Wasit	30,814,847	37,914,149	52,486,268
Baghdad	6,630,000	5,733,680	4,210,604
Nineveh	1,775,463	1,640,527	8,789,961
Kirkuk***	-	106,206,991	117,204,351
Salahuddin***	-	75,649	67,652
Diyala***	-	-	16,194
Total	1,386,426,020	1,343,582,452	1,565,033,612

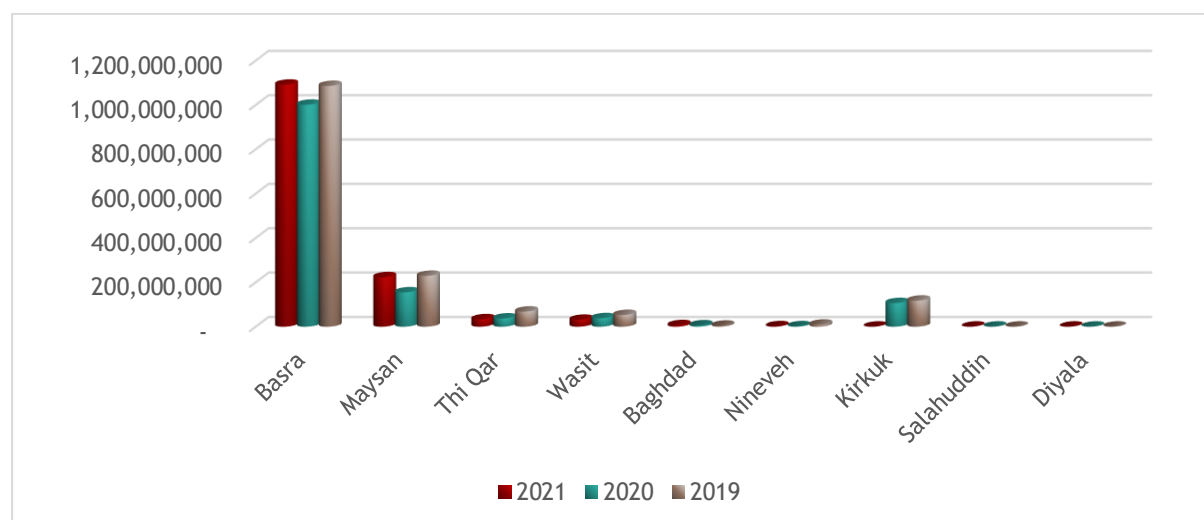
* Source: PCLD

** Source: NRTC Report 2019-2020

*** Data not provided for 2021

Basra governorate is responsible for providing 79% of the overall production, followed by Maysan governorate (16%).

FIGURE 35: OIL PRODUCTION BY GOVERNORATE BETWEEN 2019 AND 2021

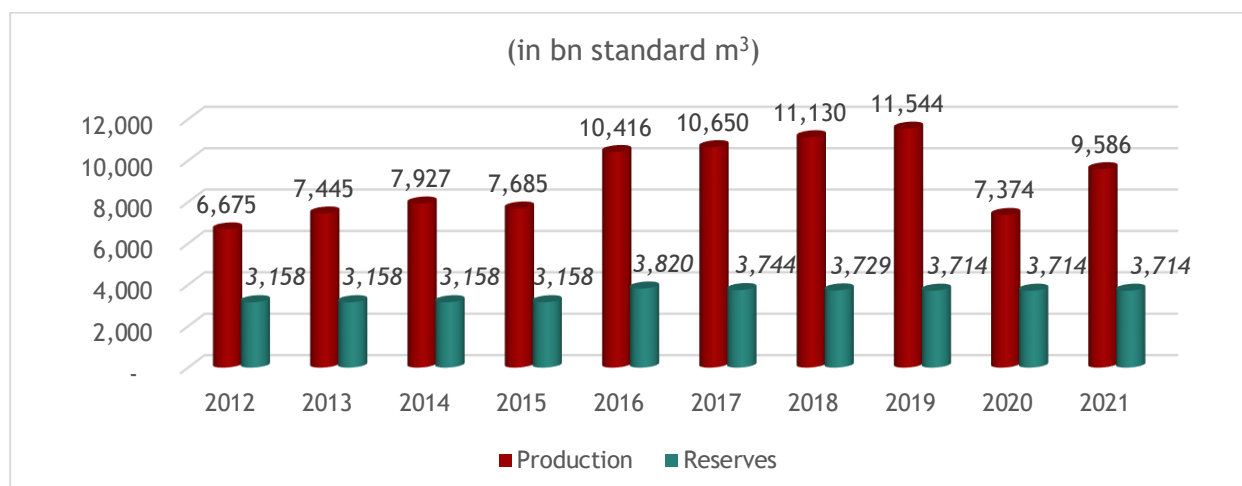


Gas production

According to data provided from OPEC, Iraq produced 9,586 bn m³ of gas in 2021, compared to 7,374 bn m³ in 2020, registering thus an increase of 30%. In the other hand, gas reserves remained unchanged at 3,714 bn m³ in 2021.

The graph below presents the total gas production and reserves for the period from 2012 to 2021:

FIGURE 36: GAS PRODUCTION AND RESERVES 2012-2021



Source: OPEC Annual Statistical Bulletin 2022

According to EIA figures, Iraq's energy production is estimated to 9.24 quadrillion Btu, the fifth largest in the Middle East and fourteenth worldwide.¹⁰¹

The following table shows top 20 largest energy producers worldwide:

TABLE 60: TOP 20 LARGEST ENERGY PRODUCERS

N°	Country	Energy production 2021 (quadrillion Btu)
1	China	134.96
2	USA	98.34
3	Russia	64.10
4	Saudi Arabia	26.59
5	Canada	23.41
6	India	18.99
7	Australia	18.01
8	Iran	16.70
9	Indonesia	16.27
10	Brazil	11.88
11	UAE	10.09
12	Qatar	9.88
13	Norway	9.70
14	Iraq	9.24
15	Kazakhstan	7.26
16	Algeria	6.66
17	Kuwait	6.55
18	Mexico	5.87
19	South Africa	5.30
20	Nigeria	5.15

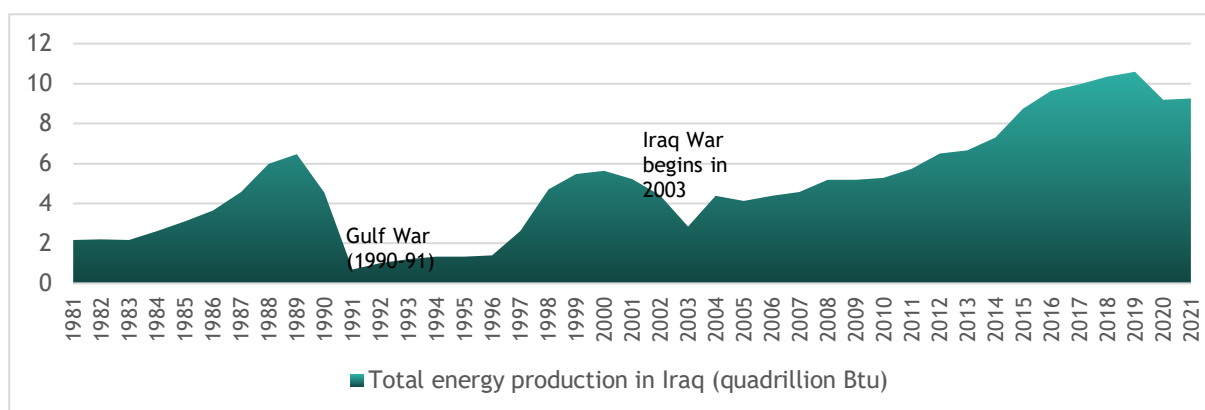
The following chart shows the evolution of Iraq's energy production between 1980 and 2021. The lowest production was 0.69 quadrillion Btu in 1991, due to the Gulf War, while the highest year was 2019 when production reached a record level of 10.59 quadrillion Btu.¹⁰²

¹⁰¹ <https://www.eia.gov/international/analysis/country/IRQ>

¹⁰² Chart prepared using Historic figures published by EIA

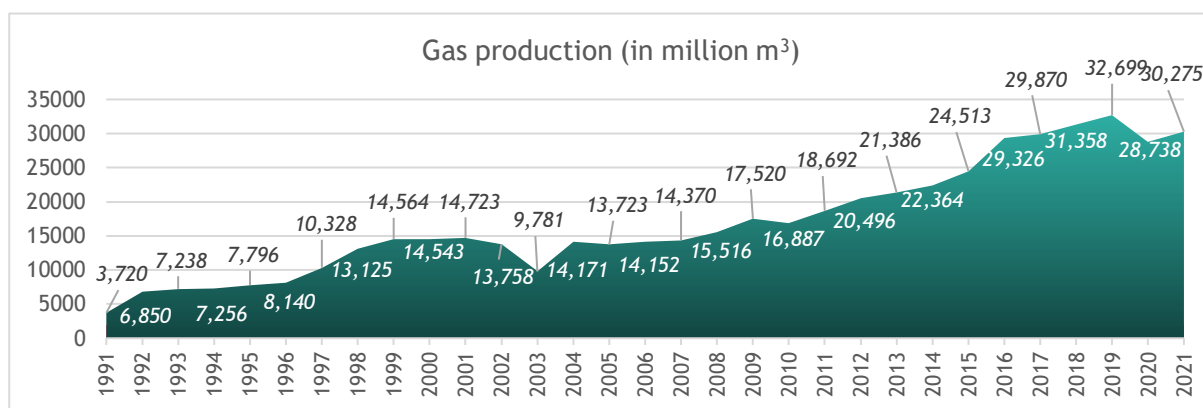
<https://www.eia.gov/international/rankings/country/IRQ?pa=12&u=0&f=A&v=none&y=01%2F01%2F2021>

FIGURE 37: EVOLUTION OF IRAQ'S ENERGY PRODUCTION BETWEEN 1980 AND 2021



The MoO data show that Iraq produced 30,275 million m³ during FY2021. Below is presented the evolution of gas production during the past 30 years:

FIGURE 38: GAS PRODUCTION BETWEEN 1991 AND 2021



Source: MoO

The PCLD production data show a total gas production in Badra gas field of 1,483,866 BOE during 2021. No other information was provided regarding the production of other gas fields in Iraq.

On the other hand, the SOEs disclosed in their 2021 annual report the following production details:

TABLE 61: PETROLEUM PRODUCTS VOLUMES BY COMPANY & COMMODITY

Product	Unit	NGC	BGC	NOC	MdOC	NRC	MRC	SRC	Total	2020	% Change
Feed Gas	'000m ³	3,163,327	-	-	-	-	-	-	3,163,327	-	100%
Dry Gas	'000m ³	2,845,238	-	-	-	-	-	-	2,845,238	8,430	33650%
Liquefied Gas - LG	'000Ton	299	1,426	-	-	-	68	81	1,875	1,834	2%
Condensate	'000Ton	-	689	-	-	-	-	-	689	-	100%
Normal Gasoline	'000m ³	177	-	-	-	-	1,145	1,635	2,958	4,642	-36%
Fuel Oil	'000m ³	-	-	-	-	-	3,505	6,676	10,181	17,952	-43%
Gas Oil	'000m ³	-	-	-	-	-	1,147	2,170	3,317	6,045	-45%
Diesel Oil	'000m ³	-	-	-	-	-	42	-	42	104	-59%
White Oil	'000m ³	-	-	-	-	-	262	-	262	-	100%
Base Oil	'000m ³	-	-	-	-	-	-	-	-	13	-100%
Lubricants	'000m ³	-	-	-	-	-	9,135	-	9,135	-	100%

Product	Unit	NGC	BGC	NOC	MdOC	NRC	MRC	SRC	Total	2020	% Change
Associated gas	'000m ³	-	-	4,778,041	905,231	-	-	-	5,683,272	-	100%
Processed Crude Oil	'000m ³	-	-	-	-	-	7,015	-	7,015	-	100%
Kerosene	'000m ³	-	-	-	-	-	109	1,901	2,010	1,609	25%
Vacuum Distillation	'000m ³	-	-	-	-	-	125	-	125	749	-83%
RT Fuel	'000m ³	-	-	-	-	-	-	-	-	137	-100%
Additive imported Gasoline	'000m ³	-	-	-	-	-	-	-	-	107	-100%
Butane	'000Ton	-	-	-	-	-	-	-	-	534	-100%
Pure Propane	'000Ton	-	-	-	-	-	-	-	-	12	-100%
Total Propane	'000Ton	-	-	-	-	-	-	-	-	813	-100%
Vacuum Residue	'000m ³	-	-	-	-	-	-	-	-	436	-100%
Associated Sulphur	'000Ton	35	-	-	-	-	-	-	35	27	29%
Asphalt	'000Ton	-	-	-	-	-	176	188	364	497	-27%
Naphtha	'000m ³	-	-	-	-	-	-	-	-	4,084	-100%
Greases	'000Ton	-	-	-	-	-	0	-	0	0	-38%

Source: SOEs 2021 annual reports

It is to be noted that each company has its own mechanism for calculating oil production and associated gas production as well as the unit cost. Those mechanisms are publicly available in detail by company on the NRTC website [here](#).

Except for the companies mentioned above, no additional gas production data was provided. In fact, the SGC did provide us with gas production during 2021.

3.9.2 MINING SECTOR

According to the data provided by the Ministry of Industries and Minerals, the production of cement by company reached approximately 32 million tons in 2021.

TABLE 62: CEMENT PRODUCTION BY COMPANY IN 2021

Company	Cement Productivity in ton
Iraqi Cement State Company	7,230,000
Mass Cement Factory	4,996,273
Faruk Group Holding	4,045,000
KAR Cement Company	3,546,293
Lafarge Cement Manufacturing Company (Bazman Plant)	2,360,000
Delta Cement Company	2,082,593
Almbrokh Cement Industry Company	2,034,342
Khairat Al-Abar Iraqi Company / Saman Plant	1,746,000
Al Douh Iraqi Company for Cement Industry	1,315,847
Saqr Al-Kitaan Factory	1,053,836
Al Samawah Cement Plant	672,458
Ardh Alamarah Cement Industry	608,654
TOTAL	31,691,296

Source: MoIM

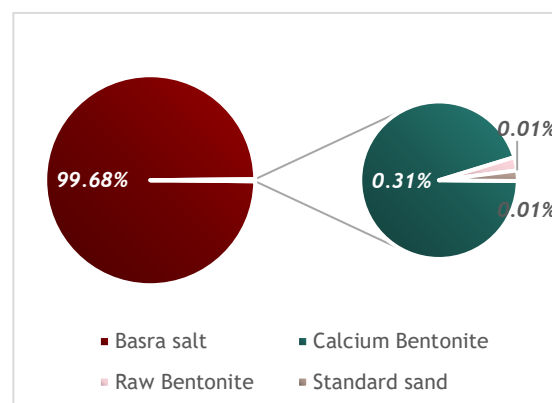
According to data provided by the State Company for Mining Industries, minerals production reached 57,788 tons of various commodities, mostly composed of salt (99.68%) as presented in the table below:

TABLE 63: MINERALS PRODUCTION BY COMMODITY

Product	Quantity (Ton)	Percent
Basra salt	57,602	99.68%
Calcium bentonite	177	0.31%
Raw bentonite	5	0.01%
Standard sand	4	0.01%
Total	57,788	100.00%

Source: State Company for Mining Industries

FIGURE 39: MINERALS PRODUCTION BY COMMODITY



Except for the data presented above, we were not provided with production data for the FY2021.

3.10 EXPORT DATA (EITI REQUIREMENT 3.3)

3.10.1 OIL AND GAS SECTOR

Oil

Crude oil export revenues make up a large part of the Iraqi economy. Iraq's crude oil exports decreased by \$50.4 billion from 2012 to 2016, and averaged \$43.7 billion in 2016, a historic decline driven by lower oil prices. From 2017 to 2019, the crude oil export revenues increased by \$20.3 billion reflecting the increases of the average Brent prices.

After falling to \$44.1 billion in 2020 due to the COVID-19 pandemic, Iraq's oil export revenues rose to \$79.8 billion in 2021, driven by higher oil prices.

TABLE 64: EVOLUTION OF PRODUCTION AND EXPORT OF PETROLEUM 2012-2021

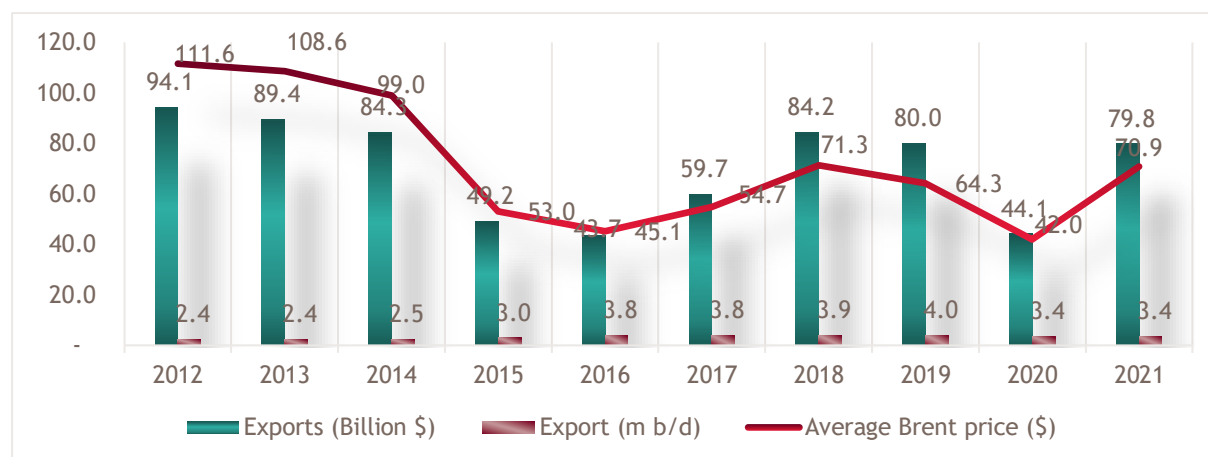
Years	Exports (m b/d)	Exports (Billion \$)	Average Brent price (\$) ¹⁰³
2012	2.4	94.1	111.6
2013	2.4	89.4	108.6
2014	2.5	84.3	99.0
2015	3.0	49.2	53.0
2016	3.8	43.7	45.1
2017	3.8	59.7	54.7
2018	3.9	84.2	71.3
2019	4.0	80.0	64.3
2020	3.4	44.1	42.0
2021	3.4	79.8	70.9

Source: OPEC Annual Statistical Bulletin 2022

¹⁰³ <https://www.macrotrends.net/2480/brent-crude-oil-prices-10-year-daily-chart>

The graph below shows the evolution of Iraqi crude oil exports (million bbl/day) from 2012 to 2021, as well as the evolution of the average Brent price (\$) during this period:

FIGURE 40: EXPORTS OF PETROLEUM 2012-2021



Source: OPEC Annual Statistical Bulletin 2022

Although Iraq is an important exporter of crude oil and one of the most prominent producers in OPEC, it is an importer of petroleum products due to the instability and insecurity that greatly affected the oil refining sector.

The MoO data shows total crude oil exports of 1,102,188,981 bbl in 2021 as detailed in the table below:

TABLE 65: CRUDE OIL EXPORTS

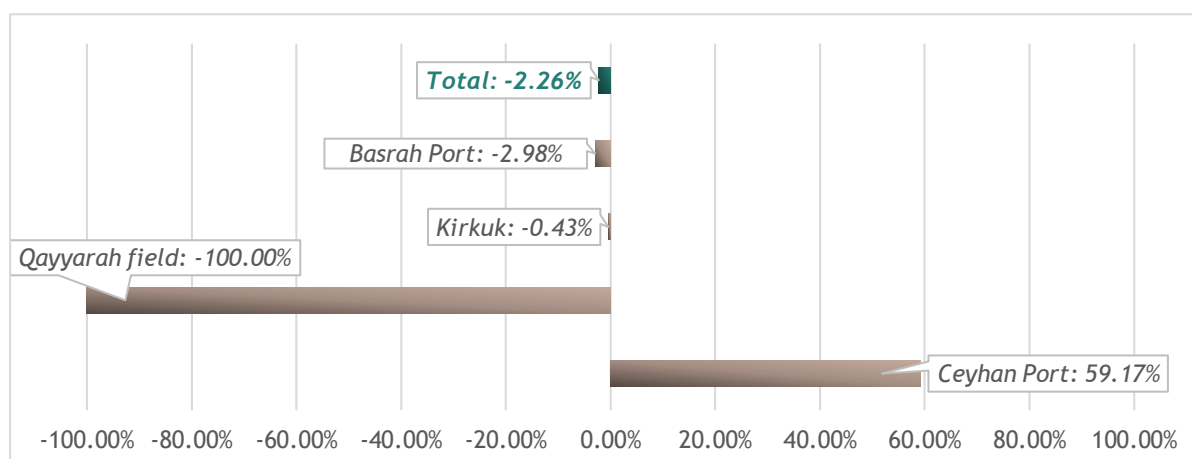
Description	2021	2020	2019	2018	2017
Ceyhan Port	35,580,218	33,008,818	33,359,597	3,647,308	5,543,049
Qayyarah field	-	617,894	7,663,863	-	-
Kirkuk	1,194,067	2,265,093	1,214,832	-	-
Basrah Port	1,065,414,696	1,060,454,029	1,244,957,988	1,274,862,716	1,202,279,584
Total	1,102,188,981	1,096,345,834	1,287,196,280	1,278,510,024	1,207,822,633

Source: MoO

The overall annual growth rate of exported quantities stands at a rate of -2.26%. This is the result of the COVID-19 impact between 2020 and 2021.

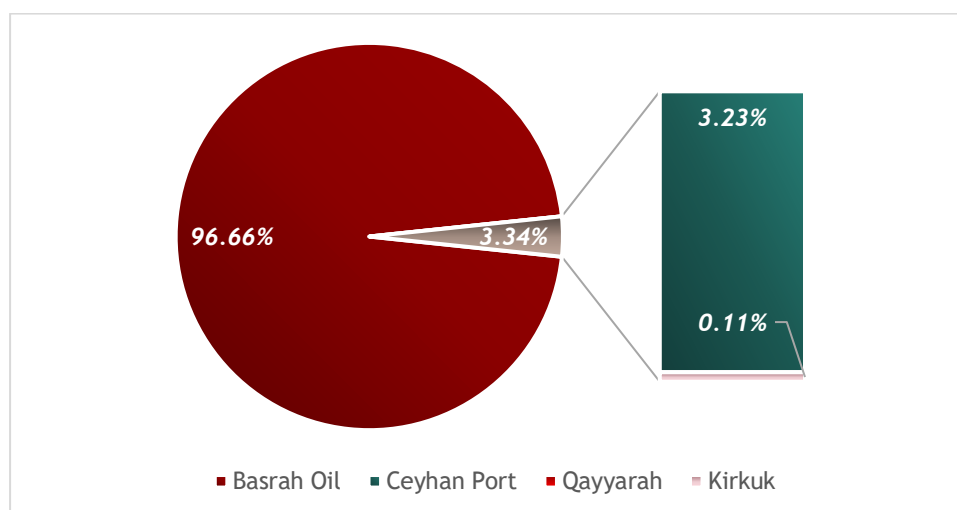
The graph below presents the cumulative annual growth rate in the period from 2017 to 2021:

FIGURE 41: CAGR OF EXPORT QUANTITIES BETWEEN 2017-2021



As presented in the graph below, Basrah Oil represents 96.66% of Iraq's crude oil quantities exported in 2021, while Northern Oil represents only 3.34%:

FIGURE 42: CRUDE OIL SHARE OF EXPORT



On the other hand, the SOMO confirmed 1,100,798,522 barrels exported for a total value of US\$ 75.5 billion as detailed below:

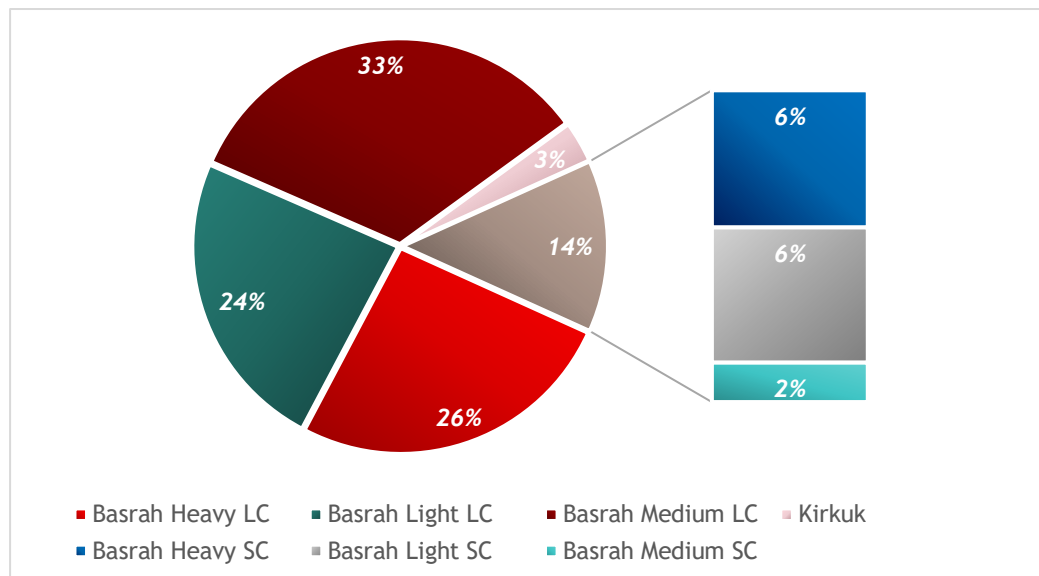
TABLE 66: CRUDE OIL EXPORTS BY PRODUCT

Product	Quantity bbl	Quantity Ton	Amount US\$	% of exports
Basrah Heavy SC	66,389,883	9,619,094	4,494,568,710	5.95%
Basrah Light SC	65,536,708	9,024,034	4,429,042,174	5.86%
Basrah Medium SC	18,273,682	2,572,573	1,291,176,654	1.71%
Basrah Heavy LC	289,417,971	41,774,492	19,629,442,775	25.99%
Basrah Light LC	259,003,113	35,664,443	17,979,338,942	23.80%
Basrah Medium LC	365,402,879	51,386,681	25,266,329,812	33.45%
Kirkuk	36,774,286	5,109,733	2,449,754,946	3.24%
Price differences			-1,034	0.00%
Total	1,100,798,522	155,151,050	75,539,652,980	100.00%

Source: SOMO

As presented above, Basrah Oil presents 96.76% of crude oil sales in terms of value, while Kirkuk (Northern Oil) presents only 3.24%:

FIGURE 43: CRUDE OIL EXPORTS BY PRODUCT



Crude oil exports by destination are detailed as follows:

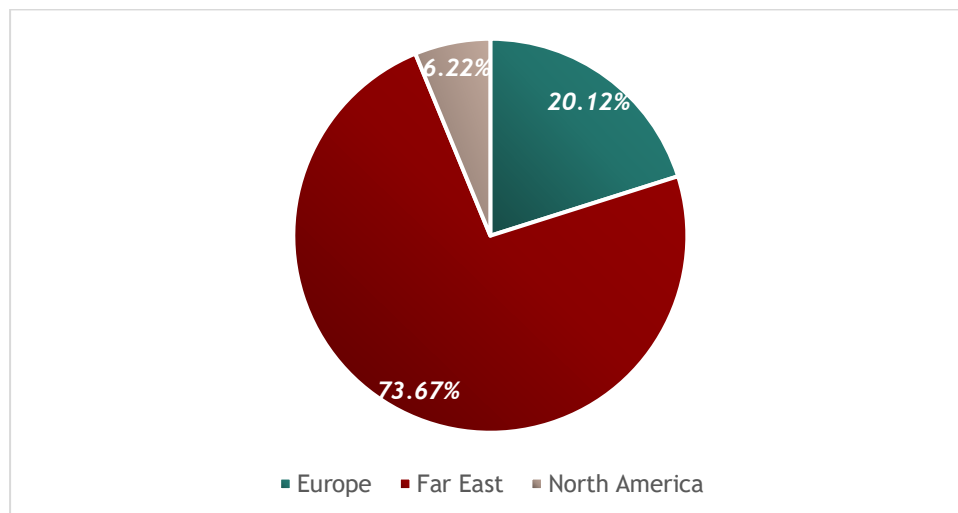
TABLE 67: CRUDE OIL EXPORTS BY DESTINATION

Destination	Basrah Oil	Kirkuk	Total	Percent
Europe	12,745,989,188	2,449,754,946	15,195,744,134	20.12%
Far East	55,647,643,216	-	55,647,643,216	73.67%
North America	4,696,265,629	-	4,696,265,629	6.22%
Total	73,089,898,033	2,449,754,946	75,539,652,979	100.00%

Source: SOMO

As presented above, 73.67% of Iraqi oil is exported to the Far East, while 20.12% is exported to Europe and the remaining part (6.22%) is exported to North America.

FIGURE 44: CRUDE OIL EXPORTS BY DESTINATION



The nationalities of the companies purchasing Iraqi crude oil are detailed as follows:

TABLE 68: CRUDE OIL EXPORTS BY COUNTRY

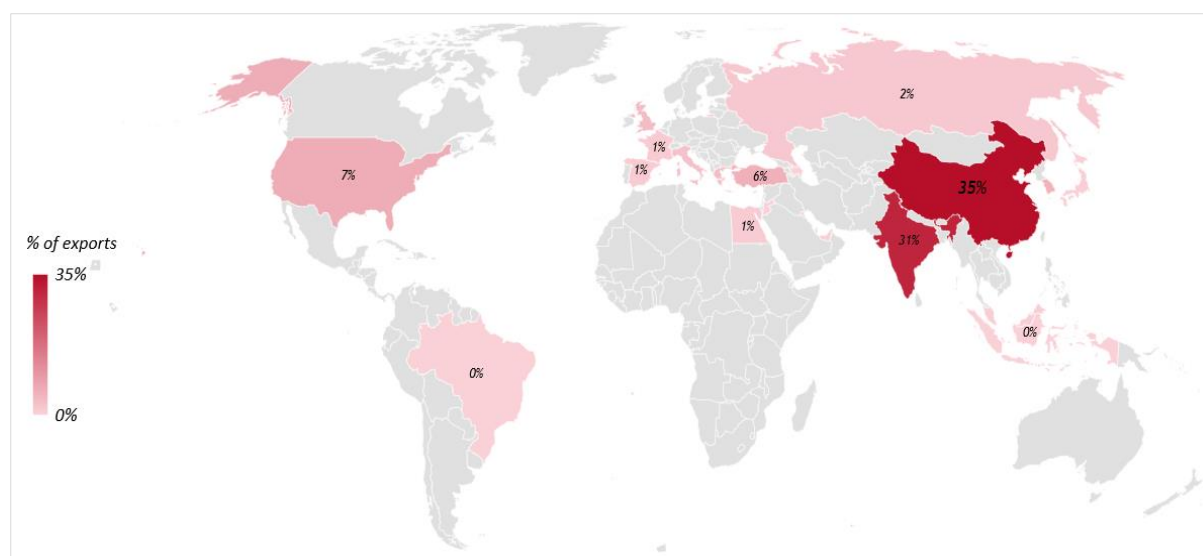
Country	Basrah Oil	Kirkuk	Total	Percent
China	26,432,337,193	-	26,432,337,193	34.99%
India	23,356,847,327	-	23,356,847,327	30.92%
USA	4,996,640,289	-	4,996,640,289	6.61%
Turkey	2,057,575,796	2,326,517,607	4,384,093,403	5.80%
South Korea	4,033,610,619	-	4,033,610,619	5.34%
UK	2,715,498,437	-	2,715,498,437	3.59%
Greece	2,571,370,355	-	2,571,370,355	3.40%
Italy	2,187,821,622	48,571,397	2,236,393,019	2.96%
Russia	1,241,077,858	-	1,241,077,858	1.64%
Egypt	749,233,267	-	749,233,267	0.99%
France	744,598,987	-	744,598,987	0.99%
Spain	683,704,021	-	683,704,021	0.91%
Malaysia	445,488,895	-	445,488,895	0.59%
Japan	325,870,410	-	325,870,410	0.43%
Kuwait	283,524,811	-	283,524,811	0.38%
Jordan	-	74,665,901	74,665,901	0.10%
UAE	71,329,203	-	71,329,203	0.09%
Azerbaijan	65,817,710	-	65,817,710	0.09%
Brazil	65,173,244	-	65,173,244	0.09%
Indonesia	62,377,989	-	62,377,989	0.08%
Total	73,089,898,034	2,449,754,905	75,539,652,939	100.00%

Source: SOMO

As presented below, Chinese companies purchase 34.99% of Iraqi crude oil, followed by Indian companies (30.92%) then American companies (6.61%). While most of companies purchase Basrah Oil, only Turkish and Jordanian companies opt for Kirkuk Oil.

Below is a map of the nationalities of Iraqi oil purchasing companies:

FIGURE 45: NATIONALITIES OF IRAQI OIL BUYING COMPANIES



The list of top 10 purchasing companies is detailed in the table below:

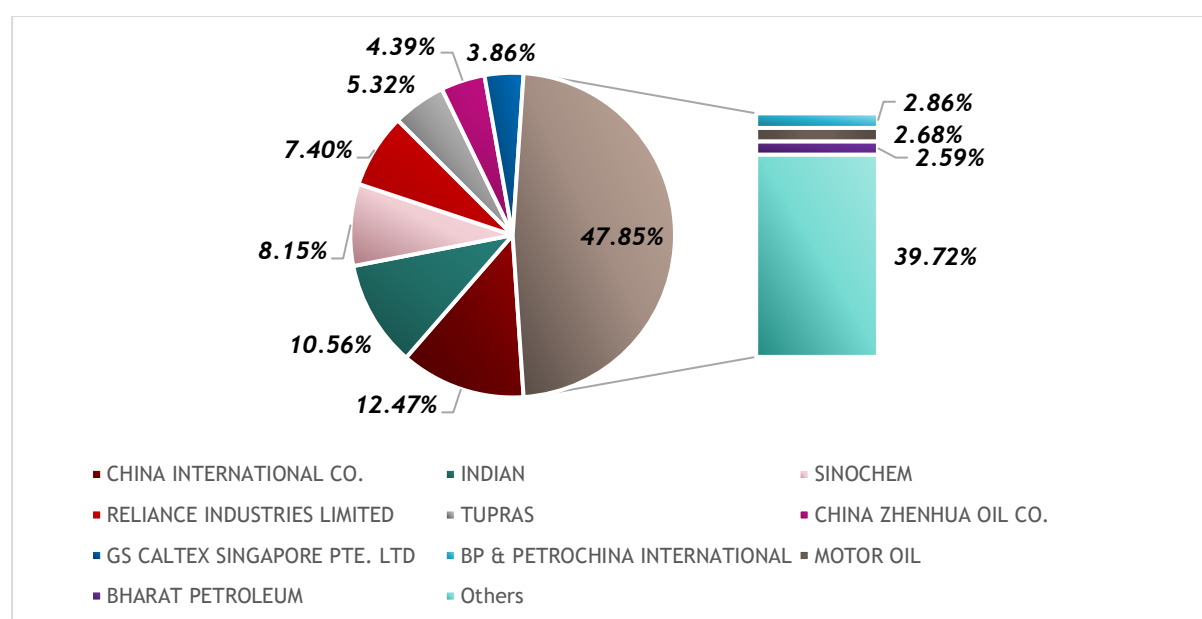
TABLE 69: TOP 10 PURCHASING COMPANIES

No	Company	Country	Quantity (bbl)	Value (US\$)	Percent
1	CHINA INTERNATIONAL CO.	China	134,634,118	9,416,393,637	12.47%
2	INDIAN	India	115,288,808	7,976,782,835	10.56%
3	SINOCHEM	China	89,512,979	6,158,624,309	8.15%
4	RELIANCE INDUSTRIES LIMITED	India	82,945,203	5,591,328,789	7.40%
5	TUPRAS	Turkey	58,917,068	4,020,622,497	5.32%
6	CHINA ZHENHUA OIL CO.	China	47,725,895	3,314,150,177	4.39%
7	GS CALTEX SINGAPORE PTE. LTD	South Korea	42,842,797	2,916,156,771	3.86%
8	BP & PETROCHINA INTERNATIONAL	UK	32,290,578	2,162,119,423	2.86%
9	MOTOR OIL	Greece	30,146,184	2,023,498,536	2.68%
10	BHARAT PETROLEUM	India	28,543,750	1,957,670,240	2.59%
	Others		437,951,141	30,002,305,766	39.72%
	Total		1,100,798,521	75,539,652,979	100.00%

Source: SOMO

As detailed above, Chinese and Indian companies dominate the list of purchasers. The Turkish company TUPRAS, known as the major purchaser of Kirkuk Oil, occupies the 5th place with 5.32% of purchases.

FIGURE 46: TOP 10 PURCHASING COMPANIES



Below is a summary of differences noted in terms of export quantities among the various data sources:

TABLE 70: DIFFERENCES OF EXPORT QUANTITIES

Source / Product	Northern	Basrah	Total
MoO (1)	36,774,285	1,065,414,696	1,102,188,981
SOMO (2)	36,774,286	1,064,024,236	1,100,798,522
SOEs (NOC & BOC)	36,774,286	Not provided	36,774,286
Difference (2) - (1)	1	(1,390,460)	(1,390,459)

Basrah Oil Company (BOC) did not provide its production and export data.

Petroleum products

According to the SOMO annual report for FY 2021, Iraq exported 9.5 million tons of petroleum products for a total amount of US\$ 4.1 bn, detailed as follows:

TABLE 71: OTHER PETROLEUM PRODUCTS EXPORTS BY PRODUCT

Product	2021		2020		Variance	
	Quantity (Ton)	Amount US\$	Quantity (Ton)	Amount US\$	Quantity (Ton)	Amount US\$
Fuel Oil	7,663,884	3,121,286,121	6,930,648	1,911,135,751	11%	63%
Naphtha	1,448,875	903,004,494	1,201,929	425,813,230	21%	112%
Natural gasoline*	230,269	60,347,693	68,144	17,714,365	238%	241%
LPG**	138,795	75,732,554	163,586	41,593,043	-15%	82%
Condensate**	455,592	288,369,644	386,434	131,866,413	18%	119%
Vacuum Distillation	182,442	37,290,600	179,345	19,180,394	2%	94%
Kerosene	40,535	21,023,603	-	-	100%	100%
Sulphur	105,862	4,772,184	-	-	100%	100%
Total	10,266,253	4,511,826,893	8,930,086	2,547,303,196	15%	77%

Source: SOMO 2021 annual report

* including 90,288 tons for US\$ 9,340,113 as provided by the NGC

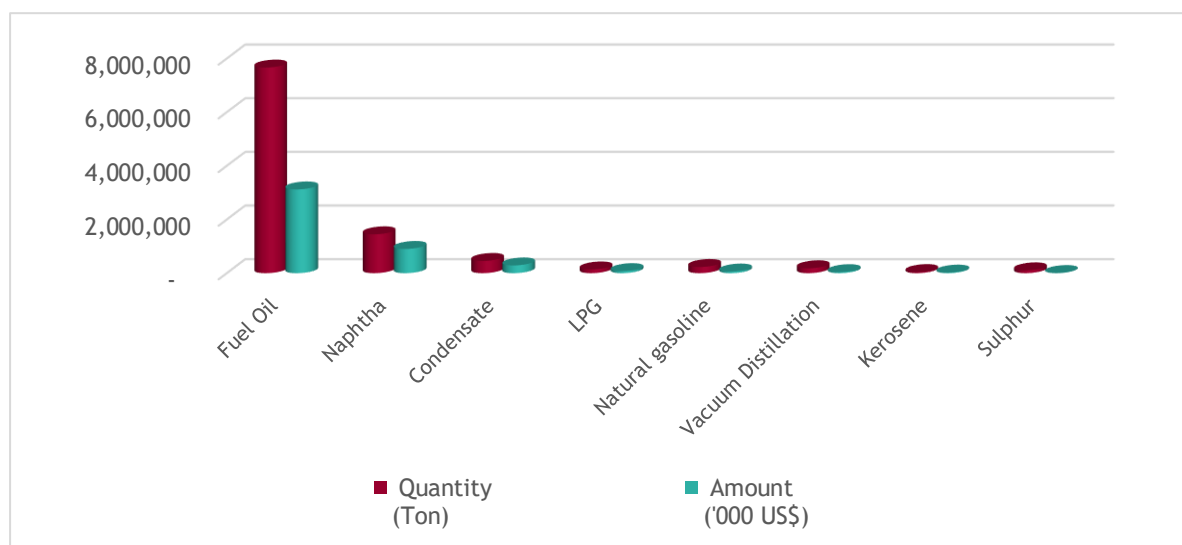
** data provided by the BGC

The LPG and Condensate exports data were provided by the BGC. It is to be noted that BGC is a joint venture established in 2013 between SGC (51%), Shell (44%) and Mitsubishi Corporation (5%)¹⁰⁴. While the exports are facilitated via SOMO being the only entity with the legal authority to export crude oil and oil products outside the country, the sale proceeds go to BGC. Based on information provided by SOMO, the latter only receives a (1%) commission for its services, from BGC. Since South Gas Company is a shareholder of BGC, it receives its share (according to its ownership stake) of the company's net profits (after making all legal deductions, and payment towards compulsory reserve), in accordance with Law No. 21 of 1997 (as amended). The government indirectly receives its share of the BGC's profits upon receiving SGC's treasury share (60% of distributable net profits) in application of the Article 29 § 2 of the Law No. 23 of 2021 on the federal general budget of the Republic of Iraq for the fiscal year 2021.

As presented above, exported quantities rose by 15% as a result of the resume of activity after the COVID-19 outbreak. On the other hand, a significant average price increase was noted in 2021 (from US\$ 285.25/ton in 2020 to US\$ 439.48/ton in 2021), from which we conclude that 89% of the exports increase is explained by the average per ton price.

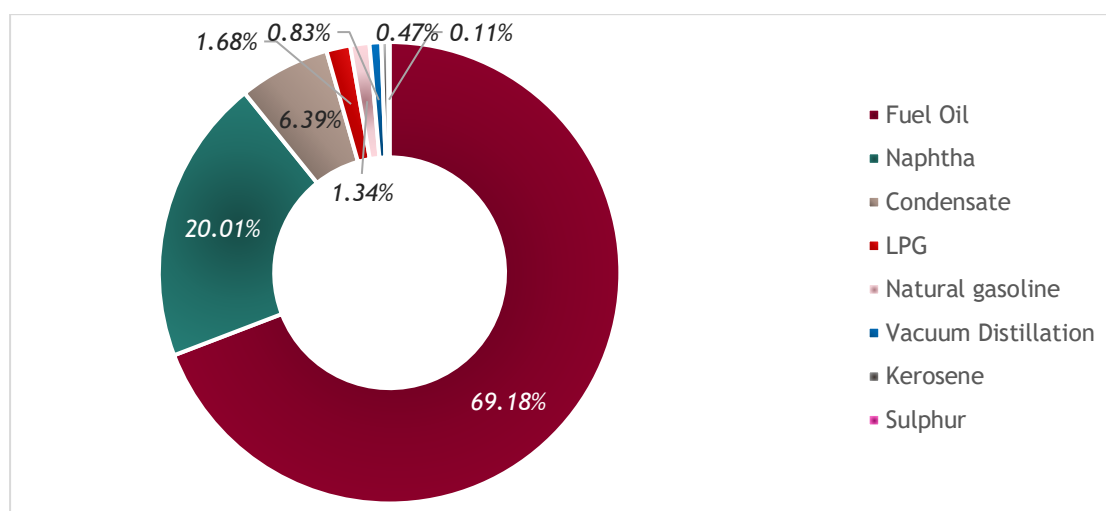
¹⁰⁴ [Basrah Gas Company | Shell Iraq Iraq](#)

FIGURE 47: PETROLEUM PRODUCTS EXPORTS BY PRODUCT



As presented below, fuel oil present 75% of the total value of exports, while Naphtha exports generate 22% of total petroleum products exports:

FIGURE 48: SHARE OF OTHER PETROLEUM PRODUCTS EXPORTS



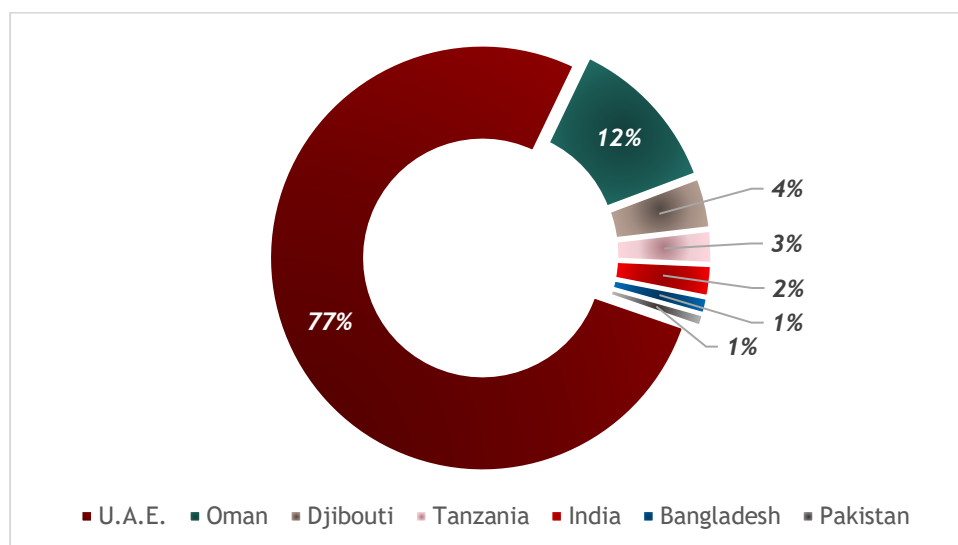
According to data provided by the BGC, 77% of LPG & Condensate exported to U.A.E. The full list of exports by country is detailed as follows:

TABLE 72: LPG & CONDENSATE EXPORTS BY COUNTRY

Country	Condensate	LPG	Total	Percent
UAE	275,982,659	3,836,230	279,818,888	77%
Oman	12,386,985	31,851,693	44,238,678	12%
Djibouti		14,119,446	14,119,446	4%
Tanzania		9,288,785	9,288,785	3%
India		8,722,128	8,722,128	2%
Bangladesh		4,541,223	4,541,223	1%
Pakistan		3,373,049	3,373,049	1%
Total	288,369,644	75732553.94	364,102,198	100%

Source: BGC

FIGURE 49: LPG & CONDENSATE EXPORTS DESTINATIONS



3.10.2 MINING SECTOR

The data provided by the MoIM show total mining exports of 154,737 tons for approximately US\$ 16 million that are detailed as follows:

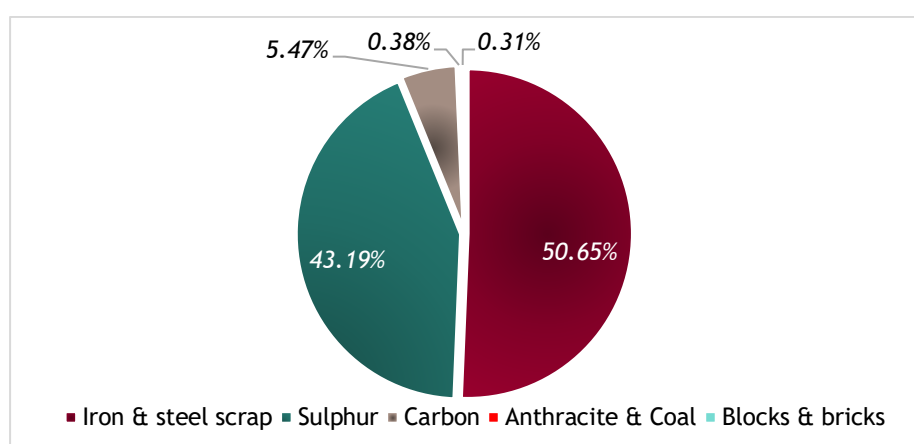
TABLE 73: MINING EXPORTS BY COMMODITY

Commodity	Quantity (Kg)	Value (US\$)	%
Iron & Steel scrap	79,610,000	7,961,000	50.65%
Sulphur	73,746,670	6,788,085	43.19%
Carbon	430,000	860,000	5.47%
Anthracite & Coal	600,000	60,000	0.38%
Blocks & Bricks	350,000	49,000	0.31%
Total	154,736,670	15,718,085	100.00%

Source: MoIM

As presented below, half of mining exports consist of iron and steel scrap, while sulphur represents 43%.

FIGURE 50: MINING EXPORTS BY COMMODITY



The exports by destination are presented in the table below:

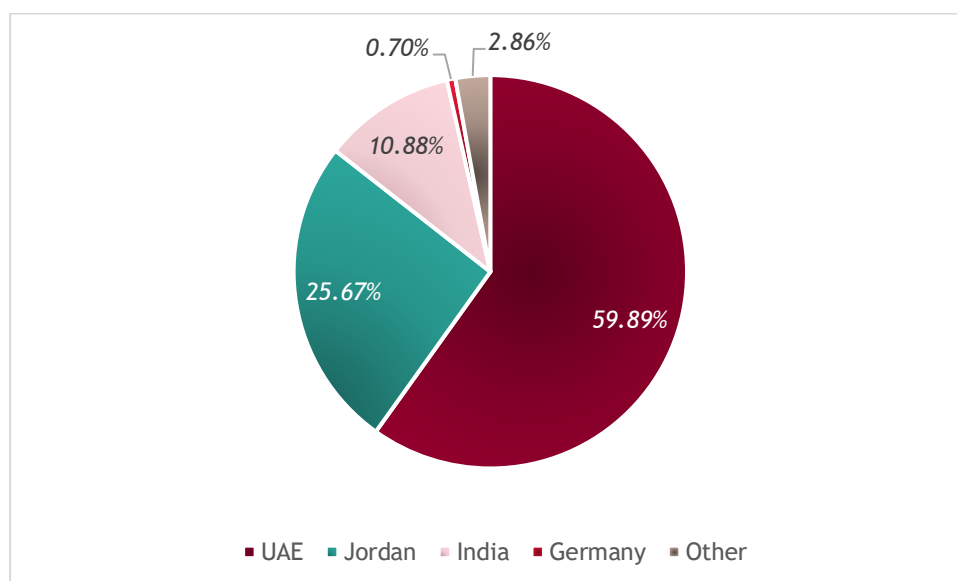
TABLE 74: MINING EXPORTS BY COMMODITY & DESTINATION

Row Labels	Anthracite & Coal	Blocks & Bricks	Carbon	Iron & Steel scrap	Sulphur	Total	Percent
UAE				7,961,000	1,452,835	9,413,835	59.89%
Jordan	60,000		350,000		3,625,000	4,035,000	25.67%
India					1,710,250	1,710,250	10.88%
Germany			110,000			110,000	0.70%
Turkey			100,000			100,000	0.64%
Belgium			60,000			60,000	0.38%
Lebanon			60,000			60,000	0.38%
Luxembourg			60,000			60,000	0.38%
Netherlands		49,000				49,000	0.31%
Albania			40,000			40,000	0.25%
Lithuania			40,000			40,000	0.25%
UK			40,000			40,000	0.25%
Total	60,000	49,000	860,000	7,961,000	6,788,085	15,718,085	100.00%

Source: MoIM

The MoIM data show that the UAE is the main destination of Iraqi minerals as their share of exports approximates 60%, mainly iron and steel scrap and sulphur, followed by Jordan (26%) that mainly imports sulphur and carbon, then India (11%) that imports sulphur.

FIGURE 51: MINING EXPORTS BY DESTINATION



3.11 IN-KIND PAYMENT (EITI REQUIREMENT 4.2)

EITI Requirement 4.7 states that where the sale of the state's share of production of oil, gas and/or mineral resources or other revenues collected in kind is material, the government, including SOEs, are required to disclose the volumes received and sold by the state (or third parties appointed by the state to sell on their behalf), the revenues received from the sale, and the revenues transferred to the state from the proceeds of oil, gas and minerals sold.

Where applicable, this should include payments (in cash or in kind) related to swap agreements and resource-backed loans.

The published data must be disaggregated by individual buying company and to levels commensurate with the reporting of other payments and revenue streams (4.7). Multi-stakeholder groups, in consultation with buying companies, are expected to consider whether disclosures should be broken down by individual sale, type of product and price.

The disclosures could include ownership of the product sold and the nature of the contract (e.g. spot or term).

- Implementing countries including SOEs are encouraged to disclose a description of the process for selecting the buying companies, the technical and financial criteria used to make the selection, the list of selected buying companies, any material deviations from the applicable legal and regulatory framework governing the selection of buying companies, and the related sales agreements.
- Companies buying oil, gas and/or mineral resources from the state, including SOEs (or third parties appointed by the state to sell on their behalf), are encouraged to disclose volumes received from the state or state-owned enterprise and payments made for the purchase of oil, gas and/or mineral resources. This could include payments (in cash or in kind) related to swap agreements and resource-backed loans. The published data could be disaggregated by individual seller, contract or sale. The disclosures could for each sale include information on the nature of the contract (e.g. spot or term) and load port.
- Where there are concerns related to data reliability and where practically feasible, the multi-stakeholder group should consider further efforts to address any gaps.

3.11.1 OIL AND GAS SECTOR

In-kind revenue is the revenue generated from the state's sales of the production share of the oil and gas sector resources, which are collected in kind. Both oil and gas production are considered in-kind revenues of the state. In addition, according to service contracts, the government pays the International Oil Companies (IOCs) operating in Iraq the cost recovery and remuneration fees owed to them in kind by the crude oil lifted by these companies through SOMO. Whereas in the Kurdistan region, according to production-sharing contracts, the IOCs operating in the region are entitled to a percentage of oil production, called profitability oil.

IOCs operating under service contracts have no ownership of the crude oil and gas that is extracted, and are therefore compensated in remuneration fees per barrel produced. In this respect, extracted crude oil and/or gas is transferred to the respective license holders through a metering system, and quantities transferred are reconciled on a daily then a monthly basis in records that are then signed by both parties. Any discrepancies identified are rectified through the respective IOC's entitlements at the time of submitting their financial claims from the national oil companies in the respective quarter.

Cost recovery and remuneration fees

The recoverable costs and the remuneration fee are defined by the Article 19 of the model service contracts developed by the MoO as follows:

Recoverable costs

Expenses incurred by the IOC in conducting petroleum operations include petroleum costs and supplementary costs, which are generally recoverable.

- **Petroleum costs:** include recoverable costs and expenditures incurred and payments made by the companies in connection with or in relation to the conduct of petroleum operations.
- **Supplementary costs:** include recoverable costs and expenditures other than petroleum costs. These costs specifically include de-mining costs, financing and building of transportation facilities beyond the transfer point of petroleum production from the contract area, specific works or building of facilities (at the request of the regional oil company) and remediation costs.

Remuneration fees

The remuneration fee is the amount paid to the IOC for the services rendered under the contract and is paid quarterly under the form of a remuneration fee per Barrel of Crude Oil calculated based on the R-factor calculated at the end of the previous year.

Cost recovery validation process

The process of payment of cost recovery and remuneration fees due to IOCs is detailed as follows:

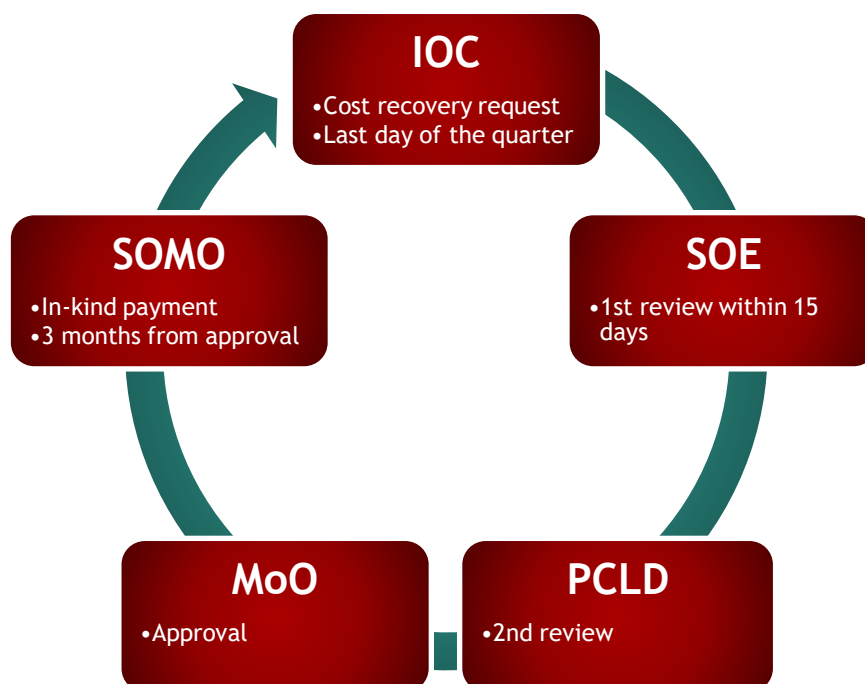
- The IOC prepares a quarterly account list, including all cost and production details, to be sent to the extractive companies in the last day of the quarter for a first review and audit.
- Within 15 days from the receipt of the quarterly list, a meeting is held by the SOE in the presence of representatives of the following entities and departments (the Financial Authority, the operating entities, the Licensing Affairs Department, and the Control and Audit of Licensing Contracts Department) with representatives of the IOC to discuss the account list of petroleum and additional costs and remuneration fees, according to the competence of the entity or department concerned.
- The notes related to the account list are fixed after the above meeting and sent by an official letter to the Ministerial Committee to review the lists of the account of the contracting companies. A meeting of the committee is then held at the Ministry in the presence of the members of the committee and representatives of the extractive companies from the above entities and departments as well as representatives of the contracting companies to discuss the notes.
- The accounts of the companies' dues are prepared in accordance with the terms of the service contract by the Commercial Department in the PCLD where certain percentages of the cost are released under a maximum recovery limit after calculating the assumed revenue based on the preliminary oil price announced by

SOMO. In addition to calculating remuneration fees according to the remuneration fee fixed in the contract and for each field.

- Minutes of meeting are prepared for the MoO's approval, then an official letter is sent to the SOMO that then pays the quarterly financial dues of the Crude Oil Contracting Companies according to oil shipments determined by the SOMO within 3 months from the MoO approval.¹⁰⁵

The graph below summarizes the cost recovery & remuneration fees payment process:

FIGURE 52: COST RECOVERY & REMUNERATION FEE PAYMENT PROCESS



Sales process¹⁰⁶

The crude oil sales is exclusively performed by SOMO that developed in this perspective a set of standards and mechanisms that are detailed below:

Criteria for the allocation of the quantity of crude oil available for export to companies

SOMO allows the sale of Iraqi crude oil to one of the following companies:

- Large IOCs, vertically-integrated medium sized oil companies (government owned or independent), and top-rated international petroleum companies capable of refining and have extensive distribution networks in various countries.
- Companies specialized in the production and distribution of refined petroleum products.
- National oil companies and/or entities, authorized by their respective governments to enter into contracts for the benefit of their national refineries (e.g. China and Japan).

¹⁰⁵ Source: PCLD

¹⁰⁶ Source: SOMO

Basis of determination of the allocation of quantities of crude oil available for export to qualifying companies

SOMO conditions its allocation of the crude oil quantities to be sold to an eligible entity to the compliance to the following principles:

- All quantities of crude oil designated for export (after allocation of crude oil quantities needed for domestic use by refineries and power plants) are sold in global markets according to global price formulas in order to achieve maximum return on Iraq's resources.
- Priority, in terms of allocation, is given to qualified companies that have large refining capacities, as these companies are able to withstand sudden price fluctuations and, at the same time, maintain the demand for Iraqi crude oil over the long-term.
- This policy intends to ensure even distribution of Iraqi oil throughout the major global markets (American, European and Asian markets) under a sound and an adjustable allocation system. This enables exports to increase in a manner that meets world demand.

Contracting mechanism

Qualified companies are contracted by SOMO semi-annually, annually or under the form of a long-term contract and are designed to operate according to the following process:

- SOMO directly invites all oil companies who meet the criteria set out in Section 2 (those who have valid contracts or were recently identified through the selection process) to submit their projected quantity needs of Iraqi oil.
- SOMO only reviews the companies' projected quantity needs that are provided via the official communication of the respective company. SOMO does not deal with requests through brokers, agents, international organizations, or diplomatic missions operating in Iraq or abroad. Final quantity allocation to qualifying companies is made in accordance with oil selling criteria described above.
- SOMO also receives a number of requests (via e-mail) from companies, brokers, agents and international organizations (other than those previously identified and directly invited) indicating their interest in buying Iraqi crude oil. The following procedures are performed by a technical committee (formed by an administrative order) comprised of specialists from SOMO:
 - Study the activities of the companies or the institutions that have made oil purchase requests in order to establish whether they comply with the principles and criteria applicable to the contracts with regard to the purchase of Iraqi crude oil.
 - Companies and institutions that are excluded on this basis are notified of the reason of their exclusion and are placed on the list of companies that are not eligible. Eligible companies and institutions are listed on the allocation tables under the new companies' caption.
 - These tables are presented to SOMO's Board of Directors and to the Ministerial Committee which reviews and approves the Technical Committee's decisions.

- After obtaining the MoO's approval on the allocated quantities, eligible companies and institutions are notified of the allocated quantities. Upon approval of SOMO's contractual terms, contracts are finalized and qualified companies and institutions are added to the list of qualified buyers of Iraqi crude oil.

Contract implementation

- The execution of the contract begins when the Shipping & Quantities Division and the Financial Commercial Division of SOMO are provided with the contract execution details.
- SOMO sets the shipments loading date and requests the purchasing company to inform the carrier to make all necessary arrangements in order to load the shipment in a timely manner. The purchasing company officially informs SOMO of the nominated carrier. In turn, SOMO would need to approve the carrier depending on the carrier's technical specifications and the specifications of the loading port.
- The purchasing company issues an irrevocable letter of credit through a recognized bank to the benefit of the CBI, prior to approving the carrier and not less than seven days of that date. The letter of credit should be issued for not less than the estimated amount of the shipment. SOMO then instructs the loading port to load the vessels, with an emphasis on the fact that the destination of the shipment may not be amended once the letter of credit is issued.
- After completion of loading, the port issues a bill of lading which includes the quantity loaded, the degree of density (API Gravity), date, and the final destination of shipment in addition to other related documents.
- Afterwards, SOMO calculates the barrel's final price in accordance with the terms of the contract and informs the purchasing company in order for the company to settle the value of the shipment within 30 days from the bill of lading date.
- Crude oil is not sold on the basis of a fixed price or a discount or a specific premium. It is sold using a standard pricing mechanism for each market, globally known as the official selling price.

Pricing mechanisms

SOMO uses the Official Selling Price (OSP) for crude oil export sales to enhance the transparency when dealing with its buyers, and to avoid price negotiations with buyers through the consolidation of crude oil prices for all buyers in each market.

General crude oil price formula: $OSP \pm D \pm API \pm F$

OSP: The average reference oil price (according to international price lists, as per shipment destination)

D: refers to the price differences that are calculated on a monthly basis

API: refers to price difference for density fluctuations (API Gravity) between contract specifications and the actual shipment

F: represents the Freight rate (according to international daily bulletins)

It is to be noted that we were did not obtain the data from the PCLD containing the details of the amounts due to the IOCs. SOMO provided us with payments that were made to the

IOCs totalling **US\$ 10.2 billion** for **150.2 million bbl** of crude oil and that are presented in section 5.1.2 of this report.

We were informed that the SOMO proceeds with payment of 50% of the amounts due to the IOC. The remaining portion is carried forward to the following month that will be paid in turn by 50% and so on.

3.11.2 MINING SECTOR

Neither the extractive companies nor the GAs confirmed any case of in-kind payment in the mining sector during the reporting period.

3.12 INFRASTRUCTURE PROVISION AND BARTER ARRANGEMENTS IN THE EXTRACTIVE SECTOR (EITI REQUIREMENT 4.3)

3.12.1 OIL AND GAS SECTOR

EITI Requirement 4.3 states that it should be considered whether there are any agreements or sets of agreements involving the provision of goods and services (including loans, grants and infrastructure works), in full or partial exchange for oil, gas or mining exploration or production concessions or physical delivery of such commodities.

None of the reporting entities declared any agreements or sets of agreements involving the provision of goods and services (including loans, grants and infrastructure works), in full or partial exchange for oil and gas exploration or production concessions or physical delivery of such commodities.

Iraqi-Chinese framework agreement

As part of the Belt and Road Initiative, Iraq and China signed several agreements in Beijing on 23 September 2019 to build infrastructure in Iraq under a programme that can be called (Oil for Reconstruction). This initiative consists of projects linking China to Europe via Asia and the Middle East by land. The name of the Iraqi-Chinese framework agreement was called (The Economic and Technical Cooperation Agreement) to provide assistance for free with the two Chinese state companies (Sinochem) and (China Zhen Hua OIL) to guarantee exports and investments where (100) thousand barrels per day will be lifted equally between them for the purpose of securing the financial aspect. Cabinet Resolution No. 108 of 2018 was issued to cover this agreement. An accounting agreement and an oil agreement were also signed, and these two agreements complement the cooperation framework agreement to guarantee export credits for the oil for reconstruction agreement signed on 11 May 2018, which did not enter into force until after the signing of the above-mentioned accounting and oil agreements.

The calculation agreement attached to the Cooperation Framework Agreement between China and the Iraqi Ministry of Finance, states that the Central Bank of Iraq is in charge of supervising four groups of accounts. These accounts are the following:

- The net oil profits are deposited into the settlement account and will be used to fund the rebuilding projects contracted under the Cooperation Framework Agreement with

the best infrastructure or other Chinese firms. A deposit of 100 million dollars will be held in this account, and an annual interest payment will be made.

- When financing from Chinese banks, the account group is assigned to debt services for hedging reasons. SINOSURE will guarantee the funding of the rehabilitation projects carried out in Iraq.
- a group repayment account, into which Iraq contributes 15% of each loan's value, or the portion of the loans it will get from Chinese banks under the guarantee of the SINOSURE institution.
- Surplus Iraqi funds in the third account that were not being used at the time were invested, the Iraqi government can use these funds to support projects carried out in the country by Chinese or foreign businesses.

The amount transferred from Iraq in 2021 under the Iraqi-Chinese agreement is US\$1.34 billion, representing 2.24% of oil and gas sales revenues in 2021.

3.12.2 MINING SECTOR

As of the preparation of this report, none of the mining reporting entities declared any agreements or sets of agreements that involved the provision of goods and services, such as loans, grants, or infrastructure works, in exchange for mining exploration or production concessions or physical delivery of commodities.

3.13 TRANSACTIONS RELATED TO STATE-OWNED ENTERPRISES (EITI REQUIREMENT 4.5)

EITI requirement 4.5 states that the reporting process should comprehensively address the role of SOEs, including comprehensive and reliable disclosures of material company payments to SOEs, SOE transfers to government agencies and government transfers to SOEs.

The unaudited financial statements of the SOEs operating in the oil & gas sector for the FY 2021 show the following transactions:

Treasury share of profit

The Article 29 § 2 of the Law No. 23 of 2021 on the federal general budget of the Republic of Iraq for the fiscal year 2021 states that 60% of the SOEs distributable income to the National Treasury.

In application of the aforementioned provision, the share of profit due to the National Treasury on the FY 2021 distributable income amounts to almost US\$ 1.6 billion and is detailed by SOE as follows:

TABLE 75: NATIONAL TREASURY SHARE OF OIL & GAS SOES PROFIT FOR 2021

SOE	Distributable income (US\$)	Share of Treasury (US\$)	%
North Oil Company (NOC)	58,687,481	35,212,488	60%
Midland Oil Company (MDOC)	13,469,236	8,081,541	60%
Basrah Oil Company (BOC)	709,523,149	425,713,890	60%

SOE	Distributable income (US\$)	Share of Treasury (US\$)	%
Thi-Qar Oil Company (ThOC)	106,464,193	57,675,275	54%
Missan Oil Company (MOC)	97,528,529	58,517,117	60%
Iraqi Drilling Company (IDC)	(39,670,167)	-	0%
Oil Exploration Company (OEC)	60,872,715	26,981,825	44%
North Gas Company (NGC)	57,696,092	23,931,198	41%
South Gas Company (SGC)	78,859,095	46,842,303	59%
Basra Gas Company (BGC)	722,748,821	137,998,691	19%
Oil Marketing Company (SOMO)	88,435,091	59,726,565	68%
Gas Filling Company (GFC)	36,642,011	21,765,355	59%
Oil Pipelines Company (OPC)	145,400,207	59,548,359	41%
Oil Products Distribution Company (OPDC)	330,834,119	184,926,868	56%
Iraqi Oil Tankers Company (IOTC)	19,613,150	11,650,211	59%
Heavy Engineering Equipment State Company (HEESCO)	(30,265,261)	-	0%
Oil Projects Company (SCOP)	1,253,969	744,858	59%
North Refineries Company (NRC)	351,207,410	148,039,145	42%
Midland Refineries Company (MRC)	164,022,110	97,429,134	59%
South Refineries Company (SRC)	258,147,742	153,339,759	59%
Total	3,231,469,693	1,558,124,579	48%

Source: SOEs unaudited financial statements FY 2021. All amounts were converted at the CBI IQD/US\$ exchange rate of 1,450

* Income tax calculated at a rate of 15% of the taxable income

Contribution to the Social Care Fund

In application of the Article 29 § 2 of the Law No. 23 of 2021 on the federal general budget of the Republic of Iraq for the fiscal year 2021, 1% of the SOEs distributable income is payable to the Social Care Fund that was established as provided by the Article 18 of the Social Care Law No.11 of 2014 in an incentive to reduce poverty and ensure that the social protection umbrella reaches all groups covered by its provisions.

As presented in the table below, the amounts due to the Social Care Fund from the FY2021 profits realized by the SOEs operating in the Oil & Gas sector totalled approximately US\$ 22 million:

TABLE 76: SOCIAL CARE FUND SHARE OF OIL & GAS SOES PROFIT FOR 2021

SOE	Share of the Social Care Fund
North Oil Company (NOC)	586,875
Midland Oil Company (MdOC)	134,692
Basrah Oil Company (BOC)	7,166,900
Thi-Qar Oil Company (TOC)	1,064,642
Missan Oil Company (MOC)	975,285
Oil Exploration Company (OEC)	378,425
North Gas Company (NGC)	576,961
Oil Marketing Company (SOMO)	54,457
Gas Filling Company (GFC)	366,420
Oil Pipelines Company (OPC)	1,454,002

SOE	Share of the Social Care Fund
Oil Products Distribution Company (OPDC)	2,820,596
Iraqi Oil Tankers Company (IOTC)	196,131
Oil Projects Company (SCOP)	12,540
North Refineries Company (NRC)	1,633,023
Midland Refineries Company (MRC)	1,640,221
South Refineries Company (SRC)	2,581,477
Total	21,642,648

Source: SOEs unaudited financial statements FY 2021. All amounts were converted at the CBI IQD/US\$ exchange rate of 1,450

Quasi-fiscal expenditure

According to the SOEs unaudited financial statements for FY 2021, the quasi-fiscal expenditure for the year 2021 amounted for US\$ 6 million. The details of the paid amounts are presented in section 5.7 of this report.

3.14 SUB-NATIONAL PAYMENTS (EITI REQUIREMENT 4.6)

3.14.1 EITI REQUIREMENT

Pursuant to the EITI Requirement 4.6 Sub-national payments, the MSG is **required** to establish whether direct payments, within the scope of the agreed benefit streams, from companies to sub-national government entities are material. Where material, the MSG is **required** to ensure that company payments to sub-national government entities and the receipt of these payments are disclosed.

The MSG is **required** to agree a procedure to address data quality and assurance of information on subnational payments, in accordance with EITI Requirement 4.9.

Some extractive companies make direct payments to sub-national government entities, such as regional governments, municipalities, and chiefdoms. Other extractive companies make payments directly to the central government which devices a revenue sharing mechanism that stipulate that a share of revenues collected by the central government is transferred to subnational government entities. While these payments may represent only a portion of revenues at the national level, they are often an important source of income for local governments. Transparency regarding these payments and transfers can be useful in holding local authorities to account.

FIGURE 53: SUBNATIONAL PAYMENTS



EITI implementation has shown strong demand from local communities to increase transparency around the allocation of such revenues, to ensure that revenues contribute to sustainable local development. In several countries, EITI reporting has led to changes in the applicable regulatory framework and helped local communities demand the share of revenues they are entitled to. EITI implementation can also help local governments track, manage and disclose revenues more efficiently.

3.14.2 LOCAL GOVERNMENT UNITS

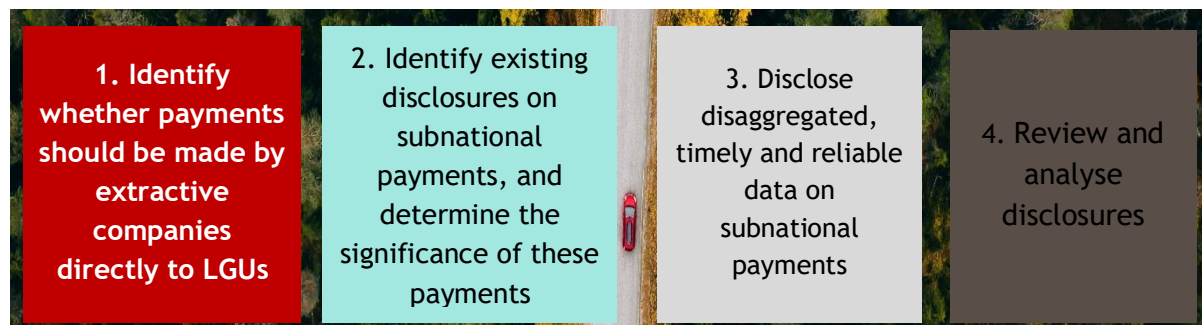
According to the International Monetary Fund, sub-national governments, also known as local government units (LGUs), are “institutional units whose fiscal, legislative, and executive authority extends over the smallest geographical areas distinguished for administrative and political purposes. The scope of their authority is generally much less than that of central government or state governments, and they may, or may not, be entitled to levy taxes on institutional units’ resident in their areas. They are often heavily dependent on grants (transfers) from higher levels of government, and they may also act, to some extent, as agents of central or regional governments.”¹⁰⁷

¹⁰⁷ Source: IMF (2014), Government Finance Statistics Manual 2014, Paragraph 2.95, available [here](#).

3.14.3 IMPLEMENTATION PROCESS

The implementation of EITI Requirement 4.6 goes through the following four phases:

FIGURE 54: IMPLEMENTATION OF EITI REQUIREMENT 4.6



For further information, please refer to the Guidance Note on Sub-national payments available [here](#).

3.14.4 SUB NATIONAL PAYMENTS IN IRAQ

We are not aware of sub-national payments made by extractive companies operating in Iraq. However, we have asked reporting entities to detail such payments if any.

3.15 LEVEL OF DISAGGREGATION (EITI REQUIREMENT 4.7)

Requirement 4.7 of the EITI Standard states that: ‘It is required that EITI data is disaggregated by individual project, by company, by government agency and by revenue stream.

The reporting entities included in the reporting scope were asked to report their data:

- by Government Agency or State-Owned Enterprises (SOEs) for all companies operating in the Iraqi extractive sector as well as the crude oil and petroleum products buyers;
- by company (or taxpayer) for Government Agencies and SOEs included in the reporting scope;
- by type of flow for all reporting entities; and
- by project for all reporting companies.

Reporting entities were also asked to report data on production and exports by project.

3.16 DATA QUALITY AND ASSURANCE (EITI REQUIREMENT 4.9)

3.16.1 EXTRACTIVE COMPANIES

External audit practices

SOEs in federal Iraq maintain and report their accounts in accordance with the Unified Accounting System (UAS). They are audited by the Federal Board of Supreme Audit, in

accordance with Law No. 31 of 2011 Law of The Board of Supreme Audit (FBSA) (as amended).

The FBSA undertakes audit programs prepared in accordance with local accounting principles issued by the Council of Auditing and Accounting Standards of the Republic of Iraq. The details are available on the NRTC website, [here](#).

In addition to the audits conducted by the board, the Board of Supreme Audit also provides technical assistance in the fields of accounting, oversight, and administration to SOEs (as per Article 6 of Law No. 31 of 2011).

Internal controls

Internal controls adopted by SOEs include internal audit and control establishments, which operate in accordance with independently prepared work plans and mechanisms. In conducting their audits, the internal audit functions rely on activity- specific laws and regulations issued by the Council of Auditing and Accounting Standards of the Republic of Iraq. At year-end, financial statements are prepared by the financial departments, after they are audited and validated by the respective internal control functions, and the Internal Control Department at the ministry site. After completing their preparation, in accordance with the requirements of the Federal Board of Supreme Audit, the financial statements are presented to the Board of Supreme Audit to express its opinion on the financial statements.

3.16.2 GOVERNMENT AGENCIES

State offices and governmental entities that deal with the public wealth in taxing, expending, planning, exchanging, trading, or service producing are subjected to the financial control.¹⁰⁸

Accordingly, the Federal Board of Supreme Audit conducts audit programs on the final accounts of the government agencies.

3.16.3 IOCs

IOCs operating in Iraq under licensing rounds contracts are required by the terms of their contracts to establish and maintain a branch office in Iraq and to maintain such office for the term of the contract. Entities registered in Federal Iraq are required to prepare annual financial statements in accordance with Iraqi Uniform Accounting Standards (UAS), which are audited by an external auditor.

In addition to the audited financial statements of the IOCs, special purpose financial statements for each field are prepared in accordance with the terms of the service contracts and are audited by external auditors in accordance with International Standards on Auditing (ISAs).

In order to comply with EITI Requirement 4.9, it was agreed to adopt the following data quality assurance measures:

¹⁰⁸ <https://www.fbsa.gov.iq/en/page/scope-of-work>

Reporting entity	Suggested requirements	Suggested alternative requirements
SOEs	<ul style="list-style-type: none"> Provide a copy of their audited accounts for 2021. Provide completed reporting templates stamped and signed by the company representative (senior manager) and the Finance/Tax officer. 	<ul style="list-style-type: none"> Provide the final accounts signed by the Internal Audit Committee and Board of Directors.
Government agencies	<ul style="list-style-type: none"> Provide completed reporting templates stamped and signed by the government agency representative (senior manager) and the Finance/Tax officer. 	
IOCs and IOBs	<ul style="list-style-type: none"> Provide a copy of their audited financial statements. Provide completed reporting templates stamped and signed by the company representative (senior manager) and the Finance/Tax officer. 	<ul style="list-style-type: none"> Provide a copy of the special purpose financial statements for the fields, signed by the field external auditor.

3.17 DISTRIBUTION OF EXTRACTIVE REVENUES (EITI REQUIREMENT 5.1)

In accordance with Requirement 5.3b of the EITI Standard, the MSG is encouraged to disclose information of the country's budget and audit processes and links to the publicly available information on budgeting, expenditures and audit reports.

3.17.1 BUDGET PROCESS

The Federal Financial Management Law No. 6 of 2019 introduced advanced budget preparation methods. The second chapter of the law covers some of these methods.

The Ministries of Planning and Finance shall prepare, starting from the month of March of each year, a report on the priorities of the financial and strategic policy, the government program and the central recommendations for the directions of the federal general budget in terms of its components, size and distribution, functionally and sectorally. In addition to the foreign exchange report proposed by the Central Bank of Iraq for a period of three (3) years or more submitted to the Economic Affairs Committee or its substitute in the Council of Ministers at the beginning of April of the same year.

The Economic Affairs Committee, or its replacement in the Council of Ministers, will discuss the report stipulated in Article 3 with the assistance of experts from the ministries and private sector. The committee will submit the report to the Council of Ministers for approval by the end of April, and it will serve as the basis for preparing budgets in subsequent years.

The Ministers of Planning and Finance must submit the draft federal budget law to the Economic Affairs Committee or its substitute in the Council of Ministers in August every year. The committee will study the draft and submit recommendations to the Council of Ministers in September every year.

The Ministry of Oil prepares detailed reports and tables on the quantities of oil produced and exported, the ratio of production costs to oil revenues, the amounts allocated for importing oil derivatives, their distribution mechanism, the volume of production, and the expected export of crude oil and oil derivatives for the next three years. These reports are attached to the Federal public budget law in July of the year of preparation.

3.17.2 AUDIT OF THE FEDERAL BUDGET

As per Article 34 of the Federal Financial Management Law No. 6 of 2019, the Minister of Finance is required to submit the federal financial statements, also known as the final account of the state, to the Federal Board of Supreme Audit by the end of March of the following year. The submission must comply with the auditing requirements set by the Board. The Federal Board of Supreme Audit prepares a report on the federal financial statements to be submitted to the Minister of Finance on 15th September. The report is then sent to the Economic Affairs Committee or its substitute for study and submission to the Council of Ministers. The Council presents the report to the House of Representatives before 30th September for discussion and approval. After the report is approved by the House of Representatives, it is published in the Official Gazette and on the official websites of the Ministry of Finance and the Council of Ministers.

The final accounts for 2021 have not yet been audited, according to the Federal Court of Audit. Issuing the final accounts is important because they present the actual implementation of the Federal Budget Law. This allows for an understanding of how state administrations dispose of the funds allocated and financed by the Ministry of Finance.

3.17.3 AUDIT OF THE ACCOUNT OF THE DEVELOPMENT FUND FOR IRAQ (DFI)

The Development Fund for Iraq was established in May 2003 to manage the revenues of crude oil and oil products exported from Iraq, the remaining balance of the Oil-for-Food Program, and the frozen assets receivables from the former regime pursuant to United Nations Security Council Resolution 1483 of 2003.

The Development Fund for Iraq comprises bank accounts held with the Federal Reserve Bank of New York, managed by the Central Bank of Iraq on behalf of the Ministry of Finance. Additionally, the Ministry of Finance holds an account with the Central Bank of Iraq (No. 300600), opened in 2014.

As per Article 12 of Security Council Resolution No. 1483 of 2003, the Development Fund for Iraq must undergo an audit by independent certified public accountants.

In 2006, the Iraqi Council of Ministers established the Committee of Financial Experts to oversee the Development Fund for Iraq. The committee hired an external audit company to audit the fund and its accounts.

The external auditor's report for 2021 was not available at the time of preparing this report.

3.17.4 COMPENSATION FUND OF KUWAIT WAR

A percentage of the Iraqi export revenues of oil, petroleum products and natural gas shall be transferred to Compensation Fund established pursuant to UN Security Council Resolution (687) of 1991 and subsequent relevant UN Security Council resolutions.

On 21 December 2021, the Central Bank of Iraq announced the completion of the payment of all compensation amounts approved by the United Nations Compensation Committee of the United Nations Security Council, totalling US\$ 52.4 billion, to the State of Kuwait.¹⁰⁹

The deduction of a percentage of revenues from the export of Iraqi oil, petroleum products and natural gas was reinstated at the beginning of 2018, in accordance with the decision of the Board of Directors of the Remuneration Committee No. (276) of 2017. This percentage was 3% during the year 2021.

The table below provides details of monthly payments made in 2021 to the State of Kuwait:

FIGURE 55: COMPENSATIONS TO KUWAIT DURING 2021

Month	Kuwait compensation (US\$)
January	95,071,233.93
February	102,424,969.20
March	126,329,214.80
April	146,968,676.20
May	134,629,518.08
June	152,241,224.78
July	150,122,063.48
August	184,326,074.10
September	159,951,925.86
October	147,060,659.74
November	188,334,673.95
December*	37,043,259.00
Total	1,624,503,493

Source: CBI

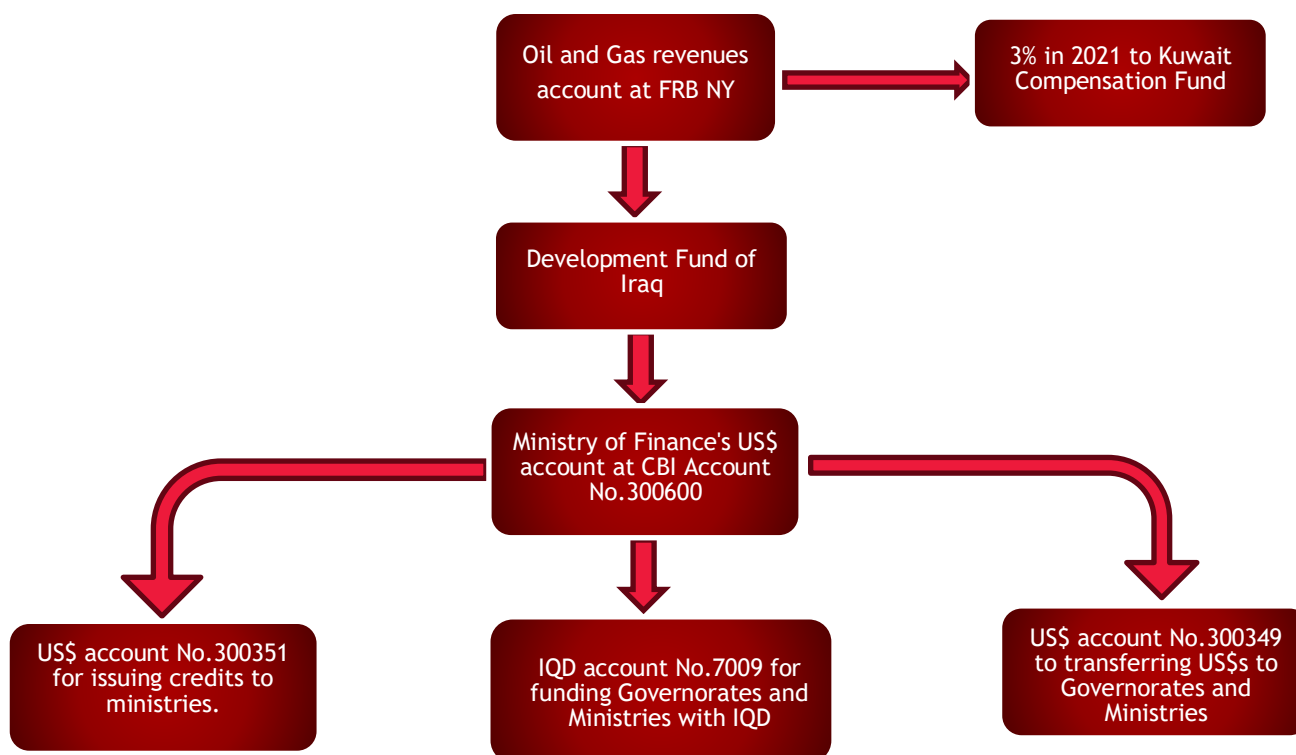
* In December 2021, the initial amount transferred to Kuwait was approximately \$44 million, and then, after internal verification by Iraq, this amount was reduced by \$7 million, which was transferred back to Iraq in the same month.

¹⁰⁹ <https://cbi.iq/news/view/1903>

3.17.5 REVENUES COLLECTION

The following diagram provides a practical illustration of how revenues from the export sales of petroleum, petroleum products and natural gas are deposited in the accounts maintained by the Iraqi Government, and are subsequently distributed:

FIGURE 56: REVENUE COLLECTION FROM EXPORT SALES OIL & GAS



3.17.6 CSO review of the federal budget for the year 2021

CSOs have analysed the federal budget for the year 2021 and made recommendations to improve the future budgets.

The main review's conclusions are as follows:

- Lack of substance changes compared to previous budgets.
- Continuous budget deficit.
- Inconsistency between the budget and the development plans.
- Complete dependence on petroleum revenues with no effort to look for other sources.
- Failure to follow up on the implementation of previous development plans.
- Lack of coherence and integration between fiscal and monetary policies.
- Lack of final accounts for previous budgets to know the actual revenues and expenditures.

The main recommendations CSOs made are presented as follows:

- Set clear and specific development objectives.
- Increase the proportion of investment expenditures.
- Set clear mechanisms to avoid financial and administrative corruption.

- Increase the contribution of other economic sectors to GDP, such as agriculture, industry and tourism, which could be a promising sector.
- Use new budget systems, such as performance budgeting and zero-based budgeting.
- Coordinate the financial and monetary policies in order to achieve the objectives set out in the development plans.
- Prepare the final accounts once the tax year has been completed.
- Enhance the private sector.

3.18 SUB-NATIONAL TRANSFERS (EITI REQUIREMENT 5.2)

EITI Requirement 5.2 states that: “Where transfers between national and sub-national government agencies are related to revenues generated by the extractive industries and are mandated by a national constitution, statute or other revenue sharing mechanism, the MSG is required to ensure that material transfers are disclosed. Implementing countries should disclose the revenue sharing formula, if any, as well as any discrepancies between the transfer amount calculated in accordance with the relevant revenue sharing formula and the actual amount that was transferred between the central government and each relevant subnational entity.”

According to annual budget legislation, financial transfers are allocated locally within the federal general budget for each of the governorates in Iraq and the Kurdistan region. Additionally, the governorates receive allocations from the current and investment budgets. These transfers are of two types:

- Petrodollar Allocations; and
- Regions and Governorates’ Development Allocations and Transfers (Funds).

Pursuant to the EITI Requirement 5.2 Sub-national transfers, where transfers between national and sub-national government entities are related to revenues generated by the extractive industries and are mandated by a national constitution, statute or other revenue sharing mechanism, the MSG is required to ensure that material transfers are disclosed. Implementing countries should disclose the revenue sharing formula, if any, as well as any discrepancies between the transfer amount calculated in accordance with the relevant revenue sharing formula and the actual amount that was transferred between the central government and each relevant subnational entity.

Further information on sub-national transfers is provided in the EITI Guidance note, [here](#).

3.18.1 PETRODOLLAR

Petrodollar allocations are calculated as follows:

- 5% of the crude oil revenues produced in the governorate; or
- 5% of the refined oil revenues prepared in the governorate refineries; or
- 5% of the natural gas revenues produced in the governorate.

According to the Law, each governorate has the discretion to select from the revenue producing methods above.

The volumes of crude oil produced, refined, and gas produced are provided by the MoO - Technical Directorate, and are verified by the relevant national oil companies.

The disclosed quantities are then sent to the regulatory departments of the related producing governorates, for audit and matching purposes. In case differences are identified, the MoO is contacted to address such differences and to work on reaching final quantities to be reported to the committee formed under the Executive Order No. 9048 of 19 July 2018 for the purpose of validating the petrodollar calculation.

The MoF, the MoO and the Ministry of Planning are informed of the calculations and are provided with statements showing the volumes sold from crude oil, refined oil or gas produced, for each producing governorate and according to the respective revenue producing method selected by the governorates.

3.18.2 GOVERNORATES' DEVELOPMENT PROGRAM

The purpose of the Governorate Development Program is to finance the reconstruction projects of all governorates in Iraq, including those within the KRG. The Federal Budget Act determines an amount for the Governorate's Development Program, which is distributed to the governorates in accordance with an estimate of the population of each governorate.

As stipulated in the Federal Budget Act for 2017, the governor in each governorate must submit a development plan for the governorate to the Ministry of Planning 'MoP' (including its districts and sub-districts), approved by the provincial council. The MoP assesses and approves the submitted plans, taking into consideration the most affected areas within the governorate. Once the MoP approves the plan, the allocations are distributed internally by the governorates based on districts and sub-districts' relative population size, after setting aside amounts allocated for strategic projects that benefit more than one area or district, given that strategic projects costs do not exceed 20% of the total GDP allocation to the province/governorate.

According to the MoF, no allocations were made to the KRG governorates since 2016, as no plans were submitted by the KRG governorates to the MoP.

In order to comply with EITI Requirement 5.2, it was agreed to adopt the following measures:

Reporting entity	Suggested requirements
MoP	Disclose the budgeted petrodollar allocations to the governorates and regions in 2021.
MoF	Disclose the actual petrodollar allocations made to the governorates and regions in 2021.

The IA would investigate any potential discrepancies between the budgeted amounts and the actual transfers.

As of the date of this report, the above information was not provided.

3.19 SOCIAL AND ENVIRONMENTAL EXPENDITURES (EITI REQUIREMENT 6.1)

3.19.1 OIL AND GAS SECTOR

Social expenditure consists of all contributions made by extractive entities to promote local development and to finance social projects in line with EITI Requirement 6.1. This Requirement encourages the multi-stakeholder groups to apply a high standard of transparency to social payments and transfers, the parties involved in the transactions and the materiality of these payments and transfers to other benefit streams, including the recognition that these payments may be reported even though it is not possible to reconcile them.

These contributions can be voluntary or mandatory and can be made in cash or in kind, depending on individual contracts. This category includes, inter alia infrastructures relating to health or education, road and farming projects related to the promotion of agriculture, as well as grants provided to the population.

Requirement 6.1 states that: ‘Where material payments by companies to the government related to the environment are mandated by law, regulation or contract that governs the extractive investment, such payments must be disclosed.’

The table below provides details of mandatory social expenditures stipulated through legislation or contracts:

TABLE 77: MANDATORY SOCIAL EXPENDITURES

Legislation/contract	Description
Energy Committee Resolution N.139 of 23 December 2013	IOCs are obliged to pay an annual amount of up to US\$ 5 million per service contract or per each company, spent for projects executed by such companies as social benefits to the areas surrounding fields and exploration blocks in which they operate, in relation to Al-Ahdab Field and first, second and third licensing rounds. According to the resolution, these expenses are to be recorded under the contractors’ recoverable petroleum costs, and are therefore, reimbursed to the contractor.
Forth licensing round	included a clause that oblige contracting companies to allocate an amount equal (10%) of the approved annual budget for infrastructure projects in provinces where the exploration block is located. This would provide funds to erect and develop infrastructure.
Article 11 of the Public Companies Law No. 22 of 1997 (as amended)	SOEs are required to pay 5%, for social projects, of net profit after auditing their accounts by federal board of supreme audit. These amounts are paid directly to the accounts of the Ministry of Oil.

3.19.2 MINING SECTOR

Social expenditure consists of all contributions made by extractive entities to promote local development and to finance social projects in line with EITI Requirement 6.1. This Requirement encourages the multi-stakeholder groups to apply a high standard of transparency to social payments and transfers, the parties involved in the transactions and the materiality of these payments and transfers to other benefit streams, including the

recognition that these payments may be reported even though it is not possible to reconcile them.

These contributions can be voluntary or mandatory and can be made in cash or in kind, depending on individual contracts. This category includes, inter alia infrastructures relating to health or education, road and farming projects related to the promotion of agriculture, as well as grants provided to the population.

Requirement 6.1 states that: ‘Where material payments by companies to the government related to the environment are mandated by law, regulation or contract that governs the extractive investment, such payments must be disclosed.’

Mandatory social expenditure

As per the article 11 of the State Companies Law No. 22 of 1997 (as amended), the only mandatory social expenditure in the mining sector is the 5% payments made by profitable SOEs.

3.20 QUASI-FISCAL EXPENDITURES (EITI REQUIREMENT 6.2)

The EITI Standard defines quasi-fiscal expenditures (QFE) as the arrangements whereby SOEs undertake public social expenditure such as payments for social services, public infrastructure, fuel subsidies and national debt servicing, etc. outside of the national budgetary process. Implementing countries and MSGs may wish to take the International Monetary Fund (IMF)’s definition of quasi-fiscal expenditures into account when considering whether expenditures are considered quasi-fiscal.

According to the IMF, QFE may be conducted by the central bank, public financial institutions, and nonfinancial public enterprises. In contrast to explicit fiscal activities, quasi-fiscal activities are often introduced by simple administrative decision, are not recorded in budgets or budget reporting, and typically escape legislative and public scrutiny. They are introduced by governments to achieve a variety of objectives, such as promoting certain activities, redistributing income or collecting revenue.¹¹⁰

The following table presents a listing of different types of quasi-fiscal activities.¹¹¹

¹¹⁰ IMF - Manual on Fiscal Transparency, Section II.70 <https://www.imf.org/external/np/fad/trans/manual/sec02a.htm>

¹¹¹ <https://www.imf.org/external/np/fad/trans/manual/sec02a.htm>

TABLE 78: TYPES OF QUASI-FISCAL ACTIVITY

Types of Quasi-Fiscal Activity
<ul style="list-style-type: none"> ▪ Operations related to the financial system. ▪ Subsidized lending <ul style="list-style-type: none"> Administered lending rates Preferential rediscounting practices Poorly secured and subpar loans Loan guarantees. ▪ Under remunerated reserve requirements ▪ Credit ceilings ▪ Rescue operations ▪ Operations related to the exchange system. ▪ Multiple exchange rates ▪ Import deposits. ▪ Deposits on foreign asset purchases ▪ Exchange rate guarantees ▪ Subsidized exchange risk insurance ▪ Operations related to the commercial enterprise sector. ▪ Charging less than commercial prices ▪ Provision of non-commercial services (e.g., social services) ▪ Pricing for budget revenue purposes ▪ Paying above commercial prices to suppliers

Amounts owed by the Ministry of Electricity to the Ministry of Oil

The Ministry of Electricity owes the Ministry of Oil money for the cost of using crude oil and petroleum products to supply electricity. This accumulated debt, until the end of 2021, exceeded IQD 20 billion.

The Executive Order no. 22 of 2021 of the Cabinet Resolution No. 1 of the same year, was issued on 10 February 2021, establishing a committee of relevant authorities to address the debt and devise remedies. However, the situation has not yet been resolved.

The details of this loan are shown in the table below:

TABLE 79: CUMULATIVE DEBT OF THE MINISTRY OF ELECTRICITY TO THE MINISTRY OF OIL

in thousand IQD

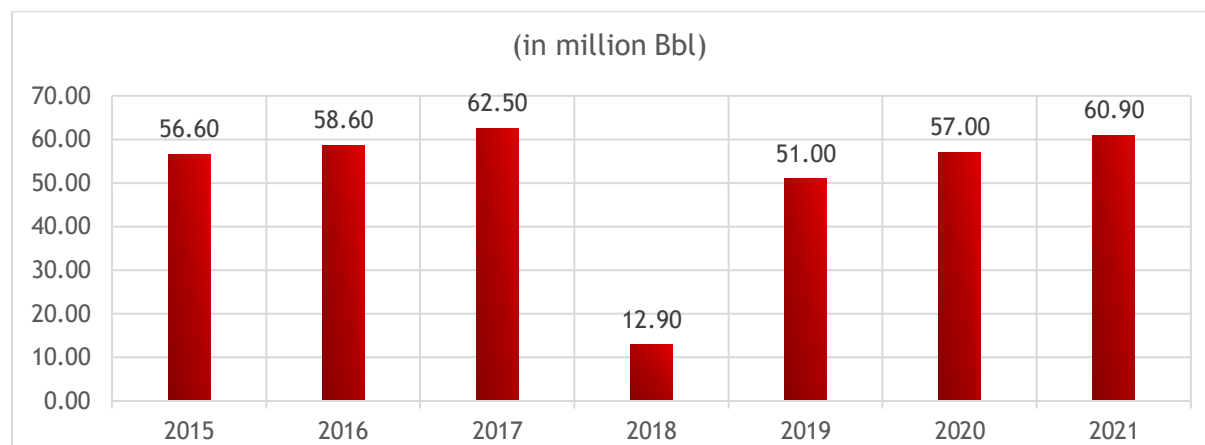
Year	Oil Products Distribution Company	Oil Pipeline Company	Maysan Oil Company	North Oil Company	Midland Oil Company	Total
2011	1,329,320,107	-	-	-	-	1,329,320,107
2012	597,820,105	854,346	-	-	-	598,674,451
2013	589,506,878	127,760,107	1,111,598	-	80,644,168	799,022,752
2014	1,057,872,174	583,544,793	4,929,638	-	30,886,029	1,677,232,635
2015	714,080,984	615,329,068	8,965,786	-	33,590,555	1,371,966,392
2016	982,250,644	696,012,627	30,920,500	-	21,612,624	1,730,796,396
2017	2,270,321,151	749,274,814	37,901,734	-	15,430,142	3,072,927,841
2018	1,278,814,294	875,413,798	32,706,104	-	18,721,239	2,205,655,434
2019	1,414,141,200	1,012,123,216	33,757,816	1,447,612	25,321,112	2,486,790,957
2020	2,502,800,278	987,742,878	31,345,249	10,712,193	20,874,312	3,553,474,911
2021	724,028,915	1,107,413,867	30,034,456	15,071,315	61,035,669	1,937,584,222
Total	13,460,956,731	6,755,469,516	211,672,881	27,231,120	308,115,850	20,763,446,098

Source: Ministry of Electricity

The committees from the Ministry of Electricity and the Ministry of Oil continue to reconcile data to address any differences. We noted that the amounts of previous debts are not yet finalized.

The graph below shows the quantity of oil supplied by the Ministry of Electricity from the Ministry of Oil by million bbl between the years 2015 and 2021.

FIGURE 57: OIL SUPPLIED FOR ELECTRICITY FROM 2015 TO 2021



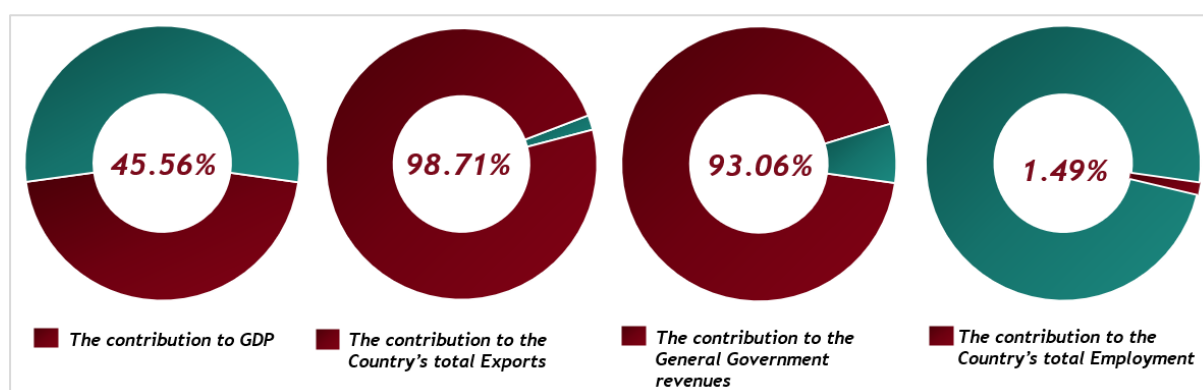
Source: Ministry of Oil

3.21 CONTRIBUTION OF THE EXTRACTIVE SECTOR TO THE ECONOMY (EITI REQUIREMENT 6.3)

EITI requirement 6.3 states that implementing countries must disclose, when available, information about the contribution of the extractive industries to the economy for the fiscal year covered by EITI implementation, including the size in absolute term and as a percentage of GDP, total government revenues generated, exports and employment.

Below is a summary of the extractive sector contribution to the Iraqi's economy:

FIGURE 58: EXTRACTIVE SECTOR CONTRIBUTION TO THE IRAQI'S ECONOMY



3.21.1 EXTRACTIVE SECTOR CONTRIBUTION TO GDP

According to macro-economic data received from the Central Bureau of Statistics under the Ministry of Planning, the mining and quarrying sector accounted for IQD 137,895,586 million in 2021, which represented 45.6% of the national GDP at current basic prices, including 45.5% from crude oil and 0.1% related to other types of mining. The contribution of the mining and quarrying sector to GDP had increased by IQD 74,273,561 million (116.7%) compared to the year 2020 and is presented in the table below.

TABLE 80: GDP BY ACTIVITY TYPE, AT BASIC CURRENT PRICES FOR THE YEARS 2020 AND 2021

Sectors	2021		2020		Difference	
	IQD million	%	IQD million	%	IQD million	%
Agriculture, forestry, hunting & fishing	9,970,509	3.3%	13,130,927	6.0%	-3,160,418	-24.1%
Mining and quarrying	137,895,586	45.6%	63,622,026	29.3%	74,273,561	116.7%
- Crude oil	137,596,691	45.5%	63,335,720	29.1%	74,260,972	117.2%
- Other types of mining	298,895	0.1%	286,306	0.1%	12,589	4.4%
Manufacturing industry	6,714,286	2.2%	5,582,242	2.6%	1,132,045	20.3%
Electricity and water	4,828,954	1.6%	5,550,316	2.6%	-721,362	-13.0%
Building and construction	12,380,037	4.1%	11,303,198	5.2%	1,076,839	9.5%
Transport, communications, & storage	30,259,581	10.0%	22,723,494	10.5%	7,536,087	33.2%
Wholesale, retail trade, hotels & others	20,716,394	6.8%	19,635,683	9.0%	1,080,711	5.5%
Finance, insurance, real estate, and business services	19,929,305	6.6%	21,341,141	9.8%	-1,411,836	-6.6%
- Banks and insurance	2,133,271	0.7%	3,747,535	1.7%	-1,614,264	-43.1%
- Ownership of dwellings	17,796,034	5.9%	17,593,606	8.1%	202,428	1.2%
Social and personal services	59,997,261	19.8%	54,524,569	25.1%	5,472,693	10.0%
- General government	47,316,731	15.6%	43,416,416	20.0%	3,900,315	9.0%
- Personal services	12,680,530	4.2%	11,108,153	5.1%	1,572,377	14.2%
Total GDP	302,691,913	100.0%	217,413,594	100.0%	85,278,318	39.2%

Source: Central Bureau of Statistics / Ministry of Planning

The contribution of the mining and quarrying sector to GDP increased in 2021 because of an increase in oil and gas prices (further details are provided in Section 3.1.b below).

The table below shows key figures on the economy and the oil and gas sector in Iraq and neighbouring OPEC countries.

TABLE 81: KEY FIGURES ON THE ECONOMY AND THE OIL AND GAS SECTOR IN IRAQ AND NEIGHBOURING OPEC COUNTRIES

Figure	Iraq	Kuwait	Saudi Arabia	Iran
Population (million inhabitants)	41	4	35	85
Land area (1,000 sq km)	438	18	2,150	1,648
GDP per capita (\$)	5,047	31,216	23,507	2,707
GDP at market prices (million \$)	207,889	135,352	833,541	230,014
Value of exports (million \$)	86,298	72,386	286,502	58,132
Value of petroleum exports (million \$)	79,788	56,545	202,166	25,313
Current account balance (million \$)	22,319	32,574	44,324	15,004
Proven crude oil reserves (million barrels)	145,019	101,500	267,192	208,600
Proven natural gas reserves (billion cu. m.)	3,714	1,784	8,507	33,988
Crude oil production (1,000 b/d)	3,971	2,415	9,125	2,392
Marketed production of natural gas (million cu. m.)	9,586	12,728	120,485	257,119
Refinery capacity (1,000 b/d)	1,116	800	3,327	2,202
Output of petroleum products (1,000 b/d)	740	845	2,548	1,673
Oil demand (1,000 b/d)	621	482	2,966	1,777
Crude oil exports (1,000 b/d)	3,440	1,740	6,227	763
Exports of petroleum products (1,000 b/d)	158	604	1,344	333
Natural gas exports (million cu. m.)	-	-	-	18,425

Source: OPEC, Annual Statistical Bulletin 2022, BDO

The figure below provides a comparison of the extractive sector contribution to the Iraqi economy for the years 2020 and 2021 (current prices):

FIGURE 59: EXTRACTIVE SECTOR CONTRIBUTION 2020-2021 (MoP)

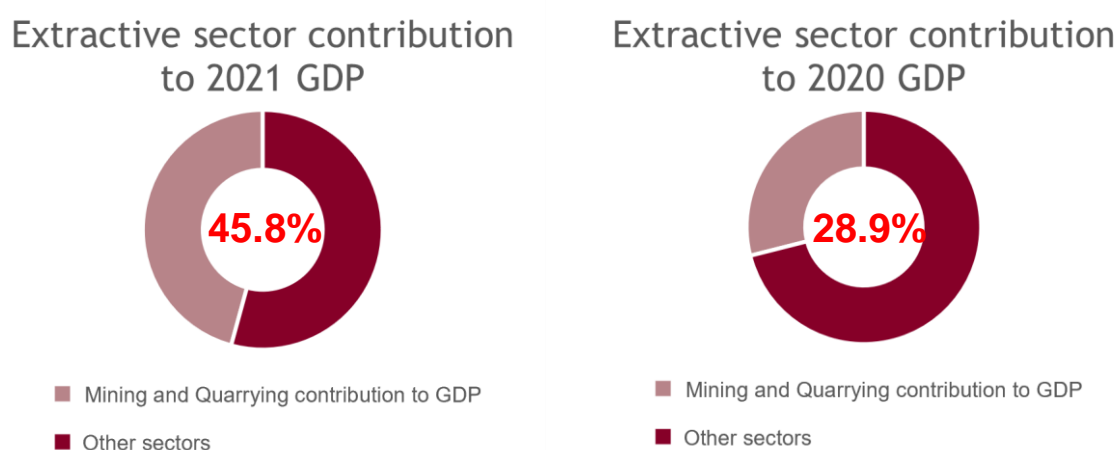


Source: Ministry of Planning

According to the CBI annual economic report published in their website¹¹², the estimated GDP (current prices) amounts for mining and quarrying sector accounted for IQD 137,919 milliard in 2021, which represented 45.8% of the national GDP at current basic prices, including 45.7% from crude oil and 0.1% related to other types of mining. The contribution of the mining and quarrying sector to GDP had increased by IQD 74,297.80 milliard (116.8%) compared to the year 2020. The figure below provides a comparison of the extractive sector contribution to the Iraqi economy for the years 2020 and 2021 (current prices):

¹¹² <file-166892994049833.pdf> (cbi.iq)

FIGURE 60: EXTRACTIVE SECTOR CONTRIBUTION 2020-2021 (CBI)



Source: Annual Economic Report 2021, CBI

Although there is a slight difference between the data from the Ministry of Planning and the Central Bank of Iraq in terms of the contribution of the extractive sector to the economy, we have been able to confirm that the most reliable data are those from the Ministry of Planning, since its Central Bureau of Statistics is the only body in Iraq that compiles GDP figures.

3.21.2 EXTRACTIVE SECTOR CONTRIBUTION TO STATE EXPORTS

According to data provided by GAs and SOEs, the extractive sector contribution in the country's exports totalled US\$ 80 billion, representing 98.71% of the country's overall exports for 2021, while the mining sector's contribution is limited to 0.02%.

TABLE 82: CONTRIBUTION OF THE EXTRACTIVE SECTOR TO THE STATE EXPORTS

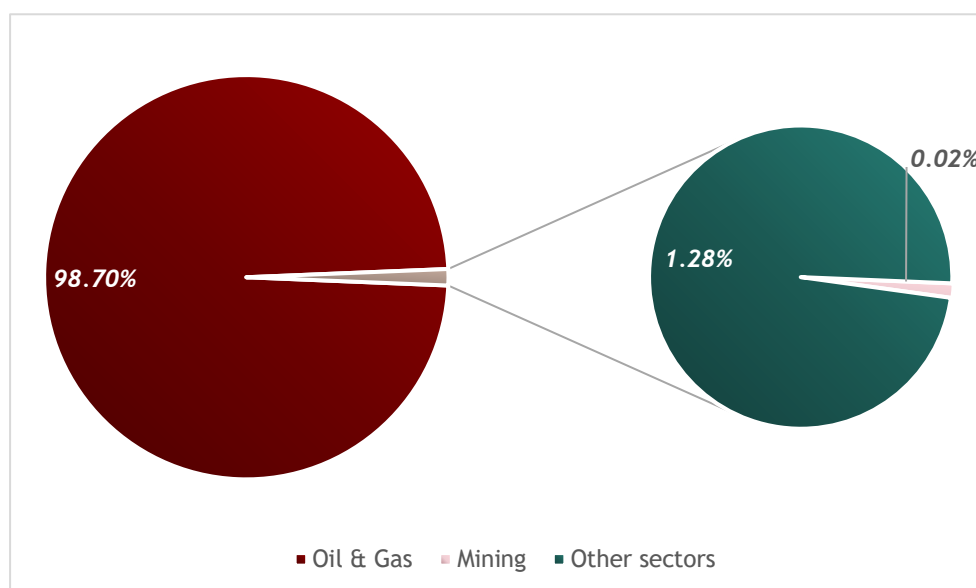
Commodity	Value (US\$ million)	%
Oil & Gas (1)	80,051.48	98.70%
Crude Oil	75,539.65	93.13%
Petroleum products	4,511.83	5.56%
Mining (2)	15.72	0.02%
Iron & steel scrap	7.96	0.01%
Sulphur	6.79	0.01%
Carbon	0.86	0.00%
Anthracite & Coal	0.06	0.00%
Blocks & bricks	0.05	0.00%
Extractive sector exports	80,067.20	98.71%
Iraqi 2021 exports (3)	81,109.51	100.00%

(1) Source: SOMO

(2) Source: MoP

(3) Source: OEC ([Link](#))

FIGURE 61: CONTRIBUTION OF THE EXTRACTIVE SECTOR TO THE STATE'S EXPORTS



3.21.3 EXTRACTIVE SECTOR CONTRIBUTION TO STATE REVENUE

The extractive sector revenue represents 93% of the State's revenue as presented below:

TABLE 83: EXTRACTIVE SECTOR CONTRIBUTION TO STATE REVENUE

Description	Value (US\$ billion)
Extractive sector revenues	70.01
Government revenues*	75.23
Share of extractive sector	93.06%

* Source: MoF Open Budget Survey ([Link](#))

3.21.4 EXTRACTIVE SECTOR CONTRIBUTION TO EMPLOYMENT

As shown in the table below, the extractive sector provides livelihood to 1.49% of the country's labour force in 2021, 67% of them are provided by the Oil & Gas sector:

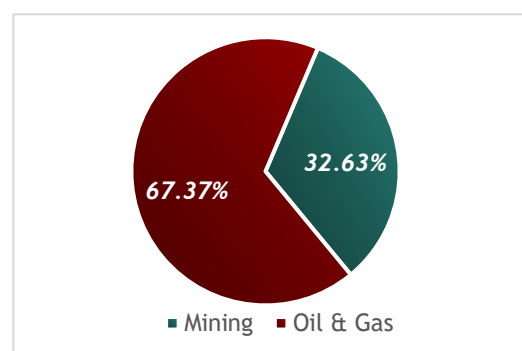
TABLE 84: EXTRACTIVE SECTOR CONTRIBUTION TO EMPLOYMENT

Description	Number	%
Mining*	50,020	0.49%
Oil & Gas**	103,254	1.00%
Extractive sector	153,074	1.49%
Labour force*	10,304,000	100.00%

* Source: Iraq Labour Force Survey 2021

** Source: SOEs annual reports FY21 and extractive companies reports

FIGURE 62: EMPLOYMENT BY SECTOR



According to data collected from SOEs and IOCs, the Oil & Gas sector employed 103 thousand employees, 95% of them belong to SOE companies. It is to be noted that BOC, MOC and TQOC did not include employment data in their FY2021 financial statements.

The staff number by company is detailed as follows:

TABLE 85: EMPLOYEES BY OIL & GAS COMPANY

Company	Number	Percent
IOC	5,127	4.97%
PetroChina International Iraq FZE-Iraq Branch	1,340	1.30%
PETRONAS Carigali Iraq Holding B.V.	949	0.92%
BP Iraq NV	897	0.87%
CNOOC Iraq Limited	824	0.80%
Eni Iraq B.V.	396	0.38%
KUWAIT ENERGY BASRA LIMITED IRAQ BRANCH	371	0.36%
SONANGOL PESQUISA E PRODUCAO S.A	257	0.25%
Exxonmobil Iraq Limited (EML)	47	0.05%
LUKOIL Overseas Iraq Exploration B.V.	32	0.03%
PT.PERTAMINA IRAK EKSPLOKASI PRODUKSI	10	0.01%
INPEX South Iraq, Ltd.	2	0.00%
Japex Garraf Ltd.	1	0.00%
Turkish Petroleum Overseas Company Limited	1	0.00%
SOE	98,127	95.03%
North Oil Company (NOC)	11,566	11.20%
Midland Oil Company (MDOC)	3,346	3.24%
Basrah Oil Company (BOC)	-	0.00%
Thi-Qar Oil Company (ThOC)	-	0.00%
Missan Oil Company (MOC)	-	0.00%
Iraqi Drilling Company (IDC)	7,615	7.38%
Oil Exploration Company (OEC)	2,245	2.17%
North Gas Company (NGC)	3,099	3.00%
South Gas Company (SGC)	4,849	4.70%
Basra Gas Company (BGC)	3,112	3.01%
Oil Marketing Company (SOMO)	373	0.36%
Gas Filling Company (GFC)	6,908	6.69%
Oil Pipelines Company (OPC)	6,262	6.06%
Oil Products Distribution Company (OPDC)	21,231	20.56%
Iraqi Oil Tankers Company (IOTC)	408	0.40%
Heavy Engineering Equipment State Company (HEESCO)	1,569	1.52%
Oil Projects Company (SCOP)	3,200	3.10%
North Refineries Company (NRC)	8,142	7.89%
Midland Refineries Company (MRC)	6,893	6.68%
South Refineries Company (SRC)	7,309	7.08%
Total	103,254	100.00%

Source: SOEs annual reports FY21 and extractive companies reports

The detail of employment data by company is presented in Annex 10 of this report.

3.22 ENVIRONMENTAL IMPACT OF EXTRACTIVE ACTIVITIES (EITI REQUIREMENT 6.4)

During the Climate Summit (COP27) held in Egypt from 6 to 8 November 2022, the representative of the Ministry of Oil affirmed Iraq's commitment to reducing carbon

emissions. They stated that Iraq plans to halt gas combustion and increase investment in renewable energy projects. The representative also confirmed that Iraq has already taken steps to reduce emissions and has a plan to add 12,000 megawatts of solar energy by 2030. Additionally, Iraq intends to stop associated gas flaring in the near future by partnering with international companies to conclude contracts. Iraq is preparing a national strategy to invest in green hydrogen for energy production and to play an active role in addressing climate change. As a member of the International Renewable Energy Agency (IRENA), this is an important step towards a more sustainable future.

The Energy Affairs Advisor to the oil minister emphasised the importance of countries adhering to UN decisions and conventions, particularly the Paris Agreement. He noted that oil and gas exporting countries, including Iraq and OPEC countries, have ample opportunities to utilise modern technologies and digital applications to achieve the goals of reducing emissions and increasing reliance on renewable energy.¹¹³

As per the Environmental Protection and Improvement Law No. 27 of 2009, the seventh section of the law deals with safeguarding the environment against pollution caused by oil and natural gas exploration and extraction. More details regarding this Law are available in the section 3.2.2.1 Legal framework.

It is to be noted that the side impacts of the extractive activities on the country's environment present a challenging issue to local government. In fact, Iraq comes in third place on the list of countries burning the most gas, with an amount of 17.8 billion m³ during 2022, compared to 17.7 billion m³ in 2021, with an annual growth rate of 0.3%. Government statements indicate that Baghdad's losses due to the flaring of gas associated with oil operations reached \$12 billion annually, as burned gas is generally viewed as an amount that can be exploited while at the same time protecting the environment from emissions resulting from burning¹¹⁴. In addition, according to a study made by the UNEP, Iraq is responsible for almost 9% of the global methane's emissions originating from the Oil & Gas sector.¹¹⁵

As a result, the country faces serious water shortage issues as water resources are about to drop by 20% by 2050, which might lead to the drought of one-third of irrigated land according to the World Bank as a consequence of the global warming effect that is estimated at 0.4° C by decade in the last 40 years.¹¹⁶

This alarming situation led the Government to adopt a plan that aims to stop gas flaring within 3 years, as one of the solutions that contribute to the country achieving self-sufficiency in the gas used mainly in generating electricity¹¹⁷. To do so, the Federal Government ratified the Paris Agreement in September 2020, then signed the Global Methane Pledge (GMP), which was presented at the World Climate Conference in November 2021. The Government also established an inter-ministerial task force on methane emissions in order to fix specific actions to reduce green gas emissions by 15% by 2030.

¹¹³ <https://oil.gov.iq/?article=1282>

¹¹⁴ attaqa.net (الطاقة - سنوات 3 خلال الغاز حرق عن للتوقف يخطط العراق)

¹¹⁵ unep.org (*In face of climate crisis, Iraq takes on methane pollution*)

¹¹⁶ ClimateCrisisNews.com | *Iraq's climate conundrum: Oil reliance versus vanishing water* | Al Jazeera

¹¹⁷ attaqa.net (العراق يخطط للتوقف عن حرق الغاز خلال 3 سنوات - الطاقة)

In addition, the Iraqi Ministry of Oil concluded an agreement with the American company “Baker Hughes” in 2021 to implement a project aimed at detaining and processing about 200 million cubic feet per day of wasted gas by burning from the oil fields in Nasiriyah and Al-Garraf in Thi-Qar Governorate, noting that the project will be completed in 2024.

Iraq is also working with the World Bank through the “Global Gas Flaring Reduction Partnership (GGFR)” to stop gas flaring by 2030, adding that the Basrah Gas Company obtained funding from the World Bank to collect and process about 400 million cubic feet per day from fields in Southern Iraq, which will reduce carbon dioxide emissions by 10 million tons annually.

The Fifth Economic Forum was also implemented on November 20, 2021 by civil society, and that recommended in the final statement several actions such as:

- Reducing the burned gas associated with oil extraction, which has reached one and a half billion standard cubic feet per day and investing it economically.
- Issuing environmental impact reports in an impartial and reliable manner.
- Working to issue a law to reduce carbon emissions in Iraq due to its importance in accelerating the energy transition process towards renewable and clean energy, reducing the rates of greenhouse gas emissions and gas combustion, and supporting the transparency of disclosure of all contracts in the extractive industries sector.¹¹⁸

3.23 GOVERNANCE INDICES

The World Bank published the Worldwide Governance Indicators (WGI) updated in 2023.¹¹⁹ The WGI are produced by Daniel Kaufmann from the Natural Resource Governance Institute (NRGI) and Brookings Institution and Aart Kraay from the World Bank Development Research Group.

Indicators are a research dataset summarising the views on the quality of governance provided by many enterprises, citizen, and expert survey respondents in industrial and developing countries. These data are gathered from several survey institutes, think tanks, non-governmental organisations, international organisations, and private sector firms. The WGI do not reflect the official views of the Natural Resource Governance Institute, the Brookings Institution, the World Bank, its Executive Directors, or the countries they represent.

The following table defines each of the Indices.

TABLE 86: DEFINITION OF THE WB GOVERNANCE INDICATORS

N°	Indices	Description
1	Control of Corruption	Reflects perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as “capture” of the state by elites and private interests.
2	Voice and Accountability	Reflects perceptions of the extent to which a country’s citizens can participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.

¹¹⁸ NRTC - CSO activities in 2021

¹¹⁹ <https://www.worldbank.org/content/dam/sites/govindicators/doc/wgidataset.xlsx>

N°	Indices	Description
3	Political Stability - No Violence	Measures perceptions of the likelihood of political instability and/or politically motivated violence, including terrorism.
4	Government Effectiveness	Reflects perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.
5	Regulatory Quality	Reflects perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.
6	Rule of Law	Reflects perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.

Source: World Bank (WB)

The table below shows that Iraq is ranked amongst the lowest nations when it comes to good governance with limited improvement between 2012 and 2021.

TABLE 87: IRAQI'S WGI

N°	Indices	2021			2012		
		Highest country	Iraq	Lowest country	Highest country	Iraq	Lowest country
1	Control of Corruption	Denmark Rank 1 Score = 100	Rank 193 Score = 9	South Sudan Rank 211 Score = 0	Denmark Rank 1 Score = 100	Rank 194 Score = 9	Somalia Rank 212 Score = 0
2	Voice and Accountability	Norway Rank 1 Score = 100	Rank 163 Score = 22	Korea, Dem. Rep. Rank 208 Score = 0	Norway Rank 1 Score = 100	Rank 179 Score = 16	Turkmenistan Rank 214 Score = 0
3	Political Stability - No Violence	Greenland Rank 1 Score = 100	Rank 209 Score = 2	Somalia Rank 213 Score = 0	Greenland Rank 1 Score = 100	Rank 202 Score = 5	Somalia Rank 212 Score = 0
4	Government Effectiveness	Singapore Rank 1 Score = 100	Rank 191 Score = 10	South Sudan Rank 211 Score = 0	Finland Rank 1 Score = 100	Rank 181 Score = 9	Somalia Rank 212 Score = 0
5	Regulatory Quality	Singapore Rank 1 Score = 100	Rank 186 Score = 12	Korea, Dem. Rep. Rank 211 Score = 0	Singapore Rank 1 Score = 100	Rank 186 Score = 12	Korea, Dem. Rep. Rank 212 Score = 0
6	Rule of Law	Finland Rank 1 Score = 100	Rank 204 Score = 3	Venezuela Rank 211 Score = 0	Norway Rank 1 Score = 100	Rank 209 Score = 2	Somalia Rank 214 Score = 0

Source: WB

3.24 CORRUPTION PERCEPTIONS INDEX

The Corruption Perceptions Index (CPI) is an index which ranks countries by their perceived levels of corruption, as determined by expert assessments and opinion surveys. The CPI generally defines corruption as an "abuse of entrusted power for private gain". The index is published annually by the non-governmental organisation Transparency International (TI) since 1995.

The CPI uses a scale from 0 (highly corrupt) to 100 (very clean).

The 2022 CPI, published in January 2023, ranked Iraq at the 157th place out of 180 countries with a score of 23 out of 100. Denmark, Finland, New Zealand, Norway, Singapore, and Sweden are perceived as the least corrupt nations in the world, ranking consistently high among international financial transparency, while the most apparently corrupt are Somalia (scoring 12), Syria and South Sudan (both scoring 13).

The global average remains unchanged for over a decade at just 43 out of 100. More than two-thirds of countries score below 50, while 26 countries have fallen to their lowest scores yet. Despite concerted efforts and hard-won gains by some, 155 countries have made no significant progress against corruption or have declined since 2012.

The CPI is available on TI website [here](#).

The table below shows limited improvement between 2012 and 2022 although the score remains below 50.

TABLE 88: EVOLUTION OF CPI BETWEEN 2012 AND 2022

Indice	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	CAGR
CPI	18	16	16	16	17	18	18	20	21	23	23	2.48%

3.25 RESOURCE GOVERNANCE INDEX

The Resource Governance Index (RGI) assesses how resource-rich countries govern their oil, gas, and mineral wealth. The index composite score is made up of three components:

- value realization.
- revenue management; and
- enabling environment.

These three overarching dimensions of governance consist of 14 subcomponents, which comprise 54 indicators calculated by aggregating 133 questions and external data.

Independent researchers, overseen by the Natural Resource Governance Institute (NRGI), complete a questionnaire to gather primary data on value realization and revenue management. For the third component, the RGI draws on external data from over 20 international organisations.

Iraq's overall weak performance in the 2017 index is a result of a failing enabling environment with a score of 16 of 100 points and Iraq ranks 81st among 89 assessments. Iraq's performance across the extractive sector value chain ranges between 73 out of 100 points in taxation to 33 out of 100 points in local impact. The full analysis is available [here](#).

4 SCOPE OF THE REPORT

4.1 REPORTING PERIOD

The EITI process covers two extractive sectors in Iraq: mining and oil & gas. To date eleven EITI Reports have been published covering the period from 1 January 2009 until 31 December 2020.

This is the twelfth EITI Report covering the period from 1 January 31 December 2021.

4.2 LEVEL OF DISAGGREGATION

Requirement 4.7 of the 2019 EITI Standard states that: ‘It is required that EITI data is disaggregated by individual project, by company, by government agency and by revenue stream’.

It was agreed that the EITI data be disaggregated by extractive company, by government agency, by revenue stream and by project.

The specific revenue streams to the extractive sector (oil & gas and mining) should be levied and/or imposed based on petroleum licenses and mining agreements and should therefore be disaggregated as such.

4.3 GOVERNMENT AGENCIES AND STATE-OWNED ENTERPRISES

It was agreed to request information from 12 government agencies and 17 state-owned enterprises. This information includes the revenues received from extractive companies, contextual data related to exploration, production, exports, state participation, infrastructure provision and barter agreements, environmental and social expenditure, and employment as required by the 2019 EITI Standard.

4.4 EXTRACTIVE COMPANIES

Due to the lack of information mainly from the Ministry of Finance and SOMO, we have included all international oil companies (IOCs) in the reporting process regardless any materiality threshold.

4.5 OTHER INFORMATION IN LINE WITH THE EITI STANDARD

It was agreed to include the following information in the scope of the 2021 EITI report as required by the EITI Standard:

- Legal framework and fiscal regime (EITI Requirement 2.1).
- Contract and license allocations (EITI Requirement 2.2).
- Register of licenses (EITI Requirement 2.3).
- Government’s policy on disclosure of contracts and licenses (EITI Requirement 2.4).
- Beneficial ownership (EITI Requirement 2.5).
- State participation in the extractive industries (EITI Requirement 2.6).
- An overview of the extractive industries, including any significant exploration activities (EITI Requirement 3.1).

- Production data (EITI Requirement 3.2).
- Export data (EITI Requirement 3.3).
- Infrastructure provisions and barter arrangements (EITI Requirement 4.3)
- Transportation revenues (EITI Requirement 4.4).
- Environmental expenditure by extractive companies (EITI Requirement 6.1).
- Sub-national payments (EITI Requirement 4.6).
- Sub-national transfers (EITI Requirement 5.2).
- Social expenditure by extractive companies (EITI Requirement 6.1).
- Quasi-fiscal expenditure (EITI Requirement 6.2).
- Distribution of revenues from the extractive industries (EITI Requirement 5.1); and
- Contribution of the extractive industries to the economy (EITI Requirement 6.3).

4.6 SOCIAL AND ENVIRONMENTAL EXPENDITURES (EITI REQUIREMENT 6.1)

Social and environmental expenditures are detailed in section 6.1 of the EITI Standard. Furthermore, the EITI International Secretariat (IS) issued a [guidance note](#) in February 2021 providing further details on how to meet this requirement.

According to the guidance note, social and environmental expenditures - either in-kind or cash - are a form of contribution from companies with the aim of supporting social development or to account for potential environmental impact. In some cases, these social or environmental expenditures are based on legal or contractual obligations. In other cases, companies make voluntary social or environmental contributions.

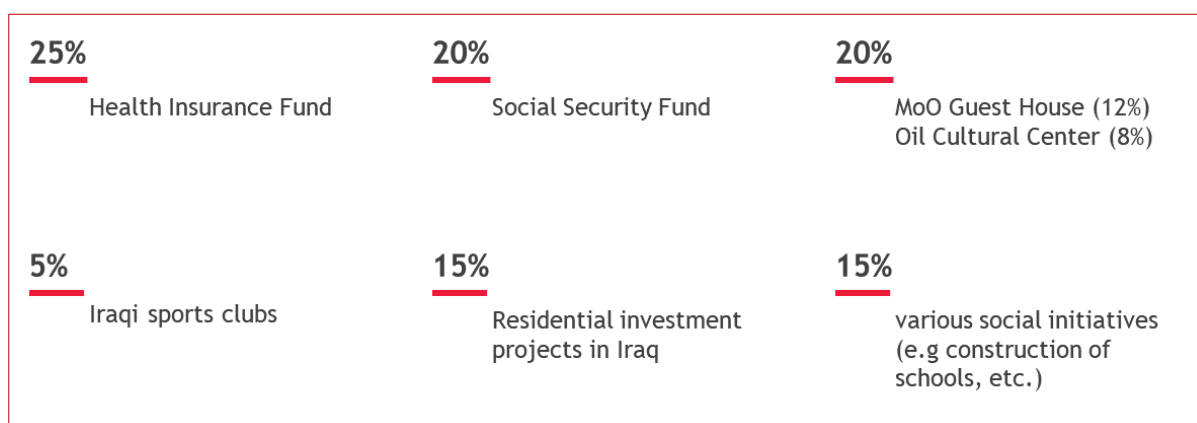
These contributions can be made to central, regional or local governments, communities, non-governmental organisations or other third parties.

4.6.1 MANDATORY SOCIAL EXPENDITURES

There are two types of mandatory social expenditures (MSE) in Iraq, which are the following:

N°	Mandatory social expenditures	Legal basis
1	IOCs are required to pay an annual amount of up to US\$ 5 million per service contract, as social benefits to the areas surrounding fields and exploration blocks in which they operate. These expenses are to be recorded under the contractors' recoverable petroleum costs, and are therefore, reimbursed to the contractor. IOCs should liaise with the local governorates and national oil companies when spending the social payments.	Council of Minister's (Energy Committee) Resolution Number 139 of 23 December 2013.
2	SOEs are required to pay 5% of their net profit on social projects according to the allocation in the Figure below.	Article 11 of the Public Companies Law No. 22 of 1997 (as amended).

FIGURE 63: ALLOCATION KEYS OF SOEs' MSE



4.6.2 VOLUNTARY SOCIAL EXPENDITURES

Voluntary social expenditures (VSE) are social expenditures made at the discretion of the IOCs. These payments are non-recoverable expenditures, which are referred to in the service contracts (Annex C) as “any costs, charges or expenses including donations relating to public relations or enhancement of Contractor’s corporate image and interests”.

4.6.3 ENVIRONMENTAL EXPENDITURES

In order to comply with EITI Requirement 6.1, it was agreed to collect the following information:

Reporting entity	Suggested requirements
SOEs	<ul style="list-style-type: none"> Disclose the mandatory social expenditures (In-kind / cash) made in 2021. Disclose the voluntary social expenditures (In-kind / cash) made in 2021.
IOCs	<ul style="list-style-type: none"> Disclose the mandatory social expenditures made in 2021. Disclose the voluntary social expenditures (In-kind / cash) made in 2021.

5 ANALYSIS OF REPORTED DATA

5.1 ANALYSIS OF EXTRACTIVE REVENUES

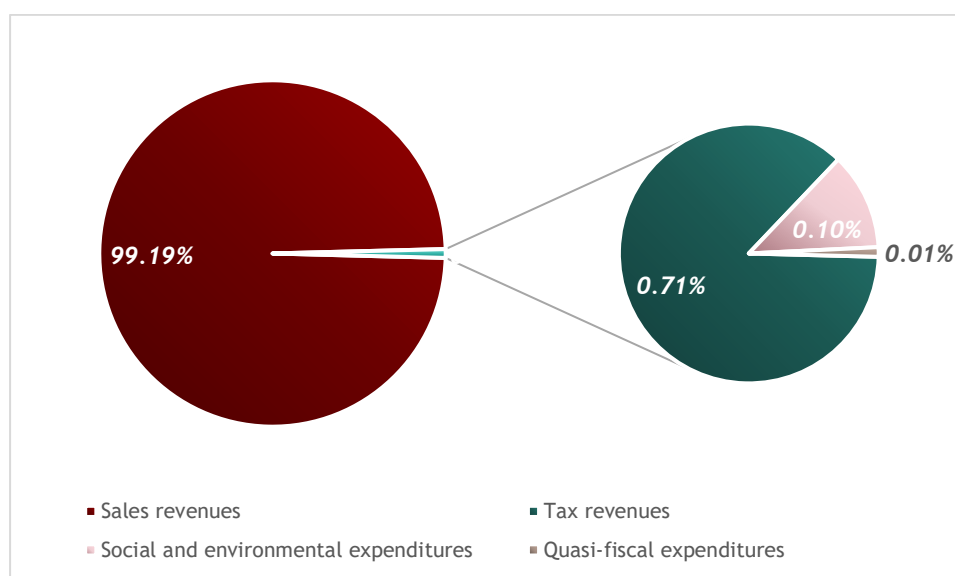
The data collected from GAs, IOCs and SOEs operating in the oil & gas sector show a total extractive revenue of US\$ 70 billion coming from the oil and gas sector, 99% of them consist of sales revenue. Crude oil sales present 93% of the sector's revenue while petroleum product sales present almost 6% as detailed in the table below:

TABLE 89: OIL & GAS SECTOR REVENUES BY REVENUE STREAM

Type of revenue	Source	Amount US\$	%
Sales revenues (1)	SOMO		
Crude Oil sales (Net)	SOMO	65,324,865,400	93.31%
Petroleum Products Sales	SOMO	4,112,588,796	5.87%
Total sales revenue (1)		69,437,454,195	99.19%
Tax revenues (2)	IOCs	493,843,149	0.71%
Social and environmental expenditures (3)	IOCs	69,002,008	0.10%
Quasi-fiscal expenditures (4)	SOEs	6,749,856	0.01%
Total extractive sector revenues (1+2+3+4)		70,007,049,208	100.00%

The graph below presents the oil and gas revenues by revenue stream:

FIGURE 64: OIL & GAS REVENUES BY REVENUE STREAM



5.2 ANALYSIS OF SALES REVENUES

5.2.1 ANALYSIS OF SALES REVENUES BY PRODUCT

The analysis of sales revenues by product indicates that 94% of the total sales revenues in 2021 consist of crude oil sales, while approximately 6% consist of petroleum products sales as detailed in the table below:

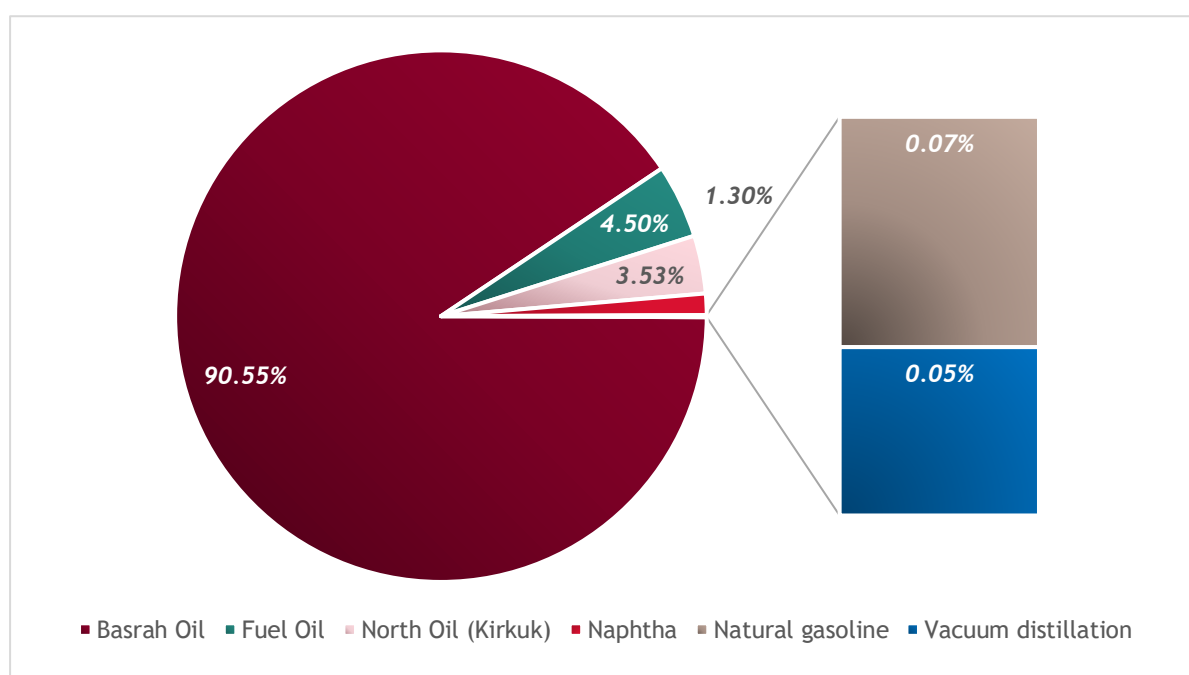
TABLE 90: OIL & GAS SALES REVENUE BY PRODUCT

Product	Quantity	Value (US\$)	%
Crude Oil (bbl)	950,598,248	65,324,865,400	94.08%
Basra Medium	365,402,879	25,266,329,812	36.39%
Basrah Heavy	289,417,971	19,629,442,774	28.27%
Basrah Light	259,003,113	17,979,338,942	25.89%
North Oil (Kirkuk)	36,774,285	2,449,754,905	3.53%
Price difference		(1,034)	0.00%
Petroleum products (Ton)	9,385,489	4,112,588,796	5.92%
Fuel Oil	7,373,416	2,984,738,300	4.30%
Fuel Oil/ Lebanese Agreement	290,468	136,547,821	0.20%
Naphtha	1,448,875	903,004,494	1.30%
Natural gasoline	90,288	51,007,580	0.07%
Vacuum distillation	182,442	37,290,600	0.05%
Total		69,437,454,195	100.00%

Source: SOMO

As presented in the graph below, oil & gas sales totalled US\$ 69 billion mainly composed of Basrah Oil representing approximately 91% of total sales, followed by Fuel Oil (nearly 5%) then North Oil/Kirkuk (almost 4%).

FIGURE 65: OIL & GAS SALES REVENUE BY PRODUCT



5.2.2 ANALYSIS OF SALES REVENUES BY COMPANY

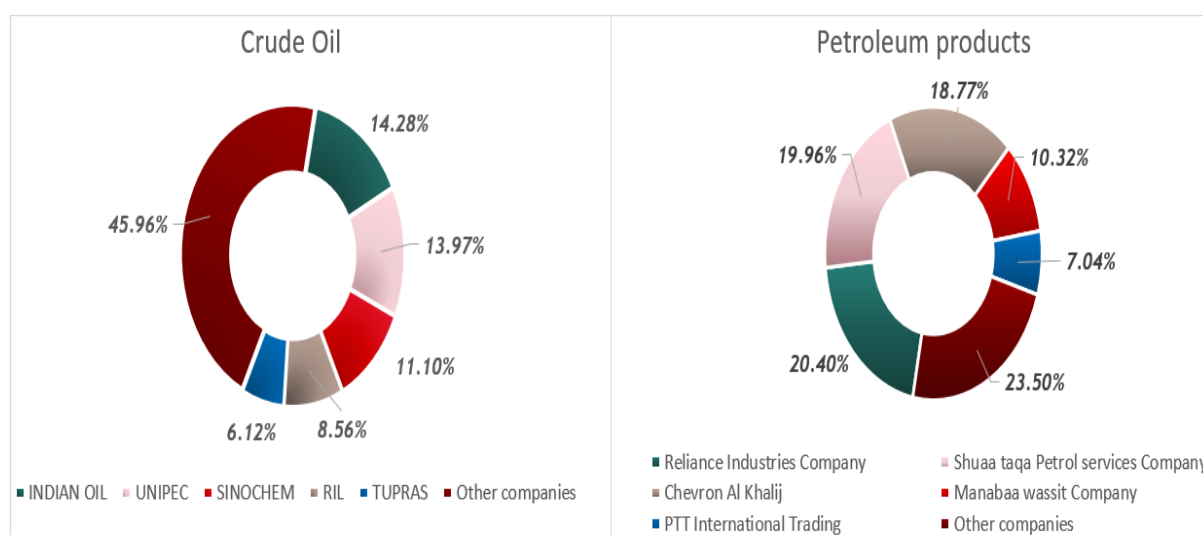
The analysis of sales revenues by company indicates that top five companies contributed 54% of the total crude oil sales and 76% of other petroleum products sales during the year 2021. Indian Oil (Chennai Petroleum Corporation Ltd) accounts for 14% of the country's crude oil sales while Reliance Industries Company accounts for 20% of other petroleum sales.

TABLE 91: OIL & GAS SALES REVENUE BY COMPANY

Company	Revenue (US\$)	%
Crude Oil	65,324,865,400	100.00%
INDIAN OIL	9,331,566,455	14.28%
UNIPEC	9,128,936,067	13.97%
SINOCHEM	7,252,900,474	11.10%
Reliance Industries Limited	5,591,328,789	8.56%
TUPRAS	3,999,662,643	6.12%
Other companies	30,020,470,973	45.96%
Petroleum Products	4,112,588,796	100.00%
Reliance Industries Company	838,868,692	20.40%
Shuaa Taqa Petrol services Company	821,037,916	19.96%
Chevron AL KHALIJ	771,818,080	18.77%
Manabaa Wassit Company	424,548,142	10.32%
PTT International Trading	289,695,702	7.04%
Other companies	966,620,263	23.50%
Total	69,437,454,195	100.00%

Source: SOMO

FIGURE 66: OIL & GAS SALES REVENUE BY COMPANY



5.3 ANALYSIS OF CRUDE OIL LIFTING

5.3.1 ANALYSIS OF CRUDE OIL LIFTING BY PRODUCT

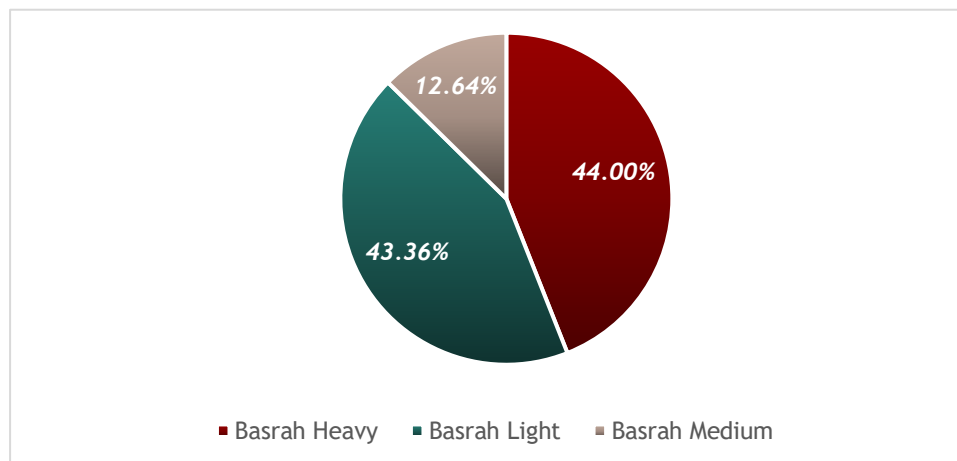
The oil lifted by IOCs totalled **US\$ 10 billion** and was mainly composed of Basrah Heavy (44%) and Basrah Light (43%) as presented below:

TABLE 92: OIL LIFTING BY PRODUCT

Product	Quantity (bbl)	Value (US\$)	%
Basrah Heavy	66,389,883	4,494,568,710	44.00%
Basrah Light	65,536,708	4,429,042,174	43.36%
Basrah Medium	18,273,682	1,291,176,654	12.64%
Total	150,200,273	10,214,787,538	100.00%

Source: SOMO

FIGURE 67: OIL LIFTING BY PRODUCT



5.3.2 ANALYSIS OF CRUDE OIL LIFTING BY COMPANY

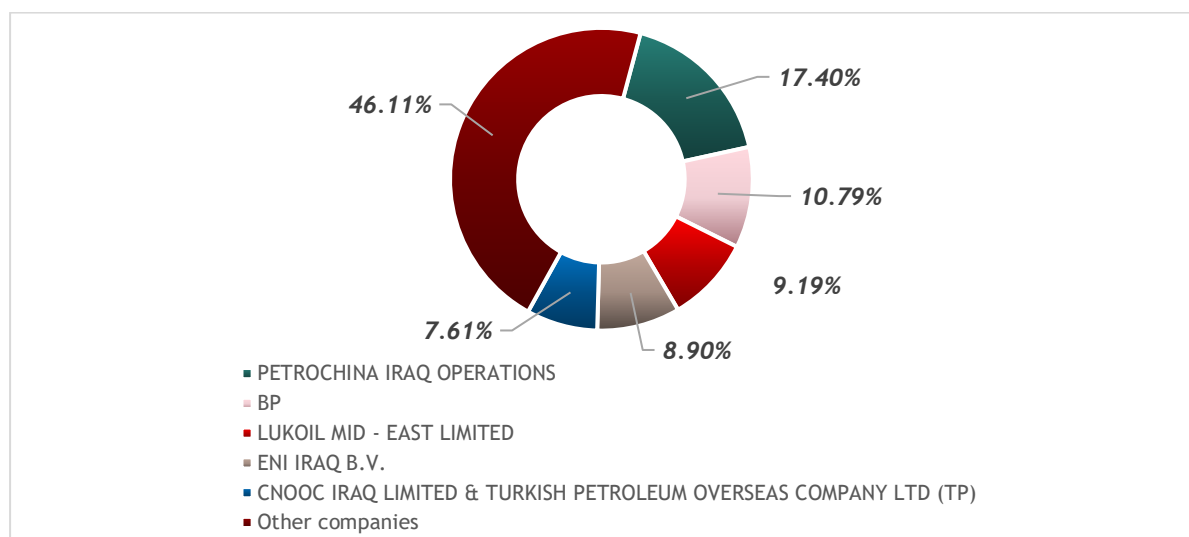
The analysis of crude oil lifting by company indicates that top 5 IOCs contributed approximately 54% of the total extractive revenues in 2021. PetroChina Iraq Operations accounts for 17% of the country's extractive revenues.

TABLE 93: CRUDE OIL LIFTING BY COMPANY

Company	Revenue (US\$)	%
PETROCHINA IRAQ OPERATIONS	1,777,657,985	17.40%
BP Iraq NV	1,102,467,883	10.79%
LUKOIL MID - EAST LIMITED	938,778,017	9.19%
ENI IRAQ B.V.	908,638,137	8.90%
CNOOC IRAQ LIMITED & TURKISH PETROLEUM OVERSEAS COMPANY LTD (TP)	776,998,967	7.61%
Other companies	4,710,246,548	46.11%
Total	10,214,787,538	100.00%

Source: SOMO

FIGURE 68: CRUDE OIL LIFTING BY COMPANY



5.4 ANALYSIS OF TAX REVENUE

5.4.1 ANALYSIS OF TAX REVENUE BY TAX

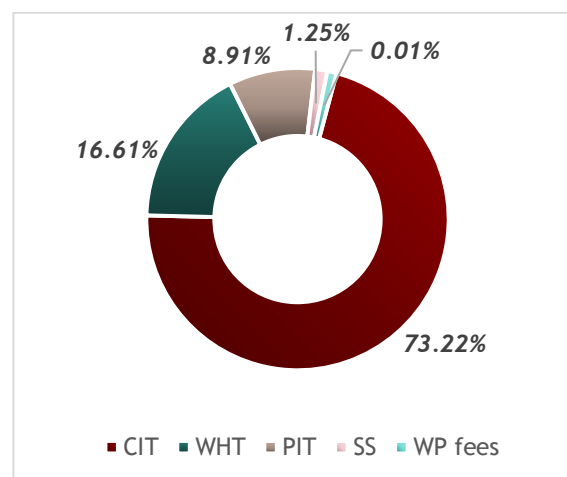
The analysis of tax revenue by tax shows that CIT represents 73% of taxes paid by extractive companies in 2021 as presented in the table below:

TABLE 94: TAX REVENUES BY TAX

Tax	Amount (US\$)	%
CIT	361,599,802	73.22%
WHT	82,051,927	16.61%
PIT	43,991,125	8.91%
SS	6,162,811	1.25%
WP fees	37,483	0.01%
Total	493,843,149	100.00%

Source: Extractive companies reports

FIGURE 69: TAX REVENUES BY TAX



5.4.2 ANALYSIS OF TAX REVENUE BY FIELD

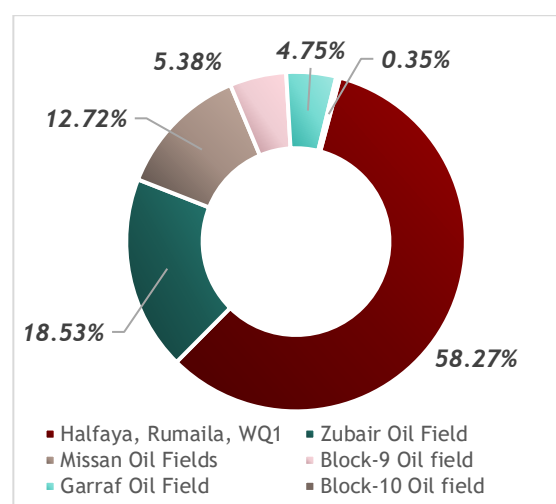
The analysis of tax revenue by field shows that Halfaya, Rumaila and West Qurna 1 fields represent 58% of taxes paid by extractive companies in 2021 as presented in the table below:

TABLE 95: TAX REVENUES BY FIELD

Field	Total (US\$)	%
Halfaya, Rumaila, WQ1	287,745,264	58.27%
Zubair Oil Field	91,505,532	18.53%
Missan Oil Fields	62,826,879	12.72%
Block-9 Oil field	26,585,684	5.38%
Garraf Oil Field	23,442,140	4.75%
Block-10 Oil field	1,737,650	0.35%
Total	493,843,149	100.00%

Source: extractive companies reports

FIGURE 70: TAX REVENUES BY FIELD



5.4.3 ANALYSIS OF TAX REVENUES BY COMPANY

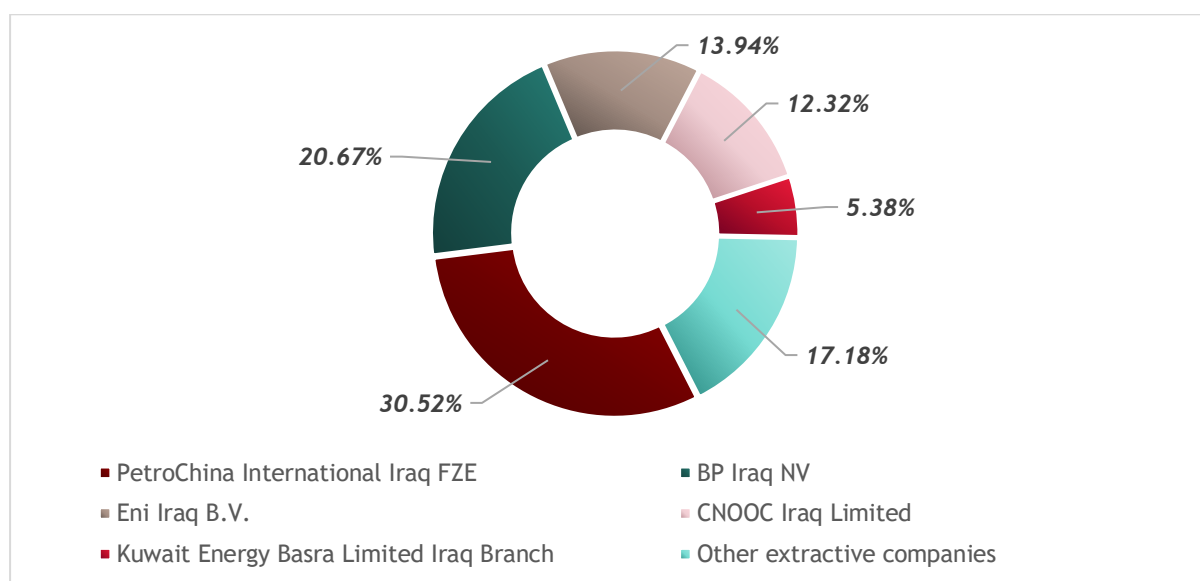
The analysis of tax revenues by company shows that nearly 31% of tax revenues were collected from **PETROCHINA INTERNATIONAL IRAQ FZE**, followed by **BP IRAQ N.V.** with approximately 21% as presented below:

TABLE 96: TOP 5 TAX PAYING COMPANIES

IOC	Amount (US\$)	%
PetroChina International Iraq FZE-Iraq Branch	150,710,918	30.52%
BP Iraq NV	102,052,894	20.67%
Eni Iraq B.V.	68,830,282	13.94%
CNOOC Iraq Limited	60,840,505	12.32%
Kuwait Energy Basra Limited Iraq Branch	26,585,684	5.38%
Other extractive companies	84,822,867	17.18%
Total	493,843,149	100.00%

Source: Extractive companies reports

FIGURE 71: TOP 5 TAX PAYING COMPANIES



5.5 RECONCILIATION RESULTS

5.5.1 RECONCILIATION OF BUYER COMPANIES' DATA

We present below a summary of the reconciliation results between the Oil Marketing Company (SOMO) and companies that bought crude oil and petroleum products during 2021.

Crude oil Buyers

The table below summarises the reconciliation discrepancies of crude oil sales between SOMO and buyer companies.

TABLE 97: SUMMARY OF RECONCILIATION DISCREPANCIES (CRUDE OIL SALES)

Reconciliation results - Sales revenues	SOMO		Buyers		Discrepancies			
	Quantity	Amount	Quantity	Amount	Quantity	%	Amount	%
	Bbl	US\$	Bbl	US\$	Bbl		US\$	
Crude Oil sales revenues	579,181,391	39,824,913,359	584,581,659	40,187,615,178	(5,400,268)	(0.93%)	(362,701,819)	(0.91%)
Total reconciled crude oil sales revenues	579,181,391	39,824,913,359	584,581,659	40,187,615,178	(5,400,268)	(0.93%)	(362,701,819)	(0.91%)

The reconciliation results detailed by crude oil buyer are presented as follows:

TABLE 98: RECONCILIATION DISCREPANCIES (CRUDE OIL SALES)

N° Crude Oil Buyer	SOMO		Crude Oil Buyers		Discrepancies	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
	Bbl	US\$	Bbl	US\$	Bbl	US\$
1 INDIAN OIL (CHENNAI PETROLEUM CORPORATION LTD)	135,320,200	9,331,566,455	135,320,200	9,331,566,455	-	-
2 CHINA INTERNATIONAL UNITED PETROLEUM AND CHEMICALS CO. LTD. (UNIPEC)	130,914,735	9,128,936,067	135,312,703	9,443,784,127	(4,397,968)	(314,848,060)
3 TURKISH PETROLEUM REFINERIES CORP. (TUPRAS) - TURKEY	58,607,300	3,999,662,643	58,607,300	3,999,662,643	-	-
4 GS CALTEX SINGAPORE PTE. LTD	42,842,797	2,916,156,771	42,842,797	2,916,156,771	-	-
5 MOTOR OIL HELLAS CORINTH REFINERIES S.A	30,146,184	2,023,498,536	29,193,563	1,951,719,496	952,621	71,779,040

N° Crude Oil Buyer	SOMO		Crude Oil Buyers		Discrepancies	
	Quantity Bbl	Amount US\$	Quantity Bbl	Amount US\$	Quantity Bbl	Amount US\$
6 NAYARA ENERGY LIMITED	28,469,567	1,933,690,606	28,469,567	1,933,690,606	-	-
7 BHARAT PETROLEUM CORPORATION LTD.	27,517,545	1,899,665,965	27,517,545	1,899,665,965	-	-
8 CHEVRON	23,445,425	1,589,127,080	23,445,425	1,589,127,080	-	-
9 HINDUSTAN PETROLEUM CORPORATION LIMITED	17,454,785	1,195,429,643	17,454,785	1,195,429,643	-	-
10 HPCL-MITTAL ENERGY LIMITED	13,894,182	975,781,795	13,894,182	975,781,795	-	-
11 BHARAT OMAN REFINERIES LIMITED	11,724,990	805,246,220	11,724,990	805,246,220	-	-
12 SK ENERGY CO. LTD	11,714,526	782,323,540	11,714,526	782,323,540	-	-
13 THE EGYPTIAN GENERAL PETROLEUM CORPORATION (EGPC)	9,876,066	690,288,237	9,876,066	690,288,237	-	-
14 REPSOL TRADING S.A	10,019,146	683,704,021	10,019,146	683,704,021	-	-
15 SARAS TRADING SA	8,232,710	579,640,845	8,232,710	579,640,845	-	-
16 HELLENIC PETROLEUM S.A.	8,003,789	547,871,819	8,003,789	547,871,819	-	-
17 TOTSA TOTAL OIL TRADING SA	4,916,150	321,489,787	6,871,070	441,122,544	(1,954,920)	(119,632,757)
18 IPLOM INERNATIONAL SA	2,960,752	191,596,707	2,960,752	191,596,707	-	-
19 HENGLI	1,926,475	154,570,722	1,926,475	154,570,722	-	-
20 JORDAN PETROLEUM REFINERY CO. LTD.	1,194,067	74,665,901	1,194,068	74,665,942	(1)	(41)
Total reconciled crude oil sales revenues	579,181,391	39,824,913,359	584,581,659	40,187,615,178	(5,400,268)	(362,701,819)

The discrepancies detailed above are mainly related to transactions reported by IOCs namely “CHINA INTERNATIONAL UNITED PETROLEUM AND CHEMICALS CO. LTD. (UNIPEC)” and “TOTSA TOTAL OIL TRADING SA” but not reported by SOMO. Due to the lack of feedback from SOMO regarding our confirmation request during the reconciliation exercise, these differences remain unreconciled.

The crude oil sales revenues unilaterally disclosed by SOMO for the buyers companies that did not submit their reporting templates are detailed as follows:

TABLE 99: UNILATERAL DISCLOSURE BY SOMO (CRUDE OIL SALES)

N° Crude Oil Buyer	SOMO	
	Quantity Bbl	Amount US\$
1 SINOCHEM	105,237,087	7,252,900,474
2 RELIANCE INDUSTRIES LIMITED(RIL)	82,945,203	5,591,328,789
3 CHINA ZHENHUA OIL CO. LTD (SINOSURE)	47,725,895	3,314,150,177
4 MOTOR OIL HELLAS CORINTH REFINERIES S.A	30,146,184	2,023,498,536
5 SHELL	28,456,135	1,998,820,430
6 MANGALORE REFINERY & PETROCHEMICALS LIMITED.	17,677,143	1,244,358,924
7 VALERO MARKETING & SUPPLY COMPANY	19,037,203	1,231,820,651
8 PETROCHINA INTERNATIONAL CO.	16,589,273	1,172,046,042
9 MARATHON PETROLEUM SUPPLY LLC	14,627,382	1,012,305,037
10 EXXONMOBIL SALES AND SUPPLY CORPORATION GALLOWS	14,385,335	960,441,097
11 CHINA OFFSHORE OIL (SINGAPORE) INTERNATIONAL PTE. LTD.	10,334,729	736,168,805
12 ENI TRADING & SHIPPING SPA - ITALY	7,026,023	461,761,438
13 FORMOSA PETROCHEMICAL CORPORATION (FPCC)	2,913,051	206,415,291
14 SHANDONG DONGMING	1,921,878	136,589,791
15 RONGSHENG PETROCHEMICAL	1,550,000	115,671,850
16 PETROBRAS GLOBAL TRADING B.V.	990,520	65,173,244
Total unilateral disclosure crude oil sales revenues	401,563,041	27,523,450,576

Details by buyer, product and destination of crude oil sales revenues during 2021 reported by SOMO are presented in Annex 7 of this report.

Petroleum products buyers

The table below summarises the reconciliation discrepancies of petroleum products sales between SOMO and buyer companies.

TABLE 100: SUMMARY OF RECONCILIATION DISCREPANCIES (PETROLEUM PRODUCTS SALES)

Reconciliation results	SOMO		Buyers		Discrepancies			
	Quantity	Amount	Quantity	Amount	Quantity	%	Amount	%
	MT	US\$	MT	US\$	MT		US\$	
Petroleum products sales revenues	2,676,091	1,310,540,468	2,676,091	1,310,540,468	-	0.00%	-	0.00%
Total reconciled Petroleum products sales revenues	2,676,091	1,310,540,468	2,676,091	1,310,540,468	-	0.00%	-	0.00%

The reconciliation results detailed by buyer company are presented as follows:

TABLE 101: RECONCILIATION DISCREPANCIES (PETROLEUM PRODUCTS SALES)

N° Petroleum Products Buyer	SOMO		Buyers		Discrepancies	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
	MT	US\$	MT	US\$	MT	US\$
1 Shuaa taqa Petrol services Company	1,681,305	821,037,916	1,681,305	821,037,916	-	-
2 Ministry of Energy and Water Lebanon	290,468	136,547,821	290,468	136,547,821	-	-
3 EnlIL Energy	205,813	124,782,874	205,813	124,782,874	-	-
4 VENANDI Global Company	283,341	122,771,313	283,341	122,771,313	-	-
5 LARAAK OIL trading	144,379	71,993,099	144,379	71,993,099	-	-
6 Layali Sahab Company	70,786	33,407,446	70,786	33,407,446	-	-
Total reconciled petroleum products sales revenues	2,676,091	1,310,540,468	2,676,091	1,310,540,468	-	-

The petroleum products sales revenues unilaterally disclosed by SOMO for the buyers companies that did not submit their reporting templates are detailed as follows:

TABLE 102: UNILATERAL DISCLOSURE BY SOMO (PETROLEUM PRODUCTS SALES)

N° Petroleum Products Buyer	SOMO	
	Quantity Bbl	Amount US\$
1 RELIANCE Industries Company	2,123,868	838,868,692
2 Chevron AL KHALIJ	1,898,534	771,818,080
3 Manabaa wassit Company	908,842	424,548,142
4 PTT International Trading	542,655	289,695,702
5 LITASCO middle East	599,975	223,198,753
6 Shoroq Al Anouar Company	333,062	142,563,992
7 Aramco Trading Fujairah	146,534	70,311,532
8 Djabal Asoued Company	78,881	16,294,769
9 GUNVOR	25,785	14,324,796
10 Nassim Brari Company	48,879	10,046,638
11 Wadi Company Ltd	2,383	377,231
Total unilateral disclosure petroleum products sales revenues	6,709,397	2,802,048,327

Details by buyer, contract and product of petroleum products sales revenues during 2021 reported by SOMO are presented in Annex 8 of this report.

5.5.2 RECONCILIATION OF IOCS' DATA

Crude oil lifted

The table below summarises the reconciliation discrepancies between SOMO and international oil companies (IOCs) in crude oil lifted in lieu of cost recovery and remuneration fees.

TABLE 103: SUMMARY OF RECONCILIATION DISCREPANCIES (CRUDE OIL LIFTED IN-KIND)

Reconciliation results - Crude oil lifting	SOMO		IOCs		Discrepancies			
	Quantity	Amount	Quantity	Amount	Quantity	%	Amount	%
	Bbl	US\$	Bbl	US\$	Bbl		US\$	
Crude Oil lifting	108,792,201	7,410,242,517	108,792,201	7,410,242,517	-	0.00%	-	0.00%
Total Crude Oil lifting reconciled revenues	108,792,201	7,410,242,517	108,792,201	7,410,242,517	-	0.00%	-	0.00%

The reconciliation results detailed by IOC are presented as follows:

TABLE 104: SUMMARY OF RECONCILIATION DISCREPANCIES (CRUDE OIL LIFTED IN-KIND)

N° IOC	SOMO		IOCs		Discrepancies	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
	Bbl	US\$	Bbl	US\$	Bbl	US\$
1 PETROCHINA IRAQ OPERATIONS	26,347,936	1,777,657,985	26,347,936	1,777,657,985	-	-
2 BP Oil International	16,669,423	1,102,467,883	16,669,423	1,102,467,883	-	-
3 ENI IRAQ B.V.	12,843,960	908,638,137	12,843,960	908,638,137	-	-
4 CNOOC IRAQ LIMITED	11,349,773	776,998,967	11,349,773	776,998,967	-	-
5 PETRONAS	10,017,984	659,537,502	10,017,984	659,537,502	-	-
6 Korea Gas Corporation (KOGAS)	5,013,347	335,130,308	5,013,347	335,130,308	-	-
7 TOTAL E & P IRAQ	4,348,144	303,476,444	4,348,144	303,476,444	-	-
8 CHINA INTERNATIONAL UNITED PETROLEUM AND CHEMICALS CO. LTD. (UNIPEC)	3,719,383	287,457,570	3,719,383	287,457,570	-	-

N°	IOC	SOMO		IOCs		Discrepancies	
		Quantity Bbl	Amount US\$	Quantity Bbl	Amount US\$	Quantity Bbl	Amount US\$
9	TURKISH PETROLEUM OVERSEAS COMPANY LIMITED	4,008,391	273,853,761	4,008,391	273,853,761	-	-
10	ITOCHU OIL EXPLONATION IRAQ (B.V.)	2,929,256	208,790,652	2,929,256	208,790,652	-	-
11	EXXON MOBIL IRAQ LIMITED	2,922,007	202,946,423	2,922,007	202,946,423	-	-
12	KUWAIT ENERGY IRAQ OPERATIONS	2,794,157	201,204,136	2,794,157	201,204,136	-	-
13	JAPEX GARRAF LTD	2,913,984	179,430,526	2,913,984	179,430,526	-	-
14	DRAGON OIL (BLOCK 9) LIMITED	1,001,885	71,329,203	1,001,885	71,329,203	-	-
15	PT PERTAMINA IRAK	958,629	62,377,989	958,629	62,377,989	-	-
16	THE EGYPTIAN GENERAL PETROLEUM CORPORATION (EGPC)	953,942	58,945,030	953,942	58,945,030	-	-
Total Crude Oil lifting reconciled revenues		108,792,201	7,410,242,517	108,792,201	7,410,242,517	-	-

The crude oil lifting in lieu of cost recovery and remuneration fee unilaterally disclosed by SOMO for IOCs that did not submit their reporting templates are detailed as follows:

TABLE 105: UNILATERAL DISCLOSURE BY SOMO (CRUDE OIL LIFTED IN-KIND)

N°	IOC	SOMO	
		Quantity Bbl	Amount US\$
1	LUKOIL MID - EAST LIMITED	13,786,512	938,778,017
2	BOC	8,499,434	527,533,759
3	AL WAHA PETROLEUM CO. LTD.	6,289,317	435,504,505
4	GAZPROM NEFT BADRA B.V.	3,564,669	237,608,698
5	PETROCHINA INTERNATIONAL CO.	2,884,481	202,189,289
6	EBS PETROLEUM COMPANY LIMITED	2,244,235	160,268,988
7	SINOCHEM	1,940,639	154,523,380

N° IOC	SOMO	
	Quantity Bbl	Amount US\$
8 Kuwait Energy Iraq Limited (SIBA and Mansuriya)	1,157,695	82,320,674
9 SOCAR TRADING	1,041,090	65,817,710
Total unilateral disclosure crude oil lifting	41,408,072	2,804,545,022

Details by buyer, product and destination of crude oil lifting in lieu of cost recovery and remuneration fee during 2021 reported by SOMO are presented in Annex 9 of this report.

Tax revenues

The Ministry of Finance (MoF) did not yet provide the taxes collected from extractive companies. The detail of tax payments reported by the IOCs during the period from 1 January 2021 and 31 December 2021 is presented in Section 5.4 of this report.

5.6 SOCIAL AND ENVIRONMENTAL EXPENDITURES DISCLOSED BY IOCs (EITI REQUIREMENT 6.1)

Social payments consist of all contributions made by extractive companies to promote local development and to finance social projects in line with EITI Requirement 6.1. This Requirement encourages MSGs to apply a high standard of transparency to social payments and transfers and to the parties involved in the transactions and the materiality of these payments and transfers to other benefit streams. These payments may be reported even though it is not possible to reconcile them.

Social payments reported by IOCs amounted for approximately US\$ 69 million as shown in the table below:

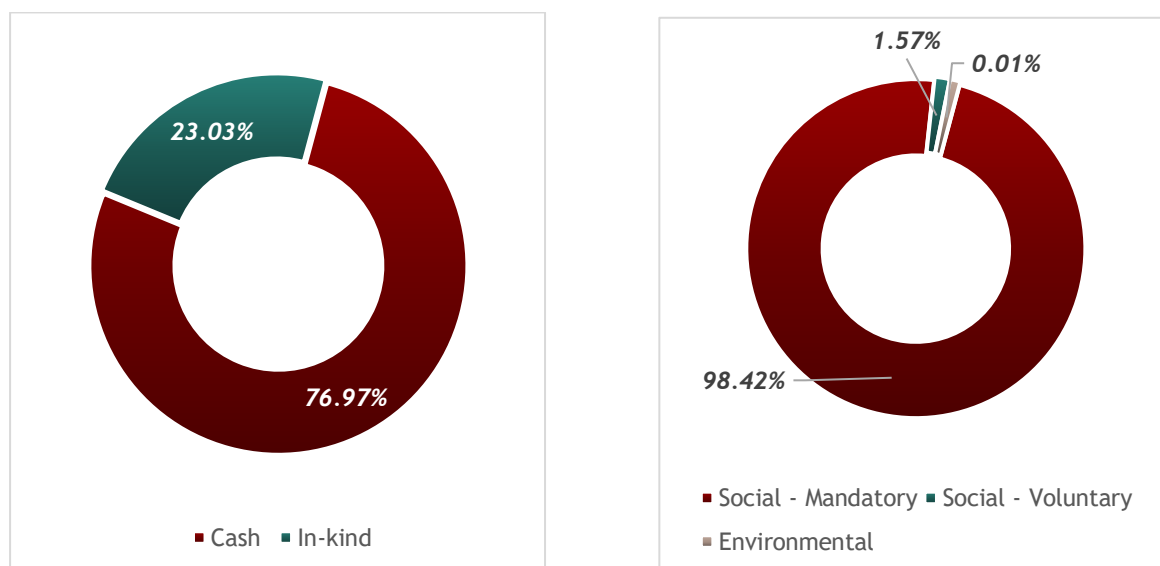
TABLE 106: SUMMARY OF SOCIAL & ENVIRONMENTAL EXPENDITURES

Expenditure	Cash	In-kind	Total	%
Social - Mandatory	52,647,696	15,263,312	67,911,008	98.42%
Social - Voluntary	460,077	626,303	1,086,380	1.57%
Environmental	4,621		4,621	0.01%
Total	53,112,393	15,889,615	69,002,008	100.00%
%	76.97%	23.03%	100.00%	

Source: IOCs Reporting Templates

As presented above, cash payments represent approximately 77% of total social and environmental expenditures, while in-kind payments represent 23%.

FIGURE 72: SUMMARY OF SOCIAL & ENVIRONMENTAL EXPENDITURE



The table below summarises the social and environmental expenditure during 2021 reported by the IOCs regardless of any materiality threshold.

TABLE 107: SUMMARY OF SOCIAL AND ENVIRONMENTAL EXPENDITURE REPORTED BY IOC

IOC	Social Expenditure				Environmental Expenditure	Total (USD)
	Mandatory		Voluntary			
	Cash	In kind	Cash	In kind		
KUWAIT ENERGY BASRA LIMITED IRAQ BRANCH		35,000,000		208,789		35,208,789
Eni Iraq B.V.	4,621		15,263,312		207,703	15,475,636
CNOOC Iraq Limited		6,640,954				6,640,954
BP Iraq NV		4,617,785				4,617,785
PETRONAS Carigali Iraq Holding B.V.		2,291,073		129,066		2,420,139
ExxonMobil Iraq Ltd		2,015,277		29,999		2,045,276
Japex Garraf Ltd.		901,007		75,280		976,287
LUKOIL Overseas Iraq Exploration B.V.		844,000				844,000
PetroChina International Iraq FZE-Iraq Branch					343,000	343,000
INPEX South Iraq, Ltd.		337,600				337,600
GAZPROM NEFT BADRA B.V. (Disclosed by Midland Oil Company)					75,600	75,600
ITOCHU Oil Exploration (Iraq) B.V.				9,985		9,985
PT. PERTAMINA IRAK EKSPLOKASI PRODUKSI				6,958		6,958
Total	4,621	52,647,696	15,263,312	460,077	626,303	69,002,008

Source: IOCs Reporting Templates

The detail of social and environmental expenditure unilaterally disclosed by extractive company is presented in Annex 5 to this report.

5.7 QUASI-FISCAL EXPENDITURES REPORTED BY SOEs

Quasi-fiscal expenditures (QFE) are the arrangements whereby SOEs undertake public social expenditure such as payments for social services, public infrastructure, fuel subsidies and national debt servicing, etc. outside of the national budgetary process. Implementing countries and MSGs may wish to take the International Monetary Fund (IMF)'s definition of quasi-fiscal expenditures into account when considering whether expenditures are considered quasi-fiscal.

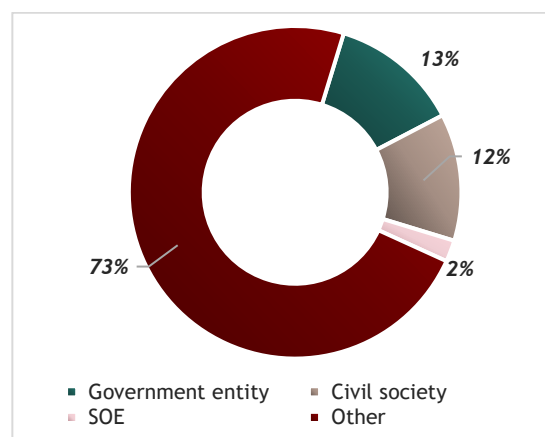
Quasi-fiscal expenditure payments reported by SOEs amounted for US\$ 6 million as shown in the table below:

TABLE 108: QFE BY BENEFICIARY

Beneficiary	Amount (US\$)	%
Government entity	851,786	13%
Civil society	834,849	12%
SOE	141,059	2%
Other	4,922,161	73%
Total	6,749,856	100%

Source: SOEs unaudited financial statements

FIGURE 73: QFE BY BENEFICIARY



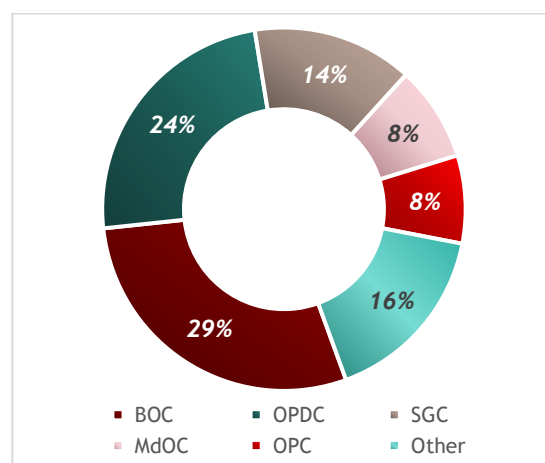
The top five SOEs paying quasi-fiscal expenditures are detailed as follows:

TABLE 109: QFE BY COMPANY

Beneficiary	Amount (US\$)	%
BOC	1,948,620	29%
OPDC	1,627,074	24%
SGC	966,127	14%
MdOC	572,385	8%
OPC	528,960	8%
Other	1,106,690	16%
Total	6,749,856	100%

Source: SOEs unaudited financial statements

FIGURE 74: QFE BY COMPANY



The detail of quasi-fiscal expenditures unilaterally disclosed by SOEs is presented in Annex 6 to this report.

5.8 ADDITIONAL INFORMATION

Although the current EITI report was prepared based on the 2019 EITI Standard, IOCs were invited to provide the following additional information required by the 2023 EITI Standard:

- Requirements 1.2 and 2.6: an anti-corruption policy (Expectation).
- Requirement 6.3: Gender pay gap (Encouragement).
- Requirements 5.3 and 2.6: Information about future production plans (Encouragement).

The table below shows the information collected from the seventeen (17) IOCs that completed their reporting templates:

TABLE 110: DETAILS OF THE ADDITIONAL REQUIREMENTS

N°	IOCs	Anti-corruption policy	Gender pay gap	Future production plans
1	LUKOIL Overseas Iraq Exploration B.V.	Yes	Yes	Yes
2	TURKISH PETROLEUM OVERSEAS COMPANY LIMITED	Yes	Yes	Yes
3	PETRONAS CARIGALI IRAQ HOLDING B.V. (PCIHBV)	Yes	Yes	Yes
4	PETROCHINA IRAQ OPERATIONS	Yes	Yes	No
5	Eni Iraq B.V.	Yes	Yes	Not applicable
6	ExxonMobil Iraq Limited (EMIL)	Yes	No	Yes
7	INPEX South Iraq, Ltd.	Yes	Not applicable	Yes
8	Japex Garraf Ltd	Yes	Not applicable	No
9	ITOCHU Oil Exploration (Iraq) B.V.	Yes	Not applicable	No
10	BP Iraq NV	Yes	Not applicable	Not applicable
11	TOTAL E & P IRAQ.	No	No	Yes
12	Korea Gas Corporation (KOGAS) IRAQ OPERATIONS	Yes	No	Not applicable
13	CNOOC Iraq	No	No	No
14	PT PERTAMINA IRAK	No	No	No
15	THE EGYPTIAN GENERAL PETROLEUM CORPORATION (EGPC)	No	No	No
16	Kuwait Energy Basra Limited (KEBL)	No	No	No
17	SONANGOL PESQUISA E PRODUCAO S.A.	No	No	No
	Number of information collected	11	5	6
	%	65%	29%	35%

6 RECOMMENDATIONS

This section includes 13 new recommendations based on the findings we noted during the scoping and reconciliation phases for the preparation of the EITI Report for 2021. It also shows the progress the MSG made towards the implementation of the previous 24 recommendations from both the second validation report¹²⁰ (published in October 2019) and the previous EITI Report¹²¹ (published in June 2022).

The table below sets out the 37 recommendations by EITI Requirement:

TABLE 111: LIST OF RECOMMENDATIONS BY EITI REQUIREMENT

EITI Requirement	Current EITI Report (2021)	Latest validation report (EITI IS)	Previous EITI Report (2019 / 2020)	Total
1.2 Company engagement		1		1
1.4 Multi-stakeholder group	1	1		2
1.5 Work plan		1		1
2.3 Register of licenses	1			1
2.4 Contracts	1		1	2
2.5 Beneficial ownership	2		1	3
2.6 State participation	1	1	1	3
3.3 Exports			1	1
4.1 Comprehensive disclosure of taxes and revenues	1	1	4	6
4.5 Transactions related to SOEs		1	1	2
4.7 Level of disaggregation		1		1
4.9 Data quality and assurance		1		1
6.1 Social and environmental expenditures by extractive companies		1	2	3
6.2 Quasi-fiscal expenditures			1	1
6.3 Contribution of the extractive sector to the economy	1			1
7.1 Public debate	1	1		2
7.2 Data accessibility and open data	2			2
7.3 Recommendations from EITI implementation	1	1		2
7.4 Review the outcomes and impact of EITI implementation	1	1		2
Total	13	12	12	37

¹²⁰ <https://eiti.org/board-decision/2019-56>

¹²¹ eiti.org/sites/default/files/2023-01/doc-1232-2022_12_15_11_48_01.pdf

6.1 NEW RECOMMENDATIONS

We raised several findings and have made recommendations with a view to improve the EITI process in Iraq, governance of the extractive sector and revenue management. The findings raised are summarised as follows:

TABLE 112: LIST OF NEW RECOMMENDATIONS BY EITI REQUIREMENT

N°	Recommendation	Priority
Oversight by the MSG		
1	Strengthen the capacity of the MSG and NRTC	High
Legal and institutional framework, including allocation of contracts and licenses		
2	Improve the registers of mining and oil and gas licenses	High
3	Disclose extractive contracts	High
4	Implement the recommendation from the latest beneficial ownership consultancy study	High
5	Review PEP data	High
6	Expedite the audit process for SOEs and publish their audited financial statements	High
Revenue collection		
7	Chase up non-participating reporting entities	High
Social and economic spending		
8	Review the artisanal and small-scale mining (ASM) sector	High
Outcomes and impact		
9	Enhance public debate	High
10	Facilitate the data collection process and enhance the systematic disclosure	High
11	Ensure data accessibility and open data	High
12	Monitor the implementation of the previous EITI recommendations	High
13	Review the outcomes and impact of EITI implementation	High

RECOMMENDATION N° 1

Title	Strengthen the capacity of the MSG and NRTC
EITI Requirement	1.4
Responsible	MSG and NRTC
Priority rating	High

Description

We noted that the Natural Resources Transparency Commission (NRTC) is understaffed and requires capacity building in order to carry out their tasks effectively and meet an evolving EITI Standard.

We also noted a lack of sub-group meetings that could provide technical support to both the National Secretariat and the MSG.

Recommendations

We recommend for the future that the MSG and NRTC:

- ▶ considers setting up sub-group committees to help the MSG implementing the EITI Standard. The table below shows the suggested sub-group committees:

Sub-group	Role	Composition	Frequency of meetings
Compliance sub-group	<ul style="list-style-type: none"> ✓ Ensure the compliance with the EITI Standard. ✓ Set up an action plan to address any gaps. 	A Head supported by one or two representatives from each of the MSG constituencies.	Monthly
Reconciliation / technical sub-group	<ul style="list-style-type: none"> ✓ Set up a regular data collection process. ✓ Perform a preliminary review of the financial information. ✓ Help the Independent Administrator during the reporting phase.¹²² 	A Head supported by one or two representatives from each of the MSG constituencies.	Bi-monthly
Reporting sub-group	<ul style="list-style-type: none"> ✓ Draft non-financial chapters. ✓ Follow the latest developments in the extractive sector. 	<p>A Head supported by one or two representatives from each of the MSG constituencies.</p> <p>It is also recommended to invite additional experts as required. (e.g. mining / petroleum / environmental legal experts, etc).</p>	Bi-monthly
Communication and engagement sub-group	<ul style="list-style-type: none"> ✓ Suggest and undertake outreach activities with civil society groups, extractive companies and other EITI stakeholders. ✓ Disseminate the public information that results from the EITI process. ✓ Draft a communication and engagement strategy. 	<p>A Head supported by one or two representatives from each of the MSG constituencies.</p> <p>It is also recommended to invite a communication expert.</p>	Bi-monthly

¹²² As an example, the EITI technical sub-group in Senegal is preparing the scoping study including the data collection while the IA process with the reporting phase only.

- ▶ considers appointing focal points and their alternates for each reporting entity. These representatives should be selected based on their experience their relationship in the workplace in order to streamline the data collection process.
- ▶ considers performing training sessions for the national secretariat team and offering them the chance to participate in international events such as the EITI Global conference, the Conference of the parties (COP), etc.

MSG comments

The MSG has formed many interim and/or permanent subcommittees over the past years for such tasks as preparing work plans, writing ToRs, organising workshops, following up with independent administrators and meeting with officials. Recently, the MSG has formed a permanent Professional Task Force (PTF) from outside the MSG to present recommendations on the work plan, implementing systematic disclosure and beneficial ownership, etc.

Further IA comments

While we appreciate the efforts the MSG made, we would encourage publishing the work these committees achieved so far as well as the minutes of their meetings.

We also encourage publishing the terms of reference for each sub-committee covering:

- Role
- Attendance at MSGs
- Terms of Membership (Industry membership, Government membership and Civil Society membership)
- Removal of members
- Decision-Making/Voting

RECOMMENDATION N° 2

Title	Improve the registers of mining and oil and gas licenses
EITI Requirement	2.3
Responsible	MoIM and PCLD
Priority rating	High

Description

According to EITI Requirement 2.3, implementing countries are required to maintain a publicly available register or cadastre system(s) with the following timely and comprehensive information regarding each of the licenses pertaining to companies within the agreed scope of EITI implementation:

- i. License holder(s).
- ii. Where collated, coordinates of the license area. Where coordinates are not collated, the government is required to ensure that the size and location of the license area are disclosed in the license register and that the coordinates are publicly available from the relevant government agency without unreasonable fees and restrictions. The disclosures should include guidance on how to access the coordinates and the cost, if any, of accessing the data. The government should also document plans and timelines for making this information freely and electronically available through the license register.
- iii. Date of application, date of award and duration of the license.
- iv. In the case of production licenses, the commodity being produced.

It is expected that the license register, or cadastre, includes information about licenses held by all entities, including companies and individuals or groups that are outside the agreed scope of EITI implementation, i.e. where their payments fall below the agreed materiality threshold. Any significant legal or practical barriers preventing such comprehensive disclosure should be documented and explained, including an account of government plans for seeking to overcome such barriers and the anticipated timescale for achieving them.

Mining sector

We noted the lack of a publicly register for mining licenses. The information included in this report was provided by the Ministry of Industry and Minerals (MoIM) upon our request. However, we noted that the coordinates of the license area were missing.

Oil and gas sector

PLCD is publishing a petroleum register, accessible [here](#).

Recommendations

We recommend that:

- ▶ the MoIM maintains a publicly available register or cadastre system with timely and comprehensive information on all mining licenses in accordance with the EITI Requirement 2.3.b;
- ▶ the PCLD ensures that the petroleum register is updated on a regular basis.

RECOMMENDATION N° 3

Title	Disclose extractive contracts
EITI Requirement	2.4
Responsible	MSG
Priority rating	High

Description

According to EITI Requirement 2.4, implementing countries are required to disclose any contracts and licenses that are granted, entered into or amended from 1 January 2021.

Implementing countries are encouraged to publicly disclose any contracts and licenses that provide the terms attached to the exploitation of oil, gas and minerals.

The MSG is expected to agree and publish a plan for disclosing contracts with a clear time frame for implementation and addressing any barriers to comprehensive disclosure. This plan should be integrated into work plans covering 2020 onwards.

It is a requirement to document the government's policy on disclosure of contracts and licenses that govern the exploration and exploitation of oil, gas and minerals.

We checked the websites of the [MoO](#), the [MoIM](#) and [NTRC](#) but did not find copies of petroleum and mining contracts.

Recommendations

We recommend that the MSG:

- ▶ document its discussion on what constitutes government policy on contract disclosures by identifying ongoing reforms or new measures under discussion that could strengthen or threaten the availability of contract information.
- ▶ address any obstacles and challenges in adopting full contract transparency.
- ▶ develop a roadmap for strengthening the disclosures of extractive contracts, which includes actions, responsible parties, timelines, resource needs and technical assistance needs.

MSG comments

A ministerial order was urgently sent on 11 December 2023 to all SOEs and MoO Directorates to confirm previous orders about publishing their contracts and financial reports on their respective websites.

A copy of this ministerial order (in Arabic) is presented in Annex 11 to this report along with a non-official translation into English.

RECOMMENDATION N° 4

Title	Implement the recommendation from the latest beneficial ownership consultancy study
EITI Requirement	2.5
Responsible	MSG
Priority rating	High

Description

EITI Requirement 2.5 recommends maintaining a publicly available register of the beneficial owners of the corporate entity(ies) that apply for or hold a participating interest in an exploration or production oil, gas or mining license or contract, including the identity(ies) of their beneficial owner(s), the level of ownership and details about how ownership or control is exerted.

Where possible, beneficial ownership information should be incorporated in existing filings by companies to corporate regulators, stock exchanges or agencies regulating extractive industry licensing. Where this information is already publicly available, the EITI Report should include guidance on how to access this information.

We understand Iraq performed a recent Beneficial ownership study between 2022 and 2023. The Final report is not publicly available yet, but we are aware that the consultant raised twenty (20) recommendations detailed as follows:

- Eleven (11) for the MSG and NRTC
- Four (4) for Government
- Two (2) for the reporting companies; and
- Two (2) for CSOs.

Recommendations

We recommend that the MSG:

- ▶ publish the final version of the BO consultancy report;
- ▶ prepare an action plan to implement the recommendations the consultant raised. The objective is to disclose the beneficial owners of all companies holding or applying for extractive licenses.

RECOMMENDATION N° 5

Title	Review PEP data
EITI Requirement	2.5.d Beneficial ownership
Responsible	MSG and NRTC
Priority rating	High

Description

EITI Requirement 2.5.f states, inter alia, that “the MSG should agree an appropriate definition of the term ‘beneficial owner. (...) The definition should also specify the reporting obligations for politically exposed persons (PEP).”

The term PEP means a natural person who is, or who has been, entrusted with prominent public functions and includes the following and their family members and persons known to be their close associates:

- a. heads of state, heads of government, ministers and deputy or assistant ministers;
- b. members of parliament or of similar legislative bodies;
- c. members of the governing bodies of political parties;
- d. members of supreme courts, of constitutional courts or of other high-level judicial bodies, the decisions of which are not subject to further appeal, except in exceptional circumstances;
- e. members of courts of auditors or of the boards of central banks;
- f. ambassadors, chargés d’affaires and high-ranking officers in the armed forces;
- g. members of the administrative, management or supervisory bodies of state-owned enterprises;
- h. directors, deputy directors and members of the board or equivalent function of an international organisation.

Reporting entities should disclose information in relation to any PEP who has a share in the reporting entity.

We noted that in the twelve years of EITI reporting, there have been no PEP disclosures.

Recommendations

- ▶ We recommend that the MSG considers updating the guidance notes where appropriate. This could be achieved by reducing the materiality threshold or adding more persons to the list of PEPs.
- ▶ We also recommend that the NRTC liaise with other EITI implementing countries to learn from their experience.

RECOMMENDATION N° 6

Title	Expedite the audit process for SOEs and publish their audited financial statements
EITI Requirement	2.6.b
Responsible	MSG, SOEs NRTC
Priority rating	High

Description

According to EITI Requirement 2.6.b, SOEs are expected¹²³ to publicly disclose their audited financial statements, or the main financial items (i.e. balance sheet, profit/loss statement, cash flows) where financial statements are not available.

The Ministry of Oil provided us with SOEs' financial statements for the year 2021 but we understand that the Federal Board of Supreme Audit (FBSA) did not audit them yet. We also understand that the 2020 and 2019 financial statements are yet to be audited too.

Recommendations

- ▶ We recommend that the MSG liaise with the FBSA and explore the possibility of expediting the audit timeframe. The information could lose its relevance if released three or four years after the reporting period.
- ▶ SOEs are recommended to publish their financial statements on their websites.
- ▶ We recommend that the NRTC publish the audited financial statements for 2021 on its website. Otherwise, we recommend documenting the potential legal or regulatory barriers inhibiting their timely disclosure.

MSG comments

A ministerial order was urgently sent on 11 December 2023 to all SOEs and MoO Directorates to confirm previous orders about publishing their contracts and financial reports on their respective websites.

A copy of this ministerial order (in Arabic) is presented in Annex 11 to this report along with a non-official translation into English.

¹²³ This is now a requirement rather than an option based on the 2023 EITI Standard. (<https://eiti.org/sites/default/files/2023-06/2023%20EITI%20Standard.pdf>)

RECOMMENDATION N°7

Title	Chase up non-participating reporting entities
EITI Requirement	4.1
Responsible	MSG and NRTC
Priority rating	High

Description

Reporting entities have been chased several times to provide information. However, 42 out of 124 reporting entities (42%) did not participate in the 2021 reporting process as detailed below:

Reporting entities	Total number	Number of compliant entities	%	Non-compliant entities	%
Federal Iraq					
Government agencies	9	7	78%	2	22%
SOE	17	8	47%	9	53%
IOCs	24	17	71%	7	29%
Crude oil buyers	56	34	61%	22	39%
Petroleum products buyers	17	6	35%	11	65%
Kurdistan Regional Government					
GA	1	0	0%	1	100%
Total	124	72	58%	52	42%

The detailed list is included in Annexes 1 and 2 to this report.

Recommendations

We recommend that the MSG:

- ▶ explore alternative ways to convince reporting entities to participate. This may include visiting them, arranging a virtual meeting with them or their parent entity, etc.
- ▶ explore issuing an EITI Law or adding the EITI requirements to the petroleum/mining contracts.

RECOMMENDATION N° 8

Title	Review the artisanal and small-scale mining (ASM) sector
EITI Requirement	6.3
Responsible	MSG
Priority rating	High

Description

The EITI Standard requires implementing countries to provide an estimate of informal sector activity. Several countries also disclose information on the legal and regulatory frameworks, licenses, registers, production, exports and revenues linked to the artisanal and small-scale mining (ASM) sector.

According to EITI Requirement 6.3, implementing countries should disclose the size of the extractive industries sector in absolute terms and as a percentage of GDP as well as an estimate of informal sector activity, including but not necessarily limited to artisanal and small-scale mining (ASM).

Disclosures related to ASM are also covered by EITI Requirements 1.5, 2.1, 3.2 and 3.3.

Although we understand that ASM is not material compared to the petroleum sector, we think it is worth performing a consultancy study to inform industry and the general public.

Recommendations

We recommend that the MSG:

- ▶ provide estimates of informal extractive activities, including artisanal and small-scale mining, in future EITI reports.
- ▶ perform a consultancy study to assess the ASM sector. To achieve that, the MSG could rely on the guidance note the EITI International Secretariat issued in September 2022 (available [here](#)) and similar studies performed by other EITI countries such as:

EITI country	Publication date	Link to the study
Niger	2022	Link
Ethiopia	2016	Link
DRC	2015	Link

RECOMMENDATION N°9

Title	Enhance public debate
EITI Requirement	7.1
Responsible	MSG
Priority rating	High

Description

According to EITI Requirement 7.1, the MSG should ensure that government and company disclosures are comprehensible, actively promoted, publicly accessible and contribute to public debate. Key audiences should include government, parliamentarians, civil society, companies and the media.

We are aware of technical workshops arranged by the TAEI to explain the 2019 Standard and the 2018 EITI Report. However, we did not find outreach events to explain the 2019/2020 EITI Report. From a web search, we could find just a single press article talking about that previous report.

Recommendations

We recommend that the MSG:

- ▶ ensure that EITI reports are actively promoted, publicly accessible and contribute to public debate;
- ▶ ensure timely communication of EITI data and findings, as well as effective outreach to key stakeholders;
- ▶ encourage and explore creative ways of strengthening EITI's contribution to public debate and engage with communities in the hinterland where extractive activities take place; and
- ▶ build partnerships with local media - local radio and newspapers to promote EITI and enhance public debate.

RECOMMENDATION N° 10

Title	Facilitate the data collection process and enhance the systematic disclosure
EITI Requirement	7.2
Responsible	MSG, NRTC and reporting entities
Priority rating	High

Description

Although the EITI Champion issued a notification letter to all reporting entities to facilitate the data collection process, most of them requested further letters from the Independent Administrator. The EITI reporting entities have then taken more time than expected to provide the requested information. Based on our meetings with some of the reporting entities, we understood that this was due to the sensitivity of the data related to the petroleum sector.

We also noted cases where the information was ready but the individuals responsible for preparing and providing it were unable to release it until they received the appropriate approval.

Although we requested the data in electronic format, most of the data we received were in hard copy. There were instances where the IA team had to manually input over 200 pages of data in MS Excel in order to make it accessible online.

We noted finally that the NRTC [website](#) is out-dated despite the systematic disclosure paper released in January 2017.¹²⁴

Recommendations

We recommend that:

the MSG arrange awareness-raising meetings for all EITI reporting entities to reiterate the Government's commitment to the EITI process.

- ▶ EITI reporting entities are encouraged to provide the requested information as soon as it ready and not wait until the full list of information is ready.
- ▶ the MSG carry out a systematic disclosure feasibility study to identify potential barriers to systematic disclosures. Such a study will provide a clear picture of the publicly available information and its frequency (e.g. information ready for publication, information that needs further checks, information that cannot be released before lifting the potential barriers to its publication, etc).

¹²⁴ [doc-837-2019_05_09_11_56_06.pdf](#)

- ▶ the NRTC keep its [website](#) up to date and make links to others useful websites. We also recommend that NRTC reviews the evolution of the number of website visitors to help tailor the communication and engagement strategy.

RECOMMENDATION N° 11

Title	Ensure data accessibility and open data
EITI Requirement	7.2
Responsible	MSG
Priority rating	High

Description

According to EITI Requirement 7.2, the MSG should ensure that EITI disclosures are made publicly accessible.

Disclosed data should be machine readable and inter-operable to ease its review.

We noted that the EITI Report for 2019 and 2020 was published on the National Secretariat website along with its annexes. However, all tables and figures were not available in CSV or Excel format.

Recommendations

We recommend that the MSG:

- ▶ agree a clear open data policy on the access, release and re-use of EITI data. Government agencies and companies are expected to publish EITI data under an open license, and to make users aware that information can be reused without prior consent.
- ▶ make the data available in an open data format online and publicise its availability. Open data format means that data can be made accessible in CSV or Excel format and could contain all tables, charts and figures from EITI Reports.
- ▶ make systematically disclosed data machine readable and inter-operable, and code or tag EITI disclosures and other data files so that the information can be compared with other publicly available data.

RECOMMENDATION N° 12

Title	Monitor the implementation of the previous EITI recommendations
EITI Requirement	7.3
Responsible	MSG
Priority rating	High

Description

According to EITI Requirement 7.3, the MSG is required to take steps to act upon lessons learnt; to identify, investigate and address the causes of any information gaps and discrepancies; and to consider the recommendations resulting from EITI implementation. The MSG can consider agreeing recommendations for strengthening government systems and natural resource governance. Where appropriate, implementing countries are encouraged to follow up on such recommendations.

However, we identified limited progress towards the implementation of the previous 24 recommendations from both the second validation report¹²⁵ (published in October 2019) and the previous EITI Report¹²⁶ (published in June 2022) as detailed below and in Sections 6.2 and 6.3 respectively:

This lack of action on most of the EITI recommendations will hamper progress by Iraq in meeting the requirements of the EITI Standard. This also impedes:

- ▶ preventative actions to correct and address discrepancies between declarations by government agencies and by the extractive companies; and
- ▶ the data quality and comprehensiveness of the disclosures, which may reduce the public's confidence in the EITI Report. This would also compromise the fundamental purpose of EITI open data being a tool for government in improving policy making and sector management as stipulated in Section 8.6 of the EITI Standard.

TABLE 113: SUMMARY OF RECOMMENDATIONS FROM EITI IMPLEMENTATION

EITI Requirement	Latest validation report (EITI IS)	Previous EITI Report	Total
4.1 Comprehensive disclosure of taxes and revenues	1	4	5
6.1 Social and environmental expenditures by extractive companies	1	2	3
2.6 State participation	1	1	2
4.5 Transactions related to SOEs	1	1	2
1.2 Company engagement	1		1
1.4 Multi-stakeholder group	1		1
1.5 Work plan	1		1
2.4 Contracts		1	1
2.5 Beneficial ownership		1	1
3.3 Exports		1	1

¹²⁵ <https://eiti.org/board-decision/2019-56>

¹²⁶ eiti.org/sites/default/files/2023-01/doc-1232-2022_12_15_11_48_01.pdf

EITI Requirement	Latest validation report (EITI IS)	Previous EITI Report	Total
4.7 Level of disaggregation	1		1
4.9 Data quality and assurance	1		1
6.2 Quasi-fiscal expenditures.		1	1
7.1 Public debate	1		1
7.3 Recommendations from EITI implementation	1		1
7.4 Review the outcomes and impact of EITI implementation	1		1
Total	12	12	24

Recommendations

We recommend to the MSG:

- ▶ set up an ad hoc committee to follow up the implementation of the previous recommendation; each recommendation should be allocated to a responsible person with clear implementation date/cost and barriers for implementation if any;
- ▶ take steps to act upon lessons learnt with a view to strengthening the impact of EITI implementation on natural resource governance; and
- ▶ consider improving its procedures to analyse and follow-up on the recommendations resulting from EITI reporting.

MSG comments

The MSG has formed an ad hoc committee headed by the MSG chair, H.E. Minister of Oil to address the corrective actions and lessons learned from the previous reports' recommendations.

Further IA comments

While we appreciate the efforts the MSG made, we would encourage publishing the work this committee achieved so far as well as the minutes of its meetings.

RECOMMENDATION N° 13

Title	Review the outcomes and impact of EITI implementation
EITI Requirement	7.4
Responsible	MSG
Priority rating	High

Description

According to EITI Requirement 7.4, the MSG is required to review the outcomes and impact of EITI implementation on natural resource governance.

The MSG is also required to document their annual review of impact and outcomes of EITI implementation in an annual progress report or through other means agreed by the MSG. This should include any actions undertaken to address issues that the MSG has identified as priorities for EITI implementation.

We noted that the latest publicly available annual report relates to the year 2017.¹²⁷

Recommendations

We recommend that the MSG:

- ▶ ensure that all stakeholders are able to participate in the production of the annual progress report and review the impact of EITI implementation.
- ▶ ensure that an assessment of progress with achieving the objectives set out in its work plan is carried out, including the impact and outcomes of the stated objectives; and
- ▶ review the outcomes and impact of EITI implementation on natural resource governance.

¹²⁷ [doc-616-2021_03_18_09_46_05.pdf](#)

6.2 RECOMMENDATIONS FROM THE LATEST VALIDATION REPORT

In order to improve the EITI reporting process in Iraq we present below the progress made in implementing the recommendations that were set out on the previous validation report:

RECOMMENDATION N° 1	
Title	Company engagement
EITI Requirement	1.2
Responsible	MSG
Priority rating	High
Recommendations	<ul style="list-style-type: none"> ▶ The industry constituency should ensure that it is fully, actively and effectively engaged in all aspects of EITI implementation, beyond submission of data. ▶ Industry is encouraged to refine its constituency action plan to ensure that it provides robust guidelines for structuring the constituency's engagement in EITI implementation and to move forward with efforts to systematically disclose information required under the EITI Standard through their systems.
Implementation status	
Further IA comments (if any)	

RECOMMENDATION N° 2	
Title	Multi-stakeholder group
EITI Requirement	1.4
Responsible	MSG
Priority rating	High
Recommendations	<ul style="list-style-type: none"> ▶ Iraq should ensure that any non-trivial deviations from the MSG's ToR in practice are adequately codified, including a clear procedure for appointing proxies in the event that an MSG member is not available.
Implementation status	
Further IA comments (if any)	

RECOMMENDATION N° 3	
Title	Work plan
EITI Requirement	1.5
Responsible	MSG
Priority rating	High
Recommendations	<ul style="list-style-type: none"> ▶ Iraq should ensure that the annual work plan is the product of consultations with the broader government, industry and civil society constituencies, includes individually costed activities with clear sources of funding for each, and includes plans for follow-up on recommendations from Validation and EITI reporting. Iraq may wish to publish more regular updates of its work plan execution to reflect consistent monitoring of implementation and support Iraq's efforts to reach out to prospective donors to support specific activities.
Implementation status	No progress.
Further IA comments (if any)	

RECOMMENDATION N° 4.1

Title	State participation
EITI Requirement	2.6.a
Responsible	MSG and SOEs
Priority rating	High
Recommendations	<ul style="list-style-type: none"> ▶ Iraq should ensure that an explanation of the financial relations between material state-owned enterprises (SOEs) and the government in practice during the year under review is publicly accessible.
Implementation status	No progress.
Further IA comments (if any)	

RECOMMENDATION N° 4.2

Title	State participation
EITI Requirement	2.6.b
Responsible	MSG and SOEs
Priority rating	High
Recommendations	<ul style="list-style-type: none"> ▶ Iraq should ensure that a description of any loans or loan guarantees provided by the government to any mining, oil and gas companies is publicly accessible. To strengthen implementation, Iraq is encouraged to consider means of disclosing this information through routine government and SOE disclosure systems, as well as the scope for using EITI implementation as an annual diagnostic of SOE financial relations with the state in practice.
Implementation status	No progress.
Further IA comments (if any)	

RECOMMENDATION N° 5	
Title	Comprehensive disclosure of taxes and revenues
EITI Requirement	4.1
Responsible	MSG and IA
Priority rating	High
Recommendations	<ul style="list-style-type: none"> ▶ Iraq should ensure that future EITI reconciliations include the IA's clear assessment of the materiality of payments from each non-reporting company, to support an assessment of whether omissions could have affected the comprehensiveness of the reconciliation of payments and revenues (see Requirement 4.9). ▶ The MSG should document the options considered and the rationale for establishing the materiality definitions and thresholds. ▶ Iraq is encouraged to strengthen its efforts to ensure that all companies making material payments to government duly submit their EITI reporting templates.
Implementation status	No progress.
Further IA comments (if any)	

RECOMMENDATION N° 6	
Title	Transactions related to SOEs
EITI Requirement	4.5
Responsible	MSG, SOEs and government agencies
Priority rating	High
Recommendations	<ul style="list-style-type: none"> ▶ Iraq should ensure that all material company payments to SOEs, whether in cash or in kind, and all material SOE transfers to and from government are comprehensively disclosed and reconciled. To strengthen implementation, given the importance of SOEs in the oil and gas sector, Iraq is encouraged to ensure that a clear mapping of all transactions involving extractives SOEs is publicly available.
Implementation status	No progress.
Further IA comments (if any)	

RECOMMENDATION N°7	
Title	Level of disaggregation
EITI Requirement	4.7
Responsible	MSG
Priority rating	High
Recommendations	<ul style="list-style-type: none"> ▶ Iraq should ensure that all reconciled financial data, including cost recovery and remuneration fees, is disaggregated by company, revenue stream and government entity. Iraq may wish to consider the extent to which it can make progress in implementing project-level EITI reporting of sector-specific levies and taxes ahead of the deadline for all EITI Reports covering fiscal periods ending on or after 31 December 2018, agreed by the EITI Board at its 36th meeting in Bogotá.
Implementation status	No progress.
Further IA comments (if any)	

RECOMMENDATION N°8	
Title	Data quality and assurance
EITI Requirement	4.9
Responsible	MSG and IA
Priority rating	High
Recommendations	<p>▶ The EITI requires an assessment of whether the payments and revenues are subject to credible, independent audit, applying international auditing standards. In accordance with Requirement 4.9.b.iii and the standard Terms of Reference for the IA agreed by the EITI Board, the MSG and IA should:</p> <p>a) ensure that the IA provides an assessment of whether all companies and government entities within the agreed scope of the EITI reporting process provided the requested information. Any gaps or weaknesses in reporting to the IA must be disclosed in the EITI Report, including naming any entities that failed to comply with the agreed procedures, and an assessment of whether this is likely to have had material impact on the comprehensiveness and reliability of the report.</p> <p>b) ensure that the IA provides an informative summary of the work performed by the IA and the limitations of the assessment provided, alongside the IA's clear assessment of comprehensiveness and reliability of the (financial) data presented.</p>
Implementation status	No progress.
Further IA comments (if any)	

RECOMMENDATION N°9	
Title	Social and environmental expenditures by extractive companies
EITI Requirement	6.1
Responsible	MSG
Priority rating	High
Recommendations	<ul style="list-style-type: none"> ▶ Iraq should ensure that reporting of mandatory social expenditures be disaggregated by type of payment and beneficiary, clarifying the name and function of any non-government (third-party) beneficiaries and whether expenditures were provided in cash or in kind.
Implementation status	Partiality implemented.
Further IA comments (if any)	A number of the IOCs we contacted provided the details of their mandatory and voluntary social expenditures. The MSG is encouraged to set a regular reporting process for both petroleum and mining companies.

RECOMMENDATION N° 10	
Title	Public debate
EITI Requirement	7.1
Responsible	MSG
Priority rating	High
Recommendations	<ul style="list-style-type: none"> ▶ Iraq should ensure that EITI data is actively promoted, publicly accessible and contributes to public debate. ▶ Iraq should consider developing a communications strategy that looks beyond building brand recognition to addressing the national priorities identified in the work plan. ▶ Iraq is encouraged to engage with a broader group of relevant stakeholders in its EITI dissemination and outreach, including parliamentarians, academia, the media and host communities. Iraq should also agree a clear policy on the access, release and reuse of EITI data.
Implementation status	No progress.
Further IA comments (if any)	

RECOMMENDATION N° 11	
Title	Recommendations from EITI implementation
EITI Requirement	7.3
Responsible	MSG
Priority rating	High
Recommendations	<ul style="list-style-type: none"> ▶ Iraq should implement a mechanism for consistent follow-up on recommendations from past EITI reporting and Validation. ▶ Iraq should also consistently make efforts to identify, investigate and address the causes of any discrepancies and weaknesses of the EITI process after publication of EITI Reports. ▶ The MSG is also encouraged to take a more proactive role in formulating its own recommendations as part of EITI reporting.
Implementation status	No progress
Further IA comments (if any)	

RECOMMENDATION N° 12	
Title	Review the outcomes and impact of EITI implementation
EITI Requirement	7.4
Responsible	MSG
Priority rating	High
Recommendations	<ul style="list-style-type: none"> ▶ Iraq should ensure that all stakeholders are given an opportunity to provide input to the annual progress report and that their views are adequately reflected. ▶ Iraq should also ensure that the next annual progress report includes a narrative account of efforts to strengthen the impact of EITI implementation on natural resource governance.
Implementation status	No progress.
Further IA comments (if any)	

6.3 RECOMMENDATIONS FROM THE PREVIOUS EITI REPORT

In order to improve the EITI reporting process in Iraq we present below the progress made in implementing the recommendations that were set out on the previous EITI report:

RECOMMENDATION N ° 1	
Title	Non-compliance of some extractive SOEs to pay the treasury share to the MoF
EITI Requirement	4.5 Transactions related to SOEs
Responsible	MSG and MoF
Priority rating	High
Description	<p>The share of the state's public treasury at the rate of (45%) of the net profits of public companies that can be distributed is calculated in accordance with the law of Public Companies No. 22 of year 1997 (Amended).</p> <p>These amounts are deposited by those companies at the MoF /Accounting Department, which is recorded within the creditors' account until it is paid and is carried forward and does not fall until it is paid, bearing in mind that the Financial Statements of these companies have not been audited to date by the FBSA so that related companies can pay of what they owed from those profits. For the purpose of enhancing the cash liquidity of the public treasury, the General Federal Budget Law for the year 2019 (Article 35 - First) stipulated that the relevant companies pay the percentage of (50%) of the share achieved before the audit of the FBSA.</p> <p>Some extractive SOEs did not pay the 50% of the treasury prior the audit of the Board in violation of the provisions of the Federal Budget Law for the year 2019.</p>
Recommendations	<ul style="list-style-type: none"> ▶ Follow-up by the MoF with all SOEs to pay 50% of the realized treasury share, even if it was not audited, in accordance with the provisions of the General Federal Budget Law for the year 2019 (and the year 2021 later on).
Implementation status	No progress.
Further IA comments (if any)	

RECOMMENDATION N° 2	
Title	Deduction of Employment, Training and Technology Transfer (Article 26 of the petroleum licensing rounds contracts) and transferring them to the state treasury instead of disbursing them on the intended beneficiaries
EITI Requirement	6.1 Social and environmental expenditures by extractive companies
Responsible	PCLD
Priority rating	High
Description	According to the petroleum licensing rounds contracts (Article 26), an amount (US\$ 5 million for the contracts of the 1st and 2nd rounds - US\$ one million for the contracts of the 3rd and 4th rounds) is allocated to be spent on Employment, Training and Technology Transfer, which are considered non-recoverable expenses. Most of the related contractors did not disburse these annual amounts, which prompted the Petroleum Contracts and Licensing Department (which was affiliated with the Ministry of Oil at the time), according to the approval of the Minister of Oil, to deduct the total undisbursed amounts related to Article 26 of the lists of accounts of contracting companies related to the second chapter of 2018, where these amounts amounted to about US\$ 200 million, and this amount was transferred to the state treasury, instead of spending it on the intended beneficiaries, and no other deduction was made later on until the date of this report.
Recommendations	<ul style="list-style-type: none"> ▶ Find a way to disburse the deducted sums according to their purpose to the intended beneficiaries.
Implementation status	No progress.
Further IA comments (if any)	

RECOMMENDATION N° 3	
Title	Continuing of publishing oil export data reconciliation in details and at the shipment level
EITI Requirement	3.3 Exports
Responsible	MSG
Priority rating	High
Description	Publishing detailed reconciliations at the shipment level related to crude oil export had been done, providing a clearer picture of how to perform these reconciliations in a practical manner and clarifying the discrepancies and their causes.
Recommendations	<ul style="list-style-type: none"> ▶ To continue publishing the reconciliations at the shipment level in order to enhance transparency, and to enable the followers, the parliamentary, audit and judicial authorities to observe the details of the actually sold shipments.
Implementation status	No progress.
Further IA comments (if any)	

RECOMMENDATION N° 4	
Title	SOMO discloses crude oil export data for the Kurdistan region
EITI Requirement	4.1 Comprehensive disclosure of taxes and revenues
Responsible	MSG
Priority rating	High
Description	NRTC had obtained documented data on the extractive sector in the Kurdistan region through SOMO. Although this data is not in compliance with the initiative's criteria, the report was able to draw a clearer picture of the region's revenues after comparing this data with the periodic reports published on the regional government websites.
Recommendations	<ul style="list-style-type: none"> ▶ Diligently seeking to obtain the region's data from third sources, such as SOMO, FBSA, or any other reliable authority, in light of the inability to obtain it from official sources in the region and from international companies operating in it.
Implementation status	No progress.
Further IA comments (if any)	

RECOMMENDATION N ° 5	
Title	Delays in publishing licensing rounds contracts by the state-owned companies
EITI Requirement	2.4 Contracts
Responsible	MSG
Priority rating	High
Description	<p>On 10 January 2020, the Undersecretary of the Ministry of Oil issued an official letter addressed to the national oil and gas companies, stressing the minister's previous directive on the obligation to publish copies of the service contracts signed since the 1st licensing round, in their final form, and all of their terms, conditions, appendices and attachments.</p> <p>The application of the requirements positively exceeds the obligations of requirement (2-4) in that the mentioned requirement obliges international and national companies to disclose contracts and licenses granted or modified after January 2021, and does not require the disclosure of contracts prior to this date.</p> <p>Despite the above instructions, none of the license contracts granted have been published as of the date of this report.</p>
Recommendations	<ul style="list-style-type: none"> ▶ Urging SOEs to abide by the Ministry's directives and urging international companies to follow the example of their national counterparts.
Implementation status	No progress.
Further IA comments (if any)	

RECOMMENDATION N° 6	
Title	Delay in implementing of the BO roadmap
EITI Requirement	2.5 Beneficial ownership
Responsible	MSG
Priority rating	High
Description	<p>Requirement (2-5) mandates to establish a register for “beneficial owners” that contains detailed data on companies wishing to participate in licensing rounds, or holding a share in exploration or extractive license, provided that the register includes (according to agreed criteria and mechanisms) information about the identity of the company’s owners, the percentages of shares they own and their positions ... etc, where the MSG is supposed to develop a roadmap for implementing the requirement.</p> <p>Although this requirement has become effective from 1 January 2020, and the work plan includes precise details of the roadmap, but the report indicated that there is a delay in government agencies and international companies in implementing the roadmap and in developing an integrated register.</p>
Recommendations	<ul style="list-style-type: none"> ▶ Complete the BO register and urge the concerned parties to disclose their BO.
Implementation status	No progress
Further IA comments (if any)	

RECOMMENDATION N°7	
Title	Lack of social benefits data
EITI Requirement	6.1 Social and environmental expenditures by extractive companies
Responsible	PCLD / Companies
Priority rating	High
Description	<p>It was noted that the information on social benefits provided by the petroleum licenses holders is incomplete due to the reluctance of some extractive companies operating in Iraq to disclose the required data to the independent administrator, in addition to the lack of complete related data at the Petroleum Contracts and Licensing Directorate (PCLD) at the MoO, as the authority supervising the licenses. Noting that this directorate has established a database of social benefits, but it is incomplete until the date of this report.</p> <p>Incompleteness and dissemination of this information may miss the opportunity to elaborate these benefits to the citizen, which may lose the opportunity to present these benefits and to suggest preferential alternatives in this regard.</p>
Recommendations	<ul style="list-style-type: none"> ▶ Complete the compilation of all social benefits information and publish it in accordance with the relevant requirement as soon as possible, thus providing a clearer picture to the citizen about these expenditures and the beneficiaries thereof.
Implementation status	No progress.
Further IA comments (if any)	We requested this information from PLCD.

RECOMMENDATION N ° 8	
Title	National companies delay in disclosing their financial statements
EITI Requirement	2.6 State participation
Responsible	MSG / SOEs
Priority rating	High
Description	Despite the issuance of a direct order from the Minister of Oil in 2019 to SOEs to publish the certificate of incorporation and financial statements (even if they were not been audited by the FBSA) for each of them, and despite the issuance of an official confirmation by the Undersecretary for Extraction Affairs dated on 10 January 2021, most of these companies was still late in publishing this data at the time of this report, noting that requirement (2-6 b) requires the state-owned extractive companies to disclose their annual financial statements. It is worth noting that the report was able to analyse the final accounts published by some of these companies (although they were few).
Recommendations	<ul style="list-style-type: none"> ▶ The MSG should follow up the implementation of the requirement by holding meetings and workshops for the stakeholders in the mentioned companies and urging them to publish the data and remove the obstacles that prevent it.
Implementation status	Partially implemented.
Further IA comments (if any)	We collected the unaudited financial statements from the Ministry of Oil and asked NRTC to publish them on its website.

RECOMMENDATION N°9	
Title	Continuing challenges of disclosure and data collection
EITI Requirement	4.1 Comprehensive disclosure of taxes and revenues
Responsible	MSG / SOEs
Priority rating	High
Description	The report observed continuation of the same challenges that were previously indicated during the disclosure periods of previous reports, including the delay of the disclosure parties in providing the information required in the data forms and other information requests, or partially providing it.
Recommendations	<ul style="list-style-type: none"> ▶ The MSG should continue communicating with various disclosure parties to emphasize on the importance of completing data forms and information requests in a timely manner, with strict adherence to the requirements set by the MSG implemented by the IA in terms of data completion and quality assurance.
Implementation status	
Further IA comments (if any)	

RECOMMENDATION N° 10	
Title	Non-Compliance of SOMO and International Crude Oil Buyers in disclosing in accordance to according to cash basis of accounting
EITI Requirement	4.1 Comprehensive disclosure of taxes and revenues
Responsible	SOMO and reporting entities
Priority rating	High
Description	As with previous reports, the inconsistency of the data provided with the approved accounting standards between IOCs and SOEs has contributed to creating many differences in conformity. SOMO (for example) and some of the buying companies disclose their shipments according to the date of shipment, which means that they apply an “accrual” basis, while the reporting entities are required to disclose their operations on a “cash” basis. The non-compliance with the cash basis resulted in differences in sales occurred at the beginning and end of the year.
Recommendations	<ul style="list-style-type: none"> ▶ We recommend the adoption of the cash basis in all disclosure reports, which unifies the approved basis and avoids the differences resulting from the application of different accounting basis.
Implementation status	
Further IA comments (if any)	

RECOMMENDATION N° 11	
Title	Disclosure challenges in Kurdistan region
EITI Requirement	4.1 Comprehensive disclosure of taxes and revenues
Responsible	MSG
Priority rating	High
Description	<p>The IA pointed out the same challenges in previous reports in obtaining data for the extractive sector in the Kurdistan region due to the prevention of the region's government and international companies operating in it in adhering to the EITI and providing the required data. The MSG actively sought to ensure the participation of the regional government in the EITI, and the IA was provided with an authorization letter directed to the Ministry of Natural Resources (MNR) in the region, and the IA made several attempts to communicate with the MNR over several months through personal visits, in addition to communicating through the delivery of other electronic messages to a number of international companies operating in the region, but to no avail.</p>
Recommendations	<ul style="list-style-type: none"> ▶ The MSG to intensify communication with the government and parliament of the region to discuss the challenges that prevent participation in the initiative and provide the required data.
Implementation status	No progress.
Further IA comments (if any)	

RECOMMENDATION N° 12	
Title	Disclosure of the debts of the Ministry of Electricity to the companies related to the Ministry of Oil
EITI Requirement	6.2 Quasi-fiscal expenditures
Responsible	MSG
Priority rating	High
Description	The report published detailed data on the debts owed by the Ministry of Electricity to some companies related to the Ministry of Oil related to the supplies of crude oil and oil products to Ministry of Electricity, where these accumulated debts since year 2011 till end of year 2020 had exceeded an amount of approx. IQD 18 trillion, equivalent to approx. US\$ 15 billion (using an exchange rate US\$/IQD of 1,182). It is worth mentioning to the ministerial order number 22 for year 2021, which mandate to form a committee composed from the related parties to deal with these debts and find effective solutions for them.
Recommendations	<ul style="list-style-type: none"> ▶ Follow-up on the issue of handling the debts of the Ministry of Electricity and communicating with the relevant committee to discuss its decisions.
Implementation status	No progress.
Further IA comments (if any)	

ANNEXES

Annexes 1-10 to this report are available on NRTC website.

Annex 1: Outstanding documents from GAs and SOEs

Annex 2: Details of data submission

Annex 3: Register of active mining licences

Annex 4: Five-year seismic survey plan

Annex 5: Social and environmental expenditures disclosed by IOCs

Annex 6: Quasi-fiscal expenditures reported by SOEs

Annex 7: Crude oil sales revenues reported by SOMO

Annex 8: Petroleum products sales revenues reported by SOMO

Annex 9: Crude oil lifting reported by SOMO

Annex 10: Employment data reported by IOCs and SOEs


Annex 11: Ministerial Order of 11 December 2023

Original in Arabic

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

جمهورية العراق
وزارة النفط

Republic of Iraq
Ministry of Oil



Ref.:
Date: / / 202

العدد: ١٠٩٤
التاريخ: ١١ / ١٢ / ٢٠٢٣

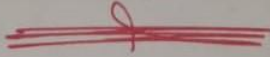
إلى / شركة نفط البصرة
شركة تسويق النفط
شركة نفط الشمال
شركة نفط الوسط
شركة نفط ميسان
شركة نفط ذي قار
شركة مصافي الشمال
شركة مصافي الوسط
شركة مصافي الجنوب
شركة غاز الشمال
شركة غاز الجنوب
شركة غاز البصرة
شركة الحفر العراقية
شركة الاستكشافات النفطية
شركة توزيع المنتجات النفطية
شركة خطوط الأنابيب النفطية
م / متطلبات معايير مبادرة الشفافية

السلام عليكم ورحمة الله وبركاته..
تعزيزاً لمبدأ الشفافية في عمل الوزارة والتزاماً بالمعايير الدولية لمبادرة الشفافية في الصناعات الاستخراجية والحقاً بالتوجيهات السابقة نؤكد على التزامكم بنشر البيانات الآتية على مواقعكم الرسمية في شبكة الانترنت وإرسال نسخ منها إلى هيئة الشفافية في الثروات الطبيعية واعتبار ذلك سياق عمل ثابت ومستمر:

١. نشر العقود المتعلقة باستكشاف وتطوير وإنتاج ونقل وتحويل وتصدير وتوزيع واستهلاك النفط والغاز والمنتجات. على أن يشمل النشر كافة أحكام العقد وشروطه وملاحقه ومرفقاته والتحديثات اللاحقة عليه وأن يشمل ذلك عقود الخدمة المعيارية والعقود الجديدة وغيرها. وذلك التزاماً بسياسة "شفافية العقود في وزارة النفط" المنشورة على موقع الوزارة.

٢. نشر نسخ من الحسابات الختامية وشهادة التأسيس. على أن يذكر في الحسابات الختامية عبارة توضح إن كانت مستوفية لمصادقة ديوان الرقابة المالية الاتحادي أم إنها لا زالت في طور التدقيق.

شاكرين تعاونكم... مع التقدير



حيان عبد الغني السواد
نائب رئيس الوزراء لشؤون الطاقة / وزير النفط
رئيس مجلس أمناء هيئة الشفافية
في إدارة الثروات الطبيعية
٢٠٢٣/١٢/١٤

نسخة منه إلى

- دائرة العقود والتراخيص البترولية / لنفس الغرض أعلاه قدر تعلق الأمر بكم
- هيئة الشفافية في الثروات الطبيعية / لتفضل بالاطلاع والمتابعة وإعلامنا

ail: minister.office@oil.gov.iq

Telefax: 00964 1815

Non-official translation into English**Republic of Iraq****Ministry of Oil**

Ref: 1094

Date: 11/12/2023

To:

- Basra Oil Company
- Oil Marketing Company
- North Oil Company
- Midland Oil Company
- Missan Oil Company
- Thi-Qar Oil Company
- North Refineries Company
- Midland Refineries Company
- South Refineries Company
- North Gas Company
- South Gas Company
- Basra Gas Company
- Iraqi Drilling Company
- Oil Exploration Company
- Oil Products Distribution Company
- Oil Pipelines Company

Subject: EITI requirements

In order to enhance the principle of transparency in the work of the Ministry and to comply with the EITI Standard, and in addition to the previous directives, we would like to reiterate your obligation to disclose the following information on your respective websites and to provide copies to the NRTC, considering this as a continuous work going forward:

- Disclose contracts related to the exploration, development, production, transportation, transformation, export, distribution, and consumption of oil, gas, and petroleum products. The publication should include the contract in its entirety, its conditions, annexes, attachments, and any subsequent amendments. The publication covers technical service contracts, newly signed contracts and others, in accordance with the contract transparency policy in the Ministry of Oil published on the Ministry's website.
- Publish copies of the final accounts and the certificate of incorporation stating whether the final accounts have been approved by the FBSA or not.

We appreciate your cooperation.

Hayan Abdul Ghani Al-Swad**Deputy Prime Minister for Energy Affairs and Minister of Oil**

Copy to:

PLCD**NRTC**

Annex 12: IA Team

Independent Administrator	
Mark Henderson	Partner
Hédi Zaghouani	Director
Achraf Kanoun	Senior Manager
Mehdi Mellah	Senior Manager
Helmi Ben Rhouma	Manager
Wisseem Zaazaa	Supervisor
Ines Bakri	Auditor



Natural Resources
Transparency Commission

Main cover photo: Save Iraqi Culture Monument

The Save Iraqi Culture Monument in Baghdad stands as a symbol of the country's rich heritage, aiming to draw attention to the importance of preserving its cultural legacy despite times of turmoil. This monument serves as a rallying cry to safeguard Iraq's ancient history, artifacts, and diverse traditions from the ravages of conflict and destruction.

The monument is located in the centre of Baghdad, calling upon the global community to come together in solidarity, supporting initiatives to safeguard these cultural treasures for future generations.

The Save Iraqi Culture Monument, commissioned in 2010 by the mayor of Baghdad, was designed by late Iraqi sculptor Mohammad Ghani Hikmat. The monument serves as a call to action, urging authorities, international organisations, and individuals to take tangible steps in protecting and preserving Iraq's heritage. Prioritising heritage helps ensure that the cultural identity and history of Iraq remain vibrant, even amidst any challenges it may face. (Source: IINA)