

Validation of Iraq (2024)

Assessment of progress in implementing the 2019 EITI Standard

Contents

Acronyms.....	3
Executive summary	4
1. Effectiveness and sustainability indicators	10
2. Outcomes and impact.....	14
3. Stakeholder engagement	19
4. Transparency	30
Overview of the extractive sector (Requirements 3.1, 6.3).....	30
Legal environment and fiscal regime (Requirements 2.1, 2.4, 6.4)	31
Licenses and property rights (Requirements 2.2, 2.3)	36
Beneficial ownership (Requirement 2.5).....	40
State participation (Requirements 2.6, 4.2, 4.5, 6.2).....	42
Production and exports (Requirements 3.2, 3.3).....	51
Revenue collection (Requirements 4.1, 4.3, 4.4, 4.7, 4.8, 4.9)	53
Revenue management (Requirements 5.1, 5.3)	61
Subnational contribution (Requirements 4.6, 5.2, 6.1).....	63
Background	70
Resources	71
Annexe A: Assessment of Requirement 1.3 on civil society engagement.....	72

Acronyms

Bpd	Barrels per day
BOC	Basra Oil Company
BRI	Belt and Road Initiative
CBI	Central Bank of Iraq
CSO	Civil Society Organisation
DFI	Development Fund for Iraq
EITI	Extractive Industries Transparency Initiative
FRBNY	Federal Reserve Bank of New York
GDP	Gross domestic product
GFS	Government Finance Statistics
IBSA	Iraqi Board of Supreme Audit
IEITI	Iraq Extractive Industries Transparency Initiative
IMF	International Monetary Fund
ITAEI	Iraq Transparency Alliance for Extractive Industries
IOC	International Oil Companies
KCF	Kuwait Compensation Fund
KRG	Kurdistan Regional Government
MdOC	Midland Oil Company
MIM	Ministry of Industry and Minerals
MNR	Ministry of Natural Resources (KRG)
MOC	Missan Oil Company
MoO	Ministry of Oil
MoF	Ministry of Finance
MSG	Multi-Stakeholder Group
NGO	Non-Governmental Organisation
NOC	National Oil Company
OPEC	Organization of the Petroleum Exporting Countries
OGRA	Oil and Gas Revenues Account, used interchangeably with DFI account
OPRA	Oil Proceeds Receipt Account, used interchangeably with DFI account
PCLD	Petroleum Contracts and Licensing Directorate
PRC	People's Republic of China
PSC	Production Sharing Contract
Scf	Standard cubic feet
SOE	State-owned enterprise
SOMO	Iraq Oil Marketing Company
Tcf	Trillion cubic feet
ToR	Terms of Reference
UN	United Nations
UNOHCHR	United Nations Office of the High Commissioner for Human Rights
USD	United States Dollar

Executive summary

This Validation report presents the findings of the International Secretariat's Validation of Iraq, which commenced on 1 July 2024. The draft report was finalised for review by the multi-stakeholder group (MSG) on 17 January 2025. Following comments from the MSG received on 14 February 2025, the Validation report was finalised for consideration by the EITI Board. The MSG's response noted agreement with the draft assessment, and that steps to address corrective actions are already being considered for the 2025 work plan. The assessment suggests that Iraq has exceeded no EITI Requirements, fully met four, mostly met 12, partly met 11, and not met one requirement, with one requirement assessed as not applicable.

Scope of Iraq's EITI implementation and Validation

Consistent with the Board approved adapted implementation, the scope of this assessment is limited to the oil and gas sector, excluding the federal entity of Iraqi Kurdistan. Iraq has continued to publish EITI Reports under its [Board-approved adapted implementation](#), most recently extended to the 2019-2021 EITI Reports in [February 2021](#). The EITI Board's decision confirms that the Federal Government is not able to compel companies and government agencies in the Kurdistan region to participate in the EITI process but requires Iraq EITI to continue its outreach to the Kurdistan Regional Government (KRG) and extractive companies operating in the region. Where comprehensive information is not obtained from these entities, the multi-stakeholder group is expected to reference other publicly available sources of information. This Validation thus reviews the level of engagement with regional government entities and extractive companies in Iraqi Kurdistan, as well as Iraq EITI's progress in sourcing relevant data on extractive activities in the region from existing systematic disclosures from KRG entities and extractive companies operating in the region. The assessment of Iraq's adherence to the terms of its adapted implementation for the Kurdistan region is covered under Requirement 4.6 on direct subnational payments, as this requirement covers direct payments from companies to subnational government units (in this case, Kurdistan region, or KRG).

Iraq's EITI Reports have continued to cover both the oil and gas sector as well as mining. Iraq's 2021 EITI Report highlights that the mining sector's contribution to the economy remains limited, with only 0.1% to GDP (compared to 45.5% from oil and gas) and of only 0.02% to total exports (compared to 98.7% from oil and gas). Although no figures are provided for the mining sector's contribution to government revenues, these are assumed to be negligible. Thus, the International Secretariat does not consider that the mining sector gives rise to material government revenues in the period under review, even if Iraq EITI's ambitions to expand transparency to this sector intended to support the government's economic diversification efforts are commendable. Given the lack of material government revenues from the mining sector, this Validation focuses on EITI implementation with regards to the oil and gas sector, while acknowledging efforts to improve transparency in mining.

Key achievements

- Despite security challenges that coincided with the COVID-19 pandemic, Iraq succeeded in pursuing its EITI implementation, including publishing regular EITI Reports within the Board-approved timeframes. As the world's fifth largest oil producer and OPEC's second-largest, Iraq has sustained its EITI disclosures on the EITI's largest oil country by

production and government revenues (USD 70bn in the last (2021 EITI Report). EITI in Iraq remains a steady reference point for stakeholders and received significant support from the World Bank in 2023-2024.

- Iraq has sustained its pioneering disclosures of data on the sale of the state's in-kind crude oil revenues, disclosing over 800 individual cargos a year valued at over USD 70bn in 2021. Iraq has expanded the granularity of disclosures, which is unique to the countries in the region. In its recent EITI Reports, Iraq has begun publishing detailed cargo-level crude oil export data—an improvement since the previous Validation—and has extended its transparency efforts to include refined petroleum product exports. Stakeholders also welcomed the coverage of the mining sector, given the ambitions of the Iraqi government to diversify the economy.
- Despite a concerning broader deterioration of civic space, civil society has strengthened its engagement in outreach and dissemination activities on EITI issues, publishing Arabic-language guidebooks and other communication products on topics of public interest such as oil contracts.

Areas for improvement

- There are opportunities for Iraq EITI to make a greater contribution to public debate on 'Petrodollar Allocations' by disclosing reliable information on the rules and practices of subnational transfers of oil and gas revenues, including the processes for agreeing the revenue sharing formula. The issue is of significant public interest reflected in popular protests since October 2019 around the management of oil and gas revenues.
- There is scope to improve the depth and consistency of government leadership of the EITI process in Iraq, particularly in terms of overcoming barriers to disclosure and aligning EITI implementation to support national priorities. The government should convene the Iraq EITI multi-stakeholder group (MSG) on a more regular basis, for it to exert genuine multi-stakeholder oversight including at the level of technical EITI committees.
- In addition to its reporting on crude oil exports (3.8m bpd in 2024) Iraq EITI should improve the comprehensiveness of disclosures on the domestic oil and gas value chain. There are opportunities for Iraq to use EITI disclosures to support reforms in the oil and gas sector by strengthening transparency around the flow of oil and gas to the national midstream sector (refineries, power plants) and formulating relevant recommendations for reform.
- While Iraq's civil society has driven more outreach and dissemination with support from PWYP International, a more comprehensive and consistent outreach and dissemination strategy has yet to be pursued by Iraq EITI and its broader constituencies. With 13 years of Iraq EITI data in the public domain, there are opportunities for Iraq EITI to add greater value by turning its focus towards data analysis.

Progress in implementation

EITI Validation assesses countries against three components – “Stakeholder engagement”, “Transparency” and “Outcomes and impact”.

Stakeholder engagement

Despite challenging political and security conditions in the 2019-2024 period, the government continued to lead the EITI, and implement the EITI activities supported by the World Bank. Companies have continued to participate in EITI reporting and contribute to MSG meetings. EITI supporting companies that have subsidiaries operating in Iraq have in large parts been complying with reporting requirements, as documented in this assessment, although a total of 57 of the 97 material companies did not submit their reporting templates for the 2021 EITI Report. Civil society has produced some substantial contributions in 2019-2022 in terms of campaigning on governance issues and providing analysis even as gaps in government funding pose limitations on civil society driven activities.

There were efforts to address some issues from past Validations although civil society has expressed the need for more effort on the part of the government specifically on reshaping the MSG's composition. The latest Diwani Orders that govern the EITI in Iraq continue to pose issues for having reduced the number of seats for civil society on the MSG. There is scope to adhere to internal governance rules in practice, such as the timing of renewal of MSG members. EITI Iraq, led by the National Secretariat, operates several subgroups to support the MSG and its EITI implementation. The secretariat could be strengthened by providing more clarity on their composition, mandates and accountability to the MSG. In late 2023 Secretariat staffing was strengthened and now includes around ten staff, mainly seconded from NOCs

The provision of government funding for EITI was cut in 2019, due to a change in regulations barring national oil companies (NOCs) from funding independent bodies like the EITI, which they had done up to that point. Much of the National Coordinator's time has been spent on securing government resources for the EITI process. There have also been weaknesses in some government entities' provision of the required data for EITI reporting. Overall, despite a worsening broader civic space environment, which was marked with violent protests in 2019 and 2022, this assessment did not find evidence of a breach of the EITI Protocol: Participation of civil society in the period under review.

Transparency

Iraq operates a service contracts regime, whereas the rights to extract are not held by private oil and gas companies, as in most other countries, but are held by state-owned companies. The state confers service contracts to private companies which gives the latter the right to provide technical expertise and services, for which they are reimbursed by the government through crude oil allocations (renumeration fees and cost recovery). The International Secretariat continues to consider (as in previous Validations) the service contracts as agreements that provide the terms of exploitation of oil and gas resources. Thus, service contract agreements are considered as contracts (as in previous EITI Validation assessments), the register of service contract holders (Requirement 2.4) as the equivalent of a license register (Requirement 2.3) and beneficial ownership to apply to service contract holders (Requirement 2.5). Moreover, the sale of the oil and gas, which remains under the ownership of the government, by state-owned company SOMO, is considered as the sale of the state's share of production (Requirement 4.2).

The period under review has witnessed several evolutions in the structure of Iraq's oil and gas industry, with several large investors (e.g. Shell and ExxonMobil) exiting their participation in service contracts and newer Chinese investors receiving blocks in recent licensing rounds. There are opportunities for Iraq to maintain updated public information on license and service contract information, either through government or EITI disclosures. Iraq has not yet made progress in publishing service contracts, which provide the fiscal terms of oil and gas projects in the absence of a national petroleum law. Iraq has made some effort at requesting legal and beneficial ownership from material companies, although there were no disclosures in the year under review.

The government's main revenues in oil and gas are from the sale of the state's share of production, which is in effect Iraq's total oil production net of in-kind oil payments to international oil companies (IOCs) to repay their costs and remuneration. SOMO has disclosed detailed oil cargo sales volumes and values, the largest set of such oil sales disclosures among EITI countries and a continued pioneering disclosure in the region. There is scope for Iraq EITI to strengthen its tracking of oil revenues by reviewing financial statements for the DFI (Development Fund for Iraq) account that receives oil sales proceeds, as it used to do for previous EITI reporting. This transparency should be extended to include the government's internal service payments to National Oil Companies (NOCs) for covering their production costs, as well as oil and gas sales to the domestic midstream value chain (e.g., refining and, electricity production), and to subnational transfers. There are opportunities for the EITI to provide information on the Chinese oil-backed loan (through the Sinosure agreement) and to track its implementation as part of Iraq's membership of the Belt and Road Initiative since 2019. This assessment has identified concerns about the comprehensiveness, granularity and quality of data disclosed in EITI reporting. There have been delays in government audits and the NOC's publication of (unaudited) financial statements is irregular. The EITI could play a stronger role in developing and following up on recommendations to strengthen prevailing audit and assurance practices, particularly of NOCs and clarifying their financial relations with the state, as noted in previous Validations.

Outcomes and impact

Iraq's continued reporting given the backdrop of political turbulence and lack of resources is noteworthy. The Iraq EITI website publishes the annexes to the 2021 EITI Report, with some data published in open format. MSG meetings have provided opportunities to discuss technical compliance and operational challenges, with the occasional follow-up on recommendations from previous Validation. However, the lack of funding since 2019 has had a significant impact on EITI Iraq's ability to undertake the planned activities and generate impact by leveraging EITI disclosures and analysis. Some core activities were decreased to halt during parts of the period, such as work planning and reviewing outcomes and impact. There is a need to establish a robust mechanism to follow up consistently and regularly with the findings of the past Validation and recommendations from EITI reporting. In the past nine months this has significantly changed in the preparation to Validation. If government funding is re-established, EITI Iraq has a fairly strong foundation to work with. In order to strengthen its impact, the MSG should consider reflecting in its reporting how the EITI can contribute to responding to some key governance issues. Dissemination activities should be strengthened and include wider stakeholders, such as journalists and parliamentarians.

Validation scorecard

Component & module	EITI Requirement	Progress	Score	
Overall score		Fairly low	55.5/100	
Outcomes and impact	Extra points: Effectiveness and sustainability indicators		0.5	
	Work plan (#1.5)	Mostly met	75	↑
	Public debate (#7.1)	Mostly met	60	=
	Data accessibility and open data (#7.2)	Fully met	90	-
	Recommendations from EITI (#7.3)	Partly met	30	↓
	Outcomes & impact (#7.4)	Mostly met	60	=
Component score: Outcomes and impact		Fairly low	63.5/100	
Multi-stakeholder oversight	Government engagement (#1.1)	Mostly met	60	↓
	Industry engagement (#1.2)	Mostly met	60	=
	Civil society engagement (#1.3)	Mostly met	60	↓
	MSG governance (#1.4)	Partly met	30	↓
Component score: Stakeholder engagement		Fairly low	52.5/100	
Overview of the extractive industries	Exploration data (#3.1)	Fully met	90	=
	Economic contribution (#6.3)	Fully met	90	=
Legal and fiscal framework	Legal framework (#2.1)	Mostly met	60	↓
	Contracts (#2.4)	Partly met	30	-
	Environmental impact (#6.4)	Not assessed	-	-
Licenses	Contract and license allocations (#2.2)	Partly met	30	↓
	License register (#2.3)	Partly met	30	↓
Ownership	Beneficial ownership (#2.5)	Partly met	30	-
	State participation (#2.6)	Mostly met	60	=
State participation	In-kind revenues (#4.2)	Mostly met	60	-
	SOE transactions (#4.5)	Mostly met	60	=
	SOE quasi-fiscal expenditures (#6.2)	Mostly met	60	=
	Production and exports	Production data (#3.2)	Mostly met	60
	Export data (#3.3)	Mostly met	60	↓
Revenue collection	Comprehensiveness (#4.1)	Partly met	30	↓
	Barter agreements (#4.3)	Mostly met	60	-
	Transportation revenues (#4.4)	Not applicable	-	=
	Disaggregation (#4.7)	Partly met	30	-
	Data timeliness (#4.8)	Fully met	90	=
	Data quality (#4.9)	Partly met	30	↓
Revenue management	Distribution of revenues (#5.1)	Partly met	30	↓
	Revenue management & expenditures (#5.3)	Not assessed	-	-
Subnational contributions	Direct subnational payments (#4.6)	Mostly met	60	↓
	Subnational transfers (#5.2)	Not met	0	↓
	Social and environmental expenditures (#6.1)	Mostly met	60	-
Component score: Transparency		Fairly low	50.5/100	

How EITI Validation scores work

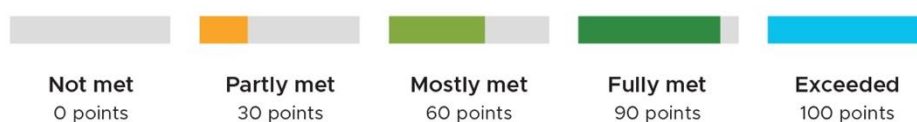
Component and overall score

The three components of EITI Validation – “Transparency”, “Stakeholder engagement” and “Outcomes and impact” – each receive a score out of 100. The overall score represents an average of the component scores.



Assessment of EITI Requirements

Validation assesses the extent to which each EITI Requirement is met, using five categories. The component score is an average of the points awarded for each requirement that falls within the component.



- **Exceeded** (100 points): All aspects of the requirement, including “expected”, “encouraged” and “recommended” aspects, have been implemented and the broader objective of the requirement has been fulfilled through systematic disclosures in government and company systems.
- **Fully met** (90 points): The broader objective of the requirement has been fulfilled, and all required aspects of the requirement have been addressed.
- **Mostly met** (60 points): Significant aspects of the requirement have been implemented, and the broader objective of the requirement is mostly fulfilled.
- **Partly met** (30 points): Significant aspects of the requirement have not been implemented, and the broader objective of the requirement is not fulfilled.
- **Not met** (0 points): All or nearly all aspects of the requirement remain outstanding, and the broader objective of the requirement is far from fulfilled.
- **Not assessed**: Disclosures are encouraged, but not required and thus not considered in the score.
- **Not applicable**: The MSG has demonstrated that the requirement doesn’t apply.

Where the evidence does not clearly suggest a certain assessment, stakeholder views on the issue diverge, or the multi-stakeholder group disagrees with the Secretariat’s assessment, the situation is described in the assessment.

1. Effectiveness and sustainability indicators

The country is awarded 0, 0.5 or 1 point for each of the five indicators. The points are added to the component score on Outcomes and impact.

1.1 National relevance of EITI implementation

This indicator considers the extent to which EITI implementation in Iraq addresses nationally relevant extractive sector challenges and risks.

Roughly half of the objectives of Iraq's latest (2024-2025) EITI work plan are aligned with national priorities. The MSG adopted a consultative approach in developing objectives for its latest work plan for the first time, establishing a dedicated 'Supporting Group' for that purpose. The consultative approach sought to crowdsource input to the work plan objectives over a five-month period from November 2023 to March 2024. Iraq's EITI implementation addresses some nationally relevant extractive industry challenges including the social and environmental impacts of the extractive industries, artisanal and small-scale mining, corruption risks in the oil and gas sector and domestic resource mobilisation from the extractive industries. There are opportunities for Iraq to use its EITI implementation to address other national extractive industry challenges, such as the governance and financial management of state-owned enterprises in the oil and gas sector, including their quasi-fiscal expenditures, as well as the fiscal terms for oil and gas production under service contracts. There is also scope for the MSG to publish a review of outcomes and impact of the EITI process.

There is evidence, particularly in Iraq EITI's 2024-2025 work plan, of the MSG taking steps to go beyond the minimum requirements of the EITI Standard. Iraq has continued to use its annual EITI reporting to reconcile oil export sales with disclosures by oil buyers, as it has done since the start of its EITI reporting. However, the 2024-2025 work plan foresees activities related to scoping of artisanal and small-mining activities in Iraq, which goes beyond the minimum requirements of the EITI Standard.

The MSG does not appear to have discussed other extractive industry governance issues since the last Validation. There is an opportunity for the MSG to start discussing specific corruption cases in the oil and gas sector, such as the [convictions](#) in the United Kingdom in 2020 of Unaoil traders for bribery of South Oil Company and Ministry of Oil officials in Iraq following investigation by the UK's Serious Fraud Office. An alignment exercise is underway with the Integrity Commission, an independent governmental body responsible for fighting corruption, to ensure complementarity, which could bear fruit in the forthcoming months.

The Secretariat proposes that 0.5 additional points be added to the score on Outcomes and impact for this indicator.

1.2 Systematic disclosures of extractive industry data

Iraq has established some limited systematic disclosures of data required by the EITI Standard, by specific government entities and oil and gas companies. The State Oil Marketing Company (SOMO) [website](#) publishes monthly data, in open format, for aggregate oil export volumes, broken

down between exports through Basra port and from Kirkuk (through Ceyhan port). The SOMO [website](#) also publishes data on an annual basis for petroleum product exports, as well as aggregate [data](#) on petroleum product imports. The Ministry of Oil's Petroleum Contracts and Licensing Department (PCLD) established a dedicated [website](#) for data on oil and gas service contracts awarded up to 2020, although this data has not been updated to reflect more recent service contract awards or transfers of participating interests (see *Requirement 2.3*). The Ministry of Oil's PCLD has also established a dedicated [website](#) with basic information on the 5th+ and 6th service contract bidding rounds. All NOCs had previously published their (unaudited) financial statements on their respective websites in 2019, prior to the previous Validation. While there are significant variation in continuity of systematic disclosures of audited financial statements, the Iraq EITI [website](#) works as a clearing house publishing most financial statements from SOEs, oil and gas companies and refineries for 2022 and 2021. Notably, the Oil Products Distribution Company (OPDC) has started systematically disclosing monthly sales.

International oil companies operating in Iraq and in the Kurdistan Region of Iraq (KRI) that are domiciled or publicly listed in the EU, UK, Norway and Canada publish annual data (in PDF format) on their payments to government, both to the Federal Government of Iraq and the Kurdistan Regional Government. This includes companies such as BP, TotalEnergies, Talisman Energy, Perenco, Genel Energy Plc and Gulf Keystone Petroleum Ltd. BP has funded the development of a new IT system to facilitate reporting to the Ministry of Oil by IOCs operating under service contracts, although data collected from the system is not publicly disclosed.

Stakeholder consultations indicated that the Ministry of Oil is working on an interactive dashboard that will systematically disclose data on oil and gas sales and export figures within the ministry's website, and shared with the EITI. To strengthen systematic disclosures by companies, the companies' constituency has requested the government to specify the requirements for companies to publish information routinely, such as contracts, given that there is currently no legal basis for disclosures. In September 2024, Iraq EITI and the World Bank discussed engaging a global consultant to draft Iraq's disclosure policy and implement systematic disclosures for the extractive sector. To date the work has reviewed other countries' experiences and Iraq's challenges with regards to systematic disclosures.

The 2024-2025 Iraq EITI work plan includes a specific objective with dedicated activities to advance systematic disclosures of data required by the EITI Standard, although progress in implementing these activities has been limited to date. The Iraq EITI is developing a new website in the second half of 2024, which aims to integrate systematic disclosures of EITI data by government entities alongside historical Iraq EITI data. The ongoing reforms to establish a national data centre for all government entities in the Federal Government of Iraq offers an opportunity to strengthen systematic disclosures of EITI data, although Iraq EITI has yet to formulate plans to leverage these ongoing reforms.

The Secretariat proposes that zero additional points be added to the score on Outcomes and impact for this indicator.

1.3 Environment for citizen participation in extractive industry governance

This indicator considers the extent to which there is an enabling environment for citizen participation in extractive sector governance, including participation by affected communities.

Iraq has limited mechanisms in place for civil society engagement in the governance of the extractive sector. Civil society organisations have noted that, aside from the EITI framework, there is no formal approach for civil society to participate in decision-making processes related to extractive sector governance. While the Integrity Commission, an independent agency charged with investigating likely corruption probes, has [supported trainings on anti-corruption](#) for civil society, the Commission does not give access to civil society on decision-making on extractives governance. CSOs have highlighted the EITI as their sole platform for engagement, underscoring a lack of alternative mechanisms for dialogue or influence.

Despite the importance of community input and oversight, no documented evidence of MSG discussions concerning civic space or the establishment of mechanisms to enhance civil society participation in governance and decision-making in the extractive industries have been found.

The Secretariat proposes that zero additional points be added to the score on Outcomes and impact for this indicator.

1.4 Accessibility and use of extractive industry data

This indicator considers the extent to which extractive sector data is accessible and used for analysis, research and advocacy.

Despite limited data available, civil society have used the EITI data to monitor the revenues going to the Development Fund for Iraq (DFI) and compare these figures against the revenues reported in the Iraqi budget. For example, an analysis of the 2016 EITI Report by members of the Wasit Governorate Council and Governorate Court in 2019 revealed a major discrepancy between the petro-dollars that the general budget allocated to the Governorate and the actual funds received. This discovery provoked the Wasit Governorate to formally request¹ the central government to disburse the remaining funds owed to the governorate. However, there are few examples of data use in the 2020-2024 period.

In stakeholder consultations, representatives from the company constituency highlighted that the EITI process has streamlined data collection and enhanced access to oil production and export information. This increased transparency has led to operational improvements within SOMO, including the introduction of the requirement to publish the crude oil purchases from SOMO as part of EITI reporting. Parliamentarians have also used EITI data to monitor Iraq's oil exports and revenue streams. The EITI Reports provide insights into oil sales and buyers, enabling stakeholders to verify the accuracy of revenue reporting and to track the allocation of government revenues. It has also been noted that civil society have employed EITI data to investigate issues such as beneficial ownership and subnational payments.

In a specific instance raised during consultations with CSOs, EITI data was used to expose that a company involved in a contract was not domiciled in Iraq, which was a requirement to enter the contract. That raised questions about the contract's legality. This case was brought to the MSG.

The Secretariat proposes that zero additional point be added to the score on Outcomes and impact for this indicator.

¹ According to ITAEI's submission to the SEC in March 2020.

1.5 EITI-related changes to extractive industry policy and practice

This indicator considers the extent to which EITI has informed changes in extractive sector policies and practices.

Correspondence from the Ministry of Oil in September 2023 indicates a renewed focus on contract transparency and the publication of SOEs financial statements. This commitment aligns with the EITI Standard's requirements for systematic disclosure, suggesting a positive move towards improved transparency in Iraq's extractive sector. However, the International Secretariat recognises a pattern of heightened activity in the period leading up to and during Validation reviews, followed by a notable decline in implementation efforts. This cyclical approach has resulted in intermittent progress and has limited the long-term impact of EITI-driven changes to practice on the extractive sector. Despite the Minister of Oil and EITI Champion's instruction to publish oil contracts, these have yet to be made publicly available.

The current 2024-2025 work plan outlines activities related to establishing and maintaining an official beneficial ownership register that publicly discloses real beneficiaries of contracts and licenses. A part of the work plan focuses on increasing data accessibility, especially around revenues, contracts, and environmental impacts. The work plan reflects EITI's role in capacity building and providing guidance to governments and national stakeholders. The effectiveness of these activities remains uncertain, as sustained implementation has been challenging. The Secretariat notes that despite these initiatives, the lack of consistent follow-through decreases the potential for lasting changes in policy and practice.

The Secretariat proposes that zero additional points be added to the score on Outcomes and impact for this indicator.

2. Outcomes and impact

This component assesses EITI Requirements 7 and 1.5, which relate to progress in addressing national priorities and public debate.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

EITI Requirement and assessment	Summary of progress in addressing the EITI Requirement
<p>Work plan (Requirement #1.5)</p> <p><i>Mostly met with significant improvements</i></p>	<p>The Secretariat’s assessment is that Requirement 1.5 is mostly met, with significant improvements since the previous Validation, particularly given the consultative process in developing the 2024-2025 work plan. The MSG’s ‘Outcomes and impact’ template and the MSG’s self-assessment considers the objective of Requirement 1.5 is fully met. However, the International Secretariat considers that the work plan could benefit from closer alignment with national priorities and include costing and resource allocation for many more work plan activities, given important funding constraints and the need to take decisions based on available funding. The consultative process for developing the latest EITI work plan involved broader constituencies through leveraging an ad hoc ‘supporting group’. This process represents a significant progress compared to the work planning processes assessed in the previous Validation.</p> <p>The MSG has consistently had a current EITI work plan in place throughout the period since the previous Validation, aside from in 2023.² The MSG approved its 2024 work plan in December 2023, and an updated 2024-2025 work plan in April 2024 and again in October. The objectives of the 2024-2025 work plan are somewhat aligned with national priorities and the EITI principles. A total of five³ of the 11 work plan objectives are broadly linked to national priorities, while six objectives are more narrowly linked to meeting the EITI Requirements. Yet even under those objectives more narrowly linked to the EITI process, there are several activities that aim to expand the scope of EITI implementation to address national priority areas such as the environmental and social impacts of the extractive industries and artisanal and small-scale mining. For the first time since the last Validation, the MSG adopted a more consultative approach in developing the 2024-2025 work plan. Previous work plans covering the period 2021, 2022 and 2024 had been initially drafted by the Iraq EITI Secretariat with subsequent review by the MSG, without canvassing their broader constituencies. Following feedback from the International Secretariat on the 2024 work plan, the MSG established an ad hoc working group (the ‘Supporting Group’ – see Requirement 1.4) of both certain MSG members and members of the broader constituencies to update the work plan based on consultations with their broader constituencies. Coordinating through a</p>

² While Iraq EITI had a May 2019 – December 2020 [work plan](#) in place when its last Validation concluded in October 2019, the MSG swiftly approved an [action plan](#) in late 2019 to follow up on the Validation outcomes. The MSG subsequently approved its 2021-2022 [work plan](#), but there is no evidence of an EITI work plan being in place in 2023.

³ The three objectives considered aligned with national priorities are: (i) Objective 5: improve public understanding of revenue distribution and social impacts of the extractive industries, (ii) Objective 7: improve beneficial ownership transparency to deter corruption, (iii) Objective 8: improve transparency and support efforts to address environmental impacts of the extractive industries, (iv) Objective 9: support regulatory and judicial authorities to curb corruption and improve the investment climate, and (v) Objective 10: reduce corruption and poverty, support economic development, improve transparency on the governance of their natural resources and inform citizens.

	<p>WhatsApp group of around 30 members, the ‘Supporting Group’ worked from November 2023 to March 2024 to update the objectives and activities of the 2024-2025 work plan based on input from their broader constituencies.</p> <p>The 2024 and 2024-2025 work plans set out distinct activities under each objective, with some indication of the timeframe for each activity, but sets out costs, resource implications and funding sources for only very few activities. It is unclear how each activity is expected to build towards the stated objective, particularly for objectives linked to national priorities. Most work plan activities identify the MSG and national secretariat as the responsible parties for implementation, implying that EITI activities are not integrated in other government reform programmes. The work plan includes a column on ‘targeted entities’ but it is unclear whether this refers to the source of funding or the entity responsible for implementation. The work plan includes activities related to overcoming barriers to implementation, such as in contract transparency, and an entire objective is devoted to follow-up on EITI recommendations, albeit only with general activities. While many activities under the first seven objectives narrowly related to EITI implementation appear more procedural than strategic, some of the activities under the broader objectives 7-9 appear more strategically linked to curbing corruption, domestic resource mobilisation and navigating the energy transition. The work plan includes an entire objective on systematic disclosures and several relatively general activities related to advancing contract transparency.</p> <p>While most technical aspects of Requirement 1.5 have been met, the lack of clear responsibilities for each activity should be addressed and the link between each activity and progress towards the stated objective could be significantly strengthened. In monitoring and evaluating progress towards the work plan, the MSG could address the linkage between the expected outcomes of activities leading to the stated objectives. Requirement 1.5 of the 2023 Standard links work planning to monitoring and review, where this linkage is strengthened.</p>
<p>Public debate (Requirement #7.1)</p> <p><i>Mostly met</i></p>	<p>The Secretariat’s assessment is that Requirement 7.1 is partly met as in the previous Validation. The MSG’s ‘Outcomes and impact’ template considers the objective of enabling evidence-based public debate is fully met. However, the International Secretariat considers the objective as not yet being entirely fulfilled. Iraq EITI has undertaken some efforts to disseminate its reports and engage with key stakeholders, but challenges remain in ensuring meaningful public debate and outreach. Civil society stakeholders considered that outreach activities did not have impact on public debate. The government noted that the limited dissemination in the past three years was due to insufficient funding and the COVID-19 pandemic.</p> <p>During the period under review, Iraq EITI conducted outreach activities, including workshops and seminars targeting government officials, industry representatives, and civil society representatives. These included workshops held in various governorates in 2022 and a campaign to distribute the most recent EITI Report to universities. It was however observed by some stakeholders that these efforts could be more consistent and inclusive of journalists and broader civil society groups. The COVID-19 pandemic and lack of government in 2021-22 provide some context for the slow-down in dissemination in 2020-21. Iraq EITI and SOMO held an internal workshop for stakeholders including MSG members and secretariat staff in August 2024 to review export mechanisms, global market requirements, and key standards for pricing crude oil exports and petroleum product imports. Stakeholder</p>

	<p>consultations indicated that a launch event is planned involving the broader constituencies and partners for the 2022 EITI Report.</p> <p>Iraq EITI's 2023 annual progress report briefly describes five workshops and seminars held in 2022 in Maysan City in Amara Governorate (24 September 2022), in Al-Nadiya in Thi Qar Governorate (18 June 2022), in Kirkuk in Kirkuk Governorate (25 May 2022), in Kut in Wasit Governorate (8 May 2022) and in Al-Mutayha city in Al-Baddah Governorate (22 April 2022). These workshops and seminars were targeted to central and local government officials, relevant NOCs and civil society and focused on the alignment of Iraq EITI with national priorities and environmental impact management in the oil and gas sector. Iraq EITI's 2023 annual progress report also describes an MSG workshop held in March 2024 in Istanbul, Turkey, focusing on beneficial ownership transparency, although this appears more of an internal MSG working meeting rather than a form of outreach or dissemination. During consultations, civil society noted that the lack of funding for civil society outreach activities severely limited impact on public debate. Given the limited disclosures on subnational transfers (see assessment of Requirement 5.2) in the most recent report, outreach on topic of particular interest could not be continued (as previously done).</p> <p>Iraq EITI developed summaries of EITI Reports and brochures about the extractive industries. However, the summaries are not available on the EITI website and the breadth of their dissemination remains unclear. There are opportunities to engage a broader audience beyond the MSG. The EITI Reports are published on the Iraq EITI website, and advertised on social media.</p>
<p>Data accessibility and open data (Requirement #7.2)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 7.2 is fully met. The MSG's 'Outcomes and impact' template considers the objective of Requirement 7.2 is fully met. The International Secretariat's view agrees with the MSG's self-assessment in considering the objective fully fulfilled, given Iraq's progress in formalising an open data policy and through the publication of open data sets alongside the EITI reports.</p> <p>Iraq EITI still maintains the same Open Data Policy agreed in December 2016 and reviewed in the previous Validations. The policy covers the terms for release, use and reuse of Iraq EITI data. Stakeholder consultations presented that existing discussion within the MSG regarding improved clarity on which entities are required to disclose data, noting agreement that the current open data policy needs certain improvements.</p> <p>The Iraq EITI website publishes the annexes to the 2021 EITI Report in open format on the same webpage, covering a large part of tables in the EITI Report. The MSG has prepared summary data files, which contain the key EITI financial disclosures in open format, for each year covered by its EITI Reports including 2018, 2019, 2020 and 2021. Iraq EITI could reinforce its efforts to consistently publish the tables of all its EITI reports alongside the PDF report on its website.</p> <p>To strengthen implementation, the ongoing efforts on systematic disclosures could include guidance on publishing the requested information in an open format.</p>
<p>Recommendations from EITI implementation</p>	<p>The Secretariat's assessment is that Requirement 7.3 is partly met, which is a regression since the previous Validation. The MSG's 'Outcomes and impact' template did not assess progress in meeting this objective, which is to ensure that EITI implementation is a continuous learning process that contributes to policy-</p>

<p>(Requirement #7.3)</p> <p><i>Partly met</i></p>	<p>making, based on the MSG regularly considering findings and recommendations from the EITI process and acting on those recommendations it deems are priorities. The International Secretariat considers the objective as far from being fulfilled, given the lack of a consistent mechanism for following up on recommendations from EITI reporting and Validation.</p> <p>The MSG’s mechanism for following up on EITI recommendations set up right before the previous Validation in 2019 does not seem to have been sustained, particularly with the transition of EITI Champions with the change in Minister of Oil in May 2020.</p> <p>The 2021 EITI Report provides a status update as of December 2023 on follow-up on recommendations from the last Validation and from the previous (2019-2020) EITI Report. A total of 11 of the 12 recommendations from the 2019-2020 EITI Report are marked as ‘no progress’, with one marked as ‘partially implemented’. The 2023 annual progress report provides a status update as of March 2024 on the status of follow-up on recommendations of past EITI Reports, which appear to be those from the 2021 EITI Report, with all of the recommendations seemingly still in progress. No other documentation of the MSG’s follow-up on EITI recommendations was made available for review in this Validation.</p> <p>While most MSG meetings are focused on technical compliance and operational challenges, the MSG briefly mentions follow-up on recommendations from the previous Validation in the April 2024 MSG meeting, acknowledging that failing to address these issues could result in suspension. Further, the MSG discussed follow up on recommendations in the MSG meeting in November 2023.</p>
<p>Review the outcomes and impact of EITI implementation (Requirement #7.4)</p> <p><i>Mostly met</i></p>	<p>The Secretariat’s assessment is that Requirement 7.4 is mostly met, as in the previous Validation. The MSG’s ‘Outcomes and impact’ template considers the objective of Requirement 7.4 is fully met. The objective of the Requirement is ensuring regular public monitoring and evaluation of implementation, including evaluation of whether the EITI is delivering on its objectives, with a view to ensuring the EITI’s own public accountability. However, the International Secretariat considers the objective as not yet fulfilled, given the long interruption in the MSG’s review of outcomes and impact of the EITI process. The International Secretariat recognises the recent publication of the 2023 progress report as good progress in reestablishing the practice of regular review on outcomes and impact.</p> <p>Iraq does not appear to have published an annual review of outcomes and impact between the 2018 annual progress report published in January 2019 and the 2023 annual progress report published in March 2024, both times several months ahead of an upcoming Validation (available on the Arabic webpage for progress reports of the Iraq EITI website). There does not appear to be proper archiving in place in the Iraq EITI website management, given that progress reports are available on the Arabic version of the site for 2018 and 2023, while older progress reports covering 2010, 2014 and 2016 are available on the English version of the Iraq EITI website.</p> <p>The 2023 progress report provides an overview of the level of implementation of work plan activities, progress towards meeting the different EITI Requirements, an update on the status of follow-up on past EITI recommendations, brief descriptions of the substance of MSG meetings and brief overviews of seminars and workshops</p>

	<p>organised by Iraq EITI. The annual progress report for 2023 notes progress in increasing transparency, especially with the introduction of workshops and consultations that brought together MSG members, civil society, and extractive companies. Outcomes include improvements in data disclosure, though challenges persist, particularly with delays in reporting by companies and government entities. The 2023 APR provides a description of the EITI process's outcomes, primarily focusing on activities like beneficial ownership reforms and stakeholder consultations but lacks substantial evidence of broader impact beyond anecdotal examples. While consultations with various constituencies were conducted, challenges with data availability and inconsistent participation from key stakeholders limited the ability to document concrete outcomes. The report highlights the need for improved mechanisms to measure the impact of EITI activities and ensure more comprehensive data disclosure.</p> <p>The Iraq EITI Secretariat led preparations of the annual progress reports, preparing a draft that was then approved by the MSG, without consultations with the broader constituencies. MSG meeting minute review finds no discussion about the outcomes and impact of the EITI process, as these remain rather operational, procedural and compliance related.</p> <p>Stakeholders across constituencies expressed that the overall impact of the Iraq EITI is limited by various challenges, including inconsistent government engagement and a lack of robust follow-up on the initiative's findings and recommendations. While there have been improvements in transparency related to the oil and gas sectors, the broader goals of enhancing governance and reducing corruption have not been fully realised. Civil society stakeholders have called for better coordination, increased capacity-building efforts, and more proactive use of EITI data to drive policy changes and public accountability.</p>
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New corrective actions and recommendations

- In accordance with Requirement 1.5, the Iraq EITI work plan should set EITI implementation objectives that are clearly linked to the EITI principles and reflect national priorities for the extractive industries. The EITI work plan should include measurable and time bound activities to achieve the agreed objectives, include costs for activities and identify domestic and external sources of funding and technical assistance where appropriate to enable prioritisation based on available funding and timely implementation of the agreed work plan. To strengthen implementation, the MSG is encouraged to link the work plan to a monitoring framework.
- In accordance with Requirement 7.1, Iraq should consistently organise dissemination events and enhance inclusivity and consistency of dissemination and outreach activities, particularly by involving a broader set of stakeholders and making EITI Report launch events an annual feature of the EITI process in Iraq. Iraq EITI should ensure that summary reports and targeted materials are widely made available, including in minority languages.
- To strengthen implementation of Requirement 7.2, Iraq EITI is encouraged to work with reporting entities to ensure that systematic disclosures are published in open format, machine readable and inter-operable, and to code or tag EITI disclosures and other data files so that the information can be compared with other publicly available data.
- In accordance with Requirement 7.3, Iraq should establish a robust, publicly accountable multi-stakeholder mechanism for following up on recommendations from past Iraq EITI Reports. To

strengthen implementation, Iraq EITI is encouraged to agree and follow up recommendations for strengthening government systems and natural resource governance.

- In accordance with Requirement 7.4, Iraq should review, at least on an annual basis, and publicly document its review of impact and outcomes of EITI implementation in an annual progress report or through other means agreed by the MSG. All stakeholders should be able to participate in reviewing the impact of EITI implementation. Civil society groups and industry involved in the EITI, particularly, but not only, those serving on the multi-stakeholder group, should be able to provide feedback on the EITI process and have their views reflected in the annual review of impact and outcomes to ensure learning and strengthening of the EITI's work. The annual review of impact and outcomes must include a narrative account of efforts to strengthen the impact of EITI implementation on extractive resource governance, including any actions to extend the detail and scope of EITI reporting or to increase engagement with stakeholders. The annual review of impact and outcomes should also describe the rationale for the government and MSG's decisions not to implement a recommendation from EITI reporting or Validation, where such decisions have been made and may include observations on the changing context that could shape forthcoming implementation, such as the work plan.

3. Stakeholder engagement

This component assesses EITI Requirements 1.1 to 1.4, which relate to the participation of constituencies and multi-stakeholder oversight throughout the EITI process.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

EITI Requirement and assessment	Summary of progress in addressing the EITI Requirement
<p>Government engagement (Requirement #1.1)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 1.1 is mostly met, which is a regression since the previous Validation. The MSG's 'Stakeholder engagement' template considers the objective is fully met, citing the Minister of Oil's leadership and full engagement of government in the MSG and implementation, as well as its support to other constituencies.</p> <p>Stakeholders from civil society and government consulted considered that the objective was mostly met, given that the government fell short of financially supporting EITI implementation, shortcomings in reporting, dissemination and outreach. The International Secretariat considers the objective as mostly fulfilled, given the weaknesses in senior government leadership of the process and gaps in the operational engagement of government entities relevant to the EITI process. However, these weaknesses were weighed against continued government engagement in the EITI process despite challenging political and security conditions, the.</p> <p>There has been a regression in senior government leadership of the EITI process since the previous Validation due mainly to broader political context. The year-long period until October 2022 when Iraq had no government in place following the October 2021 elections posed particular challenges for the EITI process, both in terms of the senior government lead on the EITI and broader issues such as</p>

	<p>the lack of a federal government budget for a year. There were no documented examples of senior government officials’ public statements of support for the EITI process from October 2019 to 2023, although Deputy Prime Minister and Minister of Oil Hayan Abdul-Ghani Al-Swad reiterated the government’s commitment to the EITI when he chaired his first MSG meeting in November 2023 and in May 2024. Deputy Prime Minister and Minister of Oil had previously reiterated the government’s commitment to the EITI in a (unpublished) letter to Executive Director Mark Robinson in June 2023. The ‘Stakeholder engagement’ template highlighted the Minister’s letter to IOCs to request their EITI reporting as evidence for government commitment.</p> <p>Consistency in the government official leading the EITI process has been affected by broader political turbulence, with no government and thus no EITI champion between October 2021 and October 2022. The EITI champion during the previous Validation, Deputy Prime Minister and Minister of Oil Thamir Al-Ghadhban, was replaced in June 2020 by Minister of Oil Ihsan Abdul-Jabbar Ismail, who served until the October 2021 elections. Deputy Prime Minister and Minister of Oil Hayan Abdul-Ghani Al-Swad was appointed in October 2022 and continues to serve as <i>de jure</i> EITI champion. National Coordinator Alaa Mohie El-Deen’s access to the EITI Champion appears to have slightly improved since the previous Ministers of Oil, although no EITI Champion has been actively engaged in EITI implementation since 2019.</p> <p>At the operational level, relevant Federal Government ministries and agencies remain appointed on the Iraq EITI MSG. It is noteworthy that the MSG defines NOCs and other midstream SOEs as part of industry, although SOEs are considered part of government in this assessment given the integration of the NOCs with the Ministry of Oil. It was not possible for the International Secretariat to assess government’s attendance and engagement to MSG meetings given that the national secretariat did not provide the attendance records for any meetings. Stakeholder consultations indicated that weaknesses in record-keeping were due to the national secretariat’s under-staffing until late 2023. It was noted however that the Champion only once briefly chaired the MSG, and otherwise delegated chairing of MSG meetings to the National Coordinator.</p> <p>Key federal government entities have continued to provide data required for the EITI process, albeit with gaps in the comprehensiveness and timeliness of reporting. The 2021 EITI Report is transparent about the delays and challenges in the submission of reporting templates by government entities. There are gaps in reporting for some ministries and material including Basra Oil Company, a significant concern given the materiality of the SOE’s oil and gas production. There is no documented evidence of government follow-up with these non-reporting entities. These weaknesses were also reflected in the varying degrees of government engagement in the consultations for this Validation.⁴ While some stakeholders noted that there was very little awareness on EITI reporting in government which rendered data collection a strenuous task, government consultations noted that this was partly due to staff turnover and the generally high level of data confidentiality within government, rather than a lack of engagement.</p>
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⁴ During consultations, the Ministry of Natural Resources and SOMO participated, while other government members from the Petroleum Contracts and Licensing Department (PCLD), Ministry of Finance and Basra Oil Company (BOC) did not participate.

	<p>The review of follow-up on past EITI recommendations in Iraq’s EITI Reports indicates few examples where the government has taken action to help overcome legal or regulatory barriers to EITI implementation. For instance in September 2023, Deputy Prime Minister and Minister of Oil Hayan Abdul Ghani wrote to NOCs under the Ministry of Oil and the IOC Forum to direct NOCs and IOCs to adhere to the government’s policy on contract transparency and to publish the financial statements of all oil and gas SOEs, although these directives have only partly been implemented with the publication of SOEs’ financial statements. While the EITI Champion appears to have taken steps to overcome barriers to EITI implementation, these have not yet been sufficiently implemented in practice. There is little evidence of government use of EITI data or active contribution to EITI dissemination and outreach since the previous Validation. Dissemination activities have been limited (<i>Requirement 7.1</i>). The ‘Stakeholder engagement’ template indicates that SOMO has been very active in explaining its trading activities to civil society, such as in seminars held in November 2022 and February 2024.</p> <p>With regards to the provision of technical and financial resources for EITI implementation, the government has continued to fund publication of the EITI Report, staff salaries (through the NOCs’ secondment of staff) and in-kind office costs since the previous Validation. However, Iraq EITI’s 2023 annual progress report highlights the financial constraints facing Iraq EITI. Government officials consulted noted that the state was the sole source of EITI funding, yet the stakeholder engagement template confirmed the government’s last financial contribution in 2019. Consultations indicated that a new directive had come into force banning SOEs from funding independent bodies like the EITI, which effectively halted previous SOE financial contributions to the EITI, including the 2021 EITI Report. Government explained that Iraq’s EITI had been renamed to ‘Natural Resources Transparency Commission’ and awaited integration into the Ministry of Oil as an independent department to allow for government funding to be allocated to the EITI (the national EITI website still displays the former name and logo of the EITI).</p> <p>Iraq EITI’s 2023 annual progress report is transparent about the national secretariat’s capacity constraints however, noting that its 10 secretariat staff in 2023 represented only 65% of the estimated 20 staff required for the national secretariat to fulfil its functions. During consultation, government noted that all staff, which were mainly recruited at the end of 2023, were seconded from state-owned companies. Prior to November 2023 the staff consisted of the National Coordinator and two administrative staff.</p> <p>Outreach of the Iraqi Central Government to the Kurdistan Region (KRG) have been limited in the period under review. The assessment of Iraq’s efforts on outreach are noted in <i>Requirement 4.6</i>.</p>
<p>Industry engagement (Requirement #1.2)</p> <p><i>Mostly met</i></p>	<p>The Secretariat’s assessment is that Requirement 1.2 is mostly met, as in the previous Validation. The MSG’s ‘Stakeholder engagement’ template did not provide a self-assessment to the fulfilment of the objective that extractive companies are fully, actively and effectively engaged in the EITI, both in terms of disclosures and participation in the work of the multi-stakeholder group, and that the government ensures an enabling environment for this. Government stakeholders consulted considered that the objective was mostly met, given that only one of two industry MSG members engaged in the process. Supporting</p>

	<p>companies considered the requirement fully met, given the consultation mechanism with the wider constituency through the IOC forum. They noted that language constraints, MSG meetings and documents being held in Arabic, were a barrier for company representatives from IOCs to effectively participate. The International Secretariat's considers that the objective is mostly met, given that the unequal participation from one of the two industry MSG members and weaknesses in material company reporting should be weighed against the high number of companies (including oil buyers) included in the scope of EITI reporting every year, and given that all major companies report as there is no materiality threshold. Other constituencies have noted that the existing engagement of the company representative is sufficiently strong.</p> <p>The period since the previous Validation has witnessed several evolutions in the structure of Iraq's oil and gas industry, with the exit of large historical investors in the oil and gas sector (e.g. Shell and ExxonMobil) and the award of new oil and gas blocks to new Chinese investors. Since joining the Belt and Road Initiative in 2019, Iraq has had an oil-backed loan with Sinosure, with oil lifted by Shenhua and Sinochem. Meanwhile in 2021, TotalEnergies, an EITI supporting company, concluded a USD 27bn agreement with the government covering oil and gas and renewable energy projects. Against this backdrop of changes in the industry's structure, industry engagement in Iraq's EITI implementation continues to be driven by one main representative on the MSG, an IOC representative from the IOC forum⁵. Although NOCs consider themselves to represent the industry constituency alongside IOCs, in practice the NOCs' interests are directly related to those of the Ministry of Oil and are considered under the assessment of government engagement (see <i>Requirement 1.1</i>). As in the periods reviewed in previous EITI Validations, industry representation on the MSG has been uneven, with representation for IOCs operating under service contracts in Iraq. Companies that purchase crude oil from SOMO are required to report to the EITI in line with standard provisions of the SOMO crude oil sales contract.</p> <p>The restructuring of the MSG did not have an immediate effect on the company constituency, given that the same main member continued to be represented. As a follow up on the previous Validation, the constituency appointed a second member (from TotalEnergies) in February 2024. There is no documentation of industry attendance at MSG meetings. Stakeholders from government and companies noted however that the recently appointed company representative had not yet participated in MSG meetings.⁶ There is also no evidence of any constituency outreach to companies operating in the Kurdistan region of Iraq (see <i>Requirement 4.6</i>) due to broader challenges engaging in the region. Iraq EITI has continued to include all IOCs operating under service contracts and all crude oil buyers in the scope of EITI reporting, de facto setting a materiality threshold of zero. 17 of the 24 (71%) material IOCs and 34 of 56 (61%) material crude oil buyers submitted EITI reporting templates for 2021. During consultations, the company constituency noted that the scope of reporting requirements had increased with the 2021 report, the reporting template to be significantly more</p>
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⁵ Members of the IOC forum are: CNPC, Petronas, BP, Shell, ENI, Sonangol, Japex, Itochu, Lukoil, Gazprom, Inpex, CNOOC, Mitsubishi, Pertamina, Bashnaft, Zhanua, KOGAS, KEC, Crescent Petroleum

⁶ There is conflicting information in the documentation for this Validation. On one hand it is noted that TotalEnergies joined only in February 2024, but the stakeholder engagement template notes that TotalEnergies had assumed the seat from Petronas already in March 2019.

	<p>elaborate and time consuming to fill in, which was the main reason for the participation rate.</p> <p>In practice, the industry constituency continued to be coordinated by the IOC Forum. The company representative confirmed that EITI implementation was endorsed and discussed in direct high-level meetings with IOCs and the Minister of Oil. The constituency's preoccupations about the EITI were transmitted through the IOC representative on the MSG. Industry stakeholders consulted called for the government to formalise the data disclosure requirements of companies, to provide clarity for companies seeking to comply with government rules.</p> <p>There is little evidence of extractive companies' use of EITI data or active contribution to EITI dissemination and outreach since the previous Validation. In the documentation submitted to the International Secretariat there is no information of companies undertaking dissemination efforts or participating in dissemination efforts.</p> <p><u>Documentation of presence of EITI supporting companies in Iraq (not considered in the assessment)</u></p> <p>This assessment includes a stock take of EITI supporting companies' progress towards the expectations for information, which is not taken into account in the assessment for Validation. The EITI supporting companies operating in Iraq, either as participants in service contracts with Iraqi NOCs or as buyers of crude oil exports are BP (BP Iraq NV, operator of Rumaila), ENI (ENI Iraq B.V., operator of Zubair and ENI Trading & Shipping Spa – Italy, buyer), ExxonMobil (ExxonMobil Iraq Limited, which exited its participation in West Qrna 1 but continues to operate production sharing contracts in the Kurdistan region of Iraq and ExxonMobil Sales and Supply Corporation which is a buyer), Pertamina (PT Pertamina Irak holds a 20% stake in West Qrna), Repsol (Repsol Trading S.A is a buyer), Shell (buyer) TotalEnergies (Total E & P Iraq participates in the Halfaya and Artawi service contracts and Totsa Total Oil Trading Sa is a buyer), and QatarEnergy, which since 2023 participates in the Artawi service contract with Total. Of these, BP is a long-standing MSG member and actively participates in MSG meetings and reporting, and coordinates the broader constituency's engagement in Iraq's EITI process. The other MSG member is TotalEnergies (since February 2024), who has yet to participate in a MSG meeting. An industry stakeholder consulted explained that there had been constraints on the company's capacity to engage on the MSG despite its strong support for the EITI, given the increase of reporting obligations that had left the company's reporting team stretched.</p> <p><u>Expectation 1:</u> In terms of expression of public support to the EITI, all companies have a statement of support with the exception of QatarEnergy, where the reference to the EITI seems to have been removed from its statement for transparency.</p> <p><u>Expectation 2:</u> With regards to making comprehensive disclosures in accordance with the EITI Standard, all supporting companies that hold service contracts submitted their data. QatarEnergy does not yet make any payments. On submitting data on oil purchases from SOMO, the buying entities from ENI and ExxonMobil did not submit the data on time for reporting.</p>
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	<p><u>Expectation 7:</u> With regards on existence of anti-corruption policy and due diligence and use of beneficial ownership data in screening business partners, both BP and Pertamina have a public anti-corruption policy but does not state if uses beneficial ownership data in de-risking its business partnerships. ENI publishes a "Management System Guideline: Anti-Corruption".⁷ ExxonMobil publishes an anti-corruption policy. ExxonMobil's anti-corruption framework sets out how the company manages corruption risk through the identification and use of beneficial ownership data. On the buyers, Shell considers its code of conduct which refers to "know your business partner" according to the ABC and AML manual. Pertamina undertakes due diligence of commercial relations. While beneficial owner screening is not mentioned in specific terms, "reasonable" screening is done.</p>
<p>Civil society engagement (Requirement #1.3)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 1.3 is mostly met, which is a regression since the previous Validation, where the requirement was fully met. The objective of the requirement is to ensure that civil society is fully, actively and effectively engaged in the EITI process, and that there is an enabling environment for this. The active participation of civil society in the EITI process is key to ensuring that the transparency created by the EITI can lead to greater accountability and improved governance of oil, gas and mineral resources. The provisions related to civil society engagement seek to establish the conditions that permit this to occur over time. The civil society's submission through the 'Stakeholder engagement' template and its two shadow reports submitted for this Validation considers the objective of civil society engagement as partly met, citing the lack of funds allocated to civil society to allow them to conduct activities and workshops and the changes in assigned MSG seats for civil society (see <i>Annexe A</i>). Civil society did not indicate that there was a breach of freedom of expression and considers that their freedom to engage in all aspects of the EITI process was not limited. Civil society stakeholders noted that the freedom of operation was not limited by legal or administrative obstacles⁸ but considered the lack of outreach activities organised by the National Secretariat as a hindrance to their freedom to operate and engage with the broader constituency. Government and company stakeholders consulted considered that civil society faced no restrictions in freedom of expression and operation. However, the International Secretariat considers the objective to be mostly met, given that civil society has produced some substantial contributions in 2019-2022 in terms of campaigning on governance issues and providing analysis despite gaps in funding since 2023. There was also evidence of capacity building activities, contribution to EITI Reports and work planning, as well as expansion of membership and gender balance to the broader constituency.⁹ Despite a deteriorating broader civic space environment, there are no indications of a pattern of government constraints on civil society engaged in the EITI process, either those directly represented on the MSG or the 62 members of the broader constituency through the PWYP coalition. The review of the trends in broader civic space, including Iraq's deteriorating score in the international civic space assessments, is provided in <i>Annexe A</i>. There are more civil society actors loosely organised through the anticorruption platform Al-Nahrain Foundation for Transparency and Integrity (NFTI). Civil society</p>

⁷ The company's anti-corruption policy describes how the company manages corruption risk with regard to identification and use of beneficial ownership data in its "Anti-Corruption Compliance Program" webpage section on "Due diligence".

⁸ The Civil society protocol and Validation guide refers to legal and administrative barriers which limit civil society organisations' ability to operate freely in relation to the EITI process.

⁹ Twelve organisations joined as new members of the PWYP coalition over 2020, bringing total membership to 62. The coalition's rate of female membership increased from 11.5% to 32% in 2021.

	<p>engagement strengthened considerably in 2020-2022 with support from a PWYP International grant from the Norwegian Development Agency (NORAD) although support needs to be more sustainable. Through the programme PWYP coalition members organised four workshops in the period of 2020-2022 in Erbil, Sulaymaniyah, Baghdad, and Basra. Coalition members built capacity to analyse the national budget, indicate deviations from the government’s national development plan, and suggest recommendations for more effective methods to develop future national budgets.</p> <p>The Secretariat’s assessment is that there have been no breaches of the EITI protocol: Participation of civil society in the period under review. Yet weaknesses in the broader civil society constituency’s engagement in the EITI process and weaknesses in overall implementation of the EITI in Iraq due to funding constraints have hindered civil society from leveraging the EITI process more effectively to support progress towards their objectives. The full details of the assessment can be found in Annexe A.</p>
<p>Multi-stakeholder group (Requirement #1.4)</p> <p><i>Partly met</i></p>	<p>The Secretariat’s assessment is that Requirement 1.4 is partly met, which is a regression since the previous Validation. The MSG’s ‘Stakeholder engagement’ template considers the objective of balanced multi-stakeholder oversight of the EITI process to be fully met, citing the progress made in reconstituting the MSG in 2023, giving each constituency the adequate representation. Stakeholders consulted considered that the objective was mostly met, attributing deficiencies to the representation of civil society on the newly formed MSG and the company constituency only partly participating. However, the International Secretariat considers the objective as still far from being fulfilled, given delays in renewals of MSG membership and challenges in the MSG’s internal governance that have weakened multi-stakeholder decision-making and trust between the constituencies represented on Iraq EITI.</p> <p>Iraq EITI devoted a significant amount of time deliberating on the issue of stakeholder <u>representation on the MSG</u> in the period since the previous Validation, which caused significant tensions between civil society and the government on the MSG. Seeking to address corrective actions from the last Validation, Minister of Oil Ihsan Abdul Jabbar Ismail issued Diwani Order no.6 in December 2020¹⁰, without prior consultation with the MSG, to restructure the Iraq EITI MSG into an Extractive Industry Transparency Authority (EITA), supported by a permanent Natural Resource Transparency Commission (NRTC). The reform restructured the MSG and reduced all constituencies’ seats to three each, which civil society interpreted as only one self-appointed CSO alongside a trade union and an expert.¹¹ The PWYP Iraq coalition submitted a complaint to the international EITI Board in early 2021 alleging that this constituted a breach of the EITI protocol: Participation of civil society.¹² The Iraqi Transparency Alliance</p>

¹⁰ Available to the International Secretariat

¹¹ The former composition of the MSG codified in the MSG’s 2018 ToR ([‘Rules of procedure’](#)) and Diwani Order 13 on 2019 on the EITI (available on the Iraq EITI [website](#)), of a total of 21 members (nine from government including the chair and vice-chair, three from NOCs, three from IOCs, and six from civil society), was to be reduced to 11 MSG members (five from government including the chair, one each from NOCs and IOCs, and four from civil society). Of concern for civil society, the previous provisions since 2018 for the election of three CSOs to the MSG alongside three members from professional unions (for the associations of accountants and auditors, lawyers and journalists) was replaced with provisions for the four CSO MSG members to be selected from “professional federations and unions, NGOs, media, oil and gas and mineral experts”, which was interpreted by civil society as an attempt to reduce the number of freely elected CSO MSG seats from three to one.

¹² PWYP International published a [press release](#) in January 2021 expressing concern over ‘urgent’ threats to civic space in Honduras, Kazakhstan and Iraq, categorising the MSG restructuring as a government attempt to curb civil society engagement in the EITI process by reducing the number of civil society MSG members. This concern was repeated in the submission of civil society to the International Secretariat for Validation.

	<p>for. Extractive Industries (ITAEI) organised a campaign to advocate for the repeal of Diwani Order no.6 targeting senior government officials. Following mediation by the EITI International Secretariat, Minister of Oil Ismail issued Ministry of Oil letter no.43 on 20 January 2021 confirming the government’s willingness to postpone civil society elections to the MSG under Diwani Order no.6. In 2023, the Minister of Oil issued a new Diwani Order (no. 23516, published on the Iraq EITI website) that superseded previous Diwani Orders on the EITI and established a 15-member structure for the MSG, including five members from each constituency, including two of civil society’s 5 members from the professional associations of accountant, lawyers and journalists.</p> <p>The composition of the MSG in practice does not appear to be in line with either the 2018 MSG Rules of Procedure, the 2020 Diwani Order 6 or the 2023 Diwani Order 23516. Although the MSG’s 2018 Rules of Procedure set limits of two years renewable once, there has been no renewal of MSG membership either in 2021 or in 2023. Iraq EITI’s 2023 annual progress report lists a total of 15 MSG members, including nine from government, two from IOCs and four from civil society. Updated information on the current composition of the MSG is not publicly available beyond the snapshot of MSG membership at the end of the 2023 annual progress report, as MSG membership information on the Iraq EITI website has not been updated since at least 2018. The government constituency appears to represent the appropriate entities¹³, although with several changes in MSG representation in the 2020-2024 period without any documentation on the timing of changes. The industry constituency is represented by two MSG members, from BP Iraq and TotalEnergies Iraq, both members of the IOC Forum, although only one representative (BP Iraq) appears to attend MSG meetings in practice and did not change since the previous Validation (see <i>Requirement 1.2</i>). There is no publicly available documentation on the procedure for appointing industry members to the MSG or of the way in which the MSG representative from TotalEnergies was appointed in practice. Consultations with the industry constituency noted that the nomination was discussed with members of the IOC forum and that candidates were limited to individuals who spoke Arabic, given that all MSG documents and meetings were held in Arabic. Consultations confirmed constituency support for both MSG members.</p> <p>The civil society constituency is represented by four MSG members.¹⁴ While some of these MSG members appear to have been replaced within their own organisations since the previous Validation, there is no clarity on when these replacements took place. However, there has not been a renewal of civil society representation on the MSG based on clear procedures since the 2018 renewal of MSG members, which was codified in the Diwani Order of March 2019 confirming the MSG’s membership. Consultations with civil society and the stakeholder engagement template explain that there were two reasons to delay the re-election of members: first, the national secretariat had not been able to fulfil its pledge to fund the meeting of the wider constituency to elect its members; and second that they would not want to change the members just before the Validation.</p>
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¹³ Government is represented by nine MSG members, from SOMO, the Ministry of Industry and Minerals, the Ministry of Finance, the Ministry of Planning, the Central Bank of Iraq, the Ministry of Oil (two members) and the Geological Survey Authority alongside the Deputy Prime Minister and Minister of Oil as MSG chair. As in the previous Validation, MSG representatives from government are named in the Diwani Orders on the EITI and appointed by function.

¹⁴ Civil society is represented by the Union of Accountants, the Al-Khabir Humanitarian Organization, the Al-Intabbaq Association for Development (the latter two belonging to the PWYP coalition) and the Al-Nahrain Foundation for Transparency.

	<p>With regards to the <u>MSG's internal governance</u>, the MSG's 2018 Rules of procedure continue to govern the MSG's internal governance and procedures, given that subsequent Diwani Orders impacted the structure and representation of constituencies on the MSG rather than how the MSG operates. The MSG's Rules of procedure have not been updated to reflect new provisions of the 2019 EITI Standard, such as those related to gender and the EITI code of conduct. There appear to have been some deviations from the MSG's governance rules in practice in the 2020-2024 period, particularly in the frequency and chairing of MSG meetings. While the MSG's Rules of procedure refer to the MSG holding "periodic" meetings, the frequency of MSG meetings was inconsistent in the period, with three meetings in 2020, one meeting in 2021, one in 2022, five in 2023¹⁵ and three in the first half of 2024. While MSG meetings are to be chaired by the MSG chair, or the Vice-chair in his absence, review of MSG meeting minutes indicates that Deputy Prime Minister and Minister of Oil Hayan Abdul-Ghani Al-Swad chaired only one MSG meeting in this period, in November 2023, while other meetings were chaired by the Iraq EITI National Coordinator. The updates in Diwani Order 23516 formalised the practice of the Iraq EITI National Coordinator chairing MSG meetings in the absence of the MSG chair. Despite the lack of provisions in the MSG's Rules of procedure for convening meetings and advance circulation of documents, most stakeholders consulted noted that meetings were convened and relevant documents circulated at least one week ahead of the meeting. Civil society noted however that key documents, such as the draft EITI Report, were not circulated sufficiently in advance to provide substantive feedback. They noted that they received the draft EITI Report only three days prior to the meeting and thus were not able to engage in substantive discussions.</p> <p>The MSG created a permanent Professional Task Force (PTF) in 2022¹⁶, including representatives from outside the MSG, to develop recommendations to the MSG on the work plan, strengthening systematic disclosures and beneficial ownership transparency, according to the 2021 EITI Report. The PTF's Terms of Reference, records of its deliberations and input to the MSG's work are not available. Rather, the 2021 EITI Report notes the understaffing of the Iraq EITI Secretariat and recommends the establishment of four MSG working groups¹⁷ to strengthen the MSG's oversight of the EITI. In November 2023, the MSG established a 'Supporting Group' to develop the 2024-2025 work plan. While an informal group without a clear ToR, the 'Supporting Group' appears to have continued to meet even after the 2024-2025 work plan was approved in April 2024. While the groups were established to strengthen the MSG's oversight of EITI implementation, the lack of clarity on both the PTF and the 'Supporting Group's mandates, composition and activities creates a risk that they could supplant certain MSG responsibilities without clear accountability to the MSG beyond the overlap in some of their membership.</p> <p>The MSG's working language continued to be Arabic, as has been the case since 2017, and Arabic-language documents have been made available in a timelier manner than English-language documents. The rules for quorum, namely a majority of MSG members present including one member from each constituency, appear to have been adhered to in the period under review. The</p>
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¹⁵ The MSG held meetings on 22 January, 22 March, 23 May, 20 September and 20 November 2023 according to Iraq EITI's 2023 annual progress [report](#). Meeting minutes are available for only three of those meetings (January, May and November)

¹⁶ The MSG stakeholder engagement template refers to this group as 'Actions Team Group'

¹⁷ on compliance, reconciliation/technical, reporting and communications/engagement.

	<p>rules for MSG decision making are set in the Rules of procedure as being by consensus, and where this is not possible, by decision of the MSG chair “in consultation with MSG members”. During consultations, there was consensus that this this had been followed in practice. The MSG meeting minutes have been published on the Iraq EITI website prior to Validation. While draft minutes of the MSG’s meetings have reportedly been prepared during this period, secretariat staff explained that it had not been possible to publish them on the Iraq EITI website given secretariat staff challenges in updating the website. There have been public criticisms from some civil society members about the lack of timely disclosures of Iraq EITI documents and minutes.¹⁸</p> <p>While the MSG had agreed a policy of per diems for attending MSG meetings of IDQ 500,000 per member per meeting in October 2018, there is no public documentation of whether this was followed in practice in the 2020-2024 period. The publication of yearly expenditure reports, including any per diems paid, is a requirement under the 2023 Standard and will be assessed at the next Validation.</p> <p>With regards to MSG members’ capacities to carry out their duties, there appear to be varying levels of expertise on the extractive industries and the EITI Standard across different MSG members. Successive Iraq EITI work plans have included activities related to capacity building for MSG members. However, the substance of MSG discussions appears more focused on the logistics of procuring an IA and the mechanics of EITI reporting, rather than broader extractive industry governance issues. For instance, there is no evidence that the MSG has discussed any corruption affairs in the oil and gas sector in the period since the last Validation, such as the convictions in 2020 of Unaoil traders for bribery of South Oil Company and Ministry of Oil officials in Iraq following investigation by the UK’s Serious Fraud Office. The industry constituency noted that there was overall less substantive engagement because the EITI process was more focused on procurement and funding issues, but that the national secretariat was not set up with the right competencies to handle procurement.</p> <p>The Iraq EITI Secretariat provides some support to the MSG, although successive EITI Reports and annual progress reports have highlighted technical and financial capacity constraints within the secretariat. The Iraq EITI Secretariat is headed by the National Coordinator and includes ten staff members seconded from the Ministry of Oil and NOCs. There is no publicly accessible organigramme or job descriptions for secretariat staff on the Iraq EITI website. In early 2024, the MSG agreed to commission an audit of Iraq EITI over the period 2019-2023.</p>
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New corrective actions and recommendations

- In accordance with Requirement 1.1, Iraq should ensure that the government is fully, actively and effectively leading all aspects of EITI implementation. In particular, the government should issue unequivocal public statements of its commitment to the EITI and the objectives for its engagement. The government is required to appoint a senior individual to lead the implementation of the EITI. The appointee should have the confidence of all stakeholders, the authority and freedom to coordinate action on the EITI across relevant ministries and agencies, including the Ministry of Finance, and be able to mobilise resources for EITI implementation. The government should ensure that sufficient technical and financial resources are provided to support all aspects of EITI implementation, beyond publication of annual EITI Reports. In

¹⁸ As well as other documents such as an article by oil analyst Ahmed Mousa Jiyad in [May 2023](#).

accordance with the terms of Iraq's adapted implementation, the government is required to provide updates on its outreach to authorities in the Kurdistan Regional Government to seek constructive ideas for their engagement in the national EITI process.

- In accordance with Requirement 1.2, Iraq should ensure that companies are fully, actively and effectively engaged in all aspects of the EITI process. This should include, but not be limited to, providing the required data for EITI reporting and ensuring that all extractive companies considered material for EITI reporting duly participate in EITI reporting. Companies should also proactively contribute to the design of the EITI process and its implementation, including in outreach to key stakeholders beyond the MSG and dissemination of EITI findings. Updates should be provided regarding outreach to companies operating in the Kurdistan region of Iraq to invite them to participate in the constituency engaged in EITI implementation in Iraq.
- In accordance with Requirement 1.3, EITI Iraq should ensure to undertake dissemination activities that target broader civil society, including journalists and parliamentarians. Civil society representatives should ensure that they contribute effectively and substantively with their own activities to the EITI process and dissemination efforts. In view of continued shrinking civic space, the MSG is encouraged to regularly monitor developments regarding civil society's ability to engage in the EITI. In accordance with the EITI protocol: Participation of civil society, civil society MSG members are encouraged to bring any ad hoc restrictions that could constitute a breach of the protocol to the attention of the MSG. The government, in collaboration with the MSG, should document the measures it undertakes to remove any obstacles that were raised.
- In accordance with Requirement 1.4, Iraq should ensure that all relevant stakeholders are adequately represented on the MSG. The invitation to participate in the MSG must be open and transparent. Each stakeholder group, particularly civil society and industry, must have the right to appoint its own representatives free from any suggestion of coercion, bearing in mind the desirability of pluralistic and diverse representation. The procedures for nominating and changing MSG representatives, and the practices followed, should be publicly documented. The MSG and each constituency should consider gender balance in their representation to progress towards gender parity on the MSG. Members of the MSG should strengthen their communications and coordination with their broader respective constituencies. Members of the MSG are expected to abide by the EITI Association code of conduct. The EITI requires an inclusive decision-making process throughout implementation, with each constituency being treated as a partner. Any member of the MSG must have the right to table an issue for discussion. The MSG is required to publicly document its practice of per diems payments to MSG members, and this practice should not create conflicts of interest. The MSG must make publicly available written records of its discussions and decisions in a timely manner.

4. Transparency

This component assesses EITI Requirements 2 to 6, which are the requirements of the EITI Standard related to disclosure.

Overview of the extractive sector (Requirements 3.1, 6.3)

Overview of progress in the module

In the period under review there have been frequent oil and gas rights that have changed hands, some IOCs have left Iraq and new companies are entering the sector. EITI could play a greater role in describing the changing landscape of industry actors and changes in participation of some major projects. As the EITI continues to transition from its traditional focus on crude oil exports to the domestic oil and gas value chain, it is key that the EITI serves as a platform for referencing credible third-party estimates of informal oil industry activities, which are reportedly extensive in Iraq according to secondary sources.

As the quality of Iraq's EITI reporting on the extractive industries has ebbed and flowed with the different Independent Administrators it has contracted, there are opportunities to work with relevant public-sector entities such as Ministry of Finance, Central Bank of Iraq, Ministry of Oil, NOCs, SOMO and the Ministry of Industry and Minerals to strengthen systematic disclosures of information on the extractive industries and their contribution to the economy.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

EITI Requirement and assessment	Summary of progress in addressing the EITI Requirement
<p>Exploration (Requirement #3.1)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 3.1 is fully met, as in the previous Validation. The MSG's 'Transparency' template considers the objective of ensuring public access to an overview of the extractive sector in the country and its potential is fully met. Stakeholders consulted considered that the objective was fully met. The International Secretariat's view agrees with the MSG's self-assessment in considering the objective as fulfilled, given Iraq's use of EITI reporting to provide an overview of the mining and petroleum sectors, including an overview of significant exploration activities.</p> <p>Iraq's 2021 EITI Report provides an overview of the mining and petroleum sectors, including an overview of major projects and significant exploration activities by both SOEs and extractive companies. This includes a list of geological studies in oil and gas completed in 2021. There are however opportunities to further strengthen Iraq's EITI disclosures on exploration activities. For instance, secondary sources such as a 2022 US Energy Information Administration country analysis update on Iraq highlights the government's negotiations with Chevron to develop more oil and gas fields in the Dhi Qar province with the aim of tripling oil production from around 220,000 bpd at the end of 2021 to 600,000 bpd. Minister Hayan Abdel Ghani</p>

	<p>announced in May 2024 plans to increase Iraq’s proven oil reserves to 160bn barrels, up from 145bn currently (equivalent to 96 years of production at current rates) according to international press reports. Annual updates on such negotiations could strengthen the EITI’s role in tracking progress in exploration activities.</p>
<p>Contribution of the extractive sector to the economy (Requirement #6.3)</p> <p><i>Fully met</i></p>	<p>The Secretariat’s assessment is that Requirement 6.3 is mostly met, a regression since the previous Validation. The MSG’s ‘Transparency’ template considers the objective of ensuring a public understanding of the extractive industries’ contribution to the national economy is fully met. Stakeholders didn’t voice any particular views on the meeting of the objective. The International Secretariat considers the objective fulfilled, but notes that EITI reporting should reference estimates of lost government income due to oil smuggling activities and subsidies to the oil price to provide a fuller picture of the oil sector’s contribution to the economy.</p> <p>Iraq’s 2021 EITI Report discloses the extractive industries’ contribution to gross domestic product (GDP), government revenues and exports, in absolute and relative terms. The report provides information on the extractive industries’ contribution to employment in absolute and relative terms, albeit only disaggregated between SOEs and IOCs, not further broken down by occupation or gender, which is encouraged. An overview of the location of extractive activities is provided in Iraq’s 2021 EITI Report, including maps of mining and petroleum occurrences and activities in Iraq and Iraqi Kurdistan.</p> <p>The 2021 EITI Report does not reference any credible third-party estimates of informal extractive activities, but includes a recommendation to strengthen disclosures related to artisanal and small-scale mining. There are secondary reports indicating extensive informal activities in the oil and gas sector. Those observations are covered under <i>Requirement 3.3.</i></p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> • To strengthen implementation of Requirement 3.1, Iraq is encouraged to work with relevant government agencies to strengthen systematic disclosures of information on the extractive industries, including significant exploration activities. • To strengthen implementation of Requirement 6.3, Iraq is encouraged to reference credible estimates of revenue loss due to subsidies and oil smuggling activities ensure that EITI reporting enables a public understanding of the extractive industries’ contribution to the national economy. On mining, references could include estimates of artisanal and small-scale extraction. Building on current disclosures on government websites, there are opportunities for relevant government entities to strengthen their systematic online disclosures of data on the contribution of the extractive industries to the national economy. 	

Legal environment and fiscal regime (Requirements 2.1, 2.4, 6.4)

Overview of progress in the module

Iraq EITI has established itself as the sole public source of information on the legal environmental and fiscal regime in the oil and gas sector, even if the specificity of the

information is constrained by the lack of publication of oil and gas contracts to date. In particular, the key fiscal terms contained in existing service contracts should be published in order to provide an understanding of the fiscal regime, given the absence of a petroleum law and service contracts disclosures. There are opportunities to strengthen Iraq’s use of the EITI process as a public diagnostic of the status of ongoing and planned reforms, particularly for the oil and gas sector.

Amidst periodic statements by senior government officials of their intent to renegotiate service contracts in the oil and gas sector, most recently in May 2020 when then-incoming Prime Minister Mustafa al-Khadhimi [committed](#) to amending contracts with IOCs, there is an opportunity for the EITI to play a greater role in publicly codifying and operationalising the government’s commitment to publishing all licenses and contracts in the mining, oil and gas sectors, including oil and gas service contracts. Companies expressed in consultations that it remains unclear if the requirement for contract disclosure can be implemented in practice given the absence of a clear government policy on the publication of contracts. The EITI could also play a greater role in maintaining an overview of contract amendments and awards.

The greater focus of Iraq’s more recent EITI Reports on environmental issues such as the government’s climate-related international commitments and efforts to reduce gas flaring through gas commercialisation is welcome and should be expanded to other aspects of environmental impact management. The historical focus of public debate on the environmental impacts of the oil and gas sector present significant opportunities for the EITI to produce data on environmental impact management and remediation practices to support public debate.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement and assessment	Summary of progress in addressing the EITI Requirement
<p>Legal framework and fiscal regime (Requirement #2.1)</p> <p><i>Mostly met</i></p>	<p>The Secretariat’s assessment is that Requirement 2.1 is mostly met, a regression since the previous Validation. The MSG’s ‘Transparency’ template considers the objective of ensuring public understanding of all aspects of the regulatory framework for the extractive industries is fully met. Stakeholders consulted considered that the objective was fully met. However, the International Secretariat considers the objective mostly met, given Iraq’s very limited use of EITI disclosures to provide public updates on ongoing and planned reforms. The EITI could do more to provide public access to the fiscal terms in each oil and gas service contract, particularly important in the absence of a national oil and gas law.</p> <p>Iraq’s 2021 EITI Report provides an overview of legal framework, including roles of relevant government entities, even if the lack of an oil and gas law at the federal level and the absence of published service contracts mean that the report’s description is not as specific as if contracts were published. The EITI Report describes the fiscal regime for mining, oil and gas, even if the updated fiscal terms in each contract have not been disclosed to date. The Iraq EITI website has published a list of some fiscal terms for all oil and gas blocks under service</p>

	<p>contracts, which includes the remuneration fee and production plateaux agreed in the original service contracts, but not the adjustments in subsequent contract amendments. Nonetheless, Requirement 2.1 only covers a ‘summary’ of the fiscal terms, which is publicly accessible for the oil and gas sector in Iraq. Iraq has used its EITI reporting to describe the level of fiscal devolution both through petrodollar transfers and the KRG’s management of the oil and gas sector in Iraqi Kurdistan.</p> <p>Iraq has not yet used its EITI reporting as an annual diagnostic of reforms in the mining, oil and gas sectors, providing only a perfunctory overview of a few reforms from media sources in its 2021 EITI Report. In particular, the 2021 EITI Report describes the 2018 Law establishing a new Iraq National Oil Company (INOC), which was in 2022 considered unconstitutional, based on media sources rather than updates from the government. There are opportunities for Iraq to use its EITI reporting as a public annual update on reforms, drawing from government and parliamentary sources.</p>
<p>Contracts (Requirement #2.4)</p> <p><i>Partly met</i></p>	<p>The Secretariat’s assessment is that Requirement 2.4 is partly met. The MSG’s ‘Transparency’ template considers the objective of ensuring the public accessibility of all licenses and contracts underpinning extractive activities is not met, but notes progress made with government instructing companies to comply with the EITI requirement on contract disclosures. Stakeholders consulted considered that the objective was not yet fulfilled. The International Secretariat’s view agrees with the MSG’s self-assessment in considering the objective as still far from being fulfilled, given the lack of clarity on whether the government’s policy on contract transparency is still current and the lack of formal publication of any extractive license or contract to date, even if some efforts were made.</p> <p>Iraq has used its EITI implementation to work on contract disclosure. Through follow-up from the EITI, Deputy Prime Minister and Minister of Oil Hayyan Abdul Ghani wrote to NOCs under the Ministry of Oil and the IOC Forum to direct NOCs and IOCs to adhere to the government’s policy on contract transparency, even if it remains unclear where this policy is publicly codified. Iraq operates a service contract regime in the oil and gas sector, while the Kurdistan Regional Government (KRG) operates a production-sharing contract (PSC) regime. Although service contracts only confer on private oil companies the rights to provide technical expertise and services rather than ownership of the petroleum reserves, the International Secretariat continues to consider service contracts as agreements that provide terms of exploitation of oil and gas resources and thus meet the definition of contracts in Requirement 2.4.d.i, consistent with the approach in Iraq’s previous EITI Validations. However, none of the service contracts in the oil and gas sector have been published to date, aside from the contract templates republished on the international EITI website (along with a list of amendments to service contracts) that are no longer published on Iraq EITI website. The original 2009 service contract for Rumaila is the only oil and gas service contract to have been published to date, albeit not from official sources. The Iraq EITI website has published a list of active mining contracts per governorate, without identifying any amendments or riders where relevant, nor indicating which contract is published.</p> <p>Iraq’s recent EITI Reports have not provided an overview of the legal and regulatory environment for contract disclosure, nor the legal, regulatory or contractual provisions that hinder transparency in this area. The 2021 EITI Report only describes the September 2023 letter and confirms the lack of disclosure of any</p>

	<p>contracts beyond the templates, but does not note any further efforts to operationalise the disclosure of contracts. The Iraq EITI website includes a webpage that provides the government’s policy to publish all service contracts, subject to agreement between both parties to the contract to deviate from the confidentiality clauses. However, it is unclear whether this publication under a previous government in 2019 remains current.</p> <p>Iraq EITI has not yet published a regularly updated inventory of all active licenses and contracts in the mining, oil and gas sectors, beyond a list of service contracts and their amendments up to the end of 2021.¹⁹ The 2021 EITI Report’s statement that the IA was “not made aware” of any new contract amendments is interpreted as covering any amendments in 2021, but not in subsequent years (2022-2024). Indeed, the International Secretariat is aware of press coverage of several service contract amendments since 2021, including Lukoil’s amendments to the West Qurna 2 contract in January 2023 and November 2023. In addition, the 2021 EITI Report describes two new upstream oil and gas contracts awarded in 2021 with EITI supporting company TotalEnergies and Sinopec separately, although none of these have yet been published.</p> <p>There has been a history of public debate about oil contracts and their amendments in Iraq²⁰, particularly given their importance in the absence of a federal law governing the oil and gas sector. The EITI civil society coalition has made contract transparency one of its priorities in recent years. For instance in 2022, the Iraqi Transparency Alliance for Extractive Industries (ITAEI), ran a campaign asking for the disclosure of the TotalEnergies USD 27bn contract, as documented on the PWYP website. The coalition has also launched tools to understand service contracts. In July 2023, with the support of Publish What You Pay (PWYP), the Iraqi Alliance for Transparency in Extractive Industries (IATEI) has developed an Arabic-language guidebook on Iraqi oil and gas contracts signed by Iraq with foreign companies over five licensing rounds since 2009.</p> <p>During consultations, the company constituency noted that they did not consider that there was sufficient clarity over the government’s policy on contract disclosure. They noted that sections of the contracts were covered by confidentiality clauses and didn’t allow for unilateral publication by the IOCs. To remove barriers to contract disclosure, the MSG should clearly map out the barriers to disclosure and map out the steps to overcome those and agree on a policy of disclosing service contracts.</p> <p><u>Documentation of EITI supporting companies’ progress to meet expectation 8 on support to contract disclosure and actual contract disclosures</u></p> <p>BP recognises in public statements the importance of disclosing contracts ‘where appropriate’ but to date has not published its service contract for Rumaila. Similarly ENI publicly supports contract transparency but has not published its service contract for Zubair. ExxonMobil publicly supports contract disclosure if governments allow the disclosure, although it has exited its service contract.</p>
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¹⁹ The 2021 EITI Report only provides a list of 20 service contracts awarded in the four licensing rounds concluded to date (including two contracts concluded out-of-round), noting when each contract was amended. This list is not updated to after end 2021, given that the latest amendments listed are from 2020 and do not include amendments concluded in 2023 prior to publication of the 2021 EITI Report.

²⁰ For instance, a 2010 [report](#) by the NGO ‘Platform’ on an amendment to the BP-CNPC service contract for the Rumaila oilfield raised concerns over renegotiated contractual terms that it argued were excessively beneficial for the contractors.

	<p>Pertamina, holding 20% of West Qurna, is supportive of contract transparency but at the time of the assessment the company website publishing contracts was not online, and thus it remains unclear if the service contract was published.</p> <p>TotalEnergies, which holds a stake in Halfaya and signed a contract in 2023 for operating the Artawi field publicly supports contract disclosures but has to date not published any agreements. QatarEnergy, which holds a stake in the Artawi field development, neither has a public statement supporting contract transparency nor has published the service contract of which TotalEnergies is the main operator.</p>
<p>Environmental impact (Requirement #6.4)</p> <p><i>Not assessed</i></p>	<p>The Secretariat's assessment is that Requirement 6.4 remains not assessed, given that several encouraged aspects of this requirement remain to be addressed by Iraq EITI. The MSG's 'Transparency' template considers the objective of providing a basis for stakeholders to assess the adequacy of the regulatory framework and monitoring efforts to manage the environmental impact of extractive industries is mostly met. Stakeholders didn't express any views on this objective.</p> <p>The International Secretariat's view agrees with the MSG's self-assessment in considering the objective as not yet fulfilled, even if the new focus of more recent EITI Reports on the government's international commitments on environmental issues and efforts to reduce gas flaring are welcome and should be expanded.</p> <p>Iraq's 2021 EITI Report expanded the conventional focus of EITI reporting to more environmental aspects of the oil and gas industry. It describes the government's international commitments related to the environment, including the Paris Agreement in September 2020 and the Global Methane Pledge in November 2021, and provides an overview of the legal framework for environmental management. The report describes efforts to curb flaring of natural gas associated with oil production through the processing and marketing of this gas, including with support from the World Bank's Global Gas Flaring Reduction Partnership. Iraq's EITI reporting has also acknowledged civil society input, including by referencing recommendations related to the environment from civil society's Fifth Economic Forum in 2021. Yet Iraq's EITI reporting has not expanded to reviewing any contractual terms related to environmental management, nor to reviewing administrative procedures, sanctions and practices related to the environment. There are significant opportunities to expand Iraq EITI disclosures related to the rules and practices of environmental impact management in the oil and gas sector in particular, given significant public interest in this issue.</p>

New corrective actions and recommendations

- In accordance with Requirement 2.1, Iraq should ensure public understanding of all aspects of the regulatory framework and key fiscal terms for the oil and gas industry, including a public overview of ongoing and planned reforms in the sector, as well as providing a description of the key fiscal terms codified in service contracts.
- In accordance with Requirement 2.4, Iraq should ensure that the government's policy on the public disclosure of extractive contracts and licenses is publicly disclosed. Iraq should ensure that the full text of all licenses and contracts underpinning extractive activities entered into or amended since 1 January 2021 onwards is publicly disclosed, including annexes, amendments and riders. Iraq EITI should publish a regularly updated inventory of all active mining, oil and gas contracts and licenses, including exploration licenses and contracts, indicating which are publicly available and which are not, with a reference or link to the location where each contract or license is published. If a contract or license is not published, the legal or practical barriers should be documented and explained. Iraq EITI is expected to agree and publish a plan for disclosing contracts with a clear time frame for implementation addressing any barriers to comprehensive disclosure.
- To strengthen implementation of Requirement 6.4, Iraq is encouraged to ensure public disclosure of sufficient information for stakeholders to assess the adequacy of the regulatory framework and monitoring efforts to manage the environmental impact of extractive industries, and to assess extractive companies' adherence to environmental obligations. This could include information on environmental impact assessments, certification schemes, licences and rights granted to oil, gas and mining companies, as well as information on the roles and responsibilities of relevant government agencies in implementing the rules and regulations, and any reforms planned or underway. This could also include information on regular environmental monitoring procedures, administrative and sanctioning processes of governments, as well as environmental liabilities, environmental rehabilitation and remediation programmes.

Licenses and property rights (Requirements 2.2, 2.3)

Overview of progress in the module

In Iraq's oil and gas sector, the NOCs hold all rights to petroleum fields and reserves, but contract IOCs to provide technical expertise and services to produce petroleum on behalf of the NOCs. Although service contracts do not confer rights to own oil and gas resources, they determine the rights and obligations of IOCs to produce petroleum on the state's behalf and set the conditions for such production (including production targets, remuneration fee and cost recovery modalities). Thus, the International Secretariat continues to consider oil and gas service contracts in the Iraq context to constitute forms of contracts in accordance with Requirement 2.4.d.i given that they provide the terms of exploitation of oil and gas resources on blocks under service contracts.

Iraq still does not operate a modern, publicly accessible cadastral management system in either oil and gas or mining. There is an opportunity for Iraq to use its EITI process to support the establishment of such a system, which would allow the country to address the lack of timely disclosures. The EITI Report license list, as well as the PCLD and EITI Iraq overview of licenses

contain at times contradictory and outdated information. Changes in operatorship as far back as 2018 have not yet been fully reflected.

Iraq has focused its use of EITI to improve transparency in the awarding of oil and gas contracts through licensing rounds but has not yet expanded its disclosures to cover out-of-licensing round awards that have taken place in recent years, including in 2021. There are opportunities for Iraq to strengthen its use of EITI reporting as an annual diagnostic of the rules and practices of licensing in the extractive industries, particularly in the oil and gas sector.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement and assessment	Summary of progress in addressing the EITI Requirement
<p>Contract and license allocations (Requirement #2.2) <i>Partly met</i></p>	<p>The Secretariat’s assessment is that Requirement 2.2 is partly met, a regression since the previous Validation.</p> <p>The MSG’s ‘Transparency’ template considers the objective of providing a public overview of awards and transfers of oil, gas and mining licenses, the statutory procedures for license awards and transfers and whether these procedures are followed in practice is fully met. Government stakeholders consulted considered that the objective was fully met, which companies and civil society didn’t express any particular views. However, the International Secretariat considers the objective as not yet fulfilled, in particular given that there were two licenses awarded in 2021. The International Secretariat is not aware of a public description of the statutory procedure for awarding oil and gas service contracts <u>outside</u> of licensing rounds and the MSG has not published an assessment of non-trivial deviations in the practice of awarding and transferring interests in service contracts.</p> <p>Iraq has used its EITI implementation to work on transparency in the management of extractive licenses and contracts, albeit more in oil and gas than in mining. In <u>mining</u>, Iraq’s 2021 EITI Report describes the general statutory procedures for awarding mining licenses, although not for transferring them. The Iraq EITI <u>website</u> has published a general overview of the process for awarding mining licenses, albeit without a detailed description of the way in which applicants’ technical and financial capacities are evaluated. Yet Iraq’s EITI reporting has not identified the specific mining rights awarded or transferred, nor published a diagnostic of any non-trivial deviations in the award and transfer of mining rights in 2021.</p> <p>In <u>oil and gas</u>, Iraq’s 2021 EITI Report confirms that two oil and gas service contracts were awarded in 2021 and that there were no transfers in this period. The two service contracts were awarded outside of licensing rounds given that no rounds were concluded in 2021. Iraq’s EITI reporting has clarified the process for awarding oil and gas service contracts through licensing round, but has only provided the criteria for the qualification of bidders (which it confirms also apply for the transfer of participating interests in oil and gas blocks) but not the specific technical and financial criteria assessed for the award and transfer of oil and gas service contracts. The Iraq EITI <u>website</u> has published a more detailed list of technical and financial criteria assessed for the award of oil and gas service contracts through licensing rounds, although without clarifying how the criteria are assessed nor any weighting applied, nor whether</p>

	<p>the same criteria apply for awards outside of licensing rounds. Iraq's EITI reporting has not yet clarified the statutory procedure for awarding oil and gas service contracts through direct negotiations (as was the case for the two service contracts awarded in 2021), nor the process for transferring participating interests in oil and gas service contracts. There is no evidence in Iraq's EITI reporting that the MSG has conducted a diagnostic of non-trivial deviations from statutory procedures in the award of the two oil and gas service contracts concluded in 2021.</p> <p>There have been press reports that the government has blocked applications for the transfer of participating interests in oil and gas service contracts in recent years, highlighting the need for further transparency in the practice of oil and gas service contract awards and transfers. For instance, a November 2022 report by the Emirates Policy Center highlights that the Federal Government did not grant approval to PetroChina's proposal to form a joint venture with Lukoil to operate the West Qurna 2 field nor to PetroChina's proposal to acquire ExxonMobil's participating interest in the West Qurna 1 service contract in 2022 following ExxonMobil's withdrawal.</p>
<p>Register of licenses (Requirement #2.3) <i>Partly met</i></p>	<p>The Secretariat's assessment is that Requirement 2.3 is partly met, a regression since the previous Validation. The MSG's 'Transparency' template considers the objective of ensuring the public accessibility of comprehensive information on extractive industry property rights is mostly met. Civil society stakeholders consulted had strong concerns about the lack of a reliable registers on current service contract operators. The International Secretariat considers the objective as still far from being fulfilled, given the lack of public disclosure of updated information on oil and gas blocks. Information on service contracts for fields that produce for export has not been updated in the past three years and there is no current comprehensive and reliable source for the current state of service contract holders. Further gaps relate to award dates and geographic coordinates of all blocks both under service contract with IOCs and under 'national effort' production by the NOCs themselves.</p> <p>In <u>mining</u>, Iraq's 2021 EITI Report (Annexe 3) provides a list of 615 active mining licenses with limited information including the company name and license number, but not other information listed under Requirement 2.3.b including dates of application, award and expiry, commodity(ies) covered or geographical coordinates. The Iraq EITI website has published a list of active mining contracts per governorate, including information on license-holder company name, project name and award date, but not the application or expiry dates or geographical coordinates. During consultations, the Ministry of Mines stated that the mining register information disclosed in EITI reporting is up to date and comprehensive.</p> <p>In <u>oil and gas</u>, the Ministry of Oil's PCLD maintains an online register of oil and gas rights and service contracts, although it is based on the data in Iraq's 2019 EITI Report that does not appear to have been updated since June 2022. The information provided includes name of oil and gas block, identity of NOC holding the license, and names and participating interests of IOCs engaged in the service contract. Iraq's 2021 EITI Report provides a list of oil and gas blocks under service contract (Table 39) and of oil and gas blocks operated by NOCs themselves under 'national effort' production (Table 49). The list of oil and gas blocks under service contracts includes the 18 contracts awarded through the four licensing rounds completed as of end 2021 as well as the two service contracts awarded outside of bid rounds (Ahdeb and East Baghdad), but not the two oil and gas service contracts awarded to TotalEnergies and Sinopec respectively in 2021. The information provided on the blocks under service contract includes names of companies holding interests in the service contract</p>

	<p>consortium (including levels of participating interests), contract name, deadline for submission of bids as a proxy for the application dates (albeit not for the two contracts awarded outside of licensing round), contract duration, and commodity(ies) covered. However, the information disclosed does not include dates of award or expiry or geographical coordinates for any of the oil and gas contracts. The service contract information provided is also outdated, still listing Shell as the Majnoon service contract operator and not reflecting the changes in Pertamina’s and ExxonMobil’s interests in the WestQurna 1 service contract. It is unclear whether the geographical coordinates of oil and gas blocks under service contracts published on the IEITI website is comprehensive as of 2021, given that it is the same annex as the one published for the 2018 EITI Report, with several sections of the document highlighted in yellow.</p> <p>The IEITI website has also published a list of geographic coordinates for oil and gas blocks under service contracts, which appears to be the same annex published for the 2018 EITI Report. The list of oil and gas blocks under ‘national effort’ production by the NOCs presents 12 fields currently producing and 18 fields marked as non-producing. The information disclosed includes the name of the NOC with rights to the field, the field name, the status of production and date of exploration where available, but not the other information mandated by Requirement 2.3.b including award dates for the fields or geographical coordinates, as the Secretariat understands that there was no application nor expiry date for any of the blocks under ‘national effort’ production.</p> <p>Consulted stakeholders expressed a general lack of involvement in following up on issues like licensing rounds and contract awards. They mentioned the delay in updating the oil and gas license register, which have not been updated for five years. They also discussed how service contracts and direct negotiations with companies like Sinopec and Total were not fully covered in EITI reporting. During CSO consultations, participants raised concerns about contract transparency, mentioning that discussion of certain contract details was considered sensitive in public. CSOs also expressed frustration over the lack of updates to the license register and limited access to information on service contracts.</p> <p>Iraq’s EITI Reports have not described any plans to develop a comprehensive and regularly updated list of active oil and gas rights. There is no evidence that the MSG has discussed public reports alleging that non-state armed groups (such as the popular mobilisation forces) control certain oil fields. There are opportunities for Iraq to use its EITI implementation to support the establishment of a modern, publicly accessible, cadastral management system for its oil and gas sector.</p>
New corrective actions and recommendations	
	<ul style="list-style-type: none"> In accordance with Requirement 2.2, Iraq should ensure that its EITI disclosures provide a public overview of the process for awarding and transferring oil, gas and mining licenses and contracts, including outside of licensing rounds, the statutory technical and financial criteria assessed in license and contract awards and transfers, and whether these procedures are followed in practice. Iraq should ensure that any material deviations from the applicable legal and regulatory framework governing license and contract transfers and awards are publicly disclosed. In cases where governments can select different methods for awarding a contract or license (e.g. competitive bidding or direct negotiations), the description of the process for awarding or transferring a license or contract could include an explanation of the rules that determine which procedure should be used and why a particular procedure was selected. Where licenses and

contracts are awarded through a bidding process, the government is required to disclose the list of applicants and the bid criteria. To strengthen implementation, Iraq may wish to include additional information on the allocation of licenses and contracts as part of the EITI disclosures. This could include commentary on the efficiency and effectiveness of licensing and contracting procedures, and a description of procedures, actual practices and grounds for renewing, suspending or revoking a contract or license.

- In accordance with Requirement 2.3, Iraq should ensure the public accessibility of comprehensive and timely information on licenses and contracts related to extractive projects, covering both national oil companies' licenses for all oil and gas fields and service contracts with private oil companies. The information should include geographical coordinates, date of application, date of award and duration of the license/contract, and the commodity(ies) covered by each license and contract. To strengthen implementation, Iraq is encouraged to establish a publicly available register or cadastre system(s) with timely and comprehensive information regarding each active extractive license and contract as mandated by Requirement 2.3.b.

Beneficial ownership (Requirement 2.5)

Overview of progress in the module

Adherence to Requirement 2.5 on beneficial ownership is assessed in full in Validation as of 1 January 2022 as per the framework agreed by the Board in June 2019.²¹ The assessment consists of a technical assessment and an assessment of effectiveness.

Technical assessment

The technical assessment shows that Iraq has not yet established an enabling legal or regulatory environment for the collection and public disclosure of beneficial ownership data on companies holding or applying for extractive licenses and contracts. This includes companies engaged in service contracts in the oil and gas sector, consistent with the scope of implementation of the EITI as assessed in previous EITI Validations. The Iraq EITI beneficial ownership [roadmap](#) agreed in 2016 has not been updated to date. Iraq EITI has discussed the topic of beneficial ownership on several occasions, but while the 2021 EITI Report discusses the approach to data collection from material companies, there is no evidence that either beneficial or legal ownership information has been disclosed on any company holding or applying for extractive licenses and contracts in 2021. The MSG has not yet published a review of the comprehensiveness and reliability of beneficial ownership data collected or disclosed to date.

Assessment of effectiveness

The first mutual evaluation of Iraq by the FATF following the country's removal from FATF's grey list in June 2018 was conducted starting in August 2023, although the results of the most recent mutual evaluation have not yet been publicly released. In January 2022, the EU [removed](#) Iraq from its list of high-risk countries in the field of combating money laundering and financing of terrorism.

In its 2017 EITI Report, Iraq had piloted beneficial ownership disclosure by the largest service providers to IOCs operating under service contract, which had [identified](#) tax compliance

²¹ <https://eiti.org/document/assessing-implementation-of-eitis-beneficial-ownership-requirement>.

irregularities in one third of the reporting service provider companies. This was highlighted as an example of good practice in NRGi's 2021 [report](#) on how anti-corruption actors can use EITI disclosures. While this exercise was not repeated since the 2018 EITI Report, this pilot highlighted the value of beneficial ownership transparency of service providers in the oil and gas sector.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement and assessment	Summary of progress in addressing the EITI Requirement
<p>Beneficial ownership (Requirement #2.5)</p> <p><i>Partly met</i></p>	<p>The Secretariat's assessment is that Requirement 2.5 is partly met. The MSG's 'Transparency' template considers the objective of enabling the public to know who ultimately owns and controls the companies operating in the country's extractive industries is not met. Stakeholders consulted highlighted the success in the 2017 EITI Report identifying tax compliance irregularities and considered that beneficial ownership disclosure was a priority for the Iraq EITI, recognising that progress was slow. The International Secretariat's view agrees with the MSG's self-assessment in considering the objective as still far from being fulfilled, given the lack of an enabling legal framework for the public disclosure of beneficial ownership information and non-existing beneficial and legal ownership disclosures in the past three EITI Reports, even if the stock exchange filings on changes of significant control of many IOCs operating in Iraq are publicly accessible in their home countries.</p> <p>Iraq has used its EITI implementation to start work on beneficial ownership disclosure in the oil and gas sector, although an enabling legal and regulatory framework for the collection and public disclosure of beneficial ownership data has not yet been established in the extractive industries. There are no laws or regulations in place requiring companies holding or applying for extractive licenses and contracts to disclose their beneficial ownership information to government. Iraq's 2021 EITI Report provides definitions and reporting thresholds for beneficial owner and politically exposed persons (PEPs), confirming that PEPs holding any shares in extractive companies should be required to disclose their beneficial ownership. Although the EITI Report notes that the MSG maintained its definition of beneficial ownership for EITI reporting on 2021, there is no evidence that the MSG collected any beneficial or legal ownership information on any extractive companies in the scope of reporting for 2021. The report notes that EITI Iraq requested information including nationality, country of residence, identification of politically exposed persons, the level of ownership and details about how ownership or control is exerted from material companies, but this information has not been disclosed to date. Nonetheless, the EITI Report describes the MSG's approach to quality assurances requested of companies for their beneficial ownership reporting, even if it is unclear whether any company complied. The report further notes that a beneficial ownership study was undertaken between 2022 and 2023 and that the final report has not yet been published.</p> <p>There is no evidence that the MSG has undertaken a broader review of comprehensiveness and reliability of beneficial ownership data collection and disclosures to date. Iraq's EITI Reports do not indicate which extractive companies</p>

	<p>are wholly owned subsidiaries of publicly listed companies, nor provide any guidance on accessing stock exchange filings of such listed companies. Likewise, legal ownership information on companies holding or applying for extractive licenses does not appear to be publicly accessible to date, nor through the EITI Report. No links to the stock exchange filings have been provided in the EITI Report or through the summary data submission. The legal owner is recognisable for some subsidiaries operating in Iraq. The 2024-2025 work plan lists several activities in a dedicated section on beneficial ownership disclosure, however it is not clear if any of the activities that were listed to be completed by June 2024 have been completed given the lack of publications on the Iraq EITI website.</p> <p><u>Documentation of progress of supporting companies on expectation 6 on public support on beneficial ownership transparency and disclosures</u></p> <p>BP, ENI, Shell and QatarEnergy have not yet published a statement of support on beneficial ownership transparency. All those companies with the exception of QatarEnergy, which is 100% state-owned, have filed their shareholder information on the respective stock exchange where they are listed. ExxonMobil, Pertamina, Repsol and TotalEnergies have published statement of support on beneficial ownership transparency. ExxonMobil, Repsol and TotalEnergies are listed companies and Pertamina is 100% state-owned. For the use of beneficial ownership information as part of the due diligence and anti-corruption efforts, please view the documentation of progress under Requirement 1.2.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> In accordance with Requirement 2.5, Iraq should ensure public disclosure of the beneficial owners of all companies and individuals that apply for or hold a participating interest in an oil, gas or mining license or contract. Iraq is encouraged to establish a publicly accessible register of beneficial owners, at least for the extractive industries. Iraq is required to document the government's policy and multi-stakeholder group's discussion on disclosure of beneficial ownership. This should include details of the relevant legal provisions, actual disclosure practices and any reforms that are planned or underway related to beneficial ownership disclosure. The multi-stakeholder group should assess any existing mechanisms for assuring the reliability of beneficial ownership information and agree an approach for corporate entities within the scope of Requirement 2.5(c) to assure the accuracy of the beneficial ownership information they provide. Iraq should also ensure that legal owners of all companies holding extractive licenses are publicly accessible. To strengthen implementation, Iraq is encouraged to consider disclosing the beneficial owners of the service providers to the oil companies operating under service contracts in Iraq, building on the pilot disclosures in the 2017 EITI Report. 	

State participation (Requirements 2.6, 4.2, 4.5, 6.2)

Overview of progress in the module

Iraq has continued to use its EITI reporting to provide the highest level of transparency around SOEs in the oil and gas sector that is available in the public domain. Iraq has used the EITI process to publish the financial statements of its oil and gas SOEs, to sustain its granular disclosures of cargo-level crude oil exports and to pioneer disclosures of quasi-fiscal expenditures in the oil and gas sector for the first time. Even the significance of proposed reforms

in recent years, such as the aborted establishment of a new Iraq National Oil Company in 2018, there are opportunities for Iraq to make greater use of its EITI reporting as an annual diagnostic of the rules and practices of NOCs' financial relations with the state and to track progress in implementing proposed reforms to state participation. As in the previous Validation, unaudited annual financial statements for a range of SOEs were published around the Validation period. Iraq EITI could proactively monitor the routine disclosure of the financial statements. More importantly, to fulfil the objective of the requirements on state participation, the MSG must form a view about whether the practices as reflected in the annual financial statements correspond to the rules under which the SOEs operate. This would lead to the EITI providing valuable insights on how SOEs are managed and how they operate, and could inform debates on domestic resource mobilisation and anti-corruption efforts. Despite this having been highlighted in the previous Validation, there has been no progress in this regard.

Furthermore, there Iraq EITI MSG could consider discussing corruption affairs in the oil and gas sector, such as the [convictions](#) of Unaoil traders following investigation by the UK's Serious Fraud Office for bribery of South Oil Company and Ministry of Oil officials in Iraq. Nonetheless, Iraq has continued its pioneering disclosures of detailed cargo-level data on its crude oil exports, which is unique among countries in the region, and has extended this transparency to exports of refined petroleum products. It is crucial for Iraq EITI to consider all issues related both to public debate and potential for domestic resource mobilisation. For instance, while successive Iraq EITI Reports have documented rising costs for breach of oil sales contract by SOMO, linked to oil sales fees (linked to demurrage costs²²). Given that there are apparent improvements to the port infrastructure under way, these costs are declining over time, leading to an increased net revenue for the Iraqi government. Overall, there remains an unexplained difference of about USD 9.5bn in 2021 (representing around 13% of total government revenue) between the revenue of SOMO declared from oil sales and the revenue from oil sales proceeds transferred to the Ministry of Finance. EITI reporting and the lack of statements from the DFI account that collects the proceeds from oil sales do not yet provide a full understanding of all aspects of state participation.

Iraq's 2021 EITI Report pioneered public disclosures of quasi-fiscal expenditures by NOCs for the first time, thereby gradually improving transparency in NOCs' non-commercial operations on behalf of the state. Iraq's EITI reporting identifies significant *de facto* subsidised debt from the Ministry of Electricity to NOCs under the Ministry of Oil related to unpaid arrears for deliveries of crude oil to power plants over the past ten years, as well as smaller SOE quasi-fiscal expenditures to the benefit of government agencies, other SOEs and non-government third parties. There are opportunities to deepen these initial disclosures to more strictly categorise material SOEs' quasi-fiscal expenditures and improve transparency over SOEs' financial management.

²² Demurrage is a charge payable to the owner of a chartered ship on failure to load or discharge the ship within the time agreed. The demurrage cost in Iraq is calculated as a set dollar rate for loading times in excess of the predetermined loading window. Compensation by SOMO for oil buyers' demurrage costs is codified both in the standard SOMO crude oil sales agreements (Article 7) and in the standard Exploration, Development and Production Contracts of Iraq (Article 7). Any such additional costs incurred by SOMO in IOCs' liftings of their crude oil allocations reduces the net oil revenues received by the government.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement and assessment	Summary of progress in addressing the EITI Requirement
<p>State participation (Requirement #2.6)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 2.6 is mostly met, same as the previous Validation. The MSG's 'Transparency' template considers the objective of ensuring an effective mechanism for transparency and accountability for well-governed SOEs and state participation more broadly is exceeded. Stakeholders consulted did not express particular views on the objective of this requirement, although the International Secretariat considers that the objective is mostly met, given weaknesses in the MSG's review of the practices of SOEs' financial relations with the state beyond the SOEs' publications of their own financial statements. Iraq's publications of oil and gas SOEs' financial statements are unique for the region and provide a robust basis for the MSG to conduct a diagnostic of the rules and practices of their financial relations with the government. Given the importance of state participation in the oil and gas sector, SOEs' disclosures are crucial to understanding the flow of product and revenues in the extractive industries.</p> <p>The 2021 EITI Report confirms that state participation in the oil and gas sector gives rise to material revenues. Iraq's EITI Reports have not described the MSG's materiality decisions with regards to the selection of oil and gas SOEs considered material for EITI reporting, and list 17 oil and gas SOEs that the MSG considers material. The International Secretariat considers all SOEs that are parties to service contracts as falling in the scope of EITI reporting, as well as SOMO, the state oil marketing company. The disclosures on other SOEs active in the oil and gas industry regardless of their materiality are nonetheless welcome²³.</p> <p>The 2021 EITI Report's description of the <u>statutory financial relations</u> between oil and gas SOEs and the state is scattered across several sections. The EITI Report describes provisions of the 1997 amended Public Companies Law containing the clause for distribution of 45% of profits (termed 'distributable income') based on the SOEs' audited financial statements. The EITI Report does not explain the basis of SOEs' income however, which the International Secretariat understands is derived from internal service payments received by SOEs from the government to cover their costs of oil and gas production from their own 'national effort production' fields. However, given that NOCs' financial statements have not been audited since 2016, the 2021 government budget law (Law 23 of 2021) required that NOCs transfer 60% (instead of</p>

²³ Other companies active on the upstream are North Oil Company, Midland Oil Company, Missan Oil Company, Thi Qar Oil Company, Iraqi Drilling Company, Oil Exploration Company, North Gas Company and South Gas Company, despite with lower significance in terms of generating revenue. The other oil and gas SOEs that are covered by EITI reporting but considered outside of the scope for this assessment are the three state-owned regional gas companies. Those are not engaged in the extraction of natural gas, but rather conduct gas processing activities. The Oil Pipelines Company and the Iraq Oil Tankers Company do not operate in the upstream oil sector, but rather handle oil transportation, while the four regional state-owned refinery companies also operate midstream. The Gas Filling Company and the Oil Products Distribution Company operate in the downstream sector. The four state-owned regional oil training centres do not appear to operate upstream, while the role of the State Company for Oil Projects remains unclear from EITI reporting and other public sources but does not appear to operate upstream. Thus, the Secretariat has limited its assessment of EITI disclosures to the two oil and gas SOEs listed above even if EITI Iraq published the unaudited financial statements of the SOEs working in the upstream, middle stream and downstream in [its website](#).

	<p>45%) of their ‘distributable income’ to the Treasury pending completion of the audit of their financial statements, although this is not explained in the EITI Report. The 1997 public company law includes provisions on transfers of funds to the state, retained earnings, reinvestment, and third-party financing and those are sufficiently described in the EITI Report. In addition, the 2021 EITI Report describes the 2018 Law establishing a new Iraq National Oil Company (INOC), which was then considered unconstitutional, hence is not covered here (see also Requirement 2.1). Iraq’s EITI reporting does not explain the impact of the 2018 law’s revocation on the NOCs’ financial relations with the state.</p> <p>Financial statements of NOCs indicate other financial relations that are not described in the EITI Report. A cursory review of BOC’s and SOMO’s financial statements reveal the existence of large debts (accounts receivables) of the two SOEs to the Ministry of Finances and to the Ministry of Oil related to distributions of net profit. EITI reporting does not shed light on those account receivables, either on the legal basis for such transactions or a review of the actual practice. Furthermore, the BOC financial statements also reveal the existence of large account receivables of BOC from South Gas company, the pipeline company, South Refinery company and SOMO, related to BOC’s oil sale to those SOEs. The BOC financial statements also list BOC debts to the state-owned oil exploration company, Midland Oil company and Thi Qar Oil company. In addition, the 2021 EITI Report does not describe ‘internal service payments’ from the Ministry of Finance (through SOMO) to NOCs, which were disclosed in previous EITI Reports. Internal service payments are transfers to NOCs to cover their production costs on ‘national effort’ production oilfields operated by the NOCs themselves (see <i>Requirement 4.5</i>).</p> <p>Iraq’s 2021 EITI Report only describes the <u>financial relations in practice</u> between oil and gas SOEs and the state insofar as it provides the value of each NOC’s ‘distributable income’, the value of 60% transfers to the Treasury, and the effective share of ‘distributable income’ actually transferred to Treasury. The value of the Treasury’s share of NOCs’ distributable income’ is material, which indicates that several NOCs did not transfer the full required 60% for 2021. The EITI Report does not provide the value of retained earnings, reinvestments and third-party financing of those SOEs. The 2021 and 2022 signed financial statements of oil and gas SOEs were published on the EITI website after the start of this Validation, although SOMO regularly publishes its unaudited financial statements on its website.²⁴ The financial statements of SOEs were signed by the internal audit department of the Ministry of Oil and provide information related to the practices of transfers of funds between the SOE(s) and the state for ‘National Interest Production’.²⁵ However, there is no evidence that the MSG has yet reviewed the SOEs’ financial statements.</p> <p>With regards to the <u>terms of state participation</u> in oil and gas companies and projects, Iraq’s EITI reporting lists the state’s ownership of the different oil and gas SOEs, but</p>
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²⁴ SOMO prepares two separate sets of financial statements per year, one covering its [administrative activities](#) and one for [its commercial activities](#), whereas BOC prepares one set [of financial statements](#)

²⁵ The financial statements (administrative) clarified that SOMO revenues are composed of a percentage (0.5 to 1%) of the values of oil, gas and oil products exported and imported. With regards to SOMO (commercial), the financial statements provided that the SOEs revenues came from spot contract oil sales, long term oil contracts sales and Basra Gas sales as part of the Shell SIETCO agreement. With regards to BOC, the financial statements presented the total commercial revenue earned by the SOE, although it did not clarify its nature. Both financial statements presented the breakdown of the revenue’s allocation including the amounts transferred to the DFI Bank account (for the case of SOMO) and transfers to the Ministry of Finance bank account after deduction of the service contracts costs and demurrage costs. Both financial statements presented the calculation of retained earnings following the different categories of reserves detailed above and the allocation of the net profit, including 60% to the Ministry of Finances. With regards to third-party financing, the review of the financial statements did not reveal the existence of loans of financing contracted by SOMO or BOC during the period under review.

	<p>without describing the terms attached to its interests in these NOCs, which is required. The 2021 EITI Report lists the NOCs' respective participating interests in the different service contracts as well as the oilfields operated under 'national effort' production. The EITI Report describes the general terms attached to IOCs' activities under service contracts, including provisions for government payments to IOCs, but does not describe the terms attached with each NOC's participating interests in the difference service contracts. The EITI Report's list of oilfields operated by NOCs under 'national effort' production only lists the relevant NOC operating the field and whether the field is currently in production, but notes that these oilfields are "fully managed" by the NOCs, which implies that each NOC is responsible for covering all expenses. It is worth noting that both financial statements of BOC and SOMO, on which the International Secretariat did a cursory review, did not reveal any SOE participations in other companies.</p> <p>Iraq's latest EITI reporting highlights two changes in state participation in the period under review. The awards of new service contracts to Sinopec and TotalEnergies in 2021 included provisions for Basra Oil Company and Midland Oil Company to be granted 30% and 51% participating interests in the respective service contracts. The report does not explicitly comment on the terms of these two changes in state participation in 2021.</p> <p>With regards to <u>loans and guarantees</u>, Iraq's 2021 EITI Report refers to only one loan guarantee from the state to an upstream oil and gas project, but it is unclear whether this is comprehensive of all loan guarantees. The report describes the requirement for the state to provision 15% of the value of each loan contracted under the China-Iraq Cooperation Framework, linked to the delivery of 100,000bpd of crude oil. However, the EITI Report's review of progress on past Validation recommendations on loans and guarantees notes a lack of progress to date.</p> <p>Iraq's 2021 EITI Report notes that none of the material SOEs (with the exception of SOMO) have published their <u>financial statements</u> for 2021, although EITI Iraq published a range of SOEs' unaudited financial statements after the start of this Validation.</p> <p>Regarding the <u>encouraged aspects</u> of Requirement 2.6.c, BOC and SOMO financial statements and 1997 laws provided detailed related to rules related to operating and capital expenditures and corporate governance.</p>
<p>Sale of the state's in-kind revenues (Requirement #4.2)</p> <p>Mostly met</p>	<p>The Secretariat's assessment is that Requirement 4.2 is mostly met. The MSG's 'Transparency' template considers the objective of transparency in the sale of in-kind revenues of minerals, oil and gas is mostly met. Stakeholders consulted did not express particular views related to the objective of this requirement, but noted the availability of disclosures of SOMO's sales proceeds. The International Secretariat's view agrees with the MSG's self-assessment in considering the objective as mostly met, given the lack of disclosures on the domestic sales of the state's in-kind oil revenues by individual receiving state-owned refinery, the lack of information on domestic sales of natural gas. Nonetheless, Iraq has sustained its leadership in granular cargo-level disclosures of crude oil sales, which is unique among countries in the region, and has made efforts to go beyond the minimum aspects of the requirement by including exports of <u>refined</u> petroleum products in its 2021 EITI reporting.</p>

	<p>Iraq's EITI reporting has consistently confirmed the materiality of in-kind revenues in the oil and gas sector through its description of the ownership of all oil and gas produced in Iraq, including under service contract, as being the state's property. The SOMO website has continued to publish aggregate annual data on crude oil exports, albeit only disaggregated by point of export (Basra and Ceyhan), not by individual buyer or cargo.</p> <p>With regards to volumes of <u>in-kind revenues collected</u> by the state, the 2021 EITI Report provides the volumes of total crude oil production disaggregated by NOC in 2021, which averaged a total of 3.8m bpd. This data is also provided disaggregated by oil block for both service contracts and NOCs' own 'national effort' production. The EITI Report also provides the volumes of natural gas production disaggregated between producing SOE and type of gas output (associated gas, feed gas, dry gas and liquefied gas). Data disclosed on collections of in-kind revenues are de facto disaggregated by revenue stream, given that all oil and gas production is legally the state's property.</p> <p>With regards to volumes of <u>in-kind oil sold</u> by the state, Annex 7 to the 2021 EITI Report provides the volumes of crude oil sold by SOMO to export buyers, disaggregated by buyer and each of the 891 cargoes, albeit without the date of oil lifting for any of the exported cargoes. Annex 9 provides the volumes of crude oil lifted by IOCs operating under service contracts, as in-kind payments to the service contractors' remuneration fee and cost recovery claims, disaggregated by individual buyer and cargo, albeit without the dates of any of the oil liftings. The data on crude oil exports to both buyers and IOCs operating under service contracts is reconciled between SOMO and the oil buyers. The EITI Report also provides this information on refined petroleum products.</p> <p>With regards to domestic sales of crude oil and natural gas, while the 2021 EITI Report only unilaterally discloses the aggregate volumes of crude oil supplied to the electricity generation companies in aggregate (as crude oil supplies to the Ministry of Electricity), EITI Iraq published in on its website the breakdown of quantity of barrels received by electricity generators and refineries for three NOCs, but did not provide more detail on who recipients are or the value of the volume transferred.</p> <p>With regards to the <u>proceeds of the sales</u> of the state's in-kind revenues, the report clearly states that it was not possible to reconcile the sales revenue disclosures published by SOMO with the actual receipts of the oil proceeds by the Iraq Central bank through its account at the Federal Reserve Bank of New York (FRBNY) (IRAQ 2), to which payments for all export crude oil sales are deposited. The IA had not been provided with the Central Bank's bank statement. The report also confirms that the audit report on the Central Bank account for 2021 on the FRBNY was not available to the IA in preparing the EITI Report. In the absence of such financial reports, the EITI Report cites aggregate figures for the account as provided by the Central Bank and compares it with the SOMO figures, highlighting a discrepancy of USD 9.59bn (13.8% of total oil sales proceeds). The EITI Report stipulates that this is due to demurrage costs²⁶ and differences in accounting for the oil sales. Given the importance of the difference, the MSG is encouraged to seek to explain the difference.</p> <p><u>Documentation of progress towards meeting company expectations</u></p>
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²⁶ Demurrage costs have grown significantly since 2012 in particular according to Iraq's different EITI Reports and reduce the net proceeds of oil sales accruing to government. The MSG has published only limited coverage of the issue of demurrage costs in the 2019-2020 EITI Report, although it has documented the value of annual demurrage costs in successive EITI Reports

	<p>The following supporting companies have subsidiaries that buy SOMO's in-kind oil, according to the 2021 EITI Report: Eni (ENI TRADING & SHIPPING SPA - ITALY), Exxon (EXXONMOBIL SALES AND SUPPLY CORPORATION GALLOWS), Shell, TotalEnergies (TOTS Total oil trading). The International Secretariat did not find any oil purchasing disclosures with Iraq (SOMO) (expectation 4) from either Exxon nor Shell. ENI only publishes an aggregate volume figure of crude purchases for 'Middle East' in its annual reports. TotalEnergies publishes annual volumes and values of crude oil purchase from SOMO in its 2022 reporting on payments to government (p. 588).</p>
<p>Transactions related to state-owned enterprises (Requirement #4.5)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 4.5 is mostly met, as of the previous Validation. The MSG's 'Transparency' template considers the objective of traceability of payments and transfers involving SOEs is fully met. Stakeholders consulted did not express particular views on the objective of this requirement. However, the International Secretariat considers the objective as mostly met, given that EITI reporting does not cover internal service payments from the government to NOCs.</p> <p>Iraq's EITI reporting has relied primarily on the unaudited financial statements of NOCs in recent years, rather than on more proactive reporting to the EITI. The EITI Report did not reveal the existence of <u>company payments to SOEs</u> in Iraq, but rather government in-kind payments (of remuneration fee and cost recovery) to oil and gas companies operating under service contracts (see <i>Requirement 4.1</i>), although the review of BOC financial statements reveal the existence of account receivables from ENI and AWLC oil services amounting to IQD 876 bn (USD 604 m).</p> <p>With regards to SOE <u>transfers to government</u>, the 2021 EITI Report explains that the 2021 Federal Government budget law introduced a 60% levy on SOEs' 'distributable income' (interpreted as 'profit') (see <i>Requirement 2.6</i>). The EITI report discloses the value of each NOC's 'distributable income', the value of 60% transfers to the Treasury, and the effective share of 'distributable income' actually transferred to Treasury, sourced from SOEs' unaudited financial statements. The 2021 EITI Report also discloses SOEs' transfers of 1% of their 'distributable income' to the Social Care Fund, in line with provisions of the 2021 Federal Government budget law. These figures are also sourced from SOEs' unaudited financial statements.</p> <p>With regards to the domestic upstream oil and gas value chain, the 2021 EITI Report discloses aggregate volumes of crude oil ('National effort production') supplied by the NOCs to the national electricity generation directorates, albeit not disaggregated by individual NOC and refineries company. In a note published after commencement of Validation EITI Iraq lists the quantities transferred by North Oil, Middle Oil and Basra to 'refineries' and the electricity company, without specifically naming the recipient(s).</p> <p>With regards to <u>government transfers to SOEs</u>, the 2021 EITI Report does not disclose any such transfers. The 2021 EITI Report does not discuss 'internal service payments'. Internal service payments relate to government transfers to NOCs to cover their production costs on 'national effort' production oilfields operated by the NOCs themselves.²⁷ They are paid by the Ministry of Oil through SOMO to the NOCs. The International Secretariat's understanding is that these represent forms of government transfers to SOEs that have been considered material in previous years. The 2021 financial statements of SOMO provided that the total amount <i>due</i> to the NOCs for their reimbursement of the cost of production amounts to IQD 10,497bn (USD 7bn), but</p>

²⁷ This is roughly the equivalent to the reimbursement of IOCs for their cost of production. However, for IOCs these government payments are twofold, as described in 4.1: remuneration fees and cost of production.

	<p>there are no disclosures of what was actually paid. The disclosure and reconciliation of internal service payments, previously undertaken through EITI reporting, is an outstanding gap in the disclosures related to Requirement 4.5. In addition to this, the other transfers from government are remuneration fees and production costs paid to companies (IOCs) that produce for export, and those are covered in Requirement 4.1.²⁸</p>
<p>Quasi-fiscal expenditures (Requirement #6.2)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 6.2 is mostly met. While the previous Validation considered this EITI Requirement not applicable, new disclosures clearly demonstrate the applicability of this requirement. The MSG's 'Transparency' template considers the objective of transparency in extractive-funded expenditures on behalf of the government that are not reflected in the national budget is fully met. Stakeholders consulted did not express particular opinions about the objective of this requirement. However, the International Secretariat considers the objective as not yet being fulfilled, given comprehensiveness in terms of coverage and categorisation concerns even if the new recent disclosures are a significant step towards transparency in NOCs' quasi-fiscal expenditures. While Iraq's pioneering of disclosures of quasi-fiscal expenditures could be considered as implying that the objective is in the process of being fulfilled, the lack of clarity on the MSG's views about which expenditures should be considered quasi-fiscal means that it is not possible for the public to understand the full scope of types of quasi-fiscal expenditures conducted by oil and gas SOEs.</p> <p>Iraq's 2021 EITI Report discloses quasi-fiscal expenditures in Iraq for the first time, a reflection of the IA's methodologically robust approach. Annex 6 of the EITI Report presents a long list of different types of payments by oil and gas SOE to different beneficiaries including government and other SOEs, which are categorised as quasi-fiscal expenditures. However, the categorisation of this diverse set of transactions as quasi-fiscal is questionable. The Secretariat concedes that payments to the police, the military, the Civil Defence Directorate, Basra Security Directorate, Popular Mobilization Forces (PMF), Commission on Integrity, car repairs for Ministers and office repairs at the Prime Minister's office appear to be genuine quasi-fiscal expenditures. However, SOE expenditures on associations, healthcare, small-scale rural infrastructure, schools, relief organisations and donations appear more akin to voluntary social expenditures. The MSG has not triaged this list of SOE expenditures to distinguish between quasi-fiscal expenditures on the one hand, and social expenditures and payments to government on the other.</p> <p>There are other disclosures in the EITI Report that the MSG should include in its consideration of quasi fiscal expenditures. Table 79 list the cumulative debt owed from the Ministry of Electricity to the Ministry of Oil over a period of ten years for the quantity of oil that was supplied to electricity generators, but not paid for. The cumulative outstanding debt amounts to USD 15.85 bn. The MSG should review the extent to which at least the interest on the debt could constitute a QFE, or, or the amount of debt that is written of, should that be the case.</p>

²⁸ Despite this being a government to company transaction, the rationale for covering remuneration fees and cost of production under 4.1 is because it comes closest to the payments companies would typically make for the right of extracting. In the Iraq context, as described in the executive summary, all oil and gas resources remain the government's property and IOCs are reimbursed for their cost of production. This contrasts with the payment of fees and royalties typically paid by companies to the government for the right to extract.

	There are opportunities to strengthen disclosures of SOEs' quasi-fiscal expenditures to ensure a more comprehensive set of disclosures, beyond those in the SOEs' unaudited financial statements.
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New corrective actions and recommendations

- In accordance with Requirement 2.6, Iraq should ensure public disclosure of the role of material state-owned enterprises (SOEs) in the sector, an explanation of the sources of their revenues and prevailing rules and practices regarding the financial relationship between the government and SOEs, i.e. the rules and practices governing transfers of funds between the SOE(s) and the state, retained earnings, reinvestment and third-party financing. For the purpose of EITI implementation, a SOE is a wholly or majority government-owned company that is engaged in extractive activities on behalf of the government. Iraq should ensure public disclosures from the government and SOEs of the terms attached to their participation in mining, oil and gas projects, including their level of responsibility for covering expenses at various phases of the project cycle. Where there have been changes in the level of government and SOE ownership during the EITI reporting period, the government and SOEs are required to disclose the terms of the transaction, including details regarding valuation and revenues. Where the government or SOEs have provided loans or loan guarantees to mining, oil and gas companies operating within the country, details on these transactions should be disclosed, including loan tenor and terms (i.e., repayment schedule and interest rate). SOEs are expected 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. To strengthen implementation, Iraq could consider using its EITI reporting as a diagnostic of the rules and practices related to material SOEs' operating and capital expenditure management, procurement, subcontracting and corporate governance.
- In accordance with Requirement 4.2, Iraq should ensure public disclosure of the volumes of in-kind revenues 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. This should include volumes of crude oil and natural gas supplied by the state to the domestic market, including transfers to national refineries, electricity generation directorates and gas companies. The published data must be disaggregated by individual buying company and to levels commensurate with the reporting of other payments and revenue streams in accordance with Requirement 4.7. Where applicable, this should include payments (in cash or in kind) related to swap agreements and resource-backed loans. To strengthen implementation, Iraq is 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. Where there are concerns related to data reliability and where practically feasible, the multi-stakeholder group should consider further efforts to address any gaps, inconsistencies and irregularities in the information disclosed.
- In accordance with Requirement 4.5, Iraq should use its EITI disclosures to ensure the traceability of payments and transfers involving SOEs and strengthen public understanding of whether revenues accruable to the state are effectively transferred to the state and of the level of state financial support for SOEs. This should include comprehensive and reliable disclosures of all SOE transfers to government agencies, intra-SOE transfers and government transfers to SOEs, where these are considered material.
- In accordance with Requirement 6.2, Iraq is required to review all types of spending by material SOEs with a view identifying expenditures that could be categorised as quasi-fiscal. Iraq EITI is

required to develop a reporting process for material SOEs' quasi-fiscal expenditures with a view to achieving a level of transparency commensurate with other payments and revenue streams in accordance with Requirement 4.7.

Production and exports (Requirements 3.2, 3.3)

Overview of progress in the module

Iraq has used its EITI reporting to gradually improve transparency in production and export data in the extractive industries, although data on the valuation of extractive commodity production remains unavailable to the public. Past EITI Reports such as for 2016 had highlighted concerns over a lack of consistency in how oil and gas SOEs calculated production costs for instance, which had been highlighted as examples of good practice in NRG's 2021 [report](#) on how anti-corruption actors can use EITI disclosures. There is an opportunity to use EITI implementation to improve transparency in the valuation and costs of extractives production to support the government's efforts to optimise oil and gas production and revenues.

Iraq EITI has pioneered granular disclosures of exported crude oil by individual cargo, but has yet to compare Iraq's oil export data with that of other institutions such as OPEC or the import data of trading partners. Such comparisons could add value in helping to identify risks of transfer mispricing.

Iraq EITI remains the only public source of such granular production and export data, far more detailed than SOMO's systematic disclosures of production and export data. There are opportunities for Iraq to use its EITI implementation to strengthen systematic disclosures of oil and gas production data by relevant government entities like SOMO and the NOCs, as well as by the IOCs operating under service contracts. Stakeholder consultations surfaced further opportunities for routine export data compiled by the Ministry of Oil to be publicly disclosed through the Iraq EITI website on a regular basis.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement and assessment	Summary of progress in addressing the EITI Requirement
Production (Requirement #3.2) <i>Mostly met</i>	The Secretariat's assessment is that Requirement 3.2 is mostly met, which is a regression since the previous Validation. The MSG's 'Transparency' template considers the objective of ensuring public understanding of extractive commodity production levels and the valuation of extractive commodity output is fully met. Stakeholders consulted did not express particular views about this requirement. However, the International Secretariat considers the objective as mostly met, given the lack of information on the valuation of production, particularly in the oil and gas

	<p>sector, and the lack of clarity around informal oil and gas production amidst press reports of informal petroleum production and sales.</p> <p>Iraq's 2021 EITI Report provides production volumes for all mineral commodities produced in Iraq in the year under review. This includes oil and gas production volumes disaggregated by individual NOC and project, as well as by governorate. Civil society has long called for disaggregation of oil production per company in addition to by project, for instance in the ITAEI's March 2020 submission to the U.S. Securities and Exchange Commission. For mining, production volumes are disclosed for four construction materials²⁹ that are quarried in Iraq, although this appears to exclude certain mineral commodities produced according to the latest (2019) US Geological Survey Minerals Yearbook on Iraq.³⁰ However, given the lack of material payments to government from the mining sector, the Secretariat does not consider weaknesses in mining production data disclosures to constitute a material gap.</p> <p>However, the 2021 EITI Report does not disclose production values for any of the extractive commodities produced in 2021, particularly for crude oil and natural gas. These weaknesses constrain progress towards the objective of transparency in extractive commodity output valuation. Stakeholders consulted explained this gap as resulting from a reorganisation of responsibilities of ministries for providing data. While the Ministry of Oil will continue to publish data on production volumes and local sales, it is expected that disclosure of data on values will be assigned to the Ministry of Finance; this division in responsibilities will be formalised in the Transparency Policy currently in draft form. Stakeholders expected the availability of data to improve once the policy has been adopted. The International Secretariat has not been able to confirm public sources of production values while preparing this draft report.</p>
<p>Exports (Requirement #3.3)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 3.3 is mostly met, which is a regression compared to the previous Validation. The MSG's 'Transparency' template considers the objective of ensuring public understanding of extractive commodity export levels and the valuation of extractive commodity exports to be fully met. Stakeholders consulted did not express particular views about this requirement. The International Secretariat's recognises the granular Iraq EITI disclosures on crude oil exports disaggregated by cargo and reconciled with disclosures by oil buyers. However, there are numerous reports of alleged important levels of informal oil exports (over 3.5m bpd) which limits the fulfilment of the objective.</p> <p>The SOMO website has continued to publish aggregate data on crude oil exports, albeit only disaggregated by point of export (Basra and Ceyhan), not by individual buyer or cargo. Iraq's EITI Reports have continued to disclose export volumes and values of crude oil exports, disaggregated by individual cargo (see <i>Requirement 4.2</i>). The report also provides a breakdown of exports by country of destination, as well as data on export volumes and values of refined petroleum products.³¹ There are no exports of unprocessed natural gas or mineral commodities, consistent with secondary sources such as the latest (2019) US Geological Survey Minerals Yearbook on Iraq.</p>

²⁹ Basra salt, calcium bentonite, raw bentonite and standard salt.

³⁰ The USGS 2019 Minerals Yearbook on Iraq lists production of minerals such as gypsum, nitrogen and sulfur, for which production volumes are not disclosed in the 2021 EITI Report.

³¹ Exported petroleum products consisted of fuel oil, naphtha, natural gasoline, liquefied petroleum gas (LPG), oil condensate, vacuum distillation, kerosene and Sulphur in 2021, according to the EITI Report.

	<p>Stakeholders consulted described an interactive dashboard developed by the Ministry of Oil containing sales and export figures which is used as a monthly monitoring tool by the Ministry. This data is already shared with Iraq EITI on an annual basis and stakeholders agreed that it could also be made publicly available on the Ministry's website in its original form, as an interactive Excel table. The dashboard had not been published at the time of finalising the draft report.</p> <p>Analyst reports on Iraq, such as from Gan Integrity, describe extensive informal trade of oil and petroleum products, implicating criminal networks and allegedly government officials. The Global Initiative against Transnational Global Crime references a figure of 7m barrels <i>per day</i> are smuggled out of Iraq. In order to present a more accurate understanding of the value of oil exported, Iraq EITI should use its EITI reporting to provide the MSG's views on the credibility of different third-party estimates of informal extractive activities in the oil and gas sector.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> • In accordance with Requirement 3.2, Iraq should ensure public disclosure of timely production data for each extractive commodity produced in the period under review, including production values by commodity. This data could be further disaggregated by region, company or project, and include sources and the methods for calculating production volumes and values. To strengthen implementation, Iraq is encouraged to use its EITI reporting to reference credible third-party estimates of informal petroleum and mineral production. • In accordance with Requirement 3.3, Iraq should reference credible third-party estimates of informal extractive commodity exports (smuggling). Iraq should also consider comparing Iraq's oil export data with import figures from export destination countries with a view to identifying discrepancies between Iraq's export data and trading partners' reported imports from Iraq. To strengthen implementation of Requirement 3.3, Iraq is encouraged to include sources and the methods for calculating extractive commodity export volumes and values in its future EITI disclosures. 	

Revenue collection (Requirements 4.1, 4.3, 4.4, 4.7, 4.8, 4.9)

Overview of progress in the module

Iraq is unique among EITI countries in operating a service contract regime for its oil and gas sector, which involves payments from the state to IOCs for their work producing oil on blocks awarded under service contracts. The primary source of revenue continues to be exports (and sale) of crude oil by SOMO on international markets, which generated USD 59.85bn in 2021. Yet the scope of Iraq's 2021 EITI Report omitted two payment flows which reduce the revenue to the government: firstly, demurrage costs paid by SOMO to crude oil buyers and IOCs on the one hand (see *Requirement 4.2*), and internal service payments to SOEs (see *Requirements 2.6 and 4.5*), both of which reduce the net revenue that go to the treasury. There is an opportunity to expand Iraq's EITI reporting to all payment flows that affect the state's net income from oil and gas, as well as the domestic oil and gas value chain (see *Requirements 2.6 and 4.5*).

Iraq and the People's Republic of China (PRC) [concluded](#) an oil-for-infrastructure agreement under the Belt and Road Initiative that consumed 2.65% (100,000 and then raised to 150,000

bpd) of Iraq’s oil production in 2021. There is an opportunity for Iraq to use its EITI implementation to clarify the terms of the Cooperation Framework agreement with the PRC and use annual disclosures to track implementation of the agreement.

There are opportunities for Iraq to use its EITI disclosures as an annual diagnostic of rules and practices related to audit and assurance procedures and practices of government entities, SOEs, IOCs and oil buyers. In the context of significant delays in public sector audits of government entities and SOEs, and the lack of public availability of audit reports on the offshore government account receiving all proceeds of crude oil export sales, Iraq’s EITI process has yet to make a meaningful contribution to either public understanding of a crucial aspect of public financial management.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement and assessment	Summary of progress in addressing the EITI Requirement
<p>Comprehensive disclosure of taxes and revenues (Requirement #4.1)</p> <p><i>Partly met</i></p>	<p>The Secretariat's assessment is that Requirement 4.1 is partly met, which is a regression from the previous Validation. The MSG's 'Transparency' template considers the objective of ensuring comprehensive disclosures of company payments and government revenues from oil, gas and mining is fully met. Stakeholders consulted considered that the objective was fully met, but acknowledged that there were gaps in the comprehensiveness of reporting from both the government and companies. However, the International Secretariat considers the objective as still far from being fulfilled, given the latest Iraq EITI Report's own admission that the financial data disclosed is not comprehensive of all material payments and revenues, as well as the omission of demurrage costs.</p> <p>Iraq has traditionally covered both government oil and gas revenues from the sale of those commodities as well as government payments to companies (e.g. cost recovery and remuneration fees) in the scope of its EITI reporting, given the service contract regime applied in the country. Iraq's 2021 EITI Report is transparent about the weaknesses in the approach to scoping the materiality of government revenues and payments for 2021, noting that the IA was not able to complete a full scoping study in preparation of the 2021 EITI Report. As a result, the 2021 EITI Report implies that all revenue streams and companies (both crude oil buyers and IOCs operating under service contracts) were included in the scope of EITI reporting with a de facto materiality threshold of zero. As in previous EITI Reports, the EITI Report covers both payments to government as well as government payments to IOCs operating under service contracts (in-kind payments for remuneration fee and cost recovery).</p> <p>However, the scope of the 2021 EITI Report omits <u>demurrage costs</u>, paid by the state to crude oil buyers and IOCs facing delays in ship loading at the port, which contributed to fees paid for breach of oil sales contract. From EITI reporting it is unclear what the total amount of demurrage costs are for 2021, it is stipulated that it can be between USD 9.59bn, which is the total</p>

	<p>difference of the declaration of the Iraqi Central Bank on proceeds from oil sales and the publication of SOMO's proceeds of oil sales, and the USD 8.5 m provided in the financial statement of SOMO for penalty fees. (see <i>Requirement 4.2</i>). During consultations, the government noted that those costs were contingent on SOMO's ability to deliver the oil at the contractually agreed time and place. Given that it is a form of 'penalty fee' the government is of the view that demurrage costs should not be considered a payment stream. The International Secretariat is of the view that the MSG should have considered this issue and its importance in Iraq given the potential high figure. The Secretariat considers these fees as material to understand the government's total take from the oil sector for the year under review.</p> <p>There are significant gaps on the comprehensiveness of disclosures. A significant share of these material companies did not submit EITI reporting templates for 2021. The 2021 EITI Report is transparent about the gaps in disclosures (particularly Tables 16 and 17), highlighting that only 17 of the 24 (71%) material IOCs and 34 of 56 (61%) material crude oil buyers submitted EITI reporting templates for 2021. This leads the IA to conclude in the EITI Report that the 2021 revenue data is not comprehensive. Likewise, only eight of the 17 material SOEs submitted EITI reporting templates for 2021, even if seven of the nine (78%) material government entities duly reported (the Ministry of Finance and Ministry of Environment did not report). The 2021 EITI Report also marks the Ministry of Oil as 'partly compliant' with its EITI reporting obligations. The EITI Report provides the government's full unilateral disclosure of all revenues from the oil and gas sector, although not consistently disaggregated by individual revenue stream (<i>Requirement 4.7</i>). The crude oil liftings, which cover both remuneration fees and cost recovery, are reconciled only for the reporting companies. Twenty-seven percent of crude oil lifting are not reconciled and the ones that have been reconciled, are not disaggregated by remuneration fees and cost recovery. These payments have previously been reconciled by revenue stream.</p> <p>In light of the Ministry of Finance's omission of reporting, the 2021 EITI Report compiles disclosures from reporting companies of their tax payments to the Ministry of Finance, although the lack of reporting by 7 of the 24 material IOCs imply that this does not cover all oil and gas tax income in 2021. The lack of reporting by the Ministry of Environment also raises concerns over the comprehensiveness of environment-related disclosures (see <i>Requirement 6.1</i>).</p> <p>Iraq has not yet used its EITI reporting to facilitate public access to company and government financial reports, nor to work with relevant government agencies to strengthen their systematic disclosures of information required by the EITI Standard. Thus, the Secretariat's assessment is that significant technical aspects of Requirement 4.1 remain outstanding, as Iraq's latest EITI Report itself recognises. The Secretariat welcomes the critical self-assessment of the MSG.</p>
<p>Infrastructure provisions and barter arrangements (Requirement #4.3)</p>	<p>The Secretariat's assessment is that Requirement 4.3 is mostly met. Although the previous Validation deemed this EITI Requirement not applicable, recent disclosures indicate that the requirement has become applicable in the period since the last Validation. The MSG's 'Transparency' template considers the objective of ensuring public understanding of</p>

<i>Mostly met</i>	<p>infrastructure provisions and barter-type arrangements is fully met. Stakeholders consulted did not express particular opinion about the objective of this requirement. However, the International Secretariat considers the objective as mostly met, given the limited disclosures related to an oil-backed loan provided by People’s Republic of China (PRC) under the ‘Belt and Road Initiative’ (BRI). During consultations a supplementary note was published with some information on the agreement, and the budget law provides information on the nature of the infrastructure investments. However, there are still gaps on the tenure of the loan granted and the <i>status</i> of infrastructure projects pledged as counterparties to the oil deliveries.</p> <p>Iraq’s 2021 EITI Report pioneered disclosures on resource-backed loans for the first time in the context of the oil-for-infrastructure agreement originally agreed in 2018. This is particularly significant given that Iraq was the largest recipient of funding under the PRC’s BRI in 2021, according to a January 2022 report by Shanghai Fudan University’s Green Finance and Development Center. The 2021 EITI Report explains that none of the reporting entities disclosed any information on barter-type agreements as part of their 2021 EITI reporting. However, the EITI Report nonetheless describes a resource-back loan framework agreement between Iraq and the PRC involving the delivery of 100,000bpd to Sinosure in payment for infrastructure projects. The report describes the repayment modalities for the loan, including requirements for the government to deposit funds in a repayment account under the government-to-government Cooperation Agreement, but does not comprehensively describe the terms of the agreement. For instance, the report does not disclose the total value of the agreement, nor key terms of the loan such as interest rate and loan tenor. The EITI Report provides the aggregate value of oil-backed repayments in 2021, but does not provide any further information on the value of infrastructure pledged or constructed that year. Thus, several technical aspects of Requirement 4.3 have not yet been addressed during the period under review with regards to an agreement that accounted for around 2.65%³² of crude oil exports in 2021.</p> <p>During consultations, EITI Iraq published a note providing additional clarifications to the agreement, which explains the oil-backed loan’s value, tenor, repayment modalities and other related information³³, but does not clarify the interest rate (and any other relevant fees) applied in the agreement. However, the note does not explain which infrastructure projects are being financed under the agreement. The 2023-2025 budget law provides information on the nature of investments funded under this agreement³⁴, although it did not clarify the progress made in those projects</p>
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³² The 100,000bpd out of a total exports average of 3.78m in 2021 represents 2.65% of average daily production in 2021.

³³ The loan is to be repaid with crude oil lifted by two Chinese companies, in line with the standards adopted by SOMO and applied to all Iraqi crude oil buyers. As for SOMO’s portion of the oil lifting, it became effective in 2019 and remains in effect, with a volume of 100,000 barrels per day split equally between ZhenHua Oil Company and Sinochem. This volume was increased to 150,000 barrels per day in 2022 to meet the estimated annual revenue based on the Official Selling Price (OSP) applied to all buyers (without discounts or installment payments). The crude oil under this agreement allows for the two companies to resell the oil. They must transfer 65% of the resale profits to SOMO and can retain 35%. However, if the resale results in a loss, the Chinese company will bear 100% of that loss. The proceeds from the sale of crude oil quantities designated under this agreement are deposited directly into Iraq’s account with the Development Fund of Iraq (DFI account) and are used as collateral deposits for the financed amount under the agreement.

³⁴ There are four investments that go towards the Ministry of Electricity and two that are not yet attributed to a certain ministry. The four electricity infrastructure projects are the following: (1) the Northern Thermal Power Plant Project/Phase 1 (2 * 350 MW) with a cost of USD 750 m; (2) the Al-Shanafiyah Steam Power Plant/Phase 1, with two units and a total cost of USD700 m, (3) the Solar Power Plant Project (750 MW) with a completion of 200 MW in 2023 at a cost of USD 200 m, (4) the Project to Convert Simple Cycle

	<p>to date. While the information provided provides more context, Iraq's EITI reporting has not yet taken stock of the status of infrastructure developed under the agreement, nor tracked the value of disbursements of loans on an annual basis or compared this agreement to conventional cash-based extractive industry agreements. There are opportunities to use the EITI to improve public understanding on this agreement, building on financial reports on oil revenues collected by the DFI³⁵ account.</p>
<p>Transportation revenues (Requirement #4.4)</p> <p><i>Not applicable</i></p>	<p>The Secretariat's assessment is that Requirement 4.4 remains not applicable, as in the previous Validation. The MSG's 'Transparency' template considers the objective of ensuring transparency in government and SOE revenues from the transit of oil, gas and minerals is not applicable. The International Secretariat's view agrees with the MSG's self-assessment in considering the objective as not applicable, given that all oil and gas in Iraq is state-owned, thereby rendering it impossible for the state or any SOE to collect any revenues from third-party use of oil and gas transport infrastructure.</p> <p>Iraq's 2021 EITI Report briefly describes the operations of the Oil Pipelines Company, but without addressing whether Requirement 4.4 is applicable in Iraq. The International Secretariat's understanding is that it is not, as in the previous Validation.</p>
<p>Level of disaggregation (Requirement #4.7)</p> <p><i>Partly met</i></p>	<p>The Secretariat's assessment is that Requirement 4.7 is partly met, which is a regression since the previous Validation. The MSG's 'Transparency' template considers the objective of ensuring disaggregation in public disclosures of company payments and government revenues from oil, gas and mining is fully met. Stakeholders did not express views on the level of disaggregation. However, the International Secretariat considers the objective as still far from being fulfilled, given the lack of consistent disaggregation of data on government payments to companies by revenue stream and by project. In addition, the MSG has not yet formed a view on what constitutes a project.</p> <p>Iraq's 2021 EITI Report presents the reconciled financial data by government entity, by company and by project for both oil exports (by cargo) and government payments to companies (in-kind liftings by IOCs operating under service contracts). However, the data on government payments to companies is not disaggregated by revenue stream, i.e. distinguishing between cost recovery and remuneration fee per company and per project. This is summarised as 'crude oil lifting' by IOCs, disaggregated by company, but not by type of payment stream. In addition, other data in the 2021 EITI Report on the domestic supplies of crude oil and natural gas are not disaggregated by receiving SOE. The value of 'demurrage costs' fees paid by the state to oil buyers and IOCs for delays in crude oil exports, which was excluded from the scope of EITI reporting, is provided as a lump sum figure, not disaggregated by receiving company (see Requirement 4.1 and 4.2). Other payments that</p>

Gas Plants to Combined Cycle, covering Najibiya, Hilla, Kerbala, Najaf, and Baghdad gas power stations, at a cost of USD 650 m. All of those go towards the Ministry of Electricity, which participates in the last project with an additional USD 57m. The two remaining ones are (1) The School Construction Project with a cost of USD 2 bn for the General Secretariat of the Council of Ministers. This project involves building 1,000 model schools, with USD 500 m to be financed and (2) Priority Infrastructure and Strategic Development Projects with a total cost of USD 6.892 bn of which USD 2.443 bn will be financed after the approval of the projects by the Council of Ministers.

³⁵ The DFI account (Development Fund for Iraq) was renamed around 2008 but stakeholders often refer to it as 'DFI account'. Other terms used for this account, which is a Central Bank of Iraq (CBI) account at the Federal Reserve Bank of New York (FRB NY), are 'Oil Proceeds Receipt Account' (OPRA), 'Iraq 2' and 'Oil and Gas Revenues Account (OGRA)', and 'DFI successor account'.

	<p>were previously in scope of Iraq EITI reporting, such as ‘internal service payments’ to cover for the cost of production for the domestic effort production, paid from the Ministry of Finance through SOMO to individual NOCs, have not been disclosed (see Requirements 4.1 and 4.5).</p> <p>The MSG has not yet formed a view on what constitutes a project. While in practice, disclosures by project in EITI reporting are made on the level of the field covered by the service contract, the ITAEI civil society coalition has argued in the past (for instance in its March 2020 submission to the U.S. Securities and Exchange Commission) that disaggregation by service contract does not amount to project-level disclosures (citing the example of 270 production wells on the Rumaila oilfield). For the purpose of this assessment, International Secretariat considers that each oilfield, regardless of size, is governed by a single service contract, with payments levied on the basis of the oilfield under service contract rather than by individual well.</p> <p><u>Documentation of progress – EITI supporting company expectation 3</u></p> <p>EITI supporting companies that hold service contracts for oil fields in operation (BP, ENI, ExxonMobil, Pertamina and TotalEnergies) have published their data according to the oil field it holds the service contract for (value of lifted oil) by project. Those companies also publish payments to government reports which publish more aggregated revenue streams by project in Iraq, most recently ExxonMobil which has for the first time filed more comprehensive disclosures through the US SEC, now including Iraq, which is progress towards the reporting previously done through the EU on ExxonMobil Luxembourg et Cie, which did not cover activities in Iraq.</p>
<p>Data timeliness (Requirement #4.8)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 4.8 is fully met, as in the previous Validation. The MSG's ‘Transparency’ template considers the objective of ensuring that public disclosures of company payments and government revenues from oil, gas and mining are sufficiently timely to be relevant to inform public debate and policymaking is fully met. Stakeholders consulted considered that the objective was fully met. The International Secretariat's view agrees with national stakeholders in considering the objective as fulfilled, even if the timeliness of Iraq's EITI reporting could be further improved to strengthen the EITI data's relevance to public debate and policymaking.</p> <p>Iraq has consistently published EITI Reports within the Board-approved extended timelines for disclosures given broader non-technical considerations. Iraq published its 2018 EITI Report with some delay in March 2021, although this was within the Board-approved extension to the timelines for publication. Likewise, Iraq published its 2019-2020 EITI Report with some delay in June 2022, although this again was within the Board-approved extension to the timelines for publication. The 2021 EITI Report was published in December 2023. The EITI Reports are transparent about the MSG's approval of decisions such as the reporting period, always on a cash accounting basis.</p>
<p>Data quality and assurance (Requirement #4.9)</p>	<p>The Secretariat's assessment is that Requirement 4.9 is partly met, which is a regression since the previous Validation. The MSG's ‘Transparency’ template considers the objective of ensuring that appropriate measures have been taken to ensure the reliability of disclosures of company payments and</p>

<i>Partly met</i>	<p>government revenues from oil, gas and mining is mostly met. Stakeholders consulted considered that the objective was mostly met. However, the International Secretariat considers the objective as still far from being fulfilled, given the EITI Report’s own admission about the significant shortcoming in the financial data’s comprehensiveness and reliability. While the IA attempted to follow a robust methodology for undertaking reconciliation of government and company payments and revenues, severe weaknesses in government and company reporting and audit practices constrained progress towards the objective.</p> <p>Iraq’s 2021 EITI Report confirms the MSG’s procurement of BDO UK as the Independent Administrator and its approval of reporting templates. However, the EITI Report is transparent about the IA’s inability to produce a comprehensive scoping study in preparation of the 2021 EITI Report, given significant weaknesses in government reporting (see <i>Requirement 4.1</i>). The EITI Report provides a cursory overview of statutory audit and assurance procedures of government entities, SOEs and extractive companies, but without providing a diagnostic of national audit procedures compared to international audit standards, which would allow readers to understand the level of robustness of audit and assurance procedures. The EITI Report provides an overview of the level of audit of SOEs’ 2021 financial statements, confirming that only unaudited (and until recently unpublished) versions of SOEs’ 2021 financial statements were made available to the IA, but does not comment on audit and assurance practices in 2021 among government entities nor extractive companies. This is a missed opportunity given the lack of public explanation for the significant delays in the Federal Board of Supreme Audit’s (FBSA) controls of government revenue-collecting entities and SOEs. Of equal concern, the EITI Report notes that the financial statements and audit report on the Oil and Gas Revenues Account at the Federal Reserve Bank of New York (FRBNY) were not made available to Iraq EITI, despite the importance of this account as the recipient of all proceeds of crude oil exports.</p> <p>The 2021 EITI Report sets out a clear methodology for additional quality assurances to be provided by material government entities, SOEs, IOCs and oil buyers, which include management attestation and copies of audited financial statements. Yet the EITI Report is transparent about the significant weaknesses in reporting entities’ adherence to the agreed procedures, and includes a clear statement from the IA that the reconciled data is neither comprehensive nor reliable. There is sufficient information in the EITI Report to assess the materiality of payments and revenues from reporting entities that did not adhere to the agreed procedures, and a final reconciliation coverage. Iraq has used its EITI Report to track follow-up on past EITI recommendations and formulate new recommendations, including related to data reliability. Yet there is an opportunity to broaden Iraq EITI’s focus to prevailing audit and assurance practices in the oil and gas sector, with a view to strengthening the relevance of EITI recommendations to policy reform.</p>
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New corrective actions and recommendations

- In accordance with Requirement 4.1, Iraq should ensure public disclosure of all material payments and revenues related to the oil, gas and mining sector to a wide audience in a publicly accessible, comprehensive and comprehensible manner. The expectation is that implementing countries will disclose the requisite information through routine government and corporate reporting (websites, annual reports, etc.), with EITI Reports used to collate this information and address any concerns about gaps and data quality. Iraq must ensure that all government entities involved in material transactions with oil, gas and mining companies are required to comprehensively disclose these transactions in accordance with the agreed scope. All oil, gas and mining companies involved in material transactions with the government are required to comprehensively disclose these transactions in accordance with the agreed scope. To strengthen implementation, extractive companies are expected to publicly disclose their audited financial statements, or the main items (i.e. balance sheet, profit/loss statement, cash flows) where financial statements are not available.
- In accordance with Requirement 4.3, Iraq should ensure the public disclosure of the key terms of any agreements, or sets of agreements, involving the provision of goods and services (including resource-backed loans), in full or partial exchange for oil, gas or mining concessions or physical delivery of such commodities to specific parties appointed as part of the agreement. This should include arrangements in which deliveries of crude oil are pledged in exchange for the loans for infrastructure. To be able to do so, the MSG and the Independent Administrator need to gain a full understanding of the terms of the relevant agreements and contracts, the parties involved, the resources which have been pledged by the state, the value of the balancing benefit stream, and the materiality of these agreements relative to conventional contracts. Iraq EITI is required to ensure that EITI implementation addresses these agreements and disclosures provide a level of detail and disaggregation commensurate with the other payments and revenue streams. Iraq EITI should agree a procedure to address data quality and assurance of the information set out above, in accordance with Requirement 4.9. To strengthen implementation, Iraq is encouraged to publish the agreements in full.
- In accordance with Requirement 4.7, Iraq should ensure that public disclosures of material payments and revenues from the extractive industries are disaggregated by government entity, by revenue stream, by company and, where applicable, by project for all extractive revenues considered material for EITI reporting. EITI Iraq should clearly state the definition of project and what revenue streams are levied on project level.
- To strengthen implementation of Requirement 4.8, Iraq is encouraged to ensure that public disclosures of payments and revenues from oil, gas and mining are sufficiently timely to be relevant to inform public debate and policymaking. Iraq EITI is encouraged to pursue efforts to further improve the timeliness of its EITI reporting, including through timelier preparation of EITI Reports and by strengthening government and companies' systematic disclosures of data required by the EITI Standard.
- In accordance with Requirement 4.9, Iraq should ensure that EITI disclosures of government extractive revenues are subject to credible, independent audit, applying international auditing standards. Iraq EITI is required to agree and apply a procedure to address data quality and assurance based on a standard procedure endorsed by the EITI Board, without any material deviations in practice. All material government entities and extractive companies should comply with the quality assurances for EITI reporting agreed by Iraq EITI. To strengthen implementation, Iraq could strengthen its use of the EITI to contribute to strengthening routine government and company audit and assurance systems and practices by providing an annual diagnostic of the

rules and practices of prevailing government and company audit and assurance practices and formulate EITI recommendations for reforms.

Revenue management (Requirements 5.1, 5.3)

Overview of progress in the module

Iraq EITI has undertaken limited work on matching EITI disclosures to federal government budget codes or on disclosing financial reports on key accounts managing oil and gas revenues. It remains unclear from Iraq’s recent EITI reporting which extractive revenues are recorded in the national budget, and which are not. There are opportunities for Iraq to use its EITI reporting as an annual diagnostic of progress in implementing key public financial management reforms in collaboration with partners such as the IMF, such as implementation of the planned Integrated Financial Management System and the Treasury Single Account (TSA).³⁶

Amidst popular protests since October 2019 and an extended period with no government or federal budget in 2020-2021, federal budget expenditures have increased in the 2021-2024 period. The ‘fiscal break-even’ oil price³⁷ in the Federal Government’s successive budgets has risen from USD 54 in 2021 to an expected USD 94 in 2024 according to the [IMF](#). There are opportunities for Iraq EITI to make a greater contribution to public debate by publicly disclosing the assumptions underpinning the budget cycles, including expected commodity prices, projected production and scenario planning for the energy transition.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement and assessment	Summary of progress in addressing the EITI Requirement
<p>Distribution of extractive industry revenues (Requirement #5.1)</p> <p><i>Partly met</i></p>	<p>The Secretariat's assessment is that Requirement 5.1 is partly met, which marks a regression since the previous Validation. The MSG’s ‘Transparency’ template considers the objective of ensuring the traceability of extractive revenues to the national budget and the same level of transparency and accountability for extractive revenues that are not recorded in the national budget is not applicable. Stakeholders consulted did not express particular views about this requirement. However, the International Secretariat considers the objective as still far from being fulfilled, given the lack of clarity in Iraq’s EITI reporting on which extractive revenues are recorded in the national budget and the lack of public disclosure of key documents that were previously published, such as the audited financial statements of the Oil and Gas Revenues Account (OGRA) at the FRB NY.</p> <p>Iraq’s recent EITI Reports have not clarified the flow of government extractive revenues to the Treasury, nor clarified what specific extractive revenue streams are</p>

³⁶ See IMF’s May 2024 Article IV consultation [report](#) on Iraq for more information.

³⁷ The fiscal break-even oil price is the minimum price per barrel of oil that Iraq needs to cover its federal government budget. If the fiscal break-even oil price is higher than the current oil price, the Federal Government budget deficit increases.

	<p>not fully recorded in the national budget. The 2021 EITI Report (Figure 56) briefly schematises the flow of revenue from crude oil export proceeds through the offshore OGRA account to the Development Fund for Iraq (DFI) (net of the 3% deductions transferred to the Kuwait Compensation Fund until 2021) to the Ministry of Finance's onshore account at the Central Bank of Iraq, although it does not clarify whether only those funds transferred to the Ministry of Finance's onshore account are those recorded in the national budget. It is thus unclear from Iraq's EITI reporting which specific extractive revenues are recorded in the national budget. The International Secretariat's understanding is that only those oil and gas revenues transferred to the Ministry of Finance's onshore account at the Central Bank of Iraq are recorded in the national budget. It remains unclear whether any retained earnings by oil and gas SOEs (net of their transfers of 60% of "distributable income" to the Treasury) are recorded in the national budget, and potentially used to fund more extensive quasi-fiscal expenditures than those disclosed in Iraq's EITI Reports. Likewise, it is unclear whether fees paid for breaches of oil sales contracts (linked to 'demurrage costs') paid by the government to oil buyers are recorded in the federal government budget. The International Secretariat understands that, following Shell's divestment from the Majnoon oilfield in 2018, special arrangements were made for the payment of some fees directly Basra Oil Company (which took over operations of the block), without being recorded in the national budget. Finally, it is not clear how the 'internal service payments' from the Ministry of Finance via SOMO to NOCs is covered (see Requirements 2.6 and 4.5). The MSG is invited to comment on the International Secretariat's understanding of what revenues are recorded in the national budget, on the criteria for agreeing such special arrangements, and the oversight measures in place. The MSG did not submit any comments to this requirement during the commenting period.</p> <p>With regards to public understanding of the management of off-budget extractive revenues, Iraq's EITI reporting only provides cursory descriptions of the budget cycle, the statutory operations of the OGRA and DFI accounts as well as the Kuwait Compensation Fund (KCF). The 2021 EITI Report notes that financial reports for the DFI account and the KCF were not made available to the IA, but does not comment on the public accessibility of financial reports for other extractive revenues not recorded in the national budget. This represents a regression in transparency related to Iraq's offshore oil and gas revenue accounts, given previous practices of publishing audited financial statements for the DFI account. While these financial reports are no longer systematically disclosed only, the global EITI website had republished the financial reports for the period 2004-2018 when they had been available at the time.</p>
<p>Revenue management and expenditures (Requirement #5.3)</p> <p><i>Not assessed</i></p>	<p>The Secretariat's assessment is that Requirement 5.3 remains not assessed, given that several encouraged aspects of this requirement remain to be addressed by Iraq EITI. The MSG's 'Transparency' template considers the objective of strengthening public oversight of the management of extractive revenues is not applicable. Stakeholders consulted did not express particular views about this requirement. The International Secretariat's view is that the objective is still far from being fulfilled, given the limited disclosures on the budget and audit cycles and the lack of reporting on projected production, commodity prices or revenue forecasts.</p> <p>Iraq's 2021 EITI Report describes a form of earmarked oil and gas revenues that are withheld from the Oil and Gas Revenue Account (OGRA), in the form of the transfer of 3% of crude oil export proceeds to the Kuwait Compensation Fund (KCF). However, the report only describes the general statutory provisions for these transfers, the</p>

	<p>value of monthly transfers to the KCF but notes that the fund’s financial report was not available for 2021. Iraq has continued to use its EITI reporting to provide a cursory description of the country’s budget and audit cycles, but without addressing important contemporaneous issues such as delays in budget approval and disbursements since 2020 as well as in audits of key government entities and SOEs. In the absence of publicly accessible audited financial statements for SOEs since at least 2016, there are significant opportunities for Iraq’s EITI disclosures to provide more relevant information on the Federal Government’s public financial management. To date, Iraq’s EITI Reports have not yet disclosed any information that could further public understanding and debate around issues of revenue sustainability and resource dependence, such as the assumptions underpinning forthcoming years in the budget cycle and relating to projected production, commodity prices and revenue forecasts arising from the extractive industries and the proportion of future fiscal revenues expected to come from the extractive sector. This is particularly significant given that ‘fiscal break-even’ oil price in the Federal Government of Iraq’s successive budgets has risen sharply from USD 54 per barrel in 2021 to an expected USD 94 in 2024 according to the IMF.</p>
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New corrective actions and recommendations

- In accordance with Requirement 5.1, Iraq should ensure public disclosure of which extractive industry revenues, whether cash or in kind, are recorded in the national budget. Where revenues are not recorded in the national budget, the allocation of these revenues must be explained, with links provided to relevant financial reports as applicable, e.g., sovereign wealth and development funds, offshore accounts, subnational governments, state-owned enterprises, and other extra-budgetary entities. To strengthen implementation, Iraq is strongly encouraged to work with the Ministry of Finance and Central Bank of Iraq to strengthen systematic disclosures of current and past audited financial reports on Iraq’s offshore oil and gas proceeds accounts at the Federal Reserve Bank of New York. Iraq is encouraged to reference national revenue classification systems, and international standards such as the IMF Government Finance Statistics Manual in its EITI disclosures.
- To strengthen implementation of Requirement 5.3, Iraq is encouraged to use its EITI reporting to describe the methods for ensuring accountability and efficiency in the use of earmarked extractive industry revenues, such as the past contributions to the Kuwait Compensation Fund. Iraq is encouraged to use its EITI reporting to map publicly available information on budgeting, expenditures and audit reports. Iraq is strongly encouraged to expand its EITI disclosures to timely information from the government that will further public understanding and debate around issues of revenue sustainability and resource dependence. This may include the assumptions underpinning forthcoming years in the budget cycle and relating to projected production, commodity prices and revenue forecasts arising from the extractive industries and the proportion of future fiscal revenues expected to come from the extractive sector.

Subnational contribution (Requirements 4.6, 5.2, 6.1)

Overview of progress in the module

Iraq continues to apply adapted implementation. The IA includes the KRG in the scope of EITI reporting every year, but it has not received engagement or submission of EITI reporting templates by the KRG. There has been no concerted effort to reengage the KRG since 2013,

when engagement broke off [acrimoniously](#), nor engaging with IOCs operating in the KRG. Nonetheless, Iraq has made limited use of its EITI reporting to include figures from the KRG’s disclosures, particularly the annual (previously quarterly) reports on oil and gas production, exports and payments to government of the Ministry of Natural Resources. Federal Government authorities and the MSG are encouraged, to the extent possible, to plan more strategically their engagement at a sufficiently senior level for meaningful engagement. Likewise, EITI reporting at the federal level would benefit from a more systematic review of the systematic disclosures by the KRG and IOCs operating in Iraqi Kurdistan, with more disaggregated KRG data in Iraq EITI reporting.

Subnational transfers exist in the form of “Petrodollar Allocations,” through which extractive revenues are transferred from Federal Government to regional Governorates according to an established revenue sharing formula. EITI reporting has provided a description of the revenue sharing formula currently in use. This information should be supplemented by an explanation of how or when the formula is revised, details on the transfers themselves and how they are used. There is significant opportunity for Iraq EITI to improve public oversight of the mechanisms for the sharing and management of extractive revenues through improved disclosures.

Iraq EITI has included in its report a description of the mandatory social payments that exist, however equivalent descriptions of mandatory environmental payments and voluntary payments are not provided. Moreover, gaps and inconsistencies in company reporting of these payments impede the public's understanding of the sector’s social and environmental contributions or to monitor companies’ compliance with their legal and contractual obligations. There are opportunities for Iraq EITI to further analyse data provided by companies with a view to improving the quality of disclosures.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement and assessment	Summary of progress in addressing the EITI Requirement
<p>Subnational payments (Requirement #4.6)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 4.6 is mostly met, which is a regression since the previous Validation. The only form of direct subnational payments by oil and gas companies continues to be in the Kurdistan Regional Government (KRG). The MSG’s ‘Transparency’ template considers the objective of enabling stakeholders to gain an understanding of benefits that accrue to local governments is not applicable, as it considers the payments from companies to the Kurdistan region to be outside of the scope of EITI implementation, given the adapted implementation decision. Stakeholders consulted did not express particular views about this requirement. The International Secretariat’s recognises the efforts to reference publicly available information on production and exports in EITI reporting, not notes that the objective has not yet been fully met. EITI reporting should reference public company disclosures to the KRG and more systematically map where public disclosures are not yet available. The government’s outreach efforts to KRG to encourage them to disclose have been limited in the period under review. At the</p>

	<p>same time, the EITI recognises ongoing disputes between the Central Iraqi Government and the Kurdistan region over oil exports, which may be a hinderance on constructive engagement.</p> <p>Assessment of EITI Iraq’s adherence to the adapted implementation decision</p> <p>As noted in the executive summary, this Validation report reviews how Iraq acted the Board’s expectations as set out in the original decision from 2019. In it, the Board welcomed the commitment of the government and the MSG to continue engaging with companies and government agencies in the region. The decision noted the expectation of referencing publicly available information on the payments received by the KRG and to continue to fully (unilaterally) disclose any revenues received by the government from companies operating in the KRG. Furthermore, the Board expected that EITI Reports should include an assessment of the comprehensiveness of this information, highlighting any gaps.</p> <p>This assessment finds that Iraq has included in its EITI reporting aggregate figures from the KRG’s systematic disclosures on production-sharing contracts, production and exports which are published through Deloitte’s non-audited reports.³⁸ It also finds that EITI Iraq did not review any disclosures by IOCs operating in Kurdistan, which publish this information through payments to government reports or other systematic disclosures³⁹. Systematic disclosures on the websites of the KRG Government, Ministry of Finance and the Statistics Office provide some information on the oil and gas contribution to the regional economy. For instance, the KRG Ministry of Natural Resources website publishes the some, but not all, relevant laws and regulations in oil and gas, while a total of 84 oil and gas production sharing contracts and related documents in Iraqi Kurdistan are listed on the KRG’s Ministry of Natural Resources website and published on the ResourceContracts.com portal.</p> <p>The Iraq EITI MSG has not undertaken a comprehensive review of systematic disclosures related to Iraqi Kurdistan to date. There are significant opportunities for Iraq EITI to strengthen its coverage of the oil and gas industry in Iraqi Kurdistan, if only through more comprehensive reviews of publicly available information both on revenue flows from the oil and gas sector. Moreover, there is evidence in the international media of the widespread use of oil-backed loans by the KRG, including the restructuring of an oil-backed loan from Glencore in 2020. International media such as Reuters have estimated the value of the KRG’s outstanding oil-backed debt at around USD 6bn as recently as 2023. There are no official disclosures about these oil-based debt servicing to date. Significant gaps remain in the KRG’s systematic disclosures of data required by the EITI Standard, including on licensing, ownership, disaggregation and reliability of government revenue data, and social and environmental contributions.</p> <p>During consultations with stakeholders, it was noted that efforts over several years by Iraq EITI to engage with the Kurdistan Regional Government had not succeeded in securing the participation of the region in EITI implementation and it was further</p>
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³⁸ The KRG Ministry of Natural Resources contracts Deloitte to produce (non-audit) reports on oil production, exports and government revenues, which are available online for [2021](#), [2022](#) and [prior years](#) but without systematic archiving of historical information.

³⁹ ‘Payments to government’ reports with payments to the KRG disclosed are available from independent oil and gas exploration listed in Canada and Europe with operations in Iraqi Kurdistan, such as Talisman Energy, Perenco, Genel Energy Plc and Gulf Keystone Petroleum Ltd. DNO also published summary figures in its [annual reports](#).

	<p>noted that reporting templates had been sent to the KRG with no response. Stakeholders acknowledged that efforts at engagement have declined in recent years as a result, and all disclosures in EITI reporting related to KRG were sourced from publicly-available Oil and Gas reviews. Consultations revealed divergent views on future prospects for productive engagement with the region, with some government stakeholders expressing the opinion that progress is unlikely to be made without legislative reform on oil and gas production, whereas stakeholders in the company constituency were more optimistic that the ongoing conversations between the KRG and Ministry of Oil on these matters may lead to better engagement on EITI.</p>
<p>Subnational transfers (Requirement #5.2) <i>Not met</i></p>	<p>The Secretariat's assessment is that Requirement 5.2 is not met, which marks a regression since the previous Validation. The MSG's 'Transparency' template considers the objective of enabling stakeholders at the local level to assess whether the transfer and management of subnational transfers of extractive revenues are in line with statutory entitlements is mostly met. Civil society stakeholders noted in consultations that subnational transfers were of particular interest and considered that more could be done in the dissemination of information to improve public understanding. The International Secretariat's considers the objective as far from being fulfilled, given the very limited coverage of subnational transfers through petrodollar allocations in Iraq's recent EITI Reports and the persistent lack of clarity on the applicable distribution formula.</p> <p>Iraq's 2021 EITI Report describes two types of transfers between the Federal Government and (subnational) Governorates but only categorises one type as subnational transfers according to Requirement 5.2, i.e. subnational transfers of extractive revenues. The EITI Report explains that 'Petrodollar Allocations' consist of a share of oil and gas revenues collected at the federal level and transferred to relevant Governorates and confirms that data was requested for these types of transfers. The second type of transfers briefly described in the EITI Report are 'Regions and Governorates' Development Allocations and Transfers', which appear to be general budget transfers to Governorates that are not specifically linked to extractive revenues. While previous EITI Validations of Iraq had categorised statutory Federal Government transfers to the KRG as subnational transfers in accordance with Requirement 5.2 given that they were linked to oil and gas production in Iraqi Kurdistan being made available to SOMO for marketing and export, the 2021 EITI Report confirms that there have been no transfers from the Federal Government to KRG Governorates since 2016. Given that the agreement between Baghdad and Erbil was not effective in the period under review, the International Secretariat concurs that the Federal Government transfers to the KRG were not effective in the period under review. The International Secretariat agrees with the categorisation of 'Petrodollar Allocations' as the only forms of subnational transfers of extractive revenues in Iraq in 2021.</p> <p>The 2021 EITI Report discloses the general revenue-sharing formula for 'Petrodollar Allocations', described as a share (5%) of oil and gas revenues related to production and refining in the specific Governorate. This formula is different from the revenue-sharing formula for 'Petrodollar Allocations' disclosed in previous EITI Reports and in the period reviewed by the previous Validation, when the formula was described as a fixed USD 5 per barrel of crude oil and per 150 cubic metres of natural gas produced or refined in the Governorate. There is no explanation for these differences in the 2021 EITI Report, nor whether any reforms of 'Petrodollar Allocations' had been implemented since the previous Validation. Stakeholders consulted stated that the formula for calculating Petrodollar Allocations is subject to annual revision by the</p>

	<p>Cabinet of Ministers but were unable to provide further insight on the reasons for the most recent revision. However, all stakeholders consulted confirmed that petrodollar allocations were effective in practice, although there was no clarity on whether sums transferred were of the correct value. All stakeholders also confirmed that the revenue-sharing formula disclosed in the 2021 EITI Report was not the correct one used in 2021. At the time of finalising the draft report, the International Secretariat was not aware of any sources of publicly available information describing the formula or the rationale for its revision by the Cabinet.</p> <p>The 2021 EITI Report does not disclose any actual information on either the expected or actual subnational transfers of 'Petrodollar Allocations'. It explains that the IA requested information on the values of budgeted and actual 'Petrodollar Allocations' in 2021 from the Ministry of Planning and the Ministry of Finance respectively, but that this information was not provided in preparation of the 2021 EITI Report. Thus, there are no actual disclosures of subnational transfers of extractive revenues in Iraq's 2021 EITI Report, nor of any additional information on the management and use of these subnational transfers by the Governorates.</p>
<p>Social and environmental expenditures (Requirement #6.1)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 6.1 is mostly met, as in the previous Validation. The MSG's 'Transparency' template considers the objective of enabling public understanding of extractive companies' social and environmental contributions is fully met. Stakeholders consulted did not express particular views about this requirement. However, the International Secretariat considers the objective as mostly met, given gaps in material company reporting of mandatory social expenditures and the ad hoc disclosure of environmental payments to government. Where environmental payments to government are disclosed, they are mixed together with environmental expenditures to third parties and do not appear comprehensive of all material companies' payments related to the environment.</p> <p>With regards to <u>social expenditures</u>, Iraq's 2021 EITI Report describes three types of mandatory social expenditures that are required by the terms of the operating contract or by law, and provides the specific legal and contractual provisions underpinning these requirements. The International Secretariat agrees with this scoping of mandatory social expenditures, which is consistent with the findings of the previous Validation.⁴⁰ Given the EITI Report's references to the lack of audit of SOEs' financial statements for 2021 (see above footnote, category (3)), this implies that the third type of statutory mandatory social expenditures (by SOEs) were not effective in 2021, even if this is not explicitly clarified in Iraq's EITI reporting. Thus, the International Secretariat's understanding is that there were only two types of mandatory social expenditures effective in 2021, related to IOCs' contractual obligations to develop social and infrastructure projects.</p> <p>In terms of actual disclosures, the 2021 EITI Report confirms that IOCs were requested to disclose details of their mandatory social expenditures. However, the EITI Report is transparent about the gaps in company reporting, with Annex 5 highlighting that only nine of the 11 IOCs that submitted EITI reporting templates</p>

⁴⁰ The three types of mandatory social expenditures are the following: (1) IOCs operating under service contracts awarded under the first three bid rounds (as well as the Ahdab contract awarded out of bid round) are required to pay USD 5m a year to develop projects for host communities, with all such costs categorised as recoverable by IOCs, i.e. reimbursed by the Federal Government as cost recovery under these contracts; (2) IOCs operating under service contracts awarded under the fourth bid round are required to spend 10% of their annual budget on infrastructure in provinces where they operate, although the 2021 EITI Report does not clarify whether these costs are recoverable under the terms of those service contracts and (3) SOEs must pay 5% of their net profits to the Ministry of Oil for social projects, although these transfers are only made after the SOEs' financial statements are audited.

	<p>disclosed any mandatory social expenditures for 2021.⁴¹ These disclosures include the detail of the social expenditures, disaggregated between mandatory and voluntary, with name of company and oilfield, whether cash or in-kind, description, legal or contractual basis for mandatory social expenditures, amount paid or value of in-kind expenditure, as well as the name and location of beneficiary(ies), even if the beneficiary names are quite general (e.g. funding women’s education in Basra generally). The 2021 EITI Report does not explain the reasons for two of the 11 reporting IOCs not disclosing any mandatory social expenditures, implying that IOC disclosures of mandatory social expenditures were not comprehensive.</p> <p>With regards to <u>environmental payments</u>, Iraq’s 2021 EITI Report does not describe any types of extractive company payments to government that are related to the environment. While the EITI Report confirms that the Ministry of Environment was included in the scope of EITI reporting in 2021, it is transparent that the Ministry did not submit its EITI reporting template as requested. Requests for disclosure of environmental payments to government were included in the EITI reporting templates for extractive companies, but the 2021 EITI Report confirms that only three of the 11 reporting IOCs disclosed any information on ‘environmental payments’. The detail of these three IOCs’ reporting of ‘environmental payments’ in Annex 5 of the 2021 EITI Report reveals that only one IOC (ENI) reported transactions that were actually environmental payments to government (in the form of an environmental fine related to the Al-Hammar gas Station paid to BOC, which was then expected to be transferred to the Basra Environmental Directorate of the Department of Improving and Protecting Environment in South Area). The other two IOCs’ disclosures are of expenditures to third parties rather than payments to government, including PetroChina’s in-kind expenditure on electricity services to the Electrical State Company in Al Kahla in Missan Governorate (related to the Halfaya Oilfield) and Gazprom’s purchasing and distributing food baskets to support the Badra, Jasan and Zurbatiyah communities (totalling 1,000 food baskets for local families). Consequently, the International Secretariat does not consider that EITI disclosures of environmental payments to government in 2021 are comprehensive.</p> <p>The 2021 EITI Report does not comment on any other voluntary environmental payments to government or voluntary or mandatory environmental expenditures to third parties, as encouraged by Requirement 6.1.d.</p>
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New corrective actions and recommendations

- In accordance with Requirement 4.6, Iraq should continue to engage with companies and government agencies in the region with a view to ensuring comprehensive disclosure of all material oil and gas revenues collected by the Kurdistan Regional Government in accordance with the EITI Standard. Where comprehensive information is not obtained from these entities, the multi-stakeholder group is expected to reference other publicly available sources of information, including both KRG publications as well as oil companies’ systematic disclosures, public court proceedings, and other relevant public sources.
- In accordance with Requirement 5.2, Iraq should ensure public disclosure of all subnational transfers of extractive revenues, including ‘Petrodollar Allocations’. These disclosures should include the transfer amount calculated in accordance with the relevant revenue-sharing formula and the actual amount that was transferred between the Federal Government and each relevant subnational entity entitled to receive subnational transfers of extractive revenues in the year(s)

⁴¹ Two reporting IOCs disclosed only voluntary social expenditures and five IOCs disclosed both mandatory and voluntary social expenditures.

under review, disaggregated by beneficiary subnational government unit. The multi-stakeholder group is encouraged to agree a procedure to address data quality and assurance of information on subnational transfers, in accordance with Requirement 4.9. To strengthen implementation, Iraq may further wish to report on how extractive revenues earmarked for specific programmes or investments at the subnational level are managed, and actual disbursements. In accordance with Requirement 6.1, Iraq should ensure public disclosures of all social expenditures by extractive companies mandated by law, regulation or contract, where such payments are material. Where the beneficiary of the mandated social expenditure is a third party, i.e. not a government agency, it is required that the name and function of the beneficiary be disclosed. Iraq should ensure public disclosures of all payments by extractive companies to the government related to the environment mandated by law, regulation or contract, where such payments are material. The multi-stakeholder group is required to agree a procedure to address data quality and assurance of information on social and environmental expenditures, in accordance with Requirement 4.9. To strengthen implementation, Iraq is encouraged to consider ensuring public disclosure of discretionary social and environmental expenditures and transfers by extractive companies, where material.

Background

Overview of the extractive industries

An overview of the extractive industries is accessible on the [country page](#) of the EITI webpage for Iraq.

History of EITI implementation

The history of implementation is accessible on the [country page](#) of the EITI webpage for Iraq.

Explanation of the Validation process

An overview of the Validation process is available on the EITI website.⁴² The [Validation Guide](#) provides detailed guidance on assessing EITI Requirements, while the more detailed [Validation procedure](#) include a standardised procedure for undertaking Validation by the EITI International Secretariat.

The International Secretariat's country implementation support team include Ahmed Zouari and Nassim Bennani, while the Validation team was comprised of Christina Berger, Sarah Hayton, Lisa Sviland and Alex Gordy. The internal review for quality assurance was conducted by Nassim Bennani, Gay Ordenes and Bady Baldé.

Confidentiality

The detailed data collection and assessment templates are accessible on the internal Validation Committee [page](#) and through the country's website (see [here](#)).

The practice in attribution of stakeholder comments in EITI Validation reports is by constituency, without naming the stakeholder or its organisation. Where requested, the confidentiality of stakeholders' identities is respected, and comments are not attributed by constituency. This report is shared with stakeholders for consultation purposes and remains confidential as a working document until the Board takes a decision on the matter.

Timeline of Validation

The Validation of Iraq commenced on 1 July 2024. A public call for stakeholder views was issued on 1 April 2024.⁴³ Stakeholder consultations were held virtually between 23 September and 15 October. The draft Validation report was finalised on 5 December. It was submitted to the MSG on 14 January (translated into Arabic). Comments from the MSG were received on 15 February, where the MSG stated that it agreed with the assessment and did not submit any specific comments with regards to individual requirements. The Validation report was finalised on 17 February 2025 for consideration by the EITI Board.

⁴² See <https://eiti.org/validation>

⁴³ See <https://eiti.org/offers/iraq-2024-eiti-validation-call-views-stakeholder-engagement>

Resources

- Validation data collection file – [Stakeholder engagement](#)
- Validation data collection file – [Transparency](#)
- Validation data collection file – [Outcomes and impact](#)

Annexe A: Assessment of Requirement 1.3 on civil society engagement

Methodology

Due to concerns expressed by stakeholders related to the enabling environment for civil society engagement in the EITI, the International Secretariat's Validation team has conducted a detailed assessment of Iraq's adherence to the EITI Protocol: Participation of civil society.⁴⁴

The assessment follows the Validation Guide, which defines guiding questions and related evidence that should be considered in cases where there are concerns about potential breaches of the civil society protocol.⁴⁵ For contextual purposes, the Validation provides an overview of the broader enabling environment for civil society participation in country's extractive sector. The assessment seeks to establish whether legal or practical restrictions related to the broader enabling environment have in practice restricted civil society engagement in the EITI in the period under review. It focuses on the areas where there are concerns regarding adherence with the civil society protocol.

A call for stakeholder views on progress in EITI implementation was launched on 1 April 2024, in accordance with the Validation procedure. The assessment draws on the information provided in responses to that call for views, the Stakeholder engagement file, and stakeholder consultations.

Overview of broader environment for civil society engagement

The period since the last Validation in October 2019 has been turbulent at the social and political levels. Prolonged [street protests](#) known as the Tishreen protest movement that started in October 2019 focusing on high unemployment, availability of basic services and allegations of government corruption, particularly in the oil and gas sector, were only curbed with the introduction of mobility restrictions in response to the COVID-19 pandemic in 2020. A total of 500 civilians were killed during the protests, and 20,000 injured according to the US State Department's [2022](#) report on human rights practices in Iraq. The UNOHCHR published a [report](#) in August 2020 that documented a multitude of human rights violations during the demonstrations from October 2019 to April 2020. The government response to COVID-19 [included](#) limitations on physical meetings, a ban on public gatherings and restrictions on movement between certain regions. Following several months of heated campaigning, the October 2021 parliamentary elections led to a prolonged period of negotiations between political parties that only concluded in the [formation](#) of a new government in October 2022. This extended period of political deadlock in 2022 saw [violent clashes](#) erupt between different Shia militias that was the most serious security crisis in Iraq since the defeat of Islamic State in Iraq and Syria in 2017, and led to the deaths of 22 people according to the 2023 [Freedom in the World](#). Prime Minister Mustafa al-Kadhimi survived an assassination [attempt](#) in November 2021.

The trends in broader civic space in Iraq have deteriorated since the last Validation according to most international assessments of civic space. Iraq's ranking in the [Freedom in the World](#) index remained relatively constant as 'not free' throughout this period, declining slightly from 31/100

⁴⁴ <https://eiti.org/document/eiti-protocol-participation-of-civil-society>.

⁴⁵ <https://eiti.org/document/2021-eiti-validation-guide>.

in 2020 to 29/100 in 2021-2023 before rising marginally to 30/100 in 2024. The [CIVICUS](#) ranking of Iraq's civic space was downgraded from 'repressed' to 'closed' in 2020, where it remains as of 2024. The Reporters Without Borders ([RSF](#)) NGO's ranking of media freedom in Iraq declined steadily from 162/180 in 2020 to 169/180 in 2024. Successive US State Department reports on human rights practices in Iraq in [2020](#), [2021](#), [2022](#) and [2023](#) consistently highlight human rights violations, with a net deterioration in 2023. This deteriorating trend since 2020 is due both to the broader political and security situation, but also linked to specific legal and regulatory reforms, as well as enforcement practices. NGOs like [RSF](#) have documented killings and threats against journalists from non-state actors (jihadists and militias), while the UN High Commission on Human Rights ([UNOHCHR](#)) has documented what it labels 'impunity' for killings and disappearances by non-state actors.

Since the onset of protests against corruption in October 2019, the environment for civil society expression, operation and association has become more challenging in the face of crackdowns by authorities, according to civic space rankings. Many stakeholders have reported that government officials have taken a stricter attitude towards civil society since 2019 because they associated most civil society activists with protesters in 2019-2020, according to grant reporting by international civil society coalitions. The government's response to COVID-19 affected the implementation of some civil society activities that required direct engagements with the public and other stakeholders, such as town hall meetings, community-level engagements and awareness-raising campaigns. In addition, government entities and companies adopted their own 'work from home' policies that slowed down engagements in 2020-2022.

The administration of Prime Minister Mohammed Shia' Al Sudani since October 2022 has presented a ministerial programme that puts anti-corruption as the top priority and includes provisions for the advancement of human rights and women's empowerment. Despite these gradual improvements, most international civic space assessments of Iraq note the still challenging civic space constraints including challenges to freedoms of expression, association and assembly such as the targeting of activists and human rights defenders. The EU's 2023 annual [report](#) on human rights and democracy in the world notes that civil society organisations and NGOs have been facing obstacles in performing their activities freely, including in Iraqi Kurdistan.

Expression

Freedoms of expression, of the press and of communication are guaranteed in Iraq's Constitution (Articles 37-40). However, international NGOs like [RSF](#) have raised concerns that the implementation of several laws seemed to contradict these constitutional guarantees, such as the use of criminal defamation provisions against investigative reporters. The US State Department's [2023](#) report on human rights practices in Iraq argues that the biggest constraint on freedom of expression is self-censorship "*due to a credible fear of reprisals by the government, political parties, ethnic and sectarian forces, militias, terrorist and violent extremist groups, or criminal gangs*", consistent with findings of civil society rankings like the 2023 [Freedom in the World](#). These remain the same constraints as in past years reviewed in previous Validation, however, when Iraq had consistently been ranked by [RSF](#) as the "deadliest country in the world" for journalists. There are many cases of arbitrary arrests of journalists documented by [RSF](#) and the 2023 [Freedom in the World](#).

More recently, the Ministry of Interior announced new rules for social media, with the launch of a new platform for the public to report any content that "*violates public morals, contains negative*

and indecent messages, and undermines social stability”, with at least 20 individuals prosecuted under the new rules in the first half of 2023 alone according to Amnesty International and the US [State Department](#). There has also been civil society advocacy to amend provisions of the Criminal Code covering libel, slander, blasphemy and defamation, including insulting government leaders according to the US State Department’s [2023](#) report on human rights practices in Iraq. There have been particularly high-profile cases, such as the sentencing by a Halabja court of the head of the Iraqi Kurdish NGO Halwest Organization (whose focus is on monitoring public-sector performance) to six months in prison for defamation after the organisation reported on corruption in the Halabja General Directorate for Health according to the US State Department [2023](#) report on human rights practices in Iraq.

There are no documented cases of defamation cases against any civil society representative involved in the EITI process, either on the MSG or in the broader constituency, to the International Secretariat’s understanding. Rather, there is evidence of civil society expression on issues related to the EITI Standard, including critical views of the government’s management of the sector as in a Al-Bayan Centre for Planning and Studies January 2024 [report](#) on the oil sector, or an [article](#) on poor public health of citizens in oil rich regions but lack of access to appropriate health services in July 2024.

There is little evidence of civil society members proposing that the Iraq EITI MSG discuss corruption affairs in the extractive industries, such as the [convictions](#) in the UK in 2020 of Unaoil traders for bribery of South Oil Company and Ministry of Oil officials in Iraq following investigation by the UK’s Serious Fraud Office. During consultations government stated that it was the Integrity Commission’s role to follow-up on corruption allegations and that there was an MoU in place between the Integrity Commission and the Ministry of Oil detailing their cooperation.

In its submission on the adherence of the civil society protocol, civil society members from the MSG noted that they did not experience any restrictions in the freedom of expression. The International Secretariat has not found evidence of a pattern of government constraints on civil society’s freedom of expression in relation to extractive industry governance or the EITI process. There is a vibrant public debate in Iraq with many critical views of the government’s management of the oil and gas sector. Representatives from civil society engaged in the EITI process appear to express views that are critical of the government, both in MSG meetings and in the public domain. The lack of CSO discussions of oil and gas corruption affairs in EITI forums appears more linked to capacity constraints than on any concerns of government reprisals or due to any self-censorship. Civil society noted in a shadow report, which was briefly discussed with the MSG, that the main constraints were due to the lack of financial support by the National Secretariate.

Operation

Freedoms to form and join associations and political parties continue to be guaranteed in the Constitution, with specific legislated exceptions unrelated to the extractive industries. There were no major changes to the registration requirements for NGOs since the previous Validation, with the Federal Government Department of NGOs (DNGO) charged with registering NGOs. The US State Department has documented several administrative delays and abuse of position in its annual reports on human rights practices in Iraq, including in [2023](#). Yet the 2023 [Freedom in the World](#) assessment of Iraq characterises the regulatory environment for CSOs as “relatively hospitable” even if registration for international NGOs is cumbersome. All CSOs engaged in the EITI process in Iraq appear duly registered with the DNGO, with the exception of the Publish What You Pay (PWYP) Iraq coalition, which is not registered as an NGO given its role as a coalition of

NGOs who are themselves duly registered. Yet this has been the practice since the establishment of PWYP Iraq in 2011.

Both the Federal Government and the KRG have at times restricted and disrupted Internet access in some regions of the country during the period under review, particularly during periods of protest, and there are credible reports of illegal government surveillance of private communications, according to the US State Department [2023](#) report on human rights practices in Iraq. However, there are no indications that CSOs engaged in the EITI process have had any concerns about state surveillance of private communications, nor have faced Internet disruptions beyond those generally affecting the country.

There does not appear to be any pattern of government constraints on CSOs' access to funding since the previous Validation. However, Iraqi NGOs continue to predominantly rely on foreign sources of funding, with little to no domestic funding, according to a November 2023 article on Iraqi civil society funding on the Washington Institute's [website](#). The civil society coalition engaged in the EITI was significantly better funded in the period under review than in previous Validations. PWYP Iraq benefited from a three-year regional [grant](#) from NORAD to PWYP International covering support for civil society coalitions in Iraq, Kenya and Lebanon over 2020-2022. The PWYP project in Iraq aimed at increasing transparency and accountability in the petroleum sector by strengthening the civil society coalition's capacity to engage in all aspects of the EITI process, particularly focused on contract disclosure, oversight of fiscal revenues including subnational transfers and state budgeting. Following the end of this important funding for the Iraq coalition at the start of 2023, the Iraqi Alliance for Transparency in Extractive Industries (IATEI) has been seeking new sources of support for its EITI engagement. There may be opportunities for CSOs engaged in the EITI to explore new opportunities for technical and financial support with non-traditional actors, for instance with [Counterpart International](#), which launched a five-year partnership with USAID in May 2024 to strengthen CSOs to better serve their constituencies through a network of local partners .

Association

Freedoms of assembly and peaceful demonstration continue to be guaranteed by the Constitution, which includes a qualifier that these freedoms are regulated by law. The US State Department's [2023](#) report on human rights practices in Iraq confirms that authorities generally grant permits for public demonstrations for qualified applications. Several international civic space rankings such as 2023 [Freedom in the World](#) have raised concerns over frequent arrests of and violence against protesters, particularly during the 2019-2020 protests although the trend has continued with hundreds of alleged killings in retaliation for participation in protests, including by Iraqi security forces.

In this context, the civil society coalition has expanded its membership to more representatives of communities in oil-producing regions since the previous Validation. In the first year of the NORAD-backed project, the Iraqi Alliance for Transparency in Extractive Industries (IATEI – PWYP Iraq) expanded its membership from 50 in 2020 to 62 in 2021, increasing their women representation from around 10% to 32% in that period according to PWYP. The IATEI used the programme to implement institutional reforms in 2020-2022, including amending its rules of procedures, expanding its Board of Directors to include representatives from all regions of Iraq, and introducing more transparent practices in decision-making, financial management and accounting practices. The PWYP programme allowed the IATEI to hold long-delayed annual general meetings convening 164 attendees in 2020 and 144 in 2021. There is a second faction

of civil society members represented at the SMG, which is led by the Alnahreen foundation, an anti-corruption platform.

In practice, the PWYP constituency coordinates actively through its WhatsApp groups, often creating new groups for specific work streams. There are usually 5-10 active CSOs in the group however, indicating a need to build the capacities for genuine engagement of a larger share of the coalition's membership. The PWYP coalition and the anti-corruption network do not coordinate with each other. It is not entirely clear what the cause of the disconnect between the two groupings are. The shadow report was not signed by the anti-corruption platform, but they were requested to provide input.

Engagement

The NORAD-backed PWYP project in Iraq provided a significant boost to civil society's engagement in the EITI process over 2020-2022. The programme supported reforms to the civil society coalition on extractive industry transparency (ITAEI), outreach to expand to new members and proactive engagement in all aspects of the EITI process, including outreach and dissemination of the 2018 and 2019-2020 EITI Reports. Beyond expanding membership from 50 to 62 in the year to 2021, the ITAEI coalition has also worked to train new youth members, including Dr Nour al-Huda Muntazar Hassan, a female youth member who was elected to the PWYP Global Council representing the MENA region at the fifth PWYP Global Assembly in June 2022, on a platform of promoting youth and women voices.

The ITAEI coalition held a series of four workshops in Erbil, Sulaymaniyah, Baghdad, and Basra in 2021. The two workshops in Sulaymaniyah and Erbil were partly aimed at expanding the coalition's membership from the Iraqi Kurdistan region, alongside capacity building seminars on priority issues such as contract disclosure, beneficial ownership transparency, the energy transition among others. The workshops were also an opportunity to disseminate key findings from the 2018 EITI Report. The coalition held another three workshops on these priority issues in 2022, with findings from the 2019-2020 EITI Report. Trainees from the ITAEI's workshops went on to organise their own (volunteer-based) workshops and wrote articles (e.g. ['The Last Oil Barrel that Leaves Basra'](#) in June 2021), drawing on their training at ITAEI workshops. One trainee produced a documentary on the EITI process, that was disseminated on social media. The Al-Nahrain Foundation has also organised workshops in oil-producing governorates to disseminate findings of EITI Reports according to an article on the UNCAC Civil Society Coalition [website](#), although there are few details of these events online.

The PWYP programme allowed ITAEI to become significantly more involved in the Iraq EITI MSG. This included making concrete comments and suggestions to help improve the 2019-2020 EITI Report before finalisation. It also included an advocacy campaign to block implementation of Diwani Order no.6 of December 2020 on the restructuring of the MSG, including civil society representation on the MSG. This was interpreted by the ITAEI coalition as an attempt to reduce genuine civil society representation (i.e. non-union) to a de facto single seat on the MSG. The advocacy campaign in early 2021 included engagement with members of the Prime Minister's Council, and international escalation with for instance a PWYP International [press release](#) in January 2021 categorising the reform of the MSG as a government attempt to curb civil society engagement in the EITI. The MSG eventually reached a compromise on civil society representation on the MSG (see *Requirement 1.4*).

While the civil society coalition substantially re-engaged in the EITI process in 2020-2022, there is far less documentation of activities or output from civil society on extractive industry transparency issues since 2023, after the end of the PWYP/NORAD programme. While the PWYP coalition mainly point to financial constraints as the main limiting factor, both the anti-corruption platform and PWYP noted that there were very few opportunities to disseminate the 2021 Report after its publication in December 2023, as the National Secretariat did not organise any events. In its civil society engagement template submitted for Validation, civil society reiterates that the lack of engagement and activities in recent months from civil society are either due to lack of funding of activities through the EITI where civil society can participate, lack of communications staff or media relations at the National Secretariat and even allegations of the national secretariat not being supportive of conducting workshops with journalists or universities. They state that the lack of activities in the past years have led to a decline of expertise previously gained. This happened in the backdrop of continued financial strain on the EITI implementation as well as very low Secretariat staff at the time of the launch of the report.

While the civil society constituency's engagement in the EITI process was rejuvenated in 2020-2022, the donor project-dependent nature of this engagement implies that it is not sustainable over time. The Secretariat notes however that the contribution of civil society to the development of the 2024-2025 work plan was very consultative and civil society reflected their priorities in to the work plan. Thus, while the Secretariat recognises the significant efforts to re-engage undertaken in the earlier part of the period under review, it considers that there remain weaknesses in civil society engagement and representation of more community-based organisations.

Access to public decision-making

There is some evidence, albeit limited, that civil society can leverage its engagement in the EITI process to access public decision-making. Although senior government officials such as the MSG Chair, Deputy Prime Minister and Minister of Oil Hayan Abdul-Ghani Al-Swad, have only rarely attended MSG meetings, civil society appears to have been able to gain his support in sending a letter to the Ministry of Oil, NOCs and IOCs in September 2023 directing them to adhere to the government's contract disclosure policy and to publish oil and gas SOEs' financial statements, a key demand of civil society. Leveraging their EITI affiliation, civil society was also able to use the Fourth and Fifth Iraq Economic Forums of 2020 and 2021 to ensure their advocacy campaigns reached senior government officials such as the Prime Minister. Some MSG members like the Al-Nahrain Foundation have sought to integrate their EITI work into other efforts like implementation of the 2021-2024 National Anti-Corruption Strategy, according to the [website](#) of the UNCAC Coalition of 350 CSOs working on the UN Convention against Corruption (UNCAC).

Yet there are opportunities for civil society to make greater use of the EITI process to influence public decision-making and achieve the constituency's key objectives. Records of MSG meetings do not indicate that civil society has raised issues related to recent corruption scandals in the oil and gas sector, nor made proposals for additional EITI disclosures that could help identify such practices in future. There is an opportunity through building the civil society coalition's capacities to make greater use of the 13 years of Iraq EITI data to inform public debate and policy-making on oil and gas industry governance. During consultations and the shadow report, civil society notes that the lack of engagement is due to financial limitations.

Assessment

The Secretariat's assessment is that Requirement 1.3 is mostly met, which marks a regression since the previous Validation.

Despite a deteriorating broader civic space environment, there are no indications of a pattern of government constraints on civil society engaged in the EITI process, either those directly represented on the MSG or the 62 members of the broader constituency. Civil society engagement strengthened considerably in 2020-2022 with support from a PWYP International grant from the Norwegian Development Agency (NORAD). Yet this renewed engagement has faced serious sustainability issues since 2023 given the lack of institutionalised civil society mechanisms to sustain implementation in the absence of grant funding, aggravated by the lack of funding of possible co-run workshops or dissemination activities through the EITI given that funding from the government was halted in 2019.

While the Secretariat's assessment is that there have been no breaches of the EITI protocol: Participation of civil society in the period under review, weaknesses in the broader civil society constituency's engagement in the EITI process and weaknesses in overall implementation of the EITI in Iraq due to funding constraints have hindered civil society from leveraging the EITI process more effectively to support progress towards their objectives.