

The Federal State Budget for the Republic of Iraq for the Fiscal Year 2018

Date: March 3, 2018

The Supervising Committee: The Finance Committee

Presidency of the Republic

Based on what have been passed by the Council of Representatives and based on the provisions of article (61/ First) and Article (73/First) of the constitution

Chapter One Revenues

Article 1- First

A. The revenues of the Federal State budget for fiscal year 2018 shall be estimated at IQD (91,643,667,236,000) as described in (Table (A) – The revenue) enclosed to this law.

B. The calculation of the estimated revenues from the export of crude oil shall be based on average oil price of \$46 per barrel and average export rate of 3,888,000 barrels per day including 250,000 barrels per day for quantities of crude oil produced in the provinces of Kurdistan region and based on the exchange rate of IQD 1,182 per dollar. All the actual obtained revenues shall be booked as final revenue to the public treasury of the state.

Second: Ministries and entities not linked to Ministry shall book all monetary amounts of the grants that they obtained under the memoranda of understanding with foreign governments or institutions shall be booked as final revenues to the public treasury of the Federal and the Federal Ministry of Finance shall re-allocate them for the purposes under which they were awarded and in coordination with the Federal Ministry of Planning.

Third: Book all the amount of donations given to the ministries and entities not linked to Ministry, after they are accepted by the Federal Minister of Finance shall be booked as a final revenues to the federal public treasury, provided that the Federal Minister of Finance shall allocate them to the credits of the concerned ministry or the concerned entity not linked to Ministry in order to spend then for the purposes they were granted for.

Fourth: Book all the amount of grants or contributions made by foreign governments and institutions to the ministries and entities not linked to Ministry or the provinces and provincial councils under memorandums of understanding, and they grants and contributions given by the private sector whether these grants and donations in the form of technical assistance or implementation of projects. Provided that their estimations shall be booked in ministries, the entities not linked to ministries, provinces, and provincial councils' records. The acceptance of cash donations or in-kind and reallocation shall be done in coordination between the beneficiaries and both federal ministries of planning and finance.

Fifth: The unused grants and subsidies allocated to government departments and public sector companies by the end of the fiscal year 2017 in accordance with the accounting standards used to calculate the final expenditures. The excess amounts or paid in excess in accordance to these principles shall be considered in advance payments on the account of the allocated grant for the office or unit for the fiscal year 2018.

Chapter two

Expenditures and Deficit

Article 2

First - Expenditures

An amount of IQD(104,158,183,734,000) shall be allocated for the expenditures for the fiscal year 2018 including the installments of repaying the local and foreign debts amounts (8,246,899,000,000) they shall be distributed in according to column No.3 / the total expenditures) in (the table B /the expenditures based on ministries" enclosed to this law.

1. An amount of IQD (24, 650,112,138,000) shall be allocated for the expenses of the projects. This allocated money shall be distributed according to column 2 "the expenses of the investment projects" in table B "expenditures based on ministries" enclosed to this law. including (5,516,318,350,000) through foreign loans
2. An amount of IQD (79,508,071,596) shall be allocated for the current expenditures in according to (table/1 – current expenditures in the table – expenditures based on ministries enclosed to this law.

3.
 - A. IQD (192,000,000,000) shall be allocated as contingency budget within the credits of other expenses of the budget of the Federal Ministry of Finance out of the allocation stated in item (First-B) herein above referred to including the State Council and the Council of Ministers decree No.350 for the year 2016.
 - B. The Council of Ministers may add IQD 2 trillion to the contingency budget provided that the expenditures are for the purposes of addressing the shortage in the accounts of employees compensation, investment projects, social safety net, Person With Disability and Special Needs Commission, Martyrs Institutes provided that the expenditures from the addition are done in the last quarter of the current fiscal year and when an increase in the revenues from the globally exported crude oil.

4. IQD (400,000,000) shall be allocated for (the reconstruction and development of the projects in all provinces) out of the allocations referred to in item (First / a) of Article (2) above and the allocation will be distributed according to the number of the population in each province and implemented as follows:-
 - A. The Governor shall submit the governorate, its affiliated district and sub-district reconstruction plan as approved by the provincial council using the plans developed by the district and sub district plans to the Federal Ministry of Planning in order to study and approve it. The most damaged areas in the governorate should be given the priority. The allocations of the district and sub district's allocations should be distributed in proportion with the population numbers after ruling out the strategic projects that benefit more than one district or sub district and the cost of the new strategic projects shall not exceed 15% of the governorate's allocations. 5% out of the governorate's allocations shall be allocated to the projects of the poverty reduction strategy's project.
 - B. The Governor shall exclusively undertake implementing the decided reconstruction plan, and the Provincial Council shall undertake the responsibility of supervising the implementation.

5. 5% of the revenues from crude oil produced in the province and 5% of the revenues of the crude oil refined in province refineries and 5% of the revenues from the natural gas produced in the province shall be allocated to the producing governorates. The provinces shall have the right to select any of the

above mentioned revenues. IQD (400,000,000,000) shall be allocated to the projects in the oil producing governorates out of the allocation referred to (First/A) of Article 2. The Governor after the approval of the governorate council has the right to use and expend no more than 50% of the allocations referred to above for the purpose of importing electric energy or for the delivery of services to maintain and clean the governorate or for the cost of treating patients outside or inside Iraq or for the current budget and based on the needs of the governorate. The priority of expenditures should be given to the areas mostly damaged due oil production or refinery operations and to environmental protection projects through doing the necessary transfers among budget items provided the accounting adjustments shall be done after the audit is made by the Board of Supreme Audit including the governorates payments for the past years that had no allocations, and 20% out of the increase in actual revenues planned in the state budget for the fiscal year 2018 and they shall be awarded every 6 months and they shall be spent on strategic and service delivery projects within areas mostly damaged.

Second: Deficit

1. Planned deficit for federal state budget for the fiscal year 2018 shall be estimated at IQD (12,514,516,498,000). The deficit will be plugged by achieved surplus, the by internal and external borrowing except the foreign authorities loan funded projects listed in the table of financing the deficit, and from the carryover cash in the account of the Ministry of Finance and the expected surplus from increasing the price of the exported oil and increasing the amount of crude oil export. According to the below details;

2.

Revenue, Expenditure and Deficit

Items	Amount in IQD (Thousand)
1. Total Revenue = (A + B)	91,643,667,236
A Oil Revenues	77,160,392,640
B Non-Oil Revenues	14,483,274,596
2. Total Expenditure (A + B)	104,158,183,734
A Current Budget	79,508,071,596
B Investment Budget	24,650,112,138
- Investment spending from Treasury	19,133,793,788
- Investment spending through foreign loans	5,516,318,350
3. Total planned deficit	12,514,516,498

Financing the financial gab (the deficit)

Source of Financing	Amounts in IQD (Thousand)
Deposits of Iraq ministries and entities not linked to ministry at Iraqi state banks	250,000,000
Carried over money in the account of Ministry of Finance	742,835,421
Loans from the World Bank and international banks & other companies	1,300,200,000
International Monetary Fund loan to support budget	1,891,200,000
JICA loan to support budget	236,400,000
Saudi Development Fund loans	35,460,000
External bonds	1,182,000,000
Transfer through commercial banks	1,133,696,725
JBIC loan	94,560,000
World Bank loan / projects	296,918,400
American loan for armament	834,964,800
British loan (exports loan)	1,016,520,000
Loans guaranteed by international export guarantee agencies	1,071,364,800
German Loan (KFW)	179,664,000

Swedish loan	141,840,000
Italian Loan	92,905,200
JICA / projects	692,103,552
German Loan Siemens Projects	283,680,000
Maintenance project loans for the Ministry of Electricity from the Export Guarantee agency GE	413,700,000
Kuwait Fund for Development	94,560,000
Loans from American OPIC	236,400,000
International Fund for Agriculture Development	5,673,600
French Agency for Development	87,870,000

- 3.** The Minister of Finance, after the approval of the Council of Ministers, may address the actual deficit mentioned in (A) from the following sources:
- a) Treasury transfers;
 - b) National bonds to citizens;
 - c) Bonds and transfers to the government banks deducted at the Central Bank of Iraq;
 - d) Loans from commercial banks;
 - e) Borrowing from the World Bank, International Monetary Fund, and JICA to support budget;
 - f) Issuing external bonds and loans that are exempted from taxes;
- 4.** The Minister of Finance or someone delegated by him shall be authorized to borrow from abroad to finance the development projects ,after the approval of the Council of Ministers ,from below mentioned sources and continue with the loans approved in previous years;
- a. Continue borrowing from JBIC loan at an amount of \$500 million to finance the projects of the Ministry of Electricity and \$80 million out of the total loan will be financed in 2018;
 - b. Islamic Development Bank loan at the amount of \$800 million and the federal ministries of finance and planning have to include the annual allocations of the loan to finance projects for the Ministries of (Electricity, Construction, Housing and Public Municipalities, Health

and Environment, Labor and Social Affairs, High Education and Scientific Research, Agriculture, Trade, Education, Migration and Displaced Persons & Baghdad Mayoralty in 2018).

- c. Continue borrowing from JICA at an amount of \$1,500 million in order to fund project at an amount of \$585.536 million for the year 2018 and they shall be distributed as follow:

Ministry	Amount (Million USD)
Ministry of Construction, Housing and Public Municipalities projects	128
Ministry of Electricity's projects	276.5
Ministry of Water Resources' projects	2.4
Ministry of oil's projects	41.375
Ministry of Industry and Minerals' projects	13.4
Ministry of Health and Environment's projects	3.6
Ministry of Transportation's projects	67.461
Ministry of Communication's projects	8
Projects of electricity in the governorates of Kurdistan	28.8
Projects of Municipalities in the governorates of Kurdistan	16

D. Continue borrowing from the loan of the German Development Bank (KfW) out of the total loan of 500 million Euro , \$152 million out of the total amount will be used to fund projects in the liberated areas in 2018;

E. Continue borrowing from the Italian loan at the amount of 260 million euro, and about \$78.6 million will be used to finance projects during 2018 as the following:

- Ministry of Water Resources: \$46.600 million
- Ministry of Agriculture: \$16 million
- Ministry of Trade: \$16 million

F. continue borrowing from the USA Defense Security Cooperation Agency at the amount of \$4.550 billion to fund the needs of the Ministry of Defense. \$706.4 million out of the total amount will be used in 2018.

G. Continue borrowing from the original total World Bank loan at an amount of \$500 million to fund the projects of the ministries at an amount of \$251.2 million for the year 2018 as following:

- Ministry of Construction, Housing and Public Municipalities: \$175.2 million
- Ministry of Electricity: \$12 million
- Baghdad Mayoralty: \$40 million
- Ministry of Health and Environment: \$14.4 million
- Ministry of Finance: \$6.4 million
- Ministry of Planning: \$1.6 million
- Kurdistan region governorates: \$1.6 million

H. Continue to borrow from the UKEF Bank in order to fund the infrastructure projects at an amount of \$160 million during 2018 as follow:

- The Ministry of Construction, Housing and Public Municipalities for the projects:
 - Basra Water treatment project: \$80 million
 - Hila sewerage project: \$80 million

I. Continue borrowing from foreign banks guaranteed by the Swedish EKN at an amount of \$500 million to fund projects of Ministry of Electricity that will be implemented by ABB Company. \$120 million out of the total loan will be used for the mentioned ministry in 2018:

J. Continue borrowing from German Export Guarantee Corporation and Standard Chartered bank at an amount of \$500 million to fund projects of Ministry of Electricity to be implemented by the company Siemens. \$160 million out of the total amount will be used to fund projects of Ministry of Electricity in 2018.

4. The Minister of Finance or whoever delegated by him shall be authorized to borrow \$22 million to Kurdistan Governorate Water Provision project including Halabja water Project and from the JICA loan

5. The Minister of Finance or whoever delegated by him shall be continued authorized, after the Council of Ministers approve, to borrow an amount of \$2,500 million to buy arms and ammunition and logistical support for Ministries of Defense, Ministry of Interior, Public Mobilization Commission and Iraqi Counter Terrorism Service. \$906.4 million out of the total amount will be used in 2018;

- A. Ministry of Defense: \$600 million
- B. Ministry of Interior: \$146.4 million
- C. Public Mobilization Commission: \$80 million
- D. Iraqi Counter Terrorism Service: \$80 million

6. Continue borrowing for annual various maintenance for the Ministry of Electricity projects guaranteed by the International Exports Guarantee Corporation to American Company GE and \$350million will be financed in 2018;

7. Borrowing from Kuwait Fund for Arabic Development an amount of \$440 million to fund projects in favor of the Ministry of Education, and amount of \$80 million will be used for projects in 2018;

8. Borrowing from Saudi Development Fund amount of \$500 million to fund projects at an amount of \$30 million for the year 2018 for the interest of the following ministries:

- A- Ministry of Health: \$16 million
- B- Ministry of Water Resources: \$6 million
- C- Ministry of Agriculture: \$8 million

9. Borrowing from International Trade Banks \$500 million Guaranteed by German Export Corporation in order for the German company of Siemens implement the Ministry of Electricity's projects and \$80 million will be financed in 2018.

10. Borrowing from the International Bank for Agricultural Development an amount of \$15.730 million for financing the Ministry of Agriculture's project, \$4.8 million will be financed in 2018;

11. Borrowing from the World Bank an amount of \$1.140 billion to fund the following projects:

- Rehabilitation of Liberated areas / phase two: \$400 million
- Emergency project for social stability and resilience/ Ministry of Labor and Social Affairs/ for the loan project of small income generating project: \$200 million
- Funding projects of social development in Ministry of Planning: \$300 million
- Development of electricity distribution and transmission in Basra: \$200 million

- Social Security Strategy Road Map Project/ Ministry of Labor and Social Affairs: \$40 million

Both ministers of Finance and planning shall add annual allocations to finance the above authorities for 2018 and from the original amount of the loan.

12. Borrowing from American corporation Overseas Private Investment Corporation (OPIC) at an amount of \$368 million to finance the projects of al-Samawa power station and Thi – Qar power station/ Ministry of Electricity, \$200 million will be financed during 2018.

13. Borrowing form JICA at amount of \$1.314 billion to finance the following projects:

- a) Water pipeline for Basra at amount of \$174 including the additional \$54 million
- b) The project of the refining unit by the factor for the Ministry of Oil at amount of \$1 billion
- c) Second Irrigation Sector Project for the Ministry of Water Resources at amount of \$140 million

Both Ministers of Finance and Planning shall add annual allocations to finance the above projects for 2018 and within the state budget of 2018

14. Borrowing guaranteed by China Export Insurance Corporation at amount of \$500 to finance infrastructure projects. Both ministers of Finance and planning should add the annual allocations to finance the above projects within the budget of the relevant authorities for the year 2018;

15. Borrow an amount of \$500 million guaranteed by British Export Bank at an amount of 1.2 billion to finance the Ministry of Electricity's projects. \$700 million out of the total loan will be used in 2018 and they will be distributed as follow:

- Ministry of Electricity to fund the following:
- AL-Nasiriya and AL-Samawa power stations \$500 million
- Electricity Transmission Project with General Electric Company \$200 million

16. The Minister of Finance may, after the Council of Ministers approval, continue offer sovereign guarantees for the investment projects in the electricity sector as follow:

- A- Debt Guarantee with 1.2 billion debt ceiling including interests.
- B- Guarantee debts service payments with no more than 1 billion for 3 years starting from 2020

17. The Minister of Finance or whoever is delegated by him and approved by the Federal Prime Minister may issue guarantees to:

a) General Electric at an amount of \$63 million to fund the maintenance of al-Quayara Power Station affiliated to the Ministry of Electricity;

b) The South Korean Company STX at an amount of \$125 million to fund, rehabilitate and operate stations affiliated to the Ministry of Electricity

18. The CoMs may do money transfer allocations transfers among the identified loans in paragraphs (2 and 3) of (second) in the herein article and change the name of the beneficiary authority.

19. All the sovereign guarantees for the investment projects shall be approved by the Council of Ministers and the Council of Representatives.

20. Loan agreements with foreign governments shall not collateralize oil and its derivatives unless the Council of Representatives approve.

21. The Federal Government and the Ministry of Oil shall be committed to review oil licensing rounds and amend contracts items in a manner maintain the economic interest of Iraq, and bush for oil production increase, reduce expenditures, and finding mechanism to recover the costs in a manner adapted to oil price.

22. The Ministry of Oil shall be committed to implement the resolution of the Energy Affairs Committee / Council of Ministers No.139 for the years 2013 on establishing the other side of al-Batera Road.

Chapter Three

General and Final Provisions-

Article 3

The disbursement of the main accounts of expenditures (compensation of employees, service requirement, goods requirements, asset maintenance, capital expenditures, grants, subsidies and debt service, interest, other expenditures, commitments, contributions, foreign aid, special programs, social safety net), and the expenditures of the projects approved in the State budget of the Federal Republic of Iraq shall be exclusively allowed by the Federal Minister of Finance. The concerned minister or the head of the authority not linked to ministry, the governor or head of the provincial council may have the authority of immediate expenditures in accordance to the allocations within the annual budget and for the purposes specified in the expenditure plan approved by the Federal Minister of Finance. Entering into a commitment to spend more than specified in the federal budget shall not be allowed.

Article 4

First: - Federal Minister of Finance may have the power to do transfers among the budget items of the state budget at the level of items, articles and chapter; and each case at a time.

Second: - The ministers and Heads of entities not related to the Ministry, governors including of Kurdistan region governorates may do transfers among the listed expenditures units within the state budget with a percentage no more than 5% (five percent) out of the expenditures unit to other expenditures unit which its credit are reduced except for credits of capital projects, taking into account the provisions of subsection (8) of section (9) of the Financial Administration Act No. (95) For the year / 2004 provided that transfers should not be done from the expenditures of the capital projects to the current expenditures and the Ministry of Finance/ Budget Office should be notified with transfers.

Third: - The Minister and Head of Entities not linked to Ministries, governors, and Head of Provincial Councils shall have the authority to do transfer among the credits of the of the current expenditures (service, goods, assets maintenance) as approved to the expenditures units listed in its annual budget approved in the federal budget and the Ministry of Finance/ Budget Office should be notified with transfers.

Article 5

The Federal Prime Minister and Federal Minister of Finance shall jointly use the amounts approved for use as (contingency budget) set forth in item first / c of the Article (2) of this law for the payment of necessary expenses after this law enter into force if there is an urgent need to local expenditures and there are no allocation for that need the use of money from the contingency budget shall not exceed (3) billion dinars for each case. And if it exceeds this limit, an approval from the Federal Council of Ministers should be obtained under a suggestion from the Ministry of Finance. The Federal Minister of Finance shall develop regulations to use the contingency budget under the annual instructions of the annual state budget. The Board of Supreme Audit may submit a quarterly report to the Council of Representatives includes the expenditures of the contingency budget taking into consideration the technical opinion weather it's an emergency expenditures or not.

Article 6

First: - The credit approved in this law shall be used until 31 / December of the fiscal year

Second: - The income earned during the fiscal year 2018 shall be kept as revenues to the state budget until 31/12/2018. The income received after the end of the financial year 2018 shall be booked as revenues to state budget of the federal fiscal year / 2019.

Article 7

Any transfer within the allocations of (Reconstruction and development projects in the governorates) shall not be permitted among the governorates.

Article 8

The Federal Minister of Construction, Housing and Public Municipalities shall be authorized to carry out transfers between self-resources of the budget of the municipal institutions within the one governorate and to increase credit to deliver needed services.

Article 9

First: - The share of Kurdistan Region shall be identified out of the actual expenditures showed in table (D – governance expenditures) attached to this law and in accordance to the population of each governorate and it shall be paid by the Federal Minister of Finance under an approval of the Council of Ministers.

Second: The share of Kurdistan Region shall be identified from the actual expenditures (current and investment expenditures) in according to the population of each governorate after ruling out the sovereign expenditures (Council of Representatives, Presidency republic, CoMSec , CoMs, MoFA, Counter terrorism service, MoD, Federal Court, IHEC including expenditures on elections, Questioning and Accountability Commission, Property Claims Commission except compensations, Inspector General of the Property Claims, Iraqi Commission on Radiation, Iraq Intelligence Service, Inspector General Office at the Property Claims Commission, Commission of Integrity, Board of Supreme Audit, High Commission for Human Rights, wages of the negotiations and legal, administrative and financial claims, costs of printing foreign bonds, the wages for the international audit company and the financial expert committee, take part in producing crude oil, the money of the Arab and international contributions including the listed contributions within each of (MoD, CoRs, Board of Supreme Audit, MoFA), the expenses of the Directorate General on Travelling and Nationality, Border Forces Command, border crossing projects, National Security Council, Unified ID, joint funding, Ports' projects, Railways projects, public benefit and dams projects, quality management's projects, High Committee on Relief and IDPs, the interest on WB, IMF's loan interest, JICA's loan interest, Italian loan interest, IDB's loan's interest, JBIC loan interests, German Loan interests, USA's loan interests, UK's interest loan interests, Swedish loan interests, Chinese loan

interests, German Siemens loan interests, Export guarantees interests, interests on reconstructing foreign debts of Paris Club, interest on foreign bonds to cancel debts, Interests on Arab Monetary Fund's payments, interests on treasury transfers (Auction), interests on old treasury transfers, interests on treasury transfer under the legal federal reserves of al-Rafeeden, al-Rasheed and TBI banks in accordance to state budget 2015, interest on treasury transfer in accordance to the transfer of the Trade Bank of Iraq under the state budget law for the year of 2015, interests on treasury transfers by al-Rafeeden al-Rasheed and TBI to fund the IOCs in accordance to Article 34 / 2015 budget, interests of the treasury transfer deducted at the CBI under the law of 2016 state budget, interests of the treasury transfer through the Pension Fund under the law on state budget for the year of 2015. The interests of the loans under the CoMs decision No.314 for 2014 by TBI to the Ministry of Electricity. The installments of the loans extended by TBI under the law state budget for the years 2015 and the law on state budget for the years 2016. The repayments of the loans to the state companies' employees taken from the state banks under the legal reserves of the state banks, the repayments of restructuring the foreign debts to Paris club countries settle foreign debts, the monetary settlement of small loans to the private sector abroad. Pay installments of the Arab Monetary Fund on the agreement of Reconstructing Iraq Debts. Installments of the WB's loan, Installment of USA loans. The repayment of JICA loans, the repayments of the sovereign guarantees, expenditures of the contingency budget, and the repayments of export guarantees.

Article 10

First: The payments of Kurdistan Region's payments and the Federal Government shall be settled for the years 2014 until 2017 after they are audited by the Federal Board of Supreme Audit and after the share of Kurdistan Region are calculated under the light of actual expenditures for the past years that are shown by the final accounts as approved by the Federal Board of Supreme Audit.

Second: A. Kurdistan Region Governorate shall export no less than 250,000 barrel per day of crude oil that produced in its fields to be exclusively marketed through SOMO and the revenues shall be delivered to the Federal State Budget.

B. Allocating a percentage out of the allocations for the federal Iraqi Army/ land forces to Peshmerga forces in proportion to the stated population ratio as part of the Iraqi security system.

C. If Kurdistan Region did not deliver the obtained Federal Revenues to the Federal State Treasury or it didn't execute the provisions of paragraph (A and B) of the herein budget item, they Federal Ministry of Finance shall deduct the specified share in paragraph (first and second/ A and B) of the herein article and the account reconciliation shall be done later.

Article 11

Frist: Federal ministries and entities not linked to ministries shall be committed to the enclosed (Table / c) on the number of manpower for the ministries and the centrally financed departments for the year / 2018;

Second: The Federal ministries shall stop new recruitments within its formations of state companies, commissions and self-funded directorates which receive grant from the Federal State treasury or loans from state banks. The job slots within the staff of the mentioned authorities shall be deleted when they are vacant due to transfer, retirement, resignation or death.

Third: A. The Federal Minister of Finance may create new jobs for the staff of the state companies, state commission and directorates that are self – financed and receive grant from the state treasury due to the transference of their services to center or self - financed offices only in the offices of (water, municipalities and sewerage) in order to meet the needs of the staff provided that there will be no financial consequences

B. The Federal Minister of Finance may transfer the surplus of employees from merged or abolished ministries to other ministries to cover their need of staff.

C. The Ministries and Entities not linked to Ministries, and governorates shall have maintain the job opportunities resulted from staff movement that are approved until 31/12/2016. The competent minister, or governor may have the authority to issue recruitment order to bridge the gap in the staff in the governorate and areas that were controlled by ISIS and the CoMs may issue instruction on this regard focus on the actual needs, specialties. The priority shall be given to contractors and based on seniority if they've the required specialties.

Fourth A. Complying with the item (Second) of this article, All Federal Ministries and entities not linked to ministry, governorates shall stop all new appointment within its central financed affiliations as off 1/1/2018 until the end of the current fiscal year.

B. The Council of Ministers and based on public interest may exclude any of the stated affiliations in Paragraph A of the here in budget item from this constrain

Fifth A. Recruitment under service contract shall be prohibited, renewing former service contracts is possible if there are needs for them; the period of the formal contracts for those after 09/04/2004 shall be deemed service for the purpose of promotion and retirement provided if there are no financial implication with retrospective effect and the pensions contributions shall be collected for the period of contracts. The retirement contributions incurred on the fixed employees shall be collected in installment in accordance to instructions issued by the National Pension Board

B. Independent Electoral Commission shall exclude from the above paragraph (A) renewing contract for those whose their contract were terminated by the end of last election and the new contract shall not exceed one year

C. The High Judicial Council, State Boards on Antiquities and Heritage, Water and Sewerage Offices, municipal institutes of the Ministry of Construction, Housing, and Public Municipality, Mayoralty of Baghdad may replace the old contracts with new ones in order to meet the shortage within the affiliations and within the financial allocations stated in the budget.

D. Ministries, entities not linked to ministry (self and center financed) shall be committed to re-appoint members of the (local, municipal, governorates) at the same rank and job title they used to hold and at their past office or new office and the period they spend in the service shall be calculated for the purpose of promotion, bonus or retirement if that what they want.

E. The employees who are referred to retirement who complete the minimum period for promotion as stated in the Law No.22 for the year 2008 as amended shall be eligible to be promoted to the next level and as off of the due date, no financial differences shall be incurred on promotion. The National Board Pension shall be adopt the job grade and the new salary after paying the differences in the pension contributions in full in accordance to the unified Pension Law No.9 for the year 2014 conditioned with the approval of concerned employees on promotion.

F. The Ministry of Finance shall transfer Employees (with military ranks) of the Ministries of Interior and Defense with at least collage certificates, who are interested, to the other ministries and offices except the three precedencies and affiliated authorities if the authority the employees are transferred approved provided that there will be no financial consequences or there will be need to fill a job gap due du transferring them.

Article 12

First: The ministries and entities not linked to ministries shall prior coordinate with the Ministry of Planning and the governorates when selecting projects. Each ministry or entities not linked to Ministry shall issue plans on projects distribution and notify the governorates with it. They should take into account the population ratios established for each province to ensure the equitable distribution except for strategic projects that benefit more than one governorate. There should be no overlap among the projects listed in the regional development plan. The powers of the minister shall be delegated to the concerned governorate in term of advertisement, referral and carrying out the ministerial projects (Health, Municipalities and Public Works, Trade, Construction and Housing, Agriculture, Labor and Social Affairs, Culture, Youth and Sports) after carrying over from the Ministry's account to the account of the governorate with the exception of the proposed projects for the year / 2018 for the modernization of the basic and detailed design of the centers of cities and the structural provinces studies and the study of the development of the damaged areas and the preservation of historic areas and areas of natural heritage and nature reserves natural provided that the Ministries of Planning and Finance shall issue

schedule with the concerned projects for each province and empowers the Minister of Finance and Planning to issue necessary instructions to facilitate the implementation.

Second: The governorate may assign any Federal Ministry based on its competence to implement projects in that governorate from the account of the allocations for (projects development and reconstruction in the governorates)

Article 13

A. There shall be no leadership jobs (Director General and above) unless there is a slot stated in the concerned ministry or authority not linked to ministry's law or instruction

B. The Director General employees and above who doesn't manage administrative formalization at the level of General Directorate and above shall be referred to retirement in accordance to unified pension law or transfer them to other office when there will be available vacancies that are appropriate with their job title, grade provided the approval of the authority they transferred for and this applicable to the employees of Kurdistan Region in accordance to the valid law in the region and the Federal Board of Supreme Audit shall submit to the Council of Representatives a report with the names of employees at the grade of (Director General and above) who don't manage an administrative formation at the level of General Directorate.

C. The recruitments in the three presidencies (Council of Representatives, Republic of the Presidency, Council of Minister Secretariat, Prime Minister Office), and authorities and offices affiliated to (the Presidency of the Republic, Council of Representatives, Council of Ministers), the transfer of the employees service, assignment, and military mandate from other ministries, entities not linked to ministry shall not be permitted. It'll be permitted if there is urgent need to assign to the Iraqi National Intelligence Service and there should be no increase on the allocations of the concerned office.

D. The expenditures of remuneration in the (the three precedencies, ministries, and entities not linked to ministry and the governorates) shall be stopped except for those expended as salaries

Article 14

First- All revenues of the Information and Communications Authority for the 2017 shall be transferred to the federal public Treasury account after deducting its own budget amount as approved by the Board of Trustees and the Federal Ministry of Finance.

Second- The Information and Communications Authority shall obligate cell phone companies to pay their fines and financial obligations during the first half of the year 2018 and they shall be booked as revenue to the state.

Article 15

The Ministries of Electricity, and Communications, Construction, Housing, Municipalities and Public Works and the Mayoralty of Baghdad shall activate the collection of electricity, telephone, water, sewage and all other charges under its own laws on services delivered to citizens, employers and to the factories, government agencies, public sector and others for the purpose of increasing their own resources under the condition that these charges will not affect the salaries and allocations of the employees

Article 16

The competent minister or head of the authority not linked to ministry shall or governor may second staff member to the private sector on the basis of regulations issued by the Council of Ministers. The general provisions on secondment will be enforced on the seconded

Article 17

First – A- Continue imposing sales tax on mobile phone cards and internet networks by (20%) and the revenues will be booked as final revenue to the public treasury, violators shall be submitted to the provision stated in the income taxation law no.113 for the year 1982.

B. The sales tax provisions stipulated in the Revolution Command Council Resolution No. 36 for the year 1997 shall be applied to the service provided in all restaurants and hotels.

Second- The Minister of Finance may release necessary instruction to facilitate executing item first of the herein article.

Third – A. Imposes a sales tax of 5% on all sold goods except ration card items in malls and shopping centers and the service delivered in the men's and women's barber salons and all the mentioned shall acquire the electronic cahier device.

Fourth Impose airport tax at IQD 25, 000 on each ticket (international) at all airports and Impose airport tax at IQD 10,000 on each ticket (domestic) at all airports and they shall keep the revenues to the treasury of the public.

Fifth Impose Fines on imported alcoholic beverages by (200%) of the value of the imported goods and they shall be collected at the border crossing.

Sixth A tax shall be imposed on sweets, ice cream, dairy products, juices and imported carbonated beverages at 25% of the value of the imported goods and they shall be collected at border crossing.

Article 18

First - The Ministries, Entities not linked to ministry, governorates may have the authority to impose fees on new services, amend the current fees except for the sovereign fees in accordance to valid federal laws and under regulations released by competent minister of the chair of the authority not linked to ministry or the governor.

Second - The amounts resulting from the implementation of item (first) of the herein shall be gone the beneficiary authority for the purpose of covering the expenditures and entitlements included in the federal public budget for 2018, and in the event of increased income resulting from the application of this article over expenses and payments of the Previous years. (30%) shall be allocated to the beneficiary for the purpose of adding the equivalent to its budget on the basis of controls issued by the Minister of Finance and a percentage (70%) Remaining to the public treasury, with the Ministry of Finance being notified and that is an exception to the financial Management and Public Debt Act No. (95) For 2004 or any other law that replaces it and the Ministry of Finance may take the necessary light.

Third: (50%) of the revenue from the border crossing shall be allocated to the governorates in which the ports are located, and those funds are allocated for the rehabilitation of the border crossing and its infrastructure, its surroundings and service projects in the governorate.

Fourth: All domestic revenue collected under legal legislation by the governorate councils and vested in then in the governorate law No. 21 of 2008 as amended shall be gone to the governorate concerned as an exempt to paragraph (second) of the above article.

Article 19

The Federal Minister of Finance may increase the necessary certified credits to cover the costs of National Center for testing the Construction, and the National Center for the Engineering Consultation affiliated to the Ministry of Construction, Housing and Public Municipalities by 50% of the gained revenues from implementing these works as exempts from section 1 of the Financial Management law No 95 for the year 2004 or any other law replace it. The money shall be spent to develop the two centers and support the administrative and technical staff within the accounts of the grants, subsidies, the service of loan and other banks.

Article 20

A. Money delivered by the farmers as repay for soft loans they had received as part of the Agricultural Initiative Projects and given to the Agriculture Bank in accordance to the law No.28 for the year 2009 as amended shall be reallocated.

B. Collecting the debts owed by peasants and farmers that are no more than 250 million shall be delayed for three-year term. The loans shall have no interest during the deferral period.

Article 21

Upon a request made by the Minister of Oil and approval of the Council of Ministers, the Minister of Finance may release treasury bonds to cover the arrears of the international and national oil companies operating in Iraq. The bonds shall not exceed \$12 billion in one or multi releases in 2018.

Article 22:

Federal ministries, the provinces and entities not associated with the Ministry must be committed to buy its necessary needs from the federal ministries' products or local products. The added value for these manufactured and assembled product shall not exceed (20%) more than the added cost of the imported goods and the prices of the added value of its, not to be prices of local products higher than imported things more than (10%), taking into account the quality and standards specifications.

Article 23:

The CoMs shall not pass decisions on awarding any ministry or entities not linked to ministry in advance payments without any allocations in the approved budget of 2018.

Article 24

The federal Government shall be obliged to transfer the powers contained in Act No. 21 of 2008 and its amendments to the governorates of Iraq exempt for the Kurdistan region and to the Ministry of Finance shall take the necessary measures to implement this article

Article 25

All centrally financed formations belonging to a ministry or entity not connected to the Ministry shall transfer the revenues obtained under its valid laws and regulations and shall be kept as final revenue to the state treasury for the purpose of enabling the Accounting Office to finance the estimated federal budget taking into account articles 14 and 21 of this law and other applicable the laws and regulations in State institutions.

Article 26

First – The Ministry of Finance shall reduce expenditures and reduce the money allocated to fuel, the maintenance of vehicles used as follow:

- A. Five cars for each president of the three presidencies and 4 cars to the two Deputy Speaker.
- B. 3 cars for the minister or those at his rank.
- C. Two cars for each Deputy Minister or those at their rank (civilian, military) and the Director Generals and those at their rank (civilian, and military)
- D. The cars used by the employees shall not be used in the convey of the official or to their service except for what have been specified in the paragraphs (A, B and C)
- E. E. All cars above the number specified in paragraph (A-B-C) shall be returned. They shall be sold in accordance with the Law on the sale and lease of state funds No. 21 of 2013 as amended, and records them as revenue to the federal public treasury revenue.

Second- The staff member who uses a state car shall bear the expenses of fuel and maintenance in full, except for heavy vehicles, productivity and vehicles. Large and structural pregnancies, ambulances and staff transport vehicles (11 buses and above) and security services

Third: Pensions shall not be disbursed to any state employees for the public sector including senior officials at the three presidencies until they do clearance on all movable and non-movable state properties with retrospective affect and the Board of Supreme Audit shall submit a report to the CoRs by the end of the first quarter 2018.

Fourth: Continue reducing sending delegations abroad and only for the very necessary purposes, reduce the delegates and the period of delegating abroad shall be to the lowest time and not to organize any conference abroad.

Fifth A.The Ministry of Foreign Affairs shall review closing the embassies and diplomatic missions in the countries that don't have representations in Iraq in accordance to the principle of reciprocity and the Ministries may merge some Iraq embassies in one regional embassy include a number of countries.

B. The reduction on the employees of foreign service at the diplomatic missions that was carries out under 2017 budget law shall stay the same and the Ministries of Culture, Trade, Defense, Health, Higher Education and Scientific Research shall close their attaches or transfer them into the location of the embassies and keep the same reduction that was carried out in 2017

C. The Ministry of Foreign Affairs shall not bear the expenses of studying after secondary school for the children of diplomats working in Iraqi missions abroad and covered by the Foreign Service Act.

D. The competent authorities shall return the heads of Iraqi diplomatic representations and missions from those working in Arab, regional and international organizations to the center of the relevant ministry to keep the reduction of

permanent and local staff as approved in the 2017 budget and The Ambassador of Iraq to that State shall administer the finance, and the staff of the representation or mission shall conduct administrative matters, except for Iraq's mission in New York and the International organization in Geneva.

E. The Ministry of Foreign Affairs may rehabilitate buildings their homes in states where embassies and consulates are available for use as embassy buildings or any other purpose specified by the Ministry (Rent allowance) through redeployment from the premises rental allocation to this ministry.

Sixth: The rental of private aircraft from the state Treasury shall be prohibited, and the presidential aircraft of the Council of Ministers shall be used by the three Presidencies and with the corresponding cost of each presidency.

Article 27

The deduction rate of (3.8%) on total salaries and allocations of the state and public sector employees and retirees, this percentage shall be covered by the actual increase in the price of crude oil exported for January month and February month and subsequent months.

Article 28

MoF shall open a current account under the name of Public Mobilization Commission in which the MoF shall deposit all cash donations to the Public Mobilization Commission and an equivalent amount shall be allocated to the Public Mobilization Commission and the Military Forces Commander shall move the account to purchase the necessary requirements;

Article 29

First - Competent minister or the head of the authority not linked to ministry or the governor or whoever delegated by him upon a request of the employee who finished actual 4 years in the position shall grant him a 4-years leave with basic salary. And non-paid leave if it's exceeded 5 years. The years of leave shall be calculated for the purposes of retirement, and the pensions contributions shall be paid in full. During the leave, he may work for the private sector as an exempt for the State Employees' Disciplinary Law for the year No.14 for the year 1991 as amended, and in accordance to regulation issued by the Council of Minister Secretariat General and the school certificate for the employees obtained during the leave shall not be calculated for the purpose of promotion, and resignation.

Second: Daily wages contracted with the ministries or entities not linked to ministries or the governorates may end his contract under the approval of the head of the authority representing the contracting party or whoever they authorizes for a cash reward equal to 3 months on each contracting year and it should not exceed 24 months and the military expert and advisors, policemen, and retirees who work under

contracts shall be exempted in accordance to regulations issued by the Council of Minister Secretariat General.

Article 30

The Minister of Water Resources may sell and invest on the revenues of the rivers dredging and book the revenues to the state treasury and 50% of the revenues shall be allocated as revenues to the Ministry of Water Resources to cover its costs.

Article 31

Each Ministry or Entity not linked to Ministry shall undertake repaying 50% of all the loans and its interests, on the employees of the Ministries and Entities not linked to ministry, and the governorates who martyred due to terrorism activities after 09/04/2003. The re-payment shall be done through doing transfer among their operational expenditures.

Article 32

The Fund for the Reconstruction of Areas Affected by Terrorist Operations shall continue its function in accordance with its applicable law.

Article 33

The Council of Ministers, upon a proposal of the Chair of the Council of Ministers, may restructure the existing ministries through merging their affiliations including their state companies with existed office, change or transfer their affiliation, or cancel the affiliations.

Article 34

50% of the state companies' profits shall be transferred to the public treasury after completing auditing the settlements by the Federal Board of Supreme Audit

Article 35

The Ministry of Trade shall transfer the proceeds of the sale of wheat waste to the Ministry of Finance for final entry into the public treasury account. The Federal Minister of Finance may add the cost of allocations to grind wheat and move it within the budget of the Ministry of Trade after the Ministry of Trade identified the incurred cost.

Article 36

A. The governor shall be considered as a competent minister for the purpose of enforcing the civil service laws No.24 for the year 1960 and the Public Sector

Employees Law No.22 for the year 2008, the law of the governorate not incorporated into region No.21 for the year 2008.

B. The Job title of a staff member with a higher or similar certificate during his service that is suited to the nature of his, her work and with the consent of his, her office to complete the study every two years after the date of receipt of the certificate while retaining his or her job and its grade that he obtained on the date on which he or she filed the application to change his title as an exception to the Act (103) of 2012, with no retroactive financial consequences or during 2018, and the vetting of Board of Supreme Audit is required.

Article 37

Municipal institutions in the governorates shall undertake the expenditures of all cleaning from their own resources in addition to the allocations that have been set for them within the operational grant for the municipal institutions for the current year.

Article 38

First The allocation of goods and services resulting from the application of the provisions of article 33 (First) of the Federal Public Budget Act, 2017, for goods and services that have been requested and have not been received shall be carried over to the current fiscal year

Second: The allocations of the Public Mobilization Commission for 2016 arising from the application of the provisions of article 39 of the State Budget Act of the 2016 Federal Secretariat, which are reserved as a trust at the same body shall be carried over and shall be added to its allocation in the current fiscal year.

Third: The allocations for contractors' arrears that were not funded in the fiscal year 2017 shall be carried over through bonds issued for that purpose.

Fourth: The 2016 allocation for the displaced persons that is the result of the application of the provisions of article 39 of the Federal Public Budget Act of 2016, which is preserved in a form of trust for displaced persons shall be added to the current fiscal year allocations for the governorates, counties, districts and areas controlled by ISIS for the purpose of stabilization and they should be distributed according to the population ratio of these areas.

Fifth: The Minister of Finance may pay the compensation received under judicial verdict on the basis of Act No. 16 of 2010, as allocated to it in this year's budget, and in the event of insufficient allocation, issuing Treasury bonds shall be issued to pay those dues

Article 39

The Council of Ministers may consider a self-financing system rather than a centralized one in the authorities that work under a central funding system on the basis of technical and economical justifications and in a manner ensures public expenditure

reduction provided that it does not affect the salaries of staff members and does not result in the dismissal of any staff member because of that.

Article 40

The Ministry of Finance may pay the basic salaries saved for security vetted staff in the governorates and areas that have undergone the control of ISIS and in the case of insufficient allocations to be made one time. The Ministry of Finance may pay the amount incurred during the fiscal year.

Article 41

A. The Ministry of Education may invite public and private sectors within Iraq to carry out printing textbooks to meet their needs in accordance with the technical specifications and standards set by the Ministry.

B. The Ministry of Education shall contract in a form of documentary credits strengthened by the State Company for the Production of Educational requirement to equip the ministry with textbooks, stationery and furniture and payment of the remaining amount for companies and presses of the public and private sector on the form of installments and in accordance to quantities and amounts of Funding received from the Ministry of Finance and within the budget allocation ceiling.

Article 42

A. The Board of Supreme Audit and the Commission of Integrity shall auditing the financial entitlements expended to those covered by the Political Prisoners ' Institution act. And audits to what extent the documents submitted by those who are covered by the law to the legal requirements. A report to the Council of Representatives and relevant authorities shall be reported.

B. The Board of Supreme Audit and the Commission of Integrity shall be auditing the financial entitlements expended to those covered by the questioning and accountability and audits to what extent the documents submitted by those who are covered by the law to the legal requirements. A report to the Council of Representatives and relevant authorities shall be reported

Article 43

420 billion dinars shall be transferred from the Ministry of Immigration allocations for the displaced persons to the governorate and area that were undergone the control of the ISIL terrorist gangs for the current fiscal year for the purpose of supporting the stabilization and reconstruction of infrastructure, they should be distributed as follows:

1. Nineveh (180) billion dinars.
2. Salah al-Din (100) billion dinars.

3. Al-Anbar (100) billion dinars.
4. Kirkuk (20 billion dinars).
5. Diyala (20) billion dinars

Article 44

- A. The Sunni Endowment shall be allocated an operating budget of at least 500 million dinars to meet the needs and activities of the Iraqi Fiqh Academy at the Abi Hanif Naman mosque.
- B. The Shi'a Endowment shall be allocated an operating budget of at least 500 million dinars in addition to specific allocations to meet the needs of religion schools affiliated to the office of Religion Education and Islamic Studies.

Article 45

Government banks shall award loans to citizens whose their homes have been destroyed or damaged by ISIS terrorist gangs in their areas or as a result of military operations. The period of the loan shall be for ten years and the Ministry of Finance shall bear the benefits for the first five years and the beneficiary shall bear the interest of the loan In the event of not paying the interest after the fifth year and in accordance to instructions issued by the Ministry of Finance.

Article 46

The members of the Sons of Iraq (Awakening) shall continue their work in all the governorates to seize lands provided that replacement and addition of new members shall not be permitted and in accordance to the following:

1. The Board of Supreme Audit and security authorities shall audit the names;
2. The names should be only those are registered in the Disarmament and Militia Integration Office until June for the year 2014
3. The members of the Awakening whose services have not been transferred to any other authority shall be transferred to the Ministry of Defense under work contract and salary doesn't exceed 250,000 per member and they should not have over the allocation identified for them in the current year budget.
4. The Department of Disarmament, the integration of militias shall be dissolved and the personnel and assets shall be transferred to the Ministry of Finance.

Article 47

The Ministries and bodies not associated with the ministry and the governorates shall be committed to the decision of the Council of Ministers No. 413 for the year 2017 concerning minimum wage.

Article 48

The Ministry of Housing, Construction, Municipalities and Public Works and other ministries shall allocate lands for all martyrs relatives, political prisoners, and the wounded from the military forces and public mobilization in good area or cash allowance on the value of the land and based on valid laws.

Article 49

Ministry of Finance and other ministries shall be committed not to be reluctant to transfer the relatives of all the martyrs among all the departments and ministries of the State in accordance with article 17 of the Martyrs Foundation Act No. 2 of 2016 and section second of Article 12 of Act No. 50 of 2015, taking into account the transfer of ministry and security personnel to civil ministries without financial burdens

Article 50

The Federal Ministry of Finance shall be committed to allocate job opportunities for those the those who have been properly sentenced by the Auditing committee at dismissed politicians in the General Secretariat for the Council of Ministers and according to article 6 of the Second Amendment Act of the Political re-dismissals Act No. 24 of 2005 Rate and referral of non-staff to retirement for those who have reached the age of 50 years and have been in service for 15 years or more. Full incurred pension contributions for the calculated period shall be deducted.

Article 51

A. The Ministry of Defense shall be obliged to send the names of the beneficiaries of the higher rank salary who are covered by the provisions of article 21-tenth- A of the Unified Pension Act No. (9) For the year 2014, to the National Board of Pension for the purpose of disbursing the salary of the higher rank to them according to the law in force when the covered are referred to retirement.

B. The competent authorities (Ministry of Finance) shall be obliged to disburse the accumulated end-of-service bonus and accrued leave to those who have not yet received them. They should be disbursed in the form of an annuity or (at one time when financial abundance is available).

C. The National Board of Pension / Pension Fund for the State employees shall continue to disburse the retirement for staff the self-funded and companies for three years who had been referred to retirement before 1/1/2017 and had a retirement service of at least 15 years, an exception to the requirement to complete 50 years of age

Article 52

The Governor of Basra shall be authorized to transfer teachers and teachers contracted with the governorate (investment contracts) to Basra Directorate of Education and the priority is to be given to them in the event that a job slot and financial allocations and continue to be paid until they became fixed term

Article 53

The Council of Ministers shall allocate the job slot to re-assign the staff members and officers of the Ministries of Defense and interior whose contracts have been suspended for the period from June 2014 to December 2017 in accordance with instructions issued by the Council of Ministers

Article 54

A. sufficient amount shall be transferred from the allocation of reconstruction, housing, municipal and public works (investment) allocations to Halabja City for the purpose of constructing a model hall for conferences at the University of Halabja. A company affiliated to the Ministry of Construction, Housing and Public Municipality shall be tasked with building and under a supervision of the Public Authority for Buildings.

B. The sum of 5 billion dinars shall be allocated out of the Ministry of Construction, Housing, municipalities and public works' investment allocation shall be transferred for the purpose of initiating a bridge BATA in Babylon Governorate, and the execution of the work shall be carried out by a company of the Ministry of Construction and Housing and Public Works, and supervised and followed up by the Public Authority for Buildings

Article 55

The Council of Ministers excludes public sector productive companies (directly or through participation, rehabilitation or operation contracts) from paying custom tariff on the imported raw materials or components that would contribute creating an added value provided that they are imported in their name and exclusively used in production and manufacturing industries.

Article 56

Self-financing companies shall be authorized to calculate a period of service for the daily wages workers and the lecturers working there, which shall not be less than 4 years without interruption of retirement for permanent staff. The full retirement contributions shall be collected from them in the form of installment, provided that there will be no financial consequences with retroactive.

Article 57

The funds referred to in the contingency allocations are allocated to the Martyrs Foundation for the purpose of completing the designated housing complexes to the relative of the martyrs that have not been completed or purchased apartments in the residential complex of Basmiya and the number shall be identified by the Prime Minister.

Article 59

The Minister of Finance in cooperation with the Minister of Planning shall issue necessary guidelines to facilitate enforcing the provision of this law as soon as it passed, and even before publishing the law in the official gazette as an exemption for the provision of article 2 of the law on Publishing in the Official gazette No.78 for the year 1977.

Article 60

This law shall be published in the Official Gazette and shall be effective as 1 of January, 2018

End