

On Behalf of the people

Presidency

Based on what passed by the Council of Representatives and based on the provisions of subsection (I) of Article (61), item (iii) of Article (73) of the Constitution.

President of the Republic decided on / / 2017

The following law was issued:

Law No. () for the year 2017

The general budget of the Federal Republic of Iraq for the fiscal year – 2017

Chapter one

Revenue

Article 1

First:

- A. The revenues of the federal budget for fiscal year 2017 shall be estimated at IQD (79,011,421,000,000) as described (Table A on the revenue based on numbers) enclosed to this law.
- B. The calculation of the revenues obtained from the export of crude oil shall be based on the average oil price of \$ 42 per barrel and average export of (3,750,000) barrels per day including (250,000) barrels per day for quantities of crude oil produced in the province of Kurdistan and (300,000) barrels for quantities of crude oil produced by the province of Kirkuk based on the exchange rate of IQD 1,182 per dollar. All the revenues that are actually obtained shall be booked as final revenue to the public treasury of the state.

Second:

Ministries and entities not linked to Ministries shall book all the monetary amounts of the grants that they get under memorandums of understandings with foreign governments or institutions as final revenues to the public treasury of the state. And the Federal Ministry of Finance shall re-allocate them for the purposes of which they were awarded and in coordination with the Federal Ministry of Planning.

Third:

Book the amount of donations given to the ministries and entities not linked to Ministry after they accepted by the Federal Minister of Finance as final revenue to the state treasury provided that the minister of finance shall re-allocate them to that the credits of the ministry or to the entity not linked to Ministry for the purposes for which they were granted.

Forth:

The amount of grants or contributions by foreign governments and institutions to the ministries and entities not linked to Ministry or the provinces and provincial councils under the memorandums of understandings or grants from the private sector shall be booked as revenues to the state treasury whether these grants and donations are in the form of technical assistance or projects implementations. The estimation of their value shall be booked in the records of the ministry or the entities not linked to Ministry, or related regions, provinces and provincial councils. The acceptance of the in-kind or cash grants shall be done in coordination with the beneficiaries' entities and the Ministries of Planning and Finance.

Fifth:

The non-used grants and subsidies allocated to government authorities and public sector companies shall be calculated by the end of 2016 in accordance with the adopted accounting standards in order to calculate the final expenditures and the surplus amounts or the amount paid in excess shall be considered in advance payment on the account of the grant allocated to the concerned office or the unit in the fiscal year of 2017.

Chapter two

Expenditure and Deficit

Article 2

First:

Expenditures

An amount of (IQD100,671,160,790,000) shall be allocated to the expenditures of the Ministries and entities not linked to ministries in the fiscal year 2017. Including installments of loans at the amount of (IQD5,608,898,300,000) for the internal and external loans as detailed in (Table 3 on total expenditures) of (Table B on expenditure by ministries) enclosed to this law.

- A. An amount of (IQD25,454,018,000,000) for the expenses of projects distributed according to (Segment No.2: Expenses of the investment projects) of (Table B: Expenditure by ministries) enclosed to this law including (IQD4,254,018,000,000) from foreign loans;
- B. An amount of (IQD75,217,142,790,000) shall be allocated for the operation expenses in accordance with the (Segment No.1: Operational expenditures) of (Table B: Expenditure by ministries) enclosed to this law.
- C. An amount of (IQD112,906,151,000) shall be allocated as the contingency budget as a part of the expenditures of the federal budget in the above item B
- D. An amount of (IQD500,000,000,000) shall be allocated to the reconstruction and development projects in the regions and governorates including Kurdistan region. The allocations shall be taken from the above budget item (First/A) of Article 2 and they are distributed in proportion to the population percentage of the governorates and the allocations shall be carried out as follow;
 1. The Governor shall submit the governorate, its affiliated district and sub-district reconstruction plan as approved by the governorate 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 which will benefit more than one district or sub district and the cost of the new strategic projects shall not exceed 20% of the governorate's allocations. 5% out of the governorate's allocations shall be allocated to the projects of the poverty reduction strategy.
 2. The Governor shall exclusively implement the reconstruction plan as decided and the governorate council shall undertake the responsibility of monitoring the implementation.
- E. \$5 for every barrel of crude oil produced in the province or \$5 for every barrel of crude oil refined in province refineries or \$5 from the natural gas revenues produced in the province shall be allocated to the producing governorate and the shall have the right to select any of the above mentioned

revenues. (IQD 500,000,000,000) shall be allocated to the projects in the oil producing governorates and region 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 50% of the allocations referred to above for the purpose of importing electric energy or the provision of services to maintain and clean the governorate or treat patients inside and outside Iraq. The priority of spending should be given to the areas most damaged because of oil production or refinery and to environmental protection projects through doing the necessary transfers among budget items.

- F. The Ministry of Finance shall issue treasury bonds to settle the payments to the oil producing governorates mentioned in the above item E based on the quantity of oil exported through SOMO since these payments are debts on the government. it's a must to return to the percentage mentioned in the law on the Governorate not Incorporated into Region No.21 as amended for the year 2008 when the money are available and provided the money to be exclusively spend on investment projects.

Second:

Deficit

- A. The total planned deficit for federal fiscal year 2017 shall be estimated at (IQD21,659,739,790,000). This would cover the deficit of the internal and external borrowing and from the carried over 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;

Revenue, Expenditure and Deficit

| Items | Amount in IQD |
|--------------------------------|---------------------|
| 1. Total Revenue = (A + B) | 79,011,421,000,000 |
| A Revenue from Oil | 67,950,225,000,000 |
| B Revenue from Non-Oil | 11,061,196,000,000 |
| 2. Total Expenditure (A + B) | 100,671,160,790,000 |
| A Operation Budget | 75,217,142,790,000 |
| B Investment Budget | 25,454,018,000,000 |
| 3. Total expected deficit(2-1) | 21,659,739,790,000 |

Financing Deficit on the budget

| Source of Financing | Amounts in IQD |
|--|-------------------|
| Deposits of Iraq ministries and entities not linked to ministry at Iraqi state banks | 1,000,000,000,000 |
| Carried over money in the account of Ministry of Finance | 1,000,000,000,000 |
| Treasury bonds to citizens | 1,286,521,790,000 |
| Bonds and Treasury transfers deducted at Central Bank of Iraq | 5,500,000,000,000 |
| World Bank loan to support budget | 1,182,000,000,000 |

| | |
|--|-------------------|
| International Monetary Fund loan to support budget | 2,009,400,000,000 |
| JICA loan | 354,600,000,000 |
| Loan through World Bank guaranteed by Britain, France, Canada | 945,600,000,000 |
| External bonds | 2,364,000,000,000 |
| European Union Loan | 118,200,000,000 |
| - Transfer through commercial banks | 2,245,800,000,000 |
| JBIC loan | 59,100,000,000 |
| World Bank to support liberated areas | 1,952,664,000,000 |
| USA loan for armament | 177,300,000,000 |
| British loan (exports loan) | 158,388,000,000 |
| Chines loan from two Chinese companies for the purpose of procurement for armament and ammunition with deferred payments | 984,606,000,000 |
| German Loan | 224,580,000,000 |
| Swedish loan | 177,300,000,000 |
| Islamic Bank for Development | 59,100,000,000 |
| Italian Loan | 158,388,000,000 |

- B. The Minister of Finance, after the approval of the Council of Ministers, may address the actual deficit mentioned in (A) from the following sources:
- Treasury transfers;
 - National bonds to citizens;
 - Bonds and transfers to the government banks deducted at the Central Bank of Iraq;
 - Loans from commercial banks;
 - Borrowing from the World Bank, International Monetary Fund, and JICA to support budget;
 - Issuing bonds and external receiving foreign loans;
- C. The Minister of Finance shall be authorized, after the Council of Ministers' approve, to borrow or continue borrowing from abroad to finance the development projects from below mentioned sources and continue with the loans approved in previous years;
- JBIC loan at an amount of \$500 million to finance the projects of the Ministry of Electricity and \$50 million out of the total loan will be financed in 2017;
 - Islamic Development Bank loan at the amount of \$800 million to finance projects for the Ministries of Electricity, Construction, Housing and Public Municipalities, Health and Environment, Baghdad Mayoralty, High Education and Scientific research. \$50 million out of the total amount of the loan will be used to finance the Ministries of Construction, Housing and Public Municipalities and Electricity;
 - JICA loan at an amount of \$1,500 million, \$300 million out of the total loan will be used in 2017 to finance projects in favor of the Ministries of Oil, Construction, Housing and Public Municipalities, Water Resources, Electricity, Industry and Minerals, Health and Environment, Communication and Transportation and both KRG Ministries of Health and Electricity.

- The loan of the German Development Bank (KfW) at an amount of 500 million Euro (about \$600 million). \$190 million out of the total amount will be used to fund projects in the liberated areas in 2017;
- Italian loan at the amount of \$160 million, \$133.6 million be used to finance projects of the Ministry of Water Resources and the Ministry of Agriculture;
- USA loan at the amount of \$2,700 million to fund the needs of the Ministry of Defense. \$1,652 million out of the total amount will be used in 2017;
- The World Bank loan at an amount of \$500 million to fund the projects of the Ministry of Electricity, Baghdad Mayoralty, Ministry of Construction, Housing and Public Municipalities and Ministry of Finance. \$140 out of the total amount will be used in 2017;
- The Ministry of Finance will be authorized to negotiate and take loan from the UK Export Finance in order to fund the infrastructure projects including the water, sewerage and desalination. The value of the loan is 10 billion British sterling pound and \$100 million out of the total amount will be used for Basra's desalination projects in 2017;
- The Swedish loan at an amount of \$500 million to fund projects of Ministry of Electricity to be implemented by the company ABB and guaranteed by EKN. \$150 million out of the total amount will be used to fund projects of Ministry of Electricity in 2017;
- The Minister of Finance shall be authorized to carry over the remaining money equal to \$22 million from KRG's Electricity Project to KRG Water Provision project as a part of the original loan;
- The Minister of Finance shall be authorized, after the Council of Ministers approve, to buy \$2,500 million worth arms and ammunition for Ministry of Defense, Ministry of Interior, PMU's commission and Iraqi Counter Terrorism Service from the two Chinese companies Norinco and Poly. \$833 million out of the total amount will be used in 2017;
- The Government shall issue bonds to pay the arrears for the contractors and farmers for the years 2014, 2015, 2016, 2017 after they are audited by Board of Supreme Audit. If the estimated allocation in 2017 budget is not enough to cover the herein mentioned arrears, the Council of Ministers may suggest the supplementary budget for 2017;

Chapter three

General and Final Provisions-

Article 3

The disbursement of the main accounts of expenses (compensation of employees, supplying services, intermediate goods, asset maintenance, capital expenditures, grants, subsidies and debt service, interest and other expenses, commitments and contributions and foreign aid, special programs, social welfare) and the expenses of the projects approved in the general budget of the Federal Republic Iraq shall be restricted by the Federal Minister of Finance. The he concerned minister or the head of the authority not linked to ministry, the governor of head of the provincial council may have the authority to immediate disbursement 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. Enter into a commitment to spend more than specified in the federal budget shall not be allowed.

Article 4

- A. Federal Minister of Finance may have the power to conduct transfers among the budget items of the state budget at the level of the items, articles and chapter;
- B. The ministers and Heads of Departments not related to the Ministry, governors of the governorates not linked to region shall have the authority to do transfers among the listed expenditures units in the annual federal budget and the transfer should not exceed 5% (five percent) from expending unit to the other expending unit which its credit are reduced except for credits of investment 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 investment project to the current expenditures and the Ministry of Finance/ Budget Office should be notified with transfers.
- C. The Minister and Head of Authorities not linked to Ministries, governors, and Head of Provincial Councils shall have the authority to 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 Prime Minister of the Federal 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 spend 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. The approval of Cabinet should be obtained under a suggestion from the Ministry of Finance. The Minister of Finance shall develop regulations to use the contingency budget under the annual instructions of the annual state budget.

Article 6

First: - The credit approved in this law shall be used until 31 / December of the fiscal year / 2016

Second: - The income earned during the fiscal year 2017 shall be kept as revenues to the state budget until 31/12/2016. The income received after the end of the financial year 2017 shall be booked as revenues to state budget of the federal fiscal year / 2017.

Article 7

Any transfer within the allocations of (governorates and regions reconstruction and development projects) shall not be permitted.

Article 8

First: - The share of KRG is (17%) of the actual expenditures in table (D – governance expenditures) attached to this law and it shall be paid by the Federal Minister of Finance under an approval of the Council of Ministers.

Second: 17% out of the total actual expenditures shall be allocated to Kurdistan.

The actual expenditures are (operational and investment expenditures) of the state budget as approved after ruling out the sovereign expenditures represented by the Council of Representatives, Presidency republic, CoMSec, CoMs, MoFA, Counter terrorism service, MoF, 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 (MoF, CoRs, Board of Supreme Audit, MoFA, CoMSec), the expenses of the Directorate General on Travelling and Nationality, Border Forces Command, border crossing projects, National Security Council, wages of transferring crude oil via Turkey, 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, interest on deferred payment agreement, 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 reserve's 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 interests 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 interests on the National Bonds in Iraqi dinar under the law for the year of 2016. The interests of the treasury transfer released by State Banks under the two Council of Ministers decisions No.97 and 400 for the year of 2003. The interests of the Treasury Transfers under the CoMs decision No.50 for the year 2014 to plug the deficit. The interests of the treasury transfers under the CoMs decisions No.47 and No.70 for the years. Installments of old treasury transfers, pay the installments of treasury transfers (auctions), pay the local bonds for the year 2015 (dollar dominated bonds). Pay the installments of reconstructing foreign bonds to the countries of Paris Club. 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.

Third:- The populations of the governorates not incorporated into region shall be taken into account when setting their quotas from the total expenditures shown in the table /D of the governing expenditures attached to this law after excluding share amounting to the Kurdistan region (17%).

Fourth:- When there are an increase or decrease in the total federal budget, the share of the Kurdistan region shall be added or reduced proportionally, taking into account the provisions of clauses (second and third) of this Article, including revisions on sovereign and governing expenditure such as transferring them to the general expenses at same the ratio mentioned above and the Federal Ministry of Finance shall do settlement regarding the share of the Kurdistan region in accordance to the actual expenses for past years as shown by the final accounts approved by the Federal Board of Supreme Audit.

Fifth: - Allocating a percentage of allocations of federal land forces of the Iraqi army to the Peshmerga forces as part of the Iraqi security system. The percentage should be enough to pay peshmerga salaries and in accordance to payrolls developed in cooperation with General Command of the Armed Forces and the Ministry of Peshmerga.

Article 9

First:-

- A. The Federal Board of Supreme Audit in coordination with KRG Board of Supreme Audit shall calculate and determine federal income generated in KRG and the Ministry of Finance in KRG shall transfer to the Federal Ministry of Finance on monthly basis;
- B. In case KRG Board of Supreme Audit didn't cooperate to carry out Item A in the herein article above, the Federal Board of Supreme Audit in cooperation with the General Taxation Commission and Border Crossing Borders shall identify and calculate the revenues of the Federal Government obtained from Kurdistan Region;
- C. The payments between the Federal Government and KRG for the years 2004 – 2016 shall be settled (the) after they are audited by Federal Board of Supreme Audit in cooperation with KRG Board of Supreme Audit (The report of the Federal Supreme Board Audit No. 5445 issued in 26/03/204 shall be adopted)

Second:-

If KRG fails to pay the Federal Revenues obtained to the treasury, the MoF shall deduct the share specified in the budget first of therein article and the reconciliation shall be done later,

Third:

- A. KRG shall be committed to export no less than 250,000 bpd from Kurdistan oil fields to be exported exclusively through SOMO and the revenue shall be delivered to the state treasury;
- B. KRG shall be committed to transfer no less than 300,000 bpd from the oil produced in Kirkuk to be marketed exclusively through SOMO and the revenues to be delivered to the state treasury;
- C. KRG shall be committed to pay the salaries of the employees in KRG from its share decided in 2017 budget and as listed in Table No.5 (items and chapters related to the employees compensations and Social Care) enclosed to the herein law before any disbursement order for any other expenditure in its operation budget;
- D. If the paragraphs A, B, C in the herein item are med, the Federal Government will be committed to release KRG's payments in the federal budget and in accordance to the oil revenues generated from exporting oil and under the quantities specified the paragraphs A and B of this budget item otherwise the Federal Government is not committing to the obligations.

Article 10:-

The share of the Kurdistan region and governorates not organized in a region in the federal budget for the year / 2016 and beyond shall be reexamined under the light of the results of the census for the year / 2017 to be in the light of determining the actual amount of the share of the region or governorate not incorporated into region. Under this reexamination, the actual amount of KRG and the governorate not incorporated into region shall be identified in the budget of 2018 and present the difference to the CoMs for settlement.

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 departments centrally financed for the year / 2017;

Second: Ministries and entities not linked to ministries (both self and central financed) shall be committed to reappoint the members of the local, municipalities, governorate and representative members who left their positions at the ministries and the entities because they are elected for other posts. The years they spent as members in the other posts shall be calculated as service for the purposes of promotion and retirement.

Third:

Second: The Federal ministries shall stop new recruitments within its formations of public companies, agencies and departments self-funded, which receive a grant from the public treasury of the federal state or loans from government banks. Government position in the entities mentioned here shall be deleted when they become vacant to transportation or referral to retirement or resignation or death.

Fourth:

The Minister of Finance my 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 the center financed offices in order to meet the needs of the staff provided that there will be no financial consequences;

Fifth

- 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 1/1/2017 and taking into consideration the annual promotion of the employees;
- B. For the public interest, the Council of Ministers may create jobs for any affiliation as an exempt from the provisions in paragraph A of the herein item;
- C. The Ministries and entities not linked to ministry, governorates may when necessary recruit for the work opportunities resulted from the movement of staff approved until 31 of December 2016. The Ministries and Entities not linked to ministry may keep the opportunities vacant for any reason and the concerned minister may have the right to recruit to fill the positions;
- D. The recruitment for the work opportunities listed in Table C on work force for the Ministry of Interior, governorates and areas liberated from the terrorism shall be to citizens from those areas and those whose their jobs were terminated by military institutions because they couldn't make it to work because their areas were occupied may apply to the work opportunity and under the regulations.

Sixth:

Recruitment under service contract shall be prohibited, renewing formal 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 those who become staff members for the purpose of promotion and retirement provided that there are no financial implication with retrospective effect and the pensions contributions shall be collected for the period of contracts and the following entities shall be exempted High Judicial Council, and the General Commission for Tourism and Antiquities.

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 plan 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 some provinces more than the other. 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 / 2017 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 and based on its mandate to carryout projects in that governorate from (Reconstruction and Development of Region and Provinces) allocations.

Article 13:

- A. The Federal Minister of Finance may add allocations for the purpose of cancelling in advance payments dated from 1/1/2008 until 31/12/2015 which they were spent as a result of valid laws and CoMs decision. The in advance payments shall be audited by the Board of Supreme Audit and approval of the Federal Council of Minister, and this should be its final year for the settlement;
- B. The Board of Supreme Audit and the Commission of Integrity shall audit the advance payments under the In Advance Payment regulations passed by the CoMs and the in advance payments complying to the valid laws shall be audited. Each authority shall be submit its separate report to the CoRs in 6 maximum from the date of this law come into force;

Article 14

First:

- A. The Ministries and Entities not linked to Ministries shall expand in private investment and participate with the private sector within its competencies whenever that was possible and under the approval of the CoMS;
- B. The Governorates shall expand in private investment and participate with the private sector within its competencies whenever that was possible and under the approval of the Governorate Council,

Second: The Council of Ministers may exempt the entities identified in the budget item (First) of the herein article from the provisions of the valid laws and in a manner facilitate the expansion of investment and participation of the private sector;

Third: Competent Authorities shall change the category of the lands that are located outside of the municipality and doesn't have water share and certified industrial project build over it to industrial land category after the share of the MoF are bought with actual price identified by evaluation committee formed in accordance to the law on rent, sale state properties No 21 for the year of 2003 provided these should not be contradicted with the conditions of environment safety;

Fourth: The land owned by the MoF that are outside the municipalities, used for industrial purposes with industrial construction over it and has valid license issued by Industrial Development under the industrial investment law No 20 for the year 1998 shall be transferred to the occupants with actual price set by evaluation committee formed under the law on rent and sale state properties N0.21 for the year 2013;

Fifth: The Ministries and Entities not linked to Ministries and the Governorates shall be committed to decree No.347 for the year 2015;

Sixth: The Ministries of Health, Education, Higher Education invest on building and finished projects and projects under implementation in participation with the private sector and those ministries shall put necessary guidelines and under the approval of the CoMs and it should be for the purposes for which these projects are constructed;

Seventh: The CoMs in cooperation with the MoP may make use of the surplus money to carry out projects with more than 75% of achievement and in accordance to reports released by the MoP and

based on importance and priorities for the health, education, service, municipalities and industrial and agricultural projects;

Eight: The Federal CoMs may allocate part of the financial surplus money during the year to the non-oil governorates that have no borders ports in them;

Ninth: The CoMs may submit necessary guarantees such as credit to cover the loans of the private sector from the foreign banks to build investment strategic projects in Iraq and under guidelines released by the CoMs.

Article 15

- A. 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.
- B. The Federal Minister of Finance may increase certified credits that are necessary to cover the costs of the works conducted by the Central Organization for Standardization and Quality Control affiliated to the Ministry of Planning by 20% of the gained revenues from implementing those works as an exempt from the Financial Management Law No.95 for the year 2004 or any other law replace it.

Article 16

The Ministry of Finance may pay the interest percentage totaling 4% from the total loans given to Basmiya Housing Complex,

Article 17

Cancel the debt owed to the government by taxpayers to pay the tax due to the continuation of enforcing Article 20 of the Budget Law for the year 2008 for the period from 1/1/2009 until 31/12/2011, according to the provisions of paragraph (11) of Section IV of the Financial Administration Act No. 95 of 2004 as amended.

Article 18

- A. No new appointment shall be made in leadership positions as (Director and above) unless there is a job opportunity for it in the Ministry's or the entity not linked to ministry's law or there are instructions for that job position.
- B. The employee at a range of Director General and above who doesn't run any administrative affiliation at a level of general directorate and above shall be referred to retirement in accordance to retirement law soon after enforcing this law or transfer him to another office when there is a suitable opportunity fits with his positions and under the approval of the office he transferred to.
- C. The new appoints in the three presidencies (CoRs, CoMSec, PM's Office) affiliated authorities and offices shall be stopped and transfer and assignments from the ministries to these offices shall be stopped. The staff of the ministries shall be returned to their original offices.

- D. The MoF shall transfer the employees who hold at least collage certificate and their financial allocations from the Ministry of Interior to the other ministries and offices exempt for the three presidencies and their affiliated authorities and offices and after the approval of the authority to which the employees transferred to and provided that there will be no financial implications;
- E. The High Electoral Commission may conclude contracts with the employees of the registration centers and the employees of the Parties and political organization as part of the operational budget for 2017;
- F. The Pensions Commission shall pay the pension contributions for the state financed directorate and companies employees below than 50 years and referred to retirement as of the date of work of referring them to retirement.

Article 19

The dues of the foreign oil companies operating in the Kurdistan region shall be calculated as part of region's share of (17%) .

Article 20:

- A. All the revenues of Communications and Media Commission for the year 2017 shall be delivered to the public treasury after deducting the commission's budget as approved by the Board of Directors and the Federal Ministry of Finance.
- B. The Communication and Media Commission shall obligate cell phone companies to pay its debts, fines and financial obligations in the first half of 2017 and book them as revenues to the state treasury.

Article 21

Ministry of Electricity, Communications, Construction and Housing and Municipality of Baghdad shall activate fees collection of electricity, telephone, water and sewerage and all the other services as stated in other laws on the services provided for citizens, entrepreneurs, factories, government authorities and public sector in order to increase their self-revenues. In case the ministries didn't do the fess collection, the Ministry of Finance shall deduct the amount of the fees from the operational budget of those ministries.

Article 22

When an employee is transferred any amount from a centrally or self-funded office to the private sector, the ministry or entity not incorporated into ministry shall pay half of his basic salary for two years as off the date of transfer; and the employee's relation to his office shall be terminated.

Article 23

First: Continue imposing sales tax on mobile phone cards and internet networks by (20%) of the value of the card;

Second: Impose airport tax at IQD 25, 000 on each ticket at all airports and they keep the revenues as revenues to the treasury of the public.

Third: The Minister of Finance may release necessary instruction to facilitate executing item first and second of the herein article.

Article 24

- A. 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 provided that the Ministry of Finance will be informed as an exempt from the Financial Management Law No.95 for the year 2004 or any other law replace it in order for the Ministry of Finance to take necessary measures.
- B. %50 of the generated money from implementing paragraph A above of this article shall be used to cover the expenditures and the formers arrears for the same ministry of the authority not linked to ministry or the governorates that their allocations are listed in 2017 budget;
- C. The remaining %50 shall be allocated to the administrative units that worked on collecting fees to carry out service projects;

Article 25

The money delivered by the farmers as repay for loans they had received in the years past 2017 shall be re-allocated to the Agricultural Initiative Projects given by the Agriculture Bank as an exempt for the Paragraph 1 section 4 of the Financial Management Law No.95 for the year 2004.

Article 26:

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 2017 and each release shall be submitted to the CoRs in order to approve it.

Article 27

- A. 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 (25%) 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.
- B. Federal Ministries, Entities not linked to Ministries and governorates shall commit to apply the provisions of the Iraq Products Protection Law No.11 for the year 2010.

Article 28

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 2017

Article 29

When there is increase in oil exports more than the amount identified in Article 1/First, The Federal Government and Regional Government shall delivered the revenues to the state treasury;

Article 30

The Minister of Finance may have the authority to transfer the financial allocations of the offices that disengaged from the ministries and attached to the concerned governorate during the financial year.

Article 31

All central financed affiliations that are linked to Ministry of Entity not linked to Ministry shall transfer all its obtained revenues under their valid laws and regulations as final revenues to the state treasury in order to enable accounting office to finance the federal budget estimations. The above mentioned valid laws on the ministries and state affiliations shall be taken into considerations.

Article 32

First: The Minister of Finance shall compress expenditures; reduce allocations on fuel and maintenance and as follow:

- A. 5 vehicles for each President of the 3 presidencies and 4 vehicles for each deputy;
- B. 3 vehicles for each minister or each at a rank of minister;
- C. 2 vehicles for each deputy minister or those at their rank of (civilian and militant) DG and those at their ranks;

Second: Employees who use government vehicles shall undertake the costs of fuel and maintenance exempt for the vehicles used in the operation, field, production and the ambulance and the vehicles used in transporting employees and security forces vehicles;

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 2017.

Fourth: Reduce delegations abroad and only for the very necessary purposes, reduce the delegates and the reduction shall not be more than 50% in comparison to 2016 and identify the period of delegation 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 2016 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 2016;
- C. Stop recruiting local under contracts and reduce their numbers at the Iraqi embassies and diplomatic missions to a percentage not less than 25% of the total numbers of the employees and keep the minimum to take care of the necessary works;

- D. Competent Authorities shall review bringing the representatives of the diplomatic missions heads at the Arab, Regional and International Organizations to the headquarter of the Ministry of Foreign Affairs and the reduction on permanent staff members and local shall stay the same as in 2016 budget law. The ambassador of Iraq in that country shall undertake the financial management in that representative and the staff of the representative or mission shall run the administrative affairs and exempt from that Iraq's representative in New York and the International Organization in Geneva.
- E. MoFA shall not undertake the costs of post-secondary school education to the sons of the diplomats in the Iraqi missions abroad and those who are covered with Foreign Service Law;
- F. The Ministries and Entities not linked to ministry shall pay their foreign contributions at the Arab Organizations and within the allocated money in the budget provided that the government of Iraq obtained its entitlement of jobs and administrative positions in that organization and in accordance to the contribution percentage of Iraq;
- G. The Ministry of Finance shall make feasibility study on the contributions in Iraq Foreign Development Fund and submit its report to the CoMs to review liquidizing Iraq's share;

Sixth: Hiring private planes shall not be rented and the presidential plane at the CoMs shall be used by the three presidencies

Article 33

First: 3.8% shall be deducted from the total salaries and allocations of all state and public sector staff and pensioners in order to meet the state's need to expend on PMU and support IDPs and other expenditures as shown below and within the allocation of the state budget in the current year and the money shall be distributed as follow:

- A. 3% are allocated as follow:
 - 1. 60% to Public Mobilization Commission
 - 2. 40% to support IDPs and re-stabilize the liberated areas and the below mentioned percentage shall be transferred from the allocations of the MoMD (Social Care) to the allocations of the governorates and ministries as mentioned in attached Table G and it shall be part of this law
- B. 0.8% shall be deducted from the total salaries of the state and public sector salaries and pensions and transfer to the contingency reserves within the expenditures of the MoF's budget from the allocations mentioned in Item First B and in accordance to enclosed Table H and it shall be part of this law.

Second: KRG shall be deduct 3.8% form the total salaries and pensions of the state and public sector to meet the needs of KRG including the needs of peshmerga from the 17% KRG's share as listed in the federal budget of the current year.

Article 34

MoF shall open a current account under the name of Public Mobilization Unit 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 35

- A. Raw materials and ingredients imported for the producing public sector companies shall be exempted from the fees;
- B. All materials, ingredients for any products used in generating mechanical and electrical energy from sun, wind from all the fees

Article 36

The CoMs shall exempt all public and private companies from the delay fines as an exempt from the instructions on implementing government contracts No 2 for the years 2014 if the delay is because of the government not disbursing the payments.

Article 37

the tax percentage on Paragraph 1 of Article 2 of the Property Taxes Law No 162 for the year 1959 as amended under section 6 of CPA order No 49 for the year 2004 shall be increased from 10% to 12% from the annual revenues of the properties

Article 38

First:

Competent minister or the head of the authority not linked to ministry or the governor or whoever authorized shall upon a request of the employee who finished 4 years in the position to grant him 4-years leave and the years of shall be calculated for the purposes of retirement and the pensions contributions shall be paid in full when he enjoys the leave and he shall not cut the leave for any reason as an exempt of the State Employees' Disciplinary Law for the year No.14 for the year 1991 as amended.

Second: Daily wages contract with the ministries or entities not linked to ministries or the governorates my 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 and policemen shall be exempted.

Article 39

The Minister of Finance under the approval of the Federal Prime Minister may issue guarantees to the companies General Electric and Boeing to finance the contracts with the Government of Iraq and issue counter-guarantees to the US export and Import Bank for the guarantees it issues that doesn't exceeds \$500 million.

Article 40

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 41

Liberated Areas Reconstruction Fund shall be established, it shall enjoys legal personality, and financial and administrative independence and it shall be funded with grants, assistances and international loans and from the allocations in the state budget. Its woks shall be regulated with a system passed by the Council of Ministers.

Article 42

The Ministry of Finance shall undertake all the debts 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.

Article 43

The Federal Minister of Finance may commit and add allocations to disburse the salaries and allowances of the staff of the government offices in the areas under the control of Da'ash after the areas are liberated and they return to their offices

Article 44

Any law and decree violate this law shall be valid and the Federal Treasury shall not bear any additional financial burdens other than the ones in this law;

Article 45

The Minister of Finance in cooperation with the Minister of Planning shall issue necessary guidelines to facilitate enforcing the provision of this law soon it passed;

Article 46

First: The Board of Supreme Audit, Commission of Integrity shall submit to the CoRs a report on banking payments to the covered with the law on political prisoners and prove the covered meets the requirements.

Second: The Minister of Finance may disburse the payments to the families of martyrs and in accordance to the valid laws and make compensations to owners of the properties damaged by the former regime in accordance to the law No.16 for the year 2010. if the money not enough, the Minister of Finance may issue transfers or bonds to make these payments.

Third: The Minster of Construction , Housing and Public Municipalities shall allocate land plots to the families of the martyrs and political prisoners in new areas instead of the due money for the purposes of buying land plots for then that are stipulated on the related valid laws;

Article 47

All the operational allocations for the associations, clubs, unions shall be carried over to the Ministry of Labor and Social Affairs to develop Children, Widows and Orphans Rehabilitation Programs in the liberated areas.

Article 48

First: The Federal Government, the Ministry of Oil shall review oil licensing contracts in a manner maintain the economic interest of Iraq and push to increase oil production and reduce expenditures and find mechanism to retrieve the costs in a manner fits with oil prices;

Second: The Minister of Oil shall sell crude oil to the government refineries with a price 30% less than the price of Iraq crude oil and the revenues shall be booked as revenues to the state treasury and the price of the oil derivatives shall be stayed the same as current price.

Third: the Ministry of Finance shall do the settlement on the gains along with the debts on the ministries and entities not linked to ministries to the Oil Distribution Company

Article 49

IQD 10 billion shall be allocated from the allocation of the Ministry of Migration and Displacement (Social Care Section) to the Ministry of Finance to cover the fees, interests of the properties loan during the period of loan that is granted to the citizens of the governorates of (al-Anbar, Ninawa, Salah al-Dean) and the liberated areas in the governorates of (Diyala, Kirkuk, Baghdad's surrounding) and the repayments of the borrowers shall start as off the next year of receiving the loan

Article 50

The Disarmament and Militia integration Office shall disburse the allocation of the awakening councils in the governorates of al-Anbar, Salah al-Dean besides the other areas registered in the Disarmament and Militia Integration Office from its original allocations and the Council of Ministers shall complete all the procedures required to complete the procedures of dissolving the office by 31/12/2017 and transfer all the staff of the awaking councils with no exemption and with the same allocations to the security apparatus or the Public Mobilization Units

Article 51

The Trade Bank of Iraq shall return and book the expired the money of the documentary letter of credit opened at the TBI by the ministries and entities not linked to ministry to the state treasury as final revenues,

Article 52

First: The Council of Minister may add necessary allocations or do transfer to guarantee applying the provisions of the Public Mobilization Commission in term of salaries and allowances for the Public Mobilizations volunteers just as equal to their peers in the armed forces

Second: The Public Mobilization Commission shall recruit people from the governorates and the areas that witnessed military operations against the terrorism activities in equal percentage (according to the percentage of the populations in those governorates and areas and based on the data of the Ministry of Planning) out of the total number of the employees of the public mobilization mentioned in the table (E) enclosed to this law and taking into consideration the equilibrium of the component within the same governorate and the same area and commit to Article 9 of the constitution.

Article 53

First: The table enclosed with the letter of the Ministry of Finance/ Budget Office No. 140999 dated on 24/11/2016 shall be part of Table B (expenditures based on ministries for the year 2017 for the central financed offices on delivery services for the governorates of (al-Anbar, Ninawa and Salah al-Dean)

Second: Table D on the governing expenditures No.4 shall be revised and write as (drugs, appliances and medical requirements)

Article 54

Competent authorities shall be committed to deposit the allocations of Kirkuk governorate including the petrodollar in the account of Kirkuk.

Article 55

Competent Authorities shall award end of the service compensation to the retired officers and ranks of the Iraqi army who didn't receive the compensations so far because of lack in finance.

Article 56

Half of the Border Crossing Revenues shall be allocated to the governorate of that Border Crossing in it in accordance to the law on the governorates not incorporated into region No.21 for the year 2008 as amended in the condition that the money shall be disbursed to rehabilitate and develop the infrastructure of the Border Crossing.

Article 57

The interest deducted from the farmers shall be for the Agriculture Bank for the first year in accordance to percentage agreed upon between the two parties and the percentage shall be similar in the following years regarding the percentage of interest in al-Rasheed and al-Rafideen Banks and taking into consideration the administrative costs

Article 58

The Council of Ministers may allow the ministries in specified cases to contract for the purposes of carrying out investment projects and there should be no increase in the number of service contractors for each ministry or authority

Article 59

The Ministry of Finance shall carry over the below mentioned amount of money

1. IQD 220 billion (total) from the Ministry of Finance
2. IQD 50 billion from the Ministry of Oil/ investment

Total IQD 270 billion

The will be transferred to the following entities

1. IQD 140 billion to the Electoral Commission / Operation
2. IQD 10 billion to the Electoral Commission/ Employees compensation
3. IQD 54 billion to the Council of Representatives / Operation
4. IQD 2 billion to the Questioning and Accountability Commission / employees' compensation
5. IQD 7 billion Ministry of Finance – general activity of the state/ compensation under the law No 16 for the year 2010
6. IQD 1 billion for Salah al-Dean Governorate – Tous khourmatu reconstruction
7. IQD 1 billion for the governorate of Kirkuk – Bashair area reconstruction
8. IQD 1 billion for the presidency of the republic / Operation
9. IQD 4 million for the Ministry of Health / Treating cancer and kidney dialyses
10. IQD 5 billion for the Ministry of Education / Investment
11. IQD 20 billion for the Counter Terrorism Service
12. IQD 10 billion for the Ministry of Agriculture
13. IQD 10 billion for the Ministry of Industry / Investment
14. IQD 5 billion for the Governorate of Babel / to carry out a bridge next to Bata bridge

Total IQD 270 billion

Article 60

This law shall be published in the Official Gazette and shall be effective as 1 of January, 2017

Obligatory Cause

In order to pass the Federal Budget for the Fiscal Year of 2017, this law is enacted.