

From Oil to Inequality: Iraq's Resource Allocation and Its Role in Economic Disparities and Import Dependence

25-09-2025

Authors

Mahmood Baban

Summary : According to [the Global Inequality Dashboard](https://wid.world/methodology/#library-key-reports), which compiles data from 110 countries worldwide, Iraq ranks among the most unequal nations in terms of income and wealth distribution. The top 1% of the population earns three times more than the bottom 45%, highlighting deep structural imbalances. A key driver of this inequality is the public sector, particularly in the way salaries are allocated.

In the first half of 2025 alone, more than 30 trillion Iraqi dinars were spent on salaries for government employees nationwide. Yet the distribution of these salaries reveals stark disparities. Within a single institution—whether under the Council of Representatives, the Council of Ministers, or even within individual ministries—the pay gap can be as high as sixfold.

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Based on the Iraq Financial Dashboard (2015–2025), which draws on data from the Ministry of Finance and Iraq’s annual budgets, this analysis examines salary distribution across the country’s public sector. The primary focus is on how salary levels vary from one institution to another, why these differences exist, and how they contribute to the creation and reinforcement of inequality within Iraqi society.

According to expenditure data from the Ministry of Finance covering Iraq’s three presidencies, ministries, and governorates, employees working under the Council of Representatives — including parliament and independent bodies such as the Board of Supreme Audit, the Independent High Electoral Commission, and the Federal Integrity Commission — receive, on average, the highest monthly salaries in the country. By contrast, employees of the Ministry of Transportation earn the lowest monthly salaries across Iraq.

Currently, out of the annual 60 trillion Iraqi dinars allocated to civil servants’ salaries and the 26 trillion dinars spent on social welfare, approximately 14 million citizens in Iraq receive official monthly government salaries. This accounts for nearly one-third of the population and more than half of those aged 14 to 64. If this distribution of oil wealth were more equitable and free from significant disparities and discrimination, [the poverty rate for monthly income](#)—according to United Nations data from 2024—would not have stood at 17.5 percent.

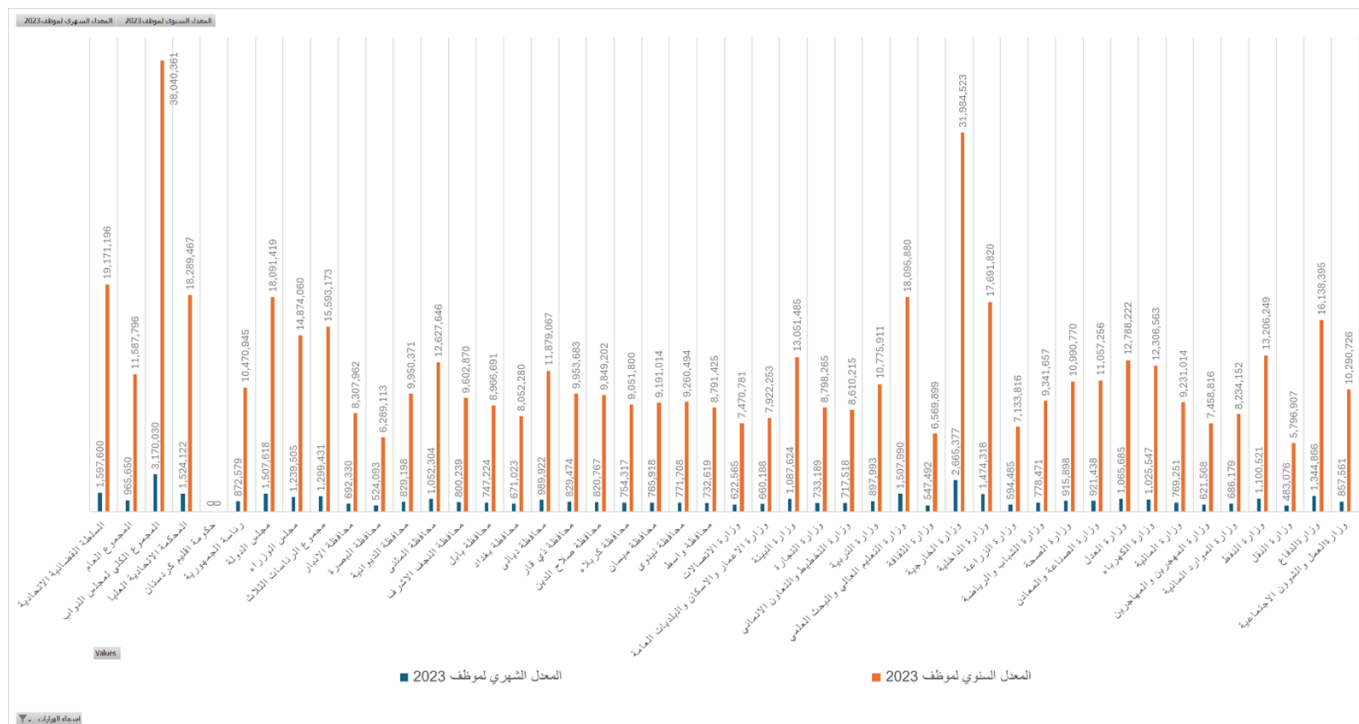
An analysis of salary distribution across Iraq in 2023 shows that the average monthly salary of a civil servant was 966,000 Iraqi dinars. However, sharp differences exist between institutions: employees of parliamentary bodies earned, on average, more than 3 million dinars per month, while those working at the Ministry of Foreign Affairs averaged 2.6 million dinars. By contrast, employees of ministries such as Agriculture, Education, or Transportation earned less than 600,000 dinars per month on average. These disparities highlight the uneven distribution of state resources and the opportunities for substantial income accumulation available to some individuals in Iraq.

If we examine this discrimination more closely, significant stratification becomes evident even within a single institution. For instance, within the general framework of institutions under the Iraqi Council of Representatives, the average annual income of an employee exceeds 38 million Iraqi dinars. Yet, if a civil servant is in their first year of appointment—similar to a newly elected parliamentarian in their first year—the difference in earnings is no less than fifteenfold, if not greater.

The same disparity is also visible across ministries. For example, whether an employee works in the Ministry of Foreign Affairs or the Ministry of Agriculture makes a substantial difference in income. On average, a Foreign Ministry employee earns more than 30 million dinars annually, whereas an employee of the Ministry of Culture or Agriculture receives less than 6.5 to 7.1 million dinars a year.

These inequalities extend to the governorate level as well. On average, a government employee in Basra earns about 6.2 million dinars annually, while in Muthanna, the figure exceeds 12.6 million dinars. This variation is illustrated in Graph 1,

Graph 1: Distribution of annual and monthly salaries by institutions in Iraq on average for the year 2023



Source: Ministry of Finance of Iraq, Annual Financial Expenditure Report 2024, Iraq Budget 2023-2025, September 9, 2025

Note: The average salary of employees in the Kurdistan Region is not included in the graph because no funds were allocated for their salaries in 2023. Based on 2024 expenditure data, however, the average monthly salary of a Kurdistan Region employee is 1,165,000 Iraqi dinars—around 14 million dinars annually—roughly in line with the average salary of civil servants across Iraq.

The source of funding for civil servant salaries in Iraq comes almost entirely from oil revenues. Over the past decade (2015-2025), non-oil revenues have actually fallen by 1.3 trillion dinars rather than increasing, despite growth in GDP, commodity imports, individual income, and population. For example, annual spending on civil servant salaries and social welfare more than doubled during this period, rising from 44 trillion to 86.7 trillion dinars.

In the past six months alone, Iraq's total operational and investment expenditure amounted to 56 trillion dinars, and for the past year it reached 150 trillion dinars. Of this spending, however, between 73% and 95% went to operational costs and salaries. Even in Iraq's best year for investment across different sectors, capital spending accounted for only 16% of the budget. As a result, Iraq has become heavily import-dependent, unable to meet even its own domestic needs, while remaining weak in developing exports.

The unequal distribution of oil wealth across Iraq has contributed to the development of a relatively simple and less diversified economy. According to the Global Economic Index and Harvard's Economic Complexity Index, the simpler an economy is, the more vulnerable it becomes to external economic shocks, and conversely, more complex economies tend to be more resilient.

For instance, based on [OEC](#) data on international trade, Iraq imported goods worth \$70 billion in 2023, of which \$50 billion came from just three countries: \$22.6 billion from the UAE, \$12.8 billion from Turkey, and \$14.3 billion from China.

Furthermore, the majority of these imports were not raw materials for manufacturing or goods intended for domestic or international re-export. Instead, they primarily consisted of petroleum refined products totaling \$6.07 billion—mobile phones valued at \$4.45 billion, automobiles worth \$4.4 billion, trucks worth \$727 million, and auto parts totaling \$645 million in that year.

In terms of luxury goods such as jewelry, gold, and silver, Iraq imported products worth \$4.7 billion in that year. Food imports amounted to \$1.36 billion annually for rice, while tea imports reached \$271 million from various countries

worldwide. Cigarettes and other tobacco products totaled nearly \$1 billion annually. By contrast, in 2023, Iraq exported oil and petroleum products valued at \$102 billion, and nothing else appears on Iraq's export trade map that would be worth mentioning here.

According to Iraq's import and export report for 2023, it annually imports over 1,100 different goods, materials, and products, while exporting ten times fewer items, and in terms of diversity, not reach 100 different products that it exports abroad.

If we make a general comparison between expenditures in Iraq and the amount spent on civil servant salaries and social welfare versus the amount of capital that went to importing goods from abroad, a clearer picture emerges. For example, during the years (2015-2025), total operational and investment expenditure in Iraq was \$764 billion, of which \$636 billion went to operations and \$128 billion to investment. What was spent as salaries amounted to \$454 billion, while Iraq imported various goods worth approximately \$505 billion from abroad, most of which was annually for automobiles, mobile phones, jewelry and gold, rice and tea, and tobacco products.

Another noteworthy point regarding investment in Iraq is that, according to the data, out of a total of \$128 billion in investment, \$77 billion was allocated to the Ministry of Oil, rather than being directed toward the Ministries of Health, Education and Higher Education, Environment, Agriculture, Water Resources, and Youth.

Furthermore, if the greatest inequalities in income and individual monthly earnings originate from the state itself, reflecting the situation of government employees, then one can only imagine the circumstances of private-sector employees, as well as daily and monthly wage workers in markets and service establishments. In the upcoming section on the Iraq Financial Dashboard, we will examine the economic relations between Erbil and Baghdad and provide a detailed analysis.