
Iraq's Operational and Investment Expenditures: Significant Disparities across Governorates

05-02-2026

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Summary : Iraq's Ministry of Finance monthly spending data reveal significant disparities across governorates that extend beyond the Kurdistan Region, affecting ministries, services and governorates nationwide. Operational and investment allocations vary widely from southern to central Iraq, while Kurdistan Region governorates and disputed areas such as Kirkuk received no funding from 2015 to 2025.

Overview

Iraq's Ministry of Finance monthly spending data reveal significant disparities across governorates that extend beyond the Kurdistan Region, affecting ministries, services and governorates nationwide. Operational and investment allocations vary widely from southern to central Iraq, while Kurdistan Region governorates and disputed areas such as Kirkuk received no funding from 2015 to 2025.

Ministry of Finance spending deviates dramatically from budgets approved by parliament and reveals stark disparities. Kirkuk, for example, received zero operational or investment funds despite producing 310,000 to 320,000 barrels of oil that contribute to Iraq's economy daily.

Over the past decade, 14 Iraqi governorates - excluding Kirkuk and the Kurdistan Region's four provinces - received 97.6 trillion dinars (\$75 billion), with 72 trillion dinars (over \$55 billion) for operations and 25.5 trillion dinars (over \$19 billion) for investments in agriculture, industry, transportation, and other sectors.

Although Iraq's annual budget is based on oil revenue and population size, Ministry of Finance spending does not reflect oil-rich Kirkuk's significant contributions to the economy.

This raises the question: Why is Kirkuk excluded from spending? Compared with most governorates, Kirkuk has higher unemployment and a bigger population - which should be factored into allocations - and is second only to Basra in generating revenue.

2015-2025 operational and investment governorate spending

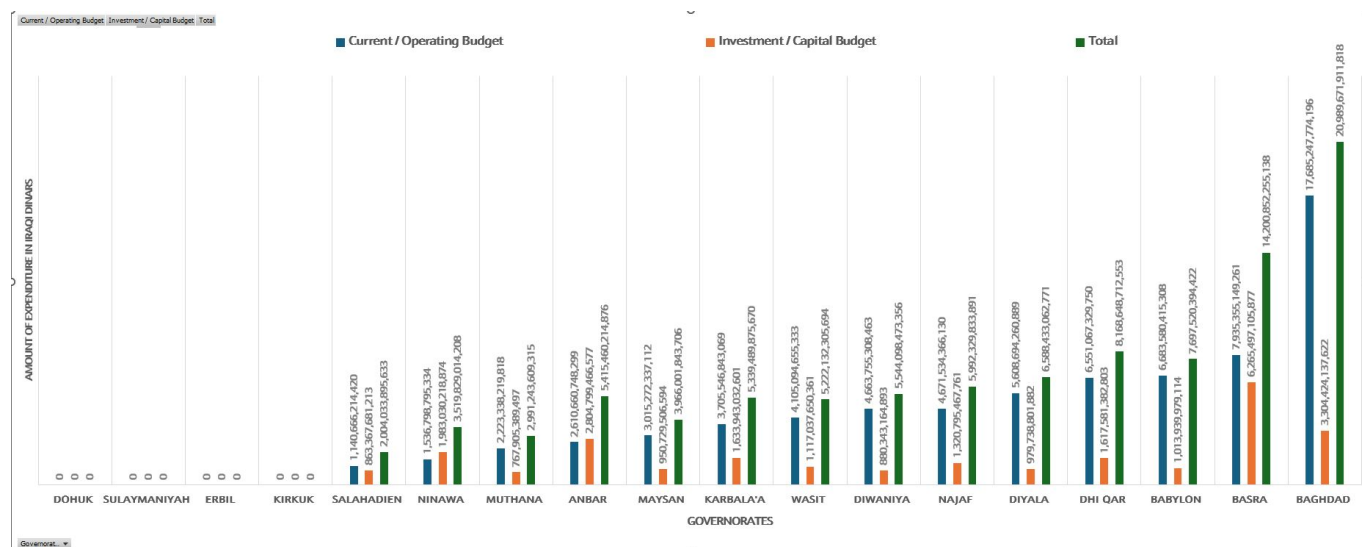
Ministry of Finance monthly reports show major fluctuations in operational and investment expenditures across governorates and time periods. In years when revenues fell, both investment and operational spending for central governorates (e.g., Anbar, Nineveh, Salahaddin) dropped to zero. Spending topped 17.7 trillion dinars (\$12 billion) in 2022 and fell to 8.8 trillion dinars (\$6.2 billion) the following year, vs. 64 billion dinars (\$56 million) in 2016 and 5.3 trillion (\$4 billion) for 2025, not including December.

Graph 1 illustrates how nationwide Ministry of Finance allocations exclude Kurdistan Region governorates and Kirkuk, showing zero expenditures, including when monthly data are available for other provinces. Figures for other areas also show disparities: Nineveh, Iraq's third-largest governorate after Baghdad and Basra, receives just half of Diyala's budget, for example.

Over the past decade, Baghdad received 20.9 trillion dinars (\$15 billion), with 17.6 trillion (\$13 billion) dedicated to operations and only 3.3 trillion (\$2.5 billion) to investments. Basra received 14.2 trillion dinars (\$10.8 billion), with 7.9 trillion (\$6 billion) for operations and 6.2 trillion (\$4.7 billion) for investments (excluding the oil sector), covering industry, agriculture, transportation and communication, services, housing, and higher education.

Anbar, Dhi Qar, Kirkuk, and Erbil governorate populations range from 2 million to 2.5 million. Their budgets varied substantially, with Dhi Qar receiving 8.1 trillion dinars (\$6.1 billion) vs. 5.4 trillion dinars (\$4.1 billion) for Anbar - and nothing for Kirkuk or Erbil.

Graph 1: Total operational and investment expenditures by the Ministry of Finance for Iraqi and Kurdistan Region governorates during 2015-2025



Source: Iraqi Ministry of Finance monthly revenue and expenditure reports during 2015-2025

Note 1: The 2025 expenditure amount is calculated until the end of month 11, as December 2025 data has not yet been published.

Note 2: Monthly changes have occurred in Iraqi Ministry of Finance data regarding expenditures, but here the calculation of 12 months per year is presented.

Budgets not aligned with populations, unemployment rates

According to the November 2024 census, Iraq's population was 46 million across 19 governorates. Baghdad has the highest population density at 21 percent and Muthanna the lowest at 2.3 percent.

Erbil Governorate was 5.5 percent, Sulaymaniyah and Halabja were over 5 percent combined, and Duhok was 3.5 percent. This means the Kurdistan Region - excluding Kurdish-majority areas outside the Region's administration - makes up over 14 percent of Iraq's total population despite having no operational and investment budget.

Kirkuk - home to 2 million people or over 4 percent of Iraq's population - also received no operational or investment funding, unlike the 14 central and southern governorates.

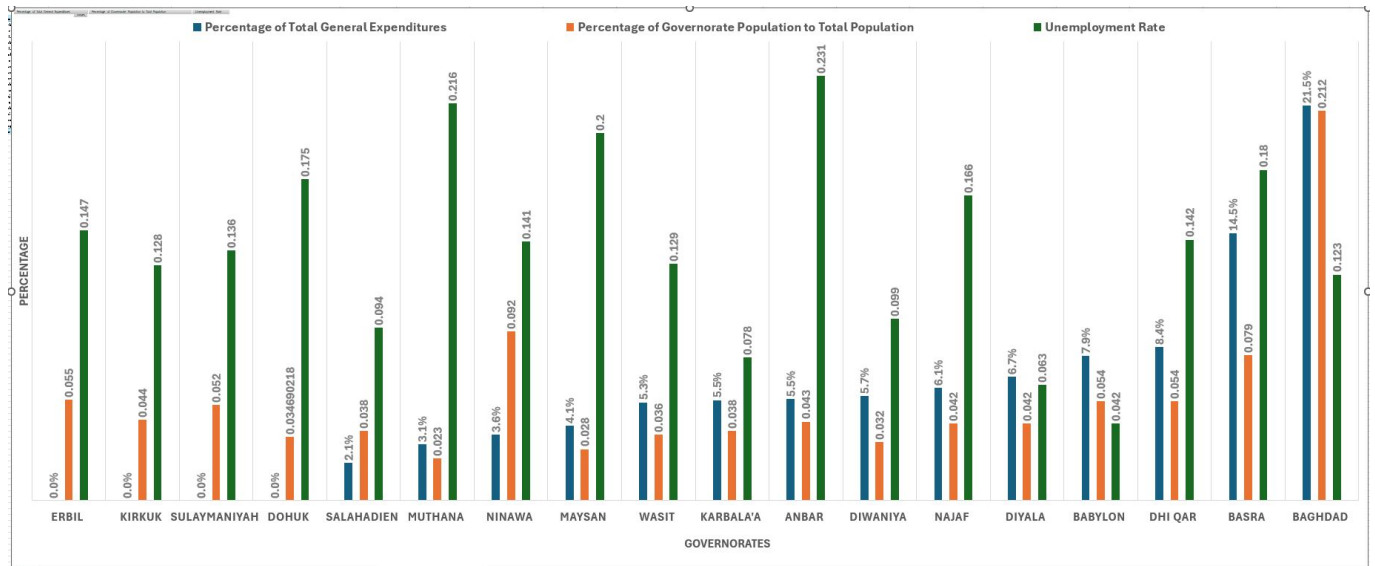
Another important indicator is unemployment.

According to 2024 Iraqi Central Bureau of Statistics data, the unemployment rates in several governorates was under 10 percent: 4 percent in Babylon, 10 percent in Diwaniyah, Salah al-Din over 9 percent, Diyala over 6 percent, and Karbala nearly 8 percent.

Yet Babylon, Diyala, and Karbala's budgets were significantly higher than spending for Maysan and Anbar, despite Muthanna's unemployment exceeding 21 percent and Nineveh's reaching 14 percent.

Kurdistan Region and Kirkuk's unemployment also spiked from 2014 to 2024, with Kirkuk's rising to roughly 13 percent from 3 percent. Erbil's unemployment rose to nearly 15 percent from 8 percent, Sulaimani to 13 percent from over 5 percent, and Duhok to over 17 percent from 9 percent.

Graph 2: Percentage of total expenditures (operational and investment) for governorates during 2015-2025, unemployment and population in 2024



Sources:

Iraqi [Ministry of Finance](#) monthly revenue and expenditure reports during 2015-2025

Population figures according to the latest [Iraqi Central Bureau of Statistics](#) report, accessed February 1, 2026

Unemployment rate from Iraqi [Central Bureau of Statistics](#), retrieved February 2, 2026

Conclusion

To conclude, what emerges from Ministry of Finance statistics regarding governorate expenditures is the absence of a stable basis for distributing expenditures and the existence of major disparity among governorates, particularly from the south to the center and then to other Iraqi and Kurdistan Region governorates. For instance, Kirkuk meets all the necessary criteria and is more deserving than many central and southern Iraqi governorates, as it contributes 7.5% to Iraq's total revenue. Yet no operational and investment expenditures similar to those for the other 14 governorates are seen from the Iraqi Ministry of Finance—funding remains at zero. Kirkuk's population is higher than that of 9 Iraqi governorates and its unemployment rate is two to three times that of governorates like Babylon, Diyala, and Karbala. Yet unlike those governorates, no expenditures have been made directly by the Ministry of Finance for operations and investment.

Another point observed in Iraq's monthly expenditure data is that during the worst economic conditions—such as 2020 and 2021 when revenues decreased—expenditure reductions were prioritized, with the first reductions affecting central Iraq and the last reductions affecting southern governorates. Meanwhile, expenditures for Kurdistan Region governorates and Kirkuk fundamentally do not exist.

Finally, what is important for current members and representatives of the Kurdistan Region and governorates, particularly Kirkuk, is not merely the points and clauses within the draft budget law, but establishing a clear basis and finding a fair mechanism for governorate expenditures, to determine whether the criterion should be population, governorate needs, or some other measure.