Iraq is a federal country comprising 18 governorates. 15 governorates are administered by provincial governments and three are administered by the Kurdistan Regional Government (KRG). The main source of revenue for the governorates are the RDP transfers, petrodollar allocations, and KRG transfers.

**Mineral Revenues Shared with Subnational Governments**

- $12.7 billion to Kurdistan Regional Government
- $1.5 billion Regional Development Program (RDP) Transfers
- $12.7 billion from Oil and Gas Revenues

**TOTAL REVENUES**

- $17.2 billion

**DISTRIBUTION OF REVENUES**

- $4.5 billion Petrodollar Allocations (excluding KRG)
- $8.5 billion 13 Producing Governorates (excluding KRG)
- $17.2 billion Kurdistan

**PETRODOLLAR ALLOCATIONS**

- Total: $17.2 billion
- 13 Producing Governorates (excluding KRG): $8.5 billion
- Kurdistan: $8.7 billion

**REGIONAL DEVELOPMENT PROGRAM (RDP) TRANSFERS**

- $1.5 billion to 18 Governorates (including those in KRG)
- $1.5 billion to 13 Producing Governorates (excluding KRG)

**MINERAL REVENUES SHARED WITH SUBNATIONAL GOVERNMENTS**

- $12.7 billion

**HISTORY OF REFORMS**

- 2007: Multi-party elections, constitutional referendum.
- 2010: Oil and Gas Law of the Kurdistan Region issued.
- 2014: End of Iraq War.
- 2015: Oil export agreement between Baghdad and the KRG which now includes Kirkuk and Halabja.

**OIL AND GAS EXPORTS AS A SHARE OF TOTAL IRAQI EXPORTS**

- 99%

**OIL AND GAS REVENUE AS A SHARE OF GOVERNMENT REVENUE**

- 84%

**GEOGRAPHIC DISTRIBUTION (2015)**

Basrah and Kirkuk are the highest producing governorates outside KRG and benefit the most from petrodollar allocation.

**PATTERN OF DISTRIBUTION**

There is high volatility in total RDP allocation over the years.

**REVENUES AND DISTRIBUTION (2015)**

- The petrodollar allocation consists of a transfer of US $1 to governorates for each barrel of oil produced, for each barrel refined, and for each 150 cubic meters of natural gas produced. Excluded from this allocation are the governorates of the KRG, who benefit from a separate share allocated to the region, as well as non-producing governorates-Diyala and Karbala.
- The RDP is distributed among the eighteen provincial governments, including those within the KRG.
- Transfers to the KRG are supposed to be 17 percent of the total budget.

**SPECIAL ARRANGEMENT TO KURDISTAN REGIONAL GOVERNMENT**

- $17.2 billion
- $12.7 billion
- $1.5 billion
- $1.5 billion

**FEDERAL LAW OF THE KURDISTAN REGION**

- $1.5 billion
- $1.5 billion

**REGIONAL DEVELOPMENT PROGRAM (RDP) TRANSFERS**

- $1.5 billion
- $1.5 billion

**TOTAL DISTRIBUTION: $3.0 BILLION**

**SOURCES:** Lasa Aresti, M. Oil and Gas Revenue Sharing in Iraq (Natural Resource Governance Institute, 2016). 