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## Strengthening Public Finances and Financial Markets in Iraq

### The Opportunity

Oil wealth has allowed Iraq to obtain upper-middle-income status. Public revenues almost entirely derive from oil, the private sector is underdeveloped. As oil prices fluctuate and the global demand might decline, Iraq needs to diversify its economy. With the income available from oil revenues, Iraq has significant resources and potential for transforming its economy. To achieve this transformation Iraq needs to unleash its private sector, empower its state institutions and strengthen the rule of law.

### What is FFM?

The Strengthening Public Finances and Financial Markets (FFM) project supports the Government of Iraq in improving financial and fiscal governance systems to enhance macro-fiscal stability and economic development. The project addresses governance and management in the public and private financial sector in Iraq. The project is jointly co-financed by the European Union (EU) and the Government of the Federal Republic of Germany.

The project is part of the Team Europe Initiative (TEI) "TeAm Europe For Iraq" (TAEUFIQ). Team Europe Initiatives are joint efforts facilitated by the EU in coordination with the EU Member States' capitals, embassies, field offices and their implementing and financing institutions. The Member State partner for the FFM project is the Federal Republic of Germany.

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TeAm EUrope For Iraq

Project name	Strengthening Public Finances and Financial Markets (FFM)
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Volume	27 Mio. EUR (20 Mio. EUR EU, 7 Mio. EUR BMZ)
Duration	December 2021 to September 2025
Project Regions	Iraq
National Partners	Ministry of Finance (MoF); Central Bank of Iraq (CBI)

### Partners

The project is working with:

- The Ministry of Finance (MoF)
- The Iraqi Parliament,
- The Federal Board of Supreme Audit,
- The General Commission for Taxes,
- The General Commission of Customs,
- The Financial Intelligence Unit,



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- The Federal Commission of Integrity, and
- The Central Bank of Iraq (CBI), state, and private banks, financial intermediaries as well as small and medium sized enterprises.

### Beneficiaries



The population of Iraq (45.4 mio. people in 2024) is benefitting from advancements in good governance, macro-fiscal stability and economic development.



Training for officials of the General Commission for Taxes, Baghdad 2023

### Project Focus

The project achieves results through building capacities at the individual, organisational and overarching level.

#### Mobilisation of Non-Oil Public Revenues

With over 90% of the government stemming from oil revenues, the government seeks to diversify sources of national revenues. The approach of the project is to support the Government of Iraq in reforming the current tax and customs system, thus, generating public revenues by diversifying sources of income.

### Improve Public Financial Management and Accountability

A performant, effective and transparent public financial management system is crucial to economic development and macro-fiscal stability. Hence, the project supports the Ministry of Finance in main budgetary functions and the Federal Board of Supreme Audit as the main accountability institution.

#### Anti-Money Laundering (AML)

The project supports the Government of Iraq in addressing AML reform needs related to several international processes and implementing global standards in a development-oriented way.

#### Access to Credit for Small and Medium Size Enterprises

To diversify the public budget from oil revenue dependency, the private sector plays a crucial role and access to credit is, in turn, one of the key factors in private sector development. The project works with the Central Bank of Iraq and the banking sector to improve access to credit to small and medium size enterprises contributing to a stronger private sector.

### Key Results



**500+** officials and employees trained on areas like tax auditing and AML standards



**12** national financial guidelines and strategies newly developed or revised



**5** studies on Iraq's finance system conducted



**1** test launch of a new digital customs administration system facilitated

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