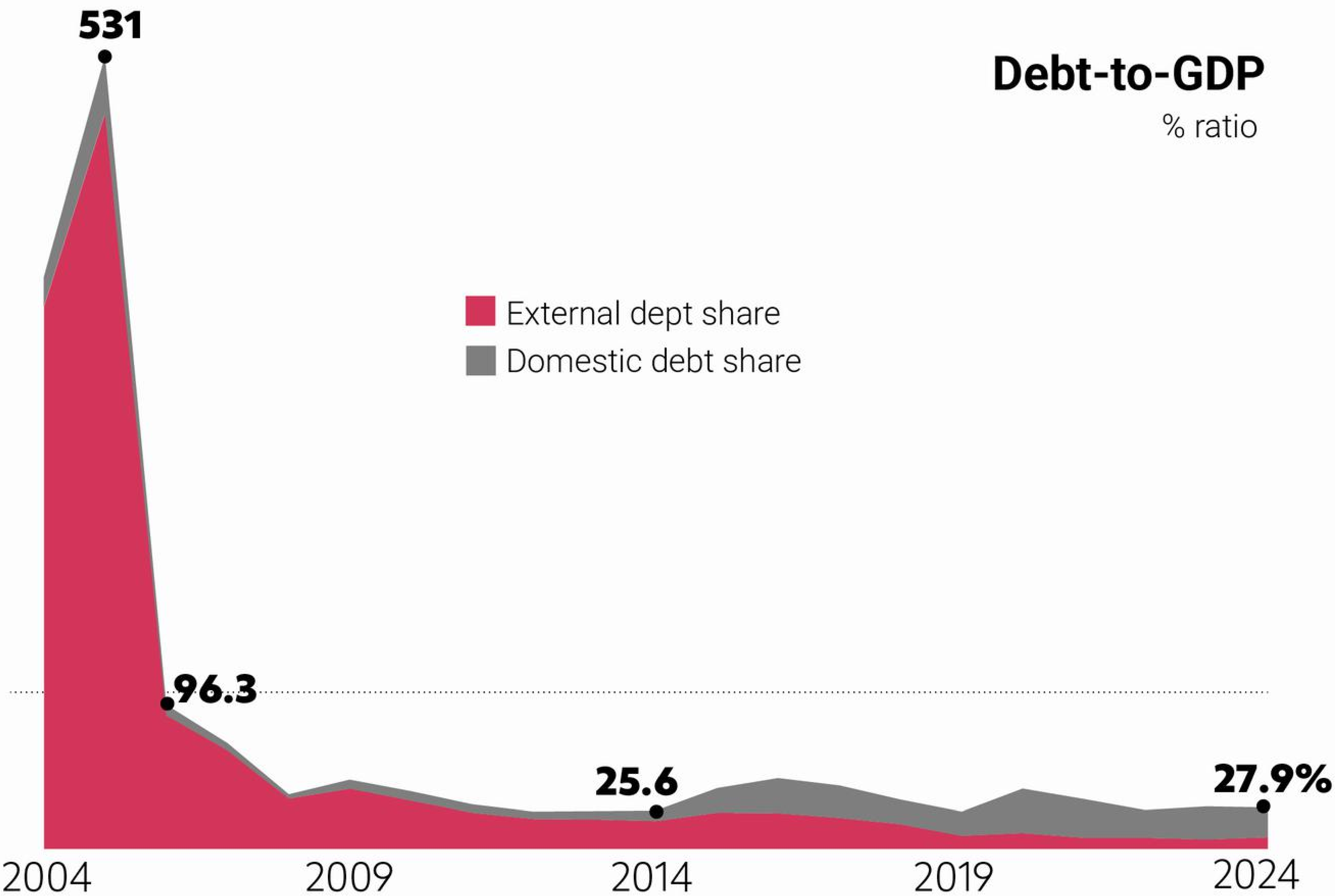
Iraq: Rising Public Debt & Fiscal Sustainability

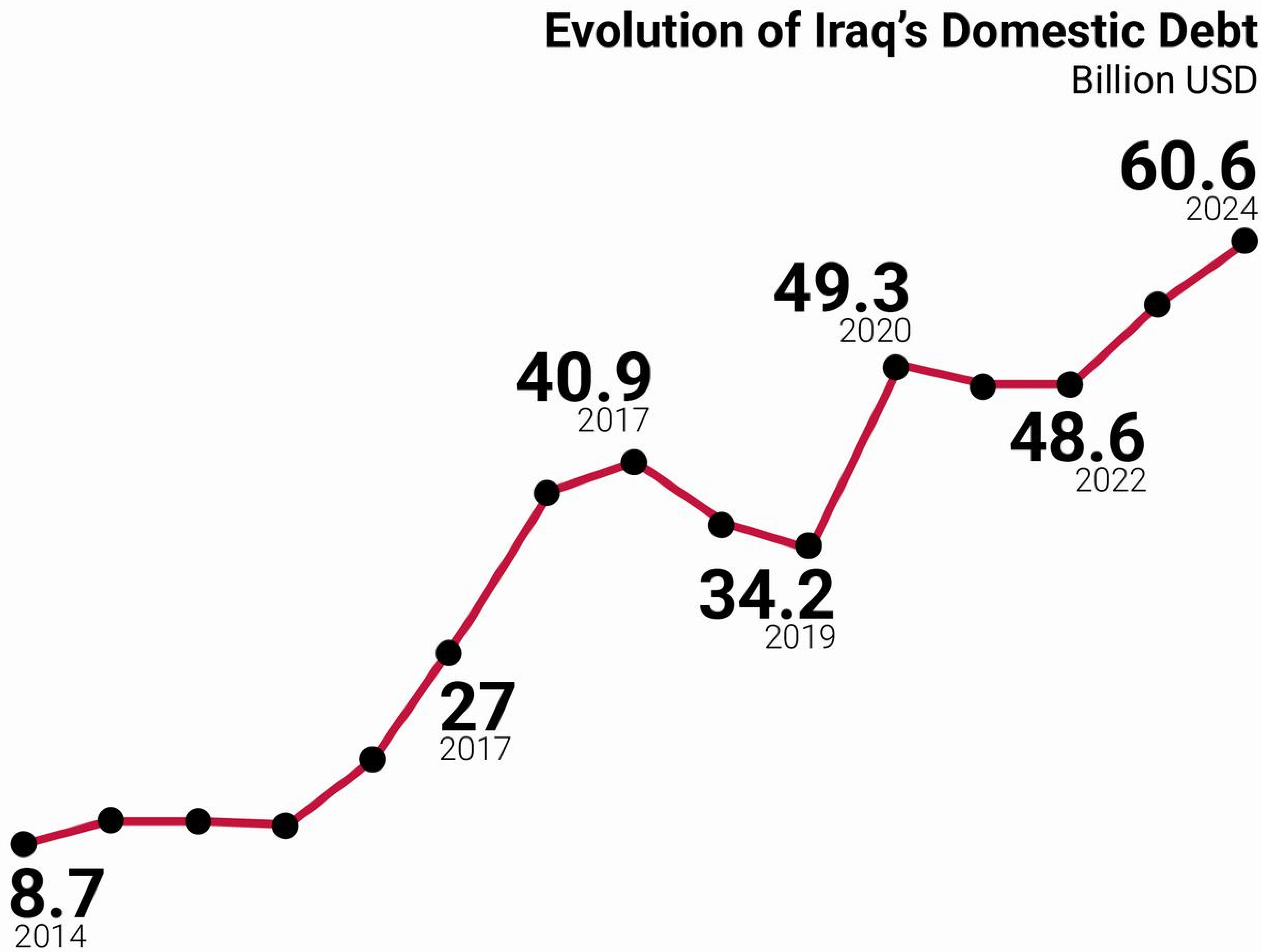
annd
Arab NGO Network for Development
شبكة المنظمات العربية
غير الحكومية للتنمية

Total public debt reached $71 billion by the end of 2023, 28.3% of GDP. External debt fell to $16 billion, but domestic debt rose to $55 billion, driven by operational spending, not investment.



External debt dropped from $88.8 billion in 2004 to under $9 billion by April 2024 after Paris Club write-offs and regular repayments.

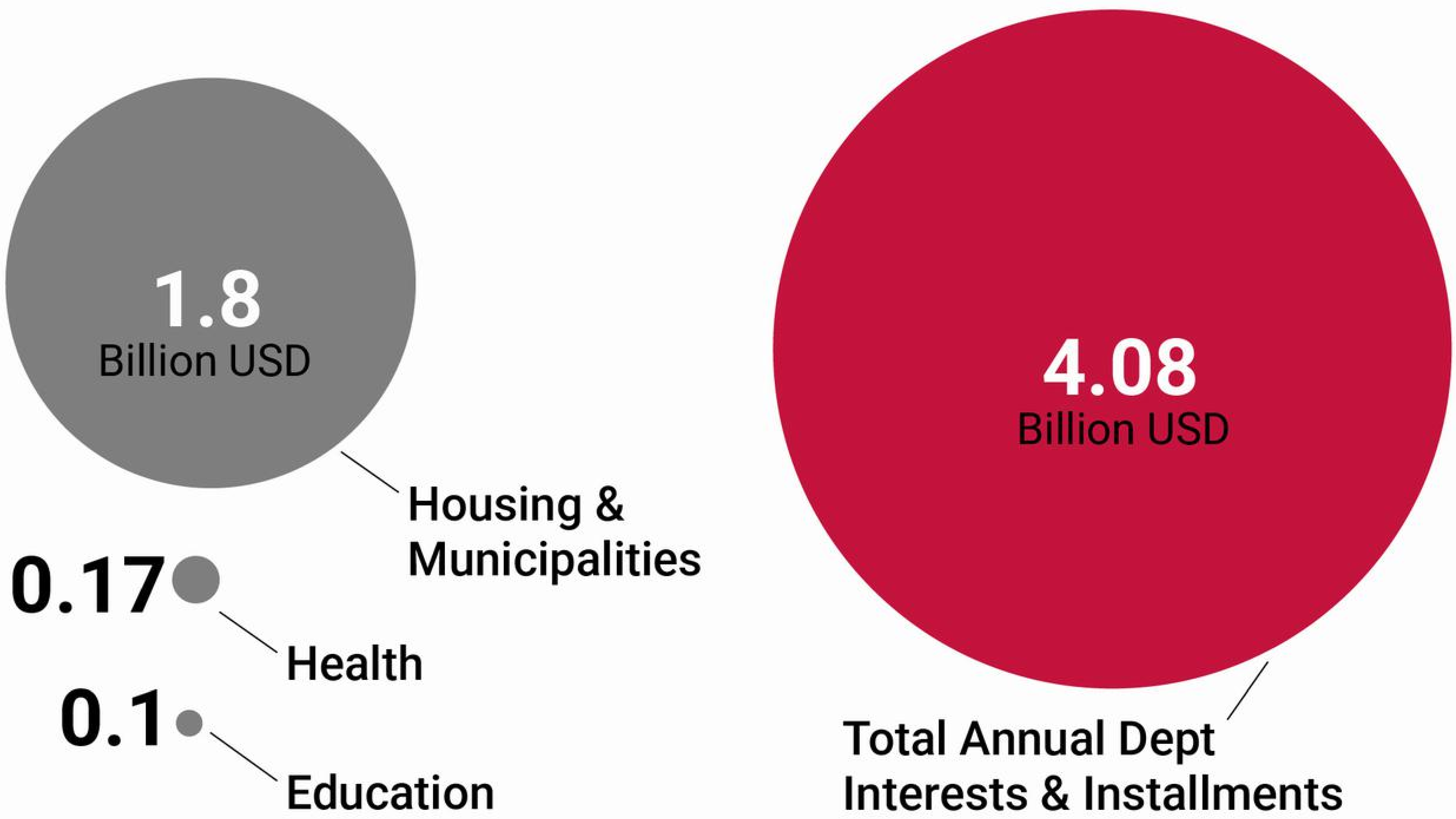
Domestic debt surged from $8.7 billion in 2010 to $60.6 billion in Q3 2024, following central bank lending to cover salaries, pensions, and social payments—bypassing legal limits.



Oil revenues fund >90% of the budget. When oil prices crashed (2009, 2015, 2020), external debt-to-revenue ratios spiked to 95%, 72%, and 73% respectively.

Debt service (interest + installments) reached $4 billion in 2024 — more than double total investment allocations for education, health, housing, and municipalities combined.

Ministerial investment allocations in vital sectors, compared with Iraq's total annual interests and installments in 2024



IMF projects public debt could reach $298.8 billion by 2029 (86.6% of GDP) if current spending trends continue, despite a legal cap limiting budget deficits to 3% of GDP.

Fiscal sustainability requires controlling operational expenditures, diversifying income away from oil, redirecting borrowing toward infrastructure, and enforcing the 3% deficit cap. Without reform, Iraq risks a debt trap that burdens future generations.

Access the full report on ANND's
Debt & Tax Justice Watch

annd.org/debt_tax/en