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Central Bank of Iraq
Statistics & Research Department



Annual Economic Report 2020
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Central Bank of Iraq
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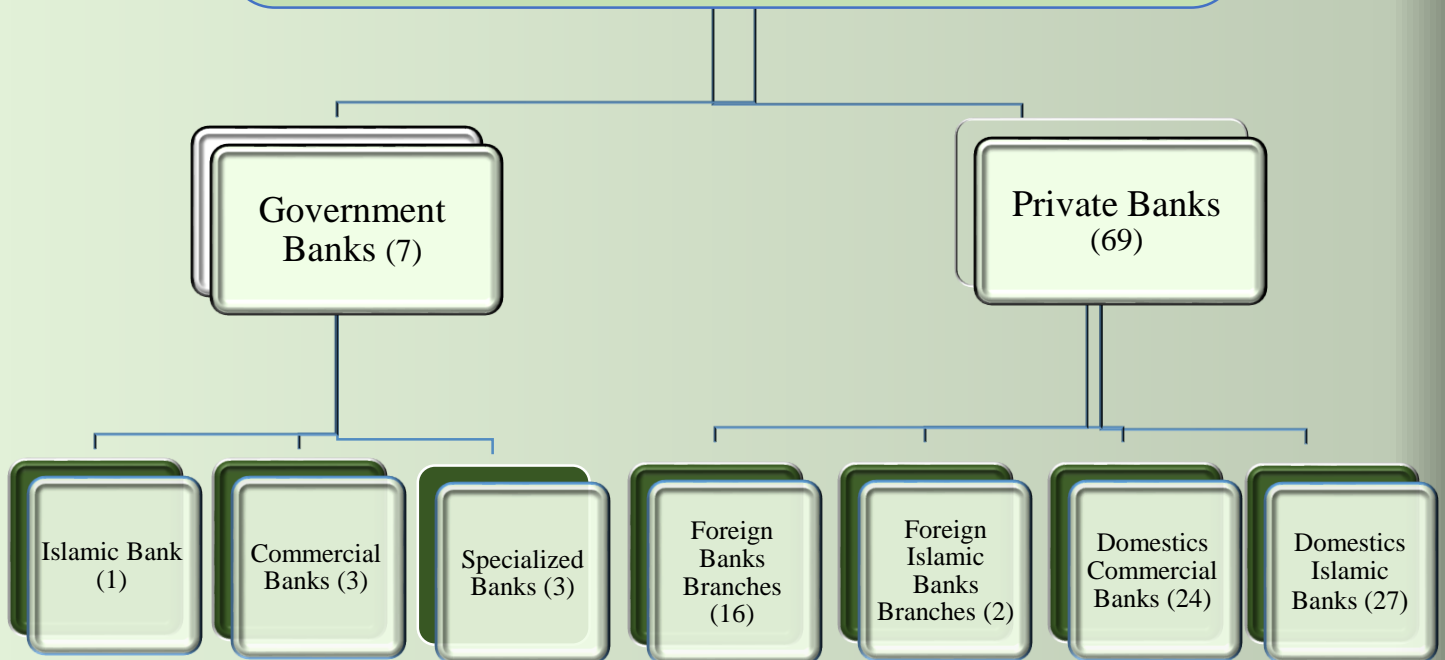
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Banking System Structure of Iraq for 2020 including (76) Banks



Summary of Iraqi Economic Indicators for 2020

Statement	2019	2020
Currency (Iraqi Dinar)		
Gross Domestic Product in Current Prices (GDP) (IQD trillion)*	277.9	198.8
Gross Domestic Product in Constant Prices (GDP) (IQD trillion)*	223.1	188.1
GDP Per Capita in Current Prices (IQD million)*	7.1	4.95
Total Area Cultivated with Wheat and Barley (thousand dunams)	10052	13102
Rated Output Power (MW)	14008.3	14139
Core Inflation Rate%	-0.1	1.0
General Inflation Rate%	-0.2	0.6
Average for Consumer Price Index (CPI):(point)	104.5	105.1
Average for Consumer Price Index after exclusion: (point)	105.2	106.2
Daily Average Oil Export (million barrels)	4.0	3.5
Average Price per Barrel of Oil (\$ / barrel)	60.38	40.69
Money Supply (M1) (IQD trillion)	86.8	103.4
Money Supply (M2) (IQD trillion)	103.4	119.9
Average of (CBI) Interest Rates%	4	4
Iraqi Dinar Exchange Rate against the US dollar in Parallel Market Price (IQD)	1196	1234
Cash Credit Balance by Commercial Banks (IQD trillion)	42.1	49.8
Total Deposits with Commercial Banks (IQD trillion)	82.1	84.9
Total Capital of Operating Banks (IQD trillion)	15.5	16.9
Actual/ General Revenue (IQD trillion)	107.6	63.2
Actual /Public Expenses (IQD trillion)	111.7	76.1
Iraq's Quota in the IMF (SDR million)	1663.8	1663.8

*Preliminary estimates

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Introduction

The Research and Statistics Dept. of Central Bank of Iraq is pleased to issue the Annual Economic Report for 2020 within a series of economic reports that this department is keen to issue and publish annually; the report includes the latest available data and statistics related to the aspects of performance of the Iraqi economy of 2020 year compared to 2019. The report presents these developments within six chapters, each one of them discusses a main subject sufficiently detailed as follows:

- 1- Global and Arab Economic Development.
- 2- Developments of Domestic Economic Sectors
- 3- Monetary and Banking Developments
- 4- Public Financial Sector Development
- 5- External Sector Development and Balance of Payments
- 6- Developments of the Iraqi Payments System

The First Chapter reflects the global and Arab developments that explain the most important changes in the economic indicators for 2020, while the second chapter deals with the developments of domestic economic sectors as it refers to the major trends of the Iraqi economy performance on growth rates in GDP at current and fixed prices.

In the third chapter, The report reviews the main monetary and banking developments and CBI's activities in the areas of monetary policy and banking supervision by presenting the most important developments in the main monetary indicators (money supply and factors that could affect it) in addition to its tools represented by (mandatory reserve requirement, open market operations, discount rate, and foreign currency buying and selling window) which falls within the open market operations as it achieved two main goals: the stability of the Iraqi dinar exchange rate against US dollar in addition to building foreign reserves to ensure economic stability.

In the fourth chapter, the economic report follows the developments of public financial conditions in light of what the state's public budget data indicates, as well as the internal public debt. As for the fifth chapter, it discusses the development of trade and financial relations of the Iraqi economy with other economies as reflected by external trade and balance of payments statistics. Finally, the sixth chapter of this report monitors the evolution of the Iraqi payment system performance.



Chapter One

Global and Arab Economic

Global and Arab Economic Developments

Global and Arab Economic Developments

First: International Developments

The global economic developments reflect a contraction in growth during 2020 in the light of health, economic, and social crisis witnessed by the world due to COVID-19 spread. The International Monetary Fund estimated, the growth rate of economic activity to reach (-3.3%) in 2020, which is the slowest pace of growth rate since the financial global crisis in 2008. As the global economy faced many challenges represented in the possibility of new waves of the COVID-19 and financial pressures in light of the high levels of debt in emerging market economies and developing countries. Policy makers will have to balance the need to support recovery, maintain price stability and public finance sustainability, and continue efforts to promote growth-enhancing reforms.

According to World Bank estimates, the collapse of global economic activity in 2020 was slightly less severe than previously expected, due to the less severe contraction in the advanced economies and the stronger recovery in China. In contrast, the disruption of activity in most emerging market and developing economies was more severe than expected.

The output in all regions is expected to remain below the pre-pandemic expectations due to the continuation of the pandemic and its consequences, including the high debt burden and the caused damage to many factors driving the potential output. Also the recovery in small economies that depend on tourism will be weak in light of the continued restrictions on travel. All regions are vulnerable to a new outbreak of the Corona virus and exacerbated financial pressures due to high debt levels, larger-than-expected repercussions of the pandemic, and escalating social unrest.

According to IMF expectations, global economic activity may increase to reach (6.0%) in 2021 – which is the strongest rate of growth in post-recession periods in 80 years after easing public closure measures and economies adapting to new ways of working. This recovery is uneven and largely reflects sharp recoveries in some major economies, while in many emerging market economies and developing countries obstacles to vaccination campaigns continue to cast a shadow over economic activity. Global commodity prices witnessed a partial recovery during the 2020, due to the forced interruptions in oil production and the consensus among the oil-exporting countries, which was reflected in achieving balance and eliminating the levels of oversupply of oil. It is expected that the demand for oil will rise by about (5.8) million barrel per day during 2021 in a way that supports the expected recovery of economic activities - which will work alongside the continuation of the OPEC+ agreement to reduce the quantities of oil production in order to increase its

prices in international markets. While metal prices recorded an improvement during the second half of 2020 due to the recovery of demand levels in China under economic growth trends recorded during that period remained; in the wake of sharp price drops recorded during the first half of the year that witnessed the spread of the pandemic. Metal prices are expected to continue their upward trend by (6%) during 2021 due to the expected growth of global economic activity.

- As for **inflation rates**, advanced economies witnessed a decline on an annual basis as a result of the closures that caused the collapse of economic activity, which led to a sharp decline in demand for oil & energy prices, and consumption demand around the world. These two factors have led to a decline in global inflation to (3.2%) in 2020 against (3.5%) in 2019, which was attributed to the sharp decline in demand for oil & energy prices, as well as the impact of global consumer demand because of the spread of the pandemic. On the other side, food prices recorded a rise of (4%) in 2020 due to pressures related to shortage of supply and increased demand for some food commodities during periods of total and partial closures. It is expected that the prices of food commodities will continue to rise during 2021, but at lower levels compared to their recorded counterparts in 2020.
- As for **public finance**, countries announced financial measures with an amount of US\$ (16) trillion that were represented in directing financial spending on vaccination operations and recovery plans during the pandemic. The bulk of these measures were made in the advanced countries in which fiscal deficit increased by (8.8%) of GDP during 2019 & 2020 to reach (11.7%), while it is expected to remain at about (10.4%) in 2021. As for emerging economies, the fiscal deficit has increased by (5.1%) of GDP during 2019 & 2020 to reach (9.8%), while it has increased by (1.6%) of GDP in low income developing countries to reach (5.5%). The reason for the rise in the deficit was attributed to the increased spending and the declined revenues in most countries of the world.
- **Monetary policy directions**: it is expected to continue the accommodative position of monetary policy in the major global central banks, represented by the US Federal Reserve Bank and the ECB, with the consequent decline in interest rates to zero or negative levels. As well as continuing to implement quantitative easing to motivate banks to grant credit in order to mitigate the economic consequences of COVID-19.
- **As for exchange rate**: the value of the dollar fell against the euro and the Japanese yen by (3.29%) & (2.97%) respectively during 2020, compared to its recorded levels in 2019. While the value of the dollar rose against the sterling pound by (3.4%) during the same period, and the currencies` value of countries in most emerging markets and exporters of basic commodities rose, the matter that reflects

recovery of initial commodities' price and the general improvement in financial markets towards emerging market economies. As for the value of currencies of the countries participating in the European exchange rate mechanism, they remained fixed in nominal terms compared to the euro.

-With regard to the **movement of global trade**, it has been greatly affected by the developments resulting from COVID-19 pandemic during 2020 - as international trade has declined by (7.6%) according to United Nations estimates, while the World Bank's estimates indicate a contraction in international trade at greater levels which reached (9.5%) in 2020 resulting from the disruptions that affected global supply chains which were previously affected by trade tensions between major economies. It is expected that the volume of international trade will recover by (8.1%) according to IMF estimates &(6.9%) according to UN estimates. Most of the expected gains for the growth of global trade will come from the expected improvement in commodity trade flows, at a time when it is expected that trade will continue to be affected by continued closures and restrictions imposed on service activities in light of the continuation of the pandemic. The shock of the pandemic is expected to deepen the structural changes in the global trading system, the most important of which is the continued development of international supply chains and the continuing growth of the relative importance of services trade.

Advanced economies

- Economic activity in advanced countries was characterized by weak performance. As economic activity contracted by (-4.7%) in 2020 as a result of a number of factors that had accumulated since the double crisis that led to a notable decline in cross-border capital flows, a decline in industrial production, weak global demand, a drop in investment and productivity levels, a drop in oil prices, and a decline in labor markets. The slowdown in growth continued, with the advanced countries continuing to follow an accommodative monetary policy, which indicates the ineffectiveness of monetary policy in boosting growth and it has a limited impact on economic activity. Accordingly, the IMF recommends the necessity of a mix of economic policies that give priority to spending on health care – in other words spending on the production & distribution of vaccines, treatments, and health care infrastructure. In addition to providing support from public finance that is accurately targets eligible families and affected companies in order to push economic activity forward. On the other hand, advanced economies recorded a rise in inflation rate reaching (0.7%) in 2020 and it is expected to witness a rise by (1.6%) in 2021.

At the level of the countries of the group - the growth rate of the US economy according to IMF estimates shrank by about (-3.5%) and the expected US GDP

growth is (6.4%) in 2021. In the meantime, the Federal Reserve Council kept the interest rate on the US dollar at levels range of (0% to 0.25%) during 2020 with the aim of maintaining an expansionary monetary policy to mitigate the severe repercussions of COVID-19 on economic activity and employment rates. It also implemented a huge program of quantitative accommodation with a value of US\$ (120) billion on monthly basis - including government securities supported by mortgages with the aim of maintaining low interest rates and providing the necessary levels of liquidity to support economic recovery. Inflation rate recorded an increase of (1.2%) in 2020 and is expected to record (2.3%) in 2021.

- As for **euro countries**, despite the continued challenges, weak external demand, and a contraction in economic activity by (-6.6%) in 2020, the recovery is progressing at a good pace & taking advantage of monetary accommodating policies and the decline in oil prices in general. It is expected that the euro area will witness growth rate of (4.4%) in 2021, as well as the good performance of the euro countries through the improvement in the rates of domestic demand and the improvement of labor markets. Also as a result of some stimulus financial policies that were adopted in conjunction with the pandemic crisis. For its part, in 2020 the ECB continued to resort to stimulus monetary policy measures to alleviate the contraction of the Eurozone countries in order to maintain the official interest rate at (0%) while strengthening the pandemic emergency purchase program with € (500) billion to reach € (1.85) trillion. It also pledged to postpone the date of termination of quantitative accommodative measures from mid-2021 to end of March 2022 at least. The region witnessed a rise in the consumer price index by (0.3%), and the inflation is also expected to rise during 2021 to reach (1.4 %) due to the rise in energy & initial commodities prices.
- **United Kingdom**: estimates indicate that growth rate reached (-9.9 %) in 2020. Bank of England kept the official interest rate low at 10 bases point as end of 2020. It also raised the value of its purchases as part of its quantitative accommodative program with an amount of £ (150) billion to reach £ (895) billion. Inflation rate recorded a rise of (0.9%) and it is expected to witness a higher rise to reach (1.5%) in 2021.
- **Japan economy** contracted by (-4.8%) in 2020 against (0.7%) in 2019 in its first annual contraction recorded in 11 years due to COVID-19 spread & the increase in consumption tax, but the contraction was less than expected as it ended the year in a good way – driven by the recovery of exports and huge government support. Bank of Japan also maintained an accommodative monetary policy during 2020, a negative interest rate on the Japanese yen of (0.1%), and continued purchase operations of government bonds without a higher ceiling with the aim of maintaining interest rates on long-term bonds for a period of ten years at zero

level. As for the level of inflation, the general level of prices has maintained the same level in 2020 compared to the previous year, but it is expected to witness a slight increase in 2021 to reach (0.1%) due to the increase in the prices of energy and basic materials.

Emerging & Developing Economies

Economic growth of these economies witnessed a contraction in 2020 to reach (-2.2%) with continued suffering of many countries in the face of outbreak of the pandemic, while the economic performance of the group was distinguished by the contrast between fast economies such as China & India and economies with low growth. At the time when the group of major commodity-exporting countries in the group is expected to benefit from the recovery of the price levels of those commodities in international markets, the group of countries importing these commodities will be negatively affected by the rise in oil prices and a number of primary commodities, especially minerals. The GDP of the group is expected to grow by (6.7%) in 2021, as central banks in some emerging & developing economies use asset purchase programs in response to financial market pressures caused by the pandemic, perhaps for the first time in many cases, and when these programs were directed to address market failures they seemed to contribute to achieving stability in financial markets during the early stages of the crisis.

In low-income countries, economic growth is expected to rise by (4.3%) in 2021 against a growth rate of (1%) in 2020. Despite the renewed growth, it will be much lower than the pre-pandemic pace because of logistic obstacles to the distribution of vaccines that may delay the immunization process for up to a year compared to advanced economies. In addition, there is a need to support economic diversification policies in a number of the group countries with continued efforts for economic integration. On the other hand, emerging markets and developing economies witnessed a noticeable rise in price levels during 2020 to record (5.1%) because of the obstacles faced by supply chains due to the spread of the pandemic, but it is expected to record (4.9%) in 2021.

At the level of the group countries - **China** has a significant impact on trade and growth in various countries of the world, as the Chinese economy witnessed a slight slowdown in its economic growth rate during the year 2020 to reach (2.3%). While growth remained supported by financial stimulus packages and credit stimulus policies in the context of making efforts to restore economic balance towards a greater role for domestic demand, especially domestic consumption. According to IMF estimates for 2021, the Chinese economy is expected to witness a growth rate of (8.4%) in light of the required efforts to rebalance in order to continue the path of sustainable growth in China. On the other hand, the People's Bank of China

suspended the accommodative monetary policy, during the second half of 2020, that was adopted in the wake of the spread of the Covid-19 at the beginning of 2020. In light of the economic recovery of economic activities recorded by the Chinese economy during that period - in addition to the bank's desire to avoid excessive grant debt and prevent the formation of asset price bubbles based on the above mentioned economic and financial developments.

India is among the most dynamic emerging economies, as the Indian economy recorded a decline in the growth rate of (-8.0%) in 2020 and it was affected by the Corona pandemic with related partial and total closures, which significantly affected the levels of liquidity and economic activity. It is expected that India will record a high growth rate estimated at (12.5%) in 2021, according to the expectations of the IMF, after the relaxation of closure restrictions in it.

Second: Arabic Economic Developments

Arab economies have witnessed a set of economic challenges because of being affected by the global economic conditions. These challenges were: the continued slowdown in global growth rates, the decline in international trade, and the mismatch of investment conditions because of the decline in value-added levels in a number of economic sectors that contribute to about (70%) of the GDP, affected by the total or partial closure conditions during Covid-19 pandemic. In addition to the damage to the micro, small and medium enterprises sector, which contributes to about (45%) of total GDP, as well as the decrease in the quantities of oil production approved within the framework of OPEC+ agreement and the decline in its prices in international markets during 2020.

Estimates show a contraction in the growth rate of the Arab countries group from (1.4%) in 2019 to (-4.4%) in 2020 due to a noticeable decline in the growth of economic activity in oil-exporting countries from (1.0%) in 2019 to (-5.3%) in 2020. In addition, a less severe decline in the pace of economic activity in oil-importing countries that recorded growth of (-2.2%) in 2020 compared to (2.6%) in 2019. Arab economies is expected to have a gradual recovery for 2021 as to record a growth rate within the limits of (2.8%). This recovery is attributed to a number of factors including: the continuation of stimulus packages supporting aggregate demand in some Arab countries, especially those that have adequate financial space, in addition to expectations of a relative recovery of global demand levels, international trade, and international oil prices.

As for monetary developments in the group of Arab countries - the monetary and financial conditions were affected by regional and international economic developments in 2020. Especially with regard to changes in global commodity markets - especially oil, and by the recorded contraction in GDP levels as a result of the spread of the Covid-19 and pressures on public budgets in the Arab countries - all of that affected the position of liquidity, extended credit, and indicators of banking soundness in Arab countries.

Monetary policy played a major role in mitigating the economic repercussions resulting from the Covid-19 in the Arab countries through adopting several expansionary monetary policy measures that enhanced levels of investor confidence, supported local liquidity conditions, and provided the necessary credit to mitigate the economic stagnation witnessed by their markets.

Arab countries have adopted a number of monetary policy reforms aimed at maintaining price stability and mitigating the effects of the spread of the pandemic on domestic markets through working on developing monetary policy instruments, developing money markets, reviewing legislative frameworks aimed at ensuring financial stability, and relying on innovation, speed, and quality in providing financial services. In addition to adopt expansionary monetary policies to support economic recovery by maintaining monetary interest rates at low levels to help support credit granted to the private sector and continue its efforts to intervene. The intervention was through the rest of other monetary policy instruments to ensure the availability of sufficient levels of liquidity in both domestic and foreign currencies in light of the frameworks that take into account ensuring financial stability and banking soundness.

Inflation in the group of countries in the Arab region has risen to (14.4%) in 2020 compared to (4.9%) in 2019 because of the increase in the value-added tax on goods and services to enhance their ability to obtain financial resources to support economic recovery. The value of the currencies of some Arab countries was also under pressures with the decline in the levels of foreign exchange reserves in light of the decrease in the levels of foreign exchange supply, which affected the rate of inflation during the year of 2020. It is expected that the inflation rate will decline to about (10.6%) in 2021 in line with most of Arab countries having eased the precautionary measures for Covid-19 pandemic, with the availability of vaccines on a large scale and the improvement of supply levels of goods and services.

As regarding public finance, the year 2020 witnessed a turning point in the paths of public finance in many Arab countries, as it negatively affected the levels of deficits and the ratios of public indebtedness, the matter that would be reflected in the orientations of the public financial conditions in many Arab countries within the forecast horizon. The need to adopt expansionary financial policies continued to support economic recovery. This was represented by increasing public spending directed to support health sector and pumping more funding to mitigate the economic impact and support the affected sectors and groups – as the consolidated budget of Arab countries recorded a significant increase in deficit levels to reach (11.8%) of GDP in 2020 compared to (3.4%) of GDP in 2019. In 2021, deficit is expected to decline to (8.7%) in light of expectations of an improvement in the levels of total revenues of both: oil and tax parts. This was due to the expected rise in global oil prices, recovery of economic activities, continuation of reforms aimed at increasing and diversifying public revenues, rationalizing public spending, and focusing on supporting economic recovery & enhance health spending. The digitization of public finance will also play an important role in increasing the levels of the tax base and tax collection, rationalizing public spending, and increasing the efficiency levels of public services.

As for the **external sector** of the **group of Arab countries** - it is expected that during 2021 the current transaction balance of the Arab countries as a group will record a surplus of US\$ (4.8) billion to represent (0.2%) of GDP compared to a deficit of US\$ (63.1) billion in 2020. This is due to the expected improvement in global oil prices, basic commodities and minerals, in addition to the improvement in receipts from tourism in light of the expected easing of restrictions on travel procedures globally, especially in light of the widespread of COVID-19 vaccines at the global level.

On the level of Countries group - the economy of the **Kingdom of Saudi Arabia** was affected during 2020 by the repercussions resulting from the COVID-19 pandemic, especially during the second quarter which witnessed an economic contraction of (-7%) on an annual basis. The matter that led to a decline in the growth rate during 2020 to record (-4.1%) compared to a growth rate of (0.3%) for the previous year. This contraction came in light of the recorded decline in the levels of oil sector output; whether it was because of the slowdown in global demand or due to the Kingdom's commitment to OPEC + agreement. In addition to the consequent reductions in the daily production quantities of oil which fell to (9.21) million barrels

per day in 2020 against (9.80) million barrels per day in 2019 with a decline of - (6.02%). The inflation rate increased by (3.4%) in 2020 compared to(-2.1%) in 2019. On the level of public finance, the state's general budget recorded a deficit of (298) billion Saudi Arabia riyals at a rate of (12%) of GDP in 2020.

In **Kuwait**, GDP was affected by the precautionary health measures that were adopted in 2020 similar to the rest of the world. The matter that led to a slowdown in economic activity in general, as estimates indicate that the Kuwaiti economy contracted by (-7.4%) in 2020 compared to (0.9%) in 2019 due to the decline in the levels of demand for oil, the decline in oil revenues, and the increase in pressures on the state's general budget. These developments also affected the output in oil sector with a decline in production levels of crude oil by (8.6%). While the inflation rate during 2020 recorded an increase to (2.1%) against (1.1%) in 2019 mainly because of the rise in food prices, in addition to the increased pressures from some other factors that may be related to supply chains and the relative improvement of consumer spending after the easing restrictions imposed during the second half of the year. It is expected that Kuwait will record a deficit of (12.1) billion Kuwaiti dinars in 2021 compared to a deficit recorded at about (14) billion Kuwaiti dinars in 2020, the matter that required a number of financial reforms, including public finance control and rationalization of public spending, as well as public debt management reforms.

The growth of the **Algerian economy** contracted in 2020 by (-4.6%) against (0.8%) in 2019 because of the repercussions resulting from the COVID-19 pandemic. This contraction was reflected on activities of the non-oil sectors due to the closures of economic activities & the decline in production levels in the oil sector. In light of the decreased levels of demand for oil and Algeria's commitment to the OPEC + agreement to reduce production quantities, there was a decline in production levels of crude oil by (12%) in 2020, as production decreased from (1023) thousand barrels per day in 2019 to (899) thousand barrels per day in 2020.

With regard to domestic price developments, inflation rate increased by (2.4%) in 2020 compared to (2.0%) in 2019, and is expected to record (2.9%) during 2021 as a result of the challenges facing the regulation of internal markets, and the effects resulting from climate fluctuation and its impact on agricultural production. Also the impact of international oil prices change, and the extent of fluctuations in the exchange rates of both: the dollar and the euro - as they are the two main currencies in Algeria's commercial transactions. The Central Bank of Algeria has also adopted

an accommodative monetary policy in an attempt to support the domestic economy in order to contain the repercussions resulting from the COVID-19 pandemic. As a result, the policy interest rate was reduced twice since the beginning of the pandemic by (25) basis points each time, bringing the monetary policy interest rate down to (3%), as well as reducing the legal reserve requirement ratio three times to decline from (10%) in March 2020 to (2%) in February 2021.

The **Egyptian economy** recorded the second highest growth rate globally - an economic growth rate of (3.6%) - against a growth rate of (5.6%) in 2019 as a result of a number of factors. The most important of which are the strength of domestic demand in light of the large population base, the proactive and rapid measures adopted by the government at the level of health conditions & the support provided by the expansionary fiscal and monetary policies to limit the social and economic repercussions of the spread of COVID-19 pandemic. Also the taken measures that were extended to include workers in the informal sector which contributes about (40%) of the GDP, as well as the tangible rise in levels of public investments that financed many infrastructure projects and stimulated economic growth, as public investments included in the plan for the fiscal year 2020-2021 amounted to approximately (280) billion Egyptian pounds. These investments were directed towards strengthening the infrastructure in the construction, information & communication technology, and housing & transportation sectors, which played a major role in light of the uncertainty in enhancing confidence and compensating for the expected decline in private investment. On the other hand, the inflation rate decreased from (9.2%) in 2019 to (5%) in 2020. This decrease is attributed to the measures taken by the Central Bank of Egypt - including reducing basic interest rates and launching several initiatives directed to sectors affected by the spread of the pandemic, especially the tourism sector.



Chapter Two

Developments of Domestic Economic Sectors

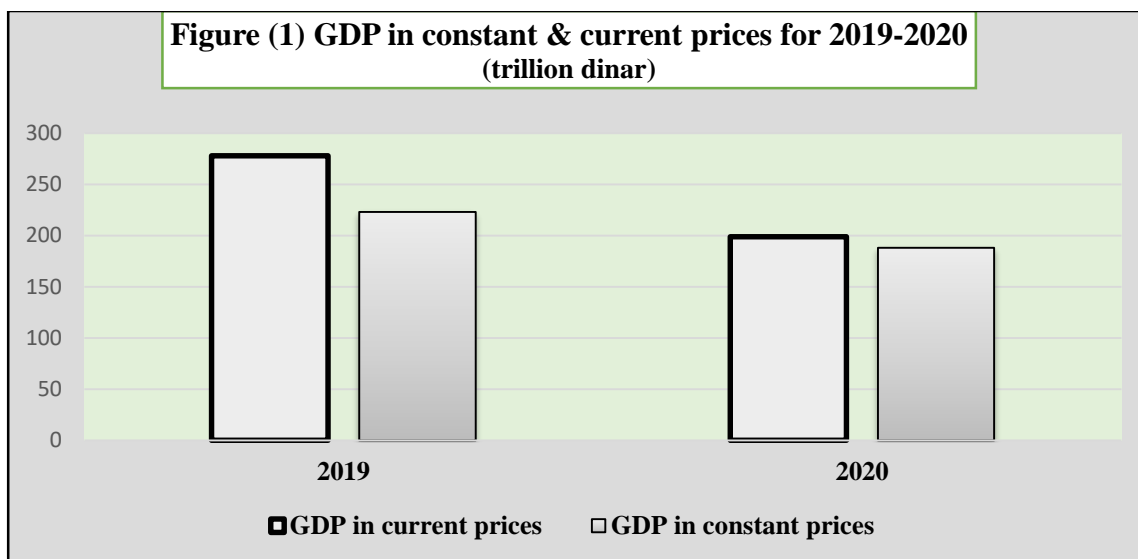
Developments of Domestic Economic Sectors

First: GDP for the 2020

In 2020, the Iraqi economy witnessed a significant decline in its level of performance as Corona pandemic, the decline in international crude oil prices, and (OPEC +) agreements had many negative consequences on the GDP, whether at current or constant prices, as shown below:

The preliminary estimates of GDP indicators in Iraq for 2020 refers to the following:

- The decrease in the value of GDP with oil at constant prices for 2020 by (-15.7%) after deducting the calculated service fee compared to the previous year to record IQD (188.1) trillion against IQD (223.1) trillion for 2019. This decrease is attributed to a decrease in crude oil production by (-12.4%) compared to the previous year reaching (1463.4) million barrels against (1670.3) million barrels in 2019.
- The added value of the GDP without oil also recorded a decrease of (-20.2%) to reach IQD (71.9) trillion in 2020 against IQD (90.1) trillion in 2019 due to a remarkable decrease in growth rate in building & construction, transportation & communications, wholesale & retail trade, and hotels (and the like), money & insurance, and real estate & business services sectors. In addition to social and personal development services, as shown in the **annex of Table (1)**.
- The value of GDP with oil at current prices decreased for 2020 compared to the previous year by (-28.5%) to record IQD (198.8) trillion in 2020 against IQD (277.9) trillion in 2019 due to the decrease in crude oil activity by (-46.9%). In addition to the decline in world oil prices by (-32.6%). The added value of GDP without oil also decreased by (-15.6%) due to the decrease in the growth of other sectors, except for the agricultural and industrial sectors, as shown in the **appendix of Table (2)**.
- A decrease in the per capita GDP at current prices reached IQD (4.95) million in 2020 compared to IQD (7.1) million for the previous year - with a decrease rate of (-30.3%), as shown in **Table (1)**.



**Table 1
GDP in constant and current prices and the average of per capita for 2019- 2020**

Details	2019	2020*	Growth rate%
GDP in constant prices (IQD trillion) base year (100=2007)	223.1	188.1	-15.7
GDP in current prices (IQD trillion)	277.9	198.8	-28.5
The per capita average of GDP in current prices (IQD million).	7.1	4.95	-30.3

The source: Planning Ministry/CSO

*Preliminary quarterly estimates

- The relative importance of activity of crude oil sector at constant prices reached (61.4%) in 2020 against (59.1%) in 2019. This percentage is considered the highest compared to the rest of the other sectors (non-oil) that reached (38.6%) of GDP at constant prices in 2020 against (40.9%) for the previous year, and this shows the rentier character of the Iraqi economy, **Table (2)**.

**Table 2
Relative contribution in GDP in constant prices for oil sector and other sectors for 2019-2020**

Sectors	2019	*2020
Relative contribution of oil sector in GDP%	59.1	61.4
Relative contribution of non-oil sector in GDP %	40.9	38.6
Total	100.0	100.0

The source: Planning Ministry/CSO

*Preliminary quarterly estimates

Second: GDP at constant & current prices according to total of the main activities (commodity, distribution, and service) as the following:

1- GDP at constant prices of the main activities (commodity, distribution and services)

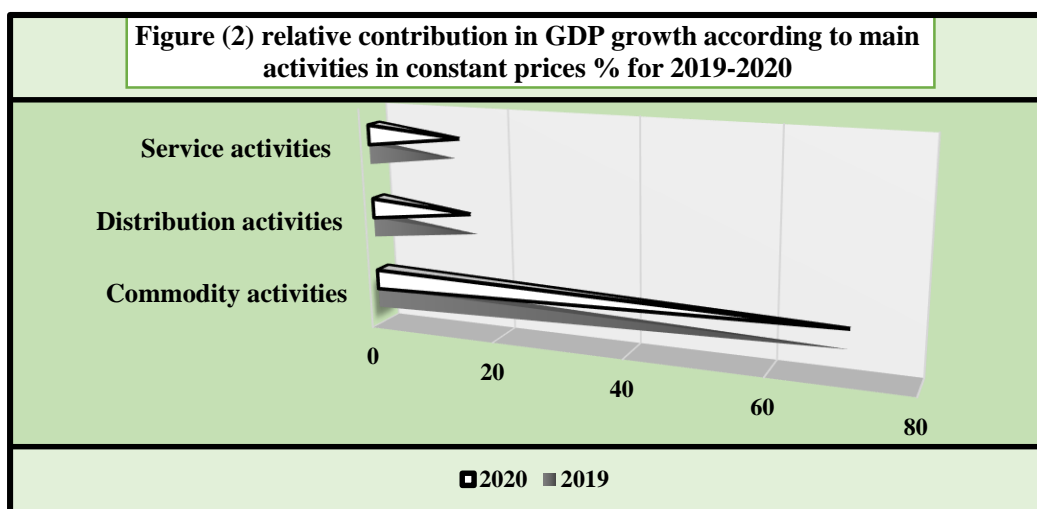
Commodity activities at constant prices recorded a decrease of (-15.8%) to reach IQD (133557.1) billion in 2020 against IQD (158693.3) billion for the previous year due to the decline in added value growth in both in mining & quarrying, and building & construction sectors by (-12.6%) and (-67.6%) respectively. Distribution activities recorded a decrease of (-20.6%) to reach IQD (29180.3) billion against IQD (36745.4) billion for the previous year due to a decrease in the added value in the (wholesale & retail trade sector and hotels), (transportation & communications and storage), and (banking & insurance) sectors by (-20.4%), (-18.7%), (-32.1%) respectively. Service activities also recorded a decrease of (-10.0%) from the previous year to reach IQD (26661.2) billion against IQD (29619.7) billion in 2019. Thus, Commodity activities rank first in terms of relative importance of the GDP at a rate of (70.5%) followed by distribution activities rate at (15.4%) and service activities by (14.1%), as shown in **Table (3)**.

Table 3
Relative contribution in domestic product growth for the main activities in constant prices (100=2007) for 2019-2020

Activities	2019	2020*	(IQD billion) Growth rate %
Commodity activities	158693.3	133557.1	-15.8
Contribution in GDP %	70.5	70.5	
Distribution activities	36745.4	29180.3	-20.6
Contribution in GDP %	16.3	15.4	
Service activities	29619.7	26661.2	-10.0
Contribution in GDP %	13.2	14.1	
GDP according to activities	225058.4	189398.6	-15.8

The source: Planning Ministry/CSO

*Preliminary quarterly estimates



2- GDP in current prices of the main activities (commodity, distribution, and services)

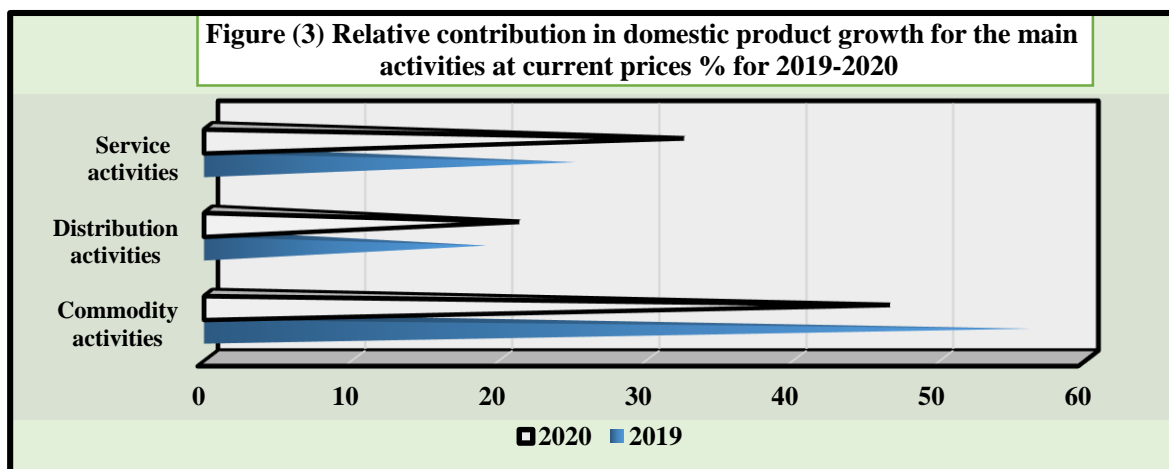
In 2020, commodity activities at current prices recorded a decrease of (-40.8%) with a contribution rate of (46.4%) to reach IQD (93400.6) billion, against IQD (157817.7) billion in 2019 due to the decrease in: (mining & quarrying), (electricity & water), and (building and construction) sectors by (-46.9%), (-3.9%), and (-63.1%), respectively. Distribution activities at current prices recorded a decrease in the growth rate of (-19.9%) with a contribution rate of (21.2%) to reach IQD (42698.3) billion against IQD (53327.7) billion for the previous year. Service activities also recorded a decrease during this year by (-7.4%) with a contribution rate of (32.4%) to reach IQD (65150.2) billion against (70,339.2) billion in 2019, as shown in **Table (4)**.

Table 4
Relative contribution in domestic product growth for the main activities at current prices for 2019-2020

Activities	2019	*2020	Growth rate %
Commodity activities	157817.7	93400.6	-40.8
Contribution in GDP %	56.1	46.4	
Distribution activities	53327.7	42698.3	-19.9
Contribution in GDP %	18.9	21.2	
Service activities	70339.2	65150.2	-7.4
Contribution in GDP %	25.0	32.4	
GDP according to activities	281484.6	201249.1	-28.5

The source: Planning Ministry/CSO

*Preliminary quarterly estimates



Third: The main activities contributing to the formation of the GDP at constant prices

1- Agriculture, forestry, hunting, and fishing activities:

In 2020, the added value of this sector's activity at constant prices recorded a growth of (4.5%) to reach IQD (8123) billion against IQD (7773.1) billion for the previous year due to the increase in agricultural production, as the production of (wheat & barley) recorded an increase of (36.4 %) compared to the previous year 2019. This was because of the abundance of rain during the season, and the contribution of the Ministry of Agriculture to support farmers, with both: providing them with agricultural requirements (seeds, fertilizers, pesticides, and modern techniques) and protect the local product & sound scientific planning. In addition to giving financial dues to farmers marketing the wheat & barley crops by the Ministry of Trade. On the other hand, the increase in the cultivated area for these two crops by (30.3%) compared to the previous year had a clear impact on the increase in wheat and barley production this year.

The average yield per dunum of wheat crop increased by (6%) to record (727.6) kg/dunum in 2020 against (686.1) kg/dunum in 2019. On the other hand barley crop recorded a decrease in the average yield of the dunum from (408.1) kg/dunum in 2019 to (387.8) kg / dunum in 2020. The decrease by (-5.0 %) was due to the increase in the cultivated area of wheat crop by (35.4%) against the cultivated area of barley crop by (21.7%) in 2020, as shown in **Table (5)**.

Table (5)
Agricultural production & cultivated areas in Iraq and Productivity per dunum for 2019-2020

crop	cultivated areas (thousand dunum)			Production (thousand ton)			The average per dunum (kg/dunum)		
	2019	2020	Change percentage%	2019	2020	Change percentage%	2019	2020	Change percentage%
wheat	6331	8574	35.4	4343	6238	43.6	686.1	727.6	6
barley	3721	4528	21.7	1518	1756	15.7	408.1	387.8	-5.0
total	10052	13102	30.3	5861	7994	36.4	1094.2	1115.4	1.9

The source: Planning Ministry/CSO

* Except for the Kurdistan region and the governorates (Nineveh, Salah al-Din, Anbar, Hawija district of Kirkuk governorate and some in Diyala governorate).

2- Mining and quarrying sector activity

In 2020, the added value of the activity of this sector at constant prices decreased by (-12.6%) to record IQD (116417.6) billion against IQD (133275.3) billion for the previous year mainly due to the decline in crude oil activity by (-12.6%) during this year to record an amount of IQD (116257) billion against IQD (133000.8) billion in 2019. This came because of the reduction in production quantities according to OPEC + agreement, as well as the isolation measures adopted by all countries of the world, which affected the global demand for energy compared to the previous year. While other types of mining decreased by (-41.5%) compared to the previous year. As for the percentage of contribution of this sector, it occupies the first rank with a contribution rate reaching (61.5%) of GDP as a result of the fact that Iraqi economy depends mainly on crude oil, which constitutes (61.4%) of GDP.

C- Manufacturing industry activity

The added value at constant prices for this sector witnessed an increase of (0.6%) compared to the previous year to record IQD (2327.1) billion in 2020 against IQD (2313.1) billion in 2019. This was a result of the role played by the Ministry of Industry during Corona crisis through manufacturing and producing pioneer models of respirators, air purifier, robots transporting medicine & food, connections to breathing devices with special technology, sterilization and fumigation gates. As well as the manufacture of nano-respirators, a protective mask and a health suit with the self-efforts by a number of companies of Ministry of Industry, Industrial Research and Development Authority, Military Industrialization Authority, University of Baghdad, University of Technology, and the private sector with the support of the Ministry of Health. Ministry of Industry has also provided preventive

supplies such as medicines, masks, dusting materials, and others to the Ministry of Health and health departments in the governorates to prevent the virus spread.

4 - Electricity and water activity

The added value of the electricity sector activity at constant prices recorded an increase of (5.6%) in 2020 compared to the previous year, as the added value amounted to IQD (2484.9) billion against IQD (2352.3) billion in 2019, but it still constitute a small contribution to the GDP amounting to (1.3%). The increase in the added value is attributed to the increase in electric power production by (0.9%) against the increase in demand for it by (4.3%), which led to an increase in the deficit of electric power by (18.0%), **Table (6)**.

Table (6)
Average of production & demand on electric power for (2019- 2020)
(MW)

Statement	2019	2020	Change percentage %
Electric power production	14008.3	14139.0	0.9
Demand on Electric power	17416.8	18159.9	4.3
Deficit	-3408.5	-4020.9	18

Source: Ministry of Electricity

- The import average of electric power increased in 2020 by (13.7%) compared to 2019, to record (10186.5) MWh compared to (8957.4) MWh for the previous year, as shown in **Table (7)**.
- The production capacity of the domestic investment lines increased by 14.0% compared to the previous year to reach (42904.8) MWh in 2020 compared to (37621.7) MWh in 2019.

Table (7)
Imported electric power & domestic investment lines for (2019- 2020)
(MW)

Statement	2019	2020	Change percentage %
Iranian line	8957.5	10186.5	13.7
Investment lines	37621.7	42904.8	14.0
Total	46579.2	53091.3	14.0

Source: Ministry of Electricity

5- Building and construction activity

The activity of the building & construction sector at constant prices recorded a significant decrease by (-67.6%) in 2020 compared to 2019. The added value recorded IQD (4204.5) billion against IQD (12979.5) billion of the previous year

due to the decrease in the number of contracts related to building & construction in all governorates as a result of comprehensive and partial isolation measures to confront the pandemic. As well as this sector was directly affected by not approving the general budget in the right time.

6-Transportation, Communication, and Storage Activity

Transportation & communications sector witnessed a decrease in its annual growth rate at constant prices during this year by (-18.7%) compared to the previous year, as the added value recorded IQD (13145.2) billion against IQD (16164.8) billion in 2019 due to isolation measures witnessed by the world in general and Iraq in particular. It contributed to (6.9%) of GDP; recording a decline in the percentage of its contribution of the previous year that amounted (7.2%), which is considered low despite the importance of this sector in the economic development.

7- Wholesale & retail trade, and hotels

The activity of this sector decreased at constant prices by (-20.4%) for this year compared to the previous year, with a contribution rate of (7.4%), as the added value reached IQD (14015.8) billion against IQD (17605.2) billion in 2019. This decrease was attributed to the isolation measures that the world has witnessed during 2020 due to the spread of the Corona pandemic and the decrease in global supplies.

8- Money, insurance, and real estate services

The activity of this sector at constant prices witnessed a decrease of (-17.6%) during this year compared to 2019, with a contribution rate of (5.3%) as the added value reached IQD (10006.1) billion against IQD (12141.1) billion for the previous year. This is mainly due to the decline in the activity of banks & insurance and housing ownership by (-32.1%) and (-12.9%) respectively, because of the double crisis that the country has went through.

9- Social & personal development services activity

This sector witnessed a decrease of (-8.7%) during this year compared to 2019, as the added value recorded IQD (18674.4) billion in 2020 against IQD (20454) billion for the previous year. This is due to a decrease in the activity of each of the general government by (-5.1%) because of the decline in oil revenues due to the decrease in demand for oil, and the decrease in personal services activity by (-19.0%). This sector ranked second in terms of its contribution to GDP, which recorded (9.9%) of the total GDP at constant prices.



Chapter Three

Monetary and Banking Developments

Monetary and Banking Developments

First: Monetary developments

In 2020, Money Supply M1 witnessed a rise of (19.1%) compared to the previous year due to the growth in currency outside banks and current deposits with a rate of (25.9%) and (10.8%) respectively. In addition, M2 recorded a growth rate of (15.9%) of the 2019, which is mainly due to M1 rise. Whereas monetary stability coefficient recorded (-1.01%) to reflect the presence of deflationary trend in the Iraqi economy.

The official exchange rate of Iraqi Dinar had maintained its value of IQD (1200) per US Dollar until the end of December 2020. The official exchange rate had been changed to become IQD (1470) per US Dollar. This change came according to the requirement of the economic and financial situation & monetary policy goals.

The CBI continued to adopt a policy rate of (4%) to be the interest rate introduced by banks according to supply and demand, as well as it continued to manage its reserves within acceptable rates according to international standards to record IQD (78.3) trillion, while general inflation rate & core inflation rate for this year recorded (0.6%) and (1%) respectively.

In light of the efforts towards developing financial institutions to be in line with the adopted financial and monetary policy in providing credit, bank financing, and work to address the causes of stagnation and avoid the rise in inflation rates. This is realized through many strategic initiatives and projects aiming to develop sectors and keep them in line with international standards in light of the promising growth opportunities available in those sectors, CBI has made the following:

- a. Postpone the payment of installments incurred by the beneficiaries of its initiatives to support small and medium-sized enterprises for a period of six months, including loans from the Real Estate Bank and the Housing Fund financed by the CBI-without additional charge.
- b. Enhance the liquidity of the projects that were previously financed from the initiative of the IQD (1) trillion with an amount not exceeding IQD (5) million, without additional collateral or guaranty; with the same guarantees and then restructure the loan installments for a new year of zero interest or for administrative commissions fees.
- c. As for the modern financial technologies, which are considered the ideal solution to address the Corona crisis, payment was made using electronic wallets via mobile phone and provided classifications by banks and payment

service providers that enable customers to easily access financial and banking services and purchase them via the Internet.

- d. Increase the capital of the Central Bank of Iraq from IQD (1) trillion to IQD (3) trillion using part of the reserve balance with an amount of IQD (2) trillion.
- e. Suspend issuing Islamic deposit certificates for all terms (30,91,182 & 364) days.
- f. Suspend investment deposits for a term of (7 and 30) days in Iraqi dinars since 14/6/2020. In addition, CBI Suspend the issuance of CBI bills for terms of (182 & 365) days since 10/6/2020 until further notice.

Based on the message of the CBI in adopting an efficient monetary policy that stems from the fact that monetary stability is a prerequisite for achieving: sustainable growth, a pivotal element of macroeconomic economy, a main factor in providing a proper environment for investment, and protecting the purchasing power of the national currency, The CBI had done the following:

- a- Prepare a consultative program with the World Bank to develop assets & reserves management (RAMP) and invest in bonds issued in US dollar.
- b- With the aim of supporting and achieving financial stability, an account was opened for the Central Bank with (Euro Clear) to keep the invested securities by this bank, reduce the costs of keeping securities, and obtain additional returns as a result of investment under the securities lending program - with the possibility of direct communication with bond holders. In addition to conduct the trading process (selling, buying) without the need for an intermediary and make the largest transfer of Islamic bonds and checks “sukuk” by the CBI to its account with the (Euro Clear).
- c- With the aim of diversifying investment instruments and targeting high-return instruments, the CBI made a number of investments, especially foreign ones, as the following:
 - 1- Purchase Islamic checks (sukuk) in US dollar with an amount of US\$ (2.9) billion against US\$ (2.5) billion in 2019, with an increase of (16%).
 - 2- Increase investment in deposits and bonds by creating new deposits and bonds issued by central banks, commercial banks, and financial institutions to maximize the annual returns of this bank.

1- Money Supply Developments

a- Money Supply M1

Money Supply M1 recorded a rise of (19.1%) at the end of 2020 compared to 2019 to reach IQD (103.4) trillion against IQD (86.8) trillion in 2019, mainly due to the growth of currency outside banks with a rate of (25.9%) to record IQD (60) trillion against IQD (47.6) in 2019 and constitute (58%) of the money supply (M1). This rise is due to the increase in public spending during the spread of health crisis on medical supplies and hospital rehabilitation. As well as giving grants to families during the implementation of the comprehensive ban, while current deposits recorded an increase of (10.8%) to reach IQD (43.4) trillion against IQD (39.1) trillion in 2019 and constitute (42%) of money supply M1, as indicated in the **annex of table (3)**.

b- Money Supply M2 (domestic liquidity)

Money Supply M2 (domestic liquidity) recorded a rise of (15.9%) at end of 2020 compare to previous year 2019 to record IQD (119.9) trillion against IQD (103.4) trillion in 2019 and constitute (60.3%) of GDP in current prices.

The increase in domestic liquidity M2 came because of the growth in money supply M1 at a rate of (19.1%), while other deposits (fixed, saving & postal deposits and insurance) recorded a decrease of (-0.7%) to reach IQD (16.6) trillion in 2020 against IQD (16.7) trillion in 2019, as indicated in the **annex of table (3)**.

c- Factors Affecting Money Supply

Expansive factors represented by (net foreign assets with the banking system, net government debts, private sector debts, other sectors, and other deposits) had a notable role in money supply increase during 2020. As net foreign assets balance rose from IQD (102069) billion at end of 2019 to IQD (104814) billion at end of 2020 with an increase of (2.7%) to constitute (8%) of total expansive factors of IQD (34593) billion. While net government debts, which is represented by the difference between extended credit to the government in the form of (transfers, loans, and deposits) also had represented an expansive factor, as it reached IQD (27230) billion. Its contribution rate was (78.7%) of total expansive factors due to the reduction in government deposits by IQD (2318) billion against the increase in government debts by IQD (24912) billion. Both items: private & other sectors debts and other deposits had an expansive role in increasing money supply, as the first rose by IQD (4501) billion to record IQD (30937) billion against IQD (26436) billion in 2019 with an increase rate of (17%). While the second item declined by IQD (117) billion with rate of (-0.7%) in 2019. Those two items contributed to (13.0%) and (0.3%) respectively of total expansive factors, while budget item (Budget item in the

monetary equation) constituted a contractionary factor on money supply as it reached IQD (18011) billion, as indicated in **table (8)**.

Table (8)
Money Supply and Effecting Factors for 2019 & 2020

Statement	Dec 2019	Dec 2020	Amount of change from the last year	Growth rate %
Net Foreign Assets with the Banking System (CBI+ banks)	102,069	104,814	2,745	2.7
Private Sector & Other Sectors Debts	26,436	30,937	4,501	17.0
Government Debts	43,200	68,112	24,912	57.7
Total Assets	171,705	203,863	32,159	18.7
Money supply (M1)	86,771	103,353	16,582	19.1
Currency Outside Banks	47,639	59,987	12,348	25.9
Current Deposits	39,132	43,366	4,234	10.8
Other Deposits	16,670	16,553	(117)	(0.7)
Government Deposits	44,027	41,709	(2,318)	(5.3)
Budget item	(24,237)	(42,248)	(18,011)	74.3
Total Non-Cash Liabilities	84,934	100,510	15,576	18.3
Total Liabilities	171,705	203,863	32,159	18.7

Preliminary adjusted data

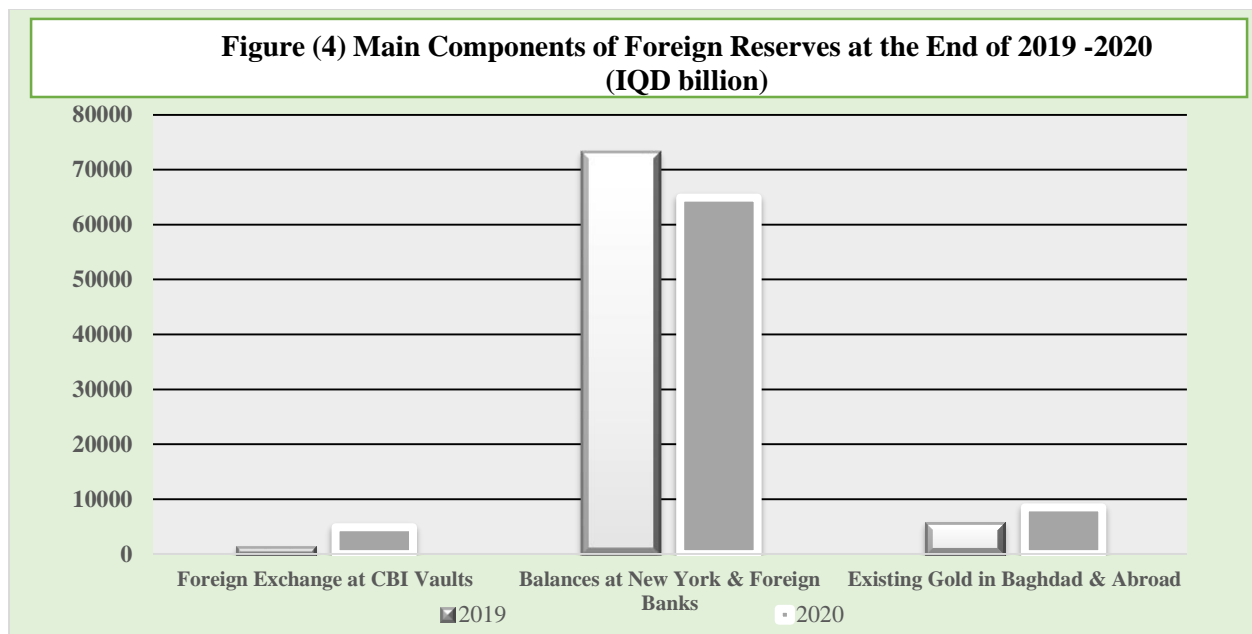
2- Foreign Reserves with the Central Bank of Iraq

At the end of 2020, foreign reserves balance recorded a decline of (-2.0%) of the previous year to reach IQD (78.3) trillion compared to IQD (80) trillion in 2019, as indicated in **table (9)**.

The decline is mainly due to the decrease in foreign investment abroad with a rate of (-11.3%) to reach IQD (64.9) trillion in 2020 against IQD (73.2) trillion for the previous year, while the available gold balance in Baghdad and abroad increased by (52.3%), which amounted to Approximately IQD (8.5) trillion in 2020 against IQD (5.6) trillion in 2019. The foreign exchange balance in the vaults of the Central Bank recorded an amount of IQD (4.9) trillion in 2020 against IQD (1.2) trillion in 2019.

Table (9)
Main Components of Foreign Reserves for 2019 & 2020

Item	2019	2020
Foreign Exchange with CBI's Vaults	1,162	4,887
Balances in Foreign Banks and New York	73,184	64,919
Gold available in Baghdad and Abroad	5,572	8,487
Foreign reserves	79,918	78,293



CBI Consolidated Budget

CBI consolidated budget for 2020 indicates that its total assets (liabilities) had recorded a rise of (25.6%) compared to 2019, as CBI assets (liabilities) reached IQD (127.6) trillion at the end of 2020 against IQD (101.6) trillion in 2019, as indicated in **table (10)**.

Assets Side

Data in **table (10)** indicates a decrease of (foreign) assets with an amount of IQD (1.5) trillion with a rate of (-1.9%) to reach IQD (78.9) trillion at the end of 2020 against IQD (80.4) trillion of the previous year, which represent the largest part of CBI's total assets with a rate of (61.8%).

Government debts (government bonds & bills, loans, and advances to government agencies) recorded a rise of (163%) of the previous year to reach IQD (42.7) trillion against IQD (16.2) trillion for the previous year. This rise is due to the increase in the item of (government bonds and bills) by (184.2%) and the decline in loans, and advances to government agencies with a rate of (-11.1%). This came as result of resorting to internal borrowing to reduce the gap of state's public budget deficit according to the two borrowing laws for 2020. Also other assets rose in 2020 by (20.9%) to amount IQD (6) trillion against IQD (5) trillion of the previous year.

Liabilities Side

The monetary reserves recorded a rise of IQD (10.6) trillion or by (13.6%) compared to the previous year due to the increase in currency outside banks by (25.9%).

As for deposits in US\$, they recorded a remarkable rise of (15.5%) compared to the previous year, while government deposits recorded a decline of (-11.7%).

As for capital and reserves items, they recorded a remarkable rise of (152.5%) compared to 2019.

Table (10)
CBI Consolidated Budget for 2019 & 2020

	(IQD Million)	
Items	2019	2020
Assets		
Foreign Assets	80,383,896	78,888,824
Government Debts	16,217,909	42,659,802
Government bonds & bills	14,462,895	41,100,386
Loans & Advances of Government Agencies	1,755,015	1,559,416
Loans & Advances of Commercial Banks	0	0
Other Assets	4,963,789	6,001,593
Total Assets or Liabilities	101,565,594	127,550,219
Liabilities		
Monetary Reserves	78,253,336	88,861,792
Banking Facilities	453,130	0
Deposits in US\$	5,119,364	5,910,960
Government Deposits	8,299,379	7,325,246
Foreign Liabilities	22,191	6,183
Capital & Reserves	10,907,810	27,540,663
Other Liabilities	(1,489,616)	(2,094,625)

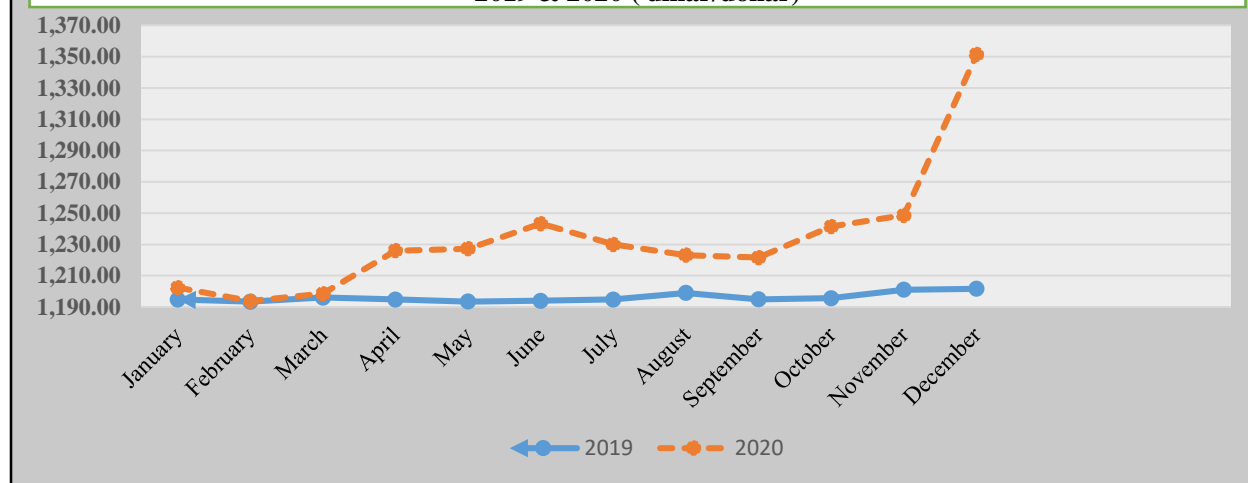
Preliminary adjustable data

Second: Developments of Indirect Monetary Policy Instruments

1. Foreign currency buying & selling Window

The exchange rate of IQD against the US\$ dollar in the domestic market for 2020 reached IQD (1234) per US\$ against IQD (1196) per dollar in 2019, as shown in **annex of table (4)**.

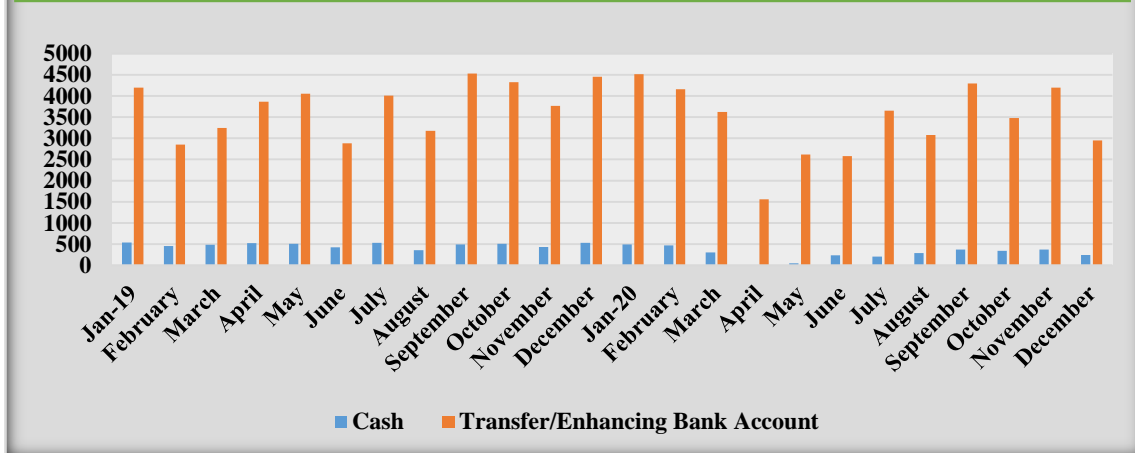
Figure (5) Monthly Average of the Exchange Rate of IQD against US\$ in Domestic Market for 2019 & 2020 (dinar/dollar)



Sold amounts of US\$ at the CBI foreign currency buying & selling window (cash, enhance banks' balances abroad) for 2020 declined by (-13.8%) of 2019 to record US\$ (44.1) billion. Cash sales also decreased by (-41.6%) in 2020 because of a decrease in demand from individuals for the purposes of travel or treatment abroad due to cease transportation between countries during this year. As well as the absence of dollar purchases from Ministry of Finance by CBI for August and September of the year 2020, as shown in **annex of table (5)**.

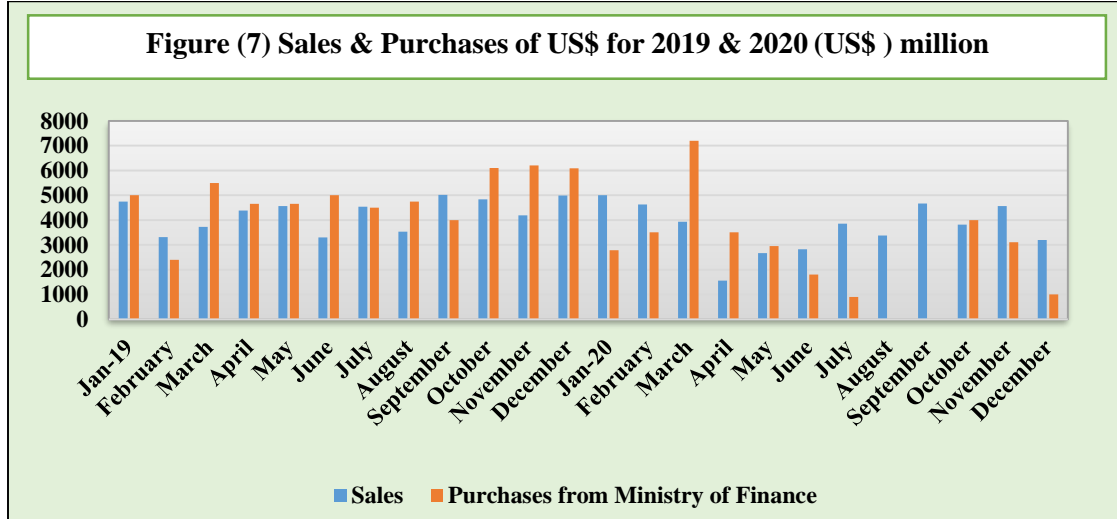
CBI's foreign currency sales were distributed to US\$ (40.7) billion to enhance the balance of banks abroad & US\$ (3.4) billion in cash. As the transfer sales to enhance balances abroad constituted (92.4%) & cash sales constituted (7.6%) of the total sold amounts, while dollar sales recorded US\$ (51.1) billion in 2019, of which US\$ (45.4) billion were sold as balance enhancement abroad & US\$ (5.7) billion were sold in cash - each of which constituted (88.7%) & (11.3%) respectively of total sales.

Figure (6) Sold Amounts of US\$ through/ CBI Foreign Currency Buying & Selling Window (Cash, Enhancing Banks' Balances Abroad) for 2019 & 2020 (US\$ million)



As for CBI purchases of US\$ from Ministry of Finance, it has recorded a decrease of (-47.8%) to reach US\$ (30.7) billion during 2020 compared to US\$ (58.9) billion in 2019. This is due to the decline in government revenues from crude oil because of the decrease in demand for energy due to the general closure that the world witnessed, especially during the first half of 2020, as shown in **annex of table (6)**.

Figure (7) Sales & Purchases of US\$ for 2019 & 2020 (US\$) million



2. Standing Facilities

During this year, CBI continued adopting a policy rate of (4%) annually, while it ceased operating with the investment windows for (7) and (30) days according to the Board of Directors Decision.

Operating the CBI's financial instruments in US\$; all dollar financial products (deposits, CBI's bills, and Islamic deposit certificates). This had come because of

weak response of banks in diversifying their investment portfolio in a way that achieves the required goals for the mentioned period, with continuing maturities of the principal amount with interest.

As for standing lending facilities, CBI continued operating with this instrument in implementing goals of CBI monetary policy aiming at granting credit to banks in order to ensure the control of banking liquidity and affect it through interest rates (pricing signals), which was set for each kind of them as follows:

- Initial credit (6%) annually.
- Secondary credit (7%) annually.
- last resort loan (7.5%) annually

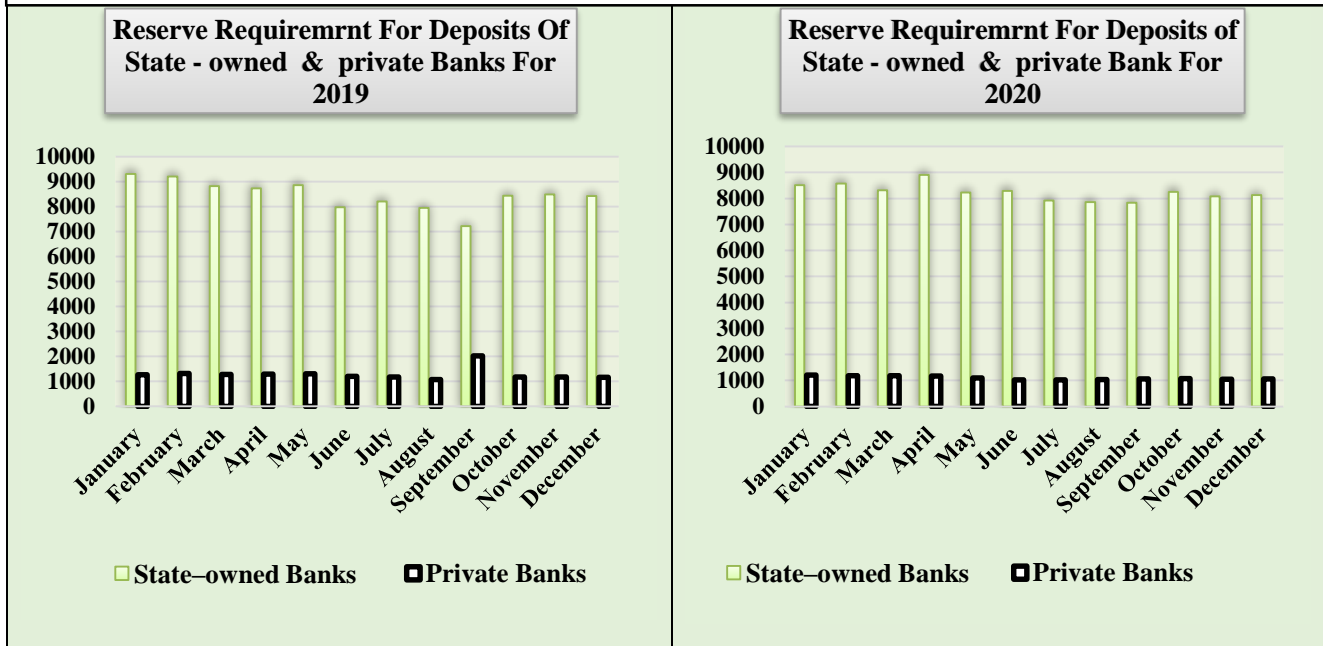
None of the state-owned or private banks had applied for any of these credits during 2020.

3. Reserve Requirement

In accordance with the adopted monetary policy trends with its high resilience to support economic development process and in order to support banking system policy with regard to provide liquidity, the reserve requirement ratios on current and current nature deposits were reduced from (15%) to (13%) for the Iraqi dinar only. This decrease was to provide the necessary liquidity to face the double crisis that the country had witnessed, while both saving and fixed deposits maintained their ratio of (10%) for the Iraqi dinar & US dollar for all banks. The ratio for Islamic banks was (5%) on time deposits.

At the end of 2020, reserve requirement decreased by (-4.2%) to reach IQD (9.2) trillion against IQD (9.6) trillion at the end of 2019. This is due to a decrease in reserve requirements on deposits with the private banks by (-8.3%) to record IQD (1.1) trillion compared to IQD (1.2) trillion in 2019, and a decrease in the reserve requirement on state-owned banks deposits by (-3.6%) to record IQD (8.1) trillion compared to IQD (8.4) trillion in 2019. as shown in **annex of table (7)**.

Figure (8) Reserve Requirement for Deposits of State-owned & Private Banks for 2019 & 2020 (IQD trillion)



4. CBI Treasury Bills

In implementation of the monetary policy pursued by the CBI, which aims to achieve monetary stability within the framework of open market operations by activating its indirect monetary instruments in its management of public liquidity, CBI issued treasury bills for (182 & 365) days’ maturity through the Central Securities Depository system (CSD). The issuance of these bills has also been suspended as of 10/6/2020 until further notice. Below are the most important auctions held during the first half of 2020:-

- (3) Auctions for (182) days with an amount of IQD (100) billion for a single issue. The actual sold amount reached IQD (163.9) billion at a cut rate of (2.5%), while the paid amount reached IQD (340.0) billion in 2020.
- (1) Auction for (365) days with an amount of IQD (100) billion for a single issue. The actual sold amount reached IQD (34.6) billion at a cut rate of (3.0%), while the paid amount was IQD (171.5) billion, as shown in **annex of table (8)**.

Third: Banking Developments

During 2020, the CBI has taken many measures that facilitate and support the banks to enhance their role in financing economic activity. The most important measures and steps taken by CBI are:

- A- Providing banking facilities by reschedule bank loans to the private sector, especially the overdue loans on small and medium-size companies. As well as, extend the repayment period for future loans to most vulnerable sectors that are exposed to the repercussions of the virus and reduce the borrowing cost.
- B- Convert money transfer companies to Islamic banks, stipulating a capital of IQD (100) billion and increase their capital within a period of three years to IQD (250) billion, with giving priority to the merged companies.
- C- Approaching microfinance institutions to stimulate micro-enterprises whose financing amount do not exceed IQD (5) million. They can be financed from the CBI initiative of IQD (1) trillion, since they are among the enterprises that occupies a large part of the informal sector that cannot be over looked by the informal sector.
- D- With the aim of developing the Iraqi banking sector and increase its role in the economic activity, many Iraqi and foreign private banks that have branches in Iraq have already added their confirmation related to credits of crude oil exports in accordance with the initiative to record credits of crude oil exports to reduce risks. It was requested from foreign banks that issue L/C credits of crude oil exports to record them by another bank other than the issuing bank to reduce the credit risks resulting from the fluctuation of global economic conditions and to ensure that the amounts of oil shipments are obtained before their due dates.

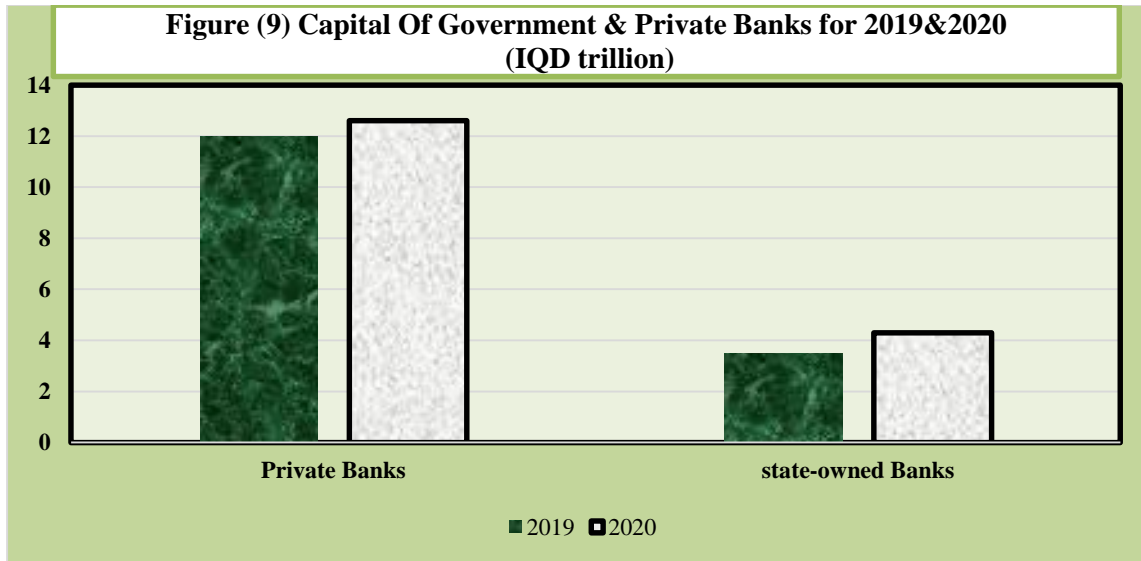
1- Banking System Structure for 2020

Commercial banks operating in Iraq at the end of 2020 reached (76) banks, distributed as follows: -

- (7) State-owned banks, including (3) commercial banks, (3) specialized banks, and one Islamic bank.
- (69) Private Banks, including (27) domestic Islamic banks, (24) domestic commercial banks, (16) foreign banks, and (2) foreign Islamic banks.

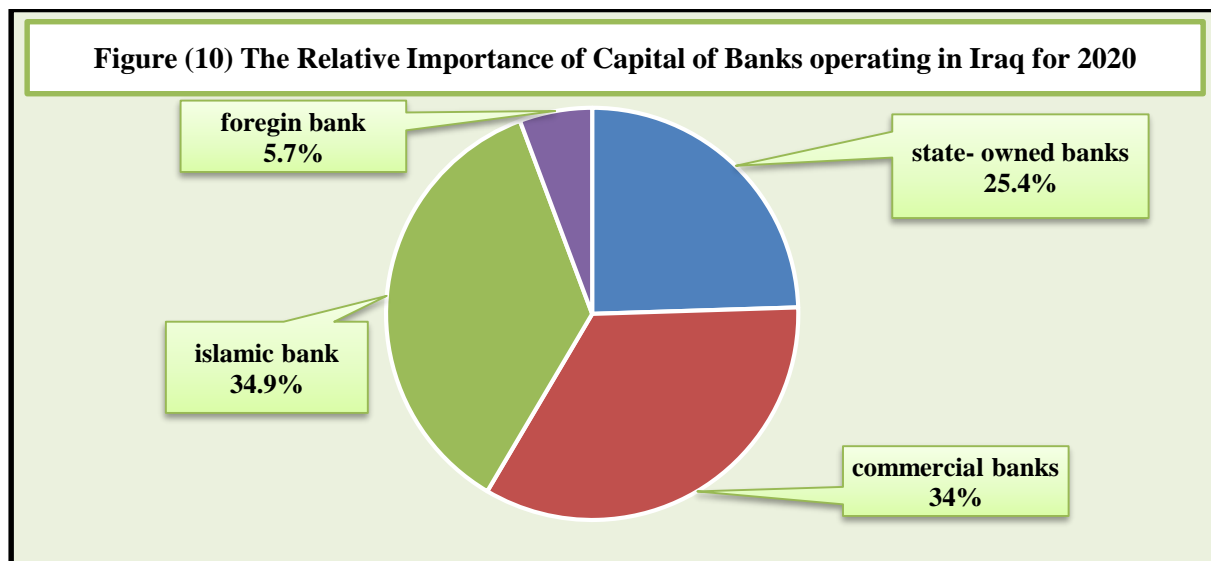
2- Financial Position of the Banking System

During 2020, total capital for banks operating in Iraq recorded a rise of (9.0%) to reach an amount of IQD (16.9) trillion against IQD (15.5) trillion in 2019.



The largest percentage of total capital for bank operating in Iraq was concentrated in the capital of private banks, which amounted IQD (12.6) trillion with a contribution rate of (74.6%) .The contribution of foreign commercial banks was (5.7%) of the total capital of the banks, while the contribution of the capital of Islamic banks (both foreign & domestic) excluding of Al-Nahrain Islamic State-owned Bank reached (34.9%). The contribution of the capital of domestic commercial banks reached (34%) of the total capital of banks.

In 2020, the capital of state-owned commercial and specialized banks increased by (22.9%) compared to the previous year to reach IQD (4.3) trillion against IQD (3.5) trillion in 2019, to constitute a contribution rate of (25.4%) of total capital for bank.



3-Consolidated Budget for Commercial Banks Operating in Iraq

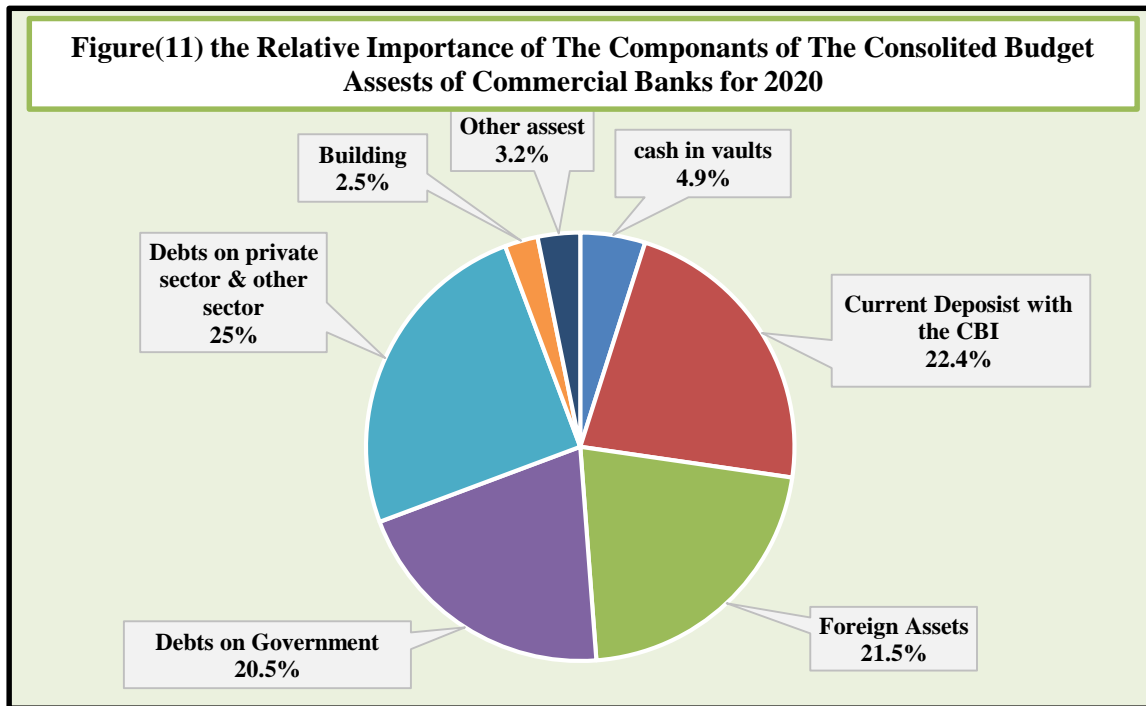
At the end of 2020, the consolidated budget of commercial banks in Iraq showed a slight improvement in banking performance through increased assets (liabilities) by (3.2%) compared to the previous year, reaching IQD (124) trillion against IQD (120.1) trillion at the end of 2019, as shown in **table (11)**.

This rise is attributed to the increase in cash in the fund, debts on the private sector & other sectors, foreign assets, and buildings on the assets side against the rise in current deposits, capital, reserves, allocations, and other liabilities on the liabilities side.

The following is an analysis of the most important developments in the budget of commercial banks in 2020.

Assets Side

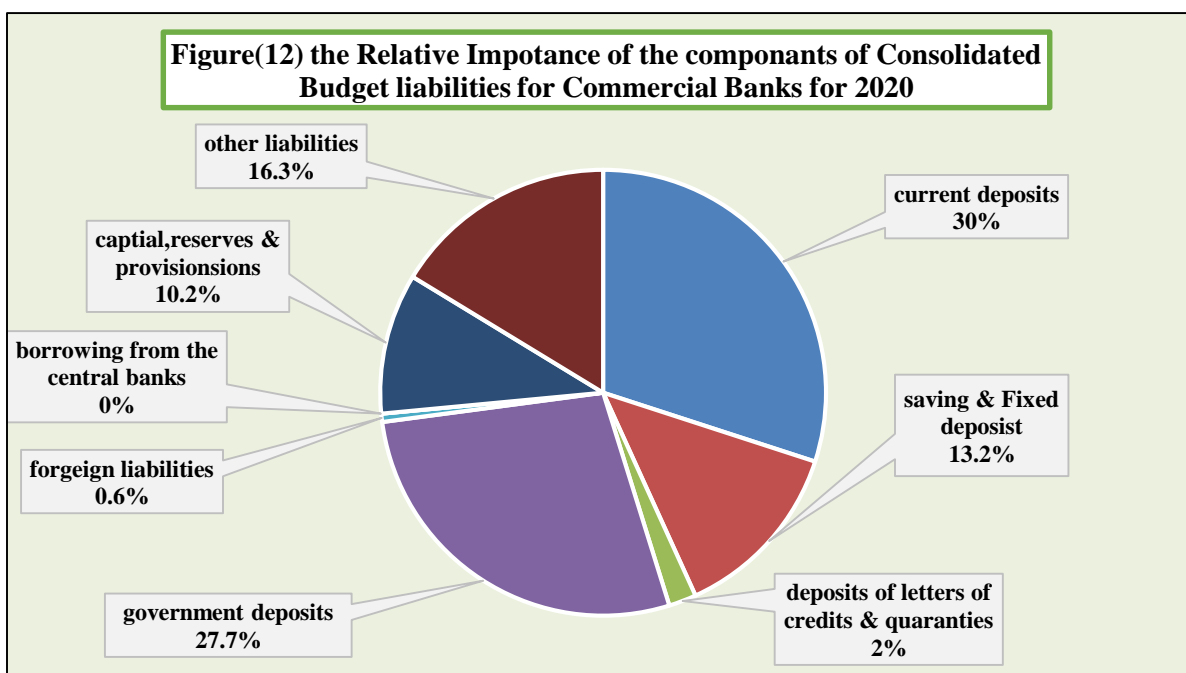
- Foreign assets side, including (foreign investments of commercial banks and their debit balances with commercial banks outside Iraq + foreign exchange), an increase of (18.5%) compared to the previous year, reaching IQD (26.7) trillion against IQD (22.5) trillion at the end of 2019, with contribution rate of (21.5%).
- The cash in vaults item (that banks keep in their vaults to meet the daily withdrawal requests and the rest of their various needs) increased by (44%) to reach IQD (6.0) trillion against IQD (4.2) trillion for the year 2019, with a contribution rate of (4.9%) of the total assets.
- The current deposits item with the CBI recorded a decrease of (-14.9%) to reach IQD (27.8) trillion, compared to IQD (32.6) trillion at the end of 2019, to record a contribution rate of (22.4%) of total assets of the banks.
- The debts on the government item decreased by (-5.7%) to reach IQD (25.5) trillion against IQD (27) trillion at the end of 2019, with a contribution rate of (20.5%) of total assets of the banks.
- The debts of the private sector and other sectors item increased by (17%) to reach IQD (30.9) trillion against IQD (26.4) trillion at the end of 2019 as a result of the increase in credit extended to the private sector by (22.9%) with a contribution rate of (25%) of total assets of the banks.
- The buildings item, which is part of the fixed assets of the banking sector, increased with a rate of (6.6%) to record IQD (3.1) trillion against IQD (2.9) trillion at the end of 2019 with a contribution rate of (2.5%) of total assets of the banks. In addition, this rise is attributed to increase in the number of banks.
- As for the other assets item, it recorded a decrease of (-10%) to reach IQD (4) trillion against IQD (4.4) trillion at the end of 2019, with a contribution rate of (3.2%).



Liabilities Side (sources of banks' funds)

Liabilities of commercial banks recorded an increase of (3.2%) compared to 2019. This rise is attributed to the increase in current deposits by (10.5%) to reach IQD (37.2) trillion against IQD (33.7) trillion at the end of 2019 to record the highest contribution rate of (30%) of the total liabilities of the banks. Other liabilities recorded an increase of (11.6%) to record a contribution rate of (16.3%) of the total liabilities of commercial banks, as shown in **table (11)**.

As for government deposits with banks, they decreased by (-3.8%) to record IQD (34.4) trillion against IQD (35.7) trillion at the end of 2019, with a contribution rate of (27.7%) of the total liabilities. This came because of the decline in government revenues and the decline in the exported quantities of crude oil, which affected revenues for the year 2020. In addition, savings and fixed deposits recorded a slight decrease by (-0.6%) to reach IQD (16.3) trillion against IQD (16.4) trillion in 2019, with a contribution rate of (13.2%). As well as deposits of credits and guarantees decreased by (-10.1%) to reach IQD (2.5) trillion against IQD (2.7) trillion at end of 2019 with a contribution rate of (2%). Foreign liabilities recorded a remarkable decrease of (-7.4%) to reach IQD (0.7) trillion against IQD (0.8) trillion with a contribution rate of (0.6%) of the total foreign liabilities.



**Table (11)
Consolidated Budget for Commercial Banks for 2019&2020**

(IQD million)

Items	Dec. 2019	Dec. 2020	Change rate %	Relative Importance %
Assets				
Cash In Vaults	4,196,147	6,044,136	44.0	4.9
Current Deposits with the CBI	32,625,222	27,768,926	(14.9)	22.4
Foreign Assets	22,499,212	26,664,980	18.5	21.5
Debts on Government	26,981,712	25,452,346	(5.7)	20.5
Private Sector & Other Sectors Debts	26,436,464	30,937,352	17.0	25.0
Buildings	2,929,241	3,121,884	6.6	2.5
Other Assets	4,423,272	3,982,191	(10)	3.2
Total Assets & Liabilities	120,091,270	123,971,815	3.2	100
Liabilities				
Current Deposits	33,658,889	37,194,354	10.5	30
Saving & Fixed Deposits	16,407,899	16,309,028	(0.6)	13.2
Deposits of Letters of Credits & guaranties	2,746,840	2,468,176	(10.1)	2
Government Deposits	35,727,336	34,383,788	(3.8)	27.7
Foreign Liabilities	792,020	733,237	(7.4)	0.6
Borrowing from CBI	0	0	0	0.0
Capital, Reserves, and Provisions	12,613,246	12,635,753	0.2	10.2
Other Liabilities	18,145,040	20,247,479	11.6	16.3

Preliminary adjustable data.

4-Banking Deposits

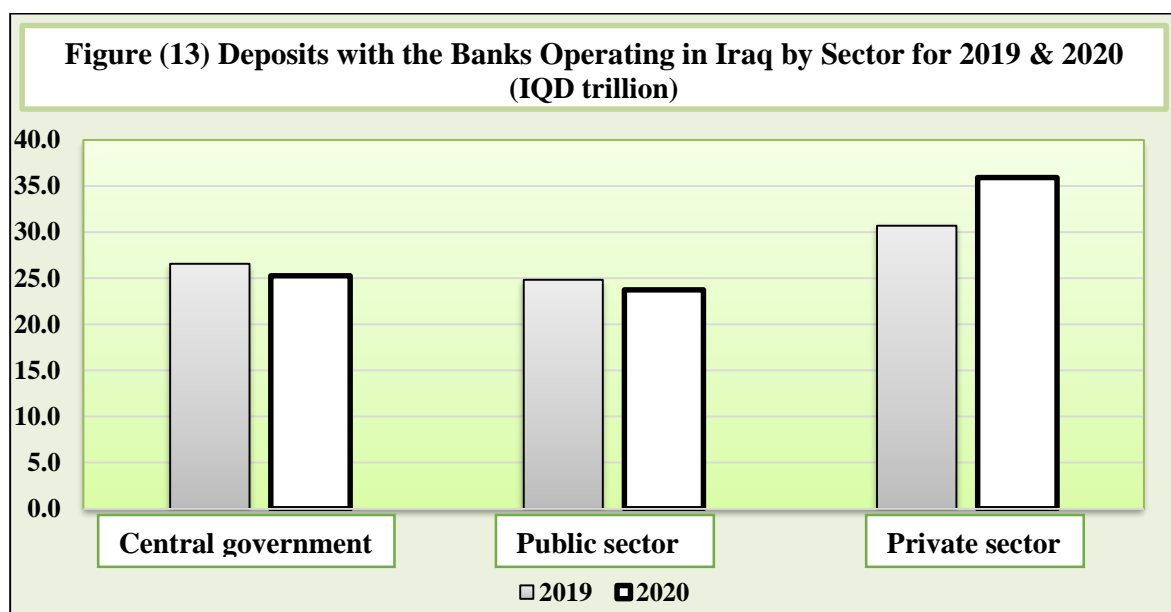
The total deposits with banks operating in Iraq at the end of 2020 recorded an increase of IQD (2.8) trillion with a rate of (3.4%) from its level recorded in 2019, reaching IQD (84.9) trillion against IQD (82.1) trillion in 2019.

Analysis of Total Deposits Structure by Sector

In 2020, the deposit balance of private sector recorded an increase of 16.9% to rank first in growth among other sectors in terms of growth rates compared to 2019. As it recorded IQD (35.9) trillion against IQD (30.7) trillion in 2019, due to the increase in current and savings deposits by (32.3%) and (0.3%), respectively, and the decrease in the growth of fixed deposits by (-9.9%).

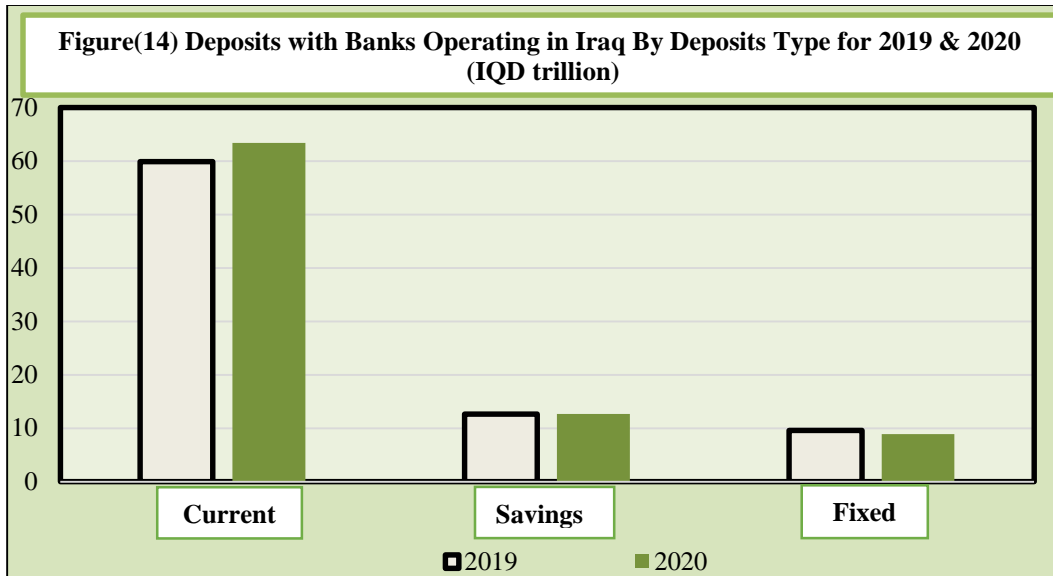
The balance of deposits with the public institutions sector recorded a decline in its growth rate of (-4.4%) to reach IQD (23.7) trillion in 2020 against IQD (24.8) trillion in 2019, due to the decrease in the balance of current deposits by (-4.9%), as shown in the **appendix of table (9)**.

The balance of deposits with central government sector decreased by (-4.9%) compared to the previous year to reach IQD (25.3) trillion in 2020 against IQD (26.6) trillion for the previous year, due to the decline in the balance of fixed and current deposits by (-9.7%) and (-3.6%), respectively.



Analysis of Total Deposits Structure by Type

During 2020, the current deposits ranked first in terms of growth rates compared to other deposits to record a growth rate of (5.8%) of the previous year to reach IQD (63.4) trillion against IQD (59.9) trillion in 2019. Followed by saving deposits which ranked second with a rate of (0.3%), while fixed deposits recorded a decline of (-7.3%) compared to 2019.



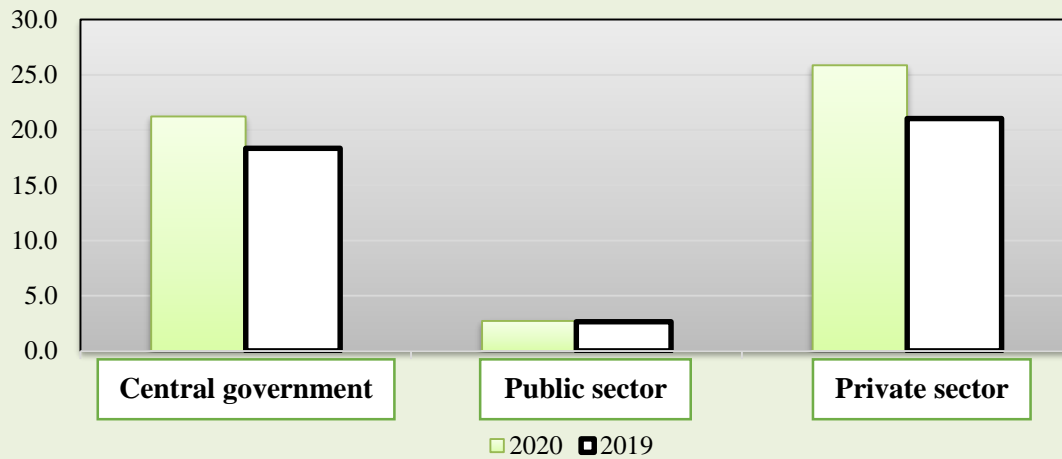
5-Banking Credit

At end of 2020, the standing balance of total credit facilities extended by banks operating in Iraq recorded a rise of IQD (7.8) trillion with a rate of (18.5%) of the previous year to reach IQD (49.8) trillion against IQD (42.1) trillion in 2019, to constitute (25.1%) of GDP in current prices.

Analysis of Extended Credit Structure by Borrower

In 2020, the balance of credit extended to the private sector increased by (22.9%) ranking first in terms of its contribution rate of (51.9%) of the total extended cash credit. In addition, the balance of credit facilities (cash) extended to the central government for this year increased by (15.7%) compared to 2019, as it ranked second in terms of its contribution rate of (42.6%) of the extended cash credit balance. The balance of credit facilities extended to public institutions recorded an increase of (2.3%) of the previous year to constitute (5.5%) of the total extended cash credit.

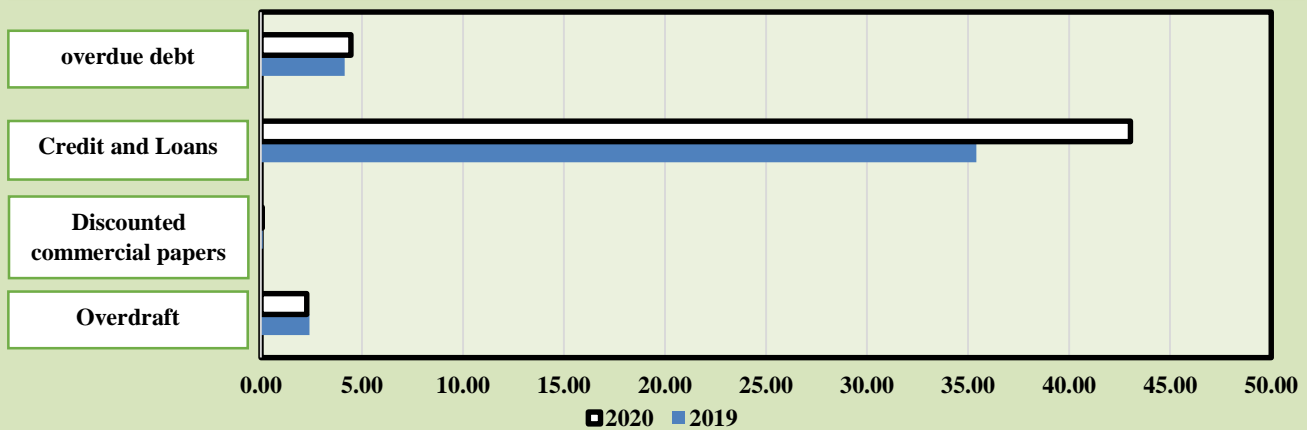
Figure (15) Extended Cash Credit by Banks Operating in Iraq by Sector for 2019 & 2020 (IQD trillion)



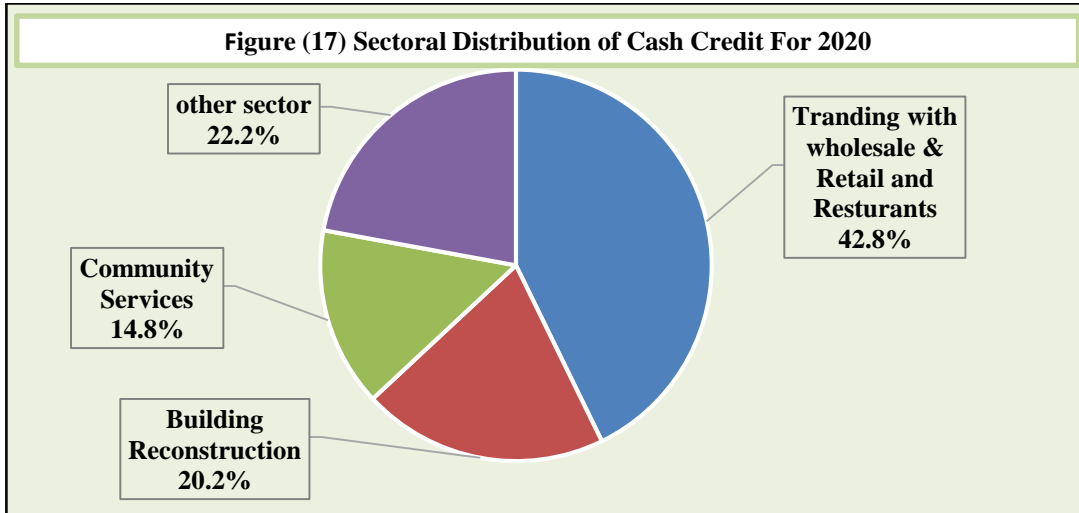
Analyses of the structure of total standing facilities by type classification

As for the year 2020, loans & advances item accounted for the majority of the extended credit by banks operating in Iraq to record (86.4%) of total credit balance with a growth rate of (21.5%). Followed by the overdue debts item to record a growth rate of (7.3%) of the year 2019 with a contribution rate of (8.9%) of total credit balance, while the overdrawn accounts & discounted commercial securities items decreased by (-6%) & (-20.9%), respectively, with a contribution rate of (4.6%) & (0.1%), respectively of total extended credit balance, as shown in **appendix of table (10)**.

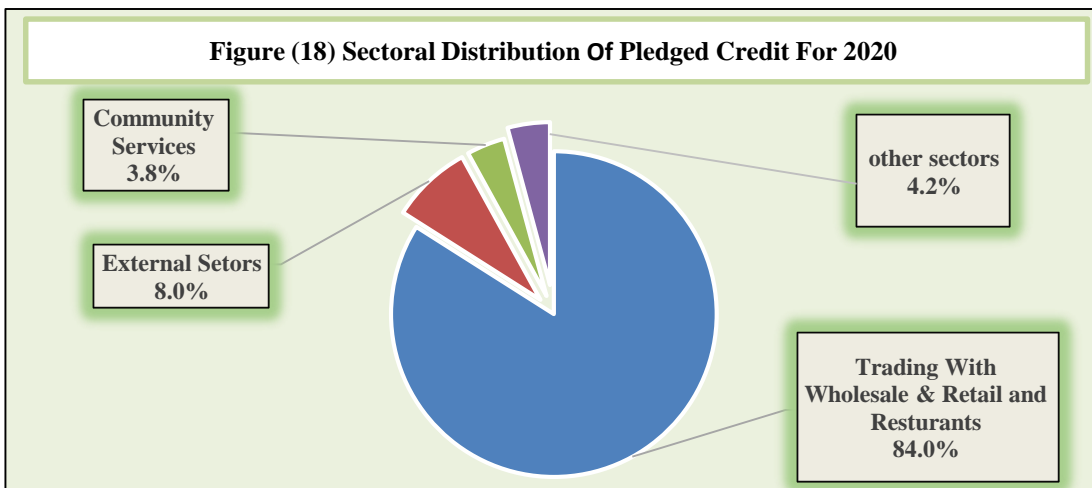
Figure (16) Extended Cash Credit by Banks Operating in Iraq by Sector for 2019 & 2020 (IQD trillion)



As for the sectoral distribution of the credit facilities extended by banks operating in Iraq, the cash credit for the year 2020 recorded an increase of (18.5%) of the previous year to record IQD (49.8) trillion against IQD (42.1) trillion in 2019. The (trade, restaurants, hotels sector) ranked first of total cash credit with a contribution rate of (42.8%), followed by the (construction & building sector) with contribution rate of (20.2%). Community services sector ranked third with a contribution rate of (14.8%), while the rest of the sectors recorded a rate of (22.2%) of the total cash credit.



As for the pledged credit extended by commercial banks operating in Iraq for the year 2020, it recorded a slight increase of (0.7%) of the previous year to reach IQD (25.5) trillion against IQD (25.3) trillion in 2019. The (trade, restaurants, hotels sector) topped the total extended pledged credit with a rate of (84%), while the external world sector ranked second with a rate of (8%), followed by the community services sector at the third place with a rate of (3.8%). The rest of the sectors recorded (4.2 %) of the total extended pledged credit, as shown in the **appendix of table (11)**.





Chapter Four

Developments of Public Finance Sector

Public Finance Sector

First: Public Budget

- In 2020, actual public revenues recorded a remarkable decrease by (-41.2%) compared to the previous year 2019 to constitute (31.8%) of GDP in current prices.
- Actual public expenditures recorded a decrease by (-31.9%) compared to the previous year 2019 to constitute (38.3%) of GDP, as illustrated in **table (12)**.

Table (12)
Actual Public Revenues & Expenditures Developments of Public Budget of the state for 2019 &2020

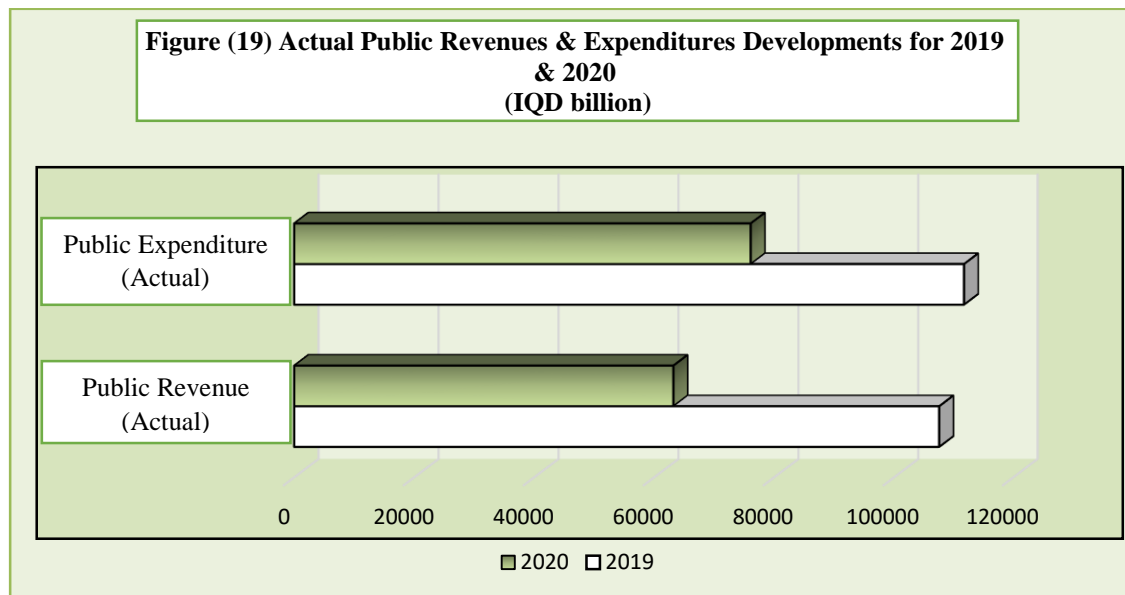
(IQD billion)

Items	2019	2020
Actual Public Revenues	107567.0	63199.7
Growth Rate %	1	-41.2
Actual Public Expenditures*	111723.6	76082.4
Growth Rate %	38.1	-31.9

Source: MOF/ Accounting Dept.

Adjustable preliminary data

* Excluding payments (government obligations)



A- Public Revenues

In 2020, public revenue decreased by a rate of (-41.2%) to reach IQD (63.2) trillion against IQD (107.6) trillion in 2019. This is attributed to the decrease of oil revenues by a rate of (-45.1%) because of the decline in global demand for oil due to Corona pandemic and the decline in global oil prices. As well as Iraq's commitment to reduce production according to OPEC+ agreement, since oil revenues constitute the largest proportion of total revenues, with a contribution rate of (86.2%) with an amount of IQD (54.4) trillion, In addition to a decrease in capital revenues, manufacturing & other revenues, commodity taxes & production fees, and duties by (-72.3%, -50.8%, -44.9%, -13.7%, and -13.5%) respectively.

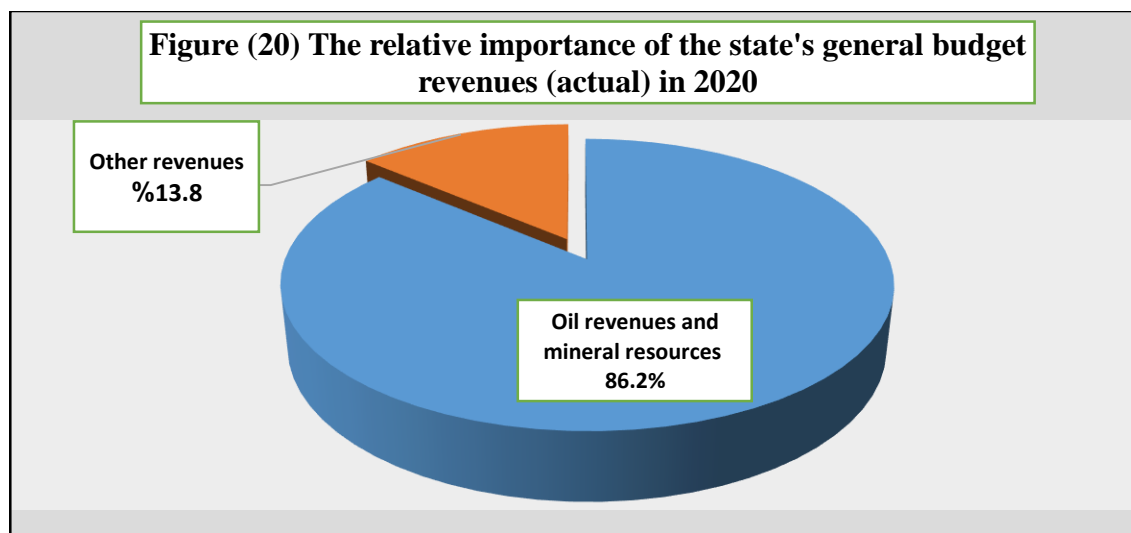
On the other hand, budget's share of public sector's profits, taxes on incomes & wealth recorded an increase of (198.1% and 38.8%) respectively for this year, as shown in **table (13)**.

Table (13)
Components of the state's public budget revenues (actual) for 2019 & 2020

(IQD billion)

Revenues items	2019	2020	Growth Rate5%	Contribution Ratio% of public total revenues
Oil Revenues & Mineral Wealth	99,216.3	54,448.5	-45.1	86.2
Taxes on Incomes and Wealth	2,389.0	3,316.1	38.8	5.2
Commodity Taxes & Production fees	1,625.5	1,402.1	-13.7	2.2
Other Revenues	1,674.2	922.9	-44.9	1.5
manufacturing Revenues	1,024.5	504.5	-50.8	0.8
Fees	927.1	801.6	-13.5	1.2
Budget's Share of Public Sector Profits	594.5	1,771.9	198.1	2.8
Capital Revenues	115.8	32.1	-72.3	0.1
Total	107,567	63,199.7	-41.2	100.00

Source: MOF/Accounting Dept.
Adjustable preliminary data



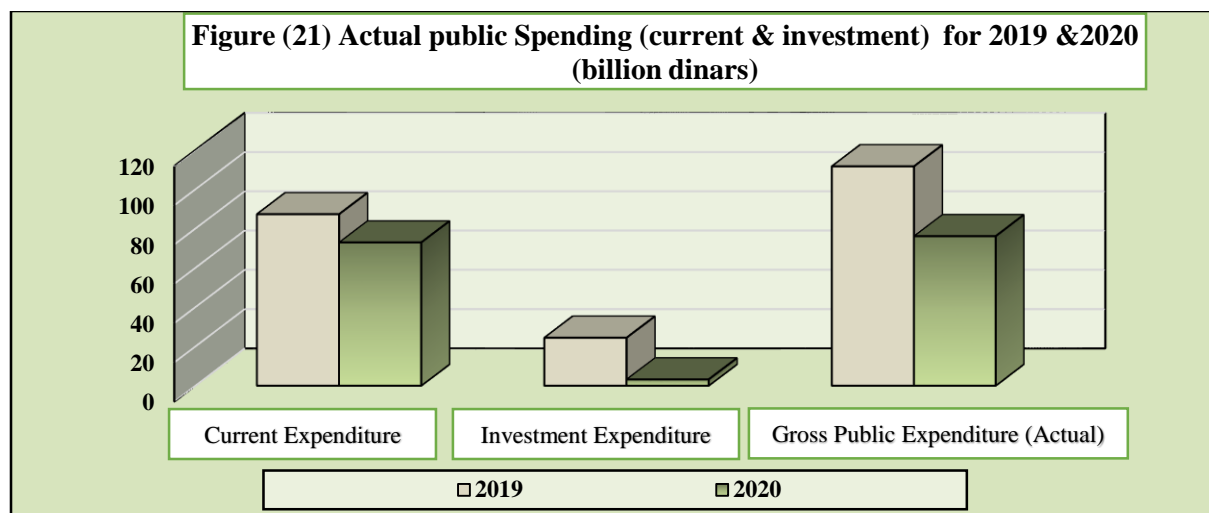
B-Public Spending

Public spending recorded a remarkable decrease by a rate of (-31.9%) to reach IQD (76.1) trillion for this year, against IQD (111.7) trillion in 2019 with a rate of (38.3 %) of GDP in current prices. This is attributed to the decrease in current spending for both (investment & current) by a rate of (-86.9% & -16.5%) respectively. The current spending accounted for the largest proportion of total public spending, with a contribution rate of (95.8%), while investment spending contributed to (4.2%) of total public spending, as shown in **(Table.14)**.

Table (14)
Actual Public Spending (Current& Investment) for 2019 & 2020

Public Spending	(IQD billion)			
	2019	2020	Change rate %	Contribution ratio of total public spending
Current Spending	87,301	72,873.5	-16.5	95.8
Investment Spending	24,422.6	32,08.9	-86.9	4.2
Total Actual Public Spending	111,723.6	76,082.4	-31.9	100.00

Source: MOF/accounting dept.
Adjustable preliminary data



1-Current Spending

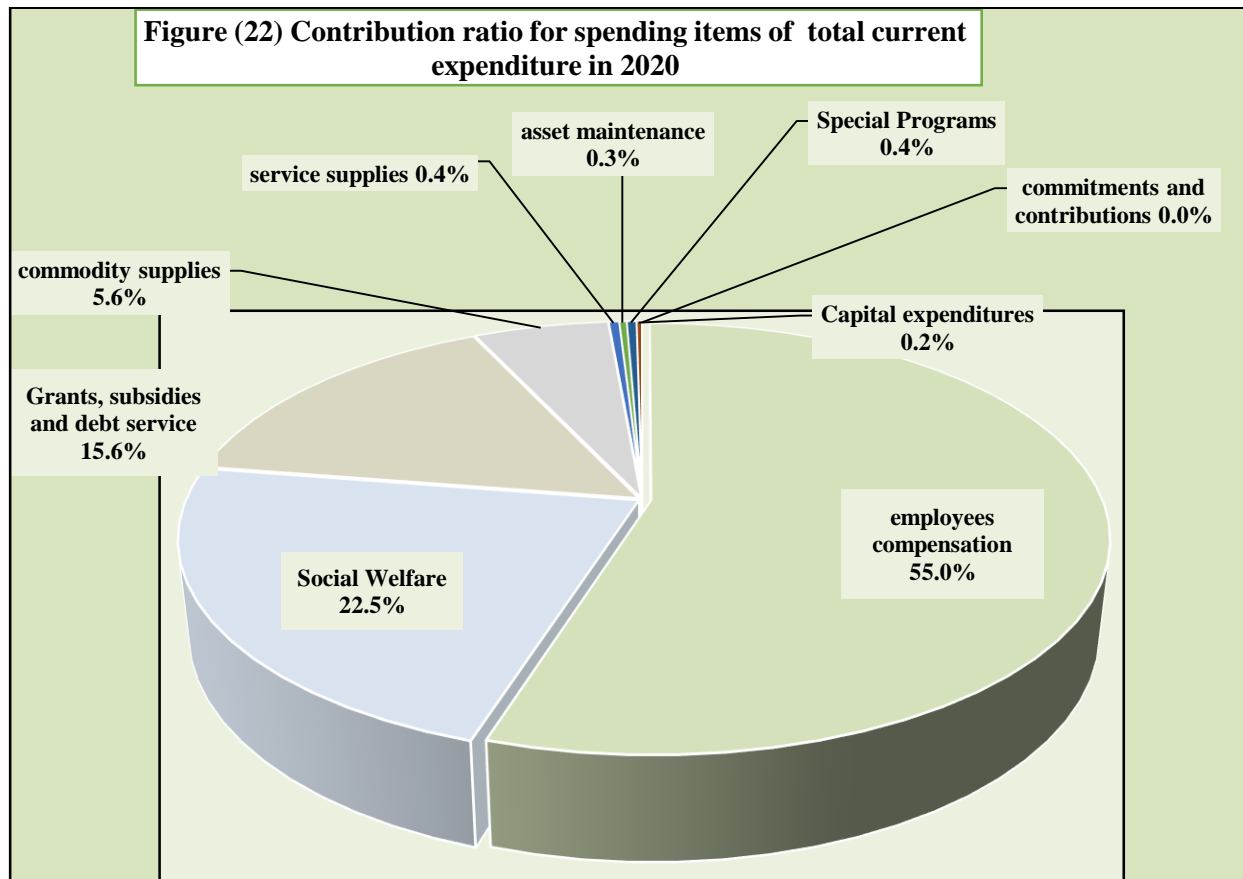
In 2020, current spending recorded a decrease of (-16.5%) to reach IQD (72.9) trillion against IQD (87.3) trillion in 2019, and constitute a contribution rate of (36.7%) of GDP in current prices. This is attributed to the decrease in all components of current spending because of the double crisis (health & drop of oil prices) and the delay in approving the 2020 budget.

Employee compensation recorded the largest proportion reaching (55%) of total public spending, followed by social welfare expenditure with a rate of (22.5%). The grants, subsidies, and debt service item ranked third with a rate of 15.6%, while other items recorded the remaining percentage of (6.9%), as shown in **table (15)**.

Table (15)
Actual Current Spending of the state's public budget for 2019&2020

Spending Items	Amounts		change ratio %	Contribution ratio of total public spending %
	2019	2020		
Compensation of Employees	40633.5	40037.3	-1.5	55
Social Welfare	19696	16427.9	-16.6	22.5
Grants, Subsidies, and Debt Service	16364.5	11294.5	-31.0	15.6
Commodity Requirements	7371.8	4105	-44.3	5.6
Services Requirements	1520.7	313.6	-79.4	0.4
Assets Maintenance	560.7	226.5	-59.6	0.3
Special Programs	565.8	296.6	-47.6	0.4
Commitments and Contributions	56.5	11.0	-80.5	0.0
Capital Spending	531.5	161.1	-69.7	0.2
Total	87301	72873.5	-16.5	100.0

Source: MOF /Accounting dept.
Adjustable preliminary data.



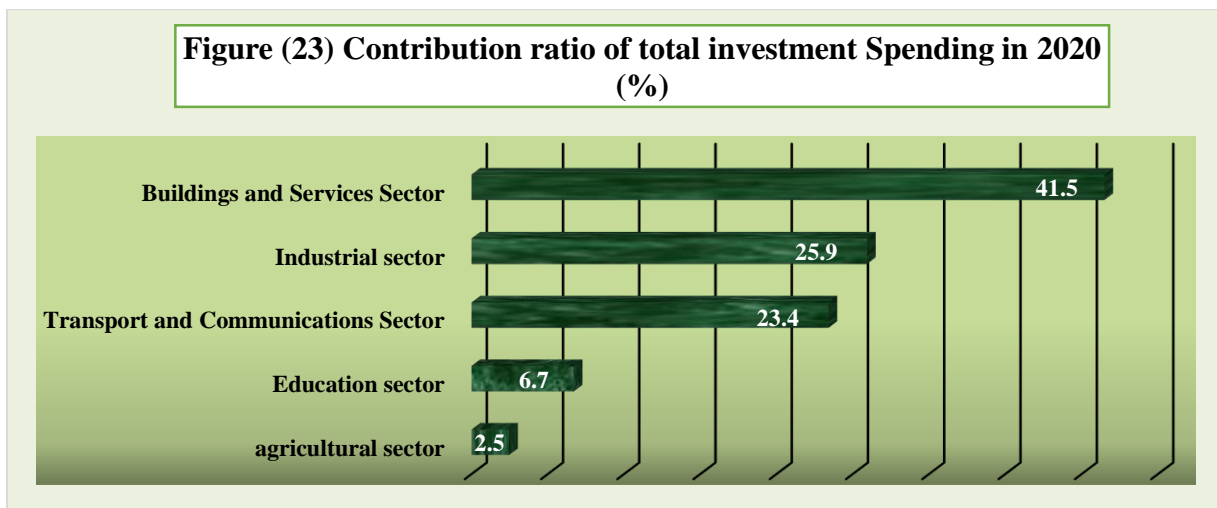
2- Investment Spending

In 2020, investment spending recorded a significant decrease with a rate of (-86.9%) to reach IQD (3.2) trillion against IQD (24.4) trillion in 2019 to record (1.6%) of GDP in current prices. This decrease is due to the spread of Corona virus and the suspension of most projects, as well as the reduction in public revenues, which led to a reduction in public expenditure, especially the investment expenditures of all sectors. Building and services sector acquired the highest ratio of total investment spending, as it is recorded a rate of (41.5%), followed by industrial, transport& communications, education, and agricultural sectors as they recorded a rate of (25.9%, 23.4%, 6.7% and, 2.5%) respectively, as shown in **Table (16)**.

Table (16)
Investment spending of the state's public budget for 2019 & 2020

Spending Items	Amount		Change rate %	Contribution ratio of total investment Spending %
	2019	2020		
Building & Services Sector	1901	1331.4	-30.0	41.5
Industrial Sector	19653	831.7	-95.8	25.9
Transport & Communications Sector	2311.8	751.1	-67.5	23.4
Education Sector	256.2	215.3	-15.9	6.7
Agricultural Sector	300.6	79.4	-73.6	2.5
Total	24422.6	3,208.9	-86.9	100.0

Source: MOF/Accounting dept.
Preliminary adjustable data



Second: Internal public debt developments

At end of 2020, the balance of internal public debt recorded an increase at a rate of (67.6%) of the previous year to reach IQD (64246.6) billion against IQD (38331.5) billion in 2019 (**table17**). This rise is due to the decrease in government revenues because of the deterioration in oil prices, which prompted the government to resort to internal borrowing to reduce the gap of the state's budget deficit under the two borrowing laws for 2020. The balance of internal public debt constituted (32.3%) of GDP in current prices. The following is an analysis of the internal public debt items for 2020:

MOF Treasury bills to pay salaries of employees of self- financing companies, property claims, cover the federal budget deficit, and conduct building armament capabilities of Ministry of Defense:

A- MOF Treasury bills out of the auction

- 1- The outstanding debt balance of T-bills (reserve requirement) did not change at the end of 2020 against that at the end of 2019 amounting to IQD (3826.9) billion.
- 2- The balance of outstanding debt of discounted transfers by CBI in the secondary market increased by (186.4%) to reach IQD (40452.4) billion in 2020 against IQD (14125.4) billion at the end of 2019. Transfers of Al-Rafidain bank had not been deducted in 2020.

B- Loans

During 2020, the loans item witnessed an increase of (54.5%) due to granting loans to finance the budget deficit for 2020, which amounted to IQD (6017) billion. As for the rest of the items, some of them witnessed a decrease in their growth rates, and others did not change from the year 2019. They are as the following:

1. TBI loan decreased with a rate of (-9.7%) to reach IQD (1826.7) billion in 2020 against IQD 2024.0 billion in 2019.
2. Amounts of the (loan for self-financed projects for directorates at Ministry of Electricity under the Cabinet Resolution No. (314) for 2014 & (Self-financed companies' loan for paying salaries of their employees for the period (2010 & 2014) did not change during 2020 compared to 2019, which amounted to IQD (606.5) billion & IQD (8045) billion respectively.

C-Bonds

The total amounts of sold bonds (contractor referable bonds) has decreased with a rate of (-0.2%) in 2020 to reach IQD (1916.5) billion against IQD (1921.2) billion in 2019.

D- Agreement of reschedule government debt

Balance of the remaining debt owed by the MOF in favor of CBI decreased by a rate of (-11.4%) amounting to IQD (1555.5) billion in 2020 against IQD (1755.5) billion in 2019.

Figure (24) The balance of the internal public debt at the end of 2019-2020 (billion dinars)

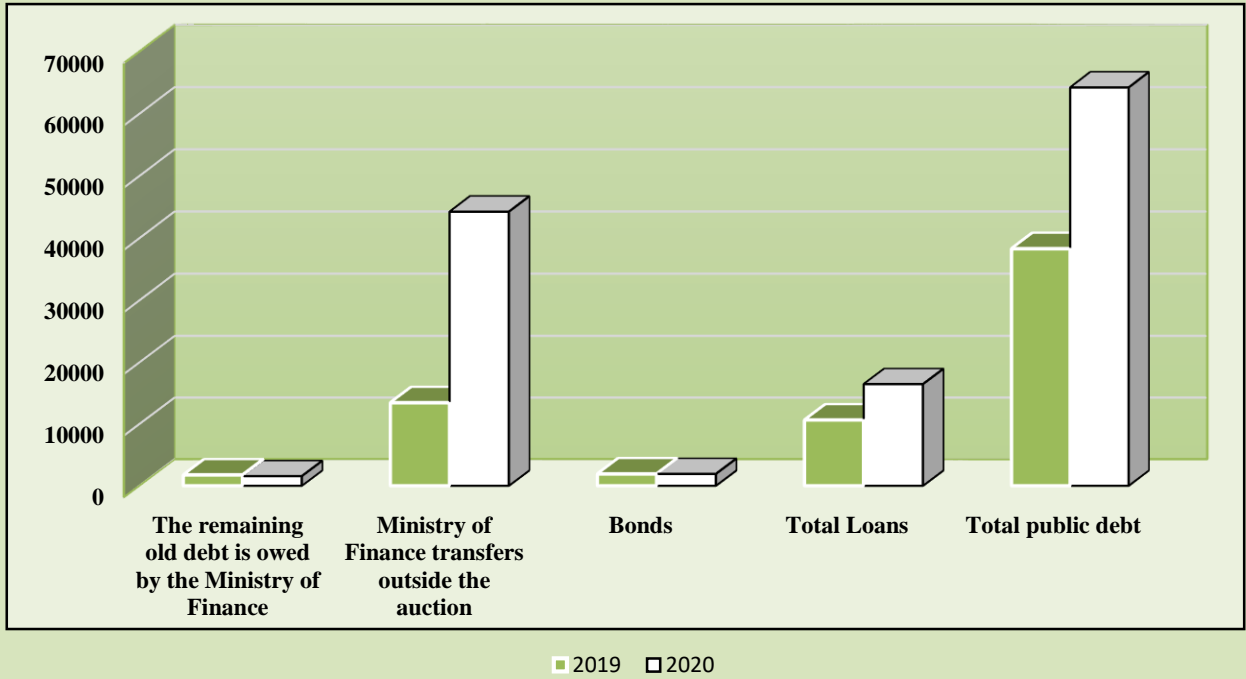


Table (17)

Internal public debt developments for 2019 & 2020

Details	Outstanding debt balance at end of 2019	Outstanding debt balance at end of 2020
Treasury bills auctions for (364) days	—	—
Remaining debt owed by the MOF	1,755.5	1,555.5
MOF T. bills out of auction	23,979.3	44,279.3
T-bills with a maturity of (364) days out of auction	5,527.0	
Reserve requirement bills	3,826.9	3,826.9
Discounted transfers by CBI in the secondary market	14,125.4	40,452.4
Discounted transfers by Rafidain bank	500.0	—
Bonds	1,921.2	1,916.5
- Forward delivery	—	—
- National bonds		
- Farmers bonds	—	—
- Contractor receivable bonds	1,921.2	1,916.5
Total of loans	10,675.5	16495.2
- TBI loan	2,024.0	1,826.7
- Loan for self- financed projects for directorates at Ministry of Electricity under Cabinet resolution No.314 for 2014	606.5	606.5
Self- financed companies' loan for paying salaries of their employees for the years (2010- 2011-2012-2013- 2014)	8,045.0	8,045.0
Loans extended during 2020	—	6017
Total debts	38,331.5	64,246.6

Preliminary Adjustable data.



Chapter Five

Developments of External Sector and Iraqi Balance of Payments

External Sector

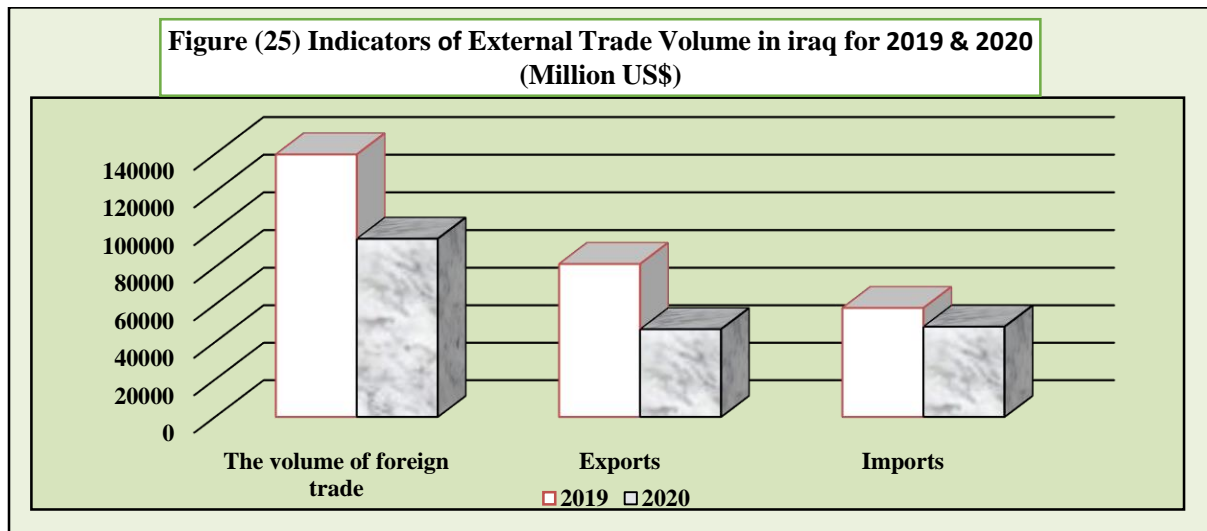
First: External Trade

In 2020, external trade volume recorded a decrease by a rate of (-32.0%) to reach US\$ (95.0) billion against US\$ (139.7) billion in 2019. This is attributed to the decrease in exports value by a rate of (-42.6%) to record US\$ (46.8) billion against US\$ (81.6) billion in 2019. This in turn was due to the decrease of oil revenues by (42.7%) compared to the previous year. In addition to the decrease in imports based on CIF by a rate of (-17.2%) to record US\$ (48.2) billion against US\$ (58.1) billion in 2019, as shown in **Table (18)**.

Table.18
Indicators of External Trade Volume for 2019&2020
(Million US\$)

	2019	2020
External Trade Volume	139723	94961
Exports	81585	46811
Imports*	58138	48150

*imports calculated based on CIF
Preliminary Adjustable Data.



1-The Most Important External Trade Partners with Iraq

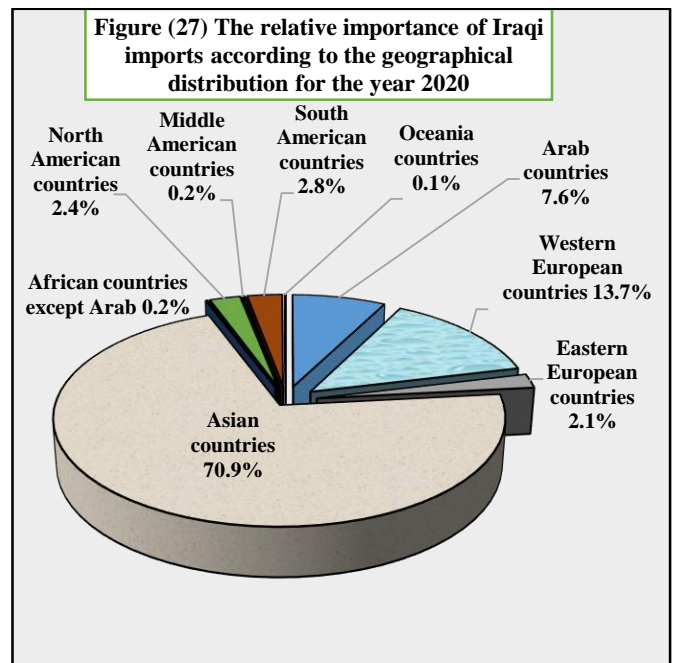
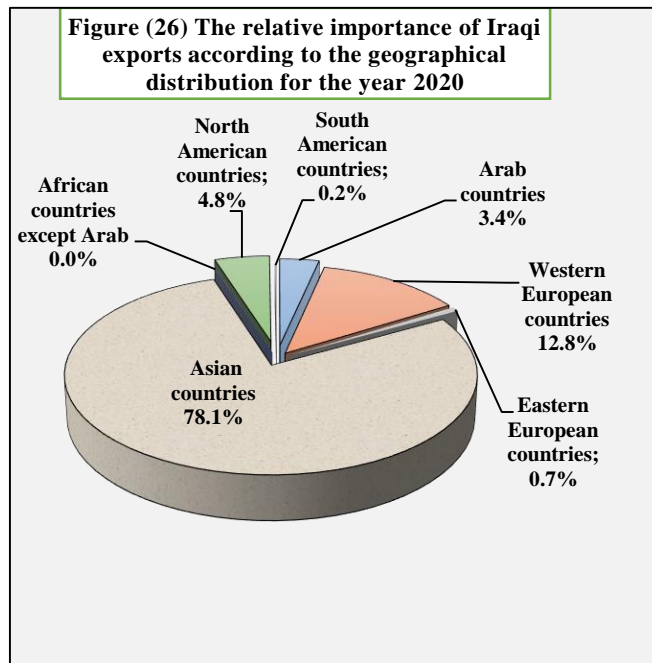
Asian countries ranked first in trade partnership with Iraq, as Iraq's exports & imports to Asian countries reached a rate of (78.1%) & (70.9%) of total exports & imports respectively. Followed by Western Europe countries, as the contribution of Iraq's exports of total exports to that region reached (12.8%), while the contribution

of Iraq's imports to total imports reached (13.7%). In addition, the proportion of exports contribution to North America & Arab countries reached (4.8% & 3.4%) respectively. The imports contribution to total imports reached (2.4% & 7.6%) respectively. the contribution rate of Iraq's imports & exports to the rest of the world reached (0.9% & 5.4%) of total imports & exports, as shown in (Table 19).

Table (19)
Development of External Trade Volume with Major Trade Partners for 2019& 2020
(Million US\$)

Country	2019		2020		Contribution rate to total exports for 2020 %	Contribution rate to total imports for 2020 %
	Exports	Imports*	Exports	Imports*		
Arab Countries	2,398	3,601	1,615	3,664	3.4	7.6
Western Europe Countries	17,113	7,910	5,996	6,577	12.8	13.7
Eastern Europe Countries	412	1,441	323	1,006	0.7	2.1
Asian Countries	55,218	41,212	36,536	34,148	78.1	70.9
African Countries except Arabian	2	82	9	87	0.0	0.2
North America Countries	6,210	2,214	2,252	1,189	4.8	2.4
Middle America Countries	0	92	0	92	0.0	0.2
South America Countries	232	1,553	80	1,363	0.2	2.8
Oceania Countries	0	33	0	24	0.0	0.1
Total	81,585	58,138	46,811	48,150	100.0	100.0

Preliminary Adjustable Data
*Imports Value based on CIF



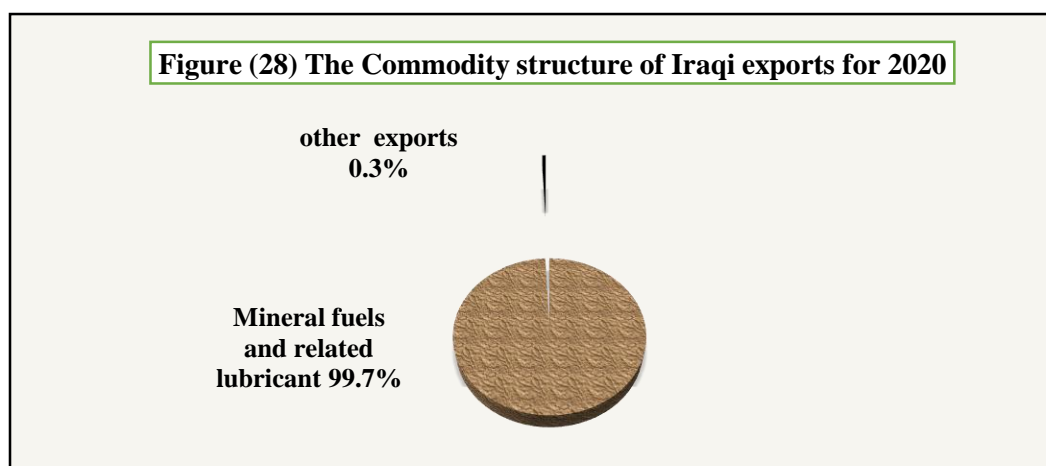
2- Commodity composition of Iraqi exports

Mineral fuel item including (Oil & petroleum products) recorded the highest contribution ratio to total exports amounted (99.7%), while the remaining items (foods & live animals, non- food raw materials except fuel, and manufactured commodities) recorded (0.3%) of total exports in 2020, as shown in **Table (20)**.

Table (20)
Commodity structure of Iraqi exports for 2019 & 2020

(U\$ Million)				
commodity	2019	Relative %	2020	Relative %
Foods& live animals	16	0.02	12	0.03
Beverages & tobacco	0	0.0	0	0.0
non- food raw materials except fuel	29	0.04	33	0.07
Mineral fuels and related lubricant*	81,412	99.78	46,674	99.7
Fuels& animal and vegetable fats	0	0.0	0	0.0
chemicals	0	0.0	0	0.0
manufactured commodities	128	0.16	92	0.2
machines& transport equipment	0	0.0	0	0.0
Miscellaneous crafts	0	0.0	0	0.0
Not classified Commodities	0	0.0	0	0.0
Total	81,585	100.0	46,811	100.0

*Including oil products& crude oil exports preliminary Adjustable Data.



3- Commodity composition of Iraqi imports

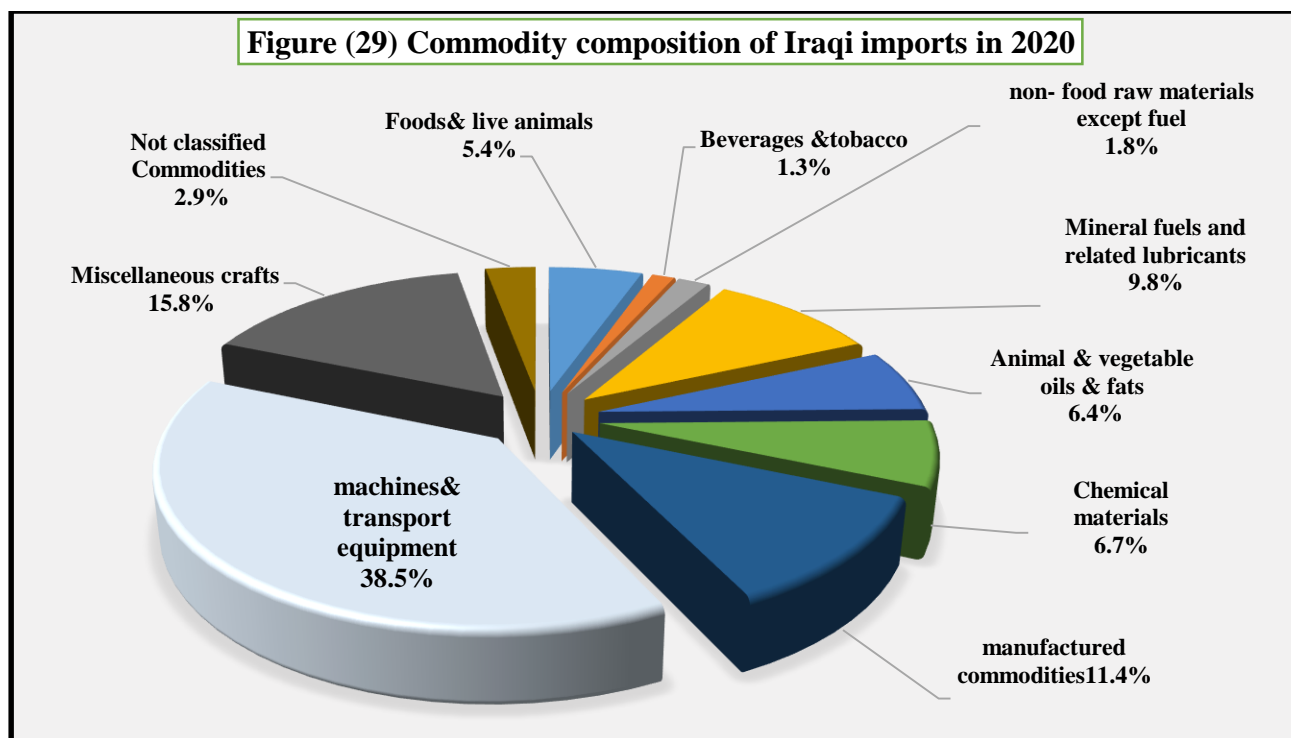
Machines & transport equipment ranked first in the scale of priority order of contribution rates of total imports to reach (38.5%), followed by (miscellaneous crafts) and (manufactured commodities) items by a rate of (15.8% & 11.4%) respectively. (Mineral fuels & Lubricants), (chemical materials), (animal & vegetable oils & fats), and (Foods & live animals) items recorded (9.8%, 6.7%,

6.4%, and 5.4%) respectively. The remaining items (not classified commodities), (raw materials except fuel), and (beverages & tobacco) recorded (2.9%, 1.8%, and 1.3%) of total imports respectively, as shown in **Table (21)**.

Table (21)
Commodity composition of Iraqi imports for 2019 & 2020

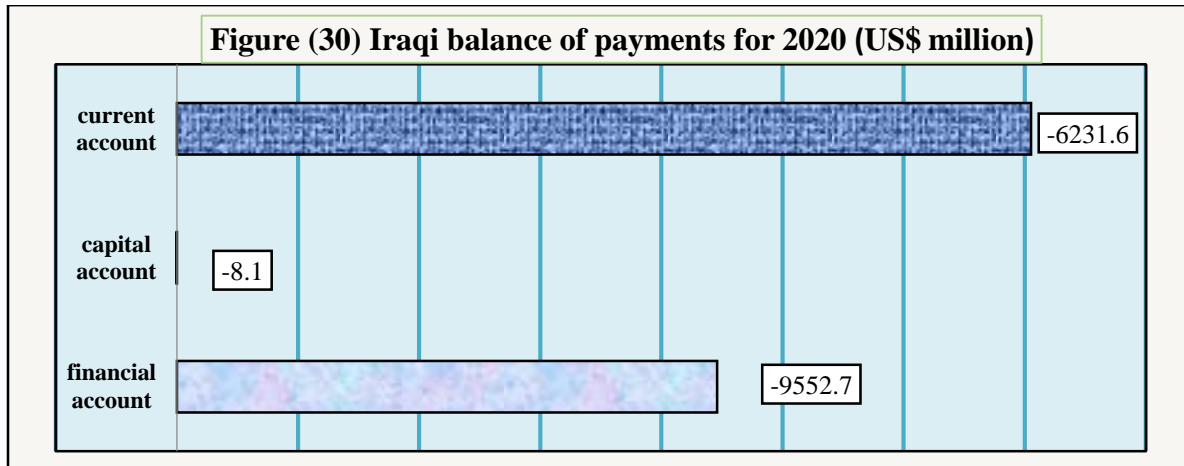
Commodity	2019	Relative %	2020	Relative %
Foods & live animals	3,139	5.4	2,600	5.4
Beverages & tobacco	756	1.3	626	1.3
non- food raw materials except fuel	1,046	1.8	867	1.8
Mineral fuels and related lubricants	5,698	9.8	4,718	9.8
Animal & vegetable oils & fats	3,721	6.4	3,082	6.4
Chemical materials	3,895	6.7	3,226	6.7
manufactured commodities	6,628	11.4	5,489	11.4
machines& transport equipment	22,383	38.5	18,538	38.5
Miscellaneous crafts	9,186	15.8	7,608	15.8
Not classified Commodities	1,686	2.9	1,396	2.9
total	58,138	100.0	48,150	100.0

*Imports value based on CIF
Preliminary adjustable Data



Second: Balance of payments

In light of the available data, the results of the Iraqi balance of payments in 2020 showed a deficit of US\$ (8272.2) million. Several factors contributed to this deficit; they are reflected in the components review of the Iraqi balance of payments as follows:



First- Current Account

Current account indicator in the balance of payments reflects the state's behavior through the public budget and private sector behavior. Through the available data, net current account recorded a deficit of US\$ (6231.6) million in 2020. Details of the components of this account are given below:

1-Trade balance

The trade balance realized a surplus US\$(5901.7) million in 2020, as total exports recorded an amount of US\$ (46829.0) million, including the value of crude oil in kind paid to foreign oil companies with an amount of US\$ (6904.9) million. While the total imports recorded an amount of US\$ (48149.8) million based on CIF & US\$ (40927.3) million based on FOB, whereas 1.5% of the value of total imports was deducted for shipping and insurance costs to transfer it from CIF to FOB.

2- Net service account

In 2020, net service account showed a deficit of US\$ (9994.8) million, the deficit in this account came as a result of the increased payments amounted US\$ (13797.5) million, mostly related to freight and import insurance costs to be transferred from CIF to FOB. While the receipts side reached an amount of US\$ (3802.7) million, most of which was realized in the travel item. This item includes arrivals who had come to Iraq of Arabs & foreigners for tourism purposes and holy shrines visits.

3- Primary income account

In 2020, primary income account realized a deficit of US\$ (1838.0) million. Below is the details of this account:

- a- Workers remittances: represents the amounts transferred by workers who work outside their countries for less than a year. This account realized a surplus of US\$ (18.6) million in 2020.
- b- Investment income: net investment income account realized a deficit of US\$ (1856.6) million because of the increased payments, most of which are related to profits of foreign companies operating in Iraq that are transferred abroad. In addition to Ministry of Finance payments abroad for the benefits of the external public debt.

4- Secondary Income Account

In 2020, secondary income account realized a deficit of US\$ (300.5) million because of the increased payments that reached US\$ (1130.4) million. Most of them are related to Gulf war compensations that amounted US\$ (1122.0) million, which constitutes (3%) of the value of exported crude oil. The receipts side recorded an amount of US\$ (791.2) million, most of which represent grants extended to Iraq from international organizations as humanitarian aids for displaced people. While the net private transfers realized a surplus of US\$ (38.7) million of family financial support from non- resident to their relatives and, remittances of workers who work outside their home country for more than one year.

Second- Capital Account

In 2020, net capital account realized a deficit of US\$ (8.1) million. This account represents capital transfers resulting from disposal of fixed assets, in addition to capital grants extended to Iraq by international organizations.

Third- Financial Account

In 2020, net financial account realized an amount of US\$ (9552.7) million. This account showed a minus sign because of changes in external financial assets and liabilities. The components of this account is stated below:

1- Net direct investment:

In 2020, net direct investment realized an amount of US\$ (3044.0) million because of the increase in external financial assets of US\$ (148.5) million with the decrease in financial liabilities of US\$ (2895.5) million for payment of capital costs for oil fields submitted by service contractors of foreign companies operating in Iraq.

2- Net portfolio investment:

In 2020, net portfolio investment realized an amount of US\$ (2511.2) million, because of the increase in investments of investment portfolio /Ministry of Defense securities of US\$ (2519.4) million. While the liabilities side realized an increase in financial liabilities of other non-resident sectors with a value of US\$ (9. 2) million.

3- Net other investment

In 2020, net other investment realized a deficit of US\$ (6835.7) million because of the decrease in financial assets in: official sector, other depository companies, and other sectors with a value of US\$ (5530.6, 635.7, 105.8) million respectively. The liabilities side of this account realized an increase in the financial liabilities with value of US\$ (756.9) million because of the increased government obligations towards service contractors of foreign companies operating in Iraq with a value of US\$ (273.9) million. In addition to an increase in the financial liabilities of withdrawals from external loans extended for Iraq with an amount of US\$ (2054.0) million. While the paid installments of these loans decreased with an amount of US\$ (1571.0) million. Financial liabilities for other depository companies realized a decrease of US\$ (193.3) million.

4- Reserve assets (official reserves)

In 2020, CBI reserve assets realized a deficit of US\$ (8272.2) million because of the decrease in CBI investments in the portfolio securities for this period.

5- Net error & omission

In 2020, net error & omission item realized an amount US\$ (3313.0) million. This item appeared with a negative sign. This means that there are debit transactions are not registered in the balance of payment, or there are transactions related to government or private sector imports, which are not fully captured because they are not available from the source, or there may be credit entries that have been overestimated.



Chapter six

Developments of Iraqi Payment System

Developments of Iraqi Payment System

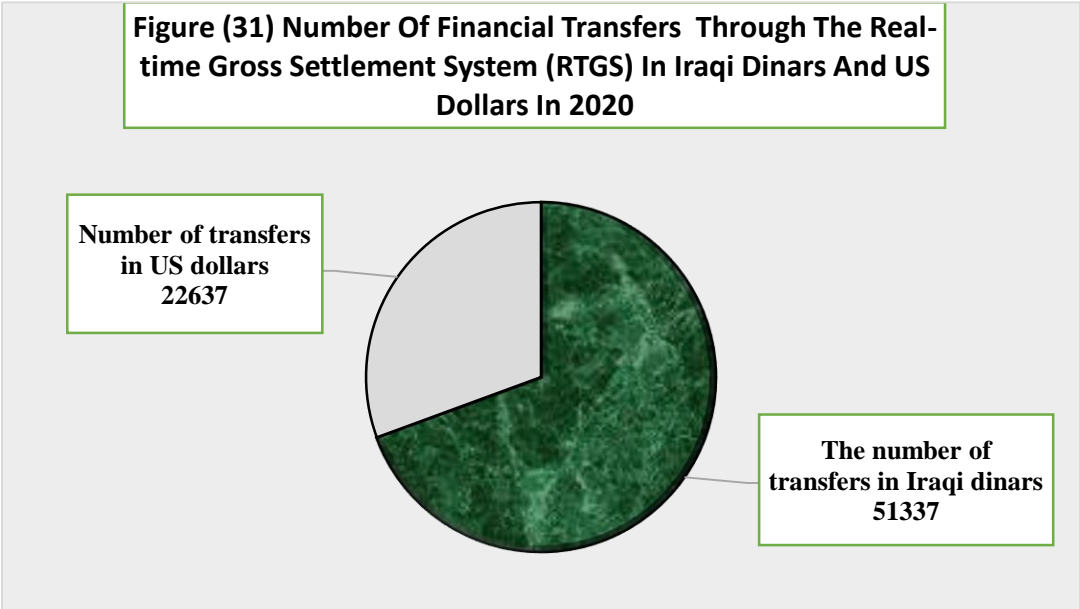
Iraq has one of the most advanced electronic payment systems in the world, which is responsible for exchanging payments electronically between banks using a secure and efficient network. CBI is the controlling party and the operational manager as an owner of the system and conducts the settlement accounts for participants to ensure the safety and efficiency of payment systems. It is considered one of the indicators for measuring the degree of developments in the economic sectors, especially the banking sector.

Most Important contents of the Iraqi payment system

A- Real-time gross settlement system (RTGS)

RTGS links CBI with the main branches of banks and MOF to exchange high-value payment orders within Iraq. The activities of this system provide a replacement for the manual execution of operations, thus eliminating the risks arising from conducting a comprehensive settlement of the payment values between banks.

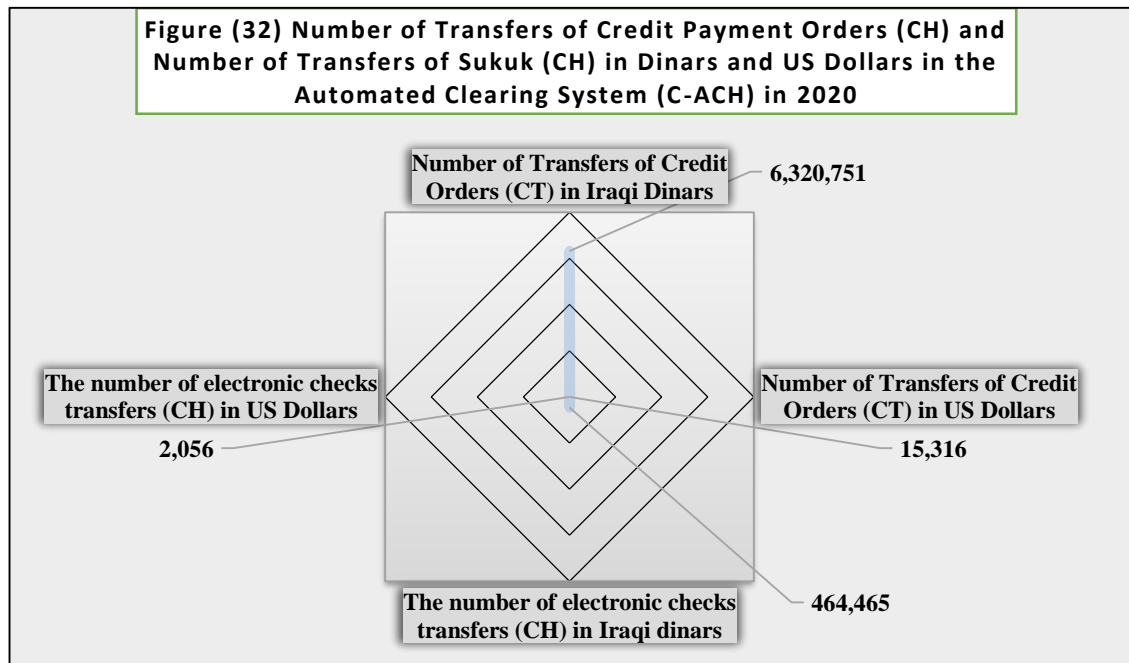
(4) Banks had participated in the system during this year, bringing the total number of participants to (75) banks, in addition to MOF, Public Pension Body, Minors' Care department, and the General Company for Postal and Saving services. The number of money transfers through RTGS reached (51,337) in IQD and (22,637) in US\$.



B- Electronic Clearing System (C- ACH)

It is a system that enables participating banks and their branches to exchange payment orders among themselves in an automated manner, as the processing is done and the net final settlement is sent to RTGS. The electronic checks encoded with magnetic ink are exchanged through this system and the original copy of the check is kept in the branch in which it is deposited, with sending a copy of the check and its data through the branch's system to the participant's system at the public administration.

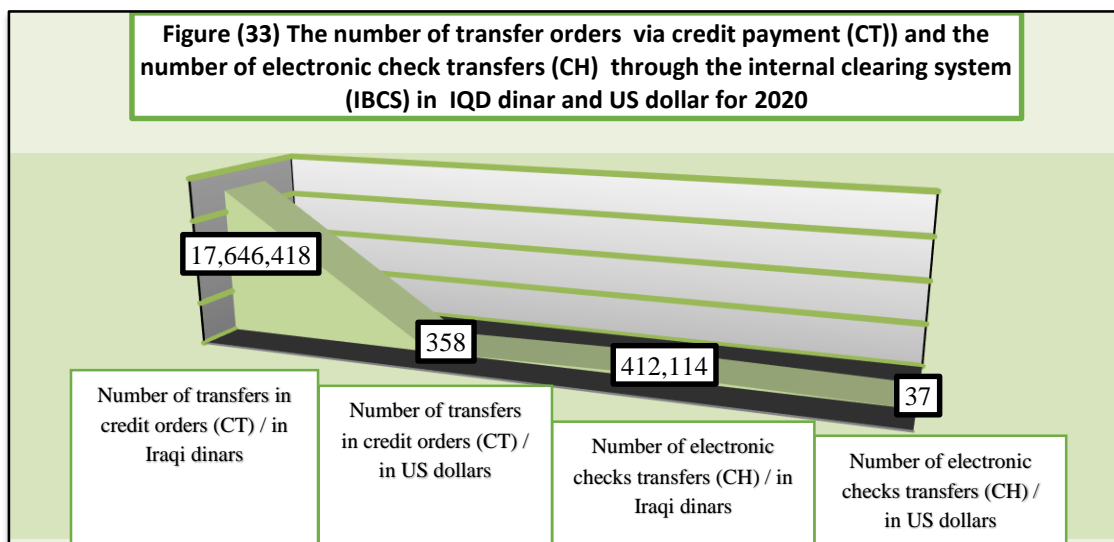
During this year, four banks participated in electronic clearing system (C- ACH) in addition to MOF, thus the total number of participating banks reached (73) banks. Seven bank branches participated in (C-ACH), thus the Total number of participating bank's branches reached (789). Total number of credit payment transfers CT through electronic clearing system (C-ACH) reached (6,320,751) transfers in IQD and (15,316) transfers in US\$. The electronic check transfers through electronic clearing system (C-ACH) reached (464,465) in IQD and (2,056) in US\$, **table (22)**.



C- The system of internal clearing between the branches of a single bank IBCS

A system for exchanging the internal clearing of state-owned banks that do not have comprehensive banking systems, as it allows the general management of the bank to be accurate, efficient, and transparent to monitor transfers and provide a database to conduct the matching and auditing process.

The number of banks and their branches participating in the clearing system reached (5) banks and (20) branches, thus the total number of participating branches (361) branches. The number of electronic check transfers (CH) through the internal clearing system (IBCS) reached (412,114) in Iraqi dinar and (37) in US dollar, while the number of financial transfers via credit payment orders (CT) through internal clearing system (IBCS) is (17,646,418) in Iraqi dinar and (358) transfers in US dollar.



D- Iraqi Retail Payment System (IRPSI)

Within the framework of its efforts to modernize and develop financial and banking services in Iraq to cope line with international developments in this field, the Central Bank of Iraq sought to establish the infrastructure of the Retail Payment System (IRPSI). It includes the National switch for retail payment (INRS) and the operating system to exchange mobile payments (IIMPS) to transfer funds between the electronic wallets opened with this system and the electronic wallets opened with the companies of electronic payment service providers via the mobile. Accordingly, the amounts are transferred between real accounts and electronic wallets, as well as withdrawal, deposit, and purchase process that can be made by wallets opened within this system. The actual launch of the Iraqi retail payment system (IRPSI) with banks and companies started to link (9) banks. The number of banks participating in the retail payment system reached (39). As for companies, (The international net) company was linked to the system. Thus, the number of participating companies reached (8) after completing all the administrative and technical regulatory procedures.

The number of financial transfers through domestic cards among the participating banks in the national switch reached (1,974,186) in Iraqi dinar and (9,935) in US dollar. The number of financial transfers via mobile to the participating companies in the national switch reached (3,156,337) and (2,036,197) in Iraqi dinar for the two companies: Zain Iraq wallet & Asia Hawala wallet, respectively.

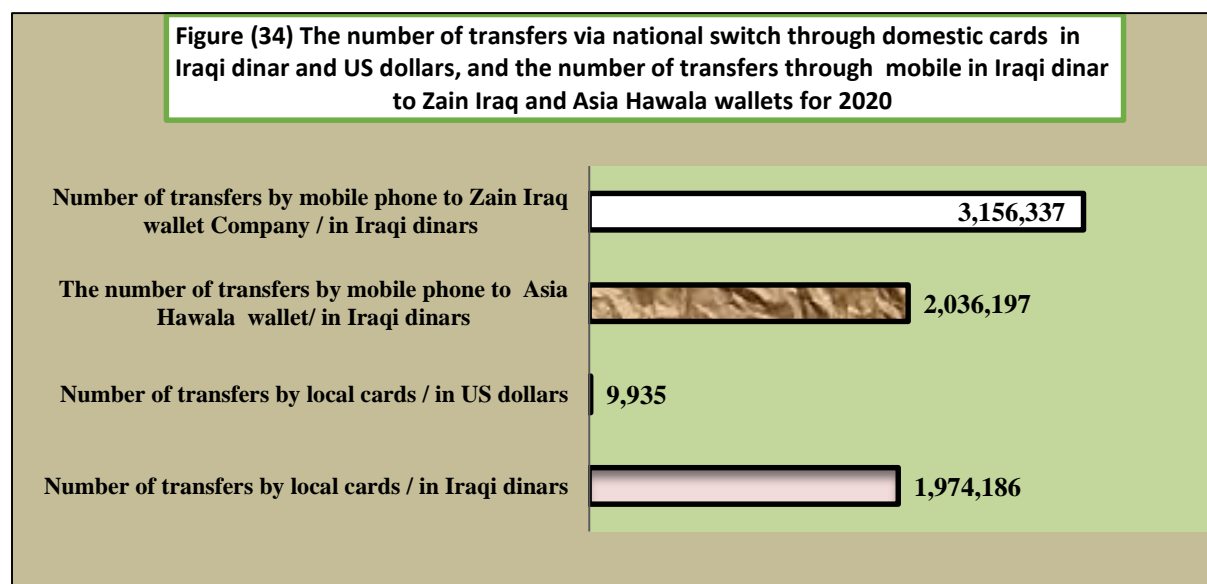


Table (22)

The number of money transfers in IQD & US\$ by participants in payment systems in 2020

System name	Number of transfers in IQD	Number of transfers in US\$
RTGS system	51,337	22,637
C- CAH system		
a- Credit payment order CT	6,320,751	15,316
b- Electronic checks CH	464,456	2,056
IBCS system		
a- Credit payment order CT	17,646,418	358
b- Electronic checks CH	412,114	37
IRPSI system		
a- Financial transfers through national switch	1,974,186	9,935
b- Financial transfers through Mobile.		
1- Company of -Zein portfolio /Iraq	3,156,337	
2- Asia-transfer	2,036,197	

Most important developments in Payment System for 2020 refers to the following:

- **Salary domiciliation project for government employees:**

In implementation of the directions of the General Secretariat for the Council of Ministers under resolution No. 281 of 2017 to shift from cash to electronic payment for employees' salaries and entitlements; to open a bank account for each employee linked exclusively to a debit payment card. On this regard, the following had been done: -

- The salaries of government employees for 2020, which amounted to 2076 spending units (self & centrally financed), had been domiciled. The number of employees whose salaries were domiciled reached (8676) thousand in 2020, bringing the total number to (1,861,129) until December 2020. In addition to the domiciliation of (6,089) thousand beneficiaries of Public Pension Body under resolution No. 270 issued by the General Secretariat for the Council of Ministers.
- Prepare and add (4) banks to the list of banks approved by CBI for the salary domiciliation project, bringing the total number to (32) banks, including (6) state- owned, (22) private, and (4) foreign banks.
- In accordance to National Security Council resolution No .12 issued on 22/5/2019 including start to domicile salaries of employees &ranks of Ministry of Defence & Ministry of Interior Affairs. The latter had started to pay its employees electronically since April 2020. The number of employees whose salaries where domiciled reached (302.4) thousand until Dec.2020.

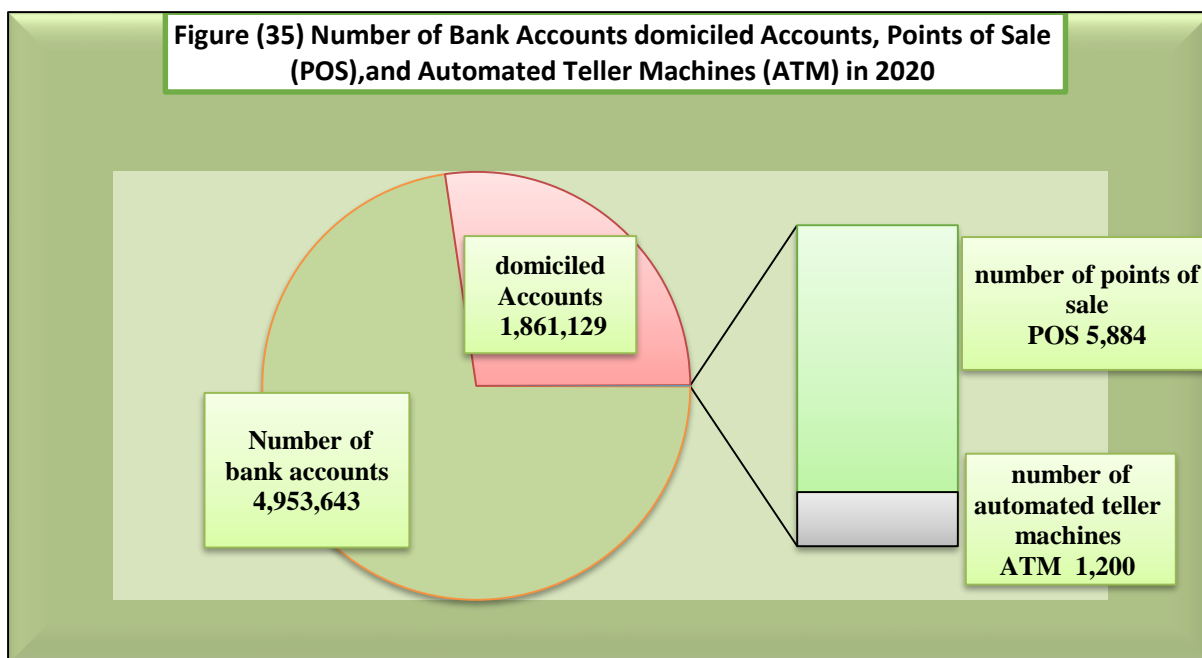
- **Financial Inclusion**

To enhance the access of financial services and products to all groups of society, including marginalized and poor groups, to the products that suites their needs. Those services are provided to them with fair, transparent, and reasonable costs to ensure the protection of the rights of financial services consumers and encourage them to properly manage their money and savings in a sound manner. The CBI worked to achieve this goal through a number of important steps:

- **Add new sub- committees** emerged from the Supreme Committee for Financial Inclusion, as the following:
- The Financial Consumer Protection Committee, which aims to set the legal frameworks & controls necessary for banks and non-banking financial institutions to enhance levels of disclosure & transparency about the provided financial services, rights, and duties in order to protect customer.
 - The Digital Financial Services Committee, which aims to contribute to the implementation of the action plan & programs of the National Strategy for

Financial Inclusion. Also, set plans that contribute to enhance the spread of various electronic payment tools.

- Cooperation with World Bank and GIZ to start preparations and implementation of surveys related to demand side for services.
- Joining the Global Alliance for Financial Inclusion (AFI) as a key member contributing to preparation of the National Strategy for Financial inclusion.
- The bank accounts opened in 2020 (4,935,643) and domiciled accounts amounted to (1,861,129) and POS amounted to (5,884), and the number of ATMs reached (1,200).

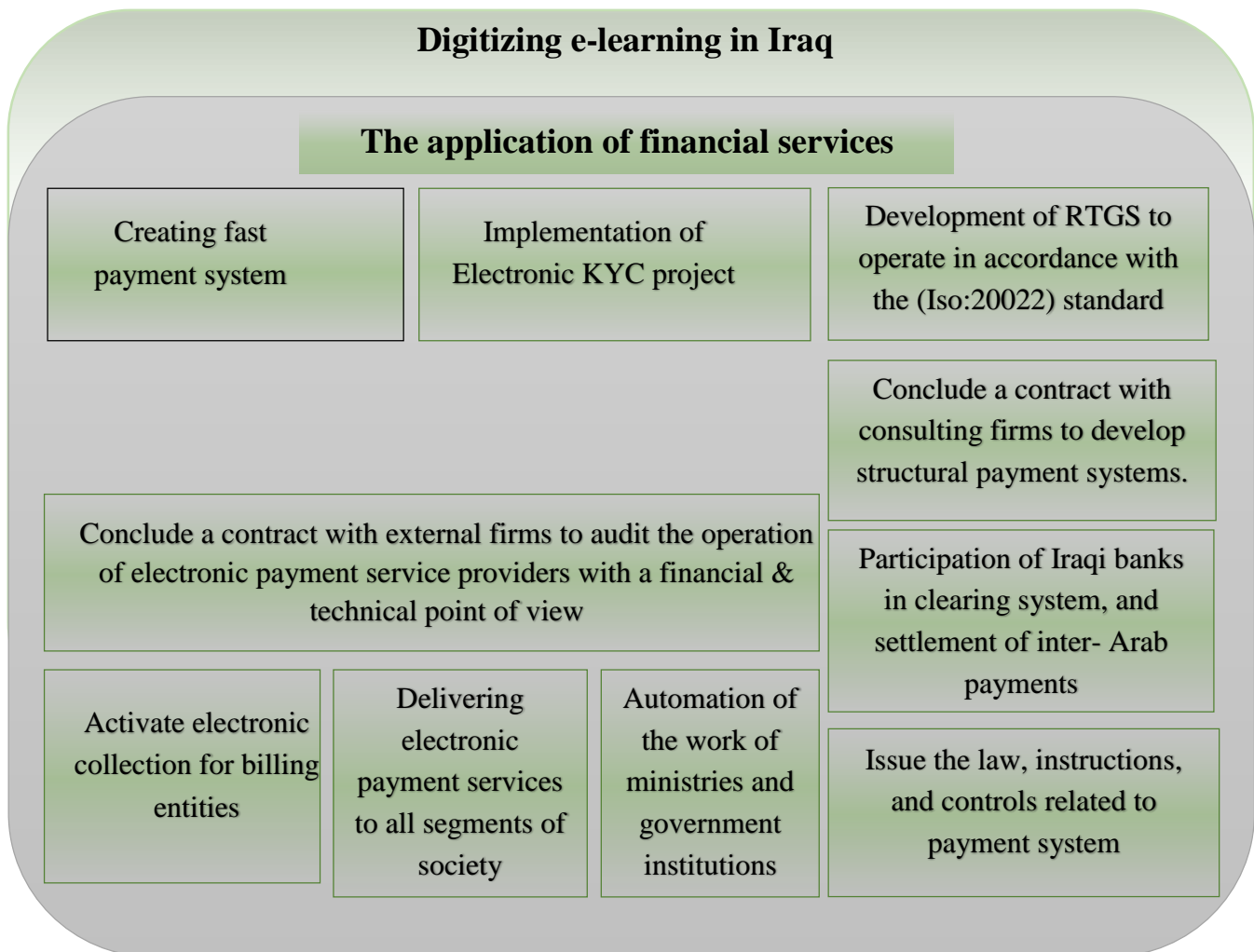


The most important future plans for the development of electronic payment system in Iraq.

- Develop infrastructure to enhance financial inclusion and electronic automation through:
 1. Activate the electronic billing project for parties that adopt issuing electronic bills.
 2. Automated operation Project for ministries and public institutions.
 3. Project of creating fast payment system.
 4. Project of digitization of electronic education in Iraq.
 5. Implementation of Electronic KYC project, as it provides a unified database to facilitate KYC process.
 6. Application of digital finance services (fintech).
 7. Development of RTGS to operate in accordance with the (Iso:20022) standard.

8. Participation of Iraqi banks in regional clearing system (Buna), which is a system of Electronic clearing and settlement of inter- Arab payments.
9. Issue the law, instructions, and controls related to payment system.
10. Prepare the National Strategy of Financial Inclusion and provide possible access to electronic payment services for all groups of society.
11. Conclude a contract with consulting firms to design payment strategy and develop structural payment systems.
12. Conclude a contract with external firms to audit the operation of electronic payment service providers with a financial & technical point of view as well as their compliance with international standards and CBI instructions.

Figure (36) Most Important future plans for the development the electronic payment systems





Statistical Annexes

Annex of table (1)

**Gross Domestic Product by Economic Activity at Constant Prices for 2019-2020 Base Year 100 = 2007
(IQD billion)**

Economic Activities	Added Value at Constant Prices for 2019	Added Value at Constant Prices for *2020	Relative Importance %	Change Rate %
Agriculture, forestry, hunting and fishing	7773.1	8123.0	4.3	4.5
Mining and Quarries:	133275.3	116417.6	61.5	-12.6
-Crude Oil	133000.8	116257	61.4	-12.6
- Other Types of Mining	274.5	160.6	0.1	-41.5
Manufacturing	2313.1	2327.1	1.2	0.6
Electricity and Water	2352.3	2484.9	1.3	5.6
Building and Construction	12979.5	4204.5	2.2	-67.6
Transport, Communication, and Storage	16164.8	13145.2	6.9	-18.7
Wholesale and Retail Trade, Hotels and the Like	17605.2	14015.8	7.4	-20.4
Finance, Insurance, Real Estate and Business Services: -	12141.1	10006.1	5.3	-17.6
-Banks and Insurance	2975.4	2019.3	1.1	-32.1
- Ownership of Houses	9165.7	7986.8	4.2	-12.9
Social and Personal Development Services	20454	18674.4	9.9	-8.7
-General Government	15170.5	14397	7.6	-5.1
-Personal Services	5283.4	4277.4	2.3	-19.0
Total by Activity	225058.4	189398.6	100	-15.8
Minus: Calculated Service Charge	1983.3	1286.3	—	-35.1
Gross Domestic Product	223075	188112.3	—	-15.7

Source: Ministry of Planning / Central Statistical Organization

*Preliminary Quarterly Estimates

Annex of table (2)
GDP by Economic Activity at Current Prices for 2019 – 2020

(IQD billion)

Economic Activities	Added Value at Current Prices for 2019	Added Value at Current Prices for *2020	Relative Importance %	Change Rate %
Agriculture, Forestry, Hunting and Fishing	10411.1	11716.0	5.8	12.5
Mining and Quarries:	114831.6	61063	30.3	-46.9
-Crude Oil	114386.3	60795.7	30.2	-46.9
- Other Types of Mining	445.3	267.3	0.1	-40.0
Manufacturing	5903	5988.5	3.0	1.4
Electricity and Water	8095.7	7779.2	3.9	-3.9
Building and Construction	18576.3	6853.9	3.4	-63.1
Transport, Communication, and Storage	24037	19661	9.8	-18.2
Wholesale and Retail trade, Hotels and the Like	23890.4	19152.2	9.5	-19.8
Finance, Insurance, Real estate and Business Services: -	22329.3	18692.6	9.3	-16.3
-Banks and Insurance	5400.3	3885.1	1.9	-28.1
- Ownership of Houses	16929	14807.5	7.4	-12.5
Social and Personal Development Services	53410.2	50342.7	25.0	-5.7
-General Government	44190.6	42621.5	21.2	-3.6
-Personal Services	9219.6	7721.2	3.8	-16.3
Total by Activity	281484.6	201249.1	100.00	-28.5
Minus: Calculated Service Charge	3599.7	2474.8	—	-31.3
Gross Domestic Product	277884.9	198774.3	—	-28.5

Source: Ministry of Planning / Central Statistical Organization

*Preliminary Quarterly Estimates

Annex of table (3)
Money Supply (M₁ & M₂) and their Components for Months of (2019 & 2020)

(IQD billion)

Period	Currency Outside Banks	Current Deposits	M1	Other Deposits	M2
January/2019	39,791.6	36,878.2	76,669.8	17,583.2	94,253.0
February	40,545.2	35,426.4	75,971.6	17,750.7	93,722.3
March	40,982.1	36,776.4	77,758.5	17,863.2	95,621.7
April	41,383.8	37,243.0	78,626.8	18,477.3	97,104.1
May	42,392.0	36,062.1	78,454.1	17,589.0	96,043.1
June	42,966.6	38,211.3	81,177.9	17,288.4	98,466.3
July	42,889.0	39,999.5	82,888.5	16,613.5	99,502.0
August	43,595.9	40,603.5	84,199.4	16,744.2	100,943.6
September	44,278.5	40,581.2	84,859.7	16,943.2	101,802.9
October	46,597.2	39,562.1	86,159.3	16,560.2	102,719.5
November	46,547.2	39,937.0	86,484.2	16,337.6	102,821.8
December	47,638.6	39,132.4	86,771.0	16,670.1	103,441.1
January/2020	46,865.0	39,313.0	86,178.0	16,353.0	102,531.0
February	46,217.0	43,041.0	89,258.0	16,419.0	105,677.0
March	49,445.0	42,401.0	91,846.0	16,374.0	108,220.0
April	52,076.0	42,637.0	94,713.0	15,983.0	110,696.0
May	53,154.0	40,977.0	94,131.0	15,884.0	110,015.0
June	53,346.0	41,129.0	94,475.0	15,779.0	110,254.0
July	56,536.0	40,554.0	97,090.0	14,017.0	111,107.0
August	56,980.0	40,658.0	97,638.0	14,037.0	111,675.0
September	54,449.0	42,041.0	96,490.0	16,005.0	112,495.0
October	55,124.0	40,745.0	95,869.0	15,948.0	111,817.0
November	56,959.0	40,992.0	97,951.0	15,784.0	113,735.0
December	59,987.0	43,366.0	103,353.0	16,553.0	119,906.0

Preliminary data; subject to modification

Annex of table (4)
Monthly Average of Exchange Rate of Iraqi Dinar per US\$ in Domestic Market for
the Months of (2019 & 2020)

(IQD/US\$)

Period	2019	2020
January	1195	1202
February	1193	1194
March	1196	1199
April	1195	1226
May	1194	1227
June	1194	1243
July	1195	1230
August	1199	1223
September	1195	1222
October	1196	1241
November	1201	1249
December	1202	1351
Average	1196	1234

Annex of table (5)
Sold amounts of US\$ in the CBI for 2019 & 2020

(US\$ million)

Period	2019			2020		
	Cash	Transfer/Enhancing Bank Account	Total	Cash	Transfer/Enhancing Bank Account	Total
January	539	4201	4740	489	4516	5005
February	456	2852	3308	470	4158	4628
March	483	3246	3729	306	3620	3926
April	519	3862	4381	0	1555	1555
May	509	4055	4564	49	2616	2665
June	423	2878	3301	238	2581	2819
July	530	4008	4538	205	3655	3860
August	356	3175	3531	290	3082	3372
September	493	4528	5021	373	4296	4669
October	506	4323	4829	338	3481	3819
November	428	3767	4195	367	4200	4567
December	532	4456	4988	244	2951	3195
Total	5774	45351	51125	3369	40711	44080

Preliminary data; subject to modification

**Annex of table (6)
Sale & Purchases of US\$ for 2019-2020**

(US\$ million)

period	2019		2020	
	Sales	Purchases from Ministry of Finance	Sales	Purchases from Ministry of Finance
January	4740	5000	5005	2780
February	3308	2400	4628	3500
March	3729	5500	3926	7200
April	4381	4650	1555	3500
May	4564	4658	2665	2950
June	3301	5000	2819	1800
July	4538	4500	3860	900
August	3531	4750	3372	0
September	5021	4000	4669	0
October	4829	6100	3819	4000
November	4195	6200	4567	3100
December	4988	6093	3195	1000
Total	51125	58851	44080	30730

Preliminary data; subject to modification

**Annex of table (7)
Reserve Requirement for (2019 & 2020)**

(IQD billion)

period	2019		2020	
	State-owned banks	Private banks	State-owned banks	Private banks
January	9311	1265	8505	1210
February	9200	1317	8572	1183
March	8817	1282	8315	1184
April	8736	1294	8907	1170
May	8860	1311	8226	1095
June	7977	1201	8290	1028
July	8206	1171	7925	1021
August	7954	1076	7856	1038
September	7214	2023	7840	1056
October	8435	1183	8254	1075
November	8491	1172	8083	1054
December	8420	1160	8131	1062

Preliminary data; subject to modification

Annex of table (8)
CBI Transfers on Maturities of: (182) & (365) days in IQD for 2019 & 2020

(IQD million)

Period	2019						2020					
	Amount Sold (182) days	Amount Paid	Interest Rate Average %	Amount Sold (365) days	Amount Paid	Interest rate average %	Amount Sold (182) days	Amount Paid	Interest Rate Average %	Amount Sold (365) days	Amount Paid	Interest rate average %
January	60,000		2.5				78,000	41,000	2.5			
February										34,600		3
March	20,000	60,000	2.5				47,640	35,000	2.5			
April												
May	90,000	80,000	2.5				38,330	100,030	2.5			
June												
July	41,000	60,000	2.5					78,000				
August				20,000		2.9					20,000	
September	35,000	20,000	2.5					47,640				
October				51,500	55,000	3.0					51,500	
November	100,030	90,000	2.5					38,330				
December				100,010	70,000	3.0					1,00,010	
Total	346,030	310,000	2.5	171,510	125,000	3.0	163,970	340,000	2.5	34,600	171,510	3

Preliminary data; subject to modification

Annex of table (9)
Balance of Deposits with Commercial Banks by Type and Sector for 2019 & 2020

(IQD million)

Items	2019	2020
Central Government	26,575,051	25,262,846
Current	20,794,265	20,043,470
Savings	0	0
Fixed	5,780,786	5,219,376
Public Institutions	24,822,690	23,740,789
Current	22,592,905	21,485,161
Savings	26,583	32,917
Fixed	2,203,202	2,222,711
Private Sector	30,708,684	35,920,533
Current	16,530,570	21,867,133
Savings	12,588,037	12,619,980
Fixed	1,590,077	1,433,420
Total	82,106,425	84,924,168

Preliminary data; subject to modification

Annex of table (10)
Direct Cash Credit Balance Extended by Commercial Banks by Type and Sector for
2019 & 2020

(IQD million)

Items	2019	2020
Central Government	18,355,430	21,234,010
Balance of Overdrawn Accounts	2,096	2,195
Discounted Commercial securities	207	0
Loans and Advances	18,352,745	21,231,815
Overdue Debts	382	0
Public Institutions	2,654,868	2,717,075
Balance of Overdrawn Accounts	162,496	107,642
Discounted Commercial Papers	0	0
Loans and Advances	2,420,006	2,531,148
Overdue Debts	72,366	78,285
Private Sector	21,042,213	25,866,652
Balance of Overdrawn Accounts	2,244,163	2,155,440
Discounted Commercial securities	85,755	67,985
Loans and Advances	14,637,516	19,270,522
Overdue Debts	4,074,779	4,372,705
Total	42,052,511	49,817,737

Preliminary data; subject to modification

Annex of table (11)
Sectoral Distribution of Cash and Pledged Credit Extended by Commercial Banks for 2019 & 2020
(IQD million)

Activities	Cash Credit		Pledged Credit	
	2019	*2020	2019	*2020
Agriculture and Fishing	2,165,861	2,098,462	84,767	857
Mining	192	11,179	1,322	235
Manufacturing	2,369,116	1,388,336	106,113	51,292
Water, Electricity & Gas	1,512,284	384,595	372,962	279,279
Trade, Restaurants & Hotels	7,576,818	21,304,458	18,681,613	21,385,823
Transport, communications & Storage	2,075,263	1,570,022	79,871	386,420
Finance & Insurance	854,555	5,556,073	483,623	26,554
Community Services	15,507,631	7,379,406	2,633,456	973,585
External World	0	12,597	2,015,296	2,041,532
Building & Construction	9,990,791	10,112,609	810,799	304,579
Total	42,052,511	49,817,737	25,269,822	25,450,156

Preliminary data; subject to modification

**Annex of table (12) I
IRAQI BALANCE OF PAYMENTS ACCORDING TO (BPM6) FOR 2020**

(millions of U.S \$)

Items	(FOB)	(CIF)
first -current account	-6,231.6	
1- Trade balance	5,901.7	
Exports (F.O.B)	46,829.0	
– Crude oil	44,305.7	
-*Governmental	44,305.7	
- private	0.0	
– Oil Products	2,367.1	
- Governmental	2,338.0	
- private	29.1	
– Other exports	156.2	
Imports	40,927.3	48,149.8
1.Government Imports	6,320.8	7,436.3
A- consumption imports	1,449.0	1,704.7
B- capital imports	1,026.2	1,207.3
C- Refined oil products	2,140.2	2,517.9
D- Other Gov.imports	1,674.7	1,970.2
E- Cost of currency printing	30.7	36.2
2- Private Sector imports	34,606.5	40,713.5
A.Cons. goods imports	8,651.8	10,178.5
B.Capital goods imports	25,954.7	30,535.0
C.Oil products imports private sector	0.0	0.0
2- Services Account, net	-9,994.8	
Receipts	3,802.7	
Payments**	13,797.5	
3-Primary Incom Account	-1,838.0	
Compensation of employee	18.6	
Investment Income	-1,856.6	
– Receipts	545.7	
– Payments	2,151.7	
- Interest/external debt	922.6	
- others	1,229.1	
4-Secondary Incom Account	-300.5	
Special transfers Included Remittances	38.7	
Official	-339.2	
– Receipts	791.2	
Total of Grants	739.3	
Other current transfers	51.9	
– Payments	1,130.4	
Total of Grants	0.0	
Other current transfers	1,130.4	
UN Compensation Fund	1,122.0	
Others	8.4	

* Including the value of oil in kind

**Includes the costs of shipment & insurance deducted from imports value CIF (7222.5) million US \$

**Annex of table (12) II
IRAQI BALANCE OF PAYMENTS ACCORDING TO (BPM6) FOR 2020**

(millions of U. S\$)

Items	(FOB)	(CIF)
second- Capital Account/ net	-8.1	
credit	0.1	
debit	8.2	
third- Financial Account/net	-9,552.7	
1- Direct investment /Net	3,044.0	
Abroad	148.5	
In Iraq	-2,895.5	
2- Portfolio Investment /Net	2,511.2	
- Assets	2,519.4	
a-General Government	2,519.4	
drawing	9,350.0	
paid	6,830.6	
b-Other sectors	0.0	
drawing	0.0	
paid	0.0	
- Liabilites	8.2	
a-General Government	0.0	
drawing	0.0	
paid	0.0	
b-other Sectors	8.2	
drawing	14.4	
paid	6.2	
3- Other Investment , net	-6,835.7	
a- Official , net	-6,287.5	
- Assets	-5,530.6	
- Claims held abroad	2.1	
- Change In Government Available Stock	-2,794.5	
- Trade Credit	-2,738.2	
- Other equity	0.0	
- Liabilites	756.9	
- Obligation on government	273.9	
- Loan disbursements	2,054.0	
- Amortization	-1,571.0	
- Trade Credit	0.0	
b- Private, net/ ODC's	-442.4	
- Assets	-635.7	
- Liabilites	-193.3	
c- Foreign Deposites,net /Other Sectors	-105.8	
4-Reserve assets	-8,272.2	
- Central bank	-8,272.2	
- Reserves	-8,272.2	
- Reserve Assets	-8,272.2	
a-Monetary Gold	0.0	
b-Special Drawing Rights	-2.4	
c-Reserve Position in the Fund	0.0	
d-Foreign Assets	-8,269.8	
1- Currency and Deposites	7,100.6	
-With Monetary Authorities	5,953.0	
-With banks	1,147.6	
2- Securities	-15,370.4	
-Equities	0.0	
-notes & bonds	0.0	
- Money Market		
Instrument\Financial / Derivatives,net	-15,370.4	
3-Other Clams	0.0	
Fourth- Errors and omissions Net:		
Financial Account-(current account+Capital Account)	-3,313.0	