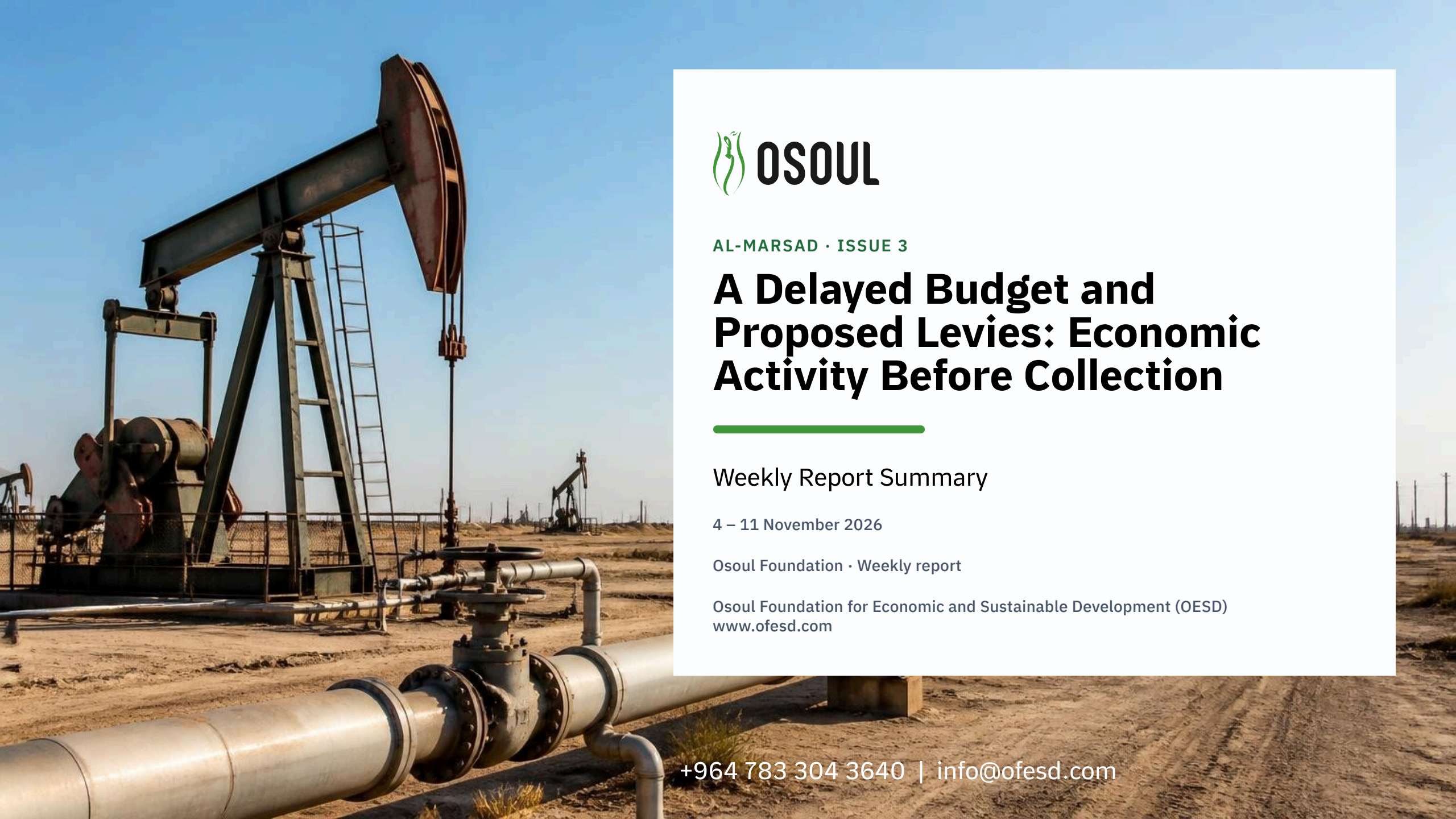


OSOUL

AL-MARSAD · ISSUE 3

A Delayed Budget and Proposed Levies: Economic Activity Before Collection

Weekly Report Summary

4 – 11 November 2026

Osoul Foundation · Weekly report

Osoul Foundation for Economic and Sustainable Development (OESD)
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Key takeaway: the deficit widens and levies cannot close it

36.3 trillion

IQD actual deficit in January–September 2026, against 8.1 trillion in the same period of 2025.

Salaries alone equal 87% of revenue collected, and oil revenue fell 50.8%.

2027 budget

Spending of about IQD 217 trillion (≈ USD 143 billion) and a deficit of about 43 trillion, assuming USD 58 per barrel. The vote was postponed twice over the Region's share (12.67% vs 14.14%).

Priority: a federal fiscal contract written into law, and deferring levies on small businesses until the economy is reactivated.

Four numbers that sum up the week

168,900

IQD per USD 100 on Baghdad's black market

11 November 2026

43

IQD trillion: deficit in the draft 2027 budget

97%

of firms hit by new taxes and fees reported losses

Business Outlook Survey, Osoul

63%

of households cut back on cooling because they could not afford it

Public Service Gap Burden Index, Osoul

Indicators: a steady gap and shrinking oil revenue

Indicator	Latest value	Comparison
Official exchange rate	IQD 1,520 per USD	Unchanged since 7 October
Black-market dollar, Baghdad	168,900 per USD 100	Gap about 11.1% (was 10.7%)
Brent crude	About USD 92.5	↓ about 10.7% vs previous issue
Basrah Medium discount	USD 34.5	Wider than August–September
Oil exports	About 3.35 million b/d	↑ 9.5% vs September
Actual deficit (9 months)	IQD 36.26 trillion	vs 8.13 trillion in 2025
Annual inflation	3.3% (August 2026)	Predates the FX adjustment

The dollar and food: support people, not prices



11.1% black-market gap

IQD 168,900 per USD 100 vs 152,000 official, a month after the FX adjustment.

About 10% food price rise in Basra

Over six weeks, and about 6.5% in Baghdad and Erbil.

World Bank: “support people, not prices”; OECD: the Hormuz closure raised fertiliser, energy and freight costs at once.

Osoul's proposal: a targeted six-month electronic food voucher, and weekly reference prices for about 25 goods in each governorate.

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The 2027 budget: shares need a contract, not annual bargaining

12.67%
vs 14.14%

The Region's share

In the draft vs the Region's demand; the vote was postponed twice.

Investment spending only: 3.4 trillion out of IQD 89.1 trillion spent in January–September 2026.

What the world says: OECD says fiscal rules remain essential but are “no longer sufficient” alone; trust needs an understandable budget and independent fiscal institutions.

Osoul's proposal: a federal fiscal contract law with a fixed multi-year formula, and a three-year framework with an independent reference oil price.

Proposed levies: collecting from a narrow base

12.6 trillion

Non-oil revenue in 9 months: about a third of the targeted deficit, so levies cannot close the gap arithmetically.

97% vs 72%

Loss rates among firms hit by new taxes and fees vs others (Business Outlook Survey, Osoul).



What the world says

OECD: broadening bases, removing exemptions and improving compliance beat raising rates; SMEs bear the highest administrative costs.

Osoul's reading: taxing small businesses undermines formality; the alternative is broadening the base from the top, digitalisation and a simplified entry regime.



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Decisions of the week: four government milestones

7 and 10 November

Vote on the draft 2027 budget postponed to next week to seek consensus with the Region. Impact: the 1/12 rule continues, protecting salaries but freezing investment.

10 November

Basra package: 5,000 dunams for housing, a public university, and widening the Basra–Amarah road. Impact: productivity-raising investment whose financing depends on passing the budget.

10 November

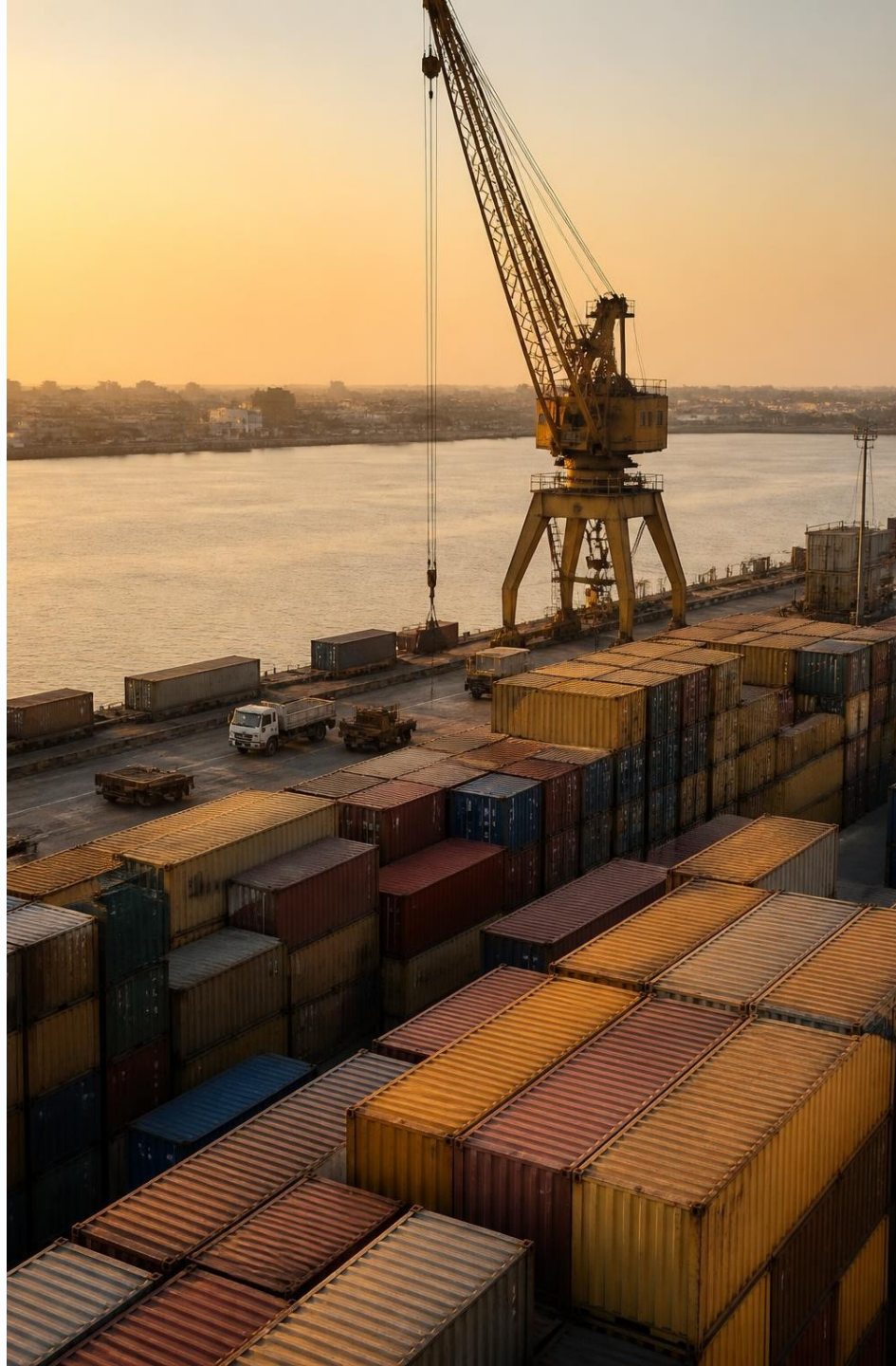
Tender evaluations of IQD 1 billion or more notified to the PM's office, with audit before payment. Impact: protects public money in a deficit year.

About 10 November

Treated wheat distributed to farmers as subsidised seed, and support for cancer medicines. Impact: low-cost support for production inputs.

Six recommendations this week

1. A federal fiscal contract law with a fixed multi-year formula
2. A three-year fiscal framework with a reference oil price and USD 60/70/80 scenarios
3. Defer levies on small businesses and broaden the base from the top
4. A targeted six-month electronic food voucher
5. A published financing schedule and delivery indicators for the Basra package
6. Protect gas sites and launch a building energy-efficiency programme



What we are watching until the next issue

- The 2027 budget vote, the proposed levies and the Region's share
- IMF programme, shipping through Hormuz and its effect on Brent and the Basrah discount
- Official October export and inflation figures, and December generator fees
- Osoul's 2027 outlook: continued non-oil contraction with construction joining it, and financial stability beginning at best at the end of Q3 2027





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