

2026 | PROJECTS INTELLIGENCE

IRAQ PROJECTS MARKET

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Content



S. No.	Description	Page Number
1	<u>Executive Snapshot</u>	17
2	<u>Introduction</u>	19
2.1	<u>Overview of Iraq project landscape</u>	21
2.2	<u>Key Sectors Shaping Projects Market Demand</u>	22
2.3	<u>Government Spending and Diversification</u>	24
2.4	<u>AI Infrastructure and Data Centres: Emerging Opportunities</u>	25
2.5	<u>Iraq Vision 2030</u>	26
2.6	<u>National Development Plan (2024 - 2028)</u>	28
2.7	<u>Private Sector Participation and New Investment</u>	29
3	<u>Regional Tensions: Project Market Impact</u>	30
4	<u>Economic Landscape</u>	39
4.1	<u>Macroeconomic indicators and fiscal position</u>	40
4.2	<u>Public Budget</u>	45
4.3	<u>FDI Landscape</u>	47
4.4	<u>Risk Profile</u>	48
5	<u>Project Strategy & Delivery</u>	49
5.1	<u>Project Delivery Outlook</u>	50
5.2	<u>PPP Policy Landscape in Iraq</u>	51
5.3	<u>Developer-Led Project Structures & Phase Delivery Strategies</u>	52
5.4	<u>Key execution challenges</u>	53

Content



S. No.	Description	Page Number
6	<u>Sector Outlook</u>	54
6.1	<u>Oil and Gas Sector</u>	56
6.2	<u>Transport & Mobility</u>	57
6.3	<u>Energy and Utilities</u>	58
6.4	<u>Construction Sector</u>	58
6.5	<u>Industrial and Logistics</u>	59
7	<u>Technology & Innovation</u>	60
7.1	<u>Digital Infrastructure & Technology Adoption</u>	61
7.2	<u>Innovation & Ecosystem Development</u>	62
7.3	<u>Construction Technology Evolution in Iraq (2015 - 2026)</u>	63
8	<u>Sustainability & ESG Outlook</u>	64
8.1	<u>Sustainable Development Goals</u>	65
8.2	<u>Carbon Reduction Initiatives</u>	66
8.3	<u>Green Growth Framework of Iraq</u>	67
8.4	<u>Iraq Energy Transition and Emission Abatement Pathways</u>	70
9	<u>Investment & Finance Trends</u>	71
9.1	<u>National Investment Commission (NIC) – Role & Strategic Trends</u>	72
9.2	<u>Equity Participation and Joint Ventures</u>	73
9.3	<u>Investor Protection & Guarantees</u>	75

Content



S. No.	Description	Page Number
10	<u>Business Environment</u>	77
10.1	<u>Business Regulatory Framework</u>	78
10.2	<u>Labour Market Dynamics</u>	79
10.3	<u>Tax & Fiscal Policy</u>	80
10.4	<u>Free Zone Incentives</u>	81
10.5	<u>Ease of Doing Business</u>	82
11	<u>Projects Market</u>	83
11.1	<u>Project Market Size</u>	85
11.2	<u>Historical Contracts</u>	86
11.3	<u>Top Stakeholders under Execution Projects</u>	87
11.4	<u>Top Projects in Execution</u>	88
11.5	<u>Pipeline Projects</u>	89
11.6	<u>Top Future Projects</u>	90
11.7	<u>Top Future Clients</u>	91

Content



S. No.	Description	Page Number
12	Project Case Studies	
12.1	<u>Al Khairat Thermal Power Plant in Karbala, 2800MW</u>	133
12.2	<u>Nakheel City in Basra</u>	138
12.3	<u>Nebras Petrochemical Complex</u>	142
12.4	<u>Al Salam New Residential City</u>	146
12.5	<u>Kirkuk-Baniyas Pipeline</u>	149
12.6	<u>Phosphate Fertiliser Complex in Anbar</u>	153
12.7	<u>Madinat Al Ward Power Station 1400 MW</u>	156
12.8	<u>Zubair Oil Refinery</u>	161
12.9	<u>Beiji 2 Gas Power Plant 1014MW</u>	166
12.10	<u>Al Diwaniya Refinery in Iraq</u>	169
12.11	<u>Baghdad South Combined Cycle Power Plant 1000MW</u>	172
12.12	<u>Al-Kut Refinery</u>	176
12.13	<u>Nassiriyah Oil Depot of Crude Oil Tanks</u>	179
12.14	<u>Al-Fallujah New City in Fallujah, Al-Anbar Province</u>	183
12.15	<u>Doura Oil Fired Power Plant in Baghdad</u>	187
12.16	<u>Rehabilitation & Expansion of Baghdad International Airport</u>	191
12.17	<u>Al Shemal 700MW Thermal Power Plant</u>	195
12.18	<u>Nasiriyah International Airport</u>	199
12.19	<u>Upgradation of Buzurgan Terminal in Mayson</u>	204

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Content



S. No.	Description	Page Number
12.20	<u>Dhi Qar Oil Refinery</u>	207
12.21	<u>500 MW Solar Power Station in Nasiriya</u>	211
12.22	<u>Power Generation Project in Basra 590 MW</u>	214
12.23	<u>Samawah Oil Refinery</u>	218
12.24	<u>South Karbala Water Project</u>	221
12.25	<u>Maysan Investment Refinery</u>	224
12.26	<u>Kurdistan Gas Pipeline Network Development</u>	226
12.27	<u>Ghazlani New City</u>	229
12.28	<u>Suq Al-Shoyokh Infrastructure Works</u>	232
12.29	<u>Electrical Equipment Manufacturing Factory in Babil</u>	235
12.30	<u>Iraq Railways Extension & Modernisation (IREM)</u>	238
12.31	<u>Najaf Refinery Expansion Project</u>	242
12.32	<u>Al-Jawahiri New City in Abu Ghraib</u>	247
12.33	<u>Golf Course and Spa in Baghdad</u>	250
12.34	<u>2000 MW Flare Gas to Power Plant in Basra</u>	253
12.35	<u>Basrah-Duqm Pipeline Project</u>	257
12.36	<u>Silica Industrial Complex in Anbar</u>	261
12.37	<u>Eduba Schools Project</u>	263
12.38	<u>Mosul Metro</u>	267
12.39	<u>Janain New Babylon City</u>	270

Content



S. No.	Description	Page Number
12.40	<u>Buruj Residential Project in Bagdad</u>	273
12.41	<u>Mansouriya Field Development Development Project</u>	278
12.42	<u>Baiji Power Plant 2100 MW</u>	281
12.43	<u>Diyala Gas Fields</u>	284
12.44	<u>Solar Power Plant 3000MW and Battery Energy Storage System 500MWh</u>	287
12.45	<u>Erbil Mass City</u>	290
12.46	<u>Najaf Karbala Metro Phase 1</u>	295
12.47	<u>Baghdad Metro</u>	298
12.48	<u>Baghdad Fifth Ring Road</u>	303
12.49	<u>Rehabilitation of 7 Glass and Ceramic Factories</u>	305
12.50	<u>Ramadi Cement Plant</u>	307
12.51	<u>Kirkuk Oil Refinery</u>	309
12.52	<u>Abu Ghraib Combined-Cycle Gas Power Plant 3000 MW IPP</u>	313
12.53	<u>Baiji Fertiliser Plant in Salah al-Din</u>	316
12.54	<u>The Development Road</u>	319
12.55	<u>2000 MW Flare Gas to Power Plant in Basra</u>	323
12.56	<u>Al Mutanabbi Residential City</u>	327
12.57	<u>Erbil Happy City by Kurdistan Board of Investment</u>	330
12.58	<u>Nitrogen Urea Fertilizer Plant in Basra</u>	333
12.59	<u>Gas Growth Integrated Project (GGIP)</u>	338

Content



S. No.	Description	Page Number
12.60	<u>Erbil Sewage Treatment Plant: Lot 1</u>	344
12.61	<u>Baghdad Metro Yellow Line</u>	348
12.62	<u>Grand Faw Port in Basra</u>	352
12.63	<u>The Development of Railway Line</u>	356
12.64	<u>Railway Network of Eastern Route</u>	359
12.65	<u>Basra Seawater Desalination Plant</u>	362
12.66	<u>Iraq Common Seawater Supply Project (CSSP)</u>	365
12.67	<u>Al-Faw Combined-Cycle Gas Power Plant in Basra 3000 MW IPP</u>	368
12.68	<u>Wastewater and Stormwater Drainage System at Hilla</u>	372
13	<u>Contact Us</u>	375

List of Figures/Tables

Figure	Title	Page No.
Figure 1	Iraq Nominal GDP vs. GDP Growth, 2017 – 2028	40
Figure 2	GDP by Sector in 2025 (%)	41
Figure 3	Iraq Total Population (million) and Growth Rate (%), 2016 – 2026*	42
Figure 4	Iraq Nominal GDP Per Capita ('000 \$), 2016 – 2026	42
Figure 5	Iraq Unemployment Rate (%), 2016 – 2025	42
Figure 6	Iraq Proportion of Budget Surplus/Deficit in GDP (%), 2016 – 2026	43
Figure 7	Iraq General Government Gross Debt as a % of GDP	43
Figure 8	Iraq Consumer Price Index (CPI), 2016 – 2026	43
Figure 9	Iraq Trade Flow, 2014 – 2025 (\$bn)	44
Figure 10	Iraq General Government net lending/borrowing (% of GDP)	44
Figure 11	Iraq Current Account Balance (\$bn) and its Percentage in GDP, 2016 – 2026(f)	44
Figure 12	Iraq Budget, 2016 – 2026 (IQD Trillion)	45
Figure 13	Iraq Net Inflows of Foreign Direct Investment (FDI), 2016 – 2024 (\$bn)	47
Figure 14	Iraq Net Inflows of Foreign Direct Investment (FDI), 2016 – 2024 (% of GDP)	47
Figure 15	Gulf Projects Index Value of All Projects in Iraq (\$m)	85
Figure 16	Value of Projects Market in Iraq by Project Status (\$m)	85
Figure 17	Value of Projects Market in Iraq by Sector (\$m)	85
Figure 18	Value of Contract Awards in Iraq by Year 2016 – 2026* (\$m)	86
Figure 19	Value of Contract Awards in Iraq by Year and Sector (\$m)	86
Figure 20	Top 15 Client in Iraq by Contracts in Execution (\$m)	87

List of Figures/Tables

Figure	Title	Page No.
Figure 21	Top 15 Main Contractors in Iraq by Contracts in Execution (\$m)	87
Figure 22	Value of Known, Planned, and Un-Awarded Projects in Iraq by Status (\$m)	89
Figure 23	Value of Known, Planned, and Un-Awarded Projects in Iraq by Sector (\$m)	89
Figure 24	Top Future Clients in the Iraq by Value of Contracts Planned (\$m)	91
Figure 25	Value of Oil, Gas, and Chemical Sector Contract Awards in Iraq by Year (\$m) 2016 – 2026*	93
Figure 26	Value of Oil, Gas, and Chemical Sector Contract Awards in Iraq by Year and Subsectors (\$m)	93
Figure 27	Value of Oil, Gas, and Chemical Projects in Iraq by Project Status (\$m)	94
Figure 28	Value of Oil, Gas, and Chemical Projects in Iraq by Project Subsector (%)	94
Figure 29	Top Oil, Gas, and Chemical Sector Clients in Iraq by Value of Contracts in Execution (\$m)	95
Figure 30	Top Oil, Gas, and Chemical Sector Contractors in Iraq by Value of Contracts in Execution (\$m)	95
Figure 31	Value of Known, Planned, and Un-Awarded Oil, Gas, and Chemical Sector Projects in Iraq by Status (\$m)	97
Figure 32	Value of Known, Planned, and Un-Awarded Oil, Gas, and Chemical Sector Projects in Iraq by Subsector (\$m)	97
Figure 33	Top Future Oil, Gas, and Chemical Clients in Iraq by Value of Contracts Planned (\$m)	99
Figure 34	Value of Industrial Sectors Contract Awards in Iraq by Year (\$m) 2019 – 2026*	101
Figure 35	Value of Industrial Sectors Contract Awards in Iraq by Year and Subsector (\$m)	101
Figure 36	Value of Industrial Projects in Iraq by Project Status (\$m)	102
Figure 37	Value of Industrial Projects in Iraq by Project Sub-sectors (%)	102
Figure 38	Top Industrial Sector Clients in Iraq by Value of Contracts in Execution (\$m)	103
Figure 39	Top Leading Industrial Sector Contractors in Iraq by Value of Contracts in Execution (\$m)	103
Figure 40	Value of Known, Planned and Un-Awarded Industrial Sector Projects in Iraq by Status (\$m)	105

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List of Figures/Tables

Figure	Title	Page No.
Figure 41	Value of Known, Planned, and Un-Awarded Industrial Projects in Iraq by Subsector (\$m)	105
Figure 42	Top Future Industrial Clients in Iraq by Value of Contracts Planned (\$m)	107
Figure 43	Value of Construction Sector Contract Awards in Iraq by Year (\$m) 2016 – 2026*	109
Figure 44	Value of Construction Sectors Contract Awards in Iraq by Year and Subsector (\$m)	109
Figure 45	Value of Construction Projects in Iraq by Project Status (\$m)	110
Figure 46	Value of Construction Projects in Iraq by Project Subsector (%)	110
Figure 47	Top 15 Construction Sector Clients in Iraq by Value of Contracts in Execution (\$m)	111
Figure 48	Top 15 Construction Sector Contractors in Iraq by Value of Contracts in Execution (\$m)	111
Figure 49	Value of Known, Planned, and Un-Awarded Construction Sector Projects in Iraq by Status (\$m)	113
Figure 50	Value of Known, Planned, and Un-Awarded Construction Sector Projects in Iraq by Subsector (\$m)	113
Figure 51	Top Future Construction Clients in Iraq by Value of Contracts Planned (\$m)	115
Figure 52	Value of Power and Water Sectors Contract Awards in Iraq by Year (\$m) 2016 – 2026* (\$m)	117
Figure 53	Value of Power and Water Sectors Contract Awards in Iraq by Year and Subsector (\$m)	117
Figure 54	Value of Power and Water Projects in Iraq by Project Status (\$m)	118
Figure 55	Value of Power and Water Projects in Iraq by Project Sub-sector (%)	118
Figure 56	Top Power and Water Sector Clients in Iraq by Value of Contracts in Execution (\$m)	119
Figure 57	Top Power and Water Sector Contractors in Iraq by Value of Contracts in Execution (\$m)	119
Figure 58	Value of Known, Planned and Un-Awarded Power and Water Sector Projects in Iraq by Status (\$m)	121
Figure 59	Value of Known, Planned and Un-Awarded Power and Water Projects in Iraq by Subsector (\$m)	121
Figure 60	Top Future Power and Water Clients in Iraq by Value of Contracts Planned (\$m)	123

List of Figures/Tables

Figure	Title	Page No.
Figure 61	Value of Transport Sector Contract Awards in Iraq by Year (\$m) 2016 – 2025	125
Figure 62	Value of Transport Sector Contract Awards in Iraq by Year and Subsectors (\$m)	125
Figure 63	Value of Transport Projects in Iraq by Project Status (\$m)	126
Figure 64	Value of Transport Projects in Iraq by Project Subsector (%)	126
Figure 65	Top Transport Sector Clients in Iraq by Value of Contracts in Execution (\$m)	127
Figure 66	Top 15 Transport Sector Contractors in Iraq by Value of Contracts in Execution (\$m)	127
Figure 67	Value of Known, Planned, and Un-Awarded Transport Sector Projects in Iraq by Status (\$m)	129
Figure 68	Value of Known, Planned, and Un-Awarded Transport Sector Projects in Iraq by Subsector (\$m)	129
Figure 69	Top Future Transport Clients in Iraq by Value of Contracts Planned (\$m)	131

List of Figures/Tables

Table	Title	Page No.
Table 1	Sectors Currently Absorbing Most Investment and Driving Project Demand in 2026	23
Table 2	Hydrocarbon Sector Projects Awarded in Q1 2026	35
Table 3	Strait of Hormuz tanker traffic in April 2026 during the Iran conflict	38
Table 4	Iraq Key Economic Indicators, 2025 & 2026	41
Table 5	Estimated Federal Government Revenue from Budget 2026 (IQD Trillion)	46
Table 6	Federal Government Expenses from Budget 2026 (IDQ Trillion)	46
Table 7	CRI Rating	48
Table 8	Aspect Details	48
Table 9	Construction Technology Evolution in Iraq (2015 - 2026)	63
Table 10	Key Business Environment Indicators (2025)	78
Table 11	Free Zones in Iraq	81
Table 12	Top Projects under Execution in Iraq	88
Table 13	Top Planned and Un-awarded Projects in Iraq in Tendering Stage	90
Table 14	Top Planned and Un-awarded Projects in Iraq in Design, FEED, or Study Stage	90
Table 15	Top Active OGC Projects in Iraq	96
Table 16	Top Planned and Un-awarded Oil, Gas and Chemical Projects in Iraq in Tendering Stage	98
Table 17	Top Planned and Un-awarded Oil, Gas, and Chemical Projects in Iraq in Design, FEED, or Study Stage	98
Table 18	Top Active Industrial Sector Projects in Iraq	104
Table 19	Top Planned and Un-awarded Industrial Projects in Iraq in Tendering Stage	106
Table 20	Top Planned and Un-awarded Industrial Projects in Iraq in Design, FEED, or Study Stage	106

List of Figures/Tables

Table	Title	Page No.
Table 21	Top Active Construction Sector Projects in Iraq	112
Table 22	Top Planned and Un-awarded Construction Projects in Iraq in Tendering Stage	114
Table 23	Top Planned and Un-awarded Construction Projects in Iraq in Design, FEED, or Study Stage	114
Table 24	Top Active Power and Water Sector Projects in Iraq	120
Table 25	Top Planned and Un-awarded Power and Water Projects in Iraq in Tendering Stage	122
Table 26	Top Planned and Un-awarded Power and Water Projects in Iraq in Design, FEED, or Study Stage	122
Table 27	Top Active Transport Sector Projects in Iraq	128
Table 28	Top Planned and Un-awarded Transport Projects in Iraq in Tendering Stage	130
Table 29	Top Planned and Un-awarded Transport Projects in Iraq in Design, FEED, or Study Stage	130
Table 30	Key Specifications and Features of the Al Khairat Thermal Power Plant in Karbala 2800MW	135
Table 31	Key Specifications and Features of the Nakheel City in Basra	140
Table 32	Key Specifications and Features of the Nebras Petrochemical Complex	144
Table 33	Key Specifications and Features of the Al Salam New Residential City	148
Table 34	Key Specifications and Features of the Kirkuk-Baniyas Pipeline	151
Table 35	Key Specifications and Features of the Phosphate Fertiliser Complex in Anbar	155
Table 36	Key Specifications and Features of the Madinat Al Ward Power Station 1400 MW	158
Table 37	Key Specifications and Features of the Beiji 2 Gas Power Plant 1014MW	167
Table 38	Key Specifications and Features of the Al-Diwaniya Oil Refinery	171
Table 39	Key Specifications and Features of the Baghdad South Combined Cycle Power Plant 1000MW	174
Table 40	Key Specifications and Features of the Al-Kut Refinery	178

List of Figures/Tables

Table	Title	Page No.
Table 41	Key Specifications and Features of the Nassiriyah Oil Depot of Crude Oil Tanks	181
Table 42	Key Specifications and Features of the Al-Fallujah New City	185
Table 43	Key Specifications and Features of the Renovation of Al-Doura Oil Fired Power Plant in Baghdad	189
Table 44	Key Specifications and Features of the Renovation of Al Shemal 700MW Thermal Power Plant	197
Table 45	Key Specifications and Features of the Buzurgan Terminal (BUT) Upgrade Project	206
Table 46	Key Specifications and Features of the Dhi Qar Oil Refinery	209
Table 47	Key Specifications and Features of the Renovation of Al 500 MW Solar Power Station in Nasiriya	213
Table 48	Key Specifications and Features of the Renovation of Power Generation Project in Basra 590 MW	216
Table 49	Key Specifications and Features of the Samawah Oil Refinery	220
Table 50	Key Specifications and Features of the South Karbala Water Project	223
Table 51	Key Specifications and Features of the Kurdistan Gas Pipeline Network Development	228
Table 52	Key Specifications and Features of the Ghazlani New City	231
Table 53	Key Specifications and Features of Suq Al-Shoyokh Infrastructure Works	234
Table 54	Key Specifications and Features of the Najaf Refinery Expansion Project	244
Table 55	Key Specifications and Features of Al-Jawahiri New City	249
Table 56	Key Specifications and Features of the Dhi Qar Oil Refinery	252
Table 57	Key Specifications and Features of the 2000 MW Flare Gas to Power Plant in Basra	255
Table 58	Key Specifications and Features of the Basrah-Duqm Pipeline	259
Table 59	Key Specifications and Features of the Eduba Schools Project	265
Table 60	Key Specifications and Features of the Al-Janain New Babylon City	272

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List of Figures/Tables

Table	Title	Page No.
Table 61	Key Specifications and Features of the Buruj Residential Project in Bagdad	275
Table 62	Key Specifications and Features of Mansouriya Field Development	280
Table 63	Key Specifications and Features of the Baiji Power Plant 2100 MW	283
Table 64	Key Specifications and Features of the Diyala Gas Fields	286
Table 65	Key Specifications and Features of the Solar Power Plant 3000MW and Battery Energy Storage System 500MWh	289
Table 66	Key Specifications and Features of the Erbil Mass City	292
Table 67	Key Specifications and Features of the Kirkuk Oil Refinery	311
Table 68	Key Specifications and Features of the Abu Ghraib Combined-Cycle Gas Power Plant 3000 MW IPP	315
Table 69	Key Specifications and Features of the Baiji Fertiliser Plant in Salah al-Din	318
Table 70	Key Specifications and Features of the 2000 MW Flare Gas to Power Plant in Basra	325
Table 71	Key Specifications and Features of the Al Mutanabbi Residential City	329
Table 72	Key Specifications and Features of the Erbil Happy City by Kurdistan Board of Investment	332
Table 73	Key Specifications and Features of the Nitrogen Urea Fertilizer Plant in Basra	335
Table 74	Key Specifications and Features of the Gas Growth Integrated Project (GGIP)	341
Table 75	Key Specifications and Features of the Erbil Sewage Treatment Plant Lot 1	346
Table 76	Key Specifications and Features of Basra Seawater Desalination Plant	364
Table 77	Key Specifications and Features of Iraq Common Seawater Supply Project (CSSP)	367
Table 78	Key Specifications and Features of the Al-Faw Combined-Cycle Gas Power Plant in Basra 3000 MW IPP	370

Iraq's project market in 2026 is undergoing a transformative shift to long-term economic positioning. The landscape is increasingly defined by "smart interdependence," focusing on regional transit corridors, energy sovereignty through gas capture, and a nascent digital backbone. While the oil and gas sector remains the primary engine of growth, there is a significant surge in renewable energy, regional transport connectivity, and a nascent but ambitious push into AI infrastructure.

Reconstruction and backlog

After decades of conflict, Iraq continues to tackle large-scale reconstruction and infrastructure deficits. Its physical infrastructure, i.e., roads, power, water, and transport, is in considerable need of upgrading or replacement.

Strategic corridor vision

At the heart of Iraq's long-term planning is the Development Road (also known as the "Dry Canal" or Iraq-Europe Development Road), which seeks to link the country north-south and east-west through highways, rail, ports, and industrial zones. This is intended to re-position Iraq as a regional logistics hub between the Gulf, Iran, Turkey, and Europe.

Public-private collaboration and project financing

To meet its goals, the government is increasingly turning to public-private partnerships (PPPs), international contractors, multilateral lending, and foreign direct investment. Entities like the Iraqi Infrastructure Fund are explicitly designed to mobilise investment into high-impact, bankable infrastructure projects in energy, transport, and utilities.

New Investment Plan Targets Infrastructure and Economic Growth

- **Diversification & National Strategy Rollout:** The National Investment Commission (NIC) in April 2026 unveiled a strategic vision encompassing major new projects, including fibre optics and regional data centres, semiconductor manufacturing, vertical farming, waste-to-energy, blue ammonia production, anti-desertification programs, and multi-service economic cities. This reflects Iraq's push to reduce oil dependency and broaden its economic base. These fit within Iraq's 2024-2028 National Development Plan, which highlights infrastructure modernisation, local industrial capacity building (in agriculture, industry, tourism), and connectivity through roads and ports.

Major Challenge of Debt Stress: To fulfil these strategies through high-cost infrastructure and energy projects, Iraq needs substantial up-front capital. While private financing and public-private models are employed, Iraq's sovereign risk and credit ratings (currently around B-) complicate borrowing.

How Iraq is drawn into the Crossfire

The 2026 Iran conflict, initiated by joint US and Israeli strikes on February 28, has profoundly destabilised Iraq, transforming the nation into a primary kinetic and economic battleground. While not the initial target, Iraq has suffered extensive collateral and direct damage due to its role as a launchpad for Iran-aligned militias and a host for U.S. military and diplomatic facilities. The conflict has effectively paralysed Iraq's oil-dependent economy by closing the Strait of Hormuz, leading to a 90 per cent drop in exports and a daily revenue loss exceeding \$260m. Beyond the energy sector, the war has disrupted critical infrastructure, severed supply chains, and triggered a humanitarian crisis characterised by rising food prices and electricity blackouts.

As of May 2026, the situation has worsened despite a tenuous ceasefire declared in April 2026. Ongoing regional strikes have crippled Iranian gas imports, with high chances of plunging Iraq into a power shortfall of 11 GW. Meanwhile, after the drone attack near Harir Air Base in May, the US Treasury Department imposed sanctions on the Iraqi deputy oil minister Ali Maarij Al-Bahadly for his role in the illicit oil smuggling network to Tehran.

Overview of Conflict Dynamics and Direct Impact

The 2026 conflict is characterised by multi-domain warfare, integrating kinetic strikes with cyber and psychological operations. Following the death of Supreme Leader Ali Khamenei in the initial wave of "Operation Epic Fury," Iran-aligned groups in Iraq, such as the **Islamic Resistance in Iraq** and **Kata'ib Hezbollah**, escalated attacks against American assets to widen the conflict's geographic scope.

Iraq has sustained significant direct damage across multiple regions:

- **Baghdad and Central Iraq:** The U.S. Embassy in the Green Zone, Baghdad International Airport, and the National Intelligence Service headquarters have been repeatedly targeted by drones and missiles. Retaliatory airstrikes by U.S. and Israeli forces have hit militia strongholds in Jurf al-Sakhar and Jadriyah, resulting in dozens of fatalities among paramilitary commanders and fighters.
- **Kurdistan Region (KRI):** The KRI has experienced over 470 attacks from the **IRGC** and affiliated groups, primarily targeting Erbil. These strikes have damaged at least 46 civilian homes and 32 vehicles, leading to the suspension of educational activities and causing over 100 casualties by late March 2026.
- **Northern Opposition Camps:** On May 7, 2026, Iran launched dozens of suicide drones at Kurdish opposition camps near Erbil (including KDPI and Komala sites). U.S. jets intercepted several drones mid-air near Harir Air Base, though partial impacts were reported at nearby sites.
- **Southern Iraq:** Basra has become a focal point for attacks on energy infrastructure. Drone strikes have hit the **Rumaila** and **Majnoon** oil fields, as well as the Umm Qasr naval base radar systems.

In short, one month into the Iran war, Iraq faces an unfolding economic crisis coupled with security strains – a damage assessment shows steep declines in oil output, trade flows, and investor activity, alongside rising uncertainty across all sectors. In other way, Iraq has suffered extensive collateral and direct damage due to its role as a launchpad for Iran-aligned militias and a host for U.S. military and diplomatic facilities.

The Strait as Iraq's Only Viable Trade Corridor

More than 90 per cent of Iraq's trade moves by sea. With the Strait of Hormuz effectively closed to most shipping from 4 March, the country's import supply chain has been severely disrupted. Food, medicine, construction materials, fuel products, and manufactured goods that normally move through Gulf ports are now delayed, rerouted, or simply not moving.

Drastic Impact on Iran's Economy

Hormuz is the conduit for roughly 20 to 25 per cent of the world's oil in normal times, including the bulk of Iraq's own oil exports. For Iraq specifically, the impact of a Hormuz shutdown is particularly severe: the economy's lifeblood of oil revenue is cut off with no easy replacement. Officials warn that a prolonged closure would cause a



A dramatic drop in export volumes sharply



Thus cause a reduced national income and broader fiscal strain for Iraq.

The Problem with Alternative Routes

Unlike some Gulf neighbours, Iraq has limited alternative export routes. Saudi Arabia and the UAE, for instance, have pipelines that bypass Hormuz (to the Red Sea and to the Arabian Sea, respectively). Iraq's only significant alternative is the **Kirkuk - Ceyhan** pipeline north to Turkey, which can handle at most a few hundred thousand barrels per day. Plus, that pipeline was shut for political reasons months before the war.

Polycrisis for the Iraqi Government

As of April 2026, Iraq is facing a systemic crisis that threatens to undo years of post-ISIS recovery. The country is trapped in a "polycrisis" where military strikes on its soil are compounded by a total economic blockade of its southern coast. While the government attempts an "Iraq First" policy to maintain neutrality, the presence of autonomous militias and the nation's absolute dependence on the Strait of Hormuz have made it the primary economic casualty of the Iran war.

Table 3: Strait of Hormuz tanker traffic in April 2026 during the Iran conflict

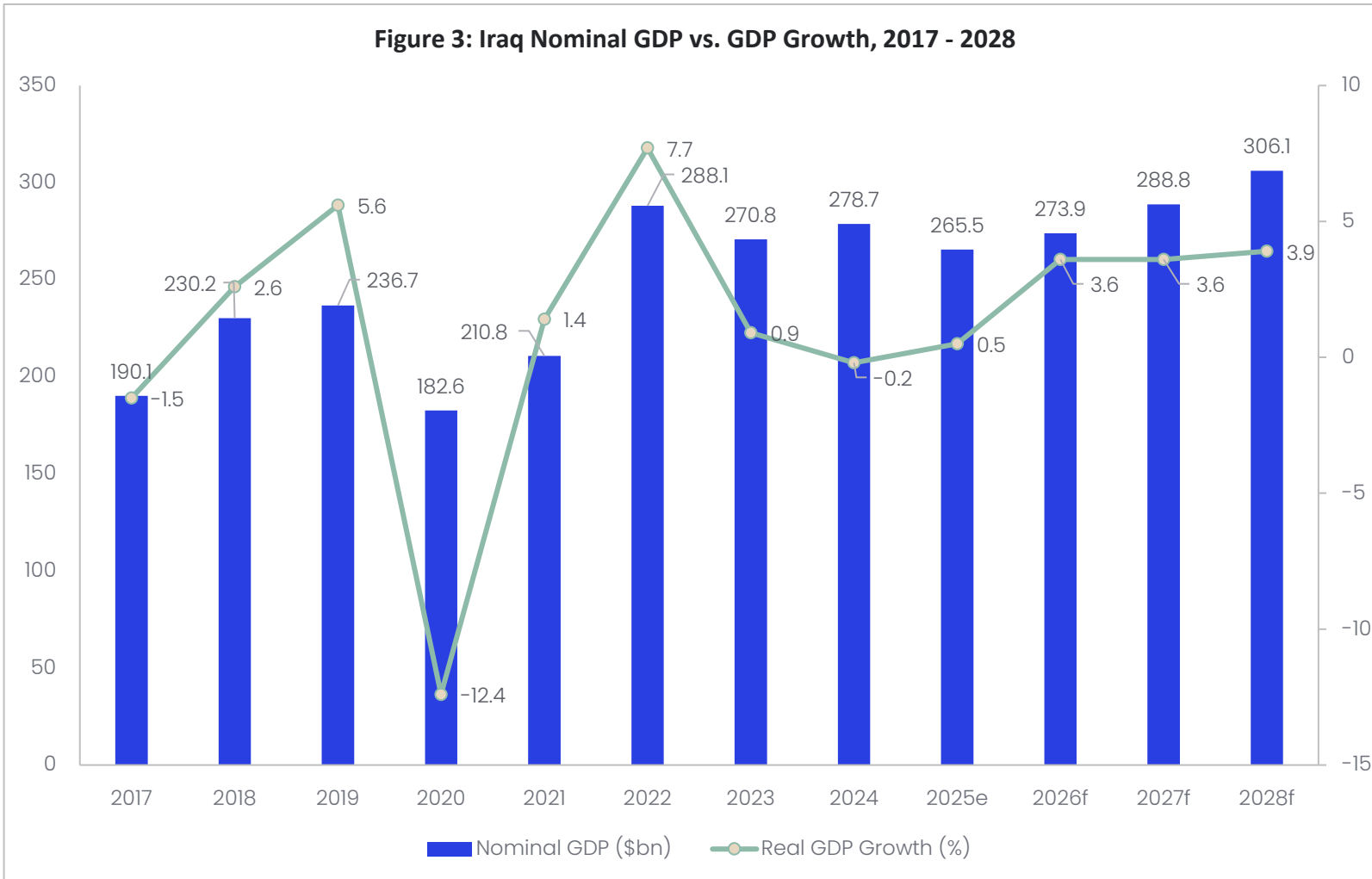
Date	Container	Dry Bulk	General Cargo	Roll-on/roll-off	Tanker	7-day Moving Average
05 April 2026	5	17	2	2	19	36.0
12 April 2026	7	11	6	2	15	34.71
19 April 2026	10	7	6	1	17	39.57
26 April 2026	11	14	4	0	10	41.57

Exemption Limitations

Although Iran announced an "exemption" for Iraqi vessels in March 2026, the measure has been largely ineffective. International tanker owners are unwilling to risk their vessels in a combat zone, and Iraq still lacks a sufficient domestic tanker fleet to utilise the corridor independently.

Iraq’s microeconomic landscape is shaped by a strong dependence on oil, which influences how households, firms, and markets behave across the economy. In Iraq, oil revenues dominate national income, creating a dual structure where the hydrocarbon sector is highly capital-intensive and productive, while the non-oil sectors—such as agriculture, retail, and small-scale manufacturing—remain underdeveloped and less efficient.

Figure 3: Iraq Nominal GDP vs. GDP Growth, 2017 - 2028



- The trend in nominal GDP and real GDP growth for Iraq from 2017 to 2028 shows a volatile yet gradually stabilising economic trajectory.
- Between 2017 and 2019, Iraq’s economy experienced steady expansion, with nominal GDP rising from around \$190bn to \$236.7bn, supported by growth rates peaking at 5.6 per cent in 2019. However, in 2020, the economy contracted sharply, with GDP falling to \$182.6bn and real growth plunging to -12.4 per cent, largely reflecting external shocks and oil market disruptions.
- A strong rebound followed in 2021 and 2022, with growth recovering to 1.4 per cent and then surging to 7.7 per cent in 2022. This recovery pushed nominal GDP to a peak of approximately \$288.1bn, driven by improved oil prices and increased production. However, the momentum softened in 2023 and 2024, as growth moderated to 0.9 per cent and turned slightly negative at -0.2 per cent, with GDP fluctuating around the \$278bn.

Looking ahead, the forecast period (2025–2028) suggests a return to moderate and more stable growth. Real GDP growth is expected to gradually strengthen from 0.5 per cent in 2025 to around 3.9 per cent by 2028. Nominal GDP is projected to increase steadily, reaching about \$306.1bn by 2028.

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Iraq’s estimated budget for 2026 reflects a period of fiscal tightening and uncertainty, shaped largely by volatile oil revenues and political delays. Early projections suggest total spending could be around IQD 150 trillion, notably lower than the expanded 2025 budget, indicating a shift toward more conservative fiscal planning.

- **Revenue structure:** On the revenue side, Iraq remains heavily dependent on hydrocarbons, with oil revenues accounting for more than 90 per cent of total government income, making the fiscal position highly sensitive to global oil price fluctuations. With oil prices expected to soften in 2026, policymakers are placing increasing emphasis on diversifying revenue sources, including higher taxes and fees, improved customs collection, and expanding non-oil income streams such as tourism and private sector activity.
- **Expenditure priorities:** Expenditure allocations in 2026 are expected to prioritise operational (current) spending, particularly public sector wages, pensions, and social welfare programmes, which together consume a substantial share of total expenditure. Salaries alone represent a major fiscal burden, reflecting the size of Iraq’s public workforce. Protecting these payments is a central government objective, especially given social and political sensitivities.
- **Strategic allocation themes:** The 2026 budget reflects several key strategic directions.
 - **Fiscal consolidation:** Aligning spending more closely with realistic revenue assumptions to contain deficits, which could reach IQD 70–80 trillion under lower oil price scenarios.
 - **Social protection focus:** Safeguarding wages, pensions, and welfare transfers to maintain social stability.
 - **Economic diversification:** Increasing non-oil revenues and supporting private sector growth to reduce long-term reliance on oil.
 - **Spending efficiency:** Cutting non-essential expenditures and improving allocation efficiency across ministries and public entities.

Table 5: Estimated Federal Government Revenue from Budget 2026 (IQD Trillion)

Revenue Source	Amount
Federal Entity Service Fees	4
Taxes	9
Investments Returns	3
Regional Contributions	2
Pension Contributions	4
Oil Revenue (Main Source)	95
Miscellaneous Income	10

Table 6: Federal Government Expenses from Budget 2026 (IQD Trillion)

Expenditure Category	Estimated Allocation (IQD Trillion)
Public Sector Salaries & Wages	38
Pensions & Social Welfare	18
Subsidies (Energy, Food, etc.)	12
Security & Defence	18
Debt Servicing	8
Operations & Government Admin	10
Infrastructure & Investment	22
Health Sector	6
Education Sector	7
Other (Transfers, Contingency)	5



Project Strategy & Delivery

Workforce and other Execution Challenges

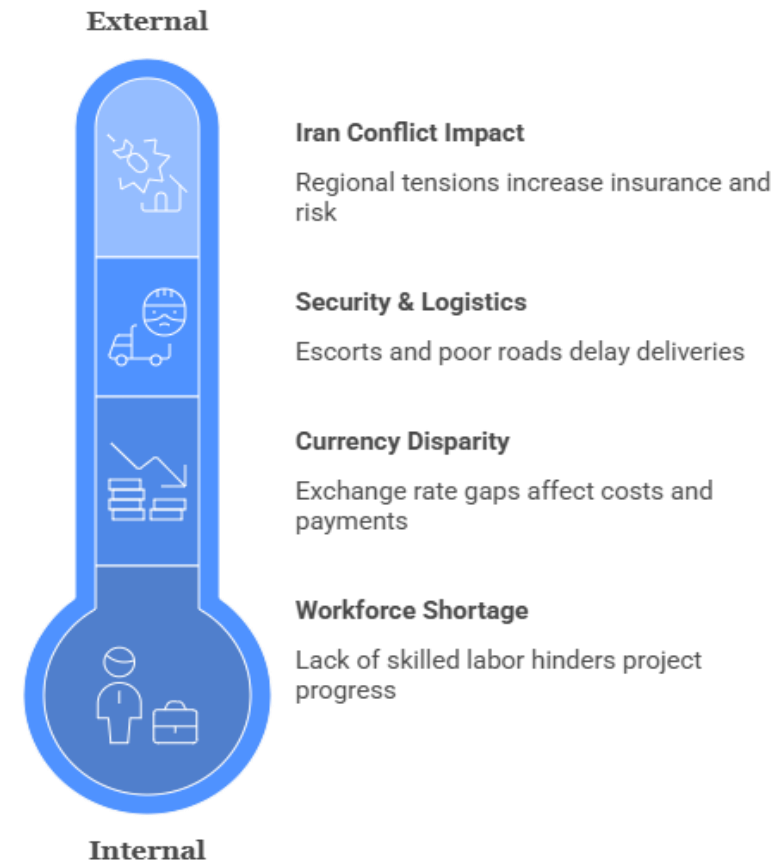
Despite the surge in project activity, execution remains difficult due to persistent talent gaps and logistical bottlenecks. Thus, project execution in 2026 requires navigating a complex socio-political and physical environment.

- **Workforce Shortage:** While Iraq hosts ~370,000 migrant workers (as of 2025) for low-wage sectors, there is a severe Skilled Labour Shortage in specialised technical fields like digital project delivery and sustainable tech. Delays in payments, cash flow problems, and cost escalations (materials, fuel, transport) make workforce planning and retention challenging.
- **Currency Disparity:** A major hurdle is the gap between the Central Bank of Iraq (CBI) exchange rates and market rates, impacting salary payments and material costs.
- **Security & Logistics:** Armed escorts are still required for high-risk zones, and poor existing road networks frequently delay material delivery.
- **Iran Conflict Impact:** Regional tensions have spiked maritime insurance premiums and introduced potential USD transaction bans on some private banks, necessitating rigorous due diligence on local financial partners.

Major 3 Impacts on Project Execution

- **Delays & Schedule Overruns:** Projects frequently run behind schedule due to workforce inefficiencies, poor coordination, materials delays, and redesigns.
- **Cost Overruns:** Inflation in materials and labour, unexpected redesign costs, and extended projects escalate budgets.
- **Quality Deficiencies:** Substandard materials, unskilled labour, and poor supervision lead to lower construction quality, raising safety risks and reducing durability.

Project execution challenges range from internal to external factors



In Iraq, risk is not a discrete event but a constant factor, requiring "agile planning" where teams must be prepared to adjust schedules in real-time due to environmental factors like sandstorms or shifting security postures.

Iraq's Green Growth Framework encompasses various financing mechanisms to support its implementation. These financing strategies aim to mobilise resources from both domestic and international sources to fund green projects, initiatives, and policies.



Domestic Investment

Iraq promotes domestic investment in green projects by offering incentives such as subsidies, tax breaks, and financial support for renewable energy, energy efficiency, sustainable agriculture, and eco-friendly infrastructure.



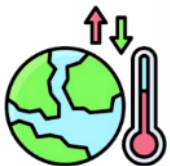
Green Bonds

Iraq plans to raise funding for environmentally sustainable projects by issuing green bonds dedicated to renewable energy, energy efficiency, and climate adaptation initiatives.



PPPs

Iraq will advance green development by promoting public-private partnerships that share costs, risks, and expertise to finance and deliver green infrastructure, renewable energy, and other sustainable projects.



Climate Finance

Iraq will tap climate finance sources (GCF, AF, GEF, and carbon finance) to fund mitigation and adaptation projects—supporting its Green Growth Framework through renewable energy, climate-resilient infrastructure, sustainable agriculture, and related initiatives.



Climate Investment Funds

Iraq can create dedicated climate investment funds to pool stakeholder resources and provide financing, technical assistance, and capacity-building for mitigation and adaptation projects, startups, and sustainable-sector innovation.



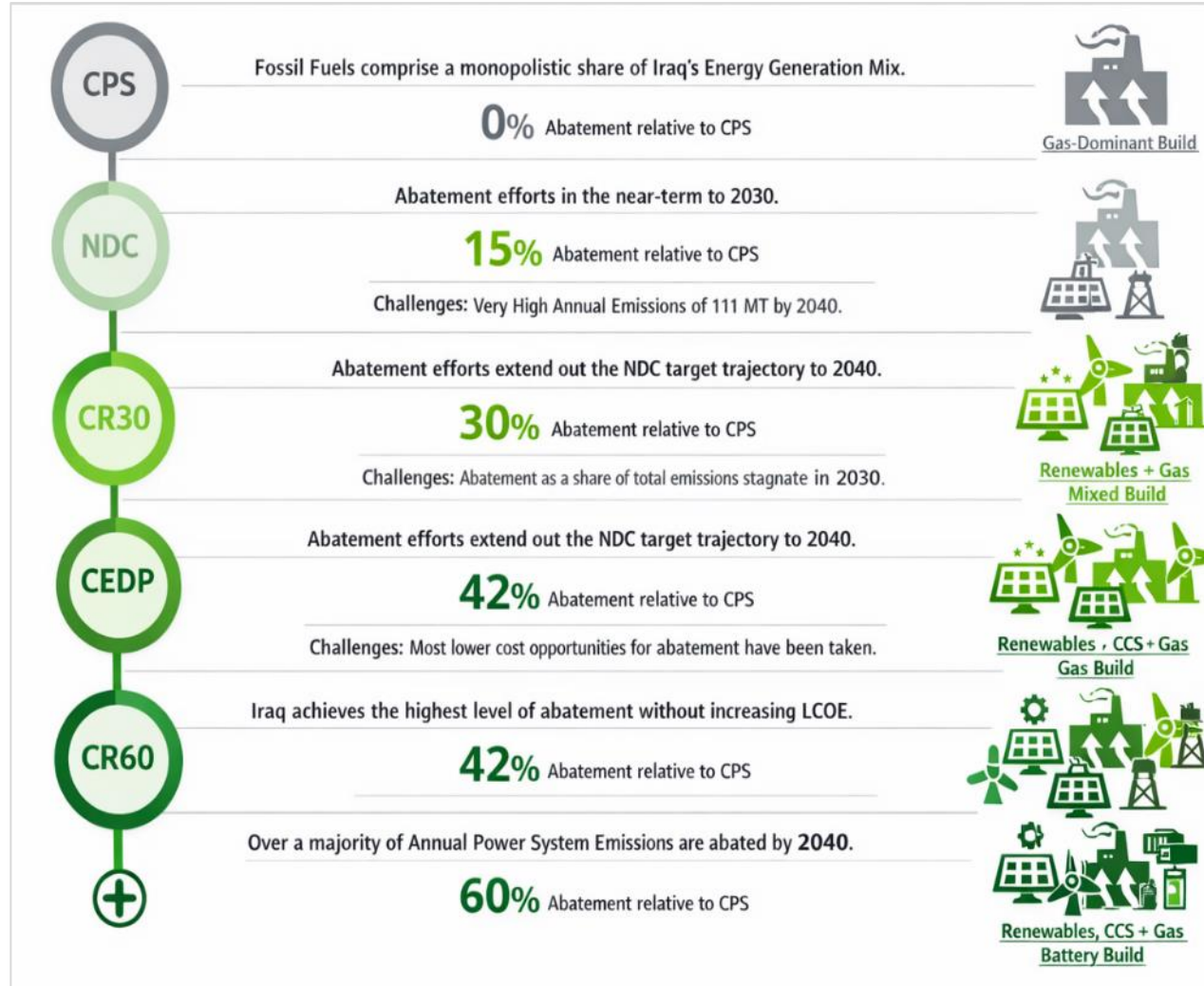
Green Enterprises Fund

Iraq can set up a dedicated funding mechanism through a bank consortium to pool resources and finance green enterprises, job creation, and sustainable services.

Overall, Iraq's green-growth financing strategy blends domestic and international funding—via green bonds, PPPs, climate-finance channels, dedicated climate/green enterprise funds, and incentives—to mobilise capital, reduce risk for investors, and accelerate delivery of bankable, job-creating low-carbon and climate-resilient projects.

Iraq Energy Transition and Emission Abatement Pathways

The World Bank applied its Electricity Planning Model (EPM) to map least-cost power generation options for Iraq from 2021 to 2040. It developed five scenarios to identify feasible decarbonisation pathways, first focusing on rapidly closing the electricity supply–demand gap by 2024, then assessing different **carbon-reduction trajectories** over 2025–2040.



CPS (Current Policies Scenario): Baseline pathway reflecting existing plans and commitments to 2027, then continues with current policy direction—mainly expanding gas-fired thermal generation with limited solar PV growth. Used as a reference for comparison.

NDC scenario: Designed to match Iraq's Nationally Determined Contribution for the power sector: 15 per cent emissions reduction by 2030, and that 15 per cent is sustained through 2040 (measured relative to BASE, not CPS).

CR30 (Carbon Reduction 30): Follows 15 per cent reduction by 2030, then strengthens ambition to reach 30 per cent reduction by 2040, measured relative to CPS.

CEDP (Cost-Effective Decarbonization Pathway): Seeks the maximum emissions reduction without increasing generation system cost (LCOE basis). Model outcome: about 42 per cent annual emissions reduction by 2040, relative to CPS.

CR60: More aggressive pathway: 30 per cent reduction by 2030 (double the NDC level), then 60 per cent reduction by 2040, relative to CPS.

These reductions in annual emissions are scaled linearly over the period and take effect in 2025. The model was designed not to abate in **2021 to 2025**, as the primary near-term focus is first to meet the gap between supply and demand, building committed combined cycle gas turbine conversions and plants and reducing the reliance on liquid fuels.

Note: Percentages show CO2 reduction relative to the Current Policies Scenario. Source: World Bank

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Project Contract Awards By Year, 2016 – 2026* (\$m)

Historical Contract Awards by Year and Sector

Figure 18: Value of Contract Awards in Iraq by Year 2016 – 2026* (\$m)

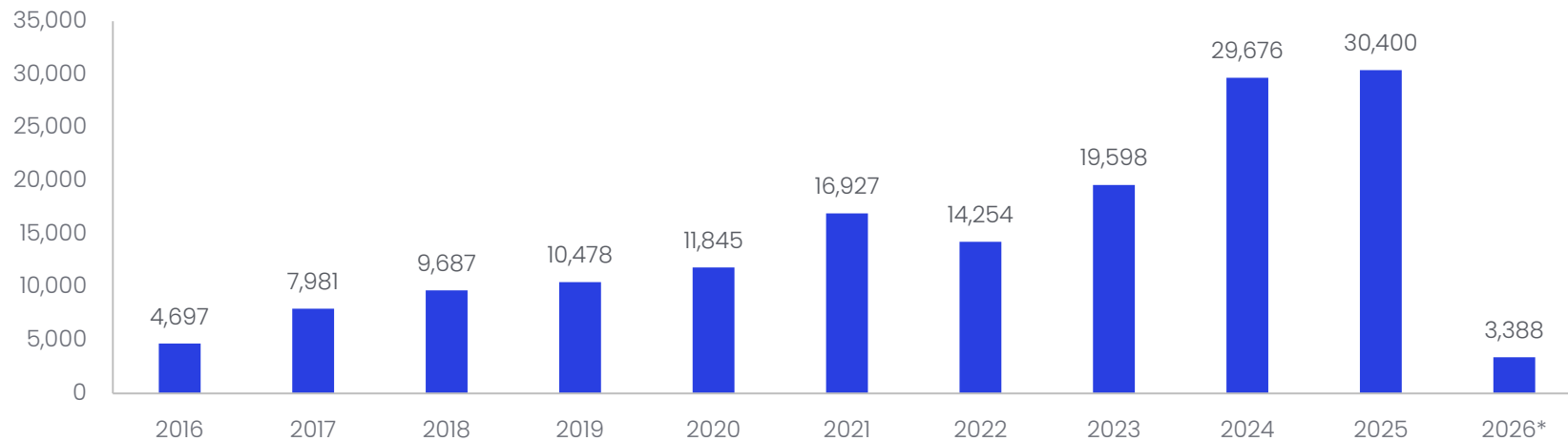
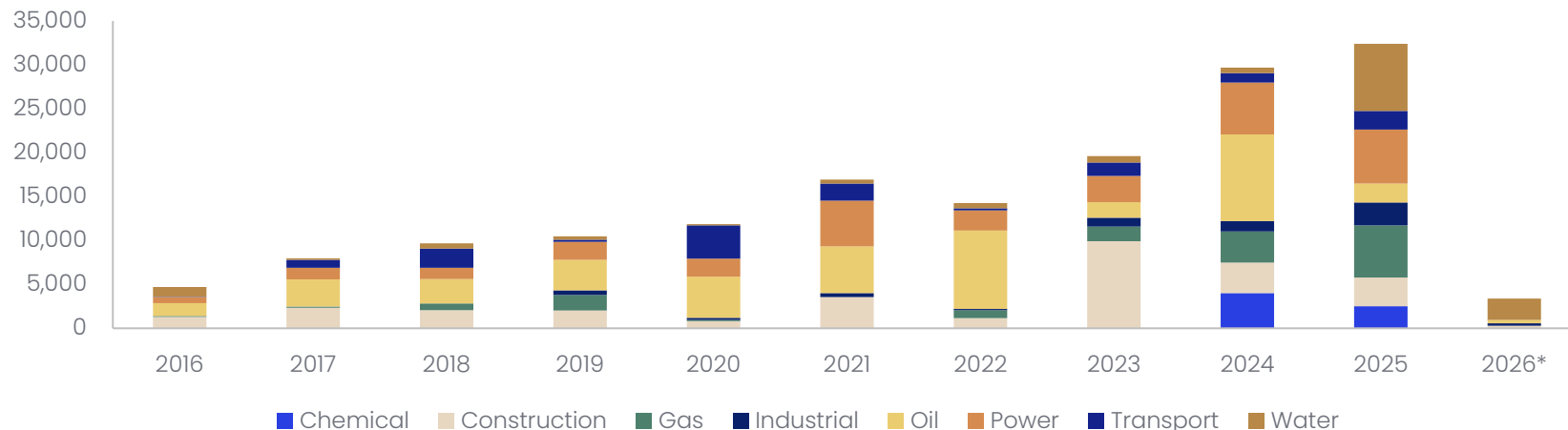


Figure 19: Value of Contract Awards in Iraq by Year and Sector (\$m)



Commentary

- The total value of contract awards in Iraq over 2016–2026* is \$160.9bn, with an annual average of \$14.6bn.
- Contract awards in Iraq demonstrate a clear upward trajectory from 2016 to 2025, rising from approximately \$4.7bn in 2016 to a peak of around \$30.4bn in 2025. This growth reflects a sustained recovery and expansion phase, with momentum building post-2020 and notable acceleration between 2023 and 2025.
- A temporary decline is observed in 2022, indicating short-term market adjustments; however, this was followed by a strong rebound. The significantly lower value recorded for 2026* (\$3.4bn) is attributable to partial-year data (up to March).
- Sector-wise, the oil sector is the largest sector with contracts awarded worth \$43.9bn, followed by the construction sector with \$30.1bn, the power sector with \$29.9bn, the gas sector with \$15bn, the water sector with \$14.7bn, the transport sector with \$14bn, the chemical sector with \$6.5bn, and the industrial sector with \$4.4bn.

(*)= Up to March 2026; Source: MEED Projects

Top Projects under Execution

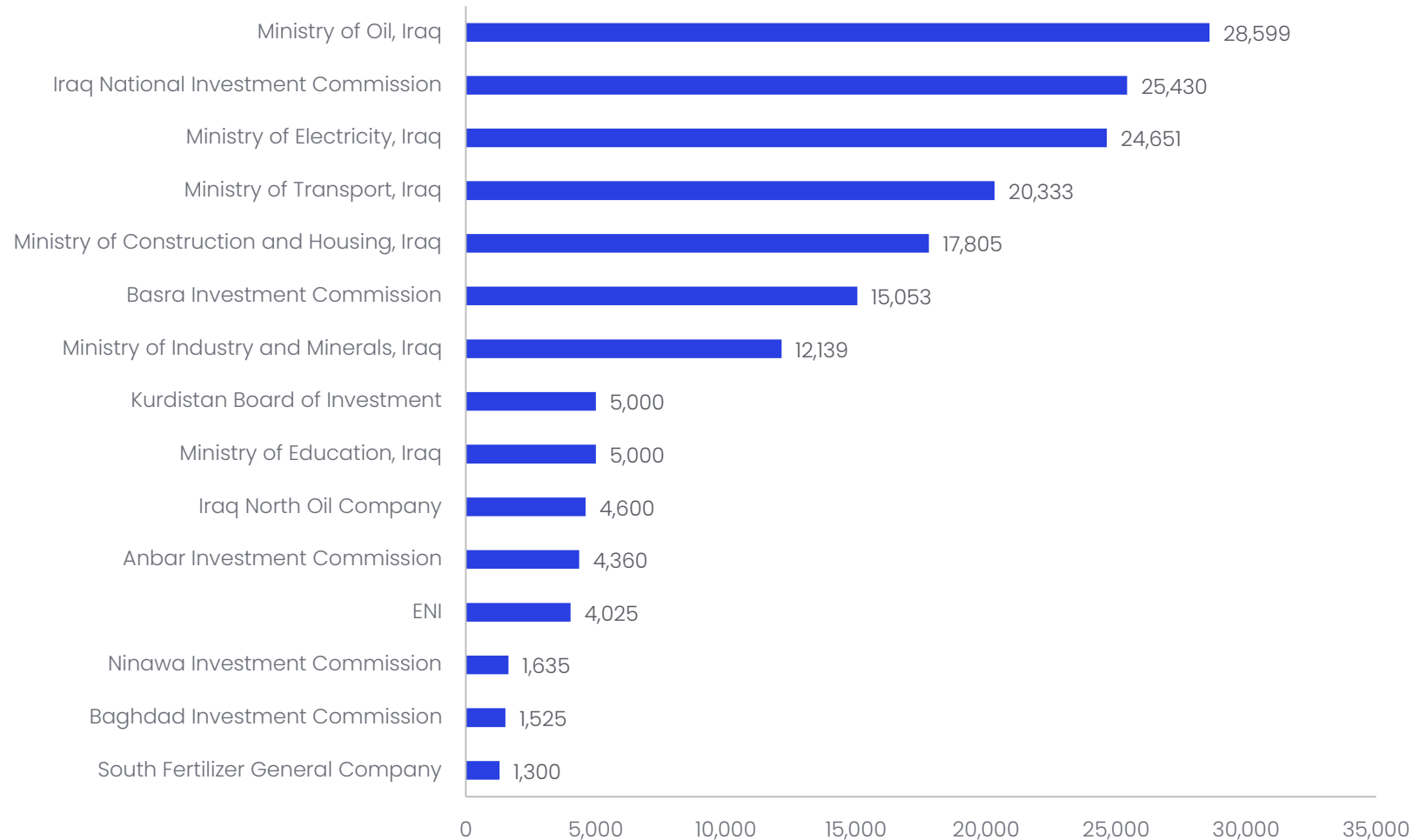
Below is a list of the current top projects under execution in Iraq.

Table 12: Top Projects under Execution in Iraq

Project Name	Contract Value (\$)	Main Contractor(s)/Developers(s)	Expected Completion Year
Al Faw Refinery	8,000	Hualu Engineering & Technology	2028
Nasiriya Integrated Project: Oil Field Development	6,000	Thi Qar Investment Commission	2026
Al Faw Petrochemical Complex	4,000	Hualu Engineering & Technology	2028
Al Khairat Thermal Power Plant in Karbala 2800MW	3,620	CITIC Construction	2027
GGIP: Common Seawater Supply Project (CSSP): Water Treatment Plants	3,160	Hyundai E&C	2030
Rafael City: Jadet Baghdad (Baghdad Avenue)	3,000	Al Arifi Group of Companies	2028
GGIP: Common Seawater Supply Project (CSSP): Pipelines	2,524	China Petroleum Pipeline Engineering	2030
Basra Seawater Desalination Plant: Phase 1 & 2	2,420	PowerChina	2028
Al Faw Investment Refinery project: Power Station 2000 MW	2,000	Hualu Engineering & Technology	2028
Solar IPP Power Plant 1000 MW in Najaf	2,000	Acwa Power	2028
Phosphate Fertiliser Complex in Anbar	2,000	East China Engineering Science and Technology	2028
Ghazlani New City	2,000	China Eleventh Chemical Construction Company Ltd. (ELECO)	2027
Al-Jawahiri New City	2,000	China National Chemical Engineering Co / East China Engineering Science and Technology, Shams Al Bina	2026
Dhi Qar Oil Refinery	2,000	China North Industries Corporation	2029
GGIP: Artawi Oil Field Development: Central Gas Complex	1,610	China Petroleum Engineering & Construction Corporation	2028

Top Future Clients

Figure 24: Top Future Clients in the Iraq by Value of Contracts Planned (\$m)



Commentary

- The Ministry of Oil, Iraq leads with \$28.5bn, closely followed by the Iraq National Investment Commission (\$25.4bn) and the Ministry of Electricity (\$24.7bn).
- Next-tier clients include the Ministry of Transport (\$20.3bn) and the Ministry of Construction and Housing (\$17.8bn), indicating a strong infrastructure and housing pipeline alongside energy.



وزارة النفط
MINISTRY OF OIL



Republic of Iraq
MINISTRY OF ELECTRICITY
وزارة الكهرباء



Project Case Studies

Quick Key Facts

Project owner	Basra Investment Commission
Estimated Project Value(\$bn)	15
Built-up area (square meter)	42,600,000
Total project area (dunams)	54,000 dunams
Distance from Basra city	40 km
Planned housing units (Nakheel City)	120,000 units

Scope

Nakheel City is a planned \$15bn, phased urban development by the Basra Investment Commission on 135 million square metres at Khor Abdullah, around 40km west of Basra city. The scope covers 120,000 housing units supported by full city infrastructure and public services, including schools, hospitals and amenities. It also includes major economic and transport assets such as an airport, port, industrial and trade areas, a financial centre, bridges and waterways, alongside cultural venues, a luxury yacht marina, safety and security systems, and a 20,000-acre environmental reserve with associated facilities.

Overview

Basra Investment Commission's \$15bn Nakheel City plan is a rare mega-scale urban proposition for southern Iraq, both in land take (135m square metres) and in ambition.

With Basra facing a housing shortfall of about 300,000 units, the proposed 120,000 homes would address roughly 30 per cent of demand and create capacity for up to 1 million residents. The location on the Khor Abdullah shoreline, 40 kilometres west of Basra city, ties the scheme to the province's logistics and industrial base, while also opening waterfront real estate and leisure potential.

The programme is broad, combining residential districts with transport and economic anchors including an airport, port, bridges, industrial and trade zones, and a financial centre. Social infrastructure such as schools, hospitals and public amenities is planned alongside cultural assets and a marina, indicating an attempt to build a functioning city rather than a stand-alone housing estate. The inclusion of waterways and a 20,000-acre environmental reserve signals a push towards placemaking and liveability, though delivery will hinge on utilities, access roads, and reliable power and water networks being in place early.

Execution risk will sit around phasing, procurement and bankability. The scale suggests multiple packages across infrastructure, housing, marine works and public buildings, likely requiring a mix of private developers and strategic contractors, with clear land, permitting and offtake frameworks to attract capital. For Nakheel City to move from concept to construction, the market will look for defined delivery phases, enabling works, credible demand modelling, and a funding structure that can withstand Iraq's typical challenges around timelines, coordination and payments.

Stakeholders

Owner



Consultant

Dewan
Architects +
Engineers

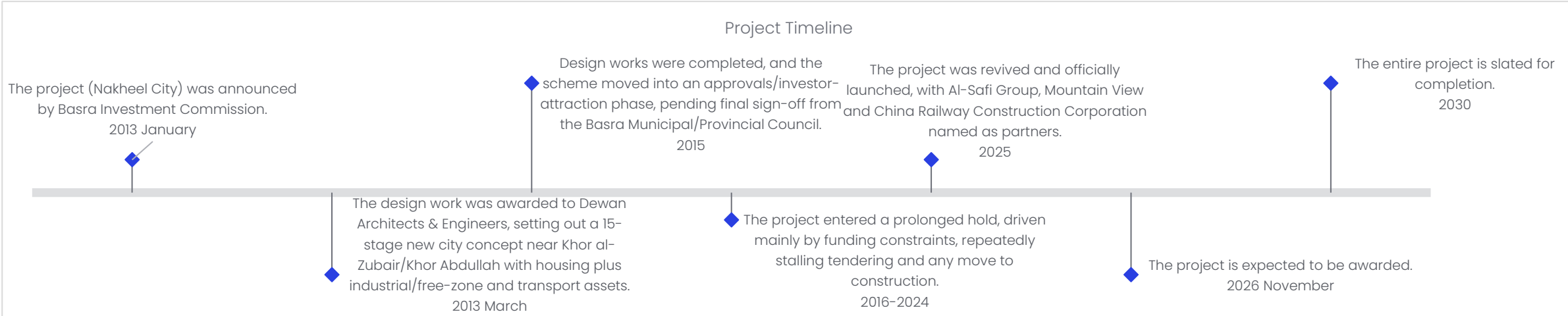
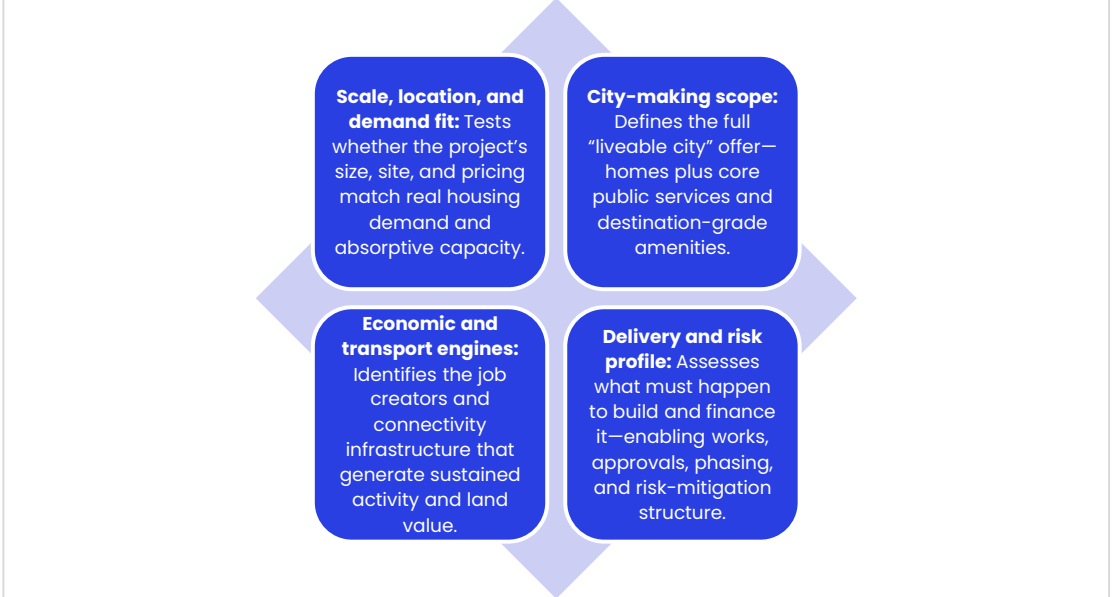
Current Status

Site preparation is now complete. Work has moved into land levelling and initial road development, setting the base for future construction. China Railway Construction Corporation remains confident in delivery, though a slightly adjusted timeline is expected due to ongoing regional tensions. The development of 120,000 homes. Stakeholders are strengthening risk controls, with a sharper focus on cost discipline and funding stability.

Project Components

- Homes and community services:** The plan centres on 120,000 housing units designed to ease Basra’s housing gap and support a population of up to 1 million. To make it liveable from the start, it also includes schools, hospitals and public amenities. Cultural spaces such as museums and centres add identity and help the city feel like a place, not just a building.
- Transport, trade, and economic hubs:** Nakheel City is set up to work with Basra’s trade engine through major anchors such as an airport and a port. Industrial and trade zones and a financial and economic centre are intended to draw employers and investment, not only residents. This mix should support steady demand for housing by linking jobs, movement, and services in one location.
- Infrastructure, waterfront, and environment:** Core infrastructure works will cover utilities, roads, and the early networks needed to unlock later phases. The city layout also includes bridges and waterways, plus a luxury yacht marina, using the Khor Abdullah shoreline to create a strong waterfront offer. A 20,000-acre environmental reserve is a key component, helping with open space, climate comfort, and long-term quality of life.

Nakheel City Feasibility Framework and Timeline



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Nakheel City in Basra – Project Key Specifications



The project’s scope goes beyond residential supply to include an airport, port and yacht marina, industrial and trade zones, a financial and economic centre, and extensive social infrastructure such as schools, hospitals, cultural facilities, waterways, and bridges—indicating an ambition to create a self-sustaining urban node on the Khor Abdullah corridor.

Table 31: Key Specifications and Features of the Nakheel City in Basra

Aspect	Details
Contract Type	Build
Project owner	Basra Investment Commission (BIC)
Estimated project cost	\$15bn
Location	On Khor Abdullah shores
Distance from Basra city	~40 km west of Basra city
Total land area (square meters)	~135 million m ²
Total land area (dunams)	~54,000 dunams
Housing need in Basra (context)	~300,000 new housing units required
Planned housing units	~120,000 housing units
Share of Basra housing need covered	~30 per cent of Basra housing requirement
Planned population capacity	~1,000,000 people
Airport	Construction of an airport
Luxury yacht marina	Construction of a luxury yacht marina
Natural environmental reserve	Construction of a 20,000-acre natural environmental reserve

Quick Key Facts

Project owner	South Refineries Company
Estimated Project Value(\$bn)	2
Expected Award Year	July 2026
Expected Completion Year	June 2029
Oil Refinery Capacity	100,000 Barrels per day

Scope

The project covers EPC of a 100,000 b/d refinery in Dhi Qar, including major upgrading units such as hydrogenation, isomerisation, FCC and CCR. It also includes dedicated product processing facilities, notably an asphalt unit and a benzene improvement unit. An on-site electric power production unit will be built to support a reliable utilities supply for continuous operations. The scope is focused on boosting yields of higher-value products and improving overall product quality from the refinery.

Overview

Southern Refineries Company (SRC) is progressing plans for a \$2bn, 100,000 b/d refinery in Dhi Qar province, Iraq.

The scheme is intended to expand domestic refining capacity and improve the availability of transport fuels and other petroleum products in the southern region. It adds to Baghdad's broader push to reduce product imports and strengthen in-country processing.

The proposed configuration is centered on conversion and upgrading capacity. Key units include hydrogenation, isomerisation, a fluid catalytic cracking (FCC) unit and a continuous catalytic reforming (CCR) unit. Together, these units are designed to raise yields of higher-value light products and support improved fuel specifications.

The scope also includes specialties and supporting facilities. SRC plans an asphalt unit, an electric power production unit to supply the site, and a benzene improvement unit to enhance product quality.

With a budget of \$2bn for 100,000 b/d capacity, the project is expected to generate EPC opportunities across process packages, utilities and offsites as it moves through procurement and execution.

Stakeholders

Owner



Developers



Main Contractor



Current Status

The project is being delivered under an agreement with Norinco, PowerChina, and CNEC. It also shows Iraq's growing move towards Chinese partners for key infrastructure investment. This shift is helping the country access funding and speed up large-scale development. Regional instability in 2026 is creating some pressure on supply chains, which may slow parts of the work. Even so, the project holds strategic value, so progress is expected to continue as planned, with only short-term delays likely.

Project Components

Core Refining & Upgrading Configuration: The refinery is designed around conversion and upgrading units that increase the share of high-value light products. Key process units include hydrogenation (hydrotreating), isomerisation, an FCC unit and a CCR unit. Together, these enable higher gasoline, and distillate yields while improving fuel quality to meet tighter specifications.

Speciality Product & Quality Enhancement Facilities: Beyond standard transport fuels, the scope includes an asphalt unit to produce paving-grade bitumen for domestic demand. A benzene improvement unit is planned to upgrade aromatic streams and enhance overall product quality and marketability. These additions broaden the product slate and increase the value recovered from each barrel processed.

Utilities, Power & EPC Delivery Scope: The project includes an on-site electric power production unit to provide reliable energy for process operations and reduce dependence on the external grid. Utilities and offsites (water, steam, cooling, storage, flare systems, and interconnections) are integral to safe, continuous operation. With a \$2bn budget for 100,000 b/d, this creates EPC opportunities across process packages, utilities, and supporting infrastructure as procurement and execution advance.

Certifications

Euro 5

ISO 50001:2018

ISO 9001

API Spec Q1 / Q2

ISO 14001

ASTM Standards

ISO 45001 / OHSAS 18001

EITI Standard

Integrated Energy & Utilities of the Project and Timeline

Combined-Cycle Power Plant

- The refinery works in tandem with a nearby 750 MW power plant. This facility uses GE 9E gas turbines and can run on natural gas, light distilled oil, or crude oil as backup.

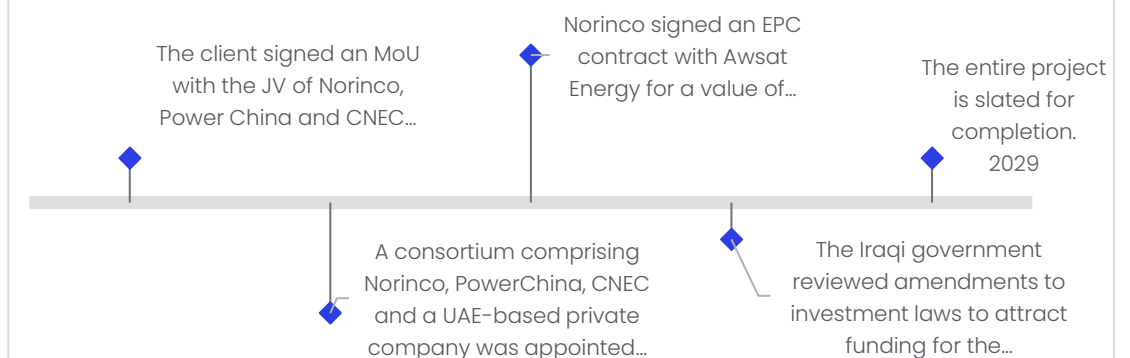
Water Treatment Facilities

- Dedicated Systems for wastewater treatment and water supply are integrated into the site to manage industrial cooling and environmental runoff.

Substation Infrastructure

- The project includes both 132 kV air-insulated and 400 kV gas-insulated switchyards to manage high-voltage power distribution.

Project Timeline



Dhi Qar Oil Refinery – Project Key Specifications

Southern Refineries Company is developing a \$2bn, 100,000 b/d refinery in Iraq’s Dhi Qar province to expand domestic refining capacity and improve the supply of transport fuels in the south. The refinery is configured around conversion and upgrading units—hydrogenation, isomerisation, FCC and CCR—to increase light-product yields and meet improved fuel specifications. The scope also includes an asphalt unit, a benzene improvement unit, and on-site power generation, creating EPC opportunities across process packages, utilities and off-sites.

Table 46: Key Specifications and Features of the Dhi Qar Oil Refinery

Aspect	Details
Project name	Dhi Qar Refinery Project
Project owner	Ministry of Oil, Iraq
Project cost	\$2bn
Planned refining capacity	100,000 barrels per day (b/d)
CAPEX per barrel of capacity	~\$20,000 per b/d
Total number of major unit categories mentioned	3 (process/upgrading; specialty/quality; utilities/power)
Total number of specific units mentioned	7 (hydrogenation, isomerisation, FCC, CCR, asphalt, power generation, benzene improvement)
Project scale descriptor	Large (>\$1bn CAPEX)
Capacity scale descriptor	Mid-size refinery (100 kb/d)

Dhi Qar Oil Refinery – Key Personnel



Contact person	Company	Job title	LinkedIn
Haider Allamy	South Refineries Company	Assistant Manager	>>
Mohaimen (Alaa) Alhilfi	South Refineries Company	Operator Control Room	>>
Kasim Kasim	South Refineries Company	Engineer	>>
Hashim Kareem	South Refineries Company	Chemical Engineer	>>
Mohammed Abdlrzak	PowerChina	Mep Engineer	>>
Ghaith Ahmed	PowerChina	Civil Engineer	>>
Husam Sameer	PowerChina	Construction Manager	>>
Omar Al Hamdany	PowerChina	Quality Control Supervisor	>>
Muthanna Al-Tammemi	PowerChina	Construction Manager	>>
Harith Talib	PowerChina	Civil Engineer	>>
Muqtader Karam	China North Industries Corporation	Quality Assurance Specialist	>>
Saif Sattar	China North Industries Corporation	HSSE Manager	>>
Raed Sachit	China North Industries Corporation	HSE Manager	>>

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Grand Faw Port in Basra – Key Contacts



Contact Person	Company	Job Title	LinkedIn
Paul Brady	Daewoo E&C	Senior Contract Manager	>>
Manoj Kumar	Daewoo E&C	QA/QC Deputy Manager	>>
Zia Ud Din	Daewoo E&C	QC Engineer	>>
Md Rahma	Daewoo E&C	QC Inspector	>>
Ammar Bashir	Technital	Civil Engineer	>>
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For any queries regarding our report, research methodology, or to learn more about our solution offerings, please feel free to contact us: insight@meed.com

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