IRAQ SENDS MONEY TO PAY KURDISH SALARIES FOR FIRST TIME SINCE 2014

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BAGHDAD (Reuters) - Iraq sent money to pay salaries of state employees in the Kurdish region on Monday for the first time since 2014, the Baghdad government said, although a dispute over how much it will send the Kurds in future remains unresolved.

Mondays agreement represents a step toward normalizing relations between the central government and the autonomous Kurdish region, which held a vote for independence last year that the central government swiftly crushed.

Under the constitution, the Kurdish region is entitled to a share of the national budget. But that arrangement collapsed in 2014, when Iraqs army fled the north in the face of an advance by Islamic State militants.

The Kurds seized control of Iraqs main northern oil fields at Kirkuk from Islamic State and began selling Kirkuks oil independently; Baghdad stopped sending money to the Kurds.

Last year, after Islamic State was driven out of the north, the Kurds held an independence referendum, voting overwhelmingly to secede. But the central government responded by swiftly launching a military offensive and recapturing control of Kirkuk, which quashed the Kurdish independence bid.

The central government and the Kurds have yet to agree on a full plan to resume payments from Baghdad to the Kurdish region.

The 2018 budget, passed in parliament earlier this month despite a boycott by Kurdish lawmakers, calls for the 17 percent of total revenue allocated to the Kurds to be cut in line with the regions share of Iraqs population, which is disputed.

The Kurdish region still conducts independent oil sales, although it has far less oil to sell now that it no longer controls Kirkuk.

The federal finance ministry transferred a cash sum of 317 billion Iraqi dinars ($267 million) to the regions finance ministry, Baghdad government spokesman Saad al-Hadithi said.

Hadithi said the transfer would cover the Kurdistan Regional Governments (KRG) salaries for a month, for employees of all ministries and for the Peshmerga Kurdish security forces.

In a statement, the KRG said its finance ministry had received the transfer and would distribute it.

Asked about future payments to the KRG to cover salaries, Hadithi said the federal government would agree to pay a portion while the rest should be covered by the KRG from its oil sales.

Other measures imposed by Baghdad to curtail the Kurdish regions autonomy in the wake of last years referendum are gradually being eased, including a ban on direct international flights which was lifted last week. The first international flight landed at Erbil airport on Monday morning.

However, the issues of the KRGs independent oil sales and share of the budget remain unresolved.

Baghdad has sent teams of auditors to Kurdistan in recent months to assess the number of employees on the regions payroll. A statement from the Prime Ministers office announcing the agreement on Monday, specified that the audit was ongoing.

Reporting by Raya Jalabi; Editing by Peter Graff

https://www.reuters.com/article/us-mideast-crisis-iraq-kurds/iraq-sends-money-to-pay-kurdish-salaries-for-first-time-since-2014-idUSKBN1GV0T1

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