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Dr. Ahmed Muhammad Jassim Al-Akidi
Associate Professor, Department of Economics, College of Administration and Economics, University of Fallujah, Iraq

Correspondence
Dr. Ahmed Muhammad Jassim Al-Akidi
Associate Professor, Department of Economics, College of Administration and Economics, University of Fallujah, Iraq

International financing and its impact on sustainable development in Iraq during the period (2000-2021)

Ahmed Muhammad Jassim Al-Akidi

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Abstract
This research aims to study and analyze the reality of international financing sources, including foreign direct investment, foreign aid, and international loans, and their impact on sustainable development by measuring and analyzing selected indicators. Additionally, it examines the state of the Iraqi economy during the study period. The research seeks to determine the extent to which international financing sources affect sustainable development by analyzing changes in its indicators in response to variations in financing sources. This is achieved by comparing the state of international financing with the development of certain sustainable development indicators over the study period. The study concluded with several findings, the most significant of which is the existence of a reciprocal equilibrium relationship between the independent variables, namely foreign direct investment, external loans, and international aid and the dependent variables, which include GDP, the number of unemployed individuals, total cultivated land area, and the number of employees in research and development. This confirms the validity of the research hypothesis. The study recommends that the Iraqi government should seriously work to utilize available international financing resources to achieve the primary objectives of sustainable development. This involves supporting foreign direct investment programs, creating an attractive environment for such investments, eradicating financial and administrative corruption, and eliminating bureaucratic obstacles. Furthermore, it emphasizes the need to reduce reliance on external loans and to use international aid to improve productive structures and diversify revenue sources.

Keywords: International financing, sources of international financing, foreign investments, international loans, sustainable development

Introduction

Chapter One: Research Methodology

This chapter is dedicated to presenting and discussing the research methodology through the following sections.

First: Research Problem

The core of the research problem lies in the Iraqi government's inability to address the issue of financing sustainable development, which relies solely on internal resources. This is due to its heavy dependence on oil sector revenues, which it has yet to attempt to reduce in the present or future. Such dependence threatens sustainable development as it remains linked to global oil prices and revenues.

Second: Research Significance

The research is significant because international financing sources contribute to diversifying the economy's income sources, helping it confront various crises, and utilizing these sources to advance development towards better trajectories.

Third: Research Hypothesis

The research is based on the hypothesis that external financing sources complement internal resources in financing sustainable development. To address development financing challenges, an effective governmental policy must mobilize these resources by diversifying external financing sources, identifying additional non-oil revenue streams, and enhancing access to foreign currencies.

Fourth: Research Objectives

The research aims to:

1. Identify the role of international financing sources in achieving sustainable development objectives in Iraq.
2. Determine which international financing sources have the most significant impact on specific sustainable development indicators in Iraq.

Fifth: Research Methodology

The study adopts a combined descriptive and analytical methods approach to achieve the research objectives and validate its hypotheses. It examines the theoretical framework of international financing and sustainable development while analyzing their variables.

Sixth: Temporal and Spatial Scope of the Research

1. **Spatial Scope:** Focuses on the Iraqi economy.
2. **Temporal Scope:** Examines the impact of international financing sources on selected sustainable development indicators during the period 2004-2021.

Chapter Two: Theoretical Framework of the Study

Introduction: International financing is considered one of the essential sources for countries globally, particularly for developing nations. This type of financing can only fully achieve sustainable development in these countries. The financial capacity of any government is determined by its domestic savings and export potential, which together yield foreign currency revenues. Consequently, most developing countries have benefited from economic and trade liberalization policies with the external world. Like other developing economies, Iraq has needed more domestic financial resources to fund economic projects and plans, driving reliance on various international financing sources to keep pace with sustainable development demands.

First: The Concept of International Financing

The term "international financing" refers to the flow of capital in all its forms across countries. It comprises two key elements:

- **Financing:** Refers to the scarcity of capital in a specific country compared to its demand, necessitating external sources to fill this gap. This concept applies at the microeconomic level (individual economic units) and the macroeconomic level (aggregate economic units in a given country).
- **International Aspect:** This aspect highlights the disparities among nations regarding capital surpluses and deficits. The relationship between domestic savings and investments determines the flow of capital between countries. In capital-scarce countries, high returns on investment attract foreign capital.

It is important to note that international capital flows primarily involve lending and borrowing transactions between countries rather than the physical movement of machinery or other assets, which falls under international trade. These capital movements alter rights and obligations among the involved nations (Simon & Moral, 2009) [19].

Second: The Importance of International Financing

1. Importance for Borrowing Countries

For recipient countries, international financing serves the following purposes.

- Supporting economic and social development plans.
- Raising the standard of living for citizens.
- Addressing balance of payment deficits and bridging the gap between required investments and achieved savings.

In some cases, countries may borrow externally to sustain domestic consumption or maintain a certain standard of living, especially when foreign resources are insufficient to fund necessary imports. In such scenarios, countries face two options to bridge foreign exchange gaps (Zaki, 1987) [6].

1. Drawing on existing foreign reserves.
2. Resorting to external borrowing, which is more likely if foreign reserves are insufficient.

External financing can also involve direct foreign investments, which bring advanced technology, high-level managerial expertise, and exposure to international markets. These investments increase the production of exportable goods, improve product quality, and generate employment opportunities.

2. Importance for Lending Entities

For lending countries or organizations, international financing provides various benefits:

- Achieving political objectives by influencing recipient countries and determining the scale of capital inflows.
- Utilizing loans to
  - Dispose of surplus commodities.
  - Increase exports.
  - Employ national companies in transportation, insurance, and consultancy services.
- Enhancing the global image of lending countries as contributors to poverty alleviation.

Loans are often tied to conditions requiring borrowers to purchase goods and services exclusively from the lending country, thereby supporting the latter's economic sectors, such as agriculture and industry. Multilateral international financing, provided by global or regional institutions, is heavily influenced by the political interests of dominant countries managing these institutions.

3. Global importance of international financing

International financing is pivotal in supporting global trade in goods and services. Any decline in global liquidity to finance trade reduces economic interactions among nations, negatively affecting growth rates, exports, and imports. Notably, the scale of capital movements in international financial markets far exceeds the actual trade in goods and services. This phenomenon, termed "symbolic economy," primarily benefits developed nations, especially the United States. These countries possess the tools, such as monetary and foreign exchange policies, to direct capital flows and strategically reduce the actual value of their external debts denominated in U.S. dollars.

Third: Motivations for International Financing

Political, economic, informational, humanitarian, and other incentives are the primary motivations for providers of international financing.

1. Political Motivations
These stem from the strategic interests and foreign policy priorities of donor countries. Political aid typically serves two goals:

- Encouraging governments to align their foreign policies with the needs and desires of donor countries.
- Supporting and maintaining the stability of friendly governments in power.

2. Economic Motivations
Developing countries hold significant economic importance for developed nations, acting as sources of raw materials, labor, and markets for goods and investments. Economic objectives include:

- Ensuring higher market prices and sales for agricultural producers in donor countries.
- Promoting the penetration of donor countries' corporations into recipient countries' domestic markets under trade conditions requiring recipients to purchase a significant portion of their imports from donor nations (Al-Janabi, 2014, 57) [4].

3. Informational Motivations
Donors may seek to improve their image internationally by supporting poverty alleviation programs or providing aid during crises and natural disasters.

4. Humanitarian Motivations
Humanitarian aid focuses on saving lives during emergencies caused by natural, environmental, or technological disasters and mitigating the suffering of affected populations.

Fourth: Forms of International Financing
International financing takes various forms depending on the criteria used for classification. These forms are divided into private and public sources based on the origin of the flow. Depending on their terms and sources, they can further be categorized into direct and indirect foreign investments or concessional and non-concessional external loans. For this study, international financing is classified into three main types: international aid, external loans, and foreign direct investments (FDI).

1. International Aid
International aid, also called grants or donations, is one of the primary forms of global financing. Definitions of international aid vary depending on the perspective, but it is generally considered as the flow of capital from international institutions or developed nations under favourable conditions. These flows are not subject to the conventional financial and commercial rules of global capital markets, thus easing the burden on recipient countries.

International aid serves the following purposes:

- Supporting and improving the economic conditions of populations in developing nations.
- Providing resources and creating favourable environments to achieve economic growth and self-sufficiency.
- Directing aid towards non-economic areas such as security, politics, and military programs to establish spheres of influence for donor nations.
- Contributing to economic stabilization in recipient countries through targeted programs.

International developmental aid is the third pillar of international support, alongside external loans and foreign investments. Often referred to as economic assistance, it includes technical aid, grants, and donations provided by specific countries, regional organizations, or international institutions to support development objectives in recipient countries (Jan 2004) [4]. Essentially, international aid aims to reduce economic disparities, foster growth, and create stability while addressing donor countries' broader strategic interests.

2. External Loans
External loans are among the most critical international financing sources for developing countries. They provide these nations with the capital to support economic sectors and secure foreign currencies essential for development and growth. External loans can help increase export revenues and narrow foreign exchange gaps. However, despite their potential positive contributions, external loans can adversely affect a country's overall economic activity if not managed strategically and aligned with its needs and conditions.

Types of External Loans
1. By Lending Entity (Awad, 2014, 12) [11]

- **Multilateral Official Loans:** These loans are provided by international or regional financial institutions, such as the World Bank and the International Monetary Fund (IMF). They are characterised by Favourable terms, including extended repayment periods and low interest rates.
- **Bilateral Official Loans:** These loans are agreed upon between debtor countries and creditor countries' governments or central banks.
- **Private Sector Loans:** These loans are sourced from private creditors, such as commercial banks, bondholders, and private financial institutions. They include export loans, supplier credits, and commercial bank loans to developing countries.

2. By Purpose

- **Productive External Loans:** These loans are used to purchase or build productive assets, increasing the debtor country's economic capacity. By boosting exports and reducing imports, they improve the balance of payments.
- **Non-Productive External Loans:** These loans do not enhance the debtor country's production capacity. Instead, they are used for purchasing consumer goods or military equipment, which can burden the balance of payments.

3. By Loan Duration

- **Concessional Loans:** These are long-term loans with low interest rates and extended repayment schedules. They often include economic grants, which are considered foreign aid.
- **Non-Concessional Loans:** These short-term loans,

with high interest rates and minimal grace periods, are usually provided to finance industrial or productive imports.

Foreign Direct Investment (FDI)

Foreign direct investment refers to deploying foreign capital into fixed assets in a specific country. It involves a long-term relationship that reflects the interests of the foreign investor, which could be an individual, company, or institution. The investor can manage their assets in the host country or from their origin.

According to the United Nations Conference on Trade and Development (UNCTAD), FDI is defined as an investment involving a lasting interest and the capability to manage business activities between a company in the investor's home country and a production unit or entity in the host country (Dunning and Ludan, 2008, 46) [17].

Key Characteristics of FDI

FDI is a genuine, long-term investment in productive assets. The foreign investor is granted management rights over the assets, which vary depending on the percentage of equity ownership. The International Monetary Fund (IMF) has established a minimum 10% equity ownership threshold for foreign investors to gain voting rights on managerial decisions. This threshold varies based on the host country's policies. Multinational corporations are the primary channel for FDI and play a significant role in facilitating and executing such investments. Based on the reviewed definitions of FDI, the following common characteristics can be identified:

1. The invested funds and the investor are not identified with the host country's nationality.
2. The investment is directed toward productive institutions or operations.
3. It offers long-term benefits for the foreign investor and the host country.

Definition of FDI

Drawing from the above features, FDI can be defined as a financial flow of capital and raw materials from outside the host country directed towards assets such as facilities, new production services, or acquiring production facilities. The goal is to secure short-term and long-term benefits for the investor and the host country (Al-Jamal, 2010, 12). These companies can transcend borders and expand their operations globally due to their substantial financial reserves, in-depth market knowledge, technological monopolies, and easy access to necessary financing. This combination of factors enables them to reduce overall costs effectively.

Fifth: The concept of sustainable development and the reasons for its emergence

Sustainable development has gained significant global importance, particularly since the 1992 Earth Summit in Brazil. This summit resulted in Agenda 21, a global plan for achieving sustainable development, and establishing the United Nations Commission on Sustainable Development. Sustainable development attracts growing attention from countries, international and regional economic organizations, and research centres. The term "sustainability" originated in biology and ecology before evolving to encompass various domains and disciplines. In ecological sciences, sustainability refers to the formation and evolution of dynamic systems that change due to their inherent dynamism. This process affects the properties, components, and relationships between these components and the living organisms within these systems (Naji, 2013, 53) [14].

Linguistic Definition

In Arabic, "sustainability" is derived from the root verb (daawama), which means "to endure" or "to persist". It is also associated with concepts such as continuity, durability, and the ability to withstand and persist over time, implying the extension of relationships across generations.

Conceptual Definitions

1. **General Definition:** Sustainability is often defined as meeting the needs of the present without compromising the ability of future generations to meet their own needs.
2. **Definition by William House (Director, U.S. Environmental Protection Agency):** He described sustainable development as a process that acknowledges the necessity of achieving economic growth in harmony with environmental capacities. This perspective underscores the complementary relationship between financial development and environmental conservation rather than viewing them as contradictory.
3. **Definition by Herman Daly and John Cobb:** They emphasized the right of each generation to inherit a set of productive and natural assets preserved by previous generations to ensure continuity and balance (Naji, 2013, 39) [14].
4. **Definition by Edward Barbier:** Edward Barbier, the first to use the term "sustainable development," defined it as economic activity aimed at enhancing social welfare ***by maximizing the*** utilization of available natural resources while causing minimal environmental damage.
5. **Definition by FAO (Food and Agriculture Organization):** The FAO views sustainable development as managing and protecting natural resources while directing technical and institutional changes to ensure the fulfilment of human needs for present and future generations. Sustainable development in agriculture, forestry, and fisheries involves protecting land, water, and genetic resources without harming the environment. It is characterized by technical feasibility, economic viability, and social acceptability (Romano, 2003, 56) [18].

Definition of sustainable development by the World Bank

The World Bank defines sustainable development as a process focused on achieving equitable continuity that ensures the same developmental opportunities available to the present generation are preserved for future generations. This is accomplished by maintaining or continuously increasing the total capital stock over time (Ilaheti, 2009, 14). Sustainable development is not merely about generating economic growth; it emphasizes equitable distribution of its

benefits, environmental renewal rather than degradation, and empowering individuals rather than marginalising them.

It seeks to:

- Expand options and opportunities for people.
- Enable participation in decision-making processes affecting their lives.
- Serve the interests of marginalized groups, including the poor and women.
- Create employment opportunities and preserve the environment.

By fostering sustainable development, societies achieve greater empowerment and equity among people, ensuring long-term growth and environmental sustainability.

Core components of sustainable development

- **Sustainability:** Sustainability aims to meet the needs of the current generation without compromising the ability of future generations to meet their needs. This includes the principle of intergenerational equity, ensuring that resources and opportunities are distributed fairly across generations. Sustainability extends beyond merely transferring accumulated wealth to maintaining a certain standard of human development. It focuses on enhancing people's opportunities, including the freedom to exercise their fundamental capabilities.
- **Social Solidarity:** Humans are inherently social beings who have chosen to live within human societies. This reality necessitates participation and cooperation in managing life's affairs, contributing to a more profound sense of belonging and enhancing joy through meaningful community engagement. The close relationship between human development and culture becomes evident in this context. Social solidarity and cohesion stem from shared culture, values, and beliefs, shaping individual behavior toward human development. The broader and more effective the circles of social solidarity, the greater the expansion of human choices and opportunities.
- **Governance:** Governance, also known as good management, refers to the seriousness of the governing approach in engaging with a society based on dialogue between rulers and the ruled, with mechanisms for oversight, accountability, and sound processes for decision-making. It also includes the ability to adjust decisions quickly when needed. Desired governance is characterized by the following:

1. Participation, transparency, and accountability of authorities.
2. Efficiency and effectiveness in managing available economic and social resources.
3. Achieving equity.
4. Strengthening the rule of law.

Chapter Three: Analytical framework of the study

First: Analysis of the reality and sources of international financing in Iraq

Like other developing economies, the Iraqi economy suffers from structural imbalances in various economic sectors, such as the industrial and agricultural sectors. This is coupled with underdeveloped infrastructure, high unemployment rates, significant income disparities, widespread poverty, deteriorating living conditions, and environmental degradation. These imbalances were exacerbated by economic changes, particularly after 2003, reflected in the decisions and measures taken by governmental authorities, the extensive destruction from military operations, and the conditions imposed by international financial institutions such as the International Monetary Fund (IMF) and the World Bank to reduce Iraq's debts. These conditions required changes in the economic and political system, in addition to obstacles hindering economic development. The Iraqi economy is highly dependent on global oil price fluctuations. Oil revenues account for approximately 95% of the public budget's income and serve as the state budget's sole source of foreign currency inflows. Post-2003 economic developments in Iraq led to a shift toward a market economy and agreements with the IMF, which included reducing government subsidies to limit public expenditures and adopting structural adjustment policies. However, these policies yielded little results in optimizing the use of economic resources. Instead, they resulted in significant financial waste in public spending, the shutdown of the productive public sector reduced tax revenues, and an increased role of the private sector in meeting domestic demand. The current state of the Iraqi economy is the outcome of accumulated mismanagement of resources, negatively affecting the efficient utilization and allocation of economic resources and neglecting the diversification of national income sources. This has resulted in an economy reliant on producing and exporting a single commodity crude oil. Since oil prices are tied to external policies, this dependence makes the economy vulnerable to internal and external shocks. Despite strategies and initiatives targeting various economic sectors, including industrial, agricultural, and service industries, and efforts to develop the private sector and support small and medium-sized enterprises, these measures still need to achieve their intended goals.

Second: The reality of foreign direct investment in Iraq

Foreign direct investment (FDI) is a crucial topic for global economies, particularly for Iraq, as the country seeks to engage with FDI like most developing nations. However, the political changes following 2003 brought significant implications, including a gradual shift toward a market economy and fundamental changes in the legal environment, which previously limited the entry of foreign companies. The Iraqi government enacted Foreign Investment Law No. 39 of 2003 to improve Iraq's investment climate and enhance the economic, political, and social landscape. It permitted foreign banks to establish projects within Iraq. Additionally, Investment Law No. 13 of 2006 and subsequent amendments were introduced to open the doors for domestic and foreign investors to improve Iraq's investment infrastructure. To understand the volume of foreign direct investments in Iraq, the following table is provided.

Table 1: Foreign direct investment and number of executed projects during the research period

Year	Foreign Direct Investment	Percentage Change (%)	Number of Executed Projects
2004	435,901	---	5
2005	756,535	73.55	9
2006	561,863	-25.73	5
2007	1,219,860	117.10	3
2008	2,212,404	81.51	19
2009	1,874,454	-15.34	24
2010	1,633,321	-12.86	48
2011	2,201,940	34.81	35
2012	3,964,401	80.04	34
2013	5,982,745	50.91	53
2014	5,575,822	-6.80	26
2015	4,128,110	-25.96	15
2016	7,034,091	70.39	13
2017	5,988,080	-14.87	8
2018	3,392,690	-43.34	11
2019	3,891,301	14.69	14
2020	3,934,521	1.10	11
2021	3,995,431	1.50	13

Source: Ministry of Planning-Central Bureau of Statistics.

Table 1 shows that the volume of foreign direct investment (FDI) in Iraq in 2004 was 435,901 million dinars, with a total of 5 projects executed. In 2005, the FDI volume increased to 756,535 million dinars, reflecting a positive change rate of 73.55%, and the number of projects nearly doubled to 9 projects, owing to the opening of Iraq to investment companies after the occupation. In 2006, FDI volume decreased to 561,863 million dinars, with a negative annual change rate of -25.7%, driven by deteriorating security conditions, and the number of projects dropped to 5. By 2007, the FDI rose to 1,219,860 million dinars, achieving the highest growth rate during the study period at 117.1%, with three projects executed due to improved security and increased licensing for foreign companies. Similarly, in 2008, FDI continued to rise to 2,212,404 million dinars, with a growth rate of 81.5%, and the number of projects surged to 19. In 2009 and 2010, FDI declined to 1,874,454 million dinars and 1,633,321 million dinars, with negative growth rates of -15.34% and -12.86%, respectively. Despite this, the number of projects increased to 24 and 48, respectively, as these years witnessed the execution of contracts signed between foreign companies and the Iraqi government. The decline in FDI volume was attributed to the global recession and mortgage crisis during that period. From 2011 to 2013, FDI experienced growth, reaching 2,201,940 million dinars in 2011, 3,964,401 million dinars in 2012, and 5,982,745 million dinars in 2013, with positive growth rates of 34.8%, 80%, and 50.9%, respectively. The number of projects reached 35, 34, and 53, with 2013 marking the highest number of projects executed during the study period. This growth was attributed to improved security and economic stability and a surge in oil licensing contracts during that period. In 2014 and 2015, FDI declined to 5,575,822 million dinars and 4,128,110 million dinars, with negative growth rates of -6.8% and -25.96%, respectively. The number of projects also dropped to 26 and 15 due to unfavourable security conditions and terrorist attacks in several Iraqi provinces, negatively impacting FDI inflows. In 2016, FDI rebounded to 7,034,091 million dinars, the highest value during the study period. Its annual growth rate was 70.3%, and 13 projects were executed. The increase was driven by security stability and the entry of new investment companies in the oil sector. During 2017 and 2018, FDI declined slightly to 5,988,080 million dinars and 3,392,690 million dinars, with negative growth rates of -14.87% and -43.34%, respectively. This decline was attributed to high corruption levels, which increased operating costs and reduced investment efficiency, as Iraq ranked high on the Corruption Perceptions Index. In 2019, FDI increased again to 3,891,301 million dinars, with a positive growth rate of 14.69%, and the number of projects rose to 14. However, in 2020, FDI dropped to 3,934,521 million dinars due to the COVID-19 pandemic, the closure of international borders, and reduced foreign trade, as most investments were concentrated in the oil sector. In 2021, FDI rebounded to 3,995,431 million dinars, and the number of projects increased to 13 due to the reopening of borders and the gradual recovery of economic activity. The total invested capital during the study period amounted to 58,785,258 million dinars, with 343 projects across various economic sectors, predominantly in the oil sector. FDI in Iraq still faces significant challenges, requiring a safer and more attractive investment environment. The consistency in the number of executed projects during 2018, 2019, and 2020 (remaining 11 projects), despite fluctuations in FDI volume, suggests that changes occurred in project capital rather than their count. This indicates that some projects might have higher costs despite fewer numbers.

Third: Distribution of Foreign Direct Investment in Iraq by Economic Sectors

To illustrate the trends and distribution of foreign direct investment (FDI) across economic sectors in Iraq, along with investment projects, the data shows that the oil and natural gas sector is the sector most heavily invested in by foreign companies. This sector holds significant international importance due to its increasing demand as the backbone of industrial life. The sector attracted 35 foreign companies, investing in 45 projects, accounting for 45% of the total foreign invested capital during the period 2004-2021. This high percentage reflects the sector's pivotal role as the primary contributor to Iraq's GDP. Following this is

the real estate sector, which involved 20 companies across 21 projects, contributing 37% of total foreign capital, a high percentage compared to other sectors. The chemicals sector ranks third, with 4 companies engaged in 5 projects, representing 8% of the total foreign capital. Next is the materials and construction sector, which attracted 5 companies investing in 9 projects, with a contribution of 2% of the total foreign capital. The telecommunications sector accounted for 21 projects managed by 23 companies, contributing 2% of the total foreign capital. The metals sector ranked sixth, with 6 companies operating in 6 projects, contributing 1% of total foreign capital. The hotels and tourism sector included 9 companies executing 12 projects, contributing 1% of the total FDI. Other sectors mentioned in Table 2 account for a minimal share of the total foreign capital, ranging between 1% and 0.4%. Overall, foreign direct investment has yet to significantly develop Iraq's fundamental sectors, such as industry and agriculture. Instead, it has been heavily concentrated in the oil sector and other service-oriented sectors, which are less impactful in achieving sustainable development in Iraq.

Table 2: Distribution of foreign direct investment in Iraq by economic sectors

Rank	Sector	Number of Companies	Number of Projects	Percentage of Sector Capital to Total FDI (%)
1	Oil and Natural Gas	35	45	45%
2	Real Estate	20	21	37%
3	Chemical Materials	4	5	8%
4	Materials and Construction	5	9	2%
5	Telecommunications	23	21	2%
6	Metals	6	6	1%
7	Hotels and Tourism	9	12	1%
8	Financial Services	31	53	4%
9	Business Services	47	52	0.7%
10	Warehousing	2	4	0.4%
11	Other	2	4	0.4%
	Total	180	296	100%

Source: National Investment Commission-Annual Investment Climate Report for the Period (2004-2021).

Fourth: The Reality of International Aid Provided to Iraq

Iraq is one of the major recipients of international aid, a stark contrast to its position in the 1970s when it was among the leading Arab countries providing aid to developing nations. In recent years, humanitarian aid has constituted the most significant portion of the total assistance provided to Iraq. The aid granted to Iraq has varied based on the donor source, including bilateral aid and multilateral assistance. One significant form of aid was the waiver of Iraq's external debts during the period 2004-2010, which benefited the country greatly. However, this debt relief ceased in 2011, after which Iraq began receiving bilateral aid without deductions. These aids targeted specific sectors, such as education, health, infrastructure, and economic and social services. Table 3 illustrates the international aid provided to Iraq during the period 2004-2021.

Table 3: International aid provided to Iraq for the period (2004-2020)

Year	Social Infrastructure	Economic Sector	Production Sector	Humanitarian Sector	Total Aid	Rate of Change (%)
2004	5,331,638	5,288,920	1,379,188	1,288,375	13,288,121	---
2005	5,400,338	1,810,936	1,092,348	890,949	9,191,031	-30.8
2006	2,928,278	2,251,435	504,061	138,632	5,822,816	-36.6
2007	3396281	1026088	272461	443015	5237845	-11.8
2008	2,649,295	2,280,419	1,103,406	651,855	6,684,975	30.1
2009	2,468,930	205,979	250,787	330,317	3,256,013	-51.3
2010	1,386,099	851,877	80,964	257,985	2,576,925	20.9
2011	1,362,220	56,862	73,242	193,986	1,688,310	-34.5
2012	682,809	218,858	701,582	245,093	1,848,342	9.5
2013	424,657	27,051	42,209	337,091	1,831,008	-0.9
2014	190,990	455,789	17,373	775,856	1,440,008	73.3
2015	579,411	732,088	5,236	833,595	2,150,330	49.3
2016	565,131	4,403	5,117	1,544,858	2,119,509	-1.4
2017	609,875	696,864	5,474	1,403,642	2,715,555	28.3
2018	433,993	488,257	18,083	1,030,778	1,971,111	-27.5
2019	428,995	479,808	19,635	1,031,083	1,958,621	-0.6
2020	427,567	474,334	19,635	1,024,947	1,946,483	-0.6
2021	418,766	453,213	19,322	1,003,981	1,895,282	-2.0

Source: National Investment Commission-Annual Investment Climate Report (2004-2020).

Table 3 shows that Iraq received the highest amount of aid during the study period in 2004, reaching 13,288,121 billion dinars. This high amount was attributed to the aid provided to Iraq after the occupation, aiming to revive the economy and compensate for the damage caused during the economic sanctions era.

After 2004, aid began to decrease, dropping to 9,194,031 million dinars in 2005, with a negative growth rate of -30.8%, and continued declining in 2006 and 2007 to 5,822,816 billion dinars and 5,137,845 billion dinars, respectively, with negative growth rates of -36.6% and -11.8%. In 2008, the growth rate of aid increased to 30% due to deteriorating security conditions and the provision of external aid to Iraq to address displacement, violence, and other crises. However, after 2008, aid flows witnessed a continuous decline until 2012, when the total aid granted to Iraq reached 1,848,342 billion dinars, with a positive growth rate of 95%, under United Nations development assistance programs. In 2013, aid slightly decreased, with a negative growth rate of -0.9%, as part of a framework requiring the United Nations to collaborate with the Iraqi government, academia, the private sector, and international donors. This agreement covered economic growth, human rights, and private-sector development. Aid increased during 2014 and 2015, reaching 1,440,008 billion dinars and 2,150,330 billion dinars, respectively, with positive growth rates of 73.3% and 49.3%. This was due to the large amounts of aid provided to Iraq to compensate for losses from terrorist wars and internal and external displacement operations. After this period, international aid continuously declined during 2018-2021, with negative growth rates. By 2021, aid dropped to 1,895,282 billion dinars, with a negative growth rate of -0.2%. Iraq recorded the highest amount of international aid in 2004, amounting to 13,288,121 billion dinars, and the lowest in 2013 was 1,831,008 billion dinars, with a negative growth rate of -55%. Despite its wealth of resources, Iraq continues to rely heavily on foreign aid to meet essential needs and support social expenditures, as aid has yet to target critical productive sectors significantly. For instance, in 2017, the number of people needing aid reached 11 million, yet only 5.8 million individuals were targeted by the provided aid. This highlights the limited scope of international aid in addressing Iraq's essential needs and developing productive sectors.

Fifth: External borrowing granted to Iraq during the period (2004-2021)

Successive Iraqi governments resorted to external borrowing as one of the available means to address budget deficits and finance developmental projects. The World Bank's portfolio in Iraq included loans supporting key sectors such as infrastructure, social protection, energy, and transportation. Between 2018 and 2021, the World Bank approved a new project valued at $200 million as cash loans to increase employment opportunities. Additionally, it financed water and sanitation projects in Baghdad with a value of $210 million. It supported the Social Fund for Development in Iraq, estimated to cost $300 million, to ensure social stability. Moreover, the U.S. provided Iraq with a loan amounting to $4.55 billion in 2016 and 2017 to fund military operations, particularly the Ministry of Defense (World Bank, 2018, p. 636). Table (4) details the development of Iraq's external debt structure from 2004 to 2021.

Table 4: Development of Iraq's external debt structure (2004-2021)

Year	Total External Debt	Annual Change Rate (%)
2004	18,060,790,000	---
2005	14,778,140,000	-18.1
2006	10,943,820,000	-25.9
2007	9,287,000,000	-15.1
2008	7,635,200,000	-17.8
2009	7,542,390,000	-1.2
2010	6,680,700,000	-11.4
2011	7,172,100,000	7.4
2012	6,727,820,000	-6.2
2013	6,844,420,000	1.7
2014	6,681,180,000	-2.4
2015	7,865,900,000	17.7
2016	7,725,000,000	-1.7
2017	8,270,500,000	6.9
2018	8,175,300,000	-1.2
2019	8,044,400,000	-1.6
2020	8,151,500,000	1.3
2021	8,199,800,000	0.5

From Table 4, it is evident that the growth rate of external debt began to decline during the period 2004-2010. This reduction is attributed to Iraq's compliance with the conditions set by the International Monetary Fund (IMF) and debt cancellation programs for accumulated debts before 2003. Notably, the Paris Club agreement in 2003 played a pivotal role in reducing and restructuring Iraq's debts. Consequently, the total debt dropped from 180,607,900 million dinars in 2004 to its lowest level during the study period, reaching 66,807,000 million dinars in 2010, with a negative growth rate of -11.4%. However, Iraq's external debt started to increase again in 2011, rising to 71,721,000 million dinars, with a positive growth rate of 7.4%. Rising debt obligations drove this increase. During the period 2012-2014, the debt levels decreased again due to the restructuring of Iraq's debts, where the inflow of new external loans was lower than the payments made on restructured debt. Furthermore, higher oil prices during this period gave Iraq sufficient liquidity to cover budget deficits and finance the state’s public expenditures. The situation shifted during the later period, with external borrowing growing significantly year-on-year, surpassing the payments on restructured debt. This trend indicates the government’s increasing reliance on external loans as a financing source.

For instance, in 2015, external debt rose to 78,659,000 million dinars, with a positive growth rate of 17.7%, largely to finance military operations to combat terrorism and rebuild damaged areas. The continuous increase in external debt during the period 2017-2021 reflects the government's efforts to address budget deficits and counter economic stagnation.

Sixth: analysis of the relationship between international financing sources and selected sustainable development indicators (2005-2021)

This section analyzes the reciprocal relationship between international financing sources and selected sustainable development indicators, examining whether these sources positively or negatively influence the increase or decrease in these indicators.

Analysis of the Relationship Between the Annual Change Rate of Foreign Direct Investment (FDI) and Selected Sustainable Development Indicators: By analyzing the relationship between foreign direct investment (FDI) and the economic indicator (GDP growth), the following observations were made: In 2009, the annual change rate of FDI in Iraq decreased to -15.3% due to the mortgage crisis and the global recession, which had a limited impact on the Iraqi economy. This resulted in a decline in GDP growth to 16.8%. By 2011, the annual change rate of FDI increased to 34.8% due to rising oil prices, the recovery of most global economies, and the availability of a conducive investment climate with improved security. This led to an increase in GDP growth to 34%. In 2014 and 2015, the FDI growth rate dropped to 6.8% and -25.9% due to terrorist attacks and the lack of security, causing GDP growth to fall to 2.6% and -25%, respectively. In 2016, FDI growth rebounded to 70.3% following the liberation of provinces under terrorist control and the resumption of reconstruction and investment activities. This led to a modest increase in GDP growth to 2%. In 2020, the annual FDI growth rate declined to 1.1%, down from 14.9% in 2019, which caused GDP growth to plummet to -24.4% due to the global recession triggered by the COVID-19 pandemic. By 2021, the FDI growth rate increased slightly to 1.5%, and GDP growth rose to 2.6% due to the easing of lockdowns and reduced impacts of the COVID-19 crisis. Foreign direct investment (FDI) and GDP growth in Iraq exhibit a positive correlation, with both metrics following a similar pattern of increase and decrease. This suggests a reciprocal relationship, where changes in FDI are directly reflected in GDP performance.

Analyzing the relationship between foreign direct investment (FDI) and the social indicator (unemployment rate in Iraq) reveals the following: In 2007, the annual change rate of FDI rose to 11.7%, up from -25.3% in 2006, leading to a decrease in the unemployment rate to 12%, down from 18% in 2006. By 2011, the annual change rate of FDI increased to 34.8%, driven by the recovery of the Iraqi economy, reducing the unemployment rate further to 11%. However, in 2014 and 2015, due to deteriorating security conditions, the annual FDI growth rate fell to 6.8% and -25.9%, respectively, causing unemployment to rise to 12.1% and 13%. In 2016, unemployment declined to 11.2% as the FDI growth rate surged to 70.3%, fueled by the liberation of provinces from terrorist control and renewed reconstruction efforts. By 2020, the economic recession triggered by the COVID-19 pandemic and a drop in the annual FDI growth rate to 1.1% increased the unemployment rate to 14%. In 2021, as the FDI growth rate recovered to 1.5% due to improved economic conditions, the unemployment rate fell slightly to 13%. There is an inverse relationship between the annual growth rate of FDI and the unemployment rate. Increased FDI growth leads to more projects, raising labour demand and reducing unemployment. Conversely, declining FDI growth leads to fewer job opportunities and higher unemployment rates.

Analyzing the relationship between foreign direct investment (FDI) and the environmental indicator (growth rate of per capita cultivated land) reveals the following: In 2006, the annual change rate of FDI dropped to -25.3%, negatively affecting the per capita cultivated land growth rate, which declined by -7.5%. In 2007, the FDI growth rate rebounded significantly to 117.1%, leading to an increase in the growth rate of per capita cultivated land to 2%. By 2011, a continued rise in FDI growth to 34.8% resulted in a further increase in the per capita cultivated land growth rate to 5.4%, supported by improved security and economic stability in Iraq. In 2014 and 2015, deteriorating security conditions caused FDI growth to decline to 6.8% and -25.9%, respectively, which in turn led to decreases in the per capita cultivated land growth rate to -7.5% and -60%. In 2020, the COVID-19 pandemic caused FDI growth to drop to 1.1%, contributing to a decline in the per capita cultivated land growth rate to -9%. By 2021, FDI growth recovered to 15%, driving a sharp increase in the per capita cultivated land growth rate to 60%. The annual change rate of FDI and the growth rate of per capita cultivated land show a positive correlation, moving in the same direction. When FDI increases, it supports improvements in agricultural development, leading to higher per capita cultivated land growth rates and vice versa.

Analyzing the relationship between foreign direct investment (FDI) and the institutional indicator (annual change rate of researchers and workers in research and development) reveals the following: In 2007, the annual change rate of FDI reached 117.1%, accompanied by an increase in the annual change rate of researchers and workers in R&D to 10.4%. In 2009, the annual change rate of FDI declined to -15.3% due to the recession and deteriorating security conditions, resulting in a drop in the annual change rate of researchers and workers in R&D to -15.3%. By 2010, the FDI growth rate recovered to 12.8%, which led to a significant increase in the annual change rate of researchers and workers in R&D to 38%. In 2014, the FDI growth rate dropped to 6.8%, causing a significant decrease in the growth rate of researchers to -82.2%. In 2016, the FDI growth rate rebounded to 70.3%, coinciding with an increase in the annual change rate of researchers and workers in R&D to 1.5%. In 2020, the FDI growth rate declined to 1.1% due to the COVID-19 pandemic, which also caused a decrease in the annual change rate of researchers and workers in R&D to 7.4%. There is a positive reciprocal relationship between the annual change rate of FDI and the annual change rate of researchers and workers in R&D. When FDI increases, it supports research and development efforts by creating opportunities and resources for growth in this sector. Conversely, a decline in FDI negatively impacts R&D activities.

Table 5: Analysis of the relationship between Foreign Direct Investment (FDI) and selected sustainable development indicators

Year	Annual Change Rate of FDI (%)	GDP Growth Rate (%)	Unemployment Rate (%)	Growth Rate of Per Capita Cultivated Land (%)	Annual Change Rate of Researchers in R & D (%)
2005	73.5	38	17.9	0.6	8.7
2006	-25.3	29.9	18	-7.5	7.1
2007	117.1	16.6	12	2	10.4
2008	81.5	40.9	17.9	-4.1	30.1
2009	-15.3	16.8	14	-4.6	-15.3
2010	12.8	24	12	2.7	3.8
2011	34.8	34	11	5.4	2.1
2012	80	16.9	12	-5.12	8.6
2013	50.9	7.6	10.9	8.1	-2.8
2014	-6.8	2.6	12	-7.5	-82.2
2015	-25.9	-25	13	-60	5.4
2016	70.3	2	11	-5.8	1.5
2017	14.8	10.8	11.9	6.2	63.5
2018	-43.3	11.2	13.9	35	4.9
2019	14.9	4.6	13.9	0	10.7
2020	1.1	-24.4	14	-9	7.4
2021	1.5	2.6	13	60	4.5

Analysis of the relationship between the annual change rate of aid and the economic indicator (GDP Growth Rate): The annual change rate of aid decreased by -51.3% in 2009, corresponding to a decline in GDP growth to 16.8%. However, in 2010, the aid growth rate rebounded to 20.9%, increasing GDP growth to 24%. In 2015, the annual change rate of aid dropped significantly to -49.3%, resulting in a decrease in GDP growth to -25%. By 2017, aid increased to 28.3%, corresponding to a rise in GDP growth to 10.8%. In 2020, the annual change rate of aid fell to 0.6%, accompanied by a sharp decline in GDP growth to -24.4%, mainly due to the global recession caused by the COVID-19 pandemic. However, in 2021, the aid growth rate slightly improved to -0.2%, contributing to a recovery in GDP growth to 2.6%. From the above, it is evident that there is a direct positive relationship between the annual growth rate of aid and GDP growth. Any change in aid, whether an increase or decrease, leads to a similar directional change in GDP growth.

The annual change rate of international aid increased to 20.9% in 2010, which decreased the unemployment rate to 12%, down from 14% in 2009. However, in 2015, the annual change rate of aid declined to -49.3%, increasing the unemployment rate to 13.5%. From the above, it can be observed that there is a direct relationship between the annual rate of aid and unemployment. Still, this relationship was limited to specific years during the study period. The annual change rate of aid did not positively impact unemployment during most of the study period. This is because the international aid did not target productive and vital sectors. The study suggests that this aid did not stimulate economic activity due to its instability and fluctuation. Instead, it was mainly used to offset the adverse effects of poor economic resource management, negatively impacting sustainable development programs. For instance 2014, despite an increase in aid by 73.3%, the unemployment rate rose to 12.1%. Similarly, in 2017, aid increased by 28.3%, but the unemployment rate also increased to 11.8%. This was because the aid was directed toward humanitarian projects and landmine removal efforts due to the ongoing terrorist wars at the time. Likewise, in 2008, international aid increased by 30.1%, accompanied by a rise in unemployment to 15.3%, largely due to deteriorating security conditions. Most of the aid was allocated to resettling displaced families, arming the military, and restoring security and order. The study concludes that the ideal relationship between the annual change rate of aid and unemployment should be inverse. However, due to the lack of a stable economic and security system, this relationship appeared to be direct during much of the study period.

The analysis of the relationship between the annual change rate of aid and the environmental indicator (growth rate of per capita cultivated land): Agriculture is the primary source for obtaining food and raw materials, ensuring food security in Iraq, providing job opportunities, reducing unemployment, and alleviating poverty and hunger. Therefore, the growth rate of per capita cultivated land is considered a precise environmental indicator. From Table (6), the annual growth rate of international aid declined to -51.3% in 2009, resulting in a decrease in the growth rate of per capita cultivated land to -4.6%. Aid growth later increased to 20.9%, leading to a growth rate of per capita cultivated land to 2.7%. In 2015, the aid growth rate dropped significantly to -49.3%, causing the growth rate of per capita cultivated land to decline sharply to -60%. This was due to the effects of terrorist wars, neglect of agricultural activities in provinces under terrorist control, and the lack of financial resources allocated to support agriculture in other areas. By 2017, the aid growth rate increased to 28.3%, which led to a rise in the growth rate of per capita cultivated land to 6.2%, following the liberation of some provinces from terrorist groups. However, in 2020, the aid growth rate fell to 0.6% due to the COVID-19 pandemic, resulting in a decrease in the growth rate of per capita cultivated land to -9% due to restrictions imposed during that year. In 2021, with the partial lifting of restrictions and a slight increase in the aid growth rate to 0.2%, the growth rate of per capita cultivated land recovered significantly, reaching 60%. This analysis shows a direct relationship between the annual growth rate of aid and the per capita cultivated land growth rate. Any increase or

decrease in aid corresponds to a similar change in the growth rate of cultivated land, highlighting the crucial role of international aid in supporting agricultural development and improving environmental indicators in Iraq.

The analysis of the relationship between the annual change rate of aid and the institutional indicator (annual growth rate of researchers and workers in research and development) shows the following trends: In 2008, the annual growth rate of international aid increased to 30.1%, leading to a rise in the growth rate of researchers to 30%. In 2009, aid growth dropped significantly to -51.3%, causing a decrease in the growth rate of researchers to -15.3%. This decline was attributed to deteriorating security conditions and the emigration of many scientific experts from Iraq. In 2010, the aid growth rate rebounded to 20.9%, resulting in an improvement in the growth rate of researchers to 3.8%. In 2017, aid growth increased to 28.3%, accompanied by a significant rise in the growth rate of researchers to 63.5%, largely due to relative improvements in security and stability. In 2020, the aid growth rate declined to 0.6%, coinciding with a decrease in the growth rate of researchers to 7.4%. This decline was driven by worsening health conditions, the spread of COVID-19, and global lockdowns.

Table 6: Analysis of the relationship between the annual change rate of aid and sustainable development indicators during the study period

Year	Annual Change Rate of Aid (%)	GDP Growth Rate (%)	Unemployment Rate (%)	Growth Rate of Per Capita Cultivated Land (%)	Annual Change Rate of Researchers in R & D (%)
2005	-30.8	38	17.9	0.6	8.7
2006	-36.6	29.9	18	-7.5	7.1
2007	-11.8	16.6	12	2	10.4
2008	30.1	40.9	17.9	-4.1	30.1
2009	-51.3	16.8	14	-4.6	-15.3
2010	20.9	24	12	2.7	3.8
2011	34.5	34	11	5.4	2.1
2012	9.5	16.9	12	-5.12	8.6
2013	-55	7.6	10.9	8.1	-2.8
2014	73.3	2.6	12	7.5	-82.2
2015	-49.3	-25	13	-60	5.4
2016	1.4	2	11	-5.8	1.5
2017	28.3	10.8	11.9	6.2	63.5
2018	27.5	11.2	13.9	35	4.9
2019	0.6	4.6	13.9	0	10.7
2020	-0.6	-24.4	14	-9	7.4
2021	-0.2	2.6	13	60	4.5

Table 7: Analysis of the relationship between the annual change rate of external loans and sustainable development indicators during the study period

Year	External Loans (Annual Change Rate, %)	GDP Growth Rate (%)	Unemployment Rate (%)	Growth rate of per capita cultivated land (%)	Annual change rate of researchers and workers in R & D (%)
2005	-18.1	38	17.9	0.6	8.7
2006	-25.9	29.9	18	-7.5	7.1
2007	-15.1	16.6	12	2	10.4
2008	-17.8	40.9	17.9	-4.1	30.1
2009	-2.1	16.8	14	-4.6	-15.3
2010	-11.4	24	12	2.7	3.8
2011	7.4	34	11	5.4	2.1
2012	-6.2	16.9	12	-5.12	8.6
2013	1.7	7.6	10.9	8.1	2.8
2014	-2.4	2.6	12	7.5	-82.2
2015	17.7	25	13	-60	5.4
2016	1.7	2	11	-5.8	1.5
2017	6.9	10.8	11.9	6.2	63.5
2018	-1.2	11.2	13.9	35	4.9
2019	-1.6	4.6	13.9	0	10.7
2020	1.3	-24.4	14	-9	7.4
2021	0.5	2.6	13	60	4.5

The analysis of the relationship between the annual change rate of loans and sustainable development indicators highlights the following trends: External loans represent one of the most critical international financing sources the Iraqi government relies upon, especially after 2003. During this period, Iraq entered agreements with international institutions, primarily the International Monetary Fund (IMF) and the World Bank. From Table 7. In 2006, the annual change rate of loans declined to -25.9%, leading to a decrease in GDP growth to 29.9%. In 2011, an annual loan growth rate increase to 7.4% resulted in GDP growth rising to 34%. In 2012, the annual loan growth rate dropped again to -6.2%, causing GDP growth to decline to 16.9%. In 2014, the annual loan growth rate fell to -2.4% due to deteriorating security conditions, which sharply decreased GDP growth to 2.6%. By 2017, the loan growth rate rose to 6.9%,

corresponding to a significant increase in GDP growth to 10.8%. Finally, in 2021, the annual loan growth rate slightly increased to 0.5%, which coincided with a rise in GDP growth to 2.6%. There is a direct relationship between the annual change rate of loans and GDP growth.

The analysis of the relationship between the annual change rate of external loans and the social indicator (unemployment rate) reveals the following: From Table 7 In 2008, a decline in the annual change rate of loans to -17.8% led to an increase in the unemployment rate to 17.9%. In 2011, an increase in the annual growth rate of external loans to 7.4% resulted in a decrease in the unemployment rate to 11%. In 2012, the loan growth rate declined to -6.2%, causing the unemployment rate to rise to 12%. By 2020, the annual change rate of loans increased to 13%, accompanied by an increase in the unemployment rate to 14% due to the COVID-19 crisis and government-imposed lockdowns, leading to a rise in unemployment. The loan growth increase during this period aimed at addressing the economic crisis and supporting the healthcare sector.

Chapter Four: Conclusions and Recommendations

Based on the research presented, the researchers arrived at the following key conclusions, organized into two aspects:

1. Iraq obtained external loans to implement development programs; however, these loans could have been utilized more optimally. They were directed toward non-productive projects and sectors incapable of generating foreign currency rather than being allocated to productive sectors, particularly during the period 2015-2021.
2. The relationship between international aid and economic growth could have been more positive. This was due to corruption and the need for more transparency, as donor countries often link their political interests to the process of granting aid to recipient countries, which frequently undermines developmental goals.
3. The Iraqi government must define its needs for international aid, whether in cash, in-kind, or technical assistance, in alignment with the requirements to achieve sustainable development goals across all sectors.
4. International aid is considered the most impactful source of international financing on certain sustainable development indicators, as the long-term econometric results of their relationship align with economic theory.
5. Iraq achieved Goal 8 of the Sustainable Development Goals (SDGs) concerning GDP growth, as the econometric results matched economic theory when using aid as an independent indicator. However, this goal still needs to be achieved regarding unemployment rates.
6. Iraq failed to achieve Goal 15 of the Sustainable Development Goals, as the total cultivated area indicator did not yield econometric results consistent with economic theory. The impact of international financing sources on this indicator was minimal, almost negligible.
7. Iraq also failed to achieve Goal 9 of the Sustainable Development Goals, as the econometric results of foreign direct investment and loans did not align with economic theory and did not influence the number of workers in research and development.

Recommendations

Based on the practical aspect of the study and the conclusions reached, the following recommendations are necessary to complement these findings:

1. The state should encourage productive investments that create significant job opportunities and increase GDP. International financing sources should not be directed toward unproductive, consumer-oriented projects that do not benefit the Iraqi economy. Generally, at this stage, it is preferable to support productive sectors to ensure their sustainability in case external financial flows are disrupted.
2. The Iraqi government should sign bilateral or multilateral agreements to increase Iraqi exports and enhance their competitiveness in international markets. These agreements should avoid harming the Iraqi economy or turning foreign investments into tools for depleting Iraq's economic resources.
3. Continuous monitoring of investment projects, their implementation, and addressing the obstacles they face is crucial. This includes issuing reports and providing accurate data and guidelines on investments.
4. International aid should be directed toward the most vulnerable groups, ensuring that essential and basic needs are met, particularly for displaced families and those affected by military operations. Additionally, efforts should be made to rebuild cities devastated by such operations.
5. Efforts should be made to reduce reliance on international loans to address economic crises and find alternative solutions. This is necessary to avoid the restrictive conditions imposed on Iraq in exchange for these loans, which hinder the implementation of sustainable development programs.

Conclusion

This research highlights the critical role of international financing in addressing Iraq's sustainable development challenges. The findings indicate that while external loans have been utilized, their allocation often favored non-productive sectors, undermining potential growth. Furthermore, the relationship between international aid and economic growth was hindered by corruption and mismanagement, emphasizing the need for greater transparency and alignment with developmental goals. Iraq has made progress toward achieving certain Sustainable Development Goals, particularly in GDP growth, but significant gaps remain in employment and environmental sustainability. To optimize international financing, it is essential for the Iraqi government to prioritize productive investments, enhance export competitiveness, and focus aid on vulnerable populations. Additionally, reducing reliance on international loans will be crucial to fostering a more resilient and sustainable economy.

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