



# The Social Equality and Economic Development in Iraq: A Socio-Economic Scenario Analysis

<sup>1</sup>Ibrahim Jasim Alyaseri, <sup>2</sup>Hussien Basim AL-friyy, <sup>3</sup>Ali Shaker Abdel Wahab, <sup>4</sup>Akeel Almagtome

<sup>1</sup>Faculty of Administration and Economics, University of Kufa, Najaf, Iraq.

[Ibrahimj.alyasari@uokufa.edu.iq](mailto:Ibrahimj.alyasari@uokufa.edu.iq)

<sup>2</sup>Al-Ameed University - Financial and Banking Sciences, Basrah, Iraq. [h.alfrejee@alameed.edu.iq](mailto:h.alfrejee@alameed.edu.iq)

<sup>3</sup>Faculty of Administration and Economics, University of Basra, Basrah, Iraq. [ali.shaker@uobasrah.edu.iq](mailto:ali.shaker@uobasrah.edu.iq)

<sup>4</sup>Faculty of Administration and Economics, University of Kufa, Najaf, Iraq.

[Akeelh.alhasnawi@uokufa.edu.iq](mailto:Akeelh.alhasnawi@uokufa.edu.iq)

**Abstract.** The paper aims to explore and track the paths of social justice and economic development in Iraq considering the fluctuations in oil prices after 2003. The research relies on the quantitative scenario analysis approach to demonstrate the impact of the path of economic development in Iraq considering the fluctuations in oil prices after 2003. The results show the failure of economic policies in developing non-oil activities to achieve social justice due to the need for a diversified production base. There are no consistent programs in the economic field aimed at diversifying the production base that is a priority for implementation under the strategies prepared by the government. The abundance of financial resources that Iraq obtained after 2003 did not work to bring about major leaps and new transformations in the structure of the Iraqi economy in a way that achieves diversity in the production base and limits the economy's dependence on oil resources. In this research, we propose three scenarios for the future of the Iraqi economy and economic development in Iraq for the period from 2023-2030 that can achieve social justice and serve Iraq's economic policies in drawing paths for economic and social development. The research addresses an important social and economic problem for economic policymakers in Iraq using the scenario approach.

**Keywords:** Social Equality; Economic Development; inequality; poverty; Unemployment

**Received:** 20 March 2024 **Revised:** 17 May 2024 **Accepted:** 22 June 2024

## 1. Introduction

The discrepancies between various governorates are clearly visible, with notable regional variations in social development caused by the unequal allocation of investment funding and independent investment plans (Hassine, 2015). Women, specifically, have significant obstacles such as restricted educational prospects, limited access to healthcare, and less involvement in the job market. These issues are further exacerbated by elevated levels of violence and inequality (Bircan et al., 2017). Although facing these difficulties, Iraq has a wealth of natural resources and a strategically advantageous geographical position, which presents significant opportunities for economic expansion and progress (A. Almagtome et al., 2020). Nevertheless, the devastation of infrastructure and productive sectors caused by conflicts has compelled the implementation of an economic strategy of openness to entice international investment and foster economic growth. Ensuring the economic empowerment of underprivileged populations, including young individuals with disabilities, is essential for fostering inclusive development. By addressing social problems such as lack of knowledge and financial impediments, we may effectively integrate these persons into the economic system, leading to a decrease in unemployment and poverty rates (Bala et al., 2020). Obstacles to attaining sustainable development in Iraq are mostly related to human security challenges, including political, social,

environmental, and economic security. Creating a secure and consistent atmosphere that upholds social justice and respects human rights is crucial for advancing development that prioritizes the well-being of individuals and ensures stability and fairness for future generations (Sachs, 2014). The UN's 2030 Agenda for Sustainable Development includes objectives such as eradicating poverty, eliminating hunger, ensuring high-quality education, and promoting gender equality. It serves as a comprehensive framework for tackling these challenges and promoting a more sustainable future (Bonsu et al., 2020). Furthermore, a modest level of income inequality might serve as an economic catalyst by promoting savings and investments, which are crucial for economic progress. Nevertheless, it is essential to tackle excessive disparity by implementing high-quality social services accessible to the public (Al-Wattar et al., 2019). This will guarantee a basic level of living for everyone, with special attention given to vulnerable populations such as the elderly and handicapped. For Iraq to overcome its socio-economic issues and achieve long-term sustainable development, it is crucial to adopt a comprehensive strategy that encompasses legislative reforms, investment in human resources, and promotion of innovation and entrepreneurship (Allawi & Al-Jazaeri, 2023).

The Iraqi economy has always been and continues to be characterized as a rentier economy (Kadhim et al., 2024). All the government's rentier revenues have been accounted for. It has contributed to more imbalances and developmental chaos, in addition to needing help finding a production base in the economy (Kuaiber et al., 2024). The country's severe structural imbalances at level Twenty are primarily attributable to the fact that it has become the principal monopoly in establishing development plans and programs. Consequently, the development came to a standstill and is now. The transition from one stage of development to another is fraught with many challenges and stumbling blocks. Among these are the emergence of significant imbalances in the trade balance, the high rate of economic exposure to the country, the low formation of fixed capital, and the variation of economic activities in forming the gross domestic product. These challenges must be overcome to achieve economic advancement and encourage foreign investment to contribute financially to the manufacturing and service programs (Hameedi et al., 2022). The lack of clarity between the market economy and the centrally planned economy in the Iraqi economy makes it challenging to get one's head around the development realities of Iraq after 2003. (the aspect of economic activity that is governed by nations) According to Article 25 of the Iraqi constitution, "the state guarantees the reform of the Iraqi economy according to contemporary economic principles" in a manner that assures the investment of all of Iraq's resources, diversifying Iraq's resources, stimulating and growing Iraq's private sector (Almagtome & Abo-aljun, 2023). The Iraqi people, on the other hand, have been unable to accurately gauge the status of their economy due to the absence of a coherent economic ideology. The instability surrounding the most recent political upheavals in Iraq has hurt the country's economic patterns, and such distortions are still there today.

## **2. Social Justice and Economic Development in Iraq**

Due to a lack of clarity on the characteristics of the economic philosophy that underpins the reality of the Iraqi economy between <sup>14</sup> a market economy and a centrally planned economy, it is challenging to wrap one's head around the development reality of Iraq after the year 2003. It makes it difficult to understand the reality of Iraq's development (the economic activity controlled by countries). Although Article 25 of the Iraqi constitution states that "the state guarantees the reform of the Iraqi economy according to modern economic foundations, in a way that ensures the investment of its full resources, diversifying its resources, encouraging and developing the private sector," the lack of clarity of visions and perceptions regarding understanding and realizing the reality of the Iraqi economy was caused by a blurring of economic philosophy, which led to the lack of clarity of visions and perceptions. As a result, the Iraqi government was unable to. The economic developments in Iraq suffered due to the turmoil

that preceded the new changes in the country, which led to significant distortions in the economic statistics of the country, and this fact has not changed (AL-Jawahry et al., 2022). Development indicators in the previous and current Iraq after 2003 explain the deterioration of quantitative and qualitative it because of the devastation that caused political, economic, and social structure due to internal and external wars and years of extended sanctions, as the effect of these conditions is more resounding than to measure it as indications and numbers characterized by a high amount of abstraction and generalization. Development indicators in the previous and current Iraq after 2003 explain the deterioration of quantitative and qualitative data due to the devastation (Group, 2018). In addition, these circumstances will be accompanied by their adverse impacts and repercussions, the subsequent process of development, and the degree to which growth can be reached. It implies that the data does not reveal the reality of the decrease in the structure of development, its substance, or the scale of that loss. In the same way, the data also fails to offer a picture of retreat in the institutional, political, and cultural structures of society. After April 2003, and with the beginning of the process of political change, many economic experts saw that Iraq is coming to a new strategy that leads to the launch of actual development (Almagtome & Abdalazez, 2021). It replaces the dark situation with an advanced development situation after decades of great smell in all joints of the Iraqi economy, considering that the oil sector is the only sector and even considering that the oil sector is the only sector and even considering that the oil sector is the only sector and even considering that the oil sector is the only sector and even considering that the oil sector is the As oil revenues will be used as a lot of accumulation and the diversity of the economy and put it on the path of starting and self-growth, the primary factor in financing development programs in previous contracts and at the present time, and despite the high rates of growth of these returns and the high rates of economic growth witnessed by the Iraqi economy, industrial and agricultural development policies are the policies of industrial and agricultural development I was unable to finance (Semenova & Al-Dirawi, 2022).

The most significant development indicators in national development plans and statistical groupings at the Iraqi Central Bureau of Statistics may be found. Consequently, the reality of progress in Iraq can be viewed via these indicators. The authors have computed the proportions found in the study. The Ministry of Planning has been working on plans and initiatives since 2003 to expand the country's population and improve its infrastructure. Reform plans, programs to move toward a market economy, and programs to increase the efficiency of different economic sectors were all included in these policies.

## **2.1. poverty reduction**

Poverty is a dangerous social phenomenon with multiple dimensions closely related to the Millennium Development Goals (Ali et al., 2019). Still, successive governments in Iraq after 2003 could not alleviate poverty despite the announcement of providing a decent living for citizens and reducing the number and percentage of those below the poverty line by developing a strategy to reduce poverty.

14

As the results of the surveys revealed that the percentage of poverty decreased according to the national poverty line from 22.4% in 2007 to 18.9% in 2012 due to the efforts made to alleviate poverty, 2009, the government prepared the strategy for mitigating the first poverty 2010-2014 with technical support from The World Bank, as part of the Employment Loans Program, which was represented in the National Strategy for Poverty Reducing Program and applied since 2012 in cooperation with the Ministry of Planning and extended to the end of 2016 and the project focused on the poorest governorates. During this period, the program was granted (10896) loans and a value of (86) billion Iraqi dinars.

Then, the poverty rate returned to the rise in 2014, as it reached 22.5%, due to the dual crisis of the decline in oil revenues and Iraq's entry into a war against the terrorist organization ISIS,

1455

which led to the worsening of the conditions of the poor and the emergence of the problem of the displaced (Al-Fatlawi et al., 2021). The data available on poverty during 2007-2014 indicate that more than one-fifth of the population remains below the poverty line, approximately 8 million people below the poverty line (Khaghaany et al., 2024). As soon as the war began to restore those areas, the priorities between development policies and military spending crowded. These events severely affected the standard of living of individuals and their capabilities. The government has raised the percentage of military spending to 22.6% to reduce spending rates on social services. The percentage of spending on education reached 9.3%, and about 3.8% on health during the war years.

The state also promised a strategy to alleviate poverty, covering 2018-2022. This strategy is multisectoral and sets rational and objective goals stemming from the facts of the Iraqi economy's current stage. It is based on six accessories: sustainable income, health, education, housing, social protection, and emergency activities. It led to a decrease in poverty in 2018 until it reached 20.5%.

As for the coronavirus pandemic, the fall in oil prices, and the decline in Iraq's ability to generate revenue, the situation did not improve much for the less fortunate, as the situation has become even more dire as a result of the prohibitions of roaming that have been imposed across all governorates to stop the spread of the disease (Alyaseri et al., 2024). It significantly impacted the economic position of Iraqi citizens, particularly those whose income was restricted. In the year 2020, the rate of poverty reached 31.7%, bringing the total number of people living in poverty to 11 million.

## **2.2. Unemployment Index**

Measurement of unemployment rates is one of the indicators of deprivation of human society, as well as knowing the extent of the ability of the state to fulfill the rights of individuals in achieving economic luxury (Shaker et al., 2024). After the fall of the previous regime in 2003 and the entry of Iraq into the stage of an internal conflict, the occupation forces resolved the Iraqi army, security institutions, and the Military Industrialization Authority, which led to an increase in unemployment rates to more than 28.1% of the workforce according to official statistics, which indicates the volume of energy Human and marginalized humanity and the danger of unemployment is embodied as a social, economic and political problem in all its dimensions. The state tried work to give job opportunities for thousands of young people working in the security services that were formed after the occupation in the hope of absorbing part of the unemployment, so it led to reducing these rates by expanding government use during the years 2006 -2012, which led to a decrease in unemployment shown in Iraq, the unemployment rate decreased from 17.5% to 11.9%, respectively. The rate continued to decrease until it reached 10.8% in 2016.

After 2014, because of the state's follow-up to the policy of defining government use on the one hand, the stagnation of private activity and the inability to absorb the numbers entering the labor market, and the living conditions in the northern governorates as a result of the entry of the terrorist organization ISIS, unemployment rates took the gradual rise until it reached 13.8% in 2017. It was the highest rate since the beginning of the Syrian Civil War in 2011. In addition to the slow growth in the organized economy in most of its economic sectors, except for the oil sector, whose contribution does not exceed the operation of the labor force, which accounts for only 3% of the total workforce, as well as the weak measures taken by the government to deal with unemployment, which is not commensurate with the preparation of the unemployed. The failure of economic policies to find jobs for young people results in these individuals' social and economic marginalization. It is because the number of young people who can work and those who enter the labor market has increased by 27%, according to projections of the population for 2019. It has resulted in increased pressure on the labor market and increased pressure on the

opportunities that could be available to them before. Since the economic, social, and political climate has changed. In return, the limited availability of employment possibilities might lead to sentiments of exasperation. According to the statistics in 2018, the unemployment rate in Iraq reached 23.2%.

### **2.3. GDP index**

The gross domestic product is one of the most significant measurements that assess the country's economic performance level within a specific time (Raji, Alabdoon, Shaker, et al., 2024). Moreover, when following the composition of the gross domestic product of the Iraqi economy, we find that it is characterized by structural imbalance due to the primary dependence on oil in financing its resources. It is because the extractive industries were assumed to be the lead center in the formation of the gross domestic product at the expense of the decline in the productivity of the essential economic sectors of agriculture, manufacturing, and other activities, the matter which was reflected in the fact that the GDP was formed at the expense of the decline in the productivity of the essential economic sectors (Raji, Alabdoon, & Almagtome, 2024). In addition, the continued fall in the contribution of the production sectors to the output, as well as a clear bias on the part of the government to support activities related to commodities at the expense of activities related to service and distribution, led to structural imbalances in the relative distribution of the national economic sectors.

As a result of the political shift that took place in Iraq, the government started paying attention to the commodity sectors, particularly the oil industry. It was since the contribution of the commodity sectors to the formation of the gross domestic product had reached 78.3%. The participation of the distribution sectors was just 15.4% in 2003, while the oil industry's contribution reached a ratio of 68% that year. When it comes to the field of Social Development services, the contribution made by that sector was 6.3%.

The simultaneous crises that hit in 2014 helped to bring about a reduction in the relative significance of the commodity sectors in the process of producing gross domestic product. It decreased from 60.03% in 2014 to 49.2% in 2015 to 49.7% in 2016, which led to a decrease in the gross domestic product at current prices from 2014-2016, as it decreased from 266332.7 billion dinars in 2014 to about 196924.1 billion dinars in 2016. In other words, it decreased from 266332.7 billion dinars in 2014 to about 196924.1 billion dinars in 2016. The decrease in the contribution of the commodity sectors to the formation of the gross domestic product is primarily because the global decline in oil prices and the global decline in energy demand led to a negative impact on the Iraqi economy, which is entirely dependent on the production and export of crude oil abroad to finance its public budget. As a result of this impact, the contribution of the commodity sectors to the formation of the gross domestic product has decreased.

The contribution of the commodity sectors to the creation of the gross domestic product climbed from 53.6% in 2017 to 59% in 2018 to 56% in 2019, notably the oil sector, which had its contribution reach 38%, 47%, and 44%, respectively, during the years 2017-2019. As a direct result of oil prices climbing from \$36 in 2016 to \$49 in 2017, \$66 in 2018, and \$61 in 2019, the global economic outlook has become more negative. Even though the commodity sectors, including the industrial and agricultural sectors, have favorable growth rates that contribute to the creation of GDP, these sectors' production structures are plagued by many distortions. During the political shift to the present, we conclude that the proportion of the agricultural sector's contribution is relatively low, as it is just 5% of the total. These small proportions as a contribution to the gross domestic product show low levels, hence an imbalance in the agricultural production structure and the lack of production to satisfy the nutritional demands.

A deficiency in the Iraqi economy regarding food needs: Since the recent war resulted in the looting, destruction, and looting of industrial facilities, the industrial sector is not in a better position than the agricultural sector. As a result, the contributions of the industrial sector to the formation of the output have remained low because they have not exceeded the average of 1.5%.

As a consequence, Iraq maintains a feeble and unconstitutional productive framework that regulates the production of a select few items, most notably oil; hence, oil earnings continue to serve as the only source of funding for development programs and government investment expenditures (Ali et al., 2023). Consequently, the Iraqi economy has grown increasingly susceptible to the effects of shocks emanating from the fluctuation of oil prices on the international market.

#### **2.4.Fixed capital formation index**

Throughout the last several years, after the overthrow of the previous regime, the Iraqi economy has been plagued by many issues, which have impeded its development, leading to its decline and eventual collapse. There was a lack of a well-defined plan for economic development throughout the majority of Iraq's stages of development. It harmed the Iraqi economy, which saw a decline in the value of many of its fundamental indicators and a reduction in the contribution of the productivity of its sectors, except the oil sector. It left the Iraqi economy susceptible to the price shifts that occur on international markets as a direct result of shifts in the cost of oil. Increases were seen in contributions made by the public sector toward forming fixed capital, making it the most significant investor in economic activity. Thus, its contribution to the development of fixed capital expanded from 2 trillion general dinars in 2004 to 22 trillion in 2008 and 45 trillion dinars. This growth in the state's role in economic activity occurred simultaneously with the significant increase in oil revenues, which are the single prominent source of these returns; moreover, the average contribution rate reached almost 92% from 2004 to 2013. It is a well-known fact that the increases in the formation of fixed capital for the public sector that occurred after 2003 do not represent real increases—that is, increases in the capacity to generate new forms of productive energy—even though these increases make up a significant portion of the total. It is covering of the impacts of material devastation and technological extinction that have been inflicted upon the remaining productive energies. Due to the drop that was caused by the twin crisis that Iraq was subjected to in 2014, which was a decline in oil and war prices against the terrorist organization ISIS, its average contribution reached 63% throughout the period 2014-2018. It was because of the decrease. After the war was over, reconstruction efforts started in the majority of the northern governorates. It resulted in a high value of fixed capital for the public sector in 2019, which was 43.1 trillion dinars; the contribution of fixed capital for the private sector reached 11.4 trillion dinars. Due to the limited execution of the investment programs included in the public budget, public services in the infrastructure continue to be insufficient, and they cannot keep up with the continuously rising demand. Since most of the investment expenditures allotted to investment programs between 2007-2018 were not executed from them save for less than half of what was intended, in return, more than 80% of the operational expenditures have been implemented.

#### **2.5.Public debt index**

The amount of Iraq's external debt is significant, and the country's ability to achieve economic development may be hindered as a result of the country's religious obligations. The challenges of meeting those obligations in the next two years are short- and medium-term, and the challenging financial climate that Iraq has recently endured. The adherent of the Iraqi religion believes that the religion has reached high levels. Still, Iraq's participation in international agreements during the period 2005-2010 led to a reduction in public debt through restructuring the Iraqi debt, which caused a decrease in the debt ratio index to the local product to normative levels, as it reached 42%. Despite this, the adherent of the Iraqi religion believes that the religion has

reached high levels. In 2008, after it had been 166.4% in 2005, because the increase in the size of these debts measures the burden that the Iraqi economy suffers from due to external debt, and after activating the agreements concluded with the International Monetary Fund, the volume of the external Iraqi debt was reduced from 157.8 trillion dinars in 2004 to 66.7 trillion dinars in 2010, but the Iraqi government, due to the follow-up of expansionary financial policy and the development of public infrastructure, has increased. The fall in global oil prices, which resulted in a drop in its oil earnings, and the existence of public explosive budgets both contributed to the fact that the country's public revenues have not kept pace with its public expenditures growth.

It reached 78.6 trillion dinars in 2015 and 81.1 trillion dinars in 2016, following the growing public budget deficit due to the continuing decrease in oil returns and deterioration of the country's infrastructure due to the drop in oil prices. As soon as 2014 appeared, Iraq's debts began to rise due to the drop in oil prices and the increase in external borrowing to finance the defense budget and confront the terrorist organization ISIS. It caused Iraq's debts to rise, Putting the balance of payments, so Iraq was forced to enter into a new hedging arrangement with the International Monetary Fund in 2016 to cover three years, that is, until 2019, in comparison to a loan of \$ 5.4 billion from the International Monetary Fund and another loan from other countries by 6.5 billion dollars in exchange for implementing the programs of the fund. Putting the balance of payments, Iraq was forced to enter into a new hedging arrangement with the International Monetary Fund in 2016 to cover three To remedy the deterioration of the budget deficit and the diminishing of foreign reserves)), Moreover, as a consequence, this led to a rise in the debt index, which reached 65.3% in 2016 after reaching 29.7% in 2013. The excessive financing of the state's budget deficit from external sources through external borrowing may exacerbate the external debt crisis in Iraq if it is not directed to financing productive projects agreed upon with international institutions and international bodies. This results in the Iraqi government's inability to continue paying the asset Religion and its benefits. The elimination of the threat posed by ISIS resulted in a gradual increase in oil prices toward the end of 2017, which in turn led to an increase in oil returns, which in turn led to an increase in gross domestic product, which in turn led to a reduction in the volume of Iraq's debt, bringing it down to 68 trillion dinars in 2019. In 2018, the proportion of total debt to gross domestic product hit 34 percent, and in 2019, it will reach 24.7 percent. As soon as the corona pandemic struck in 2020, Iraq's debt skyrocketed, eventually reaching 99 trillion dinars. It was caused by the low export of oil and the procedures for the comprehensive ban, which decreased its prices. As a result, the Iraqi government had to borrow more money to cover its current and investment expenditures, which increased the country's overall debt. Consequently, the attempt to reduce these debts by paying the debt installments and its benefits will require almost two-thirds of the revenues of the Iraqi government in the future. It prevents the use of oil returns to finance reconstruction and invests in the major infrastructure, which is a significant problem.

The exceptional circumstances that the country went through after 2003 and that changed the path of development led to the deterioration and destruction of the right to political, economic, and social structure, as well as the spread of the phenomenon of financial and administrative corruption. The development process in Iraq witnessed many determinants due to the exceptional circumstances that the country went through after 2003, which changed the path of development. This failed attempt at growth is just the consequence of a buildup of political, economic, and social issues. Since there is no relationship between the national development plans and the federal budgets, there was no interest in the actual development strategies or what was stated in the national development plans.

### **3. Foreseeing the future of economic development under oil price fluctuations**

The economic development of the Iraqi economy away from the oil sector is extremely difficult

due to the significant lack of infrastructure that paves the way for the development process, in addition to the lack of financial funding to advance the non-oil productive sectors and build a commodity production base that is directed towards export. Therefore, the Iraqi economy cannot advance comprehensive development and diversify in isolation from oil and political and social preparation. Since the oil economy has a narrow production base due to its high sensitivity to changes in international prices in the oil market, the decision-making process becomes stronger in the future and in a state of readiness for a set of possibilities by finding opportunities in the future to seize them through the foresight attempt that we are concerned with, which is based on three scenarios, each scenario containing a set of assumptions and visions according to the stage's requirements.

### **3.1.Scenario 1: The reference scenario**

The current conditions are continuing with its problems and manifestations in the future for the period 2023-2030

This scenario is based on several assumptions:

1. The financing of economic projects remains dependent on the current central financial allocations, not on creating new financing sources.
2. The austerity process continues to allocate investment spending and not attract foreign investments or activate the private sector's role in investing in non-oil sectors.
3. The central government's weakening ability to adhere to the access plans to achieve the sustainable development goals in 2030 regarding economic growth, support for production activities, industry development, and improved technological capabilities.
4. Dependence on oil returns to run the behavior of the public budget at present.
5. The continued global demand for oil as it is.

It is known to everyone that oil will remain an essential part of financing the Iraqi economy during the next three decades. Since oil prices have been in flux for the better part of two decades, it is reasonable to assume that they will continue to do so if political, economic, security and health considerations are subject to change. The world is a Corona's concentration in 2020, as well as the Russian invasion of Ukraine, so oil price expectations are subject to high levels of uncertainty due to the possibility of more disturbances in oil supplies. The rise in oil prices at present (2022) and according to the prices of May led to the achievement of significant oil revenues estimated at up to \$ 11.4 billion per month, at an export rate of 3300 thousand barrels per day and a price level of an average of \$ 111 a barrel (Shahzad et al., 2022). It indicates that the Iraqi economy will achieve oil returns of up to 68.4 billion dollars during the next six months if the prices remain the same and the stability of the export quantities. In light of the reference scenario, oil prices in the international market are expected to decrease in 2023 based on the expectations of the US Energy Information Administration and the World Bank at levels of up to \$ 93.2 per barrel. Energy management confirms that these expectations in the price are not confirmed and depend, to a large extent, on the degree of the impact of sanctions. The current imposed on Russia, and any possible future sanctions (EIA, 2022), given that the rise in oil prices is due to the Russian-Ukrainian war and the world lost part of oil production. As soon as the war ends, prices will return to levels of up to \$ 93.2 a barrel. Therefore, Iraq must take advantage of this golden opportunity to export large quantities of oil and obtain financial returns from oil up to 119.063 million dollars in 2023, as is the case for future years, it is expected that Iraq's oil exports will increase to 4,400 (Allafta & Opp, 2022) thousand barrels per day and average price It reaches 90 dollars per barrel that can contribute to achieving financial returns up to 145.359 million dollars in 2028 and then to 162.372 million dollars in 2029, and at an average exports of up to 4,700 thousand b Rumail daily at a price of up to 94 dollars per barrel, leading to returns up to 173.997 million dollars, with oil exports of up to 4,850 thousand barrels per day at an



expected price of up to \$ 98 a barrel in 2030 (Al-Abadi & Jaaz, 2022), these financial returns obtained from oil revenues, in addition to revenues Other than the oil that reaches 11 billion dollars annually, recovery in the global economy and more mitigating the applied restrictions Corona's pandemic thanks to the continued provision of vaccines around the world and the consequent increases in global demand for oil, Iraq can use this financial abundance to increase investments and provide services Basic social, infrastructure, and the establishment of new factories that contribute to importing imports and other factories that encourage non -oil commodity exports, in an attempt by the government to diversify the Iraqi economy and to alleviate the shocks that the economy is exposed to as a result of relying on one resource.

### **3.2.Scenario2: The Pessimism scenario**

Further deterioration in oil prices and insufficient financing for the period of 2023-2030. This scenario is based on several assumptions:

1. The central government's ability to finance the investment process in non-oil sectors.
2. The accelerated increase in population preparation in the country and at rates exceeds the global rates of the population and the government's inability to meet its requirements.
3. Not to legislate laws for supporting non-oil sectors.
4. The significant decline in the governmental commitment to achieve sustainable development goals in 2030 regarding the economy's growth and the industry's development industry.
5. Dependence on oil returns to run the behavior of the general budget.
6. The global oil demand declined from what it was in the reference scenario.

In this scenario, international oil prices in the future will be low and reach up to \$ 70 a barrel in the next year, based on the expectations of the International Energy Agency, energy information management, Energy Horizons reports, and international energy experts and take a gradual decrease to \$ 66 in 2026 and then to \$ 52 in 2030 (Judeh & Hamdan, 2022)The number of Iraqi oil exports will also be low and reach up to 3 million barrels per day based on the oil companies inability to increase oil production for technical or security reasons or the reduction due to OPEC's restriction of its members' shares, which was similar to what it did in 2020 due to the Korona pandemic..

### **3.3.Scenario3: The Optimistic scenario**

decrease the problem of financing, high oil prices, and steadily the government's ability to diversify the period of 2023-2030

This scenario is based on several assumptions:

1. Increase the central government's ability to finance investment in non-oil sector projects throughout Iraq.
2. Legislation of laws that support non-oil productive sectors and contribute to increased economic diversification in the country.
3. Investing in infrastructures.
4. Benefit from the leading countries' experience of economic diversification, especially the oil and non-oil neighboring countries.
5. Dependence on oil returns to run the behavior of the general budget.
6. Increased global demand for oil in a way that exceeds what it is in the reference scenario.

In this scenario, oil prices are expected to rise in the international market and reach up to \$ 95 a barrel in 2023 and then rise to \$ 116 a barrel in 2026 to \$ 128 a barrel in 2030 due to many factors that increase global demand for crude oil. The export rate The oil is expected to rise gradually due to the increase in

demand and production by the oil companies operating in Iraq.

The oil revenues from this scenario are very high, as in 2023, it was estimated at 142.467 million dollars and was increasing in 2026 to approximately 200.199 million dollars, up to 258.566 million dollars in 2030.

These oil returns are an opportunity for decision-makers to launch the comprehensive development process to diversify the Iraqi economy in all its economic sectors, in addition to following interconnected economic policies that work to invest these funds with productive assets retaining their value and can increase this value in the future. The exploitation of this abundance of oil returns in diversifying the productive structure contributes to facing the challenges that can exist in the future, which is the post-oil era, which requires seeking to replace oil with other sources represented in the transition from the first sector to the industrial sector that contributes to the development of skills humanity and the increase in its productive capabilities, because the diverse structure requires finding these skills so that its performance is better in the long period, especially with the diversity of production, which in turn leads to the diversity of exports, which avoids the economy fluctuation that occurs in export revenues due to relying on one commodity such as oil, that these returns are The increasing oil contributes to raising government spending, and then allows the development of infrastructure and raising electric energy supplies to motivate the various economic sectors, in addition to increasing the allocations for spending on education and health services is one of the elements of diversity and growth.

#### **4. What are The Ways to Foster Economic Growth**

In order to achieve sustainable development, it is essential to complete the transition process towards progress and establish an economic development strategy that provides a ray of hope for eliminating backwardness and reliance, as well as correcting structural imbalances. It may be achieved by adopting a development strategy that prioritizes the country's strengths and utilizes the skills of its people, so unleashing the potential of society and enhancing its capacities. Furthermore, it is essential to attain sustainable growth via self-reliance. An observer of Iraq's economic growth process recognizes its strong connection to oil earnings, since the state has relied on oil as its principal source of income and funding for development for four decades. The reliance on oil as the main source of income and funding for development poses a danger to the economic progress and decision-making in Iraq. It also limits the country's strategic choices and policies, leading to significant distortions in the economy. As a result of the structure of the Iraqi economy, its sectoral structure, and the obstacles it presents to achieving the state's objectives, the Iraqi economy is in a bad situation (Semenova & Al-Dirawi, 2022). As a result, it is necessary to work toward diversifying the Iraqi economy and transforming it from an economy that is heavily dependent on oil revenues into an economy that is characterized by a gradual increase in the percentage of the contribution of other sectors to the gross domestic product, particularly the productive, agricultural, industrial, and tourism sectors. It is necessary because it becomes necessary to work toward diversifying the Iraqi economy and transforming it from an economy that is heavily dependent on oil revenues into an economy that is characterized by Both the current reference scene and the expected optimistic scene anticipated that Iraq would achieve significant financial surpluses as a result of the high prices of oil if they capitalized on the sources developed through oil returns and according to the prevailing reference scene and the expected optimistic scene. Then, it will be possible to accomplish a rise in the rate of operation, notably among younger people and women. To accomplish this goal, the following broad factors, among others, might contribute to the formation of a diverse economy and the growth of economic development:

##### **4.1. Public Finance Reform**

The weak state has difficulties when exerting control over public financial management. General expenditure is a breeding ground for corruption due to the lack of effective management and execution procedures, allowing for coordinated embezzlement and diversion of public funds. Moreover, it sets a negative precedent for resource management in society, which contradicts the

positive perception of this wealth, disregards the notion of inclusivity, and imposes restrictions on one's expenditure. Consequently, undertaking the task of reforming the budget and enhancing the frameworks for openness and public oversight entails addressing one of the most prevalent manifestations of corruption in the country. The restructuring of the tax system is crucial for increasing governmental income. To control and manage the government's financial resources, it is essential to establish tax systems that rely on direct taxes, fees, private sector institutions, and individual income tax. Additionally, it is crucial to expand the range of taxpayers and increase the tax burden on companies and public infrastructure projects. Both strategies are essential in order to effectively manage the public deficit. The government's need for resources is the reason for the implementation of these taxes. Economic expansion exerts pressure on limited resources and requires substantial investment in enhancing education, healthcare, and infrastructure.

#### **4.2.Planning Adoption**

It is essential to differentiate between central planning, strategic planning, and administrative chaos, which seems closer than ever. This is likely because managing state institutions and governance does not involve planned, targeted, or rational work. Instead, it follows the daily paths without a clear, specific horizon—an outcome. The capitalist world does not let things be in disarray or go without some direction. On the other hand, both public and commercial organizations are reliant on strategic planning and outcomes management.

The lack of honest and accurate planning in Iraq led to a more significant waste of oil financial resources, gave officials more leeway in how they spent public money, enabled spoilers to expand their activities and practices, and deepened the chaos that existed in the economic and political practice of state institutions and governance. As a result, this indicates that arguments must be provided to pursue strategic development planning correctly. The industrial sector in Iraq must play a vital part in advancing the wheel of economic growth in developed nations and some of the transformed countries as it counts. It applies to both the industrial and agricultural sectors of the national economy. This sector is an essential source in supporting and financing economic development and developing other economic sectors, and this is done by following an industrial policy through which economic administration diagnoses various permanent economic activities, particularly the productive sectors that are one of the most important engines of economic progress to find a productive ground that contributes to use and generating foreign currency. This sector is vital in supporting and financing economic development and developing other economic sectors. It is done by following an industrial policy through which economic administration diagnoses various permanent economic activities, and this is done by following.

As for the agricultural sector, it can play an essential role in achieving food security and income, providing job opportunities for a large percentage of the population, as well as providing raw materials for a large number of manufacturing industries, as the availability of natural resources in quantity and quality as well as significant human resources is one of the essential elements in the success of economic plans and a solid basis to the economy.

Iraq's water resources are plentiful compared to those of other nations in the area. These waters meet the requirements for agriculture and ensure that necessities are met. The Tigris and Euphrates Rivers are the principal rivers in Iraq. These water resources have the potential to contribute to the revitalization of extensive agricultural fields if they are used effectively via the building of dams and irrigation canals.

#### **4.3.Dependence on foreign investment**

It is becoming more difficult in most developing countries to achieve economic growth, economic development, and improved quality of life since these nations lack the financial and technological resources essential for economic development. The level of investment is consistently ranked among the most significant of all the overall economic indicators. The degree of complexity and development

of any nation is dependent on the magnitude of what is allocated from its local investment result, as well as on the flows of foreign investment and the effectiveness of investment as a way of expanding productive energy in the national economy (A. H. Almagtome et al., 2020).

The crucial function of foreign investments rests in being one of the most important sources of external finance for the development process, recovering the ages of Iraq, and alleviating specific sectoral concerns for the Iraqi economy. This role is connected to the possibility of international businesses entering the market with their enormous financial resources and the ability to bring cutting-edge technology, create new employment opportunities, implement contemporary management practices, and collaborate with preserving historical customs and practices. The new training of national staff is administratively and technically the problem of financing development and rebuilding what was destroyed from the infrastructure and the blockade of Iraq and filling the backward gap, so there is an urgent need to enhance foreign direct investments and attract them by creating the appropriate environment to attract and rely on it as external financing sources to advance the economy Iraqi and reconstruction, which called for the adoption of economic programs and policies that would work to attract investments by granting many facilities and competitive advantages to foreign capital as well as the establishment of legislative and institutional frameworks to encourage and organize the work of foreign investment to restore Iraq and solve the sectoral problems of the Iraqi economy.

#### **4.4.Activating the tourism sector**

Because tourism requires extensive manual labor, it is one of the most critical industries for creating new jobs in various professions. Tourism is also one of the activities that significantly contribute to an increase in the amount of money that can be made in foreign exchange markets because it relies on visitors from other countries (FaladeObalade & Dubey, 2014). Religious tourism in Iraq includes several of the country's most revered destinations, such as Najaf Al-Ashraf, Karbala, the capital of Baghdad, and Samarra. Historical tourism, since these civilizations (Alsumaria et al.) contained, in addition to Iraq holding several ancient towns such as, in addition to historical tourism, historical tourism in Iraq (Ur et al.) (Heidari et al., 2021).

#### **4.5.Motivating the private sector**

According to the available statistics, the private sector already has a significant place in the Iraqi economy. It has the potential to be developed in a manner that would enable it to play a more significant role in production, investment, and the creation of new employment opportunities. However, in addition to its advantage over the government sector in certain activities like agriculture, industry, construction, transportation, trade, and ownership of housing houses, and accordingly there must be an invitation to increase the role of the private sector by following a wide range of legal, institutional, and organizational reforms as a way to turn the Iraqi economy into a modern market economy. These reforms are necessary because they are the only way to transform the Iraqi economy into a modern market economy. It calls for a package of aid measures, such as streamlining government procedures for businesses and making them easier to navigate, as well as commercial and organizational reforms and creating<sup>14</sup> more open legal and regulatory environment for the private sector in Iraq. Being adaptable requires a range of enabling actions, such as streamlining Iraq's bureaucratic processes for businesses.

#### **4.6.Small projects as a substitute for the big**

Expansion of the base of small projects can serve the spread of a culture of self-employment and the producer among young people. It also contributes to providing income-generating job opportunities for the new interior in the labor market and the absorption of thousands of unemployed individuals, as well as the integration of young people economically, socially, and politically. The fact that small and medium-sized businesses carry out most projects in Iraq is the primary factor contributing to this development demand's significance. It provides jobs for a significant portion of the labor force

employed in the private sector and contributes a significant portion of the gross non-oil GDP; therefore, bolstering and supporting these projects and creating an environment that is conducive to their work paves the way to activate the role of the local private sector in the Iraqi economy.

## **Discussion**

The relationship between social equality and economic growth in Iraq is intricately connected, with several variables impacting their interplay. The nation's socioeconomic terrain has been profoundly influenced by prolonged periods of strife, economic embargoes, and political instability, all of which have impeded the achievement of lasting progress and intensified socioeconomic disparities. Inequality, specifically regarding the distribution of income and the availability of resources, has consistently been a problem, leading to social dissatisfaction and political instability, which in turn have adverse effects on economic development.

The absence of a diversified production base is reflected in the findings, which demonstrate the ineffectiveness of economic strategies in growing non-oil sectors. Under the government's planned plans, no uniform economic initiatives are targeted at broadening the country's production base. Despite Iraq's access to vast sums of money after 2003, the country could not radically alter its economic structure in a way that increased diversification in its production base and lessened its reliance on oil exports. Dependence on oil has increased economic exposure and made the economy very sensitive to changes in foreign trade between the world's countries. It hurts the economic structure, leading to low levels of investment in non-oil productive activities and the expulsion of many emerging industries. The results show the failure of economic policies in developing non-oil activities due to the lack of a diverse production base. There are no consistent programs in the economic field aimed at diversifying the production base of priority in implementation under the strategies prepared by the government.

Moreover, the abundance of financial resources that Iraq obtained after 2003 did not make significant mutations and new transformations in the structure of the Iraqi economy in a manner that achieves diversity in the production base and limits the economy's dependency on the oil resource. The results also show the continued dominance of natural resource revenues as a fundamental source and head in financing the general budget of the Iraqi state and the formation of more than half of the gross domestic product. Therefore, it is necessary to work to diversify the productive structure in the Iraqi economy by setting extensive investment programs to create a fixed value that contributes to achieving continuous financial returns and works to reduce the increasing dependence on rentier resources. The government's creation of new mechanisms through which it works to provide opportunities to obtain new financing that are available to the most significant part of the private sector to modernize and expand tiny and medium enterprises, as they are one of the most important tributaries of the development process in the country and a significant entrance for economic diversification. Formulating and adopting policies and legislation to enhance business confidence and attract foreign and local investments to help rebuild the economy and society is necessary. It is giving a larger space to the private sector to participate in generating the gross domestic product by allowing it to establish investments<sup>14</sup> in the development sectors to expand the investment and employment bases and form fixed capital, in addition to its involvement in an investment in the field of infrastructure within a joint agreement on the goals of this investment, which contributes to the availability of finance resource.

## **Compliance with ethical standards**

The authors of this paper did not conduct any experiments with human volunteers or animals. Prior to commencing the study, publicly available files (namely academic sources) were extracted and examined as evidence. It is important to note that no institutional ethical clearance was necessary for this process. **Data availability statement**

All data produced or analyzed are included within the published study.

## Funding information

None.

## Author contributions

The authors affirm that they are the sole contributors to this work and have authorized its release. The author assumes all responsibility for the precision and integrity of the data analysis.

## Conflict of interest statement

The authors affirm that the study was carried out without any commercial or financial connections that may be seen as a possible conflict of interest.

## REFERENCES

- [1] Al-Abadi, N. J. A., & Jaaz, A. H. (2022). FUTURE TRENDS OF OIL DEMAND IN LIGHT OF COMPETITION FROM ALTERNATIVE SOURCES. *World Economics and Finance Bulletin*, 14, 17-32.
- [2] Al-Fatlawi, Q. A., Al Farttoosi, D. S., & Almagtome, A. H. (2021). Accounting information security and its governance under cobit 5 framework: A case study. *Webology*, 18(Special Issue on Information Retrieval and Web Search), 294-310.
- [3] AL-Jawahry, B., Mahdi, M., Al-Fatlawi, Q., & Almagtome, A. (2022). The impact of ipsas adoption on sustainable tourism development: a cross country analysis. *Polish Journal Of Management Studies*, 25.
- [4] Al-Wattar, Y. M. A., Almagtome, A. H., & Al-Shafeay, K. M. (2019). The role of integrating hotel sustainability reporting practices into an Accounting Information System to enhance Hotel Financial Performance: Evidence from Iraq. *African Journal of Hospitality, Tourism and Leisure*, 8(5), 1-16.
- [5] Ali, A. M. M., Jabir, S. M., Almusawi, E. G., Kadhim, H. K., & Almagtome, A. (2023). Using Time-Driven Benchmarking for Measuring Health Services Performance Under COVID-19 Pandemic. *International Journal of Professional Business Review*, 8(2), e01095-e01095.
- [6] Ali, M. N., Almagtome, A. H., & Hameedi, K. S. (2019). Impact of accounting earnings quality on the going-concern in the Iraqi tourism firms. *African Journal of Hospitality, Tourism and Leisure*, 8(5), 1-12.
- [7] Allafta, H., & Opp, C. (2022). Soil erosion assessment using the RUSLE model, remote sensing, and GIS in the Shatt Al-Arab basin (Iraq-Iran). *Applied Sciences*, 12(15), 7776.
- [8] Allawi, A. H., & Al-Jazaeri, H. M. J. (2023). A new approach towards the sustainability of urban-rural integration: The development strategy for central villages in the Abbasiya District of Iraq using GIS techniques. *Regional Sustainability*, 4(1), 28-43.
- [9] Almagtome, A., & AbdLazez, M. (2021). Energy Accounting and Performance: A theoretical Perspective. *Akkad Journal Of Contemporary Accounting Studies*, 1(4), 232-245.
- [10] Almagtome, A., & Abo-aljun, B. A. (2023). The Influence of Behavioral Dimensions on the Propensity of Accountants to Commit Accounting Fraud: A Psychological Perspective. *Journal for ReAttach Therapy and Developmental Diversities*, 6(4s), 421-429.
- [11] Almagtome, A., Khaghaany, M., & Önce, S. (2020). Corporate governance quality, stakeholders' pressure, and sustainable development: An integrated approach. *International Journal of Mathematical Engineering and Management Sciences*, 5(6).
- [12] Almagtome, A. H., Al-Yasiri, A. J., Ali, R. S., Kadhim, H. L., & Heider, N. B. (2020). Circular economy

initiatives through energy accounting and sustainable energy performance under integrated reporting framework. *International Journal of Mathematical, Engineering and Management Sciences*, 5(6), 1032.

- [13] Alyaseri, I., Furaijl, H., Mizban, B., Almagtome, A., & Al-Yasiri, A. (2024). Public sector governance as a tool to enhance the productivity of government spending: an international comparative study. *Polish Journal Of Management Studies*, 29.
- [14] Bala, U., Ibrahim, A., & Hadith, N. B. (2020). Impact of population growth, poverty and unemployment on economic growth. *Asian Business Research Journal*, 5, 48-54.
- [15] Bircan, Ç., Brück, T., & Vothknecht, M. (2017). Violent conflict and inequality. *Oxford Development Studies*, 45(2), 125-144.
- [16] Bonsu, N. O., TyreeHageman, J., & Kele, J. (2020). Beyond agenda 2030: Future-oriented mechanisms in localising the sustainable development goals (SDGs). *Sustainability*, 12(23), 9797.
- [17] EIA. (2022). Short-Term Energy Outlook. In: US Energy Information Administration Washington, DC, USA.
- [18] FaladeObalade, T. A., & Dubey, S. (2014). Managing Tourism as a source of Revenue and Foreign direct investment inflow in a developing Country: The Jordanian Experience. *International journal of academic research in economics and management sciences*, 3(3), 16-42.
- [19] Group, W. B. (2018). *Iraq Economic Monitor, Fall 2018: Toward Reconstruction, Economic Recovery and Fostering Social Cohesion*. World Bank.
- [20] Hameedi, K. S., Union, A. H., Talab, H. R., & Almagtome, A. H. (2022). IFRS adoption, cost of equity and firm value: evidence from Iraq. *International Journal of Professional Business Review: Int. J. Prof. Bus. Rev.*, 7(3), 1.
- [21] Hassine, N. B. (2015). Economic inequality in the Arab region. *World development*, 66, 532-556.
- [22] Heidari, A., Yazdani, H. R., Saghafi, F., & Jalilvand, M. R. (2021). A networking approach to analyzing religious tourism businesses: The case of Al-Atabat Al-Aliyat in Iraq. *Journal of Islamic Marketing*, 12(2), 427-450.
- [23] Judeh, A. K., & Hamdan, K. H. (2022). Facing the challenges of oil price fluctuations and their impact on the income tax of foreign oil companies. *Journal of Positive School Psychology*, 4776–4791-4776–4791.
- [24] Kadhim, A. H., Al Farttoosi, D. S., Shakir, H. S., & Almagtome, A. H. (2024). An empirical cryptocurrency price forecasting model. *International Journal of Information Technology*, 16(6), 3855-3860.
- [25] Khaghaany, M., Shaker, A. S., Dawood, A. N., & Almagtome, A. H. (2024). Sustainability, Innovation, and Value Creation in Developing Countries: Evidence from Iraq. *Innovar*, 34(94), e116817-e116817.
- [26] Kuaiber, M. Q., Ali, Z. N., Al-Yasiri, A. J., Kareem, A. J., Al, M. A., & Almagtome, A. (2024). Automation and the Future of Accounting: A Study of AI Integration in Financial Reporting. 2024 International Conference on Knowledge Engineering and Communication Systems (ICKECS),
- [27] Raji, A. A. H., Alabdoon, A. H. F., & Almagtome, A. (2024). AI in Credit Scoring and Risk Assessment: Enhancing Lending Practices and Financial Inclusion. 2024 International Conference on Knowledge Engineering and Communication Systems (ICKECS),
- [28] Raji, A. A. H., Alabdoon, A. H. F., Shaker, A. S., & Almagtome, A. (2024). The Effect of National Cultural Values on the Financial Inclusion: An International Perspective. *Futurity Economics&Law*, 4(2), 65-82.

- [29] Sachs, J. D. (2014). Climate change and intergenerational well-being. *The Oxford handbook of the macroeconomics of global warming*, 248-259.
- [30] Semenova, T., & Al-Dirawi, A. (2022). Economic Development of the Iraqi Gas Sector in Conjunction with the Oil Industry. *Energies*, 15(7), 2306.
- [31] Shahzad, U., Jena, S. K., Tiwari, A. K., Doğan, B., & Magazzino, C. (2022). Time-frequency analysis between Bloomberg Commodity Index (BCOM) and WTI crude oil prices. *Resources Policy*, 78, 102823.
- [32] Shaker, A. S., Alkhafaji, A., Kuaiber, M. Q., Almagtome, A. H., & Al-Yasiri, A. J. (2024). An optimal feature subset selection technique to improve accounting information security for intrusion detection systems. *International Journal of Information Technology*, 1-7.