

THE ROLE OF INTERNATIONAL RESERVATIONS AND ISLAMIC COMMERCIAL ON SOCIAL FINANCE TO SUPPORT SUSTAINABLE GROWTH IN IRAQ

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الملخص: يُعدّ تكامل التمويل الإسلامي التجاري والاجتماعي في العراق أمراً بالغ الأهمية للتوسع الاقتصادي والتنمية المستدامة. عملياً واقتصادياً، يُغطي التمويل الإسلامي مجالات تجارية واجتماعية (مثل الأوقاف والزكاة والقرض الحسن والصدقات والتمويل الأصغر). يتكامل هذان المجالان ويتداخلان. لتكامل التمويل الاجتماعي والتجاري فوائد عديدة، مثل تحسين الرفاه الاجتماعي والاقتصادي، والحد من الفقر، وتعزيز الشمول المالي الشامل. كما يُسهم في تعزيز استقرار النظام الاقتصادي. هدفت هذه الدراسة إلى معالجة نقص الأفكار والمفاهيم لتجنب التعارض مع التحفظات الدولية، وتحقيق تكامل التمويل الإسلامي التجاري والاجتماعي بما يتماشى مع البيئة الهيكلية للمؤسسات المالية الإسلامية، ويتوافق مع القوانين واللوائح المعمول بها في العراق. كما هدفت الدراسة إلى تعزيز النمو الشامل.

الكلمات المفتاحية: التحفظات الدولية، التمويل التجاري والاجتماعي الإسلامي، التنمية المستدامة، النمو التحفظات الدولية، التمويل التجاري والاجتماعي الإسلامي، التنمية المستدامة

Abstract:

The integration of Islamic commercial and social finance in Iraq is crucial for economic expansion and sustainable development. Practically and economically, Islamic financing covers commercial and social areas (for instance, awqaf or waqf, zakat, qard–hasan, sadaqat and microfinance). The two are integrated and overlapped. Integrating social and commercial finances has several benefits, such as improving socioeconomic well–being, reducing poverty and promoting comprehensive financial inclusion. Additionally, it contributes to enhancing the stability of the economic system. This study aimed to address the lack of ideas and concepts to avoid conflict with international reservations, achieve the integration of Islamic commercial and social finance that aligns with the structural environment of Islamic financial institutions and comply with the existing laws and regulations in Iraq. The study also aimed to promote inclusive growth.

Keywords: international reservations, Islamic commercial and social finance, sustainable development, growth international reservations, Islamic commercial and social finance, sustainable

I. INTRODUCTION

International reservations, Islamic commercial and social finance play a vital role in strengthening Iraq's ongoing economic expansion. The integration of Islamic social financial organisations with Islamic banks can enhance the accessibility of Islamic banking services for small borrowers. Researchers have explored several methods of integrating Islamic commercial banking with social finance to foster economic inclusivity and sustainable development. The techniques mentioned include ownership, institutional, operational, bottom line, and mandatory integration. The utilisation of Islamic social finance systems, such as Zakat, Waqf, Sadaqat and Qard-hasan, can significantly aid in the attainment of Sustainable Development Goals (SDGs) in Iraq. These tools align with the principles of fairness, justice, and equity. To achieve sustained growth in Iraq, it is of utmost importance to focus on regulatory measures, improve financial strategies and enact legislation which promotes profit-sharing financing in Islamic financial institutions.

It is widely known that international law, specifically the Vienna Convention of 1969 has established standards for international reservations. These standards are articulated in Articles 19 (A, B and C) and Article 20, which also accepts reservations. The purpose and goal of a treaty must not conflict with any reservations made. This research does not focus on any specific treaty .

Commercial and social funding plays a vital role in promoting economic development and progress in Iraq, both domestically and internationally. Iraq is an oil-rich Islamic nation that adheres to Sharia law, with its constitution, legal system and financial rules aligned accordingly. Similar to other Islamic nations, the Iraqi constitution explicitly states in Article (2) that Islam is the official religion of the state, and that Islamic law has a significant position as a main basis for legislation. This incites the anger of Western and non-Islamic countries, as well as their concerns over financial regulations that may deviate from Western and international legislation.

As an illustration, the expert report contained the involvement of the International Monetary Fund (IMF) and the official declaration made by the Executive Director who represented Iraq. The request pertained to the Article 4 consultations for 2017 and the second review under the three-year credit standby agreement. Iraq sought an exemption from declaring non-compliance with the performance standards, a waiver from the conditions of their application, and a request to modify the performance standards. The package encompassed global financial assistance for Iraq and the matter of pegging Iraqi dinar to the US dollar, in which the United States consistently expressed concerns about Iraqi exchange procedures (Institutions et al., n.d.).

The report also emphasised the need to maintain financial control by reducing inefficient capital spending while safeguarding social spending simultaneously. Additionally, it addressed crucial legal issues, including the fight against financial laundering and drying up sources of terrorism. Iraq has implemented a successful economic policy which has been proved to be excellent in addressing crises, such as the war on terrorism, curbing its sources, advancing the battle against corruption and other international law-affected legal issues, as well as accomplishing sustainable development goals. The aforementioned report praised the role of commercial and

social financing in attracting investments and achieving development while highlighting important observations that Iraq must make to achieve comprehensive development, a solid financial system, and advanced financial management.

Nevertheless, although the IMF generally supports the advancement of Islamic finance in Islamic nations such as Iraq, it is crucial to address specific concerns and obstacles to promote the expansion and long-term viability of Islamic commercial and social financing in these countries. To fully harness the promise of Islamic finance as a means of promoting economic growth and financial inclusion, policymakers and stakeholders in Iraq and other Islamic nations are urged to actively tackle these obstacles. For example, the problem of legal framework of central bank and restructuring of state-owned banks which Iraq suffers from until today. It is one of the main purposes that prompted this study to find the legal ways that can deal with those problems that are reflected in Iraq's relation with international law as an Islamic country. The objective of this study is to address the central inquiry: "How global apprehensions as well as economic and social funding influence the long-term development of Iraq?" Moreover, the purpose of this study is to investigate the paradox of Iraq in having all components of a developed economic country, despite the differently indicating economic indices.

Ultimately, Islamic legislation has demonstrated its effectiveness in harmonising the financing of commercial and social enterprises in the field of development, resulting in notable contributions to national, regional and global progresses. This has been exemplified in countries, such as Bahrain, Malaysia and other Islamic nations with well-established financial and social frameworks

.1.1 Background and problem

Prior research had assessed Islamic corporate social responsibility (ICSR) across several dimensions, including money and investment, product and service, workers, society, environment, including business governance. The pragmatic inquiry revolved around the impact of ICSR on financial performance. Research carried out on businesses included the Jakarta Islamic Index between 2014 and 2017 suggested that ICSR had positive impact on financial performance (Khairiyani, 2019).

Islamic financial institutions were criticized for failing to uphold their anticipated social and developmental obligations, which impeded inclusive and sustainable growth in Muslim countries (Khateeb et al., 2023). In order to tackle this issue, the integration of Islamic commercial finance with social finance may be utilized to foster inclusive economic growth. Utilizing tools like Zakat, Waqf, Sadaqat, and Qard-hasan can help to achieve the Sustainable Development Goals (SDGs) (Dirie et al., 2023a). There are several strategies available to carry out this integration, including ownership, institutional, operational, bottom line and obligatory integration. The government's vision and stakeholder education are crucial in supporting this process (Tamanni et al., 2022). Furthermore, by approaching sustainable development from the Islamic standpoint, emphasizing social responsibility, participation, equilibrium and cohesiveness, it is possible to measure the distribution of prosperity in developed and developing nations. This approach promotes balanced growth and shared prosperity (N. H. Ismail & Mohd Rasid, 2022). Integration models can improve the accessibility of Islamic banking for small borrowers; hence, supporting inclusive financial policies (Iskandar et al., 2023).

The influence of Islamic accounting instruments on sustainability of Iraqi banks in Iraq may be observed through investments. Islamic accounting instruments for investment in Iraqi banks can improve sustainable development by enhancing operational efficiency and bolstering public confidence.

Applying Islamic accounting procedures to banks has a statistically significant association with increased sustainable development levels. Scholars deem Islamic accounting instruments essential for bolstering sustainability in banks and strengthening their societal function (Aldabbagh et al., 2021).

The primary issue is lack of coherence between Islamic social and commercial finance amongst major Islamic governments, particularly in Iraq, which is highlighted in this study. This study outlines the optimal approach to address the issue by establishing a comprehensive system of Islamic social and commercial financing to improve socioeconomic welfare, meet international standards and address concerns raised by the SDGs. By conforming to the basic framework of Islamic financial institutions and adhering to existing rules and regulations, integration of Islamic social and commercial finance can be achieved. This integration can enhance the overall economic and social welfare, decrease poverty rates, promote greater access to financial services, and ensure the stability of the financial system.

1.2 Research Gap

Previous research on the relation between Islamic financing and economic growth had several limitations regarding the indicators employed and range of nations examined (Butt et al., 2023). These studies frequently concentrated on a certain group of factors, such as deposits of Islamic banks or the issue of sukuk, which restricts the portrayal of Islamic banking influence. In addition, the majority of research were carried out inside a single nation or a limited number of nations, which posed difficulties in extrapolating findings to other markets (Dirie et al., 2023a). Nevertheless, new research emphasises the capacity of Islamic social finance tools such as zakat, waqf, sadaqat, and qard-hasan to make significant contributions towards achieving the SDGs on a worldwide Islamic scale (Iskandar et al., 2023). By amalgamating Islamic social financial institutions with Islamic banks, a prospect to facilitate comprehensive entry to Islamic banking for minor borrowers exists, particularly in Iraq. (Ibrahim Adnan AL-Lami & Batoul Hussein Rammal, 2023). Although there have been some gains in financial inclusion metrics in Iraq, more advanced strategies are still required to promote equitable and sustainable growth (N. H. Ismail & Mohd Rasid, 2022).

However, the current research did not provide sufficient clarity in explaining the similarities between Islamic social funding (ISF) and SDGs. The latest study specifically examines only two shared characteristics. (1) The ISF is mostly compatible with the bulk of SDGs, as they share similarities. (2) The Global ISF possesses sufficient financial means to support Muslim-majority countries in accomplishing crucial and pressing SDGs (Shahid et al., 2023).

This research examines Iraq's budgets for 2021 and 2023 and uncovers evidence of economic and fiscal instability. Given that the budgets include negative indications such as a precarious deficit financing ratio. Although the ratio of 1.0382 indicated a good trend, the deficit ratio in 2021 amounted to 28.33% of GDP. In 2023, the deficit amounted to 47.81% of total receipts, signifying a deteriorating economy. The deficit financing ratio was less than 1, which suggested a 67.7% capacity to fund the deficit. Although international reservations and

Islamic commercial and social financing have been integrated, budgets fail to acknowledge their contribution to inclusive growth.

Methodology

3.1 Data

The approach employed for this subject was a blend of quantitative and qualitative research methodologies. Quantitative research approaches aimed to collect data on the present condition of commercial and social financing in Iraq. This included to obtain information on available money, kinds of projects that receive financing and effects of financing on inclusive growth. This task entailed the examination of financial reports, execution of research and gathering data from pertinent companies and agencies .

Furthermore, doing a comparison analysis with other Islamic nations, namely Bahrain and Malaysia, which have effectively utilised commercial and social finance to foster inclusive economic expansion, proved to be a valuable research tool. The researcher modified and incorporated selected optimal methodologies and approaches from both nations into the distinctive circumstances of Iraq. To assess the effect of commercial and social finance on inclusive advances in Iraq, a comprehensive strategy that combined both quantitative data analysis and qualitative methodologies was necessary. However, Table 1, Table 2 and the equations offered a thorough analysis of the strengths and weaknesses of the Iraqi economy, economic indicators and the impact of commercial and social finance on fostering inclusive growth in Iraq.

Table 1. Iraqi Budget in 2021(price of the barrel is 45 dollar) and exportation average; 3,250,000 per day. See the website (<https://moj.gov.iq/uploaded/4625.pdf>)

Year	Total revenues	Total Oil Revenues	Total-Non-Oil Revenues	Total- Expenses	Total Deficit	Total Deficit Financing
2023	101,320,141,984 IQD	81,171,112,500 IQD	20,149,029,484 IQD	129,993,009,291 IQ	28,672,867,307 IQD	29,774,967,307 IQD
Ratio	0.78:1	0.8017:1	1:5	12.83:1	0.2833	1.0382
	1	2	3	4	5	6

Notable: Total governing expenses: 5,190,165,934 IQD was one of the indicators for social expenses to the community, but 101,320,141,984 IQD was the total revenues, including all social expenses. See the website

The ratio of total revenues to total-Expenses: Total Revenues/Total Expenses = 0.78.1 in decimal =0.78 in percentage = 78%

Ratio of total revenues to total expenditures = (Total Revenues)/(Total Expenses) = (101,320,141,984 IQD)/(129,999,300,929 IQD)=0.78.1 = percentage = 77.92%

(1)

Tracking this ratio is crucial for policy makers to guarantee the long-term sustainability of the country's budget. Policy makers utilise the ratio of revenues to expenditures as a means of evaluating the fiscal well-being of the Iraqi economy. When the ratio surpasses 1, it signifies a condition of financial stability. Conversely, if the ratio is below 1, it signifies that Iraq's expenditures exceed its income, potentially resulting in budget shortfalls and eventually contributing to economic instability.

- 2- The ratio of total oil revenues to total revenues: Total Oil Revenues/T Revenues = 0.800 = percentage 80%

$$\text{Ratio of total oil revenues} = \frac{81,171,112,500 \text{ IQD}}{101,320,141,984 \text{ IQD}} = 0.8017 \text{ to } 1 = \text{percentage} = 80.17\% \quad (2)$$

- 3- The ratio of total non-oil revenues to total revenues is 1:5 = .percentage= 500%
The Ratio of Non-Oil revenues = $\frac{20,149,029,484 \text{ IQD}}{101,320,141,984 \text{ IQD}} = 1:5$ in decimal 0.19886 in percentage = 19.88% (3)

- 4- The ratio of total expenses to total revenue is 1.2826: 1 percent = 1.2826 %.
The ratio of total Expenses = $\frac{129,993,009,291 \text{ IQD}}{101,320,141,984 \text{ IQD}} = 1.282:1$ in percentage = 128.26 % (4)

- 5- The ratio of Deficit to Gross Domestic Production (GDP)
Deficit/GDP = 0.2826 percentage = 28.26% (5)
Ratio of deficit = $\frac{28,672,867,307 \text{ IQD}}{101,320,141,984 \text{ IQD}} = 0.2833$ in percentage = 28.33%

- 6- Ratio of deficit financing = borrowed amount/total deficit = 1.0382 x 100 = percentage = 103.82%
Ratio of deficit financing = $\frac{29,774,967,307 \text{ IQD}}{28,672,867,307 \text{ IQD}} = 1.0382$ in percentage = 103.82 (6)

.A crucial factor for assessing sustainability and stability in Iraq is the absence of adequate funding as a metric. This indicator evaluates a nation's total debt with its gross domestic product (GDP) and offers valuable insights into the viability of its debt levels. A high debt-to-GDP ratio might suggest that a country is overly dependent on deficit funding, which could jeopardise long-term economic stability.

Experts and economists utilise the ratio of deficits for various purposes, including:

The deficit ratio assists economists and policy makers in assessing a country's fiscal health. A high deficit ratio relative to GDP or other financial metrics may indicate unsustainable fiscal policies or economic imbalances. On the other hand, policy evaluation in the governments and policy makers use the deficit ratio to evaluate the effectiveness of fiscal policies. For example, if the deficit ratio decreases over time, it may indicate successful efforts to reduce government spending or increase revenues.

Comparative Analysis: Economists use the deficit ratio to compare fiscal performance across different countries or periods. By standardising the deficit relative to a common metric, such as GDP, analysts can make meaningful comparisons and identify trends.

Investor Confidence: Investors and financial markets closely monitor deficit ratios as an indicator of a country's creditworthiness and economic stability. A high deficit ratio may signal higher borrowing needs and could potentially lead to concerns about inflation or default risk.

Forecasting Economic Trends: Economists use deficit ratios as inputs for economic models. By understanding the relation between deficits, government policies and economic outcomes, analysts can make more accurate predictions about future economic conditions.

Finally, the deficit ratio is a crucial instrument for the author to comprehend a country's fiscal status, assess policy options and predict economic results.

Table 2. Analysis of Iraqi budget in 2023 (price 78 per barrel) see website

Year	Total revenue	T-Oil Revenues	T-Non-Oil Revenues	T- Expenses	T- Deficit	T-Deficit Financing
2023	134,552,919,063 IQD	117,252,500,000 IQD	17,300,419,063 IQD	198,910,343,590 IQD	64,357,424,527 IQD	41,641,488,506 IQD
Ratio	0.6755	0.8703	0.1286	147.8	0.4781	0.647
	1	2	3	4	5	6

1- The ratio of total revenues to total expenses: Total Revenues/Total Expenditures;

$$(\text{The ratio of total revenues} = \frac{134,552,919,063 \text{ IQD}}{198,910,343,590 \text{ IQD}} = 0.6755 \text{ in percentage} = 67.55\%) \quad (1)$$

2- The ratio of total oil revenues to total revenues: total oil revenues /total revenues ;

$$(\text{The ratio of total oil revenues} = \frac{117,252,500,000 \text{ IQD}}{134,552,919,063 \text{ IQD}} = 0.87.03, \text{ or } 87.03 \%.) \quad (2)$$

3- The ratio of total non-oil revenues to total revenues; total non-oil revenues /total revenues:

$$(\text{The Ratio of non-oil revenues} = \frac{17,300,419,063 \text{ IQD}}{134,552,919,063 \text{ IQD}} = 12.86\% \text{ in percentage} = 12.86\%) \quad (3)$$

4- The ratio of total expenses to total revenue: total expenses/total revenues

$$(\text{The ratio of total expenditures} = \frac{198,910,343,590 \text{ IQD}}{134,552,919,063 \text{ IQD}} = 1.478 \text{ in percentage} = 147.8\%) \quad (4)$$

5- The ratio of Deficit to GDP Ratio: Deficit/GDP =

$$(\text{The ratio of deficit} = \frac{64,357,424,527 \text{ IQD}}{134,552,919,063 \text{ IQD}} = 0.4781 \text{ percentage} = 47.81 \%) \quad (5)$$

6- Deficit Financing Ratio = (Amount of Deficit Financing / Total Deficit) x 100

$$(\text{The ratio of deficit financing} = \frac{41,641,488,506 \text{ IQD}}{64,357,424,527 \text{ IQD}} = 0.4788 \text{ in percentage} = 0.647 \text{ in percentage} = 64.7\%) \quad (6)$$

This equation provides a measure of the magnitude of deficit spending relative to size of the economy, offering insights into the fiscal health and sustainability of a government's budgetary policies.

Economic experts use a country's budget deficit financing ratio for several reasons:

Fiscal Policy Evaluation: The deficit financing ratio provides insight into the government's fiscal policy. A high ratio may indicate that the government is relying heavily on borrowing to finance its expenditures, which could be unsustainable in the long run.

3.2. Material and sources of the study

Nevertheless, the main sources of data were international treaty rules, such as the Vienna Convention, international financial organisations, Iraqi legislation relating to the SDGs and official and reputable government sources. Moreover, secondary verified sources, such as scholarly publications, academic journals and accredited reports, offered the most comprehensive and insightful information. Evaluation: The author employed interpretive and descriptive methodologies to examine these treaties, laws and gathered data, leading to a conclusion that faithfully represents factual realities in literature study, while identifying gaps that present issues within the subject matter. In addition, the author emphasised the shortcomings, difficulties faced, responsibilities and effects of these attempts. Upon concluding the investigation, the author recognised the key economic foundations of Islamic countries, such as Iraq. These included the establishment of a new legislative framework, the revitalisation of public banks and adoption of e-government. The pillars play a crucial role in facilitating the success of Islamic commercial and social finance in fostering inclusive and sustainable growth.

1.1.1 3.3 Result and analysis

International reservations and Islamic commercial and social financing were crucial in bolstering Iraq's sustained economic growth. Integrating Islamic social financial organisations with Islamic banks could promote inclusive access to Islamic banking for small borrowers (Abozaid & Khateeb, 2023). Researchers had examined many approaches to combine Islamic commercial banking with social finance to promote economic inclusion and sustainable growth. These approaches included ownership, institutional, operational, bottom line, and obligatory integration (Iskandar et al., 2023). Islamic social finance mechanisms, such as zakat, waqf, sadaqat and qard-hasan had potential to greatly contribute to the achievement of SDGs in Iraq. These instruments were in line with the ideals of fairness, justice and equity (Tamanni et al., 2022). To ensure the effective integration of Islamic financial institutions for sustainable growth in Iraq, it was crucial to address regulatory measures, enhance financial strategies and implement profit-sharing financing legislation.

As stated before in the introduction, the Iraqi economy has difficulties with the legal framework, particularly failure of the executive power to enforce laws, fluctuations in the global oil market and public policy. Furthermore, the economic evaluation of the Iraqi budget in 2023 (2024، قانون الموازنة لسنة 2023) entails an intricate interaction of several elements. Politicians disagreed on whether to prioritise increasing spending or investing over current expenditures (Analytica, 2023). Ideas involve the expansion of the industrial, chemical and petrochemical sectors as a means to foster economic development (Makarenya & Hussein, 2022). Oil earnings fund the majority of state spending, significantly influencing the currency rate, monetary policy and reserves (Alyaseri et al., 2022). Iraq's fiscal policy demonstrated a direct correlation between public income and indicators, such as payment balance, exchange rate and economic openness. Conversely, public expenditures have showed an inverse association with the same variables, increasing the deficit as set out in the Table 1 and Table 2 of economic analysis of the 2023 and 2021 budgets, as well as the weakness of non-oil revenues. Examples encompassed the inverse correlation between public expenditure and the exchange rate, as well as the influence of financial crises on the exchange rate that

resulted from public expenditure (Ubid, 2022). As the author mentioned earlier, ensuring financial stability and equitable legislation, including commercial and social finance, to achieve sustainable growth was dependent on the best legal framework execution, the implementation of sustainable practices, the rehabilitation of governmental banks, diversifying incomes, electronic governing, and requalifying the tax sector (By-nc-nd, 2023). The biggest flaw inherent in the lack of progress to address these problems was the executive authority's and the Iraqi Government's preoccupation with the deficit and financing difficulties (طعمة، 2024), and search for alternative measures to sustain the necessary spending in the short-term rather than the long-term, on the one hand. On the other hand, despite the issuance of Iraqi Financial Management Law No. 6 in 2019 (قانون الادارة المالية ، 2020), there was lack of proper implementation of all applicable laws, which hindered the policy of financial reform

According to the analysis in Table 1 and Table 2, which contained Iraq's budget for 2021 and 2023, as well as the rise of deficit and ratio of deficit, public policymakers and economists can deduce that Iraq's economic and fiscal policies experienced instability. Moreover, Iraq's budgets contained many negative indicators, such as the fact that ratio of financing the deficit in the budget for 2021 in Table 1 has reached a risky level. Despite the deficit ratio reaching about 28.33% of total gross domestic production (GDP) in 2021, the ratio of deficit financing reached more than 1, indicating a positive economic indication; it reached 1.0382. However, according to Iraq's budget in 2023 and Table 2 analysis, the deficit reached 47.81% of total revenues, indicating a negative indication of the economy. Furthermore, the deficit financing ratio reached 0.647, which was below 1, indicating that the ability to finance the deficit ached about 67.7%. On the other hand, although the integration of international reservations and Islamic commercial and social finance played a vital role in strengthening Iraq's ongoing economic expansion through numerical infrastructure projects, budgets did not identify nor separate, their roles for each fiscally in inclusive growth.

: -4 3.4. Conclusions

The integration of Islamic commercial and social finance in Iraq is crucial for economic expansion. Researchers have explored various methods to foster economic inclusivity and sustainable development. Islamic social finance systems like zakat, waqf, sadaqat, and qard-hasan can help Iraq achieve SDGs by aligning with fairness, justice and equity principles. To achieve sustained growth, regulatory measures, financial strategies and profit-sharing financing in Islamic financial institutions are essential. The author concludes that international regulations on the participation of commercial and social funds in sustainable development are ineffective in ensuring that companies are held responsible for their environmental and social impacts. Without clear standards and efficient monitoring techniques, firms can prioritise financial profit over environmental sustainability. Relying too much on market mechanisms may not be sufficient for addressing complex social and environmental problems. Market-based efforts may neglect the needs of marginalised people or fail to appropriately address underlying issues.

The concerns over participation of commercial and social finance in global sustainable development may result in exclusion of smaller firms or groups that do not have access to traditional financing. This can perpetuate inequality and constrain long-term growth possibilities.

Short-term orientation: Certain opponents contend that commercial finance frequently places greater emphasis on immediate financial gains than long-term viability. This could lead to unsustainable practices and hinder efforts to achieve long-lasting and significant transformation. This study analysed Iraq's 2021 and 2023 budgets and revealed economic and fiscal instability. The budgets contained negative indicators, such as a risky deficit financing ratio. Despite a positive ratio of 1.0382, the deficit ratio reached 28.33% of GDP in 2021. In 2023, the deficit reached 47.81% of total revenues, indicating a negative economy. The deficit financing ratio was below 1, indicating a 67.7% ability to finance the deficit. Despite the integration of international reservations and Islamic commercial and social finance, budgets did not identify their role in inclusive growth.

Greenwashing: Critics caution about the possibility of firms by using greenwashing, which involves presenting themselves as environmentally conscious without implementing substantial alterations to their practices. In the absence of more stringent laws and supervision, firms have potential to utilise social and commercial finance primarily for marketing objectives rather than authentic sustainability endeavors. In practice, this is what happened in Iraq with International oil companies, such as the Eni and Lukoil British Petroleum Company which has worked in south Iraq since 2010 (المؤتمر العلمي الحادي عشر لكلية القانون في جامعة البصرة بالتعاون مع جامعة الكونز الجامعة في البصرة، 2024)

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