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An Analysis of the Current State of Fiscal Policy and Its Role in Achieving the Sustainable Development Goals

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Abstract: Background: Fiscal policy directly affects the integrated economic, social, and environmental dimensions of sustainable development and is a central instrument for advancing the Sustainable Development Goals (SDGs). Methods: This study employed a descriptive-analytical approach using secondary fiscal, macroeconomic, and sustainable-development data for Iraq, with emphasis on public expenditures, public revenues, public debt, GDP structure, and SDG performance over the available period from 2003/2004 to 2021. Results: The analysis identifies persistent structural challenges, including the rentier nature of the Iraqi economy, dependence on oil revenues, weak non-oil revenue mobilization, dominance of current over investment spending, political and security pressures, administrative and financial corruption, and environmental constraints. Conclusion: Strengthening the contribution of fiscal policy to sustainable development requires economic diversification, a more dynamic private sector, stronger small and medium-sized enterprises, better public-private partnerships, and an institutional mechanism for managing oil revenues across generations.

Keywords: Fiscal policy, Sustainable Development Goals, Iraq, Economic diversification, Proposed strategy

1. Introduction

Sustainable development is a school of thought that is no longer limited to providing for and advancing economic needs—such as economic growth rates and increased levels of well-being—but has come to encompass social changes (such as education, access to health care, adequate housing for individuals, and respect for their rights to make and implement decisions), as well as protecting the environment from pollution. All of this ensures that the current generation's basic needs are met without compromising the ability of future generations to meet their own needs. On this basis, it has been defined as “a development process that reconciles environmental, economic, and social development, thereby creating a virtuous cycle among these three pillars that is economically efficient, socially just, and environmentally sustainable” [1].

The World Bank, meanwhile, has defined it as a multidimensional process comprising five essential components: financial capital, physical capital, human capital, social capital, and natural capital.

Sustainable development comprises at least three domains: economic, environmental, and sociocultural. Although sustainable development can be defined in terms of each of these domains individually, the concept's significance lies specifically in the interrelationships among them. Sustainable social development aims to shape the development of people and societies in ways that ensure justice and improve living conditions and health. In sustainable environmental development, the primary goal is to protect natural ecosystems and conserve natural resources. The focus of sustainable

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economic development, meanwhile, is on developing economic structures and the efficient management of natural and social resources [4].

The issue here is that these three areas of sustainable development appear consistent in theory but are not in practice. Furthermore, their underlying principles also differ: while efficiency is the key principle of sustainable economic development, equity is central to sustainable social development, whereas sustainable environmental development emphasizes resilience—that is, the Earth’s capacity to regenerate its resources.

Therefore, this study set out to analyze the reality of fiscal policy and its role in achieving sustainable development goals, and to identify the challenges facing the Iraqi economy in this endeavor.

1.1 Sustainable Development: A Conceptual Framework

Sustainable development is a process of change in which current and future capabilities are harmonized to meet the needs and aspirations of society’s members. The concept of sustainable development emerged in the 1987 report of the United Nations General Assembly’s World Commission on Environment and Development, titled *Our Common Future*, building on the achievements of the Stockholm Conference in Sweden. It provided one of the most important definitions of sustainable development: “Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs” [1].

In 1992, the United Nations Conference on Environment and Development (UNCED) was held in Rio de Janeiro, Brazil, and became known as the Rio Earth Summit. Its most significant outcome was the establishment of the Commission on Sustainable Development (CSD), thereby making sustainable development a global concern [2].

In 2000, the Millennium Summit was held, resulting in the United Nations Millennium Development Goals, which commit UN member states to combating poverty, hunger, disease, illiteracy, and discrimination against women through eight goals, 21 targets, and 60 indicators to measure progress toward achieving these goals. The year 2015 was set as the deadline for achieving them, and Iraq has committed to these goals [3].

In September 2015, heads of state and government and representatives gathered in New York and adopted the 2030 Agenda for Sustainable Development, which includes new Sustainable Development Goals. Iraq voluntarily committed to the 2030 Agenda for Sustainable Development, comprising 17 goals and 169 targets [4], [5].

Sustainable development has become a school of thought that is no longer limited to providing the necessities of economic life and fostering economic growth through higher economic growth rates and increased levels of well-being; rather, it now addresses social changes—such as education, the provision of health care, adequate housing for individuals, and respect for their rights to make and implement decisions as well as protecting the environment from pollution. Consequently, a virtuous cycle emerges among the three pillars: economically viable, socially just, and environmentally sustainable. The tools for its implementation are institutions, education, and technology.

1.2 The 2030 Sustainable Development Goals

The 2030 Sustainable Development Goals followed the Millennium Development Goals, which were established in 2015 as a timeframe for their achievement. These goals include: combating poverty and hunger, achieving universal primary education, achieving gender equality and empowering women, reducing child mortality, improving maternal health, combating HIV/AIDS, ensuring environmental sustainability, and fostering global partnerships for development [3], [4].

Reports and statistical data indicate that the achievement of the Millennium Development Goals in Arab countries in general, and in Iraq in particular, has been accompanied by rising poverty rates, declining living standards and services, internal unrest, conflicts, wars, occupation, and a rise in extremism and social disintegration. Furthermore, progress toward achieving the goals has not been balanced among groups

of countries in the region, nor among countries within the same group, nor even within a single country [5].

Transforming our world through the 2030 Agenda for Sustainable Development, which includes new Sustainable Development Goals, Iraq has voluntarily committed to the Agenda—comprising 17 goals and 169 targets—to eradicate poverty and inequality, improve health and education, achieve economic growth by creating decent jobs, provide clean energy, water, and infrastructure, build sustainable cities, protect the natural environment and biodiversity, and address climate change in an atmosphere of peace and justice. These are illustrated in the following figure [4], [5].



Figure 1. Sustainable Development Goals 2030.

Source: United Nations 2030 Agenda [4].

When comparing the content of the Millennium Development Goals and the Sustainable Development Goals, we note the following:

1. The addition of new goals not included in the Millennium Development Goals, specifically in the economic dimension, as represented by Goal 8, which calls for promoting sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. Goal 9 calls for building resilient infrastructure, fostering inclusive industrialization, and promoting innovation [4].
2. New goals not included in the Millennium Development Goals fall under the social dimension, as represented by Goal 16, which calls for fostering peaceful societies where no one is marginalized to achieve sustainable development, ensuring access to justice for all, and building effective, accountable, and inclusive institutions at all levels. And Goal (10), which calls for reducing inequality within and among countries [4].
3. New goals not included in the Millennium Development Goals have been added under the political and institutional dimension, represented by Goal (11), which calls for making cities and human settlements sustainable, inclusive, safe, and resilient [4].

2. Materials and Method

2.1 Research Design and Scope

This study employed a descriptive-analytical research design to examine the current state of fiscal policy and its role in supporting the Sustainable Development Goals in Iraq. The analysis is based on the study's original observation period, which covers the

available fiscal and macroeconomic series from 2003/2004 to 2021 and the SDG Index observations from 2016 to 2021. The approach focuses on describing trends, ratios, structural relationships, and policy implications rather than estimating a causal econometric model.

2.2 Data Sources and Indicators

Secondary data were drawn from the Iraqi Ministry of Planning, the Central Statistical Organization and National Accounts Directorate [8], the Central Bank of Iraq [9], the Ministry of Finance [10], and the Sustainable Development Reports used in the original study. The principal indicators include current and investment public expenditures, oil and non-oil public revenues, domestic and external public debt, the sectoral contribution to gross domestic product (GDP), and Iraq's SDG Index score and ranking.

2.3 Analytical Procedure

The analysis uses descriptive trend analysis, percentage shares, ratio comparisons, and cross-period comparisons. Fiscal indicators are interpreted in relation to GDP and to the composition of expenditures, revenues, and debt. Sustainable-development performance is assessed through the SDG Index and its relative ranking. The figures reproduce or organize the secondary data reported in the original manuscript, while the discussion connects the observed patterns with the study's proposed fiscal-policy strategy.

3. Result

3.1 Analysis of Public Expenditures

By reviewing the data on public expenditures—both current and capital—released by the Ministry of Planning, the Central Bureau of Statistics, and the National Accounts Directorate, which are categorized in Figure (2), we observe the following: [8]

- a. The volume of public spending, in both its current and investment components, fluctuated during the study period as a result of the unstable domestic and external conditions experienced by Iraq, which cast a shadow over the Iraqi economy. At times, it rose during the period (2004–2013), reaching (102,670) million dollars in 2013 compared to \$21,694 million in 2004, and at other times it declined during the period (2014–2016), reaching \$61,824 million in 2016, compared to \$96,219 million in 2014. In contrast, the period (2017–2021) saw an increase in government spending, reaching \$108,327 million in 2021, up from \$73,362 million in 2019. [8]
- b. The ratio of investment spending to total public spending during the period (2004–2021) did not exceed 35%, while the ratio of current spending to total public spending during the same period varied, reaching a maximum of 88% and a minimum of 66%. This indicates that investment spending in Iraq is weak compared to current spending. This is a serious concern for a developing country like Iraq, which requires substantial resources for reconstruction across all sectors—from infrastructure (including education, health, housing, and roads) to the oil, industrial, and agricultural sectors. Therefore, fiscal reforms must be adopted to curb the growth rate of current spending while boosting investment spending. [8]
- c. The ratio of public spending to gross domestic product (GDP) during the study period exceeded 30%, despite the significant economic transformations that accompanied the occupation of Iraq in 2003, which involved a shift from a centralized system to a free-market economy and greater openness to the global economy and international monetary institutions. [8]

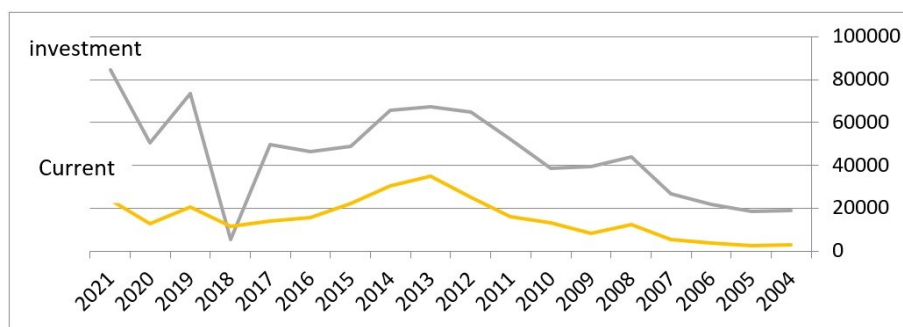


Figure (2) Public Expenditures (Current and Capital).

Source: Ministry of Planning, Central Bureau of Statistics, National Accounts Directorate.

3.2 The Reality of General Revenues

By examining the data on general revenues—both oil and non-oil—released by the Ministry of Planning, the Central Bureau of Statistics, and the Directorate of National Accounts, which are categorized in Figure (3), we observe the following... [8], [9]

- The volume of public revenues, comprising both oil and non-oil revenues, fluctuated during the study period, as estimates of public revenues are linked to estimates of oil exports as well as estimates of oil prices in international markets—factors characterized by sharp fluctuations that cast a shadow over public revenues and the declining contribution of non-oil activities. At times, it rose during the period (2004–2012), reaching (102,759) million dollars in 2012 compared to \$22,703 million in 2004; at other times, it declined during the period (2013–2016), reaching \$44,885 million in 2016 compared to \$97,632 million in 2013. In contrast, the period (2017–2021) saw an increase in government spending, reaching \$90,901 million in 2021, up from \$65,060 million in 2017. [8], [9]
- The ratio of non-oil revenues to total public revenues during the period (2004–2021) did not exceed 17%. Although modest, this percentage also relies heavily on oil revenues, as most taxes stem from income taxes paid by individuals through contracts and work with government agencies, which in turn depend on oil revenues. Meanwhile, the share of oil revenues in total public revenues during the same period varied, ranging from 99% to 23%. [8], [9]
- The ratio of general revenues to gross domestic product (GDP) during the study period ranged from 27% to 62%, indicating the oil sector's dominance over GDP and the rise in oil revenues resulting from the policy of economic liberalization that Iraq underwent after 2003. [8], [9]

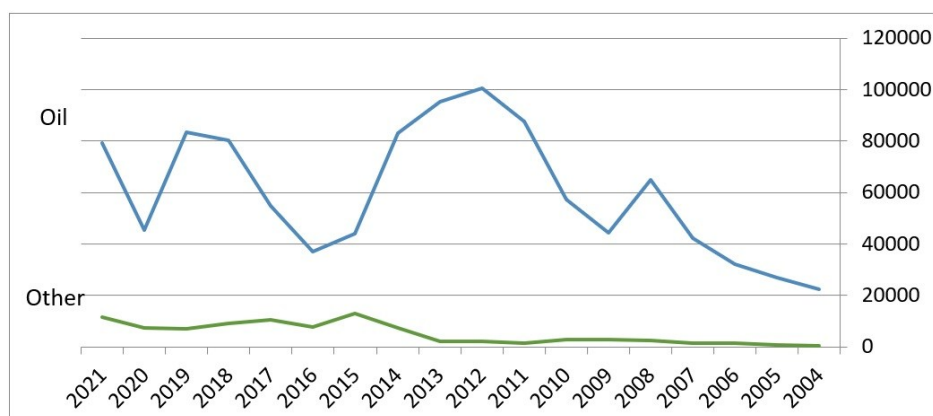


Figure (3) General revenues (oil and non-oil).

Source: Ministry of Planning, Central Bureau of Statistics, National Accounts Directorate.

3.3 Analysis of Public Debt

By reviewing the data on public debt—both domestic and external—released by the Ministry of Planning, the Central Bureau of Statistics, and the National Accounts Directorate, which are categorized in Figure (4), we observe the following: [8], [10]

- a. The level of public debt—both domestic and external—fluctuated between increases and decreases during the years under study, because fiscal policy is constrained by estimates of oil exports to meet rising government spending; in other words, we find that public debt—both domestic and external—increases to meet government spending. When oil export estimates decline (whether due to reduced oil volumes or lower oil prices), public debt decreases; conversely, when oil export estimates increase, public debt rises. Thus, we find that it declined during the period (2004–2013), reaching \$46,452 million in 2013 compared to \$92,959 million in 2004; at other times, it rose during the period (2014–2019), reaching \$72,108 million in 2019 compared to \$51,368 million in 2014. In contrast, the period (2020–2021) saw a decline in public debt, reaching (25,149) million dollars in 2021 compared to (54,240) million dollars in 2020. [8], [10]
- b. The ratio of domestic debt to total public debt during the period (2004–2021) did not exceed 20%, while the ratio of external debt to total public debt during the same period varied, reaching a high of 95% in 2004 and a low of 81% in 2021. This raises the following question: Was external debt used for infrastructure, education, health, industry, agriculture, housing, and roads, given that it constitutes a burden on future generations? [8], [10]
Most of this debt falls under the category of odious debt, as it was used to finance wars rather than investment projects that would benefit the Iraqi economy.
- c. The ratio of public debt to gross domestic product (GDP) during the study period frequently exceeded safe limits (2004–2020), according to the Federal Financial Management Act, which stipulates that debt must not exceed 60 percent of GDP. [10]

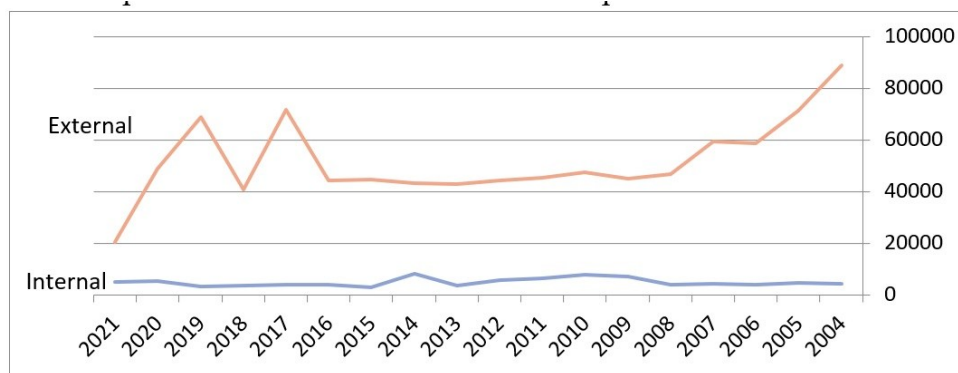


Figure (4): Public debt, comprising both domestic and external components.
Source: Ministry of Planning, Central Bureau of Statistics, National Accounts Directorate.

3.4 Analysis of GDP and the Structure of Economic Activities

Gross Domestic Product (GDP) is an important indicator for monitoring economic behavior, conducting economic analysis, formulating policies, making decisions, and drawing international comparisons; Therefore, it is considered one of the most important indicators of national accounts because it reflects the efficiency of economic performance. The growth of GDP is reflected in the growth of national income, which in turn contributes to improving individual social welfare. Through GDP, one can identify the structure of economic activities' contributions to GDP.

By examining the data on the contribution of economic activities to Iraq's gross domestic product (GDP) for the period 2003–2021, published by the Ministry of Planning,

the Central Statistics Organization—National Accounts Directorate, and presented in Figure 5, we observe the following: [8]

- a. The contribution of commodity-related activities (excluding crude oil) to GDP was modest compared to growing domestic demand, reaching a high of 18.1% and a low of 9.9% in 2021. In contrast, goods-producing activities, including crude oil, recorded a higher contribution rate than goods-producing activities (excluding crude oil), reaching a high of 79.2% in 2003 and a low of 46.5% in 2020. [8]
- b. The contribution of distribution activities—comprising trade, transportation, and banking—ranged during the study period from 12.3% in 2008 (the lowest contribution for distribution activities) to 22.8% in 2015, the highest contribution of this sector to GDP. [8]
- c. The contribution of service activities—comprising social and personal development services and residential property activities—ranged during the study period from 7.1% in 2003 (the lowest contribution for service activities) to 32% in 2020, which was the highest contribution of this sector to GDP. [8]

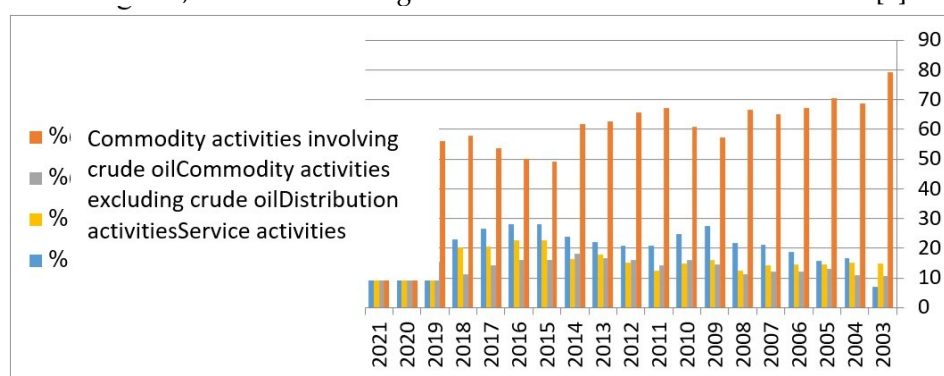


Figure (5) shows the contribution rates of economic activities to Iraq's gross domestic product for the period 2003–2018.

Source: Compiled by the researcher based on data from the Ministry of Planning, the Central Bureau of Statistics, and the Directorate of National Accounts

3.5 Iraq's Ranking in the Sustainable Development Index (2016–2021)

The Sustainable Development Agenda reports publish the SDG Index, the official index for the Sustainable Development Goals (SDGs), which measures progress toward achieving all 17 SDGs. Based on the sub-indicators for each Sustainable Development Goal, the index score ranges from 0 to 100; a score of 100% indicates that all Sustainable Development Goals have been achieved. On this basis, the SDG Index issues a “rigorous ranking” of all countries, including Iraq. This is achieved by monitoring the Sustainable Development Goals, which combine economic development, social inclusion, and environmental sustainability. [6], [7]

By reviewing the data on Iraq's ranking in the Sustainable Development Index (2016–2021), as published in the Sustainable Development Report, we observe the following: [6], [7]

- a. Iraq ranked 105th globally in the 2016 Sustainable Development Index out of 194 countries, with a score of 50.0 points, and ranked 12th among Arab countries. The performance gap in achieving the Sustainable Development Goals (SDGs) compared to Sweden—which ranked first globally with 84.5 points—was approximately 69%. The performance gap in achieving the SDGs compared to Qatar—which ranked first in the Arab world with 65.8 points—was approximately 13.6%. [6]
- b. Iraq ranked 105th globally in the 2021 Sustainable Development Index out of 194 countries, with a score of 63.8 points, and ranked 12th among Arab countries. The performance gap in achieving the Sustainable Development Goals, compared to

Finland—which ranked first globally with 85.9 points—was approximately 34.6%. The performance gap in achieving the Sustainable Development Goals, compared to Tunisia—which ranked first in the Arab world with 71.4 points—was approximately 11.9%. [7]

- c. Iraq's global ranking during the period (2006–2021) remained above 100th place, ranging between 12th and 14th in the Arab world, despite the increase in the index's score. [6], [7]
- d. There remain significant and tangible challenges that hinder progress on this index, which reflects the 17 goals of the 2030 Agenda for Sustainable Development. These challenges include the rentier nature of the Iraqi economy, the political and security situation, administrative and financial corruption, environmental challenges, and, most importantly, ill-conceived and misguided macroeconomic policies—including monetary, fiscal, and trade policies. [5], [7]

Table (1) Iraq's Ranking in the Sustainable Development Index (2016–2021)

Number of countries	points balance	First in the Arab world (Points tally)	Ranking in the Arab world	First in the world Points) (balance	Global ranking	Year
149	50.0	Qatar 65.8	12	Sweden 84.5	105	2016
157	56.6	Algeria 68.8	13	Sweden 85.6	118	2017
156	53.7	The UAE 69.2	14	Sweden 85.0	127	2018
167	60.8	Algeria 71.1	13	Denmark 85.2	117	2019
166	63.1	Algeria 72.27	13	Sweden 84.72	113	2020
194	63.8	Tunisia 71.4	12	Finland 85.9	105	2021

Source: The Sustainable Development Report, Various Issues

3.6 Challenges Facing the Iraqi Economy in Achieving the SDGs

We find that the Iraqi economy operates in an unfavorable and uncompetitive environment, as evidenced by the following indicators:

- a. Economic Freedom Index: The private sector plays its true role in the economy when sufficient economic freedom is available. Although Iraq has declared its commitment to economic freedom since adopting the Constitution in 2005, in practice it continues to suffer from a lack of economic freedom due to corruption and a difficult business environment. It ranked 160th out of 180 countries on the Corruption Perceptions Index and 172nd out of 190 countries on the Ease of Doing Business Index in 2020; thus, the business environment is more precarious due to the prevalence of corruption, nepotism, and unfair competitive practices. Although the Corruption Perceptions Index does not cover corruption in the private sector, corruption can spread beyond the public sector due to weak private-sector governance. [11], [12]
- b. Property Rights Index: Private property is a fundamental pillar in fostering the private sector; the more the private sector owns the means of production, the greater its role in economic activity. Land is one of the most important means of production, and the state owns more than 80% of it. In addition, the state owns many operating and dormant companies and exerts significant control over the banking sector, as state-owned banks' assets account for % 90 percent of total assets, while private banks' assets accounted for 10 percent of total assets in 2016; consequently, the private sector's role in Iraq has been negligible.

- c. **Public Sector Contribution to Fixed Capital Formation:** The public sector's contribution to fixed capital formation amounted to approximately 54% in 2017, while the private sector accounted for only 46%, with private investment clearly concentrated in residential property, which totaled 6.2 trillion dinars—about 45.1% of total private sector investment—followed by transportation and furniture. This indicates that the state remains the primary actor in the Iraqi economy, and that private-sector investment continues to be directed toward non-productive assets.
- d. **Indicator of the Oil Sector's Contribution to GDP:** In a rentier economy, the oil sector contributes significantly to gross domestic product (GDP), accounting for over 46% when calculated as a percentage of total output, and exceeding 66% in 2018 when calculated based on commodity sectors excluding distribution and services. Since the oil sector is state-controlled, GDP is driven by the state through oil rather than by the private sector.
- e. **Index of Oil Exports' Share of Commodity Exports.** The Iraqi economy suffers from a structural imbalance in the foreign trade sector. As seen in the trade balance, oil exports dominate commodity exports, accounting for 99.8% of commodity exports. Since the state controls oil exports, the private sector's contribution to merchandise exports is negligible, almost to the point of being insignificant.

4. Discussion

4.1 Fiscal Policy, Oil Dependence, and Sustainable Development

The results show that Iraq's fiscal structure remains strongly conditioned by oil revenues and by the dominance of public-sector activity. The comparatively small role of investment expenditure, the low share of non-oil revenues, and the weak contribution of the private sector indicate that fiscal policy has not yet generated a sufficiently diversified base for sustainable development. This interpretation is consistent with the World Bank's assessment that Iraq's oil dependence and structural rigidities constrain private-sector growth and long-term diversification [13]. The broader country economic memorandum likewise emphasizes that a more private-sector-led and diversified growth model is necessary for Iraq to move out of persistent fragility [14].

The fiscal trends identified in the study also align with the International Monetary Fund's recent assessment that large fiscal expansion and dependence on volatile oil prices increase Iraq's medium-term fiscal and debt risks [15]. The IMF further notes that mobilizing non-oil revenues, restraining inefficient current spending, and protecting productive and social investment are central to rebuilding fiscal buffers and meeting long-term development needs [16]. These observations reinforce the study's conclusion that expenditure composition is as important as the overall level of public spending.

Sustainable development in Iraq additionally depends on the interaction between fiscal policy, climate risks, human capital, infrastructure, and institutional capacity. The Iraq Country Climate and Development Report describes an oil-dependent development model exposed to a combined development-climate-fragility challenge [17]. The 2023 Iraq Economic Monitor similarly warns that oil windfalls can delay structural reform when fiscal policy remains procyclical and public-sector dominance persists [18]. Earlier World Bank evidence also showed that rapid oil-driven growth did not automatically translate into broad improvements in welfare, productive employment, and basic services [19].

These findings are also compatible with Iraqi public-finance literature emphasizing structural weaknesses in the composition and management of public revenues and expenditures [20]. From a resource-economics perspective, the concentration of fiscal capacity in oil creates exposure to the mechanisms commonly associated with the resource curse and Dutch disease, including volatility, weak diversification, and difficulty transforming exhaustible-resource rents into productive assets [21].

4.2 A Strategy to Strengthen the Role of Fiscal Policy in Achieving the SDGs

The government has relied heavily on oil revenues to finance its expenditures, posing the greatest risk to fiscal policy. This is because oil revenues cannot be considered a regular source of funding for routine expenditures. This makes the Iraqi economy directly vulnerable to fluctuations in these revenues, which in turn affect public spending and economic development plans. Furthermore, the Iraqi economy's budget structure remains overly reliant on this rent rather than adopting a clear strategy to revitalize other productive sectors—particularly the industrial sector—that could generate revenue, underscoring the economy's underdeveloped nature. [20], [21]

Therefore, the Iraqi government must decide to set aside a portion of the oil revenues generated during periods of high oil prices on international markets and deposit them into a special fund. This fund would support the long-term management of oil sector revenues and help accumulate government financial assets to meet significant future financial obligations related to public spending on pensions and healthcare. Data indicate a rapid rise in public spending due to the high-employment policy pursued by the Iraqi government in the public sector after 2003; conversely, public revenues have fluctuated between highs and lows due to instability in oil prices and export volumes.

For the state to avoid the negative effects resulting from natural-resource revenues—primarily the “Dutch disease”—a law should establish a fund that safeguards the rights of future generations and supports future government needs. The fund could be financed by a defined share of oil-sale revenues, other public revenues associated with oil-sector activities, and returns generated by the fund's investments. International experience indicates that sovereign wealth funds can support intergenerational objectives when they are underpinned by transparent governance and clear institutional mandates [22]. Iraqi research examining the Norwegian experience likewise highlights the potential relevance of long-term oil-revenue management for Iraq [23].

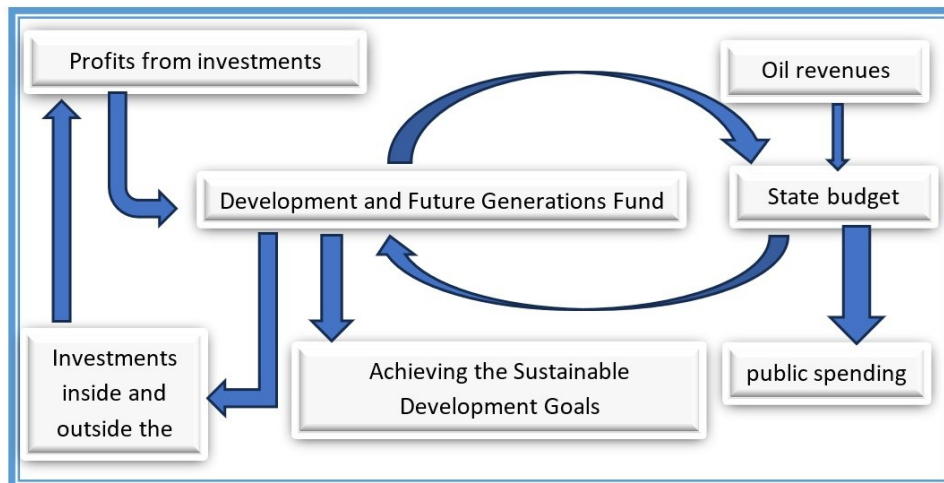


Figure (6) illustrates the fiscal policy strategy for achieving the Sustainable Development Goals.

Source: Prepared by the researcher

From the previous figure, we can see relationships between the Future Generations Fund and development, as well as between public revenues and expenditures. The Fund's connection to the state's public revenues lies in two aspects: First, the Fund acts as a recipient of public revenues, specifically those derived from the oil sector, which constitute a significant portion of the state's public revenues; The second aspect is that the Fund acts as a generator or aggregator of public revenues generated through its domestic and foreign investments in global monetary and financial markets. As for expenditures, the Fund's relationship with the state's public expenditures is governed by the time

horizon (short-term and long-term). In the short term, the Fund serves as a source of financing for any deficit that may arise in the general budget; in the long term, it helps finance future public expenditures for coming generations through its role as a savings mechanism. Consequently, the government has worked to achieve a fair distribution of oil wealth across generations, on the one hand, and to ensure a steady revenue stream that is completely insulated from the oil sector, on the other, as in the Norwegian model of sovereign wealth funds [22], [23]

5. Conclusion

There remain significant and tangible challenges that hinder the progress of this indicator, which reflects the 17 goals of the 2030 Agenda for Sustainable Development. These challenges include the rentier nature of the Iraqi economy, the political and security reality, administrative and financial corruption, environmental challenges, and, most importantly, ill-conceived and flawed macroeconomic policies—including monetary, fiscal, and trade policies. Accordingly, fiscal policy should be guided by a clear vision to develop a dynamic and prosperous national private sector that is locally proactive, regionally competitive, and globally integrated. The policy framework should improve the competitiveness of small and medium-sized enterprises, strengthen partnerships among public institutions, private firms, and civil society, increase the private sector's contribution to GDP and decent employment, and complete the institutional development of the private sector through improved registration, information systems, planning, implementation, and monitoring. In parallel, a transparent future-generations mechanism for managing a portion of oil revenues can help reduce fiscal vulnerability, support long-term public expenditure needs, and improve intergenerational equity.

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