

Analytical Study of Financial Planning trends with a focus on Public Expenditures in Iraqi Budgets for the period (2009-2020)

¹A. L. Mustafa Sameer Abdullah AL Samouak, ²Dr. Asmaa Jasim Mohammed

¹mustafa.alshemary2000@gmail.com

²Dr.asmma.j@coadec.uobaghdad.edu.iq

Article History: Received: 11 January 2021; Revised: 12 February 2021; Accepted: 27 March 2021; Published online: 4 June 2021

Abstract: In preparing the financial plans, the planners depend on the financial resources derived from the sale of oil owned by the country, to link these plans and the expenditures they contain with the financial resources obtained from selling crude oil. Therefore, these plans were not built on scientific methods or studies of the Iraqi economic reality and according to its needs. Therefore, the research will seek to study and analyze financial planning trends in Iraq, with a focus on public expenditure trends during the period (2009-2020). The research adopts a hypothesis that "public expenditure in the financial plans estimated in the Iraqi budgets did not follow sound and scientific methods and mechanisms according to the financial planning process, as well as being affected by the oil nature of the Iraqi economy," relying on the deductive approach using the descriptive method.

The research concluded that the financial planning in Iraq was based on improper planning mechanisms, and was not based on modern scientific methods to direct financial resources in the directions of achieving economic goals as desired by the philosophy of the economic and financial plans of the Iraqi government. Therefore, the research recommends the necessity of financial planning at the level of the Iraqi economy and at the level of its economic sectors and government agencies, based on financial and economic studies, and procedures that take the economic reality and its situation in which it passes into account according to the actual immediate and future needs, in order to improve the reality and economic conditions in Iraq. As well as paying attention to the process of reforming the Iraqi public budget preparation programs and adhering to their timing, and setting economic goals in a way that achieves development and prosperity for the country.

Keywords: Financial Planning, Public Budget, Public Revenues, Public Expenditures.

1-1- Introduction:

The financial planning process has an important role in determining the directions of financial resources in the budget of any country, whether developed or developing, and under any adopted economic philosophy, whether capitalism or socialism, and contributes to achieving the objectives of fiscal policy in its economic and social aspects by directing public expenditures in fruitful and relevant directions. An economic horizon to bring the economy to high levels of growth and progress, and work to achieve radical changes to the economy with the best scientific methods and the lowest possible costs. Planning works to confront challenges and problems and direct public expenditures in the correct developmental direction in order to achieve the desired achievements of designing financial plans.

In view of Iraq's need to develop its economy in a sustainable manner, there must be a study that contributes to the analysis of its financial situation by determining and directing financial allocations to contribute to the advancement of the economic reality, in addition to that, the financial policy and through its financial plan represented by the budget may be able to carry out its function in Impact on the Iraqi economy.

1-1-1- Research Problem: Iraq adopted financial plans based on the oil nature of the resources owned by the country, so it directed public expenditures in an interconnected manner with the financial resources obtained from selling crude oil. These plans were not based on scientific methods or studies of reality. The Iraqi economy and its needs, therefore, it is possible to limit the problem of the study to the question that did the public budgets in Iraq adopt the method of financial planning and direct public expenditures in fruitful directions?

From the main question above, we derive the following sub-questions:

- 1- What are the trends of financial planning in Iraq?
- 2- What are the paths of public expenditure allocations according to the financial plans in Iraq?

1-1-2- Research Hypothesis: The research is based on the hypothesis that "public expenditure in the financial plans estimated in the Iraqi budgets did not follow sound and scientific methods and mechanisms according to the financial planning process, as well as being affected by the oil nature of the Iraqi economy."

Analytical Study of Financial Planning trends with a focus on Public Expenditures in Iraqi Budgets for the period (2009-2020)

1-1-3- Methodology: The research is based on the deductive approach using the descriptive method by studying the scientific sources of the study's elements and variables and data on the financial plans in Iraq, with a focus on the public expenditure aspect of these plans.

1-1-4- Objective: The research seeks to study and analyze financial planning in Iraq with a focus on public expenditure trends according to the financial plans for the period (2009-2020).

1-2- Conceptual Approach to Financial Planning and its Importance:

In general, planning is defined as "the measures taken to help economic sectors avoid stumbling and delaying" (Ross, 2002:237). Planning is a process based on analyzing data, identifying needs, estimating available resources, and using the results of this analysis in preparing for change in accordance with the intended and scientifically defined goals.

Thus, financial planning is a set of plans necessary to obtain and use money (Al-Amri, 2013: 107). It is a science that has its origins and rules and requires professional knowledge and financial and statistical data (Al-Wundawi, 2002: 12). There are those who define financial planning as predicting the financial needs of the state or anticipating situations or problems related to the future of the national economy (Abu Muammar, 2006: 83). Or it is a set of tasks undertaken in order to achieve the financial plan by defining objectives, capabilities, policies, procedures, rules and the time required for implementation (Al-Amri, 2013: 107). To represent the financial planning is the organization of financial resources necessary to meet the development needs through the management of domestic and foreign funds necessary to provide the necessary funds to finance the quantity of goods and services produced in accordance with the actual plans (Raouf, 2000: 9). As for the financial plan, it is a document used to define and update the operations that must be carried out during a specified future period (Al-Aql, 2000: 285).

Thus, financial planning is of great importance, represented in: (Klap, 2015: 9)

- 1- Financial planning is based on identifying existing economic problems, predicting future problems, and developing appropriate solutions to them.
- 2- Determining the amount of money required to finance all economic activities.
- 3- Determining when there is a need for these funds in the financial plan.
- 4- Correcting the deviation resulting from not using the financial plan, and striving to make full use of all economic resources. (Erekat, 1993: 138)
- 5- The financial plan shows the objectives of the economic sectors, taking into account that there is no conflict between these objectives (Muqrin, 2006: 43).
- 6- Establishing a logical relationship between economic decisions and the general objectives of the economic sectors, leads to the identification of work steps in a logical and integrated manner and the participation of all workers in all economic activities.
- 7- It achieves economic efficiency by making the best use of available resources and capabilities.
- 8- Works to achieve effective control at all stages of implementation to ensure the achievement of the desired economic goals.

From the above, financial planning helps the state to manage its money effectively, improve the financial decision-making process, control financial affairs, and avoid improper decisions such as excessive borrowing, or relying on others to manage expenditures. Financial planning helps to avoid financial waste in state-owned financial resources, in dealing with emergencies, influencing the future financial situation of the country, and avoiding dependence on private estimates, judgments and opinions that have not been reviewed when dealing with financial issues, as well as working on the exploitation of financial resources in Aspects of various economic activities in order to obtain the best results.

1-3- Analysis of Financial Planning trends in Iraq:

The directions, procedures, and decisions of financial planning are focused in a financial document known as the public financial budget that presents the government's directions during a future period of time, usually one fiscal year, and is subject to oversight by the legislative authority in the country represented by (the Iraqi parliament), and implemented by the executive authority represented by (the government and its public institutions), and the purpose of preparing the financial plan is to finance all public economic, social and security activities from their service aspects, such as educational, health, military and other public service activities (Al-Azzawi and Al-Jubouri, 2009, 268).

The budget in Iraq depends on planning methods for revenues and expenditures, which can be distinguished as follows:

- 1- **Planning for Public Revenues:** Public revenues are estimated according to the amounts registered in the federal public treasury, the amounts of grants and donations granted to ministries and government agencies,

and the oil revenues are estimated according to an expected price of crude oil, and the quantities expected to be exported from Oil (Iraqi Public Budget, 2011: 1–2).

- 2- **Planning for Public Expenditures:** According to the Financial Management Law No. 6 of 2019 “The Federal Ministries of Planning and Finance prepare to submit an annual report that includes estimates of the maximum limits of current and investment expenditures for each expenditure unit*, in line with the fiscal policy priorities determined by the Iraqi Council of Ministers. (Financial Management Law, 2019, 5-6).
- 3- **Planning for the Fiscal Deficit or Surplus:** The Financial Management Law No. 6 of 2019 sets limits for the financial deficit in the federal budget, which is planned for the current year, to exceed 3% of GDP (Financial Management Law, 2019: 7), Thus, this ratio must be taken into account when preparing the financial plan by its authors.

To analyze the trends of the Iraqi Public budget according to the financial plans prepared during the period (2009-2020), the following table (1) has been prepared:

Table (1)
The financial situation according to the Public plans of the Iraqi financial budgets during the period (2009 - 2020) (million dinars)

Years	GDP at current prices	Public Revenues	Public Expenditures	Budget Deficit or Surplus	Budget Deficit or Surplus / GDP (%)
	(1)	(2)	(3)	(3-2=4)	((4/1)*100=5)
2009	130642187	50408215	69165523	-18757308	-14.4
2010	162064566	61735312	84657468	-22922156	-14.1
2011	217327107	80934790	96662767	-15727977	-7.2
2012	254225491	102326890	117122930	-14796040	-5.8
2013	273587529	119296663	138424608	-19127945	-7.0
2014	266332655	105386623**	58625459**	46761164**	17.6
2015	194680972	94048364	119462429	-25414065	-13.1
2016	196924142	81700803	105895722	-24194919	-12.3
2017	225722376	79011421	100671160	-21659739	-9.6
2018	254870185	91643667	104158183	-12514516	-4.9
2019	262917150	105569668	133107616	-27537948	-10.5
2020	53886587*	47761047***	64360942***	-16599895***	-30.8
Average (%)	—	—	—	—	-9.3

Source: Columns (1, 2, 3 and 4) prepared by the researchers based on:

- Ministry of Planning, Annual Statistical Collection for the Period (2009 - 2019), Central Statistical Organization, Directorate of National Accounts.

* Output in 2020 is quarterly estimates based on: Ministry of Planning, preliminary estimates of GDP for the three quarters of 2020, Central Statistical Organization, Directorate of National Accounts.

- Republic of Iraq, Law of the Public Budget of the Republic of Iraq for the period (2009 - 2019), various issues of the Iraqi Waqa'a newspaper.

** Because the Iraqi parliament did not approve the 2014 budget, it was relied on: the Central Bank of Iraq, the annual statistical bulletin for 2014, the General Directorate of Statistics and Research.

*** The budget for 2020 is until November of the same year, it has been relied on the website of the Iraqi Ministry of Finance: <http://www.mof.gov.iq>

- The percentages mentioned in column (5) from the researchers' extraction.

It is noted from Table (1) that the estimates of the financial planners in Iraq had expected a financial deficit of public budgets during the period (2009-2020), except for the year 2014, which recorded an actual financial surplus amounting to 46761164 million dinars, adding to the gross domestic product GDP the ratio 17.6%, and this is due to

* Expenditure units are defined as: "Ministries and entities not associated with a government ministry, and administrative agencies affiliated with the federal and local government, and those that have the right to disburse the funds of the federal public budget, and to collect funds in accordance with the law."
Source:

- Ministry of Justice, Federal Financial Management Law No. 6 of 2019, the Iraqi Waqa'a newspaper, No. 4550, 2019, p. 3.

Analytical Study of Financial Planning trends with a focus on Public Expenditures in Iraqi Budgets for the period (2009-2020)

the fact that this year was affected by political controversies and the conditions of ISIS's control of some Iraqi lands, which led to the failure to approve the Public budget, and consequently the lack of clarity in the government's financial orientations and expenditure plan, or the path of its projection of revenues and public expenditures according to the fiscal policy for that year. It should also be noted that the existence of a financial deficit within the planned financial budget contradicts what you have gone through

To it are the goals of the national development plans, where they set the goal of addressing the fiscal deficit and reducing its size (National Development Plan 2013-2017: 45). It is noted from the aforementioned table that the planned fiscal deficit for the years prior to 2014 was in certain years less than the planned fiscal deficit After this year, as well as in other years, the planned financial deficit for the period (2009-2013) was recorded between -14796040 million dinars to 22922156 million dinars, while the planned deficit after 2014 recorded a financial deficit destined to decline between the years (2015). and 2018), the deficit amounted to between 12514516 million dinars to 25414065 million dinars, to rise in 2019 to the highest planned deficit over the studied period, amounting to 27537948 million dinars, then the planned deficit decreased to 1659985 million dinars, this fluctuation in the planning orientation The Iraqi government is due to the fact that the public financial policy in the beginning was with the explosive trend of public expenditures and the attempt to improve the living situation of the Iraqi individual, and because of the fluctuation in oil revenues.

The estimated public revenues during the period selected for the study recorded amounts ranging between (47761047 - 119296663) million dinars, compared to public expenditures planned to be spent between (58625459 - 138424608) million dinars, during the same period.

As for the maximum limits that the planner must set for the Public budget in comparison with the size of the GDP for the current year, most of the years of the selected school period from 2009 to 2020, were recorded in excess of the percentage specified according to Iraqi law, represented by 3% of GDP, so the average deficit ratio or The planned surplus is 9.3% of the gross domestic product, and it indicates the non-restriction by the authors of the financial plans in the aforementioned legal ratio, so the planned public budgets during the study period were not financially disciplined, and the goal of financial planning was not achieved with the issue of the necessity of restricting fiscal policy in order to Financial discipline of the public budget in Iraq, by adjusting the upper ceilings of public expenditures.

It is also noted from the percentages mentioned in Table (1) that they were initially relatively decreasing until 2013, so the planned deficit decreased from -14.4% to 7% in relation to the gross domestic product during the period (2009-2013), and then increased relatively to -13.1 % of GDP, after which the ratio returns to a relative decrease until it reached -4.9% of GDP during the period (2015-2018), and then returns to a relative increase in the years (2019 and 2020), when the two percentages reached -10.5% and 30.8, respectively (of the GDP), the recent rise in percentages is due to the presence of internal and external economic shocks in both years, represented by the popular demonstrations that occurred in 2019, and the effects of the Corona pandemic on the expenditure orientation of the public budget in 2020.

1-4- Financing Public Expenditures in the Financial Plans in Iraq:

When the state undertakes public expenditure, it must have the financial resources. Therefore, public revenues are considered one of the most important tools of the financial plan and policy, through which the government seeks to manage the overall economy. Public revenues are defined as the sum of money that the state obtains and allocates to finance the public expenditure estimated in its financial plan (Hamad and Al-Majma'i, 2018: 300).

Analyzing the development of the growth of public revenues and their role in the Iraqi Public budget, and to determine the extent of the effectiveness of the public revenue system used in financial plans during the study period (2009 - 2020), requires an analysis of the relative importance of the components of public revenues for that, Table (2) has been prepared as follows:

Table (2)
Public Revenues and their relative importance in the Planned Public Budgets in Iraq during the period (2009-2020)

(Million dinars)

Years	Oil revenues	Relative Importance (%)	Tax Revenue	Relative Importance (%)	Other Revenue	Relative Importance (%)	Total Public Revenue
	(1)	$((1/7)*100=2)$	(3)	$((3/7)*100=4)$	(5)	$((5/7)*100=6)$	(7)
2009	47528262	94.3	2837239	5.6	42715	0.1	50408215
2010	59794180	96.9	1309719	2.1	631413	1.0	61735312
2011	76184138	94.1	2372154	2.9	23785	0.0	80934790

2012	99657735	97.4	2583254	2.5	85909	0.1	102326890
2013	116363805	97.5	2743806	2.3	189052	0.2	119296663
2014*	97072410	92.1	2531373	2.4	5782840	5.5	105386623
2015	78649032	83.6	5499324	5.8	9158880	9.7	94048364
2016	69773400	85.4	6381801	7.8	5239781	6.4	81700803
2017	76950225	97.4	6135130	7.8	4926066	6.2	79011421
2018	77160392	84.2	9267417	10.1	5215856	5.7	91643667
2019	93741110	88.8	6871135	6.5	4957440	4.7	105569668
2020**	41346061	86.6	4028808	8.4	2386177	5.0	47761047
Average (%)	—	91.5	—	5.4	—	3.7	—

Source: Columns (1, 3, 5 and 7) prepared by the researchers based on:

- Republic of Iraq, Public Budget Law for the period (2009 - 2019), various issues of the Iraqi Waqa'a newspaper.

* Because the Iraqi parliament did not approve the 2014 budget, it was relied on:

- Central Bank of Iraq, Annual Statistical Bulletin for 2014, General Directorate of Statistics and Research.

** The budget for the year 2020 is until November of the same year, it was relied on the website of the Iraqi Ministry of Finance: <http://www.mof.gov.iq/>

- The percentages mentioned in the table are extracted from the researchers.

It is clear from Table (2) that the largest proportion of the financing of the Iraqi public budget is oil revenues, and this contradicts what the development plan has stated in referring to the goal of financial planning is to diversify public revenues (National Development Plan, 2018-2022: 67), which means a mismatch What is planned and what has been implemented in the financial plans prepared by the authors of these plans. During the period (2009-2020), the average contribution of oil revenues to the total public revenues was 91.5%, and the highest percentage was in the years 2012, 2013 and 2017, reaching The contribution of oil revenues to total public revenues, respectively, 97.4%, 97.5% and 97.4%, with oil revenues amounting to 99657735, 116363805 and 76950225 million Iraqi dinars, respectively, while the rest of the years recorded a relative importance that ranged between (83.6% - 96.9%), With oil revenues ranging between (41346061 - 116363805) million dinars. It is clear from the above that the nature of the Iraqi economy is dependent on crude oil, and this exposes it to the influence of external variables through the rise and fall of oil prices in global markets, thus exposing the Iraqi economy to strong vibrations and shocks that work to damage its fragile economic reality.

As for the other source that the government relies on to finance its public expenditures, it is tax revenues, with an average rate of 5.4% of this type of revenue during the study period, which indicates the inefficiency of the tax system in Iraq, and the inability of taxes to finance public expenditures within public budgets, as The highest percentage in 2018 was 10.1% of the total public revenues, with tax revenues of 9267417 million dinars. As for the remainder of the study period, the importance of taxes in financing the Iraqi Public budget ranged between (2.1% - 8.4%) of the total public revenues, and tax amounts amounted to between (1309719 - 9267417) million dinars. These fluctuations in tax revenues indicate a lack of seriousness, and depend on the financing of its expenditures in the financial plans it prepares.

As for the rest of the sources that finance public expenditures in the budget, they are the other revenues, as they contributed during the study period with an average rate of 3.7% of the total revenues. It is noted from Table (2) that this type of revenues had an upward trend due to obtaining aid and grants from abroad, and the government attempt Funding its budget from the sale of treasury transfers. The importance of these revenues increased from 0.1% to 5% of the total public revenues, while the volume of other revenues during this period ranged between (23785 - 9158880) million dinars.

1-5- The Relative Importance of Planned Public Expenditures and their components in the Iraqi Economy:

Iraq is one of the countries in which government influence prevails in the economy due to the volume of public expenditures and the dominance of the government sector over it for long periods of time (Al-Janabi, 2013, 355) In order to analyze this effect, Table (3) will be prepared, which shows the relative importance of the planned public expenditures in the Iraqi economy through the contribution of these expenditures to the gross domestic product generated from the economic activities of the sectors operating in Iraq and during the period (2009-2020), in addition to analyzing the levels of the relationship Between the growth of public expenditures and the growth of the Iraqi economy.

Analytical Study of Financial Planning trends with a focus on Public Expenditures in Iraqi Budgets for the period (2009-2020)

Table (3)
The contribution of Public Expenditures to the Gross Domestic Product in Iraq during the period (2009-2020) (million dinars)

Years	GDP at current prices	Annual rate of change (%)	Public Expenditures	Annual rate of change (%)	Relative Importance (%)
	(1)	(2)	(3)	(4)	$((3/1)*100=5)$
2009	130642187	—	69165523	—	52.9
2010	162064566	24.1	84657468	22.4	52.2
2011	217327107	34.1	96662767	14.2	44.5
2012	254225491	17.0	117122930	21.2	46.1
2013	273587529	7.6	138424608	18.2	50.6
2014	266332655	-2.7	58625459**	-57.6	22.0
2015	194680972	-26.9	119462429	103.8	61.4
2016	196924142	1.2	105895722	-11.4	53.8
2017	225722376	14.6	100671160	-4.9	44.6
2018	254870185	12.9	104158183	3.5	40.9
2019	262917150	3.2	133107616	27.8	50.6
2020	53886587*	-79.5	64360942***	-51.6	119.4
Average (%)	—	—	—	—	53.3

Source: Columns (1 and 3) prepared by the researchers based on:

- Ministry of Planning, Annual Statistical Collection for the Period (2009 - 2019), Central Statistical Organization, Directorate of National Accounts.

* Output in 2020 is quarterly estimates based on: Ministry of Planning, preliminary estimates of GDP for the three quarters of 2020, Central Statistical Organization, Directorate of National Accounts.

- Republic of Iraq, Law of the Public Budget of the Republic of Iraq for the period (2009 - 2019), various issues of the Iraqi Waqa'a newspaper.

** Because the Iraqi parliament did not approve the 2014 budget, it was relied on: the Central Bank of Iraq, the annual statistical bulletin for 2014, the General Directorate of Statistics and Research.

*** The budget for 2020 is until November of the same year, it has been relied on the website of the Iraqi Ministry of Finance: <http://www.mof.gov.iq>

- The percentages mentioned in columns (2, 4 and 5) are extracted by the researchers.

We note from Table (3) the following:

- 1- The relative growth of GDP before 2014 (ie during the period 2009-2013) recorded higher growth rates than the relative growth of GDP after this year (that is, during the period 2014-2019)*, which may be due to the impact of the Iraqi economy. In terms of the growth rates of public expenditures, the output growth rates before 2014 amounted to between (7.6% - 34.1%), compared to a growth in public expenditures between (18.2% - 22.4%), which is reflected in the relative rise in the proportion of public expenditures' contribution to the GDP, which amounted Between (44.5% - 52.9%), while after 2014, the output growth rates reached between 26.9% - 14.6%, compared to the growth of public expenditures between (57.6% - 103.8%), to reflect this on the relative decline. The percentage of the contribution of these expenditures to the GDP reached between (22.0% - 61.4%).
- 2- Public expenditures are of great importance to the Iraqi economy, as the average contribution of these expenditures to the GDP was 53.3% during the period (2009-2020).
- 3- The highest contribution rate for these expenditures during the studied period was recorded in 2020, amounting to 119.4%, due to the Iraqi economic downturn due to the Corona pandemic, which coincided with the demonstrations that took place in Iraq at the beginning of 2019. They reached the two growth rates of GDP for 2019 and 2020, respectively, 3.2% and -79.5%, with successive amounts of 2,629,17,150 and 53886,587 million dinars, compared to an annual growth of public expenditures and for the same two years at rates of 27.8% and -51.6%, respectively. Million dinars.
- 4- The lowest percentage of public expenditures' contribution to the GDP was recorded in 2014, reaching 22%, due to the Iraqi parliament's failure to approve the Public budget, which is a financial plan, which is due to the political differences in that year over the items of the Public budget, and the control of the Public budget. ISIS on some Iraqi provinces, which also affected the growth of the gross domestic product, where

it recorded a decrease rate of 2.7 percent in that year, with a total value of 266,332,655 million dinars, as well as a decrease in public expenditures at a higher rate, which amounted to -57.6%, and expenditures in that year amounted to about 58625459 million dinars.

- 5- The years 2015 and 2016 were affected by the control of ISIS and the war to liberate the lands from its control. The annual rate of change of the GDP in the two years was -26.9% and 1.2%, and the GDP in them was 194680972 and 196924142 million dinars, respectively, compared to public expenditures. An annual growth rate of 103.8% was recorded in 2015, with expenditures amounting to 119,462,429 million dinars. The reason for the increase in that year was the increase in military expenditures and compensation for those affected by the population displacement from the lands controlled by ISIS, to decrease these expenditures in the following year (2016).) by -11.4%, and expenditures amounted to (105895722) million dinars.
- 6- The rest of the following years recorded fluctuations in determining the planned public expenditures. In 2017, the government followed a deflationary policy. Public expenditures decreased as a result of fluctuations in oil prices in the public markets, which affected the volume of oil imports and then the total public revenues. Public expenditures amounted to 100671160 million dinars. , with an annual decrease rate of -4.9 percent, and for the years 2018, 2019 and 2020, public expenditures amounted to between (64360942 - 133107616) million dinars, and at relatively fluctuating rates (51.6% - 27.8%), to reflect this on the fluctuation of the relative growth of the gross domestic product Between (79.5% - 3.2%), and the gross domestic product ranges between (53886587 - 262917150) million dinars, to reflect on the relative fluctuation of the contribution of public expenditures to the gross domestic product at rates ranging between (40.9% - 119.4%), due to this For reasons previously mentioned.

As for the elements of planned public expenditures in Iraq, they are divided into two items:

The first: represents the current expenditures that are allocated for the purpose of managing the state's public utilities, such as (employee compensation, retirement bonuses, commodity requirements, service requirements, transformational expenditures, asset maintenance, obligations and aid).

The second: It is represented in the investment expenditures aimed at increasing the wealth and capital of the nation. They are the expenditures of development investment projects (short and long-term), such as building and reconstruction projects, land reclamation and the acquisition of capital assets.

Therefore, these two items are of great importance in the Iraqi economy, as they constitute the two sides of consumption and investment affecting the economy, as we mentioned earlier that the average contribution of public expenditures to the gross domestic product has reached 53.3%, which is a very important percentage because this means that the Iraqi economy is with Dependency on the state of the planned Public budget, and its consumer and investment trends, so in order to analyze the economic impact of the planned government financial trends, both operational (current) and investment in Iraq, the following table (4) has been prepared:

Table (4)
The Structure of Planned Public Expenditures and related ratios in Iraq during the period (2009 - 2020)
(million dinars)

Years	Current expenditures	Current Expenditures / GDP (%)	Current Expenditure / Public Expenditure (%)	Investment Expenditures	Investment Expenditures / GDP (%)	Investment Expenditures / Public Expenditure (%)
	(1)	(2)	(3)	(4)	(5)	(6)
2009	54148081	41.4	78.3	15017442	11.5	21.7
2010	60980694	37.6	72.0	23676772	14.6	28.0
2011	66596474	30.6	68.9	30066293	13.8	31.1
2012	79954033	31.5	68.3	37177897	14.6	31.7
2013	83316006	30.5	60.2	55108602	20.1	39.8
2014	52322003*	19.6	89.2	6303456*	2.4	10.8
2015	78248392	40.2	65.5	41214037	21.2	34.5
2016	80149411	40.7	75.7	25746311	13.1	24.3
2017	75217142	33.3	74.7	25454018	11.3	25.3
2018	79508071	31.2	76.3	24650112	9.7	23.7
2019	100059110	38.1	75.2	33048506	12.6	24.8

Analytical Study of Financial Planning trends with a focus on Public Expenditures in Iraqi
Budgets for the period (2009-2020)

2020	62141747**	115.3	96.6	2219195**	4.1	3.4
Average (%)	–	40.8	75.1	–	12.4	24.9

Source: Columns (1 and 4) prepared by the researchers based on:

- Republic of Iraq, Law of the Public Budget of the Republic of Iraq for the period (2009 - 2019), various issues of the Iraqi Waqa'a newspaper.

* Because the Iraqi parliament did not approve the 2014 budget, it was relied on: the Central Bank of Iraq, the annual statistical bulletin for 2014, the General Directorate of Statistics and Research.

** The budget for 2020 is until November of the same year, it has been relied on the website of the Iraqi Ministry of Finance: <http://www.mof.gov.iq>

- The percentages mentioned in columns (2 and 5) from the researchers' extraction based on the following formula: The relative importance of current or investment public expenditures = {current or investment public expenditures in a particular year / gross domestic product in the same year} x 100.

- The percentages mentioned in columns (3 and 6) of the researchers' extraction based on the following formula: Contribution of current or investment expenditures to public expenditures = {current or investment expenditures in a particular year / public expenditures in the same year} x 100.

It is noted from Table (4) that:

- 1- Although the orientation of the objectives of financial planning is to reduce the volume of public expenditures and increase investment expenditures (National Development Plan, 2018-2022: 67), it is noticeable that the planned public budgets are directed towards wasteful consumption trends instead of investment trends that feed the Iraqi economy with financial resources. And in a way that benefits the Iraqi economy by investing its economic and financial resources and directing them towards the productive and nutritious aspects of the economy, and in what will affect the development trends of the Iraqi economy through a positive impact on output, investment and use. It is noted that current expenditures represent the highest percentage of the components of planned public expenditures, as the average percentage of this type of expenditures reached 75.1% during the study period, compared to an average percentage of investment expenditures of public expenditures, which amounted to 24.9% during the same period. The importance of current expenditures of public expenditures during the study period ranged between (60.2% - 96.6%) of the total public expenditures, and operating expenditures ranged between (52322003 - 100059110) million dinars, compared to investment expenditures with percentages of contributions to public expenditures between (3.4% - 39.8%) of the total public expenditures.
- 2- The consumption trend of public expenditures during the study period affected the percentages of the importance of current expenditures in the GDP, which reached an average rate of 40.8%, compared to an average of the relative importance of investment expenditures in the GDP at a rate of 12.4%, which leads the Iraqi economy to wasteful consumer trends, including The Iraqi economy suffers from structural distortions in its productive sectors. The consumer trend will make the economy excessively dependent on the outside by increasing imports from abroad to compensate for the shortage in local products. Also, this consumer trend does not encourage the private sector because of its weak production flexibility, and because its investments have been affected by regulatory and legal influences, and because of the lack of an investment environment that encourages it to increase private investment, the flight of local capital outside the country, and the lack of government encouragement for local investment.
- 3- Weak percentages of investment expenditures' contribution to the GDP during the study period, ranging between the lowest percentage in (2014), which recorded 10.8%, and the highest percentage of investment expenditures' contribution to the GDP in the previous year (2013), where The percentage reached 20.1%, which is also a low percentage. This indicates the absence of a future vision or serious government investment plans.
- 4- The relative importance of current expenditures in the GDP during the study period ranged between (19.6% - 115%), which is due to excessive current expenditure, especially the aspect of employee salaries.

1-6- Conclusions and Recommendations:

1-6-1- Conclusions:

- 1- Financial Planning is a set of plans necessary to obtain funds and make optimal use of them and its use in a sound and scientific manner helps direct the financial resources owned by any country towards trends that achieve efficiency in the use of these resources, and reduce costs incurred by the government. By reducing their unproductive and wasteful expenditure.

- 2- Following the traditional methods of financial planning in Iraq by adopting traditional budgets that work on classified divisions, so the procedures for preparing these budgets and their legislation are through complex methods, in addition to their reliance on routine calculations that take a long time, which exposes the Iraqi economy to crises.
- 3- The planned Public budget in Iraq relied on the revenues generated from the sale of crude oil, and this is what leads to the link between the financial plans in Iraq with fluctuations in oil prices in the global markets, which exposes these plans to the failure to achieve their goals, and this matter also affects the future financial plan (in the following year), thus weakening the planning ability of the Iraqi government.
- 4- According to the financial plans in Iraq for the studied years (2009-2020), the government's directions indicated a wasteful trend, by increasing the percentage of the importance of current expenditures, as they exceeded in certain years more than 60% of the total public expenditures in the planned public budget in Iraq, compared to The allocation of investment expenditures did not, at best, exceed 40% of the total public expenditures.
- 5- Financial Planning in Iraq was distinguished by not following sound planning mechanisms based on modern scientific methods to direct financial resources in the directions of achieving economic goals as desired by the philosophy of the economic and financial plans of the Iraqi government, meaning that the hypothesis of the study has been proven.

1-2-1- Recommendations:

- 1- The necessity of having financial and economic studies concerned with the issue of financial planning at the level of the Iraqi economy and at the level of its economic sectors and government agencies, in order to determine the actual needs of these levels, in order to support the components of the economy and its variables, and work to improve the reality and economic conditions.
- 2- Working on reforming the programs of preparing the Iraqi Public budget, paying attention to their timing, and setting economic goals in a way that achieves the targeted development and prosperity, through the use of the financial resources owned by Iraq, and directing them in an optimal and efficient manner.
- 3- Establishing an effective control system to determine the allocations of financial plans in Iraq, to prevent extravagance and unproductive waste through strict control measures on the departments and institutions of government ministries, and the control of exchange carried out by the administrative authorities in the Iraqi governorates.
- 4- Following the optimal method of financial planning in Iraq by linking the planning of public expenditures and the government's investment programs, and working to increase the investment orientations of public expenditures, so that this helps to increase the economic and social benefits for members of Iraqi society, that this matter requires a great development in the preparation programs The Public budget and following modern approaches to it, such as zero and contractual budgets, and the introduction of advanced computer programs that help better predict future changes in revenues and public expenditures.
- 5- Reform expenditure procedures by directing them in a manner commensurate with the growth of the gross domestic product, following an efficient operational policy in Iraqi government departments, and distributing current expenditures among state employees fairly. These procedures change the volume of expenditures in the short term, as for the procedures for reforming expenditures in the long term. The medium and long term is linked to qualitative changes related to improving the productivity of government employees and the Iraqi public sector, and the link of this reform to structural and structural changes in the sectors of the Iraqi economy.

1-7- References:

1-7-1- Books:

- 1- Abu Muammar, Faris Mahmoud, (2006), Financial Management, Afaq Library, opposite the Islamic University, Palestine.
- 2- Al-Amri, Muhammad Ali Ibrahim, (2013), Modern Financial Management, Dar Wael for Publishing and Distribution, Jordan.
- 3- Al-Aql, Mufleh, (2000), Introduction to Financial Management, Future House for Publishing and Distribution, Jordan.
- 4- Erekat, Harbi Muhammad Musa, (1993), Development and Economic Planning, Dar Al-Karmel, Jordan.
- 5- Ross, Stephen A., Westerfield, Randolph W., andaffe, Jeffrey, (2002), Corporate Finance, 8th Edition, Mc Graw-Hall, U.S.A.

1-2-1- University Theses and Theses:

- 1- Al-Wundawi, Ikhlas Khader Dara, (2002), Evaluating the Results of Tax Revenue Forecasting Methods in the Public Tax Authority, a master's thesis submitted to the College of Administration and Economics / University of Baghdad.
- 2- Klap, Iman Jamil, (2015), the reality of financial planning in the companies operating in the Contractors Union in the Gaza Strip, a master's thesis submitted to the College of Commerce / Islamic University.
- 3- Hariyanto, D. . (2021). Effect of Trading Volume, Market Capitalization, Firm Size in explaining Return on Vultures. *Journal of Advanced Research in Economics and Administrative Sciences*, 2(2), 50-64. <https://doi.org/10.47631/jareas.v2i2.228>
- 4- Muqrin, Farid, (2006), Financial Planning for Investment Projects: A Case Study of Sonatrach, a Master's Thesis submitted to the Faculty of Management Sciences / University of Algiers.
- 5- Raouf, Osmania, (2000), Planning in the Small and Medium Enterprises Sector, a master's thesis submitted to the Faculty of Management Sciences / University of Algiers.

1-7-3- Research published in scientific journals:

- 1- Al-Azzawi, Muhammad Salman Karim, and Al-Jubouri, Abdul-Saheb Najm Abd, (2009), Evaluating the Basics of Preparing the State's Public Budget through Analysis of the Federal Budget for 2008, *Journal of Economic and Administrative Sciences*, College of Administration and Economics / University of Baghdad, Volume 15, Issue 53 .
- 2- Al-Janabi, Haitham Abdel Qader, (2013), Analysis of the relationship between government consumer expenditure and economic growth in Iraq for the period (1981 - 2006), *Journal of Economic and Administrative Sciences*, College of Administration and Economics / University of Baghdad, Volume 19, Issue 73.
- 3- Hamad, Mukhaif Jassem, and Al-Majma'i, Hassan Zaidan Khalaf, (2018), Financing the Iraqi public budget deficit for the period (2003-2015): an analytical study, *Tikrit University Journal of Administrative and Economic Sciences*, Volume 1, Issue 41.

1-7-4- Statistics and official laws:

- 1- Central Bank of Iraq, (2014), Annual Statistical Bulletin for 2014, General Directorate of Statistics and Research.
- 2- Ministry of Justice, Federal Financial Management Law No. 6 of 2019, the Iraqi Waqa'a newspaper, issue 4550, 2019.
- 3- Ministry of Planning, Annual Statistical Collection for the Period (2009 - 2019), Central Statistical Organization, Directorate of National Accounts.
- 4- Ministry of Planning, Preliminary Estimates of Gross Domestic Product for the Three Quarters of 2020, Central Statistical Organization, Directorate of National Accounts.
- 5- The Ministry of Planning, (2013), the National Development Plan in Iraq for the period (2013-2017), Directorate of the Central Statistical Organization.
- 6- The Ministry of Planning, (2018), The National Development Plan in Iraq for the period (2018-2022), Directorate of the Central Statistical Organization.
- 7- The Republic of Iraq, Law of the Public Budget of the Republic of Iraq for the period (2009 - 2019), various issues of the Iraqi Waqa'a newspaper.

1-7-5- Websites:

- 1- The Ministry of Finance, the Public budget for 2020, published on the ministry's website: <http://www.mof.gov.iq/>