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Possibility of Benefiting from Malaysia's Experience in Stimulating the Private Sector Through Financing Methods in Iraq

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Abstract:
This research investigates the possibility of assessing and applying Malaysia's learning-information-base of successful private sector financing strategies for spurring economic growth in the Iraqi setting. The Malaysian model, especially with regard to support for small and medium enterprises (SMEs), is studied to chart the relevance and applicability of the concept to the Iraqi economy in the span of 2004-2023. Adopting descriptive-analytical and inductive method, the study brings forth Malaysia's diversified financing arrangements involving internal sources, external sources, public-private partnerships, and incentives with a specific aim. It is found that the Malaysian systems for its SME development, along with tax incentives and strategic privatization, contributed enormously to GDP growth and job creation, whilst on the contrary, the Iraqi economy remains strongly oil-dependent, with some meager participation of the private sector, mostly due to bad financing structures and policy inefficiencies. Three strategic scenarios are suggested to Iraq: improving the business environment; SME development; and public-private partnerships. If implemented, these strategies will make Iraq's economy more resilient, reduce unemployment rate, and provide more sources of revenues.

Keywords: Iraq Private Sector, Financing, Malaysia’s Economic Model, Economic Growth, Public-Private Partnership.

1. Introduction:

Many nations, including the United Nations, India, Indonesia, Japan, Korea, and others, have given these projects more attention and depended on them in their development plans. As a result, SMEs now account for about 90% of all businesses worldwide, employ 50–60% of the global workforce, and are a key driver of economic growth (Abdul Hamid & Aboud, 2013).

By generating and expanding employment opportunities for residents, the private sector contributes to the movement and activation of the local economy, which not only raises their income, improves their standard of living, and gives them a decent life but also lowers unemployment and poverty rates. This highlights the importance of the private sector in pursuing a variety of goals (Bouhafs, 2022). The term "private sector" refers to organizations and businesses that are entirely dependent on the capital of private citizens and businesses and are not owned by the government. "That portion of the economy that is not directly under state control and is managed in accordance with financial profitability considerations" is the definition of the private sector (Aday, 2023). Given the advantages and characteristics of the private sector in contributing effectively to the process of economic growth and development, a new generation of economists and business people has emerged, demanding that the private sector play an effective role in the economies of their countries (Majeed & Al Hayali, 2020).

Current events indicate that companies are experiencing a solvency crisis, primarily due to lower interest rates following 2008. This pushes small businesses to look for other sources of funding (Heidor et al., 2020).

The set of actions and behaviors that provide us with means of payment" is the definition of finance. It is a collection of principles, rules, and information that aims to manage and allocate funds, whether they are owned by people, businesses, or governmental organizations (Al-Zubaidi & Jabbar, 2019). Although there are numerous definitions of financing, they all agree on one idea: "providing funds in times of need." "Precisely determining when financing is needed and searching for sources of financing" are the two fundamental components of this definition (Baha & Jarrar, 2012).

Both public and private financing are included in the notion of financing. By raising money from a variety of sources, including financial institutions, private financing fills in the gaps in the economy (Al-Dulaimi & Shalal, 2021). There are undoubtedly many classification criteria, but when it comes to the concept of financing—primarily using equity or borrowed capital—the sources of funding are typically separated into internal and external categories, with third-party capital being the most common (He & Ausloos, 2017) ; (Kokot-Stępień, 2022).

Locally, the private sector can obtain funding from a variety of sources, such as debt instruments with varying maturities and investments in common and preferred stocks. Companies in the private sector can draw in small investors by issuing stocks in small quantities that are traded on the secondary market. These businesses save money from their undistributed reserves and profits (Al-Halfi, 2015).

Another method of local or domestic financing is domestic borrowing, which is when the state borrows money from a legal entity, like a bank or financial institution, or a local or foreign resident, with the promise to pay back the principal and interest in the loan in accordance with the conditions set forth at the time the contract was signed. One of the ways that governments finance their projects, other economic and social initiatives, and the budget deficit is through domestic borrowing (Al-Shammari & Hamza, 2019). Although internal financing sources (IFS) are a significant factor in a company's overall investment decisions, Myers and Majluf's (1984) pecking order theory suggests that companies use internally generated sources for investment before looking for external financing (Gill et al., 2019).

The financing policy of a company's capital investment may be impacted by the information asymmetry that exists between managers and external financing providers. According to the pecking order theory of capital structure put forth by Myers and Majluf (1984), the asymmetry of information between managers and investors causes a preference ordering of financing sources, with internally generated funds coming in first, followed by debt and equity (Liao & Wang, 2024). The impact of internal funding on a company's ability to obtain and willingness to use external financing is recognized by contemporary corporate finance theory (Ngoc et al., 2022). When internal funding is inadequate, external funding is used. Stated differently, the analysis has demonstrated that the strategy of companies aligns with the pecking order theory (ÖCAL, 2022). Therefore, many businesses are concerned about external financing to present a stunning financial report to potential investors (Hong et al., 2023).

FDI and ODA are two types of external financing that can increase domestic savings while fostering economic growth. External financing is also a legitimate source of funding for facilitating the transfer of innovations and modern technology from developed to developing countries, helping the latter accelerate their rate of development (Afolabi Ibikunle et al., 2023).

The provision of financial resources to cover capital and commercial expenditures under specific conditions, such as price and term, is known as international finance or external finance. When the new international order emerged following World War II and international organizations like the International Monetary Fund and the International Bank for Reconstruction and Development started to take shape, its use spread widely (Thuwaini & Amin, 2017).

One of the key ways that financial and economic organizations can meet their needs for the financial resources required to accomplish their objectives, engage in a variety of activities associated with their line of work, and satisfy the demand for a range of goods and services through projects that these organizations or individuals provide is through financing operations. Foreign investors have been hesitant to invest in Iraq due to the events that followed 2003, the worsening security situation in the country, and a lack of funding. Furthermore, Iraq's general budget is crucial for funding all industries that rely on oil, which accounts for two-thirds of the nation's GDP and serves as the main source of funding for economic expansion and all other initiatives. Additionally, it assists in paying for operating expenses, which make up a significantly larger percentage of investment costs.

The Iraqi economy suffers from major imbalances in the structure of productive and economic sectors, and the performance of the private sector is weak in forming the gross domestic product due to weak financing, in addition to the Iraqi economy's dependence on the oil sector as a major resource for the government's general budget. The study focuses on financing the private sector and the possibility of benefiting from the Malaysian experience during the period 2004-2023. The study aims to determine the possibility of private-sector financing by benefiting from the Malaysian experience and determining future financing prospects in Iraq.

The study's significance stems from the fact that the private sector plays a significant role in determining the GDP and attaining economic growth rates, as well as the role that both domestic and foreign funding sources play in promoting the sustainability of all economic sectors.

Research implications focus on adapting Malaysia's private-sector financing strategies to Iraq's economic context. Practical benefits include enhanced investment channels, while socially, it fosters job creation and economic stability.

2. Literature Review and Hypothesis Development:

From the viewpoint of the private sector in the Gaza Strip, the study (Hamdoneh, 2017) examined the elements influencing the collaboration between the public and private sectors and its contribution to the expansion of the Palestinian economy. In addition to identifying the factors that determine the partnership and examining the most significant influential variables that strengthen it, the study sought to analyze the nature of the relationship between the public and private sectors in Palestine. According to the study's findings, the public-private sector partnership is a successful tactic for bringing the nation's economic growth rates under control.

According to a study (Qandil, 2019) that examined the difficulties faced by small and medium-sized businesses in Egypt and strategies for overcoming them considering successful global experiences, these difficulties include organizational, legal, financial, administrative, and marketing issues. Egypt's ranking of 120th out of 190 countries in the Ease of Doing Business Index, 160th out of 190 in the Getting Credit Index, and 171st out of 190 in the Cross-Border Trade Index are some of the most significant issues this study has identified. Thus, the study suggests that it is crucial to learn from past successful experiences in the field of small businesses and to adapt what works for Egypt's circumstances.

Obtaining outside funding during emergencies is becoming more difficult, especially for small businesses. So, the study of Heidor et al. (2020) 's goal is to investigate how alternative financing strategies are used in Ukraine during the 2020 pandemic and solvency crisis for small businesses. The findings demonstrate that because of high interest rates, lending as a source of funding for small businesses is underutilized in developing nations, especially in Ukraine.

The reality of the private sector of industries in the Anbar Governorate, as well as the key obstacles that stand in the way of boosting economic development, were examined in a study by (Oleiwi and Hussein, 2020). Due to their high capacity to establish and localize various industries that, if properly planned, can bring great benefits at the governorate and country levels, the private industrial sector was found to have contributed to this through its activity in reconstruction and employment of the unemployed, despite its lack of it due to weak government support that is not commensurate with the size of the available resources if they are invested.

For nations worldwide, and developing nations specifically, foreign funding is a vital source of funding. To diagnose the scope and consequences of international financing in several developing nations (Nigeria, Mexico, and Thailand), the study (Rida, 2020) compared its findings with a statement of the anticipated benefits from these experiences in a way that was appropriate for the economic circumstances in Iraq. The most significant of the study's findings was that, although it was present in Thailand initially and, to a lesser degree, in Mexico, foreign financing did not play a significant role in the economic development process in Iraq or Nigeria.

A study by (Nylund et al., 2020) investigated the connection between the level of innovation in European businesses and internal and external financing. A longitudinal data set comprising 1460 company years—146 large European companies quoted over ten years, was used for the investigation. According to the findings, energy companies will only be more innovative when they are profitable, and external funding in the form of debt takes attention away from innovation in successful businesses.

In the Indonesian manufacturing sector, a study (Fikasari & Bernawati, 2021) sought to investigate how investors responded to funding sources because of the hierarchy of the pecking order theory. Purposive sampling was employed in the study for manufacturing firms that were listed on the Indonesia Stock Exchange. According to the findings, investors had a negative reaction to internal financing, as indicated by the retained earnings.

On the other hand, this study discovered that investors responded favorably to outside funding, as indicated by leverage and equity issuance. Furthermore, the findings showed that leverage elicited a more favorable response than equity issuance.

To determine the optimal effect of aid on growth as well as the factors that affect the impact of this aid over time for developing countries, the study (Ekanayake & Thaver, 2021) attempts to demonstrate the impact of foreign aid on the eighty-three developing countries that receive aid. The study concluded that both the economic growth of developing nations and the economic growth of low-income nations are negatively impacted by foreign aid.

According to a study by (Meng et al., 2023) on the relative impacts of internal and external financing on exporting, both internal and external financing are crucial for assisting a company in becoming a new exporter. On the other hand, external financing is not as crucial for an established exporter to thrive in the global market as internal financing is. A firm's internal financing has a positive correlation with a higher export quantity, whereas external financing does not.

Alternative financing options for investment projects are examined in a study by (Sevara, 2023). Each of these alternative financing strategies has advantages of its own, such as democratizing access to capital and creating new investment opportunities. They do, however, also present difficulties, like regulatory uncertainty, default risks, and cybersecurity concerns. The study suggests that they offer a thorough examination of these financing options, their benefits, and the risks connected with them as entrepreneurs, investors, and policymakers traverse the quickly evolving investment financing landscape.

The goal of the study by (Jamal Eddine, 2023) is to examine how local and foreign financing sources have evolved and how they relate to economic growth and the promotion of sustainable development by means of the financial system's expansion. In light of a developed financial system, the results showed that financial flows from financing sources, whether local or foreign, are regarded as a tool for raising the level of economic performance. However, Algeria's weak financial system was reflected in financing sources, particularly international ones, which do not support economic performance, whereas local financing has both short- and long-term positive effects.

The goal of the study (Al-Jubouri, 2024) was to define international finance, understand its function in the economies of the chosen Arab rentier nations, examine the connection between international finance and economic growth in these nations, and pinpoint the sources of international finance. One of the research's most notable findings is that international finance and economic growth are directly related, and that international finance policy is demonstrated by securing the capital required to support the expansion of both the public and private sectors of the economy.

The current study is based on the hypothesis, which is consistent with the results of previous research that examined private sector financing methods: In light of selected international experiences, the mechanisms for stimulating private sector financing in Iraq have a role in raising economic growth rates, forming the gross domestic product, and reducing dependence on the public sector.

3. Research Methodology:

The research adopted the inductive approach and the descriptive analytical method to study the stimulation of the private sector through financing methods in order to reach the analyses and conclusions related to them, in addition to the experimental method based on studying financing in all its aspects by adopting international and local statistical bulletins, reaching the proof of the hypothesis by relying on the inductive method in analyzing the reality and experiences of selected countries and the extent of benefiting from them. Figure (1) provides an explanation and expression of the sort of relationship between the research variables.

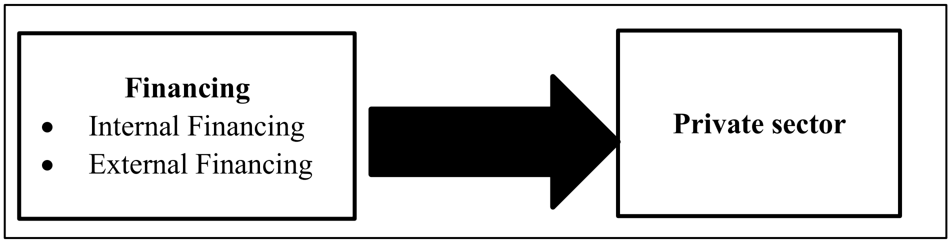

Figure (1): Hypothetical research plan

Source: Prepared by the researcher

4. Results:

From a nation that depended on exporting basic raw materials, Malaysia has developed into Southeast Asia's biggest exporter of industrial goods and technologies. Malaysia was able to recover from the severe economic crisis that struck the Southeast Asian nation in 1997 thanks to its distinctive economic strategy. It handled the crisis and its economic issues through a well-known national economic program that placed strict limitations on the nation's monetary policy and the execution of its economic situation, rather than depending on outside parties looking to take advantage of it. It did not submit to the International Monetary Fund or the World Bank to handle the crisis. Another indirect factor in the New Economic Policy's success was oil. The oil industry experienced significant expansion because of the major oil discoveries of the coasts of Terengganu, Sabah, and Sarawak in 1973 and 1974. Additionally, oil revenues made a substantial contribution to the government budget and total foreign exchange earnings. Businesses that offer outsourcing services in the following sectors are exempt from 50% income tax: accounting, engineering, marketing, business, office, administration, legal consulting, health, education, and information and communication technology.

The Global Competitiveness Report 2015 places Malaysia as the 18th most advanced economy. According to the International Institute for Management Development's 2015 Global Competitiveness Index, which evaluates how well nations handle stress and crisis situations while remaining competitive, Malaysia is ranked 14th out of 61 nations. In the 2015 ranking of the largest GDP (Gross Domestic Product) in the world, Malaysia comes in at number 34. Additionally, it is ranked 34th globally. Table (1) shows the growth rate of small projects in Malaysia and the gross domestic product for the period 2010-2021:

Table (1): Growth rate of small enterprises in Malaysia and GDP for the period 2010 - 2021%

Years	Services Sector	Industrial Sector	Construction Sector	Agricultural Sector	Mining and Extraction	GDP Growth Rate
2010-2013	6.875	7.75	11.25	4.05	8.3	5.725
2014-2016	7.23	7.2	37.4	7.866	4.4	7.6
2017-2019	5.6	3.56	3.23	5.966	5.66	5.133
2020-2021	4.5	2.1	2.10	3.666	3.22	2.33
Average annual growth rate	6.05	5.154	13.4	21.38	5.39	5.195

Source: Researcher's work based on data from Department of Statistics Malaysia (DOSM), SME Malaysia 2021.

According to Table (1), small and medium-sized businesses in the industrial sector grew at an average annual rate of 5.154% between 2010 and 2021. It displays Malaysia's GDP growth rate, industry growth rate, and SME growth rate from 2010 to 2021.

The small business sector plays a significant role during the development programs and contributes to the GDP at varying rates. Due to the government's guidance and the policies developed at each stage in accordance with the objectives established for it, the Malaysian economy has undergone several phases in recent years. Given the rise in the growth rate mentioned above, the small business sector contributed significantly to the GDP. As the sectors are crucial to GDP participation, the services sector contributed an average growth of 6% of the GDP, followed by the construction sector at 13%. The remaining sectors are also included in the Table (1).

The Malaysian government aimed to give the private sector ownership of numerous public projects while keeping a special portion of the management of institutions of strategic and social significance to strengthen the private sector's contribution to the country's economic development. Following the escalation of structural and financial issues in the public sector, the authorities also attempted to halt the creation of new public projects. The success of the privatization process, which started in 1983, gave it a fresh boost in 1994, and the value of the industries that were privatized rose as a result of the successful privatization; modern marketing sectors emerged, expanding the local market and attracting foreign investments to the region. Malaysia has also offered numerous incentives to both domestic and foreign investors to promote and develop investment in all sectors and economic events. To this end, it has passed numerous laws that protect rights and privileges both inside and outside of Malaysia. Depending on the type of investment and the state of the economy, these incentives differ for different industries or services. One of the most significant economic sectors that has aided in the growth of the Malaysian economy throughout the sustainable development plans is the country's small and medium-sized businesses. In the Malaysian economy, the sector of small and medium-sized businesses accounted for almost 40% of GDP. To highlight the contribution of the agricultural sector to the GDP, the growth rate of the national economy, exports, and the trade balance, we will examine the key metrics and growth rates of the small and medium-sized business sectors from 2010 to 2021. To capitalize on all of Malaysia's resources and create industries that support larger industries, the Malaysian government also gave the small and medium-sized business sector some attention in the middle of the 1980s.

It seeks to offer every tool possible to help small and medium-sized businesses, particularly those in the industrial sector, produce goods and products that satisfy the demands of the regional market.

According to Table. (2), which displays the growth rate of small projects and the gross national product for the years 2010–2021, Malaysia also hopes to export technology-based products later on due to the availability of trained workers and the resulting decline in unemployment, as well as the closure of small and medium-sized businesses and the initiatives and programs offered by the Malaysian government through the institutions and organizations set up to provide these projects.

Table (2): Growth rate of small enterprises and GDP in Malaysia for the period 2010 - 2021

Years	Small business growth rate%	GDP growth rate%
2010	8.30	7.40
2011	7.30	5.30
2012	6.00	5.50
2013	6.40	4.70
2014	13.50	6.00
2015	6.10	5.00
2016	5.20	2.20
2017	7.20	5.80
2018	6.20	4.80
2019	5.80	4.30
2020	6.23	5.32
2021	6.44	5.67

Source: Researcher's own work based on World Bank data, Malaysian GDP index for various years.

According to Table (2), the Malaysian small and medium-sized business growth rate was approximately 8.30% in 2010 and 6.44% in 2019. The highest annual growth rate was 13.50% in 2014, and the lowest was 5.20% in 2016. The export-based strategy started in the early 1970s, and it took a while to improve its diversification strategy because the export phase grew quickly between the 1980s and 1990s, reaching a rapid increase in export development to reach the level of development in some developed countries. Malaysia has taken a decisive approach to diversifying its economy.

From a poor agricultural state to one of the most significant and largest exporters of industrial goods and technology in Southeast Asia, Malaysia's experience with partnership and development systems is regarded as one of the key experiences of the country's success in successfully integrating the economies of globalization and the national economy approach.

To absorb the accumulated workforce and reach a certain level of profitability, the Malaysian government granted agricultural land plots to job seekers at the time, marking the beginning of its first experience in partnership. To absorb the entire workforce and meet the required development indicators, this step was insufficient. And it wasn't enough.

At the time, the Malaysian government employed thousands of people who acquired technical expertise by working for private companies, and it gave them tax exemptions for a maximum of ten years. Additionally, it made it possible for international investors to take out loans from domestic banks, which helped eradicate unemployment in Malaysia and raise the average per capita income of Malaysians.

In order to guarantee the success of the partnership contract and to create a stable business environment, the government then gave soft loans to private companies that promised to provide the best possible services. It also established a system of banking and administrative facilities as well as straightforward processes for awarding land for development projects.

4.1 GDP and Per Capita in Iraq:

Even after the economic sanctions against Iraq were lifted, GDP levels rose by 103580331.0 million dinars between 2004 and 2009. The decline in global oil prices brought on by the global financial crisis and the 2014 security crisis, which caused most economic sectors to halt operations (the average per capita share was 743,196 at the time), are the causes of the negative growth rate from 2010 to 2015, which came to -779.9. Economic growth is negatively impacted by the slowdown in the oil sector. Between 2016 and 2021, the GDP and growth rate fluctuated, going from a recovery of any significant increase in oil production to a decline in GDP growth rates as the negative growth rate dropped (-0.891). Expectations from the oil market caused this drop, which in turn caused a drop in worldwide demand and uncertainty regarding the renewal of the OPEC agreement (Central Bank of Iraq, Economic Report (2009-2018).

With a growth rate of 65.405, the gross domestic product increased to 40,893,148.5 in 2022–2023. This increase was brought about by rising global oil prices and gross domestic product quantities, which raised citizens' standards of living as the average per capita share rose to 95.5749. The gross domestic product and average per capita share results show noticeable variations, as shown in table (3).

Table (3): GDP rate and average per capita share for the period in Iraq (2004-2023)

Years	GDP (trillion dinars)	Average GDP per capita	GDP growth rate
2004-2009	103580331.0	3.508،16	-
2010-2015	228036386.6	743،196	-779.9
2016-2021	24723023.2	24.7230	0.891 -
2022-2023	40893148.5	95.5749	65.405

Source: Prepared by the researcher based on:

Ministry of Planning\Directorate of National Accounts\Statistical aggregates for the years (2017\2010\2009).

Ministry of Planning\Preliminary annual estimates of GDP and national income 2017: p. 17.

Central Bank of Iraq for the annual statistical bulletin for multiple years (2004-2023).

4.2 Contribution of Economic Sectors to the GDP in Iraq:

According to Table 4, the average GDP contribution from the oil industry during the 2004–2009 period was approximately 54.16, while the industrial and agricultural sectors contributed 1.78 and 5.63, respectively. This validates the structural disparities in the GDP's economic sectors. Additionally, the average years 2010–2015 indicate that the oil sector's GDP contribution has declined, while the industrial sector, agriculture, and the other sectors have all seen slight increases in GDP contributions.

Table (4): Contribution of economic sectors to the gross domestic product in Iraq for the period (2004-2023) %

Years	Oil sector contribution to GDP	Industry's contribution to GDP	Contribution of agriculture to GDP	Other sectors in GDP
2004-2009	54.16	1.78	5.63	38.68
2010-2015	45.06	2.35	4.26	45.60
2016-2021	42.62	2.19	3.43	59.53
2022-2023	60.71	1.17	3.30	64.75

Source: Prepared by the researcher based on:

- Ministry of Planning\Directorate of National Accounts\Statistical Aggregates for Various Years (2004-2023)
- Central Bank of Iraq for the Annual Statistical Bulletin for Various Years (2004-2023)

The primary and crucial source of funding for the nation's general budget continues to be the oil industry. Since 2004, international funding—represented by international bodies and agencies—has been a significant factor in reconstruction projects and activities. Furthermore, the size of financial allocations in the Iraqi general budget was significantly impacted by the increase in international oil prices as well as the corresponding rise in Iraqi oil production and exports. By 2012, the entire amount of money required for Iraq's reconstruction had come to about 220.2 billion dollars (Matsunaga, 2019). Reconstruction projects, unemployment absorption, the growing phenomenon of financial and administrative corruption in all service and strategic sectors, and the enormous expansion brought about by the massive production of crude oil and its export to finance numerous projects and programs unrelated to any plan or strategy make it impossible to manage the Iraqi economy.

This indicates that Iraq has not been able to compete with its neighbors in carrying out its development plans and programs, even though it has a wealth of human resources. Iraq has risen to the top of the list of nations with the highest levels of corruption since 2004. To ascertain what has been accomplished from the previously established plans and goals, diagnose difficulties and roadblocks, and pinpoint areas of strength, a thorough evaluation of prior development plans and programs was therefore required. The lack of suitable economic policies and the private sector's incapacity to comprehend and assimilate the investment environment and the role that it must play in economic activities prevented the strategic plan (2007–2010) from achieving its stated objectives.

The World Bank's January 2009 poverty reduction strategy aligns with the development plan (2010-2014). The strategy's economic pillars include reaching a natural growth rate of 9.38% for GDP; diversifying the economy and advancing the agricultural, industrial, and tourism sectors; assisting the private sector; establishing development projects to achieve comprehensive development, particularly in rural areas; focusing on developing basic services like health and education to reduce poverty levels by 30% compared to 2007 levels; and targeting vulnerable groups. The plan also placed a strong emphasis on centralizing the management of the Iraqi economy, which further marginalized the private sector's role in comparison to the public sector's increasing prominence as a driving force behind development.

The Iraqi government acknowledged in 2013 that the previous plan (2010-2014) had failed and had not achieved the desired goals. The National Development Plan (2013-2017) was announced with the following goals in mind: ensuring that the oil sector's development management adheres to sustainable development standards in order to protect the rights of present and future generations; improving harmony and consistency among the various branches of the country's economic policy in order to ensure economic stability and sustainable growth; and achieving sustainable growth with an emphasis on equitable wealth distribution among the governorates. The National Development Plan (2018–2022) focused on a number of assumptions, including the need to consider the Stand-By Agreement concluded with the International Monetary Fund (SBA) during the years 2018–2022, the assumption that financial resources are limited and that there is a deficit in implementing and financing planned projects, the growth of practices that impede the development process, particularly the phenomenon of financial and administrative corruption, and the decline in the productivity of investment expenditures in conjunction with the smallness of private investment expenditures. Additionally, the plan called for the adoption of a new labor law that aims to reduce the unemployment rate to approximately 6%.

To strengthen the private sector's position and give it more opportunities to play a part in the development process, this plan called for increasing private sector investment by 38.3% over the course of the year compared to 61% for the public sector. This was especially important given the public sector's decision to halt numerous industrial projects due to a drop in financial revenues.

A 2017 United Nations study in Iraq revealed that approximately 8 million Iraqis fall into the poverty category, and a third of the country's population requires some form of humanitarian assistance. Given that the southern and central governorates rank highest on the list of Iraq's poorest regions with percentages of 33.6% and 15.8%, respectively, it is significant that the system for allocating this wealth has contributed to the rise in the poverty rate.

Table (5): shows the unemployment rate in Iraq for the year (2009-2023)

Years	Unemployment rate
2009-2010	16.7
2011-2015	11.0
2016-2021	14.4
2022-2023	16.2

Source: Researcher's work based on: Ministry of Planning, Central Statistical Agency, and results of the employment and unemployment survey for various years.

5. Discussion of Results:

Malaysia has one of the most successful public-private partnership experiences in the world, and this success is largely due to the country's efforts to execute its economic development plan precisely and openly. Security stability, social cooperation, and Malaysia's reliance on growing manufacturing and technological innovation grounded in sound science are some of the elements that have helped the country achieve an advanced industrial economy.

While the Malaysian services sector contributes the most to the GDP, this has already been accomplished through the stability of the sector's growth rate indicators, particularly the industrial, small, and medium enterprises sectors. Malaysia's economic development experience is based on the expansion of small and medium enterprises through long-term or short-term planning, with the belief that the small and medium enterprise sector is the driving force behind its development. Comparatively, Iraq can adopt Malaysia's plans, which include the following, to better understand how the small business sector contributes to economic development in Malaysia.

Iraq can give local and foreign investors several incentives to encourage and develop investment in all sectors and economic events. These incentives can change between one industry or service, and the country can grant different exemptions for institutions or projects that invest in the industrial sector for each case based on their role in stimulating and developing production.

Countries of the world differ in their financing strategies for the private sector and in the mechanisms, they use to activate and grow this sector to achieve sustainable development. This requires a forward-looking vision that falls under the concept of partnership between the public and private sectors by providing an appropriate investment environment and encouraging innovation and leadership. Through studying the case of Iraq and the circumstances it is going through, a financing vision was proposed to achieve real economic development that saves Iraq from its economic backwardness through specific goals and by using appropriate mechanisms that can be relied upon to achieve the proposed financing vision in order to achieve the main goal, which is to stimulate private sector financing, through several scenarios based on the strategy to develop the private sector, which is:

Scenario 1: Emphasizing the understanding of the private sector by improving the business environment.

By providing accurate information to the government and to stakeholders in the organized and unorganized private sector, as well as simplifying policies, regulations, laws, procedures and instructions to stimulate the private sector and enhance business levels' opportunities to obtain financing.

Scenario 2: Small and Medium Enterprises Development Program and Implementation Structure

By improving the productivity and competitiveness of small and medium enterprises and involving the private sector in the restructuring of public companies through including large companies and small and medium enterprises, the government must take the initiative to implement the private sector development strategy to gradually transform from its real roles (main owner, planner, organizer, investor, producer) to its new roles in developing the private sector.

Scenario 3: Public-Private Partnership (Local Partnership)

This goal is achieved through internal funding sources with the participation of the public and private sectors, or mobilizing savings for productive investment, or developing all sectors of the Iraqi economy through government or private banking financing.

Based on the, the researcher thinks that these situations can improve private sector activation by creating new job opportunities, which supports overall economic growth. Focusing on financing businesses through government-private sector partnerships to improve growth and financing, such as offering tax breaks, financial assistance to businesses involved in projects, setting up investment funds, creating a regulatory framework, and project companies, where the Iraqi government can collaborate with private businesses to carry out major projects like infrastructure because it enables the use of private sector resources to lessen the financial strain on the government.

Authors Declaration:

Conflicts of Interest: None

-We Hereby Confirm That All The Figures and Tables In The Manuscript Are Mine and Ours. Besides, The Figures and Images, which are Not Mine, Have Been Permitted Republication and Attached to The Manuscript.

- Ethical Clearance: The Research Was Approved by The Local Ethical Committee in The University.

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