

<p>تواريخ البحث</p> <p>تاريخ تقديم البحث : 2023/9/17</p> <p>تاريخ قبول البحث: 2023/10/26</p> <p>تاريخ رفع البحث على الموقع: 2023/12/15</p>	<p>The Effectiveness of Strategic Plans for Agricultural Financing in Promoting and Developing The Agricultural Sector in Iraq For The Period (2008-2018)</p>
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Abstract :

The study dealt with the agricultural financing strategy and the extent to which farmers benefit from the agricultural lending process and its effects on the agricultural sector in Iraq, as well as studying and analyzing the most important activities carried out by the Agricultural Cooperative Bank and identifying the most important difficulties facing the process of financing the agricultural sector in Iraq. Hence, the process of the economic revitalization of the most important sectors needs an amendment and development in the systems of the lending process in the Agricultural Bank by studying the reality of agricultural production in Iraq. It is noted that the value of local agricultural production has decreased during the past years, as the value of agricultural production was equivalent to 22% in 2008, while it decreased to 16% in 2018 of the total value of domestic production in Iraq. The Agricultural Bank provided loans worth 259 million Iraqi dinars during the year 2008 for various purposes, including the purchase of agricultural machinery and equipment, etc., while the value of loans amounted to 210 million Iraqi dinars, from which most farmers benefited during the year 2018. This decrease resulted from the economic and environmental conditions that affected the agricultural sector, including The decrease in the water level in the Tigris and Euphrates Rivers. It was noticed that most of the activities of the Agricultural Bank focused on commercial credit by 16.5%, agricultural equipment projects (production requirements) by 17.5% of the total loans provided, and the decrease in the volume of loans allocated for agricultural reclamation, as it decreased to 1.6% of the total loans.

Keywords: agricultural financing strategy, agricultural bank, agricultural loans, agricultural initiative, agricultural output.

فاعلية الخطط الاستراتيجية للتمويل الزراعي في تعزيز وتنمية القطاع الزراعي

في العراق للمدة (2008-2018)

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المستخلص :

تناولت الدراسة استراتيجية التمويل الزراعي ومدى استفادة الفلاحين من عملية الإقراض الزراعي وآثارها في قطاع الزراعة في العراق فضلاً عن دراسة وتحليل أهم النشاطات التي يقوم بها المصرف الزراعي التعاوني، وتحديد أهم الصعوبات التي تواجه عملية تمويل القطاع الزراعي في العراق ، لذلك فإن عملية التنشيط الاقتصادي لأهم القطاعات الرئيسية تستدعي تعديلاً وتطويراً في نظم عملية الإقراض في المصرف الزراعي من خلال دراسة واقع الإنتاج الزراعي في العراق ، ويتم ملاحظة أن قيمة الإنتاج الزراعي المحلي قد انخفضت خلال السنوات الماضية إذ كانت قيمة الإنتاج الزراعي تعادل 22% عام 2008، في حين انخفضت إلى نسبة 16% عام 2018 من إجمالي قيمة الإنتاج المحلي في العراق ، قدم المصرف الزراعي قروضاً بقيمة 259 مليون دينار عراقي خلال العام 2008 متعددة الأغراض منها شراء مكائن وتجهيزات زراعية وغيرها، في حين بلغت قيمة القروض 210 مليون دينار عراقي استفاد منها معظم المزارعين خلال العام 2018 وجاء هذا الانخفاض نتيجة الظروف الاقتصادية والبيئية التي اضررت في قطاع الزراعة ومنها انخفاض منسوب المياه في نهري دجلة والفرات ، وتم ملاحظة أن أغلب نشاطات المصرف الزراعي تركزت باتجاه الائتمان التجاري بنسبة 16.5% ومشاريع التجهيزات الزراعية (مستلزمات الإنتاج) بنسبة 17.5% من إجمالي القروض المقدمة وانخفاض حجم القروض المخصصة للاستصلاح الزراعي فقد تدنت نسبتها إلى 1.6% من إجمالي القروض .

الكلمات المفتاحية : استراتيجية التمويل الزراعي ، المصرف الزراعي ، القروض الزراعية ، المبادرة الزراعية ، الناتج

الزراعي .

Introduction

Strategic plans are important in the success and development of economic sectors and activities. Sectors that have clear strategic plans can face different circumstances. One of the things adopted by the agricultural sector in Iraq is financing plans and strategies for advancing agriculture. Finance is considered an urgent necessity for establishing any economic activity by providing capital and continuing to engage in various activities. Obtaining capital and using it in the agricultural sector to spend on agricultural production and marketing. The farmer needs capital to purchase the productive inputs that help him produce the crops that he intends to produce, and among these productive factors are what is used once, such as seeds, fertilizers, and pesticides, and what is used more than one time, such as earth, machines, animals, etc. In order to carry out agricultural activities and strive to achieve many of the goals sought by the community, such as providing food products to meet the growing needs as a result of the population increase, which is reflected in the increase in consumer demand, and as a result of the structural imbalance that characterizes the Iraqi economy (the weakness of the productive sectors and their lack of diversity) and its dependence on crude oil exports As a major source of revenue and foreign currency in covering the rest of the expenditures, of which import expenditures represent the bulk of it. Therefore, alternative plans must be found that support and activate the rest of the activities and economic sectors, including focusing on the agricultural sector through agricultural loans in order to diversify sources of income and achieve economic growth that contributes to achieving an essential part of economic development plans and strategies in Iraq.

Research importance

The importance of the study stems from shedding light on the agricultural financing strategy through the Agricultural Bank, studying and analyzing the volume of agricultural loans provided to farmers, and showing their impact on the agricultural sector through studying some economic and productivity indicators.

Research problem

The agricultural financing strategy has a fundamental role in the agricultural development process in Iraq. However, the lack of financial resources and liquidity necessary to finance the agricultural sector has led to a lack of development in Iraq's agricultural sector. Based on this, the study attempts to answer the following questions:

1. Does the strategy of bank financing for the agricultural sector impact the cultivated areas, the total agricultural production, and the total agricultural output?
2. What are the main challenges facing the agricultural sector in Iraq from the financing side?

Research objectives

The study aims to demonstrate the role of bank lending granted to the agricultural sector in revitalizing the productive operations of the agricultural sector in Iraq for the period (2008-2018) and to indicate the extent of its contribution to the gross domestic product through:

1. Identifying the activities of the Agricultural Cooperative Bank in terms of the rates of loans granted.
2. Knowing the most important challenges and obstacles facing the financing process.
3. Identify proposals that facilitate the process of borrowing for farmers with the Bank.

Research hypothesis

The study attempts to prove or deny the opinion that is based on the fact that the agricultural financing strategy for granting loans by the Iraqi Agricultural Cooperative Bank does not achieve the required goal to raise the level of agricultural domestic product and develop it.

Research Structure

In order to achieve the objectives of the research, the descriptive analytical approach was used. The study was divided into three sections:

The first section dealt with the theoretical and conceptual framework for the agricultural financing and development strategy.

The second section included agricultural financing and standards for agricultural development in Iraq.

The third section dealt with the challenges facing the process of agricultural financing and ways to address them.

The First Section

The Theoretical and Conceptual Framework for Agricultural Financing Strategy and Agricultural Development Strategy

The agricultural sector in Iraq witnessed a complete and entire collapse in all its joints and components after 2003, such as security and political problems and deliberate neglect by successive governments of this sector, and the transformation of Iraq into a rentier state that relies on oil revenues to cover most of the consumer expenditures for various commodities and items where agricultural commodities constitute is the largest part of it. Also, the agricultural sector was not included in investments for 2008-2018 due to continuous neglect and rampant corruption among state institutions and the need for clear strategies and an economic vision to extract this sector from the deteriorating situation. Therefore, this was reflected in its weak contribution to the gross domestic product, resulting in great economic losses. Hence, supporting and financing this sector represents the cornerstone of the economic development process in Iraq. In the following axes, the agricultural financing process and its role in the development of this important sector will be addressed.

First: The concept of financing:

Finance is defined as "all the procedures and means through which individuals, business institutions, and the state can obtain the necessary capital to feed their productive and non-productive activities, whether from internal or external sources": (Al-Shammari, Hamza, 2015). Also, financing is defined as "providing financial

resources necessary to sustain production processes on time”: (Naji, 2015), these concepts pertain to financing in all its forms, and therefore we will address more precisely financing for the agricultural sector and its impact on agricultural development as follows:

1- Agricultural Finance:

It is one of the branches of agricultural economics that seeks to provide capital and sources of obtaining it for agricultural investment. It also searches for credit institutions that can provide capital to farmers and the foundations adopted by those institutions in borrowing to ensure success in their business, as well as looking at the costs of the borrowing process and its economic effects on farmers or for the economic and agricultural structure in general and various types of loans. The study of agricultural finance aims to analyze the supply and demand sides of the capital required for agricultural production operations. The productive efficiency of the agricultural sector: (Ahmed, 2018). Agricultural financing can be defined as “one of the ways by which the capital needed by the agricultural production process can be collected, such as purchasing or reclaiming land, constructing buildings, purchasing all agricultural inputs, purchasing animals, as well as paying debts for agricultural services provided by others for this activity”: (Badran, 2015,115). Agricultural loans are one of the means through which agricultural producers can obtain the sums of money they need, whether they are to pay consumption or production needs: (Al-Nujaifi and Hammadi 153, 1990), so agricultural lending is part of agricultural financing, as it can be defined as providing funds from From the one who owns it to the one who is good at using it, provided that he returns it after a period, that is, it is borrowing capital to finance agricultural activity. Agricultural lending is an economic process aimed at raising the standard of living of farmers economically and socially by providing loans to them and helping them increase their income from agricultural production, thus increasing their ability to repay their loans. The lending operations should be carried out scientifically, according to a strategic plan compatible with the nature of the economic and social conditions, to avoid damages that may fall on the shoulders of the producer and society: (Abdullah, Mustafa, 1983, 15).

2- The concept of agricultural development:

The development process in its general form "is the renewal of the production process with its material and human aspects in quantity and quality, as well as the state's ability to expand production and productivity growth rates in all economic activities, more than population growth rates, to provide an economic surplus that is reinvested to expand and diversify production capacity and increase its interdependence locally and regionally with an integrated perspective" (Naji, 2015, p. 97). While agricultural development is defined as "part of a broad and comprehensive development process called economic development, which is achieved by making radical changes and transformations in the economic structure and its structural composition with the accompanying

economic and social transformations that contribute to expanding the needs of society and the ability to satisfy its needs with the available resources that lead to achieving economic and social well-being. Thus, agricultural development is "the process of quantitatively and qualitatively improving agricultural production to achieve food security and reduce dependence on imports where this can be achieved by bringing about a technical revolution in the methods and means of production used and bringing about social, cultural and health changes in the rural community in addition to the technical revolution and the use of appropriate technologies": (Rasan, 2011, p. 62).

Second: The Relationship of Financing with Agricultural Development:

Agricultural financing is concerned with the potential of agricultural development. It aims to increase agricultural production, raise the standard of living of individuals, and achieve the effective contribution of agriculture to the development of other economic sectors. That the elements of the adequacy of financing resources and policies of sectoral, geographical, and temporal distribution are among the most important governing factors that affect the results of the work and the role of these institutions in bringing about agricultural development and achieving national and global food security, and that any shortcoming in financing and agricultural lending, whether it is caused by the meager financial allocations available to institutions Official (governmental) lending in the main agricultural countries or because of the lending policy implemented by the institution that does not agree with its role in facing local and global changes. In addition, the reluctance of commercial banks to contribute positively to agricultural financing for fear of the risks surrounding agricultural production operations, all of which will hinder the development process in the agricultural sector: (Arab Organization for Agricultural Development, 11, 2012). Agricultural finance is a basic pillar for developing the agricultural sector and a means of financial support for farmers to bridge the gap between their income and spending. In addition, it represents a strategy for the growth and development of the agricultural sector. Agricultural finance is a method of obtaining and using capital in the agricultural sector. The capital that agriculture needs to be spent on agricultural production and marketing. The farmers usually need capital to purchase the productive factors and tools that help them produce the crops they intend to produce. Among these productive factors are what is used once, such as seeds, fertilizers, and pesticides, and some used several times, such as land, machinery, and animals. The provision of capital to farmers contributes to the mobilization of other production elements within the combination, which leads to the creation and increase of production. When a sufficient amount of capital is available, machinery, equipment, and other fixed assets can be acquired that help raise the efficiency of agricultural work, reduce the necessary effort, raise the productive efficiency of agricultural units, and provide plant and animal commodities at reasonable prices and reduce dependence on importing them from abroad: (Mahdi, 2018, p. 134). Therefore, capital is one of the main determinants of the required development process, as the lack of funds and necessary liquidity reduces productive capacity. Cash and in-kind

capital can be provided to farmers in appropriate amounts and conditions through financing. It is an effective and indispensable tool for the expansion of various economic activities, especially agricultural, because it is one of the important sources of agricultural financing, especially in developing countries that are characterized by weak capital formation in their economies resulting from a declining income in general, with the consequent decrease in the marginal propensity to save, and in general, the importance of financing for agricultural activity can be summarized in the following points: (Al-Mashhadani, 2014, p. 14).

1. Increasing the size of agricultural units and improving agricultural tenure and economic structure.
2. Increasing agricultural resources and raising agricultural development rates.
3. It contributes to diversifying sources of income.
4. Manufacture of agricultural products and agricultural production requirements.
5. Developing agricultural savings through self-financing.
6. Improving marketing services and increasing marketing efficiency.
7. Facing economic conditions and crises.

From this, agricultural financing contributes to providing, attracting, and using the necessary funds for investment in the agricultural sector, which may be in the short and long term. The short-term financing aims to implement productive seasonal operations. In contrast, the long-term financing aims to invest in the necessary infrastructure for the agricultural sector, including land reclamation, building dams and irrigation networks, and financing the equipment and facilities necessary for all stages of the production process, including preparation, sowing, harvesting, marketing, manufacturing, etc. Funding is also an urgent necessity in research and development projects and operations in the field of agriculture: (Arab et al., 2022, p. 8).

Third: Agricultural Financing Strategies:

Nowadays, various sectors are accelerating in developing strategic plans (short-term, medium-term, and long-term) so that the plan developed is appropriate to the nature of its work and its capabilities to ensure the continuity of production. The strategy or plan is defined as "a list of the desired goals to be reached with the allocation of the necessary resources for them and a timetable for their implementation": (Al-Amiri & Al-Ghalibi, 2008, p. 203). The senior management and central authorities in the country generally undertake the comprehensive management of these strategic plans, so it can use the definition of strategy "as the process that consists of a set of steps for analyzing the external and internal environment and defining the mission and objectives for a specific sector." The external environment is represented by analyzing opportunities and threats, while the external environment is represented by analyzing the strengths and weaknesses of a particular sector. Strategies are developed at the level of the organization, departments, and business units that match strengths,

weaknesses, opportunities, and threats, and then implement those strategies and exercise control over them: (Musa Al-Kadhim, 2011, p. 23). The importance and objectives of strategic plans can be clarified in the following points:

1. The importance of strategic plans:

- a. Knowing what is going on in the internal and external environment.
- b. Developing various sectors.
- c. Achieving goals by unifying efforts and visions.
- d. Discover future opportunities.
- e. Improving the overall performance of work and production.

2. Objectives of strategic plans:

- a. Prepare to face the various conditions facing the sectors.
- b. Take important decisions that will improve the reality of the sectors.
- c. Develop plans at various short, medium, and long-term levels.
- d. Increase the effectiveness and efficiency of the business.
- e. Finding measures that fit the size of the business.
- f. Encouraging employees to perform their duties on time.
- g. Optimal use of resources of all kinds.
- h. Using reliable information will improve the reality of the sectors: (Majdoleen, 22, 2017).

The agricultural sector is the same as other sectors; it needs a deep study in order to develop the appropriate strategic plan for it, as it is characterized by volatility and complexity according to the environmental conditions surrounding it, so the countries and concerned authorities must develop policies and procedures that are commensurate with the size of the agricultural sector located in a specific region. Strategic planning provides the general framework that leads to the achievement of integration and consistency between the various goals, rules, and policies in a way that ensures the achievement of those goals and activities. Agricultural issues are characterized by the diversity of their repercussions, so agricultural policies must be characterized by diversity in order for their effectiveness to be high. The strategy is based on two important elements: vision and action, as the vision is an image of the sector in the future, while action or activity is how to transform that vision into an actual reality. Historically, agricultural areas face challenges due to the factors surrounding them, which are characterized by change. In fact, the motive for developing strategic plans in the agricultural sector is economic or sectoral crises or other issues that encourage decisions that would bring about radical changes in this important sector: (Musa Al-Kadhim, 2011, p. 35).

The involvement of the stakeholders in the agricultural sector and farmers in developing strategic plans leads to the success of those plans. Government intervention in the agricultural sector is a must, as it can change laws and policies that would help stakeholders and farmers succeed in their plans. Emphasis must be placed on observing financial goals because they are a very important part of the agricultural sector. Therefore, governments usually provide financial financing of various kinds in order to support the agricultural sector and try to advance it. It is noted that before starting to develop plans, governments, and concerned organizations study the strengths and weaknesses of the agricultural sector. Furthermore, taking advantage of the opportunities that are available and overcoming obstacles at the same time: (Majdoleen, 24, 2017).

Through what has been mentioned, the agricultural financing strategy is a set of plans that are followed to improve the reality of the agricultural sector and thus increase green areas that benefit the environment and increase profits. The idea of the agricultural financing and development strategy can be summarized in the following scheme:

Figure (1) Steps for preparing a strategy for financing and agricultural development.



Source: Mohamed Ramadan and others, strategic management, sustainable agricultural development strategy, general framework. 2010.

From the figure above, four steps are observed to create a strategy that is appropriate to the situation of the agricultural sector, which begins with the following:

Strategic thinking: It is concerned with studying and analyzing a particular region's historical environmental and political factors, benefiting from some countries' experiences, and finally brainstorming ideas and discussing them with stakeholders that would generate many ideas suitable for the agricultural sector.

Strategic planning: It consists of four elements, which are the vision, mission, and strategic goals that are desired to be achieved, and finally, the development of appropriate agricultural programs.

Experimental strategy: It includes putting the strategy into practice to ensure its suitability to reality.

Strategy: After completing the previous steps, the strategy is implemented by putting plans and programs into action, determining the necessary budget for that, and finally monitoring the work to ensure the safety of implementation and the absence of deviations.

3. Objectives of the agricultural financing strategy:

Each strategy has specific objectives, and the agricultural financing strategy has objectives that it would like to achieve, and they can be summarized as follows:

- a. Increasing the necessary financial resources in order to provide support for agricultural development programs.
- b. Achieving the necessary food security for living to keep pace with the population increase and secure the increasing demand for food.
- c. Increasing incomes in all regions, especially rural ones
- d. International expansion by delivering products to other countries
- e. Peasant support
- f. Optimal employment of human, financial, material, and informational resources
- g. Preserving a healthy and livable environment: (Majdoleen, 26, 2017).

The second section

The Reality of Agricultural Financing and Agricultural Development Standards in Iraq

Since the financing process is the main artery that feeds and develops the agricultural sector, and through that process, continuous communication is achieved between the various production and distribution processes for various agricultural commodities. So the study of the reality of financing in this sector and the most important criteria for agricultural development in Iraq is an important step in achieving the development process Economic, and the fact that Iraq is considered one of the best agricultural countries due to the availability of all the ingredients for the success of agriculture in it, so it is necessary to refer to the reality of this important sector.

First: The Agricultural Cooperative Bank (its inception, development of its work)

Most of the bank's financial investments cover the requirements of various agricultural businesses and activities. The remaining part covers industrial projects that some merchants and artisans promote. However, it could not provide adequate services to farmers because of the small amounts allocated to it and the duplication of its functions: (Al-Shibawi, 29, 2017).

1- The establishment of the Iraqi Agricultural Bank

The Agricultural Cooperative Bank is a specialized institution that provides credit facilities to the agricultural sector. The bank was established in 1935 under the Agricultural and Industrial Bank name to finance agricultural and industrial activities. It practiced its actual activity in granting loans in 1946. The Agricultural Cooperative Bank Law No. (111) was issued in 1974, and according to this law, the bank was established under the name of the Agricultural Cooperative Bank, which defined the tasks and objectives of the bank. The Agricultural Bank of Iraq contributed to the launch of loans and the multiplicity of their types and deadlines, as they can be classified according to the purpose for which they were granted. One of the types of loans offered by the bank is investment loans, which are those loans that are given to maximize capital through the purchase of agricultural production requirements or the purchase of land. There are also productive loans that are provided in order to increase agricultural production and vertical and horizontal expansion, in addition to consumer loans, which are those loans that the farmers need to meet their consumption needs inside and outside the home. Loans are classified according to their terms into the following types:

- a. Short-term loans: Their time limit ranges from six months to one or two years and is given to cover seasonal costs such as tillage, seeds, and fertilizers.
- b. Medium-term loans: These are provided within a time limit ranging from six to five years. The aim is to finance breeding projects and produce livestock such as sheep, cows, calves, poultry, and drilling wells.
- c. Long-term loans: They are given to farmers for a period of (5-15) years to implement investment projects such as purchasing agricultural lands and constructing buildings on them.

The main objective of these loans is to make capital available to all workers in this sector and provide job opportunities for them to advance the agricultural reality and support the development process. The process of developing agricultural production and increasing productivity does not depend on providing capital only. However, it requires appropriate means to grant and use loans properly to play its critical role. Agricultural financing in Iraq is characterized by several characteristics and advantages, as the Agricultural Cooperative Bank is described as a government bank that implements government policy in the agricultural sector. Agricultural lending in Iraq is mainly allocated to small farmers (Muhammad, 1985, p. 65).

2- The development of the work of the Agricultural Bank:

The Agricultural Cooperative Bank in Iraq represents the specialized institution responsible for all agricultural financing operations that contribute to providing capital to farmers to help them mobilize other factors of production within the optimal combination, which leads to increased production. Thus, increasing the implementation rates of economic development plans, especially for the agricultural sector. Therefore, when sufficient capital is available, farmers will be able to purchase machinery, equipment, and other fixed assets that help in raising the efficiency of agricultural work, reduce the necessary effort, raise the productive efficiency of agricultural units, and provide agricultural products, both plant, and animal. At reasonable prices and reduce dependence on imports from abroad. Noting the tendency of some specialized agricultural lending institutions to provide commercial credit services and interest in other banking activities to increase and maximize their profits, such as trade in production requirements and the need for more focus when financing activities on the priorities of food security projects. Therefore, the efficiency of such financing institutions in playing a specialized role in agricultural development tends to decline through tracking and analyzing the data contained in Table (1), where the path can be traced in the volume of lending activity of the Agricultural Bank

Table (1)

Agricultural loans granted by the Iraqi Agricultural Cooperative Bank according to the purposes for the period (2008-2018). (Million dinars)

Year	fixtures	Machinery purchase	Livestock	Orchard development	Well-drilling and irrigation	Land Reclamation	Commercial credit	other	Total loans
2008	1411648	0	17329329	9196112	8592727	0	181068808	0	259906273
2009	10621000	49000	37136000	7561067	11602584	9844000	19014016	0	239718288
2010	31920000	6039000	27525000	16247000	24355000	26828000	36744305	0	201998305
2011	61119000	8752000	1592000	11088000	35006000	0	38466716	0	224032716
2012	107909161	10239371	36148179	15288501	121178184	0	38466716	55639110	545281787
2013	74019504	19567761	34505875	20309405	182192805	0	85250201	55639110	554495374
2014	70764528	27606095	46934682	24927757	47233953	0	37960285	55314832	340445923
2015	72621375	19394216	41297427	6722053	18649153	0	15398588	35003699	230478857
2016	64509393	33812827	404359274	8814427	8280400	0	12634370	29541424	221599505
2017	24367465	16208167	47842169	4167276	5635194	0	12603709	11949005	118180558
2018	1969000	1437150	7444716	648234	5544900	0	2341200	0	210058500
Percentage %	17.56	6.02	15.08	3.96	15.25	1.16	16.60	7.97	100

Source: Iraqi Ministry of Planning, Central Statistical Organization, Annual Statistical Abstract, Directorate of Agricultural Statistics (2008-2018).

The researcher calculated the rate of change and the relative importance of loans according to the following equations:

- The rate of change in total loans = $\frac{\text{loan in the current year} - \text{loan in the previous year}}{\text{loan the previous year}} * 100$
- The relative importance of loans = $\frac{\text{Loan by purpose}}{\text{Total loans}} * 100$

Table (1) shows that the general trend of total agricultural loans granted by the Iraqi Agricultural Cooperative Bank decreased from 2008-2018, from 259 billion dinars in 2008 to 210 billion dinars in 2018. Agricultural loans recorded their highest value in 2013, which amounted to 554 billion dinars, and recorded their lowest value in 2017, with an amount of 118 billion dinars. Agricultural equipment loans accounted for the largest percentage, 17.56% of the total value of loans, as it recorded its highest value in 2013 with an amount of 740 billion dinars, while commercial credit loans came in second place with a rate of 16.60% and an amount of 852 billion dinars in 2013. In contrast, Loans provided for well-drilling and irrigation projects occupied the third rank, with a rate of 15.25% and a value of 182 billion dinars, for 2013. Loans provided for livestock projects recorded their highest value in 2016, with a rate of 15.8% and an amount estimated at 404 billion dinars. Therefore, they ranked fourth among the Total loan values provided. The other percentages of the total loan values were distributed to projects for purchasing machinery, developing orchards, reclamation of agricultural lands, and others, in varying proportions according to the needs of the agricultural sector, according to the strategy for developing this sector, and according to the favorable climatic conditions.

Second: The Agricultural Initiative: (objectives, funding policy, indicators)

The agricultural initiative is expressed as taking proactive steps by the government to advance the agricultural situation and the various agricultural, plant, animal, and fish activities by providing the necessary financial allocations the agricultural sector needs. In 2008, the Iraqi government launched multi-purpose agricultural loans through the Higher Committee for the Agricultural Initiative and through cooperation between the Ministry of Agriculture and the Ministry of Finance, represented by the Agricultural Cooperative Bank, by providing cash to farmers through soft loans without interest. It aims to support the agricultural sector in general and enable farmers to cover the costs of agricultural projects. The agricultural initiative includes several goals and some financing policies, which we list as follows:

1. Objectives of the agricultural initiative:

- a. Supplying farmers with improved seeds, fertilizers, and pesticides while ensuring the purchase of farmers' products.
- b. It aims to develop the agricultural reality, move the wheel of the Iraqi economy, and help reduce unemployment rates.
- c. The initiative defines the government's priorities in huge investments in agricultural projects, which include irrigation, drainage, drainage, and salinity eradication projects.

d. Supporting the projects of the Ministry of Water Resources.

e. It aims to work with the contracting system to encourage new farmers by allocating agricultural land within the contract concluded with the government on the condition that it be used exclusively for agricultural production: (Al-Bukhari, 2019, p. 16).

2 . Funding policy according to the agricultural initiative:

Table (2) shows the method of distributing financing allocations according to the amounts spent for the agricultural initiative for 2017-2018 and all loan funds. According to the Iraqi governorates, the total amounts spent on the agricultural initiative during this period amounted to more than 2 trillion Iraqi dinars. The largest share was for the province of Wasit, 20% of the total amounts spent, or about 400 billion Iraqi dinars, an increase from the average amounting to more than 200%, despite the lack of lending in the last two years of the period. This gives an important indication of the importance of allocating funds in a balanced manner throughout the governorates in order to achieve economic growth in all Iraqi governorates through supporting one for the other and achieving the benefit from allocating resources according to the climatic and topographical nature of the governorates and settling various projects away from political bidding and other interests. The Wasit governorate received great support in the wake of 2017 after the end of the recent conflicts and wars to achieve national unity gains, which led to the loss of more than 20% of the agricultural initiative funds with the fall of the western governorates in 2015. The above reasons necessitated reforms in the mechanisms for granting loans according to The governorates and monitoring and reinvesting the amounts collected from the governorate to the same governorate that would stimulate and sustain investment in the governorates with great economic returns and prevent waste in failed investments.

The governorates of Baghdad and Diyala ranked second in the amounts spent, as they amounted to about 200 billion dinars for each governorate, constituting about 10% of the total amounts spent in the studied period. In contrast, the governorates of Kirkuk and Najaf came in last place, constituting about 1.5% and 1.6%, respectively. The year 2011 recorded the highest rate of lending movement, as it amounted to about 500 billion dinars, about 25% of the total amounts spent in the period studied, and then the lending movement of the funds gradually decreased, affected by the financial crisis. The percentage of the amounts disbursed in 2017 reached about 3% of the total, which was negatively reflected in the growth rate of the borrowed amounts, as it amounted to about 0.8%, which is a very low growth rate.

Table (2)

Amounts disbursed to the agricultural initiative according to the geographical area and the number of beneficiaries for the year 2017-2018 (billion Iraqi dinars)

No	Governorate	2017	2018	Total beneficiaries	Total amounts spent	Relative importance %
1	Nineveh	90036618	100239324	11973	190275942	9.3
2	Salahaddin	932200	4688200	10067	157394098	7.7
3	Diyala	10038153	8329385	11050	204068114	10.0
4	Kirkuk	170000	608800	1495	31607709	1.5
5	Baghdad	10157999	8093332	7249	208300696	10.2
6	Babylon	19700854	2466917	5015	127426624	6.2
7	Karbala	16381362	5677363	5344	118194052	5.8
8	Najaf	7023384	1766049	2432	32905506	1.6
9	Qadisiyah	19012954	1806134	4330	101826770	5.0
10	Anbar	208782404.5	210727011.5	20240	419509415	20.5
11	Dhi Qar	9652925	4019975	5166	59820002	2.9
12	Al Muthanna	11220311	8706271	3555	55698732	2.7
13	Maysan	11753404	6647356	5754	76543551	3.7
14	Basra	7767786	1987829	4666	81786582	4.0
15	Wasit	21512173	2315980	9483	181631621	8.9
Total		145323505	57113591	107819	2046989414	100
Relative importance %		7	3	-	100	

Preparing researchers based on the following:

1. Al-Abdali, Saad Najm, Al-Bolani, Iyad Kazem, 2017, The Policy for Financing the Agricultural Initiative in Iraq in 2017, Executive Bodies and Specialized Loan Funds, Journal of Administration and Economics, Issue 110, pp. 6-13

* The researchers calculated the relative importance.

3 . Development indicators for the agricultural sector in Iraq.

A - Production indicator: Plant production is important to the total agricultural production. Iraq produces various types of field agricultural products in different quantities and according to their production season. Vegetable production can be classified into winter and summer crops according to the season. The most important winter crops are wheat and barley, as they are grown in large areas, and the most quantitative products, as the area of the cultivated crops of these two crops exceeds 75% of the total cultivated area. As for the summer crops, rice is one of the important crops in the irrigated region, and tobacco is one of the important cash

crops in the northern region. The area cultivated with summer crops in Iraq is relatively small due to the lack of water in the summer. Although rice is an important food crop, it is still produced on a relatively small scale compared to wheat and barley production (Al-Aqili, 2008, p. 57). The evolution of the value of vegetable production can be illustrated in Table (3), as the value of the gross domestic product amounted to nearly 7 billion dinars. In 2008, plant production contributed by 75.8%, estimated at 6 billion dinars. Then, it began to rise gradually and increase, especially after the launch of the agricultural initiative in 2008, until it reached its peak in 2013 when the contribution of plant production was estimated at 80.4 percent and an amount of 13 billion dinars of the total value of the GDP, which was estimated at 16 billion dinars. These values decreased until 2018, when they recorded 5 billion dinars, or 50.4% of plant production, out of the estimated GDP of 10 billion dinars. The high rates of agricultural production contributing to the GDP are due to the high rainfall rates in that season, as well as security stability and the return of a large part of the agricultural areas to production after it was unstable security and politics. The compound annual growth rate for the period was positive at 3.6%, as shown in Table (3), which confirms the positive impact of the study variables in general and the impact of spending on plant production requirements in particular in achieving structural changes in the agricultural sector and the value of final output in particular.

b- The evolution of the values of animal production and the percentage of their contribution to the values of agricultural and domestic products. Livestock production constitutes an important part of the national agricultural income and is estimated at 45% of the agricultural income. Iraq is one of the countries rich in natural resources for livestock development, but this wealth still needs to be addressed: (Al-Aqili, 2008, p. 56). Livestock is one of the main pillars of the Iraqi agricultural economy, as it is complementary to plant production and a major source in providing the population with materials of high nutritional value, in addition to its adoption in some national industries and providing work for the population: (Al-Saadi, 2010, p. 39). Animal production is of great importance to the Arab countries in general and Iraq in particular, as all countries suffer from a great shortage of animal protein, which is food for individuals. The reason for this is that the demand for animal products exceeded their local production, which led to a gap between the required quantity and the supply of them. The increase in domestic demand is attributed to many factors, including the increase in population growth, the change in consumption patterns, and the increase in the purchasing power of consumers. The average value of animal production was approximately 1 billion dinars as a minimum, at a rate of 24.2% in 2008, and the maximum amount reached 3.2 billion dinars at 40.6% in 2018, at an increasing compound annual growth rate. As for the relative importance, it decreased after 2013 to 9%. This is due to the lack of fodder and nutrition and the spread of many diseases that affect animals, including foot and mouth disease, which was reflected in the decrease in the percentages mentioned in the Iraqi agricultural output. Then, these percentages

began to rise, reaching 40% in 2018 of the total agricultural output values. However, the compound annual growth rate for the study period, in general, was positive as it reached 3.6%, which indicates the positive impact of spending on the requirements of animal production, which was positively reflected in the value of animal production during the study period.

Table (3)

Percentages of the contribution of animal and plant production values to the value of agricultural GDP for the period 2008-2018 (Million dinars)

Year	Agricultural gross domestic product	Plant production	Contribution of plant production %	Animal Production	Contribution of animal production %
2008	7961017	6042017	75.8	1919000	24.2
2009	8861000	6598000	74.4	2263000	25.6
2010	8873000	6220000	70.1	2653000	29.9
2011	12558000	9847000	78.4	2711000	21.6
2012	13405949	10484949	78.2	2921000	21.8
2013	16207856	13045856	80.4	3162000	19.6
2014	16188622	13128622	81	3060000	19
2015	10607000	7542000	71.1	3065000	28.9
2016	10747000	7589000	70.6	3158000	29.4
2017	10087384	6016000	59.6	3489000	40.4
2018	8734000	5192000	59.4	3542000	40.6
Compound growth %	3.6				

Source: Ministry of Planning, Central Bureau of Statistics, Directorate of National Accounts, 2008-2018.

c- **Economic indicator:** the development of the domestic agricultural product and the percentage of its contribution to the gross domestic product.

When following the data of Table (4), we can see the size of the contribution of the domestic agricultural product to the GDP at constant prices, and these percentages are not in a better condition than the previous ones at current prices, as they indicate a clear decline in the percentages of contribution to the GDP. The highest contribution rate to the domestic agricultural product of the GDP was about 9.4% in 2013, while the lowest contribution rate was about 4.30% in 2018, reflecting the agricultural sector's weak infrastructure. Those low percentages of contribution to the GDP are disappointing and do not secure even a small part of the increasing demand for commodities and food products as a result of the increase in the population, in addition to the rise in national income and the average per capita income, which was reflected in the increase in the volume of family spending on food

commodities. Studies indicate that the usual proportions of spending on food in the world do not exceed 7-13% of the amount of income, while the Iraqi per capita expenditure reaches 58.2% of the total income on the purchase of processed and canned foods: (Shehab, 2018, p. 117). It is shown in Table (4).

Table (4)

Domestic agricultural product and percentage contribution to the gross domestic product in Iraq for the period (2008-2018) (million dinars) At constant prices 2007 = 100

Year	Gross domestic product	Agricultural domestic product	Percentage of agricultural product from the gross domestic product %
2008	120,626,517.1	7961017	6.65
2009	124,702,847.9	8861000	7.10
2010	132,687,028.6	8873000	6.68
2011	142,700,217.0	12558000	8.80
2012	162,587,533.1	13405949	8.24
2013	174,990,175.0	16207856	9.26
2014	178,951,406.9	16188622	9.04
2015	183,616,252.1	10607000	5.77
2016	208,932,109.7	10747000	5.14
2017	205,130,066.9	10087384	4.91
2018	202,776,268.9	8734000	4.30
Average	167,062,856.65	11,293,711.63	6.89
Average Iraqi per capita expenditure on food	%58,2	Average per capita expenditure in the world on food	% 13-7

Source:

1. Ministry of Planning, Central Statistical Organization, Directorate of National Accounts, 2008-2018.
2. Ministry of Planning, Central Statistical Organization, Environmental Statistics for Iraq, Agricultural Indicators, Years 2008-2018

d- Resources Index: The reality of the cultivated area in Iraq.

The percentage of arable land in Iraq is (26.2%) of the total area of Iraq, which is equivalent to (44.46) million dunums, but the actual exploitation of it does not exceed (14) million dunums, which is equivalent to 28% of the arable land. At the same time, the area cultivated with grains is estimated at (6.8) million dunums, as an average of the cultivated land area during the study period. As for crops, the size of the area planted with vegetables is (8.3%), oilseeds (1.5%), legumes (0.9%), industrial (0.6%), tubers and onions (1.1%), fodder (4.7%) of the agricultural land area: (Sudani, 2019. 32)

e - Areas cultivated by the irrigation method and areas cultivated by the Demi-method.

The irrigated areas include the central and southern regions of Iraq. They constitute (38.02%) of the usable land area, or about (3.9) million dunums, while the available land area for which the water share is (13.240)

million dunums, and the cultivated area fluctuates from year to year, according to the conditions that control agricultural expansion in irrigated areas. In the center and south of Iraq, two main irrigation methods are used: irrigation and mediated irrigation. Rain-fed agriculture is concentrated primarily in the northern regions, and this type of agriculture is called rain-fed agriculture because it depends on the rain that falls in the winter, as (90%) of the agricultural lands in the northern region depend on the amount of rain falling in the winter. The lands in summer for producing field crops and summer vegetables are exploited by relying on the water available in springs and natural springs.

It appears from the data of Table (5) that the area of cultivated land in Iraq has been continuously shrinking, and this is indicated by the series of study data and for various reasons, as these areas decreased from 14 million dunums in 2008 to 6 million dunums in 2018. This is due to the decrease in the water levels of the two rivers Tigris and Euphrates result from decreased Iraq's share of water releases and cutting off the tributaries that flow into these two rivers from the source countries. In addition to the influence of climatic factors, especially in areas that depend on demi-cultivation from another direction. Moreover, the impact of terrorist operations in the northern and western regions on the displacement of farmers during the period 2014-2017, as shown in Table (5).

Table (5)

The relative importance of the area of land cultivated by the irrigation method and the area cultivated by the Demi-method in Iraq for the period (2008-2018).

Year	The area of cultivated land thousand dunams	Irrigated lands			Demi lands		
		Space thousand dunams	Rate of change	Relative importance %	Space thousand dunams	Rate of change	Relative importance %
2008	14239	8807	4.72	61.85	5432	8.46	38.14
2009	10530	7854	10.82	74.58	2676	-50.73	25.41
2010	12056	7781	9.21	64.54	4275	59.75	35.54
2011	13030	8643	11.07	66.33	4387	2.61	33.66
2012	12748	9000	4.13	70.59	3748	-14.56	29.40
2013	14023	9702	7.81	69.18	4321	15.28	30.81
2014	15525	9610	9.41	61.90	5915	36.88	38.09
2015	6911	4974	4.82	71.97	1937	-67.25	28.02
2016	3844	3922	2.21	58.24	1605	-17.13	41.75
2017	9539	4000	1.98	41.93	5539	245.10	58.06
2018	6268	2699	3.25	43.05	3569	-35.56	56.94
Average		6846	-	62.19	3945	-	38.07
Compound growth			-0.0194			0.0204	

Source: From the researchers' work, based on:

1. Al-Sudani, Mina Youssef Mahawi, 2019. An Economic Analysis of the Factors Affecting the Expansion of Agricultural Lands in Iraq for the Period 1980-2016, Master Thesis, unpublished, Department of Agricultural Economics, College of Agricultural Engineering Sciences - University of Baghdad, p. 72

2. Ministry of Planning, Central Statistical Organization, Environmental Statistics for Iraq, Agricultural Indicators, Years 2008-2018

* The researcher calculated the general average compound growth

* The researcher calculated the annual rate of change based on the following equation = (comparison year - base year) / base year * 100.

By following the data of Table (5), it is clear that the general trend of irrigated and demolished agricultural lands is going downward, as the average period reached about (7.445) million dunums. Also, there is a fluctuation towards a decrease in the irrigated land area, as the total cultivated land reached about (9.702) million dunums in the year (2013) as a maximum. The increase in irrigated land areas in 2013 is due to the support provided by the government through agricultural loans and the government initiative to provide modern irrigation systems. In contrast, the lowest cultivated area was recorded during the study period 2018, which amounted to about (06086) due to lack of rain and agricultural neglect. The demi agricultural areas recorded their lowest level, amounting to (1.605) million / dunums in 2016, due to the displacement of farmers from their areas due to the deterioration of the security situation. In comparison, it recorded an upper limit of (9.551) in 2019 due to the increase in rain and the expansion of agricultural production by farmers with holdings.

f- the development of the workforce in the agricultural sector.

The agricultural sector in Iraq is one of the main sectors in the national economy, as its contribution to the formation of the gross national product represents an advanced position among other sectors if we exclude the oil sector from it. Agriculture also employs an important proportion of the Iraqi workforce, estimated at 28% of the total workforce in the Iraqi economy. Table (6) shows the number of workers employed in the agricultural sector and their percentage of the total workforce.

Table (6)

The total workforce and workforce in the agricultural sector in Iraq for the period (2008-2018) . (million population)

Year	Population	Total workforce	Workforce in the agricultural sector	Percentage of the workforce in the agricultural sector % of the total workforce	Percentage of the workforce in the agricultural sector of total population %
2008	28,385,746	6,954,541	1,691,344	24.3	5.95
2009	28,973,162	7,098,561	1,686,618	23.8	5.82
2010	29,741,976	7,283,181	1,680,958	23.1	5.65
2011	30,725,300	7,599,634	1,715,237	22.6	5.58
2012	31,890,011	7,962,730	1,743,042	21.9	5.46
2013	33,157,050	8,510,817	1,813,655	21.3	5.35
2014	34,411,951	9,082,831	1,891,045	20.8	5.49
2015	35,572,261	9,491,635	1,935,344	20.4	5.44
2016	36,610,632	9,813,997	1,939,246	19.8	5.29
2017	37,552,781	9,800,982	1,890,610	19.3	5.03
2018	38,433,600	10,146,991	1,909,664	18.8	4.96
Average	33,223,133	8,522,354	1,808,796	21.22	5.44
Compound growth rate	1.7	0.39	0.12	*(0.41)	*(0.83)

Source: From the researchers' work, based on:

- Numbers inside brackets represent negative values.

1. <https://data.albankaldawli.org>

It is clear from the data of Table (6) a fluctuation in the workforce in the agricultural sector out of the total labor force in Iraq and out of the total population size. The above data shows that the general trend of the total labor force index is slightly increasing during the study period. The total workforce increased from 6.9 million workers in 2008 to 10.1 million in 2018, with a compound growth rate of 0.39%. In contrast, the agricultural sector's workforce index fluctuated from 1.6 million workers in 2008 to 1.8 million workers in 2018, with a compound growth rate of 0.12%. It is noted that the percentage of the total workforce in the agricultural sector out of the total labor force decreased at a growth rate of (0.41%). The percentage of the workforce in the agricultural sector out of the total population grew negatively over the same period at a compound growth rate of (83%).

The Third Section

Challenges of the Agricultural Financing Process in Iraq and Ways to Address Them.

From studying the reality of the agricultural sector in Iraq and agricultural financing operations, we found that this sector needs major problems at the level of administrative work, negligence, and a clear lack of interest in developing it in terms of the strategies set. In order to put this sector back on the right track, strategic plans must be put in place and mechanisms for a radical change in how investments and financing are distributed. The work mechanisms can be clarified by addressing the main problems and developing successful solutions to them, as follows:

First: the challenges facing agricultural financing in Iraq.

The agricultural financing process in Iraq faces many challenges and obstacles as a developing country. The most prominent feature that characterizes developing countries is the weakness and backwardness of their financial and banking institutions. On the other hand, agricultural activity is fraught with risks due to the nature of agricultural production processes and their exposure to climate change, the environment, and agricultural pests. Therefore, concerted efforts must be made between the state, the bank, and farmers to bear and reduce these risks relatively. Among these challenges are the following:

1- Challenges related to agricultural financing: It is possible to distinguish between two challenges (Rizk, 2022, p. 17).

a. Challenges facing borrowers (farmers): The farmer or farmer faces challenges related to the high cost of bank financing, i.e., loans with high-interest rates determined by this bank on the one hand, and on the other hand, it is related to factors affecting agricultural production such as the rainy season, the irrigation system, or other challenges such as crop damage crops as a result of agricultural pests such as locusts and others, which subsequently affect its ability to fulfill its obligations towards the bank.

b. Challenges facing the lender (The bank granting the financing): The Agricultural Bank faces challenges resulting from multiple reasons. First, the deterioration of economic conditions, the decline in macroeconomic indicators, and the high indebtedness of the private and family sectors lead to high rates of non-performing debts (inability to pay) and low recovery rates or Loan collection. Consequently, the bank's ability to direct financing to agriculture declines. Secondly, the weakness of the guarantees provided to obtain agricultural financing results from functional negligence or weak legal frameworks regulating guarantees and mortgages of fixed and movable assets in exchange for financing. The evaluations of these guarantees also negatively affect the bank's performance and, accordingly, the amount of financing available to the agricultural sector, which leads to a

decrease in its development and growth opportunities. Therefore, it is necessary to conduct accurate feasibility studies for the guarantees provided in exchange for agricultural financing.

2. Natural challenges: They are caused by conditions beyond the control of the farmer, including the decrease in natural resources such as agricultural lands and the decrease in water levels due to the scarcity of rain, especially in the central and southern regions of Iraq, or as a result of the spread of epidemics and diseases. For example, the outbreak of the Corona epidemic led to the emergence of challenges related to the complete and partial closure, which led to the difficulty of farmers' movement and the difficulty of obtaining agricultural production inputs such as seeds and fertilizers due to their high prices, and thus a decrease in the cultivated area with crops, deterioration in productivity and a decrease in the incomes of rural families: (Abdul et al., 2019, p. 337).

3. Challenges result from the practices carried out by workers in the agricultural sector, and this type of challenge can be limited to the following: (Kandour & Abdul Karim, 2022, p. 14).

a. Irrational practices on the part of dealers in various markets, such as the spread of speculation and tax evasion, leads to expanding the scope of informal activities, increasing the size of the informal economy.

b. There are legal challenges facing the development of the agricultural sector in Iraq, represented by the need for more legislative frameworks that can regulate the rules of ownership and tenure. Sometimes some agricultural lands suffer from the fragmentation of ownership and holdings and converting them into small holdings, which weakens the efficiency of agricultural exploitation.

c. Challenges related to the use of modern agricultural technologies.

4. Challenges related to marketing and selling agricultural products and the lack of stimulating price policies to balance supply and demand. Many experiences, including major industrialized countries, prove that subjecting the market to market forces may lead to the shrinkage of the agricultural sector and farmers' fear of being unable to sell their agricultural products.

Second: Plans to address the problems of agricultural financing.

After identifying the challenges and risks facing the agricultural financing process, some solutions must be addressed, even partially, for agricultural lending, including:

1. Decentralizing the activity of agricultural banks while giving more freedom and authority to local branches in the governorates to take initiatives and decisions to improve employee training and business management. Also, better account management using informatics and creating model farm accounts for different products and categories of funded farmers, adopting safer guarantee systems, especially for farmer groups.

- 2- Accelerating the granting of loans, bypassing the bureaucratic procedures that impede the granting of loans, and raising the deadlines set for obtaining them.
3. Increasing the number of equipment loans and for longer periods to adapt to the life of the equipment.
4. Cooperating and coordinating with rural institutions (such as peasant cooperatives) and existing rural savings funds so that they can be allocated to grant loans with a pledge for the crop and recover the amount by deducting it when marketing.

Conclusions and recommendations

First: Conclusions:

1. The weakness of financial and administrative control led to squandering the agricultural initiative loan amounts. It did not achieve the desired goal of developing the agricultural sector due to using the funds for purposes not allocated to them.
2. Lack of clarity of vision in the agricultural financing strategy in Iraq for the period under study due to the variation in the volume of loans granted to the agricultural sector from year to year.
3. Low growth rates of agricultural production, as they were only slightly higher than the population growth rate. The growth rate of plant production is one of the reasons for this decline due to the low growth rates of agricultural loans in general and machinery services loans allocated for agricultural reclamation purposes during the study period.
4. The financial constraint represents a real problem for the development of the agricultural sector, especially since this constraint depends on government support. Among the various forms of support (subsidizing seeds, fertilizers, harvesters, and irrigation systems, providing vaccines and veterinary treatments, purchasing agricultural products from farmers, and providing loans and credit facilities to farmers).
5. The process of agricultural and animal production is a long-term process fraught with risks, and its productivity depends on volatile conditions and factors, especially climatic ones, which require long-term government support.
6. Lack of interest in medium-term loans, despite their importance, with the high-interest rate on loans granted.

Second: Recommendations:

1. Working with a directed credit system that helps farmers with limited incomes and those willing to improve their farms with the guidance and direction of agricultural extension agents. Also, the success of the directed

credit system requires a thorough study of the economic and social conditions of farmers, knowledge of their real needs, and advances to meet these needs.

2. Develop the bank's strategies continuously using the latest methods and means. Furthermore, increasing the capital of the Agricultural Bank because it is one of the necessary goals that must be achieved to push the wheel of agricultural development forward, for its great role in agricultural financing and a major component of the lending policy and has a major role in collecting loans and developing policies.

3. Increasing control and interest in granting agricultural loans by banks, as it was found that a large part of these loans were disbursed in a different direction. It was also noted that these loans were disbursed for projects that did not have a feasibility study in which a technical economic, which led to a waste of money.

4. Giving soft, long-term loans at a low-interest rate to farmers and increasing the effectiveness of the Agricultural Bank by increasing the financial allocations that enable it to fulfill its role, provided that guarantees are available that force farmers to direct these loans towards increasing production in the agricultural sector.

5. Work on financing food industry projects and rural crafts and financing agricultural extension courses to raise farmers' knowledge level.

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