The Economic Reality in Iraq and Its Suitability for Establishing Sovereign Funds

Raed Fadel Jawid

Assistant Professor, Dean of Imam University College / Iraq,
raedraedfadeljawid@gmail.com

Abstract: This research aims to develop a comprehensive research framework for perception and concepts, and enrich the reader and the beneficiary with sufficient information about and reduce knowledge gaps for those wishing to measure what is available and not available from the essential basics. And the requirements for establishing sovereign funds in the Iraqi environment after defining the main variables that directly affect the topic of research, most of the research problem is a problem of weak knowledge necessary to install sovereign funds in Iraq and the extent of its success or the adoption of this idea on the ground, and not knowing what is available from most essential to create the necessary requirements Private banks, investment companies, and insurance companies listed in the Iraq Stock Exchange and a number of university professors at the Imam University College Balad were selected as a research model that is in direct contact with more than other sectors, with the creation of hedge fund requirements and has included a research sample and took from them the key to the tool to collect Data and information, as well as conducting structured interviews with a number of them, were the data that uses statistical software analysis (SPSS), many statistical methods such as arithmetic mean and deviation were used, and the research found a set of results, perhaps most notably that the economic situation For the present Iraqi, it was negatively reflected on the Iraqi investment scene, affecting all the requirements for establishing financial hedge funds, which is the fundamental basis on which all other complementary requirements

Keywords: Establishing Sovereign, Establishing Economic, Sufficient, Information

1. Research Methodology

Research problem

You always hear about the value of the Iraqi dinar against the U.S. dollar and the reason for the depreciation of the dinar against the dollar

Likewise in return for the high value of the Kuwaiti dinar against the U.S. dollar, and this opposite situation encouraged us to search for reasons, so we searched on Arab and international websites for the reasons for the difference in the value of currencies against the U.S dollar, and the result of the research were all similar and multiple causes which is the presence of a sovereign fund in each country which controls the value of the currency and also The economy of the country controls all of this, which prompted us to try to discover these knowledge gaps for sovereign funds and to raise the research problem with the following questions

1- What are sovereign funds and their impact on the country's economy as well as their impact on the value of the country's currency?

2- What is the importance of SWFs in raising the country's economy?

3- Is Iraq a country that has the potential to establish a sovereign fund?

Research objectives

Define the research objectives to clarify the path and translation of the research problem as follows:

1. Knowing the importance of sovereign funds at the level of Iraq in particular and at the level of other countries, which plays an essential role in its economy.

2. Knowing the availability of the basic requirements for establishing sovereign funds in the Iraqi environment.

3. The research aims to clarify the idea of the research problem for the reader, to enrich the reader and the beneficiary with factual information about him.

4. At the end of the research, the success or failure of establishing SWFs should be determined in light of Iraq's economic, financial and security conditions.

Research importance

The following points can illustrate the importance of the research

1. The importance of the research topic, because the sovereign funds are one of the most modern investment means through which profits are largely gained in countries, whether Arab or foreign.

2. Because of the difficulties facing the financial and investment institutions in Iraq, the state is required to reconsider its investment programs and policies and adopt investment methods to keep pace with global changes.

3. Despite the importance of the research topic, it is the scarcity of studies that dealt with this topic in Iraq in particular and in the world in general.

4. The subject of the research study is in line with the need of the state that is directed towards embracing new investment methods from the principle of the importance of the diversity of investments in the Iraqi environment

Research Forms
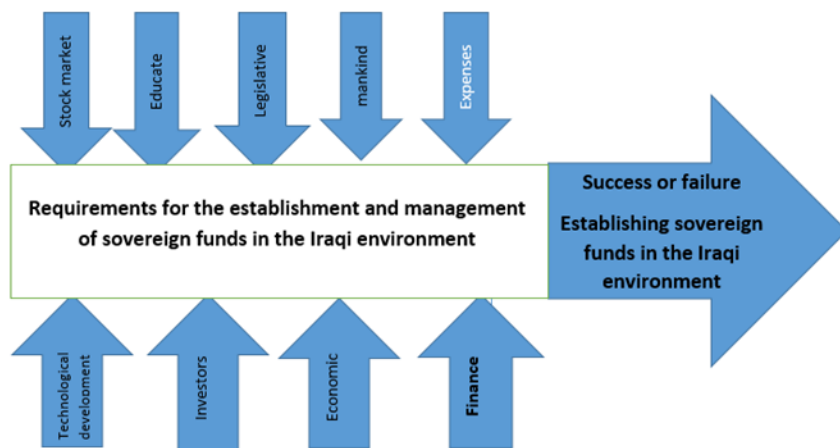
Research hypotheses

Research Model: The ability to establish and manage sovereign funds is available in Iraq.

The following sub-hypotheses are branched from this hypothesis:

1. The first sub-hypothesis: There are financial requirements in Iraq for establishing and managing sovereign funds.

2. The second sub-hypothesis: There are human requirements in Iraq for the establishment and management of sovereign funds.

3. The third sub-hypothesis: In Iraq, there are legislative requirements for the establishment and management of sovereign funds.

4. The fourth sub-hypothesis: Information technology requirements for establishing and managing sovereign funds were crowned in Iraq.

5. The fifth sub-premise: In Iraq, there are requirements to support the stock market to develop and manage sovereign funds.

6. Sixth Hypothesis: In Iraq, there are requirements for an economic environment to establish and manage sovereign funds.

7. The seventh sub-hypothesis: There are requirements in the economic climate for Iraq to establish and manage sovereign funds.

8. Eighth sub-premise: There are educational requirements in Iraq for establishing and managing sovereign funds

2. The curse of research or study

The research sample consists as shown in the following table:

T	Society type	the sample
1	the House of Representatives	28 members
	the provincial councils	18 members

2	Professors	30 professors
	the private banking sector registered in the Securities Commission	50 employees
3	The investment company registered in the Iraq Stock Exchange	15 companies
4	insurance companies registered in the stock market	Five companies

First: The Concept of Technical Analysis

Theoretical aspect

1. The concept of sovereign funds (Minamihashi & Wakamori, 2014: 2)), (Ballew, 2002: 9), (Tiffith, 2007: 500), (Lwaisako, 2010: 349)

The term SWFs was coined in the 1950s to describe any investment fund that uses incentive incentives for a short sale and real leverage. (Jamil, 2016: 3)

The popularity of sovereign funds is accustomed to being less closely associated with other financial instruments. This flexibility allows them to use robust investment tools such as short selling to take advantage of the low share price and leverage from doubling their investments and profits and are organized in the form of partnerships in which membership is limited to a maximum of 499 investors and only Of the approved investors, as specified by the SEC

Certified investors, family offices and institutional investors, such as private banks, pension funds, endowments and insurance, are the ones who invest in it, for fear that young investors will lose their money when investing in sovereign funds.

SWFs are relatively unrestricted investment vessels in what they do unorganized (at the moment) they charge very high fees and will not necessarily give you your money when you want it and usually do not tell you what you are doing from borrowers to earn money all the time and when you fail to do so their investors get their money back and, they go to someone who made money recently (Jamil, 2016: 11)

2. The emergence of sovereign funds: (Bandopadhyaya Grant, 2006: 6), (August & Cohen, 2006: 2), (Fichtner, 2009: 12) (Fieeld, 2014: 12)

Although the sovereign funds did not get much attention from investors except in recent years, it was an essential choice for several other investors and for several decades where (Alfred and Nesloa Jones) was the first interested in the field of its establishment. It is beginning was when he graduated from Harvard University in 1923 A.D The first sovereign fund was created in 1949 A.D. by him, which was based on the idea of having their resident name undervalued (long position) and selling shares that were overvalued (short position) This form of sovereign funds were created in the way of a limited partnership

Jones maintained strategic confidentiality until 1966 A.D. for 17 years of his work, after which Fortune magazine revealed the reason for his success in his article entitled (No one can keep up with Jones) and disclosed the details of his investment strategy, and mentioned in the paper the term (sovereign funds) for the first time To describe the approach that Jones worked on (Jamil, 2016: 21)

After that, these sovereign funds were completed in 1960 A.D., and after its success, he entered into several sovereign funds in these areas until the number reached 200 funds in the United States of America in 1968 A.D.. Still, they did not invest as a result of the decline in the markets in the years 1969 _19970_1973_1974 if they suffered a lot of losses In the year 19980 AD, it was relaunched, and in fact, a new sovereign fund was established, diversifying its strategies and investments, and deviating significantly from its original purpose

3. Characteristics of sovereign funds: (2009: 54, Shadab), (Sklar, 2009,3269), (Jamil, 2016: 13)

SWFs, like any other investment vehicle, have several characteristics that can highlight them:

i)   The fund is a limited partnership and is divided into two parts: general partnership - limited partnership.

ii) Most of the sovereign funds are located in tax havens such as Bermuda - the British Virgin Islands and the Cayman Islands so that these funds can benefit more from the regulation of liberal investment.

iii) The money invested in the sovereign fund is closed for some time and cannot be quickly withdrawn from the investor.

iv)   These funds operate with a high level of leverage to be able to achieve high returns.

v) The marketing of the fund is either prohibited or too restricted.

4. Sovereign Fund Structure and Mechanism: (Jamil, 2016: 22), (Emerson, 2009: 97), (martin, 2014: 93), (Davies, 2008: 5)

Sovereign funds consist of (the general partner) who controls the fund and a group of specific partners who invest in the fund.

We often find that the general partner invests private funds in the fund and when he registers sovereign funds as a limited partnership, the investment advisor can also be the general partner, and there is no need to register the sovereign funds in the Securities and Exchange Commission.

The main track: It is a brokerage firm that holds the fund's assets, waits and provides detailed financial reports to it, and is usually a company in the stock market.

It funds the long-term centres of the fund and distorts the securities to finance its projects with short-term centres and acts as a marketing agent for it and raises the fund's capital by providing its manager to more important brokerage clients and the sovereign fund compensates its brokers based on what it offers to him and may perform some of these services To the occurrence of spacing between the interests of the fund manager and his investors, as is the case when he uses the assets of the fund to pay the costs of services, such as the marketing costs, which promise to benefit the manager in comparison with the investors,

5. Sovereign fund establishment requirements: (Botha, 2005: 7), (Baums & Cahn, 2004: 2), (Heymans, 2005: 10)

There are several requirements for establishing sovereign funds in Iraq:

1) Financial requirements: In order to provide a strong financial platform to support sovereign funds, the Development Fund can collaborate with a long-term savings fund and a pension reserve fund. As all of these funds are directed towards creating long-term value and supporting future generations and pensioners, some of these revenues can be used to invest locally in industries that fit the macroeconomic goals of the Iraqi government, and part of this money can also be used to build a portfolio specifically targeted to support Elderly population

2) Human requirements: Another long-term consideration is the high number of young people in the country. Iraq has a large number of young people, and their average age is 20 years (John Williamson, 2018, 14-16). The country faces high unemployment rates due to lack of development. At the same time, the high average age indicates that Iraq's elderly population will increase in the coming decades. Thus, Iraq faces a macroeconomic challenge and a demographic challenge, by providing employment and development opportunities for today's youth, and providing care and pensions for the elderly in the future. Although the issue of population aging is not urgent, it is essential that it be taken into account and planned for that.

3) The legislative environment: The Iraq Development Fund was established by the Coalition Provisional Authority (P.A.) in the wake of the 2003 events in Iraq and the fund was technically a sovereign fund, as it was different in that its sources were the assets seized and acquired from their previous system accounts (the ruling family account) As well as funds associated with the oil-for-food program After the formation of the Iraqi government in 2006 and the end of the coalition authority, it became necessary to provide the legislative environment for the sovereign fund through legislation in the Iraqi Parliament in this regard (Jawad al-Bakri, 2019, 52).

4) Economic structure: The Iraqi economy suffers from several major issues that make it live in a great deficit against its gross domestic product. As the budget for the year 2020 (before the spread of the Corona epidemic) estimates that the state will achieve revenues of (91,643,667,236,000) Iraqi dinars, or about (91.63) billion dollars, compared to expenditures amounting to (104,158,183,734,000) Iraqi dinars (104,108) billion dollars, the resulting deficit (12,514,516,498,000)) Iraqi dinars (12,514) billion dollars (Mild, 2020, 3). Many of the expenses and the resulting deficit can be attributed to the war against ISIS and the large fluctuations in world oil prices compounding these issues is the Iraqi economy's dependence on hydrocarbons and what this sector is exposed to due to the ongoing political and economic instability. Besides, Iraq has an almost negligible tax system and the remainder of it has faded over the years due to the high income from oil, which limits the revenue sources by more

5) The Stock Market: It is understood that the sovereign funds aim to protect the national economy from market fluctuations and ensure a source future. To create an environment to support the fund it is necessary to provide a stock market that attracts foreign investment and encourages it. The sovereign fund can continue in stocks, foreign bonds, real estate, and an example of this is the Malaysian economy. According to the latest data,

the assets of its sovereign fund are estimated at $ 912 billion, and the fund announced that it had achieved a return on investment in financial markets at a value of (3%) (Abdel Karim Shanjar, 2019, 142).

6) Investors: Focus must be on local investments, as the local sectors in Iraq are in dire need of development, and the lack of knowledge of many Iraqis on the global investment system means that investment will allow making a more informed policy, and since maintaining economic diversity is vital for the Sovereign Fund to avoid crises, it is Investing all money in local markets should be avoided from the start. Instead, the Assembly of Experts should evaluate safe investments and invest in them. Predicting ability and fixed income is a blessing in the long run, and a small amount can be counted and not more than 15% of the amount allocated to families. Foreign Thammarat experiment with higher risk investments, which helps to build local knowledge and expertise and institutional memory depends on how long it takes this almost entirely on how the development process

7) The technological environment: What distinguishes business at present is its reliance on modern technology to fulfil its requirements and this is not far from the success of the sovereign funds as it, in turn, depends on technical and computer development, especially in the transfer of information and communication with the outside world and following the e-government method in facing global consequences, which facilitates the process of interaction with The other funds, in other words, that technology is a tributary element in supporting and assigning sovereign funds technically.

8) Banks: One of the basic requirements for creating a sovereign fund commodity is the presence of a bank or bank that establishes and establishes for this purpose alone because it is a modern institution rather than an existing institution thus this bank can consider employing the best possible options for its board of directors, and experienced technocrats should lead this board In banking in the Iraqi context and the global context Having experience in the Board of Directors towards one sector will not make it able to deal with the other's demands and needs, For example, a board of directors with full experience in global finance will find it challenging to navigate the financial landscape of Iraq, and that is why appealing to Iraqi expatriates may be a viable option (A.A.Hamad Thivagar, 2020)

9) Community culture: It is no secret to anyone the spread of new social concepts that surfaced after 2003 with the openness of Iraq to the outside world, and one of the most important of these concepts is a corruption of all kinds. It is no secret that sin is an essential structural factor that must be addressed As the establishment of the sovereign wealth fund alone is not a solution to fight corruption. However, the sovereign wealth fund can be built to be flexible against corruption by restricting access to its reserves and keeping every withdrawal in a strict account, the sovereign wealth fund can (be an example to be followed), which allows the implementation of anti-corruption policies in other sectors and the different concept is government appointment (job (Through these funds, citizens can be convinced to invest their money through small projects and avoid the request for charges, thus promoting the almost non-existent local reality,

3. The Practical Side

First Introduction: In this chapter, we calculate the value of the mean and the standard deviation for several hypotheses that we have made and based on which we determine whether the Iraqi environment is suitable for establishing sovereign funds or not by distributing a questionnaire as shown in the research sample in the first chapter (methodology),

Second: The results of the questionnaire

1: Financial requirements:

The value of the computational mean for this axis is (2.82), which is the smallest value of the hypothetical arithmetic mean of (3). This means that the sample responses in this axis are directed towards the weak and the very weak, and with a standard deviation (0.98) this axis contains two paragraphs, namely

Paragraph	-0% 20% T	-0% 20% %	-21% 40% T	-21% 40% %	-41% 60% T	-41% 60% %	-61% 80% T	-61% 80% %	-81% 100% T	-81% 100% %	Arithmetic mean	standard deviation
A	9	9.6	1	20.2	25	26.6	2	27.8.7	14	14.9	3.19	1.20
B	19	20.2	30	31.9	25	26.6	10	10.6	10	10.6	2.60	1.23
General proportions											2.82	0.98

We note from the above table that the highest value of the arithmetic mean is obtained by paragraph (a), which stipulates (the availability of sufficient capital for Iraqi financial institutions and companies to establish and manage hedge funds) (3.19) which is greater than the value of the hypothetical mean, that is, the trends of sample responses were Heading towards the good, at a rate of (28.7%), and towards the very good, at a rate of (14.9%), The relevant experts who were interviewed agreed on the saying that the capital is coward and looking for security among it, despite the achievement of the Iraqi financial institutions and private banks a significant annual increase in their money indicated in its yearly reports That the researcher saw, but it is not ka For the establishment of a mutation fund, and this is due to a number of reasons, the most important of which is that immigrant capital is more significant than existing, and governments have not been able to establish a law to attract and several immigrant means, It seems that encouragement is opposite, which does not provide accumulated wealth that can be invested Paragraph (b) (The availability of lending institutions that meet the need when necessary to establish and manage hedge funds) has obtained the lowest value of the mean, which was (2.60) and is smaller than the value of the hypothetical standard, that is, the trends of the sample responses were directed towards the weak, and by (31.9%) And about the very weak, at a rate of (20.2%), and experts' opinions contradicted the extent of Provide institutions for lending, as some asserted their existence and a good percentage in what others stated that there is a significant weakness in the availability of this type of institution A wide range of investments and good reputations have a broader range of borrowers necessarily and vice versa.

2: Human requirements:

The value of the mean for this axis is (3.07), and it is greater than the value of the hypothetical mean of (3) this means that the sample responses in this axis are oriented towards good and very good, and with a standard deviation (0.85), and this axis contains two paragraphs which are:

Paragraphs	-0% 20%		-21% 40%		-41% 60%		-61% 80%		-81% 100%		Arithmetic mean	standard deviation
	T	%	T	%	T	%	T	%	T	%		
A	11	1 1.7	27	2 8.7	30	3 1.9	23	2 4.5	3	3.2	2.79	1.05
B	7.4	7	12	1 2.8	30	3 1.9	31	3 3.0	14 9	14.	3.35	1.11
General proportions											3.07	0.85

We note from the above table that the highest value of the arithmetic circles appeared in paragraph (a) which stated (the availability of accountants who can process complex accounts when creating and managing hedge funds (3.35) which is greater than the value of the hypothetical mean, that is, the trends of sample responses were vector Towards the good, at a rate of (33.0%), and towards the very good, at a rate of (14.9%), In contrast, the lowest value for the arithmetic circles appeared in paragraph (b) (The extent of the ability of Iraqi companies to rehabilitate their owners through Iraqi training companies to establish and manage hedge funds) (2.79) which is smaller From the value of the hypothetical mean, that is, the directions of the sample responses were directed towards the weak And by (28.7%) and towards the most vulnerable, by (11.7%).

3: The Legislative Environment:

The value of the mean for this axis is (2.79), and it is smaller than the value of the hypothetical mean (3). This means that the sample answers in this axis are directed towards the weak and the very weak, and with a standard deviation (0.99), and this axis contains two paragraphs which are

Paragraphs	-0% 20%	-21% 40%	-41% 60%	-61% 80%	-81% 100%	Arithmetic mean	standard deviation

	T	%	T	%	T	%	T	%	T	%		
A	38	40.4	19	20.2	17	18.1	12	12.8	8	8.5	2.29	1.34
B	15	16.0	15	16.0	30	31.9	22	23.4	12	12.8	3.01	1.25
General proportions											2.79	0.99

It is noted from the results in the aforementioned table that the highest value for the arithmetic circles appeared in Paragraph (a), which stipulated (the extent of the possibility of benefiting from the laws, regulations and instructions of countries that are in hedge funds) (3.01) which is greater than the value of the hypothetical medium, that is, the trends of sample duties It was heading towards the good, at a rate of (23.4%), and towards the very good, at a rate of (12.8%) As for Paragraph (b), it got the lowest value for the mathematical community, which states (the extent to which Parliament contributes to establishing laws and procedures for establishing funds and hedging) (2.29) which is smaller than its value The hypothetical mean, that is, the trends of the sample responses were directed towards the weak by (20.2%) and towards the very weak and by (40.4%), these results indicate a fragile confidence in the legislative centers and Iraqi bodies that have a direct link to the enactment of laws and legislations by setting the basic rules for hedge fund development and this is a big problem that exceeds the value of the issues that arise through this study and its treatment needs excellent efforts from these bodies to rebuild Confidence in its efficiency and effectiveness in its legislative role, to say the least.

4: The economic structure:

The mean values for this axis were (3.13), which is greater than the value of the hypothetical mean and (3). This means that the sample responses in this axis are oriented towards good and very good, and with a standard deviation (0.95), This axis contains two paragraphs, namely:

Paragraphs	-0% 20%		-21% 40%		-41% 60%		-61% 80%		-81% 100%		Arithmetic mean	standard deviation
	T	%	T	%	T	%	T	%	T	%		
A	1	1.1	18	19.1	25	26.6	34	36.2	16	17.0	3.49	1.02
B	8	8.5	24	25.5	29	30.9	28	29.8	5	5.3	2.98	1.06
General proportions											3.13	0.95

It is noted from the results in the above table that the value of the arithmetic mean for paragraph (a) (the extent of a real economic need to establish hedge funds in the Iraqi environment) reached (3.49) which is greater than the value of the hypothetical mean and is the highest value of the arithmetic mean, that is, the trends of sample responses were Heading towards the good at a rate of (36.2%) and towards the very good at a rate of (17.0%) while paragraph (b) (the extent of the hedge funds contribution to attracting foreign investors in a way that supports the Iraqi economic situation) the arithmetic mean to them reached (2.98) which is smaller than the average value The hypothesis and the lowest value of the arithmetic mean, that is, that the directions of the sample responses were directed towards a Weak and by (24.5%) and very weak and by (12.8%)

5: The Stock Market:

The value of the mean for this axis is (2.73), and it is smaller than the value of the hypothetical mean and (3), This means that the sample responses in this axis are directed towards the weak and the very weak, and with a standard deviation (0.80), This axis contains several paragraphs, namely

Paragraphs	-0% 20%		-21% 40%		-41% 60%		-61% 80%		-81% 100%		Arithmetic mean	standard deviation
	T	%	T	%	T	%	T	%	T	%		
A	29	30.9	26	27.7	18	19.1	19	20.2	2	2.2	2.35	1.18
B	6	6.4	18	19.1	33	35.1	28	29.8	9	9,6	3.17	1.05
General proportions											2.73	0.80

It is noted from the results in the table as mentioned above that the highest value of the arithmetic circles appeared in paragraph (a) (the extent of the contribution of hedge funds in raising the movement of trading in securities) if it reached (3.17) which is greater than the value of the hypothetical mean, meaning that the directions of the sample answers were vector Towards the good, at a rate of (29.8%) and towards the very good, at a rate of (9.6%), and that the lowest value for mathematical circles appeared in paragraph (b) (the extent to which investors deal with the short-selling strategy and derivatives in the Iraqi Stock Exchange) as it reached (2.35) which is

smaller than the value of the medium The hypothesis, meaning that the trends of the sample responses were directed towards the weak (27.7%) and the very weak (30.9%).

6: Investors:

The value of the mean for this axis is (2.76), and it is smaller than the value of the hypothetical mean and (3). This means that the sample responses in this axis are directed towards the weak and the very weak and with a standard deviation (1.04). This axis contains several paragraphs, namely

Paragraphs	-0% 20%		-21% 40%		-41% 60%		-61% 80%		-81% 100%		Arithmetic mean	standard deviation
	T	%	T	%	T	%	T	%	T	%		
A	7	7.4	27	28.7	32	34.0	13	13.8	15	16.0	3.02	1.17
B	28	29.8	25	26.6	16	17.0	14	14.9	11	11.7	2.52	1.37
General proportions											2.76	1.04

It is noted from the results in the table mentioned above that the highest value for the mathematical community appeared in paragraph (a) (the extent to which investors need hedge funds as a tool to diversify their investment portfolios) as it drew (3.02) which is greater than the value of the hypothetical mean, meaning that the trends of the sample responses were directed towards the good At a rate of (13.8%) and towards the very good, at a rate of (16.0%), and that the lowest value for the mathematical community (the extent to which investors have sufficient knowledge of what the hedge funds are and their importance) reached (2.52), which is smaller than the value of the hypothetical mean, meaning that the directions of the sample responses were directed towards the weak And at the rate of (26.6%) and towards the very guest, by (29.8%)

7: The technological environment:

The value of the mean for this axis is (3.15), which is greater than the value of the hypothetical mean and adult (3). This means that the sample responses to this axis are oriented towards good and very good, and with a standard deviation (0.90) this axis contains several paragraphs, namely

Paragraphs	-0% 20%		-21% 40%		-41% 60%		-61% 80%		-81% 100%		Arithmetic mean	standard deviation
	T	%	T	%	T	%	T	%	T	%		
A	2	2.1	14	14.9	35	37.2	26	27.7	17	18.1	3.45	1.02
B	14	14.9	24	25.5	30	31.9	18	19.1	8	8.5	2.81	1.17
General proportions											3.15	0.90

It is noted from the results in the table above that the highest value of the arithmetic circles appeared in paragraph (a) (the availability of advanced computers to work on corporate databases, including what supports the creation and management of hedge funds) as it reached 3.45)) is greater than the value of the hypothetical mean, that is, the trends The sample's answers were directed toward the good at a rate of (27.7%) and towards the very good at a rate of (18.1% 9) and that the lowest value for the arithmetic circles appeared in paragraph (b) (the extent to which companies in the Iraqi environment can update their databases to serve the establishment and management of hedge funds) It reached (2.81), which is smaller than the value of the hypothetical mean, meaning that the directions of the sample responses were directed towards the weak and by proportions (25.5%) and towards the very weak, at a rate of (14.9%). Through interviews with several managers, whether in Iraqi banks or financial institutions, they agreed that technology is available to them, and if it is not entirely similar to what is available to many developed countries, it does not fulfil the purpose and is not considered, The difference is vast between the technology used in Iraq today and other countries, which means that the technology does not constitute an obstacle to Iraqi banks and institutions if they sought to establish a hedge fund.

8: Banks:

The value of the mean for this axis is (2.77), which is smaller than the value of the hypothetical mean and (3). This means that the answers to the sample in this axis are directed towards the very weak and with a standard deviation (1.01).

Paragraphs	-0% 20%		-21% 40%		-41% 60%		-61% 80%		-81% 100%		Arithmetic mean	standard deviation
	T	%	T	%	T	%	T	%	T	%		
A	28	29.8	20	21.3	22	23.4	14	14.9	10	10.6	2.55	1.34
B	3	3.2	29	30.9	26	27.7	24	25.5	12	12.8	3.14	1.09
General proportions											2.77	1.01

It is noted from the results in the male table that we have the highest value of the arithmetic circles shown in paragraph (a) (the extent of the Iraqi environment banks dealing with the Iraqi stock market) as it reached (3.14) which is greater than the value of the hypothetical mean, that is, the directions of the sample responses were directed towards The good (25.5%) and about the very good (12.8%) and that the lowest value for the arithmetic circles appeared (the extent to which banks in the Iraqi environment could lend to hedge funds) as it reached (2.55) which is smaller than the value of the hypothetical mean, meaning that the directions of the sample responses were vector Towards the weak by (21.3%) and towards the most vulnerable (29.8%)

Third: the study hypothesis test:

For testing study orders, the following sample test will be used, and the mean will be compared to the hypothetical standard for each axis. Suppose the arithmetic mean value is greater than the hypothetical. In that case, standard this means that the spirits are in the positive direction, but if the arithmetic mean is smaller than the theoretical norm, this means that the shades have a negative tendency. Since the scale is in terms of periods (100-0), then we will use the totals for the axes, and the results are as follows:

1) To test the first hypothesis (requires in Iraq the financial requirements for establishing and managing sovereign funds).

As the T-computed value is smaller than the tabular value at the significance level, this means that there are no significant differences for the axis of financial requirements.

2) To test the second hypothesis (human requirements for the establishment and management of SWFs are met in Iraq)

The calculated T value is smaller than its tabular value, which means that there are no significant differences in the axis of human requirements.

3) To test the third hypothesis (there are human requirements for the establishment and management of SWFs in Iraq).

As the calculated T value reached more than the tabular value, this means that there are significant differences for the axis of the legislative environment. The amount of the arithmetic mean is smaller than the value of the hypothetical mean, and this means that the hypothesis in favour of the hypothetical medium, which is not available in Iraq, the legislative requirements for the establishment and management of sovereign funds.

4) To test the fourth hypothesis (the economic environment requirements for establishing and managing SWFs)

The T-value has reached smaller than the tabular value, which means that there are no significant differences for the axis of the economic environment.

5) To test the fifth hypothesis (the stock market requirements are available in Iraq for the establishment and management of sovereign funds

As the T value reached more than the tabular value, this means that there are significant differences for the axis of the stock market, and the amount of the arithmetic mean smaller than the value of the hypothetical medium, and this means that the moral is in favour of the hypothetical medium, that is, there are no requirements in Iraq to establish and manage sovereign funds.

6) To test the sixth hypothesis: "There are investors in Iraq that are suitable for establishing and managing sovereign funds."

As the T value reached more than the tabular value, this means that there are significant differences for the axis of the investors. The amount of the arithmetic mean she is smaller than the value of the hypothetical mean, and this means that the moral is in favour of the hypothetical medium, and this means that investors are not available in Iraq to suit the establishment and management of sovereign funds.

7) To test the seventh hypothesis: (Information technology requirements for establishing and managing sovereign funds are available in Iraq)

As the calculated T value was smaller than its tabular value, this means that there are no significant differences for the axis of the technological environment.

8) To test the eighth heavy hypothesis (banks in Iraq have the requirements to establish and manage sovereign funds).

As the value of the T-value was calculated greater than its tabular value, this means that there are significant differences for the axis of the banks, and the amount of the arithmetic mean smaller than the value of the hypothetical mean, and this means that the moral is in favour of the hypothetical medium, that is, there are no requirements for banks in Iraq to establish and manage sovereign funds.

From the above results, and by entering that data into the win QSB program, we find the requirements for establishing sovereign funds in Iraq at a rate of 20%, and by this, we can say.

(That the Iraqi environment is not suitable for establishing and managing sovereign funds in Iraq)

4. Conclusions and proposals

First: preamble

This chapter contains the most important conclusions that we reached from our research, as well as the most important recommendations and proposals that we recommend being necessary to establish sovereign funds in Iraq.

4. Conclusions

Among the most important conclusions reached by researchers are:

1-With regard to financial requirements, it was found that the capital of financial institutions and banks was not sufficiently reliable to adopt and establish sovereign funds, due to a large number of immigrant money, which is one of the main reasons for the lack of money and saying, and (money is coward) confirming that the establishment of projects, investment needs a secure environment, politically and economically, and there is no way to risk what is available from it otherwise.

2-Although a study showed that there was a general weakness in all requirements for establishing sovereign funds in the Iraqi environment, the banking sector is the closest to achieving this from the insurance and investment companies sectors if other requirements are met, as it has achieved the first position in terms of volume and daily circulation, outperforming So on all other sectors,

3- Weak administrative experiences capable of adopting the administrative work assigned to the sovereign funds due to the lack of dealing with the investment of private banks and insurance and investment companies with the sovereign funds in other countries as well as the lack of material capabilities that must be provided to develop the knowledge base for these administrative experiences.

4-The Iraqi market for securities indicated a weak and significant decline in the last two years compared to previous years, affected by the current political, economic and financial reality of the country, which prompted a large number of investors not to cooperate with it, which in turn led to a deterioration of the market value directly in the stock prices and a large decrease in movement Trading

5-The current economic situation hurts the Iraqi investment scene, affecting all requirements. The establishment of sovereign funds. The economy is a fundamental pillar on which all other conditions are based, complementary. Without a significant economy, there is no strong, effective investment, and talk becomes unsuccessful about any axis or other requirement.

5. Recommendations

Among the most prominent proposals or matters recommended by researchers:

1-Improving the security and economic situation by the concerned authorities through changing the plans and strategies associated with them, and no investment project can continue under the negative effects that the current country's situation generates.

2- Activating the role of training courses in setting the knowledge framework for public owners of banks and financial institutions and benefiting from training grants launched by international organizations supported by donor countries, because of its importance to provide the trainee with valuable information on the subject of research and benefit from these angels to establish similar courses for them in Inside Iraq

3-Activating the role of higher education and scientific research by including it in the basic concepts related to sovereign funds within the curricula prescribed in the academic stages of Iraqi universities and institutes.

4- The need to go towards enacting laws and legislations that would contribute to the establishment of sadistic funds in the future, the Iraqi environment, and that is the responsibility of the Supreme Legislative Authority, the Securities Commission, and the Investment Authority, and issuing regulations and instructions governing the operation of the funds.

5-The need for government policy, as well as for the central bank's policy, to be geared towards reducing immigrant capital and encouraging free-market economies

6- Activating the Iraqi market for securities more and increasing its effectiveness and efficiency from encouraging investors to enter in it from foreigners and Arabs and making a comparison between it and the developed markets and analyzing the gaps between them and working on expanding its system of use with financial tools, and this is linked after work with the recommendation of the first research.

References

1. Aidoo, W. (2019). "The impact of access to credit on process innovation", Heritage and Sustainable Development, vol.1, no.2, pp. 48-63.
2. August, J. D., & Cohen, L. (2006). Hedge Funds-Structure, Regulation, and Tax Implications: Part I. Structure and Regulation. BUSINESS ENTITIES, vol.8, no.4,p 14.
3. Baums, Theodor & Cohn, Andreas. (, 2004). Legal Aspects Of German Hedge Fund Structures, Institute For Law And Finance, Working Paper, vol.1, No.12,pp.4-60.
4. Abdulsattar Abdullah Hamad, Ahmed S. Al-Obeid,a and Enas H. Al-Taiy et al ,"Synchronization Phenomena Investigation of a New Nonlinear Dynamical System 4D by Gardano's and Lyapunov's Methods," Computers, Materials & Continua, Vol.66, No.3, pp.3311-3327, 2020.
5. Duraković B. and Cosic. A. (2019). "Impact of quality and innovation strategies on business performance of Bosnian B2B and B2C companies", Sustainable Engineering and Innovation, vol.1, no.1, pp. 24-42
6. Heymans, A. (2005). The day-of-the-week effect as a risk for hedge fund managers (Doctoral dissertation, North-West University).
7. Shadab, Houman B. (2009). The Law And Economics Of Hedge Funds: Financial Innovation and Investor Protection, Berkeley Business Law Journal, vol.6, no.2, pp.7-240
8. Shingar, d. Abdul Karim Jaber Shingar. (, 2019). International Finance (modern entrance), 1th ed, Dar Al-Safa for Publishing and Distribution, Amman. p.142.
9. Thivagar, L. M., Hamad, A. A., & Ahmed, S. G. (2020). Conforming Dynamics in the Metric
10. Spaces. J. Inf. Sci. Eng., Vol.36, no.2, pp. 279-291
11. Thivagar, M. L., & Abdullah Hamad, A. (2020) a theoretical implementation for a Proposed Hyper-Complex Chaotic System. Journal of Intelligent & Fuzzy Systems, vol. 38, no. 3, pp 2585-2595
12. Thivagar, M. L., & Hamad, A. A. (2019). Topological geometry analysis for complex dynamic systems based on adaptive control method. Periodicals of Engineering and Natural Sciences, Vol.7, no, 3, pp.1345-1353.
13. Thivagar, M. L., Ahmed, M. A., Ramesh, V., & Hamad, A. A. (2020). Impact of non-linear electronic circuits and switch of chaotic dynamics. Periodicals of Engineering and Natural Sciences, Vol.7, no.4, pp. 2070-2091
14. Tiffith, L. (2006). Hedge Fund Regulation: What the FSA Is Doing Right and Why the SEC Should Follow the FSA's Lead. Nw. J. Int'l L. & Bus., vol. 27, no.2, pp. 497.,
15. Williamson, John Williamson, Overcoming Dimensions of Reform. (2018). Journal of Finance and Development, vol.18, no.52, pp. 14-16.
16. Sklar, R. (2008). Hedges or thickets: Protecting investors from hedge fund managers' conflicts of interest. Fordham L. Rev., vol.77, no.6, pp. 32-51.