



Financial Legal Legislation and the Role of Good Governance in Enhancing Economic Security and Combating Financial and Administrative Corruption in Iraq

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Abstract:

Financial legal legislation constitutes a fundamental pillar of a state's economic structure, given its essential role in regulating resources, controlling public expenditure, and ensuring justice and transparency. In light of the economic and administrative challenges currently facing Iraq, the importance of good governance emerges as an effective means to strengthen accountability, efficiency, and the rule of law.

Good governance helps reduce financial and administrative corruption and supports economic stability through clear legislation and strong institutional frameworks. Such objectives, however, cannot be achieved without a comprehensive financial legislative system capable of keeping pace with ongoing transformations, closing corruption channels, and reinforcing public trust.

This study aims to examine the relationship between financial legislation and the principles of good governance, and their impact on combating corruption and promoting economic security in Iraq, by analyzing existing legal and administrative realities and presenting reform recommendations.

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Introduction

Corruption, in all its dimensions, is one of the most serious threats to the efficiency of administrative institutions at both the central and local levels. Its negative repercussions directly affect citizens' daily lives and local development, while also undermining the quality of public services provided to the population. The widespread prevalence of corruption has generated significant distortions in the developmental process across various economic and social sectors, leading to an environment that is unattractive to investment, particularly in the absence of transparency and democratic governance within local institutions.

In response to these challenges, Algeria has sought to adopt a comprehensive strategy grounded in the principles of good governance to combat corruption and restore the effectiveness of local councils, which is achieved by institutionalizing transparency and accountability as fundamental governance values. The importance of this study lies in highlighting the role of good governance in reinforcing the rule of law and combating corruption, with special emphasis on the contribution of local entities—chiefly regional groups—in operationalizing these mechanisms.

The central research problem concerns the extent to which Algerian legal provisions effectively regulate good governance as an instrument for combating local corruption. The study adopts a descriptive-analytical methodology to examine relevant legal frameworks and administrative practices. It is guided by several key questions, most notably: *How can good governance contribute to the administrative reform process?* and *In what ways can the principles of governance be activated at the regional level to help reduce corruption?*

From these questions, two fundamental hypotheses are proposed:

1. Good governance constitutes a modern concept aimed at integrating systems of government and promoting sustainable development.
2. The effective implementation of good governance in all its dimensions is a prerequisite for the success of any developmental process, whether at the local or national level.

Accordingly, this study addresses the topic by analyzing the concept and its components and by discussing both its theoretical and practical dimensions, thereby contributing to a comprehensive understanding of how good governance can be activated as a framework for administrative reform and anti-corruption efforts.

Section One: The Concept and Components of Good Governance

Good governance is a recognized concept in modern global politics and refers to the set of practices aimed at improving the efficiency and effectiveness of institutions in achieving their objectives. It is grounded in the principles of transparency, accountability, participation, and justice—concepts that ensure the sustainable and purposeful use of available resources in service of the public interest. Although the notion of *good governance* has deep historical roots in Islamic civilization, its modern formulation as a distinct concept has been defined in multiple ways, particularly by the international community. Through its various institutions, this community has sought to establish governance systems characterized by the principles of good governance across all nations of the world.¹

First Requirement: Definition of Good Governance

Good governance is a fundamental concept in administrative reform and governance studies, given its vital role in managing public resources efficiently and transparently, achieving sustainable development, and combating corruption. This concept is particularly significant in countries suffering from weaknesses in administrative and financial performance, such as Iraq, where good governance has become a necessity for strengthening economic security and reducing corruption. This section examines the definition of good governance both linguistically and terminologically, emphasizing its dimensions and its role in promoting state stability. It is divided into two parts: the first presents the linguistic definition of the term. At the same time, the second explains its terminological meaning and its practical applications in Iraq, especially in combating financial and administrative corruption. The International Institute of Administrative Sciences

¹ Rabeji, L., *et al.* (n.d.). *Good Governance and Its Role in Achieving Sustainable Development in Algeria*. *Journal of Legal and Political Sciences*, (17), 497.

(IIAS) defines good governance as “the process through which members of society exercise authority, governance, and political influence over decisions that concern public, economic, and social life.”²

Subsection One: The Concept of Good Governance — Linguistic and Terminological Perspectives

Linguistically, the term *administration* derives from the Arabic root of the verb “*adara*”, which denotes organizing, directing, and supervising resources to achieve specific objectives. The adjective “*rashida*” literally means wisdom, sound judgment, and the ability to act prudently and avoid error. Accordingly, the expression “*good governance*” or “*sound administration*” refers to the practice of management characterized by efficiency, justice, and transparency in pursuit of the public interest and the reinforcement of effective governance. Terminologically, the concept of administration has evolved to encompass the processes of planning, organizing, controlling, and leading, to accomplish objectives with minimal effort, cost, and time—definitions advanced by scholars such as Taylor, Holt, Weihrich, and Koontz. The term *good governance* has been used since the thirteenth century to denote the rational and balanced management of resources, referring to a system of governance that ensures fairness, precision, and integrity in administrative performance. It reflects a model of governance based on transparency and accountability, applicable at both the state and the public and private institution levels.

Subsection Two: Technical Definitions of Good Governance

The technical definitions of *good governance* have varied across institutions and contexts. The World Bank defines it as “the manner in which governance is exercised in the management of a country’s economic and resource affairs.” The Cotonou Agreement describes it as “the transparent and accountable management of resources for equitable and sustainable development within an environment that respects human rights and democracy.” Meanwhile, the Arab Human Development Report (2002) associates good governance with a system of rule that safeguards human welfare, broadens individuals’ choices and opportunities, and ensures fair representation for all segments of society. From these definitions, it can be inferred that the concept of good governance operates on two interconnected levels, including the cognitive level, which emphasizes values such as justice, human rights, and resistance to tyranny and corruption and the institutional level, which requires the existence of legitimate institutions exercising authority within democratic legal frameworks—free from coups or concentration of power—and grounded in fair elections and balanced separation of powers.³

Second Requirement: The Pillars of Good Governance

Subsection One: The Fundamental Pillars of Good Governance

Good governance is built upon a set of essential pillars that constitute its conceptual and practical foundation, enabling it to achieve its developmental and reform-oriented objectives. Among the most significant of these components are the following:

1. **Rule of Law:** Respect for and application of the law to all individuals without exception represents one of the most essential principles of good governance. All state institutions and authorities must operate within the framework of constitutional legitimacy, grounded in the principles of separation of powers, judicial independence, and effective oversight mechanisms. The absence of a fair and functional legal framework inevitably leads to the spread of corruption and the obstruction of development.
2. **Strategic Vision:** This principle is founded on long-term planning to achieve qualitative development through effective partnerships between the state and the private sector. It emphasizes the optimal

² Hamidani, A., *et al.* (n.d.). *Institutionalizing Good Governance at the Level of Local Communities and Its Role in Economic Development*. *Journal of Legal and Social Sciences*, (9), 239. Ziane Achour University of Djelfa.

³ Harzallah, M. A. (2020, February 2). *Good Governance: Features in Knowledge and Practice*. Retrieved January 20, 2021, from <https://www.aljazeera.net>

utilization of resources in developmental projects that meet societal needs, promote human development, and address emerging future challenges.

3. **Combating Corruption and Moral Degradation:** Good governance contributes to the consolidation of ethical conduct and to the establishment of institutional oversight mechanisms to detect and address corruption. It also seeks to disseminate the values of transparency, strengthen the role of civil society, and instill the principles of professional discipline, all of which represent integral components of modern governance frameworks.
4. **Efficiency and Effectiveness:** These principles refer to the optimal use and direction of available resources to serve citizens through programs and projects responsive to their needs. They also enhance the capacity to harness local potential and human resources to achieve sustainable development and improve the quality of public services.

Subsection Two: Participation and Decentralization as Pillars of Good Governance

Public Participation:

Citizens can participate in decision-making in two ways: directly through participatory democracy and indirectly through elected institutions, which makes participation a prominent principle of good governance. Assuming the right to free speech and association is preserved, such engagement helps build confidence between the state and its inhabitants.

Strengthening Decentralization:

A key component in bolstering local communities' sovereignty and improving the efficacy of administrative performance and local development is decentralization. It facilitates decision-making at more localized levels, bringing power closer to the people. This method helps keep the political system stable and encourages better monitoring and assessment of public initiatives, especially at the regional and municipal levels.

Section Two: The Dimensions and Stakeholders of Good Governance

A complete picture of the governance framework can be painted by considering the many interconnected and interacting characteristics that make up good governance. The four dimensions—political, economic, technical, and administrative—correspond to different domains. From a different angle, good governance also requires diverse stakeholders working together to create a unified system that enables the government to accomplish its goals. Neglecting any one of these components leads to a structural imbalance within the governance system, which in turn creates fertile ground for social discontent, economic failure, or developmental stagnation; no stakeholder is more important than any other. A prosperous and stable governance system relies on the interconnectedness of the elements and stakeholders of good governance, which are discussed in this section.⁴

First Requirement: The Dimensions of Good Governance

Good governance rests on four primary dimensions: the political, economic, technical, and administrative, as well as the human dimensions. Each of these dimensions contributes to shaping an integrated framework for governance, as explained in greater detail below:

1. The Political Dimension:

This facet seeks to strengthen democratic values by ensuring compliance with national legislation and international accords that guarantee rights and freedoms. Free and fair elections, greater public engagement, and strengthened roles for the press and civil society are all manifestations of this. By

⁴ Ben Marzouk, A. (n.d.). *Good Governance: Between Its Foundational Components and Core Dimensions*. *Journal of Political and Administrative Research*, Faculty of Law, University of Djelfa, (3), 151.

reiterating the state's legitimacy as an authentic representation of its citizens, the idea of good governance has broadened since the early 1990s to include the promotion of democracy and public engagement.⁵

2. The Economic Dimension:

The economic dimension of good governance refers to the state's adoption of an equitable economic policy grounded in the efficient utilization of national resources through the best possible means, at the lowest cost and within the shortest time frame. It also requires selecting highly qualified personnel capable of implementing optimal development projects, while avoiding reliance on individuals driven by political influence or vested interests. Such reliance has a significant adverse impact on project quality and performance, leading to negative consequences, including the erosion of prudence and rationality in economic management.⁶

3. The Administrative and Technical Dimension:

This dimension is linked to the efficiency of public administration and the quality of its performance. It encompasses the development of the administrative apparatus, the improvement of workflow within public institutions, and the modernization of laws to serve the objectives of public service. This dimension also emphasizes transparency in human resource management and the promotion of professional and legal compliance to ensure administrative effectiveness and the application of the principles of administrative democracy.

Second Requirement: The Stakeholders of Good Governance

The stakeholders of good governance form an inseparable circle, consisting of interdependent parts that cannot function in isolation. Good governance is realized only through the cooperation and inclusion of all its key actors in achieving development objectives. These principal stakeholders are the state, civil society, and the private sector.

1. The State:

The state plays a central role in advancing good governance by ensuring equal opportunities for citizens across the economic, social, and political spheres and by implementing decentralization to meet their needs, which requires a balanced distribution of powers within the state, consistent with the principle of the separation of powers as emphasized by Montesquieu, to guarantee political legitimacy and protect rights and freedoms.

Furthermore, the state's effectiveness in promoting good governance depends on building trust between government and citizens, enhancing accountability, responding to pressures from major global actors, and creating a competitive environment that meets the demands of the private sector.⁷

2. Civil Society:

Civil society is a key partner in advancing good governance by continuously engaging with the state to realize sustainable development, combat poverty, and support vulnerable groups. This role is grounded in essential principles, including voluntarism, institutionalization, independence, and a strong commitment to human rights and community participation.⁸

⁵ Baliya, A. (n.d.). *Previous reference*, p. 8.

⁶ Ben Marzouk, A. (n.d.). *Good Governance: Between Its Foundational Components and Core Dimensions*. *Journal of Political and Administrative Research*, Faculty of Law, University of Djelfa, (3), 151.

⁷ Taibi, A. (n.d.). *Good Governance in Algeria*. *Haqaiq Journal of Psychological and Social Studies*, (10), 233.

⁸ Al-Wafi, S. (2015). *The Municipal System in Algerian Legislation in Light of Law No. 10/11*. Al-Huda Publishing and Printing House, Algeria, p. 17.

3. The Private Sector:

Employment, improved living conditions, and development initiatives in areas such as banking, trade, and industry are ways the private sector contributes to economic growth. It helps pay for loans and services and fund social projects. Sustainable development, open and competitive markets, increased investment, and a firm will to uphold the rule of law are all necessary ingredients for effective economic leadership.⁹

Conclusion

Improving economic security and fighting financial and administrative corruption in Iraq are both greatly aided by sound financial and legal regulations and a strong government. To ensure the stability of the national economy and reduce financial infractions, it is crucial to establish a strong financial system grounded in openness and responsibility. Furthermore, sound government is the primary guarantee of the equitable and efficient execution of these laws, which, in turn, fosters confidence in government agencies and attracts investors. To fight financial and administrative corruption, Iraq must, like many other nations with similar economic and administrative challenges, continually improve its regulatory and legal frameworks by enforcing existing laws, strengthening and making more independent monitoring organizations, and encouraging a culture of honesty and openness across all governmental institutions. Effective law enforcement and long-term economic growth are prerequisites for good governance, which, in turn, requires a sincere will to change and concerted action by the legislative, executive, and judicial branches.

Results

1. Because it helps regulate public spending and income processes and ensure their proper use, financial legislation is a crucial legal tool for combating financial and administrative corruption in Iraq.
2. By reducing the potential for manipulation and corruption, good governance promotes openness, accountability, and sound leadership, thereby increasing the effectiveness of these laws.
3. Corruption in the financial sector has a chilling effect on the economy and erodes public faith in government agencies due to inadequate financial and administrative controls.
4. To ensure accountability mechanisms are free from administrative or political influence, it is critical to strengthen the autonomy of monitoring agencies, such as the Integrity Commission and the Federal Board of Supreme Audit.
5. Institutional reforms and public awareness campaigns that highlight the risks of corruption and the critical need for good governance in attaining economic stability must accompany legislation to effectively combat corruption.

Recommendations

1. Modernize financial and administrative legislation to align with current economic developments and contemporary challenges, and to close all legal loopholes that corrupt actors may exploit.
2. Strengthen the independence of oversight bodies and empower them to perform their duties free from political or administrative pressure, while providing the necessary technical and financial support to enhance their effectiveness.
3. Enforce deterrent penalties against perpetrators of financial and administrative corruption, ensuring sanctions are strict and proportionate to the severity of the offenses, thereby preventing recurrence and limiting the spread of corruption.
4. Promote a culture of integrity and transparency among employees and officials through training programs and awareness campaigns that emphasize public service ethics and the role of good governance in achieving sustainable development.

⁹ Hamidani, A., *et al.* (n.d.). *Previous reference*, p. 240.

5. Enhance digital transformation in financial administration to minimize human interference in financial operations, thereby reducing opportunities for corruption and improving efficiency and transparency.
6. Engage civil society and the media in monitoring government performance by ensuring transparent access to financial data and enabling citizens to report violations through precise and legally protected mechanisms.
7. Strengthen international cooperation in combating financial and administrative corruption by exchanging information and expertise with international organizations and advanced countries, and by drawing on successful global experiences in implementing good governance practices.

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