

- (1) Good governance is the cornerstone of the progress that is needed in every area, including economic development, in order to create a prosperous society that treats its citizens fairly. Priorities for the plan to enhance State capacities therefore depend on the fulfilment of a number of basic requirements. Those include establishing the rule of law; building partnerships for development between individuals and institutions; adopting the principle of transparency in the planning and development process; operating on the basis of consensus; and adopting a development plan based on justice, universality, effectiveness, efficiency and accountability.
- (2) Corporate governance is a basic prerequisite for managing the future. It is among the most prominent issues on the global and regional scenes, and its importance is increasing with the increase in corporate competition and the spread of globalization. For many countries and international organizations, good governance is a major concern when doing business with their international and national counterparts.
- (3) Governance of State-owned companies is of special significance. Such companies continue to have great influence on economic activity in many States, including Iraq, and account for a large share of gross domestic product and employment opportunities. Moreover, such companies commonly control such public utilities as energy, transportation and communications. The performance of such companies is thus of great importance to all citizens. Furthermore, should the State decide to privatize such companies, good governance is essential for attracting buyers and investors and ensuring the greatest possible returns. Financial and audit systems must be established and an oversight agency must be formed with broad authority to conduct independent monitoring.
- (5) Governance is a set of rules, regulations and decisions that are designed to promote quality performance through the choice of the most suitable and efficient means of carrying out the plans and achieving the goals of a given department or institution. To put it in other words, governance means a system of regulations that govern the relationships between parties that affect performance. It also includes elements that strengthen a department in the long term and define and assign responsibility, with a view to expanding

enterprises, developing administrative structures, strengthening monitoring mechanisms, and providing leadership that will lay out strategic guidelines for the department, manage important aspects of the work, monitor performance, provide information on performance to the relevant parties, ensure that instructions are followed, and establish mechanisms to address any dangers or difficulties that crop up in the course of work.

- (6) Good governance contributes significantly to economic growth, prosperity and democracy when new systems are put in place to enhance infrastructure and enforce legal and administrative regulations.
- (7) Ultimately, good governance increases confidence in the national economy, enhances the capacity of financial markets to mobilize savings and increase investment, and protects the rights of minorities and small investors. By the same token, good governance enhanc