

# The role of auditing the concession contract on sustainable development - an applied study in the General Company for the manufacture of medicines and medical appliances / Samarra

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KEYWORDS	ABSTRACT
Audit, franchise contract, sustainable development, General Company for the Manufacture of Medicines and Medical Supplies	The research seeks to shed light on the importance of auditing franchise contracts and the impact of contract audit results on achieving sustainable development goals, preparing a program for auditing franchise contracts for private factories and applying it to the research sample, and clarifying the relationship between auditing franchise contracts and sustainable development, as well as defining the economic activities carried out by the General Company for the Manufacture of Medicines and Medical Supplies / Samarra (the research community). The researcher relied on the theoretical side on sources (books, letters, theses, and Iraqi, Arab and foreign research, laws, regulations and legislation related to the research topic, magazines and the Internet) and the applied side on (direct interviews with officials, reports of regulatory bodies, field visits, records and financial and statistical statements held for the years (2010 - 2023). The researcher reached a set of conclusions, the most important of which is the absence of instructions for contracting procedures and implementing franchise contracts to private factories, similar to the Ministry of Health equipment contracts, which are subject to the instructions for implementing government contracts No. (2) for the year 2014, Lack of controls for franchise contracts.

## Introduction

Concession contracts in the pharmaceutical industry significantly influence sustainable practices by shaping the environmental, social and economic dimensions of sustainable development. These contracts often include clauses that oblige pharmaceutical companies to adhere to specific sustainability standards, which in turn encourage comprehensive, balanced and integrated approaches to development. In addition, these contracts drive innovation in sustainability solutions at all levels of management, which can lead to lower operational costs, enhanced productivity, and increased employee engagement.

The case study of the State Company for the Manufacture of Medicines and Medical Appliances/Samarra provides a practical example of how concession contracts drive sustainable development outcomes. As a leading pharmaceutical company operating under a concession contract, Samarra has implemented various initiatives to reduce its environmental footprint, enhance employee well-being, and connect with the local community. Through investments in green technology, waste management programs, and employee training in sustainability practices, Samarra has demonstrated its commitment to integrating sustainable development principles into its operations. Evaluation of the effectiveness of the concession contract in Samarra reveals positive results in terms of resource efficiency, social impact, and financial performance.

## The first topic: the methodological framework of the study

### First: the research problem

Despite the great importance of franchising contracts in supporting sustainable development, there are challenges to their effective application in some institutions. These challenges include poor infrastructure, lack of expertise, and resistance to change. In the State Company for the Manufacture of Medicines and Medical Appliances in Samarra, the main problem is how to activate the franchise contract in a way that contributes to achieving the sustainable goals of the company and society alike, and the research problem is summarized in the following

question: What is the role of the franchise contract on sustainable development in the State Company for the manufacture of medicines and medical supplies in Samarra?

### **Research Objectives**

**This research aims to achieve the following objectives:**

- Analysis of the role of the franchise contract in promoting sustainable development within the State Company for the Manufacture of Medicines and Medical Appliances in Samarra.
- Proposing strategies and practical solutions to activate the franchise contract in a way that contributes to achieving sustainable development.

### **The importance of research**

The State Company for the Manufacture of Medicines and Medical Appliances in Samarra is a prominent example of how franchise contracts affect the achievement of sustainable development in a vital sector such as the pharmaceutical and medical supplies sector.

### **The second topic: the theoretical framework**

#### **The first requirement: the definition of the franchise contract**

##### **Subchapter I: Concept of Franchise Contract**

Franchising is a powerful business tool for distributing goods and services and also for expanding a business and can also be a powerful investment tool for franchisees (Al-Hmoud, 2018: 25). Franchising is a concept whereby economic units of mutual cooperation are initiated, as part of which the franchisor transfers to the grantee, the franchisor for an appropriate fee, a description of a particular business and how it should be operated, the franchise network was born and evolved into one of the main ways of owning and managing a business nowadays (Popa and Gabrial, 2012; 1) A contractual relationship between two parties, under which one of them is committed to transferring knowledge and training to the other who performs the work under a known name, and the success of this work is that the other party bears the risks of working individually ((Sanfilippo,2020; 27) A way of doing business and distributing goods and services produced in order to satisfy the needs of customers, and requires a strategic alliance between two different entities, the franchisor and the franchisee (Lavonen,2010; 10)

##### **Subchapter II: Types of Commercial Franchise Contracts:**

The commercial franchise contract does not involve a unified framework of activity, but goes beyond to suit the existing situation and the nature of the commercial activity, and commercial franchise contracts can be divided into (Flayyih, Shamukh, et al., 2024) Manufacturing Franchise: The manufacturing franchise mainly transfers technological secrets related to a particular commodity by providing the recipient with a package of industrial, commercial, technical and marketing knowledge related to a specific commodity produced by the donor, so that the recipient manufactures similar products in the same original way under the control of the donor in exchange for the agreed wage payment (Thijeel et al., 2018). – Distribution privilege: This type of privilege is given to the recipient the right of exclusivity, that is, it is the only distributor of several products in the area of its activity, and that this type provides the grantor with a distribution system for the distribution of his commodity in a manner similar to the relationship between suppliers and sellers, but the difference between this contract gives greater importance to the donor's trademark, where the grantor can grant the grantee of the sale of a competing commodity (Daoudi, 2023: 603). Production Excellence: This type of privilege guarantees a section of behavior and secures specialized networks as it distributes the goods produced without addressing the methods of production and plays the role of delivering the produced commodity to consumers within a predetermined framework of distribution channels. Service Excellence: This type is characterized by the provision of confidentiality of knowledge, under which the grantor puts some services at the disposal of the grantee, who provides them to customers under the slogan of the first and he bears full responsibility.

### **Subchapter III: Characteristics of the Commercial Franchise Contract**

There are many characteristics that distinguish the commercial franchise contract from other contracts, as follows Indefinite contract: Unnamed contracts are defined as contracts that do not have rules that regulate them under certain names, even if some of them may be called a specific name in the work as long as they do not have their own rules (Nikkeh et al., 2022; Saeed et al., 2022). Netting contract: It is a contract through which the contractor gets a return for what he gave and it can be said that the concession contract is a netting contract because the contractors get each of them in compensation for what he gave the grantor takes a financial compensation in exchange for granting (Hussein et al., 2024) the recipient the right to use his name and trademark and the recipient enjoys these rights in exchange for an agreed amount of money paid to the grantor (Al-Janabi, Almado, et al., 2024). Time contract: It is a contract of ownership or lease of the usufruct right that is limited and described in a place that can be exchanged for another property for a period of time available or specified at a certain time in the year, and the commercial franchise contract is one of the term contracts by its nature because its implementation takes a long or short time according to the agreement of the parties (Al-Janabi, Hussein, et al., 2024). Compliance contract: It is the contract in which there is no agreement on any conditions and bargaining between the two parties, where one of the contracting parties is strong in economic terms (Flayyih, Jawad, et al., 2024), so he imposes his will on the other contracting party and imposes conditions on him that he does not have competition (Flayyih et al., 2019) and he must accept or reject them, and if he accepts, this is a recognition of the conditions of his will .

#### **Second Requirement: Sustainable Development**

Sustainable development is one of the most important challenges facing developing countries at the present time, as it is a comprehensive process that searches for solutions to the problems and dilemmas facing these countries based on their economic, human, technological and material capabilities and resources, especially in light of the growing and widening gap between the economies of developing societies and the economies of developed countries, as (20%) of the world's population (mostly from developed countries) accounts for (80%) of global income and wealth, while more than one billion people in the world suffer from Developing countries suffer from poverty, 3/4 billion people suffer from malnutrition, the spread of serious diseases, the five epidemics, of which children and about (125) children out of every thousand children born in low-income developing countries die before reaching the age of five due to malnutrition problems or due to a preventable disease in developed societies (Sabbagh, 2022: 29).

#### **Section I: The concept of sustainable development**

The concept of sustainable development is based on the concept of economic and social development in line with the restrictions imposed by the environment, as the roots of sustainable development go back to the idea that is based on trying to reduce damage to the environment as well as intergenerational development and the possible negative effects on this damage (Huck, 2022. 6)

Sustainable development is the guiding principle of long-term development worldwide, as sustainable development focuses on three important pillars that it seeks to achieve, as sustainable development seeks to achieve economic, social and environmental protection in a balanced manner (Diaz et Al ; 2020 ; 53)

The concept of sustainable development is one of the modern concepts with regard to the environmental framework in different countries and that the concept of economic development changed after the environmental dimension entered the field of economy from the process of increasing the exploitation of scarce economic resources for the purpose of satisfying human needs to another concept concerned with the need to preserve nature as this concept includes two main dimensions of development and sustainability The first dimension is intended to change the economic, social and cultural environment and the second dimension represents the time dimension i.e. sustainability The thing means its continuation (Obaid & Thijeeel, 2020).

The concept of sustainable development can be classified into four groups: (Abu Nasr, 2017: 82-83)

1. Economic concept: - Sustainable development in developed countries means working to significantly reduce the use of energy and resources, while in developing countries sustainable development means employing natural resources in order to raise the standard of living and reduce poverty.
2. Social concept: - Sustainable development means seeking to stabilize population growth and work to develop and distribute health, educational and cultural services equitably between urban and rural.
3. Environmental concept: - It means the protection of natural resources and the optimal use of agricultural land in order to increase green spaces and preserve the environment.

Improving the standard of living of the community while maintaining the change in natural resources (Abdulkadhim, 2022) Meeting the needs of the current generation without compromising the needs of future generations. Institutional change, technological development and enhancing current and future capabilities to meet the needs and aspirations of society (Suleiman & Salman, 2023).

### **Section II: Sustainable Development Goals**

Through its mechanisms and content, sustainable development seeks to achieve a set of goals that can be summarized as follows: (Mohamed and Hussein, 2022: 15)

1. The goal of sustainable development is to educate the population about the environmental problems and risks and problems that occur to the environment by focusing on areas of growth and how to achieve good growth and a better life for the population through the planning and implementation of development policies.
2. There is a close link between sustainable development and the environment and this link leads us to the main goal of sustainable development is to respect the natural environment by preserving the environment so that it becomes a complementary relationship as the importance of the environment then leads to the promotion of sustainable national development.
3. Sustainable development seeks the optimal and rational exploitation of resources in order to achieve these goals, requiring it to employ these resources in a rational and rational manner so that these resources are not depleted, destroyed and lost.
4. Linking modern technology to goals This is achieved by educating the population about the importance of various technologies in the field of development and how to use the new and available ones to improve the quality of life of society without resulting in risks and negative environmental effects.
5. Sustainable development seeks to develop scientific research and technological attainment, especially in the field of regional issues that have become more than urgent, such as the issue of seawater desalination (Al-Zahir, 2013: 7).

### **Section III: Dimensions of Sustainable Development**

The concept of sustainable development reflects the relationship between three main dimensions, namely the environment, people and the economic system.

These dimensions can be illustrated as follows:

1. The economic dimension: - It is considered one of the goals that must be reached by improving economic conditions by rational use of available resources in order to reach the increased well-being of members of society in addition to the following: (Naji, 2015: 52-54)
  - I. Stop the waste of natural resources through ongoing investigations into the levels of waste consumption of energy and natural resources as well as changing consumption patterns that threaten biodiversity.
  - II. The responsibility for pollution and its treatment lies with the developed countries, as the accumulated consumption of natural resources in the past, such as hydrocarbons,

and therefore their contribution to the problems of global pollution was disproportionately large.

2. Social dimension: Sustainable development aims to achieve a set of social dimensions, which are:
  - I. Stabilization of demographic growth: The rapid growth of the population usually puts pressure on natural resources and on the ability of governments to provide services, so sustainable development works to reduce population growth as it has become crucial.
  - II. The importance of population distribution: The development of cities and the expansion of urban areas have huge aspects in terms of the concentration of waste and polluting materials as well as often lead to danger to the population.
3. Environmental dimension: - The environmental dimension is one of the essential dimensions of sustainable development, because of the goals it seeks to achieve, which lie in the following: (Ghadban, 2014: 53)
  - A- The protection of natural resources is essential for the production of fuel and food as production expands to meet the needs of a growing population.
  - B- Water conservation: Industrial, agricultural and urban waste pollutes surface and groundwater and groundwater is pumped at unsustainable rates.

**The third topic: the field framework for research**

**About the State Company for Medicines and Medical Appliances Industry/Samarra**

- 1- The name of the company: State Company for the manufacture of medicines and medical appliances \ Samarra, the abbreviated scientific name (SDI) and the date of establishment as a public company under Law No. 22 of 1997 (as amended) and under the certificate of incorporation numbered (14) on 15/12/1997.
- 2- Company location: The company is located in the province of Salah al-Din, Samarra district, 50 km south of Tikrit and 120 km north of Baghdad and an area of (70,000) m2 and follows the company a group of factories and marketing and media centers.
- 3- The nature of the company's activity is the manufacture of human medicines of all kinds and other medical supplies, and the company is considered the best and largest local source for the provision of human medicines with its international specifications, as the company adopts the American (USP) and British (BB) international constitutional specification and the company looks forward in the future to export its products outside the Iraq after obtaining the international quality certificate (ISO).

**Franchise contracts**

Due to the deterioration of the company's financial situation and its inability to meet the market's need for medical preparations, the company has been signing contracts for granting franchising to private factories in order to encourage the private sector and not to resort to imports from international pharmaceutical manufacturers, most of which are not sober, and we explain in the table below the contracts signed with Iraqi private factories during the years from 2010 to 2023. As described below:

Table (3)

Shows the contracts for granting the concession right to private factories

Amount/	Number of Contracts	Sunnah
102125000	2	2010
376875000	2	2011
435000000	3	2012
**0	No	2013
**0	There isn't any	2014
817450000	3	2015
3750525000	5	2016
1673025000	6	2017

Source: Prepared by the researcher based on the company's data.

\* The concession was not granted to private factories for the years from 2018 to 2023, based on the decisions of the Board of Directors numbered (48), (124), (181) on 14/3/2017, 11/5/2017, 8/9/2019 respectively, and the reason for this is due to:

- **In the event of the cancellation of the concessions permanently** , this will lead to the disposal of the most important competitor, which is the medicines of the franchise, which are sold at lower prices, which affected many of the preparations and led to their stagnation, and the possibility of increasing the prices of the company's preparations to double due to the large demand for them through their accumulated reputation, which is reflected positively on raising the value of the company's sales, in addition to the possibility of increasing contracts with the Ministry of Health and Environment to fill the share of private factories and increase the demand for the company's preparations due to the absence of competing medicines from the franchise.

- **In the event that the concession contracts are renewed** , this will lead to the distribution of what is to be given a concession between the factories and not to repeat any preparation for more than one factory so as not to stagnate in the market and the company, increasing the amount of royalties from (10%) to (15-20%) and according to the type of product, assigning the marketing department to prepare a list of stagnant and new drugs, through which the concession contracts are given as the follow-up department concerned with the market's need for medicines, Excluding preparations that are considered the company's capital and not giving them the privilege of being one of the medicines with financial and profitable returns that have a great demand and can be renewed.

- Consequently, the **Council decided in its fourth periodic session held on 5/9/2019 not to renew or grant any concession in the future and according to the decisions of the Council above.**

\*\* Franchise contracts were not signed during the years (2013 and 3014) because the company did not announce preparations for manufacturing due to the continuation of the work of contracts for previous years and sufficiency and meet the need of the market, and the disclosure below shows the details of the contracts for granting the franchise for the years of study:

Table (4)

Clarifies the contracts for granting the franchise to private factories for the years 2010-2023

Royal ty rate	Factory Name	Contract amount	Number of Materials /Product	Expiry Date	Contract Duratio n	Date	Contr act Numb er
5%	Gulf Factory	43000000	4	27/5/2013	3 Years	27/5/2010	4947
5%	Cattle Factory	59125000	6	26/10/2011	1 Year	26/10/2010	9455
5%	Dubai Company	19875000	10	17/1/2013	1 year and a half	17/7/2011	74
5%	Dubai Company	3570000000	10	17/2/2013	a year and a half	17/7/2011	10161
5%	Degla Factory	333000000	12	17/7/2015	3 Years	17/7/2012	47
5%	Dubai Company	34500000	6	3/5/2015	3 Years	3/5/2012	38
5%	Dubai Company	67500000	2	6/8/2015	3 Years	6/8/2012	49
5%	Al , Hayat Company	703125000	5	9/6/2016	6 months	9/12/2015	59

5%	Degla Factory	91700000	10	2/6/2016	6 months	2/12/2015	57
5%	Dubai Company	22625000	2	12/6/2016	6 months	7/12/2015	58
10%	Al , Hayat Factory	911250000	10	10/8/2019	3 Years	10/8/2016	5
10%	Modern Company	1127550000	9	7/3/2019	3 Years	7/3/2016	10
10%	Degla Factory	837600000	5	15/5/2019	3 Years	15/5/2016	2
10%	Dubai Company	874125000	9	15/5/2019	3 Years	15/5/2016	4
10%	Al , Hayat Company	1001250000	3	15/11/2019	3 Years	15/11/2016	6
10%	Al , Hayat Company	2376000000	3	26/12/2019	3 Years	26/12/2016	7
10%	Dubai Company	300000000	1	5/4/2017	3 months	5/1/2017	1
10%	Dubai Company	1296000000	2	27/2/2020	3 Years	27/2/2017	3
10%	Modern Company	1971000000	3	12/9/2020	3 Years	12/9/2017	4
10%	Dubai Company	641250000	1	12/9/2020	3 Years	12/9/2017	5
10%	Dubai Company	4050750000	5	6/9/2020	3 Years	12/9/2017	6
6477930000			Total				

Source/ prepared by the researcher based on the company's data

From the above table, we note that the contracts concluded during the years of study amounted to (21) contracts with a total amount of (6477930) thousand dinars (six billion four hundred and seventy-seven million nine hundred and thirty thousand dinars) and we have regarding these contracts the following:

- (1) The disparity in the number of products granted to the franchise for each contract, as it ranged from (1) product to (12) products per contract, and the company justified this to the fact that the franchise contracts are concluded according to the market's need for the product and not randomly.
- (2) Most of the franchise contracts were signed with Dubai Company, where they amounted to (10) contracts during the study period and a total amount of (2851550) thousand dinars (two billion, eight hundred and fifty-one million five hundred and fifty thousand dinars), which represents (44%) of the total amounts of contracts during the study period.
- (3) Low time period for all contracts, as the duration of the contract varied between (3 months and up to 3 years), as the rest of the types of franchising contracts must include a long period of time between (10-20 years) and according to the instructions issued in this regard.

The proposed audit program to audit marketing contracts and concession contracts to private factories in accordance with the principle of accountability and sustainable development goals  
Federal Financial Audit Office

Department Name ..... Name of the Chairman of the Authority.....  
 ..... Activity Audit Department Signature of the Chairman of the Authority.....

Financial Supervisory Authority ..... Date of initiation of audit.....

Fiscal Year: Audit Completion Date

Auditing concession contracts to private factories in accordance with the sustainable development goals and following up the implementation of those contracts

Program Objective: The program seeks to audit the contracts for granting the franchise to private factories in accordance with and achieving the goals of sustainable development and the guiding principles and based on the guide for franchising contracts to ensure the rights of the state and the public sector.

Not applicable	applied	Number and date of the worksheet	Auditor's name and signature	Audit Procedures	t
				General procedures	1-
				Reviewing the Law of the Ministry of Industry and Minerals No. (8) of 1997 and the internal regulations of the General Company for the Manufacture of Medicines and Medical Appliances / Samarra No. (4) of 2021 and the relevant instructions	•
				Reviewing the conditions for granting the franchise specified by the General Administration	•
				Reviewing the decisions of the company's board of directors, which relate to the procedures for contracting and implementing contracts for granting the right of concession to private factories.	•
				Ensure that the objectives of granting the franchise to private factories lead to (achieving a set of sustainable development goals that are related to them - encouraging the private sector, - providing job opportunities, - expanding exports, - strengthening the Iraqi balance of payments)	•
				Review the administrative and financial powers granted to the General Manager of the company.	•
				Procedures for auditing contracts: The program is divided into two axes:	2- The first axis
				Auditing the contracting procedures for franchising contracts.	

				Ensure that the quality of contracts is accurately specified (concession or production contracts for others)	•
				Ensure that there is an application submitted by the private factory with a copy of the application form.	•
				Ensure that the National Factory approves the conditions for granting the franchise issued attached to the letter of the Ministry of Health No. (50062) on 20/8/2015	•
				Ensure the identification and preparation of the products to be granted the privilege.	•
				Ensure that the planning department prepares a study according to which the possibility of granting preparations for excellence is determined.	•
				Ensure compliance with the brochure issued by the Ministry of Health on the controls and conditions of contract manufacturing regarding the granting of the franchise issued in the book No. (50062) on 20/8/2015.	•
				Ensure that the contracted factory is one of the sober factories and has the necessary experience and capabilities.	•
				Ensure the formation of a technical committee to inspect the private factory to determine the conformity of the production lines of the factory to the global (GMP) system.	•
				Ensure that the technical committee submits a visit report to the general manager in which it is determined whether the factory conforms to the specifications of the (GMP) system and the concession can be granted to the factory.	•
				Ensure that there is an advertisement by the company of the products that can be granted the franchise	•
				Ensure that the National Factory for Preparations is selected from among the lists announced by the company.	•
				Ensure that all priorities are presented at the Board meeting and voted on.	•
				Ensure that the Board of Directors votes on the franchise contract.	•
				Ensure that a resolution is issued by the Board of Directors approving the granting of the franchise and send a copy of the decision to the Planning, Legal, Control and Internal Audit Department, Cost	•

				Department, Finance Department, and then the private factory to which the concession is granted.	
				Ensure the accuracy of the legal drafting of the contract to ensure the rights of both parties.	•
				Ensure that both parties sign the contract.	•
				Ensure that the legal department approves the contract.	•
				Auditing the procedures for implementing marketing contracts and franchising contracts.	3- The sec ond axis
				Auditing the procedures for the implementation of concession contracts	sec ond ly
				Ensure the payment of the initial deposits (good performance guarantee) amounting to (5%) of the contract value.	•
				Verify that the private factory receives the forma (secrets of knowledge) from the planning department.	•
				Ensure the start time of the production process after signing the contract or before.	•
				Ensure that the production of the first 3 meals is carried out under the supervision of specialists from the General Company for the manufacture of medicines and medical appliances / Samarra	•
				Ensure that the private factory obtains a certificate of inspection of the raw materials involved in production from the laboratories of the quality control department in the company.	•
				Ensure that the private factory obtains a certificate of inspection of packaging materials from the quality control department in the company,	•
				Ensure the payment of the installments of the financial dues resulting from the concession contract amounting to (10%) of the contract amount every 6 months or as specified in the contract.	•
				Ensure the selling prices by private factories.	•
				Ensure that the company is committed not to leak the secrets of knowledge by the private factory to a third party.	•

				Ensure that the number of units produced from the preparation is determined for each meal.	•
				Ensure that the factory does not produce preparations after the end of the contract period.	•
				Audit of follow-up procedures for marketing contracts and franchising contracts	thirdly
				Audit of follow-up procedures for marketing contracts	•
				Ensure the procedures for delivering the preparations to the stores and scientific offices and obtain an endorsement of receipt.	•
				Ensure the organization of warehouse outputs with products delivered to stores and private scientific offices.	•
				Verify the dates of the inventory outputs and match them with the date of production and the date of signing the contract.	•
				Audit of follow-up procedures for franchising contracts	fourthly
				Ensure that the company forms a specialized committee one day after the end of the contract period, provided that its task is to inventory all raw materials and packaging belonging to the products granted the franchise.	•
				Ensure that the remaining packaging materials are destroyed after the end of the contract period.	•
				Ensure the confiscation of the remaining raw materials by the Committee after the expiry of the contract period.	•
				Verifying the formation of periodic follow-up committees (financial, supervisory and technical) and the existence of specialized reports for these committees.	•
				Ensure that the selling prices of the produced products are followed up and matched with the selling prices in the company by a specialized committee.	•

The audit procedures outlined in the proposed program represent the minimum audit procedures, and the team leader and members may increase other important matters in the audit.

**Application of audit procedures on the research sample**

A group of concession contracts were selected for the year 2017, as the audit process will be based on the main audit program and the additional audit procedures mentioned in the proposed audit program for contracts in those years as they are related contracts to achieve a number of

sustainable development goals, which these contracts can have a role and contribution to achieving those goals when they are completed and benefited from.

#### Detected Notes

- 1- The contracts do not include paragraphs related to achieving sustainable development goals, such as (employing the Iraqi workforce, training workers, working with the lip system), and if they are mentioned, there is no commitment to them.
- 2- Most franchising contracts do not offer economic or social development.
- 3- Not to divide the terms of the contract into general conditions and special conditions, in addition to the stability of the contract form for all years without making any amendments to it such as addition and deletion.
- 4- Most of the private factories granted the concession practice their work in unqualified locations, such as the construction of these factories near the industrial district, which causes these factories to be affected by the gases emitted from the surrounding factories and machines and polluted.
- 5- The company signs contracts for granting concession rights to private factories without the approval of the Minister of Industry, as this is considered a violation of paragraph (2) of the letter of the Ministry of Industry and Minerals, Technical Department No. (28011) on 12/6/2014, which states (It is forbidden to grant any concession except after the approval of the Board of Directors and the approval of His Excellency the Minister).

#### **Conclusions and recommendations**

##### **First: Conclusions**

This section includes the most important conclusions reached by the researcher in the research as follows:

- 1- The absence of clear instructions for contracting procedures and the implementation of concession contracts to private factories.
- 2- The lack of clear controls for the contracts for granting concession rights to private factories and the company's reliance on contract terms from the Ministry of Health.
- 3- The lack of a strategy from the general administration to exploit the company's activities to achieve sustainable development goals.
- 4- Lack of coordination between the company and other government agencies to improve the operational environment and facilitate procedures.
- 5- The absence of mechanisms to follow up and evaluate the performance of contracts and agreements periodically to ensure the achievement of the required objectives.

##### **Second: Recommendations**

1. Activating the role of the Federal Financial Audit Office in following up and auditing contracts, with a focus on qualitative reports .
2. Directing the company's management towards achieving sustainable development goals, and contributing to major economic changes to support the economy and society.
3. Reviewing the experiences of international companies in the pharmaceutical industry, and developing plans to benefit from modern technology through training programs for workers and concluding exchange agreements with experiences.
4. Enhance coordination between the company and other government entities to improve the operational environment and facilitate procedures, thus contributing to enhancing productivity and efficiency.
5. Develop a clear and sustainable vision to develop new products that keep pace with market needs, through research, development and continuous innovation.

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