U4 Helpdesk Answer

Corruption and anti-corruption in Iraq

Since the fall of Saddam Hussein in a US-led military operation in 2003, Iraq has struggled to build and maintain political stability, safety and the rule of law. Deeply entrenched corruption continues to be a significant problem in the country and a core grievance among citizens. Among the country's key challenges, and at the root of its struggle with corruption is its consociationalist governance system, known as *muhasasa*, which many observers contend has cemented sectarianism, nepotism and state capture.

Consecutive governments since 2003 have promised to tackle corruption through economic and political reform. But, as yet, these promises have not been followed by sufficient action. This is partly due to an unwillingness to tackle the systemic nature of corruption, weak institutions ill-equipped to implement reform efforts and strong opposition from vested interests looking to maintain the status quo. As a result, Iraq is left with an inadequate legal framework to fight corruption and with insufficiently equipped and independent anti-corruption institutions.

Trust in government and the political process has been eroded, erupting in ongoing country-wide protests against corruption, inadequate service delivery and high unemployment. This leaves the new government of Prime Minister Kadhimi, who has once more promised to tackle the country's massive corruption challenges, with a formidable task at hand.

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Please provide an overview or corruption challenges and anti-corruption efforts in Iraq.

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Introduction

After years of violent conflict and near state collapse, post-ISIS Iraq is faced with a multitude of mutually reinforcing and overlapping challenges surrounding security, socioeconomic development and governance.

Weak institutions, inadequate checks and balances, widespread clientelism and patronage, an ineffective and bloated bureaucracy, a rentier economy and an informal power-sharing agreement along sectarian lines are all hampering the country's democratisation as well as government performance and service delivery (BTI 2020 and Hasan 2018).

Persistent socioeconomic challenges, including high unemployment, entrenched corruption and elite capture, a weak private sector unable to absorb the workforce and inadequate service delivery, all made worse by an over-reliance on oil, have led to an erosion of trust between the state and its citizens. This frustration has erupted in widespread protests in recent years demanding better basic services, jobs and an end to

MAIN POINTS

— A recent history of political instability, violence and authoritarianism have left Iraq with weak institutions, weak rule of law and vested interests resistant to reform.

— Sectarianism has decreased in recent years, allowing for a greater focus on issue-based politics. But it is still deeply entrenched in Iraq's governing system, which is at the root of many of the country's corruption challenges.

— The state's dominant position in the economy, an underdeveloped private sector, overreliance on oil and the role of militias have facilitated high levels of state capture.

— Recent years have seen citizen perceptions about corruption worsen and trust in government and its institutions declining, indicating a growing gap between citizens and the state.

— A powerful protest movement against corruption emerged in recent years which, in a first, cuts across sectarian lines and makes concrete demands on government, pressuring the latter to issue more meaningful reforms.

widespread corruption (BTI 2020; Hasan 2018; NDI 2019; World Bank 2020).

While the intensity of violent conflict after the defeat of ISIS has decreased, the country still faces armed paramilitary forces, struggles to integrate former insurgents, and has been only partially able to enforce its monopoly on the use of force (BTI 2020).

Faced with such an immense set of challenges, the country's anti-corruption framework, both legal and institutional, has proved wholly inadequate. Moreover, while previous governments have repeatedly promised to tackle the country's widespread corruption challenges, these promises have so far been largely ineffectual. Reform efforts have shied away from tackling the structural and systemic roots of corruption inherent in Iraq's system of governance after 2003 due to substantial opposition from vested interests (Al-Mawlawi 2020; Kuoti 2018; Pring 2015a).

The lack of improvement in anti-corruption and economic development has led to the emergence of a nationwide protest movement that started in 2015 and re-emerged in 2019. Curbing widespread corruption was one of the key demands of protesters. After an increasing number of protesters were killed in clashes with the police and militias and the economy ground to a halt, Prime Minister Abdul-Mahdi resigned in late 2019 and was replaced by Mustafa al-Kadhimi who took office in May 2020 (Dodge 2019 and Worth 2020).

This Helpdesk Answer will look at the main corruption challenges facing the country today, including corruption's main drivers and the sectors most affected. It will then look at the country's anti-corruption framework and discuss why anti-corruption efforts have largely failed until today.

It is worth noting that while Iraq has witnessed significant political upheaval and changes in the last two decades, to the extent possible, this paper will consider recent reform efforts to assess their potential impact.

Drivers of corruption

The reasons and drivers for high levels of corruption in Iraq are manifold, including violent conflict, the legacy of authoritarianism, weak rule of law, poor quality institutions and high levels of clientelism. But maybe most commonly, Iraq's present-day corruption challenges can be traced back to the sectarian power-sharing agreement (*Muhasasa*) that was instituted after the US-led invasion of 2003.

Legacy of authoritarianism and violent conflict

Iraq's corruption challenges are heavily linked to the country's political challenges following the US-led military intervention and the fall of the regime of Saddam Hussein in 2003, and the unstable political settlement that followed.

The years of the Ba'ath regime under Saddam Hussein created a highly centralised political structure with high degrees of clientelism based on party allegiance and weak institutions.

After a US-led intervention toppled the Saddam Hussein regime in 2003, significant effort was put into institution building and democratisation, often at the behest of US and other donors. But democratisation and institution building in post-Saddam Hussein Iraq ran into immediate troubles, both due to internal and external factors.

While Sadam Hussein was still in power, exiled Iraqi opposition figures drafted a governing system for a post-Ba'ath Iraq, which would represent the different ethnic groups of the country in a

proportional power-sharing structure. This idea was taken up by the US-led forces rebuilding Iraq after the fall of Saddam Hussein, who viewed sectarianism as a major barrier to the emergence of a stable political settlement (Dodge 2018).

Yet instead of leading to an inclusive system of governance, the resulting power-sharing agreement cemented elite rule, lacked accountability and transparency, and ended up an obstacle to the democratisation process rather than a guarantor. (See more in the next section).

In focusing on a military rather than a diplomatic solution, in the years that followed, the US and its alliance poured significant support, both financial and logistical, into the Iraqi military while turning a blind eye to the regime's corruption, sectarianism, nepotism and the security forces' human rights violations (Chayes 2014 and Chayes & Wehrey 2014). According to Chayes and Wehrey (2014) the resulting instability, lack of regime legitimacy and citizen frustrations have contributed to Iraqi government failure and internal strife. They have also contributed to the advance of ISIS after 2014, both because widespread corruption had weakened the Iraqi military, and because corruption, nepotism, a lack of rule of law and a side-lining of large parts of the Sunni population, have increased frustrations with the regime, making citizens more receptive to the cause of the militias.

In addition to turning a blind eye to corruption in Iraqi institutions, the U.S. has also been accused of actively contributing to it. Immediately following the 2003 invasion, billions of U.S. dollars were poured into reconstruction efforts, which were often hastily executed with limited oversight and regard for due process (Northam 2007; Teather 2004; UN Human Rights Council 2013).

This has led to billions of U.S. dollars being wasted due to corruption. In one particularly egregious example, 12 billion USD were shipped to Iraq in cash, at the request of Paul Bremer, then the head of the Coalition Provisional Authority, 8.8 of which were later entirely unaccounted for (Teather 2004). Furthermore, more than 80% of reconstruction contracts between 2003 and 2004 were awarded to US companies, often following no or extremely limited bidding processes (Northam 2007 and UN Human Rights Council 2013).

Of the over 138 billion USD in government contracts awarded, the biggest chunk went to Kellogg Brown & Root, a former Halliburton subsidiary, which received contracts worth almost 40 billion USD, some of which without the appropriate tendering process. Accusations surrounding Halliburton's engagement in Iraq included cronyism (due to its former CEO being then U.S. Vice President Dick Cheney), as well as accusations of overcharging, kickbacks, and bribery (Teather 2004). Similarly, other U.S contractors, as well as military representatives and former Iraqi exiles that had returned with the invasion, were accused of maintaining slush funds, charging for non-existent employees and services, pocketing kickbacks, and overcharging the U.S. government for construction efforts. Consequently, most agents used by the U.S government to distribute funds and assign projects across the country were unable to account for a majority of their disbursed funds and were widely accused of pocketing significant shares (Davies 2019).

Internally, consecutive governments had either failed to institute meaningful reform after running into internal opposition and vested interests, or worse they were not interested in strengthening democracy and government institutions, but rather

cementing their own power (Al-Ali 2014 and Al-Mawlawi 2020).

The government of prime minister Nouri al-Maliki (2006-2014), while initially campaigning on a platform of strengthening institutions, countering corruption and improving service delivery, later became known for widespread graft, increasing authoritarianism, a centralisation of power around the executive and a worsening sectarianism that alienated the Sunnis and Kurds (Al-Ali 2014; BTI 2020; Chayes & Wehrey 2014; Jeffrey 2014).

In addition to the legacy of past authoritarianism, Iraq also struggles with present-day political instability and violent conflict. While ISIS was largely pushed out of Iraq by the end of 2017, reducing the intensity of conflict in the country, smaller scale violence continued. The Popular Mobilisation Forces (PMF) (or *Hash'd al Shaabi*), paramilitary forces that emerged in the fight against ISIS, have remained active. Moreover, although the so-called Hash law of 2016 integrated the PMF into the country's security forces, the government has not always been able to exercise a monopoly on the use of force (BTI 2020 and World Bank 2020).

Consequently, in 2020, Iraq ranked in the "alert" category on the Fragile States Index, scoring 95.9 out of 120 possible (negative) points, ranking 17 (worst) globally. Nevertheless, this does constitute a small improvement from 2006, where Iraq was fourth from the bottom with 109 points (Fund for Peace 2020).

The *Muhasasa* power-sharing agreement

To provide inclusivity and stability after a long history of political instability and sectarian violence, a sectarian system of proportionality and consociational governance was instituted after 2003, known as the *muhasasa* system.

Consociational governance refers to systems of government, commonly instituted in deeply divided and/or unstable countries, whereby positions of power are distributed proportionally to different social groups (Britannica 2020). The most prominent example of such a governance system in the region is probably in Lebanon where, similar to Iraq, a system of proportional power-sharing between religious groups was instituted to end and prevent violent conflict. Yet, in Lebanon as well, while the system has managed to ensure a degree of stability, it is today considered one of the key reasons for the country's entrenched corruption (Schoeberlein 2019).

Under Iraq's consociational system, key political institutions are filled based on sectarian allegiance, intended to ensure a stable and fair representation of all major ethnic groups (Dodge 2019; Jabar 2018; Pring 2015a). As such, the highest public offices, either explicitly or implicitly, are filled based on sectarianism. In this way, for example, the presidency would always go to the Kurds, the speaker of parliament to the Sunnis, and the prime minister to the Shia. Each bloc is then allocated control over different ministries and their budgets (Al-Shadeedi & Van Veen 2020; Jabar 2018; World Bank 2020). According to Al-Shadeedi & Van Veen (2020) some ministries have been somewhat "fixed" – like the interior ministry being held by the Shia, and a Sunni holding the ministry of defence – while others are up for negotiation based on a quota of 54% of posts going to the Shia, 24% to the Sunni, 18% to the Kurds, and 4% to other minorities, with Christians usually receiving one ministry.

While the system did provide a level of stability, it has also cemented deep-rooted sectarianism, and is argued by some observers to be at the root of Iraq's corruption challenges (Al-Mawlawi 2020; Al-

Shadeedi & Van Veen 2020; Karam 202; Kuoti 2018).

The system also provides few incentives to build accountable institutions, diversify economically or deliver benefits to the population (World Bank 2020). This is due to the system's lack of accountability, where political positions and access to resources depend mostly on a group's size and its bargaining power. This provides little incentive for politicians to respond to citizen demands, to limit their influence through the creation of independent institutions, or to build a diversified and competitive economy that might reduce their ability to profit from their positions (Al-Shadeedi & Van Veen 2020 and World Bank 2020).

Due to this lack of openness and accountability, Al-Shadeedi & Van Veen (2020: 13) have labelled the system a "closed system of elite rule" that led to a "closed feedback mechanism that recycles the same political elites irrespective of their performance",

Although Iraq's consociational system has no formal legal basis, it has proved incredibly resistant to reform and still underpins Iraq's system of governance (Al-Shadeedi & Van Veen 2020). According to Al-Mawlawi (2020: 3), "such elite pacts are notoriously resistant to reform, particularly if any proposed change is perceived to undermine elite interests and their survival and consolidation".

Due to its lack of formal legal underpinning, the type of sectarian power-sharing found in Iraq has sometimes been labelled informal consociationalism (Kuoti 2018).

Entrenched but diminishing sectarianism

The issue of sectarianism has been a dominating force in Iraqi politics. And according to Dodge

(2018), the vision of Iraq as a country deeply divided along sectarian lines dominated US perceptions of Iraq after 2003, influencing all policymaking, including the establishment of the *muhasasa* system.

The *muhasasa* system was built on and further cemented sectarianism as it provided an incentive for politicians to mobilise the electorate based on identity rather than issue politics (Dodge 2018 and Jabar 2018).

Following the defeat of ISIS, cross-sectarian and cross-ethnic alliances increased, which was visible in the 2018 federal elections, with Sunni, Shi'a and Kurdish electoral lists being "increasingly heterogeneous and complex" (BTI 2020). Ethnic parties also saw a splintering with both the Shia and Kurdish bloc united in a single list each in the 2005 elections, that had separated into four lists each by 2014, plus some smaller Shia lists (Jabar 2018). Inner-sectarian splits and a greater campaigning around issues and a national vision in the 2018 elections are interpreted by some observers as signs "that Iraq's fragile democracy is 'coming of age'" (Al-Shadeedi & Van Veen 2020: 5).

These findings are reinforced by a 2019 survey conducted by the National Democratic Institute (NDI 2019), which also found that sectarianism, especially between Sunni and Shia, was widely viewed as waning. Of respondents across the country, 63% said they believed sectarianism had recently improved, and 74% said that relationships between Sunni and Shia had been improving.

Jabar (2018), who studied the Iraqi protest movement in recent years, also observed this decrease in sectarianism and the shrinking mobilising power of sectarian identities. The Iraqi protest movement that erupted in late 2019 has been much reported on (and is considered in greater

detail below). But Jabar sees relevant shifts towards "intra-sect struggle" occurring much sooner, namely in the protest movements that started in 2015 in the Basra province. The province has some of the vastest oil wealth in the country but was largely destitute and the government largely unresponsive to citizens' needs in service provision. In response, the majority-Shia population took to the streets against a Shia government, with protests quickly spreading across the south before making it to Baghdad. According to Jabar, this was the first time after 2003 that protests crossed sectarian lines, and demonstrators demanded better services and the tackling of widespread corruption, demonstrating a "shift from identity to issue politics" (Jabar 2018: 9). A similar trend was observed in the Kurdistan Region of Iraq (KRI),[1] where protests broke out against the Kurdish national parties in Sulaymaniyah, Erbil, and Duhok, demanding better state services (Jabar 2018).

After the defeat of ISIS in Iraq in late 2017, the intensity of violent conflict in the country decreased significantly but was followed by a re-emerging conflict between the Iraqi central government and the semi-autonomous Kurdish region. The KRI had voted for its independence in late 2017 and violent conflicts broke out, especially in the region of Kirkuk. Ultimately, the Iraqi forces managed to re-establish control, and the Kurdish regional government agreed to not execute the results of the referendum.

Since then, according to BTI (2020), relations between the central government and Kurdistan have improved significantly under the government of Adil Abdul-Mahdi (2018-2020), with the

Kurdish language being elevated by the Ministry of Education in 2019 and a long-awaited agreement being reached on budget sharing.

But while the relationship between the Kurdistan Regional Government (KRG) and the central government, and perception thereof, had improved, the perception about sectarianism and unity were much worse in KRI than outside. Only 6% of respondents in the NDI (2019) survey from the KRI felt that sectarianism had improved, only 3% said that Iraq is mostly a unified country (compared to 23% nationwide), and only 1% of respondents identified as Iraqi first (compared to 65% nationwide).

Clientelism and patronage

Instead of bringing inclusivity and democratisation, the *muhasasa* system has resulted in elite capture, widespread clientelism and patronage, and led to power concentrations outside of the institutional process. Under this system, connections or allegiance to a particular party or sectarian group can lead to greater political influence and can hold more relevance in political decision-making, than the formal institutional process (BTI 2020; Jabar 2018; World Bank 2020).

The *muhasasa* system, probably unsurprisingly, has trickled down into the public administration through a system called *wikala*, by which appointments to positions for senior public service are distributed along with ministerial positions (Dodge 2019). Consequently, candidates for public office are often selected based on ethnic, religious

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1 Since the establishment of the first Kurdistan Regional Government (KRG) in 1992, the Kurdistan region (KRI) has been formally recognised as a semi-autonomous region within the federal system of the state of Iraq. The KRG has control over

domestic affairs, but international affairs and national security are handled by the federal government in Baghdad (Pring 2015b).

and/or party affiliation rather than merit, cementing the system of clientelism and patronage and resulting in a bloated bureaucracy with little capacity (BTI 2020 and Jabar 2018).

This issue holds true in the KRI Iraq as well, where the dominant role of two parties, KDP and PUK, has undermined institution building and fostered clientelism and nepotism, with party affiliation and family ties influencing access to public sector and security jobs, funding and business opportunities (Pring 2015b).

Economic challenges and an underdeveloped private sector

The years of the Ba'ath regime established a largely state-controlled economy, with most companies being public or semi-public and a severely underdeveloped private sector (Al-Mawlawi 2020 and BTI 2020). Even almost 20 years after the end of the regime, the Iraqi economy is still described as a rentier economy (Hasan 2018), which tends towards the excesses of clientelism (BTI 2020 and Hasan 2018). In fact, according to the World Bank (2020:7), "relative to its structural and aspirational peers, Iraq has a much riskier business environment, with greater prevalence of cronyism and, especially, unfair competitive practices."[2]

The private sector in general is considered weak and is largely informal. It is estimated that about 62% of private businesses are not officially registered (Hasan 2018). The small size and limited capacity of the private sector makes it unable to absorb a significant number of Iraqi workers, which creates frustrations, especially among the

young, and puts greater pressure on the public sector to offer jobs (Mawlawi 2020).

Together with an over-reliance on oil, this rentier economy has led to a lack of diversification, which is further hampered by rampant corruption, difficulties in obtaining permits, cumbersome processes to open a business, unwieldy import or export processes, and a lack of trust in arbitration measures (BTI 2020 and World Bank 2020).

Iraq has been facing substantial economic challenges in recent years, which its underdeveloped economy has been largely unable to respond to. The country's over-reliance on oil has proved problematic in light of falling oil prices since 2014. At the same time, mismanagement and corruption in the bureaucracy have led to a bloated public sector that now employs 42% of the country's workforce with salaries and pensions eating up about 45% of total government spending (Al-Mawlawi 2020 and BTI 2020).

With government revenue from oil dropping, the country faced severe budgetary constraints and became increasingly dependent on foreign funds. A 2016 loan agreement with the IMF and World Bank required the country to implement a range of economic and fiscal reforms, including retrenching inefficient capital expenditure, improving its credit rating and improving its investment climate. At a donor conference in Kuwait in 2018, international donors promised US$30 billion in credit facilities and investments for the financing of key reconstruction projects. At the same time, they demanded safeguards that money would be spent as intended and not be squandered by inefficiency

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[2] According to the World Bank, structural peers are countries that provide a useful benchmark due to similar characteristics with the country in question (such as income, population, political stability).

'Aspirational peers' on the other hand, share similar characteristics with the country, but have overtaken it in income at some point.

and corruption, as had often been the case in US- and government-funded infrastructure projects after 2003 (Hasan 2018).

The resultant spending cuts and austerity measures have proved highly unpopular among the public, much of which relies on the government for the provision of jobs, subsidies and other forms of assistance (Hasan 2018).

Scale of corruption

According to the Bertelsmann Transformation Index (BTI 2020), corruption remains endemic in the country, while the country's long history of political instability, sectarian conflict and authoritarian governance has resulted in the absence of effective institutions. Dodge (2019) notes that after the defeat of ISIS, corruption poses the most pressing challenge to the country, and further alienates citizens from their government.

By some estimates, Iraq has "had more of its national wealth illicitly drained abroad than any other nation" (Worth 2020). By some estimates between US$125 billion and US$300 billion are held by Iraqis overseas, most of which has been acquired illegitimately (Worth 2020).

On the Transparency International Corruption Perception Index, Iraq has been scoring at a relatively steady low score since 2012. In 2019, it scored 20 out of 100 (up from 18 the year prior, and 16 in 2012) ranking it 162 out of 180 countries (Transparency International 2019).

Iraq also scores poorly on the World Bank's Worldwide Governance Indicators, with an average

score of -1.5 in 2019, where it scored particularly badly on political stability (-2.6) and rule of law (-1.7) and comparatively better on voice and accountability (-0.9). The country also scores badly on the control of corruption indicator, with no substantial improvement apparent. It scored -1.2 in 2012 and then dropping to -1.4 in the years that followed, before picking up slightly to -1.3 in 2019 (World Bank 2019).[3]

Most international indicators do not disaggregate numbers for the Kurdistan region, so it is difficult to ascertain whether the extent of corruption there differs substantially from the rest of the country. But the few studies that have looked at the question, have generally concluded that the Kurdistan region fares rather better than the country as a whole, but that corruption is still comparatively high relative to other countries in the region (Pring 2015b).

Several studies and surveys in recent years have found that pervasive corruption, along with security, employment prospects and basic service provision, consistently features among the key concerns of Iraqi citizens (Al-Malawi 2020). In a survey conducted across Iraq by the National Democratic Institute in 2019 (NDI 2019), for instance, a large majority (83%) of Iraqis believed that corruption was worsening, and corruption was listed as the second biggest overall concern of respondents after unemployment.

The perception that corruption is getting worse holds true across regions, with the highest percentage of respondents saying corruption is getting worse recorded in KRI (93%).

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[3] The Worldwide Governance Indicators are a composite measure of governance, running from approximately -2.5 to 2.5, with higher scores indicating better governance. (See: https://info.worldbank.org/governance/wgi/Home/Documents)

Citizens were most concerned about corruption of senior government officials, with 82% saying they were either extremely or very concerned about this type of corruption, followed by corruption in the education system (72%), corruption in the healthcare system (68%) and corruption within the provincial council (68%).

According to the 2019 Arab Barometer survey, 74% of Iraqis believed that national state agencies and institutions were affected by corruption to a large extent. More respondents (32%) listed corruption as the biggest challenge facing the country than any other issue (Arab Barometer 2019).

Governance and trust in institutions

The 2019 NDI survey (NDI 2019) showed that Iraqi citizens were largely pessimistic about their country's trajectory and perspective, largely due to a persistent perception of endemic levels of corruption as well as the government's inability to deliver on key socioeconomic concerns, most notably jobs and unemployment. Of the respondents, 75% thought the country was going in the wrong direction, up from 44% in 2010, and only 24% thought it was going in the right direction, down from 45% in 2010. Furthermore, only 30% of Iraqis see the government as either effective or somewhat effective, down 15 points from 2018.

At the same time, citizens see themselves as relying heavily on the government for jobs and assistance, with less than 1 in 4 respondents believing they could improve their individual economic situation without government assistance (NDI 2019).

The survey also showed high levels of distrust in government and its institutions, which were perceived as being unable to tackle either corruption or widespread unemployment. Strong

majorities indicated they had no or only little trust in the Iraqi government and the Council of Representatives. Provincial councils and district councils fared a little better but still had more respondents indicating little or no trust than indicating any trust.

Conversely, trust in the army, the police and PMF was high nationwide, in line with perceptions of an overall improved security situation by 72% of respondents. This perception was much less optimistic in the KRI however, where only 39% of respondents said they thought the security situation had improved.

This assessment is supported by the latest edition of the Arab Barometer survey, which found confidence in the security and enforcement apparatus to be relatively strong following the defeat of ISIS. In stark contrast, trust in parliament and the judiciary has seen double digit drops since 2011 and now stands at 13% and 38% respectively while trust in parties is a mere 6% (Arab Barometer 2019).

Citizen frustrations

The discontent among the population with a public sector that is perceived as being largely corrupt and working for its own profit rather than the benefit of the citizens has led to the growth of a protest movement, starting in 2015 and re-emerging in 2019.

Protesters are demanding improved service delivery (such as education, electricity and water supply) and jobs, with a youth unemployment rate hovering around 36% and the state's old approach of simply providing more public sector jobs having proved unsustainable in the face of dwindling oil wealth (World Bank 2020).

The protests are increasingly diverse in terms of participants and have moved from the mere demand of tangible socioeconomic benefits to broader reform demands. These include an end to political corruption and elite capture. The protests are said to receive significant support among the general population, 87% of which say that their voice is not being heard by the government (World Bank 2020). It was further noted that the protesters' grievances have moved away from demanding the resignation of particular individuals, or perceiving corruption as an issue of individual greed, but rather acknowledging that the issue is much more systemic and rooted in how the country is run (Dodge 2019 and Worth 2020).

However, while Worth (2020) noted that the protest movement has grown significantly more powerful and has been recognised by the political class as a relevant force, it has struggled with translating momentum into a concrete political reform project. This is partly due to the fact that the protest movement has so far refrained from participating in the electoral process or from appointing formal representatives, as protesters have been hesitant to partake in a system that is perceived as so corrupt that engaging with it would only discredit their goals (Worth 2020).

After the protests forced prime Minister Abdul-Mahdi to resign in late 2019, it will be crucial how the new Iraqi government under Kadhimi will respond to and integrate the protesters. Kadhimi has already called for early elections in June 2021, meeting one of the demands of the ongoing protests. He has also, more so than his predecessor, attempted to engage protesters in the political process, violence against protesters by the security forces has reduced, and the government promised to tackle some of the entrenched corruption challenges (Karam 2020 and Kasim 2020). But

whether these most recent promises at reform will have a greater impact remains to be seen (see also last section).

Mistrust in the political process

Worryingly, the mistrust in institutions appears to translate into a mistrust in the democratic process.

The 2018 federal parliamentary elections for the Council of Representatives had the lowest voter turnout since 2003, with only 44% of citizens participating, a decrease from 62% in 2014, demonstrating the fragility of Iraqi democracy and the widespread disillusionment in the political system (Arab Barometer 2019 and Hassan 2018). The election required a recount due to persistent accusations of fraud, and it took some 10 months before a new government could take up its functions (Al-Shadeedi & Van Veen 2020).

The increasing splintering of political parties after 2005 has led to a doubling of the number of parties, making it increasingly difficult to form stable coalitions. As a result, the 2018 election brought highly fragmented and inconclusive results (World Bank 2020). Following the elections, an NDI survey indicated that 71% of Iraqis believed the election results to be fraudulent (Numan 2020). In the 2019 Arab Barometer, 60% of respondents believed the elections to have been neither free nor fair, only 23% said they thought the country was (somewhat) democratic, and interest in politics was down to 26% from 52% in 2011.

Bureaucratic corruption

A lack of institutional capacity and high levels of clientelism continue to be challenges in the Iraqi bureaucracy (BTI 2020). The state's minimised administrative capacity, due to a lack of merit-based hiring, corruption within the administration,

and diminishing resources after the oil price crash, has resulted in widespread discontent with local and national authorities and their inability to adequately supply basic services, such as electricity and water, especially in territory formerly controlled by ISIS.

A bloated bureaucracy

The dominant position of the Iraqi state in the economy and high levels of clientelism and patronage have resulted in 42% of employees today working in the public sector, primarily in public administration functions (BTI 2020 and World Bank 2020). Estimates of the number of staff currently on the public payroll vary, ranging from around 3 million (Al-Mawlawi 2018) to 7-9 million (Dodge 2019 and Karam 2020). What is clear is that these numbers have certainly grown significantly from around 1 million in 2003, a trend that could not be substantially reversed by a partial hiring freeze in 2016. Some ministries, including those of interior and defence, were able to notably reduce their payroll spending by weeding out "ghost" employees. However, others, including the ministry of oil, have actually seen a growth in their employee base and the KRG has not been able to enforce any meaningful reductions (Al-Mawlawi 2018).

In the public sector, hiring is based largely on familial, tribal or sectarian ties or as the result of public pressure, but rarely based on merit or need. This has resulted in an inefficient bureaucracy that lacks transparency and capacity and has insufficient oversight. This environment also acts as a breeding ground for corruption and rent-seeking among public officials. In addition, while in urgent need of reform, the system has shown itself to be extremely reform resistant (Al-Mawlawi 2020; BTI 2020; Hasan 2018; Pring 2015b).

Forms and extent of bureaucratic corruption

In spite of the continued negative view of the government and its overall performance, a majority of respondents (52%) in the 2019 NDI survey (NDI 2019) found that service delivery had improved recently, an increase of 15 percentage points since 2018. Nonetheless, more than 3 in 10 Iraqis said they are required to give gifts or informal payments in at least half of the instances where they needed a government official to perform a service for them.

In line with the concern about employment prospects, 34% of respondents said that it was either very or somewhat acceptable to bribe to get a job or promotion. Yet despite the fact that respondents consider corruption a major concern, around half also considered it at least sometimes acceptable to pay bribes in exchange for government services. This acceptance of bribery was much lower in the KRI, where 95% of respondents said that it was rarely or never acceptable to pay a bribe.

In the Arab Barometer, only 16% of Iraqis were generally satisfied with government performance, and only one in four trusted the civil service. Meanwhile, 56% of respondents said it was either highly necessary or necessary to pay a bribe to access healthcare, and 53% said it was either highly necessary or necessary to pay a bribe to access education. Moreover, 94% of respondents said they believed a *wasta* was necessary to access employment opportunities, referring to the phenomenon common across the Middle East by which a personal connection within the system is necessary to access public services (Schoeberlein 2019).

Procurement corruption in a rentier state

According to Hasan (2018) the current state of clientelism is based on two factors. Firstly, the fact that almost all large and profitable business ventures are connected to government contracts and decisions, such as public procurement contracts, import licences, or the central bank's currency auction. Secondly, the political system of power-sharing and the resulting clientelism have created a system in which ministries and public positions are used to extract revenue and distribute benefits among loyalists. According to Hassan (2018: 12), 38% of registered companies in the country are "either dependent on state contracts or operate as economic extensions to political parties".

In Iraq's rentier economy with high levels of clientelism, an appointment to public office also means a distribution of resources, meaning that political positions are not merely taken up for their political influence, but largely as a means to share the spoils of office (Jabar 2018). As such, parties tend to strengthen their patronage networks by awarding public contracts to their delegates, loyalists and affiliated businesses, paying higher salaries to employees hired through their network, as well as outright embezzling funds from the budgets of their ministries for their own or their loyalists' enrichment (World Bank 2020).

Overpriced and falsified public contracts

Overpricing government projects and procurement contracts is one way to siphon off money from the state budget. According to Dodge (2019), the filling of ministries with party loyalists as staff allows for widespread contract corruption across ministries, so that funds flow back into the pockets of party officials. This led a judge adjudicating corruption cases in the country to label the government contracting process as "the father of all corruption issues" (Dodge 2019).

According to Jabar (2018), out of some 6,000 contracts for government projects, 5,000 were entirely fake or never implemented, with a combined total value of around US$220 billion.

Corruption in the construction sector

The construction sector, sprawling during Iraq's reconstruction years and equipped with substantial international funds, proved especially vulnerable to embezzlement.

Construction sites can be found across the country, for which multi-million dollar contracts were signed and paid, but no work was ever undertaken. One such area is Sadr Al Qanaat, which was meant to be developed into an outdoor area with parks, playgrounds and restaurants in 2011, and for which contracts worth US$148 million had been signed. Nine years later, no substantial construction has taken place. The Iraqi Integrity Commission has found extensive mismanagement and corrupt behaviour related to the project, including a former mayor who had fled the country after "causing a deliberate damage of US$12 million" (Worth 2020).

Similarly, as part of Baghdad's bid for Arab Capital of Culture, starting in 2011 the Iraqi government allocated some US$500 million to the restoration of theatres, cinemas, art galleries and other culture venues. Years later, contracts had been signed and funds disbursed, but there was little sign of any construction or restoration having been undertaken. At the same time, oversight bodies, including the Iraqi Commission for Integrity and the judiciary failed to hold anyone to account (Saqr 2019). An investigative report published by Saqr (2019) found repeated instances of waste,

mismanagement and corruption, and a complete lack of oversight in the disbursement of funds.

One instance includes the planned construction of a new opera house. The US$146 million contract was awarded to Turkish company Rotam, although it had only opened operations in Iraq six months prior to its selection and allegedly was only fulfilling four out of 11 conditions set by the ministry in the bidding instructions. After receiving a down payment of US$14.6 million and another 7.3 million for performance improvement, the project stalled and the opera was never built. The ministry withdrew the contract from Rotam in 2014, but as of 2019 had not been able to recover the funds. Furthermore, funds were distributed for movie productions outside the standard selection process, and allegedly based on nepotism. In another case, a contract to rent a festival tent was given for an overpriced US$2 million to a Lebanese company in a bidding process that took just three days, and almost US$4 million were spent for the allegedly heavily overpriced printing of books (Saqr 2019).

Corruption in the electricity sector

Corruption is said to be particularly prevalent in the Ministry of Electricity and the surrounding system of electricity provision, with an Iraqi official estimating the scale of corruption in the Ministry of Electricity to be US$41 billion since 2003. The current prime minister, Kadhimi, has been quoted as saying that "billions of dollars were spent in the past years on [the electricity] sector and were sufficient to build modern electrical networks, but corruption, financial waste, and mismanagement prevented solving the electric power crisis in Iraq" (Al-Rubaie 2020). A lack of technical capacity and infrastructure, rampant corruption, the inadequate investment of oil revenues, and patronage politics at the local level have squandered the country's oil revenues and left the country's energy sector mismanaged, inefficient, and reliant on energy imports, mostly from neighbouring Iran (Cornish & Bozorgmehr 2019; Kadhim & Vakhshouri 2020; Wahab 2018). The energy dependency on Iran has proved challenging in the current economic crisis, and in the face of renewed U.S. sanctions against Iran, both of which left Iraq unable to pay its debts, resulting in energy shortages across the country (Arraf 2021).

In 2014, an electric power plant was built for US$400 million in Basra. Yet, despite the country's oil wealth, it ran on gas, costing the country millions annually in gas imports and making an already desolate electricity crisis worse. Al-Rubaie (2020) has argued that deals like this demonstrate how mafia-type structures that exercise undue influence over ministries and government decision-makers have weakened the state, bankrupted the treasury and increased the country's foreign indebtedness. In Basra in particular, Iranian support for local Shia militias and corrupt networks between Iraqi and Iranian politicians and businesses, have been blamed for a near collapse of the local economy and infrastructure. This resulted in environmental degradation and poverty, in a province that produces most of the country's oil, resulting in widespread protests in 2018 (Cornish & Bozorgmehr 2019 and Jubaili 2018).

Corruption in the defence sector

In spite of its generally higher levels of trust among the population, corruption has also been high within the army and police, where commanders are known to pocket the salaries of large numbers of non-existent "ghost" soldiers, a phenomenon facilitated by a lack of oversight (Aboul-Nasr 2020 and Worth 2020).

Correspondingly, in a study evaluating the corruption risk exposure of the Iraqi defence sector, conducted by Transparency International UK, critical risks appeared across the board. Four out of five categories received less than 10 out of 100 points – financial (5), personnel (7), operational (9) and procurement (9). The best scoring category, political, received 12 points, which was still considered a critical risk (Aboul-Nasr 2020).

According to Chayes (2014) and Jeffreys (2014), widespread corruption within Iraqi's military complex and the government more broadly, weakened the Iraqi army in the fight against ISIS. Sunni soldiers side-lined by the new system, and a military where capable officers were replaced with elite cronies, is unlikely to yield much willingness to fight for the state. The resultant "collapse of the security force should be predictable" (Chayes 2014).

Economic influence of militias

But it is not just corrupt public officials that aim to extract as much revenue as possible from the country's resources. The various militia groups that have emerged across the country throughout the years of instability, civil war and violence, have significant business ties and political influence.

Kataib Hezbollah, an Iraqi militia with ties to Iran's revolutionary guard, allegedly staged a raid on the international airport in Baghdad in late 2019 to drive the Lebanese contractor out of a VIP terminal and nearby hotel, who had refused to cooperate with the militia and pay them 20% of his revenue. A short while later, he was out of the country and the militia group had instated a loyal businessman to take over his contract. Also in 2019, a Kataib Hezbollah front company received a 12-year contract worth tens of millions of dollars for the

Baghdad and Basra airports, even though the company was only two months old and lacked the required licences. The contract was later terminated (Worth 2020).

According to Worth (2020), other militiamen now count among the richest businessmen in Iraq, owning upscale bars, farms and restaurants, and their connections to corrupt public officials have resulted in a variety of graft schemes including "checkpoint shakedowns, bank fraud, [and] embezzling from the government payroll", all schemes which serve to enrich both politicians and the militias.

Areas affected

Oil & gas

Iraq is highly reliant on oil, with over 90% of government revenues stemming from oil, and oil exports making up over 95% of the country's export revenues and more than 57% of its GDP (BTI 2020 and World Bank 2020), leading the World Bank (2020: 26) to call Iraq "the most oil-dependent country in the world".

This oil dependence has left the entire country as well as the KRG vulnerable to price fluctuations in the international market. In addition, the over-reliance on oil has contributed to economic and governance challenges. The oil wealth has reduced the state's incentive to develop other sources of revenue, both in terms of economic diversification as well as tax collection. The oil wealth and control over oil extraction has also contributed to political conflicts between the central government and federal states (World Bank 2020).

Most of the oil extraction in the areas under Baghdad's control is done by state-owned

companies, raising "the incentive for elites and political parties to secure access to the government and thereby control key institutions" (World Bank 2020: 27).[4] Oil rents are then used to provide public sector jobs, finance subsidies, and provide welfare and revenue to patrons and loyalists (World Bank 2020). This makes the Iraqi system especially vulnerable to price shocks on the oil market as an inability to finance the public sector payroll and subsidy programmes leads to widespread discontent among the population (World Bank 2020).

The World Bank (2020) states that rent-seeking behaviour and patronage in the oil sector presents a significant disincentive to reform. With relatively stable incomes from oil among the participating elites, changing the status quo, especially in a way that might bring conflict to an already fragile system, is not desirable. The availability of oil rents also discourages the government from supporting the establishment or strengthening of private sector stakeholders in the industry, who would likely challenge the status quo.

Iraq's resource management is further negatively affected by an incomplete and inconsistent regulatory framework that discourages private and foreign investment, limited financial oversight of state-owned enterprises and international companies, weak revenue auditing, as well as a lack of validation of data released under the EITI (World Bank 2020). However, attempts at reform in the oil sector by both the central and KRG governments have been hampered by high levels of corruption and a weak private sector, according to BTI (2020).

A national hydrocarbon law and other legal documents, including a revenue sharing law and a law for the establishment of a national oil company, were drafted in 2007 and submitted to the Council of Representatives, intended to close some regulatory gaps. To date, these pieces of legislation have not been adopted (World Bank 2020).

In the absence of an adequate national legal framework, the KRG passed its own regulations in 2007 and entered into production sharing agreements with international stakeholders. But Kurdistan's jurisdiction over oil extraction and trade is contested by the central government, which has led to ongoing conflict in the matter. After the central government retook control over the Kirkuk region following Kurdistan's independence referendum in 2017, it also took control over the oil fields there. Following this change in control, exports from Kirkuk through the Kirkuk-Ceylan pipeline have dropped by more than half (World Bank 2020).

While improvements have been made to increase fiscal transparency in the oil and gas sector in line with EITI requirements, publicly available information on oil revenue remains limited and lacks validation. Iraq's membership to the EITI had been suspended in 2017. It was reinstated as compliant in 2019, but another open 12 conditions need to be met to remain compliant by 2021, including the auditing of disclosed financial information (World Bank 2020).

In an illustrative case, the UK's Serious Fraud Office convicted two representatives of the Monaco-based company Unaoil in July 2020 on charges of conspiracy to give corrupt payments for having,

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[4] In the KRI oil, is mostly produced by international companies (Pring 2015a)

along with a co-conspirator, conspired to pay bribes in excess of US$6 million to public officials at the Iraqi South Oil company and Ministry of Oil to secure contracts worth over US$850 million for Unaoil and its clients (SFO 2020).

The judiciary

The judiciary, while officially independent, is considered weak and its independence is often undermined by political interference, patronage and clientelism, and it has been accused of handling high-level cases selectively (BTI 2020 and Mansour 2018).

A former government minister, Falah al-Sudani, was sentenced to 21 years in prison in a US$4 billion corruption case in January 2018, but pardoned in November of the same year, allegedly due to political pressure at the highest level. It is said that the judiciary is unable to bring cases against high-level political figures, including Shia, Kurdish and Sunni political leaders, and that an amnesty law from 2016 is used to guarantee immunity for senior public officials in corruption cases (BTI 2020).

There is a widespread belief that the judiciary is highly politicised and that courts are used by the elites to advance personal or fractional ends, rather than constituting an independent branch of government (Abdullah 2017 and Epstein 2018). There have been several accusations that court representatives, especially interrogators, who are acting under the supervision of judges in carrying out investigations, are taking bribes from high-ranking public officials, including ministers, to drop corruption charges (Abdullah 2017).

The politicisation and corruption of the judiciary also prevents the effective adjudication and

conviction of corruption cases brought by the Commission for Integrity (Epstein 2018).

In the 2019 NDI survey, more respondents thought that the justice system was getting worse (48%) than thought it was getting better (41%) and views on the justice system were particularly bad in the KRI.

Due to a lack of trust in the justice system and its perceived bias and corruption, many people have been turning to extrajudicial resolutions, such as tribal bodies, to solve conflicts, including major crimes (Epstein 2018; NDI 2019; Mansour 2018).

Consequently, judicial reform has been one of the key demands of the recent protest movement. This includes demands to reform the 2005 anti-terrorism law, which has been used to imprison people for extended periods without trial and has been used by political elites to target opponents (Mansour 2018).

Media and civil society

Iraq ranked 162 out of 180 on the Reporters Without Boarders Press Freedom Index for 2020, noting harassment, attacks, abductions and killings of journalists by militias.

Despite a modest decline in violence, Iraq continues to be one of the world's most dangerous places for media representatives, with attacks against journalists, arrests, and journalists getting caught in the crossfire occurring frequently (BTI 2020). Since 2003, over 277 Iraqi journalists and 63 technicians and media assistants have been killed, with journalists investigating corruption said to be at particular risk of political interference or threats (Numan 2020).

While on the 2019 World Bank Governance Indicators, Iraq does better on the category of *voice*

and accountability than in any other category, it still scores a low -0.9 indicating significant shortcomings.

In a survey of Iraqi journalists published by Numan (2020), 77% of respondents voiced the opinion that the government was corrupt, while only 5% rejected the idea. Maybe more worryingly, only 8% of respondents considered Iraq to be a democratic regime, with more respondents saying it was between a democracy and a dictatorship (11%), a sectarian system (28%), or a dictatorial system (34%), and 19% saying they were not sure. Out of the journalists interviewed, 56% said they reported on the topic of corruption, while 46% said they did not. When asked for reasons why they avoided reporting on corruption, 17% said they believed coverage would not lead to change, 10% said their organisation did not allow them such coverage, 6% feared retaliation, another 6% considered the weakness of the Iraqi judiciary, and 5% said the press establishment itself was corrupt.

The years of authoritarianism and violent conflict have made it difficult for civil society organisations (CSOs) to develop, grow and build strength as pressure groups, although the situation looks somewhat better in the KRI (BTI 2020).

According to the Office of Non-Governmental Director, a coordinating body for CSOs in Iraq, there are 2,550 registered NGOs in Iraq excluding the KRI. There is an equivalent body in the KRI which registers 2,344 NGOS in the three Kurdish provinces (Abdullah 2017).

While the number of CSOs mushroomed across the country after 2003, they were often weak and lacked professionalism. The large influx of donor funds to these newly established CSOs, which were often unable to absorb significant funds in an

effective manner, was itself reportedly a driver of increased corruption (BTI 2020).

Nonetheless, civil society engagement has steadily increased since then, which is also visible in stronger protest movements mobilising around key issue areas such as corruption, an end to the political quota system and better service delivery (BTI 2020 and Jabar 2018).

Anti-corruption efforts and their effectiveness

According to overviews by Pring (2015a and 2015b), Iraq, and to an extent the KRI, do have several key elements of an anti-corruption regime. However, they were largely deemed ineffective in practice and showed some significant gaps in, for example, public financial management and institutional independence (Abdullah 2017; Epstein 2018; Pring 2015a and 2015b).

Iraq has ratified the UNCAC and passed relevant anti-corruption legislation, which were deemed crucial steps in building an anti-corruption framework. Relevant legal provisions include the criminalisation of different forms of bribery in the criminal code, mandatory asset disclosure for top public officials, including the president, prime minister, cabinet ministers and members of parliament (through law 30 of 2011), an anti-money laundering act (2004), and certain anti-corruption provisions in the procurement (2004) and investment (2006) laws (Abdullah 2017 and Pring 2015a).

However, the legal framework has been found to be insufficient and exhibits gaps in its implementation. The penal code has been described as "confusing" by Pring (2015a: 1), with little political will to enforce it. Moreover, the legal

framework falls short of UNCAC requirements in some crucial aspects, such as strengthening integrity in the judiciary, maintaining systems for the recruitment and promotion of civil servants, and obligations on the management of public finances (Epstein 2018 and Pring 2015a).

A report by the International Monetary Fund (IMF 2019) further notes that new legislation surrounding illicit enrichment, trading in influence, bribery, and embezzlement had been drafted but not enacted, and criticised that politicians convicted on corruption are not barred from continuing to run for office.

The legal framework for the KRI was similarly deemed overly complex and suffering from overlapping regulations, with the added challenge that there are often conflicts over Kurdish or Iraqi jurisdiction (Pring 2015b).

Anti-corruption bodies

Federal Board of Audit

The oldest anti-corruption body in Iraq is its supreme audit organisation, the Federal Board of Supreme Audit (FBSA). It was initially founded as the Office Auditing General Accounts in 1927 and went through several stages of reform, scope broadening, and re-naming until it became the FBSA with law no. 31 in 2011 (Abdullah 2017).

Since the 2011 reform, the entity was given investigative powers over financial regulations and jurisdiction to audit public funds. Its responsibilities were further broadened with law 104 of 2012 to hold investigations into specific cases at the request of parliament (Abdullah 2017).

The FSBA also oversees extractives contracts and is the only one of the main anti-corruption agencies

with jurisdiction in KRI (Pring 2015a). The FSBA is independent of the government but subject to parliament, which also appoints (and can dismiss) the head of the FBSA for a non-renewable term (Abdullah 2017).

However, with regards to auditing, the World Bank (2020) noted that Iraq lacks fiscal accountability systems, such as an integrated financial management information system and a centralised personnel and payroll management information system. Internal auditing functions are weak or non-existent, and no budget audit report has been publicly released since 2014.

Commission for Integrity (COI)

Iraq's main anti-corruption body, the Commission for Integrity (COI), was established by order 55 in 2004 under the Coalition Provisional Authority and is primarily responsible for preventing and investigating government corruption (Abdullah 2017 and Pring 2015a). It is considered independent from government but, like the FBSA, subject to parliament. Its tasks include investigations into corruption cases, suggesting new anti-corruption laws or revising existing ones, and requesting financial disclosures from senior public officials. The COI is empowered to collect, examine and maintain financial disclosure information of high-ranking public officials, including the president, prime minister and senior military officers, to check for suspicions of illicit enrichment (Abdullah 2017).

While it previously had limited powers to deal with non-compliance, in December 2019, parliament passed a law that allows the COI to compare the assets of public officials with their income and impose penalties where the officials are unable to explain large discrepancies or the source of some of their assets (Worth 2020).

The COI is also supposed to cooperate with the Ministry of Education to promote ethics and integrity in education (Abdullah 2017).

The authority and independence of the COI had been increased per regulation no. 30 in 2011, which subjects it only to parliament, while prior to this, the head of the COI was appointed by the prime minister (Abdullah 2017). The new regulation also gave the COI the power to subpoena any documentation or evidence from any government entity in investigating corrupt conduct. It was also given power to investigate any cases identified by the FBSA or inspector general to end power disputes between the agencies.

Inspectors general (IG)

Like the COI, inspectors general were introduced in 2004 under the Coalition Provisional Authority (Abdullah 2017). The IG were situated in all ministries and were responsible for auditing records and activities of the ministries, recommending improvements to ministry programmes, auditing the efficiency and effectiveness of ministry operations, as well as receiving, assessing and processing complaints about fraud or abuse of authority. They were then to forward the complaints to relevant investigative units and follow-up on progress regarding responses (Abdullah 2017). However, after the IG had seen a slight increase in their authority in 2005, according to the World Bank (2020) the parliament dismantled the offices in 2019. While the reason given for their dismantling was alleged ineffectiveness and corruption of the institution, interviews conducted by the World Bank suggested that a political desire to reduce accountability within ministries drove the decision.

Parliamentary Committee on Integrity

A Parliamentary Committee on Integrity was established by parliament after 2003 and consists of 21 MPs. Their role is to monitor the work of the other anti-corruption agencies, propose draft laws on integrity and to follow-up on corruption cases in government agencies (Abdullah 2017).

Effectiveness of anti-corruption agencies

All dedicated anti-corruption authorities, including the COI, the FBSA and the Parliamentary Committee, have by and large been found to be ineffective, lacking resources and authority, and having ultimately little effect. Despite proclamations to the contrary, they have often lacked independence, were subject to political interference and have thus been largely unable to independently investigate or prosecute corruption (BTI 2020; Kuoti 2018; Pring 2015a).

Additionally, the agencies are limited by a politicised and ineffective judiciary. Even when the anti-corruption bodies are able to effectively bring cases against corrupt individuals, they ultimately depend on the courts to proceed with their cases, who have a reputation for dropping sensitive corruption cases if powerful individuals or their families are involved (Abdullah 2017).

Agencies in the KRI

According to Abdullah (2017), with the exception of the inspectors general, all agencies are mirrored in the KRI.

Agencies there include the Kurdish Commission for Integrity, tasked with investigating and prosecuting corruption cases, and the Board of Supreme Audit with investigative authority over publicly funded institutions. Other bodies include the Office of Governance and Integrity under the KRG prime

minister, which implements and advises on relevant policies and programmes; the parliamentary integrity committee; and the Transparency Development and Impeachment Board, which serves to monitor employment and administrative processes in the public administration (Pring 2015b). These institutions have had some achievements, such as the issuance of a code of conduct for KRG officials by the Office of Governance. In addition, the Kurdish Commission for Integrity was found to have greater independence to investigate public officials than its Iraqi counterpart. However, as in other parts of the country, Pring (2015b) found that most of these institutions had limited capacity and were largely unknown to the citizenry.

Failure of past reform efforts

Few attempts at anti-corruption reform were put forward between 2014 to 2017, years that were characterised by the advance of and fight against ISIS.

A slight exception are reform attempts under prime minister Haider al-Abadi (2014-2018) (BTI 2020; Kuoti 2018; Pring 2015a). Partly in response to widespread protests in 2015, the prime minister promised sweeping reforms, including fighting corruption, improving service delivery, tackling the inflated state bureaucracy, introducing administrative reforms, abolishing several high-ranking political positions, removing special allocations for governmental bodies and prosecuting corruption cases under a supreme committee.

But there appears to be some disagreement as to how substantial Abadi's reform attempts were.

Al-Khateeb (2015) saw a potential "watershed" moment for Iraq, describing Abadi's efforts as bold

and unprecedented. Most notably, the reforms would, if successful, disband the quota system for high public office and open the way for bringing cases against corrupt officials under a newly formed commission.

However, Sowell (2015) has argued that the reform efforts were much narrower than often claimed, largely focusing on eliminating "waste" rather than "theft" and ultimately avoiding going after corrupt senior officials or any of the structural issues.

In any case, by the time Abadi left office in 2018, the reforms had not been implemented. After an initial approval, some of Abadi's reform efforts, such as the abolition of several political positions, were being revoked by parliament over questions of their constitutionality. More broadly, Abadi faced significant opposition within the Shia bloc (Jabar 2018; Mansour 2018; Sowell 2015).

According to BTI (2020) an implementation of much-promised reforms was often hindered by the systemic nature of corruption in the country, the entrenched vested interests, the clientelist decision-making and the weakness of public institutions outside of the executive branch.

Al-Mawlawi (2020) similarly notes that past reform efforts have often failed as they did not account for the country's political economy and hence been unable to overcome the vested interests that stifle reform. The legacy of authoritarianism has left the country with a public sector in which few stakeholders are empowered or incentivised to take decisions, while hierarchies are entrenched and power is centralised. This mix of a reform-resistant public sector and political culture has led to the failure of many reform initiatives (Al-Mawlawi 2020).

Kuoti (2018) argues that past efforts at countering corruption had largely failed because they ultimately continued to operate within the system of consociationalist governance. He argues, as have others, that corruption in Iraq is too institutionalised and too embedded in the political fabric to be tackled with isolated measures or by going after individual public officials operating inside the corrupt system.

Abdullah (2017) sees a strong system of "corruption protection" in Iraq. The fractionalised political setting with strong sectarian and party ties has resulted in a system were individuals protect each other based on group affiliation, rather than protecting the system, its institutions or its laws. As a result, corruption allegations are often brought against opponents as a means to discredit, while actual corrupt violations of in-group individuals are protected, to prevent the prosecution of well-connected members. He argues that "the practice of corruption protection has led to a situation in which the very notion of who is corrupt and who is not corrupt has been hijacked by the ruling political groups" (Abdullah 2017: 16).

This system has effectively rendered the anti-corruption bodies ineffective, according to Abdullah, as they will not be able to investigate or prosecute any perpetrators that enjoy the protection of the political system. Even more, the agencies themselves often suffer from the same clientelistic structures that are prevalent across ministries and other agencies, with appointments to the bodies used as a means of securing loyalty.

Perhaps unsurprisingly then, in the 2019 Arab Barometer, only 22% of respondents thought that the government was serious about fighting corruption (a 13 point drop from 2013).

Recent reform efforts

Prime Minister Adil Abdul-Mahdi, who came to power in 2018, was, like his predecessor Abadi, hailed as a reformer, but had to announce his resignation in late 2019 after limited success and in the face of escalating anti-government protests.

After Mahdi's resignation, Iraq was without a functioning government for six months, with two designated replacements being unable to win majorities in parliament. Ultimately, Mustafa al-Kadhimi, a former journalist and head of the national intelligence service without a political party, managed to bring together a coalition including Kurdish, Shia and Sunni blocs, as well as the bloc led by popular cleric Muqtada al-Sadr, and was appointed prime minister in May 2020. Once in office he, like his predecessors, promised to curb the country's entrenched corruption challenges (Bussemaker 2020 and Worth 2020).

In spite of the political instability during the short-lived government of Abdul-Mahdi, the following political vacuum and the recent appointment of Kadhimi, some relevant reform efforts to curb corruption were undertaken in the last two years (Al-Mawlawi 2020).

To counter the widespread phenomenon of payroll fraud in the public sector, including "ghost" employees receiving salaries, an electronic payroll disbursement system has been introduced and is being rolled out across government departments. In addition, parliament has passed a General Financial Management Law in May 2019, which puts forward fiscal transparency requirements and limits the scope for spending outside the budget process (Al-Mawlawi 2020 and IMF 2019).

Also in 2019, a High Council for Combatting Corruption was created to work with the

Parliamentary Integrity Commission "to promote coherent anti-corruption laws and policies" (IMF 2019: 20). However, according to the IMF (2019) coordination between the different agencies was already an issue, so whether this new commission will contribute to greater effectiveness remains to be seen.

Partly in response to protester demands, in August 2020, Kadhimi formed a committee to investigate major corruption cases in Iraq. The new committee, made up of judges, representatives from the national intelligence service, National Security Service and Counter Terrorism Service, has some more teeth than other agencies as it has the authority to make arrests and seize evidence (Knights 2020). Following the committee's formation, some high-profile arrests were made on corruption and money laundering charges, including of the director of the National Pension Authority, Ahmed al-Saadi, and the director of Qi Card Company, an online payment platform, Bahaa Abdul-Hussein. Two travel bans were issued on corruption related charges against a former minister of electricity, Luay al-Khateeb, and a senior official in the same ministry. The arrest of Raad al-Haris, former deputy minister of electricity and advisor to Kadhimi followed in November, sending a positive sign that the government did not hesitate to go after its own people (Al-Rubaie 2020).

Outlook

Mustafa al-Kadhimi has garnered some initial support among protesters for his willingness to respond to their demands and his promises to curb corruption (Karam 2020).

But whether or not the latest rounds of reform efforts ushered in by Kadhimi will prove more durable than previous iterations will largely depend on whether they will be able to tackle the root

causes of corruption, including the *muhasasa* system. Many observers point to the need for systemic reforms over short-term solutions while ensuring attainable objectives, as well as considering and adequately responding to vested interests, kleptocratic networks and institutional elements reluctant to change (Al-Mawlawi 2020; Al-Rubaie 2020; Karam 2020).

As yet, while Kadhimi had promised to dismantle the unpopular *muhasasa* quota system, he appears to have backed down from that ambition following political pressure (Bussemaker 2020).

Recently, clashes that broke out between protesters and security forces on the first anniversary of the October 2019 protests show that the situation remains fragile and that protesters are unlikely to be easily appeased by mere promises of reform (DW 2020).

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