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THESIS

THE RESILIENCE OF IRAQI CORRUPTION

by

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THE RESILIENCE OF IRAQI CORRUPTION

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ABSTRACT

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This thesis seeks to understand why the anticorruption strategies Iraq has pursued have found so little success. To answer this question, this thesis uses official government documents and reports, scholarly research and analysis of corruption, nongovernmental organization (NGO) works published regarding corruption, and media reporting (particularly in Iraq) to further explore efforts taken at reducing corruption in Iraq and explaining the obstacles these efforts have encountered.

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LIST OF ACRONYMS AND ABBREVIATIONS

AML	Anti-Money Laundering
BTI	Bertelsmann Stiftung's Transformation Index
CBI	Central Bank of Iraq
COI	Commission of Integrity
COR	Council of Representatives
CPA	Coalition Provisional Authority
CTS	Counter-Terrorism Service
FBSA	Federal Board of Supreme Audit
GFML	General Financial Management Law
ICAC	Independent Commission Against Corruption
IG	Inspector General
MENAFATF	Middle East and North Africa Financial Action Task Force
MP	Member of Parliament
NGO	Nongovernmental Organization
NIC	National Investment Commission
NIS	National Intelligence Service
NSS	National Security Service
SIGIR	Special Inspector General for Iraq Reconstruction
SOE	State-Owned Enterprise
StAR	Stolen Asset Recovery
TBI	Trade Bank of Iraq
TI	Transparency International
UN	United Nations
UNCAC	United Nations Convention Against Corruption
UNODC	United Nations Office of Drugs and Crime

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I. INTRODUCTION

A. THESIS RESEARCH QUESTION

The purpose of this thesis is to explore the anticorruption strategies employed by the Government of Iraq and to seek to explain why they have not found much success in reducing corruption in Iraq. It also seeks to identify some remedies that would increase their effectiveness, based upon other more successful implementations.

B. SIGNIFICANCE OF THE RESEARCH QUESTION

As Saddam Hussein consolidated his power in 1979, his nepotistic practices placed family members and political supporters in positions of power and influence. Hussein also extensively provided patronage and employed bribery to garner support for himself and his regime. Over the course of the Iran-Iraq War, Saddam regularly gave lavish gifts to leaders of other Arab states in exchange for their support of his objectives.¹ During the period following Iraq's failed invasion of Kuwait, the economy was devastated under international sanctions while Hussein directed many of Iraq's few resources to his network of supporters.

Since the U.S. invasion of Iraq in 2003, corrupt officials have continued to enrich themselves through their access to state funding and resources, particularly oil. Average citizens paying bribes to officials in exchange for administrative requirements is a common practice.

Corruption, pervasive throughout the Iraqi system, proved to be a major obstacle to the stabilization of the country in the years following 2003 and continues to be a major issue today. Estimates vary widely, but it has been estimated that anywhere from \$100 billion to \$300 billion have been lost to corruption since 2003.² It helped to fuel the insurgent violence through the proliferation of funding and resources to informal (black market) sectors and stoked the discontent of the general populace who were frustrated by

¹ Stephen Hayes, "Saddam's Cash and the Journalists and Politicians He Bought With It," *The Weekly Standard*, May 5, 2004, 22.

² Luay al-Khatteeb, "Corruption in Iraq: Where Did All the Money Go?," *The National Interest*, May 19, 2016, <http://nationalinterest.org/feature/corruption-iraq-where-did-all-the-money-go-16279>.

the government's lack of capability to provide security or services. Siphoning of funding into private hands has left the Iraqi state unable to complete various projects to improve infrastructure or to execute its budgets. Corrupt officials and military officers have also profited by selling arms to the black market, which has increased the availability of these weapons to criminal networks and extremist organizations, thereby prolonging the violence that is wracking the country. During the rise and height of the Islamic State in Iraq and Syria (ISIS -or- Da'esh), corruption continued to degrade the effectiveness of Iraqi military forces and impede their ability to wage their campaign against ISIS. One of the many consequences of the rise of the ISIS was the eventual return of international coalition forces led by the United States to Iraq to advise and assist Iraqi forces in the campaign to retake territory overrun by ISIS despite the United States having formally withdrawn at the end of 2011.

Due to its heavily political nature and the extent to which it has become entrenched in Iraq, the many efforts to reduce this corruption have seen little success. Many politicians oppose anticorruption legislation likely because it will threaten currently lucrative schemes from which they profit and because they may face prosecution themselves if the investigative and judicial institutions are strengthened. In the past, anticorruption measures have also been used as a mechanism of partisan or sectarian political maneuvering to weaken opposition groups. If corruption is not addressed in a more thorough and effective manner, it will continue to destabilize the country, disenfranchise the population of Iraq, and pose a further issue for the rest of the region.

II. LITERATURE REVIEW

Corruption is not a newly emerging challenge confronting states in the world today. Sarah Chayes presents a litany of authors spanning approximately 700–1516 CE that wrote many various works of “advice literature” in which they advocated to their rulers for what they believed to be wise policy strategies.³ These works are collectively referred to as “Mirrors for Princes” and included such authors as Nizam al-Mulk of 11th century Persia and Nicolo Machiavelli of 16th century Italy, among others. The commonality Chayes demonstrated in her collection of these works was that many of them specifically exhorted their rulers to avoid, “Being rapacious and arrogating subjects’ goods...” or to be wary of officials who unjustly demanded more than was owed to them by the common folk they oversaw. She later goes on to argue that corruption is a remarkably underappreciated driver of instability by contributing to social unrest, uprisings, and grievances that motivate some individuals to turn to violent extremism.⁴

In the context of this thesis, I will use the definition described by Frank Gunter, which is that corruption is “the abuse of public power for private benefit.”⁵ This could mean an official who has the authority to provide or withhold an act or service, but instead does so selectively in exchange for bribes. It might also come in the form of stealing or siphoning money from government accounts to which an individual has privileged access. While corruption is often considered in such economic means, it may also include the use of appointment to place people in other public positions that are favorable to the appointer (nepotism).

I have found it useful to consider corruption as having two, generalized forms of operationalization. The first can be thought of as a “top-down” system of resource distribution and is typically referred to in the literature as patronage. Studies of patronage

³ Sarah Chayes, *Thieves of State: Why Corruption Threatens Global Security* (New York: W. W. Norton & Company, 2015), ch. 2, 8–19.

⁴ *Ibid.*, ch. 14, 184–187.

⁵ Frank Gunter, *The Political Economy of Iraq: Restoring Balance in a Post-Conflict Society* (Edward Elgar Publishing Limited: 2013), 46.

in politics often refer to the “patronage era” in America’s party system that existed between 1828–1883.⁶ American political parties of this time period would “distribute patronage—jobs, contracts, and emoluments—to party loyalists to induce them to follow the party program.”⁷ However, this created perverse incentives in which party leaders and members would scramble for the division of spoils after an election victory, rather than the pursuit of the most effective governance.

This practice of patronage is further complicated in Iraq due to Iraq’s vast petroleum wealth. Iraq is the fourth largest oil exporter in the world and the fifth largest proven petroleum reserves have been found in Iraq, while its hydrocarbon sector accounts for 58 percent of its GDP, 99 percent of its exports, and in 2015 over 90 percent of the central government’s revenues came from oil-centered economic activities according to the World Bank.⁸ The wealth acquired from the revenues of petroleum extraction (or other valuable natural resources) is typically captured by the ruling elites which further fuels inequalities and factionalization of those in power as they distribute those captured rents in such a way as to fortify their own positions—a phenomenon referred to as the resource curse.⁹

An additional factor fueling the top-down patronage in Iraq is the large quantities of foreign aid that have been injected into the budget since the U.S. invasion in 2003. Between 2003 and 2012, the United States alone provided \$60 billion in relief and reconstruction aid¹⁰ and just last year provided an additional \$484 million in additional aid.¹¹ The UN also spent \$456 million for various Iraq reconstruction efforts in 2020,

⁶ Jay Cost, *A Temptation to Dishonesty: Patronage and the Corruption of the Party System*, American Enterprise Institute, March 2019.

⁷ Ibid.

⁸ World Bank Group, *Iraq Systematic Country Diagnostic*, Report No. 112333-IQ, 03 Feb 2017.

⁹ Philippe Le Billon (2005) Corruption, Reconstruction, and Oil Governance in Iraq, *Third World Quarterly*, 26:4-5, 685–703.

¹⁰ U.S. Special Inspector General for Iraq Reconstruction (SIGIR), *Learning from Iraq: A Final Report*, March 2013, x of preface, <https://cybercemetery.unt.edu/archive/sigir/20131001083907/http://www.sigir.mil/learningfromiraq/index.html>.

¹¹ U.S. Foreign Assistance, Iraq 2020 Report, accessed 17 May 2021, <https://www.foreignassistance.gov/explore/country/Iraq>.

though it is less clear how much of this was provided as aid to the Iraqi government.¹² This large amount of foreign funding being injected into the Iraqi budget over time provide numerous opportunities for graft and a great deal of this money has been stolen through various graft and siphoning schemes.

The second form of corruption can be thought of as a bottom-up movement of resources. If we turn back to Chayes, she describes this construct as a Vertically Integrated Criminal Syndicate (VICS).¹³ In this system, money flows upward in the form of kickbacks and rents paid by “members” who are party to the effort. This might begin in the form of extorting bribes from police shakedowns or bureaucrats who receive these under-the-table payments in return for performing their duties in an expedited manner, or in some cases, even at all. A portion of these revenues is then paid upward to their superiors in return for protection from legal repercussions so they can continue their activities.

In this vertical sense, it can almost be thought of as a pyramid scheme. If enough money can be paid by lower ranking members, they can purchase positions higher in this food chain which then provides them the opportunity to collect greater rents from those under them. This almost exclusively leads to poorly functioning governments. The Afghan government “was not incapable. It was performing its core function with admirable efficiency...and governing was really just a front activity.”¹⁴

Since Iraq has a great deal of revenues being injected at the top of its government system through oil and foreign aid as well as active bribery and other extortion activity occurring at the bottom, I believe Iraq contains a blend of both systems, though due to the vast amount of oil wealth and international aid injection, I believe the patronage and clientelistic corruption that moves generally from the top-down plays the more dominant role in most cases in Iraq.

A somewhat unique structural factor affecting governance in Iraq is its *Muhasasa* system for distributing government positions. This system is a consociational form of

¹² United Nations, Iraq, 2020 *UN Country Annual Results Report*, March 2021.

¹³ Chayes, *Thieves of State: Why Corruption Threatens Global Security*, ch. 5.

¹⁴ Ibid., ch. 5, 63.

government which refers to systems of government employed in some deeply divided countries that proportionally distributes positions of authority based on demographic or sectarian social groups to theoretically prevent violent conflict between those groups.¹⁵ In Iraq's consociational system, political offices are based on the sectarian affiliation of the officials with the position of Prime Minister being a Shia official, the President being a Kurdish official, the Speaker of Parliament being a Sunni official, and then various ministries being allotted to these groups.¹⁶ While the *Muhasasa* system probably succeeded in providing some short-term political stability, it has been stubbornly resistant to reform efforts and some observers argue it to be one of the key roots of Iraq's corruption issues.¹⁷ Since *Muhasasa* provides for these sectarian groups to appoint members of their selected circle to positions within their designated ministries, it has solidified the political capture of those ministry budgets while minimizing the accountability of those officials to the public and the incentives for those officials to institute the sort of reforms that might strengthen the government institutions but jeopardize their ability to profit from their positions.¹⁸

Iraq's hostile regulatory environment for private businesses also contributes to entrenching and incentivizing corruption. According to the World Bank's "Doing Business," Iraq ranks 172 out of 190 countries examined with an overall score of 44.7 points out of a possible 100 for ease of doing business.¹⁹ These procedural obstacles to conducting private enterprise legally, such as the burdensome number of steps for

¹⁵ Britannica, Consociationalism, 2020, <https://www.britannica.com/topic/consociationalism>.

¹⁶ Hamzeh al-Shadeedi and Erwin van Veen, *Iraq's Adolescent Democracy: Where To Go From Here*, CRU Report, 2020, <https://www.clingendael.org/sites/default/files/2020-06/iraqs-adolescent-democracy.pdf>.

¹⁷ Ali al-Mawlawi, *Public Sector Reform in Iraq*, Middle East and North Africa Programme Briefing, June 2020, <https://www.chathamhouse.org/sites/default/files/2020-06-17-public-sector-reform-iraq-al-mawlawi.pdf>; Patricia Karam, *Can Iraq Win the War on Corruption*, The Hill, 10 July 2020 <https://thehill.com/opinion/international/506820-can-iraq-win-the-war-on-corruption>.

¹⁸ World Bank Group, *Breaking Out of Fragility, A Country Economic Memorandum for Diversification and Growth in Iraq*, 2020 International Bank for Reconstruction and Development / The World Bank, Washington, DC, <https://openknowledge.worldbank.org/bitstream/handle/10986/34416/9781464816376.pdf?sequence=4&isAllowed=y>.

¹⁹ World Bank Group, *Doing Business 2020: Economy Profile Iraq*, <https://openknowledge.worldbank.org/bitstream/handle/10986/32436/9781464814402.pdf>.

registering the business, feeling compelled to pay bribes to receive basic administrative services, or extreme difficulty in obtaining credit, discourage Iraqis from pursuing employment in private businesses and instead incentivize employment in either the public sector or in state owned enterprises.²⁰ This regulatory maze was deliberately established and is deliberately upheld by the Iraqi government because the greater the complexity and difficulty of the business regulations, the greater their ability to extort more and larger bribes from those attempting to navigate the procedures.²¹ This then feeds into the vicious cycle of corruption where people have to participate in the corrupt system to make a reasonable living for themselves and their families because they don't have a good alternative outside of it. They pay their entrance fees, begin collecting their rents based on which sector they joined, and the corruption is prolonged.

State-Owned Enterprises (SOEs) also constrict the private economic sector in Iraq. During Saddam's rule in Iraq, he established an extensive system of approximately 200 businesses, owned by the Iraqi state, that touched practically every sector of Iraq's economy.²² They were originally established as a means of further solidifying Saddam's Ba'ath party control over economic levers of power and to provide Saddam with a vehicle for distributing patronage to his supporters. However, even nearly 20 years after Saddam's overthrow, Iraq's economy remains very centralized and dominated by SOEs.²³ The SOEs are generally inefficient, producing high-cost but low-value outputs, and very few manage to turn a profit.²⁴ Despite the lack of profit, the SOEs receive competitive advantages such as tax exemptions which enable them to crowd out most private businesses that attempt to participate in a given market. The SOEs end up being utilized as a welfare program to provide employment and basic living wages to large numbers of people, and since their

²⁰ Ibid.

²¹ Frank Gunter, "Corruption Worse Than ISIS: Causes and Cures for Iraqi Corruption," IBBC Seminar 26 April 2021.

²² Ibid.

²³ World Bank Group, "Breaking Out of Fragility, A Country Economic Memorandum for Diversification and Growth in Iraq."

²⁴ Ibid., 108

oversight and accountability programs are weak, they are also used as vehicles for theft of the various government ministry budgets to which a particular SOE is associated.

Corruption in the public sector was well established during Saddam's tenure in power, and today continues to take place in the new Iraqi state. Embezzlement of public finances is a significant drain on Iraqi funding. The Iraqi Commission of Integrity (COI), which is the Iraqi governmental body tasked with combatting corruption, reported that from January to July of 2016 they had "investigated 13,226 cases of corruption, adjudicated 7,088 cases, and referred 1,891 cases to courts for trial. Six of the cases referred to the courts involved ministers, and 99 director general-level officials. The COI reportedly recovered 135.3 billion dinars (\$130 million)."²⁵ The U.S. Special Inspector General for Iraq Reconstruction (SIGIR) estimated that of the \$60 billion received from the United States for reconstruction, at least \$8 billion had been lost to corruption and waste²⁶ and that it further loses approximately \$5 billion per year of its own funding to corruption.²⁷

The illegal sale of resources on the black market also contributes to a significant loss of revenue to the Iraqi state. The Ministry of Oil is rampant with smuggling schemes that siphon oil resources away from official control to be sold on the black market for personal profit. It is estimated that "at least 10 percent of refined fuels are sold on the black market and about 30 percent of imported fuels are smuggled out of Iraq."²⁸ In addition to oil, weapons are also a commodity that is frequently sold for personal profit. In the Iraqi Ministry of Defense, allegations that over \$1 billion worth of military supplies was never delivered to Iraqi Army units, despite being paid for, caused the investigation of several senior officials.²⁹ Transparency International also reported that military equipment was

²⁵ U.S. Department of State, *Iraq 2016 Human Rights Report*, 43, <https://www.state.gov/documents/organization/265710.pdf>.

²⁶ U.S. Special Inspector General for Iraq Reconstruction, *Learning from Iraq: A Final Report*, March 2013, x of preface, <https://cybercemetery.unt.edu/archive/sigir/20131001083907/http://www.sigir.mil/learningfromiraq/index.html>.

²⁷ U.S. House of Representatives, Hearing before the Committee on Foreign Affairs, Serial No. 110–75, *Iraq: Is Reconstruction Failing?* 22 May 2007, 2.

²⁸ Robert Looney, *Reconstruction and Peacebuilding Under Extreme Adversity*, International Peacekeeping, 15, no. 3, 21 May 2008, 428.

²⁹ *Ibid.*, 427.

sold on the black market by generals in the Iraqi army.³⁰ Amnesty International has also reported that “endemic corruption in the Iraqi military, as well as weak controls in place on military stockpiles and tracking weapons, meant there was an ongoing high risk of such weapons being diverted to armed groups including ISIS.”³¹ Even at the lowest level, items as mundane as food are taken out of government-provided aid baskets to be sold separately by crooked merchants who are in charge of official distribution.³²

“Ghost Soldiers” and “Ghost Employees” also present a large drain on Iraqi funding and create systemic lack of capability due to perceived manning in various ministries or military units being less than their actual manning. This phenomenon occurs primarily in two ways. The first is when deceased or non-existent people receive payments which are then pocketed by the personnel who maintain their existence on the payroll. The second is when Iraqi soldiers or employees are paid but give a portion of their paycheck to their officer-in-charge or supervisor in return for not actually having to perform any duties. Gunter estimates that anywhere between 10 to 25 percent of Iraqi government workers are ghosts who simply give a portion of their pay to their supervisor so they can remain at home or work at a second job.³³ In 2014, Fiscal Times reported that 50,000 ghost soldiers had been discovered and eliminated from the payroll, which recovered approximately \$300 million.³⁴ However, in 2016, former Iraqi Finance Minister, Hoshyar Zebari, stated that there was still, “maybe \$500-\$600m in salaries being paid to soldiers who don’t exist” and he estimated that up to 30,000 ghost soldiers still remained on the payroll.³⁵

³⁰ Coralie Pring, *Iraq: Overview of Corruption and Anti-Corruption* (Transparency International: 20 Mar 2015), 3. https://www.transparency.org/files/content/corruptionqas/Country_profile_Iraq_2015.pdf.

³¹ Amnesty International, Iraq: ‘Islamic State’ Atrocities Fueled by Decades of Reckless Arms Trading, 08 Dec 2015, <https://www.amnesty.org/en/latest/news/2015/12/islamic-state-atrocities-fuelled-by-decades-of-reckless-arms-trading/>.

³² Gunter, *The Political Economy of Iraq: Restoring Balance in a Post-Conflict Society*, 49.

³³ Ibid., 50.

³⁴ Riyadh Mohammed, “Iraq’s Two-headed War: ISIS and Corruption,” *The Fiscal Times*, 03 Dec 2014, <http://www.thefiscaltimes.com/2014/12/03/Iraq-s-Two-headed-War-ISIS-and-Corruption>.

³⁵ Martin Chulov, “Post-War Iraq: ‘Everybody is Corrupt, from Top to Bottom. Including me,’” *The Guardian*, 19 Feb 2016, <https://www.theguardian.com/world/2016/feb/19/post-war-iraq-corruption-oil-prices-revenues>.

Nepotism continues to play a large role in the Iraqi political realm. Though Iraq has democratic institutions on paper, nepotism presents a significant obstacle to their ability to act in a timely or effective manner. Unqualified people are often appointed to positions based on family relation or their political affiliation resulting in a sluggish bureaucracy.³⁶ Several allegations claimed that former Prime Minister Al Maliki appointed officials to numerous senior government positions based on their sectarian or political allegiances and also that he did the same concerning his senior Iraqi Army generals.³⁷ Under the previous prime minister, Prime Minister Abadi, there were efforts to enact reforms, but political opposition and weak institutions have allowed family and sectarian influences to continue dominating political decisions.³⁸ Now, the current prime minister, Mustafa al-Kadhimi is continuing efforts to reduce corruption such as by recently establishing a committee to investigate major cases of corruption that, at least at first glance seem to be above some of the political factionalism that Iraq is known for, but much work remains to be done.³⁹

Corruption also affects regular Iraqi citizens directly, typically in the form of paying bribes to officials for services. A survey conducted by the COI in Baghdad found that each month, approximately 7 percent of people surveyed had paid a bribe to an official because without the bribe, a service would be delayed or withheld.⁴⁰ Companies often must pay bribes to receive operating licenses to conduct legitimate business in the formal economy or they may feel compelled to work with particular partners patronized by administration officials.⁴¹

Corruption among the police force also affects the populace. Approximately one third of Iraqi households have paid bribes to police forces and police officers often obtain

³⁶ Bertelsmann Stiftung's Transformation Index (BTI) 2016 – Iraq Country Report, 14. http://www.bti-project.org/fileadmin/files/BTI/Downloads/Reports/2016/pdf/BTI_2016_Iraq.pdf

³⁷ Pring, *Iraq: Overview of Corruption and Anti-Corruption*, 4.

³⁸ U.S. Department of State, *Iraq 2016 Human Rights Report*, 43–45.

³⁹ The Washington Institute, *The Price of Corruption in Iraq: Kadhimi Faces the Challenge of Systemic Reform*, 10 Nov 2020. <https://www.washingtoninstitute.org/policy-analysis/price-corruption-iraq-kadhimi-faces-challenge-systemic-reform>.

⁴⁰ Pring, *Iraq: Overview of Corruption and Anti-Corruption*, 3.

⁴¹ GAN Business Anti-Corruption Portal, *Iraq Corruption Report*, June 2017, <http://www.business-anti-corruption.com/country-profiles/iraq>.

their positions by paying bribes to government officials.⁴² These bribes to police officers may be for being let out of a traffic ticket⁴³ or for securing the release of family members from detainment.⁴⁴ The patronage system that many police officers have used to obtain their positions has also resulted in militia members in Iraq being appointed as police officers, which results in some discriminatory practices from police who may provide preferential treatment to people from their own political, ethnic, or religious group, or harsher treatment to those outside of it.⁴⁵ There have even been reports of Iraqi soldiers extorting fees from people attempting to flee conflict areas.⁴⁶

The violent atmosphere in Iraq has created many opportunities for corrupt activities. Though corruption had already become widely proliferated during Saddam Hussein's regime, the dismantling of the existing regime and its replacement by a less capable one created even further opportunities for corruption to spread with impunity.⁴⁷ The massive influx of international aid funding combined with a lack of management and oversight in Iraq's state system allowed billions of U.S. dollars to be stolen.⁴⁸ In his study of corruption in post-conflict societies, Billon argues that "Wartime generally sees an entrenchment and diffusion of corrupt practices as governmental structures break down and the 'politics of survival' take over any semblance of 'public ethics'."⁴⁹

Corruption within Iraq's bureaucracy is well-incentivized by the potential for personal gain with a significant lack of potential repercussions. Weak institutions

⁴² Ibid.

⁴³ Loveday Morris, "Beyond Terrorism, Iraq's Leader is Struggling to Fight Corruption," *The Washington Post*, August 21, 2015, https://www.washingtonpost.com/world/middle-east/beyond-terrorism-iraqs-leader-is-struggling-to-fight-corruption/2015/08/20/d84c87b2-45f6-11e5-9f53-d1e3ddfd0cda_story.html.

⁴⁴ Looney, *Reconstruction and Peacebuilding Under Extreme Adversity*.

⁴⁵ Pring, *Iraq: Overview of Corruption and Anti-Corruption*, 6.

⁴⁶ Mary Atkinson, *Iraqi families pay huge bribes to get out of Fallujah*, Middle East Eye, 13 Feb 2015, <http://www.middleeasteye.net/news/iraqi-families-pay-huge-bribes-get-out-fallujah-2131616006>.

⁴⁷ Andreea Ponorica and Latfe Zaqeer, *Accounting Effects of Financial Corruption within Emerging Countries – Iraq Case Study*, Bucharest University of Economic Studies, July 2015, 42.

⁴⁸ Ibid.

⁴⁹ Philippe Le Billon, *Corrupting Peace? Peacebuilding and Post-conflict Corruption*, International Peacekeeping, vol. 15, no. 3, June 2008, 346.

controlled by political players present an immense obstacle to efforts at prosecution of corruption. Tas notes that due to patronage networks controlling the appointment of officials, several Iraqi ministries have become controlled by criminal organizations and that because of this, it is dangerous for the investigative institutions to conduct their work due to the threat of violent reprisal for their efforts.⁵⁰ Another manner in which political bodies stymie the investigative process is what Gunter describes as “aggressive cooperation” in which the ministries under investigation provide the overburdened and understaffed investigative agencies with excessive amounts of irrelevant documentation.⁵¹

The weakness of the various anticorruption institutions also makes them vulnerable to manipulation by political players who exploit them for their own ends. A common practice is for Iraqi politicians to use allegations of corruption as a means of undermining their political competitors.⁵² Another manipulation was exemplified in 2011 when former head of the COI, Rahin al-Ugaili, discovered shell companies that were being used by government officials to award contracts to themselves. When his organization attempted to prosecute these companies and their associated officials, the government blocked all avenues for the proceedings ultimately resulting in al-Ugaili’s resignation in protest.⁵³ While Prime Minister, al-Maliki took advantage of favorable (and controversial) judicial rulings to take key institutions including the Commission of Integrity and the Independent High Electoral Commission and place them directly under his cabinet’s control as opposed to parliamentary control, further increasing his consolidation of power according to a report by BTI in 2016.⁵⁴ However, while not explicitly stated, more recent reports suggest that the COI has been returned to parliamentary oversight since Maliki’s departure from office

⁵⁰ Deniz Tas, “Endemic Corruption in the Iraqi Public Sector,” *Journal of Money Laundering Control*, 15, no. 4, 2012, 462.

⁵¹ Gunter, *The Political Economy of Iraq: Restoring Balance in a Post-Conflict Society*, 64.

⁵² Looney, *Reconstruction and Peacebuilding Under Extreme Adversity*.

⁵³ Patrick Cockburn, “Iraq 10 years on: How Baghdad became a city of corruption.” *The Independent*, 4 Mar 2013, <http://www.independent.co.uk/news/world/middle-east/iraq-10-years-on-how-baghdad-became-a-city-of-corruption-8520038.html>.

⁵⁴ Bertelsmann Stiftung’s Transformation Index (BTI) 2016 – Iraq Country Report, 14.

and Abdullah's reference to the Prime Minister's control over the COI states that the Prime Minister's authority over the COI head was removed by a 2011 law.⁵⁵

There are also three long-term causes of corruption particularly applicable to the case of Iraq that should be considered as further context to the more proximate causes and problems previously described. First, low literacy levels in a country enable corruption since the population then becomes more vulnerable exploitation due to their lack of literacy while also being less able to effectively monitor their government.⁵⁶ In Iraq, available data from 2014 indicates that approximately 86 percent of males have basic literacy while only 69 percent of females have basic literacy.⁵⁷ Based on the World Bank's 2018 assessment of the damages caused to the education sector (among others) by the violent conflict with ISIS, these literacy rates have probably declined since 2014.⁵⁸

La Porta et al. wrote that if countries had French origin or Socialist origin legal systems they tended to perform less effectively and be more corrupt than other legal systems, especially since the goal of the socialist law was to keep its party in power rather than to protect its citizens' property or freedom.⁵⁹ Saddam's Arab Ba'ath party was a socialist party and demonstrated these characteristics thoroughly and many of its effects are still felt today due to their resistance to reform efforts.

Finally, a demographic factor applicable to Iraq's case is cousin marriage. This cultural issue is common across Arab societies but in Iraq especially, cousin marriages may have made up about one third of all total marriages, rising as high as half of the marriages

⁵⁵ Sarwar Mohammed Abdullah, "Corruption Protection: Fractionalization and the corruption of anti-corruption efforts in Iraq after 2003." *British Journal of Middle Eastern Studies*, 2017. DOI: 10.1080/13530194.2017.1403309; Rachael Hanna, The Global Anticorruption Blog, *How to make the Iraqi Commission of Integrity More Effective in Fighting High-Level Corruption*, 20 April 2020; <https://globalanticorruptionblog.com/2020/04/20/how-to-make-the-iraqi-commission-of-integrity-more-effective-in-fighting-high-level-corruption/>.

⁵⁶ Ibid.

⁵⁷ Central Statistical Organization (CSO) (2014) *Iraqi Woman and Man in Statistics*. Baghdad, Iraq: Central Statistical Organization

⁵⁸ World Bank, *Iraq Reconstruction & Investment: Part 2 – Damage and Needs Assessment of Affected Governorates*, World Bank Group, January 2018

⁵⁹ Rafael La Porta, Florencio Lopez-de-Silanes, Andrei Shleifer, and Robert Vishny, "The Quality of Government," *Journal of Law, Economics, & Organization* 15, no. 1 (1999): 222–79.

in rural areas making Iraq the country with the third highest rate of cousin marriage in the world.⁶⁰ This social practice builds very tightly knit extended family groups and tribes which see it as a moral imperative to support one another. Because of this view, many people view favoritism toward family members as a commendable act, but this leads to a prevalence of corruption in the form of nepotism in these societies, which holds true for Iraq.⁶¹

⁶⁰ Anne Bobroff-Hajal, “Why Cousin Marriage Matters in Iraq; Clan Loyalty Fixed by Cousin Marriage was always Bound to Undermine Democracy in Iraq.: [ALL Edition],” *The Christian Science Monitor*, Dec 26, 2006.

⁶¹ Ibid.

III. ANTICORRUPTION INSTITUTIONS IN IRAQ

Iraq's first and longest-standing anticorruption organization is the Federal Board of Supreme Audit (FBSA). The FBSA was established indigenously in Iraq's system in 1927, and though it has undergone a few adjustments to its scope and authorities, its purpose has remained unchanged.⁶² This has included responsibilities such as auditing transactions for state infrastructure projects, auditing the spending of public funds by both public entities and private organizations entitled to receive public funding, and holding investigations into specific cases when requested to do so by the Iraqi parliament.⁶³ The FBSA itself falls directly underneath Iraq's parliament and the head of the FBSA is appointed by the parliament, with status and authority equivalent to the Minister of Finance on all affairs that come under the FBSA's jurisdiction.⁶⁴

Iraq also has three entities dedicated to anticorruption that are considered exogenous. Abdullah categorizes them as such since they were all established after 2003 and were heavily influenced by the U.S. administration in Iraq after Saddam's removal from power.⁶⁵

The first of these exogenous bodies is the Iraqi Commission of Integrity (COI). The COI was originally founded in 2004 by the Coalition Provisional Authority (CPA) in 2004, originally as the Commission on Public Integrity, and was charged with investigating corruption cases, referring such cases as appropriate to courts for criminal proceedings, providing recommendations to either modify existing laws or for new legislation to enhance anticorruption efforts, requesting financial disclosure from governmental officials, and promoting ethics and integrity in Iraq's education system in cooperation with the

⁶² Federal Board of Supreme Audit; Official Iraqi Government website, <https://www.fbsa.gov.iq/en/page/about-us>.

⁶³ Abdullah, "Corruption Protection: Fractionalization and the corruption of anti-corruption efforts in Iraq after 2003."

⁶⁴ Ibid.

⁶⁵ Ibid.

Ministry of Education and Ministry of High Education.⁶⁶ The COI is also subject directly to Iraq's parliament and as of a parliamentary COI regulation passed in 2011, was granted subpoena power over all government entities to obtain any necessary information they required for their investigations and was also granted exclusive power over corruption cases discovered by the FBSA or Iraq's Inspectors General in order to close disputes over jurisdiction between these three bodies.⁶⁷

Shortly after the COI was created, the CPA also established the offices of the Inspectors General (IG) in 2004.⁶⁸ An IG was set up for each ministry in the Iraqi government to audit its own ministry's records and activities, audit the economic efficiency of the ministry's operations and functions, and to receive, assess, and process complaints of fraud, waste, or abuse and could include forwarding these complaints to investigative authorities if necessary.⁶⁹ However, these approximately thirty IGs are each subordinate to their own ministry's director, not to any outside, impartial organization, which has probably influenced the fact that these IGs have largely only exposed corruption at lower levels and the IGs have only ever exposed a few instances of corruption in senior-level members.⁷⁰ Because of these conflicts of interest and the resultant lack of effectiveness, the Iraqi parliament voted in March 2019 to eventually close these offices down,⁷¹ though motivation to decrease accountability measures may have also influenced this decision, judging from World Bank interviews.⁷²

⁶⁶ Coalition Provisional Authority (CPA) by order 55 of 2004, https://govinfo.library.unt.edu/cpa-iraq/regulations/20040204_CPAORD55.pdf.

⁶⁷ Abdullah, "Corruption Protection: Fractionalization and the corruption of anti-corruption efforts in Iraq after 2003."

⁶⁸ Coalition Provisional Authority (CPA) by order 57 of 2004, https://govinfo.library.unt.edu/cpa-iraq/regulations/20040212_CPAORD57.pdf.

⁶⁹ Abdullah, "Corruption Protection: Fractionalization and the corruption of anti-corruption efforts in Iraq after 2003."

⁷⁰ Gunter, "Corruption Worse Than ISIS: Causes and Cures for Iraqi Corruption."

⁷¹ Omar Sattar, Iraq-Business News, *Will Iraq Close All Inspectors General Offices?*; 05 April 2019, <https://www.iraq-businessnews.com/2019/04/05/will-iraq-close-all-inspectors-general-offices/>.

⁷² Jennifer Schoeberlein, "Corruption and Anti-Corruption in Iraq." *Transparency International*, U4 Helpdesk Answer. 11 December 2020.

Finally, Iraq also has its Parliamentary Integrity Committee which was established in 2003 and is made up of 21 Members of Parliament (MPs) from a cross-section of Iraq's Council of Representatives.⁷³ The role of the Integrity Committee is to oversee and monitor cases regarding investigations into corruption by the afore-mentioned offices, to write and propose draft anticorruption legislation to the rest of parliament. However, Gunter notes that the Integrity Committee in parliament is subject to substantial political pressure and has probably been compromised and commandeered by political actors for pursuing partisan or corruption protection agendas, rather than fulfilling its intended purpose.⁷⁴

While they seem to present a capable framework for confronting corruption, these institutions have been unable to effectively address corruption. They have largely been found to have been inadequately funded and resourced, and have also been victim of substantial political interference, rendering them incapable of independently investigating or prosecuting corruption cases.⁷⁵

⁷³ Abdullah, "Corruption Protection: Fractionalization and the corruption of anti-corruption efforts in Iraq after 2003."

⁷⁴ Gunter, *Corruption Worse Than ISIS: Causes and Cures for Iraqi Corruption*.

⁷⁵ Schoeberlein, "Corruption and Anti-Corruption in Iraq."

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IV. ANTICORRUPTION MEASURES ATTEMPTED IN IRAQ

My examination of literature surrounding Iraq's corruption and its attempts to address the corruption did not reveal any efforts to implement an anticorruption strategy during Saddam's period in power. This is not surprising and is consistent with our understanding as laid out in the previous chapter of Saddam's strategy for ruling Iraq and consistent with our understanding of the incentives that encouraged his usage of such a system. The corruption in place provided financial incentives that allowed for personal enrichment within the system for both Saddam as well as his family and network of supporters. In turn, these financial gains and the control over the government's hold on the Iraqi state's levers of power could then be translated into patronage that solidified Saddam's hold on power, thereby creating a vicious cycle of incentives in both the financial and political domains.

The period of 2003–2014 was difficult for Iraq due to political instability and the ongoing conflict against terrorist organizations during the initial U.S. occupation and was largely characterized by policies that remained detrimental to anticorruption initiatives, but some initial promising steps were taken.

Beginning in 2004, several anticorruption laws were passed. The AntiMoney Laundering (AML) Act and the Public Procurement Law were both passed in 2004 and the Investment Law was passed in 2006.⁷⁶ The U.S. Department of State found that the AML was too broad, and the government didn't prosecute cases under the law because it didn't effectively criminalize money laundering.⁷⁷ Additionally, "individual organizations have been assigned with responsibilities under those laws and there has not been any overarching policy or objectives to ensure effective implementation, nor is there or has there been any

⁷⁶ Pring, *Iraq: Overview of Corruption and Anti-Corruption*, 7.

⁷⁷ U.S. Department of State, Bureau of International Narcotics and Law Enforcement Affairs, 2014 International Narcotics Control Strategy Report, *Countries/Jurisdictions of Primary Concern – Iraq*, <https://2009-2017.state.gov/j/inl/rls/nrcrpt/2014/vol2/222734.htm>.

high-level (multi-agency) committee(s) with responsibility for implementation or coordination.”⁷⁸

Iraq joined the Middle East North Africa Financial Action Task Force (MENAFATF) in 2005 to assist in asset recovery procedures, and later joined the United Nations Office on Drugs and Crime (UNODC)’s Stolen Asset Recovery Initiative (StAR), also to assist in the recovery of stolen finances sent abroad.⁷⁹ MENAFATF published an initial Mutual Evaluation Report in 2012 which examined a host of financial policy issues including corruption, money laundering, and terrorist financing; and provided recommendations on how to improve the effectiveness and implementation of Iraq’s policies as they pertained to those issues.⁸⁰ MENAFATF has also since published its 9th Follow-up report as of 02 May 2018.⁸¹ This most recent follow-up reported that as of 2018, Iraq had made progress in addressing deficiencies in the areas of money laundering criminalization specificity, customer due diligence, and reporting requirements for financial institutions when money laundering or terrorist financing was suspected; but that Iraq had not yet met MENAFATF’s recommendations regarding record-keeping.

The first major move taken by the Iraqi government was their adoption of the United Nations Convention Against Corruption (UNCAC) and the subsequent passing of its accompanying requisite legislation in 2007 and 2008.⁸² The UNCAC is the UN’s tool for implementing a global anticorruption regime and sets forth principles that member states should strive to implement and improve upon iteratively. The five main areas covered within the UNCAC are: preventive measures that should be implemented within a state’s public and private sectors, the establishment of criminalization and law enforcement

⁷⁸ Middle East and North Africa Financial Action Task Force (MENAFATF), Mutual Evaluation Report, *Anti-Money Laundering and Combating the Financing of Terrorism – Iraq*, 28 November 2012, http://www.menafatf.org/sites/default/files/MER_Iraq_English.pdf.

⁷⁹ Pring, *Iraq: Overview of Corruption and Anti-Corruption*, 7.

⁸⁰ MENAFATF, *Anti-Money Laundering and Combating the Financing of Terrorism – Iraq*.

⁸¹ Middle East and North Africa Financial Action Task Force (MENAFATF), Mutual Evaluation Report, 9th Follow-Up Report for Iraq, *Anti-Money Laundering and Combating the Financing of Terrorism – Iraq*, 02 May 2018, http://www.menafatf.org/sites/default/files/Newsletter/Iraq%20Exit%20FUR_En.pdf.

⁸² Pring, *Iraq: Overview of Corruption and Anti-Corruption*, 7.

measures to outlaw corruption within a state's domestic legal system, international cooperation on corruption-related issues such as mutual, international legal assistance in gathering and providing evidence for corruption cases, and the extradition of corrupt individuals, a specific chapter on asset recovery that stipulates stolen assets should be returned to the countries where they were extracted, and finally international technical assistance and information exchange.⁸³

In 2011, Iraq abolished Article 136(b) which had provided government Ministers with the power to protect their ministry's employees from prosecution for their official acts.⁸⁴ While it had been intended to protect employees against unfounded charges from political opponents, it was found to have been increasingly used to thwart corruption investigations within Iraq's government.

Beginning in 2014 and then increasing in response to major protests in the country in 2015, then Prime Minister Haider al-Abadi undertook an ambitious anticorruption strategy. This included fighting corruption by reducing the bloated bureaucracy in Iraq's government, implementing administrative reforms, decrementing unnecessary senior political positions, cutting certain special funding allocations for government entities, and employing a supreme committee to prosecute corruption cases.⁸⁵ Some of the specific positions Abadi attempted to eliminate included the Vice Presidents and the Deputy Prime Ministers and although the reforms were initially approved on 13 August 2015, they were never implemented following the approval and later in 2016, the Iraqi Supreme Judicial

⁸³ United Nations, UNCAC, Adopted on 31 October 2003 by resolution 58/4, accessed on 14 September 2021, <https://www.unodc.org/unodc/en/corruption/uncac.html>

⁸⁴ U.S. Department of State, Bureau of Economic and Business Affairs, 2013 Investment Climate Statement – Iraq, February 2013, <https://2009-2017.state.gov/e/eb/rls/othr/ics/2013/204661.htm>.

⁸⁵ Schoeberlein, "Corruption and Anti-Corruption in Iraq."; Bertelsmann Stiftung Transformation Index (BTI), Iraq Country Report 2020, <https://bti-project.org/en/reports/country-report/IRQ>.

Council ruled that Abadi's removal of the office of the Vice President was unconstitutional and reinstated it.⁸⁶

Unfortunately, aside from these few attempted reforms, the years of 2014 to 2017 were largely dominated by Iraq's violent conflict with ISIS, and no other significant anticorruption initiatives took place during this time. Abadi's term as Prime Minister ended in 2018, sadly without having made much progress on combatting corruption. His reforms were never implemented, his failure to follow through largely caused by the politically influenced judiciary that overturned his reforms as well as political opposition from Iraq's Parliament and even from within his own Da'wa Party.⁸⁷

Adel Abdul Mahdi was also considered to be a potential reformer when he took office as Prime Minister in 2018, but he too saw very limited success, and the only notable reform implemented was a law that passed in December of 2019 that empowered the Commission of Integrity to compare a public official's income against his assets and to impose penalties for failure to produce legitimate sources for such assets.⁸⁸ After inability to achieve political progress and in the face of country-wide protests, Mahdi resigned in late 2019 and the office of Prime Minister was vacant for approximately six months until Mustafa al-Kadhimi was appointed in May 2020.⁸⁹

Upon taking office, Kadhimi also promised to address corruption in Iraq and initially promised the protestors that had caused Mahdi's resignation that he would disband the *Muhasasa* system, but he needed to back away from this promise due to political opposition from the Fatah bloc.⁹⁰ Nevertheless, some progress has been made on reforms

⁸⁶ Faleh A. Jabar, "The Iraqi Protest Movement: From Identity Politics to Issue Politics." *LSE Middle East Centre*, June 2018, https://eprints.lse.ac.uk/88294/1/Faleh_Iraqi%20Protest%20Movement_Published_English.pdf; Renad Mansour, *Rebuilding the Iraqi State: Stabilisation, Governance, and Reconciliation*, Directorate-General for External Policies – Policy Department, European Parliament's Committee on Foreign Affairs, 12 February 2018, [https://www.europarl.europa.eu/RegData/etudes/STUD/2017/603859/EXPO_STU\(2017\)603859_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2017/603859/EXPO_STU(2017)603859_EN.pdf).

⁸⁷ Jabar, "The Iraqi Protest Movement: From Identity Politics to Issue Politics."

⁸⁸ Robert F. Worth, "Inside the Iraqi Kleptocracy." *New York Times*, 29 July 2020, updated 27 May 2021, <https://www.nytimes.com/2020/07/29/magazine/iraq-corruption.html>.

⁸⁹ Schoeberlein, "Corruption and Anti-Corruption in Iraq."

⁹⁰ Nathalie Bussemaker, *Iraq's New Government: What to Know*, Council on Foreign Relations, 11 August 2020, <https://www.cfr.org/in-brief/iraqs-new-government-what-know>.

over the past two years and without a complete dismantling of *Muhasasa*, encouragingly, Kadhimmi has found some success in opposing it indirectly. In August of 2020, Kadhimmi established the Deterring Corruption Committee which has the authority to seize evidence and make arrests and does so in coordination with the Iraq Counter-Terrorism Service (CTS), National Security Service (NSS), and National Intelligence Service.⁹¹ Following the establishment of this committee, in September 2020 Kadhimmi appointed a number of officials to crucial positions across Iraq's institutions including the governor of the Central Bank of Iraq (CBI), the head of the Trade Bank of Iraq (TBI), the head of the National Investment Commission (NIC), the head of the parliamentary Committee on Integrity, and Deputy Ministers at a number of ministries including the ministries of oil, transport, agriculture, and electricity, but most importantly, he made these appointments without accounting for *Muhasasa* with any of the individuals.⁹² This committee has so far already been able to bring about the arrests of at least three senior officials including Ahmed al-Saadi, the director of the National Pension Authority, Bahaa Abdul-Hussein, the director of the Qi Card Company, and Raad al-Haris, the former deputy minister of electricity in late 2020, demonstrating their ability to make some headway.⁹³

In the legislative arena, in May of 2019, Iraq's Parliament passed the General Financial Management Law (GFML) that was intended to improve Parliament's budgetary preparation and execution process and, among other provisions to achieve this, established fiscal transparency requirements.⁹⁴ As of June 2020, an electronic disbursement system for public sector payrolls was also being introduced across departments of the government

⁹¹ Michael Knights, "Kadhimmi's Rolling Reshuffle (Part 2): Protecting Iraq's Economic Institutions and Borders." *The Washington Institute for Near East Policy*, 15 September 2020, <https://www.washingtoninstitute.org/policy-analysis/kadhimis-rolling-reshuffle-part-2-protecting-iraqs-economic-institutions-and-borders>.

⁹² Knights, "Kadhimmi's Rolling Reshuffle (Part 2): Protecting Iraq's Economic Institutions and Borders."

⁹³ Schoeberlein, "Corruption and Anti-Corruption in Iraq."

⁹⁴ International Monetary Fund, IMF Country Report No. 19/248 – Iraq, July 2019, <https://www.imf.org/en/Publications/CR/Issues/2019/07/25/Iraq-2019-Article-IV-Consultation-and-Proposal-for-Post-Program-Monitoring-Press-Release-48527>.

to combat payroll fraud, most notably the fraudulent incomes being generated by ghost employees.⁹⁵

These various reform efforts have been important steps in the right direction, but they have not yet achieved the needed degree of change. They have focused on passing new laws and reforming older ones, establishing anticorruption bodies, and conducting a few high-level arrests. However, they have not yet demonstrated a few important, missing characteristics such as fully ensuring the independence those institutions and laying out a strategy for overcoming the expected political resistance from those elites whose vested interests are challenged by the effort to reform and eliminate or at least reduce their ability manipulate it for their benefit.⁹⁶ These characteristics will be required in order to make lasting changes that can take hold and set the conditions for an enduring change that reduces graft and improves the quality of Iraq's governance. In the following sections, I will explore some lessons that can be adopted from other anticorruption efforts around the world that could improve the effectiveness of Iraq's own effort.

⁹⁵ al-Mawlawi, Public Sector Reform in Iraq.

⁹⁶ Ibid.

V. DESIGNING AN EFFECTIVE ANTICORRUPTION STRATEGY

Before we can effectively discuss how to adopt lessons learned from other individual, external examples of success, we must first identify what a presumably successful anticorruption strategy should look like. It will be helpful to first lay out the theoretical framework for an anticorruption strategy, before following that with a more practical application strategy that is founded upon the theoretical principles.

First, two definitions should be understood to help characterize the nature of the corruption one is attempting to combat. The terms in question are *universalism* and *particularism* and they characterize the relationship between a state's government and its people, especially regarding the distribution of public goods. *Universalism* describes a state in which it is the norm for the government to provide public goods to its citizens equally and fairly and in which instances of corruption are largely individual cases that infringe upon that norm.⁹⁷ *Particularism* however, describes a state in which certain groups monopolize authority and control of resources and an individual's association with the privileged group determines their opportunities, and unequal treatment, such as corruption for our purposes, is viewed as the norm.⁹⁸ Though it has the trappings of a universalistic democracy, I would argue that Iraq still falls predominantly into the *particularistic* category due to the various characteristics of Iraqi corruption described previously. In order to design a successful anticorruption strategy, institutions and individual actors should strive to encourage a shift from *particularism* toward *universalism* as the norm. This is certainly easier said than done, but Mungiu offers valuable recommendations worthy of inclusion.

First, the "losers" in a system of *particularism* should join together against the elites that benefit from the status quo.⁹⁹ This should include civil society, unions, journalists,

⁹⁷ Alina Mungiu-Pippidi, "Corruption: Diagnosis and Treatment." Johns Hopkins University Press, *Journal of Democracy*, volume 17, number 3, July 2006, 86–99.

⁹⁸ Ibid.

⁹⁹ Ibid.

religious groups, and if possible, at least one political party. Iraq has shown positive progress in this first step. Ongoing protests in Iraq that increased in intensity in 2019 have consistently named corruption as one of their foremost grievances¹⁰⁰ and Iraq's senior-most Shia cleric, Grand Ayatollah Ali al-Sistani, has also issued sermons and statements advocating for corruption reduction and in support of anticorruption protestors.¹⁰¹

Second, the norms of *universalism*, must be instituted, meaning the criteria for what constitutes fairness and integrity for the individual society in question must be negotiated across both the current losing parties and the government, and then incorporated into a political program.¹⁰² In order to achieve this, public outreach and education initiatives that champion integrity and accountability must be a foundational part of the coalition's strategy.

Third, "institutional weapons" such as transparency legislation, mandatory wealth disclosures, criminalization of corruption, and mechanisms to enforce penalties for those convicted must be made available to the anticorruption coalition.¹⁰³

Iraq probably finds itself in a state of having partially achieved some of the criteria in both the second and third steps, while still having much work to do in both cases before being able to consider either step successfully progressed.

Lastly, the final step in this framework is to create incentives for negative actors to transition away from participating in corruption.¹⁰⁴ These incentives typically include mechanisms of exposing corrupt behavior, electoral means of removing the bad actors, and positive incentives that encourage non-corrupt behavior. In this step, Iraq has made very

¹⁰⁰ Renad Mansour, *Iraqis Protest Deadly Hospital Fires as Symptom of Embedded Corruption*, The Washington Post, 20 July 2021, <https://www.washingtonpost.com/politics/2021/07/20/iraqis-are-protesting-deadly-hospital-fires-symptom-embedded-corruption/>.

¹⁰¹ Ahmed Rasheed, *Iraq Cleric Sistani Urges Government Action On Corruption Amid Further Protests*, Reuters, 27 July 2018, <https://www.reuters.com/article/us-iraq-protests-sistani/iraq-cleric-sistani-urges-government-action-on-corruption-amid-further-protests-idUSKBN1KH165>.

¹⁰² Mungiu-Pippidi, "Corruption: Diagnosis and Treatment."

¹⁰³ Ibid.

¹⁰⁴ Ibid.

little progress, and this is probably one of the foremost reasons corruption has been able to remain entrenched so far.

The next step will be to examine how to take this theoretical framework to reducing corruption and translating it into a practical strategy. Transparency International (TI) is one of the world's foremost international anticorruption nongovernmental organizations (NGO) and their global anticorruption strategy provides well tested principles that can be applied. Their strategy presents these principles first in a set of three overarching principles, or theories as they refer to them, that contextualize their strategy, and then underneath these three theories are seven objectives that pursue anticorruption as outlined underneath the three theories.¹⁰⁵

The first theory is that an anticorruption strategy must create and defend institutional checks and balances to combat the monopolization and abuse of power.¹⁰⁶ These checks and balances should division of authority between the branches of government, open and fair access for individuals to obtain positions of authority, the functioning rule of law, and mechanisms to ensure the powerholders remain within their mandates. Effective checks and balances require transparency that is enabled by access to information that includes both consistent and honest official communications and reports as well as protected, independent journalism.

TI's second theory is enforcement, which is to say that there must be mechanisms to compel the adherence to anticorruption laws in place, and that these mechanisms must be applied uniformly and equally, and not selectively as a tool for political manipulation.¹⁰⁷ Empowered anticorruption institutions free from political interference are the front line in this fight. Transnational mechanisms and participation in international coalitions to crack down on international money laundering are a crucial part of this portion of the strategy.

¹⁰⁵ Transparency International, *Holding Power to Account: A Global Strategy Against Corruption 2021–2030*, 2021 Transparency International, January 2021.

¹⁰⁶ Ibid.

¹⁰⁷ Ibid.

Social oversight is TI's third theory, reinforcing the importance of the involvement of civil society, community organizations, business entities such as trade unions, academic institutions, religious stakeholders, and private citizens themselves in the process of holding those in power accountable.¹⁰⁸ These interest groups must be able to hold direct and sustained participation in the accountability process and fundamental human freedoms must be protected to enable this.

To advance these three theories, TI further specifies seven objectives that drive their approaches to designing and advocating for anticorruption strategies around the world. These seven objectives are mutually supportive and, in many cases, include some overlap in the practical application of their implements, but provide useful categories for considering the issues one is trying to address and the reforms introduced to do so.

The first objective is to protect the public's resources.¹⁰⁹ This includes combating bribery, theft, and exploitation of public programs through initiatives that improve upon transparency in the government procurement and contracting processes and combat nepotism by working toward increasingly merit-based systems of advancement.

The second objective is to stop flows of dirty money, thereby challenging one of the primary incentives for bad actors to engage in corruption in the first place.¹¹⁰ This is accomplished through initiatives that combat money laundering, increase the transparency of financial transactions, and improve international cooperation for the return of stolen assets.

Third is to secure integrity in politics to encourage current and future leaders to engage in political activity that is beneficial to the common good.¹¹¹ This objective has two primary sub-tasks. The first is to reduce undue influence over who has the opportunity to receive an official or political office regardless of whether it is elected or appointed

¹⁰⁸ Ibid.

¹⁰⁹ Ibid.

¹¹⁰ Ibid.

¹¹¹ Ibid.

(influence over selection opportunity). And the second is to reduce undue influence over the decision-making of those officials who already have authority (influence over action).

The fourth objective is to drive integrity in business since private sector buy-in is a critical piece of the overall anticorruption equation.¹¹² This objective has some overlap with “protecting the public’s resources”¹¹³ and “stopping flows of dirty money”¹¹⁴ in that it also seeks to improve transparency and accountability over procurement and contracting processes, and also seeks to expose undue influences and relationships between private sector elites and government officials while providing positive incentives and rewards for those businesses that operate in good faith.

The fifth objective is to pursue enforcement and justice to ensure accountability for “failure to use officially entrusted power for the common good.”¹¹⁵ This is accomplished by strengthening the capacity and will to act of anticorruption bodies through initiatives that ensure adequate funding and properly trained officials capable of carrying out their assigned duties. This must be accompanied by efforts that ensure these bodies as well as a state’s judiciary and legal institutions are independent and free from political manipulation. Finally, anticorruption strategies should also include meaningful cooperation in international anticorruption organizations as part of this enforcement regime.

Sixth is to expand civic space for accountability by ensuring civil society, journalists, and other communities of whistle-blowers are able to expose abuse of power and demand improvements.¹¹⁶ To achieve this, anticorruption strategies must ensure the security of activists, journalists, and whistle-blowers, while protecting them from reprisals. Public awareness regarding the importance whistleblowing and supporting those who do will be crucial to encouraging continued participation from these social groups. And

¹¹² Ibid.

¹¹³ Ibid.

¹¹⁴ Ibid.

¹¹⁵ Ibid., 24.

¹¹⁶ Ibid.

finally, increasing the number and effectiveness of channels available for individuals to submit these reports should also be included.

The seventh and final objective is to build community leadership against corruption by strengthening public discourse regarding the importance of values that corruption undermines.¹¹⁷ By expanding upon education and awareness of the importance of these social values like integrity, accountability, and transparency, a foundation is laid for future generations of young people to increasingly enter civil society willing to continue anticorruption efforts and set the conditions for continued positive changes.

In addition to this strategy-and-objective framework, Pope also describes a number of pitfalls to avoid. These pitfalls are, *limits of power at the top* in which anticorruption leadership are constrained by limited institutional authority in their office to confront the bureaucracy; *lack of leadership* in which senior leaders lack commitment to the effort and unfulfilled promises result in a loss of confidence;¹¹⁸ *uncoordinated and piecemeal reforms* where no one entity owns the reforms and the lack of cohesion and coordination fails to produce meaningful results;¹¹⁹ *overreliance on legal remedies* which fails to address incentives that motivate corrupt activities in the first place and could lead to repression or abuse of the enforcement authority;¹²⁰ *a focus on only the “small fry”* which applies reforms unfairly which quickly results in a loss of confidence since it will be seen as disingenuous;¹²¹ *lack of a specific and achievable focus* that fails to endure if institutional mechanisms don’t outlive the leaders who originally introduced the reforms;¹²² and finally *failure to engage partners outside the government* all too often results in failure to achieve meaningful success.¹²³

¹¹⁷ Ibid.

¹¹⁸ Jeremy Pope, “Elements of a Successful Anticorruption Strategy,” in *Curbing Corruption: Toward a Model for Building National Integrity*, ed. Rick Staphenurst and Sahr J. Kpundeh (Washington, D.C.: The International Bank for Reconstruction and Development / The World Bank, 1999).

¹¹⁹ Ibid.

¹²⁰ Ibid.

¹²¹ Ibid.

¹²² Ibid.

¹²³ Ibid.

If we overlay the previously described reform efforts that Iraq has made against these principles for what should constitute a successful reform strategy, we can begin identifying where Iraq's efforts have been positive, and where improvements can be made to increase the effectiveness of the anticorruption movement.

The first thing that can be identified is that the majority of Iraq's reforms have been legislative. A number of new laws have been passed in order to more effectively criminalize corruption and its various means of practice. This is positive in that it supports a more effective deterrence against corruption and establishes the initial legal basis to take action against those involved in committing the corrupt acts. The challenge in this regard then becomes the follow-up action of enforcing these laws.

Another positive step taken was Iraq's entry into international anticorruption organizations such as the UNODC's StAR initiative and the MENAFATF, as well as their adoption of the UNCAC. These steps have opened avenues for cooperation with other states to combat transnational money laundering and other illegal activities that accompany, enable, and result from corruption. They have also provided Iraq with a vehicle for receiving technical assistance on implementation specifics such as best practices on criminalization legislation or reporting requirements for financial institutions.

The recently established Detering Corruption Committee has been an initially positive sign demonstrating Iraq's efforts to establish an anticorruption body that is comparatively free from political interference and that has the necessary legal authorities to enforce its mandate and make arrests. However, its overlap in responsibility with the numerous other anticorruption bodies described earlier such as the Commission of Integrity and the Federal Board of Supreme Audit will almost certainly lead to additional bureaucratic confusion in execution. Though it would probably face a high degree of political resistance, if these disparate anticorruption bodies could be consolidated into a single, unified, and truly independent institution, it would probably yield a high return on investment in its effectiveness against corruption. However, due to the difficulty of an initiative such as this, it would probably be best pursued after other, more incremental reforms are made first.

After laying out the previous strategies for what successful anticorruption campaigns should look like, there are some notable absences from Iraq's efforts that we can characterize to lead to increased effectiveness. The first shortfall is that the anticorruption reforms thus far have failed to define a strategy for overcoming the vested interests of "the winners"—the elites who are benefitting from the current status quo and are actively resisting efforts to reform. We see this in action in instances where political elites have opposed other reform initiatives such as improvements in the electricity sector,¹²⁴ or have engaged in political interference that prevents a sound judicial prosecution of a case or commandeers an anticorruption mechanism to falsely charge political opponents.¹²⁵ Improvements in this field would most notably provide better results in the categories of protecting the public's resources and in pursuing enforcement and justice.

Another shortfall is Iraq's anticorruption efforts so far is that they have neglected to address specifically some of the positive incentives that currently encourage corruption. As mentioned in chapter two, Iraq's hostile business environment discourages private businesses from operating openly. This reduces people's opportunities to make a decent living for themselves and instead encourages them to seek employment in Iraq's bloated public sector and by extension, encourages continued participation in the current framework of buying into the corruption scheme to supplement their incomes. A genuine, coordinated effort to improve Iraq's regulatory environment for private businesses would reduce the number of newcomers into the practice of corruption and support the principle of driving integrity in business as well as probably encouraging some of the gradual shift away from a common acceptance of *particularism* toward *universalism*.

A third shortfall is that none of the examined sources have mentioned a significant public affairs or community outreach element to either the institutions or strategies. This mission is included as one of the mandates for Iraq's Commission of Integrity to undertake

¹²⁴ al-Mawlawi, Public Sector Reform in Iraq.

¹²⁵ Cockburn, "Iraq 10 years on: How Baghdad Became a City of Corruption."

in cooperation with the Ministry of Education as set forth by the CPA.¹²⁶ Sadly though, none of the examined sources identified any significant efforts underway to actualize this. The inclusion of education initiatives to better inform Iraqis of what is and isn't legal for their public officials, the provision of some sort of hotline for reporting abuses of authority, and efforts to cultivate future leaders with greater commitment to values like honesty, integrity, and accountability can help to build common investment in the process and set the stage for better leaders to continue taking charge in the future. Initiatives like this would need to be prepared to show demonstrable results and communicate those effectively to the public or people would probably lose faith in these institutions and see their participation in this process as not worthwhile. Progress here would support expanding the civic space for participation and building community leadership against corruption.

¹²⁶ Coalition Provisional Authority (CPA) by order 55 of 2004.

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VI. LESSONS FROM SUCCESSFUL ANTICORRUPTION CAMPAIGNS

We can also incorporate lessons learned from other, specific anticorruption campaigns around the world that were successful in their aims of reducing corruption. In doing so, we should be careful to avoid the pitfalls of attempting to take their approaches verbatim and attempting to apply them directly to the unique geographic, cultural, and demographic situation in Iraq, but if the principles of their strategies are considered appropriately, additional useful techniques can be identified.

Hong Kong's experience is a particularly noteworthy success story in anticorruption. In the 1960s, Hong Kong suffered from widespread corruption.¹²⁷ During this period, it was considered as probably one of the most corrupt cities in the world, where corruption was a way of life characterized by organized crime syndicates, a captured police force, and "vice, gambling, and drugs were protected."¹²⁸ To tackle this problem, Hong Kong established the Independent Commission Against Corruption (ICAC) in 1974 and over the course of twenty years, huge changes were achieved.¹²⁹ According to surveys about corruption administered in Hong Kong, in 1977, 38 percent of respondents thought corruption was widespread in the government, compared to only 7.8 percent who thought so in 1994 and in the 1970s, 80 percent of the corruption reports received by the ICAC were related to the public sector contrasted with less than half in 1994, which only amounted to fewer than 1,800 total reports.¹³⁰

To achieve these results, the ICAC, which was entrusted by Hong Kong's governor with wide-reaching authorities, followed a three-pronged strategy that was reflected in its

¹²⁷ Melanie Manion, "Lessons for Mainland China from Anti-Corruption Reform in Hong Kong," *China Review*, Fall 2004, Vol. 4, No. 2. Special Issue on: Corruption in China (Fall 2004): 81–97.

¹²⁸ Tony Kwok Man-wai, "Formulating an effective anti-corruption strategy—The experience of Hong Kong ICAC," *Resource Material Series* 69 (2006): 196–201.

¹²⁹ B. E. D. de Speville, "The Experience of Hong Kong, China, in Combating Corruption," in *Curbing Corruption: Toward a Model for Building National Integrity*, ed. Rick Stapenhurst and Sahr J. Kpundeh (Washington, D.C.: The International Bank for Reconstruction and Development / The World Bank, 1999).

¹³⁰ Ibid.

structure.¹³¹ It consisted of an Operations Department charged with carrying out the enforcement portion of the strategy by conducting investigations and making arrests, a Corruption Prevention Department responsible for conducting studies of the government's work practices and procedures in order to prepare recommendations that could reduce the incentives for corruption, and a Community Relations Department that held press releases and briefings that highlighted enforcement successes, produced posters and pamphlets, held community outreach sessions in workplaces and schools, and even produced radio and television shows.¹³²

In her analysis of the strategy, Manion identifies four translatable characteristics of the Hong Kong strategy that should be considered. First, the government of Hong Kong, spearheaded by its governor, set a *clear signal* about that the government saw corruption as a serious threat and intended to unambiguously tackle it.¹³³ In this regard, Iraq has had mixed results. Khadimi's stance on corruption has been clear in his public messaging and his establishment of the Deterring Corruption Committee demonstrated follow-through. However, the rest of the political system in Iraq still remains much more resistant to reform and has undermined the public's trust in the government as a whole to actually achieve results.

Second, Hong Kong stayed on message by *publicizing enforcement successes*.¹³⁴ Here, Iraq also struggles. Some of the initial successes have been made known such as the initial arrests made by the Deterring Corruption Committee, however, the government of Iraq lacks a clear communications strategy on the issue and most of these effects are instead published by either international organizations like the U4¹³⁵ or covered in press reporting¹³⁶ rather than being included in an effective public affairs campaign.

¹³¹ Manion, "Lessons for Mainland China from Anti-Corruption Reform in Hong Kong."

¹³² Ibid.

¹³³ Ibid.

¹³⁴ Ibid.

¹³⁵ Schoeberlein, "Corruption and Anti-Corruption in Iraq."

¹³⁶ Shelly Kittleson, *Key Sunni Politician's Arrest for Corruption Raises Questions*, Al-Monitor, 29 April 2021, <https://www.al-monitor.com/originals/2021/04/key-sunni-politicians-arrest-corruption-raises-questions>.

Third, Hong Kong accompanied its anticorruption activities with a broad *public education* effort to better inform its citizens about the laws, help build upon the ICAC's credibility, and make the public aware of avenues to report corruption so it could be investigated.¹³⁷ As previously discussed, this aspect is conspicuously absent from Iraq's anticorruption strategy.

And finally, Hong Kong *reduced the incentives for corruption built into institutional design* through the efforts of its prevention department.¹³⁸ Iraq has also not yet effectively incorporated this approach into its anticorruption strategy since it has relied thus far on the passing of legislation and conduct of arrests, but not made significant progress to altering the environment that encourages corruption to begin with. Work toward improving the regulatory environment for private business as well as improved oversight and auditability of government financial activity would be two major steps toward addressing corruption incentives in Iraq.

Singapore is also set forth as an example of a successful anticorruption campaign. In the 1950s, corruption was a serious problem in Singapore and by the time of its independence in 1959, corruption was widespread, particularly in its law enforcement and civil service sectors where bribery was the norm.¹³⁹ After enacting its anticorruption strategy, Singapore became known as the least corrupt country in Asia and in 2015, Transparency International ranked it as the 8th least corrupt country out of 168 with a score of 85 on the Corruption Perceptions Index (CPI).¹⁴⁰

Beginning in 1960, Singapore's political leaders started by updating their Prevention of Corruption Act (POCA) to ensure that their anticorruption institution, the Corrupt Practices Investigation Bureau (CPIB) had sufficient authority to conduct its investigations effectively and that ample penalties were levied impartially against any

¹³⁷ Manion, "Lessons for Mainland China from Anti-Corruption Reform in Hong Kong."

¹³⁸ Ibid.

¹³⁹ Tan Ah Leak, "The Experience of Singapore in Combating Corruption," in *Curbing Corruption: Toward a Model for Building National Integrity*, ed. Rick Stapenhurst and Sahr J. Kpundeh. Washington, D.C.: The International Bank for Reconstruction and Development / THE WORLD BANK, 1999.

¹⁴⁰ Jon S.T. Quah, "Learning from Singapore's effective anti-corruption strategy." *Asian Education and Development Studies*, 6(1), 17–29, 2017, <https://doi.org/10.1108/AEDS-07-2016-0058>.

convicted of corruption.¹⁴¹ At this point, Singapore also increased the CPIB's manning and budget to ensure it was adequately resourced for its requirements.¹⁴²

In their study on the importance of adequately resourcing anticorruption institutions, Awopeju et al. identified that the effectiveness of an anticorruption institution's efforts is directly related to the proper funding that is allocated to the institution.¹⁴³ While this is an unsurprising finding, it is noteworthy to mention the magnitude of how much the CPIB's budget increased. Between 1978 and 2003, the CPIB's budget grew 19-fold from approximately one million dollars to nearly 20 million dollars per year.¹⁴⁴ Iraq's anticorruption institutions in contrast, are criticized as being underfunded and lacking the necessary resources to carry out their missions.¹⁴⁵ Unfortunately, it is difficult to determine how much they currently receive and by how much this unknown amount should be increased since "Iraq has limited transparency of its public finances" and "publicly available budgets did not include expenditures by ministry or revenues by source and type."¹⁴⁶

Quah also identified *impartial enforcement of the law* as a major reason for the CPIB's success in reducing corruption in Singapore. Singapore was described as dealing with corrupt officials with a degree of "severity rarely seen elsewhere," and the CPIB successfully conducted and adjudicated corruption investigations against five senior political members, eight senior civil servants, demonstrating that corrupt senior officials were not out of reach of the law.¹⁴⁷ In Iraq, interference in the legal proceedings pursued by anticorruption institutions is common and has blocked attempts at bringing previous

¹⁴¹ Leak, "The Experience of Singapore in Combating Corruption."

¹⁴² Quah, "Learning from Singapore's Effective Anti-corruption Strategy."

¹⁴³ Ayodeji Awopeju, Ilesanmi Jegede, and Seye Olowu. (2018). Significance of Funding the Nigerian Anti-corruption Agencies: Lessons from Singapore and Hong Kong. *Africa's Public Service Delivery & Performance Review* 6, no. 1, 1–7. <https://doi.org/10.4102/apsdpr.v6i1.233>.

¹⁴⁴ Ibid.

¹⁴⁵ Schoeberlein, "Corruption and Anti-Corruption in Iraq."

¹⁴⁶ U.S. Department of State, Bureau of Economic and Business Affairs, 2021 Investment Climate Statements: Iraq, <https://www.state.gov/reports/2021-investment-climate-statements/iraq/>.

¹⁴⁷ Quah, "Learning from Singapore's effective anti-corruption strategy."

investigations to the courts.¹⁴⁸ If Iraq is to make meaningful progress, it must free its judiciary from political interference so legal penalties can be enacted.

¹⁴⁸ Cockburn, "Iraq 10 years on: How Baghdad became a city of corruption."

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VII. CONCLUSION

This thesis found that despite some piecemeal efforts, Iraq's anticorruption strategy has been unsuccessful in reducing Iraq's entrenched corruption because the strategy failed to address the underlying incentives inherent to the environment that both motivated the activity by its potential for personal enrichment and political empowerment while not having effective disincentives to deter it. It has thus far only focused on some incremental legislative improvements while conducting only a few, high-profile arrests, the results of which haven't been publicized.

Iraq's *Muhasasa* system of apportionment for government positions has entrenched the capture of Iraq's various ministries. The political interference in the judiciary meant those under investigation were able to evade penalties. Multiple overlapping anticorruption institutions compete for resources with one another. And Iraq's public has not been included in a meaningful way to enable greater public investment in the process.

In order to foster greater progress in reducing corruption, Iraq must secure its judicial system's ability to adjudicate these cases without political interference and commit to investing greater resources in both manning, training, and funding its anticorruption institutions. In the future, the consolidation of these institutions into a single, unified anticorruption institution will probably also yield improvements in its effectiveness. Progress toward improving the regulatory environment that would encourage greater economic activity in the private sector would reduce both the opportunities and needs for bribes, increasing the Iraqi people's ability to provide for themselves and their families outside of public sector employment. Technical assistance toward improving Iraq's financial oversight systems would increase the auditability of its expenditures and reduce opportunities for graft and contract siphoning. And finally, a more comprehensive and inclusive public outreach element to Iraq's strategy would probably empower Iraqis to participate in anticorruption efforts and help cultivate future generations of leaders willing to stand up against corruption.

Singapore's example shows that anticorruption efforts must be continuous over the course of decades. Its efforts began in 1960, made a great deal of progress over the course of over thirty years, into the 1990s, and still continue to this day. Iraq hasn't yet reached twenty years since the fall of Saddam Hussein's regime in 2003 and though violent conflict with various terrorist groups over the last two decades have distracted a great deal of Iraq's resources and attention, this shows that Iraq is not hopeless, and that with continued consistent efforts and investment, anticorruption efforts can take hold over time.

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