

# U4 Expert Answer



## Iraq: Overview of corruption and anti-corruption

### Query

**What do studies say about corruption in Iraq over the past ten years? What are the drivers of corruption, the key areas of corruption, and both economic and political impact of corruption?**

### Purpose

We would like to provide all country offices with a current corruption country profile to inform situation analysis.

### Content

1. Background
2. Extent of corruption
3. Nature of corruption challenges
4. Sectors particularly vulnerable
5. Anti-corruption framework
6. References

### Caveat

This Helpdesk answer draws on a previous [Helpdesk answer on Iraq](#). The Kurdish Region of Iraq is covered in a separate Helpdesk answer. As the new Iraqi Prime Minister's Government Work Program is yet to be finalised, a future Helpdesk answer is needed to assess how this will affect the integrity framework of the country.

### Summary

Since the overthrow of Saddam Hussein's regime, Iraq has faced significant corruption challenges. The country continues to score among the worst countries on corruption and governance indicators. Corruption risks are exacerbated by the historical legacy of the previous authoritarian regime, lack of experience in the public administration, weak capacity to absorb the influx of aid money, sectarian issues and lack of political will for anti-corruption efforts.

While Iraq has introduced a number of anti-corruption initiatives, these fail to provide a sufficiently strong integrity framework. Political interference, lack of political will, a weak civil society, a confusing penal code, and a lack of resources limit the effectiveness of anti-corruption measures.

Corruption in the military and security services and oil smuggling has contributed to the major security challenge that the country now faces with the militant group Isis.

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*U4 is a web-based resource centre for development practitioners who wish to effectively address corruption challenges in their work. Expert Answers are produced by the U4 Helpdesk – operated by Transparency International – as quick responses to operational and policy questions from U4 Partner Agency staff.*

## 1. Background

Violence has marred Iraq's recent history. Saddam Hussein came to power in Iraq in 1968 in a coup, and he used his regime to suppress the Shia and Kurdish population and used chemical weapons against his own people.

After Iraq was defeated in its invasion of Kuwait in 1991, the UN imposed sanctions on the country to pressure Hussein to de-militarise. The sanctions failed to achieve their goals and devastated the national economy causing widespread poverty for over a decade (Independent 2013b). Hussein remained dictator of the country until 2003 when his regime was toppled by the US-led coalition forces.

The first elections for a full-term parliament were held in Iraq in December 2005 and the United Iraqi Alliance won the most seats. Ibrahim al-Jaafari was nominated as prime minister, but was forced from office due to sectarian favouritism. Subsequently, Nouri Al Maliki was asked to form a government in 2006 to end the deadlock in parliament. Sectarian tensions continued between Sunnis and Shias, and the country suffered numerous attacks from Al Qaeda militants (Freedom House 2015).

US troops ended their military operations in Iraq in 2011, and since then social unrest has grown. Despite this, Iraq was generally perceived to be progressing in the process of state building, albeit slowly and inconsistently (ICG 2014), and Al Maliki achieved his best result to date in the March 2014 elections

The spread of the Islamic militant group Islamic State (Isis) in 2014, quickly undermined Al Maliki's support and drew attention to government failings, which allowed the militant group to advance. The group quickly surged through Iraq, taking control of approximately one third of the country, including the second-largest city, Mosul. Tens of thousands of people are estimated to have been displaced after fleeing from atrocities (BBC 2015).

International Crisis Group (2014) and Freedom House (2015) report that Al Maliki concentrated powers around the prime minister's office, failed to address concerns of the Sunni minority, and did not do enough to stamp out high level systemic corruption.

Despite initially refusing to resign, causing paralysis in parliament, Al Maliki eventually conceded. In September 2014, the parliament approved a new government with Al Abadi as prime minister (World Affairs Journal 2014).

Al Abadi has so far received mixed reviews and has been criticised for not stemming the sectarian violence. While a US-led coalition has achieved some successes against Isis, large parts of Iraq remain under occupation.

According to the World Bank (2014c), approximately one in five people in Iraq live below the poverty line. Despite Iraq experiencing high economic growth between 2008 and 2012 (averaging annual GDP growth of 7 percentage points), poverty fell by only 4 percentage points. The country is economically very reliant on oil, with 90% of government revenue coming from oil revenue (UNDP 2015). The falling price of oil over the past year is likely to further destabilise the country.

## 2. Extent of corruption

Iraq suffers from extensive, pervasive corruption across all levels of government and sectors (BTI 2014).

Iraq continually scores among the worst countries in the world in various governance and corruption indicators. The extent of public and private sector corruption has eroded public institutions, prevented effective basic service delivery and undermined state security (BTI 2014; ICG 2014).

In Transparency International's 2014 Corruption Perception Index, Iraq ranked 170 out of 175 countries. It scored just 16 on a scale where 0 indicates that a country is perceived to be highly corrupt and 100 is where a country is perceived to be very clean. Only Afghanistan, North Korea, South Sudan, Somalia and Sudan scored worse. From 2012 to 2013, Iraq's score declined slightly from 18 to 16 (Transparency International 2014).

According to the World Bank's governance indicators, from 2003 until 2013, Iraq has consistently scored in the bottom 10 percentile for control of corruption, rule of law and political stability. It has scored slightly better on the other indicators of voice and accountability, government effectiveness and regulatory quality (World Bank 2014a).

### Petty and bureaucratic corruption

Citizens also report being routinely exposed to corruption. The 2013 Transparency International Global Corruption Barometer (a public opinion survey which asks about experiences and perceptions of corruption) found that 29% of Iraqi adults reported having paid a bribe to at least one of eight services in the past 12 months. The majority of people also said that they thought corruption in Iraq was on the rise, with 60% saying it had either increased a lot or a little over the past two years. Only 16% said that they thought corruption had decreased, and a further 25% said that they thought the level of corruption had stayed the same (Transparency International 2013).

A survey of residents of Baghdad by the Iraqi Commission of Integrity found that, on average, for each month in 2014, approximately 7% of users said they had paid a bribe to a public official there. The most common reason given was that the office intended to delay or constrain the service (Col 2015).

The bribery rate in a 2011 Iraqi Knowledge Network Survey for the UNODC was lower. It estimated that approximately 12% of the adult population, aged 18-64, had paid a bribe in the past 12 months. However, the survey did find large geographical differences in the bribery rate, ranging from 29% in Baghdad to just 4% in Kurdistan. Across the other governorates the figure was around 10% (UNODC 2013).

Businesses also report being asked to pay bribes. In the World Bank's Business Enterprise survey (2011), 758 firms were surveyed and said that in just over a third (34%) of public transactions a gift or informal payment was requested, compared to an average of 22% of transactions across the Middle East and North Africa (MENA) region. Also, nearly seven out of ten (69%) of the firms surveyed said that they were expected to give gifts to secure government contracts, compared to an average of 43% in the MENA region generally.

### Grand corruption

Corruption in Iraq exists even at the highest levels. The Commission for Integrity (Col) revealed that, from 2008 until 2012, 89 arrest orders related to alleged corruption offences were issued against high ranking individuals of director general level or higher. In 2012 alone, 12 ministers, 97 heads of department or higher, 7

parliamentary candidates, and 11 governorate council candidates were summoned to court to be tried for allegations of corruption (Col 2012).

Recently, there have been a number of high profile arrest warrants and convictions against high level public officials. The former head of the Commission for Integrity, Raheem al-Aqaili, was issued with four judicial warrants (Iraqi News 2014a) and a treasurer in the Ministry of Trade was recently sentenced to life imprisonment in absentia for embezzling over one billion dinars (Col 2015).

## 3. Nature of corruption challenges

In Iraq, the historical legacy of authoritarian regimes, sectarian, ethnic and religious differences, existence of militant groups, influx of international aid money and weak governance structures are factors that influence the nature of corruption in Iraq.

### The legacy of the previous regime

The legacy of President Saddam Hussein's authoritarian regime is a contributing factor to the high level of corruption in the country. Hussein's authoritarian regime was inherently clientelistic redistributing resources to its supporters while repressing its opponents (BTI 2014). The regime also prevented the development of accountable, democratic public sector institutions which contribute to the weak public administration today (Independent 2013).

Decisions taken by the coalition forces after the overthrow of Hussein's regime are also said to have contributed to the weak public administration in Iraq. It was decided that any previous Ba'ath Party public officials should be prevented from taking office. This contributed to a lack of experience within the newly formed government with ministries lacking the technical expertise to respond to the challenges (Independent 2013c).

### Fragility and corruption

Iraq is referred to as a fragile state: "unable to meet [their] population's expectations or manage changes in expectations and capacity through the political process" (OECD 2008). According to the 2014 Fragile States Index from the Fund for Peace, Iraq was at "high alert" in position 13 (where the country in 1<sup>st</sup> place is deemed at very high alert and the country in 178<sup>th</sup> place is

deemed very sustainable) (Fund for Peace 2014). The threat from Isis, sectarianism and weak governance institutions further contribute to Iraq's fragility.

As with other fragile states, Iraq is characterised by weak governance structures, lack of capacity, leadership and infrastructure, which exacerbate corruption risks. Large amounts of aid, channelled through weak institutions, often lack adequate oversight of how the money is spent, creating additional opportunities for corruption (OECD 2009) (See this [Helpdesk](#) answer for further literature on fragile states).

### Sectarianism, nepotism and clientelism

According to the Bertelsmann Foundation, clientelism has undermined the efficiency of the public sector in Iraq with recruitment and disciplinary procedures (including for corruption related offences) being used for political gain (BTI 2014).

Al Maliki's government faced numerous allegations of nepotism, clientelism and consolidation of power around his office. It is alleged that he filled senior government positions based not on merit but on sectarian and political allegiances to benefit his supporters and the Shia population who had previously been excluded from power under Hussein's regime (Independent 2013b, c).

The Central Bank of Iraq governor, Sinan al-Shabibi, was controversially convicted, and recently acquitted, for corruption related charges. He had previously advised the government to separate Central Bank and Ministry of Finance resources. After his conviction he was replaced by a supporter of Al Maliki, further consolidating the government's influence over this institution (BTI 2014).

According to James Jeffrey, US ambassador to Iraq from 2010 to 2012, nepotism is also partially blamed for the weakness of the Iraqi army when Isis advanced into Mosul in 2014. Al Maliki is alleged to have chosen army generals based on their political support for his leadership rather than their skills (Politico 2014).

### Weak public administration

Bureaucratic corruption in Iraq is driven by weak institutions, a lack of experienced staff, high insecurity, confusing legal framework and weak

oversight, which provide incentives and opportunities for corruption (BTI 2014, ICG 2013).

Payroll corruption such as 'ghost employees' and skimming of salaries is rife, and hiring and disciplinary decisions are affected by nepotism, clientelism and bribery. Efficient and transparent public procurement processes are often undermined by bribery and kickbacks, use of shell companies and nepotism (DoS 2013, Independent; 2013a, b).

According to the 2013 Transparency International Global Corruption Barometer survey, users of public services were most likely to have paid a bribe when coming into contact with public officials for land services (39%), the police (35%), and registry and permit services (27%). Furthermore, of 12 institutions, political parties were seen to be the most corrupt, with 47% rating them as either fairly corrupt or extremely corrupt.

The 2011 Iraqi Knowledge Network Survey for the UNODC found that public health clinic nurses, public utilities officers and the police account for the largest share of bribes paid by citizens in Iraq (19%, 15% and 14% respectively) (UNODC 2013).

### International development spending

The large inflows of international aid and reconstruction funds to the country following the toppling of Saddam Hussein have also contributed to corruption in the country. According to World Bank data, Iraq received more than US\$32bn<sup>1</sup> of bilateral aid from OECD countries between 2003 and 2012 (World Bank 2014b).

Large flows of aid, combined with the country's weak absorption capacity, may provide opportunities for mismanagement and encourage rent-seeking behaviour (Tiri 2007). The Special Inspector General for Iraq Reconstruction (SIGIR) was tasked with assessing how Iraqi and US funds were being spent in Iraq. In their final estimation, they calculated that at least \$8bn of the \$60bn US reconstruction budget was lost to corruption and waste (SIGIR 2013).

For example, it was discovered that US\$43.8 million was spent on a residential camp for police

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<sup>1</sup> Note: Transparency International takes "billion" to refer to one thousand million (1,000,000,000).

training personnel which remained unused, and US\$36.4 million spent on weapons that were not accounted for (Associated Press 2007).

Corruption was also committed by the US forces. In 2012, Army Sergeant Richard Evick and his co-conspirators were convicted of bribery and money laundering for influencing the award of US\$24 million worth of contracts towards certain contractors in exchange for US\$170,000 in bribes (DoJ 2012). In 2009, Major John Lee Cockerham was jailed for 17 years for bribery and money laundering for Iraq war contracts (FBI 2010).

In general, it is recognised that the reconstruction effort in Iraq suffered from waste and corruption. Inspector General Stuart W. Bowen of SIGIR reported that the reconstruction funds underperformed overall, with infrastructure development being severely challenged by the security situation. SIGIR did deem spending on security forces as being successful at achieving some stability until 2013 (SIGIR 2013), however, recent corruption cases involving the security forces highlight that there were still weaknesses.

#### 4. Sectors particularly vulnerable to corruption

As noted earlier, corruption is endemic across all areas of government in Iraq. For the purposes of this Helpdesk answer, we have focused on the impact of corruption in two key areas.

##### Military and security

Recent insecurity due to the threat of Isis has drawn attention to the pervasive corruption that affects Iraq's military and security services, including payroll corruption, nepotism and patronage.

##### Army

Corruption is said to be widespread in the Iraqi army and manifests itself in various forms, including bribery, nepotism and misuse of resources.

It has been assessed that corruption has contributed to the advance of Isis in Iraq and its ability to take major cities, such as Mosul, in various ways. Firstly, nepotism allowed inexperienced generals to be given prominent roles (Politico 2014). Secondly, corrupt procurement processes resulted in poor quality or

non-existent equipment (SIGIR 2014). Thirdly, payroll corruption and the employment of "ghost soldiers", soldiers who do not exist, meant the army had fewer soldiers than required (Fiscal Times 2014; ICG 2014). And finally, army generals sold military supplies on the black market which were then bought by militant groups such as Isis (New York Times 2014).

The weak public administration and lack of effective oversight of government spending has allowed senior army personnel to commit payroll corruption (DoS 2013). Recently, it was exposed that the Iraqi government has been paying the salaries of 50,000 ghost soldiers. This is estimated to have cost the Iraqi government US\$380 million per year (Fiscal Times 2014).

In response, the new prime minister, Al Abadi, fired 24 generals, and detained the Ministry of Interior director general, who was in charge of the payroll. Al Abadi has also fired or transferred 26 other army generals (Fiscal Times 2014).

There is also an indication that corruption exists at the lower levels of the military, with soldiers extorting bribes from citizens in conflict affected areas. Reports are emerging that people fleeing the Isis controlled area of Fallujah are forced to pay bribes to the army, police and government supported militias to be able to leave (Middle East Eye 2015).

Given the current security threats facing the country, the extent of corruption represents a major barrier to the national security forces' fight against Isis. While Al Abadi has taken steps to rid the military of corrupt key officials, institutional anti-corruption measures (such as payroll reform, and transparent accounting procedures) are needed to challenge the systemic corruption that exists in this institution.

##### Police

In the police force, petty bribery undermines the rule of law in the country. In the 2013 Transparency International Global Corruption Barometer survey, 35% of those who had come into contact with the police in the past year had reported paying a bribe to them. However, when the public were asked how corrupt the police is in Iraq, the force scored slightly better than the global average (2.8 compared with a 3.7 global average, where 1 means not at all corrupt and 5 means extremely corrupt).

Corruption or illegal acts committed by the police go unpunished, undermining the rule of law. According to the US Department of State, the police force in Iraq benefits from extensive impunity, and allegations of corruption rarely result in criminal or disciplinary proceedings (DoS 2012).

It is alleged that senior appointments in the police force were also influenced by nepotism and clientelism rather than based on merit. Under Al Maliki, senior commanders in the police force may have been appointed directly by the prime minister, rather than getting the required parliamentary approval (BTI 2014). The Bertelsmann Foundation (2012) also notes that militias have been able to infiltrate the police force, and may not uphold the rule of law for all people equally.

Proper policing standards and codes of conduct need to be enforced to build public trust in the police force and the rule of law.

## Oil and gas

The extractives industry dominates the Iraqi economy, with oil accounting for 90% of government revenue, 99% of Iraq's exports, and 60% of the country's GDP (UNDP 2015).

In recent years, Iraq has successfully increased the amount of oil it produces. Currently, the country produces 2,980,000 barrels of oil per day, and petroleum exports value US\$89,402 million. Iraq also has 3,158 billion standard cubic metres of natural gas reserves (OPEC 2014).

The substantial fall in the price of oil is likely to have a significant impact on the Iraq economy. In June 2014, oil was trading at US\$115 a barrel, but is currently trading at under US\$50 a barrel. The Iraqi government had to revise down its budget as a result (Reuters 2015b).

Oil has had a role in destabilising the country by providing a source of finance to criminal gangs and militants like Isis, and has been a cause of tensions between the oil rich Kurdish Region and the central government in Baghdad (BTI 2014).

Oil production is handled by both state-owned and privately-owned international oil companies. State-owned companies produce the oil in the areas where Baghdad has control, but in the

semi-autonomous region of Kurdistan, the oil is produced by international companies (EITI 2015).

The following areas are particular corruption challenges for this sector.

### Oil smuggling

Preventing oil smuggling remains a challenge for Iraq, with government revenue being lost through this practice. Oil smuggling has had a massive destabilising effect on Iraq, producing corrupt networks involving criminal gangs, political and religious leaders (BTI 2014).

### Procurement and oil revenue management

While improvements in the procurement process for oil and gas sector have resulted in fewer opportunities for corruption, incidents of bribery still exist (DoS 2013). Since 2009, the government has held three rounds of bidding where over 40 companies competed for development contracts for Iraq's oil and gas fields. The first two rounds in 2009 and 2010 were considered transparent and competitive, but the 2011 round suffered from a lack of bidders (DoS 2013).

Democratic accountability for the oil sector would be improved if parliament were to play a large role in monitoring procurement. Currently, parliament does not provide much oversight of procurement contracts. This would provide a further check on the extractives sector (NRGI 2013).

Information on the reserves, production volumes, prices, exports, companies operating in the country and production stream values is made publically available by the Oil Ministry. However, the Oil Ministry does not publish information about how contracts change after the bidding process, which undermines transparency and is an area of major corruption risk (NRGI 2013).

Iraq has been found to be compliant with the Extractive Industries Transparency Initiative (EITI), which encourages transparent natural resource management (EITI 2015).

Iraq has introduced a multi-stakeholder group to oversee compliance with EITI. This group, Iraq Revenue for Transparency, involves government representatives, oil representatives from both international and national oil companies, civil society groups, trade unions and monitoring agencies. The next EITI report is due at the end of 2015 which will shed more light on the effectiveness of this group (NRGI 2011).

### Use of oil revenues

Oil revenue in Iraq is predominantly distributed by the central government to the provinces based on population size. Some information on how oil revenues are distributed is made publically available (NRGI 2013).

Concerns still remain about whether the oil revenue is used transparently and to the benefit of all Iraqis. Between 2007 and 2012, the government tried to redistribute oil revenues through public transfers and public sector employment, but these have had mixed effect on reducing poverty in the country (World Bank 2014c).

Furthermore, state-owned oil companies (North Oil, South Oil, Midland Oil and Missan Oil) do not make their audited financial reports publically available (NRGI 2013) which increases the corruption risk.

## 5. Anti-corruption framework

### Overview

The adoption of the United Nations Convention against Corruption (UNCAC) and passing of the necessary legislation in 2007/2008 represented the first major anti-corruption move by the Iraqi government.

In March 2010, the Iraqi government published the national anti-corruption strategy for the period of 2010-2014.

The new prime minister, Al Abadi has stated that he wants to fight corruption, money laundering and waste. Anti-corruption measures featured strongly in Al Abadi's statement on the Government Program Portfolio, which he made to the parliament in September 2014. These included plans for institutional and administration reform, and the adoption of "e-government" measures to reduce corruption risk (Al Abadi 2014). At the time of writing, the Government Work Program for 2014-2018, including the National Strategy to Combat Corruption, is still being finalised.

The extent of corruption at all levels of government, in both the public and private sector, indicate the existing anti-corruption framework is ineffective. The anti-corruption initiatives in Iraq suffer from a fragmented institutional

arrangement, a lack of clear understanding of the various roles, little enforcement of legislation, a lack of political will, and political influence and impunity in corruption cases (BTI 2014).

The public in Iraq also believes that the government's anti-corruption efforts have been ineffective. The 2013 Global Corruption Barometer survey found that only 22% of the public thought that the government's actions were either effective or very effective in the fight against corruption. Just over half (52%) said that they thought the government's actions were either ineffective or very ineffective.

### Legal framework

#### National legislation

Iraq's legal framework has been deemed insufficient to effectively tackle corruption (BTI 2012). The penal code is confusing, with corruption deemed a criminal offence, but forms of corruption such as bribery, embezzlement, breach of trust and fraud defined as "dishonourable offences". Furthermore, the laws suffer from a lack of political will for enforcement, and institutions lack the necessary resources (BTI 2014; DoS 2013).

Iraq criminalises many forms of corruption, including public sector bribery (Articles 15, 16, 18, 21, Law 111 of 1969), embezzlement (Article 315 of the criminal code) and obstructing justice (Article 229 of the criminal code). There is also mandatory disclosure of assets by top public officials (law 30 of 2011) and the courts have the power to freeze, seize and confiscate certain assets (Article 101 of the criminal code; UNODC 2013b).

The 2004 Anti-Money Laundering Act of 2004 criminalised money laundering, but it falls short of international standards (DOS 2014c). The Iraqi government is currently working on developing a new anti-money laundering bill

While whistleblowers are protected under the law, Freedom House (2013) notes that, in practice, whistleblowers face substantial political pressure.

The Public Procurement Law (2004) attempted to reduce corruption risks in public procurement, and the Investment Law (2006) mandated competitive bidding, and allows unsuccessful bidders to raise concerns about corruption. The procurement laws have had some success, and competitive and

transparent bidding rounds held in 2009 and 2010 for oil and gas contracts (DoS 2013). However, the culture of impunity and political pressure can make companies unwilling to report incidents of corruption (Independent 2013a).

A major improvement in the legislation framework was the repeal of Article 136b of the criminal code in 2011, which allowed ministers to protect their employees from corruption prosecution (DoS 2013). However, a culture of impunity continues to exist in Iraq and allows members of the government to avoid prosecution (DoS 2014).

### **International Conventions**

As mentioned earlier, UNCAC was adopted in 2008. On the area of asset recovery procedures, Iraq joined Middle East North Africa Financial Action Task Force (MENAFATF) in 2005, and the UNODC/ World Bank Stolen Asset Recovery Initiative (StAR) in 2007 to recover stolen money sent abroad. UNDP and the Commission of Integrity are currently undertaking a joint partnership to fight corruption (UNODC 2013).

### **Institutional framework**

Iraq has three main bodies responsible for fighting corruption.

#### **Commission of Integrity (Col)**

This is the main anti-corruption body in Iraq. It is responsible for preventing and investigating government corruption, and enforcing legislation.

Even though the law declares this institution independent, it is subject to interference from the government, and a previous commissioner resigned in protest due to government pressure in corruption cases (Independent 2013a).

At the Col's annual press conference, where it reported on its work in 2014, it was stated that they had investigated 17,616 cases of official corruption since 2004. The figure for 2014 alone was 9,147. The commission estimated that US\$330 billion of public money is missing or unaccounted for, and named three former ministers and 53 senior officials for alleged corruption (Rudaw 2015).

#### **Inspector General's Offices (IGO) within the ministries**

This body is under the jurisdiction of the Prime Minister's Office of Regulatory Affairs. It is responsible for providing oversight on potential

corruption cases among the cabinet ministers and commissions (DoS 2013).

#### **The Federal Board of the Supreme Audit**

This is the supreme auditing authority, which was given authority in the Law of the Board of Supreme Audit (Law 31 of 2011). It oversees extractive contracts and is the only one of the three main anti-corruption bodies to have jurisdiction in the Kurdish Region (DoS 2013).

There are some other bodies in Iraq which also have responsibility for anti-corruption.

#### **The Joint Anti-Corruption Council (JACC)**

This council was created in the Prime Minister's Office, and its role is to coordinate the activities of the three main anti-corruption institutions for the Ministry of Interior and Higher Judicial Council. It is regarded to have had no impact due to the scale of high level corruption in the country (DoS 2013).

#### **Office of the Ombudsman**

This office has some anti-corruption responsibilities but it has been ineffective. Global Integrity (2008) reported that the ombudsman lacks the ability to follow up on cases, and is affected by political pressure, nepotism and clientalism. Its recommendations also get little attention from government.

#### **Parliamentary Committee on Integrity**

This committee provides monitoring and oversight of the anti-corruption bodies. It has been subject to substantial political pressure with a former chair of the committee, Judge Rahim al-Ugaili, resigning in 2011 saying that there was a lack of political support for anti-corruption initiatives (Iraqi Business News 2011).

#### **Central Bank of Iraq's Monetary Laundering Reporting Office**

This office exposes potential financial crimes, particularly in the area of money laundering (DoS 2013).

In 2010, MENAFATF found Iraq non-compliant in 35 of the 40 categories on its anti-money laundering regime (MENAFATF 2012). The US Department of State also describes Iraq's anti-money laundering regime as "completely inadequate" (DoS 2013).



### **Financial Intelligence Unit (FIU) under the Central Bank**

The unit records and reports suspicious transactions to the Central Bank. MENAFATF recently declared that the FIU was not fully functioning, lacking both power and resources. Its ability to undertake its tasks is hampered by a lack of access to information (MENTATF 2015).

### **Judiciary**

The judiciary in Iraq, like other institutions, suffers from nepotism and clientelism, too much red tape and a lack of experienced staff. However, civil courts are generally considered to be independent (BTI 2014).

The public in Iraq perceive the judiciary to be suffering from some corruption. Transparency International's 2013 Global Corruption Barometer survey found that people believe the judiciary is as corrupt as the police and the medical and health services, with all of these institutions scoring on average of 2.8 where 1 indicates the institution is not corrupt and 5 means it is extremely corrupt. The survey also found that 22% of those who had come into contact with the judicial system reported that they had paid a bribe.

While the independence of the judiciary is guaranteed by Article 87 of the 2005 constitution, in reality the executive, legislature and judiciary are not fully independent and judicial decisions are open to political manipulation (BTI 2014).

In corruption cases, the prime minister's approval was required on occasion before high profile corruption cases could proceed, which undermines the ability of the courts to convict some individuals (DOS 2012).

Also of concern is that a large amount of judicial power is concentrated in the hands of Chief Justice Judge Midhad Mahmud who heads the Iraqi Higher Judicial Council, the Federal Supreme Court and the Federal Court of Cassation (BTI 2014). The Iraqi Federal Supreme Court was increasingly seen as contributing to the concentration of powers in the hands of the previous prime minister, Al Maliki. While there were attempts to remove the chief justice from office in 2013 he was quickly reinstated (Iraq and Gulf Analysis 2013).

### **Other actors**

#### **Media**

Since the fall of Hussein's regime, numerous media outlets have started in Iraq. However, journalistic standards are challenged by the entrenched political, ethnic and sectarian divisions which the media outlets represent. Political party ownership of media companies also affects their independent reporting (Freedom House 2013).

Iraq scores poorly across a number of free press indicators. Freedom House gave Iraq a press status rating of "not free" in 2014 (Freedom House 2014) and Reporters Without Borders ranked Iraq 153 out of 178 countries in their 2014 World Press Freedom Index (Reporters Without Borders 2014).

Iraq also fails to convict those who are guilty of killing journalists. In the Committee to Protect Journalists' 2014 Impunity Index, Iraq ranks in first place with 100% impunity for journalists' murders (CPJ 2014). There were nine journalists murdered in 2013 alone.

Iraq's media organisations face numerous domestic challenges, including a repressive legal system, security, political pressure, fines, intimidation, harassment, arbitrary detention and violence (BTI 2012; Freedom House 2014). Isis also poses a particular threat to media professionals working in Iraq, against whom they use violence (Reporters Without Borders 2014).

The legal system also undermines freedom of expression and encourages self-censorship. According to the 1969 penal code, defamation is still penalised in Iraq and the 1968 Publications Law means that journalists and/or publishers can be given prison sentences for defamation (BTI 2014). A 2006 law makes it a criminal offence to "ridicule" a public official, and is used regularly against journalists exposing corruption (Freedom House 2013). The 2011 Journalist Protection Law imposes restrictions on who can be defined as a journalist and how one can access information, and despite the name of the law it gives no protection to journalists (BTI 2014).

Freedom of expression in Iraq is also undermined by the Communications and Media Commission which can order media outlets to be shut down if they are deemed to be inciting violence (Freedom House 2013).

## Civil society

Civil society activism has re-emerged as a feature, albeit small, of Iraqi society since the fall of Hussein's regime. Prior to Hussein's dictatorship, Iraq had a history of activism around women's rights and trade unionism. Under the regime, however, non-Ba'ath Party related independent groups were not allowed (BTI 2014, ICG 2011)

While a number of civic groups have emerged since 2003, they have failed to develop around public interest areas, but more so around existing sectarian, ethnic and political lines (BTI 2014).

Much civil society work is supported by donors, but often there is little oversight on how funds are spent (BTI 2014). On anti-corruption issues, donors have helped to support civil society organisations, with UNDP supporting 31 groups as part of a consortium on corruption issues and human rights (UNDP 2013).

The country is a challenging environment for civic activism, with groups reporting being subject to intimidation, threats and arbitrary arrest (DOS 2012). Weak bureaucratic governance structures undermine the ability of civil society groups to influence the political process. Ministries lack experienced staff, so such groups are often ignored in the development of legislation (BTI 2014; ICG 2011).

Despite the difficult environment, civil society organisations were able to successfully influence and improve an NGO law which was passed in January 2010. Due to the influence of civil society groups, the new law required that audits and inspections of NGOs may only take place with due cause, and a court order must be secured to suspend an NGO's license (BTI 2014).

Recently, civil society groups were also able to get the controversial Cybercrime Bill scrapped. According to the draft text, this law would have criminalised using the internet to "harm the reputation of the country" or "damage the national economy", with a maximum penalty of life imprisonment (BTI 2014). This is deemed a major success for civil society organisations in the country.

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