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Towards a National Strategy to Combat Corruption in Iraq

Ali Al-Mawlawi, Hashim Al-Rikabi & Hayder Al-Khafaji

About

Al–Bayan Center for Planning and Studies is an independent, nonprofit think tank based in Baghdad, Iraq. Its primary mission is to offer an authentic perspective on public and foreign policy issues related to Iraq and the region.

Al–Bayan Center pursues its vision by conducting independent analysis, as well as proposing workable solutions for complex issues that concern policymakers and academics.

Towards a National Strategy to Combat Corruption in Iraq

Ali Al-Mawlawi, Hashim Al-Rikabi & Hayder Al-Khafaji*

Vision

The entrenchment of corruption in Iraq's state institutions - resulting from the legacy of the former regime and the absence of social justice, in addition to lack of transparency, nepotism, and sectarian quotas that have accompanied the lack of security and political instability after 2003 – threatens the legitimacy of the democratic system in Iraq. The latest existential threat to Iraq, embodied in the terrorism of the Islamic State group, took advantage of corruption to infiltrate many institutions and recruit members, which is why it has become imperative to limit the corruption that affects the daily lives of Iraqi citizens and corrodes the structure of the Iraqi state.

The success of anti-corruption efforts in other countries that have experienced similar issues to Iraq, in addition to some of Iraq's success stories after 2003, such as the streamlining of passport procedures, increasing transparency in the student scholarship programme, and limiting public waste by collecting electricity fees, are promising signs of the ability to combat corruption. This will in turn lead to the following strategic objectives: preserve national security; improve reconstruction efforts and the provision of public services; and restore public trust in state institutions.

Reducing corruption will also improve Iraq's security situation, as Sarah Chayes of the Carnegie Endowment's Democracy and Rule of Law programme asserts - a causal relationship between corruption and terrorism, as corruption

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degrades human dignity and causes extremism. Furthermore, the absence of means to restore rights, the wide and complex networks of corruption, and the amount of money wasted as a result of corruption, all contribute to the spread of terrorism. Many studies alluded to the prevalence in corruption within the armed forces at the time in the form of "ghost soldiers", and nepotism that enabled the Islamic State group to occupy large swathes of Iraq.

The Islamic State group's terrorism and barbaric methods have caused great losses to Iraq's infrastructure and economy. An estimated 147,000 houses have been destroyed by IS, in addition to security losses estimated at $14 billion, not to mention the indirect losses and the damage caused to the Iraqi economy that has impeded growth for several years. The Ministry of Planning estimates the cost of reconstruction at nearly $88 billion, which the ministry believes should be primarily raised by foreign investment. Thus, it is imperative to reduce corruption to create an investor friendly environment that would enable Iraq to improve services and commence reconstruction.

The fall of the dictatorial regime and the establishment of a democratic state in 2003 gave Iraqis hope for a decent life after years of wars and sanctions. However, the succession of terrorist attacks, poor basic services, and the spread of corruption undermine their hopes. This is evident the gradual decline in participation with each electoral cycle, as shown in Figure (1). The reduction of corruption in Iraq will help improve the security situation and provision of basic services, which restores public confidence in the democratic system and its institutions and mechanisms.

Figure (1) - Participation in successive Iraqi parliamentary elections
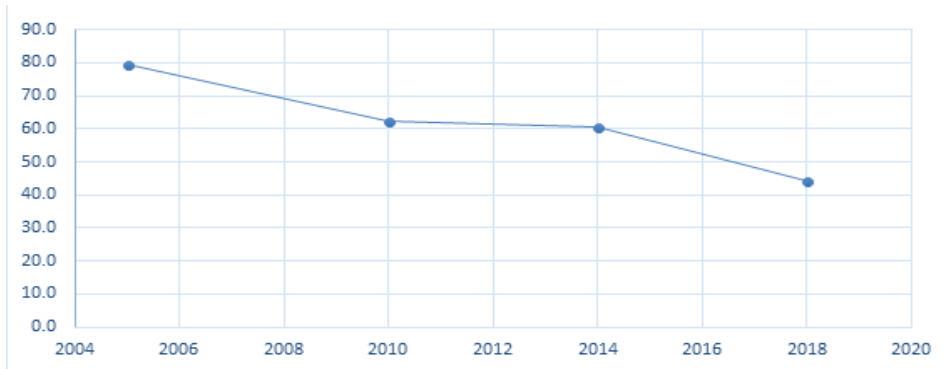

Theoretical Framework

Various approaches have been internationally adopted to combat corruption, including political, structural, institutional and sectoral. Some approaches have focused on accountability and prosecution, while others have focused on deterrence and reducing opportunities for corruption. While some studies consider corruption as an individual choice based on considerations of profit and loss, others consider corruption as a structural issue linked to the political system.

In Iraq, corruption is part of the political system with some political factions attempting to control state resources to ensure the sustainability of their nepotistic patronage networks. Corruption is also an individual choice for employees in the public and private sector, as the benefits of corrupt practices outweight the potential negative consequences. Therefore, suppressing corrupt practices is very difficult due to the weakness of anti-corruption institutions and measures.

Georgia's experience has shown the importance of adopting an immediate zero tolerance policy towards corruption, and demonstrating rapid and clear anti-corruption gains in order for the state to build credibility, while keeping anti-corruption measures in place for a sufficient time to achieve long-term goals.

Former Georgian prime minister Lado Gurgenidze called for the need to adopt "rapid, bilateral, easy, pragmatic, and concrete reforms to improve the lives of large numbers of citizens." Leaders in Georgia have worked hard to develop a "virtuous cycle" that includes strong political will and a clear vision supported by a flexible strategy, pragmatism, and rapid implementation, as shown in Figure (2). This method has led to quick and concrete results by reducing opportunities for corruption and strengthening the political will to fight it.

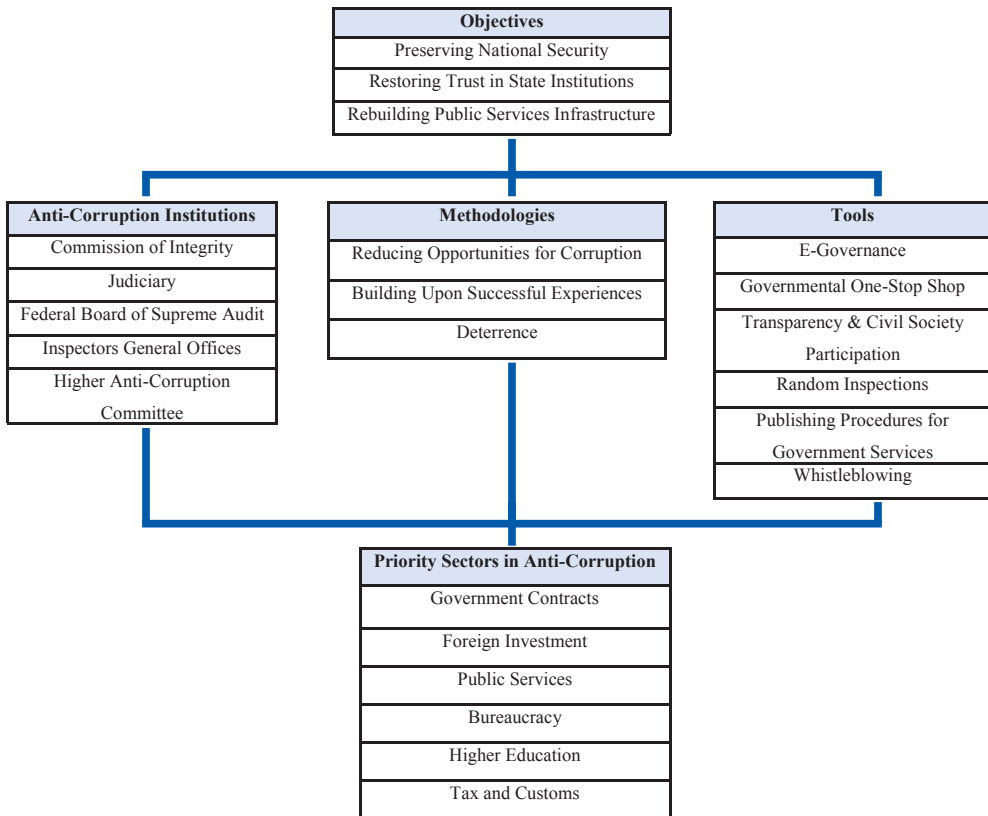**Figure (2) – The Virtuous Cycle to combat corruption in Georgia.**
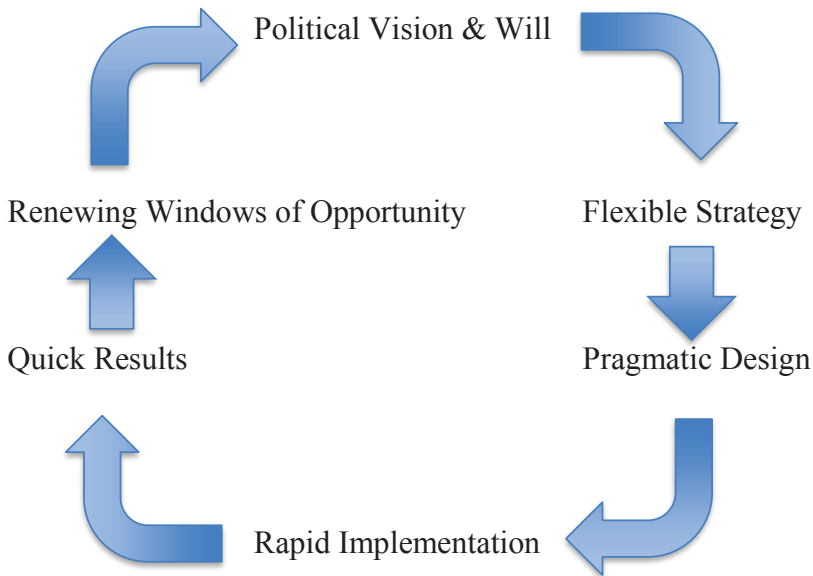
Decision-makers in Georgia adopted a comprehensive strategy, as reformers realised that attacking corruption across multiple fronts was the best way to combat it. Partial reforms would not work, as special interests would be able to stop those reforms. It was also imperative to adopt a lightening fast strategy in the war against corruption to catch opponents of reforms off guard. Political decision makers also realised that many reforms were interlinked and success in one would require success in another. For example, the success of anti-corruption

reforms in the electric power sector required the state to improve the availability of electricity and increase public confidence in the state-operated electric grid. This required direct investment in the generation, transmission, and distribution of electricity, but with the scarcity of state resources, the state had to improve its tax collection to finance these investments.

However, when everything needs reform, the natural question becomes: Where do we begin? Georgian leaders believed that the first steps were to restore the rule of law and improve tax collection. The prioritisation of other reforms is based on the desire to benefit the largest number of citizens in the shortest period possible. Therefore, it is not surprising that in 2004, the restoration of electricity supplies was a priority, in addition to reorganising the business sector, and eliminating corruption from higher education. Some reforms carried latent risks, and the population had to share the burden of change. For example, reestablishing electricity required higher energy tariffs and greater rigor in collection operations. According to Zurab Noghaideli, the former Georgian prime minister, government leaders were betting on their ability to supply electricity around the clock. This change was clear and welcome, and was able to allay concerns about the higher tariffs.

Public service organisations took a longer time to develop and adapt to the needs of society, but effective state management helped produce many new public service institutions. According to Giga Bokeria, head of the National Security Council, the challenges ahead include strengthening institutions and human resources to establish a highly competent professional bureaucracy. The government's recent statements and actions indicate that such a transformation is still under way, and that the strong executive role is only and largest driver for change. In fact, most of the success of the anti-corruption reforms has been attributed to the small executive team of the Government of Georgia, which draws its strength from the President, who followed and oversaw the government's performance on a daily basis.

Therefore, the proposed methodology to combat corruption in Iraq is based on the adoption of a comprehensive strategy; giving priority to the most important sectors to maximize the state's economic resources; and improve the country's educational and service sectors. This can be done through utilizing various tools that have proven their effectiveness in combating corruption in other countries, as well as forming a governmental working group to implement the proposed measures.

Objectives
Preserving National Security
Restoring Trust in State Institutions
Rebuilding Public Services Infrastructure

Anti-Corruption Institutions
Commission of Integrity
Judiciary
Federal Board of Supreme Audit
Inspectors General Offices
Higher Anti-Corruption Committee

Methodologies
Reducing Opportunities for Corruption
Building Upon Successful Experiences
Deterrence

Tools
E-Governance
Governmental One-Stop Shop
Transparency & Civil Society Participation
Random Inspections
Publishing Procedures for Government Services
Whistleblowing

Priority Sectors in Anti-Corruption
Government Contracts
Foreign Investment
Public Services
Bureaucracy
Higher Education
Tax and Customs

<u>Anti-Corruption Tools</u>

There are many anti-corruption tools that have proved their ability to reduce this phenomenon, and perhaps the most important are the following:

1- E-Governance:

E-governance is defined as the use of information and communication technologies in government and private institutions to carry out their functions efficiently, as well as the ability to evaluate services, ensure control, transparency, and the dissemination of information. E-governance covers the sharing of information and the relationships between government institutions (G2G), government and the private sector (G2B), and the government and citizens (G2C). The experiences of other countries have demonstrated the importance of e-governance in reducing corruption by reducing interaction with employees, speeding up transactions, reducing human error, and reducing the role of an employee's personal judgment in processing or cancelling an application. Therefore, there is an inverse relationship between e-governance and corruption.

Utilising Technology – A Case Study from Georgia

Georgia has utilised various technologies to streamline the delivery of public services and to facilitate easier oversight. Many direct contacts between civil servants and citizens have been eliminated, which has resulted in reduced opportunities for bribery. For example, the process of obtaining a passport used to take a long time and required payment of bribes, but today the citizen provides the necessary documents and pays fees (which vary from one case to another depending on the speed of service the citizen opts for), after which the citizen receives a text message that their passport is ready for collection. The normal procedure for the issuance of a passport now only takes 10 days, while an urgent passport application is processed within 24 hours. Furthermore, Georgians living outside Georgia can apply for a passport online, and have their documents authenticated by the public registry staff via the Skype.

There are numerous examples for the use of technology in these areas, from paperless police stations, to the electronic land registry, and the recent expansion of the electronic income tax filing system, which represented about 80% of revenues in 2010.

2- The Governmental One-Stop Shop

The one-stop-shop provides all government services under one roof, allowing the public to access fast, efficient, and low cost services.

The Azerbaijan One-Stop-Shop Case Study

Azerbaijan introduced a number of one-stop service centres providing public and private sector services, in addition to mobile centres for remote areas. The number of services provided by these centres reached 232, including 9 basic government services such as water and electricity. The project gained public approval as 89% to 99% of the population expressed their satisfaction with the provision of services by the government.

3- Civil Society Participation

International experiences indicate the importance of civil society participation in the implementation of anti-corruption strategies due to civil society's importance in reporting corruption, monitoring performance, and spreading awareness about the importance of transparency and accountability, in addition to participating in the implementation of international, regional, and local transparency initiatives through building networks to support anti-corruption measures.

> ### Civil Society Participation in Budget Formulation and Implementation
>
> Civil society organisations can play a positive role in the formulation and implementation of the state budget, as they can utilise their relationships with the public and different sectors to identify needs and priorities. This can help reduce waste of public funds, and promote better policies through exercising oversight in the implementation of the budget.

4- Random Inspections

Random inspections help deter corruption by increasing the likelihood of irregularities being discovered, especially if deterrence is weak, and opportunities for corruption are high. In the United States, random inspections are widely used by federal and local authorities, but the efficiency of this tool depends on the resources and the legal and constitutional frameworks that regulate it.

> ### Case Studies
>
> Federal and local laws in the United States determine that inspection rounds should be repeated for elderly care homes, and adequate resources are allocated to inspect federal health facilities. Inspections are carried out on a regular basis to increase the likelihood of detecting offenses and applying flexible penalties that are appropriate to the offense, such as imposing a ban on the admission of new patients, halting the acceptance of leave requests, and criminal prosecution in some cases. Therefore, deterrence in American health facilities is both explicit and implicit.
>
> Georgia's experience in the fight against corruption in the police forces underscores the importance of random inspection rounds, as some officers have been assigned informant roles and they monitor police officers to ensure that they abide by the law. A regular officer may work alongside an informant officer without knowing their true identity unless he or she breaks the law. Sometimes these random inspections ensure that officers are following protocol. A confidential agent filed a complaint about domestic violence at a police station to see if such complaints were being

taken seriously. Another agent drove a car at night with a faulty light, and when he was stopped he said he was going to fix the lamp and offered to bribe the officer who had stopped him, who accepted the offer and was subsequently dismissed. These procedures send a powerful message to new recruits that the ministry of interior is serious about implementing the code of ethical conduct with police officers.

5- Whistleblowing

Whistleblowing plays a vital role in uncovering corruption, offenses, and mismanagement. Early disclosures lead to the protection of human rights and the enforcement of the law. The secret nature of corruption makes it difficult to detect for those not in direct contact with the corrupt practices, which is why many countries have legislation to protect and encourage beneficiaries to disclose corruption. This legislation usually covers both the public and private sectors, as well as a wide range of offenses, and grants legal guarantees to confidentiality during the reporting and investigation process.

The Legal and Institutional Framework

The success of efforts to combat corruption depends on strong political will and the empowerment of anti-corruption institutions[1]. Assuming strong political will, academic studies confirm that most anti-corruption institutions are usually weak and unable to reduce corruption. However, Indonesia's Anti-Corruption Commission has been able to make important strides in the fight against corruption within record time, because of the breadth of its powers, the diversity of its tools, and the political and popular support it enjoys[2].

1.Hashim Al-Rikabi, Towards a Theoretical Framework to Combat Corruption in Iraq, Al-Bayan Center for Studies and Planning https://bit.ly/2Izcfmv.

2."An Exception to the Rule? Why Indonesia's Anti-Corruption Commission Succeeds Where Others Don't." U4. https://bit.ly/2x8ka4X

While the Commission for Integrity is tasked with the anti-corruption file in Iraq, its performance must be reviewed and upgraded, enabling it to carry out its responsibilities alongside the judiciary, the Federal Board of Supreme Audit, and the offices of the Inspectors General.

As for the legal framework, the first significant movement against corruption in Iraq occurred in the period between 2007-2008 after the adoption of the United Nations Convention Against Corruption, with Iraq adopting the first comprehensive national anti-corruption strategy (NACS 2010-2014) involving all ministries and independent institutions, with the support of the United Nations Development Programme (UNDP), which has resulted in a series of reforms that include:

- Section 136 (b) of the Criminal Code, which allows ministers to protect their employees from prosecution for corruption offences, that have been repeatedly used by criminals to evade justice, has been recently repealed.

- Iraq's participation in a series of international initiatives such as the Extractive Industries Transparency Initiative (EITI), which announced Iraq's accession in December 2012, as well as its participation in various programmes of the Organization for Economic Cooperation and Development (OECD), such as its initiative on governance and investment for development.

- Iraqi authorities initiated a series of asset recovery procedures to obtain the proceeds of misappropriated funds under the Baath regime (Stolen Asset Recovery Initiative 2013). Authorities have initiated lawsuits against major multinational oil companies allegedly involved in fraud cases against the Iraqi people under the United Nations oil-for-food programme.

- Iraqi law criminalises various forms of corruption, including bribery in the public sector (Act No. 111 of 1969), money laundering (Act No. 93 of

2004) and embezzlement (articles 315, 316 and 320 of the Criminal Code). In addition, Act No. 30 of 2011 contains the mandatory financial disclosure procedures for senior governmental officials.

The Commission for Integrity

The Coalition Provisional Authority (CPA) established the Commission for Integrity in early 2004 through the authority's order No. 55 confirming that the Commission is the main anti-corruption body in Iraq. The last charter of the Commission was amended in 2011 on federal Law No. 30. The Commission's functions range from investigating corruption cases to developing a culture of integrity, transparency, and accountability in the public and private sectors. Further, the Commission is responsible for the preparation of draft laws to prevent and combat corruption, to formulate rules and standards of ethical conduct, to oversee financial disclosures by government officials, and produce statistics on corruption and bribery cases.

The Commission for Integrity "works to participate in preventing and combating corruption, and to adopt transparency in governance at all levels", according to Law No. 30 of 2011. It is the body with the widest legal scope in the fight against corruption, and during the past three years the Commission has been able to refer 29,000 cases to the courts, of which 7,000 cases were referred to misdemeanor and felony courts. The Commission has been able to seize or recover a total of more than five trillion and two hundred and fifty billion Iraqi Dinars, however corruption is still rampant in many government sectors, perhaps due to some of the structural problems that the Commission suffers, where are:

First - The Legal Scope: The Commission for Integrity has the right to investigate the corruption cases of the executive and legislative branches in accordance with Law No. 30 of 2011. As for the judicial branch, it is the

responsibility of the judicial supervisory committee to evaluate the work of judges and to receive and decide on complaints. However, it is imperative that the legal scope of the Commission for Integrity be extended to judges, as studies have shown the importance of an investigative body being outside the institution being investigated to ensure the neutrality of the investigation. Furthermore, corruption is complex and has executive, legislative and judicial aspects, therefore confining investigative powers in one body corresponds with the principle of specialization, which is probably the practice in Indonesia, although the presidential system in that country is based on the of separation of powers.

Second - Coordination: All of the Commission for Integrity's investigations are conducted under the supervision of an investigating judge, and the Commission's investigators cannot resort to certain investigative procedures such as wiretapping, or deterrent measures such as freezing assets pending investigation, except with the consent of the investigating judge. The lack of coordination between the Commission's investigators and the investigating judge seems obvious as only 7009 of the 29,000 corruption cases referred by the Commission to the judiciary were won. In order to ensure the speedy completion and confidentiality of the investigation, and to ascertain the adequacy of the evidence, closer ties need to be developed between investigators and investigating judges, and in the Indonesian model, both judges and investigators work in the same building. This facilitates higher coordination and the exchange of relevant advice.

Third - Lack of Human Resources: The Commission for Integrity only has 482 investigators, and this low number negatively affects the performance of the Commission. For example, the Commission only acts on an estimated 73% of tipoffs it receives annually, with only 6593 out of 9002 tipoffs investigated during the last three years. Further, the Commission has limited capability to conduct inspection rounds, with only 87 rounds conducted in 2017[3], while there

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3.The Commission for Integrity, "Achievements of the Commission for Integrity between 1/1/2015 until 31/12/ 2017. http://nazaha.iq/pdf_up/4592/t3y.pdf.

are 41 government sectors and approximately 5000 special civil services ranks. It is therefore necessary to supplement the Commission for Integrity with a greater number of investigators, and given the country's financial difficulties, it is possible to adopt the model used in Indonesia, which is to use public sector investigators on secondment for periods ranging from 5-7 years after a thorough selection process.

Fourth - The Leadership of the Commission: The leadership consists of the Commission's president who has the rank of minister, and who is elected by the Iraqi parliament with an absolute majority according to the Commission of Integrity Act (No. 30) of 2011. However, experience has shown that a presidency council would reduce the risks to the Commission's leadership, and reduce the potential of the Commission being used to settle political scores. A presidency council would also distribute workloads, as well as create internal checks and balances, which is probably the model used in both Indonesia and Hong Kong.

The Federal Board of Supreme Audit

The Federal Board of Supreme Audit is one of the oldest and well-established institutions in the Republic of Iraq. The legal statute regulating the Board has varied throughout its history and was last amended in 1990 and 2011 (Federal Law No. 31). The Board is a financially and administratively independent institution reporting to Parliament, and it is a strong oversight institution despite its limitations, such as the inability to conduct its own audits. The Board is entrusted with the protection of public funds, ensuring their efficient use, increasing the efficiency of institutions, conducting audits of various public sectors, and continually improving auditing, accounting, and management standards, so as to conform to international standards. The Board is also charged with improving the accounting and auditing professions, as well as referring potential violations to the Inspector General or the Commission of Integrity.

Inspectors General

The Offices of the Inspectors General were established in 2004 under an order No. 57 issued by the coalition authority. This was a new feature within Iraq's institutional structure. Just like the American model, inspectors general are appointed within each Iraqi ministry to provide independent internal oversight. They conduct investigations on audits and performance reviews to increase accountability, integrity, prevention of fraud and waste, and other irregularities, which in turn plays a strong role in the fight against corruption. Inspectors general can refer cases to the relevant authorities to be investigated and prosecuted. Iraqi ministries did not readily accept the presence of the inspectors general, as ministries faced many issues related to funding, resources, and training that affected their efficiency. In 2012, some moves aimed at dissolving the offices of the inspectors general were blocked, however opponents then sought to suppress a small number of inspectors.

The Supreme Anti-Corruption Committee

The Supreme Anti-Corruption Committee was established in 2008 and is responsible for coordinating the framework for combating corruption, information exchange, and oversight of the national anti-corruption strategy. The committee is chaired by the Prime Minister and is composed of representatives of the Commission for Integrity, The Federal Board of Supreme Audit, and the inspectors general. Meanwhile, the parliamentary commission responsible for corruption cases exercises oversight over all anti-corruption bodies.

The Judiciary

The Iraqi judiciary suffers from deliberate delays to the resolution of certain cases, in order to blackmail plaintiffs to drop their cases. It is therefore necessary to employ modern techniques to file suit and to archive all judgments and make

them available to the public. The Federal Court of Cassation already employs this system where it is possible to search an electronic database of the court's decisions[4]. Additionally, courts should publish the procedures or the presumed course of each case and their time limits. International experiences suggest the importance of establishing a voluntary oversight board in each court, including lawyers, and academics to strengthen the oversight aspect by issuing performance reports.

Case Study – Synergy Case Management System (CMS)

This system is specifically designed to meet the requirements of the courts, enabling the government to improve courts by automating tribunal procedures, supervising cases, and supporting decision-makers through data analysis. The advantages of this system include:

1- Filing cases electronically;

2- Determining the paths of each court or case by its nature;

3- Scheduling court dates depending on the time the case was filed and estimated time of its resolution;

4- Follow-up of cases, increasing oversight and confidence in judicial institutions;

5- Randomly assigning cases to judges based on the number and size of cases each judge is working on.

4.General inquires for the Court of Cassation can be accessed here: http://www.iraqcas.iq/ while the court's archives can be accessed here: http://iraqja.iq/qanoun/index.php

Priority Sectors in the Fight Against Corruption

Government Contracts

The Iraqi state suffers from what can be termed as contract chaos, as many ministries enter into contracts without coordination with the government's contracting authority, the Ministry of Planning, which is charged with studying feasibility and ensuring efficient delivery of projects. This has resulted in a large number of delayed projects, in addition to numerous projects that are useless. For example, there are 265 school construction projects and 49 water projects that have been delayed, some of which have been referred to the judiciary. Therefore, reducing corruption in government contracts can be done through the establishment of a specialised body charged with entering into contracts and ensuring the efficient delivery of contracted projects. This body should have a board of directors that is directly linked to the Council of Ministers, as the multiplicity of contractual entities has led to several problems, including:

1. Fragmentation of the state budget into small budgets distributed to a very large number of departments, with large projects being transformed into small projects carried out by small contractors to poor standards, with managers of executive departments controlling this type of contract.

2. Loss of contractual experience among government contract employees, as there is a very large number of government contract departments where employees are subject to constant change, which is either due to legal issues or because of the change of the government official supervising this type of department such as ministers or governors. This situation leads to a loss of specialised employees with a thorough knowledge of the government's ever changing and complex contract procedures.

3. The state is not able to monitor the performance of all government staff

who are in public contracts because they are in the hundreds -if not in the thousands - which facilitates the manipulation of procedures and creates more opportunities for financial and administrative corruption.

The mechanism of this contracting authority would be to receive requests from ministries, departments, universities and other government institutions on projects to be completed, and to draft a unified and comprehensive contract plan for the whole state with a fixed time limit (one year or more). The plan would include standardized specifications for advertising the contracts, the contractual agreement, the execution of contracts, and the implementation and final delivery of the contracts. Such a system would have several advantages, including:

1. Creating a specialised contracting authority, which facilitates the process of monitoring, evaluation of performance, detection of corruption, which would monitor the large number of government contracts with greater ease.

2. Accumulation of experience in this institution over time, and increased contractual efficiency.

3. Consolidation of the state's consultation budget, which enables the contracting authority to hire internationally renowned consultants instead of relying solely on small local consultants.

4. Ministries can focus on their primary mission such as education or health without having to waste resources by being preoccupied with complex routine contracting procedures.

5. Reducing suspicions and opportunities for corruption by assigning contracts to a single specialised authority.

The city of Sala in southwest Slovakia introduced an electronic auction system to award public contracts. The system was a great success and saved the city a

considerable amount of money. For example, waste disposal cost the city 900,000 euros a year until 2008, but after the adoption of the electronic auction system the price fell to 600,000 euros. This inspired the national government in Slovakia to adopt mandatory electronic auctions for the all public sector contracts in 2011.

It is necessary to ensure the transparency of contracts by posting them on the internet, which is what the Slovak government did in 2010 by amending the Freedom of Information Act to ensure public sector contract details are automatically published online. Therefore, the establishment of a specialised contractual authority and the use of modern technology would ensure greater transparency and efficiency in government contracts.

Higher Education

Although successive post-2003 governments have paid considerable attention to higher education, which has materialized in the development of a large number of public universities, this horizontal expansion has not addressed corruption, including cheating, the leaking of exam questions, and nepotism in appointments. Cheating, exam question leaks, plagiarism and disregard for copyright regulations are reasons for the deterioration of Iraq's education system. These issues can be addressed using modern technologies, such like in Azerbaijan, which used virtual exam centres to combat cheating and leaks. Furthermore, the motives behind the use of illicit methods by students should be addressed through the adoption of the following procedures:

First - The adoption educational qualifications in government appointments. The decline in the importance of educational attainment in government appointments encourages students to disregard their studies. For example, Act No. 67 of 2017 regarding the appointment of the highest achieving students has still not been implemented.

Second – Allocating a monthly allowance to students on a limited income, based on principle of free education that can be accessed by all, enabling students to devote time to study instead of working to cover their living and university expenses.

Third - Creating a voluntary tutoring programme comprised of distinguished students who help classmates who are facing difficulties in their study. Voluntary tutors should be provided with certificates of appreciation and symbolic rewards.

Fourth - To improve the educational level of lecturers and professors, urging them to adopt modern teaching methods that ensure greater educational outcomes.

Case Study – Ensuring a Safe and Transparent Exam System in Georgia

In order to eliminate corruption and build public confidence, reformers in Georgia prioritised the security of university exams. Entrance exams were printed at Cambridge University Press in England, and the sealed exams were sent to Georgia under police protection, where they were stored in the Central Bank's vaults until the exam date. Further, around 700 local observers and 20 international observers took part in invigilating the exams, with the whole process being supervised by international organisations such as Transparency International. The government also deployed 470 police officers and 34 health professionals to ensure the safety of students. In order to eliminate favouritism during marking, exam papers did not contain student names but were identified through a barcode system. Also, exam halls were fitted with close circuit television allowing parents to observe examination process from outside waiting room. The completed exam questions were then posted online, and a site was dedicated to appeals to grades and marking.

Nepotism has become rife in education appointments, therefore it is necessary to implement measures that ensure transparency in the hiring process, including the monitoring of interviews by civil society organisations, in addition to recording interviews and archiving them for up to a year. Jobs in the education sector should continue to be advertised online, a practice that is in place in Azerbaijan for lower rank jobs (4-7), while higher rank positions (1-3) are left to the discretion of executives.

Bureaucratic Corruption

Citizens suffer greatly from the complexity of government procedures especially when dealing with the land registry and municipalities. Therefore, it is essential to streamline government procedures and use modern technologies, in addition to utilizing the one-stop shop model. The use of such technologies could dramatically simplify and speed up government procedures. The Iraqi state has implemented an electronic application system for some services, however the system need to be expanded to the entirely of the process in order for the public not to fall prey to corruption networks within the state institutions.

The bureaucratic structures of the state are sometimes complex and contradictory. For example, a citizen can buy a plot of land with a partner, however they cannot both obtain a building permit for the land, forcing them to pay fines, as well as denying one of them the opportunity to obtain housing bank loans. Therefore, bureaucratic procedures should be reviewed, procedures streamlined, and spatial proximity achieved through the implementation of the one-stop shop model. The implementation of the one-stop shop should be in accordance with a clear methodology that outlines the structure of the one-stop shop, its jurisdiction, its workflows and workload distribution, and the methods of cooperation between the various departments represented in the one-stop-shop.

The United Arab Emirates' Ministry of Public Sector Development has developed a clear methodology for the implementation of the one-stop shop model. A decision to adopt this system was based on an increase in the number of complaints received about the difficulty in accessing a certain department's services, or difficulty in accessing high-demand services, or services essential for promoting foreign investment. Thereafter, the services provided by the one-stop shop would be specified, in addition to the government department taking part, the clients and the length of time to access the service among other relevant

information. Based on this information, a procedural outline and a power matrix would be developed, as shown in figure (3).

Figure (3). One-Stop-Shop Implementation Methodology
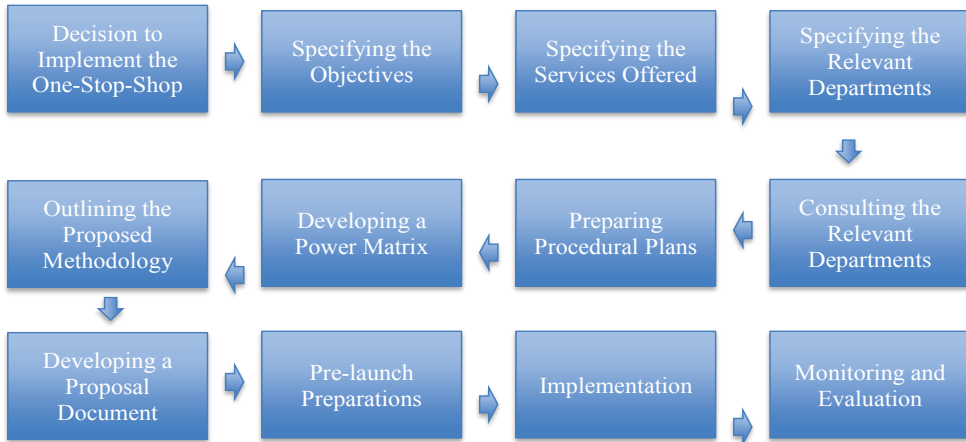
Taxation

Taxation is of great importance in many countries as it is one of the primary sources of revenue on which the state bases its fiscal policy. The success of the tax system is measured by its ability to achieve the largest possible financial outcome allowing the state to carry out its development objectives. However corruption in Iraq impedes the state's taxation objectives in the form of tax avoidance and bribes to tax workers. Thus, taxation should undergo a comprehensive, modern, and effective reform system that includes:

1. Review the upward tax rate set out in article 13 (1) of the Income Tax Act (No. 113) of 1982, as amended in 2004, as it is one of the most important motives for tax evasion, especially among higher income earners.

2. Replace certain penalties such as article 56, paragraph 1, 57 and 58 of The Income Tax Act (No. 113) of 1982, amended in 2004, which proved

to be ineffective in reducing tax evasion, with more severe penalties such imprisonment and fines.

3. Simplify tax laws so that average taxpayers can understand the law and calculate their own taxes, which will also limit the ability of tax workers to use their judgment in applying the law.

4. Create tax awareness campaigns through which the public is educated about the importance of paying tax to increase civic engagement, prosperity, and to combat corruption.

5. Review the salaries of tax workers, without which their positions will be susceptible to corruption. Work related incentives and rewards should also be introduced, provided that they are in accordance with the standard of integrity.

6. Implement Article 28 (ii) of the Iraqi Constitution, which exempts low-income populations from tax to ensure that their minimum standard of living is not compromised.

7. Establish training courses for the taxpayers and tax officials showing the importance of public money, payment and collection of taxes, and its impact on the country's financial and economic stability.

Case Study – Changing Employee Incentives in Georgia

Georgia implemented a number of deterrent and punitive measures to reduce corruption in the tax sector. Authorities installed cameras in tax offices and prosecuted violating employees with the full forces of the law, which reduced the possibility of employees engaging in corrupt practices. Authorities also set tax revenue objectives that were closely monitored. The increase of tax revenue led to a large increase in employee salaries, which in turn reduced the incentive to accept bribes or engaged in other corrupt practices. Authorities did not stop there, as over a period of two years,

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they had incrementally recruited younger and more educated employees who were less corrupt. A similar measure was implemented in the customs authority where 80% of the old workforce was dismissed and replaced with younger inexperienced employees who were subjected to intensive training over six months. Recruiting better employees to the tax authority also become easier after salaries were raised from 30 Georgian Lari a month to 800 Lari in the period between 2003 and 2005.

Case Study – Tax Administration Reform in Georgia

In addition to simplifying the tax law, the government sought to simplify the payment of taxes in order to improve the business environment and reduce corruption. It changed the filing dates for monthly permits to the 15th of each month, and abolished the requirement for an annual statement of accounts, in addition to abolishing credit disclosers if there had been no profits in the past year. Authorities also consolidated income and social security taxes, while property tax payments were simplified and the 2% property transfer tax imposed on buyers was abolished.

The Government has also introduced risk-based management for tax review. Under this approach, instead of targeting individuals and companies arbitrarily, authorities target entities on the basis of limited standards. The percentage of non-risk-based reviews was reduced from (70%) in 2009 to (35%) in 2010, and then reduced to zero in 2011. The government realised that it lacked adequate internal audit capacity, so in 2011, it decided to allow companies to use private accountants.

An administrative dispute resolution mechanism was introduced to deal with appeals filed by taxpayers, who now number more than 2000 annually. About 30% of appeals were resolved in the first phase, with unresolved disputes being referred either to the Dispute Settlement Council headed by the Minister of Finance or submitted to the tribunal. Taxpayers do not the disputed tax amount until a decision is reached about their case.

Supporting E-Governance Systems

E-governance is an advanced tool in the fight against corruption, as it utilises communication technology to assist government functions and allows the public to access the information they need, creating more transparency and reducing corruption. E-governance also allows for the discovery of corrupt practices as the public and civil society organisation will have full access to government records and spending, and can evaluate and question government actions and delivery of services.

Case Study – Tax Automation in Georgia

E-Filing was the first provided to the business community, while the manual (hard copy) deposit was used to register taxes at different tax offices and was susceptible to corruption. In order to prevent such opportunities, the government introduced an electronic filing system in 2007, which reduced the direct interaction between taxpayers and tax workers.

The switch to the electronic system faced resistance from companies that still used the dual bookkeeping method, accountants who feared losing their jobs, and others who did not want to learn a new method of work. However, the government went ahead with its automation plans. In November 2009, the government refused to accept hard copies of tax permits, resulting in a rapid increase in electronic filings by 2010, which represented 80% of taxpayers.

The government also introduced an easy electronic tax registration system, with the required documentation for the value-added tax payments (VAT). The simple payment method through the banks ensured that cash is delivered quickly to the treasury, and accurately registered in the revenue service database. The new system also allowed taxpayers to access their accounts on the internet and made significant progress in reforming corporate accounting requirements.

Reforming the Customs System

The customs administration is a vital element in the development process as it deals directly with foreign trade. The Iraqi government should seek to reform customs institutions in order to reduce corruption, which leads to the decline of customs duties on the one hand, and the smuggling of goods on the other. Corruption has engulfed this important economic institution for a number of reasons, most importantly, the inability of the state to control the hotspots that have been exploited by organised gangs especially in the western region on the Syrian and Jordanian borders. This vital institution can be reformed through the following:

A. Reiew of some of the vulnerable articles of the Customs Act (No. 23 of 1984) as amended by coalition resolutions No. 38 of 2003, as well as the law (54) of 2004, in particular the paragraphs granting the employee undue room for personal judgment to the detriment of the national economy.

B. Transparent rules and regulations, as the customs authority needs to ensure traders and agents are aware of regulations and processing durations to avoid ambiguity and corrupt practices.

C. The customs authority should adopt early warning and defence network mechanisms to protect the economy and markets from the risks of various economic crimes.

D. Increase coordination between the customs authority and supporting government institutions such the border police, coast guard, and the ministry of health.

E. Activating the role of the customs court in combating smuggling and providing customs officials with modern detection equipment to uncover fraud and manipulation of goods.

Conclusion

The spread of corruption in state institutions, the private sector, and even in international organisations operating in Iraq, requires vigorous and comprehensive efforts to combat it. The experiences of other countries have demonstrated the importance of three essential factors for the success of anti-corruption efforts: strong political will, empowered anti-corruption institutions, and reducing opportunities for corruption.

This paper focused on the legal and institutional framework through which anti-corruption efforts can be successful and the mechanisms to strengthen them. It explored how to reduce the chances of corruption in some vital sectors, which helps to improve the provision of services and the security situation, in addition to building confidence in the democratic system and its institutions and mechanisms, by:

First: Reviewing the mechanisms of government contracting and reducing the chances of corruption through the establishment of a specialised contractual authority, the adoption of modern techniques (electronic auctions), as well as the publication of contracts and their procedures online.

Second: Reducing bureaucratic corruption through the use of modern techniques, and implementing the one-stop shop model after a thorough review of bureaucratic structures, ensuring easy and quick access to services.

Third: Rehabilitate the education sector by eliminating cheating and the leaking of exam questions, and nepotism in appointments, using modern techniques (virtual examination centres), and involving civil society organisations in the processes of government hiring.

Fourth: Review tax laws and ensure their fairness, as well as the transparency

of the application by motivating staff, training them, holding corrupt employees accountable, as well as adopting modern taxation techniques.

Fifth: Reform the customs system by adopting clear criteria based on transparency and clarity of procedures, and coordination with government institutions and stakeholders (businessmen and civil society organisations), activating the role of the customs court in the fight against smuggling.

The adoption of the above-mentioned measures without strengthening anti-corruption institutions and improving their level of coordination will be of limited impact. It is therefore necessary to automate court procedures to prevent the deliberate delay in resolving cases, and to strengthen the Commission for Integrity by extending its legal scope and improving direct coordination with the judiciary.