



Systemic Corruption in Iraq: An Analysis of Its Causes and a Proposal for a National Anti-Corruption Strategy

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Abstract

Systemic corruption in Iraq constitutes a deeply rooted structural phenomenon, transcending isolated incidents to become an integral component of the country's political, administrative, and economic systems. This study aims to analyze the dimensions of systemic corruption in Iraq—economic, social, and political—and to identify its typologies and foundational pillars, drawing on credible sources including Transparency International's Corruption Perceptions Index (CPI), World Bank reports, and United Nations Development Programme (UNDP) assessments. Findings indicate that corruption costs Iraq approximately USD 30 billion annually, exacerbates unemployment and poverty, erodes public trust in institutions, and impedes national development. The proliferation of corruption is linked to ineffective oversight mechanisms, non-deterrent legislation, a societal culture tolerant of certain corrupt practices, and an opaque, overly complex administrative structure. Accordingly, the study proposes a comprehensive three-phase national anti-corruption strategy—foundational, activation, and sustainability phases—alongside short-, medium-, and long-term implementation programs encompassing institutional reform, digital transformation, enhancement of internal oversight, anti-corruption culture building, international cooperation, and whistleblower protection. The study emphasizes measurability through Key Performance Indicators (KPIs) and modern digital tools, positioning it as a practical reference for public-sector decision-makers and oversight institutions—particularly in the financial sector (e.g., public banks), where corruption represents one of the most critical threats to financial stability and administrative integrity.

Keywords: *Systemic corruption, Corruption Perceptions Index (CPI), institutional reform, digital transparency, financial oversight, administrative integrity, Iraq.*

INTRODUCTION

Systemic corruption ranks among the gravest threats to state stability and national cohesion, and serves as a primary impediment to sustainable economic and social development. In the Iraqi context, corruption has evolved beyond sporadic or transient cases to become an entrenched operational mechanism through which state institution's function and national resources are distributed. This institutionalization has deepened the crisis, eroding public confidence in governance, collapsing essential public services, and unprecedentedly escalating unemployment and poverty rates—while billions of dollars in national wealth are squandered annually, resources that could otherwise fuel Iraq's development trajectory. Corruption underpins many of the security and socio-political challenges confronting the country today.

International evidence and reports—including Transparency International's CPI—consistently rank Iraq among the most

corrupt nations globally, underscoring the pervasiveness and institutionalization of the phenomenon. Systemic corruption in Iraq is characterized by its institutional nature: it is not confined to individuals or specific entities but stems from a political-administrative framework that enables corruption to be channeled through formal institutional pathways.

This study seeks to provide a comprehensive and rigorous analysis of systemic corruption in Iraq, highlighting its devastating economic, social, and political ramifications. It further proposes a clear, actionable national strategy to confront corruption effectively comprising short-, medium-, and long-term programs, measurable KPIs, and modern technological tools. Additionally, the study draws on successful international anti-corruption experiences, extracting adaptable lessons suited to Iraq's unique socio-political context.

First: The Reality of Systemic Corruption in Iraq

Iraq is consistently ranked among the most corrupt countries globally—a critical indicator reflecting the deep entrenchment of corruption within state and societal structures. The phenomenon manifests in multifaceted and complex forms, permeating all facets of daily Iraqi life.

Systemic corruption is defined as corruption occurring within the framework of formal institutions and practiced in an organized, recurrent manner. It extends beyond individual cases to result from collusion among executive, legislative, and judicial branches, rendering it structurally complex and difficult to eradicate. In this context, corruption becomes embedded in political and administrative cultures and is perpetuated across successive governments and political parties.

The *Corruption Perceptions Index* (CPI), issued annually by Transparency International, is the most widely recognized global metric for assessing perceived levels of public-sector corruption. The index evaluates 180 countries and territories based on expert and business leader assessments of corruption levels, on a scale from 0 (highly corrupt) to 100 (highly clean). Table 1 presents Iraq’s ranking relative to selected countries in the 2024 CPI.

Table 1: Iraq’s Position in the 2024 Corruption Perceptions Index (CPI), Compared with Selected Countries

Country	Score (out of 100)	Rank (out of 180)	Remarks
Iraq	26	140	Despite minor improvement in 2024, Iraq remains near the bottom of global rankings.
Denmark	90	1	World’s most transparent and clean country.
Singapore	84	3	Global leader in anti-corruption efforts.
United Arab Emirates	68	68	Highest-ranked Arab country in transparency.
Lebanon	23	153	Among the most corrupt regionally and globally.
Syria	14	177	Among the most corrupt globally.

Source: Prepared by the researcher.

As Table 1 illustrates, despite marginal progress in 2024, Iraq remains near the lowest tier of the CPI. It ranks among the ten most corrupt Arab countries, necessitating exceptional and comprehensive institutional reform. This persistently low ranking confirms that corruption in Iraq is not incidental but structural—requiring extraordinary, systemic intervention. The vast gap between Iraq and high-performing nations underscores the scale of the challenge ahead.

Second: Dimensions of Systemic Corruption in Iraq

Systemic corruption in Iraq manifests across three interrelated dimensions:

1. **Economic Dimension:** Corruption in Iraq is not merely fund diversion but a systematic impediment to economic growth, impoverishing both state and citizen alike:
 - a. **Budgetary Losses:** World Bank (2023) estimates indicate corruption costs Iraq approximately USD 30 billion annually—roughly one-third of the national budget—robbing the state of critical investment capacity in infrastructure and non-oil sectors.
 - b. **Declining Investment:** Weak transparency and legal instability deter domestic and foreign investors, limiting job creation and technology transfer.
 - c. **Total Dependence on Oil:** Corruption transforms the oil sector into a vehicle for illicit enrichment among elite networks rather than a driver of inclusive development and economic diversification.
 - d. **Deterioration of Industrial and Agricultural Output:** Corruption has significantly undermined domestic production, fostering excessive import dependency, weakening national economic sovereignty, and increasing external vulnerability.
2. **Social Dimension:** Socially, corruption erodes communal cohesion and fuels negative societal trends:
 - a. **Escalating Poverty and Unemployment:** According to the UNDP (2023), youth unemployment exceeds 24%, while national poverty stands above 20%—figures directly attributable to corruption-driven resource misallocation and employment exclusion.
 - b. **Proliferation of Nepotism and Patronage:** Public-sector appointments often prioritize partisan or familial loyalty over merit, demoralizing qualified youth and fostering perceptions of systemic injustice.
 - c. **Degradation of Public Services:** Education, healthcare, electricity, and water services have severely deteriorated due to corruption, drastically reducing quality of life and intensifying daily hardship.

- d. **Erosion of Trust in Government Institutions:** Surveys suggest up to 75% of Iraqi citizens express distrust in public institutions—a critical indicator necessitating urgent efforts to rebuild state–citizen relations.
3. **Political Dimension:** Corruption extends beyond socio-economic spheres to threaten the core of Iraq’s political process:
 - a. **Electoral Corruption:** Includes the undue influence of political finance, concerns over foreign interference, and doubts regarding vote-count transparency—casting shadows over democratic legitimacy.
 - b. **Weak Parliamentary Oversight:** Political and sectarian loyalties often constrain the Council of Representatives’ ability to effectively hold the executive accountable.
 - c. **Conflict of Interest between Politics and Finance:** Several political parties maintain ties to large economic entities or banks, enabling preferential access to public contracts and resource allocation—and undermining principles of fairness and transparency.
- b. Lack of a fully independent and effective judiciary: judicial decisions on corruption cases are frequently subject to political pressure.
- c. Non-enforcement of convictions: even when sentences are issued, implementation is inconsistent or circumvented, reinforcing a culture of impunity.
- d. Judicial procedural delays: A 2021 *Arab Law Quarterly* study found 85% of corruption-related cases remain unresolved for extended periods, obstructing justice and asset recovery.
2. **Inadequate or Manipulable Legislation:**
 - a. Anti-corruption laws lack clarity and comprehensiveness; many are outdated and fail to address evolving corrupt practices.
 - b. Weak asset-declaration and illicit enrichment frameworks hinder wealth-tracking of officials.
 - c. Insufficient penalties: As noted by Graycar & Prenzler (2022), sanctions in Iraq are disproportionately lenient relative to offense severity, diminishing deterrence.
3. **Sociocultural and Political Norms:**
 - a. Appointment and promotion systems prioritize kinship, tribal, partisan, or sectarian loyalty over competence—undermining institutional capacity.
 - b. Low public awareness of corruption’s destructive consequences weakens grassroots pressure for reform.
 - c. Social tolerance of certain corrupt acts (e.g., minor bribery or patronage) normalizes corruption as “routine” or “inevitable”.
4. **Overly Complex Administrative Structure:**
 - a. Excessive proliferation of ministries and sub-units impedes oversight and enables concealment.
 - b. Ambiguous and overlapping mandates across agencies allow evasion of responsibility.
 - c. Absence of centralized, integrated data systems obstructs transparency and financial traceability.

Third: Types of Corruption Prevalent in Iraq

Corruption in Iraq assumes diverse and sophisticated forms, with major cases confirming the magnitude of the crisis. Key typologies include:

1. **Political Corruption:** Arising from the abuse of high-level influence for personal or partisan gain, closely linked to the ethno-sectarian quota system (*muhasasa*) entrenched since 2003.
2. **Grand Financial Corruption:** The primary cause of national wealth depletion, evident in embezzlement of public funds and large-scale fictitious contracts (e.g., “the theft of the century”).
3. **Administrative and Bureaucratic Corruption:** Though individually low-value, its ubiquity profoundly impacts citizens’ daily lives—e.g., petty bribery for basic services.
4. **Sectoral Corruption:** Concentrated in vital public sectors—electricity, health, customs, and border crossings—directly compromising service delivery and institutional credibility.

Fourth: Causes and Pillars of Systemic Corruption in Iraq

Systemic corruption is not accidental or attributable to individual misconduct alone; rather, it emerges from an integrated ecosystem of enabling factors:

1. **Absence of Oversight and Accountability:**
 - a. Weak and non-independent performance of the Integrity Commission, often constrained by political interference, limited authority, and lack of financial/administrative autonomy.

Fifth: The National Strategy to Combat Systemic Corruption

To operationalize the proposed national anti-corruption strategy, we present an executive roadmap (Table 2) divided into phased timelines, with defined tasks and responsible entities.

Table 2: Executive Roadmap for the National Strategy Against Systemic Corruption (3-Year Horizon)

Phase	Duration	Key Tasks	Lead Responsible Entities
Phase I: Foundation & Launch	0–6 months	1. Establish an independent, high-level National Anti-Corruption Committee with executive powers and autonomous budget. 2. Launch a national reform campaign with unequivocal political commitment. 3. Review/revise legislation; submit draft laws (illicit enrichment, whistleblower protection, access to information) to Parliament.	Prime Minister’s Office, Parliament, Supreme Judicial Council, Integrity Commission, Ministry of Justice
Phase II: Activation & Investigation	6–18 months	1. Implement comprehensive digital transparency platforms in core service sectors (e-payments, service portals). 2. Initiate major investigations into high-profile cases (e.g., border crossings, electricity) and refer suspects to judiciary. 3. Strengthen Integrity Commission and judiciary.	Central Bank, Integrity Commission, Supreme Judicial Council, Ministry of Planning, Ministry of Oil, Federal Board of Supreme Audit

		(training, specialized courts, witness protection) 4. Fully implement the Extractive Industries Transparency Initiative (EITI).	
Phase III: Sustainability & Cultural Shift	18+ months	1. Conduct periodic performance reviews and adjust policies based on KPIs. 2. Pursue recovery of stolen assets via international cooperation. 3. Institutionalize anti-corruption culture through sustained awareness campaigns and curriculum integration. 4. Provide ongoing support to civil society and media in oversight roles.	General Secretariat of the Council of Ministers, civil society, media, Ministries of Education & Culture, Ministry of Foreign Affairs, all relevant ministries

Source: Prepared by the researcher.

Sixth: Proposed Programs to Address Systemic Corruption

To translate strategy into practice, specific, implementable programs are proposed across short-, medium-, and long-term horizons (see Table 3).

Table 3: Proposed Programs to Combat Systemic Corruption in Iraq

Program	Description	Implementation Mechanism
Institutional Reform Program	Restructure financial and service ministries to reduce	Appoint independent, merit-based leadership; implement transparent,

	bureaucracy and clarify accountability.	performance-based evaluation systems; consolidate redundant ministries.
Digital Transparency Program	Digitize all government financial and administrative operations to minimize human interaction and bribery opportunities.	Launch a unified national e-platform for real-time public access to ministry budgets and expenditure tracking; mandate full e-payment adoption across all agencies.
Internal Oversight Enhancement Program	Train internal audit personnel in advanced corruption detection and prevention techniques.	Conduct specialized capacity-building workshops in partnership with international experts (e.g., UNDP, World Bank, INTOSAI).
Anti-Corruption Culture Program	Raise comprehensive public awareness on corruption's individual and national harms.	Execute sustained national awareness campaigns via TV, radio, print, social media, schools, universities, and religious/community centers—highlighting integrity success stories.
International Cooperation Program	Leverage global expertise, technical assistance, and asset-recovery mechanisms.	Formalize cooperation agreements with UN (UNDP, UNODC), World Bank, IMF, and Transparency International; activate mutual legal assistance treaties for asset repatriation.
Whistleblower Protection Program	Support and safeguard individuals reporting corruption (employees and citizens).	Enact dedicated legislation ensuring protection against retaliation (dismissal, intimidation); offer moral/financial incentives; establish secure, confidential reporting channels.

Source: Prepared by the researcher.

CONCLUSIONS

This study concludes that corruption in Iraq has evolved from episodic misconduct into a deeply institutionalized mechanism embedded within political, administrative, and economic structures enabled by structural weaknesses: ineffective oversight, judicial non-independence, non-deterrent laws, opaque bureaucracy, and societal tolerance of practices like nepotism and petty bribery. Consequently, an estimated USD 30 billion in national resources are diverted annually (World Bank), deepening youth unemployment (24%), eroding public trust (up to 75% distrust), stifling investment, and reinforcing oil dependency. International benchmarks e.g., CPI score of 26 in 2024 confirm the entrenched, systemic nature of the crisis.

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