Public Sector Reform in Iraq

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Summary

- Meaningful reform of Iraq's public sector is vital if the country is to avert economic ruin. Decades of complacency, corruption and mismanagement have spawned a bloated public sector that is unsustainable and not fit for purpose. As a new prime minister takes the helm, Iraq has an opportunity to chart a different course.

- Successful public sector reform in Iraq requires a strategy that outlines attainable objectives and specific initiatives to achieve them. It is important to identify areas of the public sector least resistant to change and, by initially targeting these, generate momentum through incremental reforms that could spur on more ambitious efforts in the long run.

- International assistance can be enhanced by avoiding overly ambitious projects and instead focusing on the provision of technical expertise, which contributes to the domestic skill base and enjoys high levels of local ownership.

- The establishment of a comprehensive data analytics unit would strengthen Iraq's policymaking infrastructure and provide the country's leaders with a clear overview of the challenges at hand. Data analytics could be harnessed to improve the implementation and effectiveness of Iraq's policy priorities.

- The public sector needs to be more productive if it is to achieve its policy priorities. By professionalizing the newly established Federal Public Service Council, Iraq can introduce performance-based standards for public employees as well as identify and invest in young talent that could champion the cause of public sector reform.

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Introduction

Iraq's public sector has shown formidable resistance to reform. Despite support from the international community, successive government attempts to improve governance and sustainable development have been ineffective.[1]

Understanding why these efforts have failed is crucial to achieving sustained improvements in the performance of future Iraqi governments. Following months of widespread popular demonstrations against the ruling elite, multiple failures to choose a new prime minister, and US–Iran tensions playing out on Iraqi territory, the country has been rocked by two developments beyond its control: the oil price crash and the coronavirus pandemic. The implications of this twin shock for Iraq's public sector are deeply troubling as so many livelihoods depend on it. The vast growth in public employment since 2003 means that salaries and pensions now represent over 45 per cent of total government spending. The decline in oil revenues will severely restrict the government's ability to cover these monthly obligations without spiralling into massive debt and economic ruin.[2] To avoid this, successive governments will need to adhere to a clear and decisive strategy while addressing the most basic demands of ordinary Iraqis – including the provision of jobs and essential services – and tackling rampant corruption that inhibits investment in Iraq's infrastructure.

The intended goal of this paper is to help guide policymakers, international financial institutions and development agencies in their design and implementation of public sector reform programmes in Iraq. It is worth emphasizing that Iraq's predicament is by no means exceptional, and this paper uses specific and relevant experiences from other countries to illustrate how to overcome obstacles to reform.

Drawing on a series of discussions with practitioners experienced in reform efforts in Iraq,[3] this paper begins by outlining a set of assumptions about the limitations of reform in the country. These assumptions are based on the successes and failures of past reform efforts, while taking into account the prevailing political climate and the country's institutional capacity.

Most notable of these assumptions is that an overhaul of the entire system is unrealistic. Instead, an incremental approach is more likely to yield significant results. To date, public sector reform in Iraq has largely been aspirational – setting ambitious and unachievable goals with little consideration of the vested interests that stifle

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[1] It is difficult to estimate the total cost to date of public sector reform initiatives in Iraq. For instance, by the end of 2012, the US had spent $4.2 billion on the Economic Support Fund for Iraq, which included nearly $930 million on programmes directly related to strengthening governance and capacity-building. See, Special Inspector General for Iraq Reconstruction (SIGIR) (2013), *Learning from Iraq: A Final Report from the Special Inspector General for Iraq Reconstruction*, Washington DC: SIGIR, https://www.globalsecurity.org/military/library/report/2013/sigir-learning-from-iraq.pdf (accessed 17 May 2020). In addition, multiple UN agencies established the Iraq-Public Sector Modernization (I-PSM) programme, which consisted of two phases: Phase I (2010–12) had a budget of $13.6 million, and phase II (2013–19) had a budget of $24 million. See, Salovan, M. (2019), *Iraq Public Sector Modernisation Programme: Draft Evaluation Report,* New York: UNDP, https://erc.undp.org/evaluation/documents/download/15412 (accessed 6 May 2020). International assistance has focused on a key aspect of public-sector reform, namely public financial management (PFM). In 2009, the World Bank launched an $18 million PFM reform programme for Iraq that ended in 2013 with very modest results. It then embarked on a $41.5 million PFM modernization initiative in 2017 that was coupled with an $18.1 million technical assistance programme in 2018, in partnership with the EU. See, Al-Mawlawi, A. (2018), *Designing a Successful Approach to Public Financial Management Reform in Iraq,* Baghdad: Al-Bayan Center, http://www.bayancenter.org/en/wp-content/uploads/2018/10/8788789899.pdf (accessed 6 May 2020).

[2] Al-Mawlawi, A. (2019), *Public Payroll Expansion in Iraq: Causes and Consequences*, LSE Middle East Centre Report, London: London School of Economics, http://eprints.lse.ac.uk/102576/1/Al_Mawlawi_public_payroll_expansion_in_Iraq_published.pdf (accessed 6 May 2020).

[3] Including discussions at a roundtable meeting hosted by Chatham House in November 2019.

reform or the broader political-economy dynamics. Ultimately, this paper suggests two self-reinforcing courses of action to stimulate public sector reform: establishing a data analytics unit and a policy delivery unit at the centre of government to enhance the policymaking and implementation process; and introducing performance-based standards for public employees to boost productivity.

The prospects of reform

The post-2003 power-sharing arrangement that led to the Iraqi Governing Council arguably produced a degree of short-term political stability, which the country needed after the collapse of the former regime. However, elite pacts are notoriously resistant to reform, particularly if any proposed change is perceived to undermine elite interests and their survival and consolidation.[4] As a result, effective reform initiatives must sufficiently allay those fears, in other words, by addressing the so-called winners and losers conundrum, which is typically associated with any form of structural change in governance.[5]

Payroll fraud, including the widespread phenomenon of ghost employees, has been hugely lucrative for the majority of political actors.

One approach is to choose reform measures that affect all competing elites – such as those that establish a set of new rules that keep all rent-seeking behaviours in check and prevent the dominance of one side. A good example is the electronic disbursement of the public sector payroll that is being introduced across government departments. Payroll fraud, including the widespread phenomenon of ghost employees, has been hugely lucrative for the majority of political actors. Similarly, parliament's recent approval of a new public financial management law, which enforces greater transparency in the federal budget cycle, suggests that elites are willing to accept a degree of transparency as part of the bargaining process.[6]

In contrast, much-needed reform initiatives within the electricity sector to improve service delivery and bolster non-oil revenues have met strong resistance. Schemes to use private companies to collect electricity tariffs from customers in return for uninterrupted grid supply were piloted in parts of Baghdad. This reduced consumer costs and their reliance on power from expensive private local generators. But what appeared to be a sound move in public policy terms was strongly opposed by politicians who had financial stakes in the community generators and were able to kill off the initiative by mobilizing public opposition across the country. This demonstrates why it is so important to approach public-sector reform through a political-economy lens. Before deciding to embark on a reform project it is crucial to consider the vested interests at stake, how actors might respond if their interests are threatened, and what sort of leverage can be deployed to mitigate the inevitable resistance to reform from potential spoilers.

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[4] For more information on elite pacts, see, Cheng, C., Goodhand, G. and Meehan, P. (2018), 'Securing and Sustaining Elite Bargains that Reduce Violent Conflict', Stabilisation Unit Synthesis Paper, London: Foreign and Commonwealth Office, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/765882/Elite_Bargains_and_Political_Deals_Project_-_Synthesis_Paper.pdf (accessed 6 May 2020).
[5] Reforms often create winners and losers and this understanding among elites can act as a major deterrent to initiating reforms.
[6] Parliament approved a new public financial management (PFM) law in 2019 that is designed to improve how national budgets are prepared and executed. The bill was passed through consensus among the leading political parties even though it imposes stricter controls over budgetary spending. For details on the PFM law, see Al-Mawlawi, A. (2018), *Designing a Successful Approach to Public Financial Management Reform in Iraq,* Baghdad: Al-Bayan Center, http://www.bayancenter.org/en/wp-content/uploads/2018/10/8788789899.pdf (accessed 6 May 2020).

A further constraint is the legacy of the Ba'ath regime. Systems of rentierism, centralized economic control and a bureaucratic culture that discourages taking initiative offer little incentive for the average public employee to embrace reform. As one US ex-official who worked on a multimillion-dollar project to modernize the work of the Iraqi finance ministry explained, 'If you go back to the Saddam era, the way to stay alive was to never make a decision and follow the administrative processes. I've seen things for $10,000 that had to be signed off by the Minister of Finance. They just don't want to take initiative.'[7] The US-funded project to install a new financial management information system and train employees cost over $300 million but failed spectacularly. Currently, finance ministry employees still prefer to use paper ledgers and pens over computerized methods.[8] This toxic combination of underlying political culture and overarching political-economy dynamics helps explain the reasons behind Iraq's institutional intransigence.

The turbulence and political instability that has been a constant feature of post-2003 Iraq has encouraged short-termism among the country's ruling elite and myopic approaches to governance that prioritize political survival over sustained investment in the country's infrastructure. This partly explains why the civil service has grown so rapidly while public investment projects have stagnated. Political actors are more inclined to engage in quick-win patronage-building through the provision of jobs rather than committing to the long-term development of local services.[9]

Considering the country's structural limitations, an understanding of at least five assumptions can guide reform-minded policymakers:

1. Institutional overhaul is implausible in the current political climate. Incremental approaches are more likely to yield results, though their effects might not be apparent in the immediate term. For instance, while government procurement processes require major attention and would naturally lead to positive changes in the public and private sectors, it is unrealistic in the present context to expect this reform.

2. Large-scale reforms build on the momentum generated by smaller successes. Conversely, failed initiatives inhibit the prospects of reforms in other areas. The key is to demonstrate that change is possible over time, but this cannot happen if the government is overly ambitious in its approach. It needs to be weary of championing initiatives that are likely to fail.

3. Senior bureaucrats are among the most resistant in the civil service to reform. Changing behaviour and organizational culture is an uphill struggle, particularly among those who are entrenched in the status quo and have the most to lose. Rather than expending large amounts of political capital to appease senior bureaucrats, a better strategy would be to circumvent their authority through new and more compact administrative units, which can absorb the functions of outdated and obsolete institutions. The biggest constraint is time, since such an endeavour would require years of concerted and focused efforts before

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[7] Savage, J. (2014), *Reconstructing Iraq's Budgetary Institutions*, Cambridge: Cambridge University Press, p. 135.
[8] Ibid., p. 123.
[9] Al-Mawlawi, A. (2019), *Public Payroll Expansion in Iraq: Causes and Consequences*.

these units could acquire a sufficient degree of competence and experience.[10] Furthermore, it is important to identify government departments that are more amenable to such initiatives and are not dominated by political appointees.

4. Few would disagree that pervasive corruption is among the key impediments to development in Iraq. But as the World Bank's experience has shown, 'direct measures to tackle corruption – such as anticorruption laws and commissions – rarely succeeded, as they often lacked the necessary support from political elites and the judicial system.'[11] Indirect approaches tend to have a better impact, as demonstrated by Iraqi projects designed to provide the public with greater access to information, such as the introduction of e-government platforms, the simplification of bureaucratic procedures and the professionalization of the civil service.

5. Studies show that the success or failure of public sector reform is mostly determined by government actions rather than contributions from external actors.[12] However, the international community still has an important role to play, but these efforts need to be closely coordinated with the government. If there is insufficient political will from the highest offices to push through reforms, no amount of external support will be enough for them to succeed.

What public sector reform initiatives could work for Iraq?

Most attempts at reforming Iraq's public sector ultimately seek to improve the responsiveness of the government to the needs of its citizens. Nationwide polling over the past few years has consistently shown that Iraqis are primarily concerned with the provision of jobs, security, basic services, and an end to pervasive corruption.[13]

Establishing a strategic framework for institutional reform, based on sound financial management and an efficient and transparent civil service, is key for successful public sector initiatives. The rationale for this framework in the Middle East and North Africa region is clear, according to the OECD:

> Governments can only improve services and meet public needs if they are soundly managing their public finances, managing and motivating public service employees, and performing both of these functions within a framework of effective rule of law, guided by sound policies.[14]

Policymakers need to be equipped with the right tools in order to form policies that are driven by evidence and grounded in accurate baseline data.

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[10] During the final year of Haider al-Abadi's tenure, his government sought to circumvent traditional centres of authority within the Ministry of Finance by empowering younger and more dynamic civil servants within key departments, but the initiative ultimately unravelled when the new government took over.

[11] Independent Evaluation Group (IEG) (2008), *Public Sector Reform: What Works and Why? An IEG Evaluation of World Bank Support*, Washington DC: World Bank, https://openknowledge.worldbank.org/handle/10986/6484 (accessed 17 May 2020).

[12] Ibid.

[13] For example, see, Al-Bayan Center for Planning and Studies (2017), *Voter Attitudes Towards the Next Round of Elections in Iraq*, Baghdad: Al-Bayan Center, https://www.bayancenter.org/en/wp-content/uploads/2017/11/08976545.pdf (accessed 6 May 2020).

[14] Organisation for Economic Cooperation and Development (OECD) (2010), *Progress in Public Management in the Middle East and North Africa: Case Studies on Policy Reform*, Paris: OECD, https://www.oecd.org/mena/governance/48634338.pdf (accessed 17 May 2020).

Establishing a data analytics unit

The policymaking process in Iraq is disjointed and lacks rigour. The country cannot transition towards evidence-based policymaking without sound data-collection infrastructure, which offers Iraq's leaders a clear and measurable overview of the challenges at hand. Currently, the primary body responsible for data collection is the Central Statistical Organization (CSO) located within the Ministry of Planning. However, because ministries tend to operate in silos, data are inefficiently shared across government and the CSO's limited authority restricts its ability to consolidate information from other parts of the government. For instance, a detailed breakdown of federal budget spending is closely guarded by the Ministry of Finance whereas essential epidemiological data can only be accessed through the Ministry of Health. Officials at the highest levels of government lose valuable time trying to obtain credible and up-to-date information before making decisions.

The country cannot transition towards evidence-based policymaking without sound data-collection infrastructure, which offers Iraq's leaders a clear and measurable overview of the challenges at hand.

This impediment has thwarted previous attempts at rejuvenating the policymaking process. Under the government of Haider al-Abadi, economic recovery was vital to advancing the war effort against the Islamic State of Iraq and Syria (ISIS). Consequently, the administration established the Economic Reform Unit (ERU) within the office of the prime minister and tasked it with working alongside the World Bank and UNDP to carry out internationally funded reform initiatives. But instead of dedicating their time to implementing these programmes, exhaustive efforts were spent on trying to obtain crucial data from various ministries.[15] Often the officials would need to verify the accuracy of the data because ministries would provide questionable figures, which had to be corroborated through other means.

A data analytics unit linked directly to the Council of Ministers could resolve this issue for policymakers. This unit would have the authority to consolidate institutional data collection across the government, offering impact analysis and enabling policymakers to understand the efficacy of policy decisions in real time. Placing the unit within cabinet, and at its disposal, would engender trust among ministers to share information and utilize the unit's resources for their own work.

A functioning data analytics unit would require the establishment of e-government platforms across all key ministries and agencies. Past attempts at e-government were overambitious and most faltered. Some services have been successfully digitized, such the application procedure for the new national identity card and the online platform for checking traffic fines. The data unit would not only improve evidence-based policymaking, but it would contribute to bridging the divide between state and citizens by enabling ordinary Iraqis to make informed judgments about the government's performance.

It is unlikely that a data unit would yield any immediate benefits to public service delivery. This approach is rooted in the notion that while many ambitious reform measures are currently not politically or institutionally feasible, it is important to lay the technical groundwork for what may become possible further down the line.

By 1985, Egypt had already established a data analytics unit known as the Cabinet Information and Decision Support Center (IDSC), which was designed to improve decision-making at the highest level of government on socioeconomic development

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[15] Author interview with a former ERU official, who wished to remain anonymous, in Baghdad, 19 February 2020.

planning. The IDSC operates on three levels. First, it provides data and modelling to the cabinet to inform policymaking and support crisis management efforts. Second, it connects the cabinet with Egypt's ministries, agencies and research centres. And third, it has an established link with international organizations and their databases, which further bolsters the IDSC's information pool.[16]

Egypt's advances in e-governance pre-date many efforts in the region and this policy has been widely acknowledged as the driver of major reforms since 2001. The UN's 2008 e-Readiness Report ranked Egypt 28th out of 192 countries.[17] E-government tools have improved services at the local level by streamlining processes and enabling remote access for citizens. In Egypt, there are some 80 different services available to citizens at the district council and city levels. Online platforms that were initially piloted in Alexandria were subsequently rolled out to 21 governorates by 2009, leading to an estimated 30–60 per cent reduction in service processing times.[18]

Likewise, a data analytics unit in Iraq would consequently spur on broader e-government practices vital for the country's reforms. This prospect also applies to the fourth assumption noted above as it is an indirect approach to tackling corruption.

Collaboration across institutions, including the sharing of information, can only overcome resistance if it is led by the highest executive authority. As digitization of the public sector progresses, it is likely that the efficiency of service delivery will improve.

Establishing a delivery unit at the centre of government

Informed policymaking is powerless without an effective administrative structure to carry out policy recommendations. Iraq needs a delivery unit at the centre of government that is responsible for ensuring the implementation of the country's policy priorities. The existing mechanisms for follow-up of executive decisions are scattered and disconnected, with a vast number of committees and agencies responsible for coordinating between the various arms of government. This has meant that although strategic plans do exist, they are rarely put into practice.

Three bodies are responsible for determining and coordinating government-wide policy in Iraq: the Prime Minister's Office (PMO), a relatively small unit led by the PM's chief-of-staff, which includes his closest advisers; the Council of Ministers Secretariat (COMSEC), a much larger bureaucracy that coordinates between all state institutions; and the Prime Minister's Advisory Commission (PMAC), tasked with developing expert counsel for the PMO on specialized public policy issues.

To avoid duplication of work and ensure efforts are channelled in the same direction, the government of Adil Abdul Mahdi established a centralized coordinating body known as the Council of Ministers Commission. In addition to streamlining the work of the PMO, COMSEC and PMAC, the commission was tasked with fast-tracking projects of strategic importance, and its members would meet regularly to overcome outstanding impediments.

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[16] Sharif, K. (1994), 'IT Diffusion and Socio Economic Change in Egypt', in Khosrowpour, M. (ed.) (1994), *Managing Social and Economic Change with Information Technology,* London: Idea Group Publishing.
[17] OECD (2010), *Progress in Public Management in the Middle East and North Africa*.
[18] Ibid.

According to a government official familiar with the commission's work, cooperation began to break down after tensions emerged between senior officials with different political affiliations and conflicting views on priorities. There was also a culture of indecisiveness, which ultimately led to a lack of follow-up.[19]

A characteristic approach to resolving executive and administrative backlogs in Iraq is to form specialized ad hoc committees. Naturally, this results in senior officials, including ministers, presiding over and participating in multiple committees with no real focus and little to show for their efforts. This broad approach is the main problem with the Council of Ministers Commission. Not only is it responsible for follow-up and implementation across government, members of the commission also have executive and administrative responsibilities within respective departments.

A far more effective approach would be to transform the commission into a delivery unit – a model that was first pioneered in the UK by the government of Tony Blair during the early 2000s.

A far more effective approach would be to transform the commission into a delivery unit (DU) – a model that was first pioneered in the UK by the government of Tony Blair during the early 2000s. The purpose of the DU was to implement Blair's domestic policy agenda that prioritized, among other things, improving healthcare outcomes, a reduction in crime and enhanced railway services. Through the DU's direct involvement, the number of patients waiting more than a year for a surgical operation fell from over 40,000 in 2001 to under 10,000 in 2003.[20]

A DU is typically a small, agile unit at the heart of government, which is mandated to use the authority of the chief executive to improve public service delivery by pursuing a select number of policy priorities and ensuring their implementation. The DU team looks at the delivery process and works to unblock any obstacles that prevent state agencies from working together to deliver the government's priorities. Where there are shortfalls in institutional capacity, the DU's task is to figure out how to pool resources and incentivize collaboration across the public sector.

DUs have evolved over time and are established in many governments around the world. Among the most renowned is Malaysia's Performance Management & Delivery Unit (PEMANDU) because of its well-documented success. Formed in 2009, it was tasked with overseeing the implementation of the government's strategic priorities known as the National Transformation Programme. PEMANDU's role was to first break down the priorities into specific interventions that were then assigned as key performance indicators (KPI) to each state institution involved in the process. PEMANDU would then track and monitor the work of each institution, addressing bottlenecks that could be escalated to the chief executive if necessary. The administration used a consultative process that incorporated the private sector and civil society organizations to design solutions to policy challenges. The unit adopted a rigorous monitoring and reporting regime to incentivize stakeholders and published weekly scorecards for each ministry showing their KPI progress. Additionally, PEMANDU sought to build public engagement by establishing an online portal for public feedback on overall progress with the reforms.[21]

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[19] Interview with Iraqi government official, who wished to remain anonymous, on 10 March 2020.
[20] Centre for Public Impact (2016), 'The Prime Minister's Delivery Unit (PMDU) in the UK', CPI Case Study, 30 March, https://www.centreforpublicimpact.org/case-study/prime-ministers-delivery-unit-uk/ (accessed 6 May 2020).
[21] World Bank (2017), 'Driving Performance from the Center: Malaysia's Experience with PEMANDU', Washington DC: World Bank Group, http://documents.worldbank.org/curated/en/318041492513503891/pdf/114270-WP-PUBLIC-13-4-2017-13-0-58-WorldBankReportPemanduFAFULLWeb.pdf (accessed 26 May 2020).

Among its credited successes, PEMANDU helped drive down reported street crime in Malaysia by 35 per cent within one year; some 2 million people in rural areas benefited from projects that provided improved basic services including the provision of potable water and power supply; and public perceptions of the government's anti-corruption efforts improved by 20 per cent within 12 months.[22]

The DU proposal relates to this paper's second assumption – that small, measurable successes are vital to generating the necessary momentum to tackle larger problems. Embracing the DU model would encourage successive Iraqi governments to move away from the existing approach of setting too many ambitious and unachievable goals. Furthermore, it would serve as a dedicated vehicle to challenge and unblock government intransigence in a strategic and measurable way. Establishing the DU would not require new legislation since it would sit within the PMO and be headed by a senior adviser to the prime minister. Crucially, the unit's staff could be seconded from other ministries to bolster institutional knowledge, and the head of the DU would be authorized to attend cabinet meetings. The proposed data analytics unit would provide the DU with timely data in order to monitor progress. Regular reporting on performance targets would also enhance accountability within the public sector.

Clearly Iraq's political context differs greatly from that of the UK and Malaysia, but a DU could be tailored to local circumstances. As with other DU models, its authority would derive from its proximity to the prime minister and it would need to harness the power of executive orders to overcome resistance from ministries.

Enhancing civil service performance

Among the biggest long-term challenges for Iraq's public sector is reining in the wage bill, which increased nine-fold from 2003 to 2018.[23] Observers expected to see even greater surges in the size of public employment in 2020 but delays in passing the annual federal budget staved off further payroll expansion. Had the budget passed, government payroll was expected to reach nearly $45 billion because of pledges to hire more young people in response to demonstrations.[24] As long as there is no viable private sector to absorb the hundreds of thousands of young people entering the labour market each year, the country's leaders will struggle to address this issue.

Under the current climate, particularly low oil prices, it may be better for the government to focus on how to improve the performance of ministries that have the potential to generate revenues for the country. All Iraqis understand that low productivity within the civil service is a real problem. A commonly held belief is that public employees work on average 17 minutes each day, and although there may be good reason to doubt this figure, the fact that this is generally accepted reflects the scale of the problem.[25]

[22] Center for Public Impact (2016), 'Malaysia's Performance Management and Delivery Unit (PEMANDU)', CPI Case Study, https://www.centreforpublicimpact.org/case-study/performance-management-delivery-unit-kuala-lampur/ (accessed 6 May 2020).

[23] Al-Mawlawi, A. (2019), *Public Payroll Expansion in Iraq: Causes and Consequences*.

[24] Interview with Iraqi government official, who wished to remain anonymous, on 10 March 2020.

[25] Al-Mada Paper (2014), 'Expert: Average productivity of public employees is 17 minutes each day out of 8 hours', 1 November 2014, https://almadapaper.net/view.php?cat=115294 (accessed 17 May 2020).

A top-down approach to change the behaviour of senior managers might be a tempting place to begin reforms. However, there are well over 5,000 senior civil servants in Iraq, including directors-general, advisers and deputy ministers, who all have substantial authority and control over government departments. Attempts to professionalize their work would directly threaten their personal vested interests, which are built on informal patronage within the civil service and make any long-term behavioural shifts difficult to achieve. For an illustration, one only needs to look at the meagre results of decentralization initiatives to enhance local governance. Rather than delegating provincial powers to local authorities, governors have opted to concentrate power within their own offices.[26]

This pattern has been seen globally. A World Bank study showed that civil service and administrative reform programmes produced performance improvements in only half of the 93 borrowing countries. Instead, reining in a culture of patronage requires a bottom-up approach that emphasizes personnel management reforms such as transparent and merit-based recruitment.[27] There are well-established links between merit appointments and increased bureaucratic capability and performance, reduced corruption, and improved trust with the public.[28]

Some forms of merit-based selection already exist in Iraq, albeit in limited numbers. For example, the top-performing university graduates across the country are guaranteed public sector jobs by law. Furthermore, a past international government scholarship scheme introduced in 2009, known as the Higher Commission for Education Development in Iraq (HCED) had encouraging results in terms of awarding scholarships based on academic merit. Although the initiative has been suspended because of budget shortfalls, it was widely admired for its professional approach. Students were awarded scholarships based on a combination of strong academic performance and a face-to-face interview assessment, while in most cases political considerations did not play a part.

The key to HCED's relative success boils down to a number of factors. First, HCED was established as a new body with the administrative and financial backing of the PMO, while the existing scholarship programme remained within the higher education ministry, which still offered an outlet for political patronage. Second, e-governance systems enabled all applications to be processed online and subsequent communication via email, including arranging interview dates and processing visas. Third, interviews were conducted by diverse panels of prominent professors who scored candidates based on a clear set of assessment criteria.

A potential opportunity for civil service reform emerged recently after parliament elected the members of the constitutionally mandated Federal Public Service Council (FPSC).[29] The cabinet submitted the names of 11 nominees to parliament and by the end of October 2019, all had been approved.[30] The FPSC's remit is codified in Law 4

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26 Al-Mawlawi, A. (2019), 'Is the Decentralisation Process in Iraq Being Reversed?', LSE Blog, 2 December 2019, https://blogs.lse.ac.uk/mec/2019/12/02/is-the-decentralisation-process-in-iraq-being-reversed/ (accessed 6 May 2020).
27 Independent Evaluation Group (IEG) (2008), *Public Sector Reform: What Works and Why?*
28 McCourt, W. (2000), 'Public Appointments: From Patronage to Merit', Working Paper 09, Manchester: Institute for Development Policy and Management, University of Manchester, https://hummedia.manchester.ac.uk/institutes/gdi/publications/workingpapers/archive/hr/hr_wp09.pdf (accessed 17 May 2020).
29 Article 107 of the Iraqi Constitution: 'A council named the Federal Public Service Council shall be established and shall regulate the affairs of the federal public service, including appointments and promotions, and its formation and competencies shall be regulated by law.'
30 Iraq Council of Representatives (2019), 'Minutes of Meetings', https://bit.ly/3d4UdEc (accessed 7 May 2020).

of 2009, charging it with planning authority over the civil service; overseeing training and development of staff; consolidating and unifying the grades of vacant posts in line with government priorities; reviewing pay scales and recommending adjustments; and overseeing recruitment along merit-based standards in a fair and transparent way. The council enjoys financial and administrative independence and reports directly to parliament, while the head of the FPSC holds ministerial powers.[31]

Debate exists among policy specialists about the dangers of overcentralizing civil service commissions, which can lead to stagnation in performance and delays in recruitment processes. But a common view is that decentralized staffing functions in developing countries can compound corruption because it creates more entry points for these activities to take place.[32]

Successful reform measures are often opportunistic in nature, exploiting a political crisis that jolts elites into adopting practices they would ordinarily oppose.

Successful reform measures are often opportunistic in nature, exploiting a political crisis that jolts elites into adopting practices they would ordinarily oppose. Parliament's decision to activate the FPSC, in response to the political crisis caused by public demonstrations, has created an opportunity to invest significant resources into building a professional and effective council that can spearhead civil service reform.

In Bahrain, the Civil Service Bureau – established in 1975 – is an independent government body that falls under the jurisdiction of Cabinet Affairs and has a similar remit to the FPSC. In 2007, it began implementing large-scale HR management reforms that focused on adopting a competency-based model to cover all HR processes including recruitment, promotion and reassignment, training, and performance appraisal. It mapped out the skills, technical competencies and proficiency levels needed for each job as a response to the challenge of competing with the private sector to attract the most qualified candidates.[33] Two key steps were crucial to success and are most relevant to Iraq. First, it became mandatory to assign job descriptions for all vacant posts detailing skills and competencies required. Authorities identified a total of 92 competencies that form the basis for performance appraisal and gap analysis was used to determine training needs. Second, the reform process was initially piloted within the Civil Service Bureau before rolling it out to other government institutions.

The FPSC's immediate priority should be to establish a centralized employment census for all public employees that captures data on geographical spread. This should not only include permanent civil servants, but also contractual and daily wage earners across all state institutions. Crucially, it should incorporate workers within state-owned enterprises, an area that has notoriously represented a black hole for public spending. Every individual receiving remunerations from the state should be assigned a unique identification number so that the government can root out ghost employees and double entrees. In addition, analysis of the employment census data could be used to identify skills gaps and women's representation within the workforce. It would also feed into the proposed data analytics unit, enabling policymakers to plan for future employment grades and training programmes.

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[31] Iraq Council of Representatives (2009), Federal Public Service Council Law, https://bit.ly/38W6NSG (accessed 7 May 2020).
[32] McCourt (2000), 'Public Appointments'.
[33] OECD (2010), *Progress in Public Management in the Middle East and North Africa*.

Building on the experience of internationally funded capacity-building programmes, formal Iraqi institutional structures should manage training and development of public servants to ensure consistency and implementation. The FPSC's first task should be to develop training programmes that could be rolled out across all government departments, such as those focused on hard skills including IT literacy. Law 4 mandates for the establishment of an Institute for Public Service that should assume training and development responsibilities. Filling the skills gap could also be complemented by drawing on expatriates with specialized expertise to provide training and mentoring services. Previous attempts to attract highly qualified Iraqi expatriates have been ad hoc and proved largely unsuccessful. Few can permanently relocate to Iraq, particularly when the security situation was tenuous, and matching salaries is another obstacle. Among the few exceptions has been the diplomatic service, which has enticed many expatriates to serve within the middle and higher ranks. But unlike other countries that developed a parallel pay scale for expatriates, this approach would prove unfeasible from an administrative point of view and likely cause resentment within the civil service.

Expatriate recruitment needs to be formalized within a specialized programme, as has been the case with other fragile, conflict-affected countries. Following the end of the second civil war in 2004, Liberia was faced with major capacity gaps and adopted a UNDP-funded programme known as Transfer of Knowledge through Expatriate Nationals (TOKTEN). Liberian expatriates were hired to work as consultants alongside civil servants to offer mentoring and skills training to bridge gaps in expertise. The programme was managed by a specialized unit within Liberia's Civil Service Agency and, by 2014, nearly 100 expatriates had contributed to improving budgeting and planning, macroeconomic management, and healthcare delivery.[34]

Across the Iraqi civil service, there are dozens of young, highly educated employees that possess advanced skills and technical know-how within their respective fields. In the absence of professional HR practices, these individuals are left languishing within large departments that do not value their talents and stifle their professional development. Creating incentives for employees to embrace change is difficult when collective buy-in is required on such a large scale. An alternative approach is to identify individuals who are already motivated and open to change, and pool them into small functioning units that answer directly to the Council of Ministers. As these units accrue experience and expertise over time, they can slowly absorb the role of outdated departments and the rewards that come with them, spurring on other ambitious employees to follow suit.

A longer-term approach would be to establish a professional civil service fast-track programme for those who show the greatest potential. Egypt has had good results with this approach through their Change Leaders Initiative, a four-year plan that sought to raise the capacity of some 8,000 of the top echelon of senior civil servants. The idea is to prioritize training and development for a younger group of senior managers who embrace reform known as 'change leaders' in order to prepare them to assume the responsibilities of those close to retiring. Crucially, training certification has become a precondition for promotion to senior grades.[35]

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[34] Salovan (2019), *Iraq Public Sector Modernisation Programme.*
[35] OECD (2010), *Progress in Public Management in the Middle East and North Africa.*

Governments should certainly aspire to implement merit-based recruitment but, during a period of transition and reform, trade-offs are inevitable. As UNDP cautions, 'moving too fast toward a merit-based system of recruitment might even undermine state credibility' and a 'pragmatic compromise' should be pursued.[36] One way is to earmark some senior posts for political appointees, but safeguarding merit-based recruitment for young graduates in order to build public trust and credibility in the civil service.

Conclusion

Any attempt to reform aspects of Iraq's public sector, no matter how small, is a daunting task. There is likely to be stiff resistance from actors who have no interest in changing the status quo. But Iraq can draw on comparative experiences from other countries, which offer the government a roadmap for initiating successful reforms as long as there is sufficient political will. This is of course a major caveat, since political will is not guaranteed and its absence has had numerous detrimental consequences in Iraq's most recent history. That is why it is so incumbent upon Iraq's policy experts to use incontrovertible facts and figures to demonstrate to the country's leaders the acute and urgent imperative for action.

While international assistance efforts have often been counterproductive, they still have a useful role to play in the future. By providing technical know-how, ensuring local ownership, and closely monitoring and evaluating assistance, international efforts can contribute to long-lasting positive change.[37] Consistency, however, is crucial, since whatever degree of assistance the international community offers should be backed up with sufficient resources that reflect its commitment to seeing results on the ground.

Finally, although reform endeavours should always take a long view, it is important not to overlook the sense of urgency to address today's challenges. However, there are few shortcuts to sustained public sector reform and time is not on Iraq's side. The sooner it can embark on a viable public sector reform path, the greater the chances of salvaging the country before it is too late.

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[36] Salovan (2019), *Iraq Public Sector Modernisation Programme.*
[37] Timmis, H. (2018), 'Lessons from donor support to technical assistance programmes', K4D Helpdesk Report, London: UK Department for International Development, https://assets.publishing.service.gov.uk/media/5ab0e81140f0b62d854 a9bc5/Lessons_from_donor_support_to_technical_assistance_programmes.pdf (accessed 6 May 2020).

About the Author

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