

Iraqi state capabilities

*Roz Price
Institute of Development Studies
18 May 2018*

Question

Iraqi State Capabilities - what is the state's ability to deliver public services (to include public salaries and basic state functioning), what are the regional variances and what are the most significant constraints to delivering equitable and efficient service delivery?

Contents

1. Overview
2. National perspective
3. Basic service delivery
4. Specific regional state capabilities
5. Constraints to service delivery
6. References

The K4D helpdesk service provides brief summaries of current research, evidence, and lessons learned. Helpdesk reports are not rigorous or systematic reviews; they are intended to provide an introduction to the most important evidence related to a research question. They draw on a rapid desk-based review of published literature and consultation with subject specialists.

Helpdesk reports are commissioned by the UK Department for International Development and other Government departments, but the views and opinions expressed do not necessarily reflect those of DFID, the UK Government, K4D or any other contributing organisation. For further information, please contact helpdesk@k4d.info.

1. Overview

A central indicator of governance and state capacity is the ability of the government to ensure access to basic services. This review looks at the current capability of the state of Iraq to deliver public services. The review draws heavily on a number of recent World Bank Group reports, in particular the recent Systematic Country Diagnostic (SCD) of Iraq carried out in 2017 (see World Bank, 2017; World Bank Group 2018a, 2018b). Iraqis have witnessed a dramatic deterioration in most basic services: electricity, water and sanitation, health, education, transportation, and especially security. Iraq is ethnically, religiously, and regionally diverse, and conflict has led to more pronounced spatial differences not only in poverty rates but also in the delivery of services. Access to and the quality of services also vary widely across the country. Due to the information/literature available and the short timeframe, this review touches briefly on the national provision of social protection services, electricity supply, transport, water supply and sanitation, health, education and security in Iraq. It then talks in more detail on the regional variations in service delivery for the areas of Iraq where recent information was available.

Other key findings:

- Much of the literature touched on decentralisation. Once decentralisation is realised, provincial governments will be responsible for providing many services with limited federal investment or operational funding, except funding for staff salaries (Diamond & Berkuti, 2017). However, progress on decentralisation has been slow and ministries vary widely in their acceptance of decentralisation, although it is beginning to accelerate.
- According to the World Bank's (2017: 20) recent SCD, Iraqis are very dissatisfied with their access to basic services. Just 30% of the population is satisfied with the available education services, satisfaction with health services is under 20%, and less than 15% of the population is content with local security. Effective security provision remains a key concern of many Iraqi citizens.
- Areas affected by the war against Islamic State of Iraq and Syria (ISIS) have faced immediate and acute food, healthcare, and water-sanitation challenges and wide public service provision shortcomings, as well as huge damage and destruction to infrastructure and transport links (Mansour, 2018).
- Although more stable than other parts of Iraq, the southern provinces face challenges vis-à-vis the central government. Basra has suffered from power blackouts, drug epidemics, the mismanagement of garbage and corruption (Mansour, 2018: 26). Poverty is also widespread in the southern provinces despite the oil wealth (World Bank, 2017).
- The Kurdistan Regional Government (KRG) has faced a number of economic setbacks since 2013, including the crash in oil prices, the cost of fighting ISIS and sheltering internally displaced people (IDPs), and sharp cuts in revenue transfers from Baghdad, that have affected its budgets and service delivery. In particular, this has impacted on the ability of the KRG to pay public-sector salaries, resulting in civil unrest.
- Key barriers and constraints to effective service delivery by the Iraqi government include: a lack of institutional and financial capacity; bureaucratic bottlenecks; political patronage and corruption in delivery and ownership of resources; low levels of public investment in infrastructure and services; the extent of damage and existing infrastructure; and the importance of context and local dynamics.

This review uses publically available literature and data, and reflects research that was completed before the Iraqi parliamentary elections held on 12th May 2018 and hence is not reflective of the election results. It is also important to note that the situation in Iraq is unpredictable and evolving. This review attempted to use the most recent literature available to give the best indication of the current situation in the delivery of public services in Iraq (mostly focusing on 2017-2018 published reports). However, due to the fragile situation in Iraq much of the data for sectors and different geographical regions is of poor quality or out of date. Where possible issues relating to gender have been highlighted, but much of the literature did not go into detail. Issues of public service delivery in relation to people with disabilities were not evident in the literature reviewed.

2. National perspective

Iraq is ethnically, religiously, and regionally diverse. The country has 18 governorates and one region (the Kurdistan Regional Government (KRG) – a semi-autonomous region in Northern Iraq). Each of Iraq's 18 governorates is subdivided into districts (qadhas) and sub-districts (nahiyas). The country can also be divided into five divisions consisting of groups of governorates with approximately equal population sizes – Kurdistan, North, Baghdad, Central, and South (World Bank, 2017). Access to and the quality of services, including water, electricity, education, and health, vary widely across the country. Oil wealth is differentially distributed across the country; poverty and welfare are geographically differentiated, as is the impact of violent conflict over the past decades. Conflict has led to more pronounced spatial differences not only in poverty rates but also in the delivery of services (World Bank, 2017: 16-18).

Against the backdrop of the complete liberation from the Islamic State of Iraq and Syria (ISIS)¹ in December 2017, the KRG referendum on Kurdish independence, and Iraqi forces retaking the disputed territory of Kirkuk, the Government of Iraq (GoI) is designing a comprehensive reconstruction package. This links immediate stabilisation to a long-term vision and initiation of a recovery and reconstruction process (World Bank Group, 2018a: 1). Reconstruction is slowly replacing oil production as a driver of growth in the wake of the twin shocks of the ISIS war and oil revenue decline which caused a deep recession in the non-oil economy (World Bank Group, 2018a: 1).

Federalism and decentralisation

Since 2003, federalism has been the buzzword in Iraq, with many assuming that this means a weak central government and strong provinces. However, to date, federalism beyond the Kurdistan Region of Iraq (KRI) has not been operationalised, as the realisation has dawned that the central government must itself be strong enough to devolve power (LSE Middle East Centre, 2018: 7).

Decentralisation deals with the allocation between centre and periphery of power, authority, and responsibility for political, fiscal, and administrative systems (see Brinkerhoff & Johnson, 2009: 588). While evidence of its desirability and effects is mixed, country policymakers, often supported by international donors, have pursued decentralisation actively for technical, political,

¹ Also known as the Islamic State of Iraq and the Levant (ISIL), the Islamic State (IS) or by its Arabic acronym, Daesh.

and financial reasons. Iraq's constitution allows for a process of decentralisation, and Iraq's parliament passed a provincial powers law in 2008 and revised it in 2013 to devolve the functions of eight ministries to the provinces. Decentralisation is intended to improve service delivery and address political desires for greater local control (Culbertson & Robinson, 2017: 53). After the Iraqi government realises its vision of decentralisation, provincial governments will be responsible for providing many services with limited federal investment or operational funding, except funding for staff salaries (Diamond & Berkuti, 2017: 4). Progress on decentralisation has begun to accelerate. Seven of the eight ministries² slated for decentralisation under the law have now issued ministerial orders for the transfer of their directorates to provincial control (Diamond & Berkuti, 2017: 3). Since 2014, USAID has assisted the Iraqi government in realising its vision of decentralisation with the Governance Strengthening Program, known locally as *Taqadum* (Diamond & Berkuti, 2017: 1). Prime Minister Abadi and the federal government need to help provincial governments become effective and move past sectarianism. However, Prime Minister Abadi is trying to manage running a fragmented state, with ministries varying widely in the extent to which they accept decentralisation (LSE Middle East Centre, 2018: 8).

3. Basic service delivery

A central indicator of governance and state capacity is the ability of the government to ensure access to basic services – security, water, electricity, municipal waste collection as well as education, health and social assistance services (World Bank, 2017: 20). According to the World Bank's recent Systematic Country Diagnostic (SCD) of Iraq, Iraqis are very dissatisfied with their access to these basic services (World Bank, 2017: 20). Just 30% of the population is satisfied with the available education services, satisfaction with health services is under 20%, and less than 15% of the population is content with local security.

Social assistance services

The three main pillars of the social protection system in Iraq, namely social safety nets, social insurance, and labour markets, were conceived individually, with no links or integration. The Gol is embarking on a comprehensive reform of its social protection system.

The Public Distribution System (PDS)

The entire social protection system is dominated by the Public Distribution System (PDS), an in-kind program in which the government purchases imported food to distribute to the public. PDS is the most important welfare scheme in terms of coverage, poverty alleviation, and the second largest in terms of fiscal cost. It is the primary safety net for the poor, though it suffers from severe inefficiencies (World Bank, 2017: 85). In 2016, PDS reached approximately 33 million people, 90% of households, and its overall cost to the budget was reported at 0.6% of GDP (IMF, 2017: 11). Since local produce is purchased at administratively set prices, PDS also doubles as an agricultural subsidy scheme. Despite excluding high earners from the program, the main shortcoming of PDS remains its lack of targeting, which leads to unnecessarily high outlays and an inequitable distributional impact (IMF, 2017: 11). The Gol is implementing an ambitious reform

² The eight ministries targeted for decentralisation were: Agriculture, Construction and Housing, Education, Finance, Health, Labour and Social Affairs, Municipalities and Public Works, and Youth and Sports.

to improve targeting of social spending, following the introduction of a proxy means testing (PMT) system to identify the poor. The Gol is committed to adopting a unified database of eligible households based on the PMT system across all different social protection schemes (World Bank Group, 2018b: x).

Pensions

In 2016, the Gol introduced to the Council of Representatives (CoR) a new draft Social Insurance Law, which expands the coverage and fairness of the pension system and improves its sustainability. Iraq's pension system is fragmented, unequal, costly and unsustainable. Public pension spending in Iraq, at around 4% of GDP, is high by international standards (World Bank Group, 2018b: 8). Despite such a high cost, the system suffers from large coverage gaps and provides overly generous benefits. Pensions reach less than 20% of the poor, while about 85% of pension recipients belong to non-poor households. Only about 48% of the total labour force is currently contributing to and covered by the pension system. Most covered employees are in the public sector, while less than 3% of private sector employees are covered (IMF, 2017: 9; World Bank Group, 2018b: 8).

Public sector wages

The public sector is the predominant employer in Iraq, and unemployment remains high, especially among women and youth. From 2004 to 2014, public sector employment more than tripled from 0.9 to 3 million employees. Over the same period, the government wage bill ballooned from 7 to 27% of the budget (World Bank Group, 2018b: 8). In 2017, the wage bill is estimated to increase to 40% of government budget. This sharp rise in wage expenditures was driven largely by unchecked politically backed recruitment and by fraudulent payroll practices, including the proliferation of "ghost" workers (not legally employed), and "double dippers" (illegally drawing multiple salaries), collection of salaries by chronic absentees and outright theft of payroll cash. Under the IMF Stand-By Arrangement with Iraq, the Gol committed to reduce the number of employees through natural attrition (World Bank Group, 2018b: 9).

Electricity supply

Iraq's electricity sector suffers from a series of simultaneous and compounding challenges, which makes it unable to generate adequate revenue to sustain itself or to improve services for consumers. Years of neglect have led to a dilapidated grid infrastructure with low operational efficiency and high levels of losses. The sector depends on government direct budgetary support, implicit fuel subsidies and guarantees to undertake capital investments and finance its operational expenditure (World Bank Group, 2018b: 26). Technical losses, poor collection and tariffs below costs have made energy production a costly and increasing liability for the Gol (World Bank Group, 2018b: 6). The 2014 World Bank poverty assessment (cited in World Bank Group, 2018b: 6) shows that Iraqi households and consumers receive an average of 14.6 hours of electricity per day, of which only 7.6 hours per day is provided by the electricity grid, leaving Iraqis having to rely on expensive and polluting diesel generators for power (World Bank, 2017: 89). Furthermore, Iraq's distribution system, outside KRG, has deteriorated owing to poor design, lack of maintenance, and electricity theft, resulting in large distribution losses, low voltage level, and frequent disconnections (World Bank Group, 2018b: 6). Low operational efficiency, high levels of electricity losses, and obsolete network equipment have led to average levels of aggregate technical and commercial losses of around 40% of total electricity generated (World

Bank, 2017: 89). This means that nearly half of the energy transferred to the distribution network after being generated is lost before any revenue can be collected. Cost recovery is also extremely low, and the collected revenues cover only about 10% of the operational expenditures (World Bank, 2017: 89-90). Iraq has made significant progress in restoring its power generation from a peak demand supply of about 5GW in 2005 to 14GW in 2016, but continues to face challenges, including high demand growth of over 10% per annum (World Bank Group, 2018b: 26).

Since late 2015, the Gol has started to reform and restructure the sector, to gradually bring it up to international industry standards. A new Electricity Law was issued in March 2017, which provides, for the first time, the legal framework for the sector's reforms and governance. Results in the recent past have been mixed but promising regarding increased sector revenues from electricity sales (with first pilot areas in Zaiyoni, Yarmouk and Harthiya in Baghdad). The tariff structure adopted in January 2018 simplified the number of tariffs, but did not remove subsidies for large electricity residential consumers (World Bank Group, 2018b: 28). The Gol has committed to continue the reform process to achieve fiscal sustainability in a five-year period (World Bank Group, 2018b: 30).

Transport

Iraq's transport network is weak, with the underdevelopment of transport infrastructure for all modes, including roads, railways, ports and airports. Unpaved roads inadequately serve most of the Iraqi population. The poor condition of the transport infrastructure and lack of transport services has significantly affected the mobility of Iraqis, particularly the poor, and especially in rural areas. This undermines connections between regions, reducing the potential economic and social interactions between them (World Bank, 2017: 90). The lack of a sector strategy, chronic underfunding, weak institutions, and a complex conflict-affected environment compound the problem. The main problem is a lack of capital investment for periodic maintenance and new development to maintain basic standards - underfunding rather than under-execution is the key constraint to transport in Iraq (World Bank, 2017: 90).

Water supply and sanitation

Iraq's water sector has suffered from decades of conflict and sanctions that left its institutions weakened and that have resulted in under-investment and continuing deterioration of its infrastructure assets (World Bank, 2017: 97). The Gol provides most of the funds for the sector as consumers contribute very little. The high cost to operate and maintain the current water infrastructure is a significant fiscal burden, as there is a large gap between the cost of producing a cubic meter of water and the cost of the water supply and sanitation services as billed to users. Revenues cover only a small fraction of the system's operational and maintenance costs. The low quality of services has resulted in the private sector picking up where the public sector has failed. The private sector fills the gaps, especially in the provision of drinking water and of sanitary facilities, by selling bottled or desalinated water or booster pumps and by installing septic tanks (World Bank, 2017: 98).

Health

According to the World Bank's SCD of Iraq in 2017, Iraq's health care capacity has been severely undermined by the effects of various wars, international sanctions, sectarian violence, political instability, and fiscal pressures. The severe deterioration of health infrastructure, the

difficulty in accessing health care, poor public health services including water and sanitation, malnutrition, and social fragility are all factors that undermine the health conditions of Iraqis today (World Bank, 2017: 82). Access to health services is limited, and geographical disparities are significant. In the public sector, health services are provided through a network of primary health care centres (PHCC) and public hospitals at very low charges. The main centres are located in urban areas with smaller centres in rural areas. Poor organisation and shortages of staff and medications are significant impediments to delivering adequate services in the PHCCs. Despite this, the PHCCs are recognised as very important sources of health care provision, particularly for the poor. For secondary and tertiary care, patients are referred from PHCCs to hospitals, although it is estimated that only about 40% of Iraqis have access to these referral services because of the inadequate number and uneven distribution of public hospitals (World Bank, 2017: 83). Secondary and tertiary care are also provided by small private hospitals, but the costs of private health care must be met out-of-pocket, which is well beyond the reach of many Iraqis (World Bank, 2017: 83).

Countrywide between 2003 and 2012, the absolute number of PHCCs increased in all governorates, however the increases were partially, and in some cases totally, offset by the high rate of population growth (World Bank, 2017: 83). The large number of internally displaced persons (IDPs) as well as refugees further exacerbates the challenges facing the health sector. The distribution of public and private hospitals is very uneven across the country. In most central and southern governorates, the limited growth in the number of hospitals was completely offset by population growth. In general, efforts to expand the provision of health services were hindered by the high rate of population growth. The relatively better condition of health infrastructure in Kurdistan is due to the relative state of security and stability there since 1991. The widening gap in health infrastructure between the Kurdistan region and the rest of Iraq is also related to the expansion of the private sector, which has invested in 23 new private hospitals in the region since 2007 (Cetorelli and Shabila, 2014 cited in World Bank, 2017: 83).

Education

More than 5,300 schools across the country have been destroyed, damaged, or converted into shelters for displaced families due to the ISIS crises. In northern Iraq, nearly 14,000 teachers were forced to flee violence. Resources to cover the immediate and long-term needs of the population affected by the conflict are severely stretched, and these new challenges have increased disparities among the different regions across the country in terms of access to and the provision of education (World Bank, 2017: 81). Increasing access to education for those in rural areas, for girls, and for vulnerable populations must also be a priority. According to the World Bank's SCD, the government has made significant strides in increasing access to education despite extremely challenging conditions and has achieved impressive increases in enrolment rates at the primary level and moderate increases at the intermediate level (World Bank, 2017: 81). The KRI has achieved notable advances in all aspects of its education system (World Bank, 2017: 81). The region established more than 2,200 kindergarten through grade 12 (K-12) schools, 5 technical institutes, and 4 public universities between 2003 and 2012. Net enrolment at the secondary level rose substantially from 20% to 89% (World Bank, 2017: 81).

However, according to a report by Unicef from 2017, Iraq's education budget for 2015-2016 was just 5.7% of government spending, a 15% drop from 2013-2014, and below the United Nations recommended allocation of 20% of national budgets to education. The report also highlights that around 355,000 internally displaced children remain out of school in Iraq, representing 48.3% of

the total internally displaced school-age children. In conflict-affected governorates such as Salah al-Din and Diyala more than 90% of school-age children are left out of the education system. Overall, a large proportion of school-age internally displaced children are missing an opportunity to receive their education (Unicef, 2017: i). Spending per student was significantly lower in KRI compared to the rest of Iraq. Infrastructure spending, though, has remained almost non-existent. One out of every two public schools either requires rehabilitation or is unqualified which means that they do not meet national school construction standards. The growth of private schools has far outpaced growth in the public system (Unicef, 2017: ii).

Security and rule of law

A central challenge to Iraqi state-building is the weakness of its judiciary. Since 2003, the Iraqi judiciary has fallen prey to political interference and pressure, corruption and bribery, religious interests and tribal forces (Mansour, 2018: 24). Many Iraqis have turned to tribal bodies to settle disputes due to the lack of trust in or access to the courts (Mansour, 2018: 24). Another flaw in the judicial system is the relative impunity given to certain non-state actors, including paramilitary groups. Calls to reform the 2005 Iraqi constitution have also made little progress (for more information see Mansour, 2018).

Community or regional forces, militia forces, and other local security actors have long existed in Iraq. However, as ISIS swept through central and northern Iraq in 2014, local, hybrid and sub-state security forces (LHSFs) mobilised to resist. These sub-state and local forces provided an important bulwark against ISIS, filling gaps in the Iraqi Security Forces and holding territory regained from ISIS (Gaston & Derzsi-Horváth, 2018: 1). Gaston & Derzsi-Horváth (2018) explored the role these LHSFs were playing in local communities in Iraq and the impact for local and national dynamics. Critical among these forces were the long-standing KRG forces (*Peshmerga*), and the predominantly Shia Popular Mobilisation Forces (PMF). The PMF (also known as *al-hashd ash-sha'abi*, or simply *hashd*) is an umbrella group of different militia or sub-state forces that was granted formal status by the *Gol* in November, 2016. A plethora of smaller forces drawn from local communities taken by ISIS also emerged, including Sunni tribal forces, and Turkmen, Yezidi, Christian and other minority defence forces (Gaston & Derzsi-Horváth, 2018; also see Mansour, 2018 for more detailed information on the tensions between these different groups).

Gaston & Derzsi-Horváth (2018: 1) highlight that as LHSFs have grown and strengthened, they have increasingly assumed responsibility for security, governance, and critical services in north and central Iraq. In some areas, these LHSFs have had a positive influence, providing security, allowing for reconstruction and regular governance activities to take place, and enabling aid. For example, the PMF, particularly the Badr Organisation, having in large part become the police in some areas, and gained popular support (LSE Middle East Centre, 2018: 12). In other areas, the positive role of the LHSFs in ousting ISIS was counter-balanced by their forces' criminal, abusive, and predatory behaviour. Extrajudicial violence has also increased. This fragmentation of authority and the sheer number of mobilised forces, with conflicting allegiances and agendas, pose significant challenges for the future strength of rule of law and governance in Iraq, as well as overall stability (Gaston & Derzsi-Horváth, 2018: 6).

4. Specific regional state capabilities

Areas affected by the war against ISIS

The cities and towns liberated from ISIS have faced immediate and acute food, healthcare, and water-sanitation challenges and wide public service-provision shortcomings. As such, the short-term state-rebuilding and stabilisation process is fragile (Mansour, 2018: 6). From Salahadeen, Anbar, Nineveh and Diyala, the resumption of key public services has played a central role in the successes of bottom-up stabilisation. Yet, challenges remain. In Mosul, only around 10% of citizens surveyed thought the local municipality was in the best position to provide assistance (Mansour, 2018: 8). The Funding Facility for Stabilisation (FFS) was established in April 2015 and aims to help the GoI stabilise cities and districts liberated from ISIS and promote post-conflict recovery in these areas (UNDP Iraq, 2017: 1). FFS teams are rehabilitating water, sanitation and electricity grids in 23 liberated towns in Anbar, Nineveh, Salah al-Din, Diyala, and Kirkuk governorates. Bridges, schools, health centres, pharmacies, hospitals, universities and administrative buildings are being repaired (UNDP Iraq, 2017: 1).

Security and explosive hazards

Cities that ISIS occupied for longer had greater levels of destruction and now face higher levels of explosive hazards [from mines, improvised explosive devices (IEDs) and unexploded ordnances]. The presence of these explosives undermines stabilisation efforts. While cities such as Tikrit, which spent less time under occupation by ISIS, have lower levels of contamination, the organisation planted explosive hazards more systematically in cities such as Ramadi, Fallujah and Mosul, where it had additional time to prepare defences. In Nineveh³, the threat of explosive hazards is particularly high given the importance that ISIS gave to the province and to the city of Mosul (Mansour, 2018: 6). Iraq had taken a novel approach to explosive hazard mitigation in an effort to get civilians back home more quickly. Rather than wait until areas were fully secure, in Tikrit, Ramadi, and Fallujah, demining contractors moved in directly behind the hold forces that arrived to secure areas after the initial combat phase. These efforts were focused on clearing key infrastructure to enable public services to resume: water and power lines and sewage plants were first, followed by schools and health clinics. Specific locations were decided by the Iraqi government in consultation with the UN. This focused and rapid demining effort aimed to enable roads to open and essential services to restart. However, the current programs for explosive hazard mitigation are insufficient to fully handle the problem, given its magnitude. Many important areas remained laced with mines (Culbertson & Robinson, 2017: 31-32).

This concern for the neutralisation of explosive hazards has primarily created a need for local security (and subsequently police) forces that are able to demine, impose the rule of law in the short- to medium-term, and then facilitate the return of IDPs in the long-term (Mansour, 2018: 6). A major challenge has been the limited capacity of 'hold forces' to stabilise and secure towns and cities, before working to establish locally-rooted police forces (Mansour, 2018: 7). One challenge is the fraught relationship between the different hold forces that fought ISIS. Although police force training and recruitment can mitigate against these political disputes and issues related to

³ Also referred to in the literature as Ninewah, Ninewa and Ninevah.

the temporary hold forces, several of the hold forces seek to influence local police and security institutions (Mansour, 2018: 7).

Health services

A recent situation report for Iraq (WHO, 2018: 2) highlights that WHO and health cluster partners continue to work closely with the Iraqi health authorities to deliver health assistance in areas of need with a special focus on areas of return and camps in Nineveh, Sulaymaniyah, Dahuk, Kirkuk, Anbar and West Mosul where populations have limited accessibility to health services. Much health infrastructure was severely damaged and shortage of health workers remains a critical issue. The health cluster and WHO mobile medical clinics (MMCs) and ambulances remain positioned in areas with critical needs and essential lifesaving medicines are delivered to ensure continued service delivery and referrals for patients that require specialised treatment. The following public health concerns were also highlighted (WHO, 2018: 3):

- Limited access to health services by the population in return areas of west Mosul where most health facilities got damaged and Salahadeen due to shortage of health personnel and damaged secondary and tertiary health facilities.
- Limited number of ambulances available in Tikrit to serve the high demand of patients requiring referrals from IDP camps.
- Safe water remains a major concern for the population living in the city of west Mosul.

Cities affected by the war against ISIS

The above sectoral issues affect all areas under ISIS occupation (to varying degrees), but it is important to understand the situation and challenges faced in individual cities:

Tikrit

Tikrit is often viewed as a post-ISIS model for services resumption. The UN's FFS developed a strategy that resulted in the relatively swift resumption of key public services. Eight health centres, five water facilities, seven schools and three electric facilities were reopened by the end of 2016. Part of the reason that Tikrit was able to resume services swiftly is that federal and local authorities were able to work together effectively (Mansour, 2018: 8). High numbers of IDPs have returned to Tikrit in part because of its largely intact road infrastructure, which enabled the swift return of economic activities to the city (Mansour, 2018: 9). The social and tribal make-up of the province has furthermore enabled infrastructure reconstruction and the resumption of public services (UNDP Iraq, 2016 cited in Mansour, 2018: 9). Culbertson & Robinson (2017: 47-48) highlight that a stabilisation strategy and plan was quickly established for Tikrit, which resulted in the fast rehabilitation of the main water pumping station, the reopening of health centres, and reestablishment of the electricity network.

Ramadi and Fallujah

Battles in Anbar were more drawn out and more destructive than those in Tikrit: consequently, rebuilding Anbar was more complicated because its bridges and roads were left damaged and littered with booby-traps and explosive hazards. These roads and bridges, which connect Anbar's cities, are critical for the logistics of reconstruction and stabilisation (Mansour, 2018: 9). Rebuilding efforts in Ramadi were slower, due to the severe damage to the city during the drawn-

out battle for control of the city (Culbertson & Robinson, 2017: 47-48). Fallujah, unlike Ramadi, did not experience wide-scale devastation but still presented rebuilding challenges. In Fallujah, road closures across Anbar province disrupted access to markets and created shortages of fresh produce, and exposed civilians to “extreme vulnerability” when they returned home. In Ramadi, there were no functioning food markets for nearly eight months after the city was liberated from ISIS, requiring the Iraqi government to bring in food supplies during that period. The slow return of markets to Ramadi, in particular, can be attributed to the generally high level of devastation of all major infrastructure in the city.

Mosul

Culbertson & Robinson (2017) highlight that in Mosul under ISIS, public services broke down and infrastructure was destroyed in the fighting, with particular effects on public utilities, health care, and education. Military operations further destroyed electricity and water infrastructure (Culbertson & Robinson, 2017: xii). Three-quarters of Mosul’s hospital space has been destroyed, as have many clinics. While eastern Mosul has begun to come back to life since its liberation in late January 2017 and is experiencing a high rate of returns, western Mosul witnessed far heavier damage to crucial civilian infrastructure and shelter, requiring greater financial investment and time. Thus, markets returned more easily to the east of the city than the west (Mansour, 2018: 9). Further information on public services in Mosul (Culbertson & Robinson, 2017: 41-44):

- *Public Utilities (Water, Sanitation, and Electricity):* City residents had access to electricity for only a few hours per day under ISIS. All electrical generating stations stopped functioning because of a lack of fuel; the electric grid was shut down for a period because of cracks in the Mosul dam; and ISIS controlled private generators. The city had lacked a wastewater system before ISIS, and parts of the city experienced floods of wastewater. Solid waste collection declined under ISIS, causing a build-up of street rubbish. Water was not sterilised, and water treatment capacity was reduced by air raids, leaving water available only a few hours per day at arbitrary times. In the fighting to take East Mosul, all five of Mosul’s bridges were destroyed, which fractured the city’s water system because the pipes ran under the bridges. To deal with the city water and electricity needs, UNICEF moved into East Mosul to develop water and sanitation service centres, and it engineered a pumping system with repairs to pipes (Culbertson & Robinson, 2017: 41). The need for investment in utilities will not be met by these stopgap emergency efforts to resume water and electricity.
- *Health Care:* Health services were severely degraded during ISIS’s occupation. Priority for medical care went to ISIS fighters instead of civilians. Gender segregation affected women’s access to health care. Fees were imposed for previously free services and medicines became less available. The WHO noted that six of Mosul’s twelve hospitals had been destroyed by January 2017. Basic services were neglected, as were routine immunisation and care for chronic diseases. The WHO and its partners started 59 mobile clinics in nearby communities (Culbertson & Robinson, 2017: 42-43).
- *Education:* When ISIS took Mosul in 2014, it closed all of the K–12 schools, changed the curriculum to represent its ideology, and then reopened the schools. The quality of education declined, and ISIS charged fees for school attendance, which had previously been free. The combination of these factors led many parents not to send their children to school, causing a drop in school attendance. ISIS shut down Mosul’s universities, later

reopening only departments related to medicine, engineering and education. Located in East Mosul, much of the campus of Mosul University was destroyed in the fighting. Multiple interviewees noted that the lack of open K–12 schools and universities poses a barrier to IDPs returning home (Culbertson & Robinson, 2017: 43-44).

- *Infrastructure*: Closely intertwined with public service provision is infrastructure. A significant amount of infrastructure (both public and private) in Mosul was destroyed, both by ISIS during the occupation and by Coalition forces during the campaign to liberate Mosul. By August 2016, the United Nations estimated that 50-75% of Mosul's government infrastructure had been destroyed, and 60-75% of its manufacturing and industrial enterprises (Culbertson & Robinson, 2017: 44).

Basra and Southern Iraq

Although more stable than other parts of Iraq, the predominantly Shia southern provinces face challenges vis-à-vis the central government. Although it presides over most of Iraq's oil, Basra has suffered from power blackouts, drug epidemics, the mismanagement of garbage and corruption (Mansour, 2018: 26). Estimates from the World Bank's SCD for Iraq (World Bank, 2017: 29), indicate that multidimensional poverty index (MPI) in Iraq – poor health and education outcomes and limited access to essential services – is at 35%, which is higher than consumption poverty. The South suffers from the highest MPI and consumption poverty rates (World Bank, 2017: 29). Of the various factors that contribute to the MPI, a lack of sanitation, inadequate electricity, and poor nutrition are among the most prevalent deprivations in the country.

Baghdad

In January 2018, the World Bank announced a US\$210 million project *The Baghdad Water Supply and Sewerage Improvement Project* to improve the quality of drinking water supply and wastewater services to 5 million residents in Baghdad (<http://www.worldbank.org/en/news/press-release/2018/01/31/iraq-5-million-residents-in-baghdad-to-benefit-from-improved-water-supply-and-wastewater-services>). Highlighting that they currently suffer from water shortages and the outbreak of waterborne diseases due to inadequate infrastructure, rapid population growth, and the inflow of IDPs. The press release highlights that residents of Baghdad deal with daily water service interruptions, especially during the hot summer months. Leakage from sewer pipes contaminates potable water networks and groundwater aquifers, which aggravates health and environmental problems. Contaminated water supply and improper disposal of sewage force families to spend a significant fraction of their income on medical treatment and to purchase bottled water.

The Kurdistan Region of Iraq

There have been some recent developments that may influence the delivery of public services in KRI in the near future. In March 2018, US officials announced the Iraqi Governance Performance and Accountability (IGPA) program, aiming to help the KRG meet the needs of its people through better governance and delivery of services (see <http://www.rudaw.net/english/kurdistan/1203181>). In April 2018, the KRG introduced a new project *Khizmat* aimed at decreasing bureaucracy and enhancing public services (see <http://www.rudaw.net/english/kurdistan/120420183>).

Debt crises and public-sector salaries

In KRI, even before the administrative separation, loyalty to the regime was often rewarded by putting followers on the public payroll. This practice has continued and even intensified after 2003, and fraud and abuse have become commonplace (DeWeaver, 2017: 3). In an analysis and commentary piece for the US Institute of Peace, Snow (2018) highlights the issues around the insolvency of the KRG. Although precise data on the KRG's debts, revenue and regional GDP are not available, Snow (2018) estimates that the KRG debt is at least US\$17 billion, a level that is probably over 100% of the region's GDP. This is due to a number of economic setbacks suffered by KRG since 2013, including the crash in oil prices, the cost of fighting ISIS and sheltering IDPs, and sharp cuts in revenue transfers from Baghdad. The KRG's fiscal problems were compounded by the central government retaking control of oil wells around Kirkuk in late 2017. To keep the KRG and the region's economy afloat, the KRG ran up debts with a variety of creditors. The KRG owes billions of dollars in back pay to civil servants, who constitute 50% of the region's labour force (Snow, 2018). Prior to the 2014 crisis, the regional government relied on its share of the Iraqi federal budget for around 90% of its revenue, 70% of which was spent on salaries, pensions, and stipends (World Bank Group, 2016 cited in DeWeaver, 2017: 2). Since the start of the crisis in mid-2014, the government has consistently been short of funds to pay employees. Subsidies for refined products and electricity have also been a significant burden on the KRG budget (DeWeaver, 2017: 6).

Political trust between the GoI and KRG remains low, after the latter held a referendum on independence in September 2017 (World Bank Group, 2018b: 1). The 2018 federal budget proposes to reduce transfers to KRG and requires KRG to transfer the entirety of its remaining oil export receipts to the federal government. This lower level of transfers could result in insufficient funds to pay salaries in KRG to the civil servants and the military (World Bank Group, 2018b: 15). Since early 2018, demonstrations demanding payment of salaries have become frequent in the area. In January and March 2018, the federal government made transfers to pay the salaries of the Ministry of Health and Education, following audits to verify the number of employees and the amount of salaries (World Bank Group, 2018b: 15).

Health care

Ross et al (2017) describe the health sector work of the six-year project (starting in 2010) undertaken by the RAND Corporation on behalf of the KRG to study the region's situation after the fall of Saddam Hussein and develop strategies. The public-sector health care system in KRI is primarily funded through a KRG budget allocation, which depends on a payment from the central Iraqi government in Baghdad – the disbursement of which has not always been timely or dependable (Ross et al, 2017: 2). Access to public-sector health care is guaranteed by the KRG draft constitution, but the clinics and hospitals are overcrowded, the doctors are overworked, and the facilities are run down. As a result, many of those who can afford to pay out of pocket turn to physicians in the private sector for care (Ross et al, 2017). One particular issue that impinges on health system financing and delivery efficiency in the region is the problem of physician “dual practice” in which physicians practise in the private sector while also being employed full-time in the public sector. The research also found that although the overall number of primary health care centres was sufficient, the geographic distribution of services provided, staffing, and equipment were uneven (Ross et al, 2017: 3). The RAND team suggested setting up a primary care management information system (MIS) as a major step toward addressing these issues, which is now in the hands of the KRG health leaders to institutionalise. Finally, Ross et al (2017:

5) highlight that intensifying budgetary and critical security needs since the invasion of ISIS, and the influx of internally displaced Iraqis and Syrian refugees mean that the KRG's resources have become severely constrained, putting the health system under even more stress than in 2010.

IDPs

Culbertson & Robinson (2017: 21) report that the large numbers of IDPs forced to live in surrounding areas of those affected by ISIS placed strains on host community public services (such as health care, education, water and sanitation, and electricity), as well as on markets for housing and jobs. For example, Erbil in KRI has experienced a 30% increase in population since 2014 due to the 1.8 million displaced people that it hosted (Syrian refugees and Iraqi IDPs from Nineveh and other parts of Iraq). Public services such as education and health care were offered to the IDPs, but the ongoing financial crisis precluded associated additional funding for the increased demands on public services. The KRG estimated that it spent US\$120 million per month on refugee and IDP-related expenses (Culbertson & Robinson, 2017: 21).

5. Constraints to service delivery⁴

Institutional and financial capacity

The World Bank's (2017: 8) SCD of Iraq highlights that institutional capacity is weak as a result of the decimation of the state following wars and sanctions, and the de-Ba'athification⁵ decisions taken by the Coalition Provisional Authority (CPA). This has severely hampered reconstruction efforts. There are significant gaps in the existing institutional and financial structures that prevent the Governorates from delivering services in an efficient and effective manner. Despite the devolution provisions of Law 19, the Governorates continue to face a variety of constraints that impede their ability to deliver services (World Bank, 2016: 9). There are no clear plans for the transfer of staff, no clear guidelines for the reporting and accountability relationships of devolved staff to the Governorates and former parent Ministries, and no clarity in the organisation of the civil service under the decentralised context. Although the Governorates prepare their Provincial Development Plans through a system of consultation at the district and sub-district levels, the final choice of projects and their implementation continues to be essentially a centrally driven process (World Bank, 2016: 9). Poor coordination between federal and local authorities has prevented reconstruction progress in some areas (Mansour, 2018: 8).

One legacy of Iraq's centralised governance system is that directorates in each province generally have the same structure and perform the same functions in the same way. In contrast, institutional and individual staff capabilities within provincial directorates and the political will to implement reform vary across provinces (Diamond & Berkuti, 2017: 6). For several years, when the Iraqi government had money but failed to deliver public services, the prevailing assumption was that corruption was to blame. Although this assumption was not entirely unfounded, the

⁴ The findings of the [Secure Livelihoods Research Consortium](#) may be of interest for more general information on service delivery and state capacity in fragile and conflict-affected situations, although they did not undertake research in Iraq specifically.

⁵ After the fall of the Iraqi regime in 2003, the new CPA introduced a sweeping, indiscriminate de-Baathification process intended to rid the country of the Baath party's influence.

federal government's mismanagement of resources also significantly contributed to the problem. Even with fewer financial resources, more effective management at the provincial level has improved service delivery (Diamond & Berkuti, 2017: 6).

DeWeaver 92017: 14) emphasises the lack of a system to implement reforms as a key barrier to improving public sector governance in the KRG. The bureaucracy is corrupt and poorly managed, lacks competent staff, and is so underfunded as a result of the salary crisis that employees are coming in as infrequently as only once a week. Under these circumstances, there is hence a considerable gap between how policies are supposed to work in theory and how they actually turn out in practice.

Bureaucratic bottlenecks

Diamond & Berkuti (2017: 4) highlight that local governments in Iraq may already have the responsibility, authority, and resources to deliver local services but that bureaucratic bottlenecks prevent them from doing so. The nuances of the complex bureaucratic bottlenecks at the federal level reflect the deep, vested interests of the large, centralised state institutions left behind by Saddam Hussein. Control of the central government, which is still the largest and most desirable employer in Iraq, continues to represent a lucrative prize for political parties (Diamond & Berkuti, 2017: 4).

Political patronage and corruption

The political changes in Iraq over the past 15 years at the central level have done little to diminish the notion that party loyalty supersedes governing responsibility. According to Diamond & Berkuti (2017: 3), political patronage is the dominant factor in all the country's decision-making processes, especially those related to reforms at the federal level that will shift the control of resources.

Efficient public procurement processes are often undermined by bribery and kickbacks. Difficulties with corruption and unreliable dispute resolution mechanisms remain common complaints from companies operating in Iraq. Weak public administration, lack of experienced staff, high insecurity, and weak oversight of government spending provide incentives and opportunities for corruption (World Bank Group, 2018b: 12). Many Iraqis now point to corruption, above sectarianism, as the root-cause of the collapses in the state-building cycle (Mansour, 2018: 20).

At the central government level, the combination of a weak yet resource-rich rentier state has allowed competing groups to capture state resources and contracts, decimate institutions, and undermine the development of a competitive private sector. The various power groups (such as sectarian and ethnic groups and militias) regard governance structures simply as means to capture rents and thus vie for control over them (World Bank, 2017: 19). The politicisation of state institutions and the robbing of state resources have undermined the effective and equitable delivery of services, thus exacerbating the crisis of legitimacy and the challenges to state authority (World Bank, 2017: 64).

Low levels of public investment

Diminishing resources present another, more recent, obstacle to the delivery of public services. Even in provinces and directorates with well-intentioned change agents, Iraq's widening budget

shortfall has required government officials to do more with less, and to manage public expectations (Diamond & Berkuti, 2017: 3). Iraq has neglected its non-oil infrastructure, and poor quality services are aggravated by inadequate infrastructure and low levels of public investment (World Bank, 2017: 2). Overcoming some of these constraints to local capacity and financial management is essential (World Bank, 2017: 4).

Extent of damage and existing infrastructure

Service-delivery gaps in each province also depend on the availability and condition of infrastructure and equipment and the pressure internal migration places on the province's systems (Diamond & Berkuti, 2017: 6). Another determinant of the success or failure of public services resumption is the extent of road and bridge damage in recently-liberated areas. Road infrastructure investment and repair should, as such, be a priority for economic stabilisation efforts. It should furthermore be coordinated effectively by the different Iraqi authorities (Mansour, 2018: 9).

Importance of context and local dynamics

Iraq's various fiscal, security, and humanitarian crises hindered the government's ability to deliver the services needed for poverty reduction, social inclusion and economic development (World Bank Group, 2018b: 6). Changing the mind-set of stakeholders is a protracted process that can only be accomplished through multiple interventions. Barriers differ at the central and provincial levels; thus, maintaining a good understanding of the context and drivers in each ministry and each province is essential to optimising the project's impact. One lesson learned from the Taqadum project is that this process might have been expedited had the project included a more formal analysis of the political economy in its decentralisation mapping-and-analysis plan (Diamond & Berkuti, 2017: 7). A poor local-central relationship also affects the bottom-up legitimacy of local actors. Many citizens in Mosul view senior Sunni political figures as propped up by external actors. They question whether these politicians carry any legitimacy. Nonetheless, international stakeholders continue to engage with the same leaders and, in doing so, assign legitimacy to them without taking into account shifts in local dynamics. The failure of international actors to focus on changing local legitimacy is detrimental to stabilisation (Mansour, 2018: 9).

6. References

- Brinkerhoff, D. W., & Johnson, R. W. (2009). Decentralized local governance in fragile states: Learning from Iraq. *International Review of Administrative Sciences*, 75(4), 585-607. <http://journals.sagepub.com/doi/abs/10.1177/0020852309349424>
- Culbertson, S. & Robinson, L. (2017). *Making Victory Count After Defeating ISIS: Stabilization Challenges in Mosul and Beyond*. Santa Monica, CA: RAND Corporation. https://www.rand.org/pubs/research_reports/RR2076.html.
- DeWeaver, M. (2017). *Making Ends Meet: Economic Reforms in the Kurdistan Region of Iraq*. IRIS Iraq Report. American University of Iraq-Sulaimani. <http://auis.edu.krd/iris/iraq-report/making-ends-meet-economic-reforms-kurdistan-region-iraq>
- Diamond, T., & Berkuti, C. (2017). *Improving Services and Strengthening Cohesion in Fragile States: The Case of Iraq*. Chemonics International. <https://chemonics.com/resource/improving-services-strengthening-cohesion-fragile-states-case-iraq/>

Gaston, D. & Derzsi-Horváth, A. (2018). *Iraq After ISIL: Sub-State Actors, Local Forces, and the Micropolitics of Control*. Berlin: GPPi.

http://www.gppi.net/fileadmin/user_upload/media/pub/2018/Gaston_Derzsi-Horvath_Iraq_After_ISIL.pdf

IMF. (2017). *Iraq: Selected Issues*. IMF Country Report No. 17/252, Middle East and Central Asia Department, Washington, D.C.: International Monetary Fund.

<https://www.imf.org/en/Publications/CR/Issues/2017/08/09/Iraq-Selected-Issues-45175>

LSE Middle East Centre (2018) *Iraq and its regions: Baghdad-provincial relations after Mosul and Kirkuk*. Sleiman-Haidar, R. & McGinn, J. (eds.), London, UK: LSE Middle East Centre.

<http://eprints.lse.ac.uk/87228/>

Mansour, R. (2018). *Rebuilding the Iraqi State: Stabilisation, Governance, and Reconciliation*. Belgium: European Union.

[http://www.europarl.europa.eu/thinktank/en/document.html?reference=EXPO_STU\(2017\)603859](http://www.europarl.europa.eu/thinktank/en/document.html?reference=EXPO_STU(2017)603859)

Ross, A.C., Moore, M., Hilborne, L.H., Rooney, A., Hickey, S., Ryu, Y., & Botwinick, L. (2017). *Strengthening Health Care in the Kurdistan Region of Iraq*. Santa Monica, CA: RAND Corporation.

https://www.rand.org/pubs/research_briefs/RB9990.html.

Snow, A. (2018). *Kurdistan Region's Debt Crisis Threatens Iraq's Economy*. United States Institute of Peace, Analysis and Commentary, May 9 2018.

<https://www.usip.org/publications/2018/05/kurdistan-regions-debt-crisis-threatens-iraqs-economy>

UNDP Iraq. (2017). *UNDP and the Funding Facility for Stabilisation in Iraq - Fast Facts*. UNDP Regional Bureau for Arab States. <http://www.undp.org/content/undp/en/home/librarypage/crisis-prevention-and-recovery/undp-and-the-funding-facility-for-iraq-stabilization-.html>

Unicef. (2017). *The Cost and Benefits of Education in Iraq: An Analysis of the Education Sector and Strategies to Maximize the Benefits of Education*. New York: Unicef.

<https://reliefweb.int/report/iraq/cost-and-benefits-education-iraq-analysis-education-sector-and-strategies-maximize>

WHO. (2018). *Iraq Humanitarian Emergency: Situation report Issue number 4*. 01–30 April 2018.

WHO. <http://www.emro.who.int/irq/information-resources/situation-reports-2017.html>

World Bank Group. (2018a). *Iraq's Economic Outlook - April 2018*. Washington, D.C.: World Bank.

<http://documents.worldbank.org/curated/en/684821523635346426/pdf/125253-MEM-April2018-Iraq-EN.pdf>

World Bank Group. (2018b). *Iraq Economic Monitor, Spring 2018: From War to Reconstruction and Economic Recovery*. Washington, D.C.: World Bank.

<https://openknowledge.worldbank.org/handle/10986/29688>

World Bank. (2017). *Iraq - Systematic Country Diagnostic (English)*. Washington, D.C.: World Bank Group.

<http://documents.worldbank.org/curated/en/542811487277729890/Iraq-Systematic-Country-Diagnostic>

World Bank. (2016). *Decentralization and Subnational Service Delivery in Iraq: Status and Way Forward*. World Bank, Washington, D.C.: World Bank.

<https://openknowledge.worldbank.org/handle/10986/24757>

Key websites

- Relief Web Iraq: <https://reliefweb.int/country/irq>
- World Bank In Iraq: <http://www.worldbank.org/en/country/iraq>

Suggested citation

Price, R.A. (2018). *Iraqi state capabilities*. K4D Helpdesk Report. Brighton, UK: Institute of Development Studies.

About this report

This report is based on five days of desk-based research. The K4D research helpdesk provides rapid syntheses of a selection of recent relevant literature and international expert thinking in response to specific questions relating to international development. For any enquiries, contact helpdesk@k4d.info.

K4D services are provided by a consortium of leading organisations working in international development, led by the Institute of Development Studies (IDS), with Education Development Trust, Itad, University of Leeds Nuffield Centre for International Health and Development, Liverpool School of Tropical Medicine (LSTM), University of Birmingham International Development Department (IDD) and the University of Manchester Humanitarian and Conflict Response Institute (HCRI).

This report was prepared for the UK Government's Department for International Development (DFID) and its partners in support of pro-poor programmes. It is licensed for non-commercial purposes only. K4D cannot be held responsible for errors or any consequences arising from the use of information contained in this report. Any views and opinions expressed do not necessarily reflect those of DFID, K4D or any other contributing organisation. © DFID - Crown copyright 2018.

