

THE INDEPENDENCE OF THE CENTRAL BANK OF IRAQ IN THE FACE OF THE LEGISLATIVE AND FINANCIAL AUTHORITIES: AN ANALYTICAL STUDY IN IRAQI LAW

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Abstract.

Introduction

The state's encroachment on the independence of the Central Bank is one of the most dangerous violations of the country's national economy, as this interference does not reflect wisdom or full awareness of what the Central Bank seeks to achieve. The deterioration of the value of the national currency is one of the most important consequences of state authorities' interference in the activities of the Central Bank, which in turn leads to significant inflation in the value of the currency and, consequently, weakens public confidence in the fiscal and monetary policies pursued by all state authorities, including the Central Bank. Conversely, state authorities must cooperate to achieve economic stability in the country, which obligates all authorities to exert all efforts to achieve coordination and cooperation among these authorities to maintain the stability of the country's economic, financial, and monetary conditions. To fully encompass the subject of our research, we will address it in detail through the following points:

The Importance of the Research: The independence of the Central Bank of Iraq is considered one of the inherent characteristics of the Central Bank, in terms of the laws regulating this legal entity. However, this characteristic is not fixed or solid, as is commonly believed, as it is subject to numerous instances of abuse, which represents a serious threat to ensuring the stability of monetary policy. The management of monetary policy in any country is crucial. Therefore, this research must address these cases in Iraqi law, both in terms of the principle of independence and the violations that have occurred in this principle. Some of these violations have been replaced by legal foundations, while others constitute a violation of the principle of separation of powers.

Research Objective: Our research aims to demonstrate the extent of the independence of the Central Bank of Iraq, in accordance with the provisions of the Constitution and applicable laws. It also aims to define the limits of interference by the legislative and financial authorities in its work, while assessing the manifestations of violations of its sovereign powers. This is done with the aim of uncovering the legal and economic implications of these violations, and then proposing solutions and mechanisms that ensure the strengthening of its independence and its protection from political and financial pressures, thus achieving monetary policy stability and protecting the national economy.

Research Hypothesis: Our research hypothesis is based on proving that the Central Bank of Iraq is essentially independent, according to Iraqi law. However, this independence does not preclude coordination, cooperation, and collaboration in the distribution of powers related to monetary and fiscal policies, particularly with the financial authority. Conversely, this independence has not prevented numerous instances of breach by the financial authority, based on the state of instability and power imbalance between the monetary and financial authorities in Iraq.

Research Problem: The principle of separation of powers is stipulated in Article (47) of the Iraqi Constitution of 2005, which states, "The federal authorities shall consist of the legislative, executive, and judicial authorities, exercising their jurisdiction and duties on the basis of the principle of separation of powers." However, there are instances that constitute a violation of this principle, resulting from the consequences of the independence of the Central Bank of Iraq. Therefore, we are faced with a real-life case that represents a breach of independence, despite the existence of regulatory legal texts. This is a major problem related to the force and enforcement of the law.

Scope of Research: Our research will address instances of abuse in the legal texts regulating the relationship between the Central Bank and the financial authority in Iraq within the framework of the 2005 Constitution.

Research Methodology: To determine the reasons for the abuses committed by the legislative and executive authorities against the bank's independence. The Central Bank of Iraq relied on an

inductive approach to legal texts related to cases of abuse by both the legislative and executive authorities, as well as an analytical approach.

Research Structure: The research topics will be addressed as follows:

The first section addresses the administrative and financial independence of the Central Bank of Iraq, while the second section addresses cases of legislative authority abuse of the Central Bank of Iraq's jurisdiction. The third section addresses cases of financial authority abuse of the Central Bank of Iraq's jurisdiction. We conclude our research with the most important conclusions and recommendations.

The First Requirement

Administrative and Financial Independence of the Central Bank of Iraq

The independence of the Central Bank from the financial authorities is a fundamental pillar upon which the Central Bank of Iraq has been built since its inception. This is due to the fact that its complete subordination to the financial authorities led to excessive borrowing from the Central Bank, which led to a deterioration in the value of the currency in many countries, particularly in the period following the two world wars. Despite the Central Bank's monopoly over the issuance of the country's national currency and its contribution to providing advice and assistance, it should not be a government agency. Rather, it should remain an environment independent of the financial authorities. This independence does not prevent it from cooperating with entities involved in the economic and financial life cycle, but it is independent of the management of the financial authorities. Therefore, its activity and the exercise of its jurisdiction should not be hindered or obstructed by any interference from the financial authorities. It can be said that the independence of the Central Bank was not a spur-of-the-moment development, but rather came after a bitter struggle with the financial events and economic fluctuations that the world witnessed as a result of successive wars and international crises. In addition, these events contributed effectively to granting this independence sufficient space to advance the status of central banks, especially in developing countries whose economies witnessed continuous fluctuations due to the policies pursued by the governments of those countries. This was observed when American forces entered Iraq in 2003. The care taken by those forces in the Central Bank and its documents, and their protection from burning and looting, reinforced the importance of this institution and the extent of their interest in it. In addition, the Iraqi Central Bank Law, Order No. (56) of 2004, is a translation, or rather, legislation, drafted by the Provisional Coalition Authority (the occupying authority) and their advisors. This legislation was signed by the then-civilian governor of Iraq (Paul Bremer) in 2004, and this legislation was not published in the Official Gazette (the Iraqi Gazette) due to the lack of a legislative authority at the time in Iraq. The Permanent Iraqi Constitution of 2005 explicitly stipulates the financial and administrative independence of the Central Bank of Iraq (1), as the sole entity managing the country's monetary policy. The Central Bank is accountable to the Council of Representatives, not the financial authority. Furthermore, the Central Bank of Iraq Law No. (56) of 2004, as amended, referred to this independence, as the legislator sought to enable the Central Bank of Iraq to achieve the objectives for which it was established (2). Granting the Central Bank of Iraq the right, in light of its Law by Order No. (56) of 2004, to formulate and implement monetary policy is due to several factors, including:

1- It is the body most knowledgeable about the country's monetary policy, according to the foundations of its financial, administrative, and planning independence, as the formulation and implementation of monetary policy is one of the most prominent indicators and proofs of the independence of the Central Bank of Iraq, as it is the sole authority in the country responsible for implementing it, without receiving instructions or directives from the financial authority or any other governmental institution. In light of this, granting the Central Bank of Iraq the right to formulate and implement monetary policy has significant positive repercussions and effects.

2- It has complete freedom to act according to the general economic situation of the country, so that the Central Bank of Iraq can draw up and formulate monetary policy in a way that achieves the objectives of monetary policy, which must be consistent with the overall economic policies pursued by the financial authority in the country. In this case, it is required to provide assistance, opinion and advice. The financial authority, according to its law, stipulates that it must not conflict with monetary policy.

3- The use of monetary policy tools by the Central Bank of Iraq is an important factor that enables the central bank to operate within an environment of independence, enabling it to make appropriate decisions. Furthermore, achieving stability in the general price level and creating an advanced monetary system capable of confronting economic challenges and crises and preserving the monetary value of the national currency all demonstrates the ability of a monetary institution capable of maintaining these results, which gives it complete independence, enabling the central bank to fulfill its true role (3).

To clarify the independence of the Central Bank, we will discuss it through the statement of the administrative independence of the Central Bank in the first section, while in the second section, we will discuss the financial independence of the Central Bank of Iraq.

Section One

Administrative Independence of the Central Bank

Administrative independence of the Central Bank means the presence of a senior authority within the bank that manages it and exercises its administrative powers within the framework of achieving economic stability for the country. The Central Bank has absolute authority to provide human resources to manage its activities without referring to the financial authority to provide this. This authority was granted to it by the current amended Central

Bank of Iraq Law. Therefore, the necessity of this body (the Board of Directors of the Central Bank and the Governor of the Central Bank) is an absolute necessity that enables the Central Bank to select employees without referring to the financial authority. If the latter were legally granted the opportunity to select employees at the Central Bank, this would open the door wide open to interference from the financial authority to exert pressure and influence the Central Bank's decisions. The Iraqi legislator did well when he granted this authority to the administrative apparatus of the Central Bank of Iraq. Therefore, it can be said that the selection of employees by the Central Bank administration is for specialized individuals who are supposed to be far from the pressures of politicians, as specialists can look at the long term and how the effectiveness of monetary policy should be within the overall economic activity. In addition, the multiplicity of functions of independent bodies requires their independence, especially with regard to the Central Bank and its importance in distinguishing it from the ministry and entities not linked to a ministry, and that its connection to the financial authority leads to bureaucracy that negatively affects its performance (4). However, the question that arises in this regard is who chooses the Chairman of the Board of Directors of the Central Bank of Iraq, who is the Governor of the Central Bank? This matter would greatly clarify the degree of independence of the Central Bank from an administrative standpoint. If the final word was held by the financial authority (the Council of Ministers and the Ministry of Finance) in selecting the Governor of the Central Bank, starting from nomination to appointment, then we would be faced with a weak position and failure to achieve the concept of independence enjoyed by the Central Bank. Also, the weak criteria on the basis of which the Governor is selected, the lower the degree of independence, while the presence of an elected neutral body that undertakes the selection process or the necessity of its approval of the nomination, then here it can be said that there is a degree of independence (5). This is what the Central Bank of Iraq Law No. (56) of 2004, as amended, adopted when it obliged the supreme financial authority (the Prime Minister) to propose a person with experience and expertise in banking, financial or economic affairs to assume the position of Governor of the Central Bank of Iraq, but with the approval of the House of Representatives (6). It is clear from this that the current legislation of the Central Bank of Iraq has taken great care in the matter of the Central Bank's independence. It did not stipulate that the appointment of the Governor of the Central Bank of Iraq is solely the responsibility of the financial authority, but rather was jointly carried out by the legislative authority. This is a good thing (the executive authority includes the financial authority, which proposes, while the legislative authority, represented by the Council of Representatives, selects).

Section Two

Financial Independence of the Central Bank

The degree of independence of the Central Bank increases the less the financial authority interferes in financing its revenues and determining its expenditures. The Central Bank does not have the right to exercise prior financial oversight over the financial transactions undertaken by the Central Bank, which limits its ability to formulate its policy. Monetary and economic matters. Furthermore, indirect pressure by the financial authority on the Central Bank's direction through the Central Bank's budget, in the event of failure to implement the orders of the higher financial authority, is not a sound criterion for its financial independence.

It is clear that the financial independence of the Central Bank is of great importance in protecting the Central Bank from the interference of the financial authority and its attempts to exploit certain legislative gaps to interfere in monetary policy. This has prompted the legislator to grant this independence to the Central Bank, granting it sufficient and necessary freedom to manage its financial resources and granting it sufficient powers to employ these funds to achieve its desired goals.

In addition, independence refers to the Central Bank's ability to finance its budget from its own resources, and its independence in preparing its resources within constitutional and legal standards and frameworks, while providing sufficient reserves to enable it to move flexibly to achieve its objectives of monetary and financial stability and achieving development goals, which are among the Central Bank's most important programs. In light of this, we will explain the Central Bank of Iraq's budget and the extent of its independence, which contributes to granting the Central Bank financial independence, as follows:

1 - Central Bank Budget

The budget of any body or institution is a plan or program that outlines the financial position of that legal entity and contributes effectively to the regularity of disbursements, represented by expenditures, and revenue collection, represented by the collections that cover those expenditures. The Central Bank, like any independent entity, has its own annual budget, in addition to its expenditures, revenues, and financial position.

However, the question that arises in this regard is: Is the annual general budget of the Central Bank of Iraq an independent budget, and who approves and ratifies this budget?

Before delving into the details of the Central Bank of Iraq's budget, it is necessary to address the concept of an independent budget, its characteristics, and the reasons for its approval.

2 - The Concept of an Independent Budget

Financial jurisprudence has provided numerous definitions of the independent budget. It has been defined as a budget separate from the general budget of the state and includes the estimated revenues and expenditures of public institutions that enjoy an independent legal personality, separate from the legal personality of the state, and enjoy financial and administrative independence. The general accounting and financial systems of the general budget of the state do not apply to them.

It can be argued that this definition deviates from the norm and general rules of legal and accounting systems, as it separates the legal personality of any public entity from the legal personality of the state. This is impossible because the legal entities included within the legal personality of the state are an integral part of that entity. Therefore, it is impossible to separate a public entity from the state with a budget independent of the state. Furthermore, the independent budget of any public entity is not subject to accounting systems, and this is a clear and explicit violation of the general rules for protecting public funds. How can a budget financed by the state be oversightless, especially given the alarming prevalence of financial and administrative corruption? Some have defined it as special budgets for public legal entities with financial and administrative independence. This independence gives them the opportunity to have their own budgets independent of the general budget of the state, in terms of the possibility of adopting a special accounting year whose beginning or end may differ from the state's fiscal year. It can be argued that agreement with this definition is closer to the concept of an independent budget because its beginning and end differ from the beginning and end of the fiscal year of the state's general budget, and it is subject to all the legal rules and provisions governing the state's general budget.

3 - Characteristics of an Independent Budget

An independent budget has several characteristics, which can be summarized as follows:

- A. The independent budget retains its surplus revenues for itself and then covers its expenditures from them after the budget is approved.
- B. The independent budget is issued in a document separate from the state's general budget.
- C. The independent budget is not subject to the rule of comprehensiveness because its expenditures and revenues are not included in the general budget in detail.
- D. The beginning and end of its fiscal year differ from the beginning and end of the fiscal year of the state's general budget.

4 - Reasons for approving or granting an independent budget

There are some reasons why an independent budget is granted to some independent legal entities that enjoy administrative and financial independence, based on several considerations, including (7):

A - Financial considerations

The public entity enjoys administrative and financial independence to achieve specific purposes, which are usually stipulated in its laws, and this is what the law stipulates. Central Bank of Iraq Law No. (56) of 2004, as amended, states that the budget allocated to the Central Bank of Iraq remains allocated to the purpose it seeks to achieve.

B- Legal Considerations

Granting an independent legal entity, enjoying administrative and financial independence, such as the Central Bank of Iraq, an independent budget is due to legal reasons, such as the existence of a provision in international agreements, in the law of the entity itself, or explicitly in the constitution, such as the budget of the federal judicial authority.

C- Economic Considerations

Granting an independent budget to some independent bodies sometimes frees them from governmental procedures, which allows these bodies to retain their revenues, which helps them advance, better manage their interests, and improve the methods used to provide services to individuals.

D- Political Considerations

Granting an independent legal personality often results in distancing that entity from narrow political and partisan influences that impact the decisions and general directions that that independent legal personality seeks to achieve. Returning to the budget of the Central Bank of Iraq, the Iraqi constitutional legislator in the 2005 Constitution stipulated that the Council of Ministers has the authority to prepare the draft general budget, the final account, and development plans (8). This authority was considered a constitutional principle that cannot be contradicted unless exempted by another constitutional provision. This is what the constitutional legislator stipulated in the core of the Iraqi Constitution when it granted the authority to prepare an annual budget for the federal judiciary and submit it to the Council of Representatives for approval (9).

It is clear from this that the Iraqi Constitution explicitly omitted any reference to the Central Bank of Iraq having a budget independent from the general state budget, in accordance with the principle of budget unity. Furthermore, the Iraqi constitutional judiciary, represented by the Federal Supreme Court, issued a ruling stating that independent bodies do not have an independent budget (10). The court relied on Article (47) of the Constitution, which stipulates that "the federal authorities shall consist of the legislative, executive, and judicial authorities, which shall exercise their powers and duties on the basis of the principle of separation of powers."

The current Central Bank of Iraq Law does not explicitly state that the Central Bank shall have an independent budget, but rather indicates that, in order to carry out the tasks assigned to it, it shall determine its budget and finance it from its own resources (11). The legislator also indicated elsewhere in the current Central Bank of Iraq Law that the Bank's Board of Directors shall be obligated to determine the annual budget of the Central Bank of Iraq and the plan for its employees (12).

It is clear from all of the above that the draft annual budget of the Central Bank of Iraq does not proceed in accordance with the normal course of events for the budgets of other state institutions, as this budget is not sent to the direct financial authority (Ministry of Finance/Budget Department), is not integrated with other budgets, deviates from the rule of budget unity, does not appear within the single document of the state's general budget, does not appear in its tables, and does not allocate any of its chapters, because the text in the current Central Bank

of Iraq Law explicitly states: Granting it an independent budget is a position that guarantees its independence, even if it is not stipulated in the constitution. This grant would distance the Central Bank from the interference of the financial authority and protect it from political disputes and whims. Conversely, if the constitution does not stipulate an independent budget for the Central Bank, this does not mean that the annual budget of the Central Bank of Iraq should not be submitted to the Council of Representatives for approval, as is the case today. Therefore, the budget must be submitted to the Council of Representatives for two reasons:

First: Approval of the Central Bank's budget by the Council of Representatives lends greater credibility to the Central Bank's financial actions, as they will be discussed within Parliament by representatives of the people.

Second: The Central Bank is accountable to the Council of Representatives, according to the constitutional text. For the matter to be based on sound and professional foundations, the Council of Representatives must be informed in advance of all the activities and financial program of the Central Bank of Iraq, and have a detailed overview of its expenditures, revenues, and financial position.

Second Requirement

The Legislative Authority's Encroachment on the Powers of the Central Bank of Iraq

The influence of independent bodies on Iraqi legislation, including the Central Bank of Iraq, is embodied in the legislative enactment phase, which is one of the inherent powers of the Iraqi legislative authority, represented by the Council of Representatives. Legislation undergoes several stages before its issuance and entry into force, including proposal, discussion, voting, ratification by the President of the Republic, and publication in the Official Gazette (the Iraqi Gazette). In light of this, we will divide this section into two sections. The first section will address the powers of the Council of Representatives, while the second section will address cases in which the legislative authority encroaches on the powers of the Central Bank.

Section One

Powers of the Council of Representatives

Proposing laws is one of the inherent powers of the Iraqi Council of Representatives, according to the 2005 Constitution (13). Proposal is the first stage of the normal legislative process, beginning in the form of a draft law. Before proposal, a draft law has no legal validity. After proposal, however, it is presented to the Council of Representatives, which must examine it to approve it as is, amend it, or reject it (14).

The Iraqi Constitution of 2005 granted both the legislative and executive authorities the right to propose laws (15). The role of independent bodies emerged after the events of 2003. Among these roles was proposing laws related to the exercise of their powers and functions and submitting them to the legislative authority for study and adjudication. The reason for granting this right to these bodies is to address deficiencies and shortcomings in the relevant laws, especially since their primary function is to ensure the principle of legitimacy, strive to achieve that principle, and guarantee rights and freedoms (16).

However, the question that arises in this regard is: Has the Iraqi legislative authority (the Iraqi Council of Representatives) encroached upon the powers of the Central Bank of Iraq by enacting a law or adding legal provisions to a law? Before answering the question, it must be stated that the independence enjoyed by the Central Bank of Iraq is among the highest levels of independence among major financial institutions in developed countries. After 2003, the Iraqi legislature, as a result of the administration of the Iraqi state by the Provisional Coalition Provisional Authority, paid significant attention to the Central Bank, giving it substantive and formal independence. After the Iraqi constitution was drafted and put to a general referendum in late 2005, the Coalition Provisional Authority also had a significant influence on the drafting of the constitution. Among the dictates imposed on the drafters of the constitution was to give the Central Bank of Iraq its natural size, making it a financially and administratively independent body, accountable to the Council of Representatives (17). Furthermore, one of the primary powers of the Iraqi Council of Representatives is oversight of all state institutions and bodies, including oversight of the Central Bank of Iraq, which is of two types (18):

1- Parliamentary oversight of the individuals working at the Central Bank

The Iraqi Council of Representatives, upon the proposal of the supreme financial authority (the Council of Ministers), may ratify the appointment of the Governor of the Central Bank of Iraq and his two deputies (19). Members of the Council of Representatives may also raise the political responsibility of Central Bank officials. Iraqis, by directing questions to them (20), interrogating them in accordance with the procedures related to the financial authority (ministers), and dismissing them from their positions by an absolute majority (21).

It can be said that the procedures applicable to members of the financial authority also apply to the governor and his deputies of the Central Bank. This is a matter of great reassurance, given that they are independent bodies, both administratively and in terms of membership.

2- Parliamentary Oversight of the Central Bank's Operations

The Iraqi Council of Representatives, as a legislative body, has the authority to enact laws regulating the functions and powers of the Central Bank. However, the authority of the Council of Representatives to enact legislation is restricted by following the constitutional procedures and formalities that pave the way for the enactment of legislation. In addition, the Central Bank of Iraq Law requires the governor of the Central Bank to submit reports to the legislative authority at least once a year on the financial operations and data conducted by the Central Bank, as well as on its monetary policy and objectives, including events affecting the country's economic situation and monetary and financial policies (22).

From all of the above, it is clear that submitting reports from the Governor of the Central Bank of Iraq to the Council of Representatives is a logical matter under a parliamentary system, where the Central Bank is accountable to it according to the Constitution. This does not prejudice the independence of the Central Bank nor conflict with constitutional principles. The presentation of the results of the periodic reports by the Governor of the Central Bank of Iraq is a valid matter and does not constitute an encroachment or interference by Parliament in the work of the Central Bank of Iraq.

Section Two

Cases of Legislative Authority Overriding the Central Bank's Jurisdiction

The Iraqi Council of Representatives has overridden the precise jurisdiction of the Central Bank of Iraq by adding legal provisions to some of the laws it enacted. Had it not been for the constitutional judiciary, represented by the Federal Supreme Court, these provisions would have been in effect and significantly impacted monetary policy, first, and then financial and economic policy as a whole. This was the case with Federal Budget Law No. (2) of 2015 (23).

The crux of this overriding concern is the addition of Articles (46) and (50) to the law by the Finance Committee of the Iraqi Council of Representatives. Article (46) stipulates that "the establishment of Islamic banks is exempt from the Central Bank of Iraq's instructions regarding increasing bank capital to encourage Islamic banking services, and it shall not apply retroactively." Adding a legal provision that falls within the Central Bank's purview constitutes a real overriding of the Central Bank's jurisdiction. Furthermore, by this overriding, the Council of Representatives is undermining the Central Bank's independence, based on the constitutional text that recognizes the Central Bank's accountability to the Council of Representatives, which has been exploited and exploited by adding legal provisions directly related to monetary policy. Article (50) stipulates that "the Central Bank is committed to limiting its sales of hard currency (dollars) in the daily auction to a ceiling not exceeding \$75 million per day, while ensuring fairness in the sales process. The bank participating in the auction is required to submit documents for the entry of goods, tax accounting data, and customs savings within 30 days from the date of purchase of the amount. Otherwise, the penalties stipulated in the Central Bank Law or the instructions issued by it shall be applied to the bank, and other banking tools shall be used to maintain the strength of the dinar against the dollar." The objective behind adding this article to the Federal Budget Law, in the opinion of the Finance Committee of the House of Representatives, is to ensure a reduction in the phenomenon of waste of public funds by setting a ceiling on currency auction sales, in the belief that the Central Bank is not using its other monetary instruments properly and not performing its true role. However, this has negatively impacted the performance of the Central Bank of Iraq had there not been a constitutional court to challenge the two added articles. The Deputy Governor of the Central Bank of Iraq challenged these two articles before the Federal Supreme Court, as follows: What is stated in Articles (46 and 50) of the Federal Budget Law of 2015 intersects with the spirit of the current Iraqi Constitution and the Central Bank of Iraq Law No. (56) of 2004, as amended, and with the economic and financial approach adopted by the state in the Constitution, as Article (60) of the Iraqi Constitution stipulates, first: Draft laws shall be submitted by the President of the Republic and the Council of Ministers. Second: Proposed laws are submitted by ten members of the House of Representatives, or by one of its specialized committees, and Article (62) of the Constitution stipulates: First: The Council of Ministers shall submit the draft general budget law and the final account to the House of Representatives for approval.

Since the 2015 Federal Budget Law did not include Articles 46 and 50, but rather were proposed by a House of Representatives committee, this violated the procedures established by the Constitution for preparing and issuing laws. The draft general budget law should have been returned to the Council of Ministers, along with the articles added to the law for the purpose of amending the draft. Furthermore, the Prime Minister's legal representative stated before the Federal Supreme Court that adding the two articles under consideration in the lawsuit conflicts with the independence of the Central Bank, and that its implementation would have negative effects at the international level and before international financial institutions, namely the lack of independence of the Central Bank in formulating the country's monetary policy and supervising the banking system in the country, as well as government and private banks. This would negatively impact the dealings of countries and international financial institutions, including the International Monetary Fund, with the Republic of Iraq. It would also expose Iraq's reserves and the bank's balances abroad to danger, as creditors would initiate lawsuits before international courts that had previously been suspended due to the guarantees achieved through the Central Bank's independence. Domestically, this leads to a rise in the exchange rate of the Iraqi dinar against the US dollar due to limited supply in the face of increasing demand. It also disrupts the role of the Central Bank in formulating monetary policy, a fundamental tool for the bank to carry out its duties.

It can be argued that the legal representative of the Prime Minister (i.e., the head of the Supreme Financial Authority) filed the lawsuit with the Federal Supreme Court under his constitutional powers and defended the independence of the Central Bank of Iraq. This objection resulted in the cancellation of Articles 46 and 50.

We conclude from this action the following:

1- There are manifestations of cooperation and coordination between the Financial Authority and the Central Bank of Iraq, as demonstrated by the objection of the representative of the head of the Supreme Financial Authority to the addition of articles outside the jurisdiction of the Council of Representatives and without referring to the Central Bank of Iraq, which has exclusive jurisdiction in this area.

2- The other manifestation is the legislative authority's encroachment on the powers of the Central Bank of Iraq, represented by the proposal of legal articles.

The Federal Supreme Court's decision was a true justice for the independence of the Central Bank of Iraq, and this is what the Iraqi judiciary generally accustoms to in order to correct the correct course of action of state institutions. The decision stated that "the House of Representatives was required to return to the Council of Ministers to obtain its approval for the changes it intends to make to the draft general budget law, or to return the draft to it to study the proposals and changes that the Council saw in the draft. In light of this, matters are placed in their constitutional order in accordance with the principle of separation of powers. Whereas the House of Representatives did not take into account the constitutional foundations referred to when legislating the texts whose unconstitutionality was challenged in the original lawsuit, namely Articles 46 and 50, therefore they came in violation of the provisions of the Constitution" (24). It can be said that the Iraqi Parliament was not successful in adding Articles (46 and 50) to the Federal Budget Law No. (2) of 2015, as Article 46 stipulated the exemption of Islamic banks from the instructions of the Central Bank. It is not an easy matter to give an entity whose primary jurisdiction is financial transactions the powers that enable it to exercise this sensitive function without there being a supervisor over it, and the instructions of the Central Bank are derived from the law that governs monetary policy in the first place and protects it from economic fluctuations. Which could strike the state at any time, the House of Representatives should have given sufficient strength and immunity to the independence of the Central Bank and activated its fundamental oversight role, considering that the bank is accountable to it according to the constitution. This intervention opens the door wide open for several authorities, including the financial authority, to directly interfere in the work of the Central Bank and direct its policies towards goals that could significantly harm the state's monetary policy. Article (50) added to the 2015 General Budget Law constitutes an illogical interference by a legislative institution in the work of an independent monetary authority whose mission is to protect the state's currency from collapse and maintain a general reserve of foreign currencies against this currency. The Central Bank auction does not sell currency arbitrarily, but rather according to sound financial and economic principles. The House of Representatives cannot limit the sale of currency to an amount of (75) million dollars per day. This was also an unsuccessful interference by the House of Representatives.

In addition to the above, official statements from official bodies representing the state authorities can be considered an intervention, even if they do not reach the level of official proposals, but they have an effect in breaking the psychological boundaries surrounding the independence of the Central Bank of Iraq. The closest example of this idea is what was issued by the media office of the Deputy Speaker of the Council of Representatives and published on the official website of the Iraqi Council of Representatives (25), where the media office of the Deputy Speaker of the Iraqi Council of Representatives, Dr. Shakha Wan Abdullah, issued a statement on 12/28/2022 in which he called on the Council of Ministers in the federal government, the Ministry of Finance, and the Central Bank of Iraq to reconsider financial policy and take sound measures and decisions and increase the opening of foreign currency sales outlets in banks at the government price in order to prevent the rise in the exchange rate of the US dollar, which negatively affects markets and basic food commodities, burdening citizens economically and materially. The Deputy Speaker of the Council of Representatives also indicated the need to implement precautionary financial policies to maintain the exchange rate of the dollar against the Iraqi dinar. This call is fine, but if it is translated into official demands, it will have negative effects on the economic reality because financial policy is not the purview of the Central Bank at all, but rather it is from The jurisdiction of the financial authority and its preservation must be achieved through the concerted efforts of all state institutions (26).

In addition, there was a movement within the House of Representatives to issue a parliamentary resolution to raise the exchange rate of the Iraqi dinar against the US dollar from 1,200 dinars to 1,500 dinars. However, this resolution did not see the light of day due to the widespread boycotts by political blocs, as the matter falls outside the scope of the House of Representatives' jurisdiction. Had this decision been issued by an authority that monitors the Central Bank of Iraq, its consequences would have been serious for its independence. However, this decision was issued by the financial authority, represented by the federal Ministry of Finance, which raised the exchange rate of the Iraqi dinar. However, the decision came with the approval of the Board of Directors of the Central Bank of Iraq and was adopted as part of the draft federal general budget for 2023. This came in the context of supporting the government's financial policy, and it constitutes a form of cooperation and coordination between the financial authority and the Central Bank of Iraq in some respect. Iraqi economic experts had an opinion on this, stating that the goal was to reduce inflationary pressures, leverage foreign reserves (which reached approximately \$115 billion), and regulate demand for foreign currency within the framework of a tight monetary policy (27).

It can be argued that the period referred to by the economic expert, 2023, was one of the most critical periods economically and financially, due to the significantly high inflation rate and the potential deficit in the federal general budget for the three years (2023, 2024, and 2025). The House of Representatives was in direct contact with the Central Bank of Iraq through continuous follow-up and meetings by the Speaker of the House of Representatives on January 15, 2023, with the Governor of the Central Bank of Iraq and its senior staff. The Speaker affirmed his support for the Central Bank of Iraq in its efforts to address the rising dollar exchange rate, emphasizing the need to develop regulatory solutions that address the disorganized phenomena in economic activity in general. He called for understanding the challenges facing the monetary authority and the need for support for its procedures from relevant state authorities (28).

In addition to the above, the value of the national currency cannot be reduced against foreign currencies, regardless of the motives. It would have been more appropriate to resort to other solutions that the monetary authority deems safer and more effective in order to lead the national economy to safety without resorting to reducing the value of the national currency.

The Third Requirement

The Financial Authority's Encroachment on Central Bank Independence

The essence of central bank independence lies in its presence among the rest of the state's public authorities, characterized by a strong relationship between the financial authority and other authorities and the extent of these authorities' influence on the central bank's monetary policy. Monetary policy is often limited in its impact and effectiveness when it is subject to the dominance of the financial authority's procedures.

It can be said that the financial authority's interference in the work of the central bank may undermine the bank's activities and ultimately lead to fluctuations in its decisions to maintain the state's monetary policy by adopting procedures that ensure this maintenance. This, in addition to the instability of the overall economic situation unless the central bank assumes its true role in formulating monetary policy, is a concept that contradicts the concept of central bank independence. In other words, the relationship between the two is inversely related. The greater the financial authority's dominance, the lower the degree of independence, and vice versa. It can be said that the effects of this excess by the financial authority will lead to two fundamental negative effects:

First, a rise in the general price level due to the central bank's inability to control liquidity levels in the market, as a result of the financial authority's high debt levels to the central bank.

Second, this phenomenon signals to investors that the investment environment has become unstable and unsafe due to rising inflation rates, on the one hand, and the high ratio of public debt to gross domestic product, on the other. This makes it a real reason for deterring foreign and domestic investment.

In light of this, we will divide this section into two sections. The first explains the extent of the overlap in the relationship between the financial authority and the Central Bank of Iraq, while the second section addresses the financial authority's excesses over the Central Bank of Iraq's jurisdiction.

Section One

The Extent of Interdependence between the Financial Authority and the Central Bank of Iraq

Monetary policy formulation is one of the most important issues that determine the relationship between the central bank and the financial authority, and the extent of their overlap, which determines the weight of the independence criterion between them. The more broad the central bank has in formulating, formulating, and implementing monetary policy, the more independent it is. This authority is one of the pillars or basic functions granted to central banks in both developed and developing countries. Monetary policy has two meanings: a broad meaning, meaning it includes the measures taken by the central bank and the financial authority with the aim of influencing money, credit, and the size and composition of public debt. The narrow meaning of monetary policy, however, refers to monitoring and regulating the money and currency supply with the aim of achieving specific economic goals (29). In addition to the fact that the monetary policy adopted by the central bank and the fiscal policy prepared by the fiscal authority are two important pillars of the general economic policy of the state, which countries follow in order to combat the economic imbalances that plague the state, the central bank's enjoyment of institutional independence does not prevent it from cooperating with the fiscal authority. It is obligated to support the economic policy as one of its pillars, and this support is a duty imposed on it by its law to achieve the desired goals of economic policy. The recognition of the necessity of separating monetary and fiscal policy and the independence of the former from the latter, Since it is proven that the independence of each of them is necessary to ensure that each of them employs institutional knowledge and professional expertise to formulate the appropriate policy to address the problems and achieve the goals of both policies, it becomes clear that both policies are in one crucible and are harmonious in terms of form and subject, in addition to their pursuit of achieving the same goals in the same context.

In Iraq, the Central Bank of Iraq Law No. (56) of 2004, as amended, defines the nature of the relationship between the Central Bank of Iraq and the financial authority. The current Central Bank of Iraq Law stipulates the following:

1. The Governor and other representatives of the Central Bank of Iraq shall hold regular periodic meetings with government officials to exchange information and views on the feasibility of coordinating monetary and financial policies. They shall also exchange information on other matters of common interest and responsibility, each within the limits of their responsibilities.
2. The Governor or one of his deputies may attend meetings with the government at the invitation of a government official. They may provide advice and information at such meetings on behalf of the Central Bank of Iraq, provided that such information falls within the purview of the Central Bank of Iraq.

It is clear from this that, despite the constitutional and legal recognition of the Central Bank of Iraq's independence, this does not prevent the Central Bank from participating in decision-making with the financial authority with the aim of achieving the public interest and seeking sound legal methods to navigate the country's economy to safety. These are fundamental principles followed by all state agencies and institutions to achieve these goals.

However, the significant shift that accompanied the relationship between the Central Bank of Iraq and the financial authority occurred in the field of lending and financing. Previously, in accordance with the Central Bank of Iraq Law No. (64) of 1976 (repealed), it permitted cooperation and coordination between the Central Bank of Iraq and the financial authority. Temporary advances were granted to cover deficits in the state's general budget, provided

that these advances did not exceed, at any given time, 15% of the total estimated revenues of the general budget (30).

The current Central Bank of Iraq Law categorically prohibits the granting of advances or loans to the financial authority, especially if these advances or loans are used to cover the state's annual general budget deficit, whether these grants are direct or indirect to the financial authority, any ministry, public body, or governmental entity, with the exception of the purchases of securities by the Central Bank of Iraq. The legislator restricted such purchases to the secondary market only, and they must be part of market operations (31). It is clear from the above that the core of the dispute between the Central Bank of Iraq and the fiscal authority is not only the central bank's refusal to lend to the fiscal authority (the Council of Ministers and the Ministry of Finance), but also the ban, i.e., the absolute refusal, at a time when the latter needs this liquidity to fund development projects and cover its operating budget, represented by salaries and other expenses.

It can be said that the increasing influence of internal and external factors on the fiscal authority's ability to finance its needs (implementing the general budget), in particular, was one of the reasons behind the enactment of the Domestic and Foreign Borrowing to Financing the Fiscal Deficit Law for 2020, No. (5) of 2020 (32), which granted the Minister of Finance broad powers for this borrowing.

Section Two

Cases of Financial Authority Overreach of the Central Bank's Jurisdiction and the Judicial Position

The supreme financial authority (the Council of Ministers) has overstepped the Central Bank of Iraq's independence by indirectly pressuring and interfering in its work. However, such interference is prohibited by the Central Bank of Iraq Law and the constitutional judiciary, represented by the Federal Supreme Court.

The current Central Bank of Iraq Law stipulates: (1) This law does not contain any provision that may be interpreted as preventing the Central Bank of Iraq from maintaining its status as a legal entity under a previous law. This law also does not contain any provision that may be interpreted as interfering with the authority, rights, duties, or obligations of the Central Bank of Iraq stipulated in a previous law, except as specifically provided for in this law.

2- The Central Bank of Iraq shall enjoy independence in its endeavors to achieve its objectives and carry out its tasks, and shall be subject to accountability in accordance with the provisions of this law. The Central Bank of Iraq shall not receive any instructions from any person or entity, including governmental bodies, except as otherwise provided in this law. The independence of the Central Bank of Iraq shall be respected, and no person or entity shall seek to inappropriately influence any member of any decision-making body affiliated with the Central Bank of Iraq in relation to the performance of his duties towards the bank, and no person or entity shall interfere in the activity of the Central Bank of Iraq. It is clear from the above that the legislature granted the necessary and sufficient independence to the Central Bank of Iraq by stating that no party or authority shall interfere under any previous law, except what the legislature has exempted under its applicable law. While granting independence is intended to achieve its objectives and carry out its duties, the text addressed the issue of accountability in accordance with the provisions of its law. The principle is that the central administrative bodies, represented by the financial authority (the Council of Ministers and the Ministry of Finance), do not exercise administrative oversight, in its presidential and supervisory forms, over the operations of the Central Bank of Iraq unless the bank's law itself provides for such oversight or other laws for independent oversight bodies that exercise oversight over all state agencies and facilities.

In addition, the oversight exercised by financial bodies competent for independent oversight, such as the Federal Board of Financial Supervision, exercises oversight over the operations of the Central Bank of Iraq in accordance with Federal Board of Financial Supervision Law No. (31) of 2011, as amended (33). The Federal Board of Financial Supervision annually makes its observations on the performance of the Central Bank's activities and publishes these observations in its annual reports. This oversight is legitimate in both form and content. First: Cases in which the Supreme Financial Authority violates the independence of the Central Bank of Iraq are:

First case: Establishing an Inspector General's Office

In 2019, the Chairman of the Supreme Financial Authority (the Prime Minister) issued a Diwani Order () mandating the establishment of an Inspector General's Office in a number of independent bodies, including the Central Bank of Iraq. This order constituted a clear and explicit interference in the work of the Central Bank of Iraq. The Diwani Order was based on the provisions of Clause (1) of Section (2) of the (dissolved) Coalition Provisional Authority Order No. (57) of 2004 (24), which stated, "Pursuant to this order, an Inspector General's Office shall be established within each Iraqi ministry, headed by an Inspector General."

In addition to the aforementioned interference in the Coalition Provisional Authority order, which refers to the establishment of an Inspector General's Office within each Iraqi ministry, the Central Bank is not a ministry, but rather an independent body accountable to the Council of Representatives. Regardless of the fact that the governor holds the rank of minister, this order does not mean that the Central Bank of Iraq is considered a ministry. Therefore, the government administration, represented by the Prime Minister, should assume this type of financial and administrative oversight in independent bodies such as the Central Bank of Iraq, which leads to a reduction in the independence of these bodies and a clear contradiction with the provisions of the laws regulating their work. It is also clear from this interference that the Prime Minister appointed an Inspector General directly to the Central Bank of Iraq at the time without presenting the matter to the Iraqi Council of Representatives. Therefore, this appointment is considered one of the procedural violations committed by the Prime Minister, in addition to his

violation of the order of the (dissolved) Provisional Coalition Provisional Authority (CPA). Therefore, keeping the Central Bank away from the financial authority's interference has become an important guarantee among the guarantees stipulated in the Constitution and the Central Bank Law in force. Case Two: Appointment and Removal of the Governor of the Central Bank of Iraq

One instance of interference by the highest financial authority (the Prime Minister) in the jurisdiction of the Central Bank of Iraq is the appointment and removal of the Governor of the Central Bank of Iraq, on several occasions, including (25):

1- The decision to dismiss Sinan al-Shabibi and appoint Abdul Basit Turki. The Council of Ministers decided to dismiss the Governor of the Central Bank of Iraq (Sinan al-Shabibi) on October 16, 2012, following the results of a parliamentary investigation into the fluctuations in the Iraqi dinar exchange rate and other allegations of internal corruption within the Central Bank. Mr. Abdul Basit Turki, Chairman of the Federal Board of Supreme Audit, was appointed to manage the Central Bank on an acting basis until a new decision was made to appoint a governor.

2- On January 23, 2023, Mr. Mustafa Ghaleb Makhif was dismissed by the Prime Minister after submitting his resignation to the Speaker of the Council. Mr. Ali Mohsen al-Alaq was appointed to manage the Central Bank of Iraq on an acting basis.

It is clear that the supreme financial authority (the Prime Minister) has intervened twice in the appointment and dismissal of the highest head of a financially and administratively independent body, which is the Governor of the Central Bank of Iraq, ignoring the constitutional and legal contexts in the process of appointing the Governor of the Central Bank of Iraq. In view of these interventions, it is necessary to stand on the opinion of the Iraqi constitutional judiciary, represented by the Federal Supreme Court, to clarify its position on these violations and interventions in the work of the monetary authority in Iraq, which is represented by a responsible body that seeks primarily to preserve the national currency from fluctuations and contribute with other authorities to preserve the general economic situation in the country and protect it from the problems that may confront it, especially since our country is one of the countries that depend on the sale of oil for its sources of revenue by (90%), i.e. a rentier state.

Second: The Iraqi Constitutional Court's Position on Such Interference

The judiciary's position on the independence of the Central Bank of Iraq from the financial authorities' interference in the bank's work and activities is evident. When the Federal Supreme Court expressed its position on the independence of the Central Bank, this position was not fixed, but rather varied and changed from time to time. To clarify these positions, we will outline three Iraqi judicial trends regarding the independence of the Central Bank (26) based on the decisions issued by the Federal Supreme Court, as follows:

The first trend: The Central Bank of Iraq is an independent body from the executive authority (27)

The independence intended in Article (102) of the Constitution is that the members of the Federal Integrity Commission, each according to his or her jurisdiction, are independent in performing their duties stipulated in the Commission's law. They are subject to no authority other than the law in performing these duties, and no party may interfere or influence the Commission's performance of its duties.

However, the Integrity Commission is subject to the oversight of the House of Representatives in performing these duties. If it deviates from or exceeds these duties, the House of Representatives alone has the power to hold it accountable and take appropriate action. Regarding the Commission's affiliation, the Constitution does not specify which entity it is affiliated with. This means that this Commission administers itself independently and in accordance with its own law, just like the Central Bank, which enjoys this independence to enable it to perform its duties without interference from any other body. This is contrary to what is stated in Article (103) of the Constitution, where paragraph (first) limits independence to the financial and administrative aspects with regard to the Federal Board of Supreme Audit and the Communications and Media Commission, linking them functionally to the House of Representatives.

It can be said that the decision unequivocally affirmed that independent bodies administer themselves in accordance with their own law. It cited the Central Bank of Iraq as an example of this independence, and based the latter's independence on the Integrity Commission, the subject of the decision in question. The second trend: The Central Bank is an entity that reports to the financial authority (the Council of Ministers) and is subject to its supervision (38).

The Federal Supreme Court took a position different from its previous opinion regarding the meaning of independence enjoyed by the independent bodies stipulated in the Constitution. It used various terms and different formulations without clarifying its nature or the true intended meaning in a manner that is not open to interpretation. Constitutional legislators must avoid ambiguous terms. A return to the origins of the language must be clear in order to fully grasp the concept and avoid the accompanying controversy, while simultaneously clarifying its features in a way that has its own unique character (39).

The constitutional legislator should have established general principles that would be interpreted clearly and without interpretation in its context. The fluency of the language in which the constitution is written is the basic foundation for the work of state institutions, bodies and entities. Moreover, exploiting the ambiguity in the terms of the constitution greatly undermines the idea of independent state bodies, including the Central Bank of Iraq (the subject of our study). Doubting them, at the very least, by saying that these bodies are nothing more than the modern form of entities not affiliated with a ministry, while granting them some independence is more flexible than the latter. This is what became clear to us from the Iraqi Constitution of 2005, which, in terms of form, gave

the bodies it mentioned great financial and administrative independence and granted them all powers and authorities to practice their activities and achieve their goals. The difference between these bodies and entities not affiliated with a ministry is nothing more than a difference in names only. It is a difference not in content, but in form, nothing more. Moreover, this dispute is nothing more than a political dispute embraced by those in power to achieve their desired goals for purely political purposes (40).

The Federal Supreme Court's ruling centered on the question of the Central Bank of Iraq's affiliation with whom? The Iraqi Constitution of 2005 did not specify the entity to which the Central Bank of Iraq was affiliated, neither with the legislative nor the executive authorities. Rather, it specified the entity to which it was accountable, namely the Council of Representatives. The Central Bank's accountability to a supervisory body is not considered a fundamental premise of a democratic system of government characterized by the necessary transparency and flexibility, especially since the Central Bank of Iraq has a very precise and rare mandate related to the state's monetary policy, as any deviation in this policy would lead the country to the brink of collapse.

The meaning of independence extends beyond what the financial authority expects. An independent body, such as the Central Bank of Iraq, is not linked to any authority in the state. The precise description that applies to it is an entity not linked to an authority. Not linking the Central Bank of Iraq to any authority in the state was an intentional and deliberate constitutional course of action, and was not a constitutional omission or neglect, because the constitution was written during the occupation forces' control over Iraq. The set of dictates to the writers of the constitution by that interim coalition authority placed the Central Bank in a position to protect it from the clutches of political conflicts, whims, partisan rivalries, and sectarian quotas if linked to the legislative authority, and from interference and the seizure of its funds if linked to the executive authority. The Central Bank of Iraq is an entity that manages itself, but it is responsible to the legislative authority according to the text of the constitution (41). In short, the Federal Supreme Court's decision subjected the Central Bank of Iraq to the Council of Ministers, since the Constitution did not explicitly stipulate its connection to the Council of Representatives, due to the predominance of executive authority over its work and activities. This undermines the independence stipulated in the current Constitution and the Central Bank of Iraq Law No. (56) of 2004, as amended.

The third trend: The Central Bank is an entity whose functions are defined solely by its law.

Federal Supreme Court Decision No. 88/Federal/2010 aroused the ire of the Iraqi Council of Representatives. The Federal Supreme Court explained that the Prime Minister's request (the supreme financial authority) focused on interpreting certain constitutional provisions related to independent bodies in Iraq. However, the Federal Supreme Court, in order to interpret them accurately, addressed all constitutional provisions related to these bodies. Furthermore, the Federal Supreme Court did not consider a dispute between the Prime Minister and the Central Bank of Iraq. The final conclusion of the Federal Supreme Court's decision (42) was that the Iraqi Constitution of 2005 outlines the general policy of state institutions without interference in their decisions, procedures, and professional affairs, as the Constitution grants these bodies financial and administrative independence to ensure their neutrality and the independence of their decisions. Moreover, the Central Bank of Iraq, which was granted this independence by the Constitution, has its own law. This law defines its duties and jurisdiction, regardless of its affiliation with any entity. This is what we support in both form and substance, and the issue of affiliation must be free from political influences and narrow partisan interests, which have a direct impact on the work of these bodies.

It can be said that the aforementioned Federal Court ruling defined the nature of the independence of independent bodies by the nature of their work and the activities they undertake. Whatever their inclination toward activity, they are subordinate to that entity. This matter cannot be attributed to the Central Bank of Iraq, as it engages in activities entirely different from those of other independent bodies. Monetary policy requires extreme precision in its dealings with all state institutions, even with the decision-making bodies within the state, because any interference in their affairs would lead the country to the complete collapse of its lifeline, the national currency. This fluctuation in the decisions of the Federal Supreme Court is due to the fact that the Iraqi Constitution of 2005 was full of inaccurate linguistic and organizational formulation and the legal idea that is supposed to be the core of the constitution was absent, and its texts regarding independent bodies were scattered as far as possible because the goal of the constitutional legislator was not To distinguish some from others due to the haste with which the Constitution was written (43).

We conclude from the above that the Central Bank of Iraq is an independent body with exclusive jurisdiction. No party may exercise or infringe upon this jurisdiction, given its seriousness and negative effects on society if it is disturbed. We disagree with Federal Supreme Court Decision No. (88/Federal/2011).

CONCLUSION

Undoubtedly, every research study arrives at conclusions that are guided by the research steps. In return, we recommend some recommendations, hoping they will be met.

Conclusions

1. The independence enjoyed by the Central Bank of Iraq is among the highest levels of independence among major financial institutions in developed countries, as stipulated in the Central Bank of Iraq Law No. (56) of 2004, as amended.

2. The decision to appoint the Governor of the Central Bank of Iraq is jointly made between the supreme financial authority (the Council of Ministers), which proposes the appointment of the Governor of the Central Bank of Iraq, and the Council of Representatives, which ratifies the appointment.
3. The budget of the Central Bank of Iraq is unparalleled in the manner in which it is ratified by the Board of Directors of the Central Bank of Iraq and implemented by the Governor of the Central Bank of Iraq.
4. The constitutional judiciary in Iraq, represented by the Federal Supreme Court, has played a protective and suspending role in many decisions (diwani orders issued by the supreme financial authority) and laws enacted by the Iraqi Council of Representatives that affect the independence of the Central Bank of Iraq.
5. By adding legal provisions related to the core work of the Central Bank to General Budget Law No. (2) of 2015, the Finance Committee of the Iraqi Council of Representatives violated the procedures established by the Iraqi Constitution regarding the proposal of laws and the addition of legal provisions to the draft federal general budget law.
6. The Iraqi legislature granted the necessary and sufficient independence to the Central Bank of Iraq, in addition to stating that no party or authority shall interfere under any previous law, except what the legislature exempted under the Central Bank of Iraq Law No. (56) of 2004, as amended and in effect.
7. The direct interference of the highest financial authority in the activities of the Central Bank of Iraq may lead to monetary instability resulting from ill-considered decisions, as well as to instability of the economic situation in the country. This will negatively impact the financial capacity of individuals and society in general.

Recommendations

- 1- We call upon the Iraqi constitutional legislator to amend Article (91), Paragraph (Third) of the 2005 Constitution to grant the Central Bank of Iraq the same legal status granted to the Supreme Judicial Council to propose the annual budget draft.
- 2- We call upon the legislative authority, represented by the Iraqi Parliament and its committees, particularly the Finance Committee, not to propose any legal provision pertaining to the state's monetary policy without first consulting the Central Bank of Iraq, as it is the original authority in this area.
- 3- We call upon the supreme financial authority (the Council of Ministers) to respect the implementation of the Constitution and the law and to preserve the principle of separation of powers, in accordance with Article (47) of the 2005 Iraqi Constitution, in a manner that guarantees the independence of the Central Bank of Iraq in accordance with its applicable law.

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