

Haidar al-'Abadi's first year in office: what prospects for Iraq?

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■ Executive summary

A year after his appointment Iraqi prime minister Haidar al-'Abadi continues to face an uphill struggle to build a politically inclusive and functionally viable state. His success in pushing an ambitious reform plan through parliament on August 11th 2015 was an important step forward, but will prove inadequate without genuine political backing from the most powerful domestic and external actors involved in Iraq. These, however, remain focused almost exclusively on militarily defeating the Islamic State, and are not invested in effecting meaningful political reconciliation between the country's Sunni and Shii Arab citizens, fully pursuing structural military and financial reforms, and ensuring the equitable delivery of crucial social services. As a result, the Iraqi state may have passed the point of no return.

Obfuscating the real challenges in Iraq

Until the adoption of the reform plan on August 11th 2015, discussion of the problems that led Iraq into an existential crisis had dropped almost completely from the public agenda. The fall of Mosul to the Islamic State (IS) in June 2014 starkly revealed the gaping political divide between a very large part of the Sunni Arab community and the central government in Baghdad. It just as graphically exposed the lack of operational readiness, organisational cohesion, and effective command of the new Iraqi army that had been rebuilt at great cost over the previous decade, and the parallel ineffectiveness of the police and internal security agencies. And behind all this was the failure of a deeply dysfunctional Iraqi state to deliver basic social services and infrastructure to any part of the country's population, economic growth and diversification outside the oil sector, or financial management in the face of massive, endemic corruption.

The seven-point reform plan launched by Prime Minister Haidar al-'Abadi nearly a year after his appointment seeks to eliminate unnecessary layers of government, scrap sectarian and party quotas for state positions, reopen corruption investigations, and enable the prime minister to dismiss regional officials and provincial governors. This represents an important starting point, but the fact that the unanimous vote in favour of the reform programme came from a parliament comprising many of the politicians and parties widely seen as the worst offenders suggests that

implementing it will require political capital that 'Abadi does not yet possess. Nor do the mechanisms exist that can translate the plan's broad goals into operational processes and concrete outcomes.

Even if 'Abadi's reform programme makes some headway, Iraq still needs to achieve genuine political inclusion; reform the military, police and public finances; and transform social service delivery. But the nearly exclusive focus by many in the Baghdad government, key Shii parties and their principal external backers – the U.S. and Iran – on the military confrontation with IS impedes this. The multi-headed, often fractious military campaign waged against IS is eroding the key elements to establishing a stable post-IS political order and securing the long-term legitimacy and viability of the Iraqi state.

Political challenges

Many argued in the wake of IS's capture of Mosul and its swift sweep into Sunni Arab areas up to the outskirts of Baghdad in 2014 that the political inclusion of Iraq's Sunni Arabs was essential if it is to be defeated. But inclusion has come again to mean, as it did in the preceding decade of political horse-trading in Baghdad, recycling "moderate" Sunni politicians who were already amenable to working within parliament or the council of ministers, subverting the purpose.

However, the political dilemma facing Iraq is more complex. There is at least as much disagreement among Sunni Arabs and among their Shii Arab counterparts over what they want the Iraqi state to be as there is along the Sunni-Shii divide. This is very much the legacy of then-prime minister Nouri al-Maliki's striving for political hegemony in 2008-14, during which he turned against both his Shii allies and the Sunnis and Kurds, and a perverse consequence of his magnification of what he portrayed as a specifically Sunni threat and his tendency to "hyper-centralization", as a report by the Iraq Institute for Strategic Studies labelled it (Faleh et al., 2014: 7).

As the report also argued, Iraq has simultaneously experienced communal cohesion and segmentation – among both Sunnis and Shiis – as well as the fragmentation of the segments within each community. This diverges from conventional wisdom in U.S. policymaking circles and elsewhere, which sees Iraq's principal challenge as managing sectarian, ethnic and regional differences. Portraying these categories as primary and immutable overlooks fundamental political disagreements within each that present critical obstacles to building a durable and legitimate governing order in the Arab parts of Iraq.

A fragmented Sunni arena

The Sunni Arab political arena is severely fragmented. Some Iraqi nationalists, including former Ba'athists among the current anti-Baghdad insurgents, resent the loss of what they see as the Sunnis' historic role in leading a united Iraq. In contrast to this revanchist goal, many Sunnis are willing to deal with Baghdad in return for significant political and material concessions and greater local authority. There are also those who envisage Islamic rule in Iraq, albeit without supporting IS, which has its own supporters, for want of better options. And although U.S. officials, Western media and some of their Arab counterparts tend to speak simplistically about mobilising Iraq's Sunni Arab tribes against IS, these tribes too are at least as diverse in their political calculations and loyalties.

This has given rise to a serious problem of representation, impeding negotiation with Baghdad. Sunni politicians in the capital are often seen as corrupt and lacking in credibility, but many other political and tribal figures have sought refuge in Iraqi Kurdistan or neighbouring Jordan and do not represent a unified or coherent platform. IS has eliminated or marginalised non-IS factions of the Sunni insurgency, narrowing the field of potential Sunni interlocutors even further. With massive dislocation among Sunni Arabs – some 20% of whom had taken refuge in the Kurdish autonomous region alone by June 2015 – and with IS ruling over several millions more, nobody has sufficient standing to speak with authority on behalf of the wider community.

The absence of unambiguous political initiatives by Baghdad to achieve Sunni inclusion is not helping, although the issues have been well rehearsed. Sunni demands were

addressed in the power-sharing Erbil agreement between Maliki and Iraqiyya – a cross-sectarian and largely secular parliamentary bloc – in November 2010. This was later followed by a more elaborated 19-point accord, and then by a list of 13 specific demands outlined by the Sunni protest movement in March 2013. Common throughout has been the insistence on cancelling the counter-terrorism law, which was perceived as targeting Sunnis in particular; passing a general amnesty law and amending the Justice and Accountability (de-Ba'athification) Law; the release of detainees, especially women; the institutionalisation of joint decision-making, especially through a federal council and national security council; the amendment of the electoral law reform process to guarantee fair representation; and ensuring ethnic and sectarian balance in the army, police, and all state institutions.

In theory, at least, Baghdad already has a clear and substantive roadmap, and all it needs to do is show credible signs of putting mechanisms into place to start implementing its most important elements. 'Abadi's appointment offered an opportunity to set this on course. Whereas Maliki was characterised by "conservative mindedness, xenophobia, parochial village norms of kinship, communal particularism, an obsession with security, clandestine inwardness, and rigid central control" (Faleh et al., 2014: 3), 'Abadi is perceived as being genuinely committed to collegiate leadership, security sector reform, and engagement with disenfranchised regions and local representatives, among other things. In a December 2014 op-ed he wrote, "there can be no lasting victory without governmental reform, national reconciliation, and economic and social reconstruction", and listed commendable legal and institutional reforms he would initiate (al-'Abadi, 2014).

But 'Abadi's initiatives dissipated in the face of resistance from his predecessor Maliki, now a national vice-president, and powerful Shii political factions and militias. The reform programme approved in August 2015 lacks implementing mechanisms and touches only indirectly on the issue of Sunni inclusion. The amended Accountability and Justice Law has yet to be approved by parliament, and supposedly independent state bodies such as the "integrity" (political vetting) and electoral commissions and the Central Bank have yet to be empowered to act as checks on the executive.

A national guard

Unable or unwilling to deal directly with the "Sunni question", both Baghdad and the U.S. have reduced it to one of how to recruit Sunnis into a tribal-based paramilitary force to fight IS. In September 2014 'Abadi proposed forming them into a new "national guard", and this has become the centrepiece of U.S. policy in Iraq since then, as well as a litmus test of the government's intentions towards the Sunnis. This focus partly reflects the importance attached to military integration by many Sunnis, especially those who were part of the armed forces or state institutions

under Saddam Husayn up to 2003. Then-prime minister Maliki played to this sentiment by allowing former army officers to resume their posts following the enactment of the 2008 Accountability and Justice Law, demanding their personal loyalty in return. But the army's disarray following the IS onslaught in June 2014 and the subsequent dismissal of many commanders appointed by Maliki has made this a less effective avenue for Sunni integration.

However, the national guard proposal raises as many problems as it seeks to resolve. The Iraqi cabinet approved a draft law establishing a national guard in February 2015, but powerful Shii militias and parties have vehemently opposed arming local Sunnis, whom they suspect will defect to IS. The Iranian-backed Kata'ib Hezbollah went so far as to warn that it would treat any Sunni paramilitary forces as "American-affiliated *sahwa*" or Awakening Councils – a blunt reference to the former Sunni tribal insurgents whom the U.S. recruited in 2006-07 to fight al-Qa'ida with the promise of operational autonomy, government salaries and political backing. By September 2015 the national guard law still awaited ratification.

In parallel, the prospect of being armed and funded by the central government – or by the U.S. – is generating adverse social and political effects. The emphasis on the use of force and on building a Sunni paramilitary force is reviving the social role of tribes and militarising society, while prompting competition for military and financial backing. At the same time Sunni tribal and political leaders, many of whom have sought refuge in Iraqi Kurdistan or neighbouring Jordan, routinely complain of being underfunded and underequipped, while pointing to the flows of foreign assistance and government funding reaching Shii militias and the Kurdish Peshmerga in contrast. But by looking to outside powers to boost their military capability and political standing, they remain trapped in a vicious circle of dependency and fragmentation.

The Shii dimension

Although Shii parties and militias are visibly unified in their opposition to IS, beneath the surface they are almost as deeply divided as their Sunni counterparts over what they regard as the desirable political nature and orientation of the Iraqi state in future. A fundamental rift is over relations with Iran, additionally reflected in intensifying competition between the Shii seminaries of Najaf in Iraq and Qom in Iran for primacy in jurisprudence and the political authority this would bring. Significant differences over regional autonomy and the requirements for Sunni political inclusion also divide the Shii arena, and are further exacerbated by the deepening militarisation of Iraqi politics, which makes it difficult to find common ground with Sunni Arab counterparts and the Kurdish Regional Government.

On one side, important Shii figures such as Grand Ayatullah Ali al-Sistani; cleric Muqtada al-Sadr, who heads a sizeable parliamentary bloc; and Ammar al-Hakim of the Islamic Supreme Council of Iraq take an Iraqi nationalist stance.

They insist on strengthening central state institutions and prefer a unified army over quasi-independent communal or regional paramilitaries, are hostile to provincial autonomy schemes that appear to threaten the country's territorial integrity, and support reconciliation with the Sunnis. 'Abadi is close to this broad political perspective, even though he and the Da'wa Party to which he belongs (along with former prime minister Maliki) favour close relations with Iran.

On the opposing side are Iranian-backed groups such as the Badr Organisation, which has extensive reach within the Interior Ministry and internal security apparatus; the 'Asa'ib Ahl al'-Haqq, a breakaway militia from Sadr's now disbanded Army of al-Mahdi that enjoys close ties with Maliki; and Kata'ib Hezbollah, designated as a terrorist organisation by the U.S. in 2009, which created the Popular Defence Companies to mobilise Shii volunteers against IS shortly before the fall of Mosul. Militia leaders such as Hadi al-'Ameri and Fadhel al-Khaz'ali oppose the U.S. return to Iraq and support an alliance with Iran – as does Maliki.

Much in Iraqi national politics depends on the balance of power among these various actors, but this is constantly evolving, leading to periodic policy shifts. A notable case in point is attitudes towards the Popular Mobilisation, a paramilitary force consisting almost exclusively of Shii volunteers that was formed in response to a call from Sistani to defend Baghdad in the immediate wake of the fall of Mosul. Sistani originally intended the force as an auxiliary of the Iraqi army under state control, but the Iranian-backed Shii militias have invested heavily in it as a means of circumventing the prime minister, cabinet and parliament.

Deepening militarisation and polarisation apparently prompted Sistani to align more closely in public with the Popular Mobilisation. Following the surprise IS capture of Ramadi, the provincial capital of Anbar province, in May 2015, he acknowledged the Popular Mobilisation as a distinct entity within a military array also comprising "the armed forces ... and tribal fighters" (Reuters, 2015). Sadr has shown himself similarly sensitive to the mood among the Shii grassroots, allowing his Peace Companies militia to join the Popular Mobilisation and vowing to retaliate severely if IS "dared to even touch" Shii holy sites in Karbala, as it threatened to do after taking Ramadi (Mustafa, 2015).

The fall of Ramadi, moreover, weakened 'Abadi, who had championed the army and police to retake Sunni areas from IS and hold them. Previously, during the month-long battle for Tikrit in March, he ordered the Iranian-backed Shii militias out of the city and called on U.S. air power in support of the army, in order both to demonstrate distance from Iran and to defuse Sunni anger over human rights abuses, looting, and wanton destruction by Shii militiamen. Consequently the Shii militias portrayed the fall of Ramadi as proof of the failure of 'Abadi's approach and vindication

of their insistence on granting the Popular Mobilisation a lead role and operational autonomy (BBC News, 2015). The convergence of the Shii political arena on endorsing the Popular Mobilisation threatens to deepen the sectarian divide, since it contrasts with the marked hostility of most Shii factions towards forming a national guard. Many fear that the national guard will simply provide a framework for arming Sunni militias that sooner or later will seek to restore Sunni dominance and relegate Iraq's Shiis once more to second-class status. The opposition of both Sistani and Sadr to the reinstatement of former Ba'athist officers to active service, which was called for in the draft national guard law approved by the cabinet in February 2015, brings them closer in line with the Iranian-backed militias.

Once again the major political challenges facing the Iraqi state have been reduced to a contentious discussion over the status and role of one paramilitary formation or another. This works to the particular disadvantage of 'Abadi, who has sought to empower parliament in order to assert the authority of central state institutions and strengthen his own political standing, while working in parallel to gain ground within his own Da'wa Party against Maliki. But although most of the Shii militias allied with Maliki have few or no parliamentary representatives – except for the Badr Organisation, which has 22 – together with Maliki they command enough votes to block key initiatives in parliament, most notably the national guard law, impeding 'Abadi's ability to reach out to the Sunnis. And with the battle against IS overshadowing parliament's importance as a political arena, the Iranian-backed Shii militias are gaining steadily in influence.

'Abadi's management of the battle against IS further reveals his political predicament. He needs to take decisive action against IS, not only to deny it the opportunity to consolidate its control over millions of Sunnis, but also to demonstrate his own personal authority, restore the credibility of the army, and rehabilitate the state in the public's eyes. But the army's lack of readiness cedes the initiative to the Shii militias, allowing them to claim credit for taking action while the state dithers and prevaricates.

Looking further ahead, the Iranian-backed Shii militias stand to gain should the 85-year old Sistani depart the scene. Only he has the national and religious standing to call for the disbanding of the Popular Mobilisation and its merger with the national army and police, which must happen sooner or later if proposals for reconciliation with the Sunnis and the rehabilitation of state institutions are to be credible. But whether Sistani will use his authority in this way and whether the Iranian-backed militias will heed him are increasingly uncertain. There are no obvious candidates to succeed him as Najaf's supreme religious authority, but Iran is already waging a silent contest to determine the outcome. This, in turn, is emboldening its Shii militia allies.

Military and security challenges

Paradoxically, although the response to IS focuses almost entirely on military and security measures, any effort to reform the army and police has been overshadowed by the focus of cabinet and parliamentary debates and negotiations with the U.S. on the formation and status of paramilitary forces. The ongoing U.S. effort to build nine new army brigades in 2015 is a step in the right direction, but can only make a lasting difference if it fits into a wider reform process that addresses the critical problems that have hobbled the Iraqi military. Even so, the U.S.-led coalition had trained only 9,000-11,000 troops by August 2015.

Both the armed forces and the security sector (the police and agencies that report to the Interior Ministry) continue to struggle with multiple adverse legacies from the pre-2003 Saddam, post-U.S. invasion and Maliki eras. These range from hostility towards empowering junior and non-commissioned officers and delegating authority; through bloated payrolls, weak civilian oversight and poor compliance with human rights; to systemic corruption. 'Abadi has so far only introduced stopgap remedies, but root-and-branch reform has not yet been discussed, let alone undertaken. As a result, sectarian and factional logics behind force building and recruitment are being reproduced and reinforced, threatening either to turn the army and security sector into partisan instruments or to make them perennially vulnerable to fracture along communal lines.

Absent military reform

The IS onslaught in June 2014 exposed all the flaws of the new Iraqi army that had been built over the previous decade, at a cost of some \$25 billion in U.S.-funded training and equipment and of considerably greater allocations in the Iraqi budget. By the beginning of 2015 army strength had dropped from 55 combat brigades with approximately 210,000 troops (2009 figures) to 40 weakened brigades with around 48,000 troops (Knights, 2015). Rehabilitation required rebuilding the officer corps, restoring effective command structures, reviving unit morale and cohesion, ending corruption and clientelism, and establishing trust, both among the rank-and-file and between the army and the government.

Instead, the main focus of the Baghdad government and the U.S. has been on putting military boots on the ground as quickly as possible in order to confront IS. But this repeats the errors of the mid-2000s, when the U.S. abandoned its original plan for creating a small, professional defence force of 40,000 in favour of hurriedly putting as many men as possible through basic training to defeat the twin Sunni and Shii insurgencies it faced. U.S. programmes to train new generations of junior officers and to empower non-commissioned officers, which could have helped to create cross-sectarian loyalty to the new army and transform it into an effective fighting force, were resisted and sidelined.

The result then was insufficient attention to oversight – both political and financial – and quality. Maliki subsequently exploited this weak institutional legacy to sever government control over the army, place officers personally loyal to him in senior command positions, and leverage the army to assert his executive control over the police and local government by creating “provisional command centres” under his overall control in provinces where rival political leaders or parliamentary blocs were influential. In parallel, corruption became rampant: officers bought their commissions to ensure lucrative appointments, sold supplies and equipment, and inflated their unit payrolls with “ghost” soldiers so as to siphon off their salaries and rations, a phenomenon estimated to have cost 25% of the defence budget annually.

In an attempt to grapple with this legacy ‘Abadi dismissed 36 senior officers accused of corruption and unprofessionalism in November 2014 – labelled by one expert as “merchants with military ranks” (al-Qaysoun, 2014) – and retired another 300 in April 2015. But purges of this sort are often a substitute for military reform and restructuring; in this case they were aimed as much at dismantling Maliki’s loyalist networks in the army and Ministry of Defence, at least some of which remain in place. Like Maliki, ‘Abadi has appointed new generals without parliamentary approval as required by the constitution. Nor have revelations that up to 300,000 personnel on army and police payrolls were “ghost” soldiers or missing led to formal inquiries or improvements in monitoring mechanisms.

The rise of Iraq’s paramilitary forces additionally places military reform in jeopardy. Ironically, while the draft national guard law is still stuck in parliament, the Popular Mobilisation, which has no legal standing, has acquired quasi-official status and reached a strength of 65,000 to 120,000 personnel. Maliki had previously cited his constitutional authority as commander-in-chief to decree a basic salary, hazard pay and food allowances for Popular Mobilisation volunteers, but ‘Abadi brought the force under his formal authority as prime minister on April 7th 2015. But his decision does not have the force of law, and although the cabinet authorises the Popular Mobilisation’s budget, it lacks statutes regulating its functioning, a formal command structure, and standard operating procedures, and does not come under the operational control of any authorised military or security body.

In theory, the Popular Mobilisation could be brought under a single, unified, nation-wide national guard structure, which in turn would come under the unambiguous control of either the Ministry of Defence or the Interior, with a clear legal mandate to support the army and police in maintaining public law and order, defending the country and dealing with emergencies. The national guard would be recruited and deployed by provincial councils, while receiving its training, armament and budget from the central government in Baghdad. Indeed, in January 2015 oil minister and

former vice-president Adil Abdul-Mahdi suggested bringing the Popular Mobilisation, pro-government Sunni militias and Kurdish Peshmerga “under the umbrella of the national guard”.

It remains far from evident, however, that political consensus can be reached on dissolving and reintegrating the paramilitary forces – not least the Popular Mobilisation – or on establishing the national guard as a single, national structure under unambiguous state control. The army is being outflanked and overtaken by the rise of “hybrid” security structures that remain independent militias despite being under formal state sponsorship. This bodes poorly for any hope of using the army as a vehicle for Sunni inclusion or for reintegrating former military personnel. Indeed, if the national guard is actually established it may draw Sunni recruits away from the army; already Shiis reportedly constitute the vast majority of new army recruits.

The critical challenge facing the Baghdad government is to make it possible for Sunnis and Shiis to join a united army and, once there, to accept all lawful commands issued by constitutionally mandated civilian authorities. But this requires rebuilding trust, both in the army and in the Iraqi state. However, self-interested and dysfunctional Maliki’s recruitment of Sunni officers in 2008-14 was, it showed that political loyalty can work across sectarian lines, but present intra-Sunni and intra-Shii divisions virtual ensure that things will move in the opposite direction. Without serious commitment to reaching an overall political settlement empowering state institutions and enabling them to undertake their official duties, the army will either evolve as a partisan force or remain vulnerable to fracturing along sectarian and regional lines. Rebuilding it under such conditions would be a perennial task of Sisyphus.

Unreformed internal security

Some observers have argued that the Iraqi security sector – the police, internal security agencies, and other law and order forces under the control of the Ministry of the Interior – fared considerably better than the army in summer 2014. The relative cohesion of the security sector encourages the sense that it is not in urgent need of fixing, but this is an illusion. Firstly, it overlooks how badly partisan the sector was – and remains – and its sectarian legacy that continues to provoke deep distrust among Sunni Arabs. Secondly, local police forces have largely dissolved in the Sunni majority provinces, with only remnants left or regrouping in areas outside IS control.

In contrast to the Iraqi army, which is the target of at least a partial rebuilding effort, security sector reform is not even on the agenda. And yet this is arguably no less urgent a need than military rehabilitation and reform, and possibly even more significant for the purpose of achieving national political reconciliation and inclusion. The security sector reveals all the worst features of the post-2003 reconstruction of the Iraqi state: “capture” and politicisation by the

parties and militias that now entered government or contested power, massive inflation of payrolls for political patronage, rampant corruption, the use of torture and other human rights abuses, and blatant impunity.

In June 2004 the U.S. Coalition Provisional Authority authorised the integration of militias that had opposed Saddam Husayn's regime – mostly Shii, but also Kurdish ones – into the official security sector. The Ministry of the Interior was not disbanded along with the Ministry of Defence in 2003, but lost many experienced personnel, who were replaced by the incoming militias with their own loyalists. Various branches of the police and security agencies became power bases for one militia or another, additionally allowing them to acquire financial resources and build political patronage by placing their followers on the public payroll. Uncontrolled growth was also driven by the new opportunities for corruption: buying officers' commissions; extortion; inflating payrolls with phantom personnel to siphon off salaries; selling food rations, equipment and fuel; and skimming off procurement contracts.

Although the failure of the security sector was not as dramatic as the army's in June 2014 – or in the long preceding period during which IS reappeared and consolidated itself – it was no less remarkable. Between 2003 and the departure of its troops from Iraq at the end of 2011 the U.S. had spent some \$8 billion to train and equip the Iraqi federal, local and border police. Over this period the security sector's total strength rose from 58,000 in 2003, to 412,000 by 2010, to possibly 650,000 by 2012.

There is little return to show for the investment or the numbers, and yet there has been no security sector restructuring, let alone reform, since 2014. Indeed, in October 2014 Amnesty International accused the Ministry of the Interior of continuing complicity in covering up torture and executions by Shii militias. 'Abadi announced a decree in December requiring "security forces and the Ministry of Justice to safeguard the constitutional and human rights of the detainees in Iraqi jails" and to maintain "a central record for all detainees, including the reason for their arrests and the timeline for their trials" (al-'Abadi, 2014). But Amnesty International (2015) once again reported the following year that the Baghdad government "continued to hold thousands of detainees without charge or trial, many of them in secret detention with no access to the outside world. Torture and other ill-treatment in detention remained rife, and many trials were unfair".

Similarly, 'Abadi announced the dismissal of 24 Interior Ministry officials and promised judicial safeguards for detainees, but there have been no other structural changes. The Baghdad government has yet to disband the special police units and security agencies established on a purely sectarian or personal basis by various ministers of the interior after 2004, such as the Special Police Commando controlled by the Badr Organisation or the Office of

Security and Information and 56th Brigade that Maliki created after 2008 to entrench his own power.

On the other side of the communal divide, the police in Sunni towns and cities captured by IS since June 2014 have mostly melted away: of Nineveh province's original 24,000 policemen, fewer than 5,000 had re-registered with the government six months later, and only a fraction actually reported for duty; and of 24,000 in Anbar province, only 10,000 were still in their posts in February 2015, prior to the loss of Ramadi.

Little is likely to change. When 'Abadi's cabinet finalised the appointment of a new minister of the interior in October 2014, the post went to Mohammad Ghabban, a Badr Organisation affiliate. Khalid al-'Ubaydi, a Sunni ex-army officer from the Saddam Husayn era, was appointed defence minister. Besides revealing the government's adoption of a narrow and highly questionable understanding of sectarian "balance" in the security sector, its choice of Ghabban also reflected its readiness to make a compromise that cedes long-term influence over the ministry and the security sector under it to one of the more sectarian militias and to its backers in Iran. This makes it even harder to roll back militia influence and assert neutral command of the security sector, which is key not only to fomenting Sunni-Shii reconciliation, but also to restoring the sector's supposed role in enforcing the law and providing security and a public service to all citizens.

Failing Iraq's citizens: the challenges of a crony state

While the domestic and international focus on the military effort against IS has highlighted the severe flaws of the Iraqi army and security sector, it has further obscured the failure of the Iraqi state to provide social services, economic development and diversification, and their associated infrastructure and legal and regulatory frameworks. As a result Iraq, which has the world's third-largest proven oil reserves, also has some of the worst socio-economic indicators of the region and is well below the average for similar upper-middle-income countries. But most seriously, a self-serving political class and dysfunctional governing system have failed Iraqi citizens by creating conditions for distorted development; deep structural poverty (now affecting 30% of the population) and unemployment; and widening gender, generational, class and regional disparities.

These failings reflect the emergence of a crony state in Iraq over the past decade. Prior to his downfall in 2003, Saddam Husayn had emphasised technocratic competence and kept corruption to a minimum within the government apparatus, extending the state's bureaucratic reach as a means of universalising patronage while centralising it in his own hands. In contrast, crony transformation was driven after 2003 by the "democratisation" of patronage – as multiple political factions competed for cabinet posts from which to

establish rival power bases within the bureaucratic apparatus and security sector – and the increasingly overt sectarian nature of politics, especially under Maliki, which made it easier for competing factions to “capture” and defend their gains, and to mobilise their constituencies against rival attempts at or demands for accountability.

In 2014 Transparency International ranked Iraq as the 170th most corrupt out of 175 countries it monitored worldwide. Clientilistic public sector employment and systemic corruption have resulted in the severe shrinking of public investment in critical infrastructure; the crowding out of the private sector; the decline of non-oil productive sectors, especially agriculture; the blunting of job growth and increasing dependency on the state; the generation of an outward brain drain and a human capital deficit at home; and the exclusion of parts of the country from the development process. It is doubtful that the reform plan of August 2015 can dislodge a rentier system that is so pervasive.

Iraq’s extensive crony system is threatened by the loss of \$40 billion in Iraqi state revenue in 2015 due to the precipitous drop in global oil prices, imposing a projected deficit of \$25 billion on the state budget (25%). Dependent on oil exports for more than 95% of public revenue and 80% of foreign exchange earnings, and faced with the prospect of depressed prices for several years, the government has been compelled to seek IMF loans and World Bank development grants. This is besides the cost of assisting the eight million people estimated by the United Nations to be in need of humanitarian assistance in Iraq: 2.9 million of them have been displaced since 2014, and the overall figure is projected to reach 9.9 million by the end of 2015, or nearly 30% of the Iraqi population.

Conclusion

Clearly, the threat posed by IS was grossly underestimated prior to the group’s capture of Mosul and its sweep towards Baghdad in June 2014. The difficulty of the battle that still lies ahead before IS can be defeated continues to be underestimated as well, not because it is invincible, but because of the deep structural problems and fundamental political failings of those ranged against it. The greatest risk is that those confronting IS will fail to do what they must to rebuild a cohesive and inclusive Iraqi state.

The ‘Abadi government needs to put down real political, civic and institutional roots in Sunni areas if it is to consolidate gains against the IS. It cannot risk disappointing Sunni expectations once again, as they were under Maliki, and must forge new relations even as combat continues. But reintegrating Sunni towns and provinces will require immediate and massive investment in the repair and reconstruction of physical infrastructure and housing, social rehabilitation, and the empowerment of local and provincial authorities. Nor can Baghdad continue to ignore the development needs of Iraq’s poorest provinces, most of

them in the Shii south, if it is to ensure both equity and political buy-in to its vision of national reconciliation and integration.

The ‘Abadi government must start showing visible successes where its predecessors since 2003 have failed in making a head start on rebuilding a viable state and crafting a new social pact, even as it faces the existential threat posed by IS. The August 2015 reform plan is a start, but must be swiftly deepened and widened. The U.S., Iran and other external powers must also throw their weight behind it – unlikely as such convergence is – if the Iraqi state is to start looking and acting more like a state. But even if the state is not broken beyond repair, the domestic and external actors most committed to its revival may not have enough political and financial capital to fix it.

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