

Executive Summary

Consolidating the Iraqi State: Challenges And Opportunities

Dr Victor Gervais, April 2018

- Iraq stands at a pivotal moment – once again. The military defeat of Daesh represents a renewed opportunity to reorient the country's trajectory towards long-term stability and economic prosperity. While the task of rebuilding areas liberated from Daesh will require sustained efforts in the coming years, the Iraqi elites must also ensure that problems of a deeper structural nature will be tackled. Without this, the military success against Daesh will soon vanish.
- It is also widely believed that meaningful efforts to rebuild the state and assert national cohesion represent an important first step towards mitigating the impact of Iranian influence in Iraqi affairs.
- This EDA Working Paper analyses the broad structural challenges facing the Iraqi state, along with possible solutions, in order to establish clearer priorities and options for dealing with them. In particular, key elements of structural fragility are identified in the following three dimensions of the state's capacity and sustainability:

1. The Provision of Security;
2. Public Sector Governance and Oil Wealth Management; and
3. National Cohesion and Trust among Iraqi Communities.

1. The Provision of Security. The Iraqi army has become a hollow force, riven by cronyism, poor leadership and sectarian splits. With Daesh militarily defeated, important efforts must be made to reform the military and rebuild professional forces, with sufficient capability to deter external attacks and prevent the rise of any new extremist group. Key priorities include:

- Addressing the problem of widespread corruption in the security forces;
- Integrating chains of command and re-establishing state control over the use of force within the Iraqi territory; and
- Rebuilding a robust, inclusive and cohesive military force capable of providing security under the rule of law.

2. Public Sector Governance and Oil Wealth Management. The Iraqi state's fragility is also associated with long-standing governance problems. The country lacks many of the basic administrative capacities required for effective governance. The Iraqi government has similarly failed to manage its oil revenues equitably and sustainably. Key priorities include:

- Improving delivery of basic services to the population, through public sector reforms;
- Implementing long-term economic diversification programs to reduce economic vulnerability and unlock job stimulating growth; and
- Strengthening the legal and regulatory framework for investment to create the necessary environment for foreign investment in the energy sector.

3. National Cohesion and Trust among Iraqi Communities. The Iraqi state's weakness is finally exposed by the low level of trust the country's communities have in the state and in one another. Trust is always the first casualty of prolonged conflicts and poor governance, and, following the defeat of Daesh, rebuilding it must be a priority, not only between government and citizens, but among all Iraqis. Key priorities include:

- Curbing sectarian governance and fostering the state's ability to harness and sustain an inclusive Iraqi national identity;
- Empowering the Sunni Arab population to reengage with the post-2003 Iraqi state; and
- Identifying sensible ways to settle longstanding disputes between Baghdad and Erbil over internal boundaries and shared oil revenues.

The above-mentioned dimensions of structural fragility of the Iraqi state are directly linked to the repeated failures of the post-2003 elites to implement meaningful reforms and win citizens' confidence in government institutions.

While it is critical that Iraq's political leadership find some way to work together to actively meet the full range of challenges outlined in this paper, it is also equally clear that even the most competent and sustained effort to build an effective state in Iraq will require outside technical and financial support for years. Based on the main challenges identified above, three areas of actions are identified:

A) Supporting Security Sector Reforms

- The international community should help build on existing pockets of efficiency in the security forces, such as the elite Golden Division, and reorient training of conventional forces to deal more efficiently with a low-level insurgency in ways that do not alienate local populations.
- The international community should also help the Iraqi government to find a path for properly professionalizing and integrating elements of the PMF into existing state military forces. A clear distinction, however, should be made between those PMF units willing to be included within a unified and non-sectarian state, and those aligned with sectarian forces. In doing so, external actors should support Iraqi government efforts to integrate the former, while backing actions to effectively disarm and demobilize the latter.
- International assistance can also play a vital role in integrating chains of command, including through technical support to the federal government and the Kurdistan Regional Government.

B) Helping Enhance Basic Service Delivery and Economic Diversification Efforts

- Through the Global Coalition Against Daesh, international actors must actively support the Iraqi government to ensure continuity in services in areas liberated from Daesh so that Iraqis experience improved lives rather than abandonment. Provision of services must be connected directly and visibly to the Iraqi state to help build the legitimacy and accountability of local and national government.

- Nationwide, the successful implementation of governance and economic management assistance programs, modelled on previous experiences and supported by external countries and institutions, could help the Iraqi government address the main obstacles in delivering services, providing it is done through a non-intrusive approach.
- International actors must also help the Iraqi government find a proper way to manage its oil wealth sustainably, based on an integrated approach to oil revenue management, attracting investors, and private sector development. Technical support by the international community could help the Iraqi government identify clear policy priorities.
- International actors should similarly support efforts to address inefficiencies in the energy and power sectors. This could be done by establishing a sustained economic aid program for infrastructure development, which would signal the international community's long-term commitment to Iraq's stability and development. If well-targeted, these investments can also be used to further empower elements in the Iraqi government looking to move past sectarian differences and build effective governance.

C) Encouraging Efforts to Promote an Inclusive Iraqi National Identity

- The international community should provide a clear support for the recent push to de-emphasize sectarian rhetoric in Iraq. This will require recognizing and working closer with nationalist trends toward a civil Iraqi state and efforts to move away from ethnic and sectarian struggles and narratives.
- International actors and institutions can also provide Iraq with guidance and resources to enact political reforms that Iraq needs in order to escape the 'civil war trap' and rebuild trust among communities. This requires helping the Iraqi government address the problem of disenfranchisement of the Sunni Arab population and pursue a broader national reconciliation process, including through the abolishment of specific de-baathification measures that have proven largely counter-productive.
- The international community should help revive negotiations between Baghdad and Erbil over security arrangements and disputed internal boundaries. For the latter, discussions could be based on the 2009 UN Assistance Mission in Iraq (UNAMI) study and proposals. If Baghdad and Erbil were to invite them, external actors (such as the UN) could also assist in negotiating revenue-sharing agreements.