MEDITERRANEAN AND MIDDLE EAST SPECIAL GROUP (GSM)

THE FUTURE OF IRAQ: SECURITY, STABILISATION AND REGIONAL VOCATION

Preliminary Draft Report

Ahmet Berat ÇONKAR (Turkey)
Rapporteur

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EXECUTIVE SUMMARY

Over the last two decades, Iraq has undergone civil war, occupation, a rise in sectarianism and a deep crisis of confidence in the state and its institutions. Some observers claim that Iraq itself is an artificial construct, an amalgam of ethnically and religiously varied populations too diverse to unite under one flag. But this belies the long historical experience of the country and the powerful and enduring appeal of Iraqi identity.

Since 2019, the security situation in Iraq has improved, but the state must contend with significant internal threats and external meddling. Internal divisions are mirrored in rival militias and reinforced by non-Iraqi actors, each pursing their own ambitions. Regional actors including Iran, the Gulf monarchies, and Turkey are playing a key role in the country as are the United States, NATO member countries and – to a lesser degree – NATO itself. Regional rivalries and a greater competition between the NATO Allies on the one hand, and Russia and China on the other, also shape Iraq’s security.

The United States has long been the most powerful external player in the region. US strategic thinkers are increasingly concerned that the Middle East is distracting US attention and resources from more fundamental challenges elsewhere. The US military has reduced troops levels in Iraq, although its forces continue to conduct operations against terrorist fighters. NATO member Turkey has powerful interests in the region and has actively confronted the Kurdistan’s Workers’ Party (PKK). NATO itself is involved in an important training mission that has recently been upgraded.

Iraq’s relations with the Gulf countries have grown more complex in recent years, ebbing to their lowest point after the 2011 Arab uprisings when Iraq’s political and religious elite backed Shia protesters in the Gulf. Prime Minister Mustafa Al-Kadhimi has sought to improve relations with the Gulf while attracting new investment from that wealthy region. The Gulf countries hope to deepen links to Iraq to ensure that it does not move too far into the Iranian camp.

Iran has sought to prevent Iraq from re-emerging as a military, political or ideological threat. It wants to ensure that Iraq neither collapses into civil war nor constructs an alternative democratic or religious model appealing to disillusioned Iranians who might see it as a signpost for a non-clerical Iranian future. Iran consequently seeks to preserve Iraq’s territorial integrity while encouraging a friendly, Shia-dominated government.

Several defence forces currently operate under the umbrella of the Iraqi state, including the Iraqi Army, the Counter-Terrorism Service, the Popular Mobilisation Forces and Kurdish security forces. There are also a range of Shia militias which claim to work for the state. While these groups are well-funded with support from backers in Baghdad and Tehran, their reliability remains a concern. Terrorist groups operating on Iraqi territory constitute a direct challenge to security and stability. With the support of pro-Iranian militias, the PKK continue to undermine Iraq’s security while threatening the Iraqi state and the Kurdistan Regional Government.

Iraq’s economic outlook has rapidly deteriorated since the onset of the COVID-19 pandemic. The Iraqi state oversees an energy export dependent enclave economy and a bloated public sector. The fall of oil prices has hurt the economy, while insecurity, rampant corruption and weak state capacity undermine the capacity of the private sector to create jobs. The corrosion of state finances and persistent sectarianism have contributed to instability. In October 2019, this dynamic triggered one of the country’s most significant social and political uprisings. Elite resistance to change, a lack of government responsiveness and the repression of the demonstrations have simply eroded the confidence of Iraqis in their political system. But some protesting groups have begun to coalesce into trans-sectarian political parties that could bring real and essential change to Iraq’s political system.
I. INTRODUCTION

1. The territorial integrity and security of Iraq are essential for the lasting stability of the entire region. What transpires in Iraq has a direct impact on the southeastern flank of the Alliance, as well as on the cohesion and integrity of NATO, which is currently expanding its Mission in Iraq (NMI).

2. Iraq is a highly complex country with an ancient history, the signs of which are everywhere apparent. Mesopotamia was a cradle of world civilisation. Its glorious architectural and artistic heritage, the remnants of which still mark the war-scarred landscape, remains a world treasure. For centuries, this land has been the home of adherents of the three Abrahamic religions, and for most of that time, its inhabitants lived and flourished in peaceful coexistence and mutual respect.

3. But in the 1970s, Iraq might also have been understood as a young modern state overseeing a proud, rich, complex, and ancient culture. Shias, Sunnis, Kurds, Turkmen, Christians, and Yezidis were some of the constituent elements of this complex mosaic. Although Sunnis do not constitute a majority in Iraq, they long ruled the country. The Ba'ath Party, dominated by Sunni members, imposed a kind of modern secularism on Iraq’s political and civil society, arguing that this would provide the key to modernity and development. The extraction of the country’s immense oil patrimony would help finance this great undertaking while the security order was anchored to a limited, transactional but nonetheless important relationship with the Soviet Union, which helped Iraq develop its oil industry. In the 1970s, Iraq held the world’s second largest oil reserves after Saudi Arabia and had developed an economy on par with several European nations. By 1979, Iraq had achieved a notable degree of development, and the state oversaw a large military, which some saw as a protector of the Sunni Gulf monarchies suddenly threatened by Revolutionary Iran.

4. The 1979 ascendance of Saddam Hussein to Iraq’s Presidency marked the beginning of a long and catastrophic unravelling for the Iraqi state and a tragic squandering of its accumulated wealth and power. Within roughly a decade, Hussein launched two disastrous invasions of Iran and Kuwait that would ultimately cripple the state and military, result in the deaths of millions of Iraqi soldiers and civilians and set the stage for conflict with the United States and its coalition partners. The Iraqi army was essentially destroyed during the US-led 43-day coalition military campaign. That campaign constituted a massive shock to an already exhausted Iraqi nation. The destruction of infrastructure and services during the war and a long-term sanction regime undermined the quality of life and made life in Iraq all the more precarious.

5. In the aftermath of the 1991 Gulf War, precipitated by Saddam Hussein's military intervention in the North of Iraq, approximately 1.5 million Iraqi refugees, the majority of whom were Kurds, flooded across the borders into Turkey and Iran. Turkey welcomed these asylum-seekers and settled them in camps in Turkey. The United States, which had chosen not to prosecute the Kuwait war all the way to Baghdad, embarked on a containment and eventually a rollback strategy and focused particularly on Iraq's Weapons of Mass Destruction (WMD). In the wake of the 9/11 attacks, this concern led Washington to occupy the country. In March 2003, when Iraqi society had not yet recovered from the devastating effects of the Gulf War and the years of international embargo, the United States and its coalition partners crushed the Iraqi military, deposed Saddam Hussein’s government, and expressed an ambition to help the country’s new leaders to establish a stable democratic political order in Iraq. The intervention led to massive displacement, social and political instability, and human suffering. Despite media reports of dozens of people killed every day for a long period of time, the lack of accurate and credible information on civilian casualties clearly revealed the unique feature and complex nature of the situation in Iraq (Al Samaraie, 2007). Indeed, after 18 years of US intervention, a stable democratic order in Iraq has yet to be established.

6. Achieving that particular political order in Iraq has proven extraordinarily difficult. The sectarian balancing act that Hussein managed for nearly three decades (24 years) through his sheer brutality
and violence proved impossible to maintain once he exited from Iraqi politics. Where once a hyper-
securitised state had asserted absolute control over Iraqi society, “de-Ba’athification” purged the
state of thousands of civil servants and soldiers from the ranks of new Iraqi state. This generated
both mass unemployment and intense discontent. Many of the disaffected ultimately joined insurgent
groups fighting the new state and the coalition supporting it – with some eventually enlisting in
terrorist groups like Daesh.

7. Divisions in Iraqi society hardened and became institutionalised. Public offices are now
allocated based upon religion and ethnicity. Suddenly, the Shia majority – which had suffered heavily
under the yoke of the Sunni-led Ba’ath Party – was positioned to impose its political will on other
groups in Iraq and engaged in a direct confrontation with both the Sunni and Kurdish minorities. This,
in turn, paved the way for terrorist organisations to exploit the fragile situation in the country. It also
fomented a Kurdish drive for autonomy in the northern reaches of the country which further eroded
the security situation in Iraq. Meanwhile Shia majoritarianism had opened the door for direct
diplomatic and security cooperation between Shia officials and Iran, Iraq’s erstwhile nemesis. After
decades of rivalry and a vicious war with its neighbour, Iran suddenly found itself holding at least
some of the keys to the country. This was a shocking turn of events.

8. From the signing of the Constitution in 2005 until 2011, the United States fought a bloody war
to defeat Sunni insurgents in Iraq aiming to help secure the Iraqi state, all while building up the Iraqi
Security Forces (ISF) capacity to defend the country. While the US withdrew from Iraq in 2011 under
pressure from the Iraqi Parliament, the continued strongly pro-Shia impulses of Iraq’s Prime Minister
Nouri al-Maliki combined with the ongoing conflict in Syria – which offered safe haven to remaining
insurgents – and the continuing weakness of ISF all contributed to a renewed insurgency, now
conducted under the banner of Daesh.

9. From 2014 Daesh launched an assault on its enemies in Iraq and coalition forces. It committed
mass atrocities against the Iraqi population, including a massacre on the Yezidi and returned Iraq to
a state of civil war. Several times over the course of 2014, Daesh routed Iraqi security forces on the
battlefield and captured the largely Sunni city of Mosul in Iraq’s north, where Daesh also captured
the Turkish consulate and held 49 people hostage for 101 days. Having previously withdrawn most
of its forces from the country, US forces redeployed to Iraq with coalition partners to help the
government in Bagdad drive back and ultimately defeating Daesh, a campaign that culminated in
the bloody siege of Mosul in 2017. Daesh, which briefly claimed to have established a so-called
Caliphate in parts of Iraq and Syria, lost the territories it once controlled. Nonetheless, it continues
to threaten the security of Iraq and several other countries tragically compelled to contend with those
fighting under its extremist banner. That Daesh managed to so devastate this large and strategically
consequential country with relative ease provides worrying evidence of the persistent weakness of
the Iraqi state, which continues to struggle with debilitating sectarian and ethnic rifts.

II. A TENUOUS SECURITY SITUATION

10. Since 2019, the security situation in Iraq has somewhat stabilised, but the state must contend
with significant internal threats and external meddling. Internal divisions are mirrored in rival militias
and reinforced by non-Iraqi actors with a stake in particular outcomes. Regional actors including Iran,
the Gulf monarchies, and Turkey are all playing a role in the country as are the United States, its
coalition partners and – to a lesser degree – NATO itself.

11. The Iraqi security sector should be strengthened in an inclusive manner. Several defence
forces currently operate under the umbrella of the Iraqi state, including the Iraqi Army, the
Counter-Terrorism Service, the Popular Mobilization Forces (PMF) and Kurdish security forces. Each
of these services operates nominally at the behest of the Iraqi state, but the CTS and the PMFs
answer directly to the Prime Minister. These services vary in their size and capabilities, with some operating at a reasonably high level of professionalism while others are beset with corruption, nepotism, and low morale (Aziz and van Veen, 2019).

12. With 300,000 soldiers under arms, the Iraqi Army is by far the largest of these forces. It has the largest budget (USD 17.3 billion in 2019). It is, however, perhaps the least effective of the Iraqi security forces due to its low professionalisation, poor linkages to the government in Baghdad, and its general politicisation. It has also managed to exacerbate sectarian tensions in disaffected Sunni and Kurdish regions of the country. Observers have lauded the courage of individual Iraqi soldiers and the broader rank-and-file, but have been critical of the officer corps, which is beset by competing sectarian and political loyalties, patronage, and corruption (Pfaff, 2020).

13. The comparatively small Counter-Terrorism Service (CTS) that answers directly to the Prime Minister, played a central role in the campaign against Daesh beginning in 2015 and has cooperated closely with US forces (Aziz and van Veen, 2019). The CTS proved so effective in the field that it was deployed on the frontline throughout the campaign against Daesh— with the Iraqi Army and the PMFs conducting only supporting tasks (Pfaff, 2020). But overreliance on these effective forces took a toll, and analysts suggest that the CTS suffered a casualty rate of between 50% and 75% across the entire division during the battle for Mosul in 2017 (Amnesty International, 2017).

14. Finally, there are the PMFs – essentially Shia militias which began operating on behalf of the state after the rise of Daesh in 2014. While the PMFs are increasingly well-funded – especially by Shia backers in Baghdad and Tehran – there are serious concerns about their reliability and command-and-control. Their actual link to the state itself is tenuous and therefore deeply concerning. The PMFs have overstepped orders on myriad occasions and acted either in contradiction to or without the express approval of Baghdad. They have attacked non-Shia sectarian groups, openly denounced the presence of coalition forces in Iraq and are generally seen as operating outside the control of state institutions. While the PMFs are an increasingly capable fighting force that played an important role in defeating Daesh, significant questions remain regarding their ultimate purpose in the Iraqi security apparatus. It would likely prove highly difficult to integrate these fighters into the Iraqi armed forces (Knights et al., 2020).

15. Meanwhile, the United States military has reduced troops levels in Iraq to under 2,500 and has withdrawn from several bases since 2019. The Trump Administration had argued that Iraq is now positioned to take on Daesh fighters without a significant U.S. presence in country. But fighting has continued and attacks on U.S. forces prompted American military leaders to redeploy their forces to only the best defended bases (Cooper and Schmitt, 2021). In March, U.S.-led coalition aircraft carried out 133 airstrikes over 10 days on Daesh assets in northern Iraq, 50 kilometers southwest of Erbil. The strikes targeted a cave complex that served as a haven for terrorists. This was the largest monthly airstrike total in Iraq and Syria since 2019. The attacks supported Iraqi ground forces and took hideouts, caves, and terrorist fighters. The CTS led the ground effort. The United States has not yet agreed a schedule of withdrawal from Iraq, and the Biden Administration is not pushing this issue. Indeed, it is playing a subtle regional diplomatic game in which Iraq is part of a larger strategic puzzle focusing on how best to cope with Iran (Abdul-Zahra, 2021).

16. From a broader geo-strategic perspective, Iraq also finds itself in the middle of a greater rivalry between the Western community of nations on the one hand, and Russia and China on the other. Russia’s central role in shaping the Syrian conflict and its growing presence in Libya demonstrate its continuing interest in the region – in part conditioned by its quest to exercise more control over global energy flows. Similarly, China is a rising power that depends heavily on imported oil and gas and is a global economic power with a growing interest in asserting a presence in the sea lanes of communication. It too is slowly building a presence in the region, which could eventually be of military consequence. The United States has long been the most powerful external player in the region –
with NATO partners, the United Kingdom and France playing a role as well – but US strategic thinkers increasingly worry that the Middle East is distracting its attention and resources from greater challenges elsewhere — namely in the Pacific. Finally, Turkey, a NATO member state, has powerful interests in the region and, as a frontline state, compelled to defend itself by confronting the PKK in order to prevent that terrorist organisation from using the territory of Iraq to launch attacks on Turkey. It strives to avoid causing harm to civilians and does so by employing International Humanitarian Law principles of necessity and proportionality. Turkey has actively worked to upgrade the capacity of Iraqi security institutions in its fight against extremist violence and terrorism and has contributed to NATO’s mission in Iraq since its inception. Although the primary target is Daesh, it should not be forgotten that beginning in the 1980s, the PKK has exploited the political and security vacuum in the country to destabilise the entire region. Despite a range of disagreements and challenges to the relationship, Turkey and Iraq continue to conduct a close dialogue to jointly confront the PKK. In this regard, Prime Minister Kadhimi publicly stated that Iraq’s concerns about Turkish anti-terror operations are eased by the positive bonds his country shares with Turkey, adding that Turkish leadership statements are assuring (Charbel, 2021).

17. All terrorist groups operating on Iraqi territory constitute a direct challenge to the security and stability of Iraq. Prominent among these terrorist groups, the PKK, with the support of pro-Iranian militias continue to defy the security and sovereignty of Iraq and pose a threat both to Baghdad and to the Kurdistan Regional Government (KRG). Iraqi officials, including the KRG, have recently come to recognise the grave threat posed by the PKK. The PKK’s resistance to the implementation of the Sinjar Agreement is a cause of concern. Since the signing of the Sinjar Agreement, the PKK started directly targeting Peshmerga and in certain occasions, Iraqi Security Forces. The PKK continues to reinforce its terrorist presence in Sinjar through Syria. Neither normalisation in the region nor the safe return of Yezidis to Sinjar is possible if the PKK actively opposes to the Agreement. Furthermore, the ongoing alignment of pro-Iranian militia groups with the PKK, and the expansion of the NMI in Iraq points to the serious threat to the Alliance posed by the PKK and its affiliates.

18. By 2019, there was a general sense that, after years of bitter fighting, Iraqi forces with essential coalition support had finally defeated Daesh. Its self-declared Caliphate could no longer claim significant territorial control in Iraq and in October of that year, U.S. forces killed its self-declared Caliph, Abu Bakr al-Baghdadi. But while the organisation lost its leader and territory, its ideology continues to exercise influence among disaffected groups in Iraq, Syria and elsewhere. Indeed, while Daesh is now significantly more fragmented because of the defeats it has suffered on the battlefield, the organisation has since gone underground and continues to conduct terrorist operations in regions where it is difficult for the US-led Coalition to operate. U.S. officials estimate that between 8,000 and 16,000 Daesh fighters remain in Iraq and Syria, with the group conducting a “low-level” insurgency in rural areas (Everstine, 2021). The release of Daesh members from camps and make-shift detention centers by PKK affiliated terrorist groups in Syria undermines the security of the countries in the region, including Iraq. Moreover, even if Daesh now finds itself on the defensive, many of the underlying political, economic, sectarian, and demographic conditions that drove Iraqis into its arms remain unaddressed. This remains a long-term concern both for the Iraqi state and for the international community at large. Undoubtedly the COVID-19 pandemic and its economic consequences have exacerbated some of these persistent social, economic, and political tensions and challenges (Cordesman, 2020).

19. Kataeb Hezbollah plays a particularly important role on behalf of the Iranian state in Iraq. Founded in 2005 its fighters have actively taken on US forces in Iraq. It now conducts Iran’s outreach to Shiite militia groups. In December 2019, US forces had struck Kataeb Hezbollah after it threatened the US Embassy and US personnel (Smythe, 2021). One of its founders, Abu Mahdi al-Muhandis, was killed along with Quds Force commander Qassem Soleimani in a Jan. 3, 2020, U.S. airstrike near Baghdad International Airport. Another Iranian controlled group, Kataeb Sayyid al-Shuhada has recruited thousands of fighters for operations in both Iraq and Syria. It is thought to have played a
part in the Saraya Awliyah al-Dam attack on Erbil (Smythe, 2021). The assassination of Qassem Suleimani in Iraq brought the entire region to the brink of armed conflict. Iraq should not become a proxy battlefield where other countries express their rivalry through military action. Along these lines, pro-Iranian militia groups should be reined in.

20. Since 2012, these militia groups also fought in Syria, and thousands of Iraqi fighters engaged to save the regime of Bashar al-Assad. By 2016, over 20 organisations had deployed 10,000 to 15,000 Iraqi Shiite fighters in a civil war that, in many respects, had turned into a proxy war. Although the number of Iraqi fighters in Syria has fallen, many are still operating in Damascus or in parts of eastern Syria near Deir ez-Zor—a strategically crucial area for the Iranian leadership who see it as a link needed to sustain the regime’s military and political operations in the Mediterranean. It is hardly a coincidence that Iranian Quds force fighters are also deployed in the region alongside Iraqi militia groups (Smythe, 2021).

III. INTERNATIONAL ACTORS IN IRAQ AND THE FUTURE ROLE OF IRAQ IN THE REGION

A. IRAN’S INTERESTS IN IRAQ

21. Iraq and Iran have a long history of complex and sometimes difficult relations. The two countries have, at different times, been strategic partners, rivals, and dire enemies. Prior to 1979, few considered Iraq a serious threat to Iran. This changed after the 1979 Iranian Revolution, at which point Iran cut its ties with its Western partners and found itself surrounded by Arab states that saw the Revolution as a direct threat to their own rule. Iran holds an important place in Iran’s revolutionary religious narrative and strategy, with the two most important Shia religious sites, Karbala, and Najaf, located in Iraq.

22. The 1980-1988 war between Iran and Iraq was the Islamic Republic’s first major military test, one that came at a huge human and financial cost. In the decades since, Iran has developed a marked capacity to mobilise Shia communities across the region and its proxy militia now operate in Iraq, Syria, Lebanon, and Yemen. This vast network is overseen mostly by the Islamic Revolutionary Guard Corps (IRGC), Iran’s most important warfighting force (Associated Press, 2021). Iran’s security agencies are highly familiar with Iraq's physical and political terrain and can sustain an active intelligence presence in the country. Its network of political, religious, and armed groups in Iraq affords it enormous leverage in the domestic affairs of its neighbour.

23. Iran emerged as a major power broker in Iraq after US intervention in 2003, and, from that point, began to openly support Shia parties and militias in Iraq. Iran’s priority has been to prevent Iraq from re-emerging as a military, political or ideological threat. The security and integrity of Iraq constitutes a core foreign policy concern for Iran. It wants to ensure that Iraq neither collapses into civil war nor constructs an alternative democratic or religious model appealing to disillusioned Iranians who might see it as providing a signpost for a non-clerical Iranian future. Iran consequently seeks to preserve Iraq's territorial integrity while encouraging a friendly, Shia-dominated government in that country. That said, it also stirs up trouble to keep its neighbour off balance and inward looking. For some experts, this explains the paradox of Iran's simultaneous ties to Iraq's political elite and to rebellious political activists and militia groups opposed to the status quo in Iraq (International Crisis Group, 2015). Both countries have actively worked to deepen economic ties, especially in the light of sanctions imposed on Iran. Today, Iraq is one of Iran's top five trading partners. Iran now sees Iraq as an outlet for its economy which has seriously suffered from the protracted sanctions. US sanctions hit Iran’s crude oil revenues and are pushing Iran to create alternatives, including the Iraqi market and beyond (Syria). Iraq is the second leading importer of Iranian non-oil commodities. Iran also keeps a closer eye on Iraq’s reconstruction projects which might benefit Iranian economy. To
further project economic influence in Iraq, Iran is working to empower its network of proxies in the country which are active across different sectors of Iraqi society.

24. Religious, economic, and political interdependence between the two countries has deepened since the onset of the Syrian crisis in 2011. In recognition of Iraq’s potential role as a link in a strategic bridge to the Mediterranean, official visits and cooperation agreements have increased significantly.

25. With the rise of Daesh in 2014, Iran suddenly faced a new and dangerous enemy along its borders, one vowing to annihilate Shia communities and establishing a so-called caliphate in the region. So grave was the threat that the United States and Iranian interests aligned in the fight against Daesh. Iran actively supported many of the Shia militias that are now part of the PMFs and helped mobilise them to fight Daesh. These groups include, among others, Kataeb Hezbollah, the Imam Ali Brigades, Sayed al-Shuhada and the Badr Organization (also known as the Badr Brigades). The latter is one of the largest groups within the PMF and its chief, Hadi al-Amiri, leads the powerful Fatah bloc in the Iraqi parliament.

26. Iraq not only has a problem with disaffected Sunni’s, it must also contend with disaffected Shia communities enjoying strong religious, political, and military links to Iranian clerical, military, and intelligence establishments. These ties are reinforced by the powerful Iranian-supported militia groups operating in the country. These groups, by definition, challenge the coherence of the Iraqi state and often propagate the interest of leading factions within the Iranian state. They engage in attacks on US and coalition forces and undermine the unity and security of Iraq. Their mission is reinforced by a powerful pro-Iranian social media, radio, and television presence which offer up anti-Western narratives that resonate in the society, help recruit adherents and fighters, and complicate efforts to stabilise the country.

27. Since the official defeat of Daesh, the United States and Iran have resumed their competition for influence in Iraq. Tensions escalated dramatically in January 2020 with the US strike in Baghdad that killed the IRGC’s revered commander, Qassem Soleimani, as well as Abu Mahdi al-Muhandis, the head of Kataeb Hezbollah. That strike proved a turning point, as both Soleimani and Al-Muhandis controlled an array of militia groups operating in Iraq. Their deaths outraged Iraqi parliamentarians, who then voted to expel US-led coalition forces from Iraq. Since the killing of the two leaders, militias have grown more aggressive, and several previously unknown militias have emerged (Associated Press, 2021). There have been several attacks on the US Embassy in Baghdad, military bases hosting US troops, and facilities supporting US companies working in Iraq.

28. Iran’s attitude towards the PKK terrorist organisation and its offshoots across the region is dubious and essentially designed to satisfy its short- and medium-term interests in its neighborhood. While directly confronting PJAK - PKK’s Iran branch- the Iranian-backed Shia militias seek to undermine “the Sinjar agreement” in tandem with the Sinjar Resistance Units (YBŞ), which is one of the PKK affiliated groups in Iraq.

29. Despite Iran’s influence with Iraqi elites, many Iraqi Shias oppose the Iranian influence and stand behind their spiritual leader Grand Ayatollah Ali Al-Sistani, promoter of a “national Shiism”. There is also mounting public distrust of Iran and the armed militias loyal to it (ICSSI, March 2021). “Iran Out of Iraq” was one of the more frequently heard slogans at the 2019 Thawrat Tishreen rallies attracting primarily young Shia protestors. The rallies, which are often referred to as the October Revolution, have significantly challenged the pro-Iranian dynamic of the political class, which has dominated Iraq politics since the fall of Saddam Hussein (Davis, 2021).

30. The Biden Administration must also contend with this formidable Iranian presence as it redefines its role in Iraq and explores the possibility of returning to the Joint Comprehensive Plan of Action (JCPOA). It is now communicating to its Iraqi partners that its ambition is to lower the
temperature with Iran. This could make it easier to work out an arrangement for the coming months. But these Iranian supported militia groups pose a genuine conundrum. The talks between United States and Iraq take place under the guise of a Strategic Dialogue, which began during the Trump Administration and which seeks to reinforce bilateral ties. The April discussions will be the first round of formal talks with Iraq’s leaders conducted with the Biden Administration. These talks will take place just as the United States returns to discussions in Vienna about Iran’s nuclear programme and its own possible return to the JCPOA.

**B. GULF AND OTHER ARAB COUNTRIES**

31. The Gulf countries have a complex relationship with Iraq. During the Iran-Iraq War (1980-1988), Iraq accepted Gulf financial support in exchange for the military containment of the new Islamic Republic’s revolutionary ambitions. Iraq stands in the middle of the regional rivalry between Iran and the Gulf states. In 1990, its relations with the Gulf countries entered a new chapter after it invaded Kuwait. The Gulf states were overwhelmingly critical of Saddam Hussein’s invasion and occupation of an Arab country, and several took up arms against him (Belbagi, 2021).

32. Iraq’s relations with the Gulf countries have grown less stable since the US intervention. They reached their lowest point under Prime Minister Nouri al-Maliki (2006-2014), particularly after the 2011 Arab uprisings when Iraq’s political and religious figures backed Shia protesters in the Gulf – most notably in Bahrain. Maliki alienated much of the Arab world with his sectarian policies and the deliberate marginalisation of Iraqi Sunnis. It could nonetheless be argued that the Gulf countries have not worked out a long-term strategic approach to Iraq (Alaaldin, Ranj, 2020). Recently appointed Iraqi Prime Minister Mustafa Al-Kadhimi has sought to attract Gulf investment in Iraq. Given the uncertainties about US intentions for Iran, the Gulf countries now seem to be looking to deepen their ties to Iraq to ensure that it does not move too far into the Iranian camp.

33. Kuwait has perhaps enjoyed the most positive relations with Iraq. In February 2018, just a few months after the liberation of Mosul from Daesh, Kuwait organised an international conference with the objective to raise USD 100 billion dollars for the reconstruction of the city. Unfortunately, less than a third of that sum was raised (Mercadier, 2021). Many businessmen and women expressed worries about the political and security risks of doing business in Iraq. No business deal was signed. Although Kuwait and Iraq have a respectful relationship, some issues linked to the Iraqi invasion of Kuwait and Iraq’s historical if nonetheless disputed claims on Kuwaiti territory remain – including specific border questions and the repatriation of bodies. In March 2021, in the presence of the UN Resident Coordinator, Kuwait received from Iraq the third batch of Kuwaiti property and archives that had been seized during the invasion.

34. By contrast, Iraq-Qatar relations have been poor in recent years due to accusations of Qatari involvement in Iraq’s internal affairs. In 2019, however, Iraq and Qatar agreed to reactivate economic and trade relations and restore communication channels. Their cooperation includes reconstruction funding, investment, as well as a project to transport goods from several countries to Qatar through Iraqi territory. On 24 March 2021, Qatari Foreign Minister Sheikh Muhammad bin Abdulrahman al-Thani met in Baghdad with top Iraqi leaders. This visit marked a further step in the consolidation of Qatar-Iraq relations.

35. Meanwhile, the United Arab Emirates (UAE) has carefully cultivated strong, personalised relationships with key Iraqi leaders. Since 2009, UAE-based Crescent Petroleum has invested over USD3 billion in Iraq. In 2019, it signed a 20-year gas deal with the Kurdistan Regional Government (Reuters, 2019). During the official visit of Prime Minister Al-Kadhimi in March 2021, Iraqi and Emirati leaders agreed to deepen trade and investment ties.
36. Finally, Iraqi relations with the Kingdom of Saudi Arabia constitute a delicate balancing act for al-Kadhimi. In January 2021, explosive-laden drones crashed into the royal palace in Riyadh. US media suggested that a militia group had launched the attacks from Iraq. The Iraqi Prime Minister denied the allegations (AFP, 2021). More generally, al-Kadhimi is compelled to walk a diplomatic tightrope between Tehran and Riyadh although it seeks to cultivate good relations with both neighbours. Al-Kadhimi was scheduled to travel to Saudi Arabia on his first foreign trip as Prime Minister in July 2020 but the visit was cancelled at the last minute as King Salman was hospitalised. Kadhimi’s trip to Tehran went ahead. In November 2020, Iraq and Saudi Arabia reopened their Arar land border crossing for the first time since 1990 and in March 2021, Al Kadhimi finally visited Riyadh (AFP, 2021). Both countries then agreed to boost trade and economic cooperation. The countries also agreed to maintain energy cooperation to maintain stability in global oil markets.

37. Based on the on-going efforts to establish a trilateral mechanism engaging Iraq, Jordan, and Egypt, and focusing on economic integration projects, it is argued that the Kadhimi government is now seeking to enhance relations with other Arab nations beyond the Gulf region.

38. Overall, many observers agree that the Kadhimi Government’s efforts to diversify Iraq’s foreign relations constitutes a step in the right direction. In this regard, the government’s resistance in joining any axis in the region is essential to long-term success.

C. NATO

39. From 2004 to 2011, NATO engaged in limited training, mentoring and assistance programmes with the Iraqi security forces. This NATO Training Mission in Iraq (NTM-I) was part of a broader international effort to help Iraq establish more effective and accountable security forces. All NATO member countries contributed to that effort either in or outside of Iraq, through financial contributions or donations of equipment. NATO also worked with the Iraqi government on a structured cooperation framework to develop a long-term relationship with the country.

40. In July 2015, in response to a request by the Iraqi government, NATO agreed to provide defence and related security capacity building support. In April 2016, it began conducting “train-the-trainer” courses in Jordan for Iraqis (more than 350 Iraqi security and military personnel were trained). Then, following a request from the Iraqi Prime Minister, at the Warsaw Summit in July 2016, NATO leaders agreed to provide NATO training and capacity-building activities to Iraqi security and military forces within Iraq. In January 2017, NATO deployed a modest but scalable Core Team to Baghdad of eight civilian and military personnel, setting up NATO’s permanent presence in Iraq. Jordan-based training transferred to Iraq in February 2017. The Core Team coordinated all NATO assistance provided to Iraq in 2017-2018 and laid the foundation for the subsequent establishment of NMI in 2018 (NATO, 2021).

41. In October 2018, NATO established an official advisory, training, and capacity-building mission in Iraq at the request of the Iraqi government. The NMI aims to strengthen Iraqi security forces and Iraqi military education institutions so that Iraqi forces are better able to fight all terrorist organisations, an particularly Daesh and the PKK which pose a threat to security and stability in the region, partly as a result of their cross-border links. At the February 2021 Defence Ministerial meeting, NATO Ministers agreed to expand NMI, as requested by the Iraqi government. This decision reaffirmed NATO’s long-standing commitment to the development of Iraqi capabilities. NATO Secretary-General Jens Stoltenberg reported that Allied governments had agreed to increase the size of NMI from 500 personnel to as many as 4,000 (Knights et al.) and to broaden its work with the Interior and Justice ministries.

42. The NMI is a non-combat advisory, training, and capacity-building mission, which is conducted in full respect of Iraq’s sovereignty and territorial integrity. Due to Iraq’s complex security situation,
potential trainees within the framework of NMI are vetted diligently to prevent the infiltration of Daesh and PKK terrorists. This practice should continue.

43. The mission engages civil and military personnel and coordinates its work with other international actors operating in the country. The mission incorporates gender perspectives in its work and has a gender adviser within the senior advisory group. NATO does not deploy its personnel alongside Iraqi forces during combat operations and only trains Iraqi security forces under direct and effective control of the government of Iraq. Training, advisory and capacity-building activities were initially conducted in the Greater Baghdad area, but after the decision taken in February 2021 to expand the mission, the goal now is to work further afield. Iraqi authorities must consent to any troops increases and these would only occur incrementally.

44. NATO’s primary goal is to help Iraq strengthen its security forces to fight all terrorist organisations and prevent the re-emergence of Daesh. It does this by advising Iraqi military education institutions and employs a train-the-trainers approach. It also advises the Iraqi Ministry of Defence, the Office of the National Security Advisor, and other national security institutions on how the country might create more sustainable, transparent, inclusive, and effective security institutions and structures. It also focuses on the rule of law, the law of armed conflict, countering corruption, the protection of civilians, children in armed conflicts, and the Women, Peace and Security agenda.

45. Since November 2020 Lieutenant-General Per Olsen (Denmark) has led the NATO Mission Iraq. The authority for the effort falls under Allied Joint Force Command (JFC) Naples, one of NATO’s two operational-level commands that stands ready to plan, conduct and sustain NATO operations of differing size and scope across the full spectrum of military response.

IV. ECONOMIC, SOCIAL AND GOVERNANCE CHALLENGES

46. Decades of accumulated structural economic problems remain to be tackled. The high rate of unemployment and poor infrastructure create a fertile environment for extremism. 2020 proved a very difficult year for Iraq which, in addition to its security challenges, was suddenly shaken by the COVID-19 pandemic and a related collapse in oil prices. These challenges along with persistent political deadlocks triggered mass demonstrations, delays in nominating a new government and mounting US–Iran tensions that reverberated in Iraqi society. The oil price crash and the coronavirus pandemic have taken a particularly exacting toll on the country. State income has fallen significantly, and the capacity of the state to pay salaries and pensions, which constitute 45% of total government spending, has been significantly diminished a result. Falling oil revenues dramatically have restricted the government’s capacity to cover outlays which are essential to holding the country together.

47. Iraq’s economic outlook has rapidly deteriorated since the onset of the COVID-19 pandemic. The Iraqi state oversees an export dependent enclave economy and a bloated public sector. Insecurity, rampant corruption (Iraq ranked 160 out of 180 in Transparency International's 2020 Corruption Index) and weak state capacity undermine the capacity of the private sector to create jobs and only increase reliance on an enfeebled state. As is the case in much of the Middle East, the state remains the country’s most important employer and salary costs have tripled since 2004. Youth unemployment in Iraq is among the highest in the Middle East. The current economic crisis now puts at risk the salaries of millions of public employees. Economists estimate more than 40 percent of the work force depends on government salaries and contracts. 2021 promises further challenges. The economic outlook remains difficult although rising oil prices will certainly help. Iraq’s budget deficit is nonetheless estimated to hit USD 43 billion – the largest in the country’s history and the highest among the OPEC member countries (Shuker, 2021).
48. Iraq’s revenues fluctuate with oil prices and are clearly not sufficient to finance public sector obligations. Rising debt levels and rampant corruption only complicate the problem. Sectarianism and patronage systems are now deeply entrenched and even institutionalised. The Lebanese case demonstrates how difficult it is to reverse this process. Unlike Lebanon, however, Iraq enjoys an oil endowment that gives it a fighting chance to begin to refill its coffers. But this would require not only a strong recovery of oil prices, but also a degree of fiscal discipline, which in turn, requires political stability and agreement on spending priorities (Ezzeddine and Noun, 2020). That can hardly be assured in the current situation.

49. Indeed, the corrosion of state finances and persistent sectarianism has only engendered instability. In October 2019 this triggered one of the country’s most significant social and political uprisings. That rebellion known as “Thawrat Tishreen” (October Revolution) were seen by some as marking a political turning point (Davis, 2019). Hundreds of thousands of young Iraqis have since regularly taken to the streets. The uprisings led to the resignation of Prime Minister Adil ‘Abd al-Mahdi on 30 November 2019, leaving Iraq with a caretaker government until May 2020 when Mustafa Al-Kadhimi’s government assumed the reins of power. Although the uprisings were largely carried out by Shia youth, they have the markings of post-sectarian sentiments. Indeed, those in the streets have called for an end to sectarianism - a message that the Shia dominated political class has hardly welcomed. Demonstrators have paid the price for their engagement including fierce repression, kidnappings and ‘disappearances’ (Prier, 2021).

50. Popular protests in 2019 suggest that young people have adopted a new political mindset. Their legitimate aspirations for social justice are overriding sectarian affiliations. The primary source of discontent among Iraqi youth has been extensive corruption benefitting well connected elites. This is turn, is linked to the virtual absence of social services and soaring unemployment. Many Iraqis feel alienated from a political system that offers them so little. In fact, the first phase of the October Revolution focused on the low standard of living. The second phase was characterised by calls for a new political system, citizenship for all and an end to sectarianism. The third phase involved demanded an end to Iran’s mounting interference in the domestic affairs of Iraq (Davis, 2019).

51. Since 2003 Iraqis have enjoyed neither peace nor stability. This represents an entire lifetime for many young people, as 70% of the population is under the age of 30. While thousands are demonstrating to establish a functional social democratic order, millions are entrapped by persistent sectarianism, partly enforced by the state, and partly enforced by militia groups. The government is now seen as having failed to meet the most basic needs of ordinary Iraqis – including the provision of jobs and essential services. It is beset by rampant corruption which nefariously combines with insecurity to inhibit desperately needed investment in Iraq’s future (Ezzeddine and Noun, 2020). The country’s youth is clearly fed up with this morass and is pushing for change. But defenders of the status quo have formidable powers of resistance to these demands.

52. There are concerns now that this highly fragile Iraqi political structure simply cannot weather the fiscal crisis the state currently confronts. This, in turn, could trigger yet another round of conflict among competing factions. There is thus a compelling argument to lend support to the besieged state and to encourage reforms that are essential to its survival. Prime Minister Kadhimi has pointed to the many obstacles to rebuilding an inclusive Iraqi national identity and an effective administration, including terrorism in all its forms, sectarian conflict, insecurity, corruption, resistance to reform and much needed change (Charbel, 2021).

53. Iraq’s economy underwent two significant shocks in 2020. Oil prices, which were already falling prior to the onset of the COVID-19 pandemic, collapsed as the global economy began to shut down due to lockdown measures and falling demand. Iraq is the world’s third most important oil exporter, so these market movements had a profoundly negative impact on an economy that had shown some signs of revitalisation once the civil war had ended and as oil prices recovered. Iraq registered a
GDP growth rate of 4.4% in 2019 (World Bank, 2020), a development that helped generate a budget surplus and a decline in public debt (UNDP, 2020).

54. Unfortunately, the pandemic-induced recession has swiftly reversed these trends. The public debt stood at 44.6% of GDP in 2019 but is projected to reach 65.7% of GDP by the end of 2021 due to falling revenues and increasing spending obligations that aim to counter the worst impacts of the crisis (World Bank, 2020). The World Bank and the United Nations Children’s Fund (UNICEF) expect poverty to increase by over 50% in the aftermath of the pandemic (UNDP, 2020).

55. Despite efforts to diversify its economy, Iraq still overwhelmingly depends on fossil fuel exports and functions essentially as an enclave economy dominated by that industry. As one of the world’s largest crude oil producers, Iraq generated USD 87 billion through oil exports in 2019 alone (EIA, 2021). The country is endowed with the world’s fifth largest reserves of oil, currently estimated at 144.2 billion barrels (IEA, 2020). The sector generates 90% of the state’s tax revenues, which leaves the public sector highly vulnerable to global price swings. Falling prices in recent years have slashed government revenues by roughly half. Energy price swings also have an outsized impact on the exchange rate, and when oil prices are high, this can induce a kind of “Dutch Disease” in that prices other domestically produced goods out of global markets. This is obviously a problem for the non-energy sector, and it impairs the capacity of the country to diversify its economy and find other sources of jobs and wealth. At the other end of the spectrum, when energy prices fall, the value of the Dinar does as well, and this, in turn can induce inflation as the relative price of imported goods soars in the domestic economy (Cornish, 2020). A large oil endowment can thus be both a gift and a curse.

56. Some analysts describe Iraq as a “rentier state” where power and wealth largely correlate with access to oil industry-generated income (UNDP, 2020). That same oil sector, however, does not create significant employment. Political allegiance is thus often secured through the distributing of subsidies, cash, or other in-kind benefits to Iraqi households. The practice distorts relative prices and leads to a range of sub-optimal economic impacts. Many Iraqis, for example, perceive electricity as an entitlement provided by the state at no or very low cost. The problem, of course, is that this price distortion leads to resource misallocation, under-investment, price distortions, and waste while environmentally sound practices like energy conservation are simply not encouraged (Kadhim and Vakhshouri, 2020).

57. In this distorted economy Iraq’s public sector, as is the case in much of the region, is bloated and has become the employer of last resort. The problem has only worsened since the 2003 war. Today, the government is by far the country’s biggest employer, and this only starves the anaemic private sector of resources, competitive incentives, and talent. Economists warn that the system has reached its limits and that only the private sector will have the capacity to generate future job growth. The unemployment challenge is particularly dire for young people, and as suggested above, the country is sitting on a demographic and political time bomb if job prospects for young people remain dim.

58. Iraq’s finance Minister Ali Allawi recently warned officials about the structural instability caused by the long-cherished practice of purchasing political allegiance and votes through public hiring schemes (Cornish, 2020). According to Mr. Allawi, that exercise has resulted in approximately 300,000 “ghost” employees. The entire superstructure of state generate job creation is also highly vulnerable to oscillating government revenues. When public income flows diminish, the model rapidly generates instability. Delayed government pay checks in November 2020, for example, precipitated worrying public anger and street demonstrations. Indeed, since Saddam Hussein’s fall in 2003, successive governments have constantly confronted mass protests generally linked to dysfunctional public services and unemployment.
59. Protests, for example, have often followed power outages which occur regularly, particularly throughout the summer months when temperatures in Iraq’s south can climb to 50 degrees Celsius. In those hot months, electricity consumption soars, and inordinate strains are placed on the country’s war damaged power generation system (Kadhim and Vakhshouri, 2020). Of course, because electricity use is subsidized, the industry itself suffers from chronic under investment, making it even more prone to power outages. Iraq’s former Minister of electricity, Luay al-Khatteeb, recently described a “summer ritual” in which demonstrators burn effigies of Iraqi politicians to express their frustration with the system in place (Al-Khatteeb, 2020). The problem is that reducing subsidies to generate income for investment also risks triggering public protest. The entire sector is thus caught in a kind of vicious cycle that makes positive change very difficult to achieve and crisis almost a self-fulfilling prophecy. In current crisis circumstances, more economically inspired protests seem likely. Last year, Iraq’s finance Minister asserted that Baghdad recognises that structural change will be essential, adding that “if you over-milk [a cow] it might die” (Cornish, 2020). He admitted, however, that austerity of any kind is a notably “hard message” to sell in Iraqi politics. International institutions like the IMF have repeatedly implored the government to abandon jobs for votes-schemes, reverse the “unsustainable expansion of wage and pension bills”, and reduce “inefficient energy subsidies” (IMF, 2020). In Iraq, short-term political calculations continue to drive decision making, and this has remained the case during an economically catastrophic pandemic.

60. Some relief could be on the horizon. The government now expects prices for crude oil to hover around USD 50 per barrel over the coming year. This is 25% higher than the assumption made for the preceding budget. These calculations, however, diverge significantly from the IMF forecasts, which estimate the 2021 price for Iraqi crude oil at USD 39.50 per barrel (Saadi, 2020). The difference points to potential gaps between expected and available funds in 2021.

61. Last year already, government salaries and pensions accounted for over 120% of oil incomes (Saadi, 2020). Continuing low oil prices and a slow recovery of the global economy might compel Baghdad either to finally embrace structural change or find other ways to stay liquid and avoid renewed popular unrest. At the end of last year, the Central Bank of Iraq (CBI) announced a devaluation of the dinar of more than 20%, the greatest fall in its value since 2003 (Cornish, 2020). According to the World Bank, the CBI’s foreign currency reserves have significantly fallen over the past year. Although the CBI is officially independent, analysts understood the decision as a concession to the government, which would otherwise be hard pressed to meet public sector salary obligations. Any substantial devaluation would likely precipitate a rise of domestic inflation (Cornish, 2020).

62. The socio-economic problems of regions where Daesh is active must be addressed to remove the root cause of extremism. Pledges made at the 2018 Kuwait Conference were thus very welcome. On the other hand, Iraq’s bureaucracy has made it difficult to follow up on these pledges.

V. RECONCILIATION AND HUMAN RIGHTS

63. As this preliminary draft report has suggested, over the last two decades Iraq has undergone both a rise in sectarianism and a deep crisis of confidence in the state and its institutions. Some observers now claim that Iraq itself is an artificial construct, an amalgam of ethnically and religiously populations too diverse to unite under one flag. But this belies the long historical experience of the country and the powerful pull of Iraqi identity. Many recent studies confirm how important this identity was in the country, at least until Saddam Hussein began to attack the foundations of the state and its traditional identity. Iraq’s modern history and the Iraqi nationalist movement demonstrate the transcendent appeal of Iraqi identity, and this identity has not been entirely eviscerated over challenging past forty years.
64. Saddam Hussein sought to appropriate any useful national symbols while attacking the underlying sentiments that had long held the country together (Baptiste and Benraad, 2020). His authoritarian regime simply sought to crush those groups that it identified as threats to the nation including the Shia and Kurdish communities (Benraad, 2018). Saddam Hussein’s power was essentially built on terror and clanish patronage rather than on sectarianism. Indeed, Sunnis were not privileged as such: Saddam Hussein’s family and clan took pride of place in the hierarchy of the radical state he had constructed. Joining the Ba’ath party offered the best means to gain access to employment, education, and a steady income. Those excluded from this insider’s game were subject to the whims of the regime and lived a highly precarious and vulnerable existence as a result.

65. It is worth noting that before 2003, nearly one third of marriages in Iraq were between members of different sects. There are still many mixed families and mixed communities in Iraq. Indeed, Iraqi tribes often have more than one religious identification and can include Sunni and Shia clans. For Iraqis, belonging to a tribe is a central pillar of identity. Unfortunately, the perilously demagogic leadership of Saddam Hussein fomented dark suspicion and animosity among groups that had previously coexisted and interacted peacefully. Iraqi sectarianism is thus a relatively recent phenomenon, and its exacerbation is an element of the country’s national tragedy (EASO, 2017).

66. The war in 2003 also contributed to sectarianism and a state crisis. One unintended consequence of De-Ba’athification was that it led to a dismemberment of the Iraqi state, depriving it of its institutional foundations, institutional memory, and skilled technocrats (Benraad, 2018). Ex-members of the Ba’ath party were excluded from the political process and considered accomplices of Saddam Hussein. Many ultimately joined extremist groups including Daesh.

67. It was during this period that an identifiably Shia-led government assumed the reins of power in the geographical space that Iraq now occupies. Ayatollah Ali Al Sistani worked closely with US authorities in Iraq (Canet, 2021), although some Shias were hostile, particularly those close to Moqtada Al Sadr, the son of one of Iraq’s most prominent Shia clerics, who Saddam Hussein’s regime had assassinated in 1999. Meanwhile the Sunni population felt systematically cut off from the political process and endured discrimination at the hands of the new Shia elite. Al Qaeda and later Daesh exploited these grievances and played on them to help radicalise Sunni communities and recruit new adherents. The so-called Caliphate that Daesh established exacted a huge toll on those unfortunate to live under its brief but terrifying rule. That experience also hardened sectarian barriers in the society and the defeat of Daesh has triggered yet another round of score settling and legal discrimination against those whose relatives engaged with that terrorist organisation. Schools refuse to enrol their children, mothers are denied access to public support, and mukhtars (community mayors) will not allow these families move into their neighbourhoods.

68. During Daesh’s brutal attacks on the Yazidi homeland of Sinjar in 2014, Daesh fighters kidnapped and enslaved many Yazidi women, some of whom had no choice but to marry terrorist fighters. A number of these women ended up in the notorious al-Hol refugee camp in Syria where Daesh terrorists and their families are now held in captivity by PYD/YPG who also use them as bargaining chips against the West and release them when it suits their agenda. The Yazidi women were permitted to return to Iraq, but their children have not been permitted to leave Syria. The children are not accepted in the Yazidi community and the mothers are effectively exiled. That unresolved issue remains a source of tension and legal dispute (Chulov and Mando, 12/3,2021)

69. Hundreds of thousands of Turkmens, Christians, Shabeks and Yazidis were displaced during the conflict and many continue to live as refugees. In the specific case of Yazidis, it is estimated that 80% of Yazidi women between the ages of 17 and 75 suffer from Post-Traumatic Stress Syndrome and 100% for those held in captivity. Conditions for this distressed community, already beset by a massacre, the lack of economic opportunity, and forced displacement have worsened due to the
COVIDpandemic. Female survivors, in particular, are looking to put those involved in perpetrating crimes of genocide, rape and kidnapping on trial for their crimes. Such trials would not only advance justice but would also provide a pathway to healing for this highly traumatised community. The Yazidis are also looking for facilitation of return to destroyed communities and a modicum of economic opportunity so that those communities can once again be viable (Murad, 2021). Yazidi Internally Displaced People (IDP) communities are also unable to return to their ancestral hometown of Sinjar due to the PKK’s presence and despotic control of the district.

70. Between 2003 and today, the number of Christians in Iraq has dropped from roughly 1.5 million to fewer than 400,000, out of a population of 39 million Iraqis (Prier, 2021). The situation for Iraqi Christians dramatically deteriorated in 2003: attacks and exactions by gangs and militias began to provoke their exodus. This accelerated with the arrival of Daesh, which drove the Christians out of the northern Iraqi cities, in particular Mosul and Qaraqosh. Some 100,000 are refugees in autonomous Iraqi Kurdistan, and many live in precarious circumstances.

71. In early March, Pope Francis visited Iraq to meet with Iraq’s leaders, clerics, and the Christian community. The visit was of great symbolic importance and it included a direct meeting in the holy city of Najaf with Grand Ayatollah Ali al-Sistani, the spiritual leader many of the world’s Shia Muslims. The Pope thanked al-Sistani for speaking out for the protection of minority religious communities during the civil strife that has beset Iraq. For his part, al-Sistani endorsed calls for granting Christians full rights in the country. Some Shia militias have continued to persecute Christians, so the meeting with al-Sistani communicated a powerful message. In Ur, Francis noted that freedom of conscience and of religion were “fundamental rights” that should be respected everywhere. “We believers cannot be silent when terrorism abuses religion.” (Sherwood, 2021). It is a message that he also delivered to worshippers at the Our Lady of Salvation church in Baghdad where in 2010 militants killed 44 worshippers, two priests and security forces. Ultimately, the survival of Iraqi Christians in Iraq hinges on the precise form the Iraqi state ultimately assumes. Pope Francis visited the country not simply to lend support to a religious community, but also to convey a political and social vision rooted in tolerance for all Iraqis (Prier, 2021).

72. Although Turkmen constitute the third largest component of the Iraqi society, their marginalisation is a serious problem that must be addressed. Tens of thousands of indigenous Turkmen residents of Talafar, who fled the city either because of Daesh or fear of reprisals because of their Sunni affiliation, continue to live in exile, either as IDPs or refugees. In the specific case of Kirkuk which can be considered as a microcosm of Iraq itself, a just and equal solution that would be satisfactory to all three components of the city – Turkmens, Arabs, and Kurds - as well as the Christian and other minorities should be encouraged as the only feasible solution. Resolving the Kirkuk issue in such an inclusive and equitable manner would provide a positive example for the rest of the country. In this regard, the reconciliation effort between Baghdad and Erbil provides an important model for bringing together previously divided sectarian groups.

73. Ultimately national reconciliation cannot simply be reduced to inflicting a military defeat on Daesh. Iraq must heal deep emotional scars, injustices, and traumas caused by several decades of war, violence, and deprivation. The Iraqi government will have to embark upon a process to redress the wrongs of the past while working in a concrete fashion to overcome the myriad divisions that threaten the very coherence of the Iraqi nation and the functioning of the state. Failure on this front will simply open new spaces for violence. This is a tall order for a state that is already at the limits of political, human, and financial capacities and it will undoubtedly require sustained international support to address these challenges.
VI. DOMESTIC POLITICS IN A DIVIDED COUNTRY

74. Iraq’s current Prime Minister, Mustafa al-Kadhimi’s came to power after two Prime-Minister-designates had failed to form a government. Al-Kadhimi had been a prominent member of the Iraqi opposition during the years of Saddam Hussein’s rule. He co-founded and served as the executive director of the Iraq Memory Foundation, which has systematically documented that regime’s crimes. Al-Kadhimi also worked as a journalist at Al-Monitor from 2012 to 2016, when he was appointed as the head of the Iraqi intelligence service (Mamouri, 2020). He assumed the position of Prime Minister in May 2020, with strong support from the international community who sees him as a man of principal and dedication to national restoration.

75. Al-Kadhimi directly oversees the intelligence service, and the idea is to bring a degree of coherence to the country’s highly fragmented security apparatus. Most of his ministers are technocrats with little or no affiliation to political parties. The Finance Minister, Ali Allawi, for example, is a prominent Iraqi academic who served as minister of trade, defence, and finance after 2003. He was the executive director of Arab International Finance and previously worked at the World Bank Group in Washington (Mamouri, 2020).

76. Kadhimi quickly laid out priorities for his government, which included: early elections and electoral reform, combatting COVID-19, settling outstanding issues with the Kurdistan Regional Government, maintaining state control over arms, and addressing the persistence of violence against protesters. While the Prime Minister can directly shape some policy areas in pursuit of these goals — including security and foreign affairs — others require the cooperation of the Council of Representatives, such as on electoral and financial reforms. Kadhimi’s has established a close rapport with President Barham Salih and the Speaker of Parliament Mohammed al-Halbusi. He also benefits from strong ties with Iraq’s key constituencies, as enjoys the goodwill of almost all Allies, key regional capitals, and the international community in general. Since assuming office in May 2020, Prime Minister Kadhimi has pushed hard for political and economic reforms to address country’s chronic problems. But he has confronted stiff resistance. Despite domestic and international constraints, he has made several attempts to bring armed militias under state control. At this critical stage, Kadhimi’s non-sectarian and inclusive approach deserves the strong support of the international community.

77. In response to demands made by demonstrators at “Thawrat Tishreen”, the government initially agreed to hold early elections in June 2021. In January 2021, however, the government postponed these, and they are now slated for 10 October 2021. The Independent High Electoral Commission (IHEC) sent invitations to the embassies of 71 Arab and foreign countries and international organisations to monitor these elections. A UN mission will provide support for the IHEC, including on media, logistical and electoral aspects.

78. Almost a year after Mustafa Al-Kadhimi’s nomination, some argue that his government has not lived up to initial expectations and the living conditions in the country are still not improving. Iraq has the world’s 19th highest COVID-19 infection rate — a number that is likely to be an undercount because of the country’s low testing capacity, which has barely improved under al-Kadhimi (Alshamary, 2020). The Prime Minister had also promised to seek justice for the hundreds of protesters who lost their lives. In October 2020, he formed an official committee to investigate those crimes.

79. Al-Kadhimi has made several calls for reconciliation and inter-community dialogue. In August 2020, he declared “Iraqis of all sects are yearning for a new Iraq that believes in peace and rejects violence” (ICSSI, February 2021). Again, in March 2021, he called on political forces, young protesters, and the opposition to join in a comprehensive national dialogue and promoted it as “the only way to build a state and well-establish the state concepts to empower its success” (Abu Zeed,
2021). Many Iraqi political forces have already confirmed they would participate in this national dialogue. On behalf of the Kurdistan Regional Government, Masrou Barzani welcomed the initiative “involving the political parties in order to resolve all problems and conflicts.” However, the Fatah Alliance (which holds 48 of the 329 seats in the Council of Representatives) sharply opposed this proposal, affirming that “it is useless to hold a national dialogue before achieving full sovereignty and the exit of foreign forces.”

80. Indeed, the presence of foreign forces in the country remains a critical fault line in this divided country. Political factions and militias loyal to Iran have strongly advocated for remaining US troops to leave. On 25 March 2021, the Rab’Allah militia threatened to target US forces and their agents during a military parade in the streets of Baghdad. The procession also sought to undermine Prime Minister Mustafa al-Kadhimi’s credibility ahead of the new round of strategic Iraq-U.S. talks on the withdrawal of remaining US troops and on bilateral relations, scheduled in April 2021. In response to the Rab’Allah’s parade, on 30 March the Iraqi government deployed heavily armed units of the Iraqi Army and Special Operations forces in the main squares and streets of the capital.

81. Most political parties operated in exile during years of Saddam Hussein’s dictatorship. Their leaders returned in 2003 armed with ideas and, in some cases, a sense of entitlement, but without recent governmental experience or even familiarity with life in Iraq under Saddam Hussein. Following the US-led invasion, the Coalition Provisional Authority (CPA) became the sovereign of Iraq. During this period, any political actor seeking to shape policy needed to cultivate strong relationships with the CPA. The CPA worked well with sectarian-based political parties, and these became quickly entrenched in the country’s new governing elite. The country’s political parties continue to cultivate foreign governments for support and legitimisation and most political parties benefit directly from foreign financial contributions.

82. The 2005 Constitution defines Iraq as a unitary federal state with a “republican, representative, parliamentary, and democratic” system of government. A major gap opened in Iraq’s nascent democracy between its governance model as laid down in the Constitution and the manner in which power is actually wielded. Politicians are nominated and appointed based on their ethnic or sectarian identity rather than their politics, ideas, merit, or competence. This informal system is known as Al-Muhasasa (Al-Shadeedi et van Veen, 2020): this is a Lebanese style of sharing out of top-level executive functions among the main sectarian groups (Shia, Sunni, Kurds, minorities). For example, the offices of President, Speaker of the Parliament and Prime Minister are staffed by respectively a Kurd, a Sunni, and a Shia. Votes are sought to enhance leverage in national level bargaining, but the sectarian system essentially predetermines what can be won and it encourages populist and sectarian rhetoric instead of clear political programmes.

83. The al-Muhasasa system has become a source of grave dissatisfaction among Iraqis from all sects because of the poor outcomes it generates for its citizens. Elite resistance to change, a lack of government responsiveness and the repression of the demonstrations have simply eroded the confidence of Iraqis in their political system. The Parliament is now directly associated with widespread corruption and sectarianism. It should hardly be surprising that turnout at the last parliamentary elections in May 2018 was the lowest since 2005 (Al-Shadeedi et van Veen, 2020).

84. Iraq’s sectarian political system has failed to stave off mounting-political fragmentation within each of the sectarian groups. The general composition of the parliament following the 2018 elections include 187 Shia, 70 Arab Sunnis, 58 Kurds, four Turkmens, and nine members representing other minorities. Far from consisting of unified sectarian blocs, it was marked not only by sectarian divisions but also by splintered Shia, Sunni, and Kurdish factions (Mikal, 2020). In addition, the presence of armed groups operating outside state control has paralysed the political system.
85. Indeed, Shia parties compete vigorously with one another, and no Shia political leader can claim influence across Iraq’s entire Shia population. In the 2018 elections, the three main Shia parties emerged with comparable results: 54 seats for Sairoun (Muqtada Al-Sadr), 48 seats for the Fatah Alliance (Hadi Al-Ameri) and 42 seats for Al-Nasir (Haider Al-Abadi). The nationalist and trans-sectarian Sairoun as well as Al-Nasir have backed Al-Kadhimi’s government, while the Fatah Alliance, a coalition of Iranian-supported militia groups, stands in opposition.

86. The 70 Arab Sunni members of parliament are also divided among various parties and coalitions, starting with the National Coalition (17 Arab Sunni MPs). Some of these groups have adopted an expressly pro-Sunni stance, but others are nationalist and trans-sectarian. The post-2018 elections situation differs considerably from 2005, when most Arab Sunnis boycotted parliamentary elections.

87. Kurdish unity has also proved elusive and Kurdish votes are divided between the Kurdistan Democratic Party (KDP – 25 seats) and the Patriotic Union of Kurdistan (PUK – 18 seats). The attempt to launch a Kurdish independence referendum has further fragmented Kurdish politics. While both parties strongly favour Kurdish autonomy, they do not agree on how best to manage the day-to-day affairs of the Kurdistan Regional Government (Mikail, 2020).

88. Over the past few months, Thawrat Tishreen protestors themselves have been moving into politics. Some analysts suggest that these new groups could bring real change to Iraq’s political system (Schaer, 2021). One of the best-known activists, Alaa Rikabi, has now founded a party called “Imtidad”. Another young leader, Tallal al-Hariri founded the “October 25” party, named after one of Iraq’s largest anti-government protests. Hussein al-Gharabi, a lawyer, co-founded the National Home party. The three share several goals: to replace the al-Muhasasa system that institutionalises clientelism and a culture of bribery and replace it with a government of technocrats selected for their expertise (Vohra, 2021). They regard themselves as secular and have spoken out against Iranian influence in Iraqi politics--a position that has angered armed groups supported by Iran.

89. Compared to the long-established parties, these new entrants are inexperienced and underfunded. But the new electoral law, ratified in November 2020 gives them hope. Aimed at giving political independents a better chance of winning seats in parliament, the new law has turned Iraq’s 18 provinces into 83 electoral districts and prevents parties from running on unified lists. In the past, one party could win a whole province and then select candidates from its list. Now, the seat in parliament will go to whoever wins the most votes in a local electoral district. Some experts say these new parties could make a difference in October 2021. To challenge established parties, these newcomers would need to unite, overcome their internal disagreements, and agree to field one candidate in each of the different district instead of competing against each other. They are now working out the modalities for this kind of coordination (Schaer, 2021).
VII. CONCLUSION

90. Iraq is situated in a region of significant strategic importance both as a crossroads and as a supplier of energy. It is a region in which both China and Russia are ever more deeply engaged, and its instability has a demonstrable impact on regional and global stability and security. NATO’s decision to increase its presence in the country is a tacit recognition of these dynamics.

91. It is important to understand the situation in Iraq through both a regional and broader strategic lens. Policies toward Iraq will invariably be judged on their capacity to reinforce regional stability or their potential to undermine it. Among the positive region-wide developments in recent years have been the virtual eradication of Daesh in Iraq and Syria, Kuwaiti efforts to mediate between Qatar and the Arab Quartet, clear signals from the Gulf that a new approach to the Yemen conflict is needed and the onset of new talks about how the United States and Iran might reengage with the JCPOA and all the issues that have been linked to this important but now largely moribund agreement. International actors should also strongly support the implementation of the Sinjar Agreement, in line with the calls of the UN. This would represent an important step towards normalisation, reconstruction, and security of the Sinjar region. Allies should encourage and support the Iraqi government in its endeavors to eradicate presence of all terrorist organisations in Iraq.

92. It is very important that NATO remain engaged in Iraq and supportive of its government at this delicate moment. Doing so would make a distinctive contribution to the government’s capacity to conduct military operations, increase public confidence in the state, and provide the needed stability and reforms to improve the investment environment. It would also help Iraq to eliminate those vulnerabilities that have had a destabilising impact on the country and the broader region.

93. Iran needs to be deterred from its proclivity for interfering in the internal politics of its neighbors, a practice which has helped put much of the region on a knifes edge. The commitment of NATO Allies to support security reform in Iraq and operations against those seeking to undermine Iraqi sovereignty sends an important diplomatic message that Iraq’s independence and continued viability remain an important interest for key international players. This means not only supporting a broad deterrence strategy against those states that would undermine Iraqi sovereignty, but also lending help to reform and reconstruction efforts in Iraq.

94. Revitalising the diplomatic process with Iran could be helpful to Iraq although there are clearly risks to doing so as well. Returning to a sober dialogue with that county might make it possible to resurrect the JCPOA, build in additional protocols to provide much needed reassurance and lower tensions in a region threatened by persistent internal and cross-border rivalries. It is increasingly difficult to foresee success on this front if the issue of Iran’s adventurism beyond its borders is not dealt with.
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