

PEACE AND SECURITY

Coercion, predation and state formation in Libya and Iraq

Parallel perspectives

Wolfram Lacher and Salam Said (eds.)
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In Iraq since 2003 as in Libya since 2011, no single actor has succeeded in consolidating power. Instead, state formation occurs through negotiated power-sharing arrangements among the competing actors



State formation in Iraq and Libya challenges analytical categories that are often taken for granted, such as the divide between state and non-state armed actors. In both countries, the boundaries between these two types of actors have been blurred



Close links between coercion and predation make it difficult to distinguish between the domains of politics, the economy and security. In both states, relevant actors straddle all three spheres; in neither is there a distinct «security sector»

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INTRODUCTION: PERSPECTIVES ON COERCION, PREDATION AND STATE FORMATION IN LIBYA AND IRAQ

Wolfram Lacher and Salam Said

Coercion plays a central role in state formation and the shaping of post-war political economies. During periods of conflict, those wielding the means of violence often control key economic resources, thereby creating a war economy. Such economies range from the diversion of state funds for military efforts to illicit activities that flourish in the absence of state control. Through their control and exploitation of economic resources, actors wielding coercion become dominant players in state formation. In cases in which no single actor succeeds in centralising power, authority devolves to competing forces. State formation then occurs through some form of power-sharing between these competing actors.

Libya and Iraq exhibit some striking parallels in this regard, and yet they have rarely been considered alongside each other. Both are wealthy oil rentier states in which long-standing regimes were toppled by – or with the help of – foreign military interventions. In both states, the state security apparatus collapsed or was dismantled as a result of the demise of the former regime, and a fundamentally new security landscape emerged. In neither country was any single actor able to re-centralise authority. Instead, competition between rival groups within the state security sector came to characterise this new security landscape. Such competition was closely linked to the struggle for control over state institutions, which offer access to spectacular wealth. Over time, close ties formed between competing armed actors, on one hand, and the institutions managing state revenues and expenditures, on the other. These parallels define state formation in post-2003 Iraq and post-2011 Libya.

This collection of articles offers perspectives on patterns of competition over coercion and predation in both countries. Viewed in conjunction, these articles highlight both similarities and differences between the two cases. This collection is a first step in what will ultimately become a comparative analysis of state formation in Libya and Iraq. For now, the authors have deliberately avoided charging their empirical analysis with theory. However, this is only the first phase in a collective endeavour to develop a more theoretically grounded understanding of patterns of state formation in both countries. The results of this project are to be published at a later stage in a collection of academic articles.

To the extent that theoretical reflections do feature in the present articles, they do so in the avoidance of some widely used terminology. Examining patterns of state formation in Iraq and Libya requires questioning analytical categories

that are often taken for granted. This applies, for example, to the divide between state and non-state armed actors. In both countries, the boundaries between these two types of actors have been blurred. To the extent that clearer divides have gradually emerged, this is part of a process of state formation whereby some armed groups become firmly established in the state, whereas others are marginalised. It also applies to distinctions between the domains of politics, the economy and security. In both states, relevant actors straddle all three spheres; in neither is there a distinct «security sector».

The key differences between the two cases also help to reveal fundamental factors in state formation in each of them. In Iraq, a political settlement crystallised rapidly after 2003, imposing limits on violent competition between ruling elites, even as their capture of power gave rise to extraordinary violence towards those who were excluded. In Libya, by contrast, such a settlement has to date remained elusive. While a growing set of arrangements linked the competing centres of power in Tripoli and Benghazi from 2021 onwards, these arrangements fell short of a settlement, and underpinning them was a military stalemate of uncertain durability.

An obvious explanation for this difference is the contrasting international setting of the two cases: in Iraq, the US occupation and then military presence acted as an arbiter in power struggles; subsequently, Iran became a hegemonic power in the country. In Libya, such an external arbiter or hegemon was missing; instead, a new multipolar regional order exacerbated the violent struggles between Libya's rival camps.

Less obvious, but no less significant is the different make-up of the competing actors in the two countries. In both cases, authors refer to elites as actors. But in Iraq, these elites were already at the head of fully-fledged political-military forces and had already reached arrangements among themselves by the time they replaced the former regime. In Libya, by contrast, the demise of the Qadhafi regime ushered in a highly fragmented actor landscape that ruled out any solid political settlement. Elites wielding substantial political and military power at the same time only gradually emerged over the following decade. This diverging role of elites features throughout the articles in this collection.

THE CONSOLIDATION OF ELITE NETWORK CONTROL OVER LIBYAN STATE INSTITUTIONS

Tim Eaton

How can we explain how patterns of control over Libyan state institutions have evolved since 2011? This short article contends that the answer lies in examining the development of elite networks in Libya. To do so, the article seeks to lay out three distinct phases of elite network development and consolidation since 2011, illustrating how these phases have conditioned the management of the resources of the Libyan state. In the first phase (2011–2014), the allocation of state positions, management of state resources and budgeting was controlled via elite networks of actors who held official positions within political institutions. Positions were allocated through an informal process of quota management (akin to *muhassasa*). In the second phase, following the breakdown of Libya's transitional process in 2014, the role of armed group networks operating outside formal institutions grew significantly. In the east of Libya the network of Khalifa Haftar and his Libyan Arab Armed Forces grew to dominate all formal institutions. In the west of Libya, an internationally appointed government remained in power, but it became increasingly subject to the influence of the armed actors it relied on to maintain security. In the third and current phase, from 2022 onwards, the allocation of state positions, management of state resources and budgeting has become increasingly captured by two very different networks, that of Khalifa Haftar in the east and south, and that of the family of prime minister Abdulhamid al-Dabaiba (appointed in 2021) in the west, in a process of elite consolidation.

The article explores briefly how elite networks can be conceptualised, before describing these three phases of development, before offering some brief conclusions on the implications of the analysis.

CONCEPTUALISING ELITE NETWORKS

In the post-2011 period, following the fall of the Qadhafi regime, an increasingly complex and dynamic bargaining process unfolded for control of state budgets and assets among elites from rival groups and constituencies. This article contends that the elites who have driven this bargaining process are best characterised as networks that compete and cooperate for power, legitimacy and resources.

Since the overthrow of the Qadhafi regime in 2011, Libya's elite has been in a state of flux. A mixture of new and old actors have formed Libya's post-2011 elite.

Libya's opposition networks, exiled under Qadhafi, acquired direct power in the immediate post-2011 period before largely receding from view, while armed group commanders drawn from lower socio-economic backgrounds have slowly risen to play leading roles in the Libyan state. Old actors in the form of public officials active in the Qadhafi-run state formed a key cadre in the rebel movement and subsequently in public administration. On the other hand, some officers who fought with the Qadhafi regime were ostracised in the immediate post-2011 period, but have gradually been reintegrated.

Elite networks draw upon the power derived from their social base and their ability to mobilise that base.¹ Social bases vary in size and composition. For example, some social bases are city- or neighbourhood-based, as is the case for the armed groups originating from the Tripoli neighbourhood of Suq-al Jumaa. Others are more interpersonal, such as the loosely connected group of prominent state technocrats who played key roles in 2011.

The networks themselves also vary in nature. In some cases, the basis of the networks is formal and organised. For example, this is the case with the multitude of armed groups that maintain power and influence across the country. It can also be seen to be the case to a more limited extent with organised political movements, such as the Muslim Brotherhood. More organised networks have been able to mobilise their social base more effectively. In others, interpersonal relations are dominant and organisation is informal. For example, the family network of Ali Dabaiba – a Qadhafi era crony who led a state institution responsible for development projects – has familial relations at its core. Following the appointment of Ali's cousin Abdelhamid as prime minister in 2021, the network has been built out by relationships forged through business dealings and partnerships forged with security actors.

PHASE ONE: 2011–2014: FLUX

In the immediate post-revolutionary phase, a fragmented bargaining process among political factions prevailed. The National Transition Council (NTC) that provided political representation to the rebel movement itself was an amalgam of networks, interests and political ideologies. At its core, however, was a group of 'technocrats' centred around figures such as Mahmoud Jibril and elements of

¹ Staniland, P. (2014): *Networks of Rebellion: Explaining Insurgent Cohesion and Collapse* (Cornell University Press).

the exiled political opposition, the National Front for the Salvation of Libya.² Even during the revolution, this group already moved to manage Libya's economy via the establishment of a rebel CBL and NOC leadership and the creation of the Temporary Financing Mechanism to disburse revenues from oil to citizens in rebel-held territories.³

The Muslim Brotherhood and wider Islamist milieu joined the NTC in spring 2011, as the NTC sought to expand the rebel movement's political leadership. This loose network would have a significant influence on the administration of Abdulrahman al-Keib (2011–2012). It was with the influence of this network that influential officials such as long-time CBL governor Sadiq al-Kabir (2011–2024) and the head of the Audit Bureau Khaled Shakshak (2011–) were appointed. Under the government of Ali Zidan (2012–2014), the technocrats were seen to be making a comeback. For example, Keib's appointment as chair and CEO of the Libyan Investment Authority, Mohsen Derregia, was removed to be replaced by Abdulmajid Breish, a long-time employee of the Libyan government majority-owned Bank ABC. Smouldering in the background of this dispute in the LIA was tension over the inclusion of officials appointed by the former regime, who some believed to be complicit and untrustworthy. For others they were the only competent candidates.⁴

Bargaining patterns over government positions became increasingly fraught in this period. In October 2012, prime minister designate Mustafa Abu Shagur failed twice to form a cabinet that could be accepted by the General National Congress and was replaced.⁵ Critically, the dominant logic of negotiations over government positions was inclusiveness and power-sharing. Over time, this led to the entrenchment of an increasingly complex but informal *mu-hassasa*-like system, in which appointments from prominent cities, Libya's three historical regions and ideological currents are to be balanced. A further level of complexity was added by the contests within those social bases.

This period was one of flux in terms of patterns of control over state institutions. Notably, however, it was a period in which armed groups appeared to play a relatively limited role in the management of economic and financial institutions and the selection of their leaderships. However, there was rapid expansion of the state budget as politicians succumbed to pressure from armed groups.⁶ This element would prove a defining moment in the evolution of post-2011 governance.

PHASE TWO: DIVISION AND THE EMERGENCE OF LOCALLY-POWERFUL NETWORKS, 2014–2022

In the post-2014 period, the growing strength of Libyan armed groups was brought to bear on the governing authorities as coercion became a more prominent feature of economic governance.

Administrative division provided a platform for the growing strength of Khalifa Haftar's Libyan Arab Armed Forces to encapsulate state institutions operating from the east of the country. The LAAF enjoyed significant financing from the eastern branch of the CBL, negotiated the receipt of lump sums to cover the salaries of its members and also branched out into the economy. Some of this came through semi-licit activities via the Military Authority for Investment and Public Works (MAIPW).⁷ Other activities included illegal land seizures and participation in various forms of illicit trafficking.⁸ The LAAF expanded into the Fezzan in 2018–2019, using this as a springboard for an offensive on Tripoli in 2019. In this period, eastern-based authorities' institutional leaderships could rely upon the LAAF for security, but were effectively cowed by Khalifa Haftar's dominance.

In the western region, the December 2015 appointment of the Government of National Accord (GNA) via the Skheirat process (the Libyan Political Agreement) never provided the unified government that the negotiators sought. The newly created Presidency Council, under the leadership of Fayez al-Serraj, was weak by design. Its attempts to forge consensus relied solely on distribution of posts and funds. The GNA's poor relationship with central bank governor Kabir became a block to managing state expenditures.⁹ The Central Bank of Libya (CBL) took on an outsized role in economic management, effectively seeking to carry out competencies intended for the Ministry of Finance. In this period, Kabir consolidated his control over the CBL, jettisoning the board of directors critical to the legal running of the institution. As governor, Kabir built out his network, forging strong relations with businessmen and negotiating his own *modi vivendi* with armed actors. Kabir's decision to unilaterally enforce austerity measures in response to founding revenues and increasing state expenditures put him at odds with Serraj, whose management relied on being able to appease the networks his government relied upon for support.

² Author interviews with senior officials, August and September 2024.

³ Eaton, T. (2023): The Post-revolutionary Struggle for Economic and Financial Institutions, in Lacher, W. and Collombier, V. (eds) *Violence and Social Transformation in Libya* (Oxford University Press); available at: <https://academic.oup.com/book/55805/chapter-abstract/435294960?redirected-From=fulltext>

⁴ Eaton, T. (2021) Investing the Wealth of a Nation, Chatham House; available at: <https://www.chathamhouse.org/2021/02/libya-investing-wealth-nation>

⁵ The Guardian (2012) Libyan prime minister Mustafa Abushagur dismissed, 7 October 2012; available at: <https://www.theguardian.com/world/2012/oct/07/libyan-prime-minister-abushagur-dismissed>

⁶ Author interview with former senior Libyan state official, September 2021.

⁷ Eaton, T. (2021): The Libyan Arab Armed Forces: A network analysis of Haftar's military alliance, Chatham House; available at: <https://www.chathamhouse.org/2021/06/libyan-arab-armed-forces/01-network-analysis-libyan-armed-groups>

⁸ Noria Research (2019): Predatory economies in Eastern Libya: The dominant role of the Libyan National Army, 27 June 2019; available at: <https://globalinitiative.net/analysis/eastern-libya-lna/>

⁹ Harchaoui, J. (2019) Libya's Looming Contest for the Central Bank, War on the Rocks, 1 April 2019; available at: <https://warontherocks.com/2019/04/libyas-looming-contest-for-the-central-bank/>

Serraj was selected as a candidate who would seek consensus-based government. His relatively weak personal network, the absence of a strong lobby behind him and the inability to resort to coercion meant that his government lacked cohesion. His Government of National Accord's (GNA) entry into Tripoli was facilitated with the negotiation of a *modus vivendi* with armed groups in the capital, principally the Tripoli Revolutionaries Brigade, the Abu Slim Central Security Unit, the Nawasi Brigade and the Special Deterrence Forces (known popularly as 'Radaa').¹⁰ Libyan and international officials concluded that integrating the more capable of the armed group leaders into positions of authority within the state architecture was the most realistic pathway forward.¹¹ By 2016, Tripoli's armed groups had already begun to consolidate and were increasingly forging partnerships with businessmen and using their coercive capacities to capture economic opportunities by monetising their territorial control. The most prominent example of this came through the establishment of companies to obtain letters of credit. Over the duration of the GNA, these groups would expand their commercial interests dramatically, becoming increasingly sophisticated and less dependent on the direct application of coercive methods.¹²

In this context, the social base of the armed group networks, most often extended relatives and acquaintances of prominent armed group members, could benefit from the network's influence through access to state positions and contracts. This has created what some former officials have referred to as a 'mafia state'.¹³ Notably, in this period, the relative importance of international support via Western powers declined as support from the increasingly entrenched and politically engaged armed group networks grew.

PHASE THREE: CONSOLIDATION

Since 2022, the relative autonomy of the National Oil Corporation (NOC) and the Central Bank of Libya has been broken. The implication of this is that a new phase of institutional control has begun under the control of the Haftar and Dabaiba networks.

The internationally-mediated appointment of the Government of National Unity (GNU) under the leadership of Abdulhamid al-Dabaiba placed a very different type of network in power in Tripoli.

The Dabaiba family had made its fortune from the management of Libyan state development contracts, spawning a network of assets and entities across the world. The network's fulcrum is Ali Dabaiba, Abdulhamid's cousin. Ali's son and heir apparent, Ibrahim, has functioned as the GNU's chief dealmaker.

The replacement of Mustafa Sanalla with Farhat Bengdara at the helm of the NOC in July 2022¹⁴ reflected a key shift in Libya's economic governance. Until this point, the NOC had largely sought to avoid being drawn into Libya's political disputes. However, Sanalla increasingly came into conflict with Tripoli-based governments and CBL governor Kabir over what he argued was a lack of funding. However, Sanalla relied primarily on Western backing to maintain his position and failed to build coalitions with the increasingly powerful security actors. While he networked effectively within the NOC to manage the institution, he lacked a wider political and economic network to protect him. When he was replaced by the Dabaibas' GNU, there was a muted international reaction. Following negotiations between the Dabaiba and Haftar networks, facilitated by the UAE, Farhat Bengdara emerged as Sanalla's replacement. Bengdara's appointment manifested the Dabaiba and Haftar networks' joint control over the functioning of the NOC.

Against this backdrop, Haftar's sons were already becoming increasingly powerful in eastern Libya. The replacement of long-time post-2011 CBL figure Ali al-Hibri from the CBL East with Marei al-Barassi reflected the growing dominion of Saddam Haftar's direct influence on economic governance. Barassi was known as a key financier of the LAAF from his position at al-Wahda bank.¹⁵ Moreover, AGOCO, a key NOC subsidiary based in the east, increasingly came under Saddam's influence. Following the catastrophe in Derna and the surrounding area in September 2023, Saddam's brother Belgassim was appointed head of a national reconstruction fund, which has become a vehicle for financing rapidly proliferating reconstruction projects, but is also suspected of widespread LAAF profiteering.¹⁶

In western Libya, the CBL remained the principal economic power centre that retained autonomy from government. The 2022 shift in the oil sector led to the breaking of the CBL's monopoly on the distribution of oil revenues.

¹⁰ Lacher, W. (2018): Tripoli's Militia Cartel, SWP, April 2018; available at: https://www.swp-berlin.org/publications/products/comments/2018C20_lac.pdf

¹¹ Author interview with senior advisor to prime minister Fayez al-Serraj, October 2024.

¹² Eaton, T. et al. (2020): The Development of Libyan Armed Groups Since 2014 Community Dynamics and Economic Interests, Chatham House; available at: <https://www.chathamhouse.org/2020/03/development-libyan-armed-groups-2014>

¹³ Eaton, T. (2023): The Post-revolutionary Struggle for Economic and Financial Institutions, in Lacher, W. and Collombier, V. (eds) *Violence and Social Transformation in Libya* (Oxford University Press); available at: <https://tinyurl.com/49paswrc>

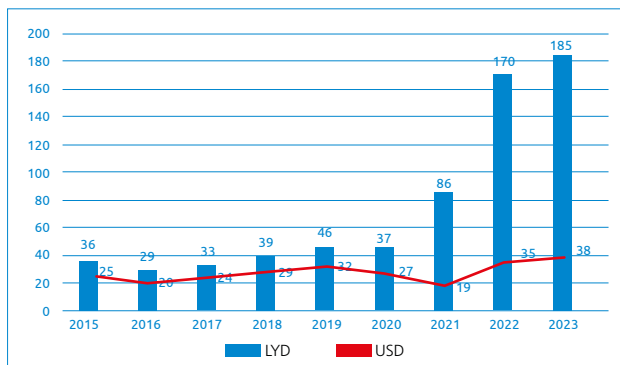
¹⁴ Assad, A. (2022): Libyan PM sacks Sanallah from NOC Chairman's post, appoints Bengdara, in: Libya Observer, 12 July 2022; available at: <https://libyaobserver.ly/news/libyan-pm-sacks-sanallah-noc-chairmans-post-appoints-bengdara>

¹⁵ Al-Wasat (2022): Al-Nuwairi assigns Marei al-Barassi as governor of the Central Bank (in Arabic), 23 November 2022; available at: <https://alwasat.ly/news/libya/379690>

¹⁶ Libya al-Ahrar (2023): Haftar's son is assigned as director of the Reconstruction Fund for Derna, 29 December 2023; available at: <https://libyaa-lahrar.net/3-9/>

Fuel subsidies left the budget in November 2021¹⁷ and a growing amount of financial transactions in the form of fuel swaps began to take place prior to the point at which the CBL received revenues from oil and gas from the international markets.¹⁸ These shifts allowed the Dabaiba and Haftar networks to increase state expenditures significantly (see Figure 1).¹⁹ The significance of the move is that it has enabled the entrenched networks of the Haftars and the Dabaibas to materially shift the flow of funds through the Libyan state, accessing funds from the NOC directly while evading the CBL's oversight.

Figure 1 Libyan state expenditure, 2015–2023



Source: Author's calculations based on discussions with Libyan economists, citing Central Bank of Libya and Central Bank figures in leaked correspondence to the Prime Minister of the Government of National Unity dated 26 February 2024.²⁰

Over time, however, the increased expenditures caused tensions, pushing Kabir to try to rein in spending and also seek understandings with eastern authorities. Kabir was removed by the Presidency Council in August 2024, as the Council sought to play a more assertive role in Libya's governance. However, the impetus for the decision was also influenced by the growing enmity between the Dabaiba network and Kabir. Kabir's removal allowed the Dabaiba network to remove a critical decision-maker in the flow of state funds. While the UN Support Mission in Libya moved quickly to mediate a process to appoint a new CBL governor and board of directors, agreement over Kabir's replacement at the CBL, Naji Issa, appears to have come from back-channel negotiations between the Haftar and Dabaiba networks and the Dabaiba's key security partners.

CONCLUSIONS

At the time of writing, the Dabaiba and the Haftar networks appear entrenched, albeit to differing degrees. Between them they control government in the west directly and in the east indirectly. The National Oil Corporation also appears very much under their influence. It is likely that their control over the CBL will also increase in the coming period, though this remains to be seen. This provides them with the platform to control state budgets and assets in their entirety.

Through holding government office, the Dabaiba network has sought to consolidate its ability to control the management of the state's resources but is ultimately constrained in obtaining full control by its reliance on armed actors. The Haftar network, on the other hand, is firmly in control of all aspects of the security sector and economic institutions in the east.

The consolidation of these two networks appears to reflect a step change in the immediate goals of elite networks. For the most part, patterns of bargaining from 2011–2022 were driven by the pursuit of consensus in the western region. However, the ascent to power of the Dabaiba network reflects a shift away from consensus towards control. The attempts of the Dabaiba network to build its own security partnerships and entrench its position are contested, however, and by no means certain to prevail.

Yet, taken together these dynamics in east and west illustrate that a process of elite consolidation is intensifying, with prospects for reform of the state and a transition to more accountable governance becoming ever more distant.

¹⁷ The Central Bank of Libya stated that subsidies were removed from its figures in November 2021; see Central Bank of Libya (2023): Revenue and Expenditure Statement from 01/01/2022 to 31/12/2022, p. 7; available at: <https://tinyurl.com/57prfkf3>

¹⁸ The Sentry, Libya's Kleptocratic Boom, November 2023; available at: <https://thesentry.org/reports/libyas-kleptocratic-boom/>

¹⁹ Ibid.

²⁰ Notes: 2022 figures include LYD 61.7 billion for fuel subsidies and 2023 figures include LYD 74.9 billion for fuel subsidies. The amount in the CBL disclosures (LYD 20 billion for each year) has been deducted, leaving LYD 41.7 billion in additional expenditures in 2022 and LYD 54.9 billion in 2023 to be added. The cost in USD is also included as exchange rate reform in December 2020 devalued the dinar.

THE POLITICS OF CORRUPTION: THE COMPETITION FOR THE POST-2003 IRAQI STATE

Renad Mansour

INTRODUCTION

The 2003 US-led invasion and occupation of Iraq brought in the elements of liberal democracy, such as competitive multi-party elections and (nominal) civic freedoms. However, they failed to create an accountable state. Instead, the new ethno-sectarian power-sharing system, rooted in a political settlement, fostered competition for state control through mechanisms of systemic corruption. With an annual budget frequently exceeding 100 billion US dollars, Iraqi government coffers endowed the new elite with considerable economic capital. A parliamentary committee disclosed that between 2003 and 2018, approximately 320 billion US dollars had disappeared due to pervasive corruption.²¹

Central to this process was the impunity of the elites, whose authority transcended the rule of law and included military, political, ideological and economic capital.²² These elites operated in both formal political positions and informal authority structures.²³ For instance, Iraq's new state-builders – the Kurdistan Democratic Party (KDP), the Patriotic Union of Kurdistan (PUK), the Islamic Supreme Council of Iraq (ISCI), the Sadrists and the Dawa Party – refused to give up their arms to their new government.²⁴ Instead, they maintained their military power informally or privately and used violence as a bargaining tool to negotiate state power.²⁵ This violence was politically inclusive, woven into the very fabric of the political settlement forged by Iraq's new leaders during their negotiations for state power.

In their pursuit of economic capital, these state-builders crafted a system of politically sanctioned corruption, leveraging their informal power to dominate government

bureaucracy and its abundant coffers. Bureaucratic mechanisms, such as the «special grades» (*al-darajat al-khasa*) – a class of civil servants – enabled these elites to appoint or influence senior officials overseeing various government functions, including contracting and procurement, thereby generating revenue from ministries and government institutions.²⁶

To secure impunity from formal prosecution, these elites also seized control of the accountability mechanisms within the government bureaucracy. This included the judiciary, independent commissions tasked with combating corruption or ensuring accountability (such as the Commission of Integrity and the Federal Supreme Board of Audit), relevant parliamentary committees, and the police and law enforcement agencies.²⁷ This hindered the bureaucracy's ability to pursue accountability and ensured that these elites would remain above the rule of law. Increasingly, the elites also began using these bureaucracies to suppress any calls for accountability from the wider public, including the violent repression of the October 2019 uprisings and subsequent policies intended to ensure that protests do not start again.

For over two decades, elite power and impunity have thrived on the blurring of informal and formal power dynamics, thwarting any reform efforts. Programmes aimed at strengthening the capacity of formal government institutions – ranging from the security sector to the judiciary and financial sector – were not successful because they did not align with the informal methods by which state power was negotiated by Iraq's elites. These initiatives were based on the misconception that state power was confined solely to formal government institutions.²⁸ These programmes have adopted a technical approach to enhance the govern-

²¹ Al Jazeera (2018): Iraq Corruption Watchdog: \$320bn Stolen Over 15 Years, in: Al Jazeera (08.05.2018); available at: <https://tinyurl.com/5n76e88z> (accessed on 11.11.2024).

²² Mann, Michael (1986): *The Sources of Social Power*. Cambridge University Press.

²³ Dodge, Toby (2020): Iraq's Informal Consociationalism and Its Problems, in: *Studies in Ethnicity and Nationalism*; available at: <https://onlinelibrary.wiley.com/doi/full/10.1111/sena.12330>. Elites are defined by Cheng et al. as «those with significant power to make decisions and implement policies that affect wider populations. They may hold formal political positions and/or exercise control over informal structures of authority and they command constituencies – i.e. groups of followers – whose interests they claim to represent.» Cheng, Christine, Goodhand, Jonathan, and Meehan, Patrick (2018): *Securing and Sustaining Elite Bargains that Reduce Violent Conflict*. Stabilisation Unit; available at: <https://tinyurl.com/m6a4a4jh> (last accessed on 11.11.2024).

²⁴ In the case of Dawa, which historically did not have a militia, prime minister Nouri al-Maliki gained personal control over the National Security Council (NSC) and the Counter-Terrorism Service (CTS) in a bid to have his own private army. Dawa would later also form a PMF brigade.

²⁵ Mansour, Renad (2023): *The Political Logic Behind Iraq's Fragmented Armed Forces*, in: MERIP (April 2023); available at: <https://tinyurl.com/2hd-n6zn4> (accessed on 11.11.2024).

²⁶ Dodge, Toby/Mansour, Renad (2021): *Politically Sanctioned Corruption and Barriers to Reform in Iraq*. Chatham House; available at: <https://tinyurl.com/mrd9mnzn> (accessed on 11.11.2024).

²⁷ Mansour, Renad (2023): *Tackling Iraq's Unaccountable State*. Chatham House; available at: <https://tinyurl.com/2t7vz4z8> (accessed on 11.11.2024).

²⁸ This is based on a (neo)Weberian definition of the state articulated by scholars such as Theda Skocpol, who defines the state as «a set of administrative, policing, and military organizations headed and more or less well co-ordinated by an executive authority». Skocpol, Theda (1979): *States and Social Revolutions: A Comparative Analysis of France, Russia, and China*. Cambridge: Cambridge University Press.

ment's capacity. However, the reality of the Iraqi state is far more complex. Reform efforts have struggled to navigate the blurred lines between formal and informal authority, which elites exploit to maintain their influence. Therefore, reform strategies must be reimagined to address the actual dynamics of the Iraqi state, rather than an idealised version, to overcome the «political will» that has frequently obstructed meaningful change over the past two decades. This article advocates for a networked approach, connecting and empowering reformists across state and society to push for accountability in the sectors most critical to the Iraqi public.

THE PURSUIT OF ECONOMIC AUTHORITY

The post-2003 dismantling of the government bureaucracy – mandated by Coalition Provisional Authority Order 1 – involved the removal of nearly 50,000 senior civil servants under the De-Baathification campaign. This created an opportunity for the incoming political parties to install their loyalists within the government, granting them direct access to the nation's vast wealth, with an annual budget that can reach 100 billion US dollars. This has led to the widespread plundering of state coffers. In 2020, former finance minister Ali Allawi estimated that these elites held between 100 and 300 billion US dollars in assets overseas, emphasizing that «the vast majority of these assets are illegitimately acquired».²⁹ Additionally, a senior official in a critical ministry estimated that his ministry alone had lost 80 billion US dollars from corruption sanctioned by political entities.³⁰

Without independent government bureaucratic power, political parties now had an entry point to decision-making on revenue redistribution. To tap into state coffers, the elite began relying on specific mechanisms, such as the special grades scheme (*al-darajat al-khasa*) to appoint allies to the government. This mechanism, which is a salary band for distinguished senior civil servants, allowed the new elite to appoint their representatives to key government positions, such as directors general, deputy ministers, chiefs of staff, and heads of state-owned companies. These appointees used their positions to serve their political party and elites, which in turn provided top cover and empowered the civil servants. In this scheme, civil servants answered first to their party and second to the institutional hierarchy. Consequently, these civil servants became more powerful than their own seniors within the institution, including ministers and the prime minister, who often complained to the author that they felt powerless. These civil servants often vetoed or delayed ministerial decisions, and pushed for their own decisions, which had come to them from their party patrons. This scheme included some 1,000 senior civil servants tasked with generating revenue and power for the

ruling elites.

Profiteering through special grades took a number of forms, such as diverting government contracts to companies favoured by the political elite, appropriating government land intended for public services for private business ventures, or soliciting bribes for approvals and licenses. In all these scenarios, the ruling parties leveraged their representatives within government institutions to generate revenue. Crucially, they did not redistribute this revenue along official government lines. Instead, they allocated it based on their own social bases, some of which were embedded within the government, while others were outside its formal structures.

THE HUMAN TOLL OF CORRUPTION

The elites' unchecked pursuit of economic capital diverted finances and capabilities away from government ministries, which could not perform their basic functions and uphold a decent social contract. Instead, corruption harmed ordinary Iraqis, particularly in the basic service sectors, such as health care, education, electricity and water. For instance, the *Washington Post* reported that «after a Turkish construction company was tapped in 2010 to build five medical facilities around the country, the \$750 million budget ran dry before two of them were completed. »They couldn't finish them because of the corruption«, said a former government official. »Someone got paid such huge costs upfront, and the money disappeared.»³¹ Corruption in the health sector in post-2003 Iraq represented a form of structural violence that led to many deaths. A Chatham House report in the pharmaceutical sector, for instance, found that 70 per cent of medicine was unfit for use.³² The Ministry of Health, dominated by elite interests, was rendered incapable of safeguarding the public.

The Ministry of Education offers several examples of public funds being diverted into private accounts. For instance, under minister Mohammad Iqbal Omar Al Saydali, the ministry awarded a 26 million US dollars contract to the Lebanese company Dar Garnett to print English language textbooks. This was despite the fact that other bids for this contract from Iraqi companies had asked for less than half the amount ultimately awarded to the Lebanese company. In charge of this contracting were two special grades employees, Jabbar Ahmed Hassan and Atiya abd al-Rahman Nassif. These two had brought the company to the ministry and worked on signing the contract. They were linked to the Maliki network of special grades. Ultimately, an intelligence report investigated the company and found that the textbooks were never even published. The company, Dar Garnett, was found to only have 3,500 US dollars in its bank accounts, revealing that millions had been diverted

²⁹ Allawi, Ali (2020): The Political Economy of Institutional Decay and Official Corruption: The Case of Iraq. Iraqi Economists Network; available at: <https://shorturl.at/L8crD> (accessed on 11.11.2024).

³⁰ Dodge, Toby, and Mansour, Renad (2021): Politically Sanctioned Corruption and Barriers to Reform in Iraq. Chatham House; available at: <https://shorturl.at/OyxFF> (accessed on 11.11.2024).

³¹ Loveluck, Louisa/Salim, Mustafa (2021): Iraq Hospital Corruption, in: The Washington Post (16.12.2021); available at: <https://shorturl.at/KMDCu> (last accessed on 11.11.2024).

³² Mansour, Renad/Sirri, Omar (2022): Moving Medicine in Iraq: The Political Economy of the Pharmaceutical Trade, in: Chatham House (08.06.2022); available at: <https://www.chathamhouse.org/2022/06/moving-medicine-iraq-political-economy-pharmaceutical-trade> (accessed on 11.11.2024).

into the private accounts of those linked to the political network through the special grades scheme.³³

In each of these instances, Iraq's elites diverted funds intended for the government and the public. As a result, Iraqis endured poor health care, inadequate education and a lack of electricity, structural forms of violence that inflicted daily harm.

CAPTURING THE MECHANISMS OF ACCOUNTABILITY

The sustainability of politically sanctioned corruption in Iraq was due largely to the elite's control over accountability mechanisms within the state and society. Despite the extensive array of legal, financial and coercive tools available to the formal bureaucracy, the government struggled to check elite power effectively. Instead, the elites managed to exert influence over these accountability mechanisms by either placing allies in key positions or securing the loyalty of existing civil servants. By capturing these mechanisms, they enjoyed greater impunity and freedom from prosecution, as well as an enhanced ability to dominate the public through legal and security means.

For instance, the Commission of Integrity (Col) is one of the primary bodies in Iraq in charge of investigating accountability procedures. Despite its legally mandated independence, it fell at the behest of political interests. A former MP stated that «during my time as an MP, I submitted hundreds of cases to the Col, but just a few were pursued to completion. Senior politicians used to meddle in the work of Col through their staff, and some even sought to sway me by sending their representatives.»³⁴

Another key legal accountability mechanism meant to be independent but in reality controlled by the elite is the Federal Board of Supreme Audit (FBSA). A senior official within the Prime Minister's office said that «the FBSA's job is critical, but political involvement has caused it to be regarded as a non-important stakeholder».³⁵ As such, the board has been unable to view or audit government accounts.

The formal government bureaucracies also have financial regulators which again cannot match the power of the elites who assign loyalists to senior positions in the Ministry of Finance, the Finance Committee in the parliament and the Central Bank of Iraq (CBI) to ensure their financial interests were met and to monitor government spending. A former MP on the finance committee argued that «being part of the committee grants you access to many governmental institutions; we have to use that to serve the people but unfortunately many members use that privilege for the benefit of their political parties.»³⁶

The primary security institutions in Iraq, responsible for policing society and enforcing accountability, have also fallen under the control of political elites. These elites have concentrated on placing their allies in key positions or securing the loyalty of senior military and civilian officials within the Ministry of Defence, the Ministry of the Interior and the National Security Council. For instance, between 2005 and 2008, fighters and members of the Badr Organization – which was linked to ISCI and the Shia Islamist leadership – integrated into the MOI, with many joining the federal police. This strategic move allowed Badr gradually to seize control of the ministry, appointing their own minister, deputies and director generals. However, this was not distinct to Badr. Various elite factions sought to preserve their autonomous power by embedding their fighters within the government.³⁷ This led to a security sector that is politicised, incoherent and fundamentally unable to enforce accountability. Consequently, the police and security officials serve elite interests, including policing any potential disruptions from civil society. A senior official from the NSC said, «there are only a few of us who are trying to uphold the rule of law. The others are appointed by the parties and only serve their interests. This makes our job in the security sector very difficult.»³⁸

POLICY CONCLUSIONS

Since 2003, the Iraqi state has challenged the neo-Weberian model, in which power is confined to formal government institutions. Instead, Iraq's new state-builders have navigated both informal and formal channels to amass influence, driven by economic, political, ideological and military ambitions. Over the past two decades, reform programmes have misdiagnosed the issue as mere «state weakness», focusing on enhancing the technical capacities of institutions to curb corruption. Efforts at security sector reform aimed to train elite units such as the Counter-Terrorism Service (CTS); judicial reform sought to cultivate independent judges; and financial reform introduced mechanisms for greater transparency in procurement. Yet, these technical initiatives have faltered due to a pervasive lack of «political will».

This article contends that the true obstacle to reform is the entrenched political will that favours maintaining a system of politically sanctioned corruption, benefiting the elite violently at the public's expense. Therefore, reform must transcend technical fixes and embrace political change. A «networked» approach is essential, empowering reformers across both state and society, formal and informal sectors, to develop accountability mechanisms. Only then can the structural violence of corruption be addressed, and elite impunity be challenged, offering hope to Iraqis suffering under this increasingly repressive system.

³³ Al-Khafaji, Ali (2018): [With documents: A corruption deal worth 39 billion sponsored by the Minister of Education... and the Intelligence Service intervenes], in: Akhbaar (15.04.2018); available at: <https://akhbaar.org/home/2018/4/243585.html> (last accessed on 11.11.2024).

³⁴ Interview with author.

³⁵ Interview with author.

³⁶ Interview with author.

³⁷ Rathmell, Andrew (2007): Fixing Iraq's Internal Security Forces. Why is Reform of the Ministry of Interior so Hard?, in: CSIS; available at: https://csis-website-prod.s3.amazonaws.com/s3fs-public/legacy_files/files/media/csis/pubs/071113_fixingiraq.pdf (accessed on 11.11.2024).

³⁸ Interview with author.

ARMED GROUP CONSOLIDATION AND RULING COALITIONS IN LIBYA

Wolfram Lacher

Over the past decade, Libya's fragmented security landscape has undergone considerable consolidation: the «increasing concentration of power within a set of (...) armed groups».³⁹ Countless armed groups formed in the first years after the demise of the Qadhafi regime in 2011. In almost all cases, they recruited from particular local constituencies, and their operational range was limited to specific localities. Over time, a smaller number of more powerful groups emerged that operated across larger territories. By far the most prominent was Khalifa Haftar's Libyan Arab Armed Forces, which formed in 2014 and gradually expanded their control over the country's east, centre and south. In western Libya, around two dozen groups also grew increasingly powerful and eliminated many of their smaller rivals, although no single dominant actor comparable to Haftar emerged.

This paper traces the drivers of consolidation in Libya's security landscape back to attempts at building ruling coalitions in a multi-party conflict. Libya has not yet seen the formation of a single coalition able to rule the country, due in large part to the emergence of two competing centres of power, in Tripoli and the eastern city of Benghazi. But the ambition of forming just such a coalition has been evident in the ever-shifting alignments of armed groups since 2011.

The quest to build ruling coalitions has driven consolidation in several ways. First, groups that obtained privileged access to state funding and official status through their alignment with the government used these resources to expand by outcompeting or eliminating competitors militarily. This pattern has been most apparent in the capital, Tripoli. Second, actors excluded from such arrangements among privileged groups tended to band together in order to challenge the dominant factions. In the process, they both promoted consolidation among themselves and contributed to the attrition of groups in their confrontation with dominant factions. Third, when switching sides in the hope of joining an emergent ruling coalition, actors often miscalculated and were defeated by their former allies.

FRAGMENTATION AND CONSOLIDATION IN LIBYA'S SECURITY LANDSCAPE

The evolution of Libya's security landscape since 2011 can be described in terms of an arc. Local armed groups proliferated with the eruption of civil war in early 2011, but even more so after the defeat of the Qadhafi regime later that year. As competing actors in the transitional institutions began sponsoring these militias, such groups continued to multiply throughout the transitional period.⁴⁰ This produced a highly fragmented landscape of armed groups.⁴¹ The escalation into civil war that ended the transition in mid-2014 provoked a further mobilisation of fighters and the formation of new units. From mid-2015 onwards, a stalemate between the two opposing camps of the civil war took hold, and proliferation gradually gave way to consolidation. The trend towards consolidation accelerated in the following years, and it has continued ever since, even if unevenly across different regions. While the 2019–2020 civil war once again mobilised broader segments of society, its net effect was to further strengthen a small number of dominant groups.

To illustrate this evolution, consider Table 1, as well as Maps 1 and 2. The table provides an overview of armed groups in Tripoli and in eastern Libya in 2013 and in 2024. The list for 2013 is drawn from an internal report by the United Nations Support Mission in Libya (UNSMIL), and while it is the most comprehensive overview of that time available, it is by its own admission incomplete. The report estimated the number of armed groups in Tripoli in 2013 at «well over 500», but listed only a fraction of that number. Indeed, numerous attempts have been made to survey the hundreds of armed groups active in Libya since 2011, but such efforts have necessarily been flawed. Identifying groups and group boundaries required detailed local knowledge and staying abreast of constant changes, in a situation in which few researchers actually conducted regular field research. Despite such caveats, the table and maps should leave little room for doubt about the strong trend towards consolidation.

³⁹ Mohammed Hafez, Michael Gabbay, and Emily Kalah Gade (2021): Consolidation of Nonstate Armed Actors in Fragmented Conflicts: Introducing an Emerging Research Program. In: *Studies in Conflict & Terrorism*, pp. 1–21. DOI: 10.1080/1057610X.2021.2013751.

⁴⁰ Wolfram Lacher and Peter Cole, «Politics by Other Means: Conflicting Interests in Libya's Security Sector», Small Arms Survey, October 2014.

⁴¹ I define fragmentation as «the processes through which a multiplicity of competing political and military actors emerge and continue to proliferate, preventing the maintenance or establishment of a credible claim to the monopoly on the concentrated means of violence» (Wolfram Lacher, *Libya's Fragmentation: Structure and Process in Violent Conflict*, London: I.B. Tauris, 2020, p. 4).

Table 1 Active armed groups in selected regions of Libya, 2013 and 2024⁴²

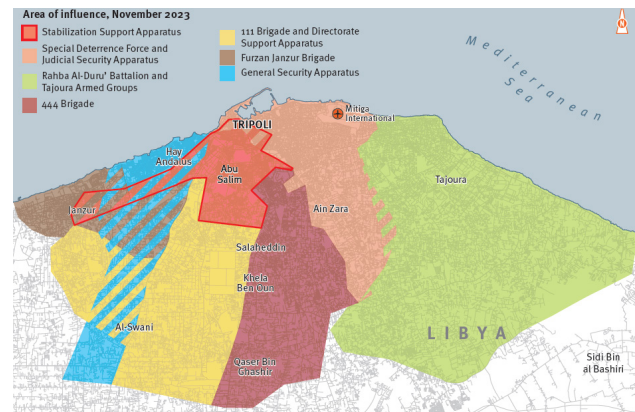
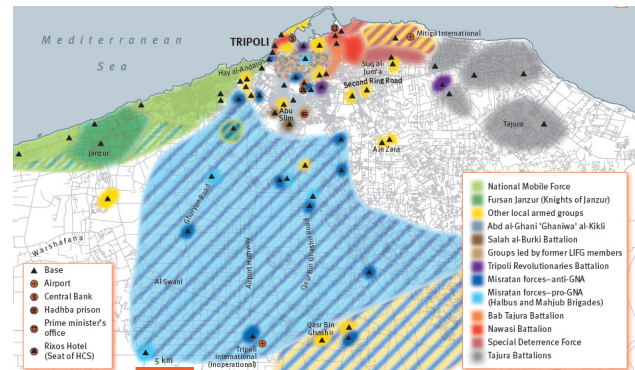
Tripoli		Eastern Libya	
2013	2024	2013	2024
• Al-Qa'qa' Brigade • Al-Sawa'iq Brigade • Airport Protection Battalion • Muhammed al-Madani Battalion • Libya Shield Force 5 • Firaq al-Taftish wal Muta-ba'a • Sirayat al-Sweihli • Yarmuk Battalion • Usud al-Wadi Battalion • Al-Difa' Battalion • Dir' Misrata • Usud al-Sahra Battalion • Al-Sud Battalion • Omar Issa Battalion • Maghawir Battalion • Dhat al-Rimal Battalion • National Mobile Force • National Guard • Brigade 101 47 different battalions under the Supreme Security Committee, including: • Elite Force (Hashem Bishr) • First Battalion (Haitham al-Tajuri) • Joint Security Force • Rapid Intervention Force 23 different units of the Combating Crime Committees, including: • Al Asir Battalion • Tajammu' Siaraya w Kata'ib al-Thuwwar • Ardh al-Rijal • Al-Fursan Battalion (Janzur) • Yusuf al-Buni Battalion • Rewimi Battalion • Al-Khafash Battalion • Usud al-Asima Battalion • Ahrar Abu Slim Battalion • Abu Slim al-Suq Council • Al-Nafura Suq al-Dhabab 17 different units of the SSC Support Forces, including: • Al-Sarukh Battalion • Al-Nawasi Battalion • Bashir Al-Saadawi Brigade • Shuhada' al-Asima Battalion	• Stability Support Apparatus • Special Deterrence Apparatus • General Security Apparatus • Brigade 444 • Brigade 111 • Fursan Janzur Battalion • Rahbat al-Duru' Battalion • Fath Makka Battalion • Al-Shahida Sabriya Battalion • Usud Tajura Battalion	Libya Shield Force 1, including: • Free Libya Martyrs Battalion • Martyrs of Zintan Battalion • Martyrs of Brega Battalion • Martyrs of Independence Battalion • Martyrs of 17 February • Benghazi al-Madina Formation • Martyr Salah al-Din Battalion • Descendants of al-Sweihli Battalion • Omar ibn al-Khattab Battalion • Fursan al-Bahr Libya Shield Force 2 (Ali Hasan Jabir Battalion) Libya Shield Force 7, including: • Rafallah al-Sahhati Companies • Omar al-Mukhtar Battalion • Martyrs of 17 February Battalion • Martyr Fakhri al-Sallabi Formation Libya Shield Force 9 Libya Shield Force 10 • Ansar al-Sharia (Benghazi) • Ubayda ibn al-Jarrah Battalion • Al-Saeqa Special Forces • Martyrs of Libya Companies • Martyrs of Benghazi Companies • Martyrs of Freedom Battalion • Free Libya Battalion • Free Martyrs Battalion • Abu Slim Martyrs Battalion • Martyr al-Mahi Zeyu Formation • Qatar al-Shahama Battalion • Martyr Muhammad al-Aqeili Group • Muhammad al-Hami Martyrs Battalion • Martyrs of al-Qwarsha Battalion • Martyrs of al-Kuweifiya Formation • Sidi Hussein Martyrs Formation • Shabab Benina Security Group • Rahbat al-Ajeilat Security Council • Abu Slim Martyrs Battalion (Darna) • Al-Nur Battalion (Darna) • Ansar al-Sharia (Darna) • Al-Jabal Martyrs Battalion • Martyrs of Darna Battalion • Qatar Battalion • Nasr al-Mukhtar Battalion • Brigade 71 Border Guards • Petroleum Facilities Guard (Oil Crescent) • Al-Jazira Martyrs Battalion (Ajdabiya)	All military and security forces under the control of Khalifa Haftar's Libyan Arab Armed Forces.

⁴² Sources: UNSMIL, «Mapping of Armed Groups in Libya», undated internal document (2013), and author's own information.

The tendency towards consolidation became noticeable first in eastern Libya. In 2014, Khalifa Haftar mobilised a wide range of armed groups over which he exerted little direct influence. By monopolising foreign support, he gradually strengthened control over groups in his alliance while simultaneously building up new units under his direct command, including groups led by his sons and relatives. When some members of his coalition tried to join the UN-backed Government of National Unity (GNA) in 2016, Haftar forcibly dislodged them from eastern Libya. Around the same time, his forces embarked on an expansion towards central and southern Libya, at first relying primarily on the co-optation of local armed groups. This expansion drive stalled only when Haftar's attempt to capture Tripoli was defeated in 2020. Despite this setback, Haftar and his sons continued to strengthen their control over armed groups and territory, gradually moving from indirect rule through local allies towards direct control and an increasingly centralised, family-based power structure.⁴³

In Tripoli, fragmentation prevailed after the 2014–2015 civil war, when the government residing in the capital lacked international recognition and easy access to state funds. A slow consolidation process began from 2016 onwards, when the GNA established itself in Tripoli with the support of a handful of local armed groups. This militia cartel gradually dislodged armed groups opposed to the government from parts of the capital, and rapidly began exerting a stranglehold over state institutions in order to extort funds, which the cartel groups then used to further boost their troop strength and firepower.⁴⁴

Maps 1 and 2: Areas of influence in Tripoli, April 2016 and November 2023⁴⁵



The cartel members' greed provoked repeated challenges from groups that saw themselves as disadvantaged in this dispensation. This led to two brief conflicts fought between the Tripoli cartel and other western Libyan factions in mid-2018 and early 2019; it also facilitated Khalifa Haftar's courting of western Libyan allies for his April 2019 Tripoli offensive.⁴⁶ The aftermath of that war saw the cartel's sway diminished by the establishment of armed groups from Misrata and Zawiya in Tripoli. But following the formation of the Government of National Unity (GNU) in early 2021, a new combination of a handful of politically well-connected armed groups emerged, including some of the cartel's former members, but excluding others. Once again, groups that saw themselves on the losing side banded together and sought to install a new government. But their challenge was defeated, and their territory taken over by groups that had backed the GNU. From the dozens of armed groups that had populated the complex patchwork of Tripoli's security landscape in 2016 only around ten survived, which by 2024 had carved up the capital's territory into large blocks.⁴⁷

⁴³ Wolfram Lacher, «A Most Irregular Army: The Rise of Khalifa Haftar's Libyan Arab Armed Forces», Research Division Middle East and Africa Working Paper 2, SWP, November 2020; Tim Eaton, «The Libyan Arab Armed Forces: A Network Analysis of Haftar's Alliance», Chatham House Research Paper, June 2021.

⁴⁴ Wolfram Lacher and Alaa al-Idrissi, «Capital of Militias: Libya's Armed Groups Capture the State», Small Arms Survey Briefing Paper, June 2018.

⁴⁵ Maps: Jillian Luff, MAPgrafix; sources: Lacher and al-Idrissi, «Capital of Militias» (op. cit.); Adam Hakan, «A Political Economy of Tripoli's Abu Salim: The Rise of the Stability Support Apparatus as Hegemon», Small Arms Survey Briefing Paper, April 2024.

⁴⁶ Wolfram Lacher, «Who Is Fighting Whom in Tripoli? How the 2019 Civil War Is Transforming Libya's Military Landscape», Small Arms Survey Briefing Paper, August 2019.

⁴⁷ Hakan, «A Political Economy of Tripoli's Abu Salim» (op. cit.); Wolfram Lacher, «Libya's New Order», *Sidecar*, 26 January 2023.

Outside Tripoli, consolidation was uneven and often slower in coming. In some cases, such as in Tarhuna or the Warshafana area, the local armed groups establishing control lacked strong ties with the Tripoli government and instead relied on brute force – indeed, in Tarhuna’s case, on extraordinarily fierce violence. More commonly, however, consolidation occurred as groups with strong connections in Tripoli expanded across western Libya following the end of the 2020 Tripoli war. This was the case, for example, with Brigade 444, which took control of large swathes of territory from southern Tripoli to Tarhuna and Bani Walid, as well as with Brigade 52, which deployed all along the coastal road from Tripoli to the Tunisian border. By contrast, consolidation made far less progress in towns that had been revolutionary strongholds in 2011 and boasted armed groups that were deeply embedded in the social fabric, such as Misrata, Zintan or the Amazigh towns. In such settings, communities’ stronger social cohesion and capacity to resist often prevented any armed groups from openly exerting, let alone monopolising, territorial control.⁴⁸

CONSOLIDATION AND THE QUEST FOR RULING COALITIONS

Forming a ruling coalition entails selectively integrating a set of actors whose support is needed in order to sustain one’s rule. Attempts to form a ruling coalition, then, create a clear set of winners and losers. When setting out on this course of action, protagonists have to gamble whether an alliance will prevail over its adversaries, be sufficiently broad to exert power, or disintegrate shortly after obtaining it. Such gambles often fail as confrontations between new alliances of actors clarify the balance of power.⁴⁹ These two elements – the creation of winners and losers, and the clarification of previously obscure power relations – are central to the process of consolidation.

For the transitional period following the Qadhafi regime’s demise, we cannot establish a link between the formation of ruling coalitions and consolidation. Instead, that phase was marked by growing fragmentation as armed groups continued to proliferate. Political and military forces were not yet sufficiently developed to make credible efforts at forming ruling coalitions. A multiplicity of actors gained access to state support to build up armed groups; no coalition of actors was able to act as a gatekeeper that could have created a clear set of winners and losers. Armed groups were too fragmented to coordinate their efforts across the country; early attempts at building nationwide coalitions, such as the Libya Shield Forces, the Supreme Council of Libyan Revolutionaries, or the Libyan Revolutionaries Operations Room, faltered rapidly. The disconnect between politics in Tripoli and disparate armed groups across the country rapidly became apparent in the shutdown of oil production by various groups on the periphery that tried to

extort the government in the capital.⁵⁰ Overall, confrontations remained localised during this period, and began to focus on national-level politics only as tensions escalated into civil war.

The quest to build a ruling coalition therefore began in earnest once a military stalemate took hold in mid-2015 and leading actors in the civil war positioned themselves for negotiations over a unity government. At least three causal pathways link coalition-building to the processes of consolidation marking the security landscape since then.

First, groups that formed part of the would-be ruling coalitions backing the Government of National Accord (2016–2021) and the Government of National Unity (since 2021) drew on government backing and their privileged access to state funding to eliminate competitors. This was most evident in Tripoli, where the militia cartel backing the GNA gradually dislodged various smaller armed groups. For the first time, individual armed groups began to control entire districts of the capital and exert influence over state institutions within their territory with some constancy.⁵¹ This did not mean that these groups necessarily prevailed in the long term. Indeed, two of the cartel’s four main members were themselves eliminated when they chose the wrong side in the tug-of-war between the GNU and a rival government in 2022.⁵² Significantly, however, even the elimination of former members of ruling coalitions promoted further consolidation. The victorious groups did not allow new competitors to emerge, but instead shared the vacated territories between themselves. The major exception to this pattern of consolidation were Haftar’s forces, which established control over much of Libya while rejecting any form of power-sharing as part of a ruling coalition in Tripoli. Instead, they relied on their unparalleled foreign support. Only from 2021 onwards did financial arrangements linking Haftar and the Tripoli authorities emerge, and even then, Haftar continued publicly to position himself in explicit opposition to those authorities.

Second, those excluded from would-be ruling coalitions sought to pool their forces in opposition, thereby equally promoting consolidation, including unintentionally by provoking confrontations that led to attrition in their own ranks. For instance, longstanding enemies and erstwhile allies of Haftar from 2016 onwards formed new groups and alliances to launch several offensives against Haftar, all of which were defeated. Surviving members eventually either abandoned the fight or individually joined western Libyan armed groups. Another example is Tarhuna’s Kaniyat militia, who in 2017 and 2018 absorbed fighters from various groups that had been dislodged from Tripoli, and then used them to launch attacks on the dominant militia cartel there. From 2021 onwards, the Zawiyani militia leader Ali Buzriiba and the Zintani commander Usama Juwaili similarly integrated vanquished groups from Tripoli into

⁴⁸ Emadeddin Badi, «Exploring Armed Groups in Libya: Perspectives on Security Sector Reform in a Hybrid Environment», Geneva Centre for Security Sector Governance (DCAF), November 2020; Tim Eaton, «Security actors in Misrata, Zawiyah and Zintan since 2011: How local factors shape Libya’s security sector, and what this means for disarmament, demobilization and reintegration», Chatham House Research Paper, December 2023.

⁴⁹ Jesse Driscoll, *Warlords and Coalition Politics in Post-Soviet States*, Cambridge 2015.

⁵⁰ Wolfram Lacher, «Elite Bargains and Political Deals Project: Libya Case Study», Stabilisation Unit, February 2018.

⁵¹ Lacher and al-Idrissi, «Capital of Militias» (op. cit.).

⁵² Hakan, «A Political Economy of Tripoli’s Abu Salim» (op. cit.).

their ranks. Consolidation processes, then, crushed various factions along the way, turning their former members into a footloose militia lumpenproletariat that served as cannon fodder for more powerful groups.⁵³

Third, building would-be ruling coalitions involved making bets by choosing sides, and those bets frequently backfired when groups were eliminated by erstwhile allies turned adversaries. To give two examples: in 2016, several eastern Libyan militia leaders who had been broadly part of Haftar's coalition decided to support the nascent GNA, gambling that GNA backing would allow them to prevail over Haftar. This gamble failed: Haftar forced most of these groups to flee eastern Libya and subjugated the remaining ones. In the 2022 tug-of-war between the GNU and a rival government led by Fathi Bashagha, the balance of power in Tripoli long remained unclear as several groups maintained ambiguity over their positions. Eventually, however, the attempts of several longstanding Tripoli militia leaders to install the Bashagha government led to their elimination by two dominant groups with whom they had previously been allied.

CONCLUSION

This paper has identified attempts to build ruling coalitions as a key driver behind the consolidation of Libya's security landscape over the decade since 2014. It bears emphasising that consolidation does not come about through coalition formation itself. Rather, consolidation is a net effect of the intended and unintended consequences associated with repeated shifts in alliances among multiple parties as they seek to build a ruling coalition.

Depending on the perspective, consolidation by Haftar's forces could be seen as occurring outside this quest for ruling coalitions or as part of the formation of an alternative ruling coalition. Contrary to the logic prevailing among the multiple groups competing for influence in Tripoli, Haftar drew his access to funds, foreign support and legitimacy not from membership of a ruling coalition supporting an internationally recognised government.⁵⁴ Instead, he sought to market himself to foreign backers as an ally, proxy and future leader of Libya. His success in this regard, in turn, made him a more attractive ally for the local factions that considered joining his forces. For the would-be ruling coalitions in Tripoli, access to the Libyan state's resources doubtless exerted greater attraction than foreign backing, although the Tripoli government's international legitimacy was key to ensuring such access. However, the basic logic of coalition formation also applied to the component elements of Haftar's forces: the creation of winners and losers, and the uncertainty over which side will prevail.

⁵³ Lacher and al-Idrissi, «Capital of Militias» (op. cit.).

⁵⁴ On the significance of international recognition as a key attraction for warlords considering whether to join a ruling coalition, see Driscoll, Warlords and Coalition Politics (op. cit.).

IRAQ'S PMF: A STRATEGIC NEXUS FOR COMPETING POLITICAL ELITES

Dr Inna Rudolf

INTRODUCTION

Since the overthrow of the Ba'ath party regime in 2003, Iraq's political landscape has been shaped by a volatile coalition of majority Shi'a elites and their shifting allies across the country's ethnic and sectarian divides. These groups have positioned themselves tirelessly as the principal architects, guardians and beneficiaries of the post-2003 state-building project. Through a series of calculated – and at times miscalculated – manoeuvres, these ideologically aligned forces have competed to capture lucrative state resources while adhering to unwritten red lines designed to cement their institutional, political and economic gains. Notably, the establishment of the Popular Mobilization Forces (PMF) after the 2014 Islamic State (IS) invasion exemplifies how these elites have adapted to cope with external threats while preserving the status quo.

This article demonstrates how the PMF has emerged as a crucial common denominator for Iraq's ruling elites, as evidenced by four critical timeframes: (i) the IS territorial defeat up to the 2019 Tishreen protest movement; (ii) the suppression of the protest movement itself and the subsequent government formation crisis; (iii) the consolidation phase under al-Sudani's administration; and lastly (iv) the challenges posed by the 7 October events and Israel's ongoing offensive on Gaza. The PMF's integrity, impunity and instrumentality are aspects that these elites are unwilling to jeopardise. The article argues that, despite being subject to contestation since its inception, the PMF serves as a poignant illustration of how, when faced with existential threats, these elites are more likely to set aside their differences to ensure the continuity of the paramilitary structure that they have come to regard as critical for their political and ideational survival.

THE RISE OF THE PMF

To underscore how the preservation of the PMF has become a crucial common denominator for the loosely competing post-2003 Iraqi elites, it is essential to revisit its historical context. Following the loss of one-third of Iraq's territory and the collapse of the Iraqi armed forces after the fall of Mosul to Islamic State in 2014, then acting Prime Minister Nouri al-Maliki intensified his policy of outsourcing

state defence to reactivated fighters from the veteran Iraqi resistance camp. Many of these individuals had established their battlefield credentials against the US-led coalition since the 2003 invasion, while others had begun accumulating combat experience in the 1980s while resisting Saddam's dictatorial regime as an exiled armed movement hosted by neighbouring Iran.

In the ensuing security and power vacuum, these seasoned militias formed the backbone of a massive mobilisation wave triggered by the symbol-laden fatwa for al-jihad al-ki-fa'i⁵⁵ issued in June 2014 by Iraq's highest Shi'a religious authority, Grand Ayatollah al-Sistani. Although al-Sistani's fatwa avoided sectarian references and was not intended to endorse an informal armed movement, the disintegration of the Iraqi army led many to enlist with the only active combat forces on the ground, namely the pre-existing armed factions of Badr, Asa'ib Ahl al-Haqq, Kata'ib Hezbollah, Harakat Hezbollah al-Nujaba', and Kata'ib Sayyid al-Shuhada', among others.

With support from the Islamic Republic, these militias established their own recruitment and training centres, attracting thousands of Iraqis eager to defend their homeland. Sensing a unique opportunity, al-Maliki facilitated a legal and institutional framework for this paramilitary conglomerate, culminating in the November 2016 Hashd law, which officially recognised the PMF as part of the Iraqi Security Forces. Declared independent of the Ministry of the Interior (MoI) and the Ministry of Defence (MoD), the PMF reports directly to Iraq's Commander in Chief of the Armed Forces and has since grown in both influence and numbers, evolving into a unique case of a state-embedded, if not state-parallel, paramilitary network.

2017 IS TERRITORIAL DEFEAT TO THE 2019 TISHREEN MOVEMENT

Following the declared territorial defeat of Islamic State in 2017, former Prime Minister Haider al-Abadi sought to formalise the integration of various formations within the PMF under a cohesive institutional framework. In March 2018, he issued a decree reaffirming the PMF's claim to be an essential component of Iraq's defence architecture, granting officially registered PMF members the same financial benefits as personnel serving in the Ministry of Defence

⁵⁵ The obligation of *al-jihad al-ki-fa'i* is falls upon those Muslims who are duty-bound and whose participation is necessary in order to perform its defensive function.

(MoD) and the Ministry of the Interior (MoI). While PMF commanders welcomed this status upgrade and its associated privileges, they vehemently rejected any suggestion of dissolving the PMF into Iraq's conventional military structures. For instance, Naeem al-Aboudi, then spokesperson for the Asa'ib Ahl al-Haqq PMF formations, stated, «We do not support merging the PMF with the Iraqi Defence and Interior Ministries because such a move would dissolve the group, and we do not want this.»

Moreover, former Prime Minister Abdul Mahdi attempted to further formalise the paramilitary institution by issuing Executive Order No. 237 in July 2019, which mandated that the PMF's rank structure should mirror that of the regular Iraqi Security Forces.⁵⁶ Although intended to enforce administrative reforms, this document resulted primarily in cosmetic changes without facilitating genuine integration under the national chain of command. Initial interpretations suggested a move towards incremental institutional consolidation, evidenced by attempts to unify PMF formations under standardised military terminology. Additionally, PMF-affiliated brigades were instructed to refrain from political activities and cease commercial dealings, aligning with the regulations of the Iraqi security sector. Despite Abdul Mahdi's emphasis on restoring the state's monopoly on violence, his endeavours did not demonstrate a serious commitment to fully assimilating the paramilitary forces into Iraq's formal military apparatus. Late PMF Chief of Staff and ideational architect Abu Mahdi al-Muhandis maintained significant control over internal decision-making, ensuring that his vision for a semi-autonomous PMF was intact and poised for implementation. The anticipated payback came swiftly. With the outbreak of the 2019 anti-system protest movement Tishreen, which called for a complete overhaul of the corrupt elite bargaining system, the PMF under al-Muhandis signaled its readiness to deploy as a protector of the established order. This shift involved reconfiguring its role from a counter-terrorism force to one focused on suppressing internal dissent and safeguarding the positions of its partisan patrons.

TISHREEN, ELECTIONS AND THE 2022 POST-ELECTION CRISIS

Taking advantage of the formal endorsement approach undertaken by consecutive administrations, the late PMF Chief of Staff al-Muhandis pursued internal consolidation, exploiting his charisma and influence over more problematic pro-Iranian PMF factions engaged in «extra-curricular» resistance operations outside the formal chain of command. Following his assassination alongside Iran's elite Quds Force Commander Qassem Soleimani, these factions grew more emboldened, blending political and military tac-

tics that blurred the lines between their transnational resistance identity and their state-sanctioned PMF mandate. They aimed to expedite the US withdrawal through legal means and armed operations, viewing their expulsion from Iraq as a significant victory for the Iran-led transnational resistance alliance.

Furthermore, under the pretext of protecting the governance system from what they deemed to be corrupt foreign collaborators, referred to derogatorily as «jokers» (jawkar), factions from their ranks participated in the violent suppression of the 2019 Tishreen protest movement, committing human rights violations against unarmed demonstrators demanding a break with the established system. These repressive tactics, in collaboration with what the public regarded as corrupt and ruthless elites, undermined the PMF's self-proclaimed reputation as a people-oriented organisation serving the oppressed and disadvantaged. A testament to the paramilitary's dwindling popularity was the failure of the electoral campaign of their partisan backers united mostly under the Fatah and State of Law coalition, both of which centered on promoting the PMF's successes and pledging to ensure its continuity; this strategy backfired in the 2021 parliamentary elections, with the two together winning only 50 seats.⁵⁷

In contrast, the vision of a national unity government championed by their rival, prominent Shi'a cleric and founder of the Mahdy Army, Muqtada al-Sadr, threatened to dismantle what these elites perceived as the Shi'a powerhouse, or al-bayt al-shi'i. Confronted with perceived existential threats, these elites once again sought to leverage the paramilitary to safeguard their grip on the system.⁵⁸

The 2022 post-election crisis revealed their commitment to framing the PMF as a legitimate guardian of the Iraqi state. This tumultuous period, covered meticulously by Foltyn, unfolded with clashes between the PMF and Sadrist protestors within the Green Zone, notably following the latter's storming of the Republican palace.⁵⁹ A telling testament to the PMF's effectiveness in portraying themselves as a credible force comes from a senior official of the Shi'ite Coordination Framework, who remarked, «The PMF was a safety valve for the political system. Its presence alone gave reassurance to Shi'a actors that there is a force to defend the system.»⁶⁰ In this context, the selective deployment of paramilitary units to protect vital state infrastructure amid clashes with Sadrist supporters in the capital also reveals these elites' willingness to bypass government directives, including those of then Prime Minister al-Kadhemi, for the sake of defending their self-serving vision of Iraqi statehood.

⁵⁶ Michael Knights and Amir al-Kaabi, «Mainstreaming Hashd Commanders (Part 1): Advanced Education for Senior Militiamen», 15 March 2023; available at: <https://www.washingtoninstitute.org/policy-analysis/mainstreaming-hashd-commanders-part-1-advanced-education-senior-militiamen>.

⁵⁷ Global Data on National Parliaments, «Council of Representatives of Iraq», IPU; available at: <https://data.ipu.org/parliament/IQ/IQ-LC01/election/IQ-LC01-E20211010/>.

⁵⁸ Inna Rudolf and Ela Khaled, «The Iraqi Politics of Memory and Victimhood», XCEPT, 29 July 2022; available at: <https://www.xcept-research.org/the-iraqi-politics-of-memory-and-victimhood/>.

⁵⁹ Simona Foltyn, «Protectors of the State? The Popular Mobilisation Forces During the Post-Election Crisis» (PeaceRep report), Middle East Centre, London School of Economics, 5 April 2023; available at: <https://peacerep.org/wp-content/uploads/2023/04/Foltyn-2023-Protectors-of-the-State.pdf>.

⁶⁰ Foltyn, «Protectors of the State», 13.

CONSOLIDATION UNDER AL-SUDANI'S GOVERNMENT

Since the post-election crisis of 2022, there has been a notable consolidation of power within Iraq's security landscape that significantly benefits the PMF. The government of Prime Minister Muhammed Shi'a al-Sudani, who ascended to power in October 2022 with the support of affiliates from the PMF's pro-Iranian factions united under the Co-ordination Framework alliance, has found itself compelled to meet his backers' strategic expectations. This alignment has effectively produced a winning hand for the PMF, enhancing its role and influence within the state apparatus.

Under the leadership of Prime Minister al-Sudani, who also serves as Commander in Chief of the armed forces, the PMF has experienced substantial growth, nearly doubling its personnel to approximately 238,000 fighters on its payroll.⁶¹ This increase in numbers reflects not only the PMF's expanding operational capacity, but also its deepening entrenchment in the state's security framework. Moreover, the paramilitary organisation has benefited from significant economic empowerment, as evidenced by the Council of Ministers' approval of the establishment of the al-Muhandis public company.⁶² This newly created entity, which has been allocated a budget of 1,000,000 IQD, is to operate under the auspices of the PMF, further entrenching its financial and institutional power by enabling the paramilitary force to undertake a variety of lucrative projects, from reconstruction to agriculture.⁶³ It is important to note that this access to financial resources has empowered the PMF to extend its operations beyond the traditional mandate of a security agency, allowing it to promote its mission as a humanitarian actor committed to serving the needs of the Iraqi people. By framing its activities in this manner, the PMF seeks to enhance its legitimacy and public support while positioning itself as an integral component of the provision of community welfare and social services.⁶⁴

Additionally, the government has pushed for a controversial bill addressing retirement and military promotion policies for PMF personnel. This legislation is bound to further solidify the paramilitary organisation's leverage within the state structure, effectively institutionalising its role and influence. Consequently, this development dealt a significant blow to any aspirations for a gradual disarmament, demobilisation and reintegration (DDR) process or for the downsizing of the increasingly influential organisation. By embedding itself more deeply in the fabric of the state's security and governance mechanisms, the PMF has not only secured its operational continuity but also relegated the prospects of reforming or reducing the scope of its power

to the realm of wishful thinking.⁶⁵

In exchange for these multiple concessions and privileges, influential figures affiliated with the PMF's pro-Iranian factions leveraged their power to limit attacks on US interests and facilities within the country, as well as to pause targeting International Coalition convoys. This arrangement, which continued until the pivotal events of 7 October, appeared to usher in a period of relative calm. During this time, Prime Minister al-Sudani sought to establish himself as a statesman, striving to demonstrate a degree of autonomy from both his original patron, former Prime Minister Nouri al-Maliki, and his paramilitary backers from the PMF's pro-Iranian camp. However, the escalation of the conflict in Gaza, coupled with the deeply held commitment within Iraqi society to reject the Israeli occupation and support the Palestinian people, was expected to challenge this delicate equilibrium.

ISRAEL'S WAR ON GAZA AND AL-SUDANI'S BALANCING ACT

Since the intensification of Israel's war on Gaza and Lebanon, armed groups from the resistance-leaning current of the PMF have sought to outbid each other's claims, positioning themselves as the foremost advocates of the Palestinian cause. This contest not only highlighted differing ideological interpretations of the resistance doctrine but also fuelled strategic manoeuvring in response to shifting political realities. Consequently, what initially appeared to be a united front began to reveal underlying tensions, as factions and their partisan counterparts jostled for influence in an increasingly dynamic geopolitical context.

To illustrate, traditional allies Nouri al-Maliki and Asa'ib Ahl al-Haq leader Qais al-Khazali had been competing for greater control over Iraq's intelligence apparatus since the early months of al-Sudani's administration. However, following the events of 7 October, their strategies diverged significantly; al-Maliki grew hostile towards al-Sudani, aiming to undermine the government's reputation, while al-Khazali adopted a more pragmatic stance, leveraging al-Sudani's diplomatic approach to bolster his movement's standing. Furthermore, unlike hardline pro-Iran factions eager to escalate tensions with the United States, al-Khazali argued that armed resistance should not undermine the Iraqi government's authority. Without rejecting the alleged transnational «unity of arenas» vision often championed by Iran and its armed allies across the axis, al-Khazali has focused primarily on his vision of reconfiguring Iraq as a «resistance state» (*dawlat al-muqawama*), in which the armed forces, the mobilised polity and the state's legal

⁶¹ Amir al-Kaabi and Michael Knights, «Extraordinary Popular Mobilization Force Expansion, by the Numbers», The Washington Institute, 3 June 2023; available at: <https://www.washingtoninstitute.org/policy-analysis/extraordinary-popular-mobilization-force-expansion-numbers>.

⁶² Dana Taib Menmy, «Iraq grants investment rights to PMF-linked company for one million palm trees in Samawah Desert», The New Arab, 25 December 2023; available at: <https://www.newarab.com/news/muhandis-company-plant-one-million-trees-samawah-desert>.

⁶³ The Media Office of Iraq's Prime Minister, «The Council of Ministers holds its sixth regular session under the chairmanship of the Prime Minister, Mr. Mohammed Shia' al-Sudani», [Post], Telegram, 28 November 2022; available at: <https://t.me/IraqiPmo/22397>.

⁶⁴ Badawi, «The Popular Mobilisation Units as a Relief Agency»; Hassaan, «Iraq's PMF»; Ranj Alaaldin, «Coronavirus in Iraq: Shia Militias Looking for Legitimacy», ISPI, 7 May 2020; available at: <https://www.ispionline.it/en/publicazione/coronavirus-iraq-shia-militias-looking-legitimacy-26010>.

⁶⁵ Renad Mansour, «Networks of Power: The Popular Mobilization Forces and the state in Iraq», Chatham House, February 2021; available at: <https://www.chathamhouse.org/sites/default/files/2021-03/2021-02-25-networks-of-power-mansour.pdf>.

framework would jointly serve as pillars of the resistance project.⁶⁶

This approach aimed to appease both segments of Iraqi society that prioritise Palestinian solidarity and those advocating for stability amidst political unpredictability. Ultimately, this divergence in tactics and priorities reflects the evolving nature of alliances within Iraq's political arena, emphasising the fragile balance between ideological commitments and pragmatic considerations among power-hungry elites and their armed allies. As they navigate internal rivalries, however, even competing figures such as al-Maliki, al-Sudani and al-Khazali remain united in underscoring the necessity of sustaining the PMF as a guardian of their statehood project in a precarious landscape.

CONCLUSION

While power-driven elites responsible for the creation and institutionalisation of the PMF actively seek to enhance their influence within the paramilitary and other strategic governance agencies in Iraq, they recognise the importance of maintaining the PMF's structural integrity as a unified entity. They understand that a fractured PMF could jeopardise their collective power claims and diminish their standing against external threats. Thus, as long as these key elite stakeholders view the PMF as strategically vital for their survival, they are likely to manage their rivalries and seek alternative avenues for resolving disputes rather than allowing internal conflicts to undermine their shared objectives.

This tacit agreement to prioritise the PMF's continuity suggests that partisan leaders and armed factions may temporarily set aside their differences in the face of common challenges, focusing on sustaining their grip on power and leveraging their combined resources to cement their capture of the state. These dynamics reflect a delicate balance between rivalry and cooperation within the wider PMF network, highlighting the unwritten red lines that govern the interplay among armed actors and their embedded political allies. The elites share a perception of the PMF as a guarantor and protector of their institutional gains. When necessary, these actors will rally around their common interests. They prioritise collaboration over confrontation and seek alternative methods for settling scores that do not jeopardise their continued domination over the post-2003 state-building project.

⁶⁶ Asa'ib Ahl al-Haq, «Text of the speech of the Secretary-General of the Islamic Resistance, Asa'ib Ahl Al-Haq, Sheikh Qais Khazali, at The Dialogue Seminar (Resistance and the State between Concept and Application) in the Holy City of Karbala», 10 February 2015; available at: <https://ahluhalhaq.com/?p=1763>.

THE BLURRED LINES OF POWER: MILITIAS, POLITICS AND THE LIBYAN STATE

Emadeddin Badi

INTRODUCTION

Since the fall of Muammar Gaddafi in 2011, Libya's security landscape has undergone significant transformations. The established security forces disintegrated during and after the revolution, leaving a vacuum that revolutionary forces quickly filled. These forces, central to overthrowing Gaddafi, were initially granted legitimacy by the transitional authorities. The lack of a coherent and strong state structure after the revolution, however, led to the rise of militias that have since come to dominate Libya's security and political landscape.⁶⁷ Over time, the relationship between militias and the state has evolved, often in unexpected ways. This article examines the complex interplay of loyalty, power and control between militias and state institutions, and how their shifting loyalties and strategic priorities have shaped the broader security environment.

The relationship between militias and the state has been defined by several key turning points. The first came immediately after the 2011 revolution when the transitional government integrated militias into the formal security apparatus in a bid to stabilise the country. Instead of fostering unity, however, this decision provided militias with legitimacy and access to state resources, laying the foundation for the fragmented security landscape seen today. A second pivotal moment occurred in 2014, as Libya descended into civil war. Political institutions bifurcated, offering militias an opportunity to further entrench themselves, using their territorial control to capture state resources and establish independent income streams. This period also witnessed the rise of Khalifa Haftar and his Libyan Arab Armed Forces (LAAF), which became a major force in the conflict, supported by foreign powers.⁶⁸

Since 2020, militias have increasingly transitioned from being security providers to political actors, adopting the same *modus operandi* as Haftar embraced for his LAAF as early as 2014.⁶⁹ The rise of political militias has therefore been particularly evident in the west of the country, where armed group leaders now play a central role in determining political outcomes. The question of militia loyalty, however, remains a central puzzle. While many militias have secured

official state funding, their loyalties do not necessarily lie with the institutions that finance them. This paper will trace the evolution of militias and their loyalties from ideological and community-based commitments to financial and political motives, and explore how state resources interact with other sources of militia power. It also examines how militias have, over time, blurred the lines between non-state actors and formal political entities.

THE EVOLUTION OF LIBYA'S SECURITY SECTOR: FROM REVOLUTION TO FRAGMENTATION

The fall of Gaddafi in 2011 marked the beginning of a fragmented phase in Libya's security situation. Under Gaddafi's regime, a centralised structure of control based on coercion and patronage ensured the regime's survival. With the collapse of this centralised power, local revolutionary groups emerged, each with its own agenda. Initially, these groups were viewed as heroes of the revolution and were co-opted into state structures by the transitional authorities. This marked the beginning of «security pluralism», a phase in which multiple actors shared responsibility for security, often with conflicting priorities.⁷⁰ The transitional government's decision to deputise militias blurred the lines between formal state actors and armed groups.

Many of the militias that formed during this period were driven by ideological or community-based loyalties. Groups with ties to local communities, or those driven by a commitment to the revolutionary cause, saw themselves as protectors of their respective regions or movements. This gave them a degree of autonomy from the transitional government, which was eager to maintain stability by incorporating them into the state security apparatus. However, this pluralism quickly gave way to fragmentation.⁷¹ The reliance on militias, many of which pursued their own financial and political gain, led to the proliferation of armed groups with competing interests.

⁶⁷ Lacher, W. (2023): Libya's militias have become the state: Dimensions and consequences of a consolidation process. SWP Berlin.

⁶⁸ Badi, E. (2020): Libyan Arab Armed Forces (Libya). Guns and governance: How Europe should talk with non-state armed groups in the Middle East. ECFR.

⁶⁹ Badi, E. (2022): Armed Groups No Longer: Libya's Competitive Political Militias. ISPI.

⁷⁰ Wehrey, F. (2018): Libya's policing sector: the dilemmas of hybridity and security pluralism. The Project on Middle East Political Science (POMEPS) Studies, The politics of post-conflict reconstruction.

⁷¹ Lacher, W. (2020): Libya's fragmentation: Structure and process in violent conflict. Bloomsbury Publishing.

The coherence of the state was fragmented from the outset of Libya's democratic transition, with no centralised authority able to exert comprehensive control over the militias. Rather than standing outside the state, militias were embedded within it from the very beginning, with various transitional government officials deputising different groups to maintain security and manage local affairs. Over time, some militias built power structures semi-independent of formal institutions, while others aligned closely with political elites to gain preferential access to state resources. This reliance on militias progressively sidelined the formal state apparatus, allowing armed groups to dominate control over territories and state revenues.

MILITIA LOYALTIES: SHIFT FROM IDEOLOGICAL COMMITMENT TO FINANCIAL MOTIVES

In the years following the revolution, militia loyalties were primarily shaped by ideological and community-based commitments. Revolutionary groups that had fought against Gaddafi's regime felt a strong sense of identity and purpose tied to their participation in the uprising. Some militias were also grounded in Islamist ideologies, while others were driven by tribal or regional affiliations. Initially, these loyalties served to legitimise militia control over local territories, as militias claimed to be the protectors of the revolution and its legacy.

As Libya's political transition faltered, however, militia loyalties began to shift. The reliance of the transitional government on militias for security offered these groups access to state resources. Between 2012 and 2014, many observers believed that those controlling the state's purse strings – primarily the high-level officials in the Ministries of Defence and the Interior – could secure militia loyalty by controlling their funding. This assumption, however, proved flawed. Militias did not remain loyal to the institutions that financed them, choosing instead to use state resources to bolster their own independence and influence. Rather than being co-opted by political elites, militias extorted those holding the purse strings, demanding more resources while maintaining a degree of autonomy.

This period highlighted a crucial puzzle: how could militias, receiving regular payments from the state, refuse to align themselves with state interests? The answer lies in their ability to draw on other sources of power, such as community support, ideological legitimacy and external backing, that allowed them to maintain independence from formal state control. Thus, while militias benefited from state financing, they often remained outside the direct control of the institutions they ostensibly served. In some cases, they even engaged in the illicit economy as a means of offsetting their dependence on state support or complementing it with a quasi-independent stream of funding.⁷²

By 2020, militia loyalties in Libya had shifted as armed groups in both the east and the west moved away from ideological or community-based commitments and began prioritising their economic and political futures. This shift marked the beginning of a new wave of militia consolidation, with groups rebranding themselves as political actors and embedding themselves within the Libyan state. Following the 2020 ceasefire, this consolidation became more pronounced, as militias captured key state institutions and ministerial portfolios. These armed groups, now operating as political militias, no longer defended revolutionary ideals but instead focused on controlling state resources to secure their economic and political positions. In eastern Libya, this was evident in the Haftar family's restructuring of the LAAF to enable legacy planning. In doing so, they complemented their system of oppression by manufacturing a vetted «civil society», and put all responsibilities for security, development and reconstruction in their areas of control under the aegis of Khalifa Haftar's sons. In western Libya, armed groups mirrored this approach, establishing transactional arrangements with the Tripoli-based government to dominate ministerial portfolios and state-owned companies, while diversifying their revenue streams by creating offshoots across various other state ministries or bodies.

The competition for access to government positions – and the lucrative revenue streams they offer – has intensified, as militias vie for influence within state structures. Simultaneously, they have cultivated alternative sources of revenue, such as fuel smuggling and protection rackets, which further entrench their power. This interaction between state resources, external support and illicit economies has created a hybrid system in which militias operate within both formal state institutions and formal and informal economic networks.

THE ROLE OF EXTERNAL ACTORS AND THE BLURRED STATE-MILITIA DIVIDE

The relationship between militias and institutions of the Libyan state has also been shaped by the role of external actors. Regional and international powers with vested interests in Libya have often bypassed formal state institutions, engaging directly with militias. This external engagement has enabled militias to maintain a degree of autonomy from state funding, as they can rely on external funding and support to sustain their operations. The case of Khalifa Haftar's LAAF is perhaps the prime example of this dynamic. While Haftar's forces have presented themselves as a formal state army, their rise to power has been heavily reliant on foreign backing, particularly from Egypt, the UAE, and later Russia. This foreign support has allowed the LAAF to consolidate power in eastern Libya, even as they operate outside the formal structures of the «central» state in Tripoli. Instead, the Haftar family have created their own de facto state, leveraging international support to manufacture political legitimacy for parallel governments they create and control. Bilateral support from foreign

⁷² Eaton, T. et al. (2020): The Development of Libyan Armed Groups Since 2014 - Community Dynamics and Economic Interests. Chatham House.

backers has also allowed them to strike arrangements with central authorities in Tripoli. The most high-profile example of such arrangements is the Emirati-brokered «deal» between Saddam Haftar and the GNU Prime Minister's cousin Ibrahim Dbeiba, which saw a Haftar-aligned [Emirati-Libyan](#) dual citizen assume the leadership of Libya's National Oil Corporation in 2022.⁷³

The dynamic whereby the “central state” is sidestepped in favor of bilateral dealings between armed groups and external actors is not unique to Haftar's forces. In western Libya, militias have also leveraged external support to maintain their autonomy from central authorities and engage in political bargains. Some militias have developed sophisticated networks with international actors, further blurring the distinction between state and non-state entities. In many cases, militias have positioned themselves as de facto representatives of the state, negotiating directly with foreign powers and asserting control over key state institutions. Moreover, the years of 2021-24 saw key ministries such as the Libyan Ministry of Interior, the Libyan Ministry of Defense, and the Libyan Ministry of Justice – as well as other state-owned companies – dominated by Western Libyan armed groups. Most recently, the nomination of a new interim Central Bank Governor, while advertised as being a political breakthrough in negotiations between Libya's two competing parliaments⁷⁴, was in fact largely the byproduct of backdoor negotiations between armed factions in Western Libya, and the Haftar family in Eastern Libya.

The ongoing hybridisation of militias and state institutions has therefore made it increasingly difficult to distinguish where the state ends and where militias begin. The idea of a clear divide between the two is problematic. From the outset, key officials in the transitional government came from revolutionary armed groups, and the authority they held was often contingent on militia support. The integration of militias into state structures was never straightforward – as many of these groups saw themselves as part of the state from the very beginning – but was nonetheless gradual. Over time, militias have become so deeply embedded within state structures that they now represent a fundamental part of Libya's political, security, and economic sectors.

CONCLUSION

The evolution of Libya's security sector since the fall of Gaddafi has been marked by the rise of militias as both security providers and political actors. Over time, their loyalties shifted from ideological or community-based commitments toward financial and political gain. This transformation can be understood through the continuum of state capture, where non-state actors progressively gain influence over state institutions, extracting resources and shaping governance in their favor. Militias have embedded themselves in Libya's political and economic systems, not as external threats to state authority, but as integral players within a hybrid order where the formal state apparatus is interwoven with militia power structures.

Militias in Libya have exploited their positions within the state's formal apparatus while simultaneously operating outside it, using state resources to consolidate their independence. The state's inability to foster loyalty through financial patronage reflects, more generally, the broader limitations of weak governance in fragile states. More specifically, it also speaks to the circumstances of the Libyan state, which lacked even rudimentary central authority after 2011. Rather than becoming subordinate to state authority, militias have maintained their autonomy by leveraging alternative sources of power, such as community ties, control over illicit economies, and external support from foreign actors. These dynamics echo broader patterns seen in other contexts of state capture, where non-state actors extract resources and undermine state consolidation by operating within a fragmented political landscape.

Moreover, the role of external actors has exacerbated Libya's hybrid governance system. Foreign states, seeking to influence the conflict to serve their geopolitical interests, have deepened militia entrenchment by providing financial and military backing to various factions. This external involvement has further blurred the lines between state and militia, making it more difficult for Libya to centralise authority or create a cohesive national security apparatus.

Libya's future stability will require more than efforts to disarm or reintegrate militias – as they are currently engaged in the process of reintegration and cosmetic disarmament at the expense of good governance. Addressing the economic and political foundations of militia power is essential, as they are deeply embedded within the state's structures, and have become increasingly adept at navigating the inner workings of Libya's sclerotic institutions to further their influence. The challenge is not only in dislodging militias from these systems but in redesigning governance structures that account for their hybrid nature. Efforts to rebuild Libya must consider both the political economy of militia dominance and the international dimensions that sustain this complex, hybrid governance.

⁷³ Badi, E. (2022): The UAE is making a precarious shift in its Libya policy. Here's why. Atlantic Council.

⁷⁴ Zaptia, S. (2024): Agreement reached on appointment of CBL Governor, Deputy and Board. Libya Herald.

IRAQ'S MARKETPLACE CUSTODIANS: EXPLAINING THE ECONOMIC RESILIENCE OF PARAMILITARIES

Tamer Badawi

INTRODUCTION

The Popular Mobilisation Forces (PMF) were established in 2014 as an armed auxiliary force mainly by Iran-backed Iraqi paramilitary actors to help Iraq's formal security institution in the counterinsurgency.⁷⁵ With the territorial defeat of ISIL, the PMF has been normalised as a force coalescent with the Iraqi state. The paramilitaries, often called «the resistance», benefited from their relative proximity, being part of the state by proxy but not directly in institutional terms.

What has enabled the paramilitary resistance groups that established the PMF to develop the resilience that has enabled them to survive despite not being consistently part of the state and its security sector? How do those paramilitary actors, for example, pay their bills? These questions constitute this article's empirical puzzle. To answer them, the article zooms in on how the anti-ISIL counterinsurgency allowed those groups to leverage Iraq's state structures and thriving (post-) war economy to their advantage, as well as that of Syria.

This dominant position enabled the groups to expand and diversify their economic portfolios, thus enhancing their resilience as influential actors in the country's politics and economy without being official stakeholders in the political process. Within this context, I refer to the paramilitary networks as Iraq's «marketplace custodians». This marketplace is not necessarily a physical one in which physical commodities are demanded or supplied, but it also includes, more broadly, the formal and informal political rules that safeguard the economic activities of those groups.⁷⁶

Conventional wisdom holds that Iran's consistent intervention and its decades-long role in training, financing, consolidating and balancing local and exiled Iraqi armed groups, coupled with the rise of ISIL and countermobilisation have played a considerable role in empowering the groups. In part thanks to Iranian advice and expertise in

para-state institution-building, the Iraqi groups managed to legalise and codify their alliances through a single supra-institutional structure (namely the PMF).

The similar religious-ideological make-up of the resistance paramilitary groups and their linked PMF brigades and their connection to Wilayat Al-Faqih (Guardianship of the Islamic Jurist) in Iran binds a large number of actors together. The leaders of the PMF's resistance-linked brigades shared their experiences of mobilisation against anti-occupation resistance post-2003. Between 2012 and 2013, those who established the PMF were mobilising to stabilise the Syrian government against the uprising. All those ideological and mobilisational commonalities created, over time, a resilient bond between many of those groups.

Durable foreign intervention, shared ideology and experiences – as well as kinship networks – largely explain how the Iran-backed resistance groups came together and formed the PMF during the ISIL insurgency, but these two variables do not sufficiently explain how the mushrooming armed groups managed to secure sustainable inflows of financial income when neither Iran nor Baghdad could necessarily provide them with sufficient funds for their expanding numbers and needs.

While the resistance groups can benefit from the PMF's state-sourced budget, and they most certainly do, their financial portfolio exceeds the budget provided by the Iraqi government to the PMF. If the PMF, in quite a far-fetched scenario, is disbanded or curtailed or – partially or fully – cut off from the state budget, the paramilitary groups that constitute it are likely to survive financially because they form Iraq's post-ISIL marketplace and its custodians.

Previous contributions by researchers, especially Renad Mansour and Michael Knights, have provided ample granular data and empirical analysis about how paramilitaries in Iraq have diversified their economic portfolios.⁷⁷

⁷⁵ Within the PMF, there are three key Shi'ite segments: first, and the most dominant, are the resistance brigades. Second, there are the Sadrist movement-linked brigades. Third, and finally, there are the Najaf Marjiya-linked brigades. See: Renad Mansour and Faleh A. Jabar (2017): *The Popular Mobilization Forces and Iraq's Future* (Carnegie Middle East Centre: April), <https://tinyurl.com/4ztx9msr>.

⁷⁶ This understanding of making the rules builds on the following conceptualisation of elite impunity in Iraq: Renad Mansour (2024): *Tackling Iraq's Unaccountable State: A Networked Approach to Mobilizing Reformers* (Chatham House: May), p. 11; available at: <https://tinyurl.com/3tuf9w4u>.

⁷⁷ Additionally, the literature on the resistance paramilitary groups and the PMF in Iraq has been emerging over the past decade thanks to the work of a number of scholars, analysts, journalists and observers, including Nancy Ezzedine, Erwin van Veen, Erica Gaston, Inna Rudolf, Hamdi Malik, Benedict Robin-D'Cruz, Crispin Smith, Philip Smyth, Fanar Haddad, Harith Hasan, Suadad Al-Salhy, John Davison, Ahmed Rasheed, Simona Foltyn, and Hisham Al-Hashemi.

This article aims to complement the discussion with a sampling of academic literature to enable policy communities to take a broader view of paramilitary political economies in Iraq.

The next two sections analyse the political economy of Iraqi paramilitary networks through the prism of booms and busts and academic literature explaining racketeering practices. Following these two theoretically grounded sections, the article shows that the period between 2012 and 2019 represented an unprecedented geoeconomic opening in the region for Iraqi paramilitaries. The final section briefly discusses the geoeconomic prospects of Iraqi paramilitary networks during the Trump 2.0 administration in Washington.

THE CYCLICAL ECONOMY OF PARAMILITARIES

To explain how Iraqi paramilitary groups' political economy and financial inflows have gained in resilience following the rise of the ISIL insurgency, in this section I introduce Aisha Ahmad's notion of booms and busts.

Ahmad explains the cycles of financial expansion and contraction of Jihadist armed groups.⁷⁸ During the «boom» phase, groups capitalise on resources, taxation, external funding and illicit economies, enabling expansion.⁷⁹ In the «bust» phase, financial hardship from territorial losses, sanctions or funding cuts force adaptation.⁸⁰ Groups may diversify income through clandestine activities, cost cutting or alliances to survive.⁸¹

The concept of booms and busts is also applicable to Iran-backed paramilitary groups because a segment of them operate as rebel groups who do not abide by state laws. While part of the Iran-backed Iraqi paramilitary groups have consistently maintained their distance from the state, they have always enjoyed access to it, whether strong or weak, through entrenched networks.⁸²

During booms, when the paramilitaries have access to the Iraqi Prime Minister's Office (PMO) and face little pressure from the United States, those networks allow paramilitary groups to gain access to financial and non-material resources, connect their affiliated private sector contrac-

tors with the bureaucracy, co-opt state security networks, and secure informal access to commercially lucrative locations (for example, border zones). During those periods, Iran and its regional network face little pressure from the United States and can access a wide range of licit and illicit markets, partially relying on Iraqi political and paramilitary networks.

During bust phases, when Iraqi paramilitary networks have weaker access to the Prime Minister's Office as a result of the rise of uncooperative prime ministers and face high pressure from the United States in the form of kinetic attacks or economic sanctions, the paramilitaries use their diminishing state-embedded networks to maximise their benefits from licit and illicit markets. These bust periods are usually part and parcel of the pressure that Tehran faces from the United States with regard to its nuclear programme and regional activities. During those busts, Iraqi groups play expanded roles in the evasion of US sanctions. Nevertheless, those illicit activities, primarily smuggling, racketeering and illicit drugs, presumably continue during boom periods of state entrenchment by paramilitary groups. Paramilitary networks divide and define their economic activities based on geographic sectors and institutions.⁸³

Illustrating a boom phase, during the tenure of Prime Minister Adel Abdul-Mahdi (October 2018 to May 2020), paramilitary groups reportedly gained considerable access to the Prime Minister's Office through the appointment of loyalist networks and occupied key positions in ministries. During PM Abdul-Mahdi's tenure from October 2018, the PMO Chief of Staff was an official in the Islamic Supreme Council of Iraq (ISCI),⁸⁴ a leading political front linked with paramilitary networks.

As Michael Knights has argued, the PMF's chief architect and de facto leader, Abu Mahdi Al-Muhandis, enjoyed day-to-day influence on the prime minister.⁸⁵ During Abdul Mahdi's premiership, paramilitary networks chose director-general appointees in the ministries of communication, industry, culture and defence,⁸⁶ apart from their historical influence over the Ministry of the Interior.⁸⁷ During Abdul-Mahdi's Premiership, the PMF and linked political parties became central to reconstruction efforts, as their engineering and medical capabilities were utilised both in areas liberated from ISIS in Northern and Western Iraq, as well as Central and Southern Iraq.

⁷⁸ Aisha Ahmad (2021): The Long Jihad: The Boom–Bust Cycle behind Jihadist Durability, in: *Journal of Global Security Studies*, 6(4); available at: DOI: <https://doi.org/10.1093/jogss/ogaa048>

⁷⁹ Ibid.

⁸⁰ Ibid.

⁸¹ Ibid.

⁸² Kata'ib Hezbollah, arguably the most capable resistance paramilitary group, keeps discrete (or stealth) connections with the state in Iraq through loyalist networks. Kata'ib Sayyid Al-Shuhada (KSS), which are increasingly embedded in the state, include Asa'ib Ahl-Al-Haq (AAH) and Kata'ib Al-Imam Ali (KIA). The Iran-backed Badr Organisation (previously named the «Badr Corps») has been embedded in the state via the Ministry of the Interior since 2005. Most of paramilitary networks have splintered from Badr, except AAH, HaN and KIA, which evolved and splintered from the Mahdi Army and the Iran-backed Special Groups.

⁸³ Michael Knights (2020): *Back into the Shadows? The Future of Kata'ib Hezbollah and Iran's Other Proxies in Iraq* (CTC at West Point: October), p. 12; available at: <https://ctc.westpoint.edu/wp-content/uploads/2020/10/CTC-SENTINEL-102020.pdf>.

⁸⁴ Michael Knights (2020): *Back into the Shadows? The Future of Kata'ib Hezbollah and Iran's Other Proxies in Iraq* (CTC at West Point: October), p. 6; available at: <https://ctc.westpoint.edu/wp-content/uploads/2020/10/CTC-SENTINEL-102020.pdf>.

⁸⁵ Ibid, p. 6.

⁸⁶ Renad Mansour (2021): *Networks of Power: The Popular Mobilisation Forces and the State in Iraq* (Chatham House: February), p. 24; available at: <https://www.chathamhouse.org/sites/default/files/2021-06/2021-02-25-networks-of-power-mansour.pdf>.

⁸⁷ International Crisis Group (2008): *Iraq's civil war, the Sadrists and the Surge* (Baghdad/Damascus/Brussels: February), p. 5; available at: <https://www.crisisgroup.org/sites/default/files/72-iraq-s-civil-war-the-sadrists-and-the-surge.pdf>.

Abdul-Mahdi's premiership was followed by a «bust» phase, in which PM Mustafa Al-Kadhimi (May 2020–October 2022), former chief of the INIS, attempted to push back against the resistance paramilitary networks once he took office⁸⁸ and reportedly worked on purging security agencies from their elements.⁸⁹ Kadhimi's premiership represented a bust period for the groups, especially because it was coupled with the «maximum pressure» campaign applied by the first Trump administration against Tehran and its regional network of substate armed allies. Under the Trump administration, the US assassinated Qassem Soleimani, commander of Iran's Islamic Revolutionary Guards Corps (IRGC-QF), and the PMF's de facto commander Abu Mahdi Al-Muhandis in Baghdad, dealing a strong blow to the Iran-backed resistance paramilitary networks, at least in the short term.⁹⁰

Towards the end of the bust period of PM Kadhimi, smuggling networks in Iraq became important to the regional Captagon drug trade. Iraq was transformed from a mere transportation hub to a key consumer market, as indicated by the Iraqi MoI in October 2021.⁹¹ ⁹² Networks linked to the PMF or other paramilitaries have allegedly been engaged in the Captagon trade as producers in Lebanon and Syria re-routed some smuggling operations to the GCC countries through Iraq.⁹³ By July 2023, Iraqi security shut down a Captagon-producing facility in Muthanna, a province bordering Saudi Arabia.⁹⁴ Iraqi paramilitary networks are active in Muthanna as it serves as a drone launch pad for attacks on Saudi Arabia and the UAE.⁹⁵

When PM Mohamad Shia Al-Sudani took office in October 2022, the paramilitaries swiftly worked on repairing their state networks and even upgraded their expansion into the state to include critical security agencies, that they did not have access to during Abdul-Mahdi's premiership. The resistance paramilitary networks, primarily KH, AAH, and KSS, and the PMF's current chair, reportedly gained unprecedented access to the Iraqi National Intelligence Service (INIS) by dividing its directorates into loyalist elements.⁹⁶

The National Security Service (NSS) and the Ministry of the Interior's Federal Information and Investigations Agency (FIIA) were nominated by AAH and the paramilitary-friendly Dawa Party under previous PM Nouri Al-Maliki, according to a report.⁹⁷ Finally, the resistance networks reportedly gained unprecedented access to the US-trained Counter-Terrorism force by injecting loyalist recruits, especially from the KH and AAH.⁹⁸ In the economic realm, the PM issued an executive order in 2022 establishing the state-owned Muhandis General Company, a PMF-run company.⁹⁹ As such, the PMF can receive no-bid contracts from the state to implement a wide-range of projects, as well as partner with foreign companies in implementing projects.¹⁰⁰

Finally, while trends in the funding of Iraqi groups evolve in accordance with domestic politics and regional geopolitics, their durable proximity to the state smoothens their cyclical economic shifts. State-embedded networks, even though they may shrink at times, still enable the paramilitaries to obtain financial resources and useful intelligence. During boom periods, activities linked to bust periods – namely various illicit activities – continue to thrive in Iraq. Iraqi paramilitaries' transnational allies, such as Syrian sub-state actors and Lebanese Hezbollah, are integral to their supply chains.¹⁰¹

THE PARAMILITARIES' PROTECTION RACKETS

The «boom and bust» concept explains the cyclical rhythms of paramilitary economies, but to explain the endurance of racketeering and economic competition between Iraqi paramilitary groups, I rely on academic literature that focuses on commercialising protection and organised crime.

With regard to Somalia, Aisha Ahmad explains how state fragmentation fosters informal security markets in which militias and Islamist groups commodify protection.¹⁰²

⁸⁸ Tamer Badawi (2020): Kadhimi's Push Against Iran-Supported Paramilitaries, in: Sada, 16 September; available at: <https://tinyurl.com/yc8ksu9n>

⁸⁹ *Iraq's New Regime Change*, p. 11.

⁹⁰ For a comprehensive and nuanced assessment of the assassinations' impact on the Iraqi groups and others in the region, see Nancy Ezzedine and Hamidreza Azizi (2022): Iran's Increasingly Decentralised Axis of Resistance, *War on the Rocks*, 14 July 2022; available at: <https://warontherocks.com/2022/07/irans-increasingly-decentralized-axis-of-resistance/>.

⁹¹ Caroline Rose (2023): Iraq and Turkey: Two Transit Countries to Watch in the Captagon Drug Trade, in: *New Lines Institute*, 4 April; available at: <https://newlinesinstitute.org/state-resilience-fragility/iraq-and-turkey-two-transit-countries-to-watch-in-the-captagon-drug-trade/>.

⁹² Ibid.

⁹³ Christopher Sims, Antonio Ruiz, and Nicholas Krohley (2024): *Evidence Synthesis: Captagon in Iraq and Jordan: Understanding the Problem and Evaluating Solutions* (Project XCEPT: November); available at: <https://www.xcept-research.org/wp-content/uploads/2024/11/XCEPT-Evidence-Synthesis-Captagon-in-Iraq-and-Jordan.pdf>.

⁹⁴ Caroline Rose (2024): Iraq's New Counternarcotics Strategy, in: *New Lines Institute*, 25 September; available at: <https://newlinesinstitute.org/state-resilience-fragility/iraqs-new-counternarcotics-strategy/>.

⁹⁵ Micheal Knights, Hamdi Malik and Crispin Smith (2023): *Iraq's New Regime Change: How Tehran-Backed Terrorist Organisations and Militias Captured the Iraqi State* (CTC at West Point: December), p. 15; available at: <https://ctc.westpoint.edu/wp-content/uploads/2023/12/CTC-SENTI-NEL-112023.pdf>.

⁹⁶ *Iraq's New Regime Change: How Tehran-Backed Terrorist Organisations and Militias Captured the Iraqi State*.

⁹⁷ Ibid, p. 11.

⁹⁸ Ibid, p. 10.

⁹⁹ Michael Knights, Crispin Smith, Hamdi Malik (2024): Profile: The Muhandis General Company, in: *The Militia Spotlight*, Washington Institute for Near Eastern Policy, 5 November; available at: <https://www.washingtoninstitute.org/policy-analysis/profile-muhandis-general-company>.

¹⁰⁰ Iraq's PMF-linked Muhandis signs MOU with China's CMEC, *Reuters*, 8 March 2024; available at: <https://www.reuters.com/markets/deals/iraqs-pmf-linked-muhandis-signs-mou-with-chinas-cmec-2024-03-08/>.

¹⁰¹ Hayder Al-Shakeri and Renad Mansour (2024): How supply chains fuel transnational conflict in the Middle East, Chatham House, 18 November; available at: <https://www.chathamhouse.org/2024/11/how-supply-chains-fuel-transnational-conflict-middle-east>.

¹⁰² Aisha Ahmad (2015): The Security Bazaar: Business Interests and Islamist Power in Civil War Somalia, in: *International Security* 2015 39 (3): 89–117; available at: DOI: https://doi.org/10.1162/ISEC_a_00187.

In Mexico, Alejandro Lerch argues, police protection rackets are not simply an incidental manifestation of corruption but are intricately woven into the political and social fabric of the country.¹⁰³ In Indonesia, Yuhki Tajima argues that when countries lacking a strong rule of law culture democratise and gain a capacity to quell gangs, the criminal organisations will reach out to political parties for protection.¹⁰⁴

The three cases mentioned above, among others, can help explain different aspects of the endurance of racketeering in Iraq. The post-invasion Iraqi state became «patch-worked», with political parties dominating different institutions. As a result, state capacity to counter criminality has been deployed only selectively. Mushrooming armed group networks, whether politically-connected or insurgent, or local and close-knit, gain protection from loyalist political parties and can intimidate and co-opt security agencies, leveraging the Iraqi state's varying ability to counter them. During booms, racketeering practices gain political protection while during bust periods those networks that lose state-sourced income streams become more predatory to generate economic revenue.¹⁰⁵

Following the 2003 invasion, protection rackets were imposed mainly by the Mahdi Army, particularly between 2004 and 2007 in Baghdad and outside the capital, during its period of anti-US resistance and sectarian strife.^{106 107} However, as the Mahdi Army was disbanded after a counterinsurgency campaign led by former Prime Minister Nouri Al-Maliki, and US troops withdrew from Iraq in 2011, splinter groups evolved and Iran-backed paramilitary networks mushroomed.

The anti-ISIL mobilisation and the establishment of the PMF in 2016 allowed paramilitary networks to consolidate and entrench their territorial control across Iraq, thus expanding protection rackets and smuggling, prominently targeting the lucrative oil sector.¹⁰⁸ During the ISIL counterinsurgency and its aftermath, PMF brigades were assigned specific geographic sectors to cleanse of insurgents and patrol, but not all areas offered equal economic profitability.

Isadora Gotts, in her research on post-ISIL scrap metal recycling in the city of Mosul, documents how PMF brigades have become integral to it. In the neighbourhood of Kojeli, personnel associated with the 30th Brigade imposed specific allied traders on the local scrapyards owners, and the brigade constantly monitored those yards.¹⁰⁹ As a result, business people on both the demand and the supply sides of the scrap metal trade in Iraq must ally themselves with powerful paramilitary networks to gain protection and secure the permission they need to move their goods through checkpoints.¹¹⁰

The nature of competition for protection rackets and smuggling may be illustrated on the example of two powerful paramilitary organisations, the Badr Organisation and AAH in Diyala, a province bordering Iran. Southern Diyala has historically been the stronghold of the Badr Organisation, Iraq's largest Iran-backed paramilitary network, as its long-standing Secretary-General Hadi Al-Ameri resides in the border province.¹¹¹ With the ISIL counterinsurgency, AAH, another major Iran-backed group, has contested Badr's authority in the area and made inroads into Northern Diyala through its PMF brigades.¹¹²

While the Badr Organisation historically appointed Diyala's provincial governor, it was unable to do so after the 2023 provincial elections, because power had gravitated towards AAH, according to one credible assessment.¹¹³ This development has repercussions for the provincial paramilitary economy, where growing political gains by one group translate into dominance over the local economy and illicit activities. Local business people in Diyala are probably shifting their loyalty and protection rackets from Badr to AAH as this competition continues to shift in favour of AAH.

¹⁰³ Alejandro Lerch (2024): Police Protection Rackets and Political Modernity in Mexico, in: *Politics & Society* 52(1): 3–35; available at: DOI: <https://doi.org/10.1177/00323292221129756>.

¹⁰⁴ Yuhki Tajima (2018): Political Development and the Fragmentation of Protection Markets: Politically Affiliated Gangs in Indonesia, in: *Journal of Conflict Resolution* 62(5): 1100–1126; available at: DOI: <https://doi.org/10.1177/0022002716669810>.

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¹⁰⁶ Peter Moore (2009): Making Big Money on Iraq, in: *MERIP* (Fall); available at: <https://merip.org/2009/11/making-big-money-on-iraq/>

¹⁰⁷ The imposition of protection rackets in Iraq is hardly limited to Shi'ite paramilitary groups, as Al-Qaeda and the Islamic State have widely imposed such rackets to finance anti-US attacks and feed their insurgent governance.

¹⁰⁸ Tim Eaton, Christine Cheng, Renad Mansour, Peter Salisbury, Jihad Yazigi, and Lina Khatib (2019): *Conflict Economies in the Middle East and North Africa*. Chatham House Report, June, pp. 45–48; available at: https://www.chathamhouse.org/sites/default/files/publications/research/2019-06-21-Conflict-Economies-MENA_0.pdf.

¹⁰⁹ Isadora Gotts (2020): *The Business of Recycling War Scrap: The Hashd Al-Shaabi's Role in Mosul's Post-Conflict Economy*. LSE Middle East Centre Paper Series, May, p. 13; available at: <https://eprints.lse.ac.uk/104614/>.

¹¹⁰ Ibid, p. 13.

¹¹¹ Michael Knights (2019): *Iran's Expanding Militia Army in Iraq: The New Special Groups*. CTC at West Point, August, p. 5; available at: <https://ctc.westpoint.edu/wp-content/uploads/2019/08/CTC-SENTINEL-072019.pdf>.

¹¹² Ibid, p. 5. See also: Zmkan Ali Saleem, Mac Skelton, Christine McCaffray Van den Toorn (2018): Security and Governance in the Disputed Territories Under a Fractured GOI: The Case of Northern Diyala, *LSE Middle East Centre*, 18 November; available at: <https://blogs.lse.ac.uk/mec/2018/11/14/security-and-governance-in-the-disputed-territories-under-a-fractured-goi-the-case-of-northern-diyala/>.

¹¹³ Michael Knights and Ameer Al-Kaabi (2024): Diyala Governorship Shows Badr Leaning on Maliki to Remain Competitive, in: *The Militia Spotlight*. Washington Institute for Near Eastern Policy, 19 August; available at: <https://www.washingtoninstitute.org/policy-analysis/diyala-governor-ship-shows-badr-leaning-maliki-remain-competitive>.

THE 2012–2019 GEOECONOMIC OPENING

These cycles of boom and bust and the expansion of the «security bazaar» by Iran-backed paramilitary groups are connected with the larger geopolitical landscape of the region, especially since start of the civil war in Syria in 2012 and the emergence of ISIL in 2014. Both events made the Iraqi paramilitary networks part and parcel of Iran's IRGC-QF plans to counter the Syrian uprising, rebels and ISIL in Syria.

These critical junctures entangled Iraqi groups with a plethora of armed groups and business interests in Syria, in which economic interdependencies developed transnationally between different sub-state and non-state armed actors.¹¹⁴ Without licit and illicit supply chains from Syria to Iraq, the paramilitary-run «checkpoint economy» in Western Anbar would lose revenues.¹¹⁵ With the 2019 territorial defeat of ISIL in Syria, restored physical security allowed the re-opening of crossings and the thriving checkpoint economy of the Iran-backed paramilitaries.¹¹⁶

The war in Syria allowed those groups to control formal border crossings, create informal crossings, and deploy checkpoints, thus effectively creating multi-tier borders between Iraq and its neighbours, and within Iraq between Baghdad and the liberated provinces, and between the semi-autonomous region of Kurdistan and federal territories.

This empire of patchwork paramilitary-run checkpoints within Iraq, extending from its Eastern borders with Iran to its Western borders with Syria, has also become ingrained in Tehran's geoeconomic approach, which links its market with those of Iraq, Syria and Lebanon.¹¹⁷ Therefore, this checkpoint economy may also experience the reverberations of major geopolitical events in the Levant, notably the 2024 Israeli war on Lebanon and its anti-Hezbollah military campaign.

5. TRENDS TO WATCH: THE IMPACT OF THE WAR IN LEBANON ON IRAQI GROUPS

Paramilitary networks in Iraq will feel the reverberations of the Israeli war against Hezbollah in Lebanon and more lately the collapse of the Assad regime. Hezbollah has been a long-standing Iraqi actor, having trained the anti-US Iraqi Shi'ite resistance in liaison with the IRGC-QF. The Lebanese group has been known to conduct revenue-generating business deals in Iraq. As the 26th of November ceasefire

limits Hezbollah's already degraded warfare capabilities, and post-Assad Syria is unlikely to be friendly to Hezbollah, the importance of Iraq for Hezbollah as a sanctuary and a financial hub will grow, especially because Iraq is not sanctioned by the US and other Western states.

Under a second Trump administration, it is probable that additional US sanctions will be imposed on Iran and its regional substate network, particularly in Iraq. What do these mean for the political economy of Iraq's paramilitary networks? There are three possible trends:

(i) Internal-external expansion: Tehran is likely to inject more resources to rebuild Lebanese Hezbollah's capabilities and support its affected constituencies. These developments may reduce Iranian funds allocated to paramilitary networks in Iraq. In this scenario, affected Iraqi groups will diversify their portfolios further to compensate for any reductions in Iran-sourced stipends by maximising domestic- and foreign-sourced economic activities.

(ii) Competition over alliances: As Hezbollah expands its economic stakes in Iraq, it is likely to develop pre-existing or new financial linkages with Iraqi paramilitary and political networks, thus possibly increasing competition between Iraqi actors to gain more resistance credentials or profits.

(iii) Financial uncertainty: Hezbollah's weakness may create geoeconomic openings as Iraq and other actors forge closer alliances and financial linkages with the group or fill gaps in licit and illicit markets. This weakness, coupled with stricter US sanctions, could undermine licit or illicit trade activities in the region, possibly affecting Iraqi beneficiaries. As a result, Hezbollah's current decline and the advent of the Trump administration are likely to be received by Iran-backed Iraqi paramilitary networks with confusion and careful anticipation.

Under the second Trump administration, a bust period is likely to develop for Iran-backed resistance paramilitary groups in Iraq. Observers can focus their attention on whether the paramilitaries will manage to leverage previous experiences during bust periods in navigating the anticipated pressures. In addition, it is worth monitoring whether potential rivalries over resources between the paramilitary networks can pose an existential threat to some of them. Hezbollah's increased reliance on Iraq following the 2024 Israeli attack represents a new trend that will draw scrutiny and pressure from Washington and allies, and therefore Hezbollah will either be a variable bringing some of those actors closer together or the opposite.

¹¹⁴ «How supply chains fuel transnational conflict in the Middle East.»

¹¹⁵ The term «checkpoint economy» was probably first used in the academic literature by Helga Tawil-Souri in 2009 with reference to Israeli checkpoints and the experience of Palestinians. More recently, Peer Schouten has extensively publicised the term in a series of papers commissioned jointly by DIIS, the International Centre for Tax and Development, and the Centre on Armed Groups; available at: <https://www.diis.dk/en/research/road-blocks-and-revenues-the-politics-of-passage>.

¹¹⁶ Kheder Khaddour and Harith Hasan (2020): *The Transformation of the Iraqi-Syrian Border: From a National to a Regional Frontier*. Carnegie Middle East Centre, March, p. 3; available at: https://www.xcept-research.org/wp-content/uploads/2020/10/Hasan_Khaddour_Iraq-Syria_Border2.pdf.

¹¹⁷ Tamer Badawi (2016): *Iran's Iraqi Market*, in: *Sada*, 27 July; available at: <https://carnegieendowment.org/sada/2016/07/irans-iraqi-market?lang=en>. See also Tamer Badawi (2018): *Iran's Economic Leverage in Iraq*, in: *Sada*, 23 May; available at: <https://carnegieendowment.org/sada/2018/05/irans-economic-leverage-in-iraq?lang=en>.

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COERCION, PREDATION AND STATE FORMATION IN LIBYA AND IRAQ

Parallel perspectives



Libya and Iraq have rarely been considered together, yet they share striking parallels in terms of state formation and political economy. Both are wealthy oil rentier states, where longstanding regimes were toppled by, or with the assistance of, foreign military interventions. In each case, the state security apparatus collapsed or was dismantled following the fall of the former regime, leading to the emergence of a fundamentally new security landscape. In neither country was a single actor able to re-centralize authority.



Competition among rival groups within the state security sector in Iraq and Libya came to define this new security environment. This competition was closely tied to the struggle for control over state institutions, which provide access to immense wealth. Over time, strong ties developed between competing armed actors and the institutions responsible for managing state revenues and expenditures. These dynamics shaped state formation in both post-2003 Iraq and post-2011 Libya.



This collection of articles explores the patterns of competition over coercion and predation in Iraq and Libya. It provides an analysis of the complex relationship between state and military actors in both countries, highlighting both the shared dynamics and the key differences between the two cases.

For further information on this topic:

libya.fes.de