

THE SENLIS COUNCIL

Security and Development Policy Group

Iraq: *Angry Hearts and Angry Minds*



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Executive Summary

The Senlis Council has maintained an operational base in the southern provinces of **Afghanistan** since 2004. Initially aimed at providing a firsthand view of the burgeoning opium trade, this local presence in Kandahar and Helmand has enabled us to develop an expertise in many of the issues associated with poppy cultivation.

A particular area of focus has been the resurgence of the Taliban, the movement's increasing capacity to disrupt security around the country, and international responses to that threat. As the revitalised Taliban has entrenched itself, so the capacity of NATO forces to prevent the contagion from spreading has been increasingly challenged, and the international community's inability to respond adequately to that resurgence exposed.

Building upon this foundation, The Senlis Council broadened its examination of other key theatres within the War on Terror, launching a research platform in **Somalia** – the first outside of Afghanistan – in March 2008.

On the ground research in May 2008 a third conflict zone – **Iraq** – led to this report, and prompted The Senlis Council to consider an alternative approach to global security issues.

In this report we offer a Situation Report (SITREP) on Iraq, as well as the initial findings from a series of interviews conducted in Iraq, Afghanistan, and Somalia, and an examination of what we believe the study of the three conflicts tells us about current global security policy.

Current situation: War on Terror and unintended consequences

The defining event of the post-Cold War era was 9/11. US desire to prevent a repeat of these attacks upon its soil has dominated its outward projection. In the immediate aftermath, its desire for tangible results prompted it to deploy its overwhelming military machine against the Taliban and Al-Qaeda in Afghanistan. Longer term ramifications saw it invade Iraq and inch towards direct confrontation with Iran.

Such was the level of international sympathy for the US following 9/11, and antipathy towards a Taliban movement long suspected of harbouring international terrorists, that the US had little trouble in amassing a 'Coalition of the Willing' and ousting the Taliban with lightning speed.

The 'success' of Afghanistan was followed in 2003 with an invasion of Iraq. However, where the ouster of the Taliban had broad international backing, military action in Iraq was fiercely contested on the international stage. Many key states viewed the US as going to war on a false prospectus, and while the moral arguments were clear (if not widely accepted), the legal basis was far from concrete.

The stated desire of the US to imprint a western democratic model upon states with no experience of such systems formed a key element of their *casus belli* in Iraq, as did America's right to strike with impunity under the War on Terror justification.

Some five years after the Iraq intervention, the US now finds itself in a quagmire which has invoked a collective sense of reluctance amongst the international community to intervene. This collective stasis is being exploited by a raft of non-state actors who are able to exploit such uncertainty to their own advantage. These range from organised crime groups to militant Islamists, both of which are able to recruit disenfranchised and angry young men with no optimism for their futures.

An absence of clearly articulated boundaries in the War on Terror has left the US unchecked on the international stage. A focus upon defeating terrorist groups has left other developmental requirements floundering. The need to create real stability, real prosperity and states friendly both politically and economically has been overlooked in global security objectives.

New global security policy paradigm needed

Field research in three War on Terror theatres has demonstrated either deepening (Afghanistan, Iraq) or chronic (Somalia) conflicts. The current approach is ill-equipped to deal with these problems, and simply cannot cope should another global security crisis require action. A new approach to addressing security challenges is desperately required, and must contain broad measures of success.

Successful resolution of the multi-faceted problems thrown up by conflicts in the current War on Terror theatres requires nuanced policies aligned with defined measures of success. Creating the stability and prosperity required to establish a politically and economically friendly member of the international community are core elements of making a success of post-conflict states.

- **Stability:** The first measure of success in any conflict is stable government. Winning the hearts and minds of locals and helping them to achieve sustainable peace will provide a stable platform from which to re-orientate the international community's interventions.
- **Prosperity (employment, development and achievement of Millennium Development Goals):** Field research shows that unemployment and limited livelihood opportunities represent two of the biggest drivers of conflict among young, disenfranchised populations. Employment development and achievement of Millennium Development Goals must be viewed as security instruments.
- **Friendly political and economic climate:** A third measure of success is the population in conflict theatres actively opting in to the international community as a politically and economically friendly member.

'Door Number Three' for Iraq

A flawed logic has come to dominate the policy debate on Iraq; hence, current thinking revolves around two propositions – should we stay or should we go? With the human and financial cost of ongoing operations spiralling out of control, an increasingly vocal caucus on Capitol Hill is calling for the establishment of a viable exit strategy. However, the fragile security situation and limited strength of Iraq's democratic institutions militate against a rapid withdrawal.

Similarly, remaining *in situ* for an indeterminate length of time cannot be viewed as a viable option either. With US forces fatigued and budgets overstretched, the tempo of operations required to keep the insurgency on the back foot is not sustainable, either on the ground in Iraq or in the US domestic theatre.

Therefore, a 'Door Number Three' is needed to escape the stay or go debate and the related fixation on 'defeating the enemy.' These provide the wrong lenses through which to examine (or even frame) the issues invoked by Iraq, and lead reflexively to an over-reliance upon traditional military responses.

As well as top-down security initiatives which focus on defeating the country's armed groups and militias, a key element of security strategy in Iraq must be to sell a '**democracy surge**' to ordinary Iraqis, by meeting their security needs. This also means avoiding the sectarian political trap.

The recent growth of Concerned Local Citizen groups from Sunni areas to include the predominantly Shia regions of Iraq is a positive step towards the provision of pan-sectarian security. Indeed, **bridging the sectarian security divide** is a necessary step to help the US avoid the situation where they are paying, fighting, and dying to build a severely flawed 'democracy'. However, anchoring democracy in Iraq will require the sustainable security that can only be guaranteed through the active participation of Iraqis at all levels of society. To build a real democracy in Iraq, US security efforts in the country should support grassroots micro-security initiatives, centred in local communities, and which focus on addressing the grievances that prompt angry young men to take up arms.

The Iraq war has had a staggering financial and incalculable human cost. Tens - perhaps hundreds - of thousands of lives have been lost (the overwhelming majority of which have been innocent Iraqi civilians, with 4,100 US forces also losing their lives) and over four million people displaced both inside and outside of the country. It has cost hundreds of billions of dollars, destabilised an already precarious region, provided a recruitment tool for militant Islamism, and undermined America's standing in the world. The United States' enduring over-reliance upon military power to force peace throughout Iraq has come at a huge cost to the indigenous population, regional stability, the international community and American taxpayer.

A way forward....

The international community must be seen to contribute to improving everyday life, most urgently through the provision of humanitarian aid and the repatriation of millions of refugees. Should it not be possible for NGOs to deliver aid, then the military must be empowered to meet that critical human need. International involvement must cease to be

associated with aggressive military tactics or oil exploitation but instead with positive action as defined by the Iraqis themselves.

Disenfranchised population groups (e.g. young men) need to be given an outlet to voice their frustrations, and a firm prospect of employment. The need for a **'job surge'** and capital is fundamental to Iraq's capacity to build a successful future. Foreign investment should be viewed as a security tool. A 'job surge' of sustainable, well-paid jobs, ideally backed by 'micro-credit' disbursed by local small to medium-sized enterprises, is a realistic way of kick-starting employment opportunities in the country.

Quick Impact Projects should be beneficial and seen to come from the local/national governance structures. **'Micro-security'** initiatives should be established whereby the macro-level goals of development and employment are applied to both individuals and their communities. Boosting employment through the creation of localised, Iraq-branded ventures will enhance security at both the micro and macro levels.

Towards a New Global Security Architecture

The ongoing mismanagement of the conflicts in three of the main War on Terror conflict theatres indicates that the current global architecture for conflict resolution and prevention will not easily facilitate the achievement of such measures of success. In fact, creating and implementing a 'Door Number Three' for Iraq (as well as Afghanistan and Somalia) would mean struggling against the current architecture. As such, there is a need for a New Global Architecture.

Following 9/11, the nature of conflict discourse was suddenly dictated by a superpower reeling at its inability to protect its previously insulated civilians from large scale terrorist attack. Abrasive rhetorical references such as 'global jihadist terrorism', 'axis of evil', 'with us or against us' and, most famously, the War on Terror came to dominate US thinking. The varying hues of conflict strategy had been shoehorned into a simple binary choice, and the world continues to deal with that legacy.

This approach has excluded many states from global security and state-building efforts. They are now extremely reluctant to become involved in the crucial post-conflict reconstruction phases in Afghanistan and Iraq, and are less likely to participate in future interventions. Moreover, states with Muslim majorities have largely fallen well outside of this new order.

There is manifestly a requirement for a new architecture to deal with conflicts and in particular the War on Terror. More is needed than a quick change in policy, and it is not sufficient to change the rules; the entire game is in need of overhaul. We must first acknowledge that the current architecture does not work, and we need a new Global Security Architecture. The journey towards the framing of this is as important as the destination - all shades of opinion must feed into this discussion.

Present inadequacies are combining to jeopardise efforts at vanquishing global security threats and managing current conflicts, and include:

- insufficient troop levels
- an outmoded Security Council structure
- the aid/development community's inability to provide the full spectrum of responses necessary to ensure aid is delivered in conflict zones

This new system of conflict management must plan for the worst situation while hoping for the best. There must be sufficient contingency planning to handle the most complex of security challenges. Unfortunately, the present infrastructure cannot respond effectively to what we have now, let alone future worst case scenarios.

In the new Global Security Architecture we need to retain the classic instruments of military power and intelligence, but also consider non-military tools as security instruments with the same political and financial support as military and intelligence endeavours: employment, achieving the Millennium Development Goals, capital investment, targeted foreign direct investment, human rights, civil society and an independent media.

This New Architecture must provide a structure for intervention as a threat containment tool. It must establish a pathway to security by minimising and eradicating current threats, preventing them from escalating into full-blown insurgencies, and starving militant Islamist groups of the oxygen they need to survive.

Millennium Development Goals

The eight MDGs, agreed by the UN in September 2000, are:

1. Eradicate extreme poverty and hunger;
2. Achieve universal primary education;
3. Promote gender equality and empower women;
4. Reduce child mortality;
5. Improve maternal health;
6. Combat HIV and AIDS, malaria and other diseases;
7. Ensure environmental sustainability;
8. Develop a global partnership for development.

Iraq: An Overview



Panoramic view of Baghdad, May 2008

Profile: Iraq**Area**437,072 km²**Capital**

Baghdad

External Borders

Iran, Jordan, Kuwait, Saudi Arabia, Syria and Turkey

Population

28.2 Million

Major languages

Arabic, Kurdish, Turkoman, Assyrian and Armenian

Religion

Muslim 97% (Shi'a 60%-65%, Sunni 32%-37%), Christian or other 3%

Life expectancy68 years (Men);
71 years (Female)**Main exports**

crude oil 84%, crude materials excluding fuels 8%, food and live animals 5%

Primary ports and airports

Ports: Al Basrah, Khawr az Zubayr, Umm Qasr

Airports: Baghdad Saddam Intl and Basrah Intl

Economy

Petroleum sector based. Per capita GDP stood at USD 1,159 in 2005.¹ In recent years Iraq has been highly dependent on foreign economic aid.

Human development

Ranked 71 out of 94 developing countries in the UN Human Development Index.² In 2007 over 2.2 million Iraqis were displaced in and around Iraq, and across the world.³

¹ UN Data; "Country Profile Iraq", United Nations Statistics Division, [online] Available at:

<http://data.un.org/CountryProfile.aspx?crName=Iraq>

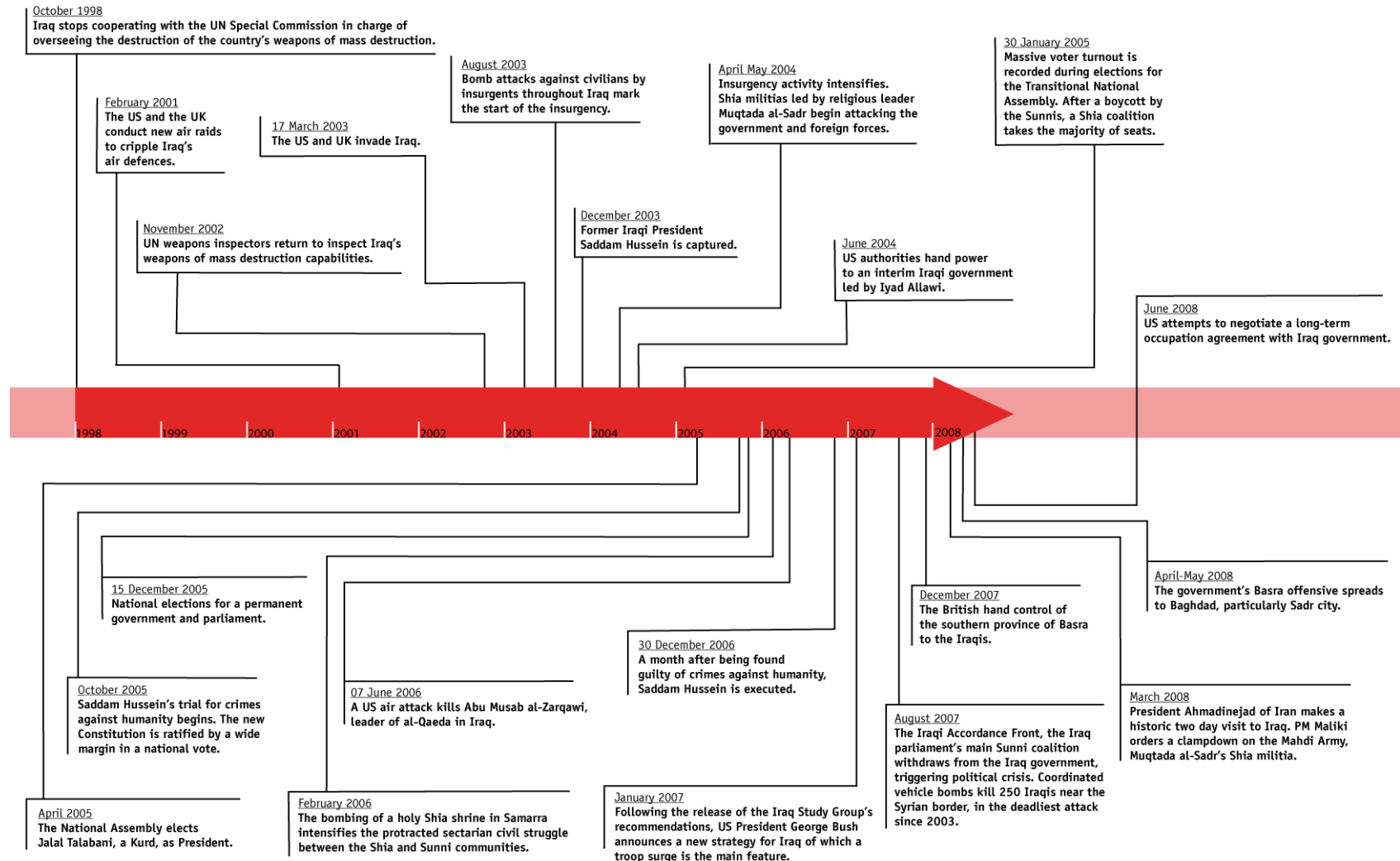
² UNDP, "Human Development Index Report 2003", [online] Available at:

<http://www.middle-east-info.org/league/HDI2003.pdf>

³ UNHCR, "Statistics on displaced Iraqis around the world: global overview", September 2007, [online] Available at: <http://www.unhcr.org/cgi-bin/teaxis/vtx/home/opendoc.pdf?tbl=SUBSITES&id=470387fc2>

⁴ CIA, "The World Factbook: Iraq", (estimates at 15 May 2008), [online] Available at: <https://www.cia.gov/library/publications/the-world-factbook/geos/iz.html>

Iraq conflict timeline: 1998-2008



WHO'S WHO IN IRAQ

NATIONAL LEVEL

IRAQI GOVERNMENT

PRIME MINISTER AL-MALIKI



As of May 2007, al-Maliki is the Secretary General of the **Shia Dawa party**. Sentenced to death by Saddam Hussein in 1980, he lived in exile in Iran and Syria. He has played a significant role in post-invasion Iraq. He was elected to the transitional National Assembly in January 2005 and was the senior Shiite member of the Committee that drafted Iraq's new constitution.

Al-Maliki and his government succeeded the Iraqi Transitional Government. His 37-member Cabinet was approved by the National Assembly and sworn in on 20 May 2006. He has not always been popular in office, but his efforts to crack down on Shia and other militias have increased optimism for his effectiveness. In December 2006, al-Maliki signed the death warrant of Saddam Hussein. Al-Maliki's constitutional mandate ends in 2010.

PRESIDENT JALAL TALABANI



In April 2005, Talabani became the first State President to be properly chosen by the newly-elected National Assembly. In April 2006, Talabani began his second term as President of Iraq, elected under the country's new Constitution. Currently, his office is part of the Presidency Council of Iraq.

Talabani is the founder and Secretary General of the **Patriotic Union of Kurdistan (PUK)**. He was a key partner of the US Coalition in the invasion of Iraq and was a prominent member of the Interim Iraq Governing Council, which was established following the overthrow of the Saddam Hussein regime in 2003.

Talabani descends from the Talabani tribe and has been an advocate for Kurdish rights and democracy in Iraq for more than fifty years.

SHIA CONTENDING FACTIONS

MUQTADA AL-SADR



The son of prominent Shia cleric and opposition leader Ayatollah

h Muhammad al-Sadr, he enjoys considerable support in Najaf, Nasiriyah, Kufa, Karbala and east Baghdad, mostly among the uneducated urban poor population. Together with al-Hakim and al-Sistani, al-Sadr is one of the most influential Iraqi actors not holding any government position. Al-Sadr advocates an "Islamic Iraq" and opposes the US presence in the country.

Since August 2007, he appears to have emerged as a political figure, disbanding the extremist **al-Mahdi militia** and seeking to form a Shia-Sunni coalition.

AMMAR AL-HAKIM



The son of the official head of the Supreme Islamic Iraqi Council (SIIC), the leading Shiite

parliamentary party, Ammar is a major rival to al-Sadr for the Shiite political leadership. Violence between the armed wing of the SIIC (**Badr**) and al-Sadr's extremist militia (al-Mahdi) has increased. Al-Hakim's ability to counter al-Sadr is crucial to garner support for the US in Iraq.

The de facto leader of SIIC who was brought up in Iran has gained public support and political power, especially through his Shaheed al-Mihrib Foundation which focuses on social welfare and education. He favours federalism with Shiites gaining more control in southern Iraq.

AYATOLLAH ALI HUSSEIN AL-



SISTANI
Originating from Iran, al-Sistani became Iraq's leading Shia cleric under

Saddam Hussein's regime. Following the fall of Saddam Hussein's regime, he urged clerics to contribute to maintaining the law and order in local communities. Al-Sistani backed the Shia-led United Iraq Alliance which dominated the January 2005 elections.

In contrast to his rival al-Sadr, the most powerful cleric in Iraq endorses a rather non-violent confrontation approach and it is argued he enjoys support primarily from property owners and fairly affluent Shiites.

SHIA LANDSCAPE IN BASRA

Sadr Movement

It enjoys popular support and is the most influential group in Basra. During the Battle of Basra in March 2008 and the ceasefire talks al-Sadr gained a political victory.

Supreme Islamic Iraqi Council

The SIIC enjoys a strong following in Basra garnering support primarily by running charities. Though rivals, both SIIC and Sadr's followers joined together to oppose the Governor of Basra.

Fadhila Party (Islamic Virtue Party)

A small Shiite party controlling the position of Governor in Basra, currently held by Mohammed al-Waili, but has little clout across the country. It favours Basra's autonomy.

SUNNI STAKEHOLDERS AND INSURGENTS

TARIQ AL-HASHEMI

Hashemi is Iraq's Sunni Vice President and the head of the Iraqi Islamic Party, the largest Sunni Muslim bloc in Parliament. His appointment is part of an attempt to build a government of national unity.

Hashemi opposes the formation of autonomous regions. Instead he advocates the removal of Shiite militia fighters from the Iraqi security forces and the distribution of oil revenues based on population.

SHEIKH AHMED ABU RISHA

His brother Sheik Abdul Sattar Buzaigh al-Rishawi founded the Anbar Awakening Council, a coalition of

fellow tribal chiefs with armed forces to ensure security in the province. Following his assassination in September 2007, Risha became the leader of the movement.

He was credited with the reduction of violence in the Sunni stronghold of Anbar bordering Syria, by uniting the tribes and siding with the US military against al-Qaida

SONS OF IRAQ (Concerned local citizens)

Formerly known as *concerned local citizens*, the Sons of Iraq are local militias often comprised of former insurgents who are credited with a role in securing formerly contested areas such as the Jabour region outside Baghdad. These units of around thirty recruited locals are paid from US war funds and duties include car searches for weapons and manning road checkpoints. It is estimated around 90,000 Iraqis belong to the Sons of Iraq, with the latter becoming the biggest employer in many Arab Jabour neighbourhoods.

The Iraqi Government seeks to incorporate around a fifth of these militiamen into the Iraqi army and police mainly to prevent potential security risks due to poor selection procedures and sectarian divisions.

AL-QAEDA IN IRAQ

Al-Qaeda in Iraq (AQI), a recognised affiliate of the Al-Qaeda movement since October 2004, is the dominant lethal force within the umbrella movement of the Islamic State of Iraq (ISI) comprising the Pact of the Scented People and the Mujaheddin Shura Council.

Salafist jihadist AQI is primarily active in the central and northern parts of the country where Sunni Arabs are concentrated, and its operating and recruiting bases are located in the so-called "triangle of death" (southern Baghdad, Mahmoudiya and Yusufiya). AQI lacks the support of the largest Sunni tribes within Iraq due to increased intimidation and assassinations of clerics. It is primarily funded by the Sunni Arab diaspora in the Gulf Cooperation Council. Abu Musab al-Zarqawi was the most prominent jihadist leader in Iraq until his death in an air strike in June 2006.

AQI LEADER ABU AYYUB AL-MASRI

Abu Ayyub al-Masri (Abu Hamza al-Muhajir) assumed leadership of AQI in June 2006. A member of the Egyptian Islamic Jihad which later became part of Al-Qaida, al-Masri was a close associate to al-Zarqawi running training camps together in Afghanistan.

He arrived in Iraq in 2002 with the mission of creating an Al-Qaida cell in Baghdad. US analysts argue that al-Masri was used by Ayman al-Zawahiri to challenge al-Zarqawi's leadership.

NOTIONAL ISI LEADER ABU ABDULLAH AL-RASHID AL-BAGHDADI

According to ISI material, the current head of the ISI Abu Abdullah al-Rashid al-Baghdadi met Osama bin Laden in Afghanistan. He is sometimes claimed to be the same person as Sheikh Abu Hamza al-Baghdadi, head of the Islamic jurisprudence committee of the Mujaheddin Shura Council.

According to the US Administration, Al-Baghdadi, who has never been seen, is actually an actor named Abu Abdullah al-Naima. It is argued that al-Masri has invented this fictional political figure to head the ISI in order for al-Masri to maintain exclusive control over both the AQI and the ISI.

INTERNATIONAL LEVEL

UNITED STATES

US STATE DEPARTMENT

The Bureau of Near Eastern Affairs (NEA) deals with US foreign policy in Iraq and its neighbours including Iran, Syria and Saudi Arabia, as well as with terrorism and political and economic reform.



As of March 2005, NEA is headed by **Assistant Secretary C. David Welch**. In 1996-1997 Mr Welch travelled in northern Iraq in the aftermath of heavy fighting and negotiated a cease-fire between warring Kurdish parties.



US EMBASSY IN BAGHDAD

As of March 2007, **Ryan Crocker** is serving as the **US Ambassador to Iraq**. The former Ambassador to Syria and Pakistan has expressed concern over Iran's recent role in Iraq, accusing them of attempting to weaken the Shi'ite led Iraqi government.

Ambassador Crocker is assisted by **Counselor Philip Reeker** who has spoken of immense challenges in Iraq. In March 2008, Ambassador **Lawrence Benedict** was appointed **Coordinator for Anti-Corruption Initiatives** at the US Embassy in Baghdad, supporting the Iraqi Government in the fight against corruption.

US DEPARTMENT OF DEFENCE

General David H. Petraeus assumed command of the **Multi-National Force Iraq** in February 2007. The US President has nominated him to be the next US Central Command commander, citing his in-depth understanding of the situation in Iraq and counterinsurgency operations, and the successes seen in Iraq under his leadership. Petraeus' appointment is awaiting confirmation by the US Senate.



He is expected to remain Commander of the Multinational Force Iraq through late summer or early fall to evaluate ground conditions following a 45-day pause to begin after the final surge forces withdraw from Iraq.

Army Gen. Raymond T. Odierno who currently commands **Multinational Corps Iraq** has been nominated to succeed General Petraeus as Multinational Force Iraq commander.



He was a driving force behind the 2006 troop surge that reduced levels of violence across the country and his unit was acclaimed for the capture of Saddam Hussein despite criticisms for indiscriminate detentions of civilians. General Odierno echoes General Petraeus's concerns about Iran, calling this the most serious

long-term threat to stability in Iraq.

REGIONAL NEIGHBOURS

IRAN



Mahmoud Ahmadinejad was elected President in August 2005. In March 2008, Ahmadinejad became the first Iranian President to visit Iraq. Stating that "visiting Iraq without the dictator Saddam Hussein is a good thing", the Iranian President touted Iran's

closer relations with Iraq. He is a strong critic of President Bush and US policies in Iraq. In contrast, Ahmadinejad has been accused of inflaming instability in Iraq. The US State Department claims it has significant evidence linking Iran to sectarian attacks in Iraq. President Bush has said the American military is authorized to take whatever action necessary against

Iranians in Iraq found to be engaged in hostile actions.



Hassan Kazemi Qumi is the ambassador of Iran to Iraq. Ambassador Qumi has spoken of expanding his country's economic and military ties with Iraq.

SYRIA



The son of former President Hafez al-Assad, **Bashar al-Assad** assumed the Presidency in July 2000 and is the Regional Secretary of the Baath Party, the leading party of the state. Assad opposed the 2003 US invasion of Iraq, despite a long-standing animosity between the Syrian and Iraqi regimes. Bashar supports

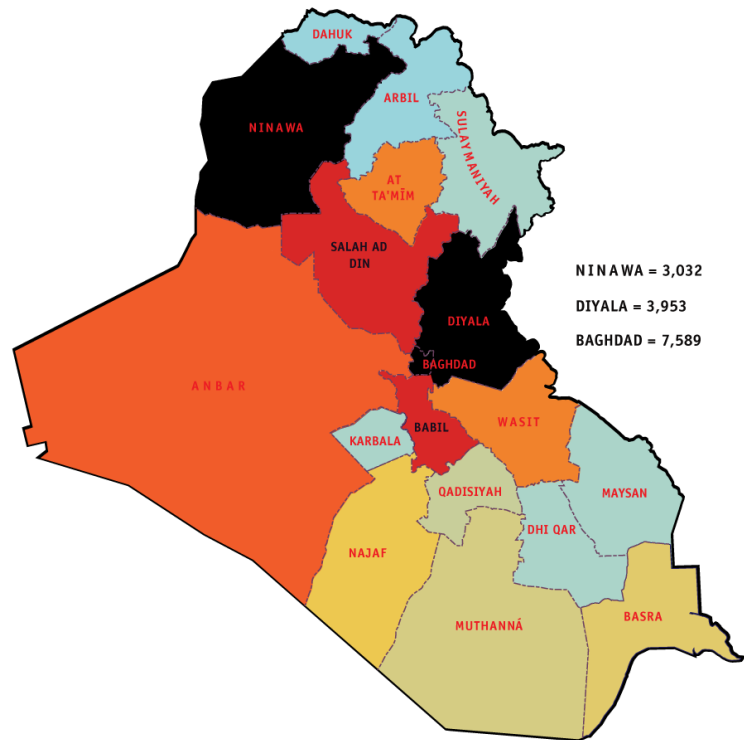
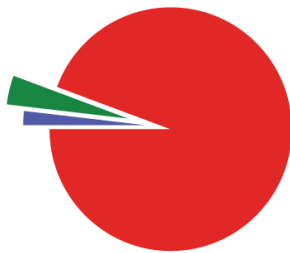
strengthened relations with Iran.

He has been accused of fuelling the insurgency in Iraq by allowing insurgents to use Syria as a staging ground for terrorist activity in Iraq and permitting the movement of insurgents from Syria to Iraq.

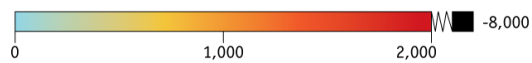
In November 2006, following a break of over two decades, Syria and Iraq restored diplomatic ties. In December 2006, the Iraqi Embassy in Damascus and the Syrian Embassy in Baghdad opened. Shortly after the Iraqi and Syrian interior ministers signed a five-year defence cooperation agreement focusing on tighter monitoring of the shared border and exchange of intelligence information. President Talabani was the first Iraqi President to visit Syria in nearly three decades.

Known civilian casualties in Iraq, 2007

Cause	Number	
Insurgent activity	22,972	94%
Military activity	931	4%
Unknown	450	2%



Scale



Source: www.iraqbodycount.org

Section I

Situation Report: Iraq's Militias and Armed Groups



Bomb-damaged car in Baghdad's Karrada district, May 2008

1.1 Overview: Iraq's current security landscape

Prevalence of armed groups and militias

Iraq's security situation remains fragile.⁵ There have been marked decreases in sectarian violence and Al Qaeda in Iraq (AQI)-led insurgent activity since the early-2007 United States' troop surge, the so called Anbar awakening⁶ and the subsequent mobilisation of Sunni militias in Concerned Local Citizens groups. However, Iraq's security landscape remains characterised by a number of deep fault lines. The most potentially explosive include: Shia groups' dominance of Iraq's security forces;⁷ the need to fulfil the expectations aroused by the US' mobilisation of Sunni Sons of Iraq groups;⁸ and the increasingly inexorable movement of Shia splinter militia groups towards Iranian influence.

Avoiding the sectarian security trap

The recent growth of Concerned Local Citizen groups from Sunni areas to include the predominantly Shia regions of Iraq is a positive step towards the provision of pan-sectarian security. Indeed, bridging the sectarian security divide is a necessary step to help the US avoid the situation where they are paying, fighting, and dying to build a severely flawed democracy.

The need for non-sectarian democracy-supporting security initiatives

Anchoring democracy in Iraq will require the sustainable security that can only be guaranteed through the active participation of Iraqis at all levels of society. As well as top-down security initiatives which focus on defeating the country's armed groups and militias, counter-insurgency efforts in Iraq must 'sell' democracy to ordinary Iraqis, by meeting their security needs. To build a real democracy in Iraq, US security efforts in the country should support grassroots micro-security initiatives, centred in local communities, and which focus on addressing the grievances that prompt angry young men to take up arms.

⁵ In April 08 appearances before the US Senate Committees on Armed Services and Foreign Relations, General David Petraeus the commander of US troops in Iraq, noted that the recent progress towards tamping down the violence in Iraq was "fragile" and "reversible." See "Petraeus, Crocker criticize Iran, call for halt to troop pullout", CNN International, 8 April 2008, [online] Available at: <http://www.cnn.com/2008/POLITICS/04/08/iraq.hearing/index.html>



⁶ Beginning at Anbar in late 2006, when a coalition was formed under the leadership of local tribal leader Sheik Abdul Sattar Al-Rishawi in response to Al-Qaeda's increasingly authoritarian presence in the region, the Anbar Awakening movement soon spread across the country and at present numbers more than 90,000 members. As a result, public security in many areas has dramatically improved, with some of Iraq's worst trouble spots now enjoying a period of relative calm. The US has so far provided in excess of USD 220 million to the movement. However, the Iraqi government, alarmed at the movement's growing prominence and the threat it poses to central control, has already publicly denied its validity as a permanent security arm in Iraq. Though there are plans to absorb some of its members into the national security forces, whether these armed groups can be peacefully integrated in the long run remains to be seen. For a more detailed discussion of the Awakening movement, its achievements and potential dangers, see the International Crisis Group's April 2008 report, "Iraq after the Surge I: the New Sunni Landscape."

⁷ For a detailed discussion of the impact of the ethno-sectarian makeup of Iraq's security forces, see Jeremy M. Sharp, "The Iraqi Security Forces: The Challenge of Sectarian and Ethnic Influences", Congressional Research Service Report for Congress, 18 January 2007.

⁸ In-depth analyses of the potential impact of the United States' support for Sunni militia is provided in "Iraq after the surge I: the new Sunni landscape", International Crisis Group, Middle East report No.74, 20 April 2008; and Greg Bruno, "The role of the 'Sons of Iraq' in improving security", Council on Foreign Relations, 25 April 2008.

1.2 Differentiating Iraq's militias and armed groups




Militias and armed groups operating in Iraq can be classified by ethno-sectarian makeup, membership size, association with political parties, areas of operation, opponents, level of support for the Iraqi government and/or the United States' military presence in Iraq, and operational support from either the United States or Iran.

Iraq's militias and armed groups					
Name	Leader	Description	Opponents	Main fighting location(s)	US or Iran support
Peshmerga <ul style="list-style-type: none"> Kurdish 30,000⁹ to 100,000¹⁰ 	 Masoud Barzani President of the Kurdistan regional government	<ul style="list-style-type: none"> The term loosely refers to all Kurdish fighters affiliated with the main Kurdish political parties KDP and PUK. Most of the Peshmerga has been integrated into the security forces. Political party affiliations: the Kurdistan Democratic Party, Patriotic Union of Kurdistan 	Sunni insurgents, Al Qaeda in Iraq	North Eastern Iraq	US
Jaish al Mahdi (JAM) <ul style="list-style-type: none"> Shia 50,000¹¹ 	 Moqtada al-Sadr Shia cleric	<ul style="list-style-type: none"> A loose collection of militias which represent the military wing of the Sadrist political movement led by Moqtada al-Sadr. Currently maintaining a ceasefire, although Iran-backed 'special' splinter groups are drawing significant Iraqi Security Forces and US-military attention due to their hardcore anti-occupation and anti-Sunni stance. Political party affiliation: Al-Sadriyyun 	SIIC/Badr Organisation, US, Al Qaeda in Iraq, Iraqi Security Forces	East Baghdad, Basra	Iran

⁹ AP, "PM: Status of Kurdish peshmerga remains unchanged despite crackdown on militias," International Herald Tribune, 12 April 2008

¹⁰ Iraq Study Group Report, p.18




¹¹ Iraq Study Group Report, p.11

Name	Leader	Description	Opponents	Main fighting location(s)	US or Iran support
Badr Organisation <ul style="list-style-type: none"> Shia 20,000¹² 	 <p>Abdul Aziz al-Hakim Head of the Islamic Supreme Council of Iraq</p>	<ul style="list-style-type: none"> A loose collection of Shia Iran-backed Shia militias which comprise the military wing of Iraq's Supreme Council for the Islamic Revolution (SIIC) political group Many elements have been incorporated into the Iraqi Security Forces. Includes freelance groups responsible for criminal and sectarian violence 	JAM; Sunni insurgents	Southern Iraq, Shiite areas of Baghdad	Iran
Fadhila Militia <ul style="list-style-type: none"> Shia 8,000¹³ 	 <p>Muhammad al-Waeli Governor of Basra</p>	<ul style="list-style-type: none"> Comprises many of Basra's "Facilities Protection Service" (oil police). Political party affiliation: Fadhila (Islamic Virtue Party) 	JAM; Badr Organisation	Basra	US
Iraqi Armed Forces <ul style="list-style-type: none"> Shia 175,000¹⁴ 	 <p>Nouri al-Maliki Iraq's Prime Minister</p>	<ul style="list-style-type: none"> The different brigades and branches have diverging and often conflicting agendas that make them akin to the non-state militias. Political party affiliation: Islamic Dawa Party 	JAM; Sunni Insurgents	Nationwide	US

¹² James Hider, "Basra Showdown: Iraqi PM Nouri al-Maliki's ultimatum to militias", TimesOnline, 27 March, 2008.


¹³ James Hider, "Basra Showdown: Iraqi PM Nouri al-Maliki's ultimatum to militias", TimesOnline, 27 March, 2008.

¹⁴ United States Department of State, "Iraq Weekly Status Report", 14 May 2008.

Name	Leader	Description	Opponents	Main fighting location(s)	US or Iran support
Anbar Awakening Council <ul style="list-style-type: none"> ▪ Sunni ▪ 20,000¹⁵ 	 Sheikh Ahmed Abu Risha	<ul style="list-style-type: none"> ▪ Cluster of Sunni tribal militias which inspired and served as the model for the current Sons of Iraq militias. ▪ Paid and trained by the US military ▪ Political affiliations: tribal leaders 	Al Qaeda in Iraq	Anbar	US
Sons of Iraq <ul style="list-style-type: none"> ▪ Sunni ▪ 80,000¹⁶ members 	 Multiple leaders.	<ul style="list-style-type: none"> ▪ Effectively an evolution of the US-supported Awakening movement. ▪ Small elements are slowly being incorporated into official provincial security structures ▪ Political affiliations: tribal leaders 	JAM; Badr Brigade; Al Qaeda in Iraq	Originally Anbar, has spread to two thirds of the country	US
Sunni insurgents <ul style="list-style-type: none"> ▪ Sunni ▪ Unknown strength 	 Multiple leaders.	<ul style="list-style-type: none"> ▪ "Sunni insurgents" comprises all the militias and Sunni groups that have not joined the Awakening movement and oppose the government and the coalition forces. ▪ Political party affiliations: Accordance Front and Iraqi Islamic Party 	Al Qaeda in Iraq, JAM; Badr Brigade	Sunni triangle	Neither

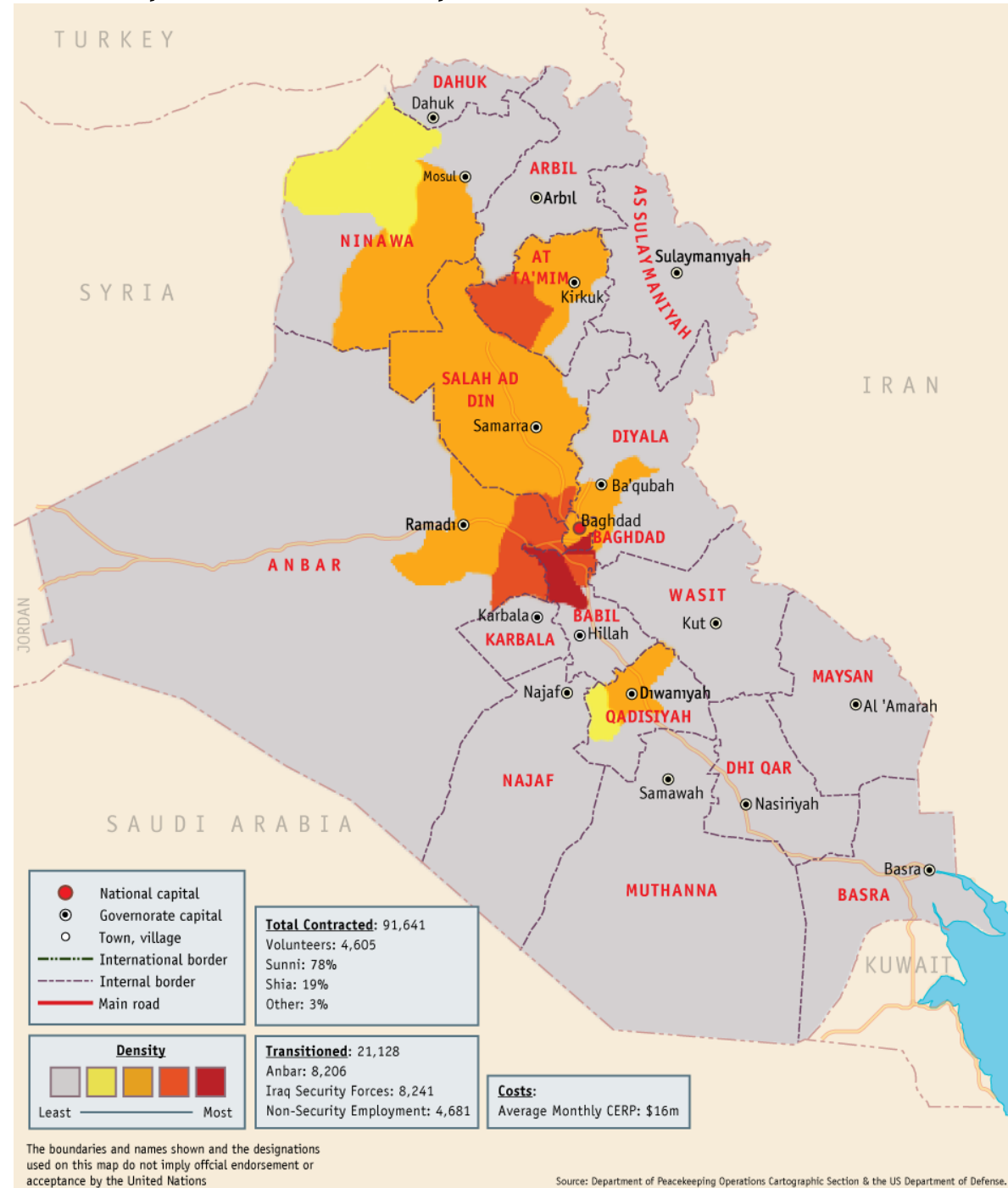
¹⁵ United States Department of State, "Sons of Iraq: Concerned Local Citizens", April 2008, [online] Available at: http://www.defenselink.mil/dodcmssshare/homepagephoto/2008-04/hires_080409-D-xxxxB-001.jpg

¹⁶ Solomon Moore and Richard A. Oppel Jr., "Attacks Imperil US-Backed Militias in Iraq", New York Times, 24 January 2008, [online] Available at: <http://www.nytimes.com/2008/01/24/world/middleeast/24sunni.html?scp=2&sq=fadhil%20iraq%20militia&st=cse>

Name	Leader	Description	Opponents	Main fighting location(s)	US or Iran support
Al Qaeda in Iraq <ul style="list-style-type: none"> ▪ Sunni ▪ 5,000 to 10,000¹⁷ 	 <p>Abu Ayyub al-Masri Currently under arrest.</p>	<ul style="list-style-type: none"> ▪ The Iraqi branch of Al Qaeda enjoyed wide success and support during the first years of the war, but its tactics alienated the population and caused a backlash. ▪ No political party affiliations 	Iraqi government, Coalition forces; Sons of Iraq; Shia militias; US forces	Central and Northern Iraq	Neither
<p>NOTE: There are dozens of other militias in Iraq, but the constantly evolving security situation of the country means that the number and configuration of the militias is in continuous flux. The following are some of the lesser known militias, which nonetheless have a noteworthy impact on the overall security situation: Jaish Ansar al-Sunna/Jund al-Islam, AQI/ISI, Islamic Army of Iraq/Iraqi Hamas (all of them Sunni groups), the Qazali Network, the Shebaini Network (both supported by Iran via the Qods Force), the Fadilha Party militia in Basra, and the messianic Shia armed sect “The Soldiers of Heaven”.</p>					

¹⁷ US State Department, “Country Reports on Terrorism 2007”, 30 April 2008

Areas of operation: Sons of Iraq



Al Qaeda in Iraq: down, but not out

"Al Qaeda is a menace to society."

Student, 23
Baghdad, May 2008

Although Al Qaeda in Iraq (AQI) is suffering from sustained attacks to its leadership and diminishing appeal amongst local Sunni communities, and could not, in its present condition, overthrow the national government in Iraq and seize control of the state, AQI has repeatedly demonstrated its capacity to adapt.

As well as attacking Coalition and Iraqi Security Forces, AQI is now focusing on counter-"collaboration" operations. Suicide bombings, kidnappings, and assassinations against provincial officials and Awakening and Concerned Local Citizens leaders have become key AQI activities.

Field research interviews on the presence of foreign troops and Al Qaeda

When asked about the ongoing presence of foreign troops in their country, over half (55%) of those interviewed in **Iraq** thought that the foreign troops should leave. When asked further about the effect that the foreign troops leaving would have on the presence of Al Qaeda in Iraq, 41% thought that AQI will remain in Iraq after the foreign troops leave. However, a similar number (44%) of those interviewed think the opposite, that Al Qaeda will not remain in Iraq once the foreign troops leave.

In comparison, more than six out of ten of those interviewed in **Afghanistan** said that the foreign troops should leave, despite more than seven in ten believing that Al Qaeda will still be present in the country after the foreign troops have left. In **Somalia**, 85% of those interviewed think that foreign forces should leave their country, with nearly nine in ten believing that Al-Shabab and Al Qaeda will remain in the country.

International Crisis Group on the need for a new strategy to counter Al Qaeda in Iraq

"Although Al Qaeda in Iraq has been significantly weakened and its operational capacity severely degraded, its deep pockets, fluid structure, and ideological appeal to many young Iraqis mean it will not be irrevocably vanquished. The only lasting solution is a state that extends its intelligence and coercive apparatus throughout its territory, while offering credible alternatives and socio-economic opportunities to younger generations."¹⁸

¹⁸ See "Iraq after the surge II: the need for a new political strategy", International Crisis Group, Middle East Report No. 75, 30 April 2008

1.3 Neutralising terror in Iraq: isolate extremists and implement micro-security initiatives

Build on current small security successes to enable grassroots micro-security initiatives

The relative calm afforded by the mid-2007 surge of US troops in Iraq provides an opportunity for the Coalition to support the development of democracy in Iraq by cementing the positive effects of recent security developments such as the co-opting of local groups in security management and the ongoing evolution of the Concerned Local Citizens across sectarian lines. However, caution must be exercised to ensure that the inclusion of local groups in the provision of security does not equate to (and is not perceived by Iraqis as equating to) international support for sectarian divisions within Iraq's institutions, because such divisions directly contradict the basic democratic principles that must be embedded within the country's structures and institutions of governance.

There now exists an opportunity to break down sectarian militia blocs into individual groups, and in doing so, create the space to implement the grassroots micro-security initiatives necessary to neutralise mechanisms of self-sustaining internal violence, and to draw Iraq's various communities back together again. Isolating and defeating the most extreme armed groups and militias will enable the Coalition to devote energy and resources to securing the development of the small-medium enterprises in Iraq communities that will provide jobs for young Iraqi men who would otherwise seek work with militias.

"Unemployed people join the militias for the money."

Unemployed, 20
Baghdad, May 2008

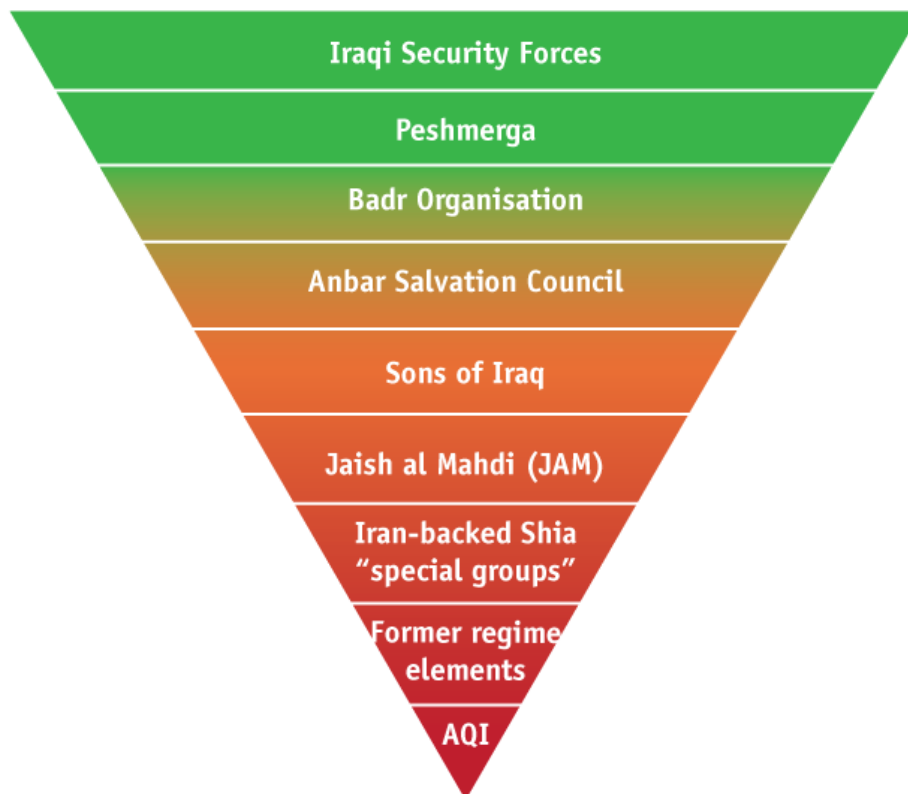


Billboard on road to Abu Ghraib which reads: "Together, our future is Iraq", May 2008

Divide to conquer Iraq's militias and armed groups

The armed groups and militias currently operating in Iraq can be classified into three main layers, divided according to level of affiliation with members of the Iraqi government and its security forces, the United States military, or the Iranian security forces. Each tier is further divided by ethno-sectarian leanings. Although some groups remain militantly opposed to both the Shia-dominated Iraq government and its US supporters, many groups are either directly affiliated with political parties within the current Iraq parliament (those groups in the green zone of the following diagram), or have begun to demonstrate a willingness to enhance their legitimacy by operating within Iraq's existing formal political structures.

As such, the current configuration of Iraq's militias and armed groups represents an important opportunity for the Iraq government and its allies to stabilise the country's security and political landscapes. Positive engagement with middle layer (orange) armed groups could provide the political space within which to conduct the targeted counter-insurgency and counter-terrorist efforts against the (red) most violent of the Iran-backed Shia "special groups" militias, former Baathist Regime elements, and Al Qaeda in Iraq.



Why reach out to mid-level armed groups now?

Currently, the mid-layer groups remain somewhat homogenous and the leaders (where they exist) continue to have some measure of control over, or at least access to, the most extreme elements of the groups. However, this situation is unlikely to remain static.

Iran is actively courting the more extreme elements of al-Sadr's Jaish al Mahdi group as a hedge against the potential political failure of its current ally, the Supreme Islamic for the Islamic Revolution (SIIC). It could prove extremely difficult to reach out to these groups once they are under Iranian control – particularly if the United States maintains its stance of ignoring Iran.

"Iran and the USA are the cause of all of Iraq's problems."

Student
Baghdad, May 2008

In addition, US domestic pressure is mounting over the spiralling cost of the Iraq war, and it is likely that continuing to fund the Sons of Iraq/Concerned Local Citizens groups is unsustainable for the United States even in the medium term.¹⁹ However, a failure by the US to balance any cut in funding with sustainable livelihood opportunities could be perceived as a broken promise, and the resulting disillusionment could result in Sunni armed groups turning back to Al Qaeda in Iraq or disruptive criminal activity like drug smuggling.



Bomb-damaged building on Baghdad's Sadoon Street, May 2008

¹⁹ See Greg Bruno, "The role of the 'Sons of Iraq' in improving security", Council on Foreign Relations, 25 April 2008; and Jonathan Weisman, "Senate Panel moves to shift costs of war to Iraq", Washington Post, 2 May 2008.

1.4 Most wanted: grassroots micro-security initiatives

Like the ongoing binary debate about whether the US should stay in Iraq or pull its troops out as soon as possible, the current focus on defeating Iraq's militias and armed groups through military means alone is too one-sided to ensure sustainable security. While isolating Iraq's extremist groups and politically accommodating groups representing legitimate political grievances are important and necessary steps in the security continuum, a third step is also needed: grassroots micro-security initiatives.

"Unemployment is like a disease, it will kill the people."

Student, 21
Baghdad, May 2008

Currently, Iraq is overrun by disenfranchised groups of unemployed youths who, disillusioned with the benefits that democracy has supposedly brought to Iraq, have taken up arms and joined militias and armed groups. However, an examination of these angry young men's grievances indicates that if these problems were addressed, it is likely that the vast majority could be won over, disarmed, and motivated to contribute to developing Iraq's democracy. As such, the widespread unemployment and the lack of development in Iraq are real and pressing security concerns, which must be urgently tackled.

Borrowing from best practices in the development concept of micro-credit, micro-security initiatives, such as the germination of localised, Iraq-branded small to medium sized enterprises which employ individuals and address macro-level goals of development and employment within individual Iraqi communities represent the best opportunity for the international community to consolidate Iraq's fragile democracy.



Bomb-damaged house in Baghdad's Kerrada district, May 2008

1.5 Drug trafficking: international criminals capitalising on Iraq's insecurity

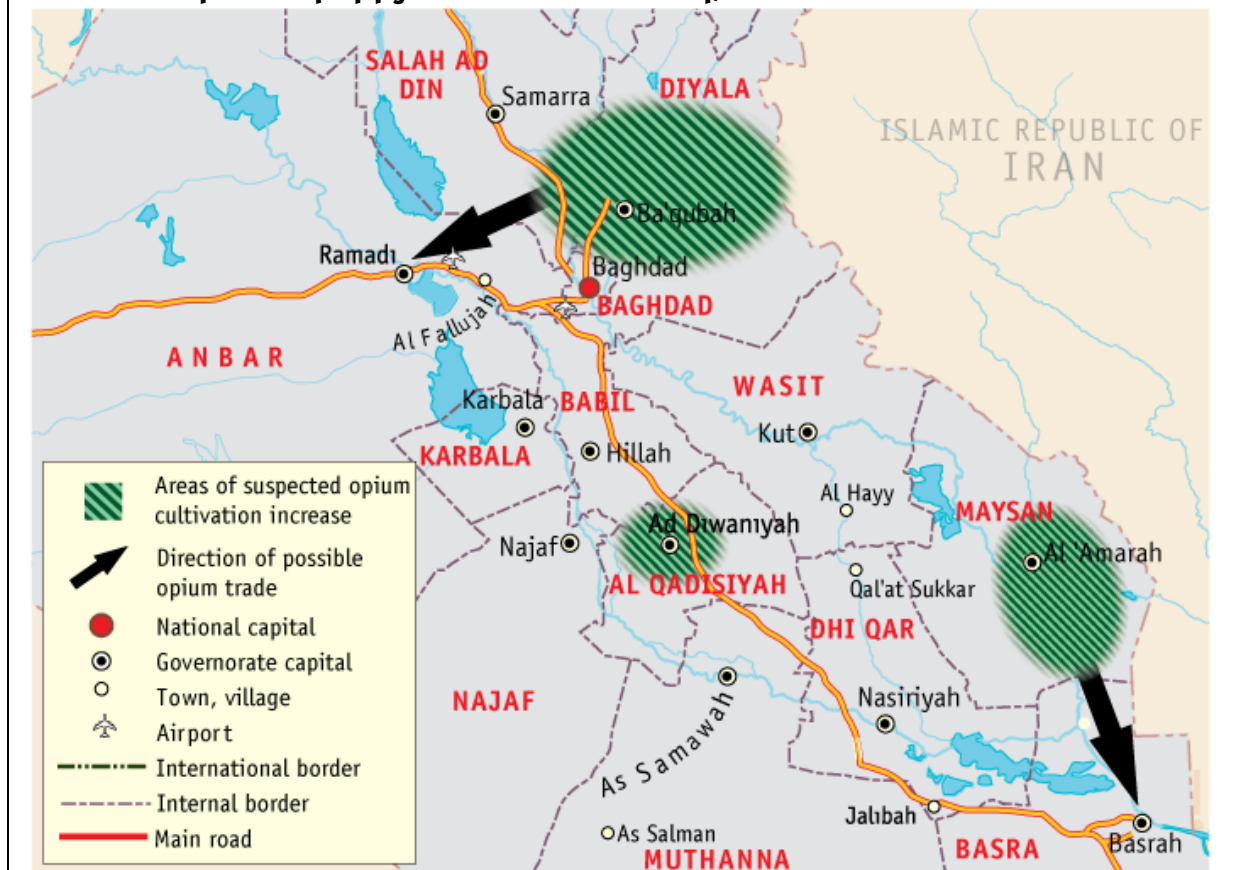
"Security is fragile, and criminals are taking advantage of it to weaken the government."

Security guard
Baghdad, May 2008

Increasing involvement in drug smuggling and criminal activities

A number of Iraq's armed groups and militias are capitalising on the ongoing low levels of security and the extremely limited state presence in many regions to increase their funding opportunities through involvement in international drug smuggling and local opium production. Field research indicates that Iraqis believe that criminals are taking advantage of the current security environment, and that the country is currently experiencing an increase in drug cultivation and trafficking.

Areas of reported poppy cultivation in Iraq, June 2008



International monitoring bodies fear that drug trafficking and production are growing problems in Iraq.²⁰ Like Afghanistan, the organised trafficking of drugs is becoming increasingly linked with insurgent groups and local power holders,²¹ and it has been reported that Al Qaeda in Iraq's participation in the production and trade of drugs in Iraq is well-established.²² In recent years, the southern region of Iraq has operated as a hub for the trafficking routes leading from the heroin laboratories in and around Afghanistan, through Iran and the southern Iraqi city of Basra, and onwards to the Gulf States.²³

"We are tired of the crimes. There is no security."

Young father
Baghdad, May 2008

According to the United Nations Office for Drugs and Crime (UNODC) there are two main smuggling routes through Iraq, as well as ongoing movements across the Saudi-Iraqi border. A northern route channels drugs into the country from Iran, then through Turkey and the Balkans to Western Europe. Drugs are also moved along a second southern route, from Iran through the southern Iraqi port of Umm Qasr, into the Gulf States.



Police in Iraq have their work cut out for them, Baghdad, May 2008

²⁰ The 2005 report of the International Narcotics Control Board noted that lawlessness in Iraq had made it a "key transit route" for Afghan heroin. Press Release: "Iraq Emerging as a Transit Country for Drugs, INCB President Says," 12 May 2005, [online] Available at:

<http://www.unis.unvienna.org/unis/pressrels/2005/unisnar897.html>; See also BBC News, "Lawless Iraq is 'key drug route'", Thursday 12 May, 2005, [online] Available at:

http://news.bbc.co.uk/1/hi/world/middle_east/4541387.stm

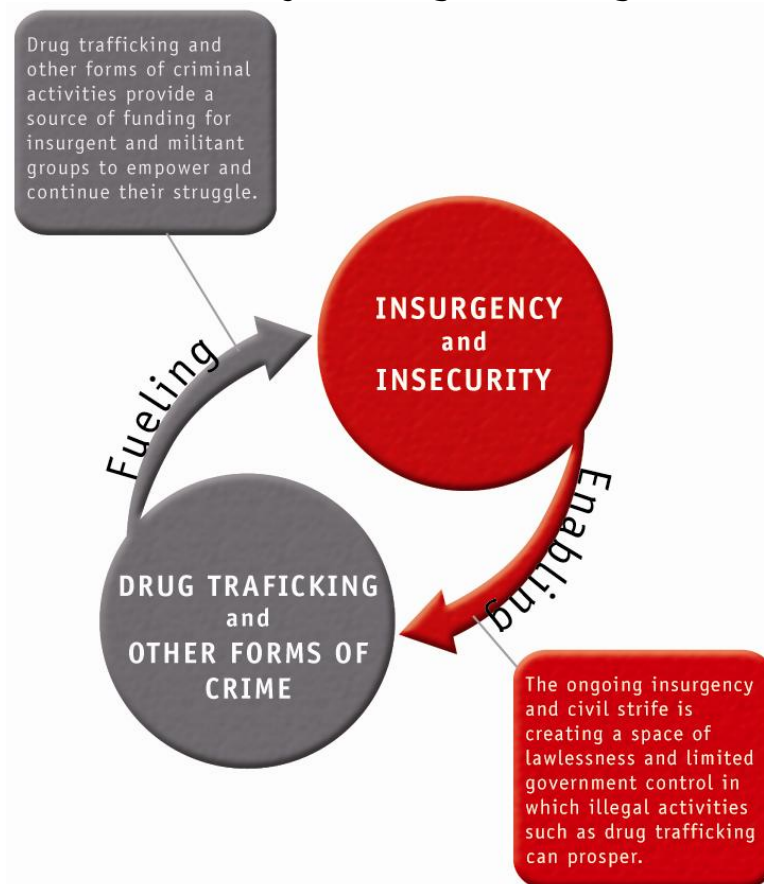
²¹ David E. Kaplan, "Paying for Terror: How the jihadist groups are using organized crime tactics and profits to finance attacks on targets around the globe," India Monitor, 18 December 2005, [online] Available at: <http://indiamonitor.com/news/readNews.jsp?ni=9566>

²² Jean-Charles Brissard, "Zarqawi: The New Face of al-Qaeda," New York 2005, p. 49

²³ Patrick Cockburn, "Opium: Iraq's Deadly new Export," The Independent, 23 May 2007, [online] Available at: <http://www.independent.co.uk/news/world/middle-east/opium-iraqs-deadly-new-export-449962.html?service=Print>; Cockburn, Patrick, "Opium fields spread across Iraq as farmers try to make ends meet" Belfast Telegraph, 17 January 2008

Iraq as a drug producing country

Iraq is no longer simply a transit country in the drug trade: since May 2007, opium poppy cultivation has been seen throughout Iraq. Areas such as Diwaniya (central Iraq) and Nassariyah (south-east), Dain'ya, Baldaruz, Sa'adiya and Khalis (east) were all identified as having some poppy cultivation, indicating Iraq could be a potential new supplier in the heroin market.²⁴ Increased poppy cultivation inside Iraq is particularly worrying as it increases the opportunities militant groups have to tap the illegal trade and profit more substantially from the value chain of illegal drug production.

Interactions between insecurity and drug trafficking**Field research interviews on the growth of criminal networks**

When asked about the effect of the current security environment on public security issues, 87% of those interviewed in **Iraq** thought that criminals are taking advantage of the ongoing insecurity in the country. A similar proportion (87%) of respondents in **Afghanistan** had the same view, with many noting that kidnapping, drug trafficking, and extortion were growing problems. In **Somalia**, nearly all of those interviewed (99%) observed that criminals are taking advantage of the current security environment to inflict human rights abuses such as kidnappings for ransom and rape.

²⁴ Patrick Cockburn, "Opium fields spread across Iraq as farmers try to make ends meet," Belfast Telegraph, 17 January 2008

Instability is creating a criminalised environment

As in other post-conflict zones, illegal activities are prospering in Iraq's ongoing vacuum sustained by lawlessness, corruption and weak governmental institutions.²⁵ **Although drug trafficking may still be only an emerging illegal activity in Iraq, the potential for insurgent and militant groups to tap the illegal drug economy should not be underestimated.** This could result in a situation in which the illegal economy is not only entrenched in the political and other sectors of society, but also offers almost unlimited scope in terms of spill over to other (international) criminal and terrorist or insurgent activities.

Economic development and job creation vital

With the instability in Iraq – as in Afghanistan and Somalia - creating a breeding ground for organised crime, it is clear that the country's security problems cannot be resolved by military means alone. The lack of economic development and jobs is a public security problem, and Iraq's extensive unemployment problem must be urgently addressed, if only to prevent young Iraqis from being drawn into organised criminal groups.²⁶

"The lack of jobs here is the main reason for the violence."

Policeman, 20
Baghdad, May 2008



Angry young men are contributing to a growing crime wave in Iraq, May 2008

²⁵ The global illicit drug economy is being tapped by terrorist and insurgent groups for two main reasons: first, the mere fact that drugs are illegal makes the commodity a highly profitable source of income. Street prices are high, as is demand, which also benefits from long-term stability. Secondly, traditional drug cultivation and production (as opposed to the production of synthetic drugs) normally occurs in regions and countries where there is limited government control, widespread poverty and very limited legal money-making opportunities. Countries such as Afghanistan, Colombia and Iraq, Morocco, Sudan, Syria, Lebanon and Somalia, appeal to terrorist organisations as they have the potential to provide safe havens, limited banking controls and offer fertile recruiting grounds for terrorists.

²⁶ For further discussion of this, see International Crisis Group, "Iraq after the surge II: the need for a new political strategy", Middle East Report #75, April 2008.

Section II

Social, Economic and Political Realities in Iraq



Displaced child amputee, living with his family in the bomb-damaged Saddam-era jail for political prisoners in Baghdad's Kerrada district, May 2008

2.1 Overview: legitimate grievances on the rise

A fragile state in peril

Notwithstanding five years of international involvement in Iraq and proclamations of security and prosperity, the Iraqi people are progressively becoming disillusioned and frustrated with the economic hardships and political upheavals. Conflict and civil strife have paralysed the Iraqi state and stability remains fragile; despite enormous expenditures, performance falls far short of official goals. Iraqis increasingly oppose foreign interference, expressing their distress for their country's lack of economic and political autonomy. A number of domestic and external factors hinder Iraq's stability and contribute to legitimate grievances – from crippling poverty, mass displacement and unemployment to corruption and the foreign exploitation of Iraq's natural resources. Crucially, these grievances are an integral part of the broader debate on Iraq's sovereignty and future independence.

The lack of national unity is weakening Iraq

At present, frustration at its powerlessness and a lack of national unity is further weakening the Iraqi state. Given how failing policies are maximised by extremists to promote their radical agendas, it is imperative to overcome this impasse of negative perceptions and grievances. Ignorance must be overcome; genuine efforts must be made to understand the local realities in Iraq and the various dynamics and interests at play.

Iraqis' needs must be prioritised

National, regional and international proclamations must translate to collective, affirmative action resulting in a substantial and sustainable impact on the lives of ordinary Iraqis. Vitally, Iraqi voices must be heard and the people of Iraq ought to have a greater stake in decisions and actions directly affecting their lives. With the support of the international community, Iraqis must be allowed to take the lead in their country's reconstruction and the peacemaking process. Implementing policies consonant with the needs and aspirations of the Iraqi people would contribute significantly to the country's unity, stability and prosperity. In turn, this will foster trust and lead to closer economic and political partnership with members of the international community.

"I am not an advocate for frequent changes in laws and constitutions. But laws and institutions must go hand in hand with the progress of the human mind. As that becomes more developed, more enlightened, as new discoveries are made, new truths discovered and manners and opinions change, with the change of circumstances, institutions must advance also to keep pace with the times. We might as well require a man to wear still the coat which fitted him as a boy as civilized society to remain ever under the regimen of their barbarous ancestors."

Thomas Jefferson²⁷

²⁷ Quotations on the Jefferson Memorial, Thomas Jefferson's Monticello. [online] Available at: <http://www.monticello.org/reports/quotes/memorial.html>

The bleak reality of life in Iraq

Social facets: Poverty, unemployment and mass displacement

Conflict-torn Iraq is ravaged by poverty and its people are increasingly frustrated with failed promises and policies unresponsive to their pressing needs. Infrastructure is old and dilapidated, and investment is inadequate. Proclamations of aid provision and improving services, especially in southern Iraq, have failed to translate into action. The scale of the challenge is considerable and improvements will require sustained levels of investment: the World Bank estimates that Iraq needs to invest USD20 billion over ten years simply to upgrade the country's power sector.

Economic aspects: Debt and the oil political debate

Iraq's enormous debt poses a direct impediment to the country's security and stability. A stagnant and highly indebted economy will create further friction and public disillusionment, allowing radical elements to exploit these grievances and garner support. Furthermore, corruption and mismanagement of Iraq's USD40 billion worth of oil revenues is eroding public confidence in the Iraqi government.

As Iraq's economic potential dissipates, the debate on the country's resource sovereignty builds up and opposition to foreign investment rises.

Political landscape: Power devolution and factional aspirations

Formerly a highly centralised state with restricted representation and limited accountability, the Iraqi government is now facing an immense challenge: to develop and empower provincial bodies, be responsive to the needs of local communities and to promote a sense of national unity, especially amongst the warring factions.



Living conditions in Karrada district, Baghdad, May 2008

The way forward: building the foundations of a stable and prosperous state

Addressing basic needs of Iraqis is a priority

Building the capacity of the Iraqi government to capitalise on the country's invaluable resources, enabling economic growth and prosperity, is a priority for the Iraqi leaders and their international partners. Particularly, Iraq's most vulnerable groups must be supported and primary medical care and shelter should be provided. A new, effective way to deliver humanitarian aid must be put in place, aiming at improving the lives of ordinary Iraqis in a substantial and sustainable manner at both the local and national levels. Humanitarian action must be recognised as an essential instrument promoting stability and security in Iraq.

"The people are hungry in the land of fortunes. The ongoing situation corrupts everything, we feel lost and very anxious."

Student, 23
Baghdad, May 2008

Building a healthy and sovereign Iraqi economy

A conciliatory decision based on a set of agreed principles regarding Iraq's debt obligations must be reached without delay: Iraq's creditors would contribute to alleviating the country's financial burden and setting the foundations of a healthy economy. Promoting prosperity in Iraq requires not only a flourishing economy but also a sovereign economy; Iraqis must have a principal stake in their future and be able to manage and maximize the potential of the country's natural resources. An economic partnership between the Iraqi government and its international partners seeking to build capacity and develop Iraq's invaluable resources, as guided by the interests of the Iraqi people, would crucially encourage closer cooperation and trust between Iraqis and the developed world.

Building a representative, functioning Iraqi state

With the support of the international community, Iraqis must take the lead in decisions and actions directly affecting their lives and their country's future. Formulating policies consonant with the needs and aspirations of the Iraqi people and implementing structural reforms seeking to devolve power to the local communities in a fair manner and strengthen the private sector would contribute to improving the overall social and political situation as well as promoting national unity.

Center for Strategic and International Studies on Smart Power

"A smarter public diplomacy is one that shows respect toward other countries and a willingness to understand local needs and local issues."²⁸

²⁸ Center for Strategic and International Studies, Smart Power Report, November 2007, [online] Available at: http://www.csis.org/component/option,com_csis_progj/task,view/id,1129/

2.2 Iraqis facing a humanitarian emergency: misguided priorities and policies are giving rise to public disillusionment

Ill-advised planning and investment are fuelling poverty and unemployment

Despite Iraq's richness in natural resources generating huge oil revenues, millions of Iraqis suffer from crippling poverty and escalating violence. The effects of five years of international and civil war have taken their toll on the Iraqi population, creating an ongoing humanitarian crisis. Since the US invasion in 2003, the Iraqi economy has suffered from a lack of long-term planning and low levels of investment. Despite an initial high level of goods consumption, by 2006 the economy had stagnated, with inflation soaring to 70 percent at its peak. **A study by the World Food Programme and the Iraqi Ministry of Planning's Central Organisation for Statistics and Information Technology found that 54 percent of Iraqis were living on less than USD 1 a day.**²⁹

Strategic errors, such as de-Baathification and inadequate investment in state industries, which were previously significant employment providers, have also led to high levels of unemployment³⁰. In 2007, the UN spoke of Iraqi unemployment at between 25 percent and 40 percent, warning that the weak economic environment translates into a failure to absorb shocks³¹. Currently, various sources report that unemployment, especially amongst Iraq's youth, can reach up to a staggering 70 percent³². With the formal economy having declined and failed to diversify, an unregulated economy has taken root in its place.

"There are no opportunities for young people. There is nothing you can do to secure your future. Unemployment is a disease the government must treat."

Student, 21
Baghdad, May 2008

Limited funds for humanitarian projects

While Iraq is receiving development aid from various donors, humanitarian organisations report low level funding for their activities due to the assumption that, because of the country's affluence in natural resources, Iraq remains a rich country. Accordingly, humanitarian programmes have been unable to meet the targets. For instance, a shortage in funding forced the World Food Programme to suspend food deliveries for half of 2006, falling far short of its goal to provide essential food supplies for all target beneficiaries.³³

²⁹ World Food Programme and Iraqi Ministry of Planning's Central Organisation for Statistics and Information Technology, "Food Security and Vulnerable Analysis in Iraq", May 2006

³⁰ International Crisis Group, "Reconstructing Iraq", Middle East Report no. 30, 2 September 2004

³¹ United Nations, "Humanitarian Briefing on the Crisis in Iraq", 5 February 2007. [online] Available at: <http://www.uniraq.org/docsmaps/humanitarian.asp>

³² Integrated Regional Information Networks (IRIN), 'Jobs Fair Aims to Reduce Unemployment, Insurgency', 10 July 2007. [online] Available at: <http://www.irinnews.org/Report.aspx?ReportId=73157>

³³ World Food Programme, "WFP Iraq – Annual Report", 2006. [online] Available at: http://www.wfp.org/country_brief/middle_east/iraq/annual_report/Iraq_Annual_Report_2006_English.pdf



Displaced families in Al Monsour District, centre of Baghdad

Striving to survive: Mass displacement, food crisis and a lack of basic services

At the beginning of 2008, 4.4 million Iraqis had been forced to flee their homes due to escalating violence, with an estimated 2.5 million internally displaced persons (IDPs) and 1.9 million Iraqis thought to be living in neighbouring countries.³⁴ Many of the refugees have difficulties accessing basic services, shelter, food and employment. IDPs are considered to also put pressure on local services where they settle, and UN-HABITAT has reported an increase of makeshift and slum areas in Iraqi cities.³⁵ Recently, attacks were reported on IDPs by host communities who blamed them for overcrowding, crime and prostitution, and in some areas, notably Basra and Diyala, armed militias have been restricting the movement of IDPs.³⁶

Amnesty International on Iraq's Internally Displaced People

"The crisis for Iraq's refugees and internally displaced is one of tragic proportions. Despite this, the world's governments have done little or nothing to help, failing both in their moral duty and in their legal obligation to share responsibility for displaced people wherever they are. Apathy towards the crisis has been the overwhelming response."³⁷

³⁴ United Nations Assistance Mission to Iraq (UNAMI) Human Rights Office, "Human Rights Report 1 July to 31 December 2007", [online] Available at: <http://www.uniraq.org/aboutus/HR.asp>

³⁵ United Nations, "Humanitarian Briefing on the Crisis in Iraq", 5 February 2007, [online] Available at: <http://www.uniraq.org/docsmaps/humanitarian.asp>

³⁶ United Nations Assistance Mission to Iraq (UNAMI) Human Rights Office, "Human Rights Report 1 July to 31 December 2007", [online] Available at: <http://www.uniraq.org/aboutus/HR.asp>

³⁷ Amnesty International 'Iraq: Rhetoric and Reality: the Iraqi Refugee Crisis', June 2008

Lack of security has also interrupted food supply and access to an estimated four million Iraqis. In 2005, the World Food Programme reported that 15.4 percent of the population required food assistance while in 2006 an estimated 43 percent of children between six months and five years old were suffering from some form of malnutrition.³⁸ Regrettably, levels of food insecurity and malnutrition rose between 2006 and 2008. The Public Distribution System, which provides rations to millions, is only partially functioning. If efforts to revive the Public Distribution System fail, many more could be facing hunger during the second half of 2008.

“Living standards have deteriorated. There is poverty and chaos.”

Student, 21
Baghdad, May 2008

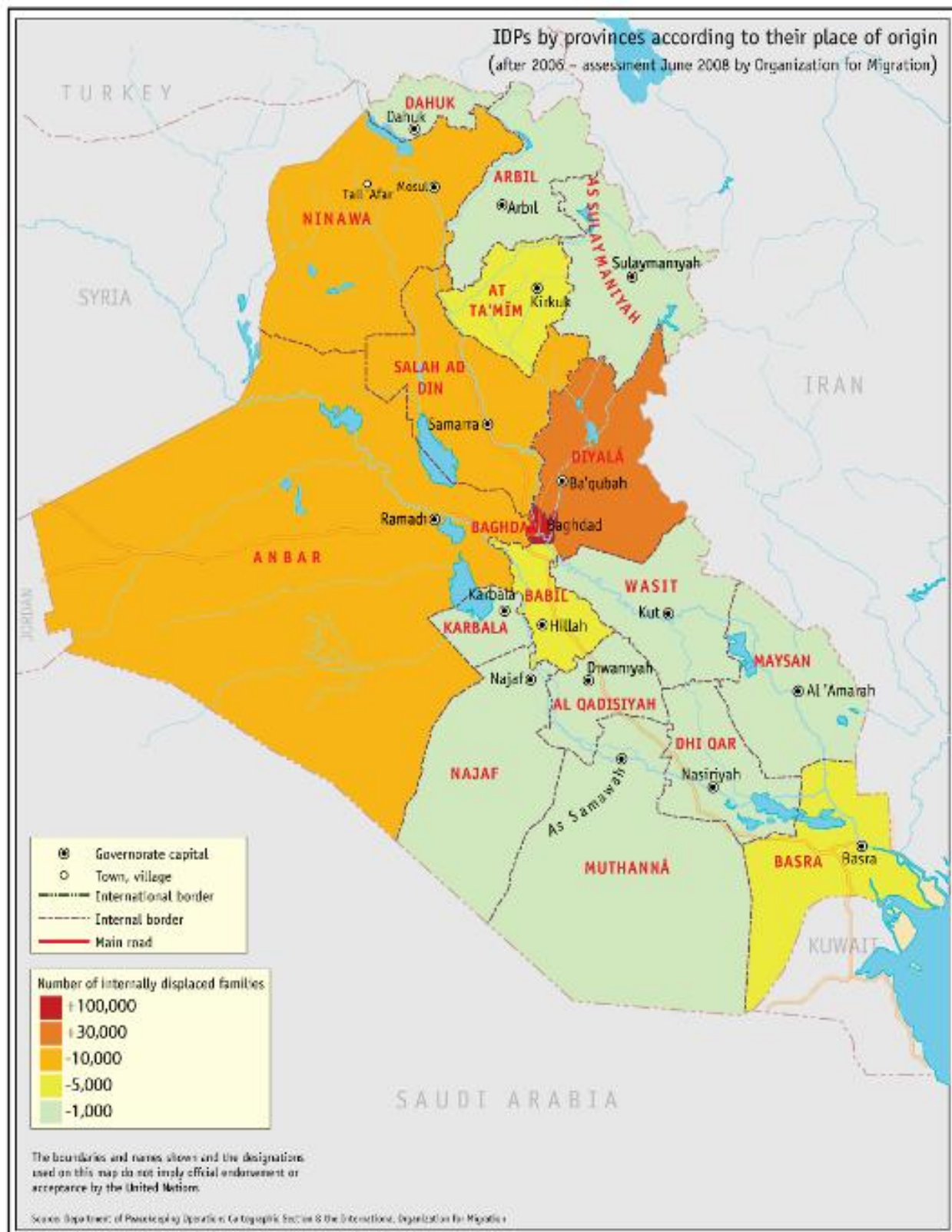
Furthermore, basic health and medical care are under strain due to continuing violence, understaffing and low resources. In 2006, only half of all hospital equipment was functioning. Between 2003 and 2006, more than one third of doctors left Iraq (12,000 of 34,000), while over two thousand were subject to kidnappings and murder. Similar problems have affected teachers and education systems, further fuelling local grievances.

The Red Cross on Iraq’s deteriorating health system

“The restrictions the precarious security situation has placed on movement and transport have further added to the deterioration of the health system. Hospitals were affected by partial power supply, fuel shortages and an acute shortage of drugs. In some areas severe understaffing meant women were giving birth without the supervision of midwives. The medical situation was reported as being particularly bad in the governorates of Najaf, Missan, Anbar, Wasit and Babil.”³⁹

³⁸ World Food Programme (2006) “WFP Iraq – Annual Report”, 2006, [online] Available at: http://www.wfp.org/country_brief/middle_east/iraq/annual_report/Iraq_Annual_Report_2006_English.pdf

³⁹ ICRC, “Iraq: No Let Up in the Humanitarian Crisis”, March 2008, [online] Available at: [http://www.icrc.org/web/eng/siteeng0.nsf/htmlall/iraq-report-170308/\\$file/ICRC-Iraq-report-0308-eng.pdf](http://www.icrc.org/web/eng/siteeng0.nsf/htmlall/iraq-report-170308/$file/ICRC-Iraq-report-0308-eng.pdf)



Unsafe water and unsanitary conditions are also a grave reality for Iraqi households. The consequences were evident when a severe bout of cholera broke out in September 2007. Sewage and water treatment plants are providing unreliable service due to a lack of necessary equipment and chemicals, looting and a shortage of qualified staff to conduct maintenance and repairs. Estimates suggest that just over 20 percent of homes in Basra receive piped drinking water. Forced migration is also placing a strain on capacity in certain areas.⁴⁰

Oxfam on Iraq's humanitarian crisis

"While horrific violence dominates the lives of millions of ordinary people inside Iraq, another kind of crisis, also due to the impact of war, has been slowly unfolding. Up to eight million people are now in need of emergency assistance."⁴¹

Addressing basic needs of Iraqis must be a priority

Conflict-torn Iraqis are increasingly disillusioned with failing promises and policies unresponsive to their pressing needs. Frustration of economic hardships, unemployment and powerlessness further weaken the Iraqi state, allowing space for radical elements to garner support and promote their irrational agendas. Addressing local grievances in Iraq and regaining the trust and confidence of the Iraqi people requires formulating a strategy which understands and responds to their real concerns and needs.

Investment and Resources

Proclamations of aid provision and improving infrastructure and services, especially in southern Iraq, must translate into immediate action. The magnitude of the challenge is considerable and improvements require sustained levels of investment: according to the World Bank, Iraq needs to invest USD20 billion over ten years simply to upgrade the country's power sector. Given Iraq's richness in natural resources that generate significant revenues, the challenge is primarily to unlock both those financial and human resources in order to deliver better public services. A capital surge and a job surge are vital in this development effort.

Capacity building and consolidated action

The priority for Iraqi leaders and their international partners is to build the capacity of the Iraqi government to fully exploit the country's invaluable resources and thus enable economic growth. In particular, Iraq's most vulnerable groups must be supported and primary medical care and shelter should be provided. Thus far, however, disjointed action by various international humanitarian agencies undermines the confidence of both donors and recipients in the ability of the Iraqi government and the international community at large to prioritise needs and activities. All humanitarian action must be consolidated in a new effective manner, aiming at improving the lives of ordinary Iraqis in a substantial and sustainable manner at both the local and national levels.

"Iraq is now being used by neighbours and powerful countries as a battleground."

Retired
Baghdad, May 2008

⁴⁰ International Committee of the Red Cross, "Iraq: No Let Up in the Humanitarian Crisis", March 2008

⁴¹ OXFAM, 'Rising to the humanitarian challenge in Iraq', July 2007

2.3 Iraq's debt cancellation: uneven efforts hinder economic stability and raise public concerns

Paris Club initiative cancelling Iraq's debt: locals perceive a new form of dependence

The magnitude of Iraq's huge economic obligations was revealed after the fall of Saddam Hussein's regime. With Iraq's debt having accumulated at the time to over USD 120 billion –most recent estimates refer to a staggering USD 140 billion debt with accrued interest – and posing a direct threat to the country's stability, the Paris Club, comprising 19 of the world's richest countries, initiated a series of financial services including debt restructuring and debt cancellation.

In efforts to allow reconstruction and economic development to take place in Iraq, the Paris Club Agreement of 2004 provided for a three-stage plan to reduce Iraq's debt by 80 percent: the first stage was to immediately cancel 30 percent of its debt to each Paris Club country, whereas the second and third stages involved the implementation of International Monetary Fund (IMF) programmes ensuring further debt cancellation.⁴²



Karrada district, Baghdad: Poor infrastructure and lack of resources

US urging Iraq debt to be wiped in return for implementing IMF reforms

Notably, with US President Bush urging European and Arab leaders to write off debts owed by Iraq in return for the latter implementing IMF programmes, over the past three years the country's debt has been reduced by USD 66.5 billion.

⁴² Iraq, Paris Club Press Release, Paris, 21 November 2004

A total of USD 42.3 billion debt owed by Iraq to Paris Club members was cancelled with the US writing off all of Iraq's debt, amounting to USD 4.1 billion.⁴³ Furthermore, according to the US Department of State, a number of non-Paris Club countries have so far cancelled an estimated total of USD 8.2 billion while commercial creditors have written off a total debt of USD16 billion.

In February 2008, Russian Finance Minister Alexei Kudrin and Iraqi Foreign Minister, Hoshiyar Zebari, signed a bilateral agreement to forgive 93 percent (USD12 billion) of Iraq's total debt to Russia, currently standing at USD 12.9 billion. The first stage of the agreement, which is in line with the Paris Club Agreement of 2004, involves the cancellation of 65 percent of the debt to be written off, with the remaining USD4.5 billion to be cancelled in two subsequent stages subject to further negotiations. It is foreseen that Iraq would pay Russia the remaining seven percent of the debt, including capitalization of interest for the period 2005-2008, making the first payment in early 2009.

Following efforts to reduce Iraq's external debt, the country's economic partnership with its former creditors has shifted considerably. For instance, Russia and Iraq have signed a memorandum of trade and economic cooperation, paving the way for Russia to fully participate in all projects and tenders to be held in Iraq, and to invest up to USD4 billion in the country, including long-term joint projects in the oil and natural gas sectors⁴⁴.

Iraqis' concerns over IMF-style reforms

However, the implementation of IMF-style economic and political reforms as envisaged in the Paris Club Agreement of 2004 and advocated by US President Bush in exchange for external debt cancellation has raised public concerns. Importantly, such reforms allow international actors to penetrate Iraq's oil market and to make use of its invaluable oil reserves.

The Iraqi public increasingly perceives this as an exploitation of their resources; many Iraqis have expressed their distress and have called for their country's economic and political autonomy. **The reforms imposed by international actors and the IMF are widely regarded as giving rise to a new form of economic reliance.** Instead of moving from debt obligation to economic dependence and foreign exploitation, Iraqis would prefer to have held negotiations with Iraq's creditors to reach an agreement alleviating the country's financial burden. With satisfactory progress under an IMF programme required for the final 20 percent of the Paris Pact debt relief, the Iraqi public considers that it is progressively losing ownership of its resources, its economic prosperity and the country's future.

Arab countries perpetuate Iraq's debt

Regrettably, the efforts of the Paris Club members to resolve Iraq's debt issue were not supported by the Arab countries, particularly Kuwait and Saudi Arabia. Notably, Saudi Arabia represents one of Iraq's largest creditors.

⁴³ US Department of State, Office of the Spokesman, Washington, 9 April 2008, [online] Available at: <http://www.state.gov/r/pa/prs/ps/2008/apr/103402.htm>

⁴⁴ For more information about the bilateral agreement between Russia and Iraq, please see "Russia writes off 93 percent of Iraq's multi-billion dollar debt", RIA Novosti Press Release, Moscow, 11 February 2008, [online] Available at: <http://en.rian.ru/russia/20080211/98955631.html>

In addition to the external debt, the issue of Iraq's reparations to the Gulf countries following the Iraqi invasion and occupation of Kuwait has been a major impediment to the country's economic stability.

The number of compensation claims submitted by individuals, government entities and companies following Iraq's occupation of Kuwait reached approximately 2.7 million, totalling over USD 350 billion.

The United Nations Compensation Commission (UNCC) approved a total of USD52 billion; the current outstanding compensation to be paid to Kuwait and Saudi Arabia by Iraq through the UNCC amounts to USD28 billion.⁴⁵ The refusal of these oil-rich Arab countries to cancel the multi-billion dollar debt has not only been hindering Iraq's economic growth but has also thwarted good neighbouring relations. In light of the vital role of Iraq in regional security and stability, the rebuttal of its wealthy neighbours to forgive most of its debt and the perpetuation of a politically and economically weak Iraq is detrimental to all of its regional countries.

It is feared that if Iraq is required to meet its substantial debt obligations to these countries, the country's economy will effectively collapse and its society will disintegrate, hence leaving political space for another extremist leader to fill. In this context, the Iraqi public has grown increasingly critical of its neighbours refusing to begin negotiations in order to forgive part of the debt owed to them.



More financial resources are needed for essential infrastructure and reconstruction

⁴⁵ Dr. Nimrod Raphaeli, "Western Countries Cancel Iraqi Debt, Gulf Countries Don't", The Middle East Media Research Institute (MEMRI), 15 May 2008, [online] Available at: <http://www.memri.org/bin/articles.cgi?Page=archives&Area=ia&ID=IA43808>

"...we have to think very broadly in the international community of everything we can do to help Iraq get to a position of stability and security. So while debt relief may have no immediate linkage for the day after tomorrow on violence, it's still very important to do because it helps chart a long-term potential for prosperity in Iraq."

US Ambassador Ryan Crocker, 3 May 2007⁴⁶

How to promote a healthy and sovereign Iraqi economy?

Iraq's enormous debt poses a direct impediment to the country's security and stability. A stagnant and highly indebted economy will create further friction and frustration, allowing radical elements to exploit these grievances and garner support. Amid public concerns and criticisms over Iraq's debt cancellation in return for the implementation of IMF-style reforms, and the refusal of neighbouring countries to hold negotiations with the Iraqi government on this issue, a conciliatory decision must be reached without delay.

▪ Visible results

Iraqis must feel that their welfare and security are being prioritised by the international community. Financial assistance must have a more visible, substantial and non-exploitative impact on the lives of ordinary Iraqis. By forgiving all or most of the country's external debt following negotiations and based on a set of agreed principles, Iraq's creditors would contribute to alleviating the country's financial burden and setting the foundations of a healthy economy. Importantly, this will send a clear and strong message that Iraq's creditors, including its neighbours Kuwait and Saudi Arabia, are not acting out of sectarian interests but, instead, actively seek to bring stability in Iraq and the region.⁴⁷

▪ Iraqi ownership

Promoting stability and prosperity in Iraq requires not only a healthy and flourishing economy but also a sovereign economy. Ownership should be given to Iraqis; they must have a principal stake in their future and be able to manage and maximize the potential of the country's resources. As part of the efforts to promote Iraqi ownership, the Iraqi government and its largest creditors should hold negotiations in order to reach an amicable, genuine agreement regarding the country's debt obligations. Debt cancellation in return for the implementation of Western-style reforms is widely viewed by Iraqis as an imposed policy seeking to exploit Iraq's oil and other resources without prior negotiation. Conversely, the refusal by Iraq's neighbours to forgive its debt has been perceived as a deliberate action to hinder Iraq's reconstruction and the prosperity of its people. It is vital that Iraq's neighbours and international partners project their efforts and proposed action in Iraq in a constructive manner, considering the needs and priorities as expressed by the Iraqis themselves. Thus far, the US and its partners have primarily embarked on aggressive tactics, increasingly regarded as repressing the Iraqis.

⁴⁶ Interview of US Ambassador Ryan Crocker with Jonathan Beale of BBC, 3 May 2007, [online] Available at: <http://www.state.gov/p/nea/rls/rm/2007/84256.htm>

⁴⁷ See also Nawaf Obaid, "Meeting the Challenge of a Fragmented Iraq: A Saudi Perspective", Center for Strategic and International Studies, 6 April 2006, [online] Available at: http://www.csis.org/media/csis/pubs/060406_iraqsaudi.pdf

- **Build trust**

The policy debate and strategic actions must shift, aiming at altering negative perceptions and building trust between the Iraqis and the regional and international partners. Iraqis must also begin viewing international partners as allies and ensuring that creditors' debt cancellation plans are a genuine effort to promote economic development and stability in the country. Agreeing terms and targets for fiscal responsibility as part of an overall plan to forgive Iraq's external debt will help promote Iraqi ownership and will accordingly be viewed to the benefit of the Iraqi people.

2.4 Iraq's invaluable natural resources: economic potential dissipates and political independence falters

The great potential of Iraq's resources lost to mismanagement and corruption

Even with its land being vastly underexplored, Iraq currently holds the world's third largest oil reserves reaching 115 billion barrels. With approximately only 10 percent of Iraq's land explored until now, experts anticipate that the country's proven oil and natural gas reserves would multiply considerably and oil reserves are expected to exceed 200 billion barrels of high-grade crude. The high quality of Iraq's petroleum ensures reduced costs to produce and refine, and thus attracts a great number of international oil companies and other investors. The costs of oil extraction remain among the cheapest globally and are estimated at USD1.50 per barrel.



An Iraqi industrial complex, May 2008

Basra is of particular interest to national, regional and international players as well as to extremists, as the province holds 80 percent of Iraq's oil reserves and is home to the country's only deep sea port and trade routes to the Gulf. Access to and control of Basra's oil and gas resources would provide parties with significant economic and strategic power. Following discussions between Deputy Prime Minister Barham Saleh and UK Prime Minister Gordon Brown, the Iraqi-owned and independent Basra Development Commission was set up to promote measures for investment and economic development in southern Iraq.

Following Iraq's invasion and occupation of Kuwait, the UN imposed economic sanctions against the Iraqi regime with the subsequent Security Council Resolution 661 (1990) prohibiting all countries from purchasing Iraqi oil and selling Iraq only food and medicines. The Resolution further obliged Iraq to channel 30 percent of revenues generated from the sale of Iraqi oil through the UNCC in order to compensate for damages and losses incurred during Kuwait's occupation. The obligation has now been reduced to five percent but with a larger revenue base, corresponding to approximately USD 220 million on a monthly basis. Despite this obligation through the UNCC, currently more than 90 percent of the Iraqi government's direct revenue depends upon oil exports.

Iraq's missing oil

Iraq is indeed a wealthy country; annual government revenues exceed USD 40 billion. According to the US State Department's Iraq Weekly Status Report, oil exports generated USD 41 billion in 2007, enough to fund the budget of the entire year. Nevertheless, Iraq's potential for economic primacy is currently lost to corruption and oil smuggling. Notably, the Oil Ministry Inspector General revealed that Iraq lost USD 4.2 billion in revenues through oil smuggling in 2005 alone. In May 2007, *The New York Times* publicised the conclusions of a draft report prepared by the US Government Accountability Office with the assistance of government energy analysts, reinforcing suspicions that corrupt officials, smugglers and criminals control considerable parts of Iraq's oil industry. In particular, it was reported that since 2003 between 100,000 and 300,000 barrels a day, valued at USD5 million to USD15 million, were unaccounted for in Iraq⁴⁸. Officials fear that a large fraction of the proceeds of smuggling refined oil products end up in the hands of insurgent groups.

In addition to this discrepancy, there are increasing concerns about how the central government is spending its considerable oil revenues. Recently, *The Washington Times* reported that the Iraqi government has invested billions of dollars generated from oil sales in US Treasury securities instead of investing the earnings into vital reconstruction projects that would help restore stability⁴⁹. Notably, in 2006, Iraq's Oil Ministry spent a mere 3 percent of its USD3.5 billion capital budget while the entire government spent only 22 percent⁵⁰.

⁴⁸ The New York Times, "Billions in Oil Missing in Iraq, US Study Says", 12 May 2007. [online] Available at: http://www.nytimes.com/2007/05/12/world/middleeast/12oil.html?_r=1&pagewanted=print&oref=slogin

⁴⁹ The issue of Iraq's use of oil revenues has incited rage in Congress. In a letter to the US Government Accountability Office, Senator Carl Levin, Chairman of the Senate Armed Services Committee, and Senator John W. Warner, member of the Committee, pointed out that "It has been overwhelmingly US taxpayer money that has funded Iraq reconstruction over the last five years, despite Iraq earnings billions of dollars in oil revenue over that time period that have ended up in non-Iraqi banks". The Washington Times, "Arab states reluctant to forgive Iraq debt", 22 April 2008, [online] Available at: <http://www.washingtontimes.com/news/2008/apr/22/arab-states-reluctant-to-forgive-iraq-debt/>

⁵⁰ UPI, "Analysis: Iraq oil, other projects unclear", 18 January 2008, [online] Available at:

More recently, a report prepared by the US Government Accountability Office stated that only 4.4 percent of Iraq's USD 10 billion budgeted for capital projects in 2007 had been spent in the first eight months. President's Bush Administration disputed the report, arguing that the spending was at about 24 percent⁵¹.

Iraq's Oil Revenues, Capital Budget and Mismanagement	
Government Revenues and Investment	
Percentage of oil exports on total government revenues	90 percent
Annual government oil revenues (approximately)	USD40 billion
Capital budget spent (approximately)	22 percent
Corruption and Mismanagement	
Oil smuggling (year 2005)	USD4.2 billion
Value of oil unaccounted for (on daily basis)	USD5-15 million

Amid failings, corruption and budget mismanagement, performance falls further and further behind official goals, with Iraqis becoming increasingly frustrated and discouraged by the Iraqi government and its international partners. Following five years of international involvement and efforts, public disillusionment is rising dramatically as strategies fall short of promises for prosperity and stability.

Dominance disputes and strategic shifts

Iraq's richness in oil and natural gas resources presents the country with an invaluable opportunity to (re)gain economic power and a large potential for strategic and political primacy. Various actors at the different levels recognise this immense opportunity and have sought to promote their economic and political interests. The exploitation and management of Iraq's oil has become a central element of the political landscape.

Intense debates and negotiations over the provisions regarding the development of petroleum resources have dominated Iraq's political scene, especially since July 2007 when the Iraqi cabinet endorsed the draft oil law. Iraq's central and the Kurdish regional governments have been at odds over the future of oil-rich Kirkuk and other disputed territories, as well as over the validity of the oil deals the Kurds have already signed with foreign companies. Notably, the Kurds made unilateral moves in their three-province region; since 2004 the regional government has signed more than twenty deals to explore for and develop oil and gas⁵². Undoubtedly, Iraq's oil and gas resources have become a source of contention, further challenging stabilisation and reconstruction efforts in the country.

http://www.upi.com/Energy_Resources/2008/01/18/Analysis_Iraq_oil_other_projects_unclear/UPI-62141200692458/

⁵¹ The Washington Times, "Arab states reluctant to forgive Iraq debt", 22 April 2008, [online] Available at: <http://www.washingtontimes.com/news/2008/apr/22/arab-states-reluctant-to-forgive-iraq-debt/>

⁵² UPI, "Analysis: Iraq oil law a deal", 16 April 2008, [online] Available at: http://www.upi.com/Energy_Resources/2008/04/16/Analysis_Iraq_oil_law_a_deal_-_spokesman/UPI-26561208359653/

The Rise of the Oil Political Debate: Shaping Iraq's Oil Law

The Iraq oil law, also referred to as the Iraq hydrocarbon law, has been a source of friction in Iraq. Talks between the central and Kurdish region governments have recently resumed, though gains in oil and power production continue to be lost. The debate on the proposed oil law is not so much technical as political; the problem primarily relates to the distribution of power and autonomy in the federal structure. Notably, only one out of 43 clauses in the proposed oil law deals with power sharing along sectarian and ethnic lines. It is feared that oil provisions regarding the composition of the Federal Oil and Gas Council, which will have decision-making power over how and which companies will develop and control Iraq's oil, will further divide ethnic factions. Details of how oil revenues will be disbursed amongst Iraq's regions are also contentious; the proposed law currently provides for revenues distribution to provinces based on population size.

The issue of Iraq's resource sovereignty has also been central to this debate. The legislation, which was approved by the Iraqi cabinet in 2007, focuses on transforming the country's oil industry from a nationalised model as was the case since 1972 into a commercial industry, open to international oil companies. According to the proposed law, the Iraq National Oil Company would have exclusive operational control of only 17 of Iraq's 80 known oil fields. Concerns have been raised over Iraq's independence and the powerful Federation of Oil Unions strongly opposes this provision, demanding that oil production remains in government hands.

Al Qaeda capitalising on Iraqis' oil worries

In recent years, Al-Qaeda leaders Osama bin Laden and Ayman al-Zawahiri have been vocal regarding the importance of preserving oil as a great economic power. Bin Laden has called for Muslim societies to become more economically autonomous and to prevent foreign powers from controlling this invaluable resource. With international actors seeking to explore for and exploit Iraq's oil, bin Laden and al-Zawahiri have called for attacks on oil infrastructure "One of the most important reasons that led our enemies to control our land is the theft of our oil", bin Laden announced in an audiotape released in December 2004, "Do everything you can to stop the biggest plundering operation in history...Be active and prevent them from reaching the oil, and mount your operations accordingly, particularly in Iraq and the Gulf"⁵³.

Regional and international players have also sought to promote their economic interests by linking Iraq's oil to the country's external debt obligations. In particular, creditors, such as China, have been eager to forgive Iraq's debt owed to them in return for access to bids for oil exploration contracts. Also, the four US and UK oil giants have been keen to return into Iraq, from which they were excluded with the nationalization in 1972. Considering Iraq's underexplored land that is expected to yield large additional oil reserves, offering the opportunity to foreign countries and investors to obtain major oil deals worth hundreds of billions of dollars in profits in the next decades.

⁵³ Terrorism Monitor, 'Saudi Oil Facilities: Al Qaeda's Next Target?', 26 February 2006. [online] Available at: <http://www.jamestown.org/terrorism/news/article.php?articleid=2369910>

Balancing foreign investment and resource sovereignty to rebuild Iraq's economy

Iraq's oil potential is immense with predictions referring to billions of dollars in profit for the oil giants involved in the exploration for and exploitation of this resource. Key provisions of the draft Iraq oil law allow international companies to enter this exceptionally lucrative industry.

The Governor of the oil-rich Basra province, Mohammed al-Waili, has welcomed foreign investments in oil and gas development. Furthermore, the independent Basra Development Commission seeks to address constraints and make tangible improvements in investors' opportunities as well as undertake action in pursuit of a vibrant private sector.

Conversely, there have been increased concerns over foreign interference and exploitation of Iraq's oil and natural gas resources. The draft oil law favours Production Sharing Agreements (PSAs) - a favourite of international oil companies - guaranteeing companies to control the extraction and development of Iraq's oil for a 30-year period.

Members of Parliament, Iraq's oil workers and civil society groups have opposed this measure and called for specific arrangements to be made ensuring that the interests of the Iraqi people are protected. Concerns were also expressed by six Nobel Peace Prize Laureates who fear that the proposed law will lead to poor contract terms for the Iraqi people, pointing out that "it is immoral and illegal to use war and invasion as mechanisms for robbing a people of their vital natural resources"⁵⁴.

Notably, in January 2008 it was rumoured that highly confidential negotiations were being held between Parliamentarians and representatives from American oil companies, with the latter offering up to USD 5 million to members in exchange for their vote in favour of the proposed oil law.

▪ **Resource sovereignty**

Opposition to foreign investment is an integral part of the broader debate on Iraq's resource sovereignty and economic and political independence. Iraqis are becoming disillusioned with failed promises, economic hardships and what is increasingly perceived as foreign interference through oil exploitation and imposing IMF regulations.

Crucially this has been capitalised by insurgent groups and Al-Qaeda leaders who repeatedly urge Muslims to concentrate their campaigns against the "**stolen oil**". With foreign investment and Iraq's resource sovereignty currently at odds, it is imperative that Iraqi grievances on poverty and autonomy are properly addressed and a genuine economic partnership between Iraqis and international actors is promoted.

"The oil law has an enormous far-reaching long-term effect, enshrining the idea that the oil revenues of a country are to be shared equitably with all Iraqis. That is a very significant development. Long term it is hugely important both to the economic revival of Iraq and to keep the country together as one."

General David Petraeus, 20 June 2007

⁵⁴ UPI, "Nobel Laureates condemn Iraq oil law", 20 June 2007, [online] Available at: http://www.upi.com/Energy/Briefing/2007/06/20/nobel_laureates_condemn_iraq_oil_law_us/6357/

- **Foreign investment promoting economic growth**

International leaders and organisations must help build the capacity of government institutions and the necessary infrastructure in order to foster prosperity and economic development in Iraq, which will benefit the Iraqis, their neighbours and beyond.

Foreign investment must be viewed as a security and development instrument transferring know-how and promoting sustainable growth; the Iraqi government must develop a regulatory framework setting standards requiring foreign companies to look for reliable Iraqi partners, thus generating jobs and developing indigenous technical and professional capacity. An economic partnership seeking to develop Iraq's rich resources and guided by the interests of the Iraqi people would crucially encourage closer cooperation and trust between Iraqis and the developed world.

- **Tackling corruption and building capacity**

Public confidence in the Iraqi government is progressively being lost to corruption and mismanagement of oil revenues. Iraqi government institutions both at provincial and central government levels must work together as partners, with the support of the international community, to reduce corruption in the oil sector, improve fuel availability and counter attacks on oil infrastructure. Building capacity is vital for the Iraqi government and its international partners to regain the trust and confidence of the Iraqi people, with insurgent groups and Al-Qaeda effectively becoming irrelevant.

2.5 Power dynamics from local to national levels: shaping Iraq's political landscape

Giving voice to the Iraqi people: Policies to reflect public aspirations

In the context of Iraq's multifaceted challenges and rising public disillusionment, it is vital that national and international policies curb the spread of extremists' influence and at last make a real contribution to winning the hearts and minds of the Iraqi people. Formulating policies consonant with the needs and ambitions of the Iraqi people would contribute significantly to the country's unity, stability and prosperity. In turn, this will foster confidence and a closer partnership with members of the international community.

With the support of the international community, Iraqis should take the lead in their country's decision and peace-making processes. Giving voice to the Iraqi people and allowing them to have greater stake in decisions and actions directly affecting their lives and their country's future is an integral component of a functioning and stable democratic state.

"We cannot win this war on terrorism. We can't lose it either – this is at heart a battle of ideas, a battle for political power to be held by Iraqis. We can help lower the violence to a level where Iraqi politicians and Iraqi citizens will be able to make decisions for themselves, but we can't win it for them. No military officer would tell you we could, but we won't lose this battle."

Richard Armitage, Interview in Middle East Policy, Fall 2005

Formerly a highly centralised state with limited representation or accountability at the local level, the Iraqi government is now faced with an immense challenge: to develop a bottom-up approach, empower provincial bodies and be responsive to their needs and aspirations.



Displaced children in Baghdad and street beggars in need of basic services: their voices must be heard

Holding free, countrywide elections is central to building grassroots democracy and providing the foundations for national unity and stability. Iraqi provincial elections will be held on 1 October 2008, while national parliamentary elections are expected to be held in late 2009 or early 2010. In preparation for the parliamentary elections, in May 2008, the Iraqi cabinet issued instructions to the planning ministry to make the census account for the Iraqi people before September 2009, in time for the parliamentary elections. The last census held in Iraq was in 1997, but it did not include the Kurdistan region or Iraqis living abroad.

The empowerment of Iraq's civil society is central to building local capacities and developing a representative, functioning state. Civil society organisations are a well-suited means of promoting grassroots participation and represent a platform for Iraqis to express their concerns and influence decisions and activities. Notably, Iraq has a growing civil society with more than 2,500 registered NGOs.

In addition, over 250 newspapers and magazines have been launched since 2003. Certainly, these efforts need to be further supported by the political leadership of Iraq as well as the international community.

A strong civil society, social and gender quality, and a free and vibrant press are all vital instruments in promoting security and stability in Iraq.

"You can have operational successes, but what sustains those is progress on the political front. It is reconciliation; the coming together of various parties and sectarian groupings in Iraq. What happened in Anbar was political: the military action capitalised on a political sea-change, where the tribes changed from being on the fence or tacit support for al-Qaeda to active opposition. That is an enormous political change. That enabled military operations to have the support of the population."

General David Petraeus, 20 June 2007⁵⁵

Power devolution: Local and factional involvement in Iraq's political processes

Structural reforms seeking to devolve power to the local communities in a fair manner will not only ensure that the Iraqis can participate in the decision-making process but also help to improve the overall social and political situation, and promote national unity. The Provincial Powers Law is widely perceived as a key component of the efforts promoting power devolution. The law manages to outline the practical mechanisms of local government, providing a blueprint for a more accountable political system and affording local areas with greater protection from arbitrary central rule. Furthermore, it allows the governor and provincial councillors control over local security and public service provision and permits them to pass local laws, provided they do not oppose national legislation. However, it is argued that in some respects the Act represents a retreat from the substantial political decentralisation outlined in the 2005 National Constitution, as it allows the national government to dismiss provincial governors and senior officials, and places the budget under central control.

The law has been welcomed by the US administration as an important step towards national reconciliation and a more balanced government. It is hoped that local elections to be held later in the year will dampen political violence among Iraq's Sunni Arabs who, following their boycott of the last provincial elections, have been severely under-represented even in those provinces where they enjoy a majority, such as the Ninevah province.⁵⁶ By facilitating local involvement in Iraq's political processes, it is anticipated that the law is likely to weaken popular support for the partition of the country into separate regions.⁵⁷ The law was approved by the Council of Representatives through a number of compromises between political groups, many of whom favoured greater political autonomy.

⁵⁵ From a transcript of The Times interview with General Petraeus, 20 June 2007. [online] Available at: <http://www.timesonline.co.uk/tol/news/world/iraq/article1963400.ece?token=null&offset=24>

⁵⁶ Peter W. Galbraith, "Iraq: The way to go", The New York Review of Books, Volume 54, Number 13, August 2007, [online] Available at: <http://www.nybooks.com/articles/20470>

⁵⁷ United States Institute of Peace, "From Gridlock to Compromise: How Three Laws Could Begin to Transform Iraqi Politics", March 2008, [online] Available at: http://www.usip.org/pubs/usipeace_briefings/2008/0319_iraqi_politics.html#provincial

Notably, two other pieces of legislation were being negotiated and passed at the same time. The 2008 budget secured the acquiescence of the Kurdish alliance in return for the allocation of 17 percent of national expenditure to the Kurdistan budget. Meanwhile, the Amnesty Law satisfied one of the most important Sunni political demands - the release of Iraqi prisoners, an estimated 80 percent of whom are Sunni. The amnesty, which excludes those convicted for a variety of crimes, including terrorism, murder, rape and drug trafficking, has also been welcomed by the Sadrists, who claim to have been victimised by national security forces.⁵⁸

Still, the fragility of the consensus regarding the Provincial Powers Law has become all too apparent as this was passed with a majority of only one vote, which was provided by the Parliamentary speaker. The Islamic Supreme Council of Iraq, which favours decentralisation, objected to 21 of its provisions including the supremacy of federal over local law, the central government's control of the budget and its right to dismiss provincial governors and officials. The law was subsequently blocked by the ISCI representative and the veto was lifted only after the party was promised the opportunity to renegotiate its terms at a later stage.

The forthcoming provincial elections are expected to reconfigure the balance of power in Iraq - the Sadrists and the Awakening Council are predicted to make substantial gains at the expense of the Islamic Supreme Council of Iraq and established Sunni parties.⁵⁹ However, while the current terms of the Provincial Act will strengthen the centralist ambitions of the Sadrists, it is argued that the local Awakening Councils will find their demands for autonomy constrained. Despite hopes that it will reconcile the country's different groups, there are also fears that the forthcoming elections may provoke an increase in intra-sectarian violence, especially between the rival Shia factions of the Mahdi Army and the ISCI.



Women's rally in northern Iraq

⁵⁸ Center for American Progress, "Hazy Iraq Benchmarks: Political Success Requires Implementation", 8 April 2008, [online] Available at: http://www.americanprogress.org/issues/2008/04/hazy_benchmarks.html

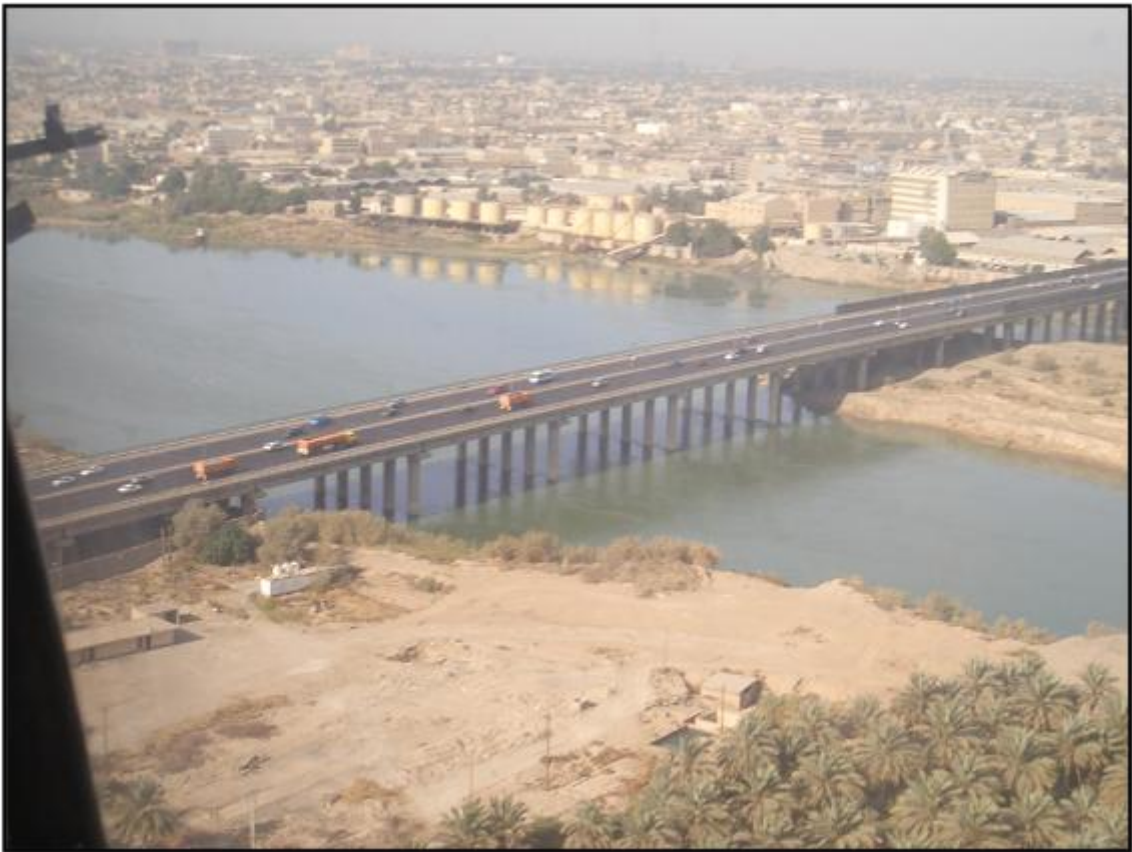
⁵⁹ Reuters, "Iraq's local elections could reshape power structure", 10 April 2008, [online] Available at: <http://www.reuters.com/article/newsMaps/idUSKAR97823220080410?pageNumber=3&virtualBrandChannel=0>

"On the political track, aiming for a legitimate, democratic Iraqi government was essential, but the United States was far too slow in mobilising Iraqi political action. [...]today political development among the Iraqis is hampered by the lack not only of security but also of a stable infrastructure program that can reliably deliver gas, electricity and jobs.

Wesley Clark, 26 August 2005

Section III

In Search of a New Global Security Architecture



Part of Iraq's New Architecture: A Bridge over Tigris river in Baghdad, May 2008

3.1 The War on Terror has exacerbated the problems it sought to address

The aftermath of the Cold War heralded its own era of instability. However, rather than symbolising the United States' misuse of overwhelming military capability as it does today and the 'shock and awe' that its War on Terror has triggered, the post-Cold War iteration was instead a projection of the world's collective incredulity at the sudden collapse of communism.

Basking in the afterglow of what it believed to be a decisive ideological triumph, the United States quickly lost its edge. This apparently conclusive victory bestowed Washington with a sense of invincibility and inherent superiority, prompting a collective malaise in strategic planning. Carefully crafted alliances with such significant states as Pakistan and Indonesia were left to fester as the *raison d'être* for their expedient construction collapsed. Former Cold War theatres were left abandoned as post-communist states were left to forge their own futures in relative isolation. It is truly remarkable that so many fledgling states were established without substantial cost to their populations.

This geopolitical neglect quickly backfired upon the United States. Despite clear markers regarding what lay in store for the world's sole superpower (including, but not exclusively, foiled attacks on the World Trade Centre in 1993; a catastrophic international intervention in Somalia between 1993 and 1995; terrorist attacks upon US forces in Saudi Arabia in 1996), Washington's strategic blinkers prevented it from reacting.

A foreign policy paradigm based upon traditional tenets of overwhelming military and economic power was ill-positioned to react to the intricate threat matrix that emerged in the 1990s. The United States' ability to achieve total battlefield domination through the power projection toolkit of overwhelming land, sea and air supremacy were suddenly not enough, as a raft of security challenges emerged that transcended national boundaries. Terrorism, disease, resource allocation and access to the basic fundamentals of life are now uppermost in the thoughts of Western strategic planners; classic zero sum game, state-to-state conflict must rank very low in their priority lists.

While traditional military capabilities must be maintained by Western states, their collective response to - and anticipation of - global threats is in desperate need of a new approach. Soft power mechanisms of diplomacy and addressing the legitimate political grievances of disenfranchised populations around the world are still very much a work in progress, but their centrality to conflict prevention and resolution is without question.

War on Terror giving rise to legitimate political grievances

The local populations in the countries which lie at the heart of the War on Terror, namely Iraq, Afghanistan and Somalia, share common grievances. They generally consider that the US is waging a war against Islam while failing to bring about substantial improvements in their quality of life. Regrettably, international proclamations have failed to realise this and the peoples of Iraq, Afghanistan and Somalia lack a positive outlook for the future.

An especially worrying indicator of violence and extremism is the widespread state of anger among the youth in the three War on Terror theatres. The existence of large groups of frustrated and disenfranchised young men is a problem affecting the whole of the Muslim world and beyond, and represents a real threat for all countries concerned with major implications for national security and stability.

Security Forces in Iraq and Afghanistan (approximate)		
	Afghanistan ⁶⁰	Iraq ⁶¹
International troops	45,000	149,750
US troops	33,000	140,000
UK troops	8,600	4,000
Local military forces	49,000	175,000
Local Police Force	<70,000 ⁶²	360,000
Private Security Contractors	29,000	100,000-150,000 ⁶³
Total	234,600	785,000-835,000

"Nowadays no one is playing a positive role in Iraq – if there was, we wouldn't be in the situation we are now."

Employer
Baghdad, May 2008

⁶⁰ International Assistance Force in Afghanistan (ISAF), Operation Enduring Freedom, Afghan Security Forces and private security contractors. See Anthony H. Cordesman, "The Ongoing Lessons of The Afghan and Iraqi Wars", CSIS, April 11, 2008; ISAF troops placemat, 1 April 2008, [online] Available at: http://www.nato.int/ISAF/docu/epub/pdf/isaf_placemat.pdf; Security Forces, Afghanistan Conflict Monitor, [online] Available at: <http://www.afghanconflictmonitor.org/securityforces.html>

⁶¹ US State Department, "Multinational Forces in Iraq (MNF-I), Iraqi Security Forces and private security contractors", 05/14/08, [online] Available at: <http://www.state.gov/p/nea/rls/rpt/iraqstatus/c24957.htm>; Global Security, "US Ground Forces End Strength", [online]. Available at: http://www.globalsecurity.org/military/ops/iraq_orbat_es.htm; Anthony H. Cordesman, "The Ongoing Lessons of The Afghan and Iraqi Wars", CSIS, 11 April 11 2008

⁶² The UN Secretary-General recently reported major discrepancies between the actual number of police officers and those on the payroll. See "Report of the Secretary-General (A/62/722- S/2008/159)" March 2008, [online] Available at: <http://www.un.org/Docs/journal/asp/ws.asp?m=S/2008/159>

⁶³ Only estimates for the number of private security contractors are available. See "Iraq: Who won the war?", The Independent, 16 March 2008, [online] Available at: <http://www.independent.co.uk/news/world/middle-east/iraq-who-won-the-war-796612.html>; "Extend the law to the gunslingers in Iraq", International Herald Tribune, 16 May 2008, [online] Available at: http://www.iht.com/articles/2008/05/16/opinion/edblackwater.php?WT.mc_id=newsalert
The British Association Of Private Security Companies

COMPARATIVE INDICATORS: AFGHANISTAN, SOMALIA AND IRAQ			
INDICATOR	AFGHANISTAN	SOMALIA	IRAQ
STATISTICAL SNAPSHOT			
Area	647,500km ²	637,660km ²	437,072km ²
Population	32.7 million	8.7 million	28.2 million
Number of suicide attacks in 2007	137	3	351
Number of refugees ⁶⁴	3 million	600,000	>2.2 million
Corruption Perception Index (Transparency International) ⁶⁵	1.8 (ranked 174/179)	1.4 (ranked 179/179)	1.5 (ranked 178/179)
Status (Freedom House) ⁶⁶	Partly free	Not free	Not Free
Civil Liberties Score (Freedom House)	5	7	6
Political Rights Score (Freedom House)	5	7	6
ECONOMIC STATISTICS			
International aid received in 2007 (USD) ⁶⁷	1.6 billion	216 million	1.5 billion
GDP per capita (USD) ⁶⁸	1,000	600 (in 2003)	\$3,600 (2007est.)
Percentage of population below the poverty line ⁶⁹	53%	43.30%	N/A
POLITICAL INDICATORS			
Free and fair elections	2004 elections had a good turnout; low levels of intimidation	Elections not held since 1969	In May 2006, over 12 million people voted in free, internationally observed elections for Iraq's first democratically elected representative government ⁷⁰
Civil Society	Increasingly active; people are using traditional structures to develop society	Flourishing in absence of State	More than 2,500 registered NGOs and 250 newspapers and magazines have been launched since 2003

⁶⁴ UNHCR, Refugees International

⁶⁵ Note: CPI Score relates to perceptions of the degree of corruption as seen by business people and country analysts, and ranges between 10 (highly clean) and 0 (highly corrupt). Source: Transparency International, "Corruption Perception Index 2007", [online] available at:

http://www.transparency.org/policy_research/surveys_indices/cpi/2007

⁶⁶ Freedom House is a United States-based international non-governmental organization that conducts research and advocacy on democracy, political freedom and human rights. Note: Score ranges from 1 to 7, with 1 being the highest level of freedom and 7 being the lowest. Source: Freedom House, "Map of Freedom in the World", [online] Available at:

<http://www.freedomhouse.org/template.cfm?page=363&year=2007>

⁶⁷ OECD, Development Co-operation Directorate (DCD-DAC) and Financial Tracking Service, UN Office for Coordination of Humanitarian Affairs (OCHA)

⁶⁸ CIA Worldfactbook and UHUBSO (UK-based Somaliland charity)

⁶⁹ European Commission, UHUBSO, and The Global Call to Action against Poverty (GCAP)

⁷⁰ DFID Country profiles, [online] Available at: <http://www.dfid.gov.uk/countries/asia/iraq-civil-society.asp>

POLITICAL INDICATORS			
INDICATOR	AFGHANISTAN	SOMALIA	IRAQ
Rule of Law	Developing institutions; State's writ yet to expand to all provinces	Country has been in anarchy since 1991	After transfer of sovereignty by coalition forces, the national government is expanding but national security remains critical
State monopoly on violence	Very tenuous; government and international community struggling to dominate the Taliban	Non-existent, Transitional Federal Government doesn't even have full control of the capital	National government and international forces continue to fight against growing insurgency attacks
Role of Diaspora	Economic support, advocacy, business investment, and development of civil society	Mostly economic support, conducted over complex, clan-based systems to transfer money	Foreign assistance in the areas of economic development, civil society and social reconstruction



A political rally in Iraq, August 2006

Angry Young Men: Stabilisation efforts in Iraq, Afghanistan and Somalia at Risk

Since the 1970's, leaders from the developing world have tried to deal with the demographic pressures derived from having populations with a high percentage of young people. This problem has been the subject of renewed international interest in recent years because of its particular incidence in the Arab world, where people under 25 constitute 60 percent of the population.⁷¹ Several studies and articles have analysed the impact of exceptionally large numbers of youth, the so called "youth bulges", on the security and stability of a country. Research reveals a clear link between large youth numbers and increased risks of social unrest, civil war and terrorism.

The United States Census Bureau classifies "youth bulges" as the demographic situation where the proportion of young adults (from 15 to 29) to the overall adult population is higher than 30 to 40 percent.⁷² A recent study conducted by Henrik Urdal demonstrated that the existence of youth bulges increases the risk of armed conflicts, rioting or terrorism.⁷³ The scholar explains that for every increase of 1 percent in youth bulges, the likelihood of conflict increases by 4 percent, which means, for example, that countries experiencing youth bulges of 35 percent have a 150 percent higher risk of suffering an armed conflict than countries with a more stable age structure.⁷⁴ Once more, these numbers refer to general situations, illustrating the tough challenge faced by countries in already unstable situations which have a large percentage of youth.

"Provide us with a good economic income, and then we'll talk about democracy."

Employee
Baghdad, May 2008

The demographic profiles of many of the world's harshest conflict zones appear to reflect these findings. Somalia is well above the average, with more than 37 percent of its adult male population under 30, while Iraq is considerably higher at over 45 percent. However, the figures for Afghanistan are even more striking – almost 48 percent of adult males lie within the youth bulge.⁷⁵ Furthermore, the demographic landscape for these countries is not expected to change considerably in coming years: the population projections for the years 2007, 2025 and 2050 all show a prominence of young people in the age group 0-29, indicating the continuation of a relatively young society for at least the next 50 years.⁷⁶

As well as a population imbalance, all three countries suffer from a lack of legal economic opportunities - unemployment rates are estimated at 47 percent (Somalia),⁷⁷ 30 percent (Iraq)⁷⁸ and 40 percent (Afghanistan)⁷⁹, with much higher figures for those under 30.

⁷¹ Khalaf, Roula, "A Region Worries About Its Youth", Financial Times, 2 June 2008

⁷² U.S. Census Bureau (2008), "IDB Summary Demographic Data: Afghanistan, Iraq and Somalia", International DataBase, [online] Available at: <http://www.census.gov/ipc/www/idb/summaries.html>.

⁷³ Urdal, Henrik, "A Clash of Generations? Youth Bulges and Political Violence", International Studies Quarterly, 2006, vol. 50. The author did a statistical study of all internal armed conflicts between 1950 and 2000 and terrorism attacks and riots between 1984 and 1995.

⁷⁴ Defined as an age structure equal to the year 2000 median for developed countries; Ibid.

⁷⁵ U.S. Census Bureau (2008), "IDB Summary Demographic Data: Afghanistan, Iraq and Somalia", International DataBase, [online] Available at: <http://www.census.gov/ipc/www/idb/summaries.html>

⁷⁶ Ibid.

⁷⁷ Yahye, Mahamud M., "How to Tackle Unemployment in Somalia", MarkaCadeey News Media. Available online at: http://www.markacadeey.com/maqaalo/maqaal_yaxya_20070701.htm

As manifested in these three theatres, unemployment, combined with legitimate grievances such as corruption, political fragmentation and internal strife, has prompted young people to behave violently and created an opportunity for extremist and armed groups to recruit new fighters.

Field research interviews on the level of anger and frustration

When asked about their personal situation and current conditions in Iraq, 46% of those interviewed admitted to feeling angry permanently or on a regular basis. Respondents cited unemployment, the lack of basic services and ongoing insecurity as the main reasons for their frustration.



New Mosque Al Monsour district, May 2008

Unlocking the economic potential of demographic youth bulges



Youth bulges offer strong economic potential for Afghanistan, Somalia, and Iraq, provided substantial and sustainable economic development can be triggered to allow their participation in the country's active force. Adequate investment in infrastructure and provision of services, including education, are vital components of a healthy economy. Promoting sustainable growth, leading to better job opportunities and professional development, will contribute significantly to absorbing the successive waves of angry young men in the three war-torn countries, denying insurgent movements new recruits.

⁷⁸ The 2008 World Factbook, CIA. Available online at: <https://www.cia.gov/library/publications/the-world-factbook/index.html>

⁷⁹ Ibid.

3.2 Ideologies: a war of interpretation

The destructive nature of the broad strokes of the War on Terror is evident worldwide, from unrelenting insurgency movements in Iraq and Afghanistan to simmering anger amongst Muslims in European capitals. There exists a comprehension gap between the allied states that adhere to Western ideals, and disillusioned communities caught up in the War on Terror. This dichotomy of understanding gives radicals ample material with which to recruit and build a power base.

War and Terror: US ideology vs. Al Qaeda ideology	
 US actions in the war on terror	 Al-Qaeda interpretations of US actions
<p><i>Waging a 'war on terror'</i></p> <p>"Our war on terror begins with Al Qaeda, but it does not end there. It will not end until every terrorist group of global reach has been found, stopped and defeated."</p> <p>George W. Bush, 20 September 2001⁸⁰</p>	<p><i>Waging a war on Islam</i></p> <p>"We ourselves are the target of killings, destruction and atrocities. We are only defending ourselves. This is defensive jihad. We want to defend our people and our land."</p> <p>Osama Bin Laden, November 2001⁸¹</p>
<p><i>Pre-emptive military strikes</i></p> <p>"While the United States will constantly strive to enlist the support of the international community, we will not hesitate to act alone, if necessary, to exercise our right of self-defense by acting pre-emptively against such terrorists to prevent them from doing harm against our people and our country."</p> <p>US National security strategy, September 2002⁸²</p>	<p><i>Unprovoked attacks on Muslims</i></p> <p>"It is commanded by our religion and intellect that the oppressed have a right to return the aggression. Do not await anything from us but Jihad, resistance and revenge. Is it in any way rational to expect that after America has attacked us for more than half a century that we will then leave her to live in security and peace?"</p> <p>Osama bin Laden, November 2002⁸³</p>
<p><i>Spreading democracy</i></p> <p>"It is the policy of the United States to seek and support the growth of democratic movements and institutions in every nation and culture, with the ultimate goal of ending tyranny in our world."</p> <p>George W. Bush, January 2005⁸⁴</p>	<p><i>Imperialism</i></p> <p>"We have declared a bitter war against the principle of democracy and all those who seek to enact it."</p> <p>Abu Musab al-Zarqawi, January 2005⁸⁵</p>

⁸⁰ "Address to a joint session of Congress and the American people", 20 September 2001, [online] Available at: <http://www.whitehouse.gov/news/releases/2001/09/20010920-8.html>

⁸¹ "Muslims have the right to attack America", The Observer, 11 November 2001, [online] Available at: <http://www.guardian.co.uk/world/2001/nov/11/terrorism.afghanistan1>

⁸² National Security Strategy of the United States of America, September 2002, [online] Available at: <http://www.whitehouse.gov/nsc/nss.html>

⁸³ "Full text: bin Laden's 'letter to America,' The Observer, 24 November 2002, [online] Available at: <http://www.guardian.co.uk/world/2002/nov/24/theobserver>

⁸⁴ "Bush pledges to spread democracy," Politics, CNN International, 20 January 2005, [online] Available at: <http://edition.cnn.com/2005/ALLPOLITICS/01/20/bush.speech/index.html>

⁸⁵ Statement by Abu Musab al-Zarqawi, 22 January 2005, [online] Available at: <http://www.alezah.com/vb/>

War and Terror: Al Qaeda ideology vs. US ideology	
 Al-Qaeda actions in the global jihad	 US interpretation of Al-Qaeda actions
<p><i>Mobilise jihadis around the world</i></p> <p>"The leaders in America ... have mobilised their people against Islam and against Muslims. These are portrayed in such a manner as to drive people to rally against them. The truth is that the whole Muslim world is the victim of international terrorism, engineered by America at the United Nations."</p> <p style="text-align: right;">Osama Bin Laden, May 1998⁸⁶</p>	<p><i>Inciting global terrorism</i></p> <p>"Iraq will become the litmus test of our role in the Middle East and will determine the size of the pool of potential young volunteers for the jihad. If we fail, it will be a boost for the global jihad and we must anticipate an increase in terrorist operations against us."</p> <p style="text-align: right;">Marc Sageman, US counter-terrorism advisor, July 2003⁸⁷</p>
<p><i>Expulsion of foreign forces from Islamic states</i></p> <p>"To kill the Americans and their allies - civilians and military - is an individual duty for every Muslim who can do it in any country in which it is possible to do it, in order to liberate the al-Aqsa Mosque [Jerusalem] and the holy mosque [Mecca] from their grip, and in order for their armies to move out of all the lands of Islam, defeated and unable to threaten any Muslim."</p> <p style="text-align: right;">Osama bin Laden, February 1998⁸⁸</p>	<p><i>Insurgency and terrorism</i></p> <p>"Foreign fighters appear to be working to make the insurgency in Iraq ... a training ground and an indoctrination center. In the months and years ahead ... fighters who have traveled to Iraq could return to their home countries, exacerbating domestic conflicts or augmenting with new skills and experience existing extremist networks in the communities to which they return."⁸⁹</p> <p style="text-align: right;">US State Department, February 2008</p>
<p><i>Imposition of Sharia law</i></p> <p>"Sharia is the course we should follow, since it is sent from God Almighty. No rational human being can adopt an unsteady or wavering position vis-a-vis sharia... Either you believe in God and abide by His judgment, or you have no faith in God, and then there is no point of arguing with you regarding the details of sharia."⁹⁰</p> <p style="text-align: right;">Ayman al-Zawahiri, January 2005</p>	<p><i>War on democratic rights and freedoms</i></p> <p>"This new enemy seeks to destroy our freedom and impose its views. We value life; the terrorists ruthlessly destroy it ... We respect people of all faiths and welcome the free practice of religion; our enemy wants to dictate how to think and how to worship even to their fellow Muslims."⁹¹</p> <p style="text-align: right;">George W. Bush, November 2001</p>

⁸⁶ "Interview with Osama Bin Laden", May 1998, [online] Available at:

<http://www.pbs.org/wgbh/pages/frontline/shows/binladen/who/interview.html>

⁸⁷ Statement of Marc Sageman to the National Commission on Terrorist Attacks Upon The United States, 9 July 2003, [online] Available at: http://govinfo.library.unt.edu/911/hearings/hearing3/witness_sageman.htm

⁸⁸ AQ statement "Jihad Against Jews and Crusaders," 28 February 1998, [online] Available at: <http://www.msnbc.msn.com/id/4686034/>

⁸⁹ US State Department, "Global Jihad: Evolving and Adapting", 29 May 2008, [online] Available at: <http://www.state.gov/documents/organization/45318.pdf>

⁹⁰ "The Emancipation of Mankind and Nations under the Banner of the Koran," Statement by Ayman al-Zawahiri, 30 January 2005, [online] Available at: <http://www.almjlah.net/vb>

⁹¹ Backgrounder: the President's quotes on Islam, "President Bush Addresses the Nation", World Congress Centre, Atlanta, Georgia, 8 November 2001, [online] Available at: <http://www.whitehouse.gov/infocus/ramadan/islam.html>

Field research interviews on the perceived benefits of democracy

When asked about their perceptions of democracy, respondents in **Iraq** were divided. Less than half (45%) of those interviewed in **Iraq** thought that democracy would provide them *personally* with a better future. However, a similar number thought the contrary. In contrast, in **Afghanistan**, six in ten of those interviewed thought that they would have a better future in a democratic Afghanistan, whereas in **Somalia** nearly three quarters (71%) of respondents thought that democracy would not provide them with a better future.



Mosque Bab-Al-Sharg, May 2008

"I am very angry because of the bad security situation. It is getting worse and worse every day. We are very worried and we feel lost."

Housewife
Baghdad, May 2008

3.3 The need for a new international security paradigm

Failing war on terror policies have illustrated the need for a new global security structure. In the wake of the 9/11 terrorist attacks, the evolution of responsible methods of direct intervention was abandoned. The US substituted this progress with the prioritising of high impact assaults on the new enemy.

Shared democratic values and willingness for collective responsibility were overtaken by rhetoric. Broad terms were introduced by the US to generalise multi-faceted threats. Complex layers of security challenges became 'global jihadist terrorism', 'axis of evil,' 'with us or against us' and most famously 'the War on Terror.'

Many states have been excluded from global security and state-building efforts. Those sidelined are now extremely reluctant to become involved in the crucial post-conflict reconstruction phases in Afghanistan and Iraq, and are less likely to participate in future interventions. Moreover, states with Muslim majorities have largely fallen well outside of this new order. Given the extent of its military and might, there is a clear need for the US to be included in the leaders of global security interventions.

The ineffective, costly and unsustainable management of the conflicts in the three main War on Terror theatres has undermined the US position on the world stage and has indeed exacerbated the conflicts it meant to resolve. Creating and implementing a new effective approach for Iraq (and Afghanistan and Somalia) would effectively mean struggling against the current architecture.

The gap between the official War on Terror rhetoric and the implications of such a strategy on the ground is considerable. Only a comprehensive and re-invigorated commitment to change the way the international community deals with major crises can hope to redress the entrenched grievances and rising mistrust.

The critical situation in Iraq, Afghanistan and Somalia demonstrates the need for a new international paradigm that can cope with existing crises and prevent future ones. The current tools available for conflict prevention and resolution are clearly insufficient and ineffective. Proposing policy changes is not sufficient; a completely re-designed New Architecture of dealing with global security threats is needed.

Global Security Objectives

Resolution of the multi-faceted problems thrown up by conflicts in the current War on Terror theatres requires nuanced policies aligned with defined measures of success: stability; prosperity; and a politically and economically friendly member of the international community.

- **Stability:** The first measure of success in any conflict is stable government. Winning the hearts and minds of locals and helping them to achieve sustainable peace will provide a stable platform from which to re-orientate the international community's interventions.

- **Prosperity (Employment, Development and achievement of Millennium Development Goals):** Field research shows that unemployment and limited livelihood opportunities represent two of the biggest drivers of conflict among young, disenfranchised populations. Employment development and achievement of Millennium Development Goals must be viewed as security instruments.
- **Friendly political and economic climate:** A third measure of success is the population in conflict theatres actively opting in to the international community as a politically and economically friendly member.

Door Number Three: in search of an alternative approach in Iraq

Current debate in the War on Terror and the intervention in Iraq assume two military options – to stay, or to leave. This bipolar policy choice is not an accurate reflection of the true range of options. Furthermore, the present approach is indicative of a more general fatigue in strategic innovation, with policymaking inertia preventing the full conquest of credible threats. The first step in ensuring a coherent and effective response to the growing global security threats is to recognise the failure of the current system to deal with conflict and security challenges. In the interests of moving forward, a Door Number Three must be seriously considered.

Current social, economic and political conditions in Iraq must in fact dictate the actions to be taken in order to promote the overall global security objectives of stability, prosperity and ensuring a politically friendly partner. With sectarianism and unemployment emerging as pressing security threats in Iraq, a job surge and bottom-up approach which empowers the grassroots level should become priorities. Moving beyond purely military and intelligence means, it is vital to overcome the “us against them” divide and, instead, build a close partnership between the Iraqis and the international community at large.

Towards a New Global Security Architecture

The process of developing the New Global Security Architecture is as important as the outcome; it must be inclusive and representative, and should strive to strengthen and spread universally-accepted democratic and humanitarian values. An open and all-encompassing debate recognising the failure of the current system to deal with global security threats is the first and essential step in consensually defining the new security paradigm, which must uphold the highest ideals and respect for human rights.

The enemy of militant extremism is not one that can be ‘defeated’ in the classic military and intelligence sense. Against a background of ever-changing threat conditions, the system in place is stale and unable to take on modern challenges. There is a pressing need for a reordering and broadening of interventionist strategies. Faced with a growing number of global security threats, it is imperative that the new global security paradigm encompasses employment, capital investment, human rights, foreign investment, the Millennium Development Goals, a positive counter-narcotics policy, media and civil society development as vital security instruments.

APPENDIX

Al-Qaeda in Iraq Video: Transcripts of the interviews

The US and al-Qaeda

Do you prefer that the Americans stay or that they leave?

"We have a good army, we have the police and special forces. We prefer that the Americans go away."

"I prefer that they stay."

Do you think that al-Qaida will stay in Iraq after the Americans leave?

"Al-Qaida will stay."

Do you think al-Qaida plays a positive role?

"Positive? It is impossible that al-Qaida plays a positive role here with the presence of the American forces in Iraq."

Would al-Qaida remain active in Iraq when the Americans leave the country?

"Why should they stay? We will throw them out. We'll use our special forces, the police, the National Guard, the power of Nour el Maliki, may god protect them."

Do you think that al-Qaida will leave Iraq after the Americans leave?

"No."

Do you think that the foreign forces should leave Iraq?

"Of course I do."

When do you want them to go?

"This, nobody can tell you."

If it was up to you, when would you make them leave?

"Rather today than tomorrow."

If the foreign forces leave, do you think al-Qaida will remain active?

"Al-Qaida is everywhere, in all Arab countries and others too. Wherever you go, you will find al-Qaida. If the Americans leave, they will stay. They will live, it will be the same."

Did you notice a recent decrease in al-Qaida activities?

"Now, thank god. With the presence of the Baghdad guards if they notice that someone is killing, they arrest him and put him in jail."

"Al-Qaida ... yes but slowly their numbers decrease."

After the American forces leave Iraq?

"No, the contrary, then it will increase."

What advice would you give to the new American president? What would you say to help Iraq?

"We want the Americans to leave and that our country is in peace with a healthy government."

Criminality

About the security situation. Do you think that criminals benefit of the security situation?

"Of course they do. This is a colonized country. A person that does not have a job, what do you think he can do? Where does he go? He will kill in total neglect. He will join the Shiite militia for money."

"Of course Iraq is like a sick body, it is easy for a virus to infect it. All people that support violence come to Iraq."

What kind of criminality do you see?

"What can I say? There are robberies, corruption of administrations. People that we used to trust are now unreliable. They are everywhere."

"Sometimes, I get very nervous."

Why is that?

"It is because of the situation, we see murders right in front of our eyes. It makes you nervous and very tired."

"We are tired of the crimes. There is no security."

"Everything relies on the security. People used to have jobs before the fall of the Saddam regime. Now, they lost their jobs and became unemployed."

"There is no security, everyone can get a weapon and start killing."

Is the crime rate increasing?

"Yes, it's getting worse."

Development after 2003

Do you think that the situation in Iraq has improved since 2003?

"No."

"If you only knew... We are still suffering, our situation is far from good. Nothing changed. We don't even have a house. Wherever we go, they send us away."

"No, I don't think so. It's the opposite. It became a lot worse."

"The region remains the same; it did not improve at all. They did nothing, road need to be built, there is no electricity. There is no improvement, it's still the same."

"Things are changing. There are very obvious changes in our schools and universities. The admission conditions are still the same but it became dangerous to go to school. There is also the fact that there are no professors, they all left. This influenced our situation. It was

better to be a student before. We had all the capacity but now there is a lack of knowledge. A lot of smart people left. We suffer, it does not improve."

Do you think that Iraq has developed? Did you notice any improvements?

"There have been some improvements but it is not enough."

"No nothing. It's always the same thing, We are tired of it. There are no improvements."

Do you think that the system under Saddam was better than the current system?

"Of course it was better under Saddam. There were no crimes."

Do you mean that only the security was better?

"The security but also under Saddam nobody died of starvation. But definitely concerning the security situation, the Saddam system was better than the current situation."

"Each system has its positive and negative points. I cannot criticize Saddam Hussein's system, even if people who are victims say that I was on his side. I think we are all victims and we are tired of this. We are at war; there is no difference between people who suffer more than others. We lost security; death became a very common thing. There is no development, the infrastructure has been destroyed. What more? We don't get any income from our fruit and oil anymore. Nobody benefits of this. The people prefer whatever system is Arab, Iraqi, Muslim.. We are all victims and we are all tired of this."

Influence from Outside

Concerning the influence from outside the country, who do you think is playing a positive role? The US, Iran, the Iraqi government or maybe any other country?

"There is none, the US started this conflict. I mean a positive role for Iraq. Positive role? No... No. A role in Iraq's interest?"

"No, no."

"There is not a single country that really helps Iraq. No Arab country or any other foreign country has participated in the development of Iraq. The contrary, it's deteriorating. All countries are improving and with us it's the opposite. Our country is in an ongoing deterioration with the help of our neighbours."

"Of course. There are two parties that play a big role in this dramatic situation in Iraq. The Al-Qaida organization with all its terrorist acts trying to destroy and the Iraqi people using their foreign organizations. They create false propaganda. Then there are also the Shiite militias. They kill a lot of people. The main problem is Iraq is the Shiite militia and armed terrorist group. But now, the Iraqi people are taking this problem into consideration. They start to take over and to take proper measures to get rid of these organizations. This should be the priority in Iraq; this is what the people hope for."

"We all know that Al-Qaida exists in places like Ramadi and Diara but we don't hear about it. The Iraqi and American forces will go there and fight the al-Qaida organizations. They will eliminate them."

"You see it in the streets of Iraq, what did al-Qaida bring? Did it serve the interest of Iraq by killing and destructing our country?"

"You want the truth? There is no al-Qaida, just people that speak about them."

US - stay or go?

Do you prefer the American forces to leave or stay in Iraq?

"I prefer that the American forces go when the situation in Iraq is stable. We need their departure but only when the situation here is good. Who else will protect the people from the criminals, the killing and the robberies?"

"The American forces should leave but only when the Iraqi government is strong enough. If the American leave and the government is strong enough there will no longer be Al-Qaida, no Shiite militia, nothing."

So you say that it is essential for the Iraqi government to grow strong?

"Yes, it needs to be a strong government."

"With the terrorism. They should first bring security, but I do think it is better if they leave."

Do you want the American forces to leave Iraq?

"Of course. Everyone demands their departure. But this is not realistic on the ground. Right now, the departure of the American forces would be catastrophic for the country. Iraq would be a perfect environment for the armed groups and the Al-Qaida organization. It will automatically result in a civil war. We think that the departure of the American forces should be done in correlation with the development of the Iraqi security forces. Right now they are in a constructive phase."

What advice would you like to give to President Bush?

"Did he come here to help us and improve the country's situation or just to destroy it? Did he come here to help the Iraq people because they are victims? But in the end the situation only got worse."

Unemployment

"The situation did not improve, there is no security."

"There can't be improvement, look at the unemployment situation."

"This is a real big problem that can make you laugh and cry at the same time. All the graduated students are unemployed. This pushes them to take weapons instead of looking for dialogue with the Iraqi government. We already know what the position of the Iraqi government is regarding this. The unemployment pushes graduates to choose weapons. A lot of young people are unemployed and the temptations of the Dollars that the militias offer is high. They choose to become suicide bombers and kill civilians. This is why the Iraqi government should install the true democracy."

Why do a lot of young men join the Shia militia or Al-Qaeda?

"The cause is the unemployment, the young men don't have enough money. That's why they turn to terrorist acts, killing and aggression. They don't have a choice."

"We don't have any money and this makes us depressed. We don't feel safe without a job, no salary, nothing at all."

"Their father works some days and other days he doesn't. He goes away for some days and later he comes back. Sometimes he's gone for a week. I don't have a young child that can help him, all my children are too small."