GAMES WITHOUT FRONTIERS: RENEGOTIATING THE BOUNDARIES OF POWER IN IRAQI KURDISTAN

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Introduction

Over the past year, intensifying political and economic conflicts between the Kurdistan Region’s two hegemonic parties, the Kurdistan Democratic Party (KDP) and the Patriotic Union of Kurdistan (PUK), have challenged the legal and institutional order in which the Kurdistan Regional Government (KRG) operates. While power has always been concentrated in an exclusive coalition of partisan elites, the KDP and PUK had each tacitly acknowledged the other’s de facto autonomy over the territories they governed independently from the civil war of the 1990s until the reunification of the KRG. But a new generation of leadership within the parties, a fraught relationship with the federal government, and a prolonged economic crisis exacerbated by collapsing oil prices and the global pandemic have strained the KDP-PUK relationship to its breaking point. While the KDP has claimed a majoritarian mandate to govern on a reform platform that eliminates consociational entitlements, the PUK has issued an ultimatum: respect local autonomy and
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restore an equitable division of power within the KRG or it will withdraw from the governing coalition.

At the Constitution and Unity Summit held at the University of Kurdistan in Erbil in May, Special Representative to the Secretary-General for the U.N. Assistance Mission for Iraq (UNAMI) Jeanine Hennis-Plasschaert spoke bluntly about the existential threat posed by the Kurdistan Region’s internal strife. “The Kurdistan Region should not remain divided between ‘green’ and ‘yellow,’” she warned, referring to the color designations for the PUK and KDP zones of influence, respectively. “It is high time for genuine reconciliation, for political stability to prevail ... the Kurdistan Region has a choice. It can unite … or it can fail to put its house in order, putting at risk what it has achieved.”

Yet the parties’ efforts to renegotiate their financial entitlements and the scope of their administrative control have so far produced no consensus. Meanwhile, their attempts to establish new bases of support within their rivals’ zones of influence signify that the intention on both sides is not simply to defend entitlements, but to expand influence — a potentially destabilizing development as general elections approach and the region’s neighbors interfere more aggressively in its territory.

Reform and Decentralization

From 2005 to 2014, the KDP and PUK’s territorial autonomy was, ironically, conditioned on the parties’ participation in a centralized regional administration and supported by direct distribution of the Kurdistan Region of Iraq’s (KRI) share of the federal budget to the KRG Ministry of Finance (as opposed to allocating it to the individual provinces where borders coincide with partisan territorial enclaves). This ensured that veto power remained exclusive to a select group of KDP and PUK politburo elites whose influence was tied to their access to KRG posts. However, seven years of federal budget suspensions promoted partisan competition for sources of revenue. Although the resumption of payments from the federal government in 2019 briefly reduced tensions, oil prices plunged amid a collapse in consumer demand during the height of the COVID-19 pandemic, resulting in another suspension of transfers to the KRI in April 2020.

Upon taking office in 2019, KRG Prime Minister Masrour Barzani announced reforms to drastically cut wasteful spending and promote economic growth. Accordingly, he declared an end to the system of entitlements that had formed the foundation of a stable balance of power between the Kurdish parties but that also produced bureaucratic redundancies and ample opportunities for corruption. However, critics in the PUK and opposition parties allege that instead of combating corruption and promoting efficiency, the reform agenda has taken aim at the Sulaimaniyah leadership (mainly the PUK) by transferring the execution of the most mundane administrative tasks to the Council of Ministers and leaving little room for local government discretion. Meanwhile, the KDP maintains control over institutional centers of economic power such as the Ministries of Natural Resources, Interior, and Municipalities, which give it considerable influence over the distribution and management of resources and rents.

In response to the KRG reform agenda, the new generation of PUK leadership under Co-Presidents Lahur and Bafel Talabani (the late General Secretary Jalal Talabani’s nephew and son, respectively) has called for enhanced decentralization to wrest the levers of financial and administrative power from the KDP-controlled Council of Ministers. In January 2020, the PUK unveiled a plan to devolve expansive powers to the governors and heads of administrative units, including the power to raise and spend both oil and non-oil revenues, to formulate oil and gas policy in collaboration with the KRG, to veto regional policies concerning the province, and to pass their own budget laws in lieu of regional legislation.

Decentralization has become the single most contentious issue in the KDP-PUK relationship, and it arises frequently in meetings between the PUK and foreign diplomatic missions in the KRI. PUK Co-President Lahur Talabani has insisted that implementation of this agenda is a condition for the party’s continued participation in the governing coalition and one MP has confirmed that it will be the party’s first priority in renewed talks to draft a regional constitution. In a summit of Kurdish party leaders called by KRI President
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Nechirvan Barzani in April 2021 in Erbil, PUK Co-President Bafel Talabani reportedly warned that his party would withdraw from the government if its demands were not met, prompting Iraqi President Barham Salih to fly to Erbil in an attempt to repair the damage with the KDP leadership. Even Deputy Prime Minister Qubad Talabani, who is known for his conciliatory relationship with KDP members of the government, recently promised constituents and local officials that “power will soon be devolved to the local councils and administrations.”

PM Masrour Barzani himself has conceded that decentralization is a necessary element of good governance and included it in his reform agenda. Nonetheless, “decentralization” is something of a Rorschach test to which each party assigns a divergent and contradictory set of expectations. For the KDP, decentralization entails a “delegation … rather than a devolution” of fiscal and administrative authority to subregional governments, which falls far short of the financial and administrative autonomy for the KRI’s governorates demanded by the PUK.

Reasserting Control Over Territory

The debate over the scope of subregional government powers is, on the one hand, a bargaining strategy designed to force the KDP to acknowledge limits to its power to govern from Erbil rather than a genuine attempt to enhance local government capacity or hold elections. Yet the prominence of the issue in the region’s political discourse reflects the increasing importance of reinforcing territorial control as a means to achieve economic and political goals that can no longer be assured through consensus. Accordingly, the KDP and PUK have also taken measures to reinforce their local administrations while boldly co-opting their rivals’ domestic challengers.

The PUK’s greatest challenge in governing Sulaimaniyah has been instilling discipline in its ranks to prevent the rent-seeking behavior of its most powerful members from destroying the party from within. The party’s fourth congress and new leadership thus began the process of subordinating the unwieldy politburo to the Co-Presidency by initiating its own “war on corruption.” This meant transferring regulatory authority over the General Administration (GA), the PUK’s financial regulatory body, from the politburo to the Co-Presidency and the Leadership Council. To shore up revenues for the party, the GA began to demand higher dividends from enterprises operating in Sulaimaniyah, many of which are affiliated with politburo members. In a recent example, the GA intervened in an oil transportation workers’ strike against a general contractor in which members of the Germiyani branch held a significant stake. The GA ended the strike by taking over the general contractors’ role, thus asserting the party’s authority to manage local business. Yet not surprisingly, the concentration of financial power in the Co-Presidency and its confrontational leadership style has been controversial and has met with opposition from some once powerful members of the politburo.

While the PUK gets its house in order, the KDP is struggling to keep it together. Long-suppressed popular grievances have erupted in street demonstrations throughout Duhok and Erbil governorates as a result of wage cuts, COVID-19 travel restrictions, and Turkish military incursions. Alarmed by these conspicuous displays of discontent with the once uncontested KDP leadership, PM Masrour Barzani replaced the Duhok governor and several local administrators with nominees with experience in the KDP intelligence and asayish (security forces) bureaus and personal loyalty to Masrour Barzani. Referred to by interviewees as a “security administration,” the character of the new leadership has been reflected in the arrests of dozens of journalists and protest organizers since May 2020 and their arraignment on national security offenses. The recent conviction of five of these defendants on charges that they collaborated with foreign governments (including the United States and Germany) to spy on the KRG was calculated to send a clear message to citizens that insubordination would not be tolerated, but it also reveals the KDP leadership’s growing concern that it is no longer as secure as it once was on its own turf.
With the KRG coalition beset with conflict, the parties also seek allies at the local level. Recently, this has included campaigning for support across the Erbil-Sulaimaniyah border, which has acted as a cease-fire line dividing KDP and PUK zones since the armed conflict between the parties in the 1990s. We had previously observed that PM Masrour Barzani commenced a series of highly publicized reconstruction and public works initiatives in Sulaimaniyah last summer in a bid to build the electorate's confidence in his government even as he clashed with the PUK leadership. Now, both parties increasingly reach out across the cease-fire line to build relationships with their rivals' disaffected constituents, adding volatility to an already tense political situation. The KDP has for years made overtures to members of the Gorran Movement, once an opposition party that threatened the PUK's hegemony in Sulaimaniyah. However, ideological and succession struggles within the movement and its ineffectiveness as a member of the governing coalition have diminished its popular appeal, led to resignations, and have made it vulnerable to both KDP and PUK influence. Just as the PUK and Gorran announced their formation of a coalition for the upcoming Iraqi general elections in early May, Abdullah Kwekha Mubarak, a former Gorran Movement boss and militia leader known in Chamchamal for bargaining with local administrators by sabotaging critical infrastructure and for his blood feud with Lahur Talabani, defected to the KDP following months of negotiations. Deputy Speaker of Parliament Hemin Hawrami even provocatively touted his party's victory by receiving Mubarak in the hall of parliament.

Meanwhile, the new PUK leadership has announced a new strategy to enlarge its base of support in the KDP heartland of Badinan. It has also done so more quietly in Soran, a strategically important district bordering Iran and Turkey. For decades before falling under KDP control, it was the no-man's-land in the most bitter intra-Kurdish warfare and it has since been the site of the Kurdistan Workers Party's (PKK) Qandil Mountain strongholds. These regions of Duhok and Erbil have some of the highest rates of unemployment and poverty in the KRI and frustration with reduced incomes and more aggressive asayish crackdowns has renewed opportunities for PUK outreach. The inability (or unwillingness) of the KRG to secure its border against the Turkish army's advance through the border districts of these governorates and the resulting infrastructural neglect and displacement of thousands of villagers has also given the PUK leverage to co-opt elements of the KDP's tribal network. This has included two of the largest and most important tribes in Erbil and Duhok governorates: the Bradost and the Harkis. After years of remaining officially independent, Mir Salam Karim Khan Bradosti, the head of the Bradost clan, declared his allegiance to the PUK and his brother, Faisal, is running for a seat in the upcoming Iraqi general election as a PUK candidate. The party also strengthened its relationship with the Harki chief, Agha Jawher Harki, and opened four new komita (local offices) in areas of Duhok and Erbil where the tribe is prominent.

These provocative incursions into rival territory raise the possibility that wars of words between the parties could intensify hostilities on the ground. Last month, the PUK accused KDP intelligence of hatching a plot to poison Agha Jawher Harki and his son in retaliation for their disloyalty. Given that the Harkis have engaged in armed struggles with KDP forces in recent years, such inflammatory claims should not be taken lightly. Meanwhile, the KDP's mobilization against the PKK in Qandil in cooperation with Turkish forces while the PUK reinforces the contested village of Zini Warte with an asayish unit recalls the events of the 1990s when the quest for tribal allies and the exploitation of rivalries by invading armies stoked the fires of armed conflict between the Kurdistan Region's dominant parties.

**The Federal and Regional Budgets: Hope for Reconciliation?**

Amid the deterioration of partisan relations, there was reason for hope when agreement on the 2021 budget was reached on March 31. In addition to being hailed as a reset for federal-regional relations, it was also greeted as a collective victory for the Kurdish parties — the product of a PUK delegation's leadership at the negotiating table and the KDP's back-channeling of the Sadrists. Significantly, the deal recognizes Kurdish development and exports of oil and gas and the region's receipt of its full share of the budget from the federal government, after the deduction of the value of 250,000 barrels per day (bpd) in exports at prices set by Iraq's State Oil Marketing Organization (SOMO) and 50% of non-oil revenues. PM Masrour Barzani expressed hope that the restoration of federal transfers to the KRG would “pave the way for a recovery from the era of difficult economic challenges in Iraq and the Kurdistan Region” with the support of Kurdish blocs. Until 2014, federal cash transfers to the region promoted intra-Kurdish consensus by minimizing partisan competition for local sources of income. In 2019, decentralization demands were shelved after salary delays in Sulaymaniya, Iraq on Dec. 7, 2020. Photo by Fariq Faraj Mahmood/Anadolu Agency via Getty Images.
payments to civil servants resumed. However, the recent budget law has not had the pacifying effect of past agreements. First, the 2021 budget law will not resolve the region’s economic crisis or remedy the financial contributors to escalating party conflict. Even if delivered regularly and in full, the KRG's share of the budget will not come close to covering its multibillion-dollar deficit, full public salary and pension payments, or the significant infrastructure investments the government has promised. In addition, while the proceeds from the export of oil may help the KRG pay debts to international oil companies (IOCs), they are unlikely to meet the additional costs of oil export infrastructure and obligations for forward oil sales, as KRG exports face additional fees for exports to Turkey and thus receives less oil revenues. There also remains a possibility that KRI's share will not be delivered timely or consistently as Shi'a blocs in parliament seek an abrogation of an agreement reached in mid-June that provided for backdating the KRI's allocation to January 2021. Therefore, the KRG must continue to make drastic cuts to public spending. This will almost certainly mean the continuation of hiring freezes and 21% cuts to government employee salaries, pensions, and benefits just to avoid defaulting on its $27 billion in debts.

Yet salary cuts are a politically explosive issue as the Kurdistan Region's Council of Ministers drafts the region's first budget since 2013. Notwithstanding demands from civil servants for full salary payments and the resumption of government recruitment, the KRG will be faced with a choice between paying its employees and paying its IOC creditors. In 2019, it delayed distributions to government workers despite regular transfers from Baghdad. In July 2020, the PUK threatened to withdraw its representation from the government and parliament when the Council of Ministers decided to reintroduce salary reductions. After the passage of the budget law, it promised constituents that the government would pay salaries in full. The KDP, has promised far less and has warned that federal budget payments do not “100% guarantee”

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that salaries will be paid in full. Meanwhile, aware that its dominant position in the cabinet puts it in the firing line of public ire with the inevitable continuation of salary reductions, it attempts to shift the burden by reminding the PUK and Gorran of their complicity in the mismanagement of public funds and economic policy that has deepened the financial crisis. There is much at stake if the KRG defaults on its obligations to the public: both parties are concerned about the re-emergence of the violent protests that occurred throughout the region in the summer and winter of 2020 from Zakho to Sulaimaniyah as a result of the region’s inability to pay its civil servants, especially ahead of October’s general elections. Anticipating that the government will not be able to fulfill its obligations, each party now accuses the other of failing to disclose or withholding income derived from local sources such as taxes and customs revenues from the KRG treasury and thereby causing ongoing delays in salary distributions.

Second, the provision requiring the KRG to share non-oil revenues, which constituted an estimated 16% of the region’s total income in 2020, will place additional pressure on the KRG to crack down on the uncontrolled smuggling and embezzlement at the borders to ensure an accurate accounting of revenues owed to Baghdad. However, anti-corruption measures are controversial and difficult to implement because they interfere with the parties’ expectation of local autonomy. Accordingly, the PUK has denounced as prejudicial the focus of government anti-corruption investigations into the Perwezkan and Bashmak points of entry, both located in the PUK zone of influence, because Ibrahim Khalil and Faysh Khabour in the KDP-controlled governorate of Duhok have largely avoided government scrutiny. The PUK has also sought to prevent the disclosure of information on smuggling at Perwezkan and Bashmak, namely by lifting the immunity of two sitting MPs in response to a defamation complaint filed by the director of the Bashmak crossing and transferring a judge overseeing a Perwezkan corruption case. In January 2021, the KRG tasked the Ministry of Interior and the Ministry of Peshmerga Affairs to form a joint force to police the border crossings. However, lingering distrust between the parties has delayed the deployment of these units.

Finally, the budget’s implicit recognition of Kurdish oil and gas development and export, the law’s most significant concession to the KRG, disproportionately benefits the KDP, which has the effective power to contract with IOCs through the Ministry of Natural Resources. Most of the region’s oil fields and refining capacity are located within the KDP-controlled provinces, meaning that KDP-owned enterprises reap most of the profit from the region’s energy sector. This places the PUK at a relative disadvantage to benefit from direct exports and other ancillary services. However, while this state of affairs is often cited as a pretext for seeking greater autonomy, it also promotes dependency on the KDP
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because Sulaimaniyah’s oil and gas production must be transported by truck to Erbil to be refined and exported.24

**Conclusion**

The Unity and Constitution conference held in May 2021 featured panel after panel in which the KRI’s party leaders and elites mused on the value of rule of law, separation of powers, mutual acceptance, and national solidarity. Yet outside the University of Kurdistan conference hall, the conversation has primarily centered on partisan conflict, decentralization, and division of territory. In other words, despite Hennis-Plasschaert’s warning, it appears that the issue is not one of “putting its house in order,” but rather whose house, and whose order, will prevail.

In fact, the KRI had entered one of the most volatile periods of its existence. The conditions that had given rise to the civil war of the 1990s — competition over local resources, contests over tribal loyalties, the deployment of partisan armed forces to disputed districts, the infiltration of foreign armed forces, and economic crisis — are all present today.

The parties depend on one another; the KDP cannot govern the KRI without Sulaimaniyah and the PUK cannot even appoint a subdistrict manager or refine its oil without permission from the KDP government in Erbil. But escalations of hostilities are not always rational. Notwithstanding their awareness of their self-destructive actions and where they could lead, this generation of KDP and PUK leaders seem destined to repeat the errors of the previous one that once divided the region in two.

However, the region’s international partners are also more aware of its shift toward the precipice of civil conflict and they appear to be increasing the pressure on the KDP and PUK to seek reconciliation. For its part, the U.S. Department of Defense delayed salary payments to peshmerga forces earlier this year, reportedly to urge the KDP and PUK to take the unification of the parties’ separate military chains of command seriously. The U.S. Embassy has also publicly encouraged the parties to “promote unity” and to respect the work of diplomats, along with other foreign missions such as Canada and during the recent visit by the U.K. foreign secretary. Perhaps the most direct were UNAMI head Hennis-Plasschaert’s remarks at the Constitution and Unity forum,

Photo below: Lahur Talabani, the copresident of the Patriotic Union of Kurdistan and former director of the KRG Intelligence and Security Agency, speaks to the media during an exhibition in Sulaymaniyah on June 6, 2015. Photo by Feriq Ferec/Anadolu Agency/Getty Images.
which signaled a new willingness to disrupt the echo chamber to which the parties have grown comfortable and openly criticize the KRG’s governance failures.

The current budget arrangement also carries with it the hope that a resolution to the region’s economic crisis would help pave the way for partisan compromise. However, much depends on whether the parties are willing to uphold their end of the bargain and pass a regional budget that satisfies all stakeholders. The KDP and PUK will have to accept (as most have privately) that spending cuts must continue and that reforms will have to be made that require elites to make significant sacrifices, along with ordinary citizens. At present, this does not appear to be the case. Meanwhile, the upcoming elections will incentivize the parties to take a hostile stance against one another, both in the media and along the cease-fire line.

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1. The KRG for its part did not send oil to SOMO as agreed in 2019, deferring to (highly politicized) one-off payments.

2. Interview with Iraqi political analyst, May 3, 2021.

3. Local officials in Sulaimaniyah, including Governor Dr. Haval Abu Bakr, Deputy Governor Ahmad Ali Ahmad, and Deputy Speaker of the Provincial Council Barzan Sheikh Mohammad, said that they were unaware of any plan approved by the KRG to devolve powers to the governorates.

4. Interview with Ahmad Ali Ahmad, Deputy Governor of Sulaimaniyah, December 8, 2020.

5. A draft order proposed by the KDP and obtained by the authors provides that spending and administrative authority be given to the provinces by the ministries “pursuant to the decision of the Council of Ministers ... and the Council of Ministers may review these vested powers with regard for the public interest.”

6. The issue of provincial and local council elections has been absent from every political party’s decentralization plan notwithstanding the fact that provincial councils, elected to four-year terms, are now in their seventh year of service.

7. The Leadership Council, the party’s legislature, is dominated by members aligned with Lahur Talabani.

8. 18 local administrative positions were left open when the Kurdistan Islamic Union (KIU) withdrew from its power sharing agreement with the KDP in Duhok.

9. According to a member of the Duhok Provincial Council, “All of the district and subdistrict directors and directors general; all of them come from the security agencies.” (April 21, 2021). For example, in Dohuk the KDP installed Ali Tatar Nerway in June 2020 after protests erupted around Dohuk, Zakho, and Badinan. He previously served for six years as a Parastin officer in the Kurdistan Region Security Council under the KDP.


11. According to a PUK cadre in Erbil governorate.


13. The Harkis reportedly clashed with Zerevani forces deployed to intervene in a territorial dispute with the Zebari tribe. A statement from a group of “Harki intellectuals and youths” condemning the alleged assassination plot referenced the feud.

14. KDP and PUK peshmerga stood off against one another in early 2020 in Zini Warte.


16. The KRG will be responsible for paying nearly half of its employees even after salary transfers from Baghdad.

17. Interview with Iraq energy expert, June 18 2021.

18. These alone are around 110% of total revenues. See, “Table 1: The KRG’s Oil Exports and Budget Dynamics,” https://auis.edu.krd/iris/sites/default/files/20210516-IER2-Final.pdf.


20. 16% of total revenues, after subtracting costs/debts and other expenses.

21. The KRI has four official crossings, three of which are with Iran and one with Turkey, but there are many other illegal/unofficial crossings that have been the site of proposed reforms by PM Masrour Barzani’s cabinet.
22. Dohuk Governor Dr. Ali Tatar admitted that he does not know how much revenue Ibrahim Khalil generates.

23. The Ministry of the Interior is regarded as a KDP ministry while the Ministry of Peshmerga Affairs has been a PUK entitlement. Therefore, the concept of the joint task force was meant to accommodate the separate partisan chains of command.

24. Notably Khor Mor is the only “dry gas” field in the KRI.
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