

The Day After: Governing the KRI

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The fight against the Islamic State (IS) has caused a ‘rallying around the flag’ effect amongst Iraqi Kurds. Once IS is defeated key political and economic issues long neglected in the Kurdistan Region of Iraq (KRI) will come to the fore. Thus, it is imperative they are addressed now, as failure to make inroads will have dire consequences for the KRI.

Background

The battle to liberate Mosul from the Islamic State (IS) was launched on [17 October 2016](#), almost two and a half years after the city was captured. The campaign has been largely successful so far and has moved at a steady pace. Nevertheless, as the battle enters the city proper, fighting will get more difficult and progress will slow considerably. Many analyses have captured the complexity of the day after IS in Mosul. However, when IS is eventually defeated the consequences will reverberate beyond Mosul and will affect the country as a whole. The Kurdistan Regional Government (KRG), and the Peshmerga specifically, have played an important role in the fight against IS while the region is undergoing a critical economic crisis. It is thus important to examine how the dynamics in the wider political system of the KRI will change once IS will cease to distract attention from key internal political, economic and social problems.

The Financial Crisis

The KRG is currently in a [critical financial situation](#) with debts of at least \$19 billion and law suits against them from international oil companies potentially amounting to as much as \$13 billion. The economy of the KRI is still based on [oil selling for over \\$100](#) per a barrel, whereas it is now hovering between [\\$40-\\$50 per a barrel](#). With between [53-65%](#) of the working population employed by the government and public salaries

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amounting to between [\\$700-800 million a month](#), the scale of the problem becomes apparent. However, the justification for the economic sacrifices the people have had to make – with monumental salary ‘savings’ – are [often tied to the war against IS](#), rather than structural failures in the KRI.

It has been estimated that the war against IS has cost the [KRG \\$1 billion so far](#), considering the amount of aid and [financial assistance](#) the KRG has received for its participation in the war (with \$415 million from the US alone), the amount spent is considerably less. The resulting IDPs from the war against IS are also blamed for the added financial constraints and although they do place a strain on the system, the scale of this is questionable. IDPs have brought a lot of their own money into the KRI and still [receive their pensions and salaries](#) from Baghdad. Moreover, the presence of so many IDPs has led to the increased operation of numerous NGOs in the KRI. Therefore, although the war against IS and the interrelated IDPs do place a financial strain on the KRI, this is dwarfed by the routine operating costs and debts of the KRG. Consequently, the defeat of IS will do little to alleviate the financial crisis and will only place more urgency on reversing the current plight.

Activating Parliament

The KRG has been operating for over a year without a working parliament. The issue began with a protracted negotiation over the term and powers of the KRI presidency. These negotiations reached a deadlock in August 2015 and were followed by sporadic protests in Sulaymaniyah in October where [five people were killed](#) and which the Kurdistan Democratic Party (KDP) accuses Gorran of instigating. In reaction, on 12 October 2015 the Speaker of the Parliament was prevented by the KDP [from entering Erbil](#), thus essentially leading to the suspension of the parliament. The KDP also [excluded the five Gorran ministers](#) in the cabinet.

The negative rhetoric that followed from all parties involved has only worsened the political process, increased division, and resulted in an agreement being unlikely. With the political, economic and structural reforms that are necessary in the KRI it is imperative that the parliament is activated and that the issues of the presidency is resolved. Moreover, once IS is defeated scrutiny on domestic politics will increase, exacerbating tensions surrounding these issues, making it all the more important to resolve them now rather than waiting for up to a year for the next election.

Independence

On 02 February 2016 Masoud [Barzani called for a referendum](#) on independence. However, it is important to note, no entity in recent history has declared independence with the level of debt the KRI has. When this is paired with the political crisis and the apparent lack of international support, independence anytime soon is improbable. The independence rhetoric calmed considerably as the Mosul operation drew nearer and following [Barzani’s visit to Baghdad](#) in September 2016 where the tone was one of cooperation, eased also by an [oil deal signed](#) between Erbil and Baghdad in August 2016. However, Gorran has been pushing for [a deal](#) separately with Baghdad in order to secure funding for the Sulaymaniyah governorate due to the [teacher strikes there](#).

Currently the KRG needs Baghdad, and vice versa, and unity is needed from the Kurds to reach an agreement with Baghdad. The [continued rhetoric](#) around independence and the disputed territories counters this aim. The Kurds need to come together in order to reach a political, budgetary, and hydrocarbon agreement with Baghdad. Moreover, the much-needed [injection of international funds](#) can only happen through unity between Baghdad and Erbil.

Rallying Around the Flag

The fight against IS, has in some respects acted to distract attention away from the dire state the KRI finds itself in. Many problems affecting the KRI have been [attributed](#) (however rightly or wrongly) to the fight against IS. The war with IS has also, along with the patronage system, been partly responsible for the lack of – or at least limited to Sulaymaniyah – protests against political and economic difficulties in the KRI. There has been a rallying around the flag, with the population [supporting the Peshmerga](#) in all ways possible and demonstrating loyalty by not protesting widely. However, once IS is defeated there will no longer be the necessity for this restraint. Therefore, it is essential that inroads towards addressing the issues are made prior to IS' defeat in order to prevent the chaos that may follow large-scale protests in the KRI.

Moving Forward

Whether directly or indirectly linked, the defeat of IS is going to bring a number of issues in the KRI to the fore and thus action must be taken now in order to avert further crises in the region. The negative political atmosphere needs to change and dialogue and concessions are necessary. The current rhetoric of accusations and counteraccusations needs to give way to cross-party compromise and collaboration on urgent issues. With the numerous issues – and the fact that no party has a clear majority – a new coalition government needs to be formed. Those who wish to remain in opposition should, however they must act as a check on, rather than a prevention of, the political system. The KRI is at a crossroads, divisions are growing and if left unchecked they could reach irreparable levels. Political progress is needed now more than ever; it is not independence that is at threat anymore, but the very unity of the KRI as a single entity.

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