After Iraqi Kurdistan’s
Thwarted Independence Bid

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Principal Findings

**What’s new?** Elections in 2018 confirmed that the Kurdistan Democratic Party (KDP) and Patriotic Union of Kurdistan (PUK) remain the dominant forces in Iraqi Kurdish politics. But fallout from the 2017 Kurdish independence referendum has undermined inter-party cooperation and thus weakened the two parties’ bargaining position vis-à-vis Baghdad.

**Why does it matter?** Depending on how KDP and PUK leaders renegotiate their relationship, overdue reforms in the Kurdish region and talks with Baghdad could both move forward. Progress would allow Kurdish leaders to minimise the region’s vulnerability to external threats and help it recover from the damage caused by the referendum.

**What should be done?** Backed by the U.S. and EU member states, the UN should seize the opportunities presented by government formation in Erbil to encourage institutional reforms in the Kurdish region and a sustainable settlement with Baghdad on the two main outstanding issues: revenue sharing and the status of the disputed territories.
Executive Summary

The furious reaction to the September 2017 Kurdish independence referendum – in the wake of which Iraqi forces recaptured most of the country’s disputed territories – has forced the leadership of Iraqi Kurdistan’s two main political parties to consider rebuilding their partnership and jointly re-engaging with Baghdad about outstanding differences. These steps are a strategic necessity if these parties, the Kurdistan Democratic Party (KDP) and Patriotic Union of Kurdistan (PUK), are to advance the Kurdish region’s interests. Yet inter- and intra-party rivalries, as well as leadership contests, are undermining any inclination in that direction. The referendum backlash also accelerated the erosion of both the parties’ internal democratic processes and the region’s governing institutions, while strengthening family-based rule. Any international effort to advance negotiations between Erbil and Baghdad should begin by encouraging renewed KDP-PUK partnership and reinvigorating the push for political reform in the Kurdish region.

The year 2017 was disastrous for Iraqi Kurdistan. The KDP and PUK had hoped to trade their fight alongside the Western coalition to defeat the Islamic State (ISIS) for Western support for the Kurdish independence drive. But the two parties frittered away any advantage they might have derived from the battlefield victory over ISIS with an ill-timed, KDP-led referendum initiative. Not only did they lose control of large swathes of the disputed territories and incur the wrath of just about every important global or regional power except Israel, but they also deepened political polarisation in the Kurdish region amid reciprocal cries of betrayal when the curtain came down on the referendum gamble.

In October 2018, the appointment of Adel Abdul Mahdi, a man known as friendly to the Kurds, as Iraq’s prime minister presented the Kurds with an opportunity to settle outstanding issues such as the disputed territories and revenue sharing. Yet the KDP and PUK cannot seize it if their engagement in Baghdad remains disjointed. For the time being, they seem more inclined to prioritise unilateral deals with powerful Shiite political-military networks in Baghdad. These may deliver quick but only fragile gains.

The two parties’ erstwhile strategic partnership, forged by their respective leaders Masoud Barzani and Jalal Talabani more than a decade ago and an anchor of the region’s stability since then, did not survive the turmoil of 2017 and Talabani’s death that same year. It is proving difficult to resuscitate the partnership or to create a solid alternative foundation for the region’s future. The intra-Kurdish rift complicates relations not only with the Iraqi prime minister, but also with the new president, Barham Salih of the PUK, whose appointment the KDP opposed. Iraqi Kurdistan’s principal weakness is the fact that, since the fall of the Saddam Hussein regime in 2003, the Kurdistan Regional Government (KRG) has failed to build institutions that could regulate the region’s political system autonomous of the two former rebel parties. Today the region is moving backward. Both institutions and political parties are in crisis, hostage to a web of party figures who are inter-connected through family and/or patronage interests.

The problem starts with the parties themselves, and the erosion of internal democratic procedures that could ensure stable leadership renewal. Leadership councils
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and political bureaus have ceased to perform as platforms of consultation. Instead, personal and family interests prevail in putting forward candidates for office or taking policy decisions. If this trend continues, it will further empower leaders who think that Kurdistan could re-emerge from the post-referendum crisis through party and family networks rather than intra- and inter-party cooperation and accountable institutions. Hardliners also aim at regaining ground lost after the referendum through party-led deals with Shiite parties in Baghdad rather than by engaging, jointly, with the Abdul Mahdi government. Such deals empower parties over institutions in both the Kurdish region and Baghdad and thus diminish the prospects of either the Erbil or Baghdad governments delivering on negotiated settlements on outstanding issues.

In 2018, national and regional parliamentary elections reaffirmed the KDP’s and PUK’s dominance in Iraqi Kurdistan, despite the referendum stumble. They won to a large extent because the population appears to feel alienated from politics, and thus resigned to the KDP-PUK condominium, while the opposition is divided and short on strategic vision. Yet the continuation of politics as usual promises no solution for the region’s deep political crisis. Reforms that would reinstitute oversight mechanisms, such as independent commissions and an independent judiciary authority to check the executive, are overdue.

The course of Iraqi Kurdistan’s politics depends on whether reformist or hardline forces prevail within the two leading parties, the KDP in particular because of its overall dominance. So does the course of talks with Baghdad. If KDP reformists are able to overcome party and family allegiances and make common cause with kindred spirits in the PUK, they could together push for institutional changes in the KRG and open the way for negotiations with Baghdad on a host of outstanding issues. But if anti-reform elements impose themselves in the KDP, the party might try to slake its apparent thirst for hegemony in the Kurdish region, as exemplified by the referendum drive. Such a move, in turn, would bolster the PUK’s hardliners.

International partners that have heavily invested in the Kurdish region in the fight against ISIS should be concerned that the region’s democratic governance and its institutions’ strength will backslide now that the jihadist group is defeated. To prevent such regression, they should encourage revival of oversight mechanisms that would enable the Kurdish population to hold their leaders accountable.

The U.S., whose influence in Iraq largely depends on smooth intra-Kurdish cooperation in both Erbil and Baghdad, should be particularly concerned by this matter. So, too, should EU member states, which are committed to the strategic objective of strengthening a balanced, accountable and democratic system in Iraq. The UN Assistance Mission for Iraq will also need intra-Kurdish cooperation as it readies itself to mediate discussions between Erbil and Baghdad on disputed territories and revenue-sharing.

These institutions could help the Kurdish region overcome internal divisions, preserve accountability mechanisms vis-à-vis an increasingly disenfranchised population and reinvigorate reformist elements who are better positioned and prepared to negotiate with Baghdad’s central authorities. This way, the self-inflicted wound of the independence referendum will have a chance to heal and the Kurdish body politic to regenerate.

Erbil/Brussels, 27 March 2019
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I. Introduction

A mere two weeks following the Kurdish independence vote on 25 September 2017, the Iraqi army assisted by paramilitary forces pushed into Kirkuk in a surprise move. It seized not only the city and its oil fields, but most of the adjoining “disputed territories” – mixed-population areas along the boundary of the Kurdish region – from the two main Kurdish parties’ forces, which had held these areas since the arrival of ISIS in June 2014. Moreover, the Council of Representatives in Baghdad voted to cut the region’s share of the national budget from 17 to 12 per cent.

These twin developments deprived an already economically troubled region of its main sources of income. Kurdish leaders took withering criticism: they had raised popular expectations by staging the referendum, only to fail to deliver. The loss of Kirkuk and its oil wealth, control of which many saw – and still see – as the main instrument for gaining independence was a particularly sharp blow. It looked as if the two parties had surrendered the gains they had made since 1991, when the region first struggled free of the Saddam Hussein regime.

1 On 25 September 2017, the Kurdistan Regional Government (KRG) staged a referendum on Kurdish statehood. The gambit backfired, leaving Erbil completely isolated. The Baghdad government, as well as neighbouring Turkey and Iran, imposed sanctions, including the closure of the Erbil and Suleimaniya airports, the landlocked Kurds’ lifeline to the outside world. The U.S. government, which had warned the KRG not to proceed with the vote, stood by as its Iraqi Kurdish allies took their lumps. See Crisis Group Middle East Briefing N°55, Oil and Borders: How to Fix Iraq’s Kurdish Crisis, 17 October 2017; and Joost Hiltermann and Maria Fantappie, “Twilight of the Kurds”, Foreign Policy, 16 January 2018.

2 Kurdish parties lost all the oil fields in the disputed territories, save one, the Kirkuk field’s Khurmala Dome, which lies in the disputed part of Erbil governorate. Despite retaking the Kirkuk oil fields, Baghdad remains dependent on the Kurdish pipeline to Turkey to export northern oil to the Mediterranean. See Crisis Group Middle East Report N°194, Reviving UN Mediation on Iraq’s Disputed Internal Boundaries, 14 December 2018.

3 Kurdish lawmakers boycotted the session. The Council decision came after four years of dispute between Baghdad and Erbil over oil contracts and revenue sharing. In March 2014, Baghdad cut the Kurdish region’s share of the federal budget over a dispute with Erbil for its independent oil sales. The drop in the oil price in mid-2014 and the fight against the Islamic State deepened the crisis. The dispute continued even after the two sides struck a revenue-sharing deal in December 2014, according to which Baghdad would pay the Kurdish region’s share of the federal budget in exchange for the KRG selling its oil through Iraq’s National Oil Company. See “Official KRG Response to Statements Made by Prime Minister of Iraq, Haider al-Abadi”, Kurdistan Regional Government official website, 17 February 2017.

4 The KRG claims that it needs $772 million to pay the salaries of 1.4 million public employees. After the loss of Kirkuk, the KRG’s revenues dropped from $565.5 million to $337.4 million, and the KRG had to announce an additional 33 per cent cut in public-sector salaries in addition to the 2016 austerity measures that, in some cases, reduced public employees’ salaries by 40 per cent. See “KRG releases details of reform measures to be sent to parliament”, Rudaw, 12 December 2017.

On 1 November 2017, Masoud Barzani, the referendum’s principal champion, announced he was stepping down from his post as the Kurdish region’s president. A year later, he declared:

The referendum’s timing may not have been ideal, but it was our right to state our will. We lost less than if we had lost our will and determination. ... With the referendum, international principles and rights, such as the right to self-determination, proved to be just empty talk with no basis in reality. We now comprehend that we have to stand by ourselves and be strong on our own.6

Barzani’s seeming defiance notwithstanding, the referendum backlash, coming on the heels of four years of war against the Islamic State (ISIS), forced Kurdish leaders to take a more pragmatic approach in domestic and regional politics.

Masoud Barzani’s resignation raised the political profile of the region’s prime minister, his nephew Nechirvan Barzani. Known to have quietly opposed the decision to hold a referendum, the prime minister reached out to parties at home and abroad to mend frayed relationships.7 He also continued to pursue a program of economic reform and put payment of public-sector salaries back on schedule.8 A Western diplomat in Erbil summed it up: “We thought Iraqi Kurdistan would be no more. Yet within a couple of months, Nechirvan had been received in Iran, Turkey and Saudi Arabia, and Kurdistan had once again placed itself on the map”.9

Yet this turn to pragmatism was short-lived. Hardline figures who had encouraged the referendum, especially in the Kurdistan Democratic Party (KDP), rebounded after the two main Kurdish parties won elections in the absence of viable opposition. Iraq’s parliamentary election on 12 May 2018, and the elections for the Kurdish parliament on 30 September 2018, marked a renaissance for the KDP and, to a lesser extent, the Patriotic Union of Kurdistan (PUK) in Suleimaniya. In both elections, the KDP and PUK won the largest number of votes in the region, albeit amid accusations of fraud.10 The KDP, in particular, saw its dominance in the Kurdish region reaffirmed

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7 Nechirvan Barzani lowered inflammatory rhetoric against the central government, opened talks with Iraqi Prime Minister Haider al-Abadi and visited Ankara and Tehran. Still, talks failed to accomplish the lifting of all sanctions, which remained in place except for the embargo over the Erbil and Suleimaniya airports, which the Iraqi government lifted in March 2018 after Erbil re-engaged with Baghdad.
8 Iraqi Kurdistan is a rentier economy, with 85 per cent of its revenues generated by oil exports and 70 per cent of its budget spent on public-sector salaries. In 2016, the KRG, supported by the World Bank, launched a “roadmap of economic reform”. See World Bank Group, “Reforming the Economy for Shared Prosperity and Protecting the Vulnerable”, 30 May 2016. This reform package included a salary-saving system which reduced (by nearly 30 per cent) public-sector salaries. In April 2018, the KRG was able to pay public-sector salaries on time for the first time in four years. It could make payroll thanks to the 2016 reform package, and Baghdad’s delivery of $216 million, in addition to $21 million granted by the U.S. to tackle the salary crisis. See “Iraq sends money to pay Kurdish salaries for the first time since 2014”, Reuters, 19 March 2018; and “Kurdistan to pay salaries on time for a second time in a row”, Rudaw, 3 May 2018.
9 Crisis Group interview, Erbil, 3 September 2018.
10 Iraq’s parliamentary elections confirmed the KDP and PUK as the largest Kurdish parties in Baghdad, with 26 and 18 seats respectively out of the 329-seat Council of Representatives. In Kirkuk, the PUK won even in non-Kurdish areas where it had never obtained a significant share of
in the general elections, and emerged as the undisputed winner in the regional polls.\footnote{For background to the latter polls, see Maria Fantappie, “Iraqi Kurdistan’s Regional Elections Test a Brittle Status Quo”, Crisis Group Commentary, 28 September 2018.} This triumph placed it firmly in the driver’s seat for government formation in the region.

On 3 December 2018, the KDP nominated Nechirvan Barzani to succeed his uncle as regional president and Masrour Barzani, Masoud Barzani’s son, for the position of prime minister. (Both candidates are awaiting a vote in the Kurdish parliament on forming the government.) The latter nomination signalled a comeback of the party’s hardline factions led by Masrour, who had been in charge of the region’s security apparatus. Arguably, the premiership is more powerful than the presidency now that Masoud Barzani is no longer holding it and instead has become the “power behind the throne” as KDP leader.\footnote{Reportedly, Masrour would continue to control the region’s security and intelligence apparatus, but much will depend on which powers the constitution and the presidency law will provide the incoming president.} The PUK, in turn, regained its status as the region’s second largest party (which it had lost to the pro-reform Gorran movement in the 2013 elections) and consolidated its standing in Baghdad, securing the presidency of Iraq for its candidate, Barham Salih.\footnote{The Kurdish region’s High Electoral Commission issued the final results on 20 October. The KDP won with 45 seats, followed by the PUK with 21. “KDP comes first in Iraqi Kurdistan elections – commission”, Reuters, 21 October 2018.}

The selection of Adel Abdul Mahdi, a man known to be friendly to the Kurds, as Iraq’s next prime minister, and growing intra-Shiite divisions, together opened new opportunities for the two Kurdish parties to regain some of the political ground in Baghdad they had lost in the referendum’s aftermath.\footnote{In mid-November 2018, Baghdad and Erbil reached an oil-export/revenue-sharing agreement allowing Baghdad to export oil through the Kurdish pipeline to Turkey in return for Baghdad paying the Kurdish region its share of the federal budget. See “Kirkuk exports resume in political test run”, Iraq Oil Report, 16 November 2018.} Yet this prospect largely hinges on their ability to establish a stable balance of power in the Kurdish region that translates into a working partnership in the Iraqi capital.

\footnote{1 See Crisis Group Statement, “The Contested Iraqi Parliamentary Elections in Kirkuk”, 24 May 2018. An official recount produced no significant change in the results, while accusations continued undiminished. See “Recount shows Iraq’s Sadr retains election victory, no major change”, Reuters, 10 August 2018.}
\footnote{11 See “KDP nominates Nechirvan and Masrour Barzani for Iraqi Kurdistan’s top posts”, Reuters, 3 December 2018. Reportedly, Masrour would continue to control the region’s security and intelligence apparatus, but much will depend on which powers the constitution and the presidency law will provide the incoming president.}
\footnote{12 In mid-November 2018, Baghdad and Erbil reached an oil-export/revenue-sharing agreement allowing Baghdad to export oil through the Kurdish pipeline to Turkey in return for Baghdad paying the Kurdish region its share of the federal budget. See “Kirkuk exports resume in political test run”, Iraq Oil Report, 16 November 2018.}
II. Opaque Politics

In the aftermath of the 1991 Gulf War, a U.S. protective umbrella allowed the KDP and PUK to consolidate their control in the Kurdish region, establishing the basis for an autonomous administration – the KRG – in their respective zones of influence. After the fall of the Saddam Hussein regime, the two parties struck a strategic partnership in 2007 that provided for equal shares in governance and resource allocation, with the declared objective of consolidating the region’s autonomous status and build up a unified administration and security apparatus. Yet the two parties’ stranglehold on the region’s institutions prevented other parties from emerging as effective alternatives to the KDP/PUK, encouraged high-level corruption and plunged the region’s political system into a crisis once the strategic partnership fell apart in 2017.

The KDP-PUK power balance was already under strain at the time when ISIS rushed into Mosul and adjoining areas in 2014, threatening the region. International support that poured in for the fight against ISIS disrupted the balance further. This support empowered cliques of party figures with weapons and money, also undermining the parties’ internal democratic procedures.

A. Family Affairs

The independence referendum and its aftermath concluded a chapter in Kurdish history wherein the KRG was to turn the region into a functioning parliamentary democracy with a consolidated federal status in Iraq. Instead, the two main parties have gradually fallen hostage to networks that usually comprise members of the same family. Party institutions such as leadership councils and political bureaus have ceased to carry out their designated function, and party congresses are no longer forums for consultation and decision-making. Family relations, instead, have become the strongest currency of Kurdish politics, and informal personal agreements have replaced formal mechanisms of decision-making.

Since Iraqi Kurdistan started to organise itself as an autonomous region after the popular uprising against the Saddam regime in 1991, members of the same family have traditionally held important roles within the political parties as well as in KRG institutions. These institutions gained strength whenever networks cut across party

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15 Following the Kurdish region’s first parliamentary elections, in May 1992, the KDP and PUK established the KRG, but kept real power for themselves, supported by their respective security forces. The KDP extended its reach throughout Erbil and Dohuk governorates, its long-time base for cultural and linguistic reasons, while the PUK’s stronghold was Suleimaniya, as well as, after the 2003 U.S. invasion, Kirkuk governorate, outside the Kurdish region in disputed territories. See Denise Natali, The Kurdish Quasi-State: Development and Dependency in Post-Gulf War Iraq (Syracuse, 2010).
16 Crisis Group Middle East Report N°158, Arming Iraq’s Kurds: Fighting IS, Inviting Conflict, 12 May 2015, section II.
18 Masoud Barzani’s nephew, Nechirvan, is head of the KDP political bureau and currently the region’s prime minister. Masoud’s son Masrour is a member of the KDP political bureau and presently head of the region’s Security Council. A KDP member discussing the PUK’s family’s politics
or family boundaries, creating synergies between figures sharing the same policy approach or interests. For example, since 2014, Prime Minister Nechirvan Barzani, despite being a Barzani and deputy leader of the KDP under his uncle, has worked in close cooperation with Qubad Talabani, son of the PUK’s historical leader Jalal Talabani and the region’s deputy prime minister, acting as a counterweight to hard-line elements in both the PUK and KDP, including in the Barzani family.

The independence referendum outlined more clearly the boundaries between a group of “reformists”, whose connections transcend family and party, and “hardliners”, who have entrenched themselves in family and party politics. Most of the reformists opposed the vote (even if they ended up casting theirs in favour), not because they were, or are, against Kurdish independence but because they saw asserting it as an ill-timed blunder, wrought by Masoud Barzani’s over-reliance on foreign advisers and hardline senior party cadres.19 By contrast, hardliners wholeheartedly supported the referendum decision. While on the political sidelines, the PUK’s leadership also fractured between referendum champions and critics.20

Even if the reformists guided the region out of the post-referendum crisis, family-based politics re-emerged as the preeminent anchor of continuity. The KDP rebounded, confident that its family-based decision-making structures would preserve party unity and compensate for the fragility of the region’s governing institutions, which the party has weakened with this very approach. Within the KDP, family-based politics serve to moderate and balance the political rivalry between Masrour and Nechirvan Barzani, both potential heirs to Masoud.21 Despite stepping down from the presidency, Masoud Barzani re-emerged stronger, still serving as KDP leader, and acting as linchpin of political deals within the KDP and beyond. In the words of a KRG official from the KDP: “Everyone thought that Barzani would be weakened after the referendum. Instead, he has emerged stronger than ever. The who’s who of all Kurdistan are coming to the presidential palace, despite the fact that he is no longer president”.22

A KDP member said:

said: “Kosrat Rasoul [the PUK’s deputy leader] is behaving similarly, placing one of his sons, Darbas, in the government as minister of housing and construction and another in the PUK leadership”. Crisis Group interview, Erbil, 3 September 2018.

19 See Joost Hiltermann, “The Kurds are right back where they started”, The Atlantic, 31 October 2017.
20 A Kurdish analyst recounted: “The referendum had a divisive effect. In each party, some people were in favour of the referendum and others against. In the KDP, Nechirvan Barzani and the politburo were against, while Masrour Barzani and Hoshyar Zibari [both members of the KDP politburo] supported it. In the PUK politburo, Hero Talabani [Jalal Talabani’s wife] was opposed, while Mala Bakhtiayar and Najmaldin Karim were in favour”. Crisis Group interview, Erbil, 4 September 2018.
21 A KDP member said: “In this country [Kurdistan] there is only one family: the Barzanis. For Masoud, nothing is more important than keeping the family united. At a divisive moment, he wants to avoid splits at all costs. He invests in Nechirvan and Masrour equally, putting the first in charge of governance and the second of security”. Crisis Group interview, Erbil, 4 September 2018. A PUK cadre predicted that the KDP will suffer deeper internal divisions: “The KDP is now three-headed: Masrour, Masoud and Nechirvan. Now that Masrour becomes prime minister and Nechirvan president, both are going to consider themselves in charge of the region’s relations with Ankara, Tehran and Baghdad. Differences will start to emerge, and even more so when Masoud passes from the scene”. Crisis Group interview, Baghdad, 4 February 2019.
Decision-making in the KDP is handled by a small circle of experienced party members – not necessarily from the same family – mainly [senior leaders] Masoud Barzani, Fazel Mirani and Nawzat Ali. Yet it’s family ties that allow Masoud to keep intact the party structures and manage internal rivalries.23

The PUK, which split from the KDP in 1975 in protest against the KDP’s family/tribal-based politics, has come to operate on the same principle. Since its co-founder Jalal Talabani fell ill in 2013, the party has been riven by competition between his heirs and party leaders who resist being subservient to the Talabani dynasty. A PUK member said: “Those who have been PUK politburo members for 40 years have a hard time accepting that the Talabani family’s newborns will take over the party”.24 As a result of these divisions, feuds have broken out between the Talabanis and other powerful families and within the Talabani family itself.25 In the aftermath of the Kurdish regional elections in September 2018, the KDP moved to expand its influence over the PUK by fuelling the inter-family competition that pits the Talabanis against the family of another historical PUK leader, Kosrat Rasoul Ali. 26 The KDP attempt backfired, as the Talabanis managed to restore party unity through an inter-family deal that brought back Barham Salih (a PUK defector previously close to Rasoul) by successfully nominating him as the Kurds’ candidate for the Iraqi presidency.27

Even Gorran, a movement that split from the PUK over opposition to the family-based patronage that structures both the PUK and KDP, is undergoing a similar debate,

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23 Crisis Group interview, Erbil, 4 September 2018.
24 Crisis Group interview, Erbil, 3 September 2018. The “newborns” are the younger generation of Talabanis, now in their late forties, such as Jalal Talabani’s two sons, Qubad (deputy prime minister) and Bafel (who some expect to become the PUK’s next secretary general), and Talabani’s nephew, Lahur, the director of the PUK’s intelligence agency, Zanyari. A senior PUK member said: “We have been waiting to climb the ladder of the party for three decades. Now it’s our turn!” Crisis Group interview, Erbil, March 2017.
25 According to its statutes, the PUK should hold a party congress once every four years, yet it has convened none since 2010. The Talabanis compete for dominance in the PUK with the family of Kosrat Rasoul, who became PUK deputy secretary general after Talabani’s death. The Talabani family itself is split between a faction close to Jalal Talabani’s widow Hero and her son Bafel, and a faction close to Lahur. Since Jalal Talabani’s death on 3 October 2017, the party’s leadership council has yet to select a new secretary general.
26 A KDP sympathiser said, “Kosrat Rasoul is the KDP’s hope inside the PUK, and therefore a threat to the Talabanis’ dominance over the party. After the favourable results of the September elections, I expect that the KDP will try to capitalise on Kosrat’s ambition to rival the Talabanis’ dominance inside the PUK, to strengthen the KDP’s relations with that branch of the PUK and offer them key positions within the new cabinet”. Crisis Group phone interview, 11 November 2018.
27 Putting up a candidate from the Talabani camp for the post of Iraqi president, such as Latif Rashid, the husband of Shanaz Ibrahim (a sister of Hero Talabani), would have shifted the party’s balance toward the Talabani’s and antagonised Kosrat Rasoul, potentially pushing him further toward the KDP. Barham Salih’s presidential candidacy (after having left the PUK in 2017 to establish his own party) served to protect the PUK’s unity from intra-family rivalries as well as the KDP’s ambitions. According to a PUK cadre, an alliance among younger party cadres could bridge intra-family divisions and restore unity: “We should reconstitute the unity of the party among the younger cadres – the new generation of the Talabanis (Bafel, Qubad and Lahur) and the sons of Kosrat. The return of Barham to the party can bridge the divisions between the Talabanis and the Kosrats and prevent the KDP from playing the divide-and-rule game with us”. Crisis Group interview, Baghdad, 4 February 2019.
as the two sons of its founder, Nowshirwan Mustafa Amin, who died in 2017, have taken charge of the group’s finances.28

B. The Two Main Parties: A Shifting Balance

Both internal and external factors – the KDP’s ambition of hegemony in the Kurdish region, the PUK’s post-Talabani succession crisis and the war against ISIS – have undermined the KDP-PUK power balance, accelerating the Kurdish region’s downward slide. Following the PUK’s disastrous performance in the 2013 regional elections, the KDP formed a government in partnership with Gorran. For the first time, it opted to ally with a group other than the PUK, hoping to extend its clout across the region by widening the split between the PUK and Gorran in Suleimaniya.

This move wound up threatening the region’s stability. It stiffened Gorran’s anti-establishment posture because, despite being in government, the party lacked real power within KRG institutions to counter-balance the KDP, and it pushed the PUK into a closer relationship with Iran.29 In late 2015, the Kurdish parliament stopped convening following a dispute between the KDP and Gorran (which held the post of parliament speaker) over the extension of Masoud Barzani’s presidency. By the end of 2017, Prime Minister Nechirvan Barzani was governing without a functioning parliament, without a president and with a cabinet that had lost six ministers (four of Gorran and two of the Islamist Komala party).30

In the immediate post-referendum period, the KDP’s ambition to monopolise the region’s leadership and the PUK’s resistance thereto have prevented the two parties from finding a new power balance. Yet the post-referendum crisis created a convergence of interests among leading KDP-PUK figures, encouraging them to cooperate in order to hold on to power. Following the September 2018 regional elections, leadership figures in both parties referred to a “need for unity” through renewed partnership. A KDP member said before the elections:

After the elections, we plan to reinvest in a joint KDP-PUK administration. The KDP has no better alternative than the PUK, and vice versa. I expect that parties such as Gorran that left the government will also be eager to rejoin and obtain cabinet positions.31

28 A former Gorran supporter said: “Gorran is falling apart. You have two factions: one that supports Nowshirwan’s sons as party leaders in charge of sources of income [such as supermarkets and media], while the other one strongly opposes this as contrary to what the party has always preached”. Crisis Group interview, Erbil, 4 September 2018.

29 In the September 2013 regional elections, Gorran placed second, with nearly 24 per cent of the vote against the PUK’s 17 per cent. While it took over key portfolios (notably finance and peshmerga affairs) in the new government, it failed to impose operational control over institutions that were stacked with administrative and security personnel whose loyalties lay with the KDP or PUK. See Crisis Group Report, Arming Iraq’s Kurds, p. 6.

30 Parliamentary activity has been suspended since October 2015, when Gorran withdrew its four ministers (peshmerga affairs, investments and trade, finance and religious affairs). In September 2016, the Islamist party Komala withdrew its two ministers (agriculture and environment) in turn.

Yet the clock cannot be turned back that easily. Much has changed since the heyday of the KDP-PUK strategic partnership. The parties have fragmented internally and become more dependent on neighbouring powers, Iran and Turkey in particular, while Talabani’s death removed a pillar of the partnership. Members of both the KDP and PUK may agree that renewed partnership is indispensable if the parties are to continue to dominate Kurdish politics and contain fragmentation, but they are far from agreeing on what type of balance a prospective new arrangement should strike. The KDP’s hardline factions, in particular, have ambitions of their own: for them, a political system dominated by a single party would be more effective and stable than one with several competing political parties and centres of decision-making.32

Calls for “unity” cannot obscure the fact that the relationship between the two parties is lopsided. In the current negotiations over the formation of a new regional government, the KDP seems to want to bring in the PUK once more. From the KDP’s strategic viewpoint, this manoeuvre may make sense: the PUK, with military and governance institutions of its own, cannot easily be bypassed. At the same time, it is too politically weak to effectively challenge KDP dominance.33

On 4 March, after six months of negotiations over government formation, the KDP and PUK brokered a deal that may help settle the dispute about cabinet positions. It does not, however, constitute a new strategic agreement that would commit the parties to a shared vision of KRG governance and external relations. In this sense, the deal appears to be the outcome of the KDP’s ability to leverage its strategic advantage after the September 2018 elections, and does little to rebuild Kurdish unity or Kurdish strength vis-à-vis Baghdad.34

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32 A KDP senior cadre said: “The PUK are not even able to come together in one room. Whenever we [KDP] try to organise a meeting with them, we need to invite a representative of each of the factions. Only a strongman like Masrour could walk the region out of the crisis”. Crisis Group interview, Baghdad, 18 January 2019. A PUK cadre countered: “Talabani handed Kurdistan over to the Barzanis. Masoud Barzani could have become a leader for all Kurds, but he served the interests of his own party only. He failed, and he is failing again – by empowering his son [Masrour] who projects the same party-centred vision”. Crisis Group interview, Baghdad, 4 February 2019.

33 After the elections, the KDP offered to ally with the smaller parties in Suleimaniya, such as Gorran and Komala, to make sure that even while it keeps the PUK as a partner, the latter remains politically weak. The PUK has been calling instead for the reintegration of Suleimaniya’s smaller parties under its own umbrella. In a television interview, Bafel Talabani stated: “Gorran is part of the PUK and should return to the PUK”. See “Bafel Talabani rules out another intra-Kurdish conflict”, Al Jazeera English, 23 October 2018. A PUK member said: “The KDP’s divide-and-rule games in Suleimaniya have backfired. They first tried to divide us [the PUK] and now they try to empower Gorran as an alternative to us. Yet it would be like believing that the Kurdistan Islamic Union [an Islamist party] could replace the KDP as the dominant party in Erbil and Dohuk. It’s simply impossible”. Crisis Group interview, Baghdad, 20 January 2019. The KDP-PUK arm wrestling over government formation continues, with the KDP speeding up voting on the parliamentary speaker in order to pressure the PUK to agree to a government formed on KDP terms. On 18 February, the KDP gathered the majority in parliament to vote in its own Vala Fareed as a parliamentary speaker, a post that the PUK wished to assign to one of its candidates. The PUK boycotted the session. KDP lawmakers declared that Fareed will hold the chair on a “temporary” basis, until the PUK agrees to government formation. See “KDP’s Vala Fareed elected KRG parliament speaker, closes session”, Rudaw, 18 February 2019.

34 The parties have not disclosed the deal’s content, but according to a PUK official who followed the negotiations closely, the PUK’s Kosrat Rasoul faction would get important positions in the next
To balance the KDP’s position, hardline figures within the PUK are already banking on the party’s own reinvigorated role in Baghdad – through the newly won presidency of Barham Salih – which has grown in importance now that Iraqi Kurdistan is compelled once more to make amends with the central government. In turn, the KDP, unwilling to depend on the PUK while engaging with Baghdad, is trying to make unilateral deals about outstanding issues with powerful Shiite political forces on which the government depends for its survival. In sum, Iraq’s Kurdish parties are practicing a politics of déjà vu: resorting to tactical alliances with Baghdad to gain advantage in their domestic competition, and Baghdad, despite being fragmented, is thus still keeping the Kurds divided.35

C. An Uncertain Future for Pluralist Politics

Rather than sweeping away the figures who plunged Iraqi Kurdistan into existential crisis, the post-referendum instability seems to have strengthened them as they assumed the role of saviours of the Kurdish nation – at the expense of the region’s nominally democratic institutions. Since 2005, Iraqi Kurdistan has staged parliamentary elections on four occasions (in 2005, 2009, 2013 and 2018). It has seen pluralist politics, with opposition parties challenging the KDP-PUK duopoly and sometimes participating in government, a vibrant civil society and street mobilisation against deteriorating services and other manifestations of poor governance.36 The existential threat posed by the arrival of ISIS in northern Iraq in 2014 and the post-referendum backlash brought whatever democratic process existed to a halt, as party leaders cast themselves as protectors of Kurdistan against external threats, allowing them to more effectively silence dissent.37

At the same time, allegations of fraud in the general and regional elections deepened popular distrust of a political process already discredited by chronic high-level corruption. In May 2018, the KDP’s and PUK’s astonishing success in Iraq’s parliamentary elections amid suspicions of fraud left many even more disillusioned about participating in the political process. A 25-year-old Kurd said in the lead-up to the regional elections: “Why vote? In Dohuk, even dead people went to vote [during the cabinet in exchange for leaving the KDP in control of key executive posts. Crisis Group phone interview, 7 March 2019. A Kurdish analyst who is critical of the agreement said: “This is not an agreement on how to reform governance but a deal on who gets what”. Crisis Group phone interview, 7 March 2019.

35 Crisis Group interview, Baghdad, 4 February 2019.
36 The youth-led mobilisation of March 2011 is the most important example. See Maria Fantappie, “Iraq: in the country’s north, a youth-led Kurdish spring blooms”, The Los Angeles Times, 4 May 2011.
37 On the crackdown on protesters and journalists, see Human Rights Watch, “Kurdistan Region of Iraq: Protesters Beaten, Journalist Detained”, 15 April 2018. On 29 January 2019, the Committee to Protect Journalists reported that Kurdish security forces detained Sherwan Amin Sherwani, a Kurdish freelance journalist critical of the KDP and Turkey and their mutual relationship. See Committee to Protect Journalists, “Journalist Detained for Weeks in Iraqi Kurdistan, Accused of Anti-State Acts”, 21 February 2019. A civil society activist who left Kurdistan in dismay over the political situation said: “Only ten years ago, we were many in protesting the rule of the parties, but today, people have either left Kurdistan or joined one of them”. Crisis Group phone interview, 9 March 2019.
They don’t tell you, ‘there is coffee and tea; you choose’. They just say, ‘there is only coffee’.\(^3^8\)

Developments since the elections suggest that the KDP and PUK are making concerted efforts to capture the region’s parliament and independent commissions, voiding their oversight roles and turning them into institutions that formalise decisions taken by party leaders.\(^3^9\) The region may continue to have a political opposition, but one that is far from being a meaningful check on power and will serve mainly to absorb the street’s anger at the political class.\(^4^0\) An indication of this trend is that newly elected lawmakers tend to be younger but still are an extension of party/family patronage networks, and thus are unable or unwilling to exercise oversight over those who put them forward as candidates.\(^4^1\) Some people in Erbil have started using the term “cardboard parliament” to describe the Kurdistan Regional Assembly.\(^4^2\)

If this trend prevails, elections may cease to be a genuine avenue for political participation and renewal. Results may depend on the parties’ ability to co-opt and repress their own constituencies, mediate internal disputes or manipulate nominally independent electoral bodies to engineer election results.

The KDP’s hardliners seem confident that, after the party did so well in the regional elections, it may count on its leading role in the new cabinet and dominance in parliament to finish crafting the region’s institutional framework on its own terms (for instance, by approving the draft constitution).\(^4^3\) Its finishing touches may entail weak-

\(^3^8\) Crisis Group interview, Erbil, 4 September 2018. Allegations of fraud, including registry of deceased persons to vote, are widespread. See “Kurdistan expected to purge more than 100k names from voter rolls”, Rudaw, 1 January 2018. While the May 2018 national elections saw a low voter participation rate in both the Kurdish region and across Iraq, the September 2018 regional elections registered a record low turnout for the Kurdish region (58 per cent compared with an average of 75 per cent since 1991). See “KRG elections: why such a low turnout?”, Rudaw, 3 October 2018.

\(^3^9\) Throughout 2018, the KDP and PUK stepped up appointments of their respective party candidates to the most sensitive commissions (the integrity commission, the independent commission of elections and referendum, the independent human rights commission), as well as to the region’s highest judicial authority, the Judicial Council. In June 2018, ten Judicial Council judges resigned (most likely under pressure from the KDP and PUK) and were replaced by KDP and PUK appointees in the parties’ usual 50-50 arrangement. In November 2018, Latif Sheikh Mustafa, a judge on the Judicial Council, resigned in protest, calling parties’ influence on the judiciary “worse than ever”. See “Senior judge resigns as a member of Kurdistan region’s Judicial Council”, NRT TV, 10 November 2018.

\(^4^0\) A Western diplomat in Erbil said: “Sashwar Abdulwahid [leader of the New Generation movement] is the best opposition that the KDP could wish for. He will participate in the elections and get the votes of those who would otherwise throw stones at KDP leaders’ cars”. Crisis Group interview, Erbil, 4 September 2018.

\(^4^1\) For instance, the first deputy speaker of parliament, Hemin Hawrami, was one of the younger cadres and a member of the Hawrami tribe, which has strong business ties with the Barzanis.

\(^4^2\) Crisis Group interview, Kurdish analyst, Erbil, 4 September 2018. A KRG official said: “Parliament should only pass legislation that is already half-cooked by the parties”. Crisis Group interview, Erbil, 4 September 2018. This arrangement would not be different from what occurs in any other parliamentary democracy were it not for the fact that family and patronage networks dominate political parties and their decision-making processes, as described above.

\(^4^3\) Approval by referendum of the region’s draft constitution and presidency law are at the top of the agenda. The constitution defines the roles and responsibilities of the region’s highest authorities, as
ening the role of oversight institutions and restricting civic freedoms (independent media and political initiatives arising from civil society), which hardliners see as having negatively affected the region’s stability by creating room for an opposition that challenges the leadership and disrupts the two-party system.44 Both parties – the KDP in particular – have focused efforts on obtaining a greater share of the federal budget, which would allow the KRG to dampen discontent by ending austerity measures and resuming public-sector salary payments. Such steps could consolidate an already widespread tendency across large segments of Iraqi Kurdish society (especially in the large public sector) to accept the status quo, ie, value economic security over democratic freedoms.45

The continued role of oversight institutions would be key to enable party figures in the reformist camp to preserve their power in the new government, focus on instituting a new KDP-PUK partnership to advance reforms in the region and shape a common strategy to engage with Baghdad. But if the opposing group that thrives on family-based rule prevails, the region’s downward slide is likely to continue. Iraqi Kurdistan risks losing what it has gradually achieved since 1991: a political system that allows (at least some degree of) genuine political representation, intra-party consensus, relative economic prosperity and social peace.

well as relations between the executive, judicial and legislative branches. Parliament approved the draft by outright majority in 2009 but has yet to ask the population to ratify it by referendum.44 KDP members see their party as the only one that stood strong in the post-referendum chaos. For example, a KRG official and KDP member said: “Many in the party think that this is not a time when Kurdistan should care about democracy, and that the political opposition has played a negative role. When the boat was sinking, Gorran and others jumped ship. Everyone was ready to come to the KDP’s funeral. Had it been up to them, there would no longer be a KRG today”. Crisis Group interview, Erbil, 4 September 2018.

45 In early March, a month after the Iraqi parliament passed the 2019 budget law, the KRG committed to abolish austerity measures and pay full salaries to public-sector employees (70 per cent of the region’s work force) for the month of March. See “Baghdad hikes monthly payments to Kurdistan”, Iraq Oil Report, 14 March 2019. See also Salih and Fantappie, “Kurdish Nationalism at an Impasse”, op. cit.
III. Back to Baghdad

The Kurds have a long history of troubled relations with Iraqi central governments, including recurring cycles of insurgency and counter-insurgency culminating in rampant village destruction and mass killings by the Saddam Hussein regime in the late 1980s. The removal of that regime and the arrival of opposition parties with which the Kurds had made common cause prior to 2003 offered the promise of significant improvement. That promise has been only partly fulfilled. The Kurds have been frustrated by government dysfunction in Baghdad, as well as lack of progress on the issues of greatest importance to them: the status of the disputed territories and oil revenue sharing.46

The referendum backlash compelled Kurdish leaders to shift gears in their relations with Baghdad. As long as Erbil was in control of the disputed territories and Kirkuk’s oil, and could count on the support of other members of the anti-ISIS coalition, acting unilaterally seemed viable. That power balance has shifted in Baghdad’s favour; that, plus political changes in Baghdad relatively favourable to the Kurds, paradoxically may offer an opportunity: for the first time since the regime’s fall, Kurdish perspectives may be coming into alignment with those of a central government more willing than its predecessors to discuss a settlement on the disputed territories, Kirkuk in particular. To effectively re-engage with Baghdad, the Kurds will need to overcome their internal rivalries. Unity would also help avoid being drawn into growing U.S.-Iran competition in Iraq.

A. The KRG and the New Baghdad Government

Since late 2017, the two Kurdish parties have started to cautiously re-engage with their erstwhile political partners in Baghdad. This budding rapprochement reverses a decade of growing animosity, culminating in the referendum initiative. From 2007 onward, leaders in Baghdad and Erbil pursued confrontational rhetoric and policies on the disputed territories, oil revenue sharing and oil contracts.47 The Kurdish parties gradually disengaged from Baghdad and focused on developing their own region with outside help. Where before the parties had dispatched senior officials to serve in the Baghdad government, including Jalal Talabani as president, increasingly they sent lesser figures, who protected the region’s interests not by shaping policy but by treading water.48

46 The KDP has a strong animus against several former government ministers in Baghdad, especially former Prime Minister Haider al-Abadi. A KDP cadre said: “During the reign of [former Prime Minister] Maliki, Abadi was the head of the parliamentary committee that cut the budget transfers to Kurdistan. In October 2017, he chose to send tanks into Kirkuk”. Crisis Group interview, Erbil, 3 September 2018.
48 A KRG official described the trajectory of Iraqi Kurdistan’s relations with Baghdad as follows: “Because the Kurds had been part of the opposition against Saddam, everyone took our participation in the post-2003 governing order in Baghdad for granted. When Nouri al-Maliki became prime minister in 2006, things moved into a different phase. He dismissed high-ranking Kurds in Baghdad.
The dual shocks of losing control over the disputed territories and seeing their share of the federal budget cut convinced Kurdish leaders to reconsider their relations with Baghdad. Even the staunchest advocates of Kurdish independence within the KDP renewed efforts to regain for the KDP high-level positions in Baghdad traditionally assigned to Kurdish candidates (president, deputy chairman of parliament and others). A KDP official described the new approach toward Baghdad:

The idea of independence is still there but now we want to be in Baghdad in full strength. On the negotiating table are the implementation of Article 140 [on the disputed territories], revenue sharing and funding of the Peshmerga [Iraqi Kurdistan’s defence force], among others.49

Just as government formation in Baghdad highlighted the KDP’s renewed interest in investing in the Iraqi capital, the rivalry between the KDP and PUK undermined the Kurds’ ability to regain their political strength, which had delivered critical benefits in the past: a fuller degree of autonomy, a secure 17 per cent of the federal budget and the ability to sign oil contracts independently. In October 2018, the two parties sparred over who they should nominate for the Iraqi presidency, a position that has been reserved for a Kurd since 2005.50 Though the September 2018 elections placed the KDP in the lead in the Kurdish region, the PUK succeeded in pushing through its own candidate, Barham Salih, over the KDP’s strong opposition.51 Relations are still bitter. A PUK cadre said:

Over time, we lost interest in Baghdad”. Crisis Group interview, Erbil, 4 September 2018. A Kurdish official who has worked at the foreign affairs ministry (which had a Kurdish minister from 2003 until 2014) since 2005 said: “Even when a Kurd was in charge of the ministry, he was not strategic enough to appoint Kurds as director generals. Now, unlike the Shiite parties, we have no Kurds in senior administrative posts”. Crisis Group interview, Baghdad, 21 January 2019.

49 Crisis Group interview, Erbil, 4 September 2018. Article 140 of the Iraqi constitution calls for a referendum in Kirkuk and other disputed territories in line with Article 58 of the Transitional Administration Law (TAL), Iraq’s interim constitution of 2004. Both the TAL’s Article 58 and the constitution’s Article 140 refer to “disputed territories”, but neither precisely defines or names them, except for Kirkuk (though it is unclear whether the documents refer to the city or the governorate).

50 The division of labour laid out in the 2006 KDP-PUK strategic agreement was for the KDP to focus on the region, leaving the PUK in charge of the less consequential representation in Baghdad. The referendum’s aftermath saw a radical change in this pattern, with the KDP now desiring a major say in Baghdad. Crisis Group interviews, KDP and PUK politburo members, Erbil, September 2018.

51 On 2 October, Shiite political blocs close to Iran voted in favour of Barham Salih, the PUK’s candidate for the presidency, against the KDP’s candidate, Fuad Hussein. Salih attributed his victory to Iraqi lawmakers spontaneously ignoring former Prime Minister Nouri al-Maliki’s instructions, directed mainly at Council of Representatives members of the Iran-backed Shiite Fatah bloc, to vote for Fuad Hussein. Crisis Group interview, Barham Salih, president of Iraq, Baghdad, 29 October 2018. Some analysts instead attribute the Shiite parties’ ultimate vote for Salih to a change of heart among the Iranians and Maliki, who threw their support behind Salih when they saw that Hussein could not secure a parliamentary majority. Also, after the results of the regional elections put the PUK behind the KDP, Iran may have opted to support a PUK candidate, so as to preserve the PUK’s role in Baghdad as a counterbalance to the KDP’s dominance in the Kurdish region. The U.S. also favoured Salih’s candidacy, due to his long-standing ties with Washington as the PUK’s representative there and as Iraq’s deputy prime minister in 2006-2009. Crisis Group interview, U.S. official, Baghdad, 28 October 2019. In sum, Salih became an acceptable compromise candidate to both Iran and the U.S. Crisis Group interview, Iraqi analyst, Baghdad, 29 October 2018. In the second round
Since the KDP lost its bid for the presidency, it is making things difficult by showing no cooperation with us in Baghdad. But they cannot achieve anything in Baghdad or in Kirkuk without us, and the opposite is true as well: we cannot achieve anything without them.\(^{52}\)

Despite its largely ceremonial role, the presidency holds powers that could turn it into a strategic asset in the Kurds’ hands – but only if the KDP and PUK overcome their acrimony.\(^{53}\)

B. Two Separate Tracks in Engaging with Baghdad

Kurdish leaders have a vested interest in the success of the new government in Baghdad, as it could be willing and able, once fully formed, to deliver a deal on the outstanding issues that divide them. Yet intra-party rivalry is encouraging the KDP to reach unilateral agreements with powerful political-military factions in the capital, rather than negotiating jointly with the PUK to reach a sustainable settlement with the central government.

The first phase of government formation in Baghdad has been instructive. Following the May 2018 elections, both U.S. and Iranian officials pressed Kurdish parties to take a stand in favour of the Shiite bloc each of them supported – respectively, the Fatah bloc and the Nasr bloc.\(^{54}\) With 46 seats (25 for the KDP and 21 for the PUK),
a Kurdish bloc would have been in a strong position to tip the intra-Shiite balance in favour of either of them – a power-broker role the Kurdish parties have played before in Baghdad.\(^{55}\) This time, their internal divisions prevented the two parties from projecting a unified front and thus weighing in decisively.\(^{56}\)

Instead, the KDP’s losing the bid for the presidency encouraged KDP hardliners to pursue deals on the disputed territories, the KRG’s budget share and oil sales with the pro-Iranian Fatah bloc as a way to recoup its post-referendum losses.\(^{57}\)

Such an approach may yield the Kurdistan region quick gains on disputed territories and revenue, but they will be fragile, because they lack government support.

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55 A PUK member recounted: “During the summer we discussed with Abadi to support his bloc. We liked that their program was non-sectarian. But we have to deal with a geography that we cannot change. We have a 500km border with Iran, trade links with Iran, and Hashd [mostly Shiite Arab militiamen originally mobilised to battle ISIS] deployed in Tuz Khurmato and Khanaqin. If we support Abadi’s bloc, the issue of Hashd deployment in the disputed area will remain unresolved”. Crisis Group interview, Erbil, 4 September 2018. An aide to Masrour Barzani added: “In August, as the U.S. were pressuring us to join Abadi’s bloc, we and the Sunnis concluded a deal with Fatah for a Hashd withdrawal from the Ninewa plain. The Hashd then partially pulled out of Rabia in western Ninewa. At least, the Iranians could deliver on that”. Crisis Group interview, Erbil, 6 September 2018.

56 The KDP and PUK reached an agreement to remain neutral in the process of government formation and, by doing so, were key players in determining whether the Iran-supported or U.S.-supported bloc would prevail. If one of the parties had taken the side of the bloc favoured by the U.S., the Kurdish region would have been vulnerable to retaliation by the Hashd in the disputed territories, deteriorating security in core Kurdish lands and possibly the closure of the vital border with Iran. By contrast, an agreement with Iran-backed Shiite forces could have facilitated a negotiated retreat of the Hashd from the disputed territories. But it would have further bolstered Iran’s influence in the rest of Iraq, jeopardising U.S. military and economic support for the KRG. A PUK member argued: “The U.S. are training 45,000 Peshmerga and offering stabilisation funds. We don’t want to lose that. The Iranians, on the other hand, are right on our border; they could trigger demonstrations in Suleimaniya, close the border or move their militia forces”. Crisis Group interview, Erbil, 5 September 2018.

57 For instance, the Council of Representatives passed a budget law on 23 January 2019 that is particularly favourable to the Kurds. According to the new law, Baghdad will continue to cover public-sector employee and Peshmerga salaries in the Kurdish region even when the KRG fails to contribute the agreed-upon 250,000 barrels per day in oil exports from the region. See “New budget hikes spending, including windfall for KRG”, Iraq Oil Report, 25 January 2019. Only a few days before the budget law was approved, a KDP lawmaker on the finance committee said: “We [KDP] have been trying to finalise a deal with Iran-backed al-Fatah so that they will vote in favour of the budget law. It is also in Iran’s interest that the KDP will stay powerful and that both parties will be able to continue paying salaries. This way Kurdistan will remain stable”. Crisis Group interview, Baghdad, 19 January 2019. A PUK cadre took a different view: “The budget law looks favourable to the Kurds, but the devil is in the detail. We will only be able to cover public-employee salaries if Baghdad allows us to continue independent oil exports without handing over to the treasury revenues from 250,000 barrels per day in exports”. Crisis Group interview, Baghdad, 3 February 2019. A UN official in Baghdad suggested: “What would benefit the Kurds would be to invest in passing legislation that regulates a fixed budget share for the region, so that they do not have to renegotiate that share with Baghdad every year”. Crisis Group interview, Baghdad, 31 January 2019.
Instead of institutionalising Baghdad-Erbil relations by seeking compromise on outstanding issues, these behind-the-scenes deals are dependent on personal relations between KDP figures and Shiite politicians, and thus can be reversed at any time. Moreover, these deals deepen the KDP-PUK divide and weaken the KRG’s ability to engage in negotiations with Baghdad.

One indication that this game is afoot is the Kurdish parties’ failure to agree on a candidate for justice minister, a post they received as part of government formation based on their electoral strength. The KDP approach also undermines Baghdad as an effective counterpart in negotiations with Erbil by strengthening political factions on which the government is already dependent for its survival. If a weak central government can deliver short-term benefits to the Kurds, it also has diminished ability to deliver a sustainable settlement on disputed territories and oil revenues.

C. Returning Politics to a Virtuous Circle

The referendum fallout holds opportunities for conflict resolution that should be seized, as well as risks of new flare-ups that should be averted. International players, the UN Assistance Mission for Iraq (UNAMI) in particular, should capitalise on Kurdish re-engagement with Baghdad by assigning senior officials to the task of mediating a deal on the disputed territories. Arguably, the odds have never been more favourable. A successful policy approach would make negotiations between Erbil and Baghdad a priority for the next two years. It also would take into account the inter-dependency between the KDP-PUK balance in Erbil and Kurdish re-engagement with Baghdad.

If the U.S. were to ratchet down its escalatory rhetoric against Iran, throw its weight behind renewed KDP-PUK strategic partnership and encourage a Kurdish rapprochement with Baghdad, its leverage in Iraq’s political process might increase through its alliance with the Kurds. Under these conditions, the chances appear good that KDP and PUK reformists can prevail to shape a workable partnership, rather than fall victim to the divide-and-rule politics in the capital, and facilitate a sustainable solution for the disputed territories.

Success in Baghdad would benefit from stability in Erbil. Strengthening intra-party consensus and internal party cohesion would be helpful in this regard and should be encouraged as long as it is aimed at re-establishing oversight mechanisms over the region’s executive branch and supporting cooperation between reformist figures, of whatever party, committed to reaching a negotiated settlement with Baghdad. A UNAMI-led negotiation process between Erbil and Baghdad could help achieve a settlement that would be more sustainable than ad hoc political deals based on mere trading of favours between individual party figures.

In the absence of accountability for the KRG or the Kurdish parties, foreign economic and military support for the Kurdish region is likely to strengthen party figures

58 A lawmaker from Maliki’s State of Law bloc said: “No one [in Baghdad] wants the two Kurdish parties to be united. Everyone fears that this could only lead to another referendum”. Crisis Group interview, Baghdad, 30 January 2019. In mid-March, the justice minister post was still a matter of contention between the KDP and PUK.

59 Crisis Group, Reviving UN Mediation, op. cit.
with no commitment to reform who are wont to suppress opposition with a heavy hand. The KRG’s international partners, who have already spent heavily on the military and security partnership, should therefore also invest in restoring mechanisms of oversight in the region’s political system (parliament, judiciary, independent commissions) and in strengthening civil society, which could keep reformist figures powerful enough to continue the reform process inside Kurdistan and revive intra-party cooperation. A newfound strategic partnership in the Kurdish region is essential for the two parties to effectively re-engage with Baghdad. Reformist figures in Kurdish politics tend to be those who have the best relations with the central government and also are most committed to finding new working relationships between the KDP and PUK inside the region.
IV. Conclusion

The future course of Iraqi Kurdistan will depend to a large degree on the outcome of an intra-leadership competition that, given current dynamics, is likely to empower hardline figures over reformists. This outcome could trigger a vicious cycle, which would further shrink space for political representation in the Kurdish region and undermine efforts to find a sustainable solution to outstanding issues between Erbil and Baghdad. It could also be a factor that contributes to political fragmentation that would turn Iraq ever more into a staging ground for the growing U.S.-Iran regional rivalry.

The current U.S. administration’s escalatory rhetoric vis-à-vis Iran inevitably is contributing to this vicious cycle. Maximum pressure on Iran is likely to end up polarising Iraq’s political scene into rival blocs, paralysing the Baghdad government and pushing KDP and PUK hardliners to reach unilateral agreements on disputed territories and revenue-sharing, while shrinking the space for negotiating a durable solution to these festering issues.  

If family loyalty and patronage continue to be the governing principles of Kurdish politics, reformist figures may have no option but to start playing by the same rules, seeking and doling out patronage themselves, lest they be cast aside. With hardliners empowered, it would be difficult for the KDP and PUK to find a workable strategic partnership. Instead, the parties’ leaders may try to use their dependence on regional powers to prevail in struggles with domestic rivals inside and outside the party. Kurds have too often paid the price of being caught up in regional and international rivalries because of intra-party divisions. Invariably, the outcome of such entanglements has been further internal fragmentation and vulnerability. This time, it would jeopardise the achievements of a generation in establishing an autonomous region with a degree of genuine political representation, relative economic prosperity and social peace.

Erbil/Brussels, 27 March 2019

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60 The U.S. administration has seemed at times divided over which approach to take. The former U.S. special presidential envoy for the global coalition to counter ISIS, Brett McGurk, appeared to favour modulating the anti-Iranian tone in Washington. But National Security Council officials have backed escalation, possibly miscalculating the amount of leverage the U.S. has in Iraq and underestimating the potential for backlash. A U.S. official who disagreed with the escalatory track said: “Our pressure on Iran is reducing our leverage in Iraq’s political process. If Congress were to add pro-Iranian Shiite groups in Iraq to the terrorism list and/or impose sanctions on them, this would backfire on our ability to engage with Iraqis and influence the political process”. Crisis Group interview, U.S. official, October 2018.
Appendix A: Map of Iraq
Appendix B: About the International Crisis Group

The International Crisis Group (Crisis Group) is an independent, non-profit, non-governmental organisation, with some 120 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

Crisis Group’s approach is grounded in field research. Teams of political analysts are located within or close by countries or regions at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international, regional and national decision-takers. Crisis Group also publishes CrisisWatch, a monthly early-warning bulletin, providing a succinct regular update on the state of play in up to 70 situations of conflict or potential conflict around the world.

Crisis Group’s reports are distributed widely by email and made available simultaneously on its website, www.crisisgroup.org. Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The Crisis Group Board of Trustees – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring the reports and recommendations to the attention of senior policymakers around the world. Crisis Group is chaired by former UN Deputy Secretary-General and Administrator of the United Nations Development Programme (UNDP), Lord (Mark) Malloch-Brown.

Crisis Group’s President & CEO, Robert Malley, took up the post on 1 January 2018. Malley was formerly Crisis Group’s Middle East and North Africa Program Director and most recently was a Special Assistant to former U.S. President Barack Obama as well as Senior Adviser to the President for the Counter-ISIL Campaign, and White House Coordinator for the Middle East, North Africa and the Gulf region. Previously, he served as President Bill Clinton’s Special Assistant for Israeli-Palestinian Affairs.

Crisis Group’s international headquarters is in Brussels, and the organisation has offices in seven other locations: Bogotá, Dakar, Istanbul, Nairobi, London, New York, and Washington, DC. It has presences in the following locations: Abuja, Algiers, Bangkok, Beirut, Caracas, Gaza City, Guatemala City, Hong Kong, Jerusalem, Johannesburg, Juba, Mexico City, New Delhi, Rabat, Tbilisi, Toronto, Tripoli, Tunis, and Yangon.


March 2019
Appendix C: Reports and Briefings on the Middle East and North Africa since 2016

Special Reports

Exploiting Disorder: al-Qaeda and the Islamic State, Special Report N°1, 14 March 2016 (also available in Arabic and French).

Seizing the Moment: From Early Warning to Early Action, Special Report N°2, 22 June 2016.


Israel/Palestine

How to Preserve the Fragile Calm at Jerusalem’s Holy Esplanade, Middle East Briefing N°48, 7 April 2016 (also available in Arabic and Hebrew).

Israel/Palestine: Parameters for a Two-State Settlement, Middle East Report N°172, 28 November 2016 (also available in Arabic).

Israel, Hizbollah and Iran: Preventing Another War in Syria, Middle East Report N°182, 8 February 2018 (also available in Arabic).

Averting War in Gaza, Middle East Briefing N°60, 20 July 2018 (also available in Arabic).

Rebuilding the Gaza Ceasefire, Middle East Report N°191, 16 November 2018 (also available in Arabic).

Iraq/Syria/Lebanon

Arsal in the Crosshairs: The Predicament of a Small Lebanese Border Town, Middle East Briefing N°46, 23 February 2016 (also available in Arabic).

Russia’s Choice in Syria, Middle East Briefing N°47, 29 March 2016 (also available in Arabic).

Steps Toward Stabilising Syria’s Northern Border, Middle East Briefing N°49, 8 April 2016 (also available in Arabic).

Fight or Flight: The Desperate Plight of Iraq’s “Generation 2000”, Middle East Report N°169, 8 August 2016 (also available in Arabic).

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