

Research Paper

Renad Mansour and Peter Salisbury

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# Between Order and Chaos

## A New Approach to Stalled State Transformations in Iraq and Yemen



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## Summary

- In the Middle East and North Africa, a growing number of internationally recognized (*de jure*) states with formal borders and governments lack *de facto* statehood. Often, governance vacuums are filled by alternative actors that perform state-like functions in place of, or alongside, weakened official institutions. This results in hybrid orders where the distinction between formal and informal actors in the state is blurred, as too are the lines between the formal, informal and illicit economies.
- International policymakers have struggled to establish political settlements in these contexts. Would-be state-builders have mistakenly assumed a binary distinction between state failure and success. They have sought to recreate an idealized archetype of the ‘orderly’ state, critically failing to recognize the more complex networks of *de facto* actors on the ground. At times, international policymakers pick or support leaders who lack local legitimacy, capability and power. This stalls and fragments ongoing organic state transformations, and produces hybrid orders as *de facto* actors adapt by both capturing state institutions and creating parallel ones.
- We propose a new model for understanding the fragmentary transformations of the state under way in Iraq and Yemen. It involves the concept of a multi-layered state, consisting of the executive, the formal bureaucracy, the *de facto* authorities and society at large. The gap in legitimacy, capability and power between the middle two layers in this model – the formal bureaucracy and the *de facto* authorities – is a critical source of instability and an impediment to reform. Bridging that gap is thus the key to effective peacebuilding and/or state-building.
- This paper argues that all states lie along a chaos–order spectrum. No state is entirely chaotic or orderly. Even those that display many features of chaos – as in Iraq and Yemen – contain pockets of order that are all too often overlooked. The larger the gap between the formal bureaucracy and the *de facto* authorities, the more a state slides towards the chaos end of the spectrum. Effective state-building must find a way of institutionalizing improvised governance arrangements.
- To achieve this, we advocate a ‘middle-out’ approach that aims to strengthen the connective tissues between the bureaucracy and *de facto* authorities. Simplified, this more inclusive approach entails reframing international involvement as playing the role of a ‘referee’ to monitor the transformations of the state while enforcing accountability, as opposed to the practice of picking ‘winners’ and integrating unfavoured actors into unpopular political settlements.

# 1. Introduction

Total and partial collapses of state structures are a familiar problem in the international state system. Where they occur, internationally recognized (*de jure*) states with formal borders and governments lack *de facto* statehood, being insufficiently able to perform the functions conventionally expected of a state.<sup>1</sup> Often, governance vacuums in such settings are filled by alternative/informal actors that perform state-like functions in place of, or alongside, official institutions. In these contexts, basic services are provided at least in part by political opposition networks, local communities and ethnic or sectarian-based identity groups (including, for example in the Middle East, by Salafi-jihadi groups). As a result, the distinction between formal and informal actors in the state is blurred, as too are the lines between the formal, informal and illicit economies.

Dealing with these hybrid political orders<sup>2</sup> and their many problems – from insecurity to corruption, political violence and poverty – is one of the most vexing dilemmas in contemporary state-building. The improvised, irregular patterns of governance that have emerged in response to institutional breakdown and conflict are also the very factors that confound reform.

The failure over the years of international policymaking to stabilize states such as Iraq and Yemen – the two countries on which this paper focuses – illustrates this contradiction. Part of the problem is an assumed binary distinction between state failure and success. The distinction is evident in the loaded vocabulary of ‘fragile’, ‘failing’ and ‘failed’ states that has long pervaded the state-building debate.

This paper avoids these terms, instead using the idea of a spectrum between chaos and order to provide a framework for understanding. We emphasize from the outset that ‘chaos’ and ‘order’ themselves elude rigid definition, and that our analysis explicitly questions conventional interpretation. (To give one example, recent Chatham House research has characterized Yemen as a ‘chaos state’<sup>3</sup> – yet this term was deliberately chosen to convey the paradox of a political order that is at once highly fragmented yet more functional and organized than might be supposed.)

But policymakers mistakenly view countries such as Iraq and Yemen – marred by cycles of violent conflict and ineffective governance – as almost *entirely* chaotic. On the surface, the state in these settings may indeed appear diminished and dysfunctional when compared to an imagined, idealized form of the ‘orderly state’, often assumed in the West to be the natural organizing principle of modern society and a precondition for international security and stability. This ‘orderly state’ is a construct centred around an internationally recognized government that provides a range of public goods and basic services – electricity, water, healthcare, education etc. – via a well-run bureaucracy. International policymakers typically also assume that fostering such a context will help the state develop attributes such as the rule of law and democratic accountability.

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<sup>1</sup> Robert Jackson calls these entities ‘quasi-states’, which lack the ‘positive sovereignty’ needed to be masters of their own fate or the ‘negative sovereignty’ needed to be free from external interference. Jackson, R. (1990), *Quasi-States: Sovereignty, International Relations and the Third World*, Cambridge: Cambridge University Press.

<sup>2</sup> Volker, B., Brown, A., Clements, K. and Nolan, A. (2008), *On Hybrid Political Orders and Emerging States: State Formation in the Context of ‘Fragility’*, Berghof Research Center for Constructive Conflict Management.

<sup>3</sup> Salisbury, P. (2017), *Yemen: National Chaos, Local Order*, Research Paper, London: Royal Institute of International Affairs, <https://www.chathamhouse.org/publication/yemen-national-chaos-local-order>. See also Salisbury, P. (2016), *Yemen: Stemming the Rise of a Chaos State*, Research Paper, London: Royal Institute of International Affairs, <https://www.chathamhouse.org/publication/yemen-stemming-rise-chaos-state>.

This paper argues that such a binary approach is unrealistic. States, from the most stable, advanced democracies to so-called developing countries ravaged by conflict and insecurity, actually lie somewhere along a spectrum between ‘relatively more chaotic’ and ‘relatively more orderly’. No state is entirely chaotic or orderly (the notional extremes on the scale exist in the abstract). Even those that display many features of chaos – as in Iraq and Yemen – contain pockets of order that are all too often overlooked. Moreover, what at first appears as chaos can be understood as part of an ongoing – albeit fragmentary and stalled – transformation, during which the social and political status quo is adjusting to shifts in the relative legitimacy, capabilities and power of different actors. At times, international policymakers are responsible for stalling such transformations by supporting their preferred leaders and resisting emerging leaders, causing unpredictable flux and competition.

## The need for a new approach to state-building

For some, the state is an elusive concept.<sup>4</sup> Yet one structural definition has prevailed in academic literature and mainstream policy analysis: Max Weber’s definition of a state as a fixed territorial entity, ruled by a central authority with a monopoly over the legitimate means of violence.<sup>5</sup> The Weberian ideal of the state has become the dominant template for Western policymakers. From the second half of the 20th century to the present, we have seen a growing interest from Western governments, as well as global institutions such as the UN, in the stabilization and support of weak, fragmented and conflict-ridden states, which are deemed security threats.<sup>6</sup> Policymakers and officials have tended to adopt a rigid, technocratic approach to state-building, rooted in the idea that external actors can confer statehood through the construction of institutions that resemble their own (or at least are imagined to do so), using a Weberian security-first approach.

As a result, state-building has tended to focus on identifying nominally ‘legitimate’ political elites to act as the executive, often using election results as a proxy for legitimacy. It has emphasized efforts to enhance the capabilities of the institutions of state through the engagement of select elite intermediaries in official positions, and through capacity development among the official bureaucracy and state workers underneath this elite.

Such an approach is often inherently paradoxical: having accepted that a state is weak, failing or failed, external actors seek to bolster the position of the very actors that have overseen national-level failures, in the hope that, with the right support and training, they will produce different outcomes. At times, emerging actors that play substantive informal roles in the political economy are at odds with the preferred nominees of international policymakers, who then seek to maintain the old order but in doing so undermine prospects for stabilization and organic transformation of the state. In other words, those who actually hold power on the ground are excluded from proposed settlements, and violent political contestation often resumes.

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<sup>4</sup> Timothy Mitchell describes the concept of the nation state as a ‘structural effect .. the powerful, metaphysical effect of practices that make structures appear to exist’. Mitchell, T. (1991), ‘The Limits of the State: Beyond Statist Approaches and Their Critics’, *American Political Science Review*, 85: 77–96.

<sup>5</sup> Weber, M. (1919), ‘Politics as a Vocation’, in Owen, D. and Strong, T. B. (eds) (2004), *The Vocation Lectures*, Indianapolis: Hackett Publishing Company, p. 33.

<sup>6</sup> ‘State-building’ can be defined, as it is by Roland Paris and Timothy Sisk, as ‘the construction or strengthening of legitimate governmental institutions in countries emerging from civil conflict’. Paris and Sisk describe peacebuilding as an ‘enormous international experiment’ aimed at ‘stabilizing countries just emerging from periods of civil war’. They note that ‘there is still no reliable formula for transforming a fragile ceasefire into a stable and lasting peace’. Paris, R. and Sisk, T. (2008), *The Dilemmas of Statebuilding*, London: Routledge.

## A multi-layered state

This paper proposes a conceptual model for understanding contexts (such as in Iraq and Yemen) where state institutions, including the military and security services, are weakened or have limited geographical jurisdiction. It rests on the argument that, on closer inspection, many of the basic *functional* elements of the state are present in such countries/contexts, but not as part of a coherent, centralized system.

Our model is built on the premise that four categories of human capital form the state: the executive, the formal bureaucracy, de facto authorities and society at large (see Figure 1). Of these, the paper focuses in particular on the executive, the formal bureaucracy and the de facto authorities (with society serving as the end-user in this process). And, as will be further discussed below, it identifies the principal opportunity for more effective policy intervention in better integration and coordination between the two ‘middle’ layers in this model.

The **executive** is the most visible actor in any state structure. It consists of members of the political elite who have been selected/elected, or who have forced their way into overseeing the day-to-day management of the state.

The **formal bureaucracy** is made up of technocrats with the skills and know-how to turn policy into programmatic plans. The integrity and effectiveness of such actors reflect the long-term health of state institutions. The bureaucracy plays an important role in sustaining the executive: either by helping to build its legitimacy through policies that benefit society, or by wielding the power of the armed and security services to prevent any challenge to the executive. The bureaucracy consists of the human capital that underpins institutions. In the idealized orderly state, it is staffed by dispassionate professionals. However, in more chaotic states, it is more likely to contain political appointees and/or cronies, who reduce its efficacy.

In states closer to the chaos end of the spectrum, **de facto authorities**, or *doers*, emerge and grow in power to make things happen on the ground. While often invisible to foreign policymakers, they form the clearest manifestation of statehood to society at large. Among these de facto actors, non-state military/security implementers (i.e. militias) can use their local capacity and influence to challenge the executive, in effect encircling and seizing control of official institutions. This in turn enables de facto authorities to control the resources and revenues associated with the formal state.

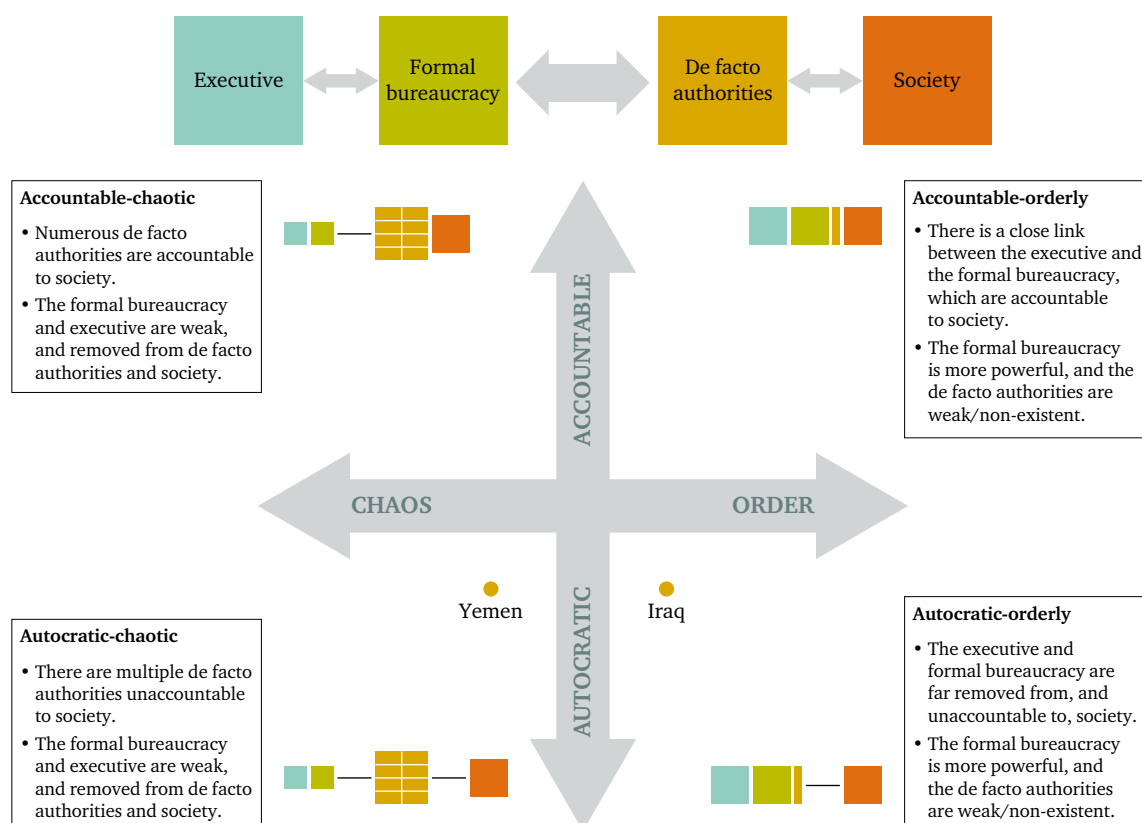
The key to our understanding of these hybrid/fragmented political orders is the gap in legitimacy, capability and power (see below for definitions) between the formal bureaucracy and the de facto authorities.<sup>7</sup> A formal bureaucracy may enjoy recognition that a de facto authority does not, but without the ability to achieve impact on the ground it is in effect carrying out its functions in name alone. Equally, a de facto authority may be politically or tactically resourceful and functionally effective, but without the status of its formal counterpart the opportunities to have its role institutionalized in a reformed state are often impeded. Both conditions diminish prospects for effective state-building. In short, the wider the gap between the formal bureaucracy and de facto authorities, and the deeper the competition between constituencies, the more the state slides towards the chaos end of the spectrum outlined above. Moving along the spectrum towards a more orderly state requires connectivity and cooperation between the formal bureaucracy and the de facto authorities – and, in time, a merger of the two types of actor.

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<sup>7</sup> Volker et al. (2008), *On Hybrid Political Orders and Emerging States*.



Figure 1: The multi-layered state – key archetypes



Note: Each coloured square represents a component in our model of the state: the **executive**, the **formal bureaucracy**, the **de facto authorities** and **society at large**. The size of each square indicates the power of a particular actor/set of actors. For example, a small blue square indicates that the executive is weak. A larger grid of orange squares indicates that de facto authorities are numerous and overall more powerful. A long black dash indicates a gap in connectivity between groups. On the 'chaotic' side of the spectrum, the executive and/or bureaucracy is divorced from the de facto authorities. In the 'orderly' state, there is strong connectivity between the three groups. An orderly state can be autocratic, and parts of a chaotic state accountable, depending on the degree to which the executive/de facto authorities are connected or responsive to society at large. For example, the links between the formal bureaucracy and the de facto authorities in the top left quadrant (accountable-chaotic) are weak, but ties between the de facto authorities and society are strong.

Our model also seeks to capture the interplay between the executive, the formal bureaucracy, the de facto authorities and society. Contestation and negotiation are central to their relationships, which involve various actors competing (and sometimes cooperating) with each other in three complementary and overlapping categories. As indicated above, these are 'legitimacy', 'capability' and 'power'.<sup>8</sup>

**Legitimacy** is the right *conferred* (from the bottom up, or from the top down) on a leader or movement to represent and speak on behalf of a population.

**Capability** is the proven ability to perform basic state-like functions. In practice, this means maintaining an effective armed force, attracting and cultivating economic activity, providing basic services, levying taxes and extracting resources.<sup>9</sup>

<sup>8</sup> For the legitimacy/capability approach in the context of Iraq, see Mansour, R. (2018), 'The Popular Mobilisation Forces and the Balancing of Formal and Informal Power', LSE Middle East Centre, 15 March 2018, <https://blogs.lse.ac.uk/mec/2018/03/15/the-popular-mobilisation-forces-and-the-balancing-of-formal-and-informal-power/>.

<sup>9</sup> Migdal, J. (2001), *State in Society: Studying How States and Societies Transform and Constitute One Another*, Cambridge: Cambridge University Press, p. 4.

**Power**, a function of legitimacy and capability, is the ability through persuasion and coercion to get others to do (or consent to) what they would not ordinarily do (or accept being done). The network effect generated by the first two factors – legitimacy and capability – shapes behaviour on the ground, as each player attempts to establish dominance through the exercise of power.

An example of this model can be seen in events in Yemen, where the internationally recognized government fled into exile in 2015. Many bureaucrats nonetheless remained in the capital, Sanaa, choosing instead to continue to work for the alliance between the rebel Houthis (a Zaydi Shia movement from the northern province of Sadah) and the former national president, Ali Abdullah Saleh. Many soldiers did likewise. Conversely, many de facto actors hitherto not associated with the state joined armed groups that resisted the Houthi rebels in other parts of the country. Today, the country is split into multiple cantons of geographic control, overseen in turn by multiple groups with different levels of local and international legitimacy. In this fragmented landscape, power is accordingly diffuse. The local groups vary in the extent to which they are able to control bureaucrats and de facto authorities.

Another example is Iraq after the US-led invasion in 2003. The US and its allies, the latter comprised primarily of exiled Iraqi leaders who would later become the executive, stripped the state of its formal bureaucracy by disbanding the military and the civil service. As the government in Baghdad has since struggled to rebuild the bureaucracy and institutions, de facto authorities linked to political parties and paramilitary groups have consequently emerged to fill the gap.

## Managing fragmentation using a ‘middle–out’ approach

The fragmentation of legitimacy, capability and power presents unique challenges for stabilization and state-building. With the executive displaced, replaced or replicated at the local and national level, the hybrid political economy that emerges makes it hard for international policymakers to identify which actors they should deal with and which they should avoid. Similarly, the allocation of roles and rights in reform processes is complicated by the fact that not all actors fit into a single category. Newly emergent hybrid groups – including armed militias with political/ideological agendas – combine elements of the executive, the bureaucracy and de facto authorities. Yet they are not recognized as representing the state domestically and/or internationally.

How can international policymaking better respond to such contexts, where the state appears to have weakened, but where state-like processes continue to function? Rather than focusing exclusively on the top layer of the state (the executive) or the bottom (society), we advocate a ‘middle–out’ approach that is concerned with the relationship between the formal bureaucracy and the de facto authorities. This relationship represents the core challenge in building (and rebuilding) the state in Iraq and Yemen, where legitimacy, capabilities and power have become fragmented among multiple actors. Forming connective tissues between these two middle layers can increase cooperation and reduce overlap between state and non-state actors. At the same time, it offers upward and downward knock-on benefits for the executive and society respectively – including clearer standard operating procedures and a more accountable relationship between the formal bureaucracy/de facto authorities and society at large. In this way, the fragmentary transformations that are often stalled in countries like Iraq and Yemen can be stabilized and facilitated.

Simplified, the middle–out approach entails reframing international involvement as playing the role of a ‘referee’ or mediator rather than picking winners. It has several elements:



1. Identify remaining institutional/bureaucratic capacity, taking an agnostic approach to which group bureaucrats work under and where they sit geographically.
2. Identify de facto authorities – the ‘doers’ – that are achieving tangible, measurable outcomes on the ground, again taking an initially agnostic approach.
3. Identify brokers/interpreters (often hybrid actors) who can mediate between the de facto authorities, the bureaucracy and, ideally, the executive/hybrid actors, and help to find a middle ground between them.
4. Use a mix of incentives and disincentives, including training and funding, to foster cooperation between the bureaucrats and the de facto authorities in particular, and to build mechanisms to enforce accountability.

Figure 2: Iraq – distribution of hybrid armed groups based on geographic location, September 2019

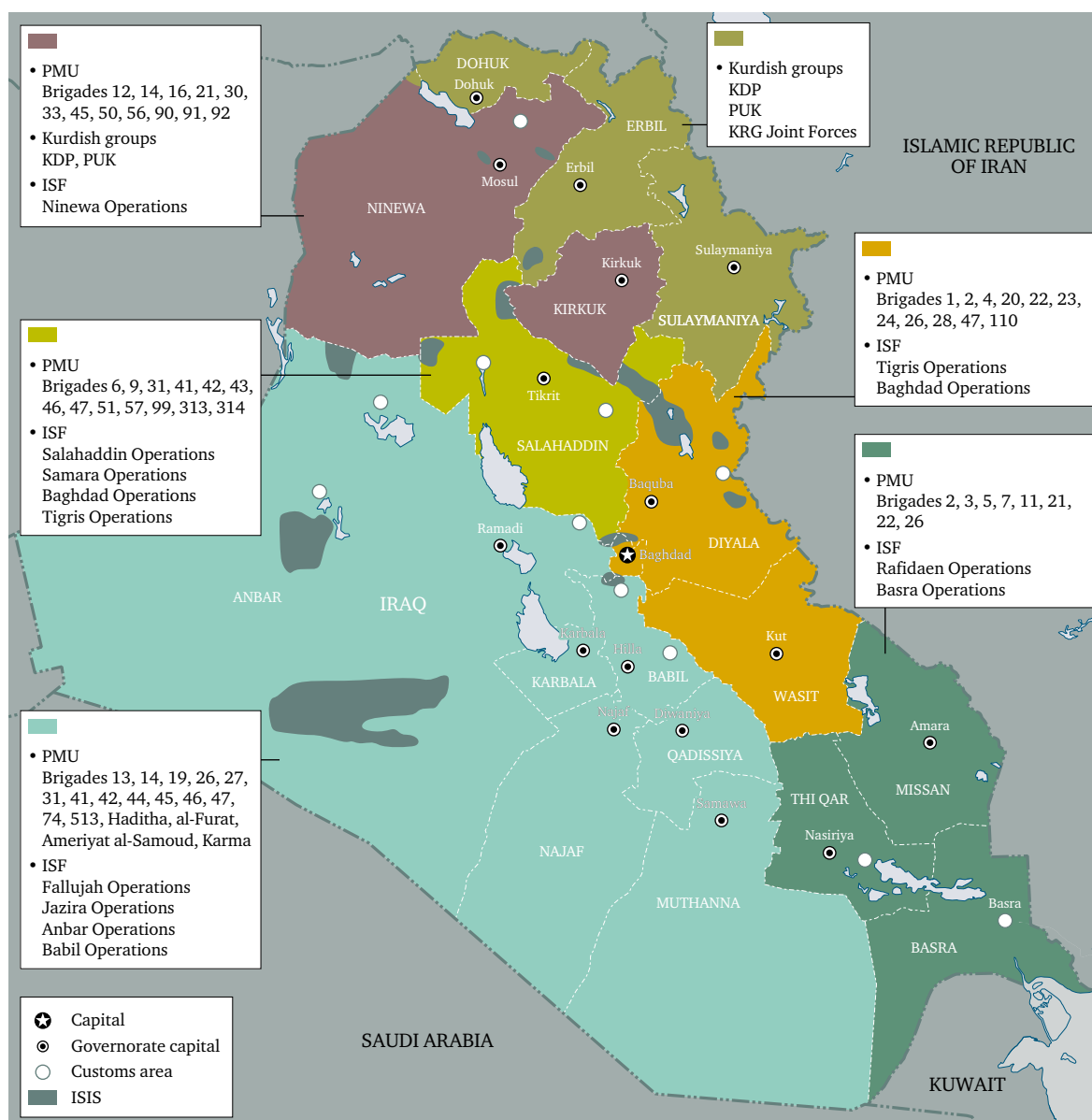
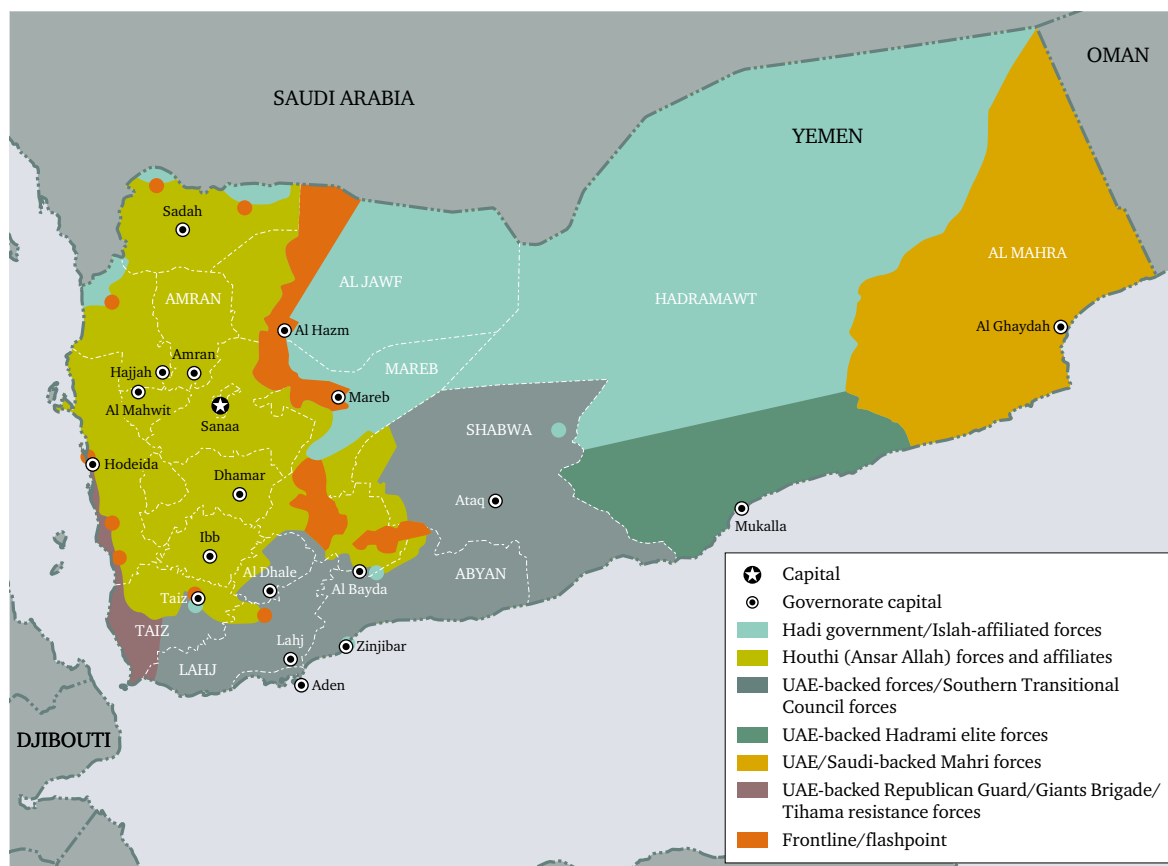


Figure 3: Yemen – distribution of main armed groups, September 2019



## Structure of this paper

The rest of this paper is structured as follows. Chapter 2 introduces the concept of legitimacy as applied in our model. It explores how competition for different types of legitimacy – legal-rational, utilitarian and international – shapes relationships between the executive, the formal bureaucracy and multiple de facto authorities in Iraq and Yemen. Chapter 3 examines the capabilities of various actors – in particular, armed groups and militias – with a particular focus on their military and economic/rent-generating capabilities. The economic importance of the oil industry is discussed, as is the role played by (largely informal) taxation and extortion, which have significant implications for each group’s ability to finance its activities. Chapter 4 assesses how legitimacy and capability combine to create power for groups in the two countries. Three categories of power are considered: coercive power, legal-institutional power and persuasive power. Chapter 5 aims to draw these strands together. It outlines a framework for understanding and responding to state fragmentation, and introduces our proposed ‘middle-out’ approach to peacebuilding and state-building.

## 2. Legitimacy

Legitimacy, the *conferred right* of a leader or institution to act on behalf of a population, is an important component in the construction of a stable political order. Weberian logic dictates that the defining characteristic of a state is a monopoly over the *legitimate* use of violence – for example, by official police and military forces – in the service of order and security. Legitimacy defines which political institutions and political actors are acceptable for a plurality of the population, and is essentially determined by the public's perception.<sup>10</sup> Within the context of fragmentary transformations of the state, however, all actors see themselves as legitimate, and seek to be perceived as such both locally and nationally.

In countries in the midst of such transformation, the ultimate goal of many actors is to become the unchallenged leader of either the formal state or a specific geographical entity within the boundaries of the *de jure* state – i.e. to become the **executive**. This requires a legitimacy that goes far beyond simply seizing control of territory through force, hijacking the bureaucracy or providing state-like services. It necessitates being perceived, both among the local population and powerful external actors, as the group that *should* rule. Rival claims to legitimacy are implicit in fragmentary transformations, and arguably form the most important overall arena of competition.

But how do rival groups actually compete for and attempt to build legitimacy? What does this mean in practical terms? To at least attempt to answer this question, this paper takes a multidimensional approach. Weber argues that legitimacy is founded on tradition (people's faith in an authority, based on historic narratives), charisma (a leader's personality and ideas, which charm or dominate the people), and legal-rational factors (i.e. whether the people perceive existing governing institutions, order and the rule of law to be in their best interest). In arenas of hybrid political order where the unitary state is challenged and fragmented, utilitarian legitimacy – via the provision of security and services – also becomes important. So, too, does international legitimacy – the recognition of a state by the UN Security Council, for example – as this can undermine or bolster political orders in such a way that local perceptions change.

To explore the nature of competition, this chapter analyses three key forms of legitimacy: **legal-rational**, **utilitarian** and **international**. Actors in Iraq and Yemen compete for popular legitimacy at the local and national level, employing a wide range of techniques. A particular actor need not embody every single condition or attribute to be legitimate enough to sustain its position, and it can also alternate from one form of legitimacy to another according to need and circumstance. International policymakers will be better equipped to assist in state-building and peacebuilding if they understand which actors can represent populations based on which criteria. (Note: We explore the other two components of legitimacy highlighted by Weber – tradition and charisma – in the section on 'persuasive power' in Chapter 4.)

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<sup>10</sup> For philosopher John Locke, a government is only legitimate if it enjoys the consent of the governed. See Dunn, J. (1967), 'Consent in the Political Theory of John Locke', *The Historical Journal*, 10 (1967): 153–82. See also Wendt, A. (1999), *Social Theory of International Politics*, Cambridge: Cambridge University Press, p. 206.

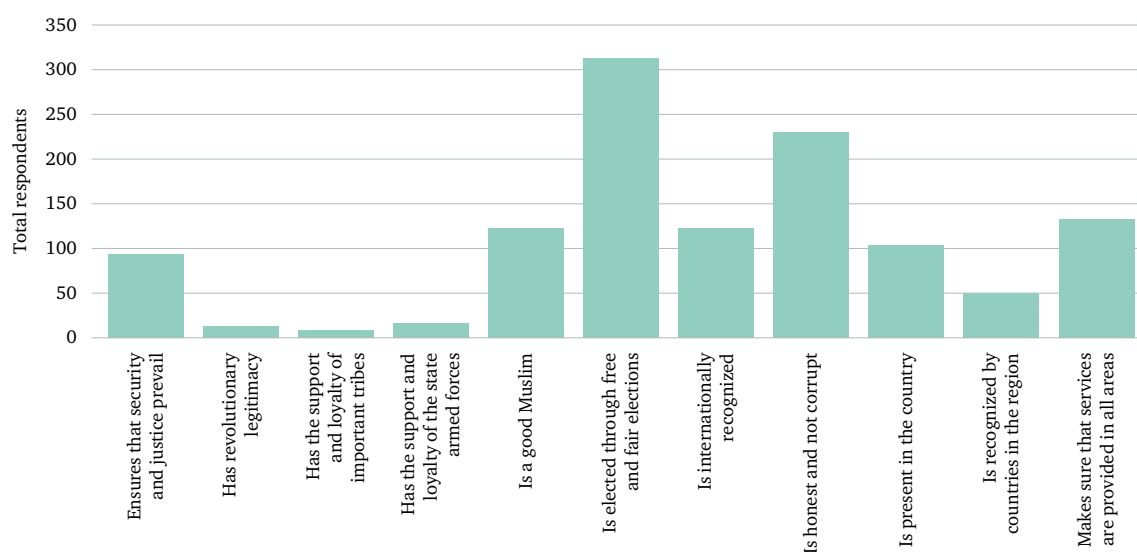
## Legal-rational legitimacy in Iraq and Yemen

Despite a general understanding that domestic legal institutions often carry little weight, executives and the formal bureaucracy still compete with de facto authorities in Iraq and Yemen to participate in or fully control formal state institutions, which they view as markers of legitimacy. Local populations continue to express a general desire to see state presence, even if the state is weak and contested.

### Iraq

In Iraq, the idea of the state remains strong. Following the US-led invasion in 2003, many Iraqis who supported regime change did not support the destruction of the state.<sup>11</sup> One of the main criticisms of the post-2003 order has been the lack of strong state institutions.<sup>12</sup> Indeed, in a survey that asked Iraqis who should be the most legitimate leader, most respondents said a leader should be chosen through free and fair elections (see Figure 4). This suggests that Iraqis still believe in state institutions and their capacity as the ultimate indicator of legitimacy.

Figure 4: Iraq – most important factor for ruling authority’s legitimacy



Source: Chatham House survey conducted for this paper.

The legacies of statehood from the 20th century are influential, as are the legacies of institutions pre-dating the formation of the Iraqi state itself. Many Iraqis believe in the formal aspects of a government, a judiciary and legal mechanisms. Since 2003, international policymakers have pushed for provincial decentralization and asymmetric federalism as a solution to the apparent chaos in Iraq. However, Iraqis have consistently rejected provincial decentralization and any weakening of the central bureaucracy. In a countrywide survey in 2015 – when the so-called Islamic State of Iraq and Syria (ISIS) was at the peak of its powers, and the Iraqi state at its lowest point since 2003 – 51 per cent of respondents

<sup>11</sup> Coalition Provisional Authority Orders 1 and 2 dismantled the security sector and purged senior civil servants from across government ministries and agencies.

<sup>12</sup> Dodge, T. (2013), *Iraq: From War to a New Authoritarianism*, Adelphi series, Abingdon: Routledge, for the International Institute of Strategic Studies.

said that their central government should have more authority; only 25 per cent claimed that local governments should be granted more authority.<sup>13</sup>

The case of Iraq's Popular Mobilization Units (PMU) reveals the importance of legal-rational factors in conferred legitimacy. This umbrella group was established in June 2014 by the then prime minister, Nouri al-Maliki, from seven paramilitary units that had been acting as de facto authorities for several years. The paramilitary leaders under the PMU worked to acquire greater state recognition. On several occasions they pressured Maliki's successor, Haider al-Abadi, to recognize the PMU as part of the formal bureaucracy.<sup>14</sup> During this period, they detested the label 'militia' because, according to the Iraqi constitution, militias are illegal and thus not state actors. They wanted to be perceived by Iraqis as part of the state.

That ambition was duly achieved in November 2016, when the Iraqi parliament passed a law officially recognizing the PMU as an armed force of the state. Many Iraqis would not support armed groups outside the law, yet with the enactment of this law, the PMU was able to enshrine its longer-term project as a state-recognized force in Iraq. The legitimacy thus conferred on the PMU as a result of becoming a state actor, rather than being categorized as a militia, is linked to the legal-rational factor.

## Yemen

In the case of Yemen, contested legitimacy has helped drive the country further towards the 'chaos' end of the chaos–order spectrum. In 2011, a large number of Yemenis took to the streets demanding the removal of the regime of the then-president, Ali Abdullah Saleh, and a reconfiguration of both the executive (on the basis of democratic elections) and the institutions of the state. This caused a schism within the Saleh regime, leading to a two-year, internationally overseen transitional period led by Saleh's successor, Abd Rabbu Mansour Hadi. However, in September 2014 Saleh and the Houthis seized the capital, Sanaa. A peace deal negotiated by the UN was meant to lead to power-sharing, but Hadi later fled the capital after being placed under house arrest.

**In the case of Yemen, contested legitimacy has helped drive the country further towards the 'chaos' end of the chaos–order spectrum.**

Today, Yemen's elites and would-be executives hope to have their own institutions of state recognized as legitimate. To this end, they have captured and reformed existing institutions and built new ones. The Houthis, the administration of President Hadi, and latterly the secessionist Southern Transitional Council (STC) have all argued that their authority is conferred on them through the country's institutions.<sup>15</sup> Hadi points to his election in a (one-man) poll in February 2012, and to an April 2015 UN Security Council resolution that names him as the 'legitimate' president. The government

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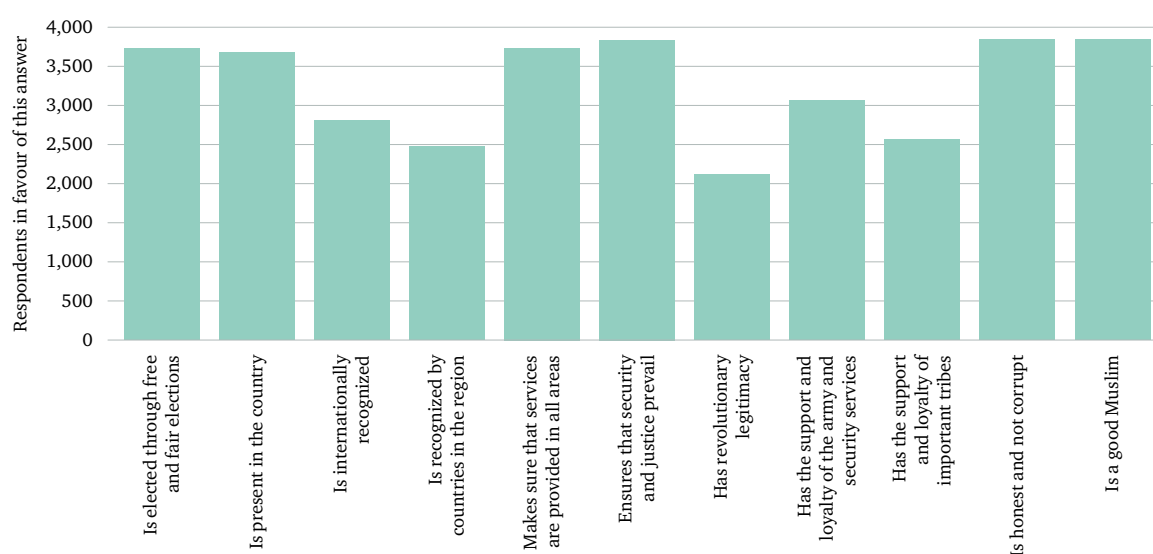
<sup>13</sup> National Democratic Institute (2015), 'Lack of Responsiveness Impacts Mood, August – September 2015 Survey Findings', [https://www.ndi.org/sites/default/files/August%202015%20Survey\\_NDI%20Website.pdf](https://www.ndi.org/sites/default/files/August%202015%20Survey_NDI%20Website.pdf).

<sup>14</sup> Mansour, R. and Jabar, F. (2017), *The Popular Mobilization Forces and Iraq's Future*, Carnegie Middle East Center, <https://carnegie-mec.org/2017/04/28/popular-mobilization-forces-and-iraq-s-future-pub-68810>.

<sup>15</sup> Both the Houthis and the internationally recognized Hadi government, which operates from Riyadh, have worked to integrate militias and paramilitary groups into formal state institutions. Both describe military operations associated with their own forces as being conducted by the 'national army', but refer to 'militias' or 'mercenaries' when their rivals are at work. The secessionist Southern Transitional Council (STC) has formed the so-called Southern Resistance Forces (SRF), which claim UAE-backed forces that technically fall under the control of the Hadi interior ministry as part of their putative institutions. In August 2019, STC forces seized Hadi government military bases and government institutions in Aden, deepening the mire of complexity. See Salisbury (2017), *National Chaos, Local Order*; and International Crisis Group (2019), 'Preventing a Civil War within a Civil War in Yemen', 9 August 2019, <https://www.crisisgroup.org/middle-east-north-africa/gulf-and-arabian-peninsula/yemen/preventing-civil-war-within-civil-war-yemen>.

describes itself as the *shara'ia*, or 'the legitimacy'.<sup>16</sup> The Houthis, meanwhile, effectively seized control of state institutions from September 2014 onwards, signing a deal with the Hadi administration that gave them a pathway to participation in the government. Subsequently, in February 2015, they issued a 'constitutional declaration' forming new bodies that included a transitional executive, known as the Supreme Revolutionary Council. The Hadi government and the Houthis each have their own parliament (the members of which consist of legislators elected in 2003) and *Shura*, or advisory councils. The STC, meanwhile, is attempting to build its own institutions, including a southern National Assembly.

Figure 5: Yemen – most important factors for ruling authority's legitimacy



Source: These data were collected in April–June 2019 by the Yemen Polling Center in the framework of the European Union-funded project 'Rebuilding Peace and Security in Yemen'.

## Utilitarian legitimacy: the bureaucracy and the de facto authorities

The weakening of the unitary state and the emergence of de facto authorities challenge the formal bureaucracy, which is no longer the only actor that can provide security or essential services. As a result, armed and other actors seeking legitimacy often focus on providing services as a way of gaining the right to speak on behalf of a local population. This 'utilitarian legitimacy' is a product of 'capability', discussed in further detail in the next chapter of this paper. While in other contexts legitimacy based on the provision of essential state services – electricity, water, etc. – would belong in the legal-rational category, in a hybrid/fragmented political order utilitarian legitimacy is a separate attribute in its own right.

Unlike legal-rational legitimacy, utilitarian legitimacy tends to be short-lived: actors often cannot provide services for long periods. When armed actors, for example, have gained popularity by providing services or protection, they typically are unable to sustain their position without tapping into other forms of legitimacy. This partly explains why most then seek to take over the formal bureaucracy as part of the transformation.

<sup>16</sup> Salisbury, P. (2018), *A multidimensional approach to restoring state legitimacy in Yemen*, International Growth Centre, <https://www.theigc.org/publication/multidimensional-approach-restoring-state-legitimacy-yemen/>.



## Iraq

In the 20th century the Iraqi state was hostage to rentierism, relying on oil and gas revenues to become the central provider of basic services and welfare to its citizens. Many Iraqis viewed the state in effect as a bank, which would pay a salary and provide services without levying taxes. During the Baathist years, the state was instrumental in all aspects of economic life, whether directly transacting with citizens or granting licences and permissions to private-sector providers. The majority of Iraqis expected not only their water and electricity, but also their income, to come from the state.

War and fragmentation have since led to an increase in attempts by the executive to build utilitarian legitimacy. Public-sector employment was estimated at 1.2 million in 2003. But by 2015 that figure had more than doubled, with 3 million Iraqis receiving a salary from the state.<sup>17</sup> In this sense, more Iraqis were indeed using the state as a *de facto* bank.<sup>18</sup>

After almost two decades with a government that cannot provide basic services, from water to electricity, many Iraqis have become willing to confer their support on any actor that can help provide such services in the short term.

Despite the rise in public-sector employment, after 2003 the state was not the *only* provider of essential services. Many Iraqis searched and found alternative providers of basic services and income. Armed actors filled this gap without necessarily requiring permission or licensing from the state. They paid their members and their patronage networks, and provided services in the localities where the state had minimal reach. In doing so, these groups acquired utilitarian legitimacy. In a 2019 Chatham House survey, respondents across Iraq argued that providing services was the third most important quality for a legitimate leader.<sup>19</sup> After almost two decades with a government that cannot provide basic services, from water to electricity, many Iraqis have become willing to confer their support on any actor that can help provide such services in the short term.

The swift rise of ISIS offers an extreme example of a similar legitimization process. In June 2014, when the Salafi-jihadi organization took over the city of Mosul, its first priority was restoring security and providing basic services (primarily water and electricity) as quickly as possible. To many local residents, this was initially welcome. One Sunni resident said, 'ISIS with all its brutality is more honest and merciful than the Shia government in Baghdad and its militias.'<sup>20</sup> Another resident said, 'There were no more car bombs, no clashes and no IEDs [...] Mosul is at peace finally. They control the streets and people are awestruck. They allow people to leave Mosul, and schools are teaching government curriculums.'<sup>21</sup>

However, this situation did not last long. ISIS's brutal regime, coupled with its inability to maintain essential services, meant that popular support for/tolerance of its presence began to wane (as it did not gain the other forms of legitimacy). The story of ISIS therefore reveals the limits of utilitarian legitimacy. Lacking legitimacy from other sources, a group will struggle to maintain popularity strictly through the provision of services and security.

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<sup>17</sup> Al-Mawlawi, A. (2018), 'Analysing Growth Trends in Public Sector Employment in Iraq', LSE Middle East Centre, 31 July 2018, <https://blogs.lse.ac.uk/mec/2018/07/31/analysing-growth-trends-in-public-sector-employment-in-iraq/>.

<sup>18</sup> Many of them were ghost employees. In some ministries, officials estimated that up to 25 per cent of the payroll went to these ghost employees, who existed on paper and received a salary but did not exist in reality.

<sup>19</sup> Chatham House survey conducted in spring 2019.

<sup>20</sup> Mahmoud, M. (2015), 'Life in Mosul one year on: 'Isis with all its brutality is more honest than the Shia government'', *Guardian*, 10 June 2015, <https://www.theguardian.com/world/2015/jun/10/mosul-residents-one-year-on-isis-brutality>.

<sup>21</sup> Abdul-Ahad, G. (2018), 'The bureaucracy of evil: how Islamic State ran a city', *Guardian*, 29 January 2018, <https://www.theguardian.com/cities/2018/jan/29/bureaucracy-evil-isis-run-city-mosul>.

## Yemen

Yemen's central governments have a relatively short history of providing services beyond policing. In southern Yemen, electricity supply did not extend beyond the cities of Aden or Mukalla until the 1980s. In the 1970s and 1980s, local services in the north of the country were provided through autonomous local development councils, funded through remittances.<sup>22</sup> These councils were later integrated into the state, in part because the government hoped to benefit from the resources they had at their disposal, and also to mitigate the threat of potential rivals to the state. Yemen therefore has only a 30-year history of 'state services' in the conventional sense of the term. Despite some improvements, by the 2000s Yemenis outside the capital were accustomed to providing their own electricity through generators, while water trucked in from private providers was in wide use in both urban and rural Yemen.<sup>23</sup> The main social goods provided by the government were state salaries (for around 1.25 million people) and fuel subsidies.<sup>24</sup>

Service provision and the failure to provide services have been exploited repeatedly by non-state actors as a means of garnering support for their own agendas and undermining the legitimacy of the formal state. In 2011 and 2012, Yemen's local Al-Qaeda franchise experimented with service delivery, including provision of electricity and water, in the southern town of Zinjibar.<sup>25</sup> When the Houthis entered Sanaa in 2014, they did so under the pretext of wanting to overturn a corrupt government and ensure a more equitable division of the country's resources – an adaptation of protesters' demands for reform during Yemen's 'Arab Spring' in 2011.<sup>26</sup> When the Houthis seized Sanaa, electricity supply briefly improved and fuel prices were cut, giving them a temporary popularity boost. When the current war began, Al-Qaeda affiliates seized control of another southern city, Mukalla, where they focused on service delivery and humanitarian work and set up their own courts system.<sup>27</sup> Al-Qaeda was pushed out of Mukalla in April 2016, however.

Elsewhere, the governor of Mareb has become popular thanks to his management of revenues from local oil and gas production facilities, which he has used to provide electricity, improve healthcare and education, and pay for infrastructure upgrades.<sup>28</sup> The internationally recognized government has struggled to make a similar impact in Aden, the main city ostensibly under its control. In August 2019, secessionists with strong ties with the United Arab Emirates (UAE) seized government military bases and institutions in and around Aden, alleging government corruption and infiltration by 'terrorist' elements. They later pushed into neighbouring Abyan and Shabwa governorates.

The Houthis, meanwhile, have been widely criticized by those under their control, a uniform complaint being that the state no longer provides any discernible services beyond security.<sup>29</sup> Electricity supply is absent, hospitals are funded and staffed by international NGOs, state wages go unpaid, and fuel prices are at near-record highs amid shortages of supply. In the words of one Sanaa resident: 'If they paid just some wages and provided some services, and if they were seen to do so, they would be much more popular.'

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<sup>22</sup> Al-Iryani, M. A. (1987), *Migration, remittances and economic development in Yemen Arab Republic*, Iowa State University.

<sup>23</sup> Salisbury, P. (2011), *Yemen: Oil, Imports and Elites*, Programme Paper, London: Royal Institute of International Affairs, <https://www.chathamhouse.org/publications/papers/view/179191>.

<sup>24</sup> Ibid.

<sup>25</sup> Horton, M. (2017), 'Fighting the Long War: The Evolution of al-Qa`ida in the Arabian Peninsula', *CTC Sentinel*, Volume 10, Issue 1, January 2017.

<sup>26</sup> Nagi, A. (2019), 'Yemen's Houthis Used Multiple Identities to Advance', Carnegie Middle East Center, 19 March 2019, <https://carnegie-mec.org/2019/03/19/yemen-s-houthis-used-multiple-identities-to-advance-pub-78623>.

<sup>27</sup> Horton (2017), 'Fighting the Long War'.

<sup>28</sup> Baron, A. (2018), 'The Marib paradox: How one province succeeds in the midst of Yemen's war', European Council on Foreign Affairs, 12 June 2018, [https://www.ecfr.eu/publications/summary/the\\_marib\\_paradox\\_how\\_one\\_province\\_succeeds\\_in\\_the\\_midst\\_of\\_yemens\\_war#](https://www.ecfr.eu/publications/summary/the_marib_paradox_how_one_province_succeeds_in_the_midst_of_yemens_war#).

<sup>29</sup> Yemen Polling Center (2012), *Yemeni citizens' main concerns, perception of human rights and CSOs*, [http://yemenpolling.org/Projects-en/Yemeni\\_Citizens\\_Concerns\\_Perception\\_of\\_Human\\_Rights\\_and\\_CSOs\\_\(English\\_Version\)\\_v3.pdf](http://yemenpolling.org/Projects-en/Yemeni_Citizens_Concerns_Perception_of_Human_Rights_and_CSOs_(English_Version)_v3.pdf).

But they provide nothing, they tax heavily, and they have made a police state. All the taxes are used for war and to oppress people.<sup>30</sup> Yet residents in Houthi-controlled areas also note the relative security of the canton, and disorder elsewhere, and have not mounted major protests against Houthi rule.<sup>31</sup> Both the Hadi government and the Houthis blame each other for the lack of services nationwide, while the southern secessionist STC has blamed what it terms Hadi's 'corruption government' for these problems while presenting itself as a viable governance alternative before and since its August 2019 takeover of Aden.

## International legitimacy

In international relations, *de jure* recognition has been the defining feature of statehood, and much more relevant than the *de facto* capacities outlined by the Montevideo Convention, which decrees that the state should possess '(a) a permanent population; (b) a defined territory; (c) government; and (d) capacity to enter into relations with the other states'. In certain cases, international actors recognize state leaders who may not enjoy the other forms of legitimacy, and these state leaders then rely on their external alliances to maintain some claim to speak on behalf of their constituents. In Iraq and Yemen, international recognition thus becomes another way of gaining a right to represent a population and to become the executive. Leaders can gain additional legitimacy among their domestic constituents by claiming to have the support of influential regional or international players. At times, actors that lack *de facto* power can still maintain *de jure* legitimacy due to their alliances and close relations with external patrons or allies. As such, an overreliance on international legitimacy widens the gap between *de jure* and *de facto* authorities, as the former become less reliant on legal-rational or utilitarian legitimacy, creating the space for the latter to fill.

In other cases, however, actors that lack *de jure* recognition can still gain legitimacy via international alliances. For instance, the Kurdistan Regional Government (KRG) in Iraq is a sub-state actor rather than a *de jure* state actor. However, the KRG's leadership engages in diplomatic relations and uses its foreign relations portfolio domestically in a bid to acquire and maintain greater legitimacy among its local constituents.<sup>32</sup>

But when an actor is deemed illegitimate by powerful states because of the threat it poses (or is seen to pose), it can face military action, hastening its demise or leaving it in an embattled position. This was the case for the Saddam Hussein regime in Iraq. It has also proven true for Al-Qaeda, ISIS and the Houthis during their respective periods of territorial control.

International support has become an important feature of the legitimization process for incumbent executives. Once provided, this legitimization can help sustain the rule of otherwise weak leaders and can be used to attack rivals. Yet, when combined with support in the form of military and financial resources, it may also create an artificial balance of power that becomes a barrier to state–society relations and bargaining between elite groups, both also important parts of legitimization. More critically, an actor cannot survive on international recognition alone. Like utilitarian legitimacy, international legitimacy tends to be short-lived unless complemented by other forms of legitimacy. Protest movements in Iraq

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<sup>30</sup> Author interview with Sanaa resident via messaging application, March 2019.

<sup>31</sup> Yemen Polling Center (2012), *Yemeni citizens' main concerns, perception of human rights and CSOs*, [http://yemenpolling.org/Projects-en/Yemeni\\_Citizens\\_Concerns\\_Perception\\_of\\_Human\\_Rights\\_and\\_CSOs\\_\(English\\_Version\)\\_v3.pdf](http://yemenpolling.org/Projects-en/Yemeni_Citizens_Concerns_Perception_of_Human_Rights_and_CSOs_(English_Version)_v3.pdf).

<sup>32</sup> For example, see Mansour, R. (2018), 'In Pursuit of Friends: the Kurdistan Region of Iraq's Foreign Affairs and Diplomacy', in Stansfield, G. and Sheriff, M. (eds) (2018), *The Kurdish Question Revisited*, London: Hurst.

have revealed the extent to which local populations can direct their grievances at the elite and complain about interference from foreign actors, whether the US, Iran or others. In such cases, international recognition can in fact do the opposite: make the leader(s) seem *illegitimate*.

## Iraq

Iraqi politics after 2003 became intertwined with regional and international politics, as the weakening of the state made it more susceptible to external influences. For the first year after the US-led invasion, the American Coalition Provisional Authority (CPA), led by Paul Bremer, became the sovereign of Iraq. During this period, all political actors in Baghdad required strong relations with the foreign sovereign if they were to be deemed legitimate. Conversely, many actors whom the CPA did not recognize, such as Shia cleric Muqtada al-Sadr, stood minimal chance of participating in the political process. Although sovereign power was handed back to Iraqis in 2004, international actors continued to support (and work against) domestic political actors. As such, in the early years of the war Iraqi politicians often felt that they needed the support of Washington in order to succeed in political life.

Over the years, international actors would also act as kingmakers in government formation in Iraq. In 2005, 2010, 2014 and 2018, countries such as the US, Iran, Turkey and the Gulf states played pivotal roles in supporting the ascent of certain leaders. While the US had more of a say in the early years after the invasion, in recent times Iran has become the primary kingmaker in Iraqi politics. As an aide to former prime minister Haider al-Abadi told one of this paper's co-authors: 'One of our mistakes was getting so close to the Americans, when Iran was really calling the shots for the next government.'<sup>33</sup> After the 2018 election, Abadi was unable to remain as prime minister. Partly, this was because his party had not won the election; however, more critically, it also reflected a veto from Tehran. This loss of Iranian support further undermined Abadi's domestic legitimacy. As a senior political leader confirmed, 'To be successful in politics in Iraq, you must be friendly with Iran.'<sup>34</sup>

For all Iraqi political parties, therefore, a strong international relations portfolio became an important tool for maintaining domestic legitimacy. Some parties focused excessively on foreign relations. For instance, the Kurdistan Democratic Party (KDP) used the strength of its relations with the US and Turkey to increase its capabilities and demonstrate to its constituents that the party was now on the world stage. This form of international recognition gave Masoud Barzani, the leader of the KDP, considerable legitimacy in the eyes of his people and encouraged the party to focus its communications efforts on publicizing his relations with world leaders.

However, international legitimacy has distinct limitations. Like utilitarian legitimacy, it reflects the weakening of state institutions. It can also reflect the increased influence of foreign actors within a country. Actors that rely solely on international legitimacy will not be able to maintain their standing for very long. For instance, in the Kurdistan Region of Iraq, between 2014 and the present, the failures of the KDP's utilitarian and legal-rational legitimacy affected its international legitimacy. As several protesters told one of the co-authors: 'The Barzanis care more about appeasing foreigners than providing their people with basic services and salaries.'<sup>35</sup> At some point, then, the KDP had to shift its focus back to utilitarian and legal-rational legitimacy.

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<sup>33</sup> Author interview.

<sup>34</sup> Author interview.

<sup>35</sup> Author interview.

## Yemen

International recognition and support have also played an outsized role in the process of legitimizing successive Yemeni leaders. From the early 2000s onwards, external support for the presidency, from the US in particular, strengthened Saleh's hand against potential rivals during a period when intra-elite competition was becoming visible in Sanaa, and when regional challengers such as the Houthis and southern secessionists were also emerging. Saleh sought to limit Western officials' contact with any group that might criticize the regime or undermine his own characterization of the country as a complex, tribal place that only he could manage.<sup>36</sup> In particular, his role as a counterterrorism partner allowed him to sustain his position, with Western diplomats aware of the weakness of his government but worried that without him the power vacuum would embolden Al-Qaeda in the Arabian Peninsula (AQAP).<sup>37</sup> When it became clear in 2011, however, that civil war was likely if he was left in power, the Western position shifted. Saleh's vice-president, Abd Rabbu Mansour Hadi, who was seen as pliant by both the international community and local elites, was installed in his place. Hadi would receive almost limitless support during the subsequent transitional period.

Following the September 2014 Houthi–Saleh takeover of Sanaa, Hadi retained his post, but his power and arguably his legal-rational legitimacy became increasingly nominal. Yet Western governments did not describe what was increasingly clearly a coup as such, as doing so would have forced an end to counterterrorism cooperation and would likely have caused the collapse of the Yemeni political transition. For some Yemenis, this appeared to translate into international acceptance of the Houthis. In January 2015, after being placed under house arrest in Sanaa, Hadi announced that he had resigned from the presidency.

He later fled to Aden and rescinded his resignation, calling for the Gulf states to come to his aid in the Yemen war, invoking Chapter 7 of the UN charter (which deals with the legitimate use of force) and, in effect, authorizing Gulf intervention. In April 2015, the UN Security Council passed a new resolution that described Hadi as Yemen's 'legitimate president', underlining international support for him.<sup>38</sup> But diplomats have come to describe the resolution as a 'millstone'.<sup>39</sup> The same Security Council resolution calls for the Houthis to effectively surrender and hand control of the state back to the Hadi government. This has made negotiations under the auspices of the UN highly problematic, as the Hadi government regularly invokes the resolution as a *fait accompli* despite its weak position on the ground. The August 2019 STC takeover of Aden has made this stance even more problematic, with the international community bound to the legitimacy of a leader who has lost control of both the *de jure* and transitional capital cities of his country.

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<sup>36</sup> Finkel, D. (2005), 'U.S. Ideals Meet Reality in Yemen', *Washington Post*, 18 December 2005, [https://www.washingtonpost.com/archive/politics/2005/12/18/us-ideals-meet-reality-in-yemen/c507277c-ef84-41a1-9171-0d1ec2604a63/?utm\\_term=.9d024276b6a0](https://www.washingtonpost.com/archive/politics/2005/12/18/us-ideals-meet-reality-in-yemen/c507277c-ef84-41a1-9171-0d1ec2604a63/?utm_term=.9d024276b6a0).

<sup>37</sup> Filkins, D. (2011), 'Yemen: Why Saleh has Stayed', *New Yorker*, 7 April 2011, <https://www.newyorker.com/news/news-desk/yemen-why-saleh-has-stayed>.

<sup>38</sup> UN Security Council (2015), 'Security Council Demands End to Yemen Violence, Adopting Resolution 2216 (2015), with Russian Federation Abstaining', United Nations, [un.org/press/en/2015/sc11859.doc.htm](https://un.org/press/en/2015/sc11859.doc.htm).

<sup>39</sup> Author interview.

### 3. Capabilities: the Bureaucracy and De Facto Authorities

In an idealized flowchart of the workings of an orderly state, a legitimate executive would direct a professional civil service to implement its policies using the resources and technocratic know-how at the state's disposal. These policies would be calibrated both to meet the objectives of the governing authority and to provide the state with enough legitimacy to ensure that the population does not think an alternative arrangement preferable.

Yet as many Western development officials have learned over the past several decades, the presence of formal bureaucracy – e.g. a ministry building occupied by bureaucrats – is not the same as the ability to implement policy effectively, provide security or collect taxes.<sup>40</sup> Capability – the ability to perform the functions associated with statehood – can be fragmented between the formal bureaucracy and emerging de facto authorities. Despite the latter's considerable capabilities – e.g. mobilizing fighters against insurgencies, fostering economic activity, collecting taxes and generating revenues, and providing healthcare and basic services – international policymakers have tended to ignore de facto authorities.<sup>41</sup> Yet de facto authorities could be of benefit during stabilization and state-building periods.

As many Western development officials have learned over the past several decades, the presence of formal bureaucracy is not the same as the ability to implement policy effectively, provide security or collect taxes.

As noted elsewhere, a vital question for international interlocutors is how to identify key actors, and when and how to engage with them. One answer is to focus on de facto rather than *de jure* capabilities, within a more general framework of accountability. Amartya Sen's 'capability approach'<sup>42</sup> provides an analytical framework that can be used to identify the de facto authorities in Iraq and Yemen. Sen argues that groups and individuals vary in their ability to convert the resources at their disposal into 'functionings' – either a state of being (good quality of life, for example) or 'doings' (tangible outcomes that have utility or financial value). To understand why different outcomes occur, and why actors choose these outcomes, Sen assesses the resources available to particular actors or groups, their personal 'utilization function' (meaning their physiological and intellectual capabilities, more simply defined as know-how or 'capacity') and the environment in which they operate ('context'). This provides the analyst with a 'capability set': the options available to the actor in question.<sup>43</sup>

This approach has utility for analysis of policy options in the context of fragmentary transformations, where the formal bureaucracy is either unable or unwilling to produce tangible outcomes on the ground, ranging from security to service delivery. Instead, to varying degrees, de facto authorities infiltrate the state, sideline, co-opt or merge with the formal bureaucracy, and displace the recognized

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<sup>40</sup> Matthews, M., Pritchett, L. and Woolcock, M. (2017), 'Looking like a state: the seduction of isomorphic mimicry', in Matthews, M., Pritchett, L. and Woolcock, M. (2017), *Building State Capability: Evidence, Analysis, Action*, Oxford Scholarship Online.

<sup>41</sup> Cheng, C., Goodhand, J. and Meehan, P. (2018), 'Synthesis Paper: Securing and Sustaining Elite Bargains that Reduce Violent Conflict', UK Stabilization Unit.

<sup>42</sup> Sen, A. (1989), 'Development as capability expansion', *Journal of Development Planning*, 19 (1): 41–58.

<sup>43</sup> Ibid.



executive, at times simultaneously developing parallel military and economic structures in order to do so. In performing an initial analysis of the country in the midst of fragmentary transformation, we argue, policymakers should take an agnostic approach as to who *should* be doing things, move away from the ‘state versus non-state’ debate, and instead ask who *actually does them, how and why*.

To understand the divergence between the formal bureaucracy and the de facto authorities, this chapter focuses on armed groups’ **military** and **economic/rent-generating** capabilities. It also seeks to build a picture of where connections need to be established between those who, so to speak, ‘should’ perform state-like functions (i.e. the executive), those who ‘can’ do so (i.e. the bureaucracy), and those who actually ‘do’ (the de facto authorities).

Capabilities are linked to legitimacy. A group that is able to enjoy battlefield success, attract economic activity or generate revenues can feed these gains back into society, thereby reconstructing state–society relations while at times bypassing or subsuming the formal mechanisms of the state. In this way, local populations can perceive a de facto authority as more legitimate than the formally legitimized executive or the official bureaucracy. However, international policymakers continue to focus on executives, and on the formal bureaucracies that report to them, regarding these as the legitimate institutions.

## Military capabilities

The weakening of the unitary state and the emergence of conditions towards the ‘chaos’ end of the spectrum in Iraq and Yemen have fragmented military capabilities at the national level. As a result, many different actors have taken up arms and developed their own arsenals. They have become the de facto military authorities, often reporting neither to the formally recognized executive nor to the bureaucracy. At times these actors share the security burden with the state, particularly when the state’s armed forces are weak or ineffective. At other times, they use their capacities to compete with or capture the state, while also competing with one another for influence.

In this section, we identify the main armed groups in Iraq and Yemen. We analyse how they cooperate and compete with the state and one another, and how capable each group is. We find that knowledge, morale, religious ideology and attachment to a specific geographic territory are the most reliable predictors of success, along with the transfer of expertise and strategic/tactical capabilities from external supporters.

## Iraq

In Iraq, the security sector has struggled to perform effectively since 2003. At different times, armed actors and militias – de facto authorities outside the command of the formal bureaucracy (the armed forces) – have stepped in to provide security. These groups maintain their own command structures and have not integrated into the state. As a result, the security sector in Iraq remains fragmented between the Iraq Security Forces (ISF) and more capable de facto authorities with their own affiliations.

These challenges reflect the cycle of dismantlement and reconstruction in the military and security services since the US-led invasion.<sup>44</sup> All available military capacity was initially removed, leading to a vacuum in capability (beyond the occupying US and allied armed forces) that persists to this day.

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<sup>44</sup> After declaring victory in Iraq in May 2003, the US formed the Coalition Provisional Authority (CPA) to run the country. The first order from the CPA was to disband most of the security structure, and to build new armed forces and security structures from scratch.

Thousands of suddenly unemployed fighters found employment with insurgent armed groups, including Al-Qaeda in Iraq (AQI) and later ISIS. These fighters, trained in military combat and familiar with the Iraqi terrain, gave insurgent networks and groups strong military capabilities, leading to successes on the battlefield, such as in 2014 when ISIS managed to conquer one-third of Iraq's territory.

The US and the post-2003 Iraqi government had to restructure Iraq's military and security forces for national defence, internal security and constabulary duties. These new structures were infiltrated by militiamen from the country's political parties. For instance, in 2004 a part of the Badr Organization integrated into the Ministry of Interior (MOI). However, not only did Badr maintain a group of fighters separate from the formal bureaucracy, the group also ensured that the fighters seconded to the ministry remained loyal first to Badr itself. Today, Badr and the PMU control most parts of the MOI, from the minister to the federal police. Since 2003 there has been a clear gap between the formal bureaucracy and the de facto authorities on the ground, the latter of which are linked to non-state identity-based groups.

**In response to groups such as Al-Qaeda, which exploited the absence of strong state security forces to seize territory and attack state facilities, the US identified and empowered non-state de facto authorities to drive Al-Qaeda out as part of the Sunni Awakening in 2006–07.**

For instance, in response to groups such as Al-Qaeda, which exploited the absence of strong state security forces to seize territory and attack state facilities, the US identified and empowered non-state de facto authorities, including fighting forces from tribes in Fallujah (Anbar) and the northwest of the country, to drive Al-Qaeda out as part of the Sunni Awakening in 2006–07.<sup>45</sup> This approach proved effective in part because the fighters were motivated to push a rival force out of their home territory, and also because they were provided with arms and finances by US forces.

However, such short-term expedients meant that the ISF was never able to regain de facto authority. Instead, the Iraqi government came to rely heavily on informal militias and the forces of leading political figures and parties. The formal executive circumvented the bureaucracy to directly task its own implementers.<sup>46</sup> When ISIS emerged in late 2013 and 2014, the ISF was not capable of defending Iraqi territory. Also, notoriously, the ISF fled from Mosul in June 2014.

#### *The PMU: a hybrid actor*

To oust ISIS, the Iraqi government initially relied on volunteers, who formed the PMU. The PMU groups were the first to begin fighting ISIS. The PMU mobilized first among the seven armed groups that already operated in the country – exemplifying the benefits of pre-existing structures.<sup>47</sup> Many other groups were also formed as part of the Popular Mobilization Units Committee (PMC).<sup>48</sup>

The PMU's main attribute during the crisis was its ability to recruit large numbers of motivated fighters who were answering a religious *fatwa* to fight. According to various claims from well-informed sources in Baghdad, more than 75 per cent of men aged 18–30 residing in predominantly Shia provinces

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<sup>45</sup> Dodge, T. (2013), *Iraq: From War to a New Authoritarianism*, London: Adelphi series.

<sup>46</sup> The then prime minister, Nouri al-Maliki, for example, increasingly relied on the counterterrorism service, which he took out of the Ministry of Defence and put under his personal command in the prime minister's office, along with a number of militias.

<sup>47</sup> These groups are: the Badr Organization, Asaib Ahl al-Haq (AAH), Kataib Hezbollah (KH), Kataib Sayyid al-Shuhada, Harakat Hezbollah al-Nujaba, Kataib al-Imam Ali and Kataib Jund al-Imam. See Mansour and Jabar (2017), *The Popular Mobilization Forces and Iraq's Future*.

<sup>48</sup> The PMU would go on to include Sunni and other minority groups. Its units would become a sort of national guard with military operations throughout Arab Iraq. Like the counterterrorism service, the PMU was eventually recognized as a state actor, yet autonomous and outside the Ministry of Defence and Ministry of Interior structure. The PMU does not operate on a direct line of command and control.

volunteered for the PMU. Although the roster of active fighters is around 55,000, the organization claims to have 122,000 fighters on paper – a far greater number than any other security institution in Iraq. In contrast, the ISF struggled to recruit fighters to combat the threat of an invading ISIS. Many Iraqis did not have faith in fighting for the state's security service following its dramatic retreat from Mosul.

*The PMU is a hybrid actor, in that it has de facto authority but not yet complete de jure recognition. More critically, the PMU both cooperates with and competes against state forces at different times.*

The PMU is a hybrid actor, in that it has de facto authority but not yet complete *de jure* recognition.<sup>49</sup> More critically, the PMU both cooperates with and competes against state forces at different times. During the fight against ISIS, the PMU was the first force to stop ISIS's advances, particularly around the so-called 'Baghdad belt'. Throughout the fight, the paramilitary groups that made up the PMU were integral to the Iraqi state's territorial gains over ISIS. However, despite helping the state to restore control in this key respect, the PMU has also at times been a disruptive force, putting pressure on the formal bureaucracy and executive. For instance, following the Kurdish referendum in 2017, PMU leaders informed Prime Minister Abadi of their intention to advance on the province of Kirkuk, which since 2014 had been under de facto Kurdish control. Seeking to maintain some control, Abadi had little choice but to agree to the plan.<sup>50</sup> In interviews after these events, officials from the administration argued that Abadi had less agency in the matter.

## Yemen

In Yemen, the September 2014 takeover of the capital by the Houthis, in partnership with former president Saleh, left the group in effective control of major state security institutions, including the defence and interior ministries as well as elite military units and their stockpiles of weaponry; in other words, the Houthi rebels came to control much of the bureaucracy and the state-linked de facto authorities.

The Hadi government's Yemen National Army (YNA), meanwhile, was formed from the rump of the military and bolstered by mass recruitment of tribal and other fighters. The YNA is noted for its weak capabilities despite receiving training, salaries and weapons from Saudi Arabia. The main legitimizing factor behind its forces is their affiliation with the internationally recognized executive, i.e. the Hadi government.

## Ansar Allah

While the assorted forces affiliated with the Sanaa-based Ansar Allah movement are generally described as 'Houthis', in reality the military structures in the country's northwest are a hybrid of the group's militias and the remnants of forces under the command of the pre-war interior and defence ministries along with other state institutions. As such, the de facto Ansar Allah authorities in Sanaa are a good example of the kind of hybrid actor often encountered in countries in the midst of fragmentary transformations. By some estimates, some 60 to 70 per cent per cent of the army,

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<sup>49</sup> Mansour, R. and Van Veen, E. (2017), 'Iraq's Competing Security Forces after the Battle for Mosul', War on the Rocks, 25 August 2017, <https://warontherocks.com/2017/08/iraqs-competing-security-forces-after-the-battle-for-mosul/>.

<sup>50</sup> Based on interviews with sources inside the prime minister's office at the time.

police and paramilitary formations in Yemen joined the Houthi–Saleh alliance during the early days of the war.<sup>51</sup> While there have been a number of defections since Saleh was killed by Houthis during infighting in December 2017, the group still has an estimated 180,000–200,000 armed men under its control, less than half the official figure for the YNA (see below).<sup>52</sup> The Houthis also have access to multiple weapons systems, ranging from tanks and technical vehicles to anti-tank guided missiles and ballistic missiles, which they have used to attack Saudi Arabia.

The hybrid northern force serves both policing and offensive military functions, and is noted for its ability to move important brigades to key front lines at short notice. It benefits from the capacities of both the Houthi militias – which fought six successive wars with the Yemeni state between 2004 and 2010, and became a highly effective insurgent force, likely with some assistance from Lebanese Hezbollah – and the Yemeni military bureaucracy and de facto authorities, including elite US-trained counterterrorism forces. Ansar Allah also benefits from high levels of motivation among its religiously inclined members, some of whom believe they are engaged in a regional war against the US (Washington is perceived by the Houthis as working in the service of Israeli interests), as well from Yemeni nationalists who see their country as under siege from Saudi Arabia.

The hybrid northern force first expanded its territorial reach to include areas outside traditional Zaydi control in Yemen's northern highlands, but was later pushed back by rival armed groups. However, it still controls and contests around a third of Yemen's territory, including the major population centres and the capital. It has used long-range ballistic missiles since the beginning of the war to attack targets inside Yemen, Saudi Arabia and, it claims, the UAE. It has also used short-range missiles, likely with the support of Iran, to attack military vessels and armoured vehicles.

#### *The YNA and Southern Resistance Forces*

The Houthis' rivals include the many groups that broadly fight under the banner of the Yemen National Army (YNA) and Southern Resistance Forces (SRF). These groups enjoy – or, in the case of the SRF, enjoyed – a veneer of formality and legitimacy thanks to being ostensibly overseen by an internationally recognized executive, the Hadi government. Yet in reality the pre-war bureaucracy and a large number of formal authorities have remained under Houthi control, while the de facto authorities affiliated with the government of Yemen lack an overseeing bureaucracy. At the same time, the UAE-backed SRF – which have much stronger capabilities – are in effect overseen by an external bureaucracy in the form of the UAE authorities, and by the non-state STC.

Government salary data suggest that the YNA's forces number around 450,000–500,000.<sup>53</sup> However, this estimate includes a large number of so-called 'ghost' soldiers: fictitious or absentee names listed on the military payroll to enrich commanders. The YNA's presence is most concentrated in the Al Jawf, Mareb and northern Hadramawt governorates, and it is the dominant force in the city of Taiz. The YNA also oversees the fight at fronts on the Saudi–Yemeni border; and in Hajja governorate in northwestern Yemen, where Yemeni forces are supplemented by at least one brigade of Sudanese soldiers. YNA brigades were also present in Aden until August 2019, retain positions in Lahj, Abyan and Shabwa, and fight along the Red Sea coast.

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<sup>51</sup> UN Security Council (2016), 'Letter dated 22 January 2016 from the Panel of Experts on Yemen established pursuant to Security Council resolution 2140 (2014) addressed to the President of the Security Council', <http://digitallibrary.un.org/record/819771/files/>.

<sup>52</sup> Figure based on Chatham House interviews with senior Western and regional officials. Internal estimates of force size based on current frontline deployments.

<sup>53</sup> Per documents provided to Chatham House and verified with government of Yemen officials.

It is not entirely clear how capable or motivated these forces are, given the lack of territorial gains they have made since 2015 compared to those achieved by UAE-backed southern forces (see below). While YNA fighters operate under the banner of ‘fighting to go home’, many are allegedly reluctant to enter battles in their home areas, fearing the long-term repercussions in a tight-knit society with strong tribal structures.<sup>54</sup> The exception are some highly motivated nationalist and Salafist (but not Salafi-jihadi) factions.

In contrast to the YNA, the so-called SRF have enjoyed the most battlefield success against the Houthis over the course of the conflict. Since 2016, the UAE has been training, equipping and exercising effective command and control over a range of paramilitary forces in southern Yemen, whose roles range from checkpoint security to counterterrorism and frontline combat.<sup>55</sup> A number of fighters are formally registered as police and soldiers, and ostensibly fall under the control of the internationally recognized government of Yemen (under the commands of the defence and interior ministries). But senior government officials are clear in saying that these forces are in fact overseen by UAE commanders based in Aden, Mokha and Mukalla.<sup>56</sup> The secessionist STC also claims control of these forces under the umbrella of the SRF.<sup>57</sup>

Since 2016, the UAE has been training, equipping and exercising effective command and control over a range of paramilitary forces in southern Yemen, whose roles range from checkpoint security to counterterrorism and frontline combat.

The SRF’s frontline forces are among the most capable in Yemen, aside from those of the Houthis. In earlier inceptions, the SRF pushed the Houthis out of Aden, the southern city which the government has named its interim capital, and then out of the major southern governorates. In August 2019, SRF units led by the STC were instrumental in seizing military bases and government institutions previously held by the Hadi government, in what the government has described as a UAE-led coup, highlighting the fact that Hadi executive’s power over these groups was nominal at best.

The command lines for other groups are opaque. In 2018, the UAE-backed Giants Brigade – made up of Salafi fighters from the south and some STC-affiliated brigades – made a series of military gains against the Houthis, pushing up the western Tihama coast to encircle the Red Sea port city of Hodeida (aided by UAE air support and guided munitions). Many of these forces were Salafists motivated by ideology and a desire for revenge against the Houthis, and are said to subscribe to the philosophy of *wali al-amr*, simply translated as ‘obedience to the leader’.<sup>58</sup> The forces of the Giants Brigade were subsequently assisted by the Guards of the Republic, another UAE-backed military formation, led by Tareq Saleh, the nephew of former president Saleh. This unit does not fall under the command of the Hadi-led defence ministry, and until December 2017 was allied with the Houthis. It is unclear who these groups ultimately report to beyond their UAE handlers who oversee the Red Sea coast theatre.

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<sup>54</sup> Chatham House interviews with tribal sources, military leaders and others, October 2018–May 2019.

<sup>55</sup> Knights, M. (2019), ‘Lessons from the UAE War in Yemen’, *Lawfare*, 18 August 2019, <https://www.lawfareblog.com/lessons-uae-war-yemen>.

<sup>56</sup> Chatham House interviews, Aden, September 2018, March 2019.

<sup>57</sup> Chatham House interviews, Aden, September 2018, March 2019.

<sup>58</sup> Chatham House interview, senior Salafist leader, Aden, March 2019.

## Economic/rent-generating capabilities

The state has historically played an important role in the economies of both Iraq and Yemen, through public-sector activity and the ruling regimes' close relationships with elites. It is widely accepted, meanwhile, that the evolution of political systems from anarchy to order involves a shift from 'roving to stationary bandits' – i.e. from raiding to tax collection.<sup>59</sup> Taxation affects the state's ability to provide security and basic services. The revenue base of developing states is not always derived from direct taxation.

In both Iraq and Yemen, control of the economy has fragmented. Pre-war actors remain well placed to sustain their positions as the primary drivers of trade, but the state's role as regulator has dissipated, as has the overt influence of external players and international legal norms. Both developments have created openings for higher levels of illicit trade. Actors in both states often prioritize trade over production in pursuit of quick cash. We argue that the key determinants of a particular actor's success are pre-war capacity, connections to powerful players (either among armed groups or within state institutions), and access to territory and foreign capital.

Iraq and Yemen have also historically been 'rentier states' – meaning they control a natural resource that provides them with revenues not reliant on any relationship with the wider population beyond those in resource-rich areas.<sup>60</sup> Those who levy taxes are rarely those with the legal-rational legitimacy and authority to do so, at least from an international perspective. Instead, the primary determinant of the ability of a group to tax is control of territory and coercive ability. Effective rentierism at the international level, however, depends on legal-rational legitimacy. The sale of oil and gas requires international legal legitimacy, even if those who actually produce and transport oil are not the same as the executive. As such, de facto authorities have an incentive to capture the formal bureaucracy.

## Iraq

The defining characteristic of the Iraqi economy is its reliance on oil. Despite the post-2003 weakening of the unitary state, rentierism has kept the central government not only relevant but at the heart of the economy. Both before and after the US-led invasion, Baghdad also played a crucial role by acting as employer of last resort and underwriting fuel and electricity subsidies. The state kept down the cost of living and provided livelihoods through jobs in the civil service and military. As mentioned, by 2015 an estimated 3 million people – around two-thirds of the workforce – were employed in the public sector.

Despite its continued importance, the Iraqi state's control over the economy has weakened over time. Indeed, this shift started not in 2003 but in the 1990s, when the US and its allies instituted harsh sanctions against the Baathist regime. The regime was forced to find alternative pathways to economic activity. In this way, the formal bureaucracy had to identify new de facto authorities that could work outside formal, internationally regulated trade networks. During the sanctions era (1990–2003), the regime in Baghdad established overland smuggling networks via Jordan, Syria and Turkey (the so-called 'trucker's trade'), and by sea through the Persian Gulf. From 1991 to 1996, according to the Independent Inquiry Committee into the United Nations Oil-for-Food Programme, Iraq sold US\$2.6 billion worth of oil exclusively to Jordan. Then, from 1996 to 2003, Iraq sold US\$3.3 billion worth of oil to Jordan,

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<sup>59</sup> Olson, M. (1993), 'Dictatorship, Democracy and Development', *The American Political Science Review*, Vol. 87, No. 3, September 1993.

<sup>60</sup> Beblawi, H. (1987), 'The Rentier State in the Arab World', *Arab Studies Quarterly*, Vol. 9, No. 4, Fall 1987.



US\$3.1 billion worth to Syria, US\$806 million worth to Turkey and US\$44 million worth to Egypt. The committee found that the regime earned US\$11 billion from oil smuggling during the sanctions period.<sup>61</sup>

The regime had to cultivate alliances with newly empowered groups of de facto authorities that were part of informal economic networks. This strengthened the black market and encouraged the smuggling of petrol, cigarettes and alcohol. The networks that engaged in this trade included a wide array of actors: government officials, regime-allied individuals, external business partners, local political and business entrepreneurs, tribal leaders and workers. These traders became known as the ‘fat cats of the embargo’ (*Qitat al-Hisar*). Despite the economic fragmentation, every business actor depended on relations with powerful players, or with the government’s Republic Guard or other armed groups, to facilitate and protect the trade. For instance, in August 2000, according to one report:

Iraqi ministries were ordered to collect kickbacks on all contracts signed by suppliers of humanitarian and oil-spares-part goods to Iraq. Typically, these kickbacks were styled as ‘after-sales-service fees’ [...] by late 2000, prospective vendors of goods to Iraq generally would not see their bids approved by the ministries without agreeing to pay an after-sales-service fee of at least ten percent of the contract value.<sup>62</sup>

The UN inquiry estimated that the regime earned US\$527 million dollars from inland transportation fees from smugglers between 1999 and 2003.

While licit and illicit trade routes facilitated by merchants’ access to powerful elite players remained an important aspect of Iraq’s economy after 2003, the primary source of income since then has been the production and sale of oil. This has incentivized competition for control of central government institutions in order to obtain financial resources, a process known as the ‘splitting of the pie’ (*taksim al-kake*). Actors see control of state institutions as the most lucrative form of economic activity. As such, armed actors are incentivized to become part of the state (which has a budget of some US\$100 billion).

In this system, those with capabilities, such as armed actors and political influencers, prey upon the formal bureaucracy. Often, political parties and armed actors (de facto authorities) take control of the state and replace or sideline the formal bureaucracy, i.e. the bureaucrats and technocrats employed by the state. In doing so, these actors are able to outsource labour costs by sending members within their patronage networks to receive state salaries. They also use proxy actors, who make up the special grades (*darajat al-khasa*, numbering some 4,000 members in the Iraqi civil service; and the *wikala* system, with 500 members who serve as proxies) within each ministry to ensure that major contracts are awarded to preferred business partners. This perpetuates the culture of kickbacks. As a minister told the authors: ‘Every Sunday, during our meeting to sign contracts, my director generals and deputy ministers present me with the companies that we *must* sign with.’<sup>63</sup> And as a checkpoint commander told the authors: ‘You think I make a lot of money at this checkpoint? If we get one ministry in the government, we make 10 times or more.’<sup>64</sup>

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<sup>61</sup> Katzman, K. and Blanchard, C. (2005), ‘Iraq: Oil-For-Food Program, Illicit Trade, and Investigations’, <https://fas.org/sgp/crs/mideast/RL30472.pdf>.

<sup>62</sup> Müller, J. (ed.) (1997), *Reforming the United Nations New Initiatives and Past Efforts*, The Hague: Kluwer Law International.

<sup>63</sup> Interviews in Baghdad, March 2019.

<sup>64</sup> Interview with checkpoint commander in Iraq, February 2019.

## Yemen

In Yemen, in a dynamic similar to that in Iraq, the Saleh regime's main sources of rents were oil exports, the taxation of imports, and a growing service sector led by telecommunications and banking.<sup>65</sup> The civil war, however, has since led to significant shifts in the structure of the political economy. In the first phase of the war, in 2015–16, although Sanaa continued to act as the economic centre of gravity, state institutions became increasingly constrained in their ability to generate and redistribute revenues. In particular, the Houthi-controlled capital lost access to oil export revenues, leading to a crunch in both general liquidity and foreign-currency reserves. This led to an effective debt default (the central bank began to roll over debt payments), unpaid salaries (affecting an estimated 6 million people), fuel shortages and a deepening foreign-currency crisis. The Houthis responded by increasing taxes, enforcing tax and duty payments, and developing a stranglehold over the import sector (particularly for fuel) and foreign currency. The internationally recognized government, meanwhile, had lost control over most state institutions.

The Houthi-controlled capital lost access to oil export revenues, leading to a crunch in both general liquidity and foreign-currency reserves. This led to an effective debt default, unpaid salaries, fuel shortages and a deepening foreign-currency crisis.

In the second phase of the war, starting in late 2016, the internationally recognized government began to attempt to wrest control of the economy from the Houthis. It did so first by announcing the relocation of the Central Bank of Yemen's headquarters to Aden, and later by using state institutions to take control of the fuel import and foreign-currency markets.<sup>66</sup> Yet while the government appointed a number of people to positions in what were effectively new bureaucratic institutions, and funded some capacity-building, the group it had appointed initially lacked the know-how and capabilities needed to restore the bank's functions.<sup>67</sup> To its advantage, on the other hand, were the government's legal status and international legitimacy, which ensured that other private banks had little choice but to deal with the government, its appointees, the executive and the bureaucracy.

While it enjoyed some success with the relocation of the central bank before losing control of Aden, the Hadi government has only nominal control of territory outside the Houthi canton, and little institutional capacity for tax collection. Of the US\$3.9 billion in revenues the government estimates that state institutions will generate in 2019–20, US\$2.7 billion will not actually accrue to the government's accounts; the bulk will be earned in Houthi-controlled territory.<sup>68</sup> While customs are collected at the ports of Aden and Mukalla, the majority of revenue is diverted to local armed groups with a nominal relationship to the government; only a minority share accrues to the state.<sup>69</sup>

For revenues, the government depends on its legal claim to sovereignty over the country's oil and gas. Oil exports from the Masila field in Shabwa governorate restarted in 2017 after a nearly two-year hiatus caused by the war. To export the oil, the government had to negotiate payments both to the tribes who

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<sup>65</sup> Salisbury (2011), *Yemen: Oil, Imports and Elites*.

<sup>66</sup> Sanaa Center for Strategic Studies (2019), 'An Interim Capital of Carnage – The Yemen Review, July 2019', <http://sanaacenter.org/publications/the-yemen-review/7941>.

<sup>67</sup> Chatham House interviews with three senior Central Bank of Yemen officials, March–April 2019.

<sup>68</sup> Based on internal government documentation provided to Chatham House and verified by Government of Yemen officials.

<sup>69</sup> Based on author interviews with local security forces, government officials, October 2018–May 2019. Hard estimates of the exact division of revenues are not currently available.

surround the oil field and to the UAE-backed security forces that control Mukalla and nearby Ash Shihr, the oil export facility used for transporting oil out of the country.<sup>70</sup> Oil production has since been restored at other fields in Hadramawt and Shabwa. The Hadi government estimates it will earn US\$1.2 billion from oil exports in 2019–20.<sup>71</sup> As this case demonstrates, when their respective interests align, the internationally recognized government can cooperate with non-affiliated or loosely affiliated bureaucrats (oil workers and officials who know how to produce and export oil) and ‘implementers’ (the oil field workers, and the armed groups that control the territory through which oil and gas transits).

Oil is also being produced in low volumes in the Mareb governorate. A small refinery processes around 10,000 barrels of crude oil a day, producing fuel and liquefied petroleum gas for sale into the local market, and generating an estimated US\$800,000–1,000,000 a day in revenues (before accounting for overheads and profit-sharing with local tribes).<sup>72</sup> Revenues from oil and gas sales, worth around US\$250–350 million a year, are transferred to an account at the local branch of the Central Bank of Yemen.<sup>73</sup> This branch is controlled by the local government, run by the governor of Mareb, Sultan al-Arada. Arada has become notable for his effective management of the governorate principally because local salaries are being paid and new infrastructure is being built in a largely secure environment.<sup>74</sup> Mareb arguably has the highest level of ‘functionings’ achieved of any area of the country, thanks to strong security, residual capacity (the presence of oil field workers), and a willingness to use hydrocarbon revenues to fund public goods and services. This is another example of hybridity, where a semi-formal local executive, bureaucracy and implementers work in concert where their interests align. That said, it is interesting to learn that Arada’s legitimacy, which is derived from his formal position as governor and from his locally earned reputation, has allowed him to act outside the authority of the state structure overseen by President Hadi.

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The import of fuel into the port of Hodeida on the Red Sea coast represents another important economic lever. For much of the course of the war, this business has been dominated by Houthi-affiliated traders, although their ability to operate has recently been constrained by changes to the regulation of importers and currency exchangers.<sup>75</sup> Elsewhere, a Hadi government-affiliated businessman, Ahmed al-Essi, dominates the import of fuel into Aden, while a small group of money exchangers controls fuel imports in Mukalla.<sup>76</sup> Food imports, meanwhile, continue to be dominated by the major pre-war players, who have in the main established themselves in a middle ground between the different factions.

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<sup>70</sup> Author interviews with government officials and local observers, October 2018–May 2019.

<sup>71</sup> Based on internal government documentation provided to Chatham House and verified by Government of Yemen officials.

<sup>72</sup> Based on Chatham House interviews with officials in Mareb and Riyadh and internal documentation provided to and verified by Chatham House.

<sup>73</sup> Ibid.

<sup>74</sup> Ibid.

<sup>75</sup> Author interviews with four Yemeni merchants, October 2018–May 2019.

<sup>76</sup> Author interviews with four Yemeni merchants, October 2018–May 2019.

## Taxing at gunpoint

On the ground, armed actors in both Iraq and Yemen use violence or the threat of violence to collect taxes. This collection can occur in various ways, from setting up checkpoints along major travel routes to pressuring local businesses and residents to pay protection money. The formal state authorities remain largely absent (and at times are even complicit in this process) in many localities, and are unable to enforce accountability. The potential profits to be made from taxation encourage armed actors to move away from an ‘underground’ model of insurgency and instead to actively acquire territory and legitimacy. This also allows actors to outsource their labour costs, as tax collectors or checkpoint guards can be directly paid. Ultimately, with the acquisition of territory, a group can then build a patronage network and eventually – if it secures enough territory – establish a social contract with the local population.

The ability to generate and collect revenues is not necessarily a reliable predictor of tangible outcomes in service delivery (or, in turn, of short-term legitimacy). However, in a few cases, actors are able to combine legitimacy, revenue generation and service delivery capabilities to provide most of the functions of the state.

### *Iraq*

In Iraq, much of the early success of ISIS, which conquered one-third of Iraq’s territory, came from its taxation capabilities. It was able to generate up to US\$1 million a day through taxes.<sup>77</sup> The rise of ISIS in 2013–14 revealed the extent of this conflict economy. Unlike previous iterations (i.e. Islamic State of Iraq or AQI) that had operated in the same space, ISIS strove to be financially self-sustaining. Yet its economic rise was based on a structure that had existed in Iraq since the Baathist era. Some of its economic advisers were the very same Baathists who had been involved in bypassing sanctions in the 1990s.<sup>78</sup> As such, pre-war capacity played a significant role in the oil and gas smuggling trade.

In northern Iraq, including the Kurdistan Region and the disputed territories, the Peshmerga armed groups have set up checkpoints where all incoming and outgoing trucks and business actors are taxed. These checkpoints are administered by Peshmerga linked primarily to the region’s two main political parties, the Kurdistan Democratic Party (KDP) and the Patriotic Union of Kurdistan (PUK). Both parties use their control over territory to collect revenues and build patronage networks. Elsewhere in Iraq, the PMU uses checkpoints to collect revenues. It holds checkpoints in all Iraqi provinces except the three in the Kurdistan Region. However, the PMU is an umbrella organization, and its checkpoints are run not on a centralized basis but rather by its constituent militias. The main groups profiting from the checkpoint business are the PMU’s strongest and best-armed forces: Kataib Hezbollah, the Badr Organization, Asaib Ahl al-Haq and Saraya al-Salam, among others.

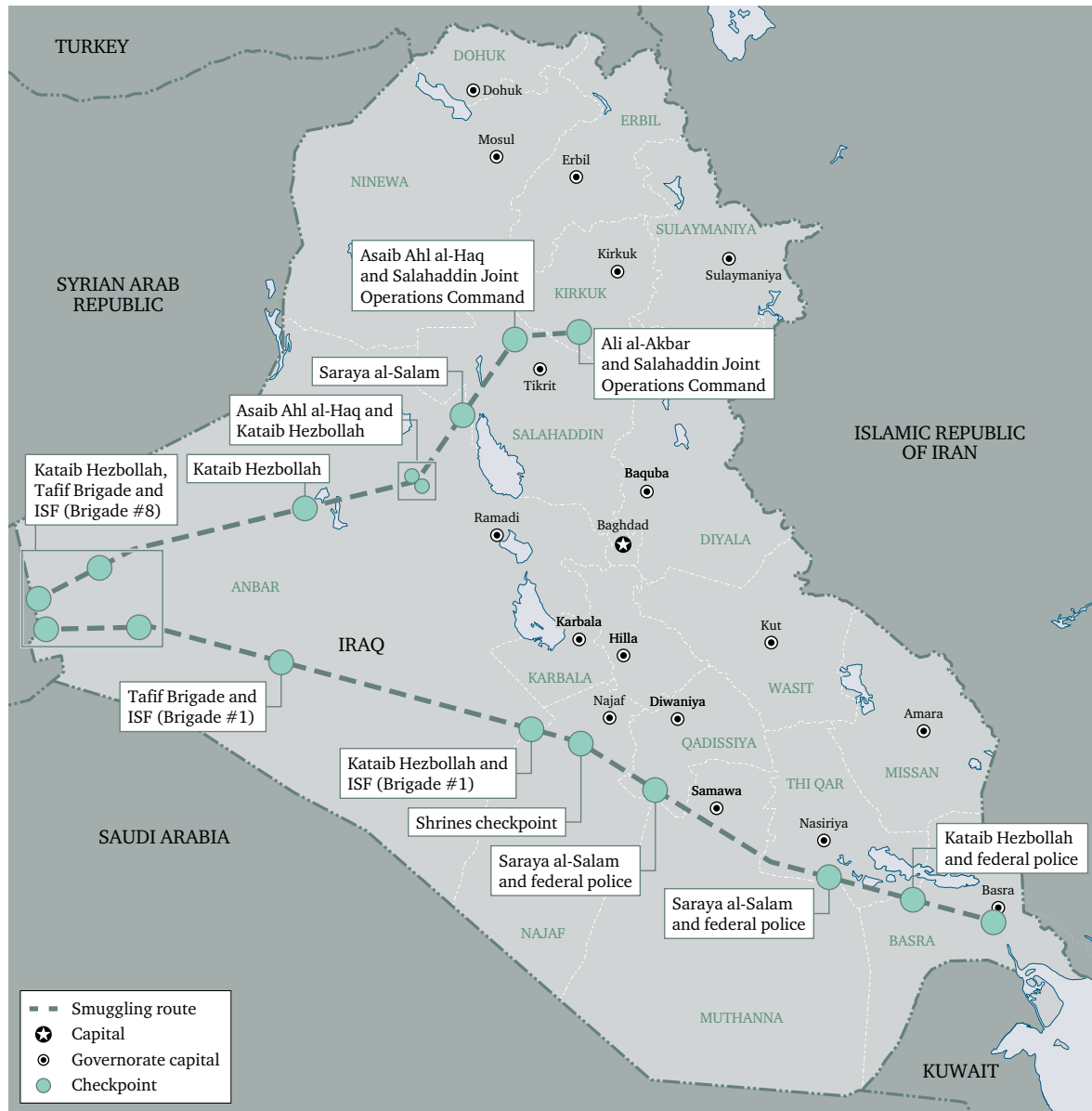
When the state must be present, such as in trade across governorate or federal borders, the de facto authorities co-opt and cooperate with the formal bureaucracy. At these checkpoints, each armed group reaches an agreement with the local ISF commander to split revenues, often in favour of the militia. A mapping of informal trade from Basra and Kirkuk to Jordan reveals the actors involved. The ISF – part of the formal bureaucracy – supplies a form of state legitimacy to governorate and federal borders, while the de facto authorities make most of the profit.

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<sup>77</sup> Hussein, M., Van Den Toorn, C. and Osgoode, P. (2014), ‘ISIS earning \$1M per day from Iraq Oil Smuggling’, Iraq Oil Report, 9 July 2014, <https://www.iraqoilreport.com/security/isis-earning-1-million-per-day-iraqi-oil-smuggling-12657/>.

<sup>78</sup> Sly, L. (2015), ‘The hidden hand behind the Islamic State militants? Saddam Hussein’s’, *Washington Post*, 4 April 2015, [https://www.washingtonpost.com/world/middle\\_east/the-hidden-hand-behind-the-islamic-state-militants-saddam-husseins/2015/04/04/aa97676c-cc32-11e4-8730-4f473416e759\\_story.html?utm\\_term=.ce2bbe7aced0](https://www.washingtonpost.com/world/middle_east/the-hidden-hand-behind-the-islamic-state-militants-saddam-husseins/2015/04/04/aa97676c-cc32-11e4-8730-4f473416e759_story.html?utm_term=.ce2bbe7aced0).

Figure 6: PMU checkpoints on oil smuggling routes to Jordan, 2018



Source: Eaton, T., Mansour, R., Salisbury, P., Khatib, L., Cheng, C. and Yazigi, J. (2019), *Conflict Economies in the Middle East and North Africa*, Chatham House Report, London: Royal Institute of International Affairs, <https://www.chathamhouse.org/publication/conflict-economies-middle-east-and-north-africa>.

## Yemen

In Yemen, as the state has fragmented into multiple cantons, different systems of taxation and rent-seeking have emerged, often necessitating cooperation between rival or unfriendly groups. In the northwest of the country the Houthis, who have a strong grip on local security, have maintained control of the major customs, tax and *zakat* authorities;<sup>79</sup> the state-run fuel distributor, Yemen Petroleum Corporation (YPC), which in effect sets the level of fuel tax; and three key ports. Fuel prices have risen exponentially since the beginning of the war (in part due to market manipulation), while ministry

<sup>79</sup> *Zakat* is a tax levied on income under Islamic law.

officials in Houthi-controlled territories claim that their enforcement rate for tax payments has risen from around 40 per cent to close to 80 per cent.<sup>80</sup> *Zakat* collection has been enforced similarly, while businesses claim that they have been charged heavy back-taxes. The Houthis have set up ‘customs’ checkpoints near the borders with rival cantons, where they impose levies on goods entering the most populous part of the country.<sup>81</sup> The major mobile telecommunications companies in Yemen are headquartered in Sanaa, and have become a valuable source of revenues for the Houthis, as has the taxing of *qat* markets.<sup>82</sup> The major aid agencies in Yemen run their operations from Sanaa, providing valuable inflows of foreign currency and taxable salaries for local staff.<sup>83</sup> The Houthis have proven among the most effective taxers of all groups in Yemen, due to their monopoly over violence in the territories they control; their increasingly entrenched security and intelligence networks; and their increasing control over the buildings and human capital associated with Yemen’s pre-war institutions.

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<sup>80</sup> Chatham House interview with official focused on financial issues in Sanaa, March 2019.

<sup>81</sup> Chatham House interviews with traders in Sanaa and Aden, March–May 2019.

<sup>82</sup> Ibid.

<sup>83</sup> Chatham House interviews with three individuals with close ties to the financial industry, January–March 2019.



## 4. Power: When Legitimacy Meets Capability

In an idealized ‘orderly’ state, power is achieved through the synchronization of the executive (the legitimate government or authority), the formal bureaucracy (technocrats with the skills and know-how to develop policy) and the ‘doers’ of the de facto authorities (such as soldiers and workers). In an orderly state, the latter two actors essentially operate in the same realm and in pursuit of more or less common policy goals.

Yet, as this paper has argued, in hybrid political orders such as Iraq and Yemen, the synchronization between different types of actors is tenuous to non-existent, with disunity and lack of coordination between the formal bureaucracy and the de facto authorities causing particular problems. De facto authorities wield power that becomes greater than or equal to that of the formal bureaucracy. This non-linear, complex network is subject to constant competition and disruption, giving the impression of chaos. But there is always order of sorts within the network, in the form of fragmented and/or improvised systems that emerge or pervade despite the diminishment of the central governing node.

This analysis is problematic to conventional policy models, as it implies that power does not naturally accrue to the ‘state’. In both Iraq and Yemen, power is often in the hands of multiple, rival de facto authorities seeking to consolidate power by competing with or subsuming one another. At times, the de facto authorities compete with or seek to subsume the formal bureaucracy and formal executive, and hence the institutions of state. At other times, they build parallel structures that are more effective and powerful than the nominal ‘state’, and as such very difficult for a weak and ineffective central government to displace.

International policymakers seeking to help build, rebuild or stabilize political orders in countries such as Iraq and Yemen must, we have argued thus far, move beyond the binary distinction between state and non-state actors, and better understand the reality of where power lies and how it is achieved. A pillar of this understanding necessarily involves an assessment of the different types of power on which state and non-state actors draw. For the purposes of this analysis, the concept of ‘power’ can be defined as an ability to get others to do things they otherwise would not. Power is exercised in different ways: it can be **coercive** (i.e. involving the use or threat of violence), **legal-institutional** (drawing on the role of institutions), or **persuasive** (leveraging cultural, social or symbolic capital).

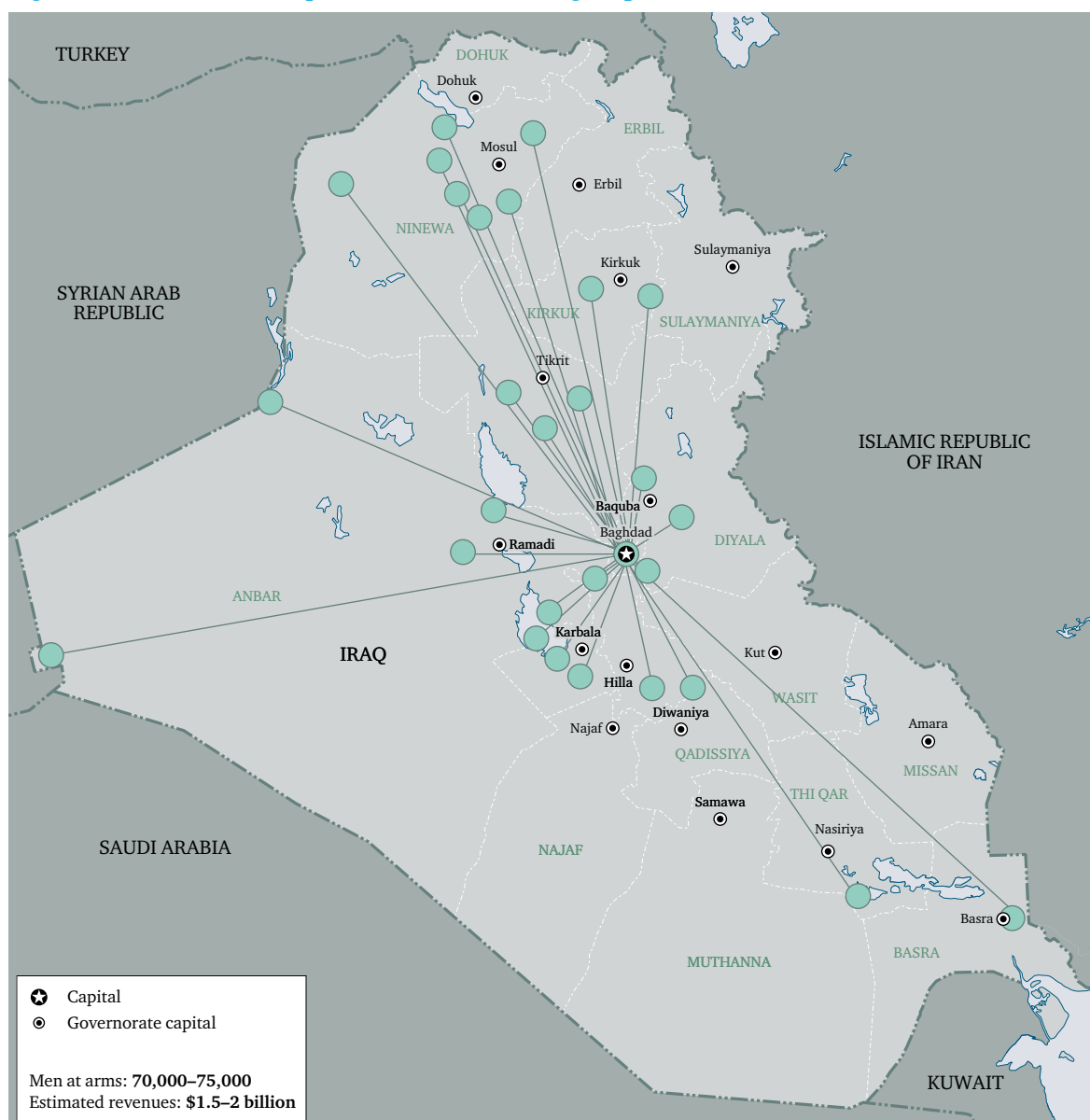
### Coercive power

Coercion is central to the Weberian notions of statehood that guide Western state-building. This paper argues that coercive power directed at a group’s rivals can be categorized as ‘horizontal coercion’, while coercive power directed towards the population living in the areas controlled by a given group constitutes ‘vertical coercion’. Armed actors compete with one other (and with state actors) horizontally by using force (or the threat of force) to get their way. In terms of vertical dynamics, armed actors maintain influence by silencing local dissent and weakening potential rivals. Armed groups’ coercive capabilities are derived from their ability to form a military and intelligence services, use or threaten force effectively, and generate revenues.

In countries in the midst of fragmentary and stalled transitions, such as Iraq and Yemen, coercive capabilities are rarely confined to the executive or formal bureaucracy. Instead, they often lie in the hands of the de facto authorities, which use coercive power to defend themselves, weaken rivals, capture state institutions and build parallel institutions of their own.

## Iraq

Figure 7: Networks and capabilities of main PMU groups



Note: These groups are the primary groups in each locality controlling territory, such as the Badr Organization; Asaeb ahl al-Haq; Kataib Hezbollah; Saraya al-Salam; Turkman Hashd; Shabak Hashd; and Sunni Hashd.

Figure 8: Networks and capabilities of main Kurdish groups, 2019



Figure 9: Networks and capabilities of ISF



In Iraq, during the fight against ISIS, the PMU won considerable legitimacy and capability. This demonstrated its relative coercive power (and also gave it persuasive power). When the main fight against ISIS ended, the PMU's de facto leader, Abu Mehdi al-Muhandis, began to exercise coercive power to both gain influence over state institutions and maintain a parallel military and economic structure. The PMU has its own de facto police force, which has been used to detain potential rivals or internal threats, including Aws al-Khafaji, a PMU commander who was arrested in February 2019. In a number of Iraqi districts, the local police are too weak to compete with the PMU or limit its abuses.<sup>84</sup> The PMU is also attempting, through the use of coercive power, to transition from being only a de facto authority to a *de jure* actor as well. As discussed, in 2004 the Badr Organization took control of the MOI. However, these forces remained loyal to Badr rather than to the central government. In this example, the coercive capabilities of Badr allowed it to capture a major government ministry, which it continues to hold, and effectively to become part of the formal bureaucracy.

The PMU also uses vertical coercion to silence dissent. During protests in Basra in 2018, disillusioned citizens called for an end to what they saw as a corrupt and ineffective elite. Demonstrators attacked the major political party headquarters in Basra, and stormed the local Iranian consulate. Protesters and civil society activists in Basra claimed that PMU groups responded with force, restricting their movements.<sup>85</sup> The PMU's actions to a large extent silenced the protest movement. Months later, protesters argued that their fear of a similar response may limit their activities in the future.

## Yemen

In Yemen, coercive practices have long been employed as part of a suite of techniques that include legal-institutional and persuasive power. The country has a long tradition of referring disputes to tribal judges and mediating sheikhs, who have complemented the state's role as an arbitrator.<sup>86</sup> Indeed, the Yemeni state was long seen as an 'arbitrative' state rather than a centralized power capable of authoritarianism, and the Saleh regime for many years operated a mix of coercion and co-option with its rivals.

The 1994 north–south civil war marked a shift, with northern forces practicing a form of total war aimed at completely defeating the southern military, which had fired Scud missiles at Sanaa at the beginning of the conflict.<sup>87</sup> In the early 2000s, the Saleh regime began to use such practices in the north, launching a campaign against the Houthis that Marieke Brandt, a leading scholar of the movement, described as a process of brutalization that ultimately saw the Houthis abandon traditional tribal norms of conflict.<sup>88</sup>

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<sup>84</sup> Interviews in Basra, Diyala, Baghdad and Mosul, 2018.

<sup>85</sup> Author interviews in Basra, February 2019.

<sup>86</sup> See, for example, Dawsari, N. (2012), *Tribal Governance and Stability in Yemen*, Carnegie Endowment for International Peace, <https://carnegieendowment.org/2012/04/24/tribal-governance-and-stability-in-yemen-pub-47838>.

<sup>87</sup> Rizvi, S. (1994), 'Scud attack on Sanaa kills 20', UPI, 11 May 1994, <https://www.upi.com/Archives/1994/05/11/Scud-attack-on-Sanaa-kills-20/9472768628800/>.

<sup>88</sup> Brandt, M. (2014), 'The Irregulars of the Sa'dah War: 'Colonel Shaykhs' and 'Tribal Militias' in Yemen's Huthi Conflict (2004–2010)', *Why Yemen Matters: a Society in Transition*, SOAS Middle East Issues, July 2014.

Figure 10: Networks and capabilities of Government of Yemen/Yemen National Army forces

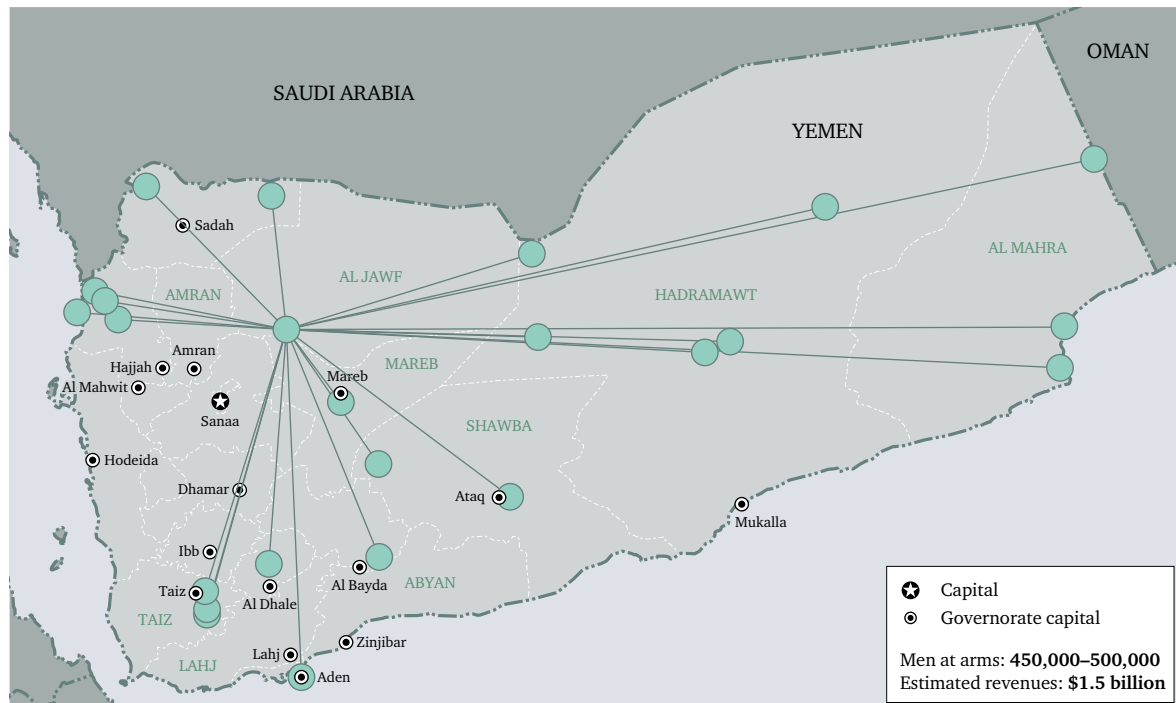


Figure 11: Networks and capabilities of Ansar Allah authorities, associated armed forces

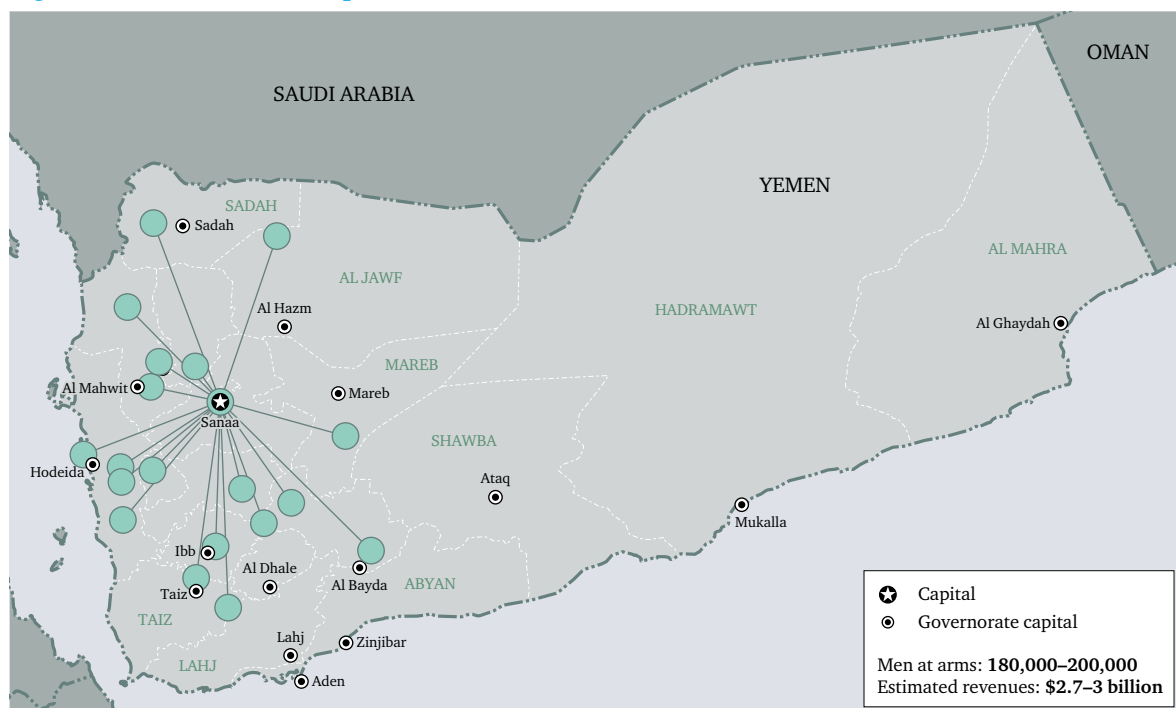
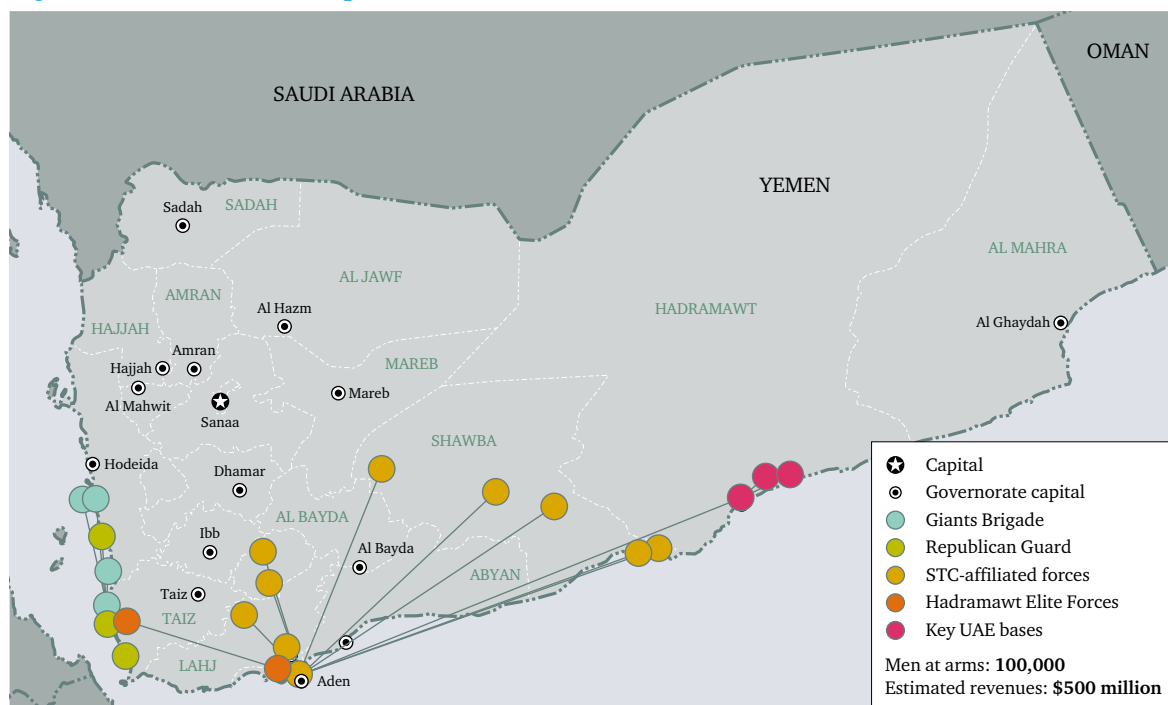




Figure 12: Networks and capabilities of Southern Transitional Forces/UAE-backed forces



The Saleh regime also moved to build a more traditional police state, using the intelligence services, police and judiciary to crack down on purported terrorists and internal dissent. The US-led ‘war on terror’ likely enhanced this approach, with Washington funding the creation of new counterterrorism and security services from around 2003 onwards.<sup>89</sup> When protesters took to the streets of Sanaa and Taiz in 2011, Saleh-affiliated forces opened fire on them, leading to a split within the Saleh regime. Rival military units and tribal militias battled one another in Sanaa and Taiz for control of the streets. Elsewhere in the country, extrajudicial killings, assassinations and arbitrary detentions remained common in daily life.

Currently, several different groups have extensive horizontal and vertical coercive power: the Houthis, the UAE-backed southern groups known as the SRF, and the YNA (see the ‘Capabilities’ chapter for more details). Each of these groups sees itself as legitimate. In practice, the YNA is legitimized by international support for the government, while the SRF is attempting to build legitimacy by creating southern Yemeni ‘state’ institutions. The Houthis are not internationally recognized, but control most of the pre-war institutions of state. Under the current status quo, each of the above groups is to a greater or lesser extent the dominant vertical power in the area that it controls. In horizontal terms, the war has been fought to a stalemate despite huge external support for the YNA from Saudi Arabia and for the SRF from the UAE.

The rivalry between southern secessionists and the Hadi government, however, could change this balance of power. The present situation has required the SRF and the YNA to counterbalance the Houthis, but if these two groups were to fight each other – as happened in January 2018 and then in August 2019 – both would likely be weakened and the Houthis’ position would improve. In the north and the south, the Houthis and the SRF are moving to use their coercive power to develop legal-rational

<sup>89</sup> Sharp, J. M. (2015), *Yemen: Background and U.S. Relations*, Congressional Research Service, 11 February 2015.

legitimacy – to either absorb or become the bureaucrats and executive networks in their areas. In the event of a peace deal between the internationally recognized government and the Houthis, the Houthis would be in a privileged position and would be afforded some legitimacy and, in turn, greater legal-rational justification for their control of the northern highlands. If southern actors affiliated with the SRF were not included in a peace agreement, they would likely use their coercive power to either force a new deal, start a new conflict or commence outright secession, in effect divorcing their networks from the national level and conferring legitimacy and control over the bureaucracy to their internal elite.

## Legal-institutional power

Despite the weakening of legal processes and the bureaucracy, and the absence of the rule of law, political and security actors in Iraq and Yemen still use legal institutions to gain influence over their opponents. Part of this process entails capturing or gaining influence over state institutions. This ‘legal-institutional’ power is based on a mixture of legal-rational legitimacy and military and economic capabilities.

### Iraq

Most armed actors in Iraq have sought institutional recognition to exert power over their opponents. Since 2003, the Iraqi elite has used mechanisms such as ‘de-Baathification’, counterterrorism and anti-corruption initiatives as institutional means of targeting opponents both vertically and horizontally. In 2010, the then-prime minister, Nouri al-Maliki, prevented some of his Sunni opponents from competing in elections by using the de-Baathification law. During his second term, from 2010 to 2014, Maliki used counterterrorism laws as the basis for the issue of arrest warrants against his Sunni opponents in government, including forcing Vice-president Tariq al-Hashemi and Finance Minister Rafa al-Issawi to flee the country. He also used counterterrorism policies to quash protest movements, such as the *harak al-shaabi*, which emerged in Mosul in 2011. As this illustrates, the use of arrest warrants becomes an important way for leaders to maintain power via coercion. Finally, Maliki used anti-corruption measures and his dominance of the 2014–18 parliament to target opponents such as Khalid al-Obeidi, the defence minister, and Hoshyar Zebari, the finance minister, both of whom were impeached on charges of corruption.

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In addition, following the fight against ISIS, the PMU has sought to gain further control over the prime minister’s office. Its allies include Faleh al-Fayadh, the chairman of the National Security Council (NSC) and a senior member of the PMU’s al-Binaa parliamentary bloc. The PMU is also close to Mohammad (Abu Jihad) al-Hashim, who serves as the prime minister’s chief of staff. A July 2019 prime ministerial decree on integrating the PMU into the prime minister’s office was in fact influenced by Abu Jihad with the consent of the PMU. The PMU’s de facto leader, Muhandis, is seeking to use this decree to consolidate his organization’s power.

## Yemen

International and local legal-institutional competition has played a key role in the internal power struggle in Yemen. The Hadi government regularly cites the so-called ‘three references’: the legal agreements and international resolutions that it believes support its position. These consist of the 2011 Gulf Cooperation Council (GCC) initiative that brought Hadi into power through a one-man election in February 2012; the outcomes of the 2013–14 National Dialogue Conference (part of the GCC initiative); and UN Security Council Resolution 2216, which reaffirmed Hadi’s status as the ‘legitimate’ president of Yemen.<sup>90</sup> Thus, the government hopes to leverage international support – in and of itself a form of power – to force the Houthis into capitulation.

The Houthis, meanwhile, cite several legal factors as legitimizing their role: the Peace and National Partnership Agreement which they signed with Hadi after their takeover of Sanaa in September 2014; Hadi’s January 2015 resignation announcement; and their own February 2015 ‘constitutional declaration’ which led to the establishment of a Transitional National Council (to replace parliament), a five-member presidential council and the Supreme Revolutionary Council to act as the de facto executive authority of Yemen.<sup>91</sup> Through these measures the Houthis were attempting to institutionalize their rule over Yemen: by establishing an executive with the right to oversee the bureaucracy (which they had in effect encircled, with their implementers physically controlling the institutions of state), and by using legal procedure to formalize the de facto takeover of the state which they had achieved several months earlier. Following their takeover of capital, the Houthis ordered banks to freeze the assets of their rivals from the Sunni Islamist Islah party, alleging corruption. They also tried Hadi in absentia for treason. The Houthis have used their control of the intelligence services and court system to impose authority on the areas they hold, often through the jailing and arbitrary disappearance of rivals (although similar practices have also taken place in south Yemen and YNA-controlled areas).

A core concern for the internationally recognized Hadi government, meanwhile, is that any political process and peace deal involving some form of power-sharing arrangement would legitimize the Houthis. In many ways, the government’s main sources of power are its status as the internationally recognized government and its technical control over legal-institutional networks. Any weakening of its status, and improvement in that of the Houthis, would naturally shift the overall balance of power, which already favours the rebels.

## Persuasive power

A final form of power is the art of persuasion, as actors often use symbols and social networks to maintain influence and persuade others to follow them. Again, persuasion requires a mix of legitimacy and capability.

## Iraq

Following the swift rise of ISIS in 2014, most Iraqis who volunteered to fight the Salafi-jihadi group and win back territory decided to join paramilitary groups and militias such as those of the PMU rather than the state’s armed forces. In part, this was due to a lack of perceived legitimacy on the part of the Iraqi

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<sup>90</sup> *Asharq al-Awsat* (2019), ‘Hadi Confirms Yemen’s Adherence to Three Terms of References’, 17 June 2019, <https://aawsat.com/english/home/article/1771611/hadi-confirms-yemen%E2%80%99s-adherence-three-terms-references>.

<sup>91</sup> Schwedler, J. (2019), ‘Yemeni Parliamentarians Vote to Form a New Government’, Atlantic Council, 17 August 2019, <https://www.atlanticcouncil.org/blogs/menasource/yemeni-parliamentarians-vote-to-form-a-new-government>.

state, whose armed forces had lost most of its territory, including the second-largest city, Mosul, to just a few thousand ISIS fighters. The Iraqi army had been defined since 2003 by an inability to serve its primary function. As a consequence, unofficial armed groups that did not have the same professional training or technical superiority used symbols and identity to persuade their constituents. For instance, several paramilitary groups recruited Shia fighters by making reference in speeches, posters and other media outlets to the June 2014 Camp Speicher massacre, in which ISIS executed 1,566 Shia Iraqi Air Force recruits.

More generally, in post-2003 Iraq, armed actors employed symbolic capital to seek power. The use of ethnic and sectarian discourse became a way to bring down opponents, particularly during the civil war (2006–08), when elites instrumentalized and militarized identities.<sup>92</sup> Leaders used arguments based on symbolism – often linked to sectarian identity – to fight their opponents. Having stronger legitimacy and capability meant that armed groups linked not to the state but to political organizations such as the PMU or the Peshmerga were better able to recruit volunteers in the fight against ISIS.

One way in which various actors have sought persuasive power in Iraq has been through patronage networks. As Toby Dodge argues, social capital in post-2003 Iraq came from the network of proxies that political and armed actors inserted into all government institutions to ensure leverage by using persuasion at multiple levels, though primarily at director general and deputy minister level.<sup>93</sup> Moreover, the *wikala* system, as it became known, was effectively a way for parties to gain power by influencing each ministry and government post. The state became hostage to this system. Even if a new minister was appointed, a political party could maintain power by keeping its proxies in that ministry. These proxies occupied acting positions, and thus operated in a grey area that was facilitated by the conditions of fragmentary state transformation. More critically, the proxies helped serve the de facto authorities by allowing them to either capture the state or develop structures in parallel to it.

## Yemen

In Yemen, over the past two decades, the ‘othering’ of rival groups has become commonplace. The trend has been catalysed by the civil war. The Houthis, for example, routinely accuse their rivals of belonging to Al-Qaeda or ISIS. Public discourse in Houthi media channels revolves around the claim that the current civil war is between the ‘Axis of Resistance’ and a bloc of Middle Eastern states, led by Saudi Arabia and backed by the US. This bloc’s main goal, the Houthis claim, is to support Israel and engage in the suppression of Palestine. The Houthis also claim that Saudi Arabia and the US hope to make Yemen subservient to Saudi interests. The Houthis use civilian deaths as a particularly potent propaganda symbol, especially when Western-made munitions are used (as is often the case with Saudi airstrikes). Abdulmalek al-Houthi, the Houthi leader, also employs religious symbolism, invoking the prophet Mohammed and Hussayn ibn Ali, the grandson of the prophet and a crucial figure in Shia and Zaydi thought.

At the same time, the Houthis are presented by their rivals both as a reactionary group (whose main aim is to return to the governing patterns of the Zaydi imamate of the past) and as a puppet of Iran. Anti-Houthi rhetoric from Yemeni and Saudi-aligned media outlets claims that members of the Houthi leadership – Sayyids descended from the prophet Mohammed – believe they have the ‘divine right’

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<sup>92</sup> Haddad, F. (2011), *Sectarianism in Iraq: Antagonistic Visions of Unity*, New York: Columbia University Press.

<sup>93</sup> Dodge, T. (forthcoming), ‘*Muhasasa Ta’ifia* and its others; domination and contestation in Iraq’s political field’, Project on Middle East Political Science.

to rule under the Zaydi systems of the past. Simultaneously, these claims assert that the Houthis have adopted the Twelver Shia practised by Iran, and that they hope to turn Yemen into a satellite of Iran. President Hadi has repeatedly claimed that the Yemeni army will ‘remove the Iranian flag’ from Marran – the Houthis’ home area – and replace it with the Yemeni national flag. At times, this discourse goes so far as to present the Houthis as a largely alien entity, despite the fact that Zaydi culture is firmly rooted in Yemen. Both Al-Qaeda and Salafist (not necessarily Salafi-jihadi) groups employ heavily sectarianized language that describes the Houthis as *Rawafid*, or ‘rejectionists’, a term often used by hyper-conservative Sunnis in reference to Shia groups. Southern secessionists often frame the conflict as one between a brutal, tribal ‘northern’ polity and the civilized people of the south. They do not differentiate between the Houthis and the Houthis’ rivals, painting them as a single group whose main aim is to invade the south.

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These different claims have an impact on the capabilities of different actors, in particular to the extent that morale among fighters is affected. The Houthi, the STC and other secessionists, and Salafist groups would appear to be the most capable of converting the persuasive power of their narratives into battlefield morale. Abdulmalek al-Houthi has gained an increasingly revered position among religiously inclined followers. Aydrous al-Zubaidi, the leader of the STC, is often described by his followers as the ‘president’ of southern Yemen. Hadi’s persuasive appeal is largely built around his symbolic status, as a kind of receptacle for state legitimacy that many Yemenis hope will return. But the exact meaning of that legitimacy is complex and contested. It also makes reintegration of the different networks in Yemen more difficult in the short to medium term.

## 5. Conclusion: Towards a ‘Middle–Out’ Approach

This paper describes countries in the midst of fragmentary and stalled transformations of the state. They are caught between two ends of a spectrum, with the idealized ‘orderly state’ at one end and an imagined ‘chaos state’ at the other. The **orderly state** can be considered as a single, internationally and locally recognized political order that serves as a central regulatory node. The leadership (executive) controls and manages the formal bureaucracy (*de jure* and *de facto* authorities) in a manner that is responsive and accountable to the population, producing power and legitimacy that in turn help sustain the stability of the overall system. At the other end of the spectrum, the **chaos state** is where multiple actors make claims to legitimacy and enjoy the capabilities and power often associated with the state. The executive does not have a monopoly over legitimate violence, and lacks control over one or more significant geographic segments of the country. The formal bureaucracy has fragmented and weakened compared to the *de facto* authorities.

International policymakers often perceive countries such as Iraq and Yemen unambiguously as chaos states that serve as catalysts for extremism, destabilize their regions, disrupt trade and create space for organized crime. Such states produce humanitarian disasters and large numbers of refugees, and create a burden on foreign capitals. Hence the billions of dollars spent on attempting to transform supposed chaos states into orderly ones.

International policymakers often perceive countries such as Iraq and Yemen unambiguously as chaos states that serve as catalysts for extremism, destabilize their regions, disrupt trade and create space for organized crime.

But in reality, even the most disordered state, however far along the nominal spectrum towards chaos, possesses a political order of sorts. And in most such cases the state is undergoing a period of rapid and often violent transformation. It is important to note that, while worrying and disorienting, such processes of transformation are not unusual in the history of state-building and rebuilding.

International policymakers typically seek to transform countries such as Iraq and Yemen into archetypal orderly states. However, a binary distinction between chaos and order misses the reality that all states fall somewhere along a chaos–order spectrum. More critically, as this paper argues, the defining feature of a state’s position along that spectrum is the extent of the gap between the formal bureaucracy and the *de facto* authorities (and, in turn, the connectivity of both types of actor to the executive and society). The larger the gap, the closer the state moves towards the chaos end of the spectrum.

The current model of external intervention does not resolve this problem. It creates an artificial balance between a preferred ‘winner’ – a politician, organization or interest group selected by external actors – and other domestic rivals. It seeks to support and build the bureaucracy around the preferred candidate, while effectively outlawing and ignoring the work of *de facto* authorities. Often the actual outcome of such intervention is a stalled political transformation, as international actors refuse to recognize realities on the ground (i.e. the role of *de facto* authorities) and instead support favoured allies that have lost legitimacy, capability and power.



Yet Iraq and Yemen are examples of states where legitimacy, capability and power are not solely in the realm of either the executive or the formal bureaucracy. Instead, actors that provide services and offer protection compete for the population's favour. To solidify their legitimacy based on this (often short-term) strategy, such actors typically seek to build a case for their legitimacy and to subjugate rivals via political and legal institutions. This mix of legitimacy markers ensures that the de facto authority can withstand various forms of internal pressure (protest movements or coups) and external pressure (foreign military campaigns) and maintain popular support. Actors that lack a sufficient mix of these markers do not last as long, ISIS being one example.

Legitimacy is intrinsically linked to capability, which in the cases of de facto authorities in Iraq and Yemen includes military and economic/rent-generating capacity. The actors with the most influence are those capable of mobilizing fighters, winning wars despite high attrition rates, developing sophisticated economic practices, and controlling territory to tax local populations. In Iraq and Yemen, many such actors are not part of the formal bureaucracy or its implementing bodies. Even though the official authorities are often better trained and equipped than informal or non-state actors, they are often unable or unwilling to perform the essential functions of the state. The convergence and overlap of legitimacy and capability produce power. Local de facto authorities enjoy a mix of coercive, legal-institutional and persuasive power that at times is greater than that of the formal bureaucracy, moving the state towards the chaos end of the spectrum.

De facto authorities in Iraq and Yemen are thus faced with a dilemma: they seek to become more formalized state actors but are not allowed to do so. This is despite the fact that they enjoy sufficient legitimacy, capability and power. To overcome this obstacle, they seek both to capture the official bureaucracy when possible and to build parallel state structures as insurance. They become neither state nor non-state actors, but rather hybrid armed actors that at times cooperate and at other times compete with the formal state. In both Iraq and Yemen, as this paper has discussed, hybrid actors such as the PMU and the Houthis in effect keep one foot in the state and one foot outside it, while seeking broader legitimization.

Most current policy proscriptions involve a binary choice between either a 'top-down' or 'bottom-up' state-building approach. Top-down approaches include supporting sympathetic elites who promise reform, and building the capacity of bureaucrats often tied to the formal bureaucracy. Bottom-up approaches often stress building local capacity to manage and implement one-off projects or basic economic activities such as agricultural production. While both of these tracks are important, they all too often miss out the middle – the gap in legitimacy, capability and power between the formal bureaucracy and the de facto authorities. As power resides in the de facto authorities but the human capital required to build institutions is stored within the bureaucracy, what is needed is an approach that deals with these two crucial middle layers of the state. This is where our proposed 'middle-out' approach comes in.

A successful middle-out approach entails enhancing the links between elements of both the formal bureaucracy and the de facto authorities, while establishing and enforcing an accountability mechanism aimed at producing new 'connective tissue' between the actors involved. Such work will be intricate, in part led by the interests of the local parties, and will take time to produce results. But it is more likely to lead to a coming together of agendas and efforts, rather than to a violent divergence in legitimacy, capability and power.

We make two recommendations in particular for achieving this outcome:

## 1. Identify the formal bureaucracy and de facto authorities.

Rather than relying on elite actors that external players agree *should* rule, and hope that the rest falls into place, international policymakers need to carefully analyse which actors are actually producing outcomes on the ground. This process should include identifying those institutions within the formal bureaucracy that can serve as agents (or institutions) of change, as well as those that are marred by inefficiency and/or corruption and have therefore become chokepoints in the system. The relationships between these actors across different political factions, and with the executive and society at large, need to be assessed.

The actors best placed to implement such interactions are local intermediaries from the formal bureaucracy with a proven track record of working across both visible, formal institutions and the murky world of informal institutions that operate in parallel with them. International actors should facilitate this process by helping to bring together the most effective actors from the bureaucracy and the de facto authorities to work together in each ministry and government agency.

In Yemen this could include, for example, asking Ministry of Health officials to work with local non-state healthcare providers, multilateral organizations (such as the UN) and state institutions to improve service delivery, as already happens in many areas. In Iraq, the process would require mapping out all institutions in each government ministry and agency, and assigning measures of effectiveness to them, to better understand where action can progress and where there are roadblocks.

In both countries, the process would require analysis of the key state, non-state and hybrid armed actors in each locality; the different groups (including NGOs) delivering basic services such as water, healthcare and electricity; and the groups providing security and justice. Analysis of the staffing of local, regional and government institutions, regardless of location, would also be required. Such analysis should be built around a mix of polling and assessment of healthcare, water and electricity provision, sanitation and other forms of service delivery to establish a picture of what ‘functionings’ are being achieved, and by whom. Using a data-led approach, a more panoramic picture can be built than through irregular anecdotal reporting.

## 2. Facilitate rather than seek to shape (and thus risk stalling) transformation. Change incentives from ones achieved by violent competition to ones involving bargaining under a mechanism of accountability.

The perception of chaos in Iraq and Yemen is indicative of a fragmentary process of political transformation in which the temptation for external powers is to pick ‘winners’ that they think will best suit their interests. While there is an international legal (and normative) imperative for states to support elected, internationally recognized governments, there is a risk that, in doing so, they catalyse competition between executives and other groups. As this paper has discussed, supporting elites and *de jure* actors with waning legitimacy and/or capability and power has increased the gap between formal institutions and de facto authorities. This has stalled prospects for political transformation.

Instead, international policymakers should guide such transformation by serving as referees in support of a process of bargaining and integration that rewards cooperation, and that applies punitive measures where actors violate the rule of law and/or cause harm to society. In the Middle East, political settlements that have incorporated armed groups into state structures (notably in Iran and Saudi

Arabia) have never held such groups accountable to civilian governance structures.<sup>94</sup> The role of the international policymaker in this process is to ensure that transformations occur within a context of accountability to society and the rule of law.

International policymakers should guide such transformation by serving as referees in support of a process of bargaining and integration that rewards cooperation, and that applies punitive measures where actors violate the rule of law and/or cause harm to society.

In Iraq, this would mean supporting and forming a working group made up of judges and lawyers from the judiciary; parliamentarians; and technocrats from each ministry, the central bank, the integrity commission, the human rights commission and each governorate council. This group should also include de facto authorities. The working group would interpret legal codes and precedents, provide legal rulings and independently monitor the integration and transformation process to bridge the gap between the de facto authorities and the formal bureaucracy. This group would be tasked with speaking to all actors that command sufficient legitimacy, capabilities and power, to ensure that such actors respect the rule of law and do not cause harm to society. The trade-off would be receipt of a piece of the national pie in exchange for submitting to Iraqi law, government bodies and society.

International policymakers, in conjunction with this proposed working group, would have several bargaining chips. First, they could expose any group(s) that refused to submit to the rule of law, and develop legal enforcement measures to clamp down upon illegal activities. Since domestic legitimacy is important for all actors, the ability to threaten a group's power would provide some leverage to ensure compliance. Second, the working group could use the state's financial powers (and the resources of international stakeholders) to reward compliant groups.

In Yemen, non-receipt of state salary payments is a key political issue. As a first step, international policy intervention could usefully involve the formation of working groups made up of staff from the rival central bank institutions to survey access to formal financial institutions nationwide. The groups could then begin to build financial services of benefit to all Yemenis. Such services could include e-money for paying state salaries or social welfare benefits. This would have the added benefit of boosting cooperation between armed and other groups.

These recommendations appear to reflect lofty goals, and there is an argument that they would be difficult to implement and measure. But, as we demonstrate, it is possible to map legitimacy, capabilities and – in effect – power as a series of metrics over time. This means that, during a political transformation, external donors and political sponsors could monitor a series of issues and tie funding and other forms of support to them. Rather than defining 'success' as the holding of an election, for example, real success would consist of progress on multiple metrics over a period of several years, along with anecdotal measures of progress in cooperation between the different actors.

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<sup>94</sup> Mansour, R. and Eaton, T. (2019), 'Rethink State-building in the Middle East and North Africa', *Ideas for Modernizing the Rules-based International Order*, Chatham House Expert Perspectives 2019, <https://www.chathamhouse.org/expert/comment/rethink-state-building-middle-east-and-north-africa>.

## About the Authors

**Dr Renad Mansour** is a research fellow in the Middle East and North Africa Programme at Chatham House. His research explores the situation of Iraq in transition and the dilemmas posed by state-building. He is also a research fellow at the American University of Iraq-Sulaimani. Renad was previously a lecturer at the London School of Economics and Political Science, where he taught on the international relations of the Middle East. He has also held teaching positions at the faculty of politics at the University of Cambridge. Prior to joining Chatham House, Renad held research positions at the Carnegie Middle East Center in Beirut, the Iraq Institute for Strategic Studies in Beirut, and the Cambridge Security Initiative in Cambridge. He received his PhD from the University of Cambridge.

**Peter Salisbury** is a senior consulting fellow in the Middle East and North Africa Programme at Chatham House, and a consulting senior analyst for Yemen at International Crisis Group. Peter is the former energy editor of the *Middle East Economic Digest*, and has worked as a journalist and analyst focused on political economy issues in the MENA region since 2008. He has written widely for *The Economist*, the *Financial Times*, *Foreign Policy* and *Vice News*, among other publications, and worked as a consultant to the UK government's Department for International Development, the UN and the World Bank. Since 2011, Peter has worked on a series of public and private research projects on the political economy of Yemen for Chatham House. He holds an MSc in international politics from SOAS University of London, and an MA in English and Scottish literature from the University of Edinburgh.

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The Royal Institute of International Affairs  
Chatham House  
10 St James's Square, London SW1Y 4LE  
T +44 (0)20 7957 5700 F +44 (0)20 7957 5710  
[contact@chathamhouse.org](mailto:contact@chathamhouse.org) [www.chathamhouse.org](http://www.chathamhouse.org)

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