Why peacebuilding fails and what to do about it

Evidence from conflict economies
in the Middle East and Africa

Renad Mansour and Mark White

CHATHAM HOUSE

Chatham House, the Royal Institute of International Affairs, is a world-leading policy institute based in London. Our mission is to help governments and societies build a sustainably secure, prosperous and just world.

Contents

List of figures, tables and boxes

Report summary

Peacebuilding often fails to address the chaotic realities of modern conflicts. Interventions designed by international policymakers must adapt to a world of fluid transnational ties and economically driven, ad hoc alliances.

— Armed conflicts have rarely been confined within national borders. Even civil wars have often extended into, or been influenced by, neighbouring states. In today's shifting global landscape, however, conflict is being internationalized in new ways. While combatants, as in the past, are often embedded in local economies and cross-border supply chains, the transnational networks and interdependencies that sustain conflict have become more fluid and multidimensional. Stabilization and peacebuilding policies must adapt accordingly.

— Two interrelated trends underpin our research. The first is a rise in the number, duration and complexity of conflicts. In 2024, there were 61 armed conflicts globally, a third more than a decade earlier and 74 per cent more than the average that prevailed throughout the early 2000s. The UN has noted that conflict has become 'more protracted, and less responsive to traditional forms of resolution'. As geopolitical currents shift, not only does the incidence of conflict seem to be increasing but the challenges of addressing it are more complex.

— The second trend – which, we argue, greatly contributes to the first – is the rise of what might be called foreign policy 'multi-alignment'. Today's wars occur in a global landscape where pragmatic, often economic, interests now outweigh rigid Cold War-style alliances or spheres of influence. At a state-to-state level, this can be seen in interventions in the Middle East and Africa, where middle powers such as Egypt, Qatar, Saudi Arabia, Turkey and the United Arab Emirates cooperate with Western governments or institutions on certain issues while opposing the very same partners on others. The ongoing transition from the post-Cold War era of unipolar American power – albeit an era marked by an uneven global distribution of peace – partly underpins this behaviour.

— Multi-alignment is also reshaping how local elites and armed groups in conflict zones cultivate foreign relationships. These actors are forming pragmatic, adaptive alliances with multiple partners across the political and ideological spectrum, not only overturning conventional ideas about patron–client dynamics but adding to the variables that any conflict resolution policy must consider.

— This report, the culmination of a five-year project, explores what protracted wars reveal about the limitations of peacebuilding as typically conducted by the UK, the US, EU states and other like-minded governments or institutions – whether from the 'West' (see Box 1) or elsewhere. It draws on research into the civil war in Sudan, the Israel–Iran confrontation and its associated conflicts across the Middle East, and the Libyan conflict. These protracted crises have become key fronts in a shifting global power struggle. Our analysis seeks to 'follow the money' by illuminating the persistent forces driving transnational flows of capital, goods and people. We reveal how such activities generate profits for a range of multi-aligned states and actors, sustain long-term violence, and are difficult for policymakers to dislodge. Specifically, the report analyses the gold trade originating from Sudan and its borderlands; the supply chains that have developed for circumventing sanctions on Iranian oil exports; and migrant smuggling through Libya.

— The conflicts share critical similarities: each relies on a self-sustaining geo-economic 'ecosystem' in which institutions, armed groups, businesses and other interests operate beyond the state's borders, often in conjunction with external brokers. These systems are decentralized, non-hierarchical, profit-driven and ultimately determined by expediency, with local and external actors alike forming coalitions which no single entity can control entirely. In this landscape, borderlands, ports and airports are key battlegrounds for influence, with external powers frequently supporting multiple sides. Armed groups are not just non-state actors or proxies, but often significant political actors in their own right. They capitalize on state fragmentation and are strengthened by the trend towards flexible alliance-making.

— Amid these complexities, internationally led stabilization and peacebuilding programmes frequently yield unintended consequences: exacerbating rather than curbing incentives for profit within illicit markets. Diplomatic, security, economic and development measures are often hindered by the fact that Western foreign policy typically remains state-centric, despite nominally recognizing many conflicts as transnational in nature. Strategies that define particular armed groups or states (or other actors connected to a conflict) according to rigid categories such as 'ally' or 'adversary' neglect the dynamic reality on the ground. The same applies to governments' attempts to isolate conflict actors from legitimate trading partners: an economic partner in one context may be aligned with adversaries in another.

— This report calls for policymakers in the US, the UK, EU states and elsewhere to adopt a pragmatic, strategic and 'transnational' approach to conflict mitigation – i.e. one that moves beyond outdated binary distinctions (local vs international, state vs non-state, etc.) and reflects the complexity of today's global landscape. In light of this evolving paradigm, our recommendations underline the need to:

  — **Adapt conflict analysis to transnational realities.** Conflict analysis methodologies must evolve beyond their current state-centric focus. While existing policy frameworks nominally acknowledge transnational factors, they still typically treat the nation state as the basic unit of international relations.

This gives insufficient weight to more complex cross-border, intra-regional and wider transnational dynamics, and deprives analysis and proposed solutions of essential nuance.

— **Leverage economic power in conflict response.** To address conflicts more effectively, policymakers must engage with the often-overlooked economic dimensions of peacebuilding. Instead of relying predominantly on sanctions, interventions can create incentives for peaceful cooperation through strategic support of infrastructure and sustainable economic sectors. Sanctions and financial tools can help disrupt conflict economies if used strategically, with clear end goals and minimal harm to livelihoods. Targeting illicit sectors in which there are fewer vested interests allows for greater impact while reducing unintended disruptions to local communities. Cracking down on illicit economic practices, for example through sanctions, without providing viable livelihood alternatives risks facilitating new forms of violence and harm.

— **Broker influence through pragmatic engagement with adversaries as well as allies.** The rise of multi-aligned actors in transnational conflict economies requires peacebuilders to engage continuously and strategically with allies and adversaries alike. In seeking to manage conflict and mitigate its most violent dimensions, states and institutions must invest in cultivating a wider set of relationships, sometimes with partners with which they would not normally contemplate cooperation. Policymakers must recognize that alliances are not absolute – an ally may diverge on certain issues, just as an adversary may align on others.

— **Coordinate transnational analysis across policy agendas and government departments.** Adoption of transnational conflict analysis could align often-competing policy agendas within governments (where one department will often have different priorities to another in relation to a specific country or conflict). A transnational lens could also help governments to coordinate their policies better with the activities of non-governmental actors operating in conflict zones. An important step would be to expand and pool analytical expertise across government departments, particularly on policy areas where conflict intersects with illicit financial flows and serious organized crime.

— **Incentivize transnational initiatives through resource allocation.** To counter the natural bilateral (i.e. state-to-state) focus of many foreign ministries, dedicated task forces or implementation teams could be established to break down country-specific policy silos and drive coordinated action. Resources need to be allocated to this task in a way that overcomes the limitations of country-focused budgets, so that transnationalism is not just a principle but a funded priority.

— **Strengthen accountability mechanisms.** Political settlements and ceasefires must encompass more than agreements on elite power-sharing and political transition; they must include enforceable measures that enhance accountability. Civil society organizations can play a crucial role in holding actors in conflict zones accountable.

01
Introduction: the rise of 'multi-alignment'

This report explores how complex conflict economies sustain violence in the Middle East and Africa, driven in part by the increased tendency of governments and armed groups to align flexibly with multiple partners on an issue-by-issue basis.

Armed conflicts have rarely been confined within national borders. Even civil wars have often extended into, or been influenced by, neighbouring states. In today's shifting global landscape, however, conflicts are being internationalized in new ways as relations between governments, and between states and armed actors, have become more fluid and transactional.

Coinciding with this shift has been a rise in the number, duration and complexity of conflicts, to levels not seen since the Cold War.[1] The transition away from a period of American unipolarity – despite the uneven distribution of order in that era – seems to be making peace more elusive. In 2024 there were 61 state-based conflicts[2] globally: this was a third more than a decade earlier, and 74 per cent more than the average that prevailed in 2000–10.[3]

---

1 Twagiramungu, N., Duursma, A., Berhe, M. G. and de Waal, A. (2019), 'Re-describing transnational conflict in Africa', *The Journal of Modern African Studies*, 57(3), pp. 377–91, https://doi.org/10.1017/S0022278X19000107.
2 The Uppsala Conflict Data Program (UCDP) defines 'state-based armed conflict' as a 'contested incompatibility that concerns government and/or territory where the use of armed force between two parties, of which at least one is the government of a state, results in at least 25 battle-related deaths in one calendar year'. See Uppsala University (2024), 'UCDP Definitions', updated 29 May 2024, https://www.uu.se/en/department/peace-and-conflict-research/research/ucdp/ucdp-definitions; and Rustad, S. I. (2024), *Conflict Trends: A Global Overview, 1946–2023*, Peace Research Institute Oslo (PRIO), https://www.prio.org/publications/14006.
3 Uppsala University (2025), 'The Uppsala Conflict Data Program (UCDP)', https://www.uu.se/en/department/peace-and-conflict-research/research/ucdp.

As the world becomes geopolitically more fragmented, not only does the incidence of conflict appear to be increasing but the challenges of addressing it are becoming more complicated. The UN has noted that 'the regionalisation of conflict, which interlinks political, socio-economic and military issues across borders, has seen many conflicts become longer, more protracted, and less responsive to traditional forms of resolution'.[4] Similarly, a recent study by the Peace Research Institute Oslo (PRIO) observed that the rise in the number of countries experiencing more than two conflicts at once could suggest that 'the conflict picture is becoming more complex with more actors involved'.[5]

Figure 1. State-based conflicts globally, 1990–2024
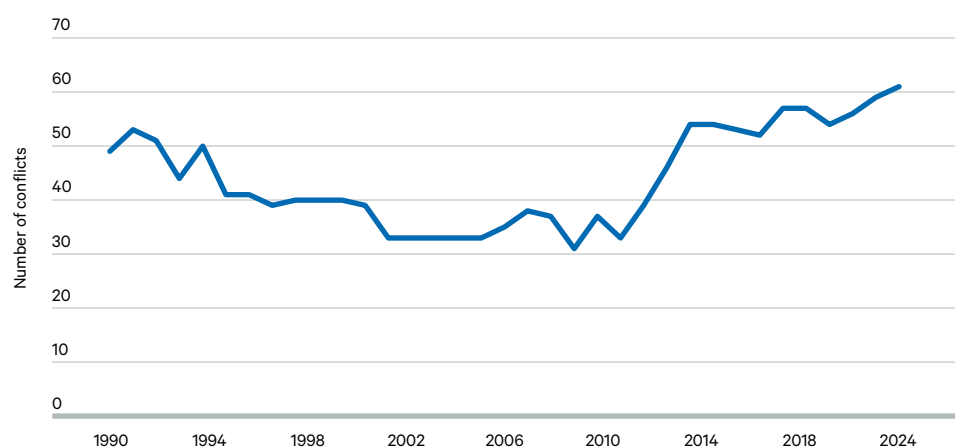
Source: Uppsala University (2025), 'The Uppsala Conflict Data Program (UCDP)', https://www.uu.se/en/department/peace-and-conflict-research/research/ucdp.

None of this is to idealize the preceding era of American hegemony. Although the data suggest that the unipolar moment following the collapse of the USSR was marked by a relative decline in conflicts (see Figure 1) and a higher incidence of either conflict resolution or the deliberate freezing and deferral of disputes through international institutions, this does not imply that the period was characterized by peace or justice for all. Numerous US-led interventions and policies, often pursued in the name of liberal internationalism or counterterrorism, produced significant suffering and instability, particularly in the Global South.[6] The distribution of peace was uneven, with many regions experiencing violence and systemic inequality. This report

---

4 United Nations (undated), 'A New Era of Conflict and Violence', https://www.un.org/en/un75/new-era-conflict-and-violence. For more on the internationalization of conflict, see International Institute for Strategic Studies (2021), *The Armed Conflict Survey 2021*, 'Executive Summary', https://www.iiss.org/globalassets/media-library---content--migration/files/publications/armed-conflict-survey/acs-2021/acs2021-executive-summary.pdf.
5 Rustad (2024), *Conflict Trends*, p. 8.
6 Estimates indicate that US military interventions in Iraq and Afghanistan have resulted in over 500,000 direct deaths, with the broader human cost – including indirect deaths and long-term consequences – affecting millions more. See, for example, Watson Institute for International and Public Affairs (2021), 'Human and Budgetary Costs to Date of the U.S. War in Afghanistan, 2001-2022', August 2021, https://watson.brown.edu/costsofwar/figures/2021/human-and-budgetary-costs-date-us-war-afghanistan-2001-2022 (accessed 23 May 2025).

therefore resists the implication that unipolarity was an unequivocal good, while still recognizing its structural role in shaping the patterns and intensities of global conflict.[7]

Figure 2. State-based conflicts globally and by region, 2000–10 average vs 2024
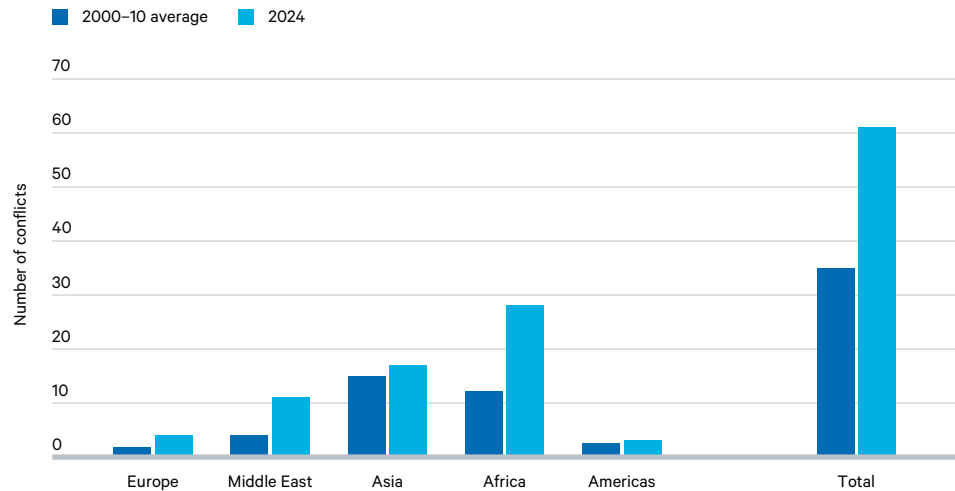
Source: Uppsala University (2025), 'The Uppsala Conflict Data Program (UCDP)', https://www.uu.se/en/department/peace-and-conflict-research/research/ucdp.

Nonetheless, we argue, it is hard to deny that the challenges of resolving conflict have changed. Today's wars are exacerbated by an increasingly multidimensional international landscape, one in which interstate relations are dictated less by rigid alliances or spheres of influence – which themselves were often a relic of Cold War-era thinking – and more by pragmatic, issue-driven (often economic) considerations. In the Middle East and Africa, regional middle powers like Egypt, Qatar, Saudi Arabia, Turkey and the United Arab Emirates (UAE) selectively align with the US and the UK, and with other allies of both countries, on some issues while actively opposing the same partners on others. Moreover, while some governments push for political resolutions in certain disputes (e.g. Gulf mediation in Israel–Hamas and Russia–Ukraine talks, in negotiations between Donald Trump and Syria's President Ahmad al-Sharaa, in peace efforts between Ethiopia and Eritrea, and in the US–Iran nuclear dialogue), many also find continued conflict beneficial to their economic interests. Each party pursues a strategy of what can be termed 'multi-alignment' with increasing impunity, particularly as waning US influence on the global stage provides more room to act without significant diplomatic consequences.[8]

---

[7] The impending end of the era of US hegemony is also significant, we argue, because it has in effect restarted dormant conflicts previously kept in check by a combination of US power and international diplomacy (under a US-dominated, rules-based system). One reason why the number of active conflicts in the unipolar era was lower than it is today may have been that US power had some effect in preventing hostilities. However, the underlying tensions often went unresolved. In some instances, the US and its allies in the West condoned or even supported authoritarian entrenchment in the name of stability, with the result that efforts to prevent widespread outbreaks of violence mainly served to promote geopolitical expediency. Following the end of this era, conflict actors seem to be returning to the *status quo ante* of fighting it out. See, for example, Ikenberry, J. (2011), *Liberal Leviathan: The Origins, Crisis, and Transformation of the American World Order*, Princeton University Press; and Acharya, A. (2014), *The End of American World Order*, Cambridge: Polity Press.
[8] Tharoor, S. (2024), "'Multi-Alignment': Towards a 'Grand Strategy' for India in the Twenty-first Century', *India's World*, 9 December 2024, https://indiasworld.in/multi-alignment-towards-a-grand-strategy-for-india-in-the-twenty-first-century.

Figure 3. China vs the US as the larger trading partner in the Middle East and Africa, 2001 vs 2023
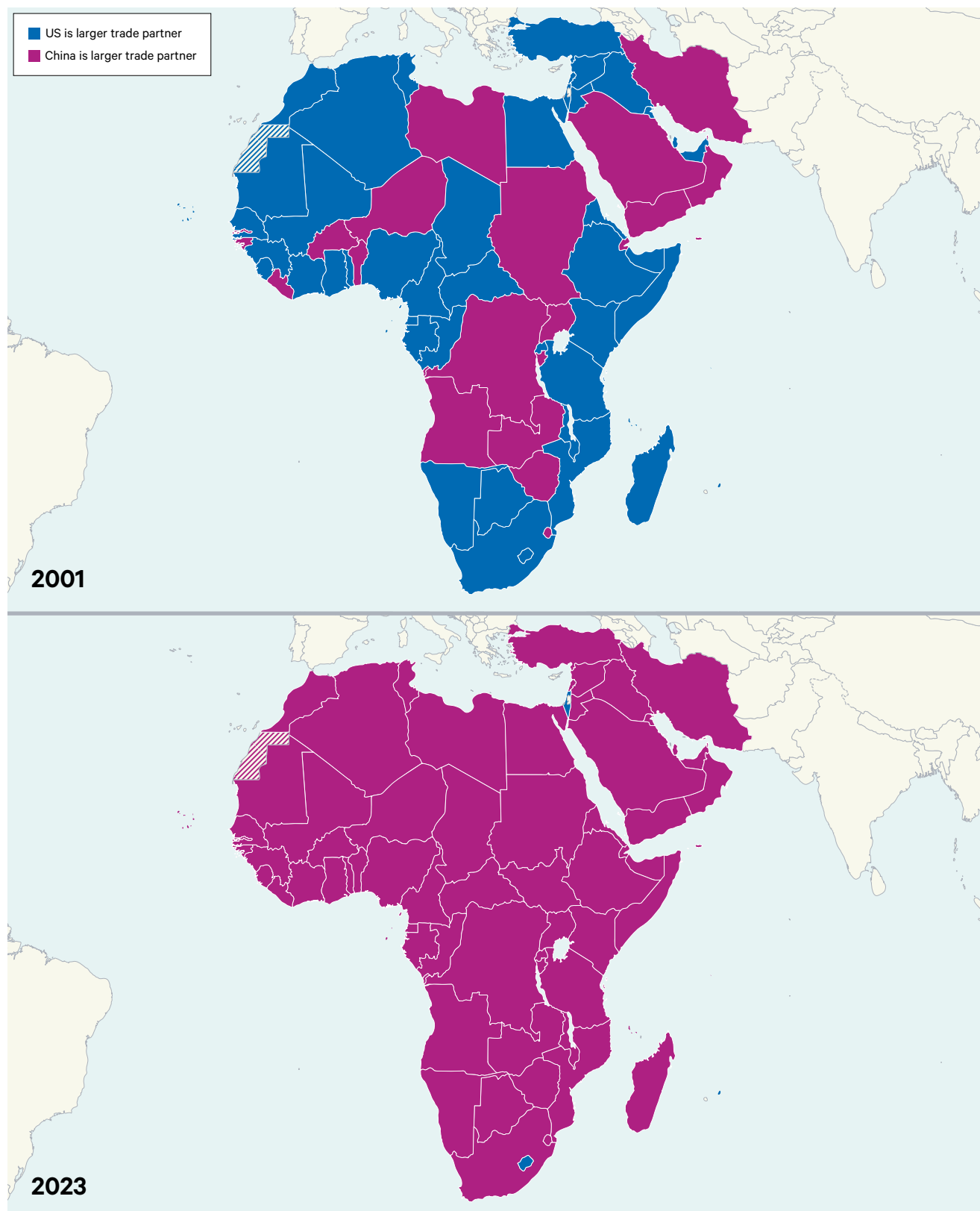
Source: International Monetary Fund (2025), 'International Trade in Goods (by partner country) (IMTS)', https://data.imf.org/en/datasets/IMF.
STA:IMTS (accessed 2 Jun. 2025) ; Rajah, R. and Leng, A. (2019), 'Chart of the week: Global trade through a US-China lens', *The Interpreter*,
Lowy Institute, 18 December 2019, https://www.lowyinstitute.org/the-interpreter/chart-week-global-trade-through-us-china-lens.

Looking at the concept in more detail, multi-alignment can be thought of as consisting of two complementary dimensions. On one side, in today's changing global order, it consists of states strategically engaging with multiple, and sometimes competing, global, regional and local actors on different issues. This involves prioritizing pragmatic interests over fixed alliances or ideological alignments. Acharya argues that the rise of a 'multiplex world order' has enabled states, particularly in the Global South, to pursue strategic autonomy by engaging with multiple great powers rather than aligning exclusively with one bloc.[9] The phenomenon is particularly evident in regions experiencing protracted and complex conflicts. Layne highlights how the erosion of US unipolarity has facilitated more flexible alliances, allowing regional actors to balance their relationships with major powers such as the US, China and Russia based on shifting geopolitical interests.[10] Similarly, Stuenkel examines how emerging middle powers – including India, Turkey and the UAE – use multi-alignment to navigate an increasingly fragmented international landscape, engaging with Western and non-Western actors alike to hedge against geopolitical uncertainties.[11] At the same time, middle powers are cultivating flexible and pragmatic relationships with local actors on the ground, from armed groups to business or political elites.

Just as foreign governments engage opportunistically with diverse actors large and small, a corresponding tendency can be observed among local powerholders and their associates, who leverage relationships with multiple external partners to maximize their own strategic and economic benefits.

The other side of this dynamic entails local actors themselves interacting more flexibly with outside powers. Just as foreign governments engage opportunistically with diverse actors large and small, a corresponding tendency can be observed among local powerholders and their associates, who leverage relationships with multiple external partners (as well as domestic ones) to maximize their own strategic and economic benefits. Put another way, many ostensibly domestic institutions, armed groups, paramilitary organizations and conflict entrepreneurs in conflict-affected regions are equally multi-aligned in their own relationships with outsiders. Such groups are often more transactional (and transnational) in their outlook and practices than is commonly recognized. As this report illustrates, leaders such as Khalifa Haftar in Libya or Muqtada al-Sadr in Iraq cannot be neatly categorized as aligned with any single foreign patron. Haftar maintains ties with the US, Russia and China – as indicated, for example, by one of his sons being closely linked to the US while another is associated with Russia. Similarly, actors in Iraq such as the populist Shia cleric al-Sadr – variously and reductively portrayed as either pro-Iranian or anti-Iranian – embody a far more intricate and fluid web of political affiliations than such binary labels suggest.[12] This tendency towards oversimplification reflects a broader misunderstanding common among Western policymakers, particularly in relation to the Middle East and Africa, where armed actors are often assumed to be ideologically driven (e.g. 'Islamists') or acting as mere proxies of powerful foreign patrons, when in fact their motivations are frequently far more pragmatic and context-dependent.

9 Acharya (2014), *The End of American World Order*.
10 Layne, C. (2006), 'The Unipolar Illusion Revisited: The Coming End of the United States' Unipolar Moment', *International Security*, 31(2), pp. 7–41, https://doi.org/10.1162/isec.2006.31.2.7.
11 Stuenkel, O. (2016), *Post-Western World: How Emerging Powers Are Remaking Global Order*, Hoboken: Wiley.
12 Mansour, R. and Robin-D'Cruz, B. (2020), 'After Latest Turn, Is Muqtada al-Sadr Losing Influence in Iraq?', Chatham House Expert Comment, 12 February 2020, https://www.chathamhouse.org/2020/02/after-latest-turn-muqtada-al-sadr-losing-influence-iraq.

Geo-economic conflict ecosystems in the Middle East and Africa

This report explores what protracted wars reveal about the limitations of peacebuilding and stabilization as conducted in recent years by the UK, the US, and other states or institutions – often, though not exclusively, associated with what is still commonly referred to in policy circles as the 'West' (see Box 1). The report draws on research into three conflicts: the Sudanese civil war; the Israel–Iran confrontation and related conflicts across the Middle East; and the conflict in Libya. Each case study was selected for the prolonged duration of the conflict in question, and for the complexities created by the multi-alignment of principal actors.

Box 1. Rethinking 'Western' peacebuilding: terminology in transition

We acknowledge that the terms 'West' and 'Western' have become less analytically relevant in a world no longer defined by rigid geopolitical poles or Cold War-era spheres of influence. The traditional East–West divide is increasingly viewed as outdated in today's multi-aligned context. Moreover, academic discourse has largely shifted from terms such as 'First World' or 'West' to more inclusive frameworks like 'Global North'.

However, we also recognize that geopolitics is in a period of transition, while new frameworks for understanding global dynamics are being developed. Moreover, the term 'West' remains embedded in policymaking discourse. For these reasons, this report uses the terms 'West' and 'Western' as a shorthand, aware of their limitations and contested meanings.

Definitions may vary from one source to another, but for the purposes of this report we take the 'West' to refer broadly to a group of countries and institutions primarily located in Western Europe and North America, especially the US, the UK, Canada, France, Germany and various EU bodies. The term can also be considered to extend to countries like Australia and some NATO members.

To be clear, however: the lessons in this report are intended for all actors involved in peacebuilding and conflict mitigation, regardless of their geographic or political positioning.

While often grouped together under the banner of 'stabilization and peacebuilding', policies such as sanctions, counterterrorism operations, military interventions and securitized migration controls serve distinct objectives and operate on different logics, typically prioritizing initial responses to violence or the immediate threat of violence. In contrast, peacebuilding seeks to address the deeper, structural drivers of conflict through long-term efforts such as strengthening accountability, supporting inclusive governance and fostering social cohesion.

The three studies trace the operational workings of transnational conflict economies, in which a range of actors vie for power and influence by controlling supply chains that perpetuate violence.[13] By examining gold trading from Sudan,[14] sanction-defying exports of oil linking Iran to global markets,[15] and migrant smuggling via Libya,[16] the report shows how superficially 'local' conflict dynamics not only have global economic foundations but are transforming geopolitics.

Despite their distinct historical and regional contexts, the three case studies share similarities. First, in each case, the conflict economy has transformed into a self-sustaining geo-economic 'ecosystem' in which actors, institutions and processes interact with one another and transcend state borders. These systems are not governed by any single authority but involve decentralized coalitions of profit-driven actors, bound by interdependencies that sustain a broader network of economic exchanges. These exchanges are often driven by, or associated with, competition for commodities.

Second, borderlands, ports and airports – often dismissed as peripheral or simply transit spaces – act as critical hubs or corridors binding these systems together.[17] The gold-rich areas of northern and southern Darfur, the ports of southern Iraq close to the Iranian border, and the desert borders of southern Libya are all crucial intersections where multi-aligned actors compete for dominance. This in turn is reshaping regional balances of power, as such contested spaces are far from national capitals, where Western political influence in the Middle East and Africa has traditionally been concentrated.

Third, these conflicts are exacerbated by state fragmentation or failure in countries where a lack of centralized authority allows foreign and local multi-aligned actors to capitalize on the fractured landscape and select partners opportunistically. As this report shows, such fragmentation is evident not only in Sudan and Libya but also in Iraq, Yemen and Lebanon – the latter three states being central to our research as locations in which aspects of the Israel–Iran conflict indirectly play out. Armed groups in these regions are not merely non-state military actors; they function as socio-political institutions in their own right. Deeply embedded in governance

---

13 In an earlier report, we defined the conflict economy as 'a system of producing, mobilizing and allocating resources to sustain competitive and embedded violence, both directly and indirectly'. Eaton, T. et al. (2019), *Conflict Economies in the Middle East and North Africa*, Chatham House Report, London: Royal Institute of International Affairs, p. iv, https://www.chathamhouse.org/publication/conflict-economiesmiddle-east-and-north-africa. Findings from the XCEPT project reveal that conflict economies are also underpinned by structural forms of violence – such as poverty, corruption and the denial of a basic standard of living – which, in turn, reinforce patterns of competitive and embedded violence. A continuum of violence, structural and direct, thus sustains a conflict economy. Crucially, failing to address this broader spectrum of violence risks undermining peacebuilding, making it less sustainable and more prone to relapse. See Mansour, R., Eaton, T. and Khatib, L. (2023), *Rethinking political settlements in the Middle East and North Africa: How trading accountability for stability benefits elites and fails populations*, Research Paper, London: Royal Institute of International Affairs, https://doi.org/10.55317/9781784135652.
14 Soliman, A. and Baldo, S. (2025), *Gold and the war in Sudan: How regional solutions can support an end to conflict*, Research Paper, London: Royal Institute of International Affairs, https://doi.org/10.55317/9781784136406.
15 Mansour, R., Al-Shakeri, H. and Haid, H. (2025), *The shape-shifting 'axis of resistance': How Iran and its networks adapt to external pressures*, Research Paper, London: Royal Institute of International Affairs, https://doi.org/10.55317/9781784136369.
16 Eaton, T. and Yousef, L. (2025), *How migrant smuggling has fuelled conflict in Libya: A systems analysis of key transit hubs*, Research Paper, London: Royal Institute of International Affairs, https://doi.org/10.55317/9781784136376.
17 Ballvé, T. (2023), *The Frontier Effect: State Formation and Violence in Colombia*, Ithaca: Cornell University Press. See also Goodhand, J. and Meehan, P. (2025), 'The centrality of the margins: Borderlands, illicit economies, and uneven development', SOC ACE, 2 April 2025, https://www.socace-research.org.uk/projects/socace-soas-the-centrality-of-the-margins-borderlands-illicit-economies-and-uneven-development.

and daily life, such groups in effect conduct multi-aligned foreign policies of their own. This widens and complicates the network of interests that international policymakers must consider in their stabilization and peacebuilding programming, and further exposes the limitations of the state-centric approaches typically taken.

Rethinking conflict response for a new era

Policies and programmatic interventions aimed at conflict resolution or conflict management have frequently yielded unintended consequences – in many cases exacerbating rather than curbing incentives for profit within illicit markets.

Amid these complexities, policies and programmatic interventions aimed at conflict resolution or conflict management have frequently yielded unintended consequences – in many cases exacerbating rather than curbing incentives for profit within illicit markets. Diplomatic efforts focused on ceasefires or political settlements often engage formal political elites but fail to address all relevant conflict actors or their interests. Security measures such as military strikes and stronger border controls, often imposed from national capitals, alienate populations in borderlands and transit hubs while inadvertently benefiting the very actors invested in prolonging conflict.

Economic sanctions often miss the decentralized networks sustaining conflicts, in many cases harming local populations instead. For instance, although sanctions on Iranian oil exports have substantially curtailed government revenues, they have simultaneously created lucrative arbitrage opportunities that have led to an expansion of the so-called 'shadow fleet' – a network of unregulated, illicitly registered or falsely identified ships – that enables Iranian fuel to reach regional and global buyers through irregular channels. In turn, this evolving system has generated profits for both allies and adversaries of the Western governments and institutions imposing or enforcing such measures. Similarly, crackdowns on the smuggling of migrants from Africa via Libya may at times have reduced flows of irregular migrants to Europe via that route, but such efforts have also empowered armed actors who exploit these policies for profit. Finally, development aid is frequently captured by elites or armed groups, resulting in a self-reinforcing cycle of unaddressed development challenges that help conflict economies to thrive.[18]

Diplomatic, security, economic and development responses are further hindered by the fact that Western foreign policy remains largely state-centric, despite nominally recognizing conflicts as transnational. Most foreign ministries operate through country-specific teams and embassies. Coordination with other country teams, or with counterparts from other governments, is often limited. In a Chatham House workshop on this challenge, a Western policy adviser working on the conflict in Sudan lamented their inability to coordinate with colleagues focused on a multi-aligned country that was supplying weapons to Sudanese factions.[19] This lack of coordination stemmed from diplomatic sensitivities, as that country was deemed by the adviser's foreign ministry to be a major trading partner

18 Andersen, J. J., Johannesen, N. and Rijkers, B. (2020), *Elite Capture of Foreign Aid: Evidence from Offshore Bank Accounts*, World Bank Group, Policy Research Working Paper 9150, https://documents1.worldbank.org/curated/en/493201582052636710/pdf/Elite-Capture-of-Foreign-Aid-Evidence-from-Offshore-Bank-Accounts.pdf.
19 Chatham House workshop with policymakers, London, September 2024.

and was not seen as a conflict actor. Any potential action against the country in question would have been seen as jeopardizing trade relations with the adviser's government (see Box 2).

Box 2. When conflict mitigation isn't the priority: navigating policy hierarchies

A central challenge in international engagement is the reality that policy frameworks often operate within a hierarchy of priorities, where conflict mitigation is not always at the top. Though peacebuilding features prominently in policy rhetoric, in practice strategic interests such as trade, migration control and economic growth frequently take precedence.

This misalignment can undermine efforts to reduce violence or address its root causes, even when credible evidence exists. The above-mentioned case of the policymaker responding to the Sudan conflict reflects this tension. Despite indicators that the conflict was actively contributing to regional instability, policy responses were shaped more by competing concerns than by a unified commitment to conflict prevention. Such problems are not merely a matter of bureaucratic oversight, but reflect deeper issues in how priorities are set. For instance, migration pressures within Europe can result in foreign policy choices that favour short-term containment strategies over long-term peacebuilding. Similarly, maintaining favourable trade relationships may lead to silence or inaction in the face of violence or regional destabilization.

These examples reveal a persistent disjuncture: while conflict fuels displacement, insecurity and underdevelopment, the systemic drivers of instability are often sidelined. Recognizing this hierarchy is critical. Tackling the political economy of conflict should not be seen as an optional or secondary goal. Rather, it is essential to achieving the very objectives that policymakers claim to prioritize.

While Western governments and like-minded states have sought to go beyond localized interventions by adopting regional approaches to conflict resolution, most responses remain reactive and fragmented.

While Western governments and like-minded states have sought to go beyond localized interventions by adopting regional approaches to conflict resolution, most responses remain reactive and fragmented. Attempts at regional analyses are often hampered by bureaucratic divides, and by the conflicting priorities and budgets of government departments. For instance, the migration route from Edo State in Nigeria through Niger to Libya spans multiple geopolitical zones, each managed by different divisions within foreign ministries. This leads to disjointed interventions.

In tracing transit routes for gold, oil and migrant smuggling, this report argues that policymakers must move beyond state-centric frameworks and adopt systemic approaches that account for the interconnected nature of conflict economies. To more effectively manage conflict and mitigate its most violent dimensions, we call for policymakers in the UK, the US and elsewhere to exert influence through enhanced engagement with multi-aligned allies and adversaries alike, leverage economic power in conflict resolution, strengthen accountability mechanisms to ensure transparency and enforcement, and foster cooperation within foreign

policy bureaucracies through strategic resource allocation. Additionally, the report underscores the importance of harmonizing transnational analysis across policy agendas, and of adapting conflict analysis to better reflect modern complexities.

Conflict analysis needs to take account of the fact that – as mentioned – in this era of multi-alignment, the 'West' itself has been significantly eroded as a cohesive bloc, undermined by both external and internal challenges (see also Box 1). Across the Global South, Western diplomatic postures are increasingly perceived as hypocritical, particularly given the stark divergence between the robust defence of Ukraine against Russian aggression and the muted response to, or active support of, Israel's military actions in Gaza – actions that UN experts have characterized as genocidal.[20] This has eroded much of the moral authority that Western leaders once claimed as the foundation of their strategic positioning. Simultaneously, some Western leaders, such as President Trump, have actively challenged pillars of the post-Second World War international framework – referred to at times as the rules-based order – by rejecting multilateral institutions and questioning defence commitments in institutions such as NATO. This dual erosion – from external critiques and internal dissent – necessitates an acknowledgment that the monolithic 'Western consensus' no longer carries the weight it formerly did in diplomatic negotiations.

About our XCEPT work

This report is the culmination of Chatham House's work under the Cross-Border Conflict Evidence, Policy and Trends (XCEPT) research programme. XCEPT explores the complex and evolving nature of transnational conflict across the Middle East and North Africa, the Horn of Africa and the Sahel, and South and Southeast Asia. Funded by UK International Development from the UK government, XCEPT seeks to better understand conflict-affected borderlands, how conflicts connect across borders, and the factors that shape violent and peaceful behaviour, to inform effective policy and programme responses.

The Chatham House XCEPT research stream, operating from 2020 to 2025, brought together primary research from across conflict-affected regions, using a mix of in-person interviews, focus groups, and innovative tools such as satellite data analysis and open source intelligence (OSINT). Our researchers conducted over 150 interviews in Egypt, Ethiopia, Iran, Iraq, Kenya, Lebanon, Libya, Nigeria and Sudan, and convened seven focus groups in Iraq, Lebanon and Nigeria. Our project team engaged with political, economic and military elites and analysts, as well as with local communities. Throughout the project, the team maintained close dialogue with policymakers in the UK, the US, Europe and the relevant regions to refine and test its findings.

---

20 United Nations Office of the High Commissioner for Human Rights (OHCHR) (2025), 'End unfolding genocide or watch it end life in Gaza: UN experts say States face defining choice', 7 May 2025, https://www.ohchr.org/en/press-releases/2025/05/end-unfolding-genocide-or-watch-it-end-life-gaza-un-experts-say-states-face.

Our research spanned a wide range of thematic areas, including supply-chain analysis, state–society relations, migration, organized crime, smuggling, gender studies and conflict response. The overarching conceptual framework was developed as part of an edited e-book published by Global Policy, entitled *Borders of Conflict: Navigating Policy in a Transnational Ecosystem*.[21]

Our research was organized around three transnational case studies, each examining how supply chains intersect with conflict economies across and beyond the Middle East and Africa. Tim Eaton directed the Libya case study, analysing how conflict has impacted the expansion of transnational migrant smuggling and trafficking in persons from sub-Saharan Africa through Libya to Europe. His pathbreaking research undertook a conflict systems approach to analyse the transnational supply chain and the economic drivers of conflict. Ahmed Soliman led the Sudan's borderlands case study, drawing on his networks to map the movement of commodities such as sesame and gold across these regions. The Iran and Levant case study was led by Renad Mansour and Hayder Al-Shakeri, who analysed multiple interconnected supply chains – spanning goods such as tomatoes, bread, medicine, and oil and gas, as well as flows of drugs, weapons and cash – to better understand the region's multi-aligned political, economic and security dynamics.

These studies included deep dives into the Iran-linked 'axis of resistance', the conflict economy of sesame production and trade in border regions straddling Ethiopia and Sudan, and the role of migrant smuggling in perpetuating Libyan instability. In parallel, Chatham House produced short commentaries and interactive explainers on issues such as Syria's Captagon trade, the political economy of pharmaceutical distribution in Iraq, the gold trade's impact on the conflict in Ethiopia, and Libya's conflict-driven rise in transnational migrant smuggling.

A key part of Chatham House's XCEPT work has been its effort to operationalize transnational policy approaches by encouraging policymakers to move beyond state-centric conflict responses, specifically in relation to contexts where conflicts spill over borders and blur the lines between war, organized crime and economic survival. The project has also integrated cross-cutting themes of gender and social inclusion to ensure that policy recommendations reflect the diverse violent impacts of conflict on populations.

21 Mansour, R. (ed.) (2023), *Borders of Conflict: Navigating Policy in a Transnational Ecosystem*, Global Policy, https://www.globalpolicyjournal.com/projects/gp-e-books/borders-conflict-navigating-policy-transnational-ecosystem.

02
Conflict economies in practice: three case studies

In the Sudan, Israel–Iran and Libya conflicts, diverse actors and interests compete and cooperate in military-economic networks or 'ecosystems'. Each network operates beyond the bounds of formal institutional control, making policy interventions far more challenging.

Policymakers who operate in peacebuilding and related domains are confronting a rise in prolonged conflicts, in a global order that no longer fits neatly into rigid spheres of influence characteristic of the Cold War era. Many armed conflicts, regardless of their apparently local nature, occur within transnational political, economic, ideological and military 'ecosystems' that connect a diverse array of institutions, actors, commodities and even abstract ideas, and that are characterized by fluid and pragmatic relationships between direct participants, their associates and external sponsors. Such dynamics are inherently impervious to traditional peacebuilding interventions.

If stabilization and peacebuilding in conflict zones are to become more effective, policymakers must identify key entry points for understanding conflict dynamics. One approach is to 'follow the money': in other words, tracing the circulation of capital, goods and people to reveal the forces that fuel conflict and to identify those who benefit from its persistence. Beyond just tracking transactions and mapping transit routes, such analysis can offer broader insights into the nature of conflict ecosystems.

Some scholars have used the concept of 'assemblages' to overcome the limitations of viewing dynamic systems as mere supply chains.[22] Goodhand and Pain, for example, demonstrate how the drugs trade relies on a complex assemblage of laboratories, production plants, institutions, actors, processes and resources.[23] According to this model, the trade operates on a self-sustaining basis and has its own internal logic. A range of actors pursue profit and power at different points within this system, thereby competing and coming into conflict with one another.

Similarly, the gold trade from Sudan, oil exports originating from Iran, and human smuggling networks through Libya involve more than just physical supply chains and financial transactions. They consist of complex and dynamic webs of relationships, in which actors, infrastructure, regulations, local economies and geopolitical forces all interact in different ways.[24] Understanding the challenges of peacebuilding in these contexts requires examining the many variables at work and the relationships between them.

Our research reveals a world that increasingly eludes categorization according to nation states or spheres of influence. Formal and informal actors, and adversaries and allies, work together, much to the frustration of Western policymakers who are tasked with designing interventions on a country-specific basis and still engage primarily with formal state interlocutors.[25]

In a changing global order lacking a singular hegemonic authority, this flexibility is a defining feature of transnational conflict ecosystems and is part of what causes today's conflicts to spread so effectively.

To explain the nature of these networks, Deleuze and Guattari use the analogy of a rhizome.[26] Unlike a tree, which has a singular trunk and branches, a rhizome is a root system that spreads horizontally, lacking a clear beginning or end. When applied to conflict economies, the analogy emphasizes connectivity and the potential for continuous change and reconfiguration, challenging conventional notions of order and stability. In a changing global order lacking a singular hegemonic authority, this flexibility is a defining feature of transnational conflict ecosystems and is part of what causes today's conflicts to spread so effectively. It also enables conflict ecosystems to adapt, for example to expand or contract as circumstances dictate. These features have significant implications for policymakers trying to address protracted conflicts, in which actors exploit the fluidity of global rivalries to secure resources, capital, weapons and political authority from a range of external partners.

22 Deleuze, G. and Guattari, F. (1987), *A Thousand Plateaus: Capitalism and Schizophrenia*, Minneapolis: University of Minnesota Press.
23 Goodhand, J. and Pain, A. (2021), 'Entangled Lives: drug assemblages in Afghanistan's Badakhshan', *Third World Quarterly*, 24(11), pp. 2654–73, https://doi.org/10.1080/01436597.2021.2002139.
24 Latour, B. (2005), *Reassembling the Social: An Introduction to Actor-Network-Theory*, Oxford: Oxford University Press, p. 131.
25 Interviews with multiple FCDO policymakers working in the Middle East, West Africa, North Africa and the Horn of Africa, September 2024.
26 Deleuze and Guattari (1987), *A Thousand Plateaus*.

Table 1. Summary of this report's conflict economy case studies

Case study	Types of transnational conflict	Direct conflict actors	Key external actors	Region	Focus of conflict supply chain	Key dates
Sudan	External intervention in civil war; external support in civil war	Rapid Support Forces (RSF), Sudanese Armed Forces (SAF), other armed groups allied to RSF or SAF	Egypt, Qatar, Saudi Arabia, Turkey, UAE, UK, US	East Africa	Gold	• 2011 (South Sudan independence) • 2019 (overthrow of Omar al-Bashir) • 2023 (Sudan civil war)
Israel–Iran	Interstate war; intervention in interstate war; external support in interstate war	Iran and axis of resistance[27] allies, Israel	China, EU states, Gulf states, Russia, UK, US	Middle East	Oil	• 1979 (Islamic Revolution in Iran) • 2006 (Hezbollah–Israel war) • 2023 (Hamas attack on Israel; Israel total war on Gaza and elsewhere) • 2024 (Iran and Israel escalate to direct attacks)
Libya	External intervention in civil war; external support in civil war	Government of National Unity (GNU), Libyan Arab Armed Forces (LAAF),[28] Russian paramilitary groups, Turkish armed forces, other local and foreign militias	Egypt, EU, France, Italy, Russia, Turkey, UAE, UK, US	North Africa	Migrant smuggling	• 2011 (overthrow of Muammar Gaddafi) • 2014 (Operation Dignity versus Libya Dawn) • 2019 (LAAF launches offensive on Tripoli) • 2021 (GNU established)

This report focuses on three case studies: the war in Sudan; the Israel–Iran confrontation and its multiple manifestations across the Middle East; and the Libyan war. These crises are some of the most enduring and destabilizing anywhere. Where political settlements have been concluded, they have failed to establish lasting peace. Conflict actors repeatedly cycle through phases of violence, ceasefire and political settlement, only for hostilities to flare up once again. Each conflict is also enmeshed in broader geopolitical struggles that invite external interference from various actors, many of whom are multi-aligned (see Chapter 1) in their foreign policies. These regions therefore serve as key battlegrounds in a transforming global order, in which alliances are being redefined and emerging power blocs vie for influence.

---

27 Mansour, Al-Shakeri and Haid (2025), *The shape-shifting 'axis of resistance'*.
28 Eaton. T. (2021), *The Libyan Arab Armed Forces: A network analysis of Haftar's military alliance*, Research Paper, London: Royal Institute of International Affairs, https://www.chathamhouse.org/2021/06/libyan-arab-armed-forces.

Sudan

Sudan's ongoing civil war, which escalated on 15 April 2023, has resulted in immense human suffering. Tens of thousands of people have been killed. Cities such as Khartoum, Omdurman, El Obeid, El Geneina and El Fasher have been devastated by relentless fighting and bombardment by the Sudanese Armed Forces (SAF) and the Rapid Support Forces (RSF). There have also been reports of mass atrocities, including systematic ethnically targeted violence in Darfur and elsewhere. The humanitarian situation has rapidly deteriorated, with the displacement of 13 million people (internally and across borders), famine looming in several conflict-affected areas, medical infrastructure in ruins, and 30 million people facing acute shortages of food, water and healthcare.[29] As the war continues with no clear resolution in sight, Sudan has become one of the world's worst humanitarian crises.

Regional and international actors have been backing different factions based on strategic interests. Egypt has largely supported the SAF, seeing the SAF's leader, General Abdel Fattah al-Burhan, as a stabilizing force aligned with Egypt's own security and political interests. Meanwhile, the UAE has been accused of providing material support to the RSF while other states, including Qatar, Saudi Arabia and Turkey, have reacted to the conflict in various ways, from quiet backing of different factions to diplomatic mediation.[30] External powers have not always maintained rigid loyalties. At times, they have engaged with both sides, as seen in the procurement of gold from both the RSF and the SAF.

---

29 Lederer, E. (2025), 'UN: Sudan war is world's worst humanitarian crisis: 30 million need aid, 16 million of them kids', Associated Press, 13 March 2025, https://apnews.com/article/un-sudan-war-humanitarian-crisis-children-rape-6c58102f54b9fd7d6d4d5565e25a987c.
30 Soliman and Baldo (2025), *Gold and the war in Sudan*.

Figure 4. The transnational trade of Sudanese gold, 2012–25

2012
Gold boom post-South Sudan secession
Securitization of gold mining by SAF and RSF
40 tonnes produced
32.5 tonnes officially exported

Gold emergence (2012–18)
- Sudan becomes major gold producer
- RSF militia gains control of mines, notably Jebel Amer in North Darfur
- UAE and Wagner Group begin engagement with gold networks

2013

2014

2015
19.4 tonnes officially exported
82.3 tonnes produced

2016

2017

2018
20.2 tonnes officially exported   93.6 tonnes produced

Fall of Omar al-Bashir
Civilian government sidelined as army monopolizes gold

2019

Post-Bashir transition (2019–21)
- SAF and RSF aligned in protecting and entrenching their control of state and economic power
- Foreign actors fund both sides and infrastructure projects
- Dubai establishes itself as central hub for Sudan's gold

21.7 tonnes officially exported   100 tonnes produced

2020

2021

Military coup era (2021–23)
- Civilian government ousted
- RSF and army monopolize gold profits
- UAE and Russia deepen links via gold and security arrangements
- Gold drives financing and diplomacy

2022
11 tonnes officially exported

RSF–SAF civil war
Gold becomes strategic war asset, regional powers intervene

2023
23.2 tonnes produced*

2024
64.4 tonnes produced*

Gold war economy (2023–25)
- Gold becomes strategic war asset
- RSF uses smuggling networks to self-fund war operations

27 tonnes officially exported

2025

* Data for 2023 and 2024 are approximate.
Source: XCEPT research; Soliman, A. and Baldo, S. (2025), *Gold and the war in Sudan: How regional solutions can support an end to conflict*, Research Paper, London: Royal Institute of International Affairs, https://doi.org/10.55317/9781784136406.

Israel–Iran

In the aftermath of Hamas's attack on Israel on 7 October 2023, a series of intense conflicts erupted across the Middle East, exacerbating the various confrontations – direct and indirect – between Israel and Iran/Iranian-allied actors (the so-called 'axis of resistance').[31] Bolstered by advanced technologies and a total war strategy that devastated and depopulated neighbourhoods and cities, Israel unleashed on Gaza a devastating assault which the UN, Human Rights Watch and Amnesty International have described as genocide.[32] A fierce cross-border clash also erupted between Israel and Hezbollah, leading to the depopulation and devastation of much of southern Lebanon. Simultaneously, tensions flared between the US and Iran-allied factions of the Popular Mobilization Forces (PMF) in Iraq. Adding to the turmoil, the confrontation between Israel and the Houthis in Yemen escalated, drawing direct military intervention from both the US and the UK. A direct confrontation also ignited between Israel and Iran, marking a significant departure from the status quo as the two governments engaged in open warfare against each other for the first time.

While Israeli military strikes and international sanctions significantly weakened Iran and the axis of resistance, they did not bring about the axis's demise.[33] Even the unexpected collapse of the regime of Bashar al-Assad in Syria in late 2024 did not signify the end of this loose coalition. Other forces, notably Iraq's PMF and Yemen's Houthis, intensified their cooperation with each other to sustain supply chains and offset losses suffered as a result of Israeli actions.[34] Contrary to some observers' expectations, Iran and its allies thus demonstrated adaptability and resilience in the face of considerable setbacks.[35]

Transnational alliances and rivalries among external powers have been decisive factors in the conflict's trajectory. Israel, supported by the US and UK, had aimed to dismantle the axis which still connected Hamas, Hezbollah, the PMF and the Houthis with Iran's Islamic Revolutionary Guard Corps (IRGC). Tehran countered these efforts by leveraging its own regional networks to maintain influence. It adapted to Western pressures by strengthening alternative economic channels with China and Gulf states such as the UAE and Saudi Arabia, and by deepening military ties with Russia.

Gulf states also began attempts to chart their own course in conflict resolution: multilateral conferences calling for a two-state solution in Israel and Palestine; the UAE supporting a peace settlement between Ethiopia and Eritrea; Qatar mediating between Israel and Hamas for a ceasefire in Gaza; and Saudi Arabia working to end the economic isolation of Syria's government under President al-Sharaa. Unlike just a few years ago, Gulf countries now supported efforts to revive the Iranian nuclear deal and began pushing back against the more confrontational

> **While Israeli military strikes and international sanctions significantly weakened Iran and the 'axis of resistance', they did not bring about the axis's demise.**

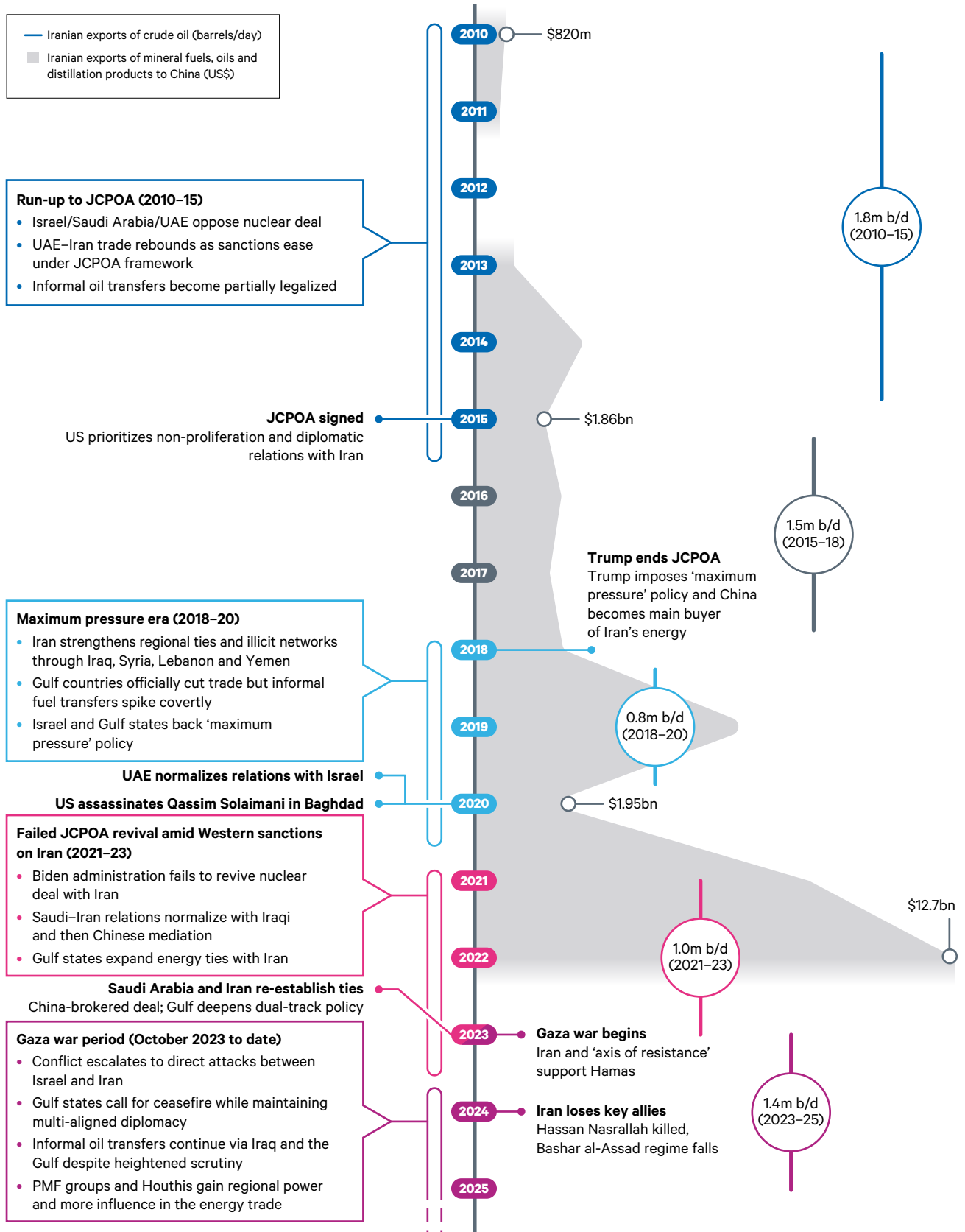**31** Mansour, Al-Shakeri and Haid (2025), *The shape-shifting 'axis of resistance'*.
32 UN OHCHR (2025), 'End unfolding genocide or watch it end life in Gaza: UN experts say States face defining choice'; Human Rights Watch (2024), 'Israel's Crime of Extermination, Acts of Genocide in Gaza', news release, 19 December 2024, https://www.hrw.org/news/2024/12/19/israels-crime-extermination-acts-genocide-gaza; Amnesty International (2024), 'Israel/Occupied Palestinian Territory: 'You Feel Like You Are Subhuman': Israel's Genocide Against Palestinians in Gaza', 5 December 2024, https://www.amnesty.org/en/documents/mde15/8668/2024/en.
33 Schwartz, K. (2025), 'The End of the Axis of Resistance?', *Middle East Research and Information Project*, 25 January 2025, https://merip.org/2025/01/the-end-of-the-axis-of-resistance.
34 Mansour, R. (2024), 'The Axis of Resilience: Israel Is Underestimating Iran and Its Allies', *Foreign Affairs*, 13 November 2024, https://www.foreignaffairs.com/israel/axis-resilience.
35 Mansour, Al-Shakeri and Haid (2025), *The shape-shifting 'axis of resistance'*.

Figure 5. The networks trading Iranian fuel, 2010–25

Legend:
— Iranian exports of crude oil (barrels/day)
▨ Iranian exports of mineral fuels, oils and distillation products to China (US$)

2010 — $820m

Run-up to JCPOA (2010–15)
- Israel/Saudi Arabia/UAE oppose nuclear deal
- UAE–Iran trade rebounds as sanctions ease under JCPOA framework
- Informal oil transfers become partially legalized

2011

2012

2013

2014

1.8m b/d (2010–15)

JCPOA signed
US prioritizes non-proliferation and diplomatic relations with Iran

2015 — $1.86bn

2016

2017

1.5m b/d (2015–18)

Trump ends JCPOA
Trump imposes 'maximum pressure' policy and China becomes main buyer of Iran's energy

Maximum pressure era (2018–20)
- Iran strengthens regional ties and illicit networks through Iraq, Syria, Lebanon and Yemen
- Gulf countries officially cut trade but informal fuel transfers spike covertly
- Israel and Gulf states back 'maximum pressure' policy

2018

2019

0.8m b/d (2018–20)

UAE normalizes relations with Israel

US assassinates Qassim Solaimani in Baghdad

2020 — $1.95bn

Failed JCPOA revival amid Western sanctions on Iran (2021–23)
- Biden administration fails to revive nuclear deal with Iran
- Saudi–Iran relations normalize with Iraqi and then Chinese mediation
- Gulf states expand energy ties with Iran

2021

2022

$12.7bn

1.0m b/d (2021–23)

Saudi Arabia and Iran re-establish ties
China-brokered deal; Gulf deepens dual-track policy

Gaza war period (October 2023 to date)
- Conflict escalates to direct attacks between Israel and Iran
- Gulf states call for ceasefire while maintaining multi-aligned diplomacy
- Informal oil transfers continue via Iraq and the Gulf despite heightened scrutiny
- PMF groups and Houthis gain regional power and more influence in the energy trade

2023 — **Gaza war begins**
Iran and 'axis of resistance' support Hamas

2024 — **Iran loses key allies**
Hassan Nasrallah killed, Bashar al-Assad regime falls

2025

1.4m b/d (2023–25)

Sources: XCEPT research; Trading Economics (2025), 'Iran Exports of mineral fuels, oils, distillation products to China', last updated June 2025, https://tradingeconomics.com/iran/exports/china/mineral-fuels-oils-distillation-products (accessed 6 Jun. 2025); Federal Reserve Bank of St. Louis (2024), 'Crude Oil Exports for Iran, Islamic Republic of', last updated 6 November 2024, https://fred.stlouisfed.org/series/IRNNXGOCMBD.

US stance on Iran. These shifts reflect how, in seeking to navigate the volatility of a multi-aligned world order, Gulf states used multi-alignment not only as a tool for strategic leverage but also as a means of managing conflict.

Libya

The conflict in Libya has been marked by persistent violence and political fragmentation since the 2011 overthrow of Muammar Gaddafi. Over the past 14 years, the country has remained trapped in cycles of armed conflict, with rival factions vying for control over key cities, oil resources and strategic territories. The fighting has led to thousands of deaths and has displaced hundreds of thousands of people, while Libya's once-wealthy economy has crumbled under the presence of armed groups and competing governments. Despite intermittent ceasefires and diplomatic initiatives, instability persists. Localized clashes have erupted frequently, including in Tripoli, Benghazi and the southern Fezzan region. The proliferation of armed groups, many of which perform quasi-state functions, further complicates prospects for coherent governance, making Libya one of the most unstable states in the region.

External intervention has played a defining role in Libya's conflict, transforming a civil war into a trans-national one in which foreign powers sponsor competing factions.

External intervention has played a defining role in Libya's conflict, transforming a civil war into a transnational one in which foreign powers sponsor competing factions. NATO air support and military advice were initially a key factor in enabling Libya's rebels to overthrow the Gaddafi regime. Since then, Khalifa Haftar's Libyan Arab Armed Forces (LAAF) have received military, financial and logistical support from the UAE, Egypt and Russia, which has enabled the LAAF to consolidate power in eastern Libya.[36] Meanwhile, Turkey has backed Libya's internationally recognized Government of National Unity (GNU) in Tripoli, sending military advisers, drones and Syrian mercenaries to support GNU forces.

Beyond relationships involving direct military aid, Libya has become entangled in broader regional conflicts, with its fighters and resources linked to battlefields in Assad's Syria and Sudan. These transnational dynamics highlight how Libya is not an isolated case of state fragmentation leading to violence, but part of a web of interconnected conflicts in which foreign interests play a key role.
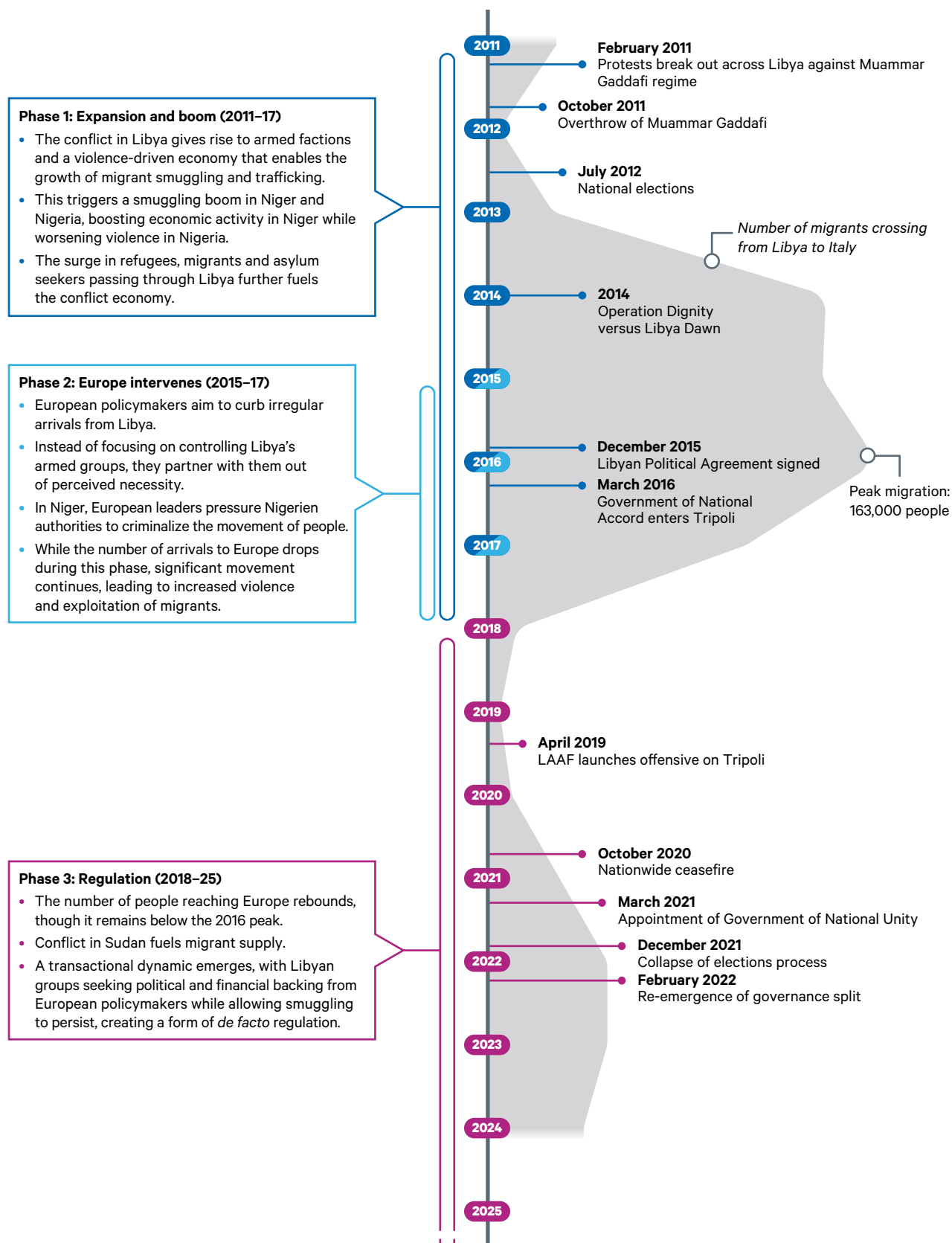
Implications

The entrenched external influences fuelling the Sudan, Israel–Iran and Libya conflicts present a major challenge for conflict management. As mentioned, traditional approaches – diplomacy, targeted sanctions, military strikes and mediated peace processes – have struggled to contain these wars, as a complex web of multi-aligned backers fuels the fighting and as economic incentives sustain the warring sides.

Above all, the multi-alignment of external actors adds to the complexity of competing interests that attempted peace settlements must navigate. Without a fundamental reassessment of engagement strategies – one that acknowledges the entrenched nature of conflict economies and the geopolitical dynamics involved (see Chapter 4) – peacebuilding and conflict mitigation efforts risk falling short, prolonging conflict and instability.

---

36 Eaton and Yousef (2025), *How migrant smuggling has fuelled conflict in Libya*.

Figure 6. Libya's conflict economy timeline, 2011–25

Phase 1: Expansion and boom (2011–17)
- The conflict in Libya gives rise to armed factions and a violence-driven economy that enables the growth of migrant smuggling and trafficking.
- This triggers a smuggling boom in Niger and Nigeria, boosting economic activity in Niger while worsening violence in Nigeria.
- The surge in refugees, migrants and asylum seekers passing through Libya further fuels the conflict economy.

Phase 2: Europe intervenes (2015–17)
- European policymakers aim to curb irregular arrivals from Libya.
- Instead of focusing on controlling Libya's armed groups, they partner with them out of perceived necessity.
- In Niger, European leaders pressure Nigerien authorities to criminalize the movement of people.
- While the number of arrivals to Europe drops during this phase, significant movement continues, leading to increased violence and exploitation of migrants.

Phase 3: Regulation (2018–25)
- The number of people reaching Europe rebounds, though it remains below the 2016 peak.
- Conflict in Sudan fuels migrant supply.
- A transactional dynamic emerges, with Libyan groups seeking political and financial backing from European policymakers while allowing smuggling to persist, creating a form of *de facto* regulation.

February 2011 Protests break out across Libya against Muammar Gaddafi regime
October 2011 Overthrow of Muammar Gaddafi
July 2012 National elections
Number of migrants crossing from Libya to Italy
2014 Operation Dignity versus Libya Dawn
December 2015 Libyan Political Agreement signed
March 2016 Government of National Accord enters Tripoli
Peak migration: 163,000 people
April 2019 LAAF launches offensive on Tripoli
October 2020 Nationwide ceasefire
March 2021 Appointment of Government of National Unity
December 2021 Collapse of elections process
February 2022 Re-emergence of governance split

03
The mechanisms and impacts of transnational conflict

Following flows of gold from Sudan, oil originating from Iran, and migrants via Libya reveals how transnational conflict creates resilient and decentralized economic ecosystems, how country peripheries become power centres, and how state fragmentation enables (and is exacerbated by) geopolitical multi-alignment.

The gold trade out of Sudan, the adaptive supply chains exporting sanctioned Iranian fuel, and the operations of migration networks running through Libya are in part both the by-products and drivers of conflict. These are economic ecosystems in which financial flows, markets and geopolitical rivalries intertwine, entrenching and prolonging conflict.

In Sudan, the gold trade has been scaled up and consolidated by conflict actors who directly facilitate and control gold supply chains. Armed groups, including the RSF, have leveraged gold's importance as a financial commodity, creating protection markets where mining and smuggling thrive.[37] These processes and relationships enable warring factions to fund military campaigns, buy weapons and secure political allegiances.

---

37 Campbell, C. (2024), 'The Dark Side of Gifting Gold This Christmas', *Time*, 19 December 2024, https://time.com/7198994/dubai-blood-gold-sudan-uae.

In the case of Iran and its 'axis of resistance' partners, the emergence of alternative – often informal – trading networks to circumvent Western sanctions banning the export of oil of Iranian origin illustrates the adaptability of conflict actors in the face of external pressure. Measures to evade sanctions have included the relabelling of Iranian fuel as originating in Iraq or Gulf states, the use of ship-to-ship transfers, barter arrangements, and increased reliance on markets in Asia. Sanctions have prompted Tehran at times to cooperate with unlikely regional rivals; these have included Gulf neighbours that are aligned with the US, Israel or both. The result is a geo-economic system that sustains geopolitical tensions.

A defining feature of Libya's human migration routes, meanwhile, is that these have expanded as a second-order effect of the conflict. The collapse of the central government and the proliferation of armed groups have allowed migration networks to flourish, with armed groups profiting from migrant smuggling and trafficking in persons (TIP). However, unlike the trade of Sudanese gold, for example, where conflict actors have deliberately expanded supply chains as part of a decentralized conflict economy, Libya's migration economy is an *unintended* consequence of state fragmentation. Instability and state failure have entrenched the role of armed actors in economic activity more widely. Western-backed interventions seeking to curb migration often fail to eliminate the networks behind this trade, instead prompting smugglers to relocate, change routes or otherwise adapt to attempted controls.

Together, these case studies demonstrate how supply chains not only adapt to conflict but actively shape its trajectory. Whether as a result of direct facilitation (e.g. as in Sudan), external economic pressures (Iran, etc.), or the secondary effects of instability (Libya), the interdependence between geo-economics and geopolitical struggles ensures that conflict remains protracted.

Despite their distinct historical and regional contexts, these three conflicts share similarities. First, in each case, the conflict economy has evolved into a decentralized and self-sustaining system with its own internal logic and structures. Multi-alignment means a crucial role for flexible intermediaries and outside brokers. Second, borderlands, ports and airports – all too easily dismissed as peripheral or mere transit hubs – are in fact central nodes in each conflict economy, serving as intersections where vested interests both compete and cooperate.

Third, each of these conflicts is perpetuated by state fragmentation. This is true not only for Sudan and Libya in a direct sense of failed national governance, but also indirectly for the Israel–Iran conflict by virtue of the problems that instability in Iraq, Lebanon and Yemen causes across the Middle East. In fragmented states, a lack of centralized authority results in multiple factions competing for power. In these settings, armed groups are not merely non-state entities; they often function as political or quasi-political institutions in their own right, governing local populations and pursuing multi-aligned foreign policies on their own account. This dynamic further fuels regional instability and deepens the conflicts.

In light of these persistent factors, current Western policy tools – diplomatic, security, economic and development – are increasingly ineffective. Diplomatic efforts focusing on ceasefires or political settlements primarily engage political elites. Such efforts often fail to engage all relevant conflict actors, let alone accommodate their interests and incentives within formal processes. Security measures such as military strikes and border reinforcement are typically implemented and coordinated from

capital cities outwards, with insufficient attention to the impacts on populations in borderlands or remote transit hubs. Such measures often alienate these communities, further empowering conflict entrepreneurs.

Moreover, economic sanctions aimed at key parties to a conflict often miss the decentralized networks that sustain it. At best, therefore, sanctions often fall short in disrupting conflict ecosystems, even if they succeed to some extent in economically penalizing certain actors. At worst, sanctions actively harm marginalized groups who lack the ability of richer or more well-connected target groups and individuals to circumvent sanctions. For instance, while the US and/or the UK have variously imposed sanctions on IRGC officials in Iran, RSF and SAF leaders in Sudan, and entities and individuals linked to the LAAF in Libya, these targets' own regional allies – ranging from Gulf countries to Turkey – continue to engage with them. Finally, international development aid and capacity-building programmes are often undermined by the very actors they aim to assist. Programmes often provide support to (or via) government institutions, but the beneficiaries may serve multiple interests, resulting in aid frequently being captured or redirected for purposes other than those intended by the donor.

Conflicts as decentralized, self-sustaining economic systems

The transnational conflict economies examined in this report have developed their own intricate logic and structures, in many cases becoming resilient to external pressures. For example, when a product or activity is sanctioned, it does not disappear from the market; instead, it becomes embedded in networks that operate both within formal processes and outside them. Over time, such networks become the norm on the ground, shaping local economies, livelihoods and power structures in ways that make them difficult to dismantle.

These networks are not controlled by any single entity, but represent a coalition of profit-driven actors, each with their own localized interests, agendas and degrees of autonomy. Participants are rarely mere 'proxies' acting on behalf of a dominant force (which would imply a vertical, top-down power relationship). Instead, they operate in *horizontal* markets, in which a diverse range of local, transnational and global actors – each motivated by profit – play interconnected roles in maintaining the economic fabric of conflict. The relationships within each network create interdependencies that bind components and actors together in a complex system. As mentioned, this is referred to by some academics as an 'assemblage'.[38] The removal of a single element, such as a regime, forces the assemblage to adapt but does not dismantle it entirely.

A historical example of this can be found in the 1990s, when sanctions on Saddam Hussein's regime in Iraq led to the development of the illicit fuel 'trucker trade'.[39] Even after the fall of Saddam in 2003, these smuggling operations persisted, ultimately contributing to the rise of ISIS as a formidable economic power much

---

38 Goodhand and Pain (2021), 'Entangled Lives'.
39 Jones, L. (2015), *Societies Under Siege: Exploring How International Economic Sanctions (Do Not) Work*, Cambridge: Cambridge University Press.

later, in 2014.[40] The lesson here is that conflict economies, once established, often outlive regimes and states, continuing to evolve and adapt as circumstances change and new actors emerge.

In contexts like Sudan, the Iran/Levant region and Libya, multi-alignment is prevalent because conflict economies foster non-traditional power structures that often rely on external networks. One of the reasons why these structures are self-sustaining is that local actors such as armed groups rarely have a single external backer (again, this is why the term 'proxy' is often analytically unhelpful); rather, such actors cultivate multiple alliances to maximize their economic and political leverage. This also provides a measure of insulation against the loss of a particular backer or patron if political power changes.

The conflict economy of Sudan's gold sector

The trade of Sudanese gold has developed into a self-sustaining economic ecosystem that fuels and is fuelled by the country's conflict.

The trade of Sudanese gold has developed into a self-sustaining economic ecosystem that fuels and is fuelled by the country's conflict. Rather than being controlled by a single entity, this system involves multiple actors – including the RSF, the SAF, regional trading and smuggling networks, and external state and private entities – all working in pursuit of profit. An intricate web of gold production and trade has become embedded in the Sudanese economy, making the conflict resistant to external peacebuilding. The lucrative gold trade not only sustains warring factions but incentivizes them to keep fighting, as each party benefits from the economic structures that have emerged from the turmoil. This trade also sustains the livelihoods of over a million Sudanese engaged in artisanal mining across 12 of the country's 18 states.[41] At the same time, its domination by militarized networks has led to the exploitation of civilians and a disregard for the long-term development of the communities involved.

At the heart of this trade is demand for gold from key regional players such as the UAE and Egypt.[42] The UAE is an international gold trading hub, while Egypt, facing its own economic struggles, has increasingly relied on Sudanese gold for financial stability. The RSF's gold smuggling from Darfur via Chad and South Sudan reportedly increased after the 2023 war ignited. The RSF controls several mines, exploits artisanal mining operations, and enforces its dominance over the sector through multiple means. It operates its own mining and trading company, Al-Junaid, which has interests in gold-rich areas such as Songo in South Darfur, Jebel Amer in North Darfur, and Talodi in South Kordofan.[43] Additionally, the RSF forces artisanal miners to trade exclusively through its channels, ensuring that a significant portion of Sudan's gold wealth flows into its war chest. By leveraging smuggling networks that span Chad, South Sudan and the Central African Republic, the RSF effectively bypasses international scrutiny and sanctions, making it nearly impossible to halt the trade through regulation alone.
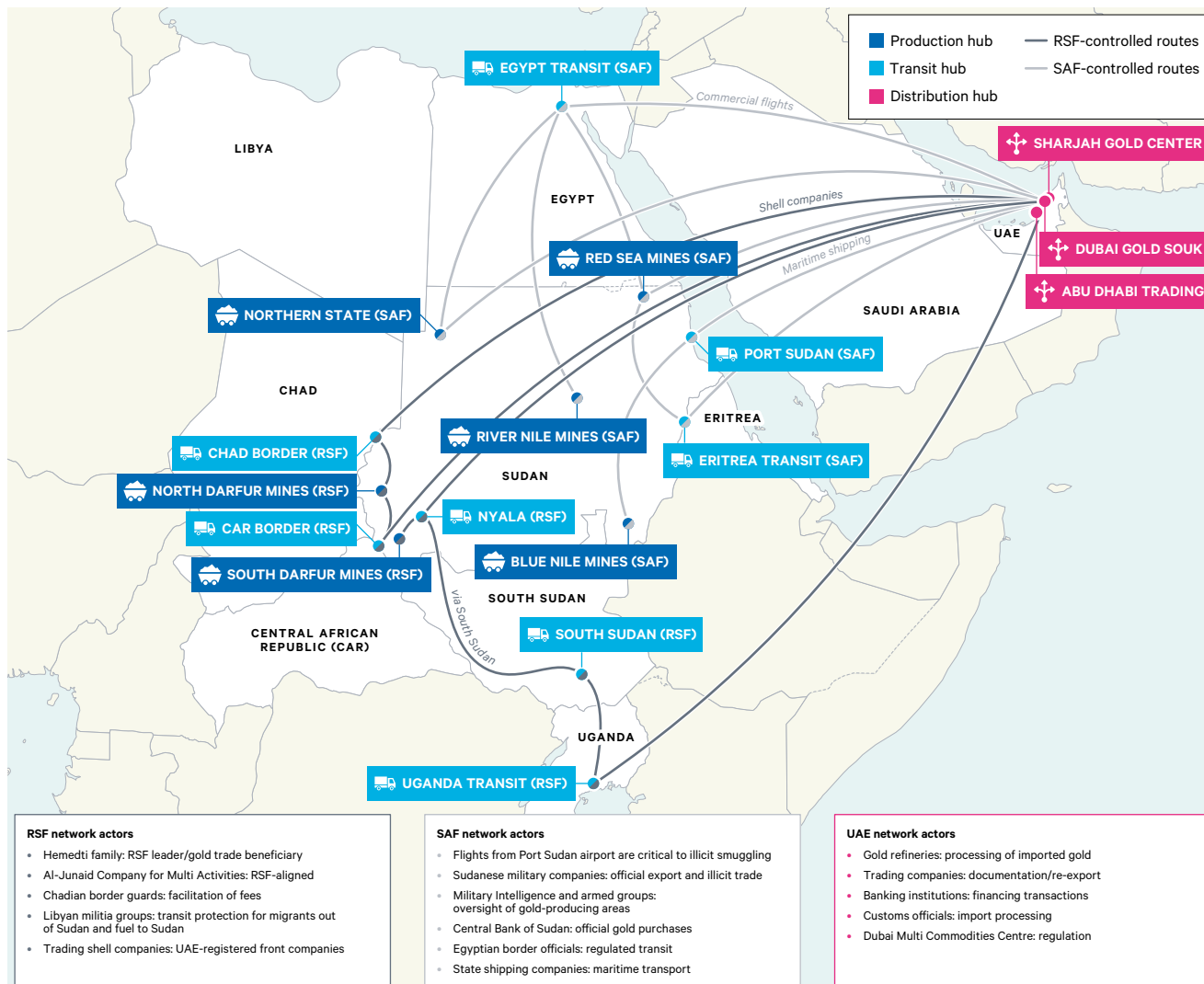
40 Mansour, R. and Hashimi, H. (2018), 'ISIS Inc.: How the Islamic State Runs Its Economy', *Foreign Policy*, 16 January 2018, https://foreignpolicy.com/2018/01/16/isis-inc-islamic-state-iraq-syria.
41 Soliman and Baldo (2025), *Gold and the war in Sudan*.
42 Field research interviews conducted in southern Egypt, August 2024.
43 Al-Junaid Company for Multi Activities is a private holding company headed by Abdelrahim Dagalo, the RSF's second in command. It was incorporated as a private company in 2009, and subsequently established Al-Junaid for the Treatment of Mineral Waste, a subsidiary that monopolized the treatment of gold tailings produced by thousands of miners in Jebel Amer. The RSF served as a protection force for Al-Junaid's two processing factories and secured the area, ensuring the exclusion of the national police and other government oversight bodies, even though the RSF was a regular government force by law under political decree.

Figure 7. Sudan gold supply networks: Production hubs, transit routes and key actors

Legend:
- Production hub
- Transit hub
- Distribution hub
- RSF-controlled routes
- SAF-controlled routes

EGYPT TRANSIT (SAF)
SHARJAH GOLD CENTER
DUBAI GOLD SOUK
ABU DHABI TRADING
RED SEA MINES (SAF)
NORTHERN STATE (SAF)
PORT SUDAN (SAF)
CHAD BORDER (RSF)
RIVER NILE MINES (SAF)
ERITREA TRANSIT (SAF)
NORTH DARFUR MINES (RSF)
CAR BORDER (RSF)
NYALA (RSF)
SOUTH DARFUR MINES (RSF)
BLUE NILE MINES (SAF)
SOUTH SUDAN (RSF)
UGANDA TRANSIT (RSF)

Commercial flights
Shell companies
Maritime shipping
via South Sudan

LIBYA · EGYPT · CHAD · SUDAN · ERITREA · SAUDI ARABIA · UAE · SOUTH SUDAN · CENTRAL AFRICAN REPUBLIC (CAR) · UGANDA

RSF network actors
- Hemedti family: RSF leader/gold trade beneficiary
- Al-Junaid Company for Multi Activities: RSF-aligned
- Chadian border guards: facilitation of fees
- Libyan militia groups: transit protection for migrants out of Sudan and fuel to Sudan
- Trading shell companies: UAE-registered front companies

SAF network actors
- Flights from Port Sudan airport are critical to illicit smuggling
- Sudanese military companies: official export and illicit trade
- Military Intelligence and armed groups: oversight of gold-producing areas
- Central Bank of Sudan: official gold purchases
- Egyptian border officials: regulated transit
- State shipping companies: maritime transport

UAE network actors
- Gold refineries: processing of imported gold
- Trading companies: documentation/re-export
- Banking institutions: financing transactions
- Customs officials: import processing
- Dubai Multi Commodities Centre: regulation

Source: XCEPT research; Soliman, A. and Baldo, S. (2025), *Gold and the war in Sudan: How regional solutions can support an end to conflict*, Research Paper, London: Royal Institute of International Affairs, https://doi.org/10.55317/9781784136406.

The SAF, which claims the position of being the formal government institution, controls Sudan's largest gold-producing regions in River Nile, Red Sea and Northern states. In response to the war, SAF-aligned actors have diverted gold exports to Egypt, often through informal channels, to prevent shipments from directly reaching the UAE (widely believed to support the RSF). Official figures from Sudan's Central Bank indicate that only $16 million worth of gold was exported to Egypt in 2024 – just 1 per cent of Sudan's total gold exports.[44] However, research suggests that the actual amounts smuggled into Egypt are significantly higher,[45] estimated to exceed

---

[44] Central Bank of Sudan export figures for 2024 show Sudan exported $16,288,000 worth of gold to Egypt, out of a total export value of $1,570,211,000. See Central Bank of Sudan (2024), 'Foreign Trade Statistical Digest, January – December 2024', الموجز الربع الرابع ٢٠٢٤.pdf.

[45] Official production figures are notoriously unreliable. Much of the production is not captured in official statistics. See Sudan Transparency and Policy Tracker (2024), 'Sudan Conflict Monitor #17', https://sudantransparency.org/sudan-conflict-monitor-17.

100 kg per day.[46] Since the latest outbreak of the war in 2023, it is likely that over 60 tonnes of illicit gold has entered the country. The scale of these operations underscores how deeply embedded gold smuggling has become in Sudan's conflict economy, enabling rival factions to sustain military operations while external actors also profit from the arrangement.

Egypt's indirect role in this economy is significant. Despite producing only modest amounts of gold itself, Egypt has exported large quantities to the UAE, with trade data showing that over $1 billion worth of gold was sent there in 2023 alone. In the first 10 months of 2024, Egyptian gold exports had already reached $2.6 billion, with $1.6 billion (nearly 26 tonnes) going to the UAE.[47] Given Sudan's limited ability to export gold officially, it is likely that much of this gold trade involves illicit Sudanese gold that has been channelled through Egypt's economy before reaching international markets.

Despite political tensions between the SAF and the UAE over the latter's alleged support for the RSF, leading to Sudan's *de facto* government cutting diplomatic ties with the UAE,[48] the SAF remains economically dependent on Emirati financial institutions and trade channels. Authorities in Port Sudan rely on the UAE to clear international transactions and obtain essential imports, including fuel and consumer goods. Sudan's banking system is also deeply tied to Emirati financial networks, with the state-owned El-Nilein Bank's Abu Dhabi branch playing a crucial role in managing external transactions.[49] Additionally, Dubai Islamic Bank and other Emirati financial institutions hold significant stakes in the Bank of Khartoum, Sudan's largest commercial bank. The Bank of Khartoum's digital platform, Bankak, is one of the main financial tools for government institutions and millions of displaced Sudanese, illustrating the extent to which Sudan's economy is interwoven with UAE financial infrastructure.

Official gold exports from SAF-controlled regions further demonstrate this reliance. In 2024, nearly 97 per cent of Sudan's officially reported gold exports – valued at $1.52 billion – went to the UAE.[50] This accounted for nearly half (48.5 per cent) of Sudan's total exports of goods and services that year, underlining the financial necessity of maintaining trade relations with the UAE. Nor is the UAE's role in the trade of Sudanese gold limited to being a distribution hub: high-level Emirati

46 Research interview with senior Sudanese economist and expert on strategic commodities, under the condition of anonymity, 27 September 2024; research interview with Sudanese gold producer, under the condition of anonymity, 25 October 2024.

47 In 2023, Egypt exported 29.83 tonnes of gold, with a value of $1.83 billion. Of this amount, 16.48 tonnes were exported to the UAE, with a value of $1 billion, amounting to 55 per cent of Egypt's gold exports. In the first 10 months of 2024, Egypt exported 41.14 tonnes of gold, with a value of $2.62 billion. Of this amount, 25.86 tonnes were exported to the UAE, with a value of $1.65 billion, amounting to 62.85 per cent of Egypt's gold exports. UN Comtrade data (2024), 'Egyptian gold exports in 2023 and 2024', United Nations Statistics Division, https://comtradeplus.un.org/TradeFlow (accessed 17 Mar. 2025).

48 Reuters (2025), 'Sudan to cut ties with UAE, defence council says', 6 May 2025, https://www.reuters.com/world/sudan-cut-ties-with-uae-defence-council-says-2025-05-06.

49 Suliman and Baldo (2025), *Gold and the war in Sudan*; see also Network International (2022), 'Network International selected as payment and technology partner for leading Sudanese bank in the UAE, El Nilein Bank', press release, 19 September 2022, https://www.network.ae/news/network-international-selected-as-payment-and-technology-partner-for-leading-sudanese-bank-in-the-uae-el-nilein-bank?utm_source=chatgpt.com.

50 Central Bank of Sudan (2024), 'Foreign Trade Statistical Digest, January – December 2024', ٢٤ الموجز الربع الرابع.pdf.

investors hold stakes in some of Sudan's most productive gold mining companies. For instance, Emiral Resources Limited, which owns Kush for Exploration and Production Co. Ltd., has been a major player in Sudan's gold industry since 2014.[51]

Sudan's warring factions will continue to exploit gold's status as a highly liquid and valuable commodity to finance their military campaigns. The decentralized and profit-driven nature of this trade ensures that actors within the system have little incentive to disrupt the status quo. Instead, they benefit from the ongoing instability, which allows them to maximize profits while operating outside regulatory oversight.

The transnational conflict economy around trading Iranian fuel

The response of Iran's oil sector to sanctions underlines how diverse, flexible networks of partners can enable actors to resist, or adapt to, external pressure.

The response of Iran's oil sector to sanctions underlines how diverse, flexible networks of partners can enable actors to resist, or adapt to, external pressure. In an attempt to curb Iran's regional influence and prevent the spread of nuclear weapons, Israel's allies – particularly the US and the UK – have imposed a range of sanctions targeting Iran's economy, military and energy sector.[52] While sanctions have crippled Iran's economy in many respects, they have simultaneously forced Tehran to adapt (see also Chapter 2). The Iranian leadership has devised a sophisticated survival strategy in which the export of fuel – in defiance of sanctions – has become a pillar of the country's economic resilience. Such adaptation has ultimately developed into a broader, more sophisticated transnational fuel trade network. Partly as a result, China has become Iran's largest energy market. In 2023, 431 million barrels of oil – over 80 per cent of Iran's oil exports – went to China. In 2024, this number increased to 533 million barrels, accounting for 91 per cent of the total.[53]

The loss of access to global financial systems, such as the SWIFT network, and restrictions on shipping and maritime access have also prompted Iran to develop a fleet of 'sanctions-busting' tankers, alternative financial channels, and complex networks designed to circumvent maritime interdictions (such as through 'spoofing'). These measures have allowed Iran to continue trading fuel, albeit through covert and often illicit means.

The IRGC, along with a network of middlemen, businesspeople and affiliated groups, helps connect Iranian oil supplies to international markets. This often generates significant profits for the parties involved, as a wide differential exists between prices of supplies identified as Iranian in origin (and thus heavily discounted due to sanctions) and the prices achievable in other international markets. This lucrative enterprise has sustained Iran's economy despite its international isolation.

51 Walsh, D. (2024), 'The Gold Rush at the Heart of a Civil War', *New York Times*, 11 December 2024, https://www.nytimes.com/2024/12/11/world/africa/sudan-gold-rush-heart-civil-war.html.
52 U.S. Department of the Treasury (2025), 'Iran Sanctions', Office of Foreign Assets Control (OFAC), 2 April 2025, https://ofac.treasury.gov/sanctions-programs-and-country-information/iran-sanctions.
53 Baird Maritime (2025), 'Iran's 2024 oil exports exceeded 580 million barrels despite US sanctions', 9 January 2025, https://www.bairdmaritime.com/shipping/tankers/irans-2024-oil-exports-exceeded-580-million-barrels-despite-us-sanctions.

To effect this arbitrage, shipments of Iranian oil and related products are typically transferred from Iranian tankers to privately registered vessels in international waters, often off the coast of Iraq or the UAE, or at transshipment hubs in Asia.[54] These shipments are frequently rebranded as non-Iranian, with the fuel mixed with other supplies at storage facilities in Iraq or the Gulf. This blended product is often sold as Iraqi or Emirati fuel, obscuring its full origin.[55] The process enables Iran to continue exporting hydrocarbons while evading sanctions and maintaining economic resilience. Multi-aligned actors in Iraq and the Gulf, among others, see an opportunity for profit from these arrangements, unencumbered by any fear of repercussions.

Figure 8. Iran–China fuel supply networks: Production hubs, transit routes and key actors
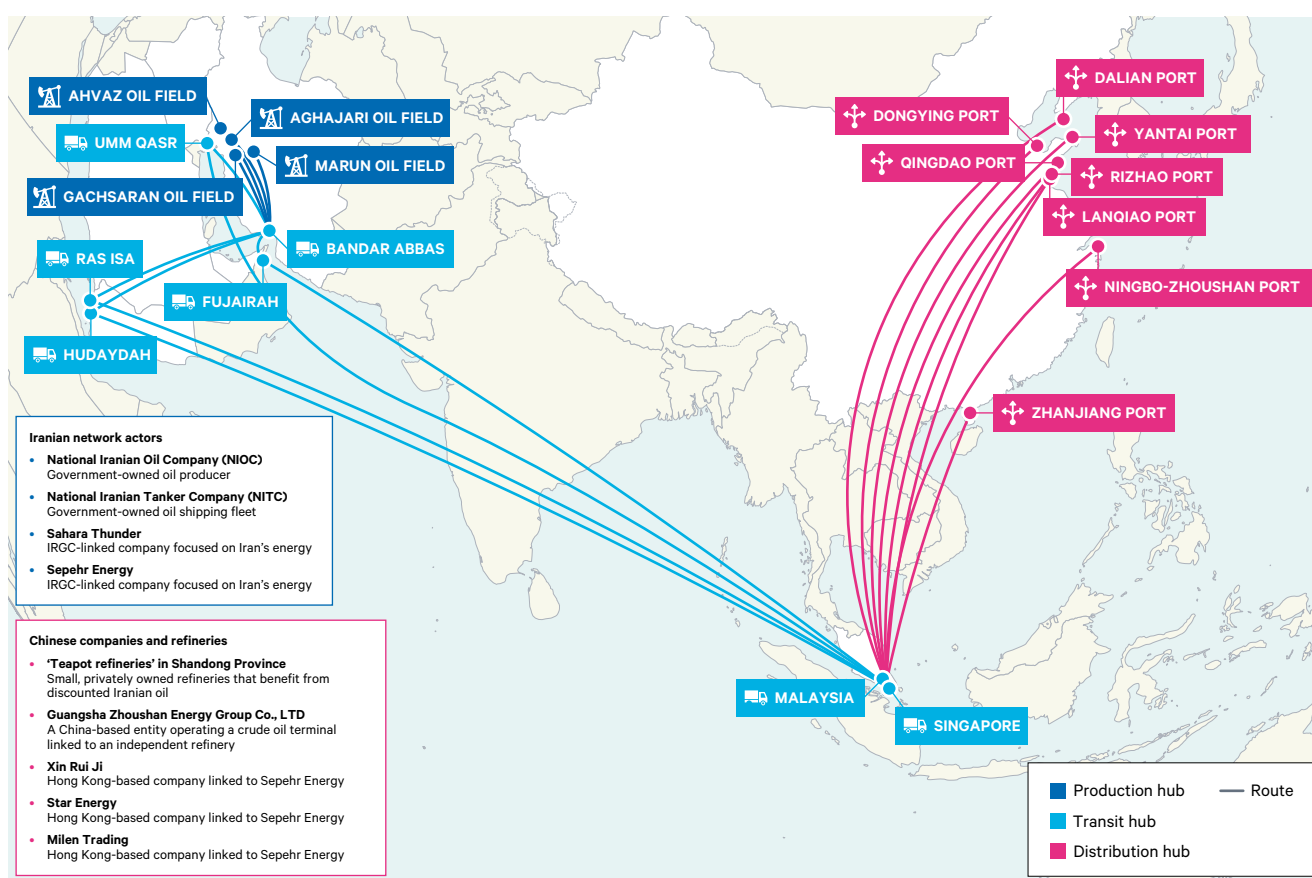
Sources: XCEPT research; Bloomberg News (2024), 'Iran's oil trade through the South China Sea', 15 November 2024, https://www.bloomberg.com/graphics/2024-iran-south-china-sea-oil-trade; U.S. Department of the Treasury (2025), 'Treasury Targets Global Network Shipping Iranian Oil, Funding Iran's Military and Terrorist Activities', press release, 13 May 2025, https://home.treasury.gov/news/press-releases/sb0139; U.S. Department of the Treasury (2020), 'Treasury Sanctions Key Actors in Iran's Oil Sector for Supporting Islamic Revolutionary Guard Corps-Qods Force', press release, 26 October 2023, https://home.treasury.gov/news/press-releases/sm1165; U.S. Department of the Treasury (2024), 'Treasury Targets Networks Facilitating Illicit Trade and UAV Transfers on Behalf of Iranian Military', press release, 25 April 2024, https://home.treasury.gov/news/press-releases/jy2295; U.S. Department of the Treasury (2023), 'Treasury Targets Large Iranian Military Financial Facilitation Networks', press release, 29 November 2023, https://home.treasury.gov/news/press-releases/jy1932; U.S. Department of the Treasury (2025), 'Treasury Increases Pressure on Firms Importing Iranian Oil', press release, 8 May 2025, https://home.treasury.gov/news/press-releases/sb0135; U.S. Department of State (2025), 'Sanctions on Iran's Oil Network to Further Impose Maximum Pressure on Iran', press statement, 10 April 2025, https://www.state.gov/sanctions-on-irans-oil-network-to-further-impose-maximum-pressure-on-iran-2.

54 Bloomberg News (2024), 'Iran's oil trade through the South China Sea', 15 November 2024, https://www.bloomberg.com/graphics/2024-iran-south-china-sea-oil-trade.
55 Ibid.

To further enhance and protect Iran's fuel export networks, the IRGC strategically subcontracts some essential operations to groups within the so-called 'axis of resistance'. These groups have developed their own extensive networks of local and international traders, as well as diasporic business communities, which support and sustain the trade of Iranian fuel. Over time, these groups have not only consolidated local control in areas of conflict but have integrated their activities into a horizontally structured system that transcends national borders and operates in both licit and illicit markets.

The IRGC's involvement typically ends once the fuel is transferred to ships or trucks departing from Iran. Subsequent ownership of, and responsibility for, the cargo shifts to private buyers, typically businesspeople or entities based in the Gulf, China or other countries. These buyers arrange for payment through informal banking systems or third-party financial institutions, minimizing the risk of detection by authorities while ensuring the smooth flow of trade.

The evolution of this process has resulted in Iran's fuel trade becoming part of a broader geo-economic system. This has enabled members of the 'axis of resistance' to respond quickly to US and other regulatory actions, ensuring that fuel and funds continue to flow despite efforts to cut off resources. As the network has become more deeply integrated and autonomous, it has strengthened Iran's position. This is likely to prolong regional conflict, as the profit-motivated actors within this web of influence are incentivized by arbitrage opportunities to continue their operations, feeding into the larger geopolitical struggles in the region.

Libya's conflict economy around migration

The expansion of migrant smuggling and trafficking in persons (TIP) in Libya illustrates how conflict can produce second-order effects that transform transnational supply chains. Our research for the XCEPT project finds that this transformation has occurred in three phases.[56] The first phase occurred in the immediate aftermath of the 2011 civil war, when the collapse of state authority caused security structures to fragment. As central control weakened, state-backed support for local economies diminished, leaving communities to seek alternative revenue sources.

This vacuum allowed illicit sectors – most notably migrant smuggling – to expand rapidly. Smugglers and their facilitators in Libya began to work closely with networks in Niger, Nigeria and other sub-Saharan African countries, increasing the scale and efficiency of smuggling operations. This reduced the cost of movement for migrants, making Libya a more attractive transit hub. The influx of migrants and the financial incentives tied to smuggling reinforced the power of armed groups, embedding these groups deeper into economic activities that further destabilized governance.[57] A feedback loop was created, whereby the expansion of migrant smuggling fuelled conflict dynamics that in turn ensured the country's continued reliance on illicit migration as an economic lifeline.[58]

---

56 See Eaton and Yousef (2025), *How migrant smuggling has fuelled conflict in Libya*.
57 de Haan, L. J. A., Aghedo, I. and Eaton, T. (2024), *Tracing the 'continuum of violence' between Nigeria and Libya: How the movement of people from Edo State fuels the Libyan conflict economy*, Research Paper, London: Royal Institute of International Affairs, https://doi.org/10.55317/9781784136109.
58 Eaton and Yousef (2025), *How migrant smuggling has fuelled conflict in Libya*.

Figure 9. Africa–Europe migrant-smuggling networks
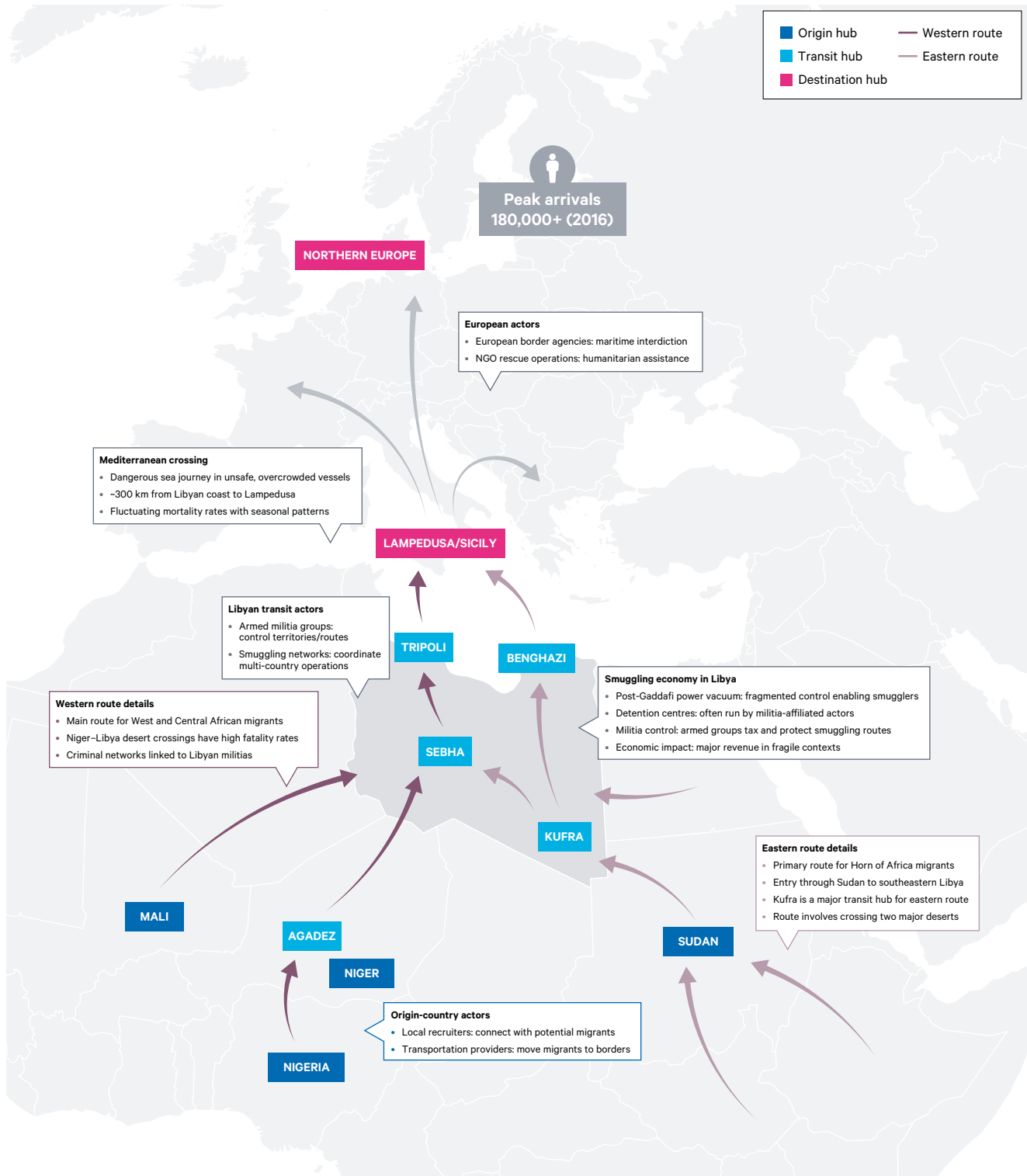
Source: XCEPT research; Eaton, T. and Yousef, L. (2025), *How migrant smuggling has fuelled conflict in Libya: A systems analysis of key transit hubs,* Research Paper, London: Royal Institute of International Affairs, https://doi.org/10.55317/9781784136376.

By 2016, a second phase took shape, characterized by European intervention aimed at curbing the flow of migrants across the Mediterranean. European policymakers pressured Niger to criminalize migrant movement and worked with Libyan armed groups affiliated with the state to suppress people-smuggling. These efforts temporarily reduced migration numbers but had unintended consequences. Smuggling operations adapted, shifting routes and increasing reliance on more dangerous and exploitative practices. The criminalization of migration did not halt movement; instead, it raised the risks and costs for migrants, leading to greater human rights abuses. Moreover, armed groups that had previously engaged in smuggling now diversified their activities, finding ways to profit from both restricting and facilitating migration. This shift marked the entrenchment of smuggling and trafficking within Libya's governance crisis, as local power brokers exploited European priorities for their own strategic benefit.

The third and current phase has seen migration numbers rebound, though they remain below their 2016 peak. A new equilibrium has emerged in which Libyan armed groups strategically balance the political and financial rents they receive from European actors to curb migration against the profits from facilitating it. This transactional relationship has effectively led to *de facto* regulation of people-smuggling, in which migration control serves as a bargaining tool in Libya's broader power struggles.[59] While European policymakers and agencies view their interventions through a rule-of-law framework, the direct engagement of European officialdom with Libyan powerbrokers has, in effect, legitimized the role of armed groups in migration governance. As a result, the dynamics of smuggling and trafficking have shifted from being merely a symptom of conflict to a mechanism through which conflict is prolonged and reinforced.

Libya now finds itself locked in a self-perpetuating cycle in which the migrant-smuggling economy sustains local livelihoods in the absence of government-backed development initiatives.

Libya now finds itself locked in a self-perpetuating cycle in which the migrant-smuggling economy sustains local livelihoods in the absence of government-backed development initiatives. Armed groups, rather than being dismantled, have institutionalized their role in managing migration, leveraging their control over transit routes as a source of political and economic capital. These networks have become highly decentralized and adaptable, making external attempts to disrupt them – such as through sanctions or law enforcement – largely ineffective. The persistence of conflict also ensures that Libya's formal economy remains weak, maintaining the necessity for illicit economies as substitutes.

Policy implications

The three case studies reveal how conflict – along with securitized responses and sanctions – has driven the evolution of decentralized and non-hierarchical geo-economic systems. In an era of multi-alignment, these transactional networks transcend traditional geopolitical divisions, allowing both adversaries and allies of the West to find mutual incentives for profit within conflict economies. Although sanctioned entities and actors have been excluded from the formal global financial system, they have adapted by turning to alternative channels. Enforcement has inadvertently *strengthened* the adaptability of illicit markets, making it nearly impossible to disrupt the flows of gold, fuel and migrants.

---

59 Eaton and Yousef (2025), *How migrant smuggling has fuelled conflict in Libya*.

Sanctions struggle to account for all economic incentives behind the conflict ecosystem. Profit-driven intermediaries operate outside conventional country borders, exploiting gaps created by conflict and external pressures. As a result, instead of weakening illicit economies, sanctions often foster the emergence of alternative supply chains that empower an array of actors, prolong instability and erode Western leverage. This economic interdependence between allies and adversaries of Western governments underscores the paradox of multi-alignment: conflict becomes a shared marketplace rather than a battleground of opposing interests.

Addressing these dynamics requires a fundamental shift in conflict analysis and policy responses. A transnational and systemic approach (see Chapter 4) is needed that broadens stakeholder assessments to recognize the role of conflict entrepreneurs, and that identifies accountability mechanisms able to curb the most destabilizing aspects of illicit economies. Policymakers must first understand the essential functions that conflict economies and their underlying networks serve, and identify who benefits from these, before imposing restrictions.

Ultimately, in a fragmented, multi-aligned landscape, the West's presumed allies will not always align with Western policy – particularly when economic self-interest outweighs geopolitical loyalty. A more pragmatic strategy, one that incorporates economic realities and viable alternatives, is essential to counter the unintended consequences of current conflict responses. This new strategy can focus on deeper engagement with multi-aligned actors regardless (for the most part) of their political loyalties or international alliances, leveraging economic tools to create alternative pathways for local livelihoods and strengthening accountability mechanisms to regulate trade. However, while such pragmatism is necessary, it must not come at the expense of human rights; ultimately, the goal should remain meaningful conflict resolution underpinned by sustainable, inclusive forms of accountability.

Borderlands and transit points as central hubs in transnational conflict

Borderlands function as zones of economic exchange, contestation and *de facto* governance where state authority is often negotiated.

Borderlands, ports and airports – often overlooked as peripheral or merely transit spaces – are, in fact, vital hubs within globalized conflict economies. Although the locations and facilities themselves may not change often physically, their role is far from static: their relationship to the economy and communities around them is continuously reshaped by the circulation of people, goods and capital that sustain and propel transnational conflicts.[60] Borderlands function as zones of economic exchange, contestation and *de facto* governance where state authority is often negotiated.[61] They host hybrid political orders and transnational networks that enable illicit economies, cross-border alliances and alternative forms of authority.

---

60 Goodhand and Meehan (2025), 'The centrality of the margins'.
61 Gallien, M. (2024), 'Chequered value chains: globalisation made in the borderlands', in Mansour, R. (ed.) (2023), *Borders of Conflict*.

Analysis of such locations is critical to understanding how modern conflicts are sustained and transformed. Cowen and Khalili emphasize how infrastructure facilities like ports function as nodes in global conflict systems, with the securitization of logistics networks shaping the political economy of war. Ports not only facilitate the movement of goods and capital in a conflict economy, but also become part of the conflict in their own right.[62]

Sudan's borderlands

The borderlands of Sudan – where multi-aligned actors converge to control the gold trade – provide a good example of this concept of contested spaces. Along Sudan's borders with the Central African Republic, Chad, Egypt, Eritrea, Ethiopia and South Sudan – and, to a limited extent, Libya – are gold-producing areas connected to strategic arteries that sustain the war economy. Control of these spaces allows armed groups to smuggle gold, acquire weapons and reinforce their fighting capabilities. As such, the conflict is not simply about territory but about securing economic lifelines that sustain military operations and political influence.

The RSF has strategically positioned itself along key trade routes connecting Sudan to Chad, Libya and South Sudan, ensuring that its gold supply chain remains independent of the central government. In addition to being transported overland, gold mined in the conflict zones is often flown directly from airstrips in Darfur to foreign markets, bypassing Sudanese regulatory oversight. North Darfur, an RSF stronghold, serves as a primary transit hub for the smuggling of gold into Chad for subsequent export to the UAE.

The battle for control over the Sudan–Chad border has intensified as the SAF-allied Joint Darfuri Forces have attempted to restrict RSF access to this vital trade corridor. In Chad's northeastern town of Amdjarass, where the UAE established a field hospital for Sudanese refugees in 2023, reports suggest that arms shipments to the RSF may be facilitated alongside the gold trade.[63]

South Sudan's Raja County, bordering South Darfur, serves as another critical hub for the RSF's gold smuggling operations. The region is rich in minerals (including copper deposits at Hufrat El-Nahas). Gold extraction and trade here operate with minimal oversight from the South Sudanese government. Gold is reportedly smuggled from Raja County by road or plane to Juba and then on to Entebbe, Uganda, before reaching the UAE.[64]

Libya's eastern regions, controlled by the LAAF, have also become a staging post for RSF operations. Due to mutual allies and mutual economic interests, the LAAF has permitted Sudanese militias and foreign mercenaries to use eastern Libya as a logistical hub. Simultaneously, the LAAF and its affiliates, including Subul al-Salam, run an industrial-scale fuel smuggling network into Sudan – one that primarily supplies SAF-aligned areas rather than RSF-held territory.[65]

---

62 Cowen, D. (2014), *The Deadly Life of Logistics: Mapping Violence in Global Trade*, University of Minnesota Press; Khalili, L. (2020), *Sinews of War and Trade: Shipping and Capitalism in the Arabian Peninsula,* Verso.
63 Soliman and Baldo (2025), *Gold and the war in Sudan*.
64 Walsh (2024), 'The Gold Rush at the Heart of a Civil War'.
65 Soliman and Baldo (2025), *Gold and the war in Sudan*.

This multi-alignment further demonstrates how border regions, rather than being isolated peripheries, function as highly integrated (and critically important) spaces that facilitate the regional movement of resources, people and weapons.

Regional ports: their role in the trade of Iranian fuel

Similarly, by enabling the movement of Iranian fuel, ports in key locations across the Middle East reinforce the influence of members of the 'axis of resistance' in Iran's wider conflicts. As mentioned, fuel shipments of Iranian origin often rely on ship-to-ship transfers in offshore international waters; the consignments are often disguised through fraudulent paperwork, and rebranded before reaching markets in China or parts of Southeast Asia. Much of this trade operates through well-developed networks that link ports in southern Iran and offshore transfer points off the coasts of Iraq and Gulf countries to international markets.

Such trade also involves various Iraqi ports. Limited oversight by the central government in Baghdad allows ports such as Khor Al-Zubair, in the far south of the country, to operate largely unimpeded. Khor Al-Zubair attracts a diverse array of international actors. 'Axis'-linked groups operate here with impunity, vying for influence alongside members of Iraqi political elites.[66] Iranian, Iraqi, Chinese and Gulf state actors operate alongside Western logistics firms and private contractors. Iran-linked businesses, such as those tied to the IRGC, export fuel discreetly from Khor Al-Zubair, often using methods outlined earlier in this chapter.

Foreign companies are ever more visible. China National Offshore Oil Corporation (CNOOC) has expanded its presence in Iraq's energy sector, investing in infrastructure projects that facilitate crude oil exports.[67] The UAE-based SKA Energy FZE operates multiple jetties at Khor Al-Zubair, handling large-scale fuel shipments.[68] Western firms such as the Martrade Group manage key terminals, supporting logistics and energy exports.[69] Iraq's General Company for Ports of Iraq (GCPI) oversees the port's administration, working with international partners such as Japan's Mitsubishi Corporation to modernize infrastructure.[70] This convergence of players highlights Khor Al-Zubair's role in a globalized trade in which cooperation and competition intersect at a so-called assemblage point.

Another key nexus in the Iran–Israel conflict economy is Yemen's Port of Aden. The UAE-backed DP World has sought control over Aden's shipping operations, leveraging influence through allied local factions. Iran-allied networks, supporting the Houthis, have used the port's proximity to trading routes to make arms and fuel transfers. China's COSCO Shipping has expanded its footprint in the region, facilitating commercial trade as part of Beijing's broader Belt and Road Initiative.[71]

66 Reuters (2024), 'Fuel oil smuggling network rakes in $1 billion for Iran and its proxies', 3 December 2024, https://www.reuters.com/world/middle-east/fuel-oil-smuggling-network-rakes-1-billion-iran-its-proxies-2024-12-03.
67 Reuters (2024), 'China's CNOOC signs oil contract to develop Iraq's block 7', 30 October 2024, https://www.reuters.com/business/energy/chinas-cnooc-signs-oil-contract-develop-iraqs-block-7-2024-10-30.
68 SKA Arabia (2023), 'SKA Energy KAFZA booklet', SKA Arabia, 19 May 2023, https://ska-arabia.com/wp-content/uploads/2023/05/SKA-Energy-KAFZA-booklet.pdf.
69 Martrade Group (2025), 'Terminal management in Iraq since 2010', https://www.martrade-group.com/terminals.
70 Wadlow, T. (2020), 'Mitsubishi Corporation to lead $110mn upgrade of ports in Basra, Iraq', Construction Digital, 16 May 2020, https://constructiondigital.com/epc/mitsubishi-corporation-to-lead-dollar110mn-upgrade-of-ports-in-basra-iraq.
71 Seatrade Maritime News (2023), 'COSCO Shipping invests RMB79bn in Belt and Road projects', 23 October 2023, https://www.seatrade-maritime.com/maritime-logistics/cosco-shipping-invests-rmb79bn-in-belt-and-road-projects.

Western firms such as Maersk and MSC continue to operate container services, ensuring global supply-chain connectivity despite ongoing instability. Yemen's Gulf of Aden Ports Corporation officially oversees operations, but it must navigate competing political interests, which include Saudi-backed authorities seeking to counter Houthi influence.[72]

Such ports are not just transit points but fundamental enablers of the fuel trading system. They connect Iranian sellers and their regional allies with multi-aligned buyers, and provide the logistical infrastructure necessary for mid-sea transfers, identity changes of vessels, and financial transactions that circumvent regulatory scrutiny. The system is deeply embedded in the regional and global economy, making it difficult to dismantle without broader political and economic cooperation. The strategic use of these maritime transit hubs ensures the fuel trade remains resilient to enforcement efforts, consolidating economic dependencies that sustain geopolitical tensions and prolong conflicts in the region.

Libya's coastal and inland trading and migration routes

Libya's strategic location on the Mediterranean coastline, combined with its desert connections to Saharan and sub-Saharan states, has special significance for the dynamics of transnational conflict. The country is close to the European continent and serves as a gateway to Africa. Libya's centuries-old trading and migration routes, dotted with desert cities, have been transformed by conflict into corridors for illicit economic activity.

In Libya's southern borderlands, local economies have become increasingly reliant on the informal trade of goods (such as fuel) and on the commoditization of the movement of people. In the case of two urban centres, Kufra and Sebha, in southeast and southwest Libya respectively, XCEPT research illustrates that migrant smuggling and TIP have provided significant sources of income. As funding from the central state has become limited, revenues from illicit activities appear to have supported municipal spending in Kufra. Artisanal agriculture has partly offset the decline in state-supported agriculture, but our research indicates that this is also in part a result of the distributive impact of profits from the illicit sector.[73] Competition between rival factions over market control is ongoing, prolonging instability. At the same time, the conflict economy is providing income to communities in areas of the country where other economic development is limited.

Satellite imagery of the Suq al-Khamis checkpoint (west of Sebha), the Ilfat checkpoint (north of Sebha), and the Wigh checkpoint (south of Sebha) reveals notable enhancements to their fortifications, underscoring a heightened securitization of movement and a strategic emphasis on controlling vital transit corridors (see Figure 10).[74]

---

72 Toomey, B. (2025), 'Key targets hit by ongoing US airstrikes against the Houthis', *Long War Journal*, 27 March 2025, https://www.longwarjournal.org/archives/2025/03/key-targets-hit-by-ongoing-us-airstrikes-against-the-houthis.php.
73 Eaton and Yousef (2025), *How migrant smuggling has fuelled conflict in Libya*.
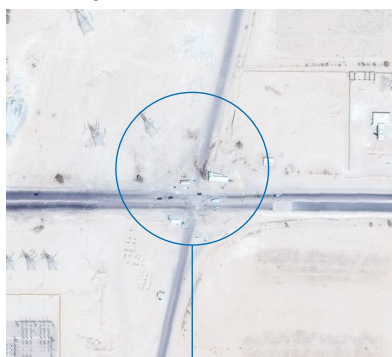**74** Ibid.

Figure 10. Satellite analysis of Libyan checkpoints, 2014–21
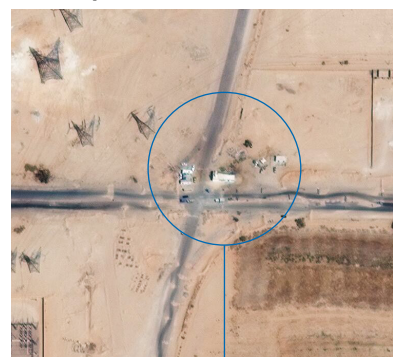
Locations
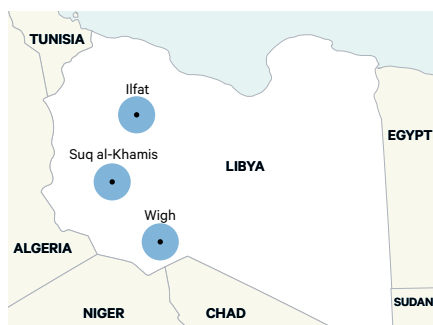
Suq al-Khamis

20 September 2014

17 September 2021

Road dividers and barriers appeared in 2011, and in 2013 a number of buildings were erected. The road, which runs from the east, has significantly changed, with curves being more exaggerated and the placement of further barriers on it.

Ilfat

11 August 2014

15 December 2018

10 December 2021

The Ilfat checkpoint was present in 2010, and barriers appeared in 2014. A sand barrier to the east of the checkpoint emerged in 2018, which expanded to surround the whole checkpoint in 2021.

Wigh

13 March 2017

2 November 2021

Security barriers were fitted at Wigh in 2015 as the location emerged as a checkpoint. Sand barriers have expanded to surround the checkpoint, making it more difficult to bypass. As a result, activity levels at the checkpoint peaked in 2017–19.

Source: XCEPT research; Eaton, T. and Yousef, L. (2025), *How migrant smuggling has fuelled conflict in Libya: A systems analysis of key transit hubs*, Research Paper, London: Royal Institute of International Affairs, https://doi.org/10.55317/9781784136376.

In other areas of Libya, the multi-alignment of armed actors is on full display through the strategic use of ports and airports. A clear example can be found in the east of the country, where the evolving activities of the LAAF illustrate the role of transit hubs as transnational assemblage points. Perhaps the most significant cross-border flows of goods from eastern Libya consist of fuel. The massive rise in fuel smuggling from this region since 2022 is reported to have led to increasing amounts of refined fuels crossing into Sudan for delivery largely to SAF-held areas. Some of this supply is reportedly also making its way to the RSF, fuelling the group's ongoing siege of El Fasher, the capital of North Darfur. Meanwhile, reports claim that at least some of the estimated 300 Colombian mercenaries operating in the Sudan conflict originally travelled there via eastern Libya.[75] Subul al-Salam, the LAAF's principal force in southeastern Libya, is directly implicated in this cross-border trade that underpins the local economy. This group is in effect profiting from flows of migrants and goods across the Sudanese and Chadian borders.

The LAAF's connections also reach conflicts in the Levant and wider Middle East. At key ports under the group's control, significant military and economic alliances are in evidence. In particular, the LAAF's military alliance with the Russian state has resulted in significant deliveries of materiel into the port at Benghazi. In 2023, a major shipment was tracked that included hundreds of vehicles. The transfer into Libya of Russian weapons in the aftermath of the fall of the Syrian regime of Bashar al-Assad has also attracted attention among policymakers and analysts. The fact that changes on the ground in Syria immediately translated into changes on the ground in Libya illustrates the interconnectedness of these conflicts.

Before Assad's fall in late 2024, the relationship between the Syrian regime and the LAAF's leader, Khalifa Haftar, had been growing for some years. The LAAF opened an embassy in Damascus in 2020.[76] As the Syrian regime sought to build economic networks circumventing sanctions, supply chains for amphetamines and the movement of people converged on Benina airport in eastern Libya. Large numbers of migrants entered Libya here on chartered flights from Damascus – these migrants, it would appear, were seeking onward travel to Europe via Mediterranean crossings. In 2024, the rapid expansion of Haftar-led construction work also prompted an influx of Syrian labourers from regime-held areas. These economic relationships were a direct consequence of conflict in Syria and also of the prevailing conflict economy in Libya.

Policy implications

Scholars have long argued that Western foreign policy and intervention strategies are often framed within a Westphalian, state-centric lens, prioritizing engagement with central governments and elites based in national capitals while neglecting supposedly peripheral regions.[77] Existing policy approaches often assume that

75 Alvarez, S. R. (2025), 'Lobos del Desierto: así operan los mercenarios colombianos en Sudán' [Desert Wolves: How Colombian Mercenaries Operate in Sudan], 2 March 2025, https://www.lasillavacia.com/silla-nacional/lobos-del-desierto-asi-operanlos-mercenarios-colombianos-en-sudan. See also Álvarez, S. R. (2025), 'Sudan: How Colombian mercenaries were duped into fighting in a brutal civil war', The Africa Report, 8 April 2025, https://www.theafricareport.com/380870/desert-wolves-how-colombian-mercenaries-operate-in-sudan.
76 Middle East Monitor (2020), 'Haftar opens Libya embassy in Syria's Damascus', 3 March 2020, https://www.middleeastmonitor.com/20200303-haftar-opens-libya-embassy-in-syrias-damascus.
77 Duffield, M. (2001), *Global Governance and the New Wars: The Merging of Development and Security*, Zed Books.

Scholars have long argued that Western foreign policy and intervention strategies are often framed within a Westphalian, state-centric lens, prioritizing engagement with central governments and elites based in national capitals while neglecting supposedly peripheral regions.

extending a central government's authority over borderlands – often seen as lawless or ungoverned zones – will better integrate them into national economies and the global economy. In practice, Western engagement with these regions is typically mediated through embassies based in national capitals, as consular presence is rare.[78] However, this misunderstands these regions as merely 'left behind', passive spaces awaiting state integration; in reality, they are active hubs and corridors for trade, smuggling and transnational political influence, and functionally inseparable from the networks of interests they support.[79] Treating them solely as security challenges to be controlled rather than as dynamic spaces to be engaged risks reinforcing instability rather than mitigating it.

State-centric policymaking often equates physical control over a territory to economic control. This assumption has encouraged security-driven responses – such as the installation of fortified borders, security checkpoints and modernized customs infrastructure – at the behest of central elites. Like sanctions, these measures often fail to disrupt illicit economies and can instead deepen local grievances, limiting livelihood opportunities while extracting rents for the central government. This erodes local trust in the state (and its international partners), further deterring engagement by local communities in formal economic or governance structures.

A more effective approach would recognize borderlands as key zones within conflict systems, and would require a shift from state-centric to transnational and systemic conflict analysis (see also Chapter 4).[80] Such an approach would need to acknowledge more fully that governance and economic power often extend beyond formal state structures. It would involve engaging local communities and supporting economic opportunities and accountabiltiy mechanisms, instead of overly relying on the insights of capital-based elites whose interests may not lie in promoting stability. Crucially, it would require recognizing the agency of borderland populations in shaping political and economic landscapes, rather than treating such communities as passive subjects of the central government's control. Finally, this new approach would need to move away from securitized responses that reinforce rent extraction, instead fostering governance and economic frameworks that support local livelihoods and guide populations away from conflict-driven economies.

State fragmentation as a driver of multi-alignment

Many of the conflict-affected states in the regions examined in this report are not cohesive entities; typically, they are fragmented structures shaped by competing powers, conflicting economic interests and pervasive external influences. In Sudan, Libya and the primary arenas of the Israel–Iran confrontation (Lebanon, Iraq, Yemen), centralized authority is absent. It is replaced by a patchwork

---

78 For brief periods following the 2003 Iraq war, both the US and the UK established consulates in the oil-rich port city of Basra, though the presence of these consulates was short-lived and ultimately constrained by shifting security conditions and strategic priorities.
79 Harvey, D. (2003), *The New Imperialism*, Oxford University Press, p. 28.
80 See also: Eaton and Yousef (2025), *How migrant smuggling has fuelled conflict in Libya*.

of competitors – political elites, bureaucrats, armed factions, business figures and social leaders – whose actions are driven by survival, profit and external patronage rather than by national allegiance. The illicit gold trade in Sudan, the trading routes of Iranian fuel through Iraq, and the migrant-smuggling networks in Libya serve as prime examples of how the fragmentation of political control and the collapse of national governance create fertile ground for multi-alignment.

These case studies also show how armed groups and paramilitaries transcend their roles as non-state actors to become *de facto* political institutions. Such actors have the capacity to shape the states in which they operate, despite often playing little part in official structures and processes. This complicates conflict resolution, as any peace settlement must consider the entrenchment of armed actors in governance and daily life. In the absence of a centralized and coherent state, armed groups often step in to fulfil governance functions – regulating and taxing trade, ensuring security, administering justice and providing social services.

This blurs the distinction between state and non-state actors, and affords armed groups the agency to align with whichever powers have interests in forming alliances at a given time. Armed groups and similar vested interests should not be seen as proxies for external powers but as fully engaged players shaping their own political and economic agendas. Their ability to wield authority and influence over conflict economies allows them to pursue independent and often multi-aligned foreign policies of their own, involving the cultivation of relationships with multiple external actors to secure resources, political legitimacy or strategic advantage.

State fragmentation and its impacts on Sudan

Unlike in centralized states that can enforce economic oversight and control key resources, Sudan's fragmentation has transformed the country into an open field for competing external actors; their involvement entrenches instability rather than resolving it. The inability of the Sudanese government to regulate the gold trade allows, and incentivizes, armed groups and external actors to participate directly in that trade, deepening Sudan's vulnerability to foreign interference.

This structural weakness has deep historical roots. Darfur and the Two Areas (South Kordofan and Blue Nile) have long had unequal, extractive relationships with the central government. Wealth and power have been historically concentrated in Khartoum, the capital, and in the riverine areas of central and northern Sudan, while the peripheries have been exploited for natural resources and cheap labour.

'Non-state' actors in Sudan have evolved into governing entities, taking on state-like roles that make external intervention more complex. While the SAF asserts itself as the *de facto* state through control of Port Sudan and government institutions, the RSF has also built its own independent power base, using gold revenues to sustain military operations and replicate governance structures. The RSF operates extensive patronage networks, pays salaries, funds infrastructure and provides security in areas under its control. To all intents and purposes, its activities mirror the key functions of a state.

Figure 11. Multi-aligned networks in the Sudan conflict
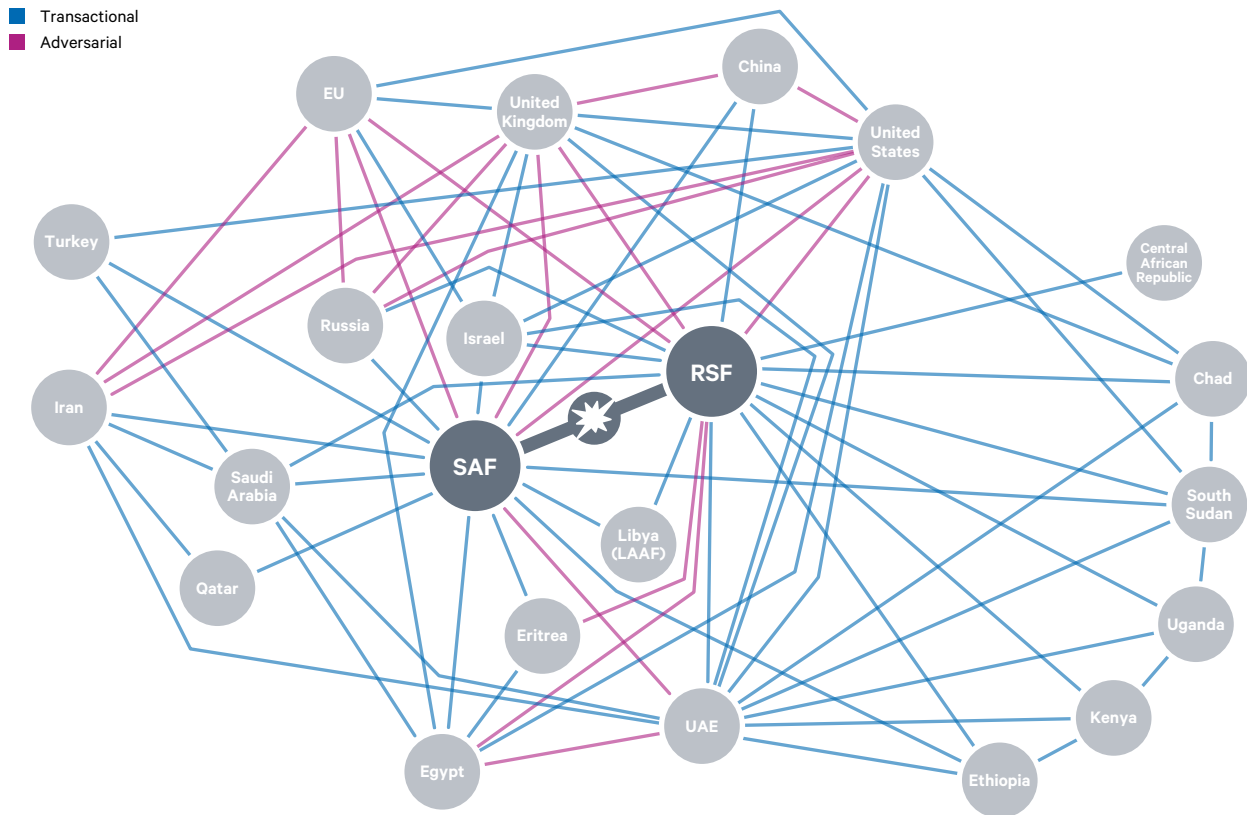
Note: This figure illustrates a snapshot of relationships between various actors in the conflict. A blue line denotes a transactional relationship, while a pink line indicates an adversarial one. Transactional links may involve economic exchanges (such as fuel or gold trade), military cooperation (including arms transfers or training), or diplomatic alliances (such as political recognition or support). Adversarial links represent forms of conflict, including direct military confrontation, sanctions or airstrikes. Such relationships are nonetheless fluid in an era of multi-alignment.
Source: XCEPT research.

The transformation of the RSF into an aspiring governing force also means that the group actively seeks international partnerships. Historically, the RSF coordinated with the SAF in sending fighters to Yemen under agreements with Saudi Arabia and the UAE. However, during Sudan's transitional period (2019–2021), the RSF developed an independent foreign policy, deepening relationships with regional players. This culminated in 2025 with the signing by RSF-aligned factions of a political charter in Nairobi, marking a step towards the formation of a parallel government.[81] The RSF's multi-aligned foreign policy mirrors its flexible economic strategy. In addition to maintaining close ties with the UAE, the RSF has cultivated relationships with leaders in Chad, Ethiopia, Kenya, South Sudan and Uganda – balancing economic and political interests across different power centres.

This approach enables the RSF to secure diplomatic legitimacy and material support from multiple sources, and to ensure its resilience against pressure from the US, the UK or regional adversaries. The fluidity of its roles – functioning as a military, political and economic power – makes Sudan's conflict economy highly resistant to diplomatic efforts at stabilization.

---

81 Maina, M. (2025), 'RSF to lead Sudan's parallel Government as opposition alliance finalises power structure', *The Eastleigh Voice*, 26 March 2025, https://eastleighvoice.co.ke/sudan/130494/rsf-to-lead-sudan-s-parallel-government-as-opposition-alliance-finalises-power-structure.

State fragmentation in key arenas of Israel–Iran conflict dynamics: Iraq, Lebanon and Yemen

The fragmented states where the 'axis of resistance' enjoys power – such as Iraq, Lebanon and Yemen – have become battlegrounds in Iran's fight against Israel. In these states, multi-alignment results in external actors backing different sides of the Israel–Iran conflict depending on the issue at hand. The disaggregation of power and governance in the Iraqi state provides Iran with a vital channel to circumvent Israeli-encouraged Western sanctions, as it enables the transport of oil through Iraqi territory for eventual sale to foreign markets, including China. At the same time, Iraq's strong ties with the US, the UK and allied states indirectly provide Iran with access to US dollars and global financial markets.

The Iraqi state is composed of competing blocs in an ethno-sectarian power-sharing system. Power is often exercised informally, as the formal structures – such as the presidency, the office of prime minister and government bureaucratic frameworks – remain weak. Decisions are primarily shaped by the ethno-sectarian ruling elites, including Shia Islamist groups, Kurdish nationalist parties and Sunni leaders.[82] This informal system undermines accountability and results in a lack of a unified or coherent foreign policy, creating the conditions for multi-alignment as a range of external actors seek influence.

Armed groups affiliated with the Iran-allied 'axis of resistance' can be found among Iraq's Popular Mobilization Forces (PMF).[83] These are not merely militant factions. Such groups have assumed critical state functions, exerting authority in areas where the Baghdad government's influence is weaker. As exemplified by the fuel trade, some of these groups control crucial industries, with the formal government often unaware of their activities or powerless to hold them to account. PMF groups also dominate high-ranking bureaucratic positions in ministries with briefs related to oil and transportation, border crossings (both formal and informal), refineries and smuggling prevention. This control over political and physical infrastructure enables PMF elements to oversee the transportation and refinement of Iranian-origin fuel, which – as mentioned previously – is then rebranded as Iraqi fuel for export.

Crucially, these PMF factions are not mere proxies of Tehran; they are active beneficiaries of the fuel trade. They engage in this trade for their own financial gain and political leverage, making strategic decisions to align with Iran for the economic opportunities the relationship offers. While they often align with Tehran when interests converge, they have also demonstrated a willingness to diverge when it suits their own agendas. A notable example came in 2018 when Asa'ib Ahl al-Haq (AAH), an Iraqi paramilitary force and political party affiliated with the PMF, defied the preferences of the IRGC's Qassim Solaimani by backing the appointment of Barham Salih as Iraq's president – this highlighted the group's capacity to prioritize, at times, domestic political calculations over Iranian directives.[84]

---

82 Dodge, T. (2020), 'Iraq's Informal Consociationalism: The Institutionalisation of Power-Sharing in Post-2003 Iraq', *Studies in Ethnicity and Nationalism*, Vol. 20, No. 2.
83 Mansour, R. (2021), *Networks of power: The Popular Mobilization Forces and the state in Iraq*, Research Paper, London: Royal Institute of International Affairs, https://www.chathamhouse.org/2021/02/networks-power.
84 Author's interview with AAH representative, October 2022.

Figure 12. Multi-aligned networks in the Israel–Iran conflict
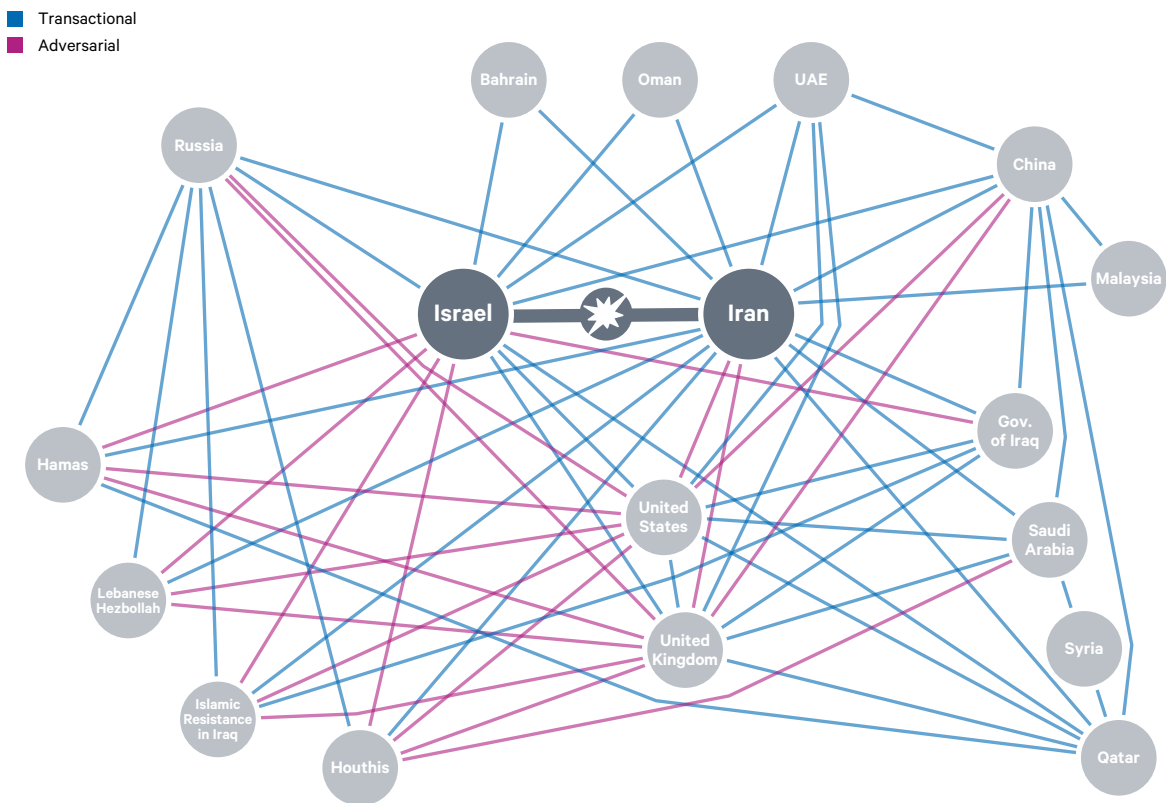
Note: This figure illustrates a snapshot of relationships between various actors in the conflict. A blue line denotes a transactional relationship, while a pink line indicates an adversarial one. Transactional links may involve economic exchanges (such as fuel or gold trade), military cooperation (including arms transfers or training), or diplomatic alliances (such as political recognition or support). Adversarial links represent forms of conflict, including direct military confrontation, sanctions or airstrikes. Such relationships are nonetheless fluid in an era of multi-alignment.
Source: XCEPT research.

While maintaining close ties with Iran, some PMF leaders in the Iraqi government engage with Gulf countries such as Saudi Arabia and the UAE. For example, in 2017, Qasim al-Araji – a senior figure linked to the PMF's Badr Organization, and at the time Iraq's minister of interior – made an official visit to Riyadh, signalling a willingness among elements of the PMF-aligned political class to engage diplomatically with Iran's geopolitical rival.[85] This pragmatism allows such groups to balance competing interests and avoid being solely reliant on Iran.

State fragmentation and Libya's migration economy

Libya's fragmented security landscape, characterized by the presence of over 400,000 armed men in a country of around 7 million people, has created the perfect conditions for external interference and multi-alignment, particularly in relation to the exploitation of migration and smuggling networks. While the country's armed groups are formally affiliated with the Libyan state, very few

---

85 *The National* (2017), 'Iraq's interior minister meets with Saudi crown prince', 19 July 2017, https://www.thenationalnews.com/world/gcc/iraq-s-interior-minister-meets-with-saudi-crown-prince-1.610401.

are accountable to it. Instead, power remains highly localized, with militias controlling transit routes, border crossings and coastal hubs. These groups – often based in cities like Misrata, Zawiya and Zintan – have played decisive roles in Libya's post-Gaddafi conflicts, shifting allegiances based on their own political and economic interests.

Libya's migration economy illustrates the connection between state fragmentation and multi-alignment. Armed groups in coastal cities such as Zawiya control detention centres and smuggling routes, often simultaneously engaging both in state-backed anti-smuggling operations and in clandestine trafficking.[86] This dual role allows them, on the one hand, to extract resources from international bodies seeking to curb migration and, on the other, to profit from the very networks that such enforcement targets. Foreign powers, including European states, have sought to co-opt these armed groups by funding and training select groups to police Libya's shores.[87] But this has not stopped the migration economy. External engagement has merely deepened divisions among local factions, as different armed groups have aligned themselves with competing international interests.

Political and military competition between forces in eastern and western Libya reinforces this destabilizing dynamic. Zintan, once a revolutionary stronghold, has seen its armed groups split between alliances with the eastern-based Libyan Arab Armed Forces (LAAF) and the Tripoli-based Government of National Unity (GNU). Meanwhile, forces in Zawiya and Misrata have fluctuated in their support for different governments, leveraging their positions for political and material gain. This constant realignment has allowed foreign actors – including Egypt, Russia, Turkey and the UAE – to insert themselves into Libya's conflict, backing different factions to serve their own strategic goals.

With no single authority capable of monopolizing force or economic resources, armed groups in Libya remain highly adaptive, seeking out the most beneficial alliances.

With no single authority capable of monopolizing force or economic resources, armed groups in Libya remain highly adaptive, seeking out the most beneficial alliances. Whether through controlling migration, securing trade routes or leveraging political divisions, such groups have created an ecosystem in which multi-alignment is not just a survival strategy but an embedded feature of the conflict itself. As long as this state fragmentation persists, Libya will remain a battleground for competing regional and international powers, making stabilization more difficult.

Libyan armed groups have developed direct relationships with external states to strengthen their positions and gain support in the form of materiel, training and perceived legitimacy. External backing has been critical for commanders such as Khalifa Haftar, who has transformed a loosely aligned set of armed groups in the east of the country into the LAAF.[88] International partnerships have allowed Haftar to present himself as a legitimate actor on the global stage, while helping him build an economic model that sustains his forces without formal recognition from international agreements.

86 Eaton and Yousef (2025), *How migrant smuggling has fuelled conflict in Libya*.
87 Micallef, M. and Reitano, T. (2018), 'The anti-human smuggling business and Libya's political end game', Global Initiative Against Transnational Organized Crime, 31 January 2018, https://globalinitiative.net/analysis/the-anti-human-smuggling-business-and-libyas-political-end-game.
88 Eaton (2021), *The Libyan Arab Armed Forces*.

Figure 13. Multi-aligned networks in the Libyan conflict
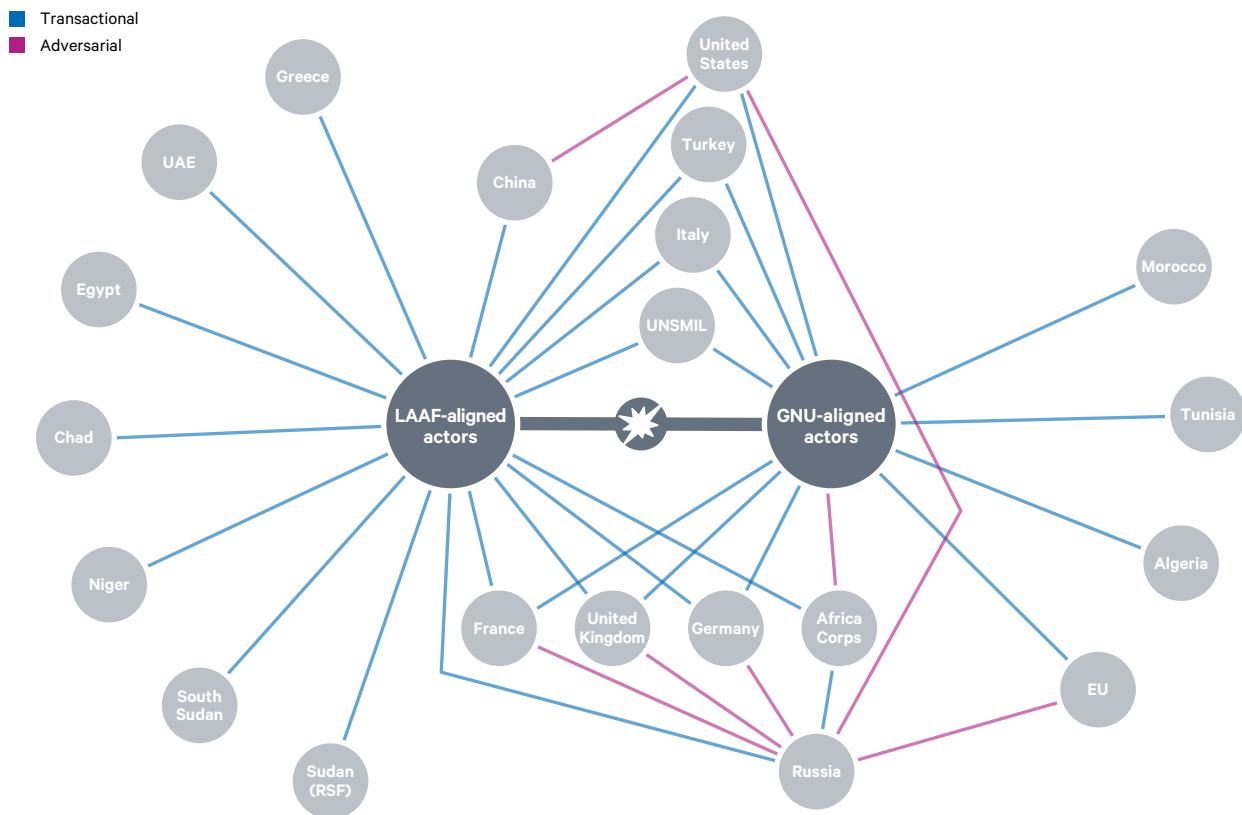
Note: This figure illustrates a snapshot of relationships between various actors in the conflict. A blue line denotes a transactional relationship, while a pink line indicates an adversarial one. Transactional links may involve economic exchanges (such as fuel or gold trade), military cooperation (including arms transfers or training), or diplomatic alliances (such as political recognition or support). Adversarial links represent forms of conflict, including direct military confrontation, sanctions or airstrikes. Such relationships are nonetheless fluid in an era of multi-alignment.
Source: XCEPT research.

Haftar has balanced the interests of competing international players, having lived in the US and worked with the CIA. He has also courted and been trained militarily in Russia, leveraging this relationship to prevent punitive actions by the US. At the same time, Haftar has welcomed support from US forces, using this as a counterweight to Russian influence. Egyptian backing has also been crucial, particularly when Haftar's forces retreated after their defeat in Tripoli in 2020.[89] Egypt, which sees Haftar as a regional ally, threatened to intervene if western Libyan forces advanced into the east. In the event, Haftar managed to maintain his autonomy, using his strategic position within the transnational conflict ecosystem to secure his control over eastern Libya. Meanwhile, foreign powers have prioritized their own interests, such as migration management and counterterrorism, over Libyan stability.

89 Lacher, W. (2020), 'The Great Carve-Up: Libya's Internationalised Conflicts after Tripoli', SWP Comment, German Institute for International and Security Affairs, https://www.swp-berlin.org/publications/products/comments/2020C25_LibyaHaftar.pdf.

Haftar's multi-aligned relationships have presented distinct operational challenges. The family's various members have taken different roles, with Saddam Haftar, the most publicly visible, overseeing key factions and controlling eastern Libya's economy. Meanwhile, Belgassim Haftar leads a construction boom, and Khaled Haftar maintains ties with Russia. Saddam Haftar has negotiated with the UAE to change the leadership of Libya's oil sector and is alleged to facilitate informal fuel trading into RSF-controlled areas of Sudan.[90] This complex network of allegiances forces the Haftar family to manage its relationships carefully, balancing economic self-interest with strategic considerations.

Haftar's relationship with Russia is a particular complication. The US has sought to counterbalance the growing ties between the Haftar family and Russia by focusing on improving relations with Saddam Haftar and pushing for joint operations between the LAAF and western Libyan forces. However, Khaled Haftar's continued engagement with Russia and Belarus underscores the reality that Libya's armed groups are political organizations with their own multi-aligned foreign policies.

Policy implications

Without a coherent state apparatus to mediate relationships, the economic and political landscapes in Sudan, Iraq (where the Israel–Iran conflict unfolds) and Libya remain highly fluid, making it difficult for external actors such as the US, the UK and Europe to engage with each country as a single entity. Instead, they must navigate a constantly shifting web of alliances, where power is dispersed across factions, each pursuing its own interests through external partnerships. In this landscape, multi-alignment not only sustains conflict but undermines efforts to impose sanctions or regulate economic activities, as there is no authority capable of enforcing compliance.

The fragmented nature of conflict-affected regions often leads to actors performing contradictory roles alongside their formal positions. For example, a government minister may directly profit from illicit cross-border trade; or a senior military official might collaborate with human trafficking networks, subtly ensuring that irregular migration remains a persistent issue, both as a policy concern and a funding priority, without escalating into a crisis either in Europe or at home. Furthermore, framing armed groups solely in terms of simplistic binary distinctions – pro-Western or pro-Eastern, pro-Iranian or anti-Iranian – perpetuates a narrow 'spheres of influence' mindset that fails to capture the complex realities of multi-alignment. These groups are not mere proxies; rather, they actively navigate and manipulate competing allegiances as part of their broader strategies for survival and leverage.

For foreign interlocutors, interactions with power brokers in fragmented states may create dilemmas or bring unintended consequences. One senior US diplomat was a staunch supporter of the then Iraqi prime minister, Nouri al-Maliki (2006–14), believing the latter's leadership could bridge Iraq's sectarian divides.

---

90 The majority of fuel entering Sudan from Libya is intercepted by the SAF, which controls key border areas such as Al-Muthalath and Jebel Oweinat. Fuel from Libya reaching the RSF is more likely to be routed indirectly through Chad. Saba, Y. and Ghaddar, A. (2025), 'Libya's first private oil firm grows in eastern commander's shadows', Reuters, 17 February 2025, https://www.reuters.com/business/energy/libyas-first-private-oil-firm-grows-eastern-commanders-shadows-2025-02-17/?utm_source=chatgpt.com.

Despite al-Maliki's loss in the 2010 elections, the US diplomat, concerned with growing Iranian influence, advocated for his continued tenure. However, the al-Maliki government's policies of supporting Shia armed networks across Iraq and Syria marginalized Sunnis, fostering disenfranchisement that contributed to the emergence of ISIS in 2014. In another example of multi-aligned pragmatism, both the US and France are alleged to have supported Khalifa Haftar during Libya's ongoing conflict. France, in particular, is alleged to have provided indirect backing through intelligence sharing and military cooperation, notably aiding Haftar's fight against Islamist extremists in eastern Libya.[91] Failing to recognize the multiplicity of roles played by key stakeholders, or the limits of their actual power, can result in overly optimistic expectations regarding the effectiveness of stabilization and peacebuilding.

Given these challenges, investing in sector-specific political economy analysis, stakeholder mapping, and network assessments of both formal and informal decision-makers can be an invaluable tool for governments and other parties with interests in peacebuilding. Such investment can offer deeper insights into the true dynamics at play (see Chapter 4).

More sophisticated analysis is also needed to counter the misclassification of 'conflict actors'. As demonstrated by the case studies in this report, treating armed groups merely as insurgents or militants has hindered effective policy responses from the US and the UK. This narrow view ignores armed groups' evolving roles as political and economic players. It prevents Western powers from fully grasping the complexity of groups' so-called 'hybrid' identities and integration into broader geopolitical networks.[92] Moreover, the proscribed nature of some groups makes it difficult, and at times impossible, to engage them in political processes, despite their substantial influence (particularly at the local level).

All that said, international policymakers' failure to engage these groups does not imply that such actors remain outside broader policy-influencing processes. In the next chapter, we propose new peacebuilding approaches that might invite meaningful cooperation from actors on the ground, and that might help to overcome the ability of multi-aligned armed groups to elude traditional international conflict management interventions.

91 Taylor. P, (2017), 'France's double game in Libya: NATO, the UN, and Khalifa Haftar', Politico, 13 November 2017, https://www.politico.eu/article/frances-double-game-in-libya-nato-un-khalifa-haftar/?utm_source=chatgpt.com.
92 Cambanis, T. et al. (2019), *Hybrid Actors: Armed Groups and State Fragmentation in the Middle East*, The Century Foundation, 15 November 2019, https://tcf.org/content/book/hybrid-actors-armed-groups-state-fragmentation-middle-east.

04 Rethinking policy and programming in an era of multi-alignment

To navigate today's multi-aligned world and mitigate conflict, policymakers must embrace the fluid, networked nature of conflict ecosystems. This means moving beyond state-centric frameworks, bureaucratic silos and outdated notions of spheres of influence, and adopting pragmatic, adaptive strategies.

This report has illustrated how international – particularly Western – policies aimed at resolving conflicts often yield unintended and counterproductive outcomes, for example fostering illicit profit incentives rather than suppressing them. Such policy failures stem in part from a fundamental paradox: while protracted conflicts of the types examined here are inherently transnational, Western foreign policy frameworks remain predominantly state-centric. Diplomatic architectures, foreign policy decision-making structures and strategic incentives largely treat the nation state as the basic unit of international relations. Embassies and diplomatic missions operate on a country-specific basis, often with minimal incentives for cooperation across borders or between competing policy priorities such as security and trade. All this makes it hard to address conflicts that span multiple regions.

This does not mean policymakers are blind to the problems that exist. Over the past decade, international conflict resolution and security policies have increasingly acknowledged the transnational nature of conflicts and the necessity of adapting understanding, strategies and execution accordingly.[93] This suggests that the primary challenge is not a lack of awareness *per se* but rather the absence of effective systems, structures and tools for policy implementation. Bridging this gap demands fundamental reform in the design and delivery of conflict responses to align with the realities of today's global system. It involves moving away from policies rooted in a Cold War-era mindset of geopolitical spheres of influence – as actors in conflict-affected states almost always align with a multiplicity of external actors rather than just one – and acknowledging that all blocs are fragmented and increasingly multi-aligned in any given conflict.

The challenge lies in the disconnect between the scale of the problem, the level of ambition set, and the resources and timeframes allocated for resolution. Too often, the urgent political imperative to be seen to 'do something' results in short-term, reactive measures such as economic sanctions or military airstrikes. As this report has highlighted, such measures often lead to unintended and counterproductive consequences. A key challenge in international engagement is that conflict mitigation often takes a back seat to other priorities like trade, migration control and economic growth, despite peacebuilding rhetoric suggesting otherwise (see Box 2).

Conventional responses are increasingly ill suited to today's multi-aligned global landscape, where power is dispersed among adaptable, well-resourced conflict entrepreneurs whose influence extends beyond state boundaries.

Conventional responses are increasingly ill suited to today's multi-aligned global landscape, where power is dispersed among adaptable, well-resourced conflict entrepreneurs whose influence extends beyond state boundaries. In situations where policymakers lack sufficient leverage, capacity or a nuanced understanding of the operating environment, acknowledging *inaction* as a viable option should not be dismissed outright. Ultimately, to avoid self-inflicted failure, policy ambitions must be grounded in pragmatism – carefully calibrated to match both the scale of the challenge and the resources available.

Western policymakers often fall into the trap of imposing values, assumptions and frameworks that fail to align with the realities of the environments they seek to influence. This can result in rigid policy approaches that emphasize binary distinctions such as between 'ally' and 'adversary', 'state' and 'non-state', 'pro-Western' and 'anti-Western'. Such approaches quickly unravel upon contact with the fluid, multi-aligned ecosystems in which they are applied. For instance, populations that depend on cross-border trade do not necessarily share Western definitions of what constitutes a licit or illicit good. In practice, the same

93 UK Government (2013), 'Building Stability Overseas Strategy', https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/67475/Building-stability-overseas-strategy.pdf; Department for International Development (2016), 'Building Stability Framework', https://assets.publishing.service.gov.uk/media/5968990ded915d0baf00019e/UK-Aid-Connect-Stability-Framework.pdf; Cabinet Office (2021), 'The Integrated Review 2021', https://www.gov.uk/government/collections/the-integrated-review-2021; Foreign, Commonwealth and Development Office (2021), 'Conflict Technical Competency Framework', https://assets.publishing.service.gov.uk/media/66d1bf53d107658faec7e3f7/Conflict_TCF_-November_2022_-_updated.pdf; Cabinet Office (2023), *Integrated Review Refresh 2023: Responding to a more contested and volatile world*, March 2023, https://www.gov.uk/government/publications/integrated-review-refresh-2023-responding-to-a-more-contested-and-volatile-world. Other examples of integrated, preventive and multi-sectoral approaches to addressing conflict and fragility across borders include: the UN's Sustaining Peace Agenda, UNDP's Conflict Prevention Framework, the OECD's States of Fragility Framework, the OECD DAC Recommendation on the Humanitarian–Development–Peace Nexus, the EU Integrated Approach to External Conflicts and Crises, the EU Strategic Compass for Security and Defence, and Sweden's Strategy for Sustainable Peace.

commodities for which Western policies aim to regulate or suppress trade can simultaneously fuel conflict *and* sustain livelihoods, depending on how such trade operates. As the case studies illustrate, policy oversimplifications can lead to misguided interventions – such as securitizing borders – that fail to account for the complexities of local economies, ultimately reinforcing the very dynamics they aim to disrupt.

Another problem is that international policymaking often operates on the flawed assumption that prosperity and stability are inherently linked.[94] In reality, instability can be lucrative for many conflict actors[95] – including some of the very elites with whom the international community collaborates on policy and programmatic responses. As long as conflict remains a source of wealth and power, attempts to impose stability without addressing the underlying incentives risk reinforcing the status quo.

Finally, international governments are persistently reluctant to acknowledge that they themselves are often active parties in conflicts – whether directly or indirectly. Whether an active choice or not, this approach can lead to unrealistic expectations for funded interventions, resulting in failure to anticipate the risks of involvement. The challenge is compounded by the tendency for Western governments to pursue political, economic and security strategies in isolation, rather than through a cohesive, integrated approach. A clear-eyed assessment of Western governments' own positions and perceptions within each conflict environment is an essential first step in designing successful interventions.

Overcoming bureaucratic obstacles

Beneath these policy challenges lie specific bureaucratic obstacles. Chief among these is the lack of effective mechanisms to identify, assess and resolve policy inconsistencies between government departments, and between the thematic and regional units into which bureaucracies are often organized. While structures such as the UK Integrated Security Fund (ISF)'s Portfolio Boards, which have regional or thematic strands, are intended to foster coherence, their agendas are often too broad given the time available for meaningful discussion. As a result, complex transnational policy dilemmas are frequently oversimplified to facilitate decision-making.[96]

Moreover, the prevailing bureaucratic approach within Western government tends to be one of tacit internal non-interference – where departments implicitly agree not to challenge each other's objectives or resource allocations, even at the expense of overall policy coherence.[97] This reluctance to engage in constructive friction may avoid bureaucratic deadlock, but it reinforces fragmented responses to conflicts where the discipline of negotiating cross-sectoral and cross-departmental solutions is demanded.

---

94 Interview with UK government official working on sub-Saharan Africa, September 2024.
95 Cramer, C. (2006), *Civil war is not a stupid thing: Accounting for violence in developing countries*, London: Hurst.
96 Interview with FCDO official, September 2024.
97 Interviews with FCDO officials, September 2024.

The result of these bureaucratic silos – whether geographical or thematic – is a lack of opportunity or incentive to bridge policy divides. Even when there is clear awareness of transnational dynamics – such as the well-established migration route from Edo State in Nigeria through Niger into Libya and onward to Europe – often no formal structure exists to coordinate policy or programmatic interventions. This fragmentation is largely a product of institutional design. In the UK's Foreign, Commonwealth and Development Office (FCDO), for instance, policy on Nigeria and Niger falls under West Africa-focused departments, while Libya and Algeria are managed within Middle East and North Africa divisions. Different departments in the FCDO, as indeed in other Western foreign ministries, operate under distinct regional strategies, country business plans and funding streams, making coordination the exception rather than the norm. As a result, interventions often remain siloed, failing to reflect the multi-aligned realities of conflicts and crises that do not adhere to bureaucratic boundaries.

Policies are frequently designed by thematic experts with limited understanding of the political economy of the region for which a particular programme is intended. As a result, interventions are not only prone to failure but can inflict unintended harm.

Competition between thematic priorities presents similar challenges. Domestic political imperatives, such as curbing migration or countering terrorism, can drive overly securitized responses. Policies are frequently designed by thematic experts with limited understanding of the political economy of the region for which a particular programme is intended. As a result, interventions are not only prone to failure but can inflict unintended harm. For instance, in an effort to curb irregular migration to Europe, the EU externalized border control through agreements with Libya, Sudan and Turkey. These policies often relied on local actors with questionable human rights records, such as some Libyan armed groups, to implement the agreements. While it has reduced the flow of migrants, the *de facto* outsourcing of border control has also led to human rights abuses, including the imprisonment, torture and exploitation of migrants.[98] Ultimately, this approach has intensified the very conflict dynamics that initially contributed to the surge in irregular migration from Libya. Yet, the prevailing pressure to be seen to take decisive action often outweighs more nuanced, context-driven approaches, sidelining arguments for strategies that prioritize long-term effectiveness over immediate political optics.

These challenges are compounded by the constant rotation of staff within government departments, the fluidity of the operating environment and the ever-evolving – and often divergent – objectives dictated by political imperatives. Each stakeholder approaches transnational conflicts through a different geographical or thematic lens, making it unsurprising that forging a cohesive, strategic response to complex conflicts remains elusive.

Overcoming fragmentation requires more than just institutional adjustments. It demands strong leadership in the relevant ministries. Senior officials must champion a more integrated, cross-departmental approach and foster an enabling environment in which transnational collaboration is not only encouraged but structurally embedded. In the UK context, Foreign Minister David Lammy's vision of progressive realism has provided a theoretical basis for responding to these challenges: he has emphasized a pragmatic form of foreign policy that

---

98 Beaumont, P. (2019), 'EU support for Libya contributes to 'extreme abuse' of refugees, says study', *Guardian*, 21 January 2019, https://www.theguardian.com/global-development/2019/jan/21/eu-support-for-libya-contributes-to-extreme-abuse-of-refugees-human-rights-watch-study?utm_source=chatgpt.com.

prioritizes multilateral cooperation, strategic engagement and long-term stability over short-term political gains. Without moving beyond rhetoric to concrete commitments, policy responses will continue to be reactive, siloed and ultimately inadequate in addressing the complexities of modern conflict economies.

In summary, transnational engagement is neither simple nor straightforward. It is resource-intensive, demands compromise and requires navigating divergent institutional cultures, each shaped by its own incentives and political imperatives. Effective collaboration across borders is not just a matter of coordination – it necessitates a fundamental shift in approach, one that embraces adaptability, long-term commitment and a willingness to bridge institutional divides.

Recommendations: strategies for pragmatic engagement, accountability and reform

To respond effectively to the challenges outlined above, governments need tools and mechanisms to think, plan and deliver conflict mitigation transnationally. They also need to anticipate institutional disincentives that might hinder transnational responses, so that such obstacles can be managed. The following proposals are presented for policymakers, both in the West and elsewhere, to consider:

1. **Adapt conflict analysis by taking a transnational approach.** To enable more effective and coherent responses, conflict analysis methodologies must evolve beyond their current state-centric focus. While the UK's Joint Analysis of Conflict and Stability (JACS) and analogous processes in other capitals[99] already acknowledge transnational factors, efforts are particularly needed to ensure the effective implementation of analysis and recommendations, not only within the focus country but also beyond. At present, such processes often conflate cross-border, regional and transnational dynamics, reducing a highly diverse set of geopolitical variables into a single analytical component: the 'nation-state'. Existing approaches also tend to concentrate on local conflict actors, often sidestepping scrutiny of external partners whose economic engagements may, directly or indirectly, sustain the conflict. Fully adapting processes such as the JACS for a multi-aligned, transnational context would require conflict to be analysed more as an interconnected system than as a series of isolated national challenges. This idea is referenced but not fully developed within current guidance.

   Mapping how transnational conflict drivers and participants interact, and treating these as variables in interconnected systems, could yield significantly different insights from those of state-centric analyses (which often prioritize the perspectives of elites in national capitals). Moreover, if certain actors or conflict drivers stabilize one context while destabilizing another, policymakers must

---

99 Such as the Interagency Conflict Assessment Framework (ICAF) in the US, the Conflict Analysis Framework (CAF) of the EU, Germany's Crisis Early Warning System (CEWS) and France's Centre de Crise et de Soutien (CDCS).

consciously weigh trade-offs between competing policy outcomes. A truly transnational methodology would not only enhance understanding but would ensure that interventions are designed with their system-wide impact in mind.

2. **Leverage economic power in conflict response.** Policymakers must engage with the often-overlooked economic dimensions of stabilization and peacebuilding. All three case studies in this report show that sanctions (often applied haphazardly or primarily to satisfy domestic imperatives to 'do something') have backfired, contributing to the evolution of conflict ecosystems and exacerbating harm to local populations. Interventions need to create incentives for peaceful cooperation rather than relying predominantly on sanctions. Efforts must be made to create viable alternative livelihoods by investing in local infrastructure, supporting sustainable industries, and providing access to education and skills development. Fostering legitimate economic opportunities can help divert populations from conflict-driven economies and reduce the hold of armed groups and illicit activities. Policymakers must carefully weigh the trade-offs involved, ensuring clear expectations and consequences for partners while leveraging financial tools such as sanctions to discourage engagement with harmful supply chains.

   Sanctions and other economic levers can still play a meaningful role in disrupting violence, but only when applied strategically, aligned with broader policy goals, with consideration of their potential impact on local populations, and when directed towards a clearly defined end state. For example, policymakers could more successfully target illicit sectors where fewer vested interests are involved and, crucially, where local livelihoods are less likely to be disrupted. Prioritizing efforts to deter financial or insurance crimes might have a stronger and more immediate beneficial impact on local economies. In contrast, activities like smuggling subsidized fuel involve a wider range of participants, and often provide employment and benefits to many along the way. For maximum impact at minimal cost, policymakers should focus on bottlenecks where rent-seeking is most damaging to local communities.

3. **Broker influence through pragmatic, multi-aligned engagement with allies and adversaries.** The rise of multi-aligned actors in transnational conflict ecosystems requires external governments and institutions to engage continuously and strategically with allies and adversaries alike. This means investing in more creative and less rigid network-building, and recognizing that alliances are not absolute – an ally may diverge on certain issues, just as an adversary may align on others. The transactional nature of conflict economies demands nuanced diplomacy. Western engagement with regional allies must account for such countries' evolving regional priorities, while adversarial actors such as Iran require a pragmatic approach that balances deterrence with dialogue.

   A more sophisticated conflict mitigation strategy could involve targeted dialogue on areas of mutual interest – such as regional security frameworks or economic livelihood initiatives – while simultaneously countering destabilizing activities through coalition-building and strategic pressure. Building networks to broker consensus on specific policy themes is critical, as coalitions will shift depending on the issue at hand. Regional organizations such as the Gulf Cooperation Council or the African Union can serve as useful platforms to ensure efficiency and coherence, potentially fostering common positions that would mitigate

policy fragmentation. To avoid the Western tendency to conflate stability with prosperity – or to impose external values on complex transnational contexts in an uneven way – greater opportunities should be created for regional representatives to shape policymaking. An analytical approach that presents actors and incentives as they truly are, rather than as Western policymakers wish them to be, will ensure more grounded, effective strategies.

Engaging with Western-proscribed armed groups presents significant challenges, as it may legitimize violent actors and undermine Western security frameworks. However, in a rapidly changing, multi-aligned world, many of these proscribed groups are, in fact, crucial pillars in local economies and the global economy. Ignoring such actors risks further destabilizing conflict zones, while engaging with them – albeit cautiously and strategically – can open pathways for dialogue, economic cooperation and long-term peacebuilding. Balancing these risks with the practical realities of global interdependence is a delicate but necessary challenge for policymakers in today's changing geopolitical landscape, where the old Cold War-era mentality of strict alliances and adversarial positioning is less applicable.

4. **Coordinate transnational analysis across policy agendas and government departments.** The adoption of transnational conflict analysis could help to align competing policy agendas within Western governments. It could also enable government agendas to align with those of private sector actors operating in conflict environments. A first step would be for governments to expand and pool analytical expertise across departments, particularly on policy areas where conflict intersects with illicit financial flows and serious organized crime. Governments often possess valuable intelligence on the connections between political elites and criminal networks, on the mechanisms enabling illicit financial flows, and on the intermediaries who facilitate these processes.

    The problem is often not a lack of information but restricted access to it – whether due to material being classified, bureaucratic silos impeding the sharing of intelligence, or compartmentalized systems failing to present analysis in useful formats. Policymakers tackling illicit financial flows or organized crime from a domestic perspective often lack the contextual, institutional and geographical understanding needed to design effective interventions. Too often, their efforts remain narrowly focused on working with formal government actors – some of whom may themselves be directly or indirectly involved in sustaining conflict economies.

    By improving information-sharing, and fostering internal collaboration between policymakers with both international and domestic remits, governments can develop more coherent, cross-cutting strategies that address national security threats without neglecting the economic underpinnings of conflict. Opportunities also exist for governments to exchange information and best practice, benefiting international and domestic actors alike. Integrating insights across domestic and foreign domains would enhance the effectiveness of responses, ensuring that policies reflect the realities of transnational conflict rather than remaining constrained by bureaucratic boundaries.

5. **Incentivize transnational initiatives through resource allocation.** Beyond changes in thinking and planning, more effective resource allocation is needed to facilitate peacebuilding reform. To counter the natural bilateral (i.e. state-to-state) focus of Western foreign ministries, dedicated taskforces or implementation teams could be established to break down country-specific silos and drive coordinated action. Building on the creation of 'special envoys' for conflict-affected regions like the Horn of Africa and the Sahel, senior officials overseeing multiple countries could form networks to champion transnational perspectives and foster innovative, cross-border approaches.

   Additionally, cross-government funding mechanisms could allocate more resources to transnational initiatives rather than to bilateral programmes. This model has proven effective in addressing priority issues around women, peace and security, among other examples. If applied more widely, it could help to ensure that transnationalism is not just a principle but a funded priority.

6. **Strengthen accountability mechanisms.** Political settlements and ceasefires must encompass more than just elite bargains on power-sharing and political transition; they must include robust governance reforms, with enforceable measures that enhance accountability. Agreements must address the underlying power dynamics at play. Transnational conflict economies are not driven solely by coercion; they also depend on public justification and perceived legitimacy. Smugglers, for instance, often frame their activities as efforts to rectify historical wrongs – whether related to the legacies of colonialism or to inequitable development policies – and view themselves as unconstrained by Western-imposed rules. They rarely even identify themselves as 'smugglers', while their activities often provide livelihoods for poor communities. These narratives help armed groups garner local support and sustain their authority. Ultimately, the true check on their activities lies in civil society. Whether an economy is licit or illicit, what matters most to the public is its impact on communities – whether it benefits or harms them.

   Civil society organizations (CSOs) and local journalists can play a crucial role in ensuring accountability, and preventing conflict economies from becoming further entrenched. By amplifying local voices, civil society can expose damaging practices, push for reforms and ensure that economic structures serve the public interest. Western governments can support these accountability mechanisms, but need to recognize and anticipate the risks involved. These risks include CSOs losing credibility with local populations as a result of being perceived as agents of foreign influence. To prevent this from happening, indirect levers will often work best: for example, quietly fostering connections between civil society and local reformist elements, supporting stronger on-the-ground monitoring and investigative journalism, and ensuring affected communities have a platform to challenge economic exploitation. By taking such steps, policymakers will have a better chance of embedding accountability within economies, reducing the space for conflict-driven exploitation and reinforcing more sustainable state-building.

About the authors

Renad Mansour is a senior research fellow and director of the Iraq Initiative at Chatham House, where his research focuses on the political economy of state-building, conflict and development. He is the principal investigator of the XCEPT (Cross-Border Conflict Evidence, Policy and Trends) project at Chatham House. In addition, he is a senior research fellow at the American University of Iraq, Sulaimani. Previously, he was a lecturer in the international relations of the Middle East at the London School of Economics and Political Science. He is also a research fellow at the Cambridge Security Initiative and has held positions as lecturer and supervisor in international studies at the University of Cambridge, where he earned his PhD. Renad is the co-author of *Once Upon a Time in Iraq* (BBC Books/Penguin, 2020), published to accompany the award-winning BBC documentary series.

Mark White is the director of First Call Partners: a boutique consultancy that works with governments, international organizations, the private sector and non-governmental organizations (NGOs) to increase the effectiveness of their work on conflict, security and governance. Mark is a former accredited HMG Senior Conflict and Governance Adviser, with 24 years of experience working on and in fragile and conflict-affected states in sub-Saharan Africa, Asia, the Middle East and North Africa, and the former Soviet Union for the UK, Danish and German governments, as well as for the United Nations and the European Union. Mark has extensive experience undertaking and facilitating conflict and political economy analysis, policy development, programme design, monitoring and evaluation, lesson-learning and knowledge-sharing on conflict, stabilization, security and stability issues. Mark combines his technical expertise with a deep understanding of government operations, particularly whole-of-government conflict architectures, having previously served as the deputy head of the Conflict, Stability & Security Fund Joint Programmes Hub during its initial design. Other relevant former roles include being deputy head of the UK government's Stabilisation Unit (SU) and head of the SU's Security and Justice Group.

Acknowledgments

It is difficult to know where to begin when acknowledging the many individuals who have contributed to a project spanning five years and involving collaborations with so many scholars and practitioners.

We are deeply grateful to the confidential peer reviewers whose thoughtful and constructive feedback helped strengthen this report. We extend our sincere thanks to the local researchers across the Middle East and Africa whose expertise and contributions were essential to this work. We are particularly appreciative of the insights and comments provided on earlier drafts by Hayder Al-Shakeri, Georgia Cooke, Tim Eaton, Erica Gaston, Jonathan Goodhand, Keith Krause, Bronwen Maddox, Peter Salisbury, Ahmad Soliman, Sanam Vakil and Alex Vines. We are thankful to Georgia Cooke and Basem Mahmoud for their management of the research process, and to Hayder Al-Shakeri for managing the complex data and figures. We also appreciate the expertise and insights shared by policymakers and practitioners from a number of donor governments.

We would like to acknowledge the many contributors to XCEPT over the course of the project. The Sudan's borderlands case study, led by Ahmed Soliman, drew on the expertise of Abel Abate Demissie and Suliman Baldo. Research on Iraq and the Levant, co-led by Renad Mansour and Hayder Al-Shakeri, also benefited from the insights of Lina Khatib, Haid Haid and Jihad Yazigi. The research on human smuggling and trafficking to Libya, led by Tim Eaton, included valuable contributions from Lubna Yousef, Peter Tinti, Leah de Haan and Iro Aghedo. We also recognize the contributors to the Global Policy e-book, edited by Renad Mansour, with chapters by Raphael Lefevre, Max Gallien, Ahmed Soliman, Jutta Bakonyi, May Darwich, Tim Eaton, Leah de Haan and Deborah Cowen.

Special thanks go to our Chatham House XCEPT team and our colleagues at Chemonics working on the XCEPT project for their continuous collaboration and support. Finally, we are grateful to the Chatham House publications team, particularly Jake Statham, for expert editing and guidance in preparing this report for publication.

Independent thinking since 1920

UK International Development
Partnership | Progress | Prosperity

XCEPT
CROSS-BORDER CONFLICT
EVIDENCE / POLICY / TRENDS

CHATHAM HOUSE