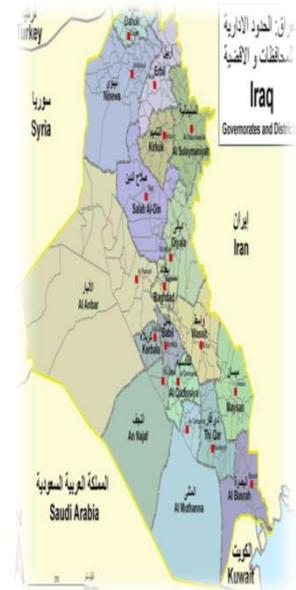# The Political Economy of Multilevel Governance and State Stability in Iraq

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1

A Stress Test for Multilevel Governance (MG)

- A federal architecture embedded in a post-conflict, rentier political economy

- Center–periphery bargaining between Baghdad and subnational authorities

- Fragmented sovereignty shaped by party networks, armed actors, and informal power structures

- Persistent pressure on state legitimacy and service delivery

2

Multilevel Governance as Political Settlement

- MG redistributes authority, resources, and rents across levels of government

- Intergovernmental relations reflect elite bargaining, not just constitutional design

- Stability depends on power bases alignment, petro-revenue, and security governance
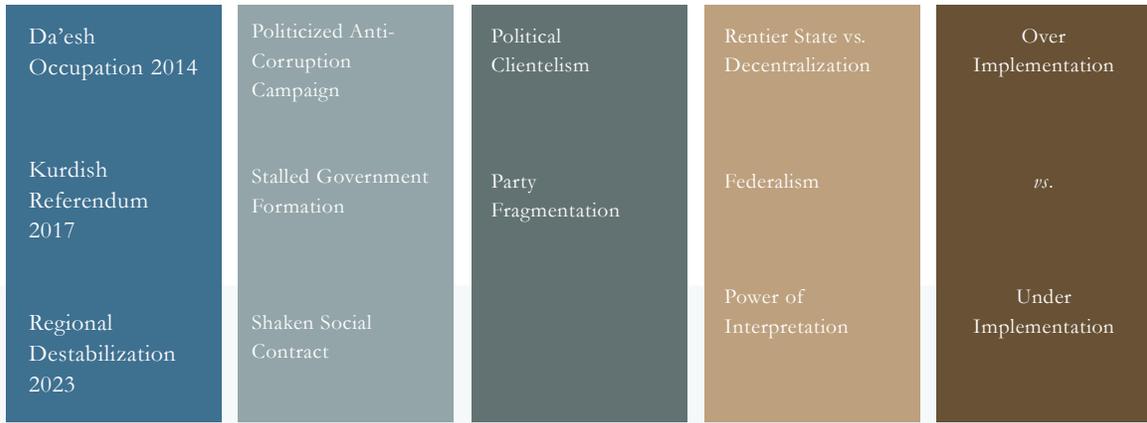
- Regional Political Economy

3

Iraq's Multilevel Governance Architecture

- Formal federal design with constitutionally recognized region

- Fiscal and Administrative Decentralization

- Weak intergovernmental coordination mechanisms

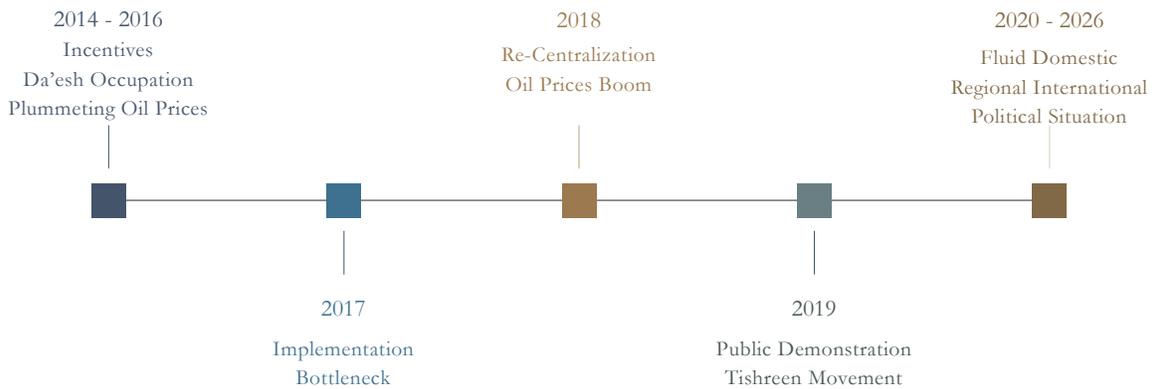- Asymmetric decentralization between southern and western provinces

4

Multilevel Governance a Stress-Test for Stability

Da'esh Occupation 2014	Politicized Anti-Corruption Campaign	Political Clientelism	Rentier State vs. Decentralization	Over Implementation
Kurdish Referendum 2017	Stalled Government Formation	Party Fragmentation	Federalism	*vs.*
Regional Destabilization 2023	Shaken Social Contract		Power of Interpretation	Under Implementation

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Timeline and Trajectory

2014 - 2016
Incentives
Da'esh Occupation
Plummeting Oil Prices

2018
Re-Centralization
Oil Prices Boom

2020 - 2026
Fluid Domestic
Regional International
Political Situation

2017
Implementation
Bottleneck

2019
Public Demonstration
Tishreen Movement

6

Challenges

State perceived legitimacy

Non-linear slow long-term

Costly in an era of austerity

Disparity in governance capacity
and political contestation

7

Challenges

Provinces function as arenas of elite brokerage rather
than service delivery hubs

Rentier mentality and weak accountability

Militias' Political Transformation

8

Entry Points

Popular Discontent

Civicness and Societal Political Maturity

Demographic Factors

Financial crisis

Reginal Transformation

9

Stability Implications

Where intergovernmental coordination is negotiated and functional, MG has absorbed conflict pressures

Where authority is fragmented and politicized MG has reinforced institutional incoherence

In Iraq: Stability is shaped less by formal MG laws and more by the underlying political settlement

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