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Reclaiming Iraqi agency: Post-election dynamics and challenges

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SWP Comment

NO. 3 JANUARY 2026

Reclaiming Iraqi Agency

Post-election Dynamics and Challenges

Hamidreza Azizi and Isabelle Werenfels

The higher turnout in Iraq's recent parliamentary elections reflects advances over the past four years, notably in infrastructure development, security, and political stability. The election's outcome and ensuing coalition-building dynamics underscore trends and challenges that will shape Iraq's domestic and foreign policies. The yet-to-be-formed government will have to balance between the United States and Iran, facing US demands for disarmament of Iraq's armed groups, managing repercussions of potential instability in Iran, and resisting being drawn into any new confrontation between Iran and either Israel or the United States. It will also have to deal with substantial domestic challenges, including strained relations between Erbil and Baghdad, the potential for renewed Sunni alienation from the state, the future of the Popular Mobilization Forces, financial fragility, and consequences of climate change. European actors have limited influence over the geopolitical dynamics, but can offer support on national development and climate challenges, and should back Baghdad's striving for stronger agency and sovereignty.

Although the 2025 parliamentary elections in Iraq failed to produce a clear winner, they did reshuffle the balance of forces within the entrenched elite order. The official turnout was 56 percent — a notable increase over 2021, but uneven across governorates and subject to controversies over voter registration and alleged vote buying.

The coalition led by Prime Minister Mohammed Shia al-Sudani came out as the largest bloc with 46 seats, alongside strong showings by the Kurdistan Democratic Party (KDP), the Taqaddum Party and the State of Law Coalition, all of which are deeply embedded in Iraq's ethno-sectarian political architecture.

Under the informal power sharing convention — the so-called *muhasasa ta'ifiyya* — the principal offices of state are allocated among the dominant ethno-sectarian groups: the president is a Kurd, the prime minister a Shia, and the speaker of parliament a Sunni politician.

The 2025 vote marked a significant setback for independent or civil society-linked lists. These had secured several dozen seats in 2021, following the so-called Tishreen protest movement of 2019, but are scarcely represented in the new parliament.



Defining (new) trends

The outcome of the elections and the contours of coalition-building have underscored a number of political trends, several of which point toward an “Iraq First” moment in Iraqi elite politics — an expression Prime Minister Sudani used in his election campaign. The prime minister and allied parties immediately cited the strong turnout as evidence of renewed confidence in his government and in the political system as a whole. Indeed, pre-election polling showed higher levels of trust in the central government than in previous years. Yet, the high turnout figures should be treated with caution: participation was high in areas where political parties exercise tight control over local patronage networks, and lower in certain strongholds of Muqtada al-Sadr, a prominent Shia political figure, cleric, and leader of an armed group, who called for the elections to be boycotted.

The elections unfolded in a domestic atmosphere where many voters appeared to be motivated more by a desire to preserve hard-won stability amid regional dislocation than by any kind of reformist aspirations. That impulse was sharpened by events beyond Iraq’s borders. The collapse of Bashar al-Assad’s regime in December 2024 injected fresh volatility into Iraq’s fragile domestic environment, raising fears of uncontrolled migration, renewed transnational militancy, and an erosion of security along the Syrian border. At the same time, ongoing Israeli military operations in different arenas and the activities of Iran-aligned armed groups across multiple fronts have heightened Iraqi anxieties over becoming an arena of external confrontation once again.

Against this backdrop, the political class has increasingly framed continuity and internal cohesion as national priorities. This narrative, which is shared by large parts of the population, also serves the political elite to mask enduring governance failures and entrenched corruption.

A second trend is the further consolidation of the Shia Coordination Framework (SCF) as Iraq’s principal collective power

center. Established in the aftermath of the 2021 elections, the SCF has evolved from a relatively reactive ad hoc alliance into a structured political actor capable of neutralizing any single party’s claim to pre-eminence. In the days following the 2025 vote, the SCF moved quickly to declare itself the largest bloc, underscoring a familiar pattern: while individual lists may “win” elections, the ability to form governments rests with alliances built after the ballots have been counted. The 2025 result once again confirms that Iraq’s politics are decided as much by negotiation among entrenched elites as by electoral arithmetic.

Muqtada al-Sadr’s conspicuous absence from the post-election bargaining represents a new trend. After emerging as the largest bloc in the 2021 parliament, his movement had failed to form a government, withdrawn its lawmakers, and clashed with rival Shia factions and security forces in 2022. In 2025, Sadr’s abstention deprived large segments of the Shia electorate of a mobilizing vehicle but also relieved the SCF of its most unpredictable internal challenger. Sadrist social networks and street-level influence remain intact and Sadrists maintain a presence in the upper echelons of the public administration, including the prime minister’s office. But their absence from parliament has enabled rival Shia actors to assert political primacy without needing to accommodate Sadr’s disruptive style of politics. Despite post-election rivalry between al-Sudani, who sought a second term, and former prime-minister Nouri al-Maliki, the Shia political arena is now more institutionally consolidated — and more exclusive.

Within the SCF itself, al-Sadiqoun, the political wing of the armed group Asa’ib Ahl al-Haq, has emerged as a major winner of the elections. Its rise to become one of the most influential Shia lists in parliament reflects its disciplined electoral organization and its success in presenting itself as both a “resistance” actor and a participant in government. As a result, Asa’ib is no longer a peripheral faction within the Shia alliance structure, but a central actor determining parliamentary arithmetic, cabinet composi-

tion, and the balance between pragmatism and ideological rigidity within the SCF. However, Asa'ib's political centrality risks restricting the framework's room for maneuver, as it is listed by Washington as terrorist organization and subject to US sanctions.

A further trend is the intensification of intra-Kurdish competition. The KDP did very well in the federal elections, surpassing one million votes and entrenching its dominance across much of the Kurdistan Region and adjacent provinces. Yet this electoral success has sharpened, rather than softened, its rivalry with the Patriotic Union of Kurdistan (PUK), which retains strategic leverage in Sulaymaniyah and remains indispensable in Baghdad's coalition politics. What makes the current moment particularly fraught is that Kurdish leaders are simultaneously negotiating government formation at two levels: within the Kurdistan Region and at the federal center. Instead of acting as a unified "kingmaker," the Kurdish camp is now navigating parallel contests, including over which Kurdish party is entitled to claim Iraq's Presidency.

The Sunni political scene, for its part, remains characterized by structural weakness. The new speaker of parliament, Haibat al-Halbousi (of the Taqqadum Party), is a cousin of former speaker Mohammed al-Halbousi, who failed in his post-election efforts to unite the Sunni political arena and create a Sunni counterweight to the SCF. Sunni representation remains fragmented, and, overall, modestly reduced compared to the outgoing parliament. The fall of Assad in Syria and the decline of overt Iranian influence in Damascus have given Sunni politicians a psychological and rhetorical boost, but have not led to a strategic realignment in Baghdad. Although Sunni actors retain leverage as coalition partners and can impede certain constitutional processes in conjunction with the Kurdish blocs, they remain relegated to a reactive role. Agenda-setting power continues to lie overwhelmingly with Shia forces capable of forming a governing majority and selectively co-opting Kurdish and Sunni support.

Finally, the elections confirm the further marginalization of civil society — linked and protest-derived reformist and cross-sectarian forces. The institutional legacy of the Tishreen movement has steadily eroded since 2021, under legal pressure, intimidation by armed groups, organizational fragmentation, and the reassertion of elite control. Over the past four years, civic space has narrowed through new restrictions on speech, prosecution of journalists and activists, pressure by (Shia) armed groups, and a broader securitization of public debate. The 2025 elections sealed this trend politically: independent and reform-oriented candidates entered the race divided, underfunded, and exposed to intimidation, and emerged without meaningful representation. Their influence, such as it is, will be exercised not from parliament but from the margins, through social mobilization, media campaigns, and legal activism. The same is also broadly true of smaller ethnic and religious minorities.

Ongoing domestic challenges

Whoever fills the key political positions, Iraq's new leadership will inevitably need to address a broad range of issues, if the state's current — albeit fragile — stability is to be maintained or strengthened.

Federal cohesion under strain: Baghdad-Erbil relations

Relations between Baghdad and the Kurdistan Regional Government (KRG) remain one of Iraq's most persistent structural challenges, with recurring disputes over revenue, sovereignty, and security undermining federal cohesion. The tensions revolve around disagreements over budgetary matters and oil revenues. Under a 2025 arrangement, the Kurdish Region agreed to deliver at least 230,000 barrels per day of crude oil to the State Organization for Marketing of Oil (SOMO), with the federal Ministry of Finance paying the Kurdish regional government its budget share in return. Although this framework enabled a resumption of oil

exports, it represents a fragile compromise rather than a definitive settlement of competing claims over control and commercialization of hydrocarbons.

Fiscal tensions have escalated sharply at times, including disputes over monthly transfers and public sector salaries, when Baghdad temporarily suspended payments citing non-compliance with revenue-sharing obligations. Kurdish officials decried this as unconstitutional, illustrating how budget politics intersect with legal and political contestation.

The larger question of a comprehensive hydrocarbons law and clearly defined constitutional authority over natural resources remains unresolved, leaving the legal foundation of revenue arrangements inherently unstable and turning the Federal Supreme Court into a political power broker facing allegations of politicization. Arbitration rulings have added complexity. The International Chamber of Commerce ruling of 2023, obliging Turkey to pay Baghdad for past independent exports, further complicated negotiations over pipeline use and economic leverage.

The Peshmerga remain institutionally separate from Iraq's federal security forces. Past clashes with the Iraqi Armed Forces have given way to operational agreements, yet formal integration and command unity remain unresolved and point to divergent visions of the Kurdish region's sovereignty.

Finally, Kurdish leverage in the federal cabinet persists through strategic coalition bargaining. Kurdish parties hold key ministries and can act as kingmakers. Yet growing intra-Kurdish rivalry could blunt their collective bargaining power and expose their reliance on federal patronage.

The unresolved Sunni question

The political marginalization and fragmentation of the Sunni Arabs, whose limited strategic influence since 2003 has had long-lasting ramifications for national cohesion, remains a central unresolved fault line in Iraqi politics. The de-Baathification policy implemented after the US-led invasion dismantled the Ba'ath Party's structures and

removed large numbers of Sunnis from government positions and security forces, contributing to deep distrust in state institutions and weakening Sunni confidence in the post-2003 political order. Even in 2025, pre- and post-election disqualification of candidates continued under the de-Baathification policy. Although these measures did not exclusively target Sunnis, they were widely perceived within the Sunni political arena as a political instrument aimed at weakening Sunni representation and influence.

These long-standing grievances, compounded by uneven reconstruction and weak local governance in Sunni-majority provinces, have created conditions in which securitization often supplants full political inclusion as the dominant mode of state engagement with Sunni populations. This reinforces feelings of alienation and marginalization.

The trauma of ISIS territorial conquest and rule (2014–2017) continues to shape Sunni politics. Although ISIS was defeated, its legacy persists in fractured social fabrics, prosecutions, and administrative measures that often amount to discrimination or collective punishment, and the continuing displacement of thousands of predominantly Sunni Iraqis. These dynamics are further compounded by the ongoing reactivation of ISIS remnants, which exploit socio-economic grievances and porous borders to sustain underground networks despite counterterrorism efforts.

The fall of the Assad regime in December 2024 also altered sectarian perceptions within Iraq. For parts of Iraq's Sunni community, the ascent of a Sunni-led authority in Damascus under Ahmad al-Sharaa carried strong symbolic resonance, generating a sense of regional momentum after years of marginalization. By contrast, some among the Shia political forces and armed groups still refer to al-Sharaa as a "jihadist," and Syria's transformation has heightened threat perceptions and fears of cross-border militant infiltration, Sunni resurgence, and regional realignment. These diverging readings risk hardening sectarian perceptions at a moment

when Sunni political engagement needs to be normalized rather than securitized.

The future status of the PMF

The recent regional reconfigurations have intensified long-standing domestic debates regarding the status of armed groups within the state. Having derived significant legitimacy from their role in the defeat of ISIS, these predominantly Shia groups — some of which maintain close ties to Iran — have consolidated under the umbrella of *Al-Hashd al-Sha'bi* (Popular Mobilization Forces, PMF) and continue to function as influential power brokers. The Hashd receives state funding and has been formally under the authority of the prime minister since 2016. In practice, however, the most powerful of its roughly sixty constituent armed factions — including some Christian, Sunni, and Yazidi units — operate largely beyond the effective control of the central government. They have sometimes even clashed with other state security actors, as occurred during a dispute over an appointment in the Ministry of Agriculture in the summer of 2025.

Efforts to integrate these groups into the Iraqi security forces have to date produced limited results. Proposed legislation aimed at further institutionalizing the PMF within the state, while preserving a degree of autonomy, was opposed by Sunni and Kurdish actors and ultimately withdrawn in 2025, reportedly following US pressure. Assessments of the bill diverged sharply: proponents viewed it as a potential pathway toward integration, whereas critics warned that it would entrench Iranian influence within state institutions.

In the post-election period, these debates have been fueled by explicit US demands for the disarmament of PMF factions and their exclusion from cabinet positions. Several of the larger groups, including the strong electoral performer Asa'ib Ahl al-Haq, have begun to publicly endorse the principle that all weapons should fall under state control, although some have suggested that light arms could be retained.

Various motivations could be behind these shifts: tactical maneuvering to secure

cabinet representation despite US pressure, efforts to avert potential US or Israeli military action, fear of losing backing from an increasingly weakened Iranian leadership, and/or a broader recognition that Iraq is entering a new phase in which armed groups perceive greater advantage in pursuing their objectives as political and economic actors. The pursuit of formal political influence was illustrated by the election of an influential Asa'ib member as first deputy speaker of parliament, possibly in a move to circumvent US opposition to armed groups holding government positions. His appointment also reflects substantial parliamentary representation of these groups. On the economic side, the PMF's official budget lacks accountability and the various groups' growing involvement in economic activity has given rise to allegations of financial impropriety, such as money laundering and oil smuggling, as well as targeted US sanctions against persons, banks, and businesses.

Forging a sustainable arrangement with the armed groups that grants the state an exclusive monopoly over the legitimate use of force and disincentivizes illicit economic activity is one of the central challenges facing Iraq's political leaders.

Transversal challenges: Financial fragility, state output, climate change

The new government's ability to safeguard the fragile social stability will depend largely on its fiscal space and its success in diversifying the economy away from oil. Over recent years, the government has begun strengthening the weak banking sector and the regulatory framework more generally, and Iraq has experienced an investment boom, particularly in infrastructure. That said, ventures such as the ambitious Development Road Project — seeking to link the Persian Gulf and Turkey by rail and road to create an Asia-Europe trade corridor — still exist largely only on paper.

As one of the world's most oil-dependent economies, with rapidly expanding public expenditure, Iraq exhibits pronounced fiscal vulnerability. The impact of oil market

volatility is compounded by patronage structures and oil smuggling, as well as structural inefficiencies in the energy sector that necessitate energy imports — particularly gas from Iran — to sustain domestic electricity generation. Rising domestic energy demand, driven in part by climate change-induced temperature increases, places additional strain on the state budget.

Oil-related ecological crises and severe water scarcity are also exacerbating internal displacement, public health challenges, rural impoverishment, and social unrest. In 2025, protests fueled by grievances over inadequate infrastructure, deteriorating water quality, unreliable electricity supplies, and oil-related ecological disaster persisted, and were compounded by frustration over high youth unemployment and unpaid wages. Perceptions of (elite) corruption — although improving — are still at staggering levels.

These interlinked challenges are increasingly emerging as major drivers of internal tension. How the government addresses them will be as consequential for state stability as political settlements themselves.

(Re-)defining external relations

One central factor underpinning Iraq's comparative stability has been the government's ability to manage and balance Iranian and US influence, and resist being drawn into the 2025 Israel-Iran confrontation, while at the same time strengthening relations with other regional actors. Here, Iraq's pursuit of agency and strategic autonomy is particularly evident.

Iran: Dependency reversed?

Iranian influence in Iraq continues to rest on three main pillars: close ties with Shia political parties embedded in the post-2003 order, the existence of Iran-aligned armed groups operating under the umbrella of the PMF, and deep economic interdependence, particularly in the fields of energy, trade, and cross-border financial activities. Yet, this influence faces clearer limits than in previous years. Under al-Sudani, Iraqi

political discourse has increasingly emphasized sovereignty, national interest, and insulation from regional confrontation. While this nationalist framing does not amount to strategic realignment, it does reflect growing elite unease with the costs of alignment, especially amid widespread public fatigue with Iraq's role as a battleground for proxy conflict. The risk of being drawn into a direct confrontation with either Israel or the United States has sharpened concerns among Iraqi decision-makers, including the Shia, about the sustainability of Iran's regional playbook. In this context, the SCF functions less as an instrument of Iranian control than as a vehicle through which Iranian interests are negotiated, diluted, and sometimes resisted. Over the past year, the asymmetry has subtly shifted: Iran needs Iraq more than it did a decade ago, while Iraq has more alternatives than Iran would like. The principal risk for Baghdad is therefore not overt domination, but a gradual erosion of autonomy through informal pressure, economic leverage, and security entanglements that remain difficult to unwind.

At the same time, ongoing unrest inside Iran and the potential weakening of the Islamic Republic could have a dual effect on Iraqi politics. It can create additional room for maneuver and agency for Baghdad while simultaneously heightening anxiety among Shia political forces about their regional position. In a more adverse scenario involving external intervention against Iran, it may expose Iraq to renewed destabilization through conflict spillover and engagement of Shia militias in support of Iran.

Navigating US pressure

Washington's priorities in Iraq have shifted from fighting ISIS to containing Iran, and Iraq has come to be viewed as a problematic security partner. In October 2025 the US senate voted to repeal laws enabling military action in Iraq. Although the step was welcomed by the Iraqi government, it does not alter the complexity of US-Iraqi relations. Post-election statements by US officials, including the newly appointed special

envoy Mark Savaya, underline Washington's priorities: federal state stability and Iraqi sovereignty — albeit with conditions including disarming of armed groups, their exclusion from government, and no circumvention of Iran sanctions. This is likely to impact and possibly delay the formation of a new government, despite vocal rejection of interference by Iraqi political and legal elites. At the same time, there is acute awareness in Iraq that, unlike in the past, US demands may now be backed by concrete action, including renewed military measures.

Even if such signals may resonate well in parts of Iraqi society, the implicit threat of US or Israeli military action represents a substantial challenge for the politically dominant SCF. More broadly, it conflicts with the political elites' aspirations for sovereignty and agency in a context of multi-alignment.

The upcoming negotiations over the presence and number of coalition forces and the redefinition of the US mission may prove less problematic for the new government than US calls for separation of powers and respect for the constitution — which are directed at those parts of the entrenched elite who maintain close ties to Iran. This also reflects broad Iraqi sentiment that Washington's priority is not Iraqi reform but deterrence of Iran-aligned groups and weakening of Iranian influence, and that the United States is ignoring changes in Iran's patterns of influence.

Dealing with Iraq principally through the military and Iranian lens could have negative effects on the country's fragile social and political fabric and bears the risk that future conflict — be it confrontation between Iran and the United States or an Iran-Israeli escalation — could have domestic repercussions that spiral beyond the control of the Iraqi state.

In a positive scenario, strong fears of such a development could incentivize Iraqi leaders — regardless of their background — to settle their domestic conflicts and assume a stabilizing regional role.

Turkey: The ambivalent neighbour

Turkey remains a dominant external actor in northern Iraq, where its engagement combines security measures with expanding economic and infrastructural reach. Ankara's core justification for its military interventions is the ongoing presence of the Kurdistan Workers' Party (PKK) in the Qandil Mountains and adjacent border areas, which Turkey designates as a terrorist threat meriting cross-border operations and a persistent military footprint. Turkish forces continue to operate from bases inside Iraqi territory under longstanding agreements allowing for PKK pursuit. Baghdad frequently protests this presence as a violation of sovereignty even though formal coordination mechanisms for pursuits have been agreed on.

Turkey's leverage in Iraq also extends into economic interdependence and resource politics. Iraq's water crisis, which is rooted in upstream damming of the Tigris and Euphrates in Turkey, has become a central issue in bilateral talks, culminating in a 2025 framework agreement to finance Iraqi water infrastructure projects through oil revenues. Turkey is also one of Iraq's major trading partner, and Turkish firms are deeply involved in construction and infrastructure across the Kurdistan Region, reinforcing Ankara's influence through commercial ties.

The Turkish-Iraqi Development Road Project represents another key element of Ankara's Iraq strategy. Framed by Turkish leaders as a driver of regional stability and prosperity, the project de facto relegates Baghdad to a junior partner and strengthens Turkey's claim to centrality in Iraqi economic development, even as it binds Baghdad to Ankara's geopolitical orbit.

Despite these layers of engagement, Iraq's negotiating position remains weak. Ankara's approach is "security first, sovereignty later"; it prioritizes counter-insurgency and infrastructural access over mutually agreed procedures or full respect for Iraqi territorial integrity. The substantive risk is not overt conquest but federal Iraqi state erosion through expanding Turk-



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ish operating space, in which strategic leverage — in water, trade, security cooperation, and infrastructure — incrementally reshapes Iraqi decision-making in ways that outpace Baghdad's institutional capacity to regulate such foreign footprints.

Deepening ties with the GCC

Iraq's quest to diversify its external relations is also reflected in growing economic and diplomatic ties with Gulf states, following years of relative estrangement due to the security situation, the GCC's qualms about Baghdad's closeness with Iran, and Iraqi objections to Gulf support for radical Sunni groups. Iraq's facilitation of talks between Iran and Saudi Arabia in 2021/22, which led to the China-brokered restoration of Saudi-Iran ties in 2023, opened new doors. Saudi Arabia, Qatar and the UAE have since committed billions of dollars in investment in Iraq, notably in real estate, energy infrastructure, and grid integration.

Yet, Gulf leaders remained conspicuously absent from the 2025 Arab League Summit in Baghdad, reflecting a broader posture of cautious re-engagement without a firm political commitment. Iraq is not (yet) viewed as an ally, but rather as a hedge. For its part, Baghdad seeks to tread the fine line between rapprochement with the Gulf states and avoiding alienating Iran.

What role for Europe?

Contrasting with America's geopolitical and military focus and Turkey's strategic quest for political influence, the priority of the EU and its member states has been Iraqi (social) stability, with Germany emerging as Europe's largest bilateral donor. Migration control has emerged as a key motivation for European engagement, and is reflected not least in humanitarian assistance for internally displaced groups and support for climate-related resilience and economic reform. Energy security is another driver, with Iraq

among the EU's seven most important suppliers of petroleum oils. Conversely, the EU is Iraq's third most important trade partner.

Despite deepening economic ties with certain European countries, Europe's influence on (political) developments in Iraq is likely to remain limited. Still, a number of dos and don'ts could provide guidance for promoting Iraqi sovereignty and stability:

Act as de-escalators, not enforcers: Avoid aligning with maximalist US demands that risk destabilizing Iraq; focus on supporting Iraqi efforts to insulate itself from becoming a frontline in US-Iran competition or an arena for Israel-Iran retaliatory measures.

Offer pathways, not pressure on militias: Support gradual Iraqi-led approaches to integrating armed groups and insulating them from external interference, rather than pushing unrealistic "disarmament now" agendas.

Help protect shrinking civic space: Provide political backing and funding for media, civil society, and vulnerable religious and ethnic minorities, and support legal activism of these actors to counter authoritarian measures employed under the banner of stability.

Anchor engagement in governance, not geopolitics: Prioritize electricity, renewables, water, health, public finance, and administrative reform over symbolic political alignment. In doing so, employ a long-term horizon rather than seeking rapid visibility.

Mediate federal tensions quietly: Use diplomatic capital to stabilize Baghdad-Erbil relations through technical and legal channels rather than public pressure. Support efforts to insulate the judiciary from politics.

Adjust travel recommendations to adequately reflect progress on stability: This would allow European private-sector actors, academics, and NGOs to meet with their Iraqi counterparts and cooperate on a more equal footing.

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