

Thirst For Decentralization in Southern Iraq

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Brief Analysis

Last July, widespread protests broke out throughout southern Iraq as a result of deteriorating services, a lack of electricity, poor water quality, and increasing unemployment. While demonstrations are common during the hot summer months in southern and central Iraq, this year's protests are markedly more widespread and have continued to expand within the city of Basra—Iraq's economic capital and the main source of its federal budget. As Baghdad and outside observers become increasingly concerned with the sustained and popular nature of Basra's protests, it is also important to remember the policies that have pushed the region to demonstrate in the first places. On paper, Basra is an integral part of Iraq; its natural resources are vital for the overall economic structure of the company, and the multinational corporations that invest in various sectors, primarily oil and gas, along with international consulates and other agencies in the area demonstrate the area's importance country-wide.

While the current protests are expressing themselves through increasingly political rhetoric, it is important to remember a major root of the problem: Basra's lack of the most fundamental resources, and both state and regional exacerbation of these issues. Basra residents depend largely on the waters of the Shatt Al Arab River, which have suffered for years from rising levels of salinity following Iran's shutting off of the Karkan and Karkheh Rivers and routing them entirely within Iranian territory. In addition, the flow of water coming from the Tigris and Euphrates is decreasing because of the Ilisu Dam built by Turkey. The salinity level in the Siba district has reached **4,000 parts per million (<http://www.niqash.org/ar/articles/economy/5804/>)**. At the same time, the Iraqi people of Basra are accusing Iran of polluting the Shatt Al Arab with waste from its factories and nuclear reactors, thus impacting Basra's water potability and increasing water pollution levels.

All this has coincided with the imposition of American sanctions on Iran and the collapse of the later's state currency. This has in turn jeopardized Iran's trade with Iraq, especially after the Central Bank of Iraq's decision to discontinue dollar-based transactions with Tehran. Tehran's trade with Iraq totaled more than \$13.21 billion last year (\$6.5 billion of which was from non-oil goods), making Iran Iraq's foremost trading partner. While fewer Iranian imports may help domestic Iraqi production in the long term, the reduction in the number of Iranian goods sold in Iraq has produced another point of pressure on Iraqi consumers this summer. Moreover, the Iraqi government has certain commitments to the United States in its sanctions on Iran due to the Strategic Framework Agreement, with the potential to further restrict short-term options for the Iraqi economy. Frustration at regional pressures is playing out in the streets of Basra, as protesters have targeted both domestic governmental buildings and the consulate of

Iran.

But to understand the frustration with Iran and its pressures on Basra, it is also necessary to understand the role that the Iraqi state's own structural fissures have played in precipitating the crisis. The 2008 Law Number 21 and its three amendments on infrastructure—which transferred a large chunk powers from eight federal service ministries to local governments, provincial councils, and governors two years ago—has also shaped Basra's infrastructure problems due to local government's lack of sufficient expertise in managing major service and investment projects, along with their lack of direction or follow-up vis-a-vis priority projects for citizens.

Consequently, a number of key projects have been delayed due to mismanagement, while local infrastructure and investment groups are overwhelmed with the amount of work now expected of them to adequately solve the region's longstanding issues. As demonstrations, riots, and protester deaths have continued to emphasize these challenges, Iraqi Prime Minister Dr. Haider al-Abadi has focused the blame on the negligence of provincial councils, saying in a recent news conference, "We warned the provinces that transferring powers to them would cause them problems because they do not possess the full framework to administer these institutions. But they said that they were able to manage them, and this is what created the problem."

There now appears to be a recognition in the central government that Basra's local politicians are unequipped to handle the management of the vital service projects. The government is now holding meetings with the representatives of nine provinces, and has issued a series of decisions adhered to by the provincial committees and directed by the High Commission on Provincial Building and Services, which is headed by the Prime Minister. Yet the biggest problem remains: the authority to release funding is still a confused process. Funding is naturally a key part of launching jobs in the government sector, and the current inability to release payments due for projects that are already almost complete but currently suspended is particularly harmful. The inability to act is especially jarring given the fact that the oil companies active in all southern provinces are currently increasing oil production by about 80 percent, along with subsequent revenue.

Years of inadequate services, institutional corruption, environmental deterioration, and lack of security—especially on the part of previous governments that hastened the country towards a sectarian quota system that extended even to the appointment of secondary school principals—have left few long-term solutions now available to answer the justified discontent on the streets of Basra. It is clear that the central government must be involved, and that systemic mismanagement cannot be allowed to continue—but irreparable damage has already been done.

An actual fix to the crisis—which may fade from the larger public eye as fall approaches but will not disappear for Basra's residents—will require a sustained effort of investing back into the region, including continuing water desalination projects in southern Iraq, completing the large UN Food and Agriculture Organization **project** (<http://www.fao.org/3/a-au666e.pdf>) in Basra originally proposed in 2013, and installing seawater desalination pumps from the Gulf. Likewise, the institutional system for developing and maintaining Basra's services must be rehabilitated. Given Basra's economic potential, balanced economy must be developed in partnership with the private sector and lead economic institutions towards maximizing revenues—which both the province and Iraq's central government desperately need.

Instead of shifting the responsibility of infrastructure to the provinces, the central government can activate decentralized monetary and financial powers in the provinces and implement the five-year development plans in a timely and effective manner, especially the 2018-2022 National Development Plan.

There are clearly many potential pathways for the Iraqi government and its allies to follow in order to alleviate the crisis Basra currently faces. The challenge lies, rather, in the productive implementation of these plans and a long term commitment to sustaining the province. As long as systemic poverty continues, and unless pro-growth

industries that would benefit the local workforce are not implemented in Basra, its people will suffer and, consequently, rise up once more. ❖

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