

## Yugoslavia-type fragmentation haunts Iran as Khamenei prepares to install successor

By: Yaz Sheherezade, MENA Analyst  
With Sebastian Spio-Garbrah, Chief Analyst



Contrary to the staged appearance of national virility, Iran is hurdling towards a Yugoslavia-style fragmentation in the years ahead, as various factions of the embattled regime, (often hailing from different ethnic backgrounds), openly undermine and de-legitimize each other. With Supreme Leader Ayatollah Khamenei looking to take the unprecedented step to install his own chosen successor, rather than wait and die in office, and see his successor chosen by the Assembly of Experts, the country's Revolutionary Guards are poised for a 'Praetorian takeover' following any chaos that is likely to ensue after the 21 February poll, and Khamenei's abdication. With Iran's energy assets mostly situated in the western parts of the country adjacent to Iraq, a civil conflict following the end of the Khamenei era, may see Iraq seek to annex parts of Iran just like happened under Saddam Hussein in 1980. General Qassem Souleimani's forays into Iraq and Syria were as much about Iran's fear of ethnic nationalism and fragmentation on its borders, as it was about exporting the tired Islamic revolution abroad. Iran's capital starved oil sector is unlikely to recover anytime soon from Iran's internal troubles.

The expected 21<sup>st</sup> February rigged legislative polls which will likely see conservative Khamenei aligned parties and individuals win big, after over 9,000 politically moderate candidates were shut out may yet become one of the last acts of the Khamenei era before he abdicates.

The legislative elections in Iran has exposed the cracks and divisions within the regime. Shortly after the assassination of General Qassem Souleimani, President Rouhani took a markedly moderate approach from Khamenei and the 'principalists', the hard-line conservative members of parliament and clerics, choosing instead to focus on the forthcoming legislative elections, arguing in a speech that Iran ought to be characterized

by free and democratic elections. However, the forthcoming elections, argued Rouhani, had been riddled with mismanagement and nebulous accusations that prevented 9,000 out of 30,000 candidates from standing. The Guardian Council, upholders of the Iranian Constitution, argued that the 9,000 candidates and current members of parliament has been debarred from the elections due to financial corruption, lack of faith and dissident inclinations. Despite its own justifications, its intentions are clear: to ensure that no part of the parliamentary system is dominated by reformists or moderates, the Guardian Council, stalwarts of the conservative faction led by Khamenei, seek to determine the outcome of the election. Yet the political outlook of Iran is darkening. Each side has flung at the other accusation of acting against the constitution, in the interests of the people and in the future of Iran throughout the electoral campaign.

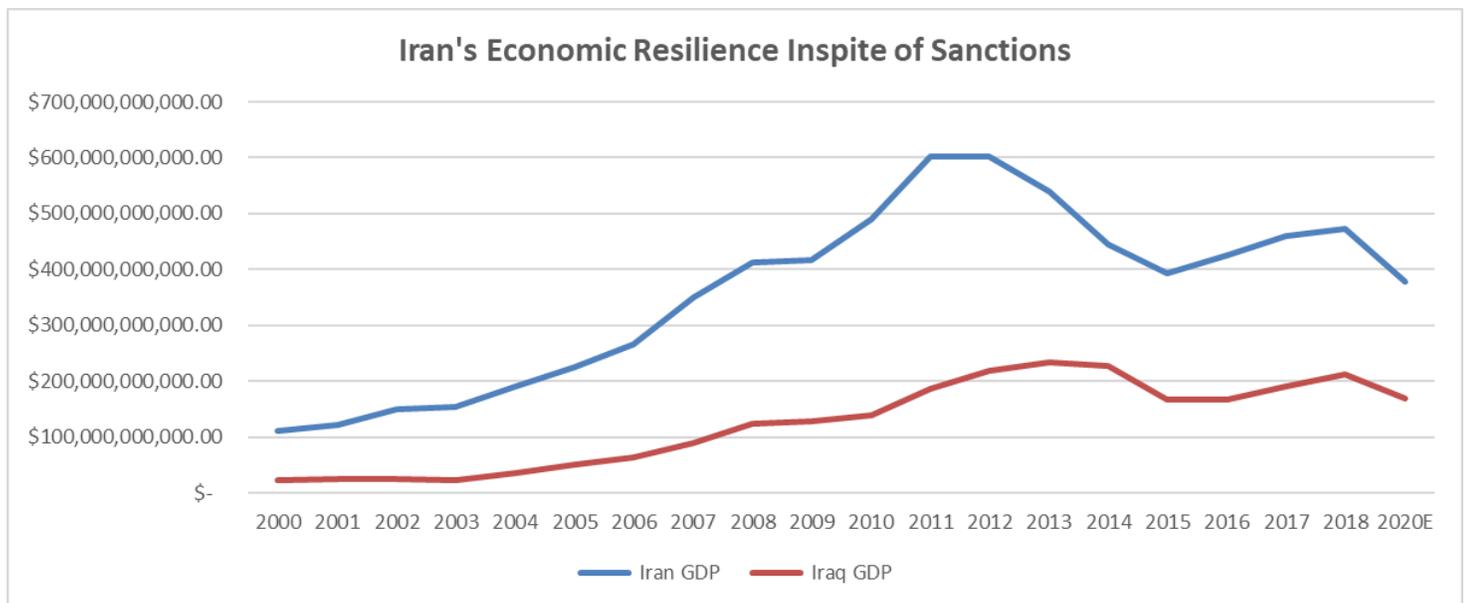
Rouhani's speech, delivered at Iran's Central Bank, demonstrates that the regime is currently beset by division and at its most vulnerable point. The reformist policy-making High Council, which claimed in January that 90% of its candidates have been blocked from standing in the elections, is now in outward opposition to the 12-member Guardian Council, which has claimed that the candidates were debarred on just and constitutional grounds. Although an immensely powerful body within the Iranian regime, the lengths to which the Guardian Council has sought to maintain Khamenei's hard-line establishment in power demonstrates that its grip is becoming increasingly tenuous. Beset with violent protests since June, it has relied on the IRGC to quell the public protests through force. Further public disruption should be expected this year as the legislative elections has generated allegations of corruption and mismanagement against the Guardian Council and the conservative faction. A weakening of the democratic and clerical institutions bolsters the Iranian military industrial complex.

Most importantly, the actions of the Guardian Council have therefore created 9,000 disaffected politicians within the country, many of whom argue that rather than standing, they will focus on building a civic base and a public platform. Khamenei and the clerical establishment may emerge victorious this week, but it will have created the basis from which many reformist candidates and citizens will argue that the Guardian Council has acted in an illegal and unconstitutional manner. The cracks in the conservative regime's grip on power is now apparent; now it would appear it has swelled the ranks of those who are now in outward opposition towards it. Since November the country has been in the grip of public protests, in public and online; however, politicians and candidates with a thorough knowledge of navigating the political system have been added to their ranks. The Guardian Council has ensured, through vetting and barring of reformist candidates, that the election will not be a competitive process, but a series of appointment; it has also ensured a powerful reformist opposition.

Rouhani may have subtly spoken out against the disproportionate power wielded by the 12-member Guardian Council, yet behind the scenes, Rouhani and Khamenei are now in clear opposition. Outside the political structures, the risk for further public disruption continues as 9,000 politicians have joined the ranks of those opposed to the regime. The opposition between the faction led by Khamenei, the powerful Guardian Council and the clerical establishment, and President Rouhani also holds implications for Iranian foreign policy. Khamenei favors an Eastern outlook, looking to engage in business ventures with Russia and China; Rouhani, on the other hand, has long campaigned for negotiations with the West, an ease to sanctions and a revival of the nuclear deal as a means to secure the Iranian economy.

In short, the heavy-handed means by which the conservative, anti-Western establishment have gone to quell opposition by aggressively controlling the outcome of the legislative elections has, inadvertently, bolstered the reformist elements which seeks political and economic compromise with the West (and crucially, access to hard currency and US dollars) and an end to sanctions. The divisions within the Iranian regime, already spilling over into broader society, signals a weaker government in the long-run and a strengthened reformist opposition. What does the term 'reformist' hold for Iran's political future? For many candidates disqualified from the upcoming elections, it means an end to the disproportionate power and authority held by Khamenei and his 12-member guardian council, free and democratic elections and an outward looking economy. The 2020 political outlook in Iran will be characterized by these divisions within the regime and cracks within society, with the threat of state fragmentation in a post-Khamenei era looking more likely.

What does Iran's shifting political landscape mean for its geopolitical aspirations? Iran's most important neighbor, Iraq, has been watching out for signs of vulnerability. Like Iran, Iraq has been beset by widespread protests against the Shia-led, Iranian-dependent Iraqi government. The dependence is mutual: Iran depends on Iraq as a major importer of oil and gas, as well as a pathway to gain access and store hard currency. Even for oil-rich Iraq, these gas and electricity imports are crucial to its energy supplies, and therefore to social stability. Yet Iraq is wary of US scrutiny; since January, the US has been closely monitoring Iraq's relations with Iran. Fighting a proxy war with Iran on Iraqi soil, the US is expected to take a harder stance on the close relations between Iran and Iraq, including energy imports. In the last two years, Iranian-imported gas and fuel has almost doubled: in 2019, it supplied 30% of Iraq's energy supplies.



Source: UN Stats/ DaMina Advisors

For the moment, Iraq purchases Iranian gas and electricity as a means of temporary relief and a way to provide some measure of economic stability, yet Iran's domestic problems leaves it exposed to geopolitical vulnerability. Iraqi imports ensure a good revenue for Iran; yet with the threat of US sanctions against Iraq, Iranian dominance within Iraq will be severely hampered.

Iraq has allowed for gas development in Diyala Province, on behalf of the Midland oil company, as a demonstration to the US that it is attempting to reduce its dependence on Iran. However, a total cut of Iranian energy supplies would lead to severe shortages; yet Iraq could, in the next few years, be more open to Western investment and succeed in developing its own oil production and capturing gas.

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**Contact DaMina for a more detailed briefing:**

Alex Wark

Partner, Business Development

[Alex@DaminaAdvisors.com](mailto:Alex@DaminaAdvisors.com)

+ 44 7779 656 878 / + 1 647 808 9671

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