

From Warlords to Statelords

Armed Groups and Power Trajectories in Libya and Yemen

Edited by Eleonora Ardemagni and Federica Saini Fasanotti

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Armed groups play a central role in Libya and Yemen. Pervading weak and contested institutions, they have gradually brought their survival, profit and governance strategies under the state umbrella: **warlords have become the new lords of the state.** Armed groups control most of the energy revenues, critical infrastructure, smuggling and illicit trafficking. Their leaders are multifaceted: they are simultaneously **military commanders, tribal chiefs, politicians and businessmen.** Combining comparative analysis and case studies, this Report sheds light on the **“economic face”** of the armed groups and their power trajectories. How do armed groups build networks of profit and loyalty in the territories they hold? How does clientelism mark a continuity trend with former authoritarian regimes?

Key Research Findings

- **Armed groups have built clientelist mechanisms at the local level** (*'armed neopatrimonialism'*), as former regimes used to do on a national scale, thus exchanging revenues and benefits for loyalty;
- **Libya and Yemen's contemporary warlords are patrons and clients at the same time:** patrons with respect to the local inhabitants of controlled territories, to whom they arbitrarily allocate revenues, licenses and jobs; yet, clients of external state powers on whom they depend – with nuances – for financial, military and training support;
- **Warlords often rely upon an increased political legitimacy.** This comes from top-down recognition by legitimate institutions and/or international stakeholders, and by growing leverage at community level, in education and religious bureaucracies;
- As long as **armed leaders monopolise economic relations in Libya and Yemen**, imagining an actual transformation from a conflict to a post-conflict economy is simply unrealistic.

• Armed Groups and Energy Fields, Revenues and Infrastructure

- In **Libya**, since 2011, most of the **armed groups perceive the state not as a set of institutions to serve or disobey, but rather, primarily, as a prize to win**. Formal institutions, especially energy-related ones, have been gradually eroded even through extortion by the armed groups, playing the role of 'shadow statelords';
- In **Libya** the **disruption of energy fields and infrastructure has turned into the main armed groups' blackmail tool**, *vis-à-vis* institutions, internal rivals and external stakeholders, as well as a bargaining chip to gain political access to the state;
- In **Yemen** both **formal and informal economies heavily depend on crude oil export**. For this reason, the old élites, de facto authorities and rogue armed groups are now scrambling to control oil reserves, while seeking to dominate the import of oil derivatives;
- In **Yemen** the **internal race to control oil resources has accelerated** since the 2015 war, further eroding the boundaries between formal and informal players: consequently, the network of economic loyalties is now cutting across the state and the non-state domain;
- In **Yemen** the conflict focus is now the **creation of an economic base allowing armed groups to support governance structures** – and not only military operations – while preventing others from doing so. This trend will continue to weaken state structures, also favouring new conflict dynamics in energy-rich governorates.

• Armed Groups, Smuggling and Trafficking

- In **Libya** armed groups use to **whitewash illicit money through the smuggling of consumer goods**; thanks to this mechanism, armed leaders start licit businesses activities, and even philanthropic non-governmental organisations, thus further confusing the boundaries between legal/illegal economy;
- In **Libya** armed groups often perform **'anti-smuggling' operations in order to gain legitimacy** for their own activities, or to seek dominance with respect to rival armed groups with economic interests;
- In **Libya** armed groups have actually become **'arsonists' and 'firefighters' at once**: armed groups' integration into legitimate positions has merely empowered them to continue the same illicit activities, yet with no one but themselves in places of power to stop such activities;
- In **Yemen** the **Saudi-led coalition engaging in the country since 2015 also aims to control its land and maritime borders**, thus preventing rival forces from reaching, seizing and profiting from these strategic areas;
- In **Yemen's** border areas, human trafficking and goods smuggling already existed before the 2015 war. However, the following **militarisation of land and maritime borders** has strengthened smuggling networks due to the **economic role played by armed groups**.

• Armed Groups and the Governance of Maritime Boundaries

- In post-Gaddafi **Libya** **armed groups, including those playing a role in the coastline, have undergone a process of 'mafiasation'**. They have evolved from opportunistic young men and petty criminals to largely white collar criminals, who retain the capacity for extreme street violence. This has deeply impacted on policy areas of European interest, from energy supplies to migration control;
- In **Libya** a narrow **focus on security policies**, rather than on wider political development and transformation, has further contributed to **empowering armed groups**, hence enabling a counterproductive effect on key **European and Italian interests, i.e. migration and energy**;
- In **Yemen** the **governance of maritime boundaries** is multi-governed: armed groups – with varying degrees of opposition to, or alliance with, the internationally recognised government – control most of the country's coastline, port cities and islands, profiting from fees, customs duties and smuggling networks;
- In **Yemen** the role of these 'coastal lords' further **disempower the (re) building of an effective and de-politicised Yemen Coast Guard** (YCG), whose anti-Houthi units have shifted their operative focus from counterterrorism to anti-smuggling operations;
- In **Yemen** externally driven **projects for the YCG are likely to prioritise foreign powers' interests**, while neglecting local development and security concerns. This approach would pave the way for strengthening warlords' economies, rather than containing them.