

When Proxies Falter: The Changing Face of Iran's Regional Influence

Farhana Rashid¹

Introduction

Proxy war is a common form of indirect intervention in international relations, used by states to initiate and influence conflicts while pursuing their objectives without direct engagement.² For over four decades, Iran's regional strategy has been defined by its mastery of proxy warfare—a model that allowed the Islamic Republic to project power, deter adversaries, and shape the Middle East's security architecture while minimizing direct confrontation.



Iranian proxies sanctioned by the United States. Source: Wilson Center

¹ Farhana Rashid is a Research Assistant at the Bangladesh Institute of Peace and Security Studies (BIPSS). She completed her BSS & MSS in International Relations from the University of Chittagong.

² Hüseyin Faruk Şimşek. 2025. "Iran's Proxy War Paradox: Strategic Gains, Control Issues, and Operational Constraints." *Small Wars and Insurgencies*, June, 1–28. <https://doi.org/10.1080/09592318.2025.2512807>.

Through the cultivation of non-state actors like Hezbollah in Lebanon, Hamas in Gaza, the Houthis in Yemen, and a constellation of Shiite militias across Iraq and Syria, Tehran built their own “Axis of Resistance,” a network that extended its reach from the Gulf to the Mediterranean.³ This approach, rooted in asymmetric interventionism and ideological affinity, provided Iran with both strategic depth and plausible deniability.

Yet, as the region enters the mid-2020s, the pillars of this proxy empire are visibly crumbling. The events following the Hamas attack on Israel in October 2023, Israel’s subsequent military campaigns, the collapse of the Assad regime in Syria, and the decimation of Hezbollah’s leadership have exposed the vulnerabilities of Iran’s indirect approach.⁴ The changing regional balance, economic pressures, and shifting alliances are forcing Tehran to confront the limitations—and growing liabilities—of its proxy strategy. This commentary examines the unraveling of Iran’s hegemonic ambitions, the causes and consequences of its proxies’ decline, and the new trajectories shaping the Middle East.

The Rise and Logic of Iran’s Proxy Warfare

Iran’s reliance on proxies was born out of necessity. Isolated after the 1979 revolution, under constant threat from regional adversaries and global powers, Tehran sought to offset its conventional military weaknesses through asymmetric means. By cultivating ideologically aligned, locally embedded militias, Iran could:

- Project power beyond its borders without risking direct confrontation.
- Deter adversaries, especially Israel and the United States, by threatening retaliation through third parties.
- Undermine rival states and create strategic depth in volatile theaters.

³ Kanan AHMADZADA. 2024. “Iran’s Asymmetric Interventionism: The Analysis of the Proxy Warfare Strategy since 2011.” *Przegląd Politologiczny*, no. 3: 27–40. <https://www.cceol.com/search/article-detail?id=1279900>.

⁴ Carter, Brian. 2025. “Institute for the Study of War.” Institute for the Study of War. 2025. <https://www.understandingwar.org/backgrounder/deafening-silence-iran%E2%80%99s-proxies>.

- Maintain plausible deniability for destabilizing actions, complicating international responses



Iran's Islamic Revolutionary Guard Corps (IRGC). Source: Iran International

The Islamic Revolutionary Guard Corps–Quds Force (IRGC-QF) became the architect of this strategy. They trained, armed, and funded a vast network of groups across Lebanon, Iraq, Syria, Yemen, the Palestinian territories, and beyond.⁵ This approach paid dividends for decades, allowing Iran to shape conflicts, frustrate US and Israeli objectives, and position itself as the vanguard of regional resistance.

The Unraveling: Proxies Under Pressure

The Hamas-led attack on Israel in October 2023 marked a watershed moment. Israel's overwhelming military response not only devastated Hamas in Gaza but also triggered a broader campaign targeting Iran's entire proxy network. For the first time, Israel extended its operations to Lebanon, directly confronting Hezbollah, and responded forcefully to Iranian attacks. The consequences were swift and severe. Hamas lost most of its military bases and leaders, making it unable to fight back or control Gaza effectively. At the same time, Hezbollah lost many of its top leaders and much of its weapons, which made it much less of a threat to its enemies. Compounding

⁵ Graceffo, Antonio. 2025. "The IRGC Threat Matrix: Iran's \$700 Million Proxy War against the West | the Gateway Pundit | by Antonio Graceffo." The Gateway Pundit. June 21, 2025.
<https://www.thegatewaypundit.com/2025/06/irgc-threat-matrix-irans-700-million-proxy-war/>.

these losses, the Assad regime in Syria—long a linchpin of Iran’s regional axis and a critical logistical hub for its operations—collapsed following a Turkish-backed offensive, removing a vital ally and further isolating Tehran from its traditional spheres of influence.⁶

These cascading defeats have not only exposed the vulnerabilities of Iran’s proxy strategy but have also signaled a profound shift in the balance of power throughout the region. The expectation that the “Axis of Resistance” would rally in support of Hamas proved illusory; instead, Iran’s proxies were either unable or unwilling to meaningfully intervene, revealing deep fractures and coordination failures within the network. The “deafening silence” of Iran’s proxies in the face of existential crisis was not just a tactical failure—it signaled a strategic unraveling. Iran’s regional prowess, painstakingly built over decades, was laid bare as hollow when confronted with determined, coordinated opposition. The inability of proxies to cooperate and achieve meaningful strategic effects has prompted a profound reassessment in Tehran, with many analysts predicting a complete overhaul of its regional doctrine.

Economic and Political Constraints

Iran’s proxy network has always been expensive to maintain. Estimates suggest Tehran spent around \$700 million annually supporting groups like Hezbollah, Hamas, and others—a significant burden for an economy battered by sanctions, mismanagement, and declining oil revenues.⁷ As international sanctions tightened and oil exports fell by 15% since 2022, Iran’s ability to bankroll its proxies diminished, leading to a 40% reduction in military aid to Hezbollah alone, from \$700 million to \$420 million annually.

Internally, the Iranian leadership faces a polarized political system and generational turnover at the top. Public frustration is mounting as economic hardship deepens and the rationale for costly

⁶ “Country to Watch 2025: Iran | ISPI.” 2024. ISPI. December 23, 2024.
<https://www.ispionline.it/en/publication/country-to-watch-2025-iran-195462>.

⁷ Graceffo, Antonio. 2025. “The IRGC Threat Matrix: Iran’s \$700 Million Proxy War against the West | the Gateway Pundit | by Antonio Graceffo.” The Gateway Pundit. June 21, 2025.
<https://www.thegatewaypundit.com/2025/06/irgc-threat-matrix-irans-700-million-proxy-war/>.

foreign adventures becomes less convincing. The regime's legitimacy is already under strain. It is further eroded by the perception that proxy wars are prioritized over domestic welfare.

Regionally, Iran's diplomatic position has weakened. The Abraham Accords and subsequent normalization between Israel and Arab states have created a security architecture that excludes Tehran. Even as Iran seeks to pivot toward economic diplomacy—deepening ties with China, Russia, and India, and cautiously engaging with Saudi Arabia, Egypt, and Pakistan—these efforts are, at best, a partial compensation for the loss of its regional proxy leverage.

The Fraying of the Axis: Proxies in Disarray

Iran's recent attempts to distance itself rhetorically from its proxies—Supreme Leader Khamenei's claim that Iran “does not have a proxy force”⁸—reflect both a desire to avoid direct confrontation and a tacit admission of the network's diminished utility. This shift has caused frustration and disillusionment among the proxies themselves. Feeling abandoned, some groups may begin to chart their own course, though their options remain limited given their dependence on Iranian support.



Iran's supreme leader Ayatollah Ali Khamenei. Photo: IRNA

⁸ “Khamenei Says Iran Does Not Have or Need Regional Proxy Forces.” 2024. The Business Standard. December 22, 2024. <https://www.tbsnews.net/worldbiz/middle-east/khamenei-says-iran-does-not-have-or-need-regional-proxy-forces-1024986>.

While ideological affinity has been a key factor in the resilience of Iran's proxy alliances, material realities now intrude. The decimation of leadership, loss of funding, and strategic defeats have undermined morale and operational capacity. Hezbollah, for instance, now faces the prospect of disarmament under international supervision, while Hamas's ability to govern or wage war is severely curtailed.⁹

Other regional powers are moving quickly to fill the vacuum. Saudi Arabia, emboldened by its own reforms and new security partnerships, is leading a Sunni coalition to contain Iran's influence. Turkey has expanded its military footprint in northern Syria and Iraq, while Israel's freedom of action has increased dramatically.¹⁰ Even North Korea's involvement—providing tunnel technology to Hezbollah and weapons to the Houthis—cannot compensate for the loss of Iranian patronage and strategic coherence.

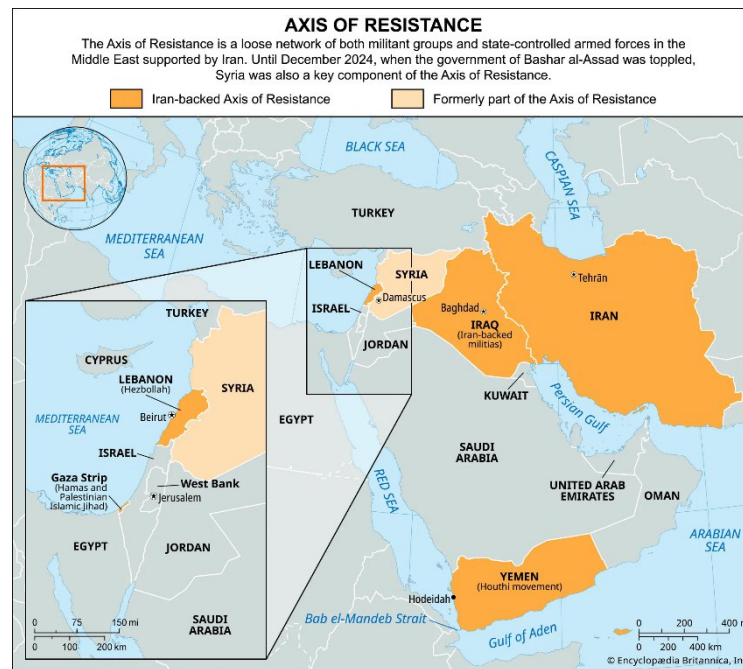
The End of Hegemonic Ambitions and the New Regional Order

The collapse of Iran's hegemonic vision is not just a setback for Tehran—it is a transformative event for the Middle East. The “Axis of Resistance” that once shaped the region's geopolitics is now fragmented. The power vacuums created by the retreat of Iranian proxies are being filled by local actors, rival states, and, potentially, jihadist groups like ISIS. With its proxies weakened, Iran faces the temptation to compensate through other means—most notably, by accelerating its nuclear program. The prospect of a nuclear-armed Iran could trigger a regional arms race, heighten tensions, and increase the risk of direct state-on-state conflict. In response to these setbacks, Iran is recalibrating its strategy. The pivot toward economic diplomacy—leveraging BRICS membership, infrastructure investments from China, and trade deals with India, Egypt, and Saudi

⁹ “The Decline of Iran's Proxy Network - Arab Gulf States Institute.” 2025. Arab Gulf States Institute. February 24, 2025. <https://agsi.org/analysis/the-decline-of-irans-proxy-network/>.

¹⁰ Melamed, Avi. 2025. “The End of Iran's Hegemonic Vision Will Ripple across the Middle East in 2025 | USA TODAY.” ITME inside the Middle East. January 2, 2025. <https://insidethemiddle-east.com/the-end-of-irans-hegemonic-vision-will-ripple-across-the-middle-east-in-2025-usa-today/>.

Arabia—reflects a pragmatic recognition of new realities. While these moves may enhance Iran’s economic resilience, they do not restore its lost regional influence.



The Middle East is entering a new, multipolar era. The decline of Iran’s proxy network has enabled the rise of new security coalitions, increased the autonomy of local actors, and shifted the balance of power away from Tehran. Regional diplomacy, rather than proxy warfare, is becoming the currency of influence.

Lessons and Prospects for the Future

The unraveling of Iran’s proxy strategy offers several lessons. First, overreliance on non-state actors can backfire when those actors are unable or unwilling to act in concert during crises. Second, economic sustainability is essential; proxy warfare is costly, especially under sanctions and economic decline. Third, ideological affinity has limits when confronted with material hardship and strategic defeat.



Ballistic missiles launched from Iran towards Israel in retaliation following airstrikes on Iranian targets. Image: AL Jazeera

The current Israel-Iran conflict offers a vivid and urgent case study of the unraveling of Iran's traditional proxy strategy and the shifting contours of its regional influence. Recent events from June 2025 depicts that, the rapid succession of missile barrages, the destruction in Israeli urban centers, and the subsequent Israeli retaliation against military objectives deep within Iran mark a dramatic departure from the era when Tehran could rely on its proxies to absorb the costs and risks of confrontation. The fact that Iran itself is now the primary actor on the battlefield, rather than its proxies, is a testament to the erosion of its indirect deterrence capabilities.

What Next for Iran?

Iran's options are constrained but not exhausted. It retains asymmetric capabilities—cyber warfare, drones, ballistic missiles—that can still disrupt adversaries. Some proxies, particularly in Iraq and Yemen, retain residual disruptive potential. However, the era of unchecked proxy expansion is over.

Tehran may now choose to:

- Consolidate its core interests, focusing on internal stability and selective engagement.
- Pursue limited détente with Gulf rivals, prioritizing economic recovery over ideological confrontation.

- Accelerate its nuclear program as a deterrent, risking further isolation and escalation.

For the region, Iran's retreat opens both risks and opportunities. Power vacuums could be exploited by extremist groups, but there is also potential for more constructive diplomacy and conflict resolution. The Abraham Accords, Saudi-Iranian rapprochement, and Turkey's assertiveness all point to a more complex and potentially more stable regional order—if managed wisely.

Conclusion

The faltering of Iran's proxies marks a historic inflection point in Middle Eastern geopolitics. The “Axis of Resistance” that once enabled Tehran to punch above its weight is now a shadow of its former self, undone by military defeats, economic constraints, and shifting alliances. As Iran reassesses its strategy, the region is entering a new era—one defined less by proxy warfare and more by state-to-state diplomacy, economic competition, and multipolar rivalry.

Whether this transition leads to greater stability or new forms of conflict will depend on the choices made by regional actors and the adaptability of the Iranian regime. What is clear is that the era of Iranian proxy dominance is over, and the Middle East is being reshaped before our eyes.