The Uncertain Iraqi Election and the Need for a New U.S. Strategy

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Introduction
The Iraqi election in May 2018 has both highlighted Iraq’s political uncertainties and the security challenges the United States now faces in Iraq and the Middle East. What initially appeared to be a relative honest election gradually emerged to have involved massive potential fraud, and forced a manual recount of the results of a failed electronic voting system. Its results have cast Iraq's ability to form an effective post-ISIS government into serious doubt, along with its ability to carry our follow-up provincial and local elections in October.

At the same time, even the initial results of the election raised serious concerns over the level of future U.S. confrontation with Iran. The United States faced grave uncertainties regarding Iran's influence in Iraq even when it seemed that Iraq's existing Prime Minister, Haider al-Abadi, was likely to win the election. The election's uncertain results, and U.S. withdrawal from the JCPOA nuclear agreement, now virtually ensure that a far more intense struggle for influence will take place in Iraq and the rest of the region.

"Mission Unaccomplished" is Bad Enough
Iran's role in Iraq and the region, however, is only one of the issues that Iraq election has highlighted. Iraq's future security structure raises equally serious questions. The Iraqi government showed that it could defeat ISIS's ability to control Mosul and major parts of Western Iraq – but it could only do so with massive outside support from the U.S., other coalition members, and Iran. It did not show that it could be effective in bringing more unity to the country, carrying out effective reform and fighting corruption, handling the initial phases of recovery from the impact of the fighting, reducing tension between Arab and Kurd, or handling the basic tasks of governance.

While the Iraqi government claimed victory over ISIS before the election, it is far from clear that defeating ISIS's ability to govern in the areas it seized in 2014 has defeat extremism or brought lasting security to Iraq. Regardless of the outcome of a now disputed election, the US faces major challenges in ensuring that Iraqi forces can fully defeat the remnants of ISIS, secure Iraq's border with Syria, and become an effective mix of internal security forces and military forces that can defend the country. At the same time, serious questions arise as to whether Iraq's future mix of military, paramilitary, and security forces can be unified and whether they will focus on defending national unity, rather than become factionalized or linked to Iran.

U.S. security strategy must now adapt from a focus on ISIS to a focus on creating an Iraq that will become a strong and independent nation that will act as a counterbalance to Iran and Syria. The U.S. must also deal with the fact that Russia has emerged as a major competitor in arms sales and train and assist efforts in Iraq, and the need to build national forces rather than Shi'ite dominated government forces, Sunni and Kurdish factions, and Popular Mobilization Forces linked to Iran. The U.S. cannot afford to focus on burden sharing; it must focus on regional security.
Wartime Recover and Reconstruction versus Civil Economic Challenges that Have Been Decades in the Making

One of the few aspects of the May 2018 election that has gone unchallenged is that many Iraqi voted – or chose not to vote – because they felt the government was too corrupt and ineffective to deal with the basic civil challenges that limited their incomes and conditions of normal life. Wartime recovery and reconstruction is part of the reason.

Any estimates of the costs involved are so uncertain that it is clear that an accurate estimate of those cost must be left to the next Iraqi government. The best available open source estimate, however, currently seems to be a World Bank study made in February 2018. It put the direct cost at a minimum of $45.7 billion and the real world financial needs at a minimum of $82.2 billion – costs which do not attempt to recover the wartime losses to Iraq's GDP during 2014-2017 of at least another $107 billion.

It is important to understand, however, that wartime reconstruction and recovery is a comparatively minor issue compared to the longer-term impacts of the fact that that the Iraq economy has been systematically distorted ever since the fall of the monarchy on July 14, 1958.

The military-led governments that followed until the rise of the Ba'ath focused on state-dominated industrial development. Agriculture has been systematically mismanaged in different way from some 70 years – shifting from food exports to major imports and leading to massive misused of water, low productivity and movement to urban areas. The focus on the state sector led to major barriers to private sector development in the 1960s.

Two years of "oil wealth at the end of the 1970s – because of the fall of the Shah – were followed by the invasion of Iran and eight years of war that effectively bankrupted Iraq by 1984, and led to dependence on loads from its neighbors that led Iraq to invade Kuwait in 1990 and suffer a catastrophic defeat in 1991. Years of sanctions and sharply distorted economic efforts followed from 1992 to 2003. Iraq then fought a civil war under de facto U.S. occupation from 2005-2011, underwent a massive new round of political instability from 2010 to 2015, and has been fighting ISIS since early 2014.

Equally serious challenge affect Iraq's civil sector. Iraq must now try to form a government that is honest, unified, and effective enough to meet the expectations of a still divided Iraqi people. It needs a government that can bring corruption down to function and popularly acceptable levels. It needs a government that can create an effective rule of law, bridge over sectarian and ethnic differences, manage post war recovery and reconstruction, and deal with an economy that needs truly massive reform after decade after decade of conflict, crisis, and mismanagement at the structural level. Less than 5% of Iraq's population has ever known even the limited level of stability that existed before Iraq invaded Iran in 1980.

The latter part of this analysis traces that massive economic impacts and challenges that Iraq now faces. The end result, however, is that it has one of the lowest per capita incomes in the Gulf, A grossly distorted economy at every level – for example, its agricultural sector is so inefficient that it employs some 30% of the work forces and contributed only 4.3% of the GDP, and its state owned enterprise are both some of the least productive and most over-paid and over-staffed in the developing world.

According to the World Bank, if its GDP is estimated in terms of modern dollar values in international prices, its population rose from 17.5 million in 1990 to 37.2 million in 2016.
However, its GDP - even in current dollars – shrank from 179.9 billion to 171.5 billion. Its GDP per capita by the Atlas method shrank – again in current dollars from $7,030 to $5,420 dollars.\(^5\) According to U.S. Census Bureau and Bureau of Labor Statistics estimates, a U.S. dollar in 1990 had a value 1.78 times higher than a U.S. dollar in 2016.\(^6\) That would make the GDP comparison from 320.2 billion to 171.5 billion (a drop of 46\%) and the GDP per capita estimate $12,513 to $5,420 dollars (a drop of 67\%).

**Massive Population Pressure and Two Decades of Future Youth Bulge Already Born**

At the same time, it must cope with the impact of massive population growth and demographic pressures. While virtually every aspect of the statistics on Iraq are uncertain, few would disagree that the estimates of the U.S. Census Bureau are broadly correct. Its International Data Base (IDB) estimates that Iraq's population has risen from a total of 5.2 million in 1950 to 10.4 million in 1973, 13.2 million in 1980, 19.7 million in 1990, 25.7 million in 2003, and 40.2 million in 2018. While any future estimates are uncertain, the IDB estimates that Iraq's total population will rise to 47.7 million in 2025, 59.3 million in 2035, and 76.5 million in 2050.\(^7\)

Iraq already faces major youth unemployment problems. Some estimates go as high as \%. The same U.S. Census Bureau estimates indicate, however, that Iraq has an extraordinary "youth bulge" of new job seekers to come. A total of 49.6\% of its population is in the 0 to 19 years of age group. This compares with an average of 25.5\% in the more developed countries. A total of 58.5\% of its population is in the 0 to 24 years of age group. This compares with an average of 34.7\% in the more developed countries.\(^8\) Much of this population – particularly women – has never had an effective education because of crisis and war – a major shift for what was once one of the best education populations in the developing world.

Moreover, there is a major "bow wave" problem in Iraqi demographics because there is no evidence of a major cut in population growth in the estimates from younger Iraqis. The age group from 0-4 years makes up 14.0\% of the population, the 5-9-year-old group makes up 12.9\%, the 10-14-year group some 12.1\%, 15-19 years 10.6\%, and 20-24 makes up 8.9\%. Iraq will be under intense future pressure from youth for at least the next two decades.\(^9\)

The U.S. has largely abandoned efforts to help Iraq develop and improve its governance since 2011, but Iraq's civil development raises equally important issues. Since late 2013, U.S. strategy in Iraq has focused on the threat from ISIS, Iranian influence and the internal divisions between Iraq's sectarian and ethnic factions. It has focused on fighting ISIS and rebuilding Iraq security forces. The Iraqi election, however, has highlighted the fact that the near defeat of ISIS has led Iraqis to focus on their own internal concerns, the economic problems they face, the poor performance of the government, the lack of national unity, and the corruption and self-seeking nature of much of Iraq's political leadership. Civil issues have become as important as security ones, and no policy or strategy towards Iraq that ignores its civil side, and emphasize security alone, can succeed.

This report addresses these issues in depth and has the following Table of Contents:

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The Unexpected Election Results

Long before the election, the Iraqi government and the U.S. knew that Iraq faced massive challenges in recovery and moving towards the kind of economic development that could meet popular expectations, unify Kurd and Arab, and minimize the tensions between Sunni and Shi‘ite. The U.S. government knew Iraq was in a deep national economic crisis, deeply divided, had a grossly inefficient overall structure of governance and state-owned industries, and was one of the...
most corrupt and incompetent governments in the world – with some of the World Bank's worst rankings for governance and rated the 11th most corrupt country in the world by Transparency International.

The U.S. felt, however, that Prime Minister Abadi and a number of senior Iraqi political officials from various factions could still lead the country, would keep a strong U.S. presence to deal with ISIS, would resist Iran and make some effort to move national unity and development forward. The U.S. also sharply underestimated how vulnerable Iraq's new electronic voting system was to fraud, and the extent to which threats, political, sectarian/ethnic/tribal and other pressures would be used to limited the vote and alter the outcome.

It took several weeks for it to become apparent that the electronic voting process had never been subject to proper security tests and what initially seemed to be problems largely limited to the Kirkuk area represented massive possible fraud that included the entire Kurdish region; several predominantly Sunni provinces; and a number of largely Shi’ite areas. By June 7th, however, it became all too clear that the electronic system was all too vulnerable and that massive fraud might have occurred.10

The initial investigations shown that the problems were so great that the 328 seat Iraqi parliament – a body not famed for admitting Iraq's massive and permeating level of corruption – voted on June 7, 2012 to demand a manual recount of all 11 million ballots, to fire the nine-person Independent High Elections Commission (IHEC), and canceled efforts to count the results from overseas voting and displaced voters in the mainly Sunni provinces of Anbar, Salahudin, Diyala and Nineveh: " The legislation stated that, "The Independent High Elections Commission shall commit to a manual recount in all voting centers in Iraq under the supervision of the Supreme Judicial Council and with the attendance of representatives from political groups and the United Nations." 11

The end result was to leave Abadi in office with full power as prime minister, but also make it extraordinarily difficult to know when, and if, a new government could be formed and then be credible – particularly when the formation of a new government required 165 seats required for an outright majority. At the same time, even what may well be partially rigged election still provides some important insights into Iraq's stability and U.S. strategic needs. There were a number of key election results which were clearly valid regardless of the level of fraud in determining the outcome by part and political leader.

Learning from a Failed Election: The People Want Civil Progress, and Less Corruption, Not a Victory Party

One key lesson was the difference between the actual priorities of the Iraqi people and those that Iraqis at many political and elite levels believed the people shared when they attempted to win votes. As was the case in 2010, the initial official outcome of the May 12, 2018 election was far from the one most analysts predicted. In 2010, an inconclusive outcome and near tie between two major factions triggered months of infighting. This only ended when Prime Minister Maliki managed to create a Shi’ite base for staying in power at the price of national unity, put loyalty to himself over creating effective Iraq forces, and abandoned any serious effort at effective governance – effectively creating the anger and power vacuum ISIS exploited to create its Caliphate.
Moreover, no one expected the level of popular anger that led to a major popular boycott of the 2018 election, and initial official results that indicated a drop from 62% to 44.5% participation. Polls did show that more Iraqis were seeking national unity, rather than making factional alignments, but they did not show how much Iraqis distrusted their existing political leaders and representatives – whether they boycotted the election or voted.

As was the case in Britain in 1945, and the U.S. in 1992, military "victory" did not seem to win the election in most areas aside from those most affected by the fighting in the West. The official results showed that Prime Minister Abadi did win Mosul province and the support of its Sunni voters for the victory against ISIS, but that the nation as a whole voted for change and for more effective and honest governance. If these results are taken at face value, polls – and many candidates – failed to predict just how deeply divided the outcome of the election would be, and that the lack of any clear winner with enough members to shape a ruling coalition.

As a result, many – included U.S. officials and policymakers – failed to predict how much support the bloc of candidates controlled by a leading Shi'ite cleric – Moqtada al-Sadr – would win by offering a new set of candidates, by calling for national unity and an end to corruption, and by demanding a government of technocrats that could both govern and govern honestly. Sadr ran on four issues that addressed Iraq's future rather than the victory in the fighting: creating a truly national government, stopping the selection of ministers to meet sectarian quotas, fighting corruption, and allowing independent technocrats to manage key government agencies. He also formed a coalition that went far beyond his own Shi'ite roots. He reached out to Sunni businessmen and technocrats and included the Iraqi Communist Party. In effect, he gave "national" a tangible meaning.

As of May 20th, with all the votes seemingly counted, Sadr's Sairoon (Moving Forward) party had won 54 seats in the 329-seat legislature – the largest number of any party although only 16% of the total. The Sadr of 2018 ran on very different grounds from the ones he had used in making political attacks on the U.S from 2003-2011. He had also split with Iran to the point where Iran said Sadr should not govern. Like the Ayatollah Ali-Sistani – Iraq's leading Shi'ite cleric – Sadr's party campaigned by calling for national unity, a strong independent Iraq, the elimination of corruption and a focus on selfish factional political advantage, and a pattern of development that would help all of Iraq's people – including the poor.

Even so, Sadr's apparent initial victory was of immediate subject of concern to the U.S. because he still opposed many aspects of the U.S. presence in Iraq, had led uprisings against U.S. troops and played the role of a Shi'ite demagogue in the past, and shifted back and forth in supporting Iran. The initial U.S. reaction was that no one could predict how much he had really changed.

Polls also did not predict that the Fatah bloc led by another Shi'ite figure – Hadi al-Amiri – would win 47 seats (14%) and take second place. Al Amiri's political gains presented even more direct problems for the U.S. than Sadr's. Al Amiri's coalition included Shi'ite militias that had helped defeat the Islamic State, but also had ties to Iran. Major General Qassem Soleimani, the commander of foreign operations for Iran's Revolutionary Guards, and who promptly began to lobby Al Amiri and other Iraqi leaders the moment the election was over. This would have present problems at the best of times, but U.S. rejection of JCPOA just before the election virtually ensured that Iran's reaction would be even more hostile.

Prime Minister Haider al-Abadi – the leader of the Nasr (Victory) Coalition party – was the centrist candidate that many--including the U.S.--had expected to be the winner. However, the initial
official results showed that al-Abadi gained only 42 seats and came in third. Mr. Abadi’s coalition was an alliance of politicians, businessmen and academics that was primarily Shi’ite, but included a significant number of Sunnis. It also had the support of many officers in the Iraqi security forces and was the only party to clearly be tied to keeping a U.S. security presence in the country. Abadi did not fall short of gaining a significant number of seats by the fractured standard of the 2018 election, but winning 12.8% of the seats was scarcely victory, especially when the election only attracted 44.5% of the voters.

**Fraud or Not, Elections Seem likely to Produce An Unstable Result with No Clear Winner**

Moreover, the initial election results seem valid in illustrating just how fractured and how unstable Iraqi coalitions and political parties really are. In spite of whatever level of fraud occurred, there were no real "winners," just some blocs that were larger than other blocs. Unlike the 2010 elections where two blocs dominated between were so close in strength that there was no clear outcome, there were at least seven blocs close enough to show that no faction dominated.

If one looks at the other leading coalitions, ex-Prime Minister Nouri al-Maliki’s State of Law Coalition was a distinct loser in that it only won 25 seats versus 92 in the 2010 election. Maliki suffered from the fact he had proved to be a corrupt and dismaly self-seeking failure after squeezing out his rival Ayad Allawi – but he still gained enough votes to have significant influence.

Other factions included Allawi's Al Wataniya Party (21 seats in 2010, 21 seats in 2018); Neuchervan Barazani's Kurdistan Democratic Party (25 seats in 2010, 25 seats in 2018); Ammar al-Hakim's National Wisdom Movement (29 seats in 2010, 19 seats in 2018); Kosrat Rasul Ali's Patriotic Union of Kurdistan (21 seats in 2010, 18 seats in 2018); and Usama al-Nujayfi's Decision Alliance (23 seats in 2010, 14 seats in 2018). Al-Hakim's new coalition was particularly important because he had left a key Shi’ite Islamist party, the Islamic Supreme Council of Iraq – which he had led since the death of his father, a leading cleric named Abdul Aziz al-Hakim – and he had also formed a new "non-Islamic national movement" called the National Wisdom Movement (al-Hikma).12

If one looks at the total number of seats by province and the nearly 7,000 candidates involved, it becomes clear why meaningful Iraqi political unity and governance became so difficult.

**Figure One: The Initial Official Election Results – Before Fraud Led to the Call for a Recount – Too Many Candidates Chasing Far Too few Seats**

<table>
<thead>
<tr>
<th>Province/Governorate</th>
<th>Seats</th>
<th>Candidates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anbar</td>
<td>15</td>
<td>383</td>
</tr>
<tr>
<td>Babil</td>
<td>17</td>
<td>338</td>
</tr>
<tr>
<td>Baghdad</td>
<td>69</td>
<td>1,985</td>
</tr>
<tr>
<td>Basra</td>
<td>25</td>
<td>522</td>
</tr>
<tr>
<td>Dohuk</td>
<td>11</td>
<td>115</td>
</tr>
<tr>
<td>Dhi Qar</td>
<td>19</td>
<td>279</td>
</tr>
<tr>
<td>Diyala</td>
<td>14</td>
<td>259</td>
</tr>
<tr>
<td>Erbil</td>
<td>15</td>
<td>173</td>
</tr>
<tr>
<td>Karbala</td>
<td>11</td>
<td>197</td>
</tr>
<tr>
<td>Kirkuk</td>
<td>12</td>
<td>291</td>
</tr>
<tr>
<td>Maysan</td>
<td>10</td>
<td>105</td>
</tr>
</tbody>
</table>
It is also important to put these various coalition and party lists in context because they may make governance just as difficult in the future. The Iraqi electorate is deeply fractured. A total of 27 different coalitions involving 143 parties registered successfully for the 2018 election. The divided coalitions and parties that win a larger number of seats all win only a small portion of seats, and so many candidates run in some lists that making effective choices is nearly impossible. Moreover, some seats are reserved for minorities, but the method of allocating seats tends to penalize really small parties.

Moreover, Iraqi elections do not really create a representative government. Voters must choose from provincial lists that effectively tend to favor national factional parties with ethnic and sectarian ties, rather than known candidates that represent a given constituency. Political instability pushes many candidates into trying to get what they can while they can, and strongly encourages corruption.

**The Uncertain Government to Come**

The 2018 election did have some highly positive impacts. It showed that both many Iraqis who did vote, and many who did not, were looking beyond the past fighting and factional divisions. Many of those who won seats did so because their party supported better governance, real efforts at unity, and progress towards recovery and development based on real-world development plans, functional efforts to reform governance and the economy, and honesty instead of gross corruption, cronyism, and factional gains.

The results also, however, presented some of the same problems that turned the outcome of the 2010 election into a nightmare. In theory, a new government should have been formed within 90 days of the announcement of the official results of the election, and potential prime ministers had 30 days to form a majority. The recount will now delay the entire process of trying to create a viable set of political blocs out of so diverse a set of "winners."

At the same time, succeeding in creating a new government strong and unified enough to actually take decisions and govern is even more critical now that the need to fight ISIS has lost most of its unifying effect. Iraq desperately needs strong political unity and leadership to deal with its security, governance, development, and corruption problems. The run up to the election made any effective leadership difficult at best, and Iraq cannot afford to wait indefinitely for a new government or be led by a coalition too weak and divided to act and that is driven by the interests of competing leaders and factions.

The fact that the two leading blocs in the initial election results had sharply opposing goals, and no experience in governance or in practical politics, raises one set of issues. The fact that no faction...
is large enough to claim a real popular mandate even among those Iraqis who actually voted makes thing worse.

Regardless of the outcome of the recount, these divisions raise major issues about what kind of coalition can be created, what political compromises will be involved, how soon (and if) a stable government can be put in place, how well that government can actually govern, whether the U.S. can stay in Iraq and play a meaningful role, and what Iran's future influence will be.

The best outcome based on the initial count would seem to have been be a Coalition where Sadr – who did not run himself for a seat and followed the Shi’ite tradition that leading clerics do not service in office – joins with Abadi and brings together enough nationalists and members committed to reform to actually govern.

It is true that many aspects of Sadr's past are not reassuring. Sadr's Sa'iroon coalition does, however, include a mix of different sects and ethnic groups – including the Iraqi Communist Party. His preliminary description of the election results, "reform is victorious and corruption is diminishing", and his announcements about possible alliances and coalitions have also been reassuring. He has clearly distanced himself from Iran and met with ambassadors from other Arab states – including Saudi Arabia – immediately after the election results became final.

Sadr had emphasized his desire for a government of experts and technocrats. He has also said that he is willing to form a coalition with nationalist parties like the National Wisdom Movement led by Ammar al-Hakim, the National Coalition headed by Ayad Allawi, the Eradaa (Will) Movement led by Hanan al-Fatlawi, the New Generation political platform led by young Kurdish businessman Shaswar Abdulwahid, the Kurdish Change bloc (Gorran) and the Decision Bloc led by former parliament speaker Osama al-Nujaifi. He has also named the Baya'riq al-Kheir (the banners of benevolence) bloc led by former defense minister Khaled al-Obeidi, the Victory Alliance led by Prime Minister Haidar al-Abadi, the Baghdad Coalition led by Mahmoud al-Mashhadani, the Kurdistan Democratic Party led by Masoud Barzani and the Competencies bloc led by Haitham al-Jubouri.

A number of reports indicate before the decision to hold a recount indicated that that Sadr had rejected an alliance with more sectarian, ethnic, and pro-Iranian factions like the Al-Fatah Alliance which is affiliated with the Popular Mobilization Militia, the Alliance of the State of the Law led by former Prime Minister Nouri al-Maliki and the Patriotic Union of Kurdistan that was once led by the late president Jalal Talabani. The Fatah alliance is particularly troublesome because it includes groups with links to the Hashd al-Shaabi (Popular Mobilization Forces) and Iran.

It was unclear that Abadi could govern effectively without Sadr's support, or that Sadr has a better potential leader to back. Iraq, however, has not done well in forming effective coalitions in the past. Even if Sadr, Abadi, and enough of Iraq's leading centrist political leaders do play the most positive possible role, however, this scarcely ensures the formation of a successful government. Other coalitions could be formed that could challenge any movement towards effective governance and present serious problems.

Moreover, bad or incapable governing coalitions were and are all too possible. At least one press report has stated that Maliki, Hadi Al-Amiri, Allawi, Salim al-Jabouri and the Iranian ambassador in Iraq had met four days before the election to discuss forming a bloc to create a majority cabinet that would not be sectarian or ethnic. There are no guarantees that Iraq will have a new government that the U.S. can work with or treat as a strategic partner. Similar reports indicate that
Major General Qassem Soleimani has been actively meeting with Iraqi political leaders and attempting to shape a strongly pro-Iranian coalition.

One disputed aspect of the election results highlights Iraq's "Kurdish problem." As an analysis by the Crisis Group notes, twelve seats were in play in Kirkuk, which has been a source of continuous tension between Kurd and Arab since at least the late 1960s (a thirteenth seat was a quota seat for the Christian minority). The local branch of Iraq's Independent High Electoral Commission (IHEC) reported on the evening of May 12th that the Patriotic Union of Kurdistan (PUK) had won half the seats, with the remainder divided evenly between the Iraqi Turkmen Front and the Kirkuk Arab Coalition. Both the Arab and Turkmen disputed this result and charged that PUK supporters had falsified the results. These are clear warnings that broad Iraqi support for a national identity in no way means that there are no longer important areas where both coalition building and the governments that follow will have to deal with serious ethnic and sectarian differences.

**Shaping a New U.S. Strategy**

The U.S. must now shape its strategy in Iraq around both these enduring lessons from election results, and what may be a long agonizing recount process and one that discredits the legitimacy of both the future government and elections in general. Disputes over fraud often lead to lasting anger, discredit those who do win office, and force the creation of coalition governments too divided to effectively govern.

Yet, regardless of these problems, the U.S. must try to find ways to fully defeat ISIS, and continue building up Iraq forces to create effective national internal, security forces. It must encourage Iraq to forge a coalition that emphasizes national unity and independence, that brings Sunni and Shi’ite and Arab and Kurd together, and show it can make real progress in meeting the Iraqi people's demand for effective governance and development. In doing so, the U.S. must seek to minimize any open confrontation with Iran while encouraging Iraq nationalism and independence, and forget much of the past in working with Iraq's emerging political factions.

Much will depend on how the U.S. approaches Sadr and the other potential Iraq coalition builders once the outcome of the recount process becomes clear. If the U.S. seeks to advance its own interests, create an Iraq tied to the United States, or focuses on narrow transactional approaches to burden sharing, it will almost certainly trigger a broadly hostile resistance from both the new nationalists that now seem to dominate Iraqi politics and from large portions of the rest of the Shi’ite majority. It will also renew all of the concerns that led figures like Sadr to resist the U.S. presence after 2003, and see the US as negative and self-seeking.

The alternative is for the U.S. to make it clear at every level that what it wants is a strong and independent Iraq that will have the capability to define itself and preserve internal stability, but not arm to threaten its neighbors, that will act as a buffer against Iran but not be hostile, and that will act as a major barrier to extremism. This, in many ways, is the course the U.S. is already pursuing and one that offers the U.S. major potential advantages over Iran.

Iran wants major strategic influence over its neighbors and the region. The U.S. does not need a military presence or base in Iraq. It needs a strong and independent Iraq that can defense its own sovereignty and act as a critical buffer the limits Iran's influence in the Arab world. Any strong, unified Iraq that can finish defeating ISIS and unite Iraq's key factions will meet that test. It will also help defuse tensions over the Kurdish with Turkey, help contain Syria, and help guard its other Arab neighbors.
If the U.S. makes it clear that their only reasons for staying in Iraq are to achieve short-term goals like ensuring the full defeat of ISIS and giving Iraq security forces all of the capabilities necessary to stand on their own, it may well be able to win the acceptance of figures like Sadr, and have the de facto strategic partner it needs to limit Iran's influence. It will also do as much as possible to meet President Trump's goal of reducing the U.S. presence in Iraq as soon as this can be done without risking the full defeat of ISIS, letting Iran fill the resulting power vacuum, or creating major new problems for Iraq security.

**Shaping a New Strategy: The Security Dimension**

Some priorities are also clear, regardless of the government that emerges from the election and recount process. Iraq needs security aid just as much as it needs civil unity and development. Iraq still needs substantial aid in building the kind of forces that can ensure that ISIS and other extremists remain defeated. It needs even more aid in creating the kind of military forces that can deter and defend against any threat from its neighbors.

**The Challenge Posed by Iran and Iraqi Factionalism**

The political challenges the U.S. forces in creating effective Iraqi forces are as serious as the military ones. Significant elements of these forces, and of Iraq's internal security forces, are subject to substantial Iranian influence particularly from Iran's al Quds Force led by Major General Qasem Soleimani. Iran's regular military and security forces also face a potential challenge from the Popular Mobilization Forces (PMFs) that various Shi’ite and Sunni groups created during the fighting with ISIS and from the long period of tension and occasional clashes between Iraqi government forces and Kurdish forces.

Both the Ayatollah (Al-Sayyid) Sistani and Sadr have supported Abadi’s call for the integration of the PMFs into the Iraqi government security forces, but other Shi'ite leaders have been more ambiguous, some Shi’ite PMFs have close ties to Iran, and Sunni PMFs will present a potential problem in terms of extremism or splits into hostile Sunni and Shi'ite PMF forces. Accordingly, integration of the PMFs will be at least as high a priority for the new government (and the U.S. part of the train and assist mission) as improving the quality of Iraqi government ground forces.

Kurdish forces like the Kurdish Pesh Merga present a different challenge, particularly given the disputed election in Kirkuk, the Kurdish referendum on independence, and the Kurdish Regional Government (KRG) versus central government struggles over oil. The development of these forces –and their integration into Iraqi government forces – may well depend on what degree of autonomy Iraq's Kurds are given political and economic level, and on some form of special zone or federalism.

The U.S. will have to actively compete for influence with Iran at every level, a problem compounded by competition with Russia over arms transfers and train and assist efforts. It will have to emphasize partnership over burden-sharing, and Iraqi independence and nationalism rather than links to the U.S. Its goal should be to find ways to create as many exchanges and common activities as possible, defuse tension and incidents, and find way to revive plans to integrate Kurdish forces into the Iraqi government forces that preserve some form of separate identify that will reassure the Kurds without encouraging separatism.
Building the Right Iraqi Forces

Iraq still has relatively small conventional military forces – both by past its own standards and in comparison, with the current forces of Iran and Iraq's Arab Gulf neighbors. The IISS Military Balance for 2018 (whose collection date lags up to a year behind the actual current force totals) lists total active regular military forces of 64,000 personnel (Army 54,000 Navy 3,000 Air 4,000, Air Defense 3,000).  

It also lists a nominal 145,000 paramilitary forces (Iraqi Federal Police 36,000, Border Enforcement 9,000, and popular militias (largely Shi’ite and divided between elements linked to the government and those with some ties to Iran). These Popular Mobilization Forces include the Kata’ib Sayyidal-Shuhada Brigade; Kata’ib Hizbullah; Badr Brigades; Peace Brigades and Imam Ali Battalions.

According to the IISS, Iraq's key conventional force elements include a wide range of different land and air units that have different elements, strength, and equipment:

Figure 2: An Order of Battle with Far Too Little Real Strength

- 2 special forces brigades
- 1 armored division (2 armored brigades, 2 mechanized brigades)
- 2 mechanized divisions (4 mechanized infantry brigades),
- 1 mechanized division (3 mechanized infantry brigades)
- 1 mechanized division (2 mechanized infantry brigades)
- 1 motorized division (1 mechanized infantry brigade, 3 motorized infantry brigades, 2 infantry brigades)
- 1 motorized division (2 motorized infantry brigades, 3 infantry brigades)
- 1 logistic brigade
- 1 infantry division (4 light infantry brigades),
- 1 infantry division (3 infantry brigades)
- 1 infantry division (2 infantry brigades)
- 1 infantry division (1 infantry brigade)
- 1 commando division (5 light infantry brigades)
- 1 F-16C/D fighter/ground attack squadron
- 1 Su-25/Su-25K/Su-25UBK Frogfoot ground attack squadron
- 1 L-159 attack/trainer squadron
- 1 CH-2000 Sama; SB7L-360 Seeker IS&R squadron
- 1 Cessna 208B; Cessna AC-208B IS&R squadron
- 1 Beech 350 King Air IS&R squadron

The Institute for the Study of War (ISW) has developed a far more detailed version of this order of battle as of late 2017. It adds details on special military units, higher commands, and internal security forces including the Counterterrorism Services, Presidential Brigades, Federal Police Divisions, Emergency Response Division, Border Guards, and Facilities Protection Division.
Iraq has built up a number of effective combat units within this full order of battle since 2014. However, some 60-70% of the total force mix remains low-to-moderate grade forces that have been focused on counter insurgency missions and fighting ISIS. Its order of battle includes far too many armored, mechanized, and motorized brigades that lack the modern heavy weapons necessary to defend Iraq against the conventional forces of neighbors like Iran.

Iraq also remains heavily dependent on outside air support to deal with the remnants of ISIS, and is not ready to engage outside air and missile forces. Even in late May, it still needed support from Combined Joint Task Force Operation Inherent Resolve to provide over 60 strikes a week, and closer to 100 engagements, to attack the remaining forces of ISIS.

**The Challenge of Popular Mobilization Forces**

Iraqi government forces, however, are only part of the story. The Kurdish Regional Government (KRG) has its own Kurdish Forces, and the major Kurdish parties have their own paramilitary elements – as do some of the Arab parties that competed in the May 2018 election. The ISIS invasion of Iraq in 2014 also led to the creation of a wide variety of Shi’ite and Sunni paramilitary forces – some loyal to the government, some loyal to themselves or a factional Shi’ite and Sunni Iraqi leaders, and some closely tied to Iran.

The same Institute for the Study of War study cited earlier provides a good order of battle of the Popular Mobilization Forces with links to Iran as of the end of 2017. The ISW also provides a key warning about the role such forces might play in the future:

Iranian-backed actors have compromised formal Iraqi security structures. Iraq’s Ministry of Interior (MoI) is led by a member of the Badr Organization, which Iran created in the 1980s. The MoI is augmenting ISF operations in Ninewa and Diyala Provinces. The predominantly-Shi’a Popular Mobilization Forces (PMF) have filled critical gaps left by thinning ISF in Baghdad, Kirkuk, and Salah al-Din Provinces in particular.

A spectrum of Iraqi groups comprises the PMF, including some loyal to Grand Ayatollah Ali al-Sistani, Iraqi clergy, Iraqi tribes, and Iranian actors. This wide spectrum of groups should not obscure the dangerous threat the PMF poses to Iraqi state institutions and U.S. interests. The PMF are a vector by which Iranian-backed proxies have compromised some of the ISF. The PMF are not guarantors of Iraqi state security because they challenge the Iraqi government’s monopoly on the use of force, even as they are nominally integrated into the state through complex structures.

The formal, nominal integration of the PMF into state-tolerated structures obfuscates rather than controls Iranian-backed powerbrokers. The Deputy Chairman of the Popular Mobilization Commission (PMC) that oversees the PMF, Abu Mahdi al-Muhandis, was designated by the U.S. Treasury as a terrorist in 2009. He is a dual Iranian-Iraqi citizen. He advised Iran’s Islamic Revolutionary Guards Corps (IRGC) – Quds Force Commander Qassim Suleimani, facilitated attacks against U.S. forces in 2007 and 2008 as the commander of the terrorist organization Kata’ib Hezbollah, and has been convicted by Kuwait of bombing Western embassies in that country in the 1980s. The official PMF spokesperson, Ahmad al-Asadi, overtly threatened U.S. forces in Iraq on August 14, 2017. An Iranian signature weapon, the Explosively Formed Penetrator (EFP), killed a U.S. soldier in Iraq less than two months later on October 1, 2017.

PMF units, including Kata’ib Hezbollah, the Badr Organization, Asa’ib Ahl-al-Haq, and Harakat al-Nujaba, conduct operations based on Iran’s priorities in both Iraq and Syria. They have occupied positions along both sides of the Iraq-Syria border to block anti-ISIS operations by U.S.-backed forces in eastern Syria. The PMF and the Iranian-directed forces have expanded their role in Iraq following the Iraqi Kurdistan independence referendum in September 2017. Iranian proxies and ISF launched military operations against Iraqi Kurdish forces in October 2017. They seized Kirkuk and surrounding security and economic infrastructure before advancing further north and forcing Iraqi Kurdish forces to retreat across Iraq’s disputed internal boundaries. Iranian proxies extended their control of terrain through this campaign against Iraqi Kurdistan and the campaign to recapture ISIS’ last urban holdings in western Anbar Province. Iran now has increased leverage...
over Iraq’s federal government and greater ability to coerce Iraqi Prime Minister Haider al-Abadi. Iranian proxy forces are positioned in increasing numbers along the Iraq-Syria border and poised to seize key border crossings as of November 2017. Iranian proxies are destabilizing Iraq, creating opportunities for jihadists, and positioning themselves to further disrupt the U.S. ability to operate against jihadists across the Iraq-Syria border. The effects of this destabilization will prevent the establishment of a stable and secure Iraqi state capable of defending its sovereignty and territorial integrity.

The PMC will likely endure as a permanent security institution in Iraq. The PMF’s elaborate command structure includes directorates that deliver meaningful combat support and combat service support to Iranian proxies. The PMF is, therefore, likely to constitute a permanent wing of Iranian-led forces within Iraq’s security apparatus, undermining Iraq’s monopoly on the use of force essential to its sovereignty. The U.S. should not accept the PMC as a component of the ISF, even if the Iraqi government does. The U.S. must constrain Iran by supporting Iraqi forces intelligently and robustly as operations to clear ISIS from Iraq’s cities conclude.

This assessment may provide to be somewhat pessimistic. Key Iraqi Shi’ite religious leaders like Sistani have called for the integration of the PMFs into the Iraqi government forces, and some Iraqi Shi’ite political leaders and parties that controlled elements of the PMFs appeared to distance themselves from Iran before the election. It is far too soon to be optimistic, however, and much will depend on U.S. capability to show the new government that it is seeking to build a strong independent Iraq, rather than any form of client state and shift the burden of regional security to Iraq.

**Areas of Progress**

At the same time, Operation Inherent Resolve's Joint Forces Land Component Command does report substantial ongoing progress in its train and assist efforts. On May 22, 2018, Italian Army Brigadier. Gen. Roberto Vannacci, the deputy commanding general for training, reported that more than 98,000 Army, Kurdish and tribal forces had been trained in basic combat skills in Taji, Bismayah, and in the Kurdish region. He also reported that the coalition had trained more than 36,000 personnel in demining operations and combat lifesaver training.

Some 25,000 additional police and border guard additional personnel had been trained in law enforcement and border security procedures in Western Baghdad, and more than 18,000 counterterrorism forces had been trained in the skills necessary to defeat the last remnant of ISIS and to identify and pursue rising threats to Iraqi stability.

In addition to training, the coalition had transferred equipment worth more than $2 billion. Seventeen Iraqi Army brigades had been provided with initial equipment sets, including personal equipment, small arms, ammunition, around 1,000 non-tactical vehicles and over 1,100 armored vehicles, including high-mobility multipurpose wheeled vehicles, mine-resistant ambush-protected vehicle, and Iraqi light- armored vehicle Badgers.

The coalition was also providing additional equipment to around 20 federal police and border guard force brigades, including provisioning more than 180 prefabricated, border guard and police presence infrastructure since the beginning of 2018, as well as more than 400 explosive detection and demining kits.

The coalition was training and equipping the Iraqi Air Force, providing flight training to its pilots, maintenance support for its fleet, and divestment of planes and equipment, "with the goal of developing an Air Force that is capable of sustaining its missions from providing training to its flight personnel to providing maintenance to its own planes."
Reports differed as to how many U.S. forces were still in Iraq and as to how they were assigned. In December 2017, reports indicated there were 5,200 U.S. troops in Iraq. By May 2018, some reports put the number at 5,500, while others went up to 7,000 – a total which may have included allied troops. While the US forces included some small forward combat elements with the Iraqi counterinsurgency forces, most were train and assist personnel affecting the overall growth and rebuilding of Iraq forces, and supported both counterterrorism efforts and national defense efforts.

The coalition also involved substantial allied efforts – which make it easier for Sadr ad Iraqi nationalists to accept a U.S. presence. Australian forces in Taji and Spanish forces in Bismayah were training ground troops in the Kurdish region and in Western Baghdad, Italian personnel were training army and police forces. German forces were providing training in the Kurdish region while Danish forces were leading the training in Al Asad Air Base.

**Iraq's Conventional Force Needs**

There are serious military and financial limits to how quickly Iraqi forces can move towards creating the kind of strong conventional capabilities needed to deter and defend against Iraq's neighbors. Looking at unclassified reporting on the current major equipment in Iraqi forces by the IISS, IHS Janes, and the reporting on outside arms sales, Iraq is about five years away from creating a fully operational mix of national defense forces. Many key procurements have not yet been announced, and it normally takes at least several years to fully integrate major new combat systems into a force structure, even with full train and assist support and if the country actually buys spares, maintenance and training equipment, and develops effective combat and service support capabilities.

If one looks in detail at the Iraqi force structure listed earlier, many of its weapons and equipment are aging and/or combat-worn equipment, although it does have a core of more modern U.S. and Russian systems:

**Figure 3: Awkward Mixes with Far Too Few Modern Weapons**

- Iraq's only heavy "modern" armor consisted of relatively new U.S. 100 M-1 and 168 older Russian T-72 main battle tanks, although more recent reports indicate that Iraq has taken delivery on 73 Russian T-90 main battle tanks, as part of an order of several hundred, and other reports indicate it may buy significant numbers of BMP-3s. Its 400 Akrep light AFVs are effective in the counterterrorism role, it is reported to be receiving more M-113s and BTR-4s, and many of its aging AFVs and APCs are still functional.

- Iraq has 1,085 major tube and MRL artillery weapons, according to the IISS, but only 72 are reported to be self-propelled and only 30 are relatively new U.S. M109s. Iraq does, however, have more assets than the IISS reports. For example, it used Russian TOS-1A 220mm 24-barrel multiple rocket launchers and thermobaric weapon mounted on the T-72 tank chassis during the fighting in Mosul. Reports also indicate that Iraq is considering the purchase of Russian the 152mm MSTA-S tracked self-propelled howitzer, the 2S31 Vena is a 120mm self-propelled mortar on a BMP-3 chassis, and 9K57 Uragan (220mm) and 9K58 Smerch (300mm) rocket launcher systems mounted on armored heavy trucks.

- It has 15 Mi-28 and 13 Mi-35 antitank helicopters and 10 Kiowa ISR helicopters, and some reports indicate these holdings are part of a total order of 43 Mi-35 (28) and Mi-28NE (15) attack helicopters.

- It does have a growing supply of modern army light weapons, anti-tank guided missiles, and UAVs.

- Its navy consists of 2 ex-U.S. River Hawk ocean patrol boats, 4 Italian coastal patrol boats, and 26 small patrol boats and rivercraft. It has no missiles, anti-submarine, or mine warfare capability.

- It is just beginning to rebuild its combat aircraft. It had only 60 combat capable planes by the IISS count as of mid-2017. Its only truly modern aircraft included 21 F-16IQ Block 52 Fighting Falcons as part of a total order of 34, although some reports indicate it may also buy Russian MiG-29M2 fighters. it also has 19 Su-
25/Su-25K/Su-25UBK anti-tank fighters, some new L-159 Czech armed trainers, and 16 ISR aircraft suited for counterinsurgency operations. (2 Cessna AC-208B; 2 SB7L-360 Seeker; and 6 Beech 350ER King Air).

- It has no medium or heavy surface-to-air missiles, although it does have short-range and point defense missiles: 24 96K6 Pantsir-S1, with up to 26 more in delivery (SA-22 Greyhound), M1097 Avenger; 9K338 Igla-S, SA-24 Grinch). Rumors surfaced in February 2018 that it might buy the S-300 or S-400 from Russia, and long-range Russian radars, over U.S. objections.

U.S. Arms Sales and Train and Assist Efforts

As is clear from the preceding list, the U.S. does not have a monopoly on selling weapons and military equipment to Iraq, and Iraq uses Russian and Iranian as well as U.S. train and assist advisors. However, the U.S. does have a lead in providing effective training, support, and combat integration in such a train and assist role. Iran's version of such efforts is tailored largely to low-level asymmetric warfare or direct infantry, artillery, and missile warfare, and Russian arms transfer support is not as developed as that of the U.S. Moreover, any major European and Russian arms transfers might still serve U.S. strategic interests to a large extent since the goal should be to rebuild effective Iraqi national forces as a regional buffer and effective counter-extremism force – not extend U.S. influence.

The U.S. has almost certainly already developed contingency plans with the Iraqi security forces to further modernize key elements of heavy conventional forces, although the details of such efforts – and the planned level of U.S. train and support capability are classified.

Recent reporting by the Defense Security Cooperation Agency does show, however, that Iraq made major arms purchases even after U.S. forces left in 2011. Iraq signed $1.8 billion worth of new FMS agreements in 2011, $1.5 billion in 2012, $2.4 billion in 2013, $2.6 billion in 2014, $971 million in 2015, and $385 million in 2016 – a pattern of recent decline driven by the high cost of Iraq's fight against ISIS and a new 50% cut in the price of petroleum and Iraq's import revenues in 2014 that nearly bankrupted the country.21

More recent reporting on individual major Iraqi sales requests to the U.S. shows that Iraq is now getting continuing U.S. support for such efforts, although Russia remains a major competitor and Iraq can easily turn to Russia as a cheaper substitute for the U.S.22

Figure 4: Major U.S. Arms Sales Since 2015


- **Government of Iraq – Equipment for Two Peshmerga Infantry Brigades and Two Support Artillery Battalions:** Apr. 19, 2017 - possible Foreign Military Sale to the Republic of Iraq for equipment for two Peshmerga infantry brigades and two support artillery battalions. The estimated cost is $295.6 million.

- **Republic of Iraq – Pilot and Maintenance Training, Contractor Logistical Support (CLS) for Trainer Aircraft, and Base Support:** Apr. 12, 2017 - possible Foreign Military Sale to the Republic of Iraq for pilot and maintenance training, contractor logistical support (CLS) for trainer aircraft, and base support. The estimated cost is $1.06 billion.

- **Republic of Iraq – AC-208 Aircraft:** Oct. 7, 2016 - possible Foreign Military Sale to Iraq for AC-208 aircraft and related equipment, training, and support. The estimated cost is $65.3 million.

- **The Government of Iraq-AC-208 Sustainment, Logistics, and Spares Support:** Jun 14, 2016 - possible Foreign Military Sale to the Government of Iraq for AC-208 sustainment, logistics, and spares support and
allow the Iraqi Air Force (IqAF) to continue to operate its fleet of eight C-208 light attack and Intelligence, Surveillance, and Reconnaissance (ISR) aircraft. The estimated cost is $181 million.


- **Iraq - F-16 Weapons, Munitions, Equipment, and Logistics Support**: Jan. 20, 2016 - possible Foreign Military Sale to Iraq for F-16 weapons, munitions, equipment, and logistics support. Iraq previously purchased thirty-six (36) F-16 aircraft. Iraq requires these additional weapons, munitions, and technical services to maintain the operational capabilities of its aircraft. This proposed sale enables Iraq to fully maintain and employ its aircraft and sustain pilot training to effectively protect Iraq from current and future threats. The estimated cost is $1.950 billion.


**U.S. Support for Iraq's War on Terrorism and Extremism**

Moreover, OSD Comptroller reports that the U.S. already committed to providing continuing train and assist activities for Iraq's internal security and counterinsurgency/terrorism forces as part of its FY2019 defense budget submission.

The supplemental materials on the OSD Comptroller website that explain the Overseas Contingency Operations (OCO) budget for the Iraqi portion of the U.S. train and equipment fund (CTEF) in FY2019 request $850 million for Iraq Train and Equip (T&E) activities to strengthen the security capabilities of a DoD partner, secure territory liberated from ISIS, and counter any future ISIS threats. The training, equipment, and operational support in this request will consolidate the gains achieved against ISIS and help prevent its reemergence. Additionally, this request includes funding in support of border security to improve the resilience of neighboring countries against the spread of ISIS.23

The other specific short-term goals for the FY2019 U.S. program to support Iraq are based on giving Iraq the capability to defeat future extremist threats; 24

The ISF require additional capabilities to secure key terrain of the five liberated provinces and their people, the western border with Syria, and critical infrastructure. These requirements consist of five border guard battalions, twenty provincial emergency response units, and six energy police battalions. For counterterrorism operations, the Iraqi Ministry of Defense’s ranger brigades will relieve the Counter Terrorism Service (CTS) from its current role as an elite-level infantry force, allowing the CTS to return to its primary role in warrant-based targeting. Critical capabilities to reset a counterterrorism force consist of three battalions of a ranger brigade, specialty training courses, and equipment for the CTS. Additionally, fiscal challenges may require Coalition assistance with sustainment and stipend support to ensure the integrity of the ISF and their ability to maintain operational capabilities.

Funds will also be provided to help develop Iraqi logistic and sustainment capabilities, create effective border guards, local emergency response police units, 24 counterterrorism service brigades, and a new ranger brigade.

Expanding this program to give Iraq effective land-air-sea self-defense capabilities against any threat from its neighbors would only require limited train and assist presence for a limited number of years. Iraq has the money to make its own major arms buys and would only need a defensive and deterrent mix of conventional forces. It has sufficient petroleum revenues to pay for such a
force, and avoiding the massive arms buys and waste of past years would both help it fund its civil recovery and development and reassure all of its neighbors – including Iran.

Such a program could fund the steady creation of a more effective modern peacetime army, air force, and navy at costs far smaller than the $19.3 billion it spent on military forces in 2017, at a peak time in the fighting in 2017 – and a cost equal to 10% of its entire GDP.

Barring the emergence of some new conflict, Iraq will only need a U.S. train and equip presence, rather than any major U.S. combat presence. Such an effort would take up to half a decade to properly implement, but spreading out the cost will reduce the burden on Iraq's budget, and the U.S. presence could become small enough to eliminate any concerns that the U.S. was creating a lasting base, reassure Iran and Iraq’s other neighbors about any aggressive intent, and make it clear that Iraqis, not the U.S., shaped the program.

**Limited Iraqi Resources: The Link Between the Civil and Military Dimension**

Iraq’s military and other security efforts, however, must not be made in ways that ignore their cost and impact on Iraq’s ability to recover, develop, and meet the expectations of its people. It is impossible to determine the exact size of Iraq’s security expenditures from its budget data – which are anything but comprehensive and transparent and do not reflect the cost of many elements of its arms imports, its PMFs and Kurdish forces. It is clear from a variety of sources, however, that Iraq has almost certainly been spending more on its fight with ISIS and efforts to rebuild its security forces than it can afford.

There is no agreement on any kind as to the level of Iraqi security spending, and the burden it places on the Iraqi economy, among unclassified sources. Most such sources seem to badly underestimate the costs and burden and ignore the special war fighting costs Iraq has had to pay since ISIS invaded in January 2014, although virtually all sources estimate spending levels far above the goal of 2% of GNP that NATO sets for its members. The CIA reports that Iraq only spent 5.35% of its GDP in 2015 and 3.63% in 2016 – the most recent years it reports – and does not give any figure for actual spending.25

Many other sources put the figure much lower. The SIPRI estimates for the same years – which is the source for many of the other estimates. SIPRI estimates that Iraqi spending in 2016 constant dollars totaled only $9.527 billion in 2015, $5,970 billion in 2016, and $7,284 billion in 2017. SIPRI puts the percentage of military spending at only 5.3% in 2015, 3.5% in 2016, and 3.9% in 2017.26 This implies that Iraq cut its spending during the peak period of its fighting with the ISIS and the start of its spending on major arms imports – a pattern that seems very unlikely.

SIPRI also notes, that these estimates are extremely uncertain, “The figure for Iraq for 2014 is an estimate based on the budget for Defense & Security, and is particularly uncertain due to the war with the Islamic State in Iraq and the Levant (ISIL) that broke out during 2014. The figures for Iraq do not include spending on the National Defense Council, the Office of the Chief of the Armed Forces or the Directorate of Disarmament and Integration of Militias, which totaled 308 and 314 billion dinars in 2011 and 2012 respectively. Spending for Iraq does not include paramilitary forces.” 27

The much higher estimates by the International Institute of Strategic Studies (IISS) seem most likely to be correct. The IISS *Military Balance* for 2018, which is normally the most reliable outside source of such estimates, puts Iraq’s military spending at $21.10 billion or 11.73% of its
GDP in 2015, at $16.98 billion or 9.89% of its GDP in 2016, and at $19.27 billion or 10.0% of its GDP in 2017. These figures seem to include all key arms imports, paramilitary, and other security forces.\textsuperscript{28}

The size of Iraq's arms imports also indicate that the IISS is more likely to be correct, and their sources also indicate the degree to which the U.S. faces a challenge in shaping the train and assist mission and Iraq's future force structure. NGO and media estimates of such data are notoriously unreliable, but the U.S. government issues an erratic series of official estimates of such transfers through the Congressional Research Service.

The most recent covers the period from 2008 to 2015. According to these estimates, Iraq placed $5.2 billion in new orders between 2008-2011 – the period before fighting with ISIS began. They included $3.8 billion with the U.S., $300 million with Russia, $500 million with major West European states, $400 million with the rest of Europe, and $200 million with other states. During only part of the fighting with ISIS – 2012-2015, Iraq placed $23.9 billion in new orders: They included $8.9 billion with the U.S., $8.3 billion with Russia, $800 million with China, $400 million with major West European states, $1.9 billion with the rest of Europe, and $3.6 billion with other states. Even allowing for the lags between order and delivery, which had to occur under urgent wartime conditions, Iraq had to spend far more of its GDP on security – either from its own revenues or outside aid – than the lower estimates of its total military spending indicate.\textsuperscript{29}

The data on actual deliveries reflect the same major trends. According to the CRS estimates, Iraq took delivery on only $3.72 billion in new orders between 2008-2011 – the period before fighting with ISIS began. However, during only part of the fighting with ISIS – 2012-2015, Iraq took delivery on $10.3 billion worth: They included $4.4 billion from the U.S, $3.7 billion from Russia, $500 million from China, and $400 million from with other states.\textsuperscript{30}

It is notable that SIPRI, the most respected NGO source of such data, only reports a total of $2.865 billion in arms deliveries for 2012-2015 – a figure far too low for the level military development and war fighting that Iraq was involved in.\textsuperscript{31}

Like the challenge posed by Iran's influence over Iraqi forces, and competition from Russian sales, these data are a warning against dealing with Iraqi in burden sharing or purely transactional terms. Iraq can turn to other sources for arms, training, and advice. The main goal for U.S. strategy should not be to make Iraq a strategic partner in the same sense as nations like Bahrain, Jordan, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE. It should rather be to build up Iraq as a strong and independent nation – a country that can maintain its security on its own terms without being seen as a threat by Iran or any of its neighbors.

**Shaping a New Strategy: The Civil Dimension**

These data on military spending and arms transfers also make a good transition to the civil dimension of U.S. strategy. As has been touched upon at the start of this analysis, there are good reasons why Iraqis placed so much emphasis on civil development and more honest and effective political leadership and governance. An analysis of Iraq's economy and governance make it clear that it faces critical challenge in recovering for the impact of war and crisis – not simply since 2003 or 2004, but back through at least 1980.

This need for civil development also provides a strong warning against giving security priority over the civil development that Iraqis voted for in the 2018 election, and efforts to push Iraq into further major force development efforts and arms buys before it has the necessary revenues. Iraq's
civil problems are so serious that the U.S. must give at least equal priority to supporting Iraq in the civil side of "nation building" – support that the election result show is the key priority of its voters and citizens. They make a decisive case for the U.S. to take the kind of action that will make it clear to all Iraqis that the U.S. is supporting Iraq in its development activities and providing foreign aid.

**Guesstimating the Level of Wartime Damage**

The sheer level of wartime damage that Iraq faces is the civil challenge that most of the international community focuses on today, and that challenge is all too real. Estimates differ sharply, but the World Bank issued a report in February 2018 that estimated what it would take just to recover from the fighting affecting the 16 most affected cities in the seven most damaged provinces if Iraq could somehow begin to act immediately with full funding, as a unified country, and without any further conflict, crisis, or corruption. The report was entitled *Iraq Reconstruction and Investment, Part 2, Damage and needs Assessment of the Affected Governorates*, and it estimated that Iraq would need a minimum of $88.2 billion – $22.9 billion immediately and $65.4 million over the next few years.\(^{32}\)

**Figure 5: Key Reconstruction and Recovery Needs**

The overall damages incurred in the seven directly affected governorates totals IQD 53.3 trillion (US$ 45.7 billion). By 2017, the cumulative real losses due to the conflict to non-oil GDP stood at IQD 124 trillion (US$ 107 billion), equivalent to 72 percent of the 2013 GDP and 142 percent of 2013 non-oil GDP, assuming the non-oil economy would have continued to grow at the pre-conflict rate of 8 percent.

Some highlighted sectors are Housing, and Cultural Heritage and Tourism, respectively displaying damages that amount to IQD 18.7 trillion (US$ 16 billion) and IQD 1 trillion (US$ 858 million). The Governance sector incurred damages amounting to IQD 868 billion (US$ 745 million). In addition to the total damage assessed in this report, Government of Iraq estimates that the security sector has suffered around IQD 15 trillion (approximately US$ 13 billion) in damages. This estimate, however, is not reflected in the total and needs in this assessment.

The most affected Social sectors are Education and Health, which endured substantial damage totaling IQD 2.8 trillion (US$ 2.4 billion) and IQD 2.7 trillion (US$ 2.3 billion), respectively. Industry and Commerce and Agriculture incurred most of the damage among the Productive sectors, with damages amounting IQD 6 trillion (US$ 5.1 billion) IQD 2.4 trillion (US$ 2.1 billion) respectively. Damages to Infrastructure sectors were the highest in the Power and Oil and Gas sectors, amounting to IQD 8.2 trillion (US$ 7 billion) and IQD 5 trillion (US$ 4.3 billion).

The overall reconstruction and recovery needs are estimated at IQD 104.3 trillion (US$ 88.2 billion), with IQD 27 trillion (US$ 22.9 billion) needed for the short term, and IQD 77.3 trillion (US$ 65.4 billion) needed for the medium term. IQD 20.6 trillion (US$ 17.4 billion) is needed for the recovery and reconstruction of the Housing sector alone. The estimated needs in the Cultural Heritage and Tourism sector amount to IQD 2 trillion (US$ 1.7 billion). The recovery and reconstruction of the Governance sector will require an estimated IQD 1.6 trillion (US$ 1.4 billion).

The Social sectors with the highest recovery needs are Social Protection, Employment, and Livelihoods, and Education, for which needs amount to IQD 7.5 trillion (US$ 6.4 billion) and IQD 5.4 trillion (US$ 4.6 billion), respectively. Industry and Commerce, and Finance and Markets display the highest recovery and reconstruction needs among the Productive sectors with IQD 12.5 trillion (US$ 10.6 billion) and IQD 10.9 trillion (US$ 9.3 billion) respectively. The needs in Infrastructure sectors are the highest in the Power, and Oil and Gas sector, amounting to IQD 10.8 trillion (US$ 9.1 billion) and IQD 8.5 trillion (US$ 7.2 billion), respectively.

The World Bank concluded that it would probably take some ten years and $100 billion to make up for damage the war had done to the Iraqi economy, but this assumed that such spending would
be, "augmented by deep structural reforms that strengthen governance and the provision of public services, improved macroeconomic and natural resource wealth management, stronger ability of the Iraqis to reach their potential, and work in productive jobs," that would lay "the foundations for lasting peace, justice, and opportunity for all."33

**The Limits of Iraq's Petrowealth**

One key problems that affects both Iraqi popular expectations, and outside willingness understanding of the challenges the Iraqi government faces and provide aid, is just how limited Iraq petroleum wealth really is. Part of this problem is the fact that Iraq has never had a period where it could focus on the stable modernization and development of its petroleum sector since it first invaded Iran in 1980 – a period of some 38 years. It has also lost much of the earlier expertise and management, planning, and development skills at every level of governance and within its petroleum sector. The results since 2003 have often been over-ambitious goals complicated by sectarian tension between the KRG and Central Government, and the desire to obtain additional revenues as fast as possible at the cost of real-world planning.

The reality is, however, that the population increases cite at the start of this analysis will limit Iraq's real world oil wealth even if it creates far more effective petroleum development plans in the future. Oil wealth is relative both in gross terms and in per capita terms – particularly because of the massive increases in Iraq's population cited earlier.

Estimate of petroleum export income differ sharply by source, but the estimates of the Iraq's gross petroleum income shown in **Figure Six** come from the U.S. Energy Information Agency (EIA) of the U.S. Department of Energy and seem broadly correct. They show all too clearly that Iraq may get 85%-93% of its total government revenues, and well over 80% of its export earnings, from petroleum exports, but its per capita export earnings can only be minor near to mid-term part of its actual per capita income.34 Iraq earns enough to have petroleum poverty, but any real wealth must come from outside the petroleum sector.

Iraq is a poor Arab Gulf state by any standard. If one uses the IMF estimates of per capita income measured in market terms in current world prices, Iraq's per capita income is only $5,600. To put this "wealth in perspective. Bahrain's GDP per capita is $25,550, Kuwait is $29,880, Oman is $19,930, Qatar is $66,200, Saudi Arabia is $22,650, and the UAE is $39,48). Iran is the one exception; its conflicts and economic mismanagement have reduced its per capita income to only $5,090. (The U.S. is $62,150, and advanced economies average $48,970).35

Iraq's oil "poverty" is even great if one uses the CIA World Factbook estimates of total GDP per capita that attempt to cost all economic activity at directly comparable, rather than real world prices. The CIA estimated $17,000 in 2017 in PPP. terms. This is one of the high possible ways to estimate Iraq per capita income, and it is still low by international standard. It also is scarcely driven by the recent portion of $1,400 to $1,600 that might come from petroleum.36 Moreover, if one looks at EIA estimates over the period since 1994, Iraq's per capita export earnings – measures in constant $2016 U.S dollars – peaked at $2,762 in 2012, and reached a low of $80.4 during the worst year of UN sanctions in 1994.37
Figure Six: Iraq’s Per Capita Oil Poverty

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Iraq’s Divided and Damaged Subeconomies

And, this raises issues that the U.S. the international community, and many Iraqi politicians have not addressed: Iraq's deep structural economic problems and the legacy of decades of crisis, and conflict, misgovernment and corruption –along with their impact on employment and valid job creation to meet Iraq's "youth bulge" with real careers rather than government payments. the deep divisions in its civil structure, and ones that the economic analysis and reform efforts of the UN, IMF, and World Bank are largely forced to ignore because of the institutional limits on the ability of international organizations to frankly address the internal weaknesses and divisions of given countries.

One key challenge is posed by the fact that Iraq's economy is deeply divided into subeconomies that must be brought together if Iraqi is to become a truly united country. These subeconomies have grown out of both the legacy of war and occupation since 2003, and Iraq's long earlier history of Sunni domination.

Modern Iraq was formed as a petrostate to meet British goals in providing oil supplies. It modernized slowly under the monarchy and was a largely Sunni dominated economy from the fall of the monarchy to the fall of Saddam Hussein in 2003. Major efforts at modernization did take place under Iraq's military leaders and Saddam Hussein, but Iraq became an economy shaped around the subsidy of Sunni areas in the West, Baghdad, and Kirkuk; neglect and chronic mismanagement of the agricultural sector and water; an extremely wasteful emphasis on government jobs and inefficient state-owned enterprises, and neglect of the private sector.

Iraq's economy was distorted by every major military coup following the fall of the monarchy, national bankruptcy because of the Iran-Iraq War from at least 1983 to 1988, the fighting coming out of the Iraqi invasion of Kuwait in 1990-1991, sanctions and crisis from 1992-2003, occupation and fighting against extremism from 2004-2011, and the war against ISIS from 2014 to the present. Most Iraqis have never known a “normal” period of economic stability and development.

The fighting, and ethnic and sectarian subdivisions since 1991 created subeconomies that include a largely petroleum and rural Shi’ite economy in its southeast. A largely Shi’ite single port in Basra. A Shi’ite shrine economy in Najaf and Karbala. A “post-war” Sunni reconstruction economy in the West from desert areas in the south to Mosul in the North. A Kurdish economy in the Kurdish security zone. A mixed but increasingly Shi’ite urban economy in Baghdad. A mixed but largely Shi’ite urban economy in most of the east north of Baghdad, and a disputed rural-petro Arab-Kurdish-Turkman economy around Kirkuk.

Unfortunately, far too much of the current analysis of Iraq's civil needs focuses on Iraq as if these subeconomies and deep ethnic and sectarian differences did not exist. However, no real world economic reform strategy, or effort to truly unite Iraq, can work that does not explicitly seek to establish equity among these sub economies, recognize their differences, and set goals that form a workable compromise that will meet their different expectations.

Putting Iraq's Civil Needs in Perspective

Iraq must also deal with the economic impact of being continuously involved in crisis or conflict since it invaded Iran in 1980. This is a period of 38 years in a country where the median age of Iraq's 39 million people is only 20, and most Iraqi have never known a period of prolonged peace or peaceful development. Some 70% of its people have been born since the start of the Iraq-Iraq
War, and Iraq's population was only 13.7 million in 1980 – a little more than one-third of what it is today.

Estimates differ sharply on how much conflict and crisis have affected even the simplest measures of wealth and per capita income. The World Bank, for example, estimates Iraq’s population grew by 2.1 times between 1990 (17.47 million to 37.2 million), but its GDP was only 95% of what it was in 1990 in current U.S. billions ($179.89 billion in 1990 versus $171.49 billion in 2016). In contrast, the CIA estimates that Iraq’s GNP was $192.7 billion in 2017 in official exchange rate terms, but was $660.7 billion in PPP terms – the latter creating a per capita income of $17,000. In theory, per capita income should be a way of tracing how well an economy meets the needs of most of its people. In practice, no estimates seem to agree even within the same institution. For example, one World Bank estimate indicates that Iraq’s GNI per capita increased from $7,340 in 1990 to $17,210 in current international PPP terms (2.3 times higher than 1990), but that it dropped from $7,030 in 1990 to $5,420 in 2016 using the Atlas method (a 23% cut).

Another World Bank estimate in the spring of 2018 indicated that Iraq’s GNP per capita dropped from $6,517 in 2014 to $4,533 in 2016 – largely because of a massive drop in oil prices and Iraq’s export revenues – before beginning to recover 2017. This is only one example of the lack of agreement on Iraq’s economic trends and status in even the simplest statistical terms.

**World Bank and CIA Assessments of Iraq’s Civil Programs**

Where estimates do not disagree is that the Iraqi economy is in deep trouble. For example, the World Bank addressed Iraq’s economy in depth in a report entitled *Iraq-Systematic Country Diagnostic* in 2017, and again in a report entitled *Iraq Economic Monitor: From War to Reconstruction and Economic Recovery* issued 2018. The *Iraq-Systematic Country Diagnostic* report is the earlier report, but provides a somewhat broader coverage of the Iraqi economy and important insights into some of the motives that shaped the outcome of the 2018 election.

The World Bank notes that the distribution of poverty has little to do with the presence of oil reserves and production.

Poverty and welfare are geographically differentiated as well, and conflict has led to more pronounced spatial differences not only in poverty rates but in the delivery of services. There are three levels of administration in Iraq – governorates, districts, and sub-districts. Each of Iraq’s 18 governorates is subdivided into districts (*qadhas*) and sub-districts (*nahiyas*).

For the purposes of this poverty analysis, the country can also be divided into five divisions consisting of groups of governorates with approximately equal population sizes – Kurdistan, North, Baghdad, Central, and South...The sub-districts with the highest poverty rate are in the Southern governorates, despite their oil wealth. On the other hand, the sub-districts with the highest number of poor people are in urban centers with many residents (World Bank, 2015b).

Access to and the quality of services, including water, electricity, education, and health, also vary widely across the country. These differences result in spatial differences in many human development indicators, including early marriage and motherhood, child stunting, and educational outcomes. The labor market is fragmented spatially as a result of violence and insecurity.

While people are able to move to nearby governorates in order to increase returns to their human capital, moving across the country is much more difficult. People with similar characteristics can thus have different welfare levels depending on where in Iraq they live (World Bank, 2014).

Other portions of the World Bank *Country Diagnostic* trace a complex pattern of issues which interact with all of the other divisions in Iraqi society and have been further complicated by the
impact of the fighting, Iraq's problems in job creation, decades of inadequate economic development and reform, and the massive cut in petroleum revenues since 2014:42

Persistent poverty is one of the symptoms of Iraq’s predicament. There has been no overall movement towards reductions in either poverty or income equality in Iraq since 2007; what gains were made in early years were lost to violence and conflict soon after. Certain groups, including IDPs, youths and girls and women, are particularly vulnerable in situations of conflict and poor governance. This chapter focuses on the evolution of poverty and inequality in Iraq and on some of the issues faced by excluded groups.

... Conflict combined with economic constraints in recent years have reversed the gains in poverty reduction that were attained between 2007 and 2012. Headcount poverty in Iraq had fallen to 18.9 percent by 2012... However, simulations suggest that this declining trend had been almost completely reversed by 2014, with headcount poverty estimated at 22.5 percent that year, close to the level recorded in 2007... These losses starkly illustrate how conflict and violence, as well as oil dependence, have increased poverty in Iraq. The significant regional differences in poverty dynamics and outcomes also reflect the differential impact of conflict and oil across Iraq and among its population.

...The modest declines in poverty in Iraq between 2007 and 2012 were driven by an increase in earnings among the employed rather than by an expansion in employment or by higher public transfers. In particular, as will be discussed in other parts of this report, economic growth was not associated with job creation in the private sector where the majority of the poor work. Moreover, the oil sector, which represents almost half of Iraq’s GDP and almost all its exports, accounts for only 1 percent of employment in the country, and growth in the sector does not directly create new jobs. Even in other sectors, job creation has not been sufficient to absorb the growing workforce. The exception is the public sector where oil revenues have enabled a significant expansion in jobs but where relatively few of the poor are employed.

... Estimates indicate that multidimensional poverty (MPI) in Iraq – poor health and education outcomes and limited access to essential services – is at 35 percent, which is higher than consumption poverty. Both the MPI and consumption poverty measures suggest similar spatial patterns in poverty, with Kurdistan enjoying the lowest levels of poverty on both indicators, whereas the South suffers from the highest MPI and consumption poverty rates... The gaps between the two indicators do suggest, however, that increases in consumption do not always go hand in hand with improved welfare in human development aspects. Of the various factors that contribute to the MPI, a lack of sanitation, inadequate electricity, and poor nutrition are among the most prevalent deprivations in the country. Moreover, the vast majority of households suffer multiple deprivations in human development, with 63 percent of households suffering from two or three simultaneous deprivations, while 11 percent experience four or more (World Bank, 2014).

... Poverty reduction has been spatially uneven across Iraq, with a more rapid decline in rural areas than in urban areas albeit from higher initial levels. Between 2007 and 2012, the poverty rate in rural areas dropped from a high of 39 percent to 30.7 percent. There was a smaller fall in absolute terms (2.2 percentage points) in urban areas but a significant one relative to the baseline (a 14 percent decline). The poverty gap was also somewhat smaller in rural areas than in urban areas in 2012, suggesting that not only did poverty fall in rural areas but that the depth of poverty did as well.

... Poverty also varies across governorates. Dividing the country into three main regions, Baghdad, Kurdistan, and Rest of Iraq, a significant share of each region’s population is in the bottom 40 percent of the income distribution. Although the poor constitute a smaller proportion of the population of Kurdistan, they make up a larger proportion in the Rest of Iraq. The decline in poverty between 2007 and 2012 was concentrated almost exclusively in the central and northern governorates.

The poverty rate in central governorates fell by 16 percentage points, while the rate in the northern governorates fell by nearly 9 percentage points. The change in other areas was modest. In Kurdistan, poverty levels were relatively low to start with at 4.3 percent, and poverty did not fall significantly in Baghdad, the most populous governorate in the country. In contrast to the overall improving trend nationally, in the southern governorates the poverty rate increased by 1.8 percentage points. Historically, poverty has been concentrated in the center and the south of the country.

... The twin crises – namely the oil price declines and the Daesh insurgency – are estimated to have erased the reduction in poverty achieved between 2007 and 2012, raising the poverty headcount to 22.5 percent in
2014 and pushing an additional 3 million people into poverty. Poverty headcount rates are estimated to have increased by 7.5 percentage points between the non-crisis (business as usual, BaU) scenario and the crisis scenario. The twin crises are also estimated to have increased the poverty gap (by 3 percentage points) as well as causing the severity of poverty for the country as a whole to grow by 1.3 percentage points.

A reduction in employment and in income underlies the rise in poverty. Non-employment (which includes both the inactive and the unemployed) seems to have increased by over 800,000 compared to the non-crisis level as a result of the collapse of oil prices and the massive displacement resulting from the Daesh insurgency.

Moreover, a shift of workers from more productive or higher earning jobs to less productive jobs with lower earnings (from the manufacturing and construction sector to the agriculture and services sectors) is estimated to have led to an average 20 percent decline in total household labor income in 2014 (or a 14 percent decline in total household income).

The magnitude of these effects is higher in Daesh-affected regions and Kurdistan than in others. For instance, total income is estimated to have been nearly halved in Daesh-affected areas. The increase in unemployment rates, combined with the reduction in both labor and non-labor income, translates into lower per capita consumption. Simulation results show a 10 percent reduction in average per capita consumption for Iraq as a whole. This is 4 percentage points lower than the estimated decline in total income, which seems reasonable given that households might have smoothed their consumption during difficult events and over time.

The World Bank Country Diagnostic also highlighted the impact of the war on those displaced by the fighting since 2014 as a key factor in creating what it calls the "new poor":

The per capita consumption of IDPs has shrunk by twice as much as that of the population at large. Per capita household consumption is estimated to have decreased by almost 22 percent as a result of the twin crises. The impact of the crises on total per capita income was even more severe (a reduction of 61.6 percent) assuming that households smoothed their consumption during the most difficult times. The reduction in consumption was driven mainly by a massive reduction in labor income of 62.5 percent as a consequence of job losses. The unemployment rate rose to 27 percent among this population, almost three times higher than the rate for the population as a whole.

... The lack of employment and the massive reduction in labor income reinforced by the loss of assets and services associated with having a proper dwelling implies a significant increase in the incidence of poverty among IDPs. Simulation results show that the headcount poverty rate for IDPs grew by 15 percentage points from 23 to 38 percent, twice the rate for the population as whole. In other words, 4 out of 10 internal displaced individuals became poor as a consequence of the crises. Additionally, the poverty gap and its severity also increased by 5 and 2 percentage points for this population...

Overall, IDPs account for half a million of the total number of people who fell into poverty as a consequence of the twin crises... This represents almost 20 percent of the increase in the total number of poor (2.8 million poor). However, this effect varies significantly among regions. In Kurdistan, IDPs accounted for 62 percent of the increase in the number of poor, whereas in the South they only accounted for 2 percent. That being said, not all IDPs have become poor as consequence of the twin crises. Poor IDPs only comprise 6 percent of the estimated total number of 8 million poor people in Iraq following the twin crises, and only one-third of them have fallen into poverty as consequence of the crises.

A large number of displaced people will not be able to return to their homes because of destruction or continuing conflict. In addition, there appear to be de facto restrictions on the movement of IDPs (for example, of Sunni Arabs into the KRI and Baghdad and on their return to liberated areas), which may affect their ability to access critical services.

It will be necessary to facilitate their integration within their host communities by eliminating unequal access to housing, employment, and basic services... Supporting housing reconstruction and repair in conflict-affected areas would strengthen social and political stability and enable IDPs to return to their original locations, as well as providing local employment opportunities and helping to develop local small- and medium-sized contractors. It would also spur demand in a number of complementary sectors, such as construction materials and related services...
The World Bank report also shows that Iraq's population growth has led to a "youth bulge" that creates a major economic challenge. The World Bank highlights the combined impact of population growth, economic mismanagement, and long periods of war on Iraq's youth:

... Over 3.4 million Iraqi youths are out of school, and fully 72 percent of women and 18 percent of men between the ages of 15 and 29 were neither in education nor in employment or training (UNDP, 2014). Among youths aged between 15 and 29 years old, 33.4 percent are illiterate or semi-illiterate, just one-third have completed primary school, 28 percent have finished middle or high school, and only 7 percent have completed post-secondary education.

Despite low enrollment and graduation rates, education is an important goal for Iraqi youths, but economic factors often prevent them from continuing their education. Youth unemployment is high at 34.6 percent, 57.7 percent for females and 30.8 percent for males. Young people are underrepresented in government jobs, while the weakness and stagnation of the private sector prevents it from being an engine of employment for Iraqi youths.

... Iraq’s young people suffer disproportionately from exclusion and poor prospects, and rebuilding the legitimacy of the state will depend upon the productive incorporation of this group into society and the economy. About 50 percent of Iraq’s population is under 19 years old. One-third of those between the ages of 15 and 29 are illiterate or only semi-illiterate...Rehabilitating schools in conflict areas, where one in five schools has closed, would help to encourage some of the 3.5 million children of school age who are currently not in school to return to the classroom.

Schools are the best place to provide psycho-emotional support to conflict-affected children and youths, and education can play a pivotal role in promoting resilience among conflict-affected populations and eventually social cohesion. For girls in particular, particularly those in conflict zones, school attendance can combat illiteracy and exclusion, which are the key underlying reasons for the high adolescent birth rates for Iraqi girls. In consultations with stakeholders during the preparation of this SCD, many emphasized the importance of rewriting the education curriculum to combat sectarianism, reduce conflict, and build support for the basic concepts of human rights and civic engagement.

... Iraq fails to provide jobs for the thousands of young people entering the work force each year. Between 2006 and 2014, Iraq’s rate of youth unemployment never dropped below 28 percent, despite economic growth that averaged 6.3 percent annually. The benefits of growth did not accrue to young adults. Youths are underrepresented in government jobs, and the private sector is too weak to create enough employment to absorb the younger generation of Iraqis. In the near term, implementing much-needed local investment programs would create jobs at the local level. Yet as has been noted in this report, local administrations find it very difficult to implement investment programs because of their limited capacity and the lack of reliable resource flows from the central government, among many other constraints. Therefore, it is essential to resolve these constraints to greater local investment, and one way to do this might be to explore the feasibility of devolving some spending authority not only to governorates but to the districts or municipalities as they are directly involved in delivering local services.

... A recent Arab Youth Survey (Burson-Marsteller, 2016) has highlighted the connection between youth unemployment and the potential for radicalization. Almost a quarter (24 percent) of surveyed youths listed the lack of jobs and other opportunities as the main reason for some youths joining Daesh...In countries such as Iraq where Daesh has a significant presence, young people have worse perceptions of the economy and of sectarian conflict...Militias and extremist groups may fill the void left by the government by offering marginalized youths a sense of identity and opportunities for upward socioeconomic mobility. Low incomes and unemployment reduce the opportunity costs of rebellion. Most Iraqi youths who have joined militias or Daesh have few economic prospects and have failed to complete primary or secondary education.

As reported by the Iraq Crisis Group (ICG), young militants typically worked in precarious labor conditions and earned no more than ID 25,000 per week (US$21.4), making it almost impossible to afford even basic rent at ID 200,000 (around US$180). In contrast, Daesh offers young combatants anywhere from US$400 to US$1,200 per month, in addition to the authority that youths gain within their communities. Youths joining extremist groups circumvent traditional community hierarchies and ascend to positions of power that would be unreachable for them in state institutions. Shia youths have also flocked to join militias for non-financial reasons following the fatwa issued by Iraq’s Shia spiritual leader, Ali al-Sistani, which summoned them to
volunteer in the defense of the country and their holy shrines. Therefore, while youths have an economic incentive to join sectarian or extremist groups, they also tend to find a sense of purpose as members of these organizations.

**Guesstimating Iraq's Civil and Economic Challenges Before the 2018 Election**

The IMF, World Bank, UN, and several NGOs made further efforts to address Iraq's combined wartime recovery and economic development challenges in 2018. In the process, they all made it clear that Iraq as a whole is currently in a state of economic crisis and badly needs technical help and advice to develop its entire economy.

Iraq's petroleum income does not make it wealthy. Even if one accepts the extremely high PPP estimates made by the CIA – which are more than three times higher than the World Bank’s estimates – Iraq's per capita income in 2017 was only $17,000 in PPP terms. This compares with an average per capita of over $54,000 for Iraq’s wealthier Arab Gulf neighbors. An even sharper disparity exists between Iraq's GDP and that of the other Gulf oil exporting states if one uses the more realistic figures provided by the World Bank. The World Bank estimates that Iraq's GDP per capita in current dollars was $6,305 in 2012, and $6,708 in 2013, but only averaged $5,219 in 2014-2017.45

The World Bank and IMF have found that Iraq has one of the worst industrial growth rates in the world, one of the worst unemployment rates, and as much as a quarter of its population may be below a low poverty line. Its government and state-owned enterprise sectors are grossly overstuffed, inefficient, corrupt, and unproductive.

The CIA summarized the state of Iraq's economy as follows in May 2018:46

> Iraq's largely state-run economy is dominated by the oil sector, which provides roughly 85% of government revenue and 80% of foreign exchange earnings, and is a major determinant of the economy's fortunes. Iraq's contracts with major oil companies have the potential to further expand oil exports and revenues, but Iraq will need to make significant upgrades to its oil processing, pipeline, and export infrastructure to enable these deals to reach their economic potential.

> Iraq is making slow progress enacting laws and developing the institutions needed to implement economic policy, and political reforms are still needed to assuage investors' concerns regarding the uncertain business climate. The Government of Iraq is eager to attract additional foreign direct investment, but it faces a number of obstacles, including a tenuous political system and concerns about security and societal stability. Rampant corruption, outdated infrastructure, insufficient essential services, skilled labor shortages, and antiquated commercial laws stifle investment and continue to constrain growth of private, nonoil sectors.

> Under the Iraqi constitution, some competencies relevant to the overall investment climate are either shared by the federal government and the regions or are devolved entirely to local governments. Investment in the IKR operates within the framework of the Kurdistan Region Investment Law (Law 4 of 2006) and the Kurdistan Board of Investment, which is designed to provide incentives to help economic development in areas under the authority of the KRG.

> Iraqi leaders remain hard-pressed to translate macroeconomic gains into an improved standard of living for the Iraqi populace. Unemployment remains a problem throughout the country despite a bloated public sector. Encouraging private enterprise through deregulation would make it easier for Iraqi citizens and foreign investors to start new businesses. Rooting out corruption and implementing reforms - such as restructuring banks and developing the private sector - would be important steps in this direction.

The World Bank summarized the impact of the recent fighting in its 2018 overview of the Iraq economy by saying that,47
The ISIS war and the protracted reduction in oil prices have resulted in a 21.6 percent contraction of the non-oil economy since 2014, and contributed to a sharp deterioration of fiscal and current accounts. Higher oil prices and better security in 2017 contributed to economic stability and a return to growth in the non-oil sector.

- The ISIS war and widespread insecurity have also caused the destruction of infrastructure and assets in ISIS-controlled areas, diverted resources away from productive investment, severely impacted private sector consumption and investment confidence, and increased poverty, vulnerability and unemployment. The poverty rate increased from 19.8 percent in 2012 to an estimated 22.5 percent in 2014. The unemployment rate is about twice as high in the governorates most affected by ISIS compared to the rest of the country (21.6 percent versus 11.2 percent).

- Because of increased oil production and exports, overall GDP growth remained positive in the 2015-2016 period but is estimated to have contracted by 0.8 percent in 2017 due to a 3.5 percent reduction in oil production to fulfill the OPEC+ agreement and further oil output reduction from areas that returned under the GOI’s control. At the end of 2017, the cumulative real losses due to the conflict stood at 72 percent of the 2013 GDP and 142 percent of the 2013 non-oil GDP. The improved security situation and initial reconstruction efforts have sustained non-oil growth at 4.4 percent in 2017. The pegged exchange rate and subdued demand have kept inflation low at around 0.1 percent in 2017.

As noted earlier, the World Bank also issued a report in spring of 2018 entitled *Iraq Economic Monitor From War to Reconstruction and Economic Recovery*. The report took a relatively positive stand on Iraq’s ability to recover, but it also listed many reasons why the Iraqi vote focused on domestic needs and development,48

The conflict with ISIS and widespread insecurity have created a major humanitarian and economic crisis. Since 2014, the war against ISIS claimed the lives of over 67,000 Iraqi civilians. The war has caused massive displacement, trauma, and rapid increase in poverty with the internal displacement of over three million people across Iraq. Recent estimates suggest that more than 8.7 million Iraqis (22.5 percent of the population) are currently considered in need of some form of humanitarian assistance. The conflict with ISIS and widespread insecurity have also caused the destruction of infrastructure and assets in ISIS-controlled areas, trade routes have been cut off or severely curtailed, and investor and consumer confidence has dwindled. Agricultural production has declined by 40 percent, undermining the country’s food sufficiency, and hundreds of thousands of people have been forced to migrate to urban areas for jobs and support. Hundreds of thousands of people, especially women and youth, have been brutalized by violence, and subjected to exploitation, harassment, and intimidation.

The recent Iraq Damage and Needs Assessment (DNA) on the seven directly affected governorates estimates the overall damages to be US$45.7 billion and reconstruction and recovery needs to total US$88.2 billion. Economic losses due to conflict have been enormous and failure to address reconstruction needs would further reduce people’s welfare. Iraq’s conflict, accompanied by an oil price shock, has caused a three-year recession of non-oil GDP. The impact of the oil price decline has considerably worsened the fiscal situation, the external sector, and the medium-term growth potential. By 2017, the cumulative real losses due to the conflict to non-oil GDP stood at ID124 trillion (US$ 107 billion), equivalent to 72 percent of the 2013 GDP and 142 percent of 2013 non-oil GDP, assuming the non-oil economy would have continued to grow at the pre-conflict rate of 8 percent.

Poverty has risen sharply. Poverty, which had seen a decline from 22.4 percent in 2007 to 18.9 percent in 2012, has risen sharply due to declining oil revenues and the war against ISIS. The poverty rate in 2014 was estimated at 22.5 percent for the whole country, pushing an additional three million people into poverty in 2015. The poverty rate doubled to 41.2 percent in ISIS-occupied areas, with a sharp increase in poverty levels in the Kurdistan Region of Iraq from 3.5 percent to 12.5 percent, due to the inflow of 1.4 million internally displaced persons (IDPs) and over 241,000 refugees from Syria. Women have been particularly affected by increased insecurity, which imposed restrictions on movement that affected access to education, health, and jobs.
Already in 2012, one fifth of the Iraqi population was spending less than the amount required to meet their minimum nutritional requirements and cover their basic nonfood needs. Jobs were not providing a pathway out of poverty as 70 percent of the poor are in households with employed heads. The country has one of the lowest employment-to-population ratios in the region, even among men, and the 2014 crisis has led to an estimated reduction in employment by 800,000 jobs.

The Public Distribution System (PDS) suffers from severe inefficiencies but remains the primary safety net for the poor. The GoI is implementing an ambitious reform to improve targeting of social spending, following the introduction of a proxy means testing (PMT) system to identify the poor. The GoI committed to adopt a unified database of eligible households based on the PMT system across all different social protection schemes.

While defeating ISIS marks a positive step, Iraq continues to face many political and sectarian challenges. Political and social tensions remain along ethnic and sectarian lines. The federal government periodically faces large popular protests, organized by political factions, against corruption and poor service delivery. Over the last 24 months, the government has faced several demonstrations, the last one in early February 2018, and some turned violent in Baghdad.

Despite military success, the Federal Government faces political tensions. Since September 2016, the Prime Minister is acting Minister of Finance after the minister was removed from office due to a vote of no-confidence in the Iraqi Parliament and no consensus has emerged on a replacement. The next federal parliamentary election and the overdue provincial elections have been set for May 12, 2018.

Political trust between Baghdad and Erbil remains low. The Kurdistan Regional Government (KRG) held a referendum on independence on September 25, 2017, which was considered illegitimate by the Federal Government. Since mid-October 2017, the Federal Government has quickly re-gained control of all disputed areas between the Federal Government and KRG, including Kirkuk, an oil reach area. As a result, KRG has lost half of its oil revenue. The federal budget proposes to reduce transfers to KRG from ID12 trillion in 2017 to ID6.7 trillion in 2018 and requires KRG to transfer the entirety of its remaining oil export receipts to the federal government. Disagreement on the budget has dominated political developments since early 2018.

The ISIS war and the protracted reduction in oil prices have resulted in a 21.6 percent contraction of the non-oil economy since 2014, with non-oil growth estimated to have returned to positive in 2017. Because of increased oil production and exports, overall GDP growth remained positive in the 2015–2016 period. But overall growth is estimated to have contracted by 0.8 percent in 2017 due to a 3.5 percent reduction in oil production, to comply with OPEC+ agreement to cut oil production until end-2018 and further reduction of oil production in the area of Kirkuk in the last quarter of 2017, following the transfer of its control from KRG to the federal government. Nonoil growth has been negative since 2014, but improved security situation and the initial reconstruction effort is estimated to have sustained non-oil growth at 4.4 percent in 2017, driven by construction and services, and pick-up in private consumption and investments. The pegged exchange rate and subdued demand have kept inflation low around 0.1 percent in 2017.

The Full Need for Modernization and Reform

To put this analysis in further perspective, Iraq's economy has become grossly over-dependent on petroleum exports. The World Bank estimated in 2018 that such revenues make up over 66 percent of GDP, more than 90 percent of central government revenue, and 98 percent of the country’s exports. It also calculated the recent risks in such dependence: "Iraq’s oil export prices fell from US$ 96.5 per barrel in 2014 to US$ 35.5 in 2016, causing oil revenue to fall by 52 percent in two years, despite a 48 percent production increase. With no other relevant source of revenue, GoI’s overall budget deficit increased to 13.8 percent of GDP in 2016. During this period the GoI has reduced primary expenditure by almost 23 percent in real terms, equivalent to a reduction of the non-oil primary expenditure by 10 percentage points of non-oil GDP..."49

Iraq has modernized some key sectors of its economy despite being in a nearly continuous state of conflict and/or crisis since Saddam Hussein invaded Iran in 1980. Its construction industry is still relatively capable – at least in the Baghdad area and the East. In broad terms, however, it has never
demonstrated the ability to formulate effective overall economic development plans, and its efforts have been crippled by unrealistic goals, ideological elements, corruption and poor management, and a failure to find a proper balance between ethnic, sectarian, and regional interests.

Key issues include:

**Figure 7: Key Additional Areas for Economic Modernization and Reform**

- Limiting Kurdish development and favoring Sunni areas in the West and Baghdad through the fall of Saddam in 2003 – followed by favoring Shi'ite areas, fighting in Sunni areas, and ethnic struggles between Kurd and Arab.
- State misuse of petroleum revenues by power elites, and funding operating expenditures, state industries, and state mismanagement of agricultural resources at the expense of development.
- Creating a grossly over-sized structure of governance and especially a state owned enterprise sector with low productivity, many unneeded jobs, and grossly inflated wages.
- The impact of war and ethnic and sectarian differences on petroleum development coupled to uncertain and change plans and goals.
- Focusing on short-term employment, rather than successful development.
- Periods of long neglect of the need for agricultural reform coupled to periods excessive state interference and control designed to increase immediate production. A critical factor in an economy where the world Bank estimates that agriculture employs 30% of the work forces but only accounts for 4.3% of the economy.
- Major serious state barriers to the effective growth of the private sector.
- Failure to deal with increasing water and infrastructure problems from 1980 onwards, including major shortages in electricity supply.
- Failure to explicitly address sectarian and ethnic concerns, and the priorities and needs of given governorates versus focusing on broad and abstract national goals.
- Failure to set realistic time frames, and focus on proper management of implementation, financial controls, and practical measures of effectiveness.
- Failure to plan realistically for the impact of population growth, the "youth bulge," shift to urbanization, and the need to modernize the agricultural sector by reducing the number for small farms and farmer and providing modern equipment and suitable capital investment.

It is important to note that far too many Iraqis now work at low paid duplicative jobs with little or no additional productive output in the services sector as well as state owned enterprises and government. Iraqi cannot succeed by creating jobs, it must succeed by creating productive ones. Moreover, the failure to make agricultural sector more productive over decades became far worse when sanctions led Saddam Hussein to introduce radical new levels of state control over financing, crop choice, fertilizers and insecticides – problems that have been made much worse by war in the six governorates most affected. The World Bank notes that,\(^50\)

*Agriculture* represented only 4.3 percent of the economy in 2013 and the largest source of employment (30 percent), including for the poor and women. It has however been hurt enormously during the conflict. Its value added dropped by 2 percent in 2014 and 49 percent in 2015, mainly because of conflict, and that includes output loss during conflict that resulted in depletion of farmers’ working capital, damages to fixed assets such as machineries and greenhouses, as well as livestock assets. Only 20 percent of farmers had access to irrigation by early 2017 compared to about 65 percent before the conflict. Also inputs such as fertilizers, pesticides, and seeds were lacking as a result of damage to transport routes and infrastructure. For instance, the Regional Food Security Analysis Network Country (RFSAN 2016) reported that Iraqi agricultural production capacity has dropped by about 40 percent following the conflict. The loss of livestock reached up to 95 percent in some areas.
The end result has been to make Iraq far more dependent on food imports from Iran and Turkey than it should be, make it almost impossible to properly capitalize agriculture, and further increase the demand for jobs outside the agricultural sector.

**Governance and Corruption**

Finally, the U.S. must do what it can to encourage of effective and honest government. It cannot challenge Iraqi leaders directly, and outside efforts to force other governments and political systems corruption have been unsuccessful almost regardless of where and how they have been attempted. Nevertheless, the U.S. and outside powers cannot ignore why Transparency International has ranked Iraq the 11th most corrupt country in the world, and summarizes its problems as follows:

Since the overthrow of Saddam Hussein’s regime, Iraq has faced significant corruption challenges. The country continues to score among the worst countries on corruption and governance indicators. Corruption risks are exacerbated by the historical legacy of the previous authoritarian regime, lack of experience in the public administration, weak capacity to absorb the influx of aid money, sectarian issues and lack of political will for anti-corruption efforts. While Iraq has introduced a number of anti-corruption initiatives, these fail to provide a sufficiently strong integrity framework. Political interference, lack of political will, a weak civil society, a confusing penal code, and a lack of resources limit the effectiveness of anti-corruption measures. Corruption in the military and security services and oil smuggling has contributed to the major security challenge that the country now faces with the militant group ISIS.

There are equally good reasons why the World Bank’s governance rankings are so low. Government careers have been highly unstable since 1984, and were subject to massive turnovers after 2003. Getting what one could while one could became a matter of practical survival in many areas, and the top down financing of a petroleum economy and the uncertainties of war made financial controls hard and corruption easy. The conditions that created a given plan or reform effort rarely lasted even a year, and favoritism, cronyism, and favoring the leader of the day became key paths to keeping a position.

U.S. and other outside efforts to encourage reform and fight corruption lacked depth and consistency, and U.S.-influenced effort to reform the rule of law from the top down did far more to break the existing system than create a more effective replacement.
Figure 7: The Need to Fight Poor Governance and Corruption

These problems in governance and corruption do not mean the U.S. should not provide foreign aid, although there is a good case for transparency and conditionality to ensure it will be used honestly and effectively. The U.S. economic aid request for FY2019 is around $200 million. Raising this request to around $500 million to $1 billion might be a key political step in winning the trust of Iraq's new government.53

What Iraq needs far more, however, is U.S. assistance in organizing the support of a major national advisory effort from some neutral technocratic body like the World Bank that would focus on developing effective reform, reconstruction, and development plans, that would not be seen as the

**Limited Aid, Proper Outside Support, and a Shift to National Revenues**

The inner, thicker blue line shows the selected country's percentile rank on each of the six aggregate governance indicators. The outer, thinner red lines show the indicate margins of error.

proxy or tool of a foreign state, that could help coordinate and validate the use of aid from a variety of nations, and help ensure that money used effectively and without corruption.

Uncoordinated national and NGO aid efforts have often proved to have short-term value at best—or simply be a source of waste. The UN has failed in such missions in the past, and bodies like the IMF that focus on international payments and credit tend to set the wrong priorities for internal stability and equity. Equally important, Iraq needs some outside observer to help limit corruption, ensure efficiency, and act as a counterbalance to native political expediency and factionalism. Outside nations cannot assume this role without provoking a major struggle over which country gain national influence over Iraq.

Nations that do not help themselves, however, have also proven to be a consistent problem, and no one on the outside is going to fund the level of change Iraq needs. Fortunately, Iraq's core petroleum wealth should become enough to meet its needs after several years of initial progress and reform, but the U.S. could immediately play a key role in help Iraq get the international support it needs, both from a body like the World Bank and other states. Most important, it could show that its goal was Iraq strength and independence—not U.S. influence. This could play a key role in Iraqi acceptance of all forms of U.S. aid, and in moving Iraq towards more effective overall policies, governance, and development.

**Setting Overall Civil-Military Strategic Priorities**

The U.S. needs to be very careful to help Iraq achieve the right balance between improved security and civil development. The Iraqi election makes it clear that defeating ISIS has only raised the popular priority given to development and for a better civil life. The creation of effective conventional forces is not Iraq highest priority, nor can internal security be achieved by creating more effective internal security forces.

Iraq cannot continue to spend some 10-11% of its GDP on security forces. It needs to phase its military development in ways that allow it to provide both reconstruction in the war-damaged West and overall improvements in living standards. Perhaps the worst single strategy the U.S. could pursue is one that focuses on security and "burden sharing," rather than Iraq's civil needs and supporting its focus on national unity and development.

It is also the strategy most likely to lead to a direct confrontation or conflict with Iran. The U.S. cannot ignore the ambitions of Iranian hardliners, or the dangers posed by Iranian influence on Iraq's politics and security forces. It needs to help Iraq rebuild its defenses and ability to deter Iran, as well as secure its Kurdish regions, provide border defenses against Syria and the revival of extremism in the West.

At the same time, the U.S. needs to be careful to seek a proper balance between the size and pace of these security efforts and Iraq's higher priority for civil progress. Moreover, the U.S. needs to stop thinking of its competition with Iran for influence over Iraq purely in terms of a two person-zero-sum game. The U.S. should seek to make Iraq a major *buffer* against the ambitions of Iraq's hardline clerics and Islamic Revolutionary Guards.

But, the U.S. should also make it clear that it is not supporting any form of Iraqi offensive capabilities against Iran or seeking to make Iraq part of the ongoing arms race between Iran and Saudi Arabia and the UAE. It should make it clear that it favors civil economic ties and progress between the two countries, and the flow of Iranian Shi’ite pilgrims to Iraq.
Finding the right balance between seeking to make Iraq both a security buffer and a civil bridge will be challenging to say the least. At least for the present, the U.S. may have to limit its activities to helping Iraq improve its security while making it clear that it does not oppose civil ties and broadly encourage an end to sectarian tension between Sunni and Shi'ite. In the medium- and long-term, however, it is clear that it will be impossible to create real stability in Iraq, in relations with Iran, and in the Middle East without sharp reductions in the current level of sectarian tensions, anger, and extremism.

**Looking Beyond Iraq**

Finally, the U.S. must do more than focus on Iraq, and Iran's ties to Iraq, to develop a proper strategy. For far too long, the U.S. has approached Syria largely in terms of the threat posed by ISIS. In the process, it has progressively accepted an Assad victory, Russian influence over Syria, and the expansion of Iran's role in Syria and Lebanon – as well as in Iraq. The U.S. also faces growing tensions with Turkey over its support of Syrian and Iraqi Kurds as well as growing competition for influence with Russia.

U.S. efforts to increase the role that Saudi Arabia, the UAE, Jordan and the Gulf states play in Iraq have been constructive, but the outcome of the May 2018 election may radically change the character of such ties, as may the slow progress the Iraqi government has so far made in helping Sunni areas in the west recover from the fighting, and the lack of a fully integrated U.S. approach to both Iraq and Syria.

In short, the U.S. needs a regional strategy that looks beyond ISIS and war fighting as well as to modify many elements of its strategy in Iraq. Such a strategy must again address the civil elements of stability as well as the security ones. At present, however, it is unclear that the U.S. has any meaningful strategy that looks beyond ISIS, Iran, and a narrow self-seeking approach to burden sharing.

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4. For agriculture data, see World Bank, [https://search.yahoo.com/yhs/search?hspart=pty&hssimp=yhs-pty_maps&param2=c99eaf0d-c413-4e64-96fc-b5ba7e5db0da&param3=maps_100.2.2~US~appfocus84&param4=tt~Firefox~Iraq+Economic+Monitor+From+War+to+Reconstruction+and+Economic+Recovery+D41D8CD98F00B204E9800998ECF8427E&param1=20170915&p](https://search.yahoo.com/yhs/search?hspart=pty&hssimp=yhs-pty_maps&param2=c99eaf0d-c413-4e64-96fc-b5ba7e5db0da&param3=maps_100.2.2~US~appfocus84&param4=tt~Firefox~Iraq+Economic+Monitor+From+War+to+Reconstruction+and+Economic+Recovery+D41D8CD98F00B204E9800998ECF8427E&param1=20170915&p)


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