Kurdistan’s New Moment
After Defeating the Islamic State and Losing Kirkuk, What Comes Next for Iraq’s Kurdistan Region

By Daniel Benaim  December 2018
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Introduction and summary

One year after military victory over the Islamic State (IS) and a bitter Kurdish defeat in Kirkuk, Iraq, Iraqi Kurdistan is settling into a new moment of hard-won calm. Its two largest parties are poised to form a new regional government, and a newly formed central government in Baghdad presents opportunities for cooperation. Kurdistan Regional Government (KRG) leaders have sought to turn the page on bitter disputes with Baghdad and Washington over the Kurds’ referendum on independence.

To make the most of its new moment, the next KRG will need to embark on three resets:

• Internally, the next KRG must shift gears from existential struggles for survival and independence to focus on the near-term challenge of delivering better governance and economic opportunity for citizens.

• The next KRG should seize this window of opportunity to work constructively with Iraq’s incoming central government in Baghdad to advance cooperation on oil exports, revenue sharing, security cooperation, and the management of the disputed city of Kirkuk.

• The aftermath of Kurdistan’s independence referendum and loss of Kirkuk marked a crisis in relations with the United States that raised enduring questions for both sides. One year later, Washington and Irbil, the KRG capital, have a chance to articulate a forward-looking rationale and agenda for cooperation.

Even as the fight against IS dies down, the United States retains an enduring interest in helping the KRG succeed. The three most important ongoing U.S. projects in Iraq—counterterrorism, keeping a fragile peace, and competitive engagement to help Iraqis prevent Iranian domination—will each be less difficult with strong pro-American partners among Iraq’s Kurds. That will depend on whether Iraqi Kurds can tackle the three resets above. Success—however imperfect, however short of Kurds’ dreams of their own state—can still help prevent an IS resurgence or relapse into Iraqi civil war. It can deliver a greater measure of opportunity and governance to a restive young population. And
in so doing, it can provide a forward-looking sense of purpose to a partnership that otherwise risks drift and deterioration. Failure risks sowing the seeds of future conflict and upheaval for Iraqi Kurds who have come to know both far too well.

Such a U.S. agenda should include:

• **Early engagement and political support for the incoming KRG government.** This could include a visit to Washington and a memorandum of understanding defining political commitments on both sides.

• **Shift the focus of U.S. policy toward long-term challenges.** The United States should clearly signal that its priorities have shifted post-IS, and a top goal will be tangible progress on long-standing issues of governance and economic opportunity.

• **Press for agreements between Irbil and Baghdad.** The United States should encourage quick progress between the incoming KRG and its counterparts in Baghdad on issues including oil, revenues, customs, security cooperation, and Kirkuk. Showing they can deliver results could shore up the political position of pragmatic leaders on both sides.

• **As security sector assistance declines, emphasize reform and cooperation.** Current levels of U.S. support, paid for with funding for the anti-IS campaign, are unlikely to persist for long. Future support should be focused on sustaining counterterrorism capacity, reforming and professionalizing the peshmerga, and deepening cooperation with Iraqi Security Forces. A capable, well-organized, appropriately sized peshmerga can also help deter aggression by militia groups. An agreed-upon program for peshmerga reforms exists on paper, but convincing KRG leaders to make meaningful headway will take time and sustained political pressure.

• **Engage Kurdish society beyond its two ruling parties and security forces.** U.S. military engagement reinforces politico-military winners inside Kurdistan. U.S. officials should make a point to complement these important ongoing relationships with a deeper engagement in Kurdish society, including youth, political opposition, and business sectors in the hopes of more pluralistic politics in the future.
• Sustain humanitarian cooperation with the KRG on refugees, displaced people, and religious minority communities. The end of the military campaign should not obscure the fact that this work is in many ways just beginning and deserves continued U.S. support.

While America’s influence in the KRG and Iraq as a whole has diminished from the heights of the anti-IS campaign, U.S. policy will still affect the outcomes. The United States should use its influence to help Iraqi Kurds seize this moment to take difficult steps now that lay the groundwork for future peace, prosperity, and progress.
The current state of play in Iraqi Kurdistan

The KRG is re-emerging from a painful period when its aspirations for independence ran headlong into the coercive force of Baghdad and Tehran. In September 2017, the KRG conducted a controversial independence referendum against the wishes of Baghdad, its neighbors, and the United States. While the official tally had 92 percent of Iraqi Kurds voting in favor of Kurdish independence, Iraq’s central government—and later its Federal Supreme Court—declared the referendum unconstitutional.\(^1\) Weeks later, Iraqi Security Forces and Iranian-backed Shiite militias forcibly retook the disputed city of Kirkuk. Without this vital city and the revenue of its surrounding oilfields, Iraqi Kurds’ path to a state of their own was blocked. Slightly more than a year later, bitter disappointment persists, but Kurdish leaders have reckoned with their changed circumstances and made a strategic choice to work constructively with Iraq’s central government.\(^2\)\(^3\)

Internally, the KRG is in the midst of an uncertain transition—and its future capacity as a U.S. partner will depend on its success. A generation of leaders defined by a national liberation struggle is slowly giving way, and their successors are struggling to consolidate power. It will fall to this next generation to revamp an entrenched political and economic system that leaves many young Kurds disempowered and disillusioned. Electoral turnout is down amid widespread accusations of fraud.\(^4\) Half of all Kurds are 21 years old or younger.\(^5\) Twenty-nine percent of Iraqi Kurds ages 18–34 are unemployed, and many have lost hope of finding work absent connections to political or economic elites.\(^6\) The existential threat of IS and the exuberance around the ill-fated independence referendum held such trends in abeyance. Now, as one Kurdish leader put it, “there are no more excuses.”\(^7\)

To meet this new moment, America’s focus inside the KRG will need to evolve from intensive crisis response toward a more sustainable, proactive agenda to address longer-term challenges including governance, economic growth, and security sector reform. The next year offers an opportunity to pivot away from the mutual disappointments after the referendum to restore and update America’s partnership with Iraqi Kurds.
The rationale for U.S.-KRG engagement is shifting but remains compelling. Both sides today are reconsidering the nature and extent of their ties. The U.S. refusal to assist peshmerga forces routed from Kirkuk taught Iraqi Kurds a painful lesson about the limits of Washington’s support beyond the counterterrorism fight. The United States in turn saw the limits of Kurdish loyalty when leaders in Irbil ignored Washington’s pleas to delay the 2017 independence referendum and then opposed the U.S.-backed bloc in government formation. Meanwhile, events on the ground foreclosed the hope among some hawkish U.S. policymakers that an independent Kurdistan could serve as a forward operating position for military or intelligence operations against Iran.

Still, Iraqi Kurds remain among the most pro-American publics and political elites in the Middle East. Despite the lessons of Iran’s successful coercion in Kirkuk, there remains cause to hold out cautious hope that future U.S.-Irbil cooperation might find opportunities to shape Iraqi politics away from domination by militias or Iran. Deep and abiding U.S.-KRG security and intelligence ties provide a source of ballast to weather political differences past and future. Moreover, Iraqi Kurdistan, much like Iraq itself, remains at the forefront of at least three region-wide struggles that matter to U.S. interests:

- **Counterterrorism**: The fight against IS and its successors inside Iraq is ongoing and will likely persist and flare up again. U.S. counterterrorism partners will need support to maintain their capacity. The KRG’s peshmerga and intelligence services remain willing and able U.S. partners, with fewer political constraints and contingencies than the rest of Iraq.

- **Coexistence**: The KRG, and Iraq as a whole, remain at the epicenter of a region-wide struggle for different religions, sects, and ethnicities to live peacefully together. Continued U.S. cooperation with both sides can help prevent large-scale Arab-Kurdish conflict and help restore what remains of the small, IS-ravaged Yazidi, Christian, and other minority communities of the Nineveh plains. Iraqi Kurds also host 1.5 million refugees and displaced Iraqis, making them a key humanitarian partner.

- **Competition to prevent Iranian domination**: The loss of Kirkuk forced Iraqi Kurds to reckon with Iran’s growing power across post-IS Iraq. The KRG—like U.S. partners across the Middle East—is hedging its bets in the face of a shifting balance of power and uneven U.S. engagement. Iran is attempting to divide and dominate Iraq, hollow out its sovereign institutions, and empower militias. If the United States hopes to push back, it must engage and compete for influence, particularly with longtime U.S. partners such as the Kurds. The United States should help the KRG maintain a peshmerga force primarily to fight jihadist terrorists, but also to discourage aggression from Shiite-dominated militias and engage in local self-defense. Doing so without encouraging conflict between U.S.-backed forces will be challenging but essential.
The KRG’s role in rising to these challenges depends on its internal stability, which requires updating its political and economic order to respond to the needs of the next generation. Nearly two-thirds of the KRG’s population is younger than 30 years old. Lower oil prices and a growing population mean that they will not be able to look to oil-fueled government patronage as their parents did. Meanwhile, the KRG’s electoral institutions—like Iraq’s as a whole—reflect a struggle to deliver effective governance and accountability. Kurdish parties’ recent track record of peacefully sharing power represents an achievement worth building on, but that same continuity can block essential reforms and progress. In the years ahead, Iraqi Kurdistan could emerge as a flashpoint of conflict among its parties, with Baghdad, or with regional neighbors. If its leaders make tough choices now, however, the KRG could finally live up to its international reputation as an open, dynamic buffer against regional trends toward extremism, ethno-sectarian hatred, self-serving elite stagnation, and inevitable popular upheaval.
An end to four difficult years

Since 2014, the KRG has faced a cascade of crises:

- The terrorist army of IS threatened to overrun Kurdish cities and ravaged nearby communities.

- Oil prices collapsed, along with revenue-sharing arrangements with Iraq’s central government.

- Harsh blowback over a long-promised referendum on independence included the loss of the Kirkuk and its surrounding oilfields—both pillars of a future Kurdish state.

- Deadly clashes occurred with Iraqi Security Forces and militias in Iraq’s disputed territories.

- Baghdad, Iran, and Turkey put in place a regional economic embargo.

- A deep rupture in trust in U.S.-Kurdish relations occurred under a new U.S. president.

- Iraqi Kurds suffered through their most severe factional disputes in two decades and saw any near-term hopes of achieving statehood scuttled.

Kurdish leaders barely managed to stave off even worse outcomes including intra-Kurdish violence, political collapse, or outright war with Baghdad. Kurdish leaders expressed relief at a respite from what one KRG official called “a dark tunnel” and another described as “plodding through a shitstorm.”

This report draws on field research in Irbil and Sulaymaniyah in late October 2018, including the author’s interviews with senior Iraqi Kurdish political, security, and economic officials, business people, civil society leaders, and university students, to consider the choices confronting Iraqi Kurds and U.S. policymakers.
Major Kurdish parties have re-established their hold

Paradoxically, Kurds’ traumatic loss of Kirkuk to Iraq’s central government seems to have further entrenched the two main KRG parties, the Irbil-based Kurdistan Democratic Party (KDP) and the Sulaymaniyah-based Patriotic Union of Kurdistan (PUK). The two major parties—each transitioning from the larger-than-life leadership of an elder generation—can claim control over a region of Kurdistan, an extensive patronage base, businesses, media channels, and peshmerga paramilitary units that report to party leaders. In recent elections—whose results and turnout figures several Kurdish leaders disputed—the KDP won 45 seats in the KRG parliament, compared with just 21 seats for the PUK. Opposition parties failed to capitalize on economic discontent, with the Gorran Movement running a distant third with just 12 seats and the New Generation Movement and Coalition for Democracy and Justice even further behind.14

Background on the largest Kurdish political parties

The Kurdistan Democratic Party was founded in 1946. Current KDP leader Masoud Barzani took leadership in 1979 and resigned from the KRG presidency following an October 2017 independence referendum and the loss of Kurdish control of the contested city of Kirkuk. Other key figures include Nechirvan Barzani, nominated by the KDP to transition from prime minister to replace his uncle as the next KRG president; and Masrour Barzani, the KRG’s top security official, nominated to serve as the next KRG prime minister. In the October 2018 Kurdish parliamentary elections, the KDP won 45 of the 111 seats, making it the largest political party in Kurdistan. The KDP is geographically centered in Dohuk and Irbil provinces.

The Patriotic Union of Kurdistan, founded by former Iraqi President Jalal Talabani in 1975, won 21 seats in the most recent parliamentary elections. Even after the passing of President Talabani, also known as “Mam Jalal,” the Talabani family remains strong within the PUK. Jalal’s son Qubad Talabani serves as the KRG’s deputy prime minister and his other son, wife, and nephew are all key figures in PUK politics. Since the overthrow of former Iraqi President Saddam Hussein in 2003, a senior PUK member has typically served as the president of Iraq. President Talabani occupied the post from its inception in 2005 to 2014 and was succeeded by fellow PUK members Fuad Masum in 2014 and Barham Salih in 2018. KRG Vice President Kosrat Rasul Ali has served as acting head of the PUK since President Talabani’s death in 2017. The PUK is based in the province of Sulaymaniyah.

Iraqi Kurdistan’s two major parties, despite the setbacks they oversaw in late 2017, both appear to have consolidated their political positions. As one Kurdish scholar told the author of this report, the loss of Kirkuk actually creates a rally-around-the-flag effect: “You see Iraqi militias in Kirkuk and you cling to your Kurdism.”15 Meanwhile, the reform-minded Gorran party emerged from elections severely weakened, while the upstart New Generation Movement has yet to emerge as a potent political force.16 As one longtime observer noted, the shock of losing Kirkuk reduced Kurdish politics “to its elemental core.”17 With twice as many seats in Kurdish parliament as the PUK, the
KDP has a commanding position from which to form the next government. The KDP is set to accept the PUK inside the next government, but “on [KDP] terms”—meaning consistent with the allocation of seats rather than as equal partners. The KDP may also bring in the reformist Gorran party as a check on the PUK.

Beneath the calm, uncertainty over the future

It will take more than the swearing-in of a new Kurdistan Region parliament and government to address the deterioration of the region’s electoral institutions in recent years. Steps such as the disbanding of parliament, the extension of a KRG president’s electoral term, and the failure to share power with the reformist offshoot Gorran party exposed underlying weaknesses in Iraqi Kurdish democratic politics.19 Bitter, zero-sum competition between the KDP and PUK can stand in the way of political progress and creates openings for outside manipulation. Meanwhile, Kurds young and old, inside and outside the KRG’s elite bargain, described youths’ disengagement from politics and sense of disempowerment in the face of the consolidated political, economic, military, and media power wielded by the two major Iraqi Kurdish parties in the areas they control.20 Demonstrations over the past year were harshly repressed. One Kurd pointed out that the official voter turnout—which he considered artificially inflated—was roughly equal to the number of Kurds receiving government salary, suggesting a lack of support beyond direct patronage.21 Such vested interests make the kinds of reforms that would better serve citizens extremely difficult to carry to completion. As senior PUK official Mala Bakhtiar memorably downplayed the stakes of Kurdish elections, “Even if we win only one seat, we are the PUK. We are armed. Nobody can disarm us.”22

While party elites compete for power, the upcoming generation is the most educated Iraqi Kurdistan has ever seen. Ninety-three percent of 18-to-24-year-olds can read and write.23 In interviews with the author, Iraqi Kurds young and old described a young generation caught in the middle of major societal shifts that have yet to fully play out. Youths find themselves stuck between a public sector patronage system that is too overextended to provide them the security it gave their parents but formidable enough to crowd out independent private enterprise. And they are no longer sure of their role in previous generations’ storied struggle for national liberation but are struggling to find their place in entrenched Kurdish power structures and an as-yet-undefined political future inside Iraq.
The KRG is still unlikely to face the kind of rioting seen in Basra, Iraq, where clashes with security forces broke out due to widespread shortages of water and electricity. By contrast, Kurdistan’s close-knit societal context; the lack of a Kurdish equivalent to Shiite populist leader Muqtada al-Sadr ready to convert popular disaffection into political power; budgetary relief due as oil prices rebound from previous depths; money coming in from Baghdad; and significant gains in standards of living over the past two decades that reflect achievements of Kurdistan’s political system. However, an analysis focused only on elite jockeying and bargaining misses important societal dynamics that will shape Kurdish politics and stability in ways that merit watching.

The incoming KRG is signaling reforms

With dreams of independence on the backburner, figures such as KRG’s Prime Minister Nechirvan Barzani, who was nominated by KDP leadership to replace his uncle Masoud Barzani as KRG president, and Deputy Prime Minister Qubad Talabani make a compelling case that the major political project for the next KRG should be improving governance via reforms. Both have spoken of plans to streamline and professionalize Kurdistan’s oversized public sector, using biometrics and e-salaries to remove graft. Such reforms are necessary to keep the KRG solvent. By one official’s estimate, 70 percent of the KRG’s budget went to direct payments to citizens through salaries, subsidies, and other payments, crowding out both investments in infrastructure and private sector-led growth. Kurdistan’s debt, estimated at $17 billion last spring, may now be higher than its gross domestic product. It remains to be seen how and whether Masrour Barzani, who was recently nominated by the KDP to become KRG’s prime minister after serving as its security chancellor, takes ownership of these reforms in his new position. While streamlining spending will be painful, being branded a reformer may have political appeal. Deputy Prime Minister Talabani, who has spearheaded technocratic reform efforts, rode pledges of stability, services, and jobs—as well his prominent lineage as the son of Iraq’s first postwar president—to become the top individual vote-getter in recent KRG elections.

As economic crises abate, private sector growth remains elusive

One year ago, the KRG economy faced an embargo as Iraq’s central government worked with its neighbors to close airports and borders as punishment for the Kurds’ independence referendum. Meanwhile, a lack of oil revenue from Baghdad exacerbated a massive KRG debt load. Today, the embargo has been lifted, oil revenues are coming into KRG
coffers, Russia’s Rosneft has bought into the KRG’s oil industry, and an agreement has been reached between Erbil and Baghdad to boost exports. Kurdish business leaders report an uptick in real estate development and restarting of construction on other large investments shelved amid plunging oil prices and the war against IS.29

It remains an open question, however, whether the KRG can capitalize on its improved security and hoped-for reforms to attract investment and create private sector jobs. Multiple Kurdish officials interviewed spoke of their aspirations to jump-start job-intensive sectors rather than simply relying on fluctuating oil revenues and the government spending it allows.30 But the reality is that the KRG’s economy remains heavily dependent on spending from oil revenues—both directly from formal and informal KRG exports and indirectly via revenue payments from Iraq’s central government.31 An estimated 60 percent of Kurdistan’s economy comes directly from government spending.32

Several Kurdish officials mentioned reviving KRG agricultural produce, pointing to the Kurds’ lush farmland and past role as Iraq’s breadbasket before Saddam Hussein’s forced urbanization campaigns and the United Nations’ Oil-for-Food program decimated local farming.33 Challenges include the dumping of surplus fruits from neighboring Iran and Turkey, cumbersome land ownership regulations, and the need to encourage individual entrepreneurship after years of state-directed, monopolistic farming. If Kurds can figure out how to surmount the double taxation of payoffs required at militia checkpoints into the rest of Iraq, then Iraq’s 40-million-person domestic market could present opportunities. KRG officials also hope to attract Iraqi and eventually international tourists to Kurdistan’s religious shrines and mountains. Finally, working with Baghdad to create a functioning banking sector, as the KRG is now doing with U.S. support, would remove a major constraint to Kurdish inward investment and entrepreneurship.34

Skeptics—including those within Kurdish institutions—note that many powerful actors are invested in political and economic self-preservation, and their zero-sum competition risks swallowing reform efforts.35 The United States has the U.S. Agency for International Development (USAID) and State Department-led programs, which focus on service delivery and provide a great deal of humanitarian support.36 While additional funds are unlikely, the United States can and should use its bully pulpit as well as the technical expertise and advice available from the international community to assist KRG officials who demonstrate political will to modernize and reform their government. For example, the United States could invite the next KRG president, prime minister, and deputy prime minister to Washington to sign a memorandum of understanding that seeks to define the next phases of U.S.-Kurdish strategic partnership, with a special emphasis on delivering on the reform agenda proposed by the incoming government.37
Opportunities for cooperation with Baghdad

The incoming KRG government also has an opportunity to work with the incoming Iraqi government. The appointments of Iraqi President Barham Salih and Finance Minister Fuad Hussein give Kurds multiple champions within Iraq’s central government. But lingering partisan resentments over President Salih’s election show the Kurds’ challenge of overcoming divisions to speak with one voice in Baghdad. Kurdish and Iraqi leaders have now agreed to resume Kirkuk oil exports, which builds goodwill and creates additional funds to help Baghdad and Irbil reach terms on revenue sharing. During the year-long standoff between the Iraqi government and the KRG over halted oil exports, a net revenue loss estimated at $8 billion ensued. And on friendly recent visit by former KRG President Masoud Barzani to Baghdad, Iraq’s prime minister also expressed optimism that a deal to harmonize customs collections—removing another obstacle to commerce with the KRG—could soon be reached.

The next hurdle in a sequence of increasing difficulty would be security cooperation along the disputed boundaries between Kurdish peshmerga and Iraqi Security Forces, as well as Shiite militias that could spark further conflict. Iraqi military and militia forces are in a far stronger bargaining position on the ground than when past agreements were struck, but the basic problem remains that IS exploits fault lines in disputed areas between Kurdish peshmerga and Iraqi Security Forces. The U.S. military, which works closely with both sides, could assist in deconfliction measures or, should Baghdad’s line soften, joint patrols. Enhanced cooperation not only lowers the risks of inadvertent conflict, but it also denies IS operating space and could invest Baghdad in working to minimize the roles of Shiite militias in sensitive areas.

The most difficult point of cooperation of all will be Kirkuk. A comprehensive political solution envisioned by Article 140 of Iraq’s constitution remains out of reach. However, talks are reportedly already underway on more modest steps to restore local governance, including a Kurdish governor agreeable to all major stakeholders. Restoring security cooperation inside Kirkuk will be harder still, given recent skirmishes and the reported presence of both IS cells and Shiite militias. Kurds complained bitterly about reported their mistreatment inside Kirkuk. The PUK, traditionally the main Kurdish party in Kirkuk, may prove eager to reach an agreement with Baghdad to return to a political and security role inside the city. A short-term agreement on managing Kirkuk, even shorn of oil and revenue disputes, may prove out of reach, and elite Iraqi security forces and militias are unlikely to surrender their predominant role. But it is possible to envision a stabilizing formula that reinstalls a Kurdish governor and some KRG security forces that all sides could reluctantly accept.
Beyond these transactions, Kurds remain skeptical about leadership in Baghdad. They view incoming Prime Minister Adil Abdul-Mahdi as “the best guy for us.” But they also see him as deeply beholden to militia leader Hadi Al-Amiri and populist Muqtada al-Sadr. “Imagine,” one Kurdish leader ruefully joked, “an entire government dependent on Sadr’s mood!” Kurdish officials assessed that Abdul-Mahdi may have less than a year before al-Sadr—ever in search, like many Iraqi power brokers, of “power without accountability”—stirs up protests and ousts him. Nobody could articulate what would happen if such an event were to occur, and some expressed worry that al-Sadr’s departure would tilt the government toward Iran’s chosen partners.

A chance to reset U.S. ties

The aftermath of the independence referendum and the loss of Kirkuk will affect U.S.-KRG relations for years. Kurdish officials said they did not expect U.S. support for the referendum—and indeed some Kurds opposed it. But they were surprised by what they considered an overly harsh U.S. response in condemning the referendum and supporting Baghdad. Some KRG officials acknowledged regrets about the referendum, while others continued to defend it. For many Kurds, the loss of Kirkuk to Iraqi security forces and militias, while the United States remained on the sidelines, was personal. “We all cried” after losing Kirkuk, one KDP senior staffer confided.

Many KRG officials acknowledged that this was the wrong first step in their relationship with a highly impressionable U.S. president who has given wide latitude to other regional partners that he views favorably.

Today, both sides have questions about the future. Kurds described their frustrations when the United States “shunned” KDP leaders after the referendum, while Iran—despite its proxies killing Kurdish peshmerga around Kirkuk—showed up within days to seek political advantage. The KRG is looking at a diminished U.S. role in post-IS, post-Kirkuk Iraq, and many Kurds feel they need to “play the field” and seek closer ties with Turkey, Iran, and the very Iraqi militia leaders they fought in Kirkuk. Kurds described the Trump administration as “checked out” from Kurdish issues and from Iraq as a whole. That said, KRG leaders also expressed eagerness for deeper U.S. engagement and a better-defined understanding of where U.S.-KRG relations go from here.
For the United States, the best approach available is to bolster pragmatists and governing institutions in Irbil and Baghdad. Both cities feature a form of double government: They include “presentable” faces in formal leadership roles who have promised incremental reform and pragmatic cooperation, but they are strongly influenced by formidable backroom operators who work outside official structures. These actors include populist cleric al-Sadr; militia leader al-Amiri; and ex-KRG President Masoud Barzani. These figures tend to be more security-oriented; more focused on traditional political patronage; and more willing than those in official roles to create and exploit chaos. While America should engage across this political spectrum, ultimately U.S. interests lie in helping elected pragmatists shore up Iraq’s formal governing institutions, while Iran and others seek to undermine them. For the United States, finding a way to create leverage and instill urgency in reformers while also giving them the support they need to gain influence within their systems will prove a difficult balancing act.

Low-level fight against IS remnants continues

Kurdish security officials from both the PUK and KDP described an ongoing low-level fight against IS with U.S. military and intelligence support. Kurdish security officials described the group’s presence in Kurdistan as sleeper cells and holdouts that are “re-forming, reorganizing, moving.” Of special concern are the areas on the disputed fault lines between Baghdad- and KRG-controlled territory. One recent report, drawing on Kurdistan Region Security Council data, found a significant uptick in late 2018 in IS attacks, pointing to 90 IS-related “security incidents” in October 2018 alone in areas including Kirkuk, Mosul, Hawija, and Makhmour. The threat, however, has receded from the public’s priorities to the point that KRG officials not specifically tasked with security rarely raised it unprompted.

Peshmerga reform is necessary, but it will be difficult

One particularly vexing topic was the question of reforming the Kurdish peshmerga. KRG and U.S. officials estimated the KRG is currently paying 300,000 peshmerga fighters, which both sides recognize is unsustainably large but politically difficult to cut. Due to an ongoing debt crisis, Kurdistan had to appeal to Baghdad to provide an extra $30 million to cover peshmerga salaries for a month in 2018. The $21 million per month in salaries that the United States has been providing is likely to shrink soon as the United States focuses on elite Iraqi Counterterrorism Service (CTS) and a new Iraqi Ranger corps. The U.S. military currently works with the KRG’s Ministry of Peshmerga Affairs via joint brigades attempting to professionalize and depoliticize what have been partisan
militias loyal to individuals rather than a governmental chain of command. In fighting over Kirkuk, however, these joint brigades melted away into their constituent parts, reflecting a reality in which command and control remain partisan, diffuse, and personalized.\textsuperscript{57} Party-based militias, in Kurdistan and Iraq as a whole, have a corrosive effect on democracy by creating an uneven competition for political power in which some parties have guns and others do not.

The KRG, working with America and other coalition partners, has crafted a list of 35 key peshmerga reforms to streamline, better coordinate, and professionalize these forces, for which the KRG claims to have high-level political support.\textsuperscript{58} It will be important to test whether meaningful progress can be made. To exercise leverage even as its resources likely diminish, the United States should consider benchmarking future payments to further reforms. Kurds can demonstrate their political will by advancing intermediate steps such as removing “ghost soldiers” (i.e., salaries misdirected to nonfighters) from peshmerga payrolls; forging a unified KRG security strategy and pushing various power centers to honor it; reaching new agreements on coordination with Baghdad; and reforming the Ministry of Peshmerga Affairs to provide a cadre of nonpartisan staff to improve coordination even if ultimate command-and-control authority lies elsewhere.\textsuperscript{59} Both Congress and the Trump administration should make the case to KRG leaders that now is the time for such reforms to sustain U.S. investment in a leaner, more sustainable force.

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**From Irbil, cautious optimism over Nineveh Christians amid deep concerns**

Conversations with an Irbil-based Christian bishop, Christian civil society group, and a humanitarian group focused primarily on Yazidi women all painted a picture of incremental progress in restoring especially Christian-majority villages in the Nineveh plains—while underscoring the staggering multifaceted work ahead to help these communities re-emerge as viable.\textsuperscript{60} Concerns over security remain widespread and persistent. A patchwork of competing militias—including larger Shiite groups, as well as multiple local Shabak, Yazidi, and Christian groups with ties to Baghdad, Tehran, Irbil, Suliaymaniyah, or even Syrian Kurds—coexists uneasily in areas that Iraqi security forces and Kurdish peshmerga ostensibly control.\textsuperscript{61} But there do seem to be signs of incremental progress on the ground. Several Kurds were pleased to see U.S. assistance beginning to flow to Christian and Yazidi communities such as Bartela and Tal Iskof. Small grants have focused on de-mining, removing IS graffiti, and other small but meaningful projects. One religious leader suggested that 9,000 out of 13,000 displaced Nineveh plains Christian families in Irbil have returned home.\textsuperscript{62}
Asked whether this presented an excessive focus on one group at the expense of others, several Kurds said they were simply pleased to see resources entering Nineveh plains towns. Several Kurds suggested that Yazidi communities are having the hardest time of all because IS laid mines that now block their traditional subsistence farming; because of a lack of educational background and outside international funding enjoyed by Nineveh’s Christians; and because of the staggering psychosocial trauma they are experiencing as a result of IS’ genocidal abuses. Sinjar, a site in Iraqi Kurdistan of IS massacres in 2014, is an area of particular concern, alternately plagued and protected by a hodgepodge of Shiite, Kurdish, and Yazidi militias and damaging road blockages from Baghdad and Irbil.
Recommendations for the United States

As the United States moves on from its fight against IS, its resources and attention will inevitably shift. However, it is worth testing the premise that sustaining U.S. engagement—political, economic, and military—can have a stabilizing effect on Iraq as a whole and help Iraq’s Kurds in particular hang together as a viable, valuable U.S. partner. That will require showing up to help the KRG turn the corner from crisis response to tackling the long-term challenges facing the next generation.

Shore up pragmatic leadership, press for reforms, and shift focus of U.S. policy toward long-term challenges

In Irbil as well as Baghdad, incoming governments present a new moment of opportunity and risk. Leaders seeking to engage in pragmatic cooperation across ethnic, sectarian, and partisan divides need U.S. support against considerable pushback. The U.S. administration should invite the next Kurdish prime minister and deputy prime minister to Washington to restore U.S.-KRG ties and use the occasion to sign a memorandum of understanding articulating Kurdish leaders’ commitments to pursue governance, economic, and security sector reforms and reciprocal steps the United States can take to advise and assist.

While significant new funds are unlikely, the United States can use diplomatic leadership and high-level attention to signal that U.S. priorities have shifted to include governance and economic reform. This can include providing technical advice and U.S. support from international institutions and helping to attract international investment.
Press for agreements between Irbil and Baghdad

Both sides have a window of opportunity to forge ahead on oil exports, revenue sharing, security arrangements, and perhaps even governance and security inside Kirkuk. Building momentum quickly and locking in clearly defined commitments will be vital. The United States can help by pressing both sides and in crafting mutually agreeable solutions. Regarding security cooperation, the U.S. military remains the partner of choice for Iraqi Security Forces and peshmerga alike and will have a vital role to play in forging joint security arrangements.

Sustain security assistance at lower levels, but shift focus to sectoral reform and cooperation

The level of security aid has already dropped from $365 million in fiscal year 2018 to $290 million in FY 2019 budget, and it will likely fall further as the military campaign against IS recedes. In addition to sustaining the KRG’s counterterrorism capabilities, U.S. support should pivot from operational sustainment to begin implementing the reform measures that the KRG crafted with its international coalition partners. Helping the KRG create a more sustainably sized peshmerga force and a Ministry of Peshmerga Affairs with more professional elements, even if achieving a unified chain of command remains difficult, could lay the groundwork for future progress. In the meantime, an effective, organized peshmerga will remain an important counterterrorism partner and a local regional self-defense force to deter future militia encroachments. Intensive U.S. security coordination with both sides—and the leverage it brings—can prevent and defuse future flare-ups between Irbil and Baghdad.

Engage Kurdish society beyond its ruling parties and security forces.

U.S. military support enforces Kurdistan’s existing political-military power structure, in which the two major parties command significant militia forces. U.S. officials should make a point of not only engaging both ruling parties and encouraging them to cooperate but also engaging with smaller parties, students, and forces outside of politics. Although Kurdistan’s current reform push is more focused on governance than inclusiveness or democratic process, the United States should seek to create greater space for political competition and civil society in the hopes of future openings.
Sustain humanitarian cooperation with the KRG on refugees and support vulnerable populations

The anti-IS military campaign has died down, but large-scale humanitarian displacement persists—and could in fact worsen should new fighting break out in eastern Syria. The United States must sustain humanitarian support to displaced Iraqis and work with Baghdad and Irbil alike to create the conditions for voluntary returns. As USAID funds flow into Nineveh plains communities, such support must continue to prioritize not only Christian communities but also Yazidis and other religious minority and vulnerable groups in need of support.
Conclusion

Iraqi Kurdistan has survived a difficult period—from the bloody fight against IS on its doorstep to the heartbreak of seeing its people’s dream of statehood deferred. While its stakes today may be less immediately existential, Iraqi Kurdistan nonetheless faces its own inflection point. It can take difficult decisions or risk stagnating into another crisis. It can deliver jobs and more responsive governance or risk losing the trust of young people. It can heal its rifts and rivalries or allow itself to be divided and ruled. America still has an enduring stake in helping Iraqi Kurds find the right answers. For its part, America can act now to refocus and reinvigorate its storied ties with Iraqi Kurds or see its influence further erode and the odds of a future crisis implicating U.S. interests grow. Kurdistan remains the most pro-American part of Iraq and a key entry point to shape the country’s political and security choices. Preventing the resurgence of terrorist groups such as IS, preserving peaceful coexistence across ethno-sectarian fault lines, and helping Iraqis’ prevent Iranian domination can all be made easier through a strong partnership with Iraq’s Kurds. As America’s posture in Iraq and the Middle East as a whole changes after years of war, focused strategic investments of attention and resources can still pay meaningful dividends for U.S. influence and stability on the ground. One such investment should be helping Iraqi Kurds turn the corner from crisis response to overdue progress for its next generation.
About the author

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Acknowledgments

The author wishes to acknowledge the contributions of Center for American Progress colleagues Brian Katulis, Peter Juul, and Rebekah Burgweger as well as Bilal Wahab of the Washington Institute.
Endnotes


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