TASK FORCE REPORT

STATE-BUILDING IN IRAQI KURDISTAN

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Crises in the Middle East—ISIS, Syria’s civil war, the flood of refugees—consume the attention of policymakers. One area that deserves more analysis and attention is the incipient independence of Iraqi Kurdistan.

The collapse of the Iraqi army and the ease with which ISIS seized Sunni areas of Iraq is a wake-up call to observers and policymakers: a unified Iraq is no longer a reality. Policies must be adapted to reflect events on the ground. Yet, the international community clings to the idea of a unified Iraq. This view is most prominent in the United States, which has invested trillions of dollars and more than a decade of training, and suffered the loss of so many soldiers. The state structures envisioned by the secret Sykes-Picot Agreement of 1916 are falling apart. New thinking is required for stability in the region.

Iraqi Kurds have been building a de facto independent state since 1991. In the twelve years since the 2003 U.S.-led invasion, the Iraqi Kurds have sought to work with the central government in Baghdad. With Iraq’s collapse, they will no longer do so. We do not yet know how and when they will seek de jure independence, but it is not in the interests of the international community to block the legitimate aspirations of the Kurds for self-determination. Rather, the international community should work with the Kurdistan Regional Government, Baghdad, and the concerned countries to ensure that the process is consultative, democratic, responsible, and stable.

The Kurds are planning a referendum on independence, writing a new constitution, and building the institutions of an independent state; however, Kurdistan’s stalled economy, lack of access to international markets for its oil, cronyism, corruption, and governance challenges need to be addressed. No new state is ever fully ready for independence. This report offers recommendations to Iraqi Kurds so they may meet these challenges, prepare for independence, and earn the support of the international community in that process. It includes recommendations for state-building that would enhance stability through cooperation between Iraqi Kurdistan and the international community in the security, commercial, energy, and other sectors.

Iraqi Kurdistan’s march toward independence, even with careful consultation, risks destabilizing neighboring countries with Kurdish populations. The international community, too, will face challenges as Iraqi Kurds consolidate their state. Turkey, our NATO ally, Syria, Iran, Jordan, and Lebanon will all be affected by Iraq’s collapse and the emergence of an independent Kurdistan. The United States, the European Union, and Russia have major interests in the region as well. This report recommends that the international community recognize that Iraqi Kurdistan is, in fact, moving toward independence and take steps to ensure a smooth transition. We hope the report will spur further analysis, discussion, negotiations, and policy planning in Iraqi Kurdistan, Baghdad, concerned countries, and among experts.
I am grateful to Columbia University and David L. Phillips, Director of the Program on Peace-building and Human Rights at Columbia University’s Institute for the Study of Human Rights, for launching the project and inviting me to chair it. Members of the Task Force, including former U.S. officials, U.S. and European scholars, and activists, have many years of experience in Kurdish issues. The Task Force met regularly since April 2015 to discuss strategies, methodology, findings, and recommendations. I thank all members of the Task Force for their participation, time, and expertise.

The report also draws on meetings by Task Force members with Iraqi Kurds from the Kurdistan Regional Government and Kurdish civil society. We benefited from discussions with U.S. officials, Turkish officials, and others from the region. Members of the Task Force traveled to Iraqi Kurdistan and Ankara in May 2015 for interviews and field research. We are grateful to those who met with us and offered their time and expertise. We look forward to discussing the Task Force recommendations with them.

This report seeks to spur Iraqi Kurds, Baghdad, and the international community to make some difficult decisions. Done correctly, a democratic, prosperous, and stable Iraqi Kurdistan will advance the interests of the Kurds, Iraq, the region, and the broader international community. The way forward is described on these pages.

Nancy E. Soderberg
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Executive Summary

The international community still supports unity for Iraq. But reality on the ground is dramatically different: Iraq is unified in name only. Its potential fragmentation presents a major policy challenge. This report addresses one aspect of that challenge—the move by Iraqi Kurds toward independence. The international community does not yet support Iraqi Kurdistan’s independence, but it should not stand in the way of a sizeable and coherent national community expressing its right to self-determination. This report recommends measures to manage Iraqi Kurdistan’s current challenges and potential independence. Recommendations are offered to the Kurdistan Regional Government (KRG), the Government of Iraq (GOI), and other members of the international community. The most urgent recommendations are included in this summary.¹

Iraqi Kurdistan Today

Iraqi Kurdistan developed its economy and democratic institutions during the period of self-rule beginning in October 1991. Revenues from its oil sector were used to expand Iraqi Kurdistan’s infrastructure, support construction projects, and establish a number of universities. Iraqi Kurdistan developed good relations with Turkey and Iran. Baghdad, however, suspended its allocation to the KRG budget in February 2014 in response to disputes over the export of Kurdish oil. Progress was further threatened when the Islamic State in Iraq and Syria (ISIS) attacked in August 2014.

Humanitarian Emergency

The KRG is struggling to provide relief, resettlement, and protection for 1.6 million refugees and internally displaced persons (IDPs) who have sought sanctuary in the Kurdistan Region of Iraq (KRI).² Iraqi Kurdistan’s population has grown 28 percent, creating social tensions.

Recommendation to the KRG:

• Position the KRG for direct donations from the international community by developing a comprehensive post-conflict recovery plan focusing on stabilization during the transition from relief to development.

Recommendations to the international community:

• Invite a KRG official to present this recovery plan at a special session of the United Nations Security Council (UNSC) convened by a Council member under the “Arria formula,” which allows non-state actors to present in a chamber adjoining the UNSC.
• Provide enhanced direct donor support to agencies of the KRG (e.g., the Ministries of Health and Planning), as well as KRI-based NGOs that provide health care and humanitarian services.
Economic Crisis

Iraqi Kurdistan is experiencing a budget crisis resulting from the suspension of oil payments by Baghdad, depressed energy prices, and the collapse of investor confidence due to the invasion of ISIS. Its economic crisis is exacerbated by military and humanitarian expenditures associated with the fight against ISIS.

Recommendations to the KRG:
- Review and strengthen transparency of the Investment Law. Create a predictable environment for doing business through a legal system that governs commerce and property rights, as well as taxes and tariffs that are levied in a consistent and transparent way.
- Improve economic planning by developing a consolidated public sector balance sheet and harmonizing budgetary practices across the three governorates of Iraqi Kurdistan.
- Upgrade the banking sector, reduce cash-based transactions, and promote foreign direct investment (FDI) by creating special economic and industrial zones.

Kurdistan Government

Progress toward finalizing Iraqi Kurdistan’s draft constitution stalled in 2006. Debate over whether to have a parliamentary system or a strong executive presidency is ongoing. As underscored by contentious negotiations over the Presidency Law, the KRG must make substantial progress on internal reforms needed for a stable and secure democracy, such as reducing the heavy influence of families on political parties.

Recommendations to the KRG:
- Settle the controversy peacefully over whether to have a presidential system, a parliamentary system, or a combination of the two.
- Ensure that the new constitution meets and exceeds the highest international standards for individual human rights, as well as linguistic, religious, ethnic, and national minority rights, including local autonomy. Focus on implementation.
- Promote women’s rights more vigorously by issuing civil codes that grant women equal rights, working to change cultural mores on honor killings, and enforcing the ban on female genital mutilation (FGM).

Transparency

Failure to address the problems of corruption and lack of transparency risks undermining prosperity and political stability in Iraqi Kurdistan.

Recommendations to the KRG:
- Enforce the rule of law. Prosecute and punish corrupt public officials, regardless of their administrative rank. Provide the civil service with clear
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anti-corruption guidelines and a code of conduct, especially on government contracting.

• Publish data on oil revenues. Enhance transparency by utilizing the legal, management, and communications expertise of international organizations that are experienced in anti-corruption (e.g., UN Global Compact, Transparency International, the Extractive Industries Transparency Initiative).

• Establish an ombudsman or comparable agency, including a complaints hotline, responsible for investigating instances of alleged corruption.

The Path to Independence

In July 2014, the KRG announced plans for a referendum on independence, which will set the stage for a declaration of independence. The path from the referendum to a declaration of independence is far from clear. There is no timetable or roadmap. The KRG understands that it must not act hurriedly or impulsively, lest it invite conflict with Iraq, Syria, Turkey, or Iran. Although Iraqi Kurdistan is better prepared to become an independent state than other countries that have recently gained independence—East Timor, Kosovo, and South Sudan—progress in certain areas would make a transition more stable.

Recommendation to the GOI:

• In accordance with Article 140 of the Iraqi Constitution, hold a referendum on the status of the Kirkuk governorate and other disputed territories in the Diyala and Nineveh governorates, with monitoring by the international community. Votes should be counted on district and sub-district levels to reflect the local populations more accurately. (Note: If the GOI is unwilling or unable, the KRG should conduct the referendum with international assistance and monitoring.)

Recommendations to the KRG:

• Request monitoring by the international community if there is a referendum on independence. Work to ensure that Iraq, neighboring states, and the international community are kept fully informed of the process.

• Develop special power-sharing arrangements for Kirkuk city and other territories in the Kirkuk, Diyala, and Nineveh governorates if they vote for independence.

• Engage the GOI, Turkey, and Iran in a dialogue on post-independence political issues, such as boundaries and the terms of recognition, as well as economic issues.

Recommendations to the international community:

• Work with the KRG and the GOI, as well their neighbors, to support the development of a transparent roadmap and timetable for the possible decision by Iraqi Kurds to separate from Iraq. Transparency would enhance stable post-independence relations.
• Provide direct assistance to the Kurdistan Independent High Electoral Commission (KIHEC) so that the design and conduct of a referendum on independence meets international standards. Dispatch monitors to verify that the referendum is free and fair.

**Security**

ISIS is well armed with U.S.-made state-of-the-art military equipment it seized from the Iraqi Security Forces (ISF). U.S. cooperation with Kurdish forces, the peshmerga, is a model for successful security cooperation and should be expanded as the fight against ISIS develops.

Recommendation to the KRG:
• Strengthen the Ministry for Peshmerga Affairs to enhance civilian control of the military. Transform the peshmerga into a professional army by defining salary structures, paying salaries on a regular basis, and offering regular pensions and other retirement benefits. Organize peshmerga from the rival parties, the Kurdistan Democratic Party (KDP) and Patriotic Union of Kurdistan (PUK), into unified brigades established along geographical areas of recruitment. Support Ministry efforts to create non-partisan battalions in which new recruits do not affiliate by political party.

Recommendations to the international community:
• Continue to review the military needs of the peshmerga as the ISIS threat and the role of the Kurds evolve. Provide peshmerga with anti-tank weapons to more effectively defend themselves against Vehicle-Borne Improvised Explosive Devices (VBIEDs). Train and equip peshmerga with more sophisticated weapons as needed for offensive missions (such as retaking Mosul). Enhance local intelligence capacity by providing listening and tracking technology that can help identify terrorist threats.
• Invoke a presidential waiver to deliver weapons directly to the Kurds if needed, ensuring that the peshmerga continue to receive the weaponry they need to combat ISIS.
• Develop plans for a U.S. military base in Iraqi Kurdistan, to become fully operational when Iraqi Kurdistan becomes independent.

**Kurdish, Regional, and International Relations**

Although Iraqi Kurds have gained support in the United States and Europe, trans-Atlantic policy coordination is *ad hoc* and lacks focus. The international community has an interest in making Iraqi Kurdistan a bulwark of stability and a better ally in the fight against ISIS. Kurds in Iraq, Turkey, and Syria have just recently started coordinating their actions against ISIS.

Recommendation to the KRG:
• Reassure Turkey and Iran that the KRG harbors no plan for a greater Kurdistan incorporating the Kurds of Turkey, Syria, and Iran.
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Recommendations to the international community:
• Support a more unified effort in Syria to defeat ISIS through cooperation among Kurdish groups.
• Understand that Iraqi Kurdistan is moving toward independence. Work with the KRG to develop a transparent process with a timetable and a roadmap and to allay international concerns about the possibility of independence.

The United States, which has an interest in working with the Kurds to fight ISIS, is best placed to facilitate cooperation among the Kurds and to serve as a broker of Kurdish issues with governments in the region. It should:
• Ensure that the Kurdish Peoples Protection Unit (YPG)—the Kurdish fighters in Northern Syria—has the necessary weapons to fight ISIS. Meet more frequently on a higher level with the authorities in Hasakah, Jazeera, and Kobani and the Democratic Union Party (PYD) in order to reinforce partnership with the PYD and reinforce the PYD’s commitment to Kurdish autonomy in a reconstituted Syria.
• Encourage resumption of a cease-fire and political dialogue between Ankara and the Kurdistan Workers Party (PKK).

To better prepare for this leadership role, the United States should:
• Establish a “Future of Kurdistan Project,” involving U.S. officials, private experts, and Iraqi Kurds in order to develop a capacity-building plan for Iraqi Kurdistan’s democratic and economic development, as well as security.
• Appoint a Special Envoy for Kurdish Issues, bridging the gap between the Bureaus for Near Eastern Affairs and European Affairs at the State Department. The Special Envoy would serve as an inter-agency focal point within the U.S. government and help to coordinate policy between the United States and the European countries. The Special Envoy could act as the counterpart to a High Commissioner for Kurdish Issues in the United Kingdom, as well as special representatives from other countries.
• Issue a visa to the PYD Co-Chair, Salih Muslim, to attend high-level meetings in Washington.

Economic Opportunities

Hydrocarbons are the pillar of Iraqi Kurdistan’s economy. Iraqi Kurdistan may have as much as 45 billion barrels of recoverable oil, as well as vast natural gas reserves. The KRG’s principal problem is how to transport and monetize its hydrocarbon resources. Traditional sectors, such as agriculture, are also important to the Kurds who live off of the land. Tourism has potential, if visitors can travel freely and securely. Iraqi Kurdistan should invest in human capital and competitively upgrade its Internet and broadband systems, moving toward the establishment of a modern information-age economy. Iraqi
Kurdistan’s economic performance suffers from over-employment by the state and the lack of an autonomous banking system, which limits business financing and capital flows.

Recommendations to the KRG:

**Hydrocarbons**
- Diversify export options, deepening energy ties with Turkey. International oil companies working in Iraqi Kurdistan are jittery. They need assurance that they will be paid arrears as soon as the KRG’s economic crisis is addressed. Their concerns about nationalization of assets should be assuaged.

**Banking and Credit**
- Establish a central bank for Iraqi Kurdistan. Transition from a cash-based economy to an economy with better banking and financing. Foster a banking culture by building public confidence for citizens to deposit their money in banks. This requires a legal framework for retail and commercial banking. Work with international banking experts to introduce new products and services such as smart cards and online banking. Take steps toward a dual and/or independent currency.

**Agriculture and Water**
- Conduct a comprehensive study of water resources, which is critical to sustainable agricultural production and food security. Use survey results to modernize irrigation systems, implementing conservation strategies such as recycling water from sanitation facilities for agricultural use. Request the U.S. Geological Service (USGS) Water Resources Assessment Team to assist the survey and the development of water use and food security strategies.

**Tourism**
- Focus initially on marketing to visitors from Iraq and other Middle Eastern countries. As the security situation improves, expand outreach to tourists from Western and Asian countries, including packages focusing on ecotourism, cultural, and religious sites.

**Education and Human Capital**
- Reduce the percentage of Iraqi Kurdistan’s working population employed by the state. Strengthen the private sector by expanding employment benefits (e.g., pension benefits, health care financing, and unemployment insurance). Invest in human capital by matching curricula to the development of marketable skills and by expanding post-secondary, technical, and vocational educational opportunities that are directly linked to job generators (e.g., tourism, transportation, farming, food processing, and natural resource conservation). Relax bureaucratic oversight of private universities and diversify models for public universities. Request an AmeriCorps-type program to train college students within civil society organizations.
I. Introduction

Historical Background

The Kurds are the world’s largest people without a state of their own. At least 32 million Kurds live in what they call Kurdistan: South Kurdistan in Iraq, North Kurdistan in Turkey, West Kurdistan in Syria, and East Kurdistan in Iran. Approximately five million Kurds reside in the Kurdistan Region of Iraq (KRI). About one third of Kurds live outside Kurdistan. Nearly 85 percent of the Kurdish diaspora comes from Turkey. Iraqi Kurds form a large part of the Kurdish communities in Great Britain, the Netherlands, the United States, and Sweden. Germany is home to the largest Kurdish diaspora community, estimated at 1.5 million.

Kurds have a history of betrayal and abuse. The 1920 Treaty of Sèvres, which emerged from the Paris Peace Conference, envisaged the possibility of an independent Kurdistan in what is now Turkey and parts of Iraq. That treaty was never put into effect. After the Republic of Turkey was founded in 1923, Turkish General and first President Mustafa Kemal Ataturk oversaw a policy of coercive assimilation in Turkey. Kurds were denied language and cultural rights; the Turkish state even denied their existence. A new state of Iraq was established as a British mandate under the League of Nations. Post-colonial Iraq proved hostile to Kurdish aspirations as well.

Mullah Mustafa Barzani was a founding father of contemporary Kurdish nationalism. Barzani commanded the security forces of the Kurdish Republic of Mahabad, which was established in Iran in 1946 but only lasted one year. Mullah Mustafa’s son, Masoud Barzani, was born on the same day that the Kurdistan Democratic Party (KDP) was founded—August 16, 1946. “I was born in the shadow of the Kurdish flag of Mahabad,” said Barzani. “I am ready to serve and die for the same flag.”

Mullah Mustafa negotiated an agreement with Saddam Hussein, then Vice-President of the Baath regime in Iraq, which established an autonomous Kurdistan region. Baghdad, however, reneged on its commitment. The KDP’s struggle for autonomy was further undermined by the 1975 Algiers Accord between Iraq and Iran, which gave Iran favorable border adjustments on the Shatt al-Arab waterway. In return, Iran agreed to withdraw assistance for Mullah Mustafa. Deprived of logistical support, the KDP was defeated; Mullah Mustafa died in a Washington hospital in 1978. Jalal Talabani, who had clashed politically with Mullah Mustafa over the previous decades, formed the Patriotic Union of Kurdistan (PUK) with other prominent Kurdish leaders in 1975. The PUK professed a more leftist, less tribal political outlook then the KDP.

Saddam attacked Iran in 1980, hoping to reverse the concessions Iraq had made at Algiers; Iranian resistance proved implacable. Iran supported Kurdish nationalists as a countermove. Saddam concluded that the Kurds had betrayed
Iraq and, late in the Iraq-Iran War, launched the genocidal al-Anfal campaign. The expression comes from the eighth Sura in the Qur’an, which references the “spoils of war.” Conventional and chemical weapons were used to clear Kurds from many towns and villages. Sarin and mustard gas killed up to 5,000 Kurds in Halabja on March 16, 1988. Approximately 182,000 Kurds were killed between 1987 and 1988. Over 4,000 villages were destroyed.

Saddam Hussein continued his war-mongering, attacking Kuwait in 1990. The United States led an international coalition to liberate Kuwait from Iraqi occupation, which left Saddam in power. President George H.W. Bush urged “the Iraqi military and the Iraqi people to take matters into their own hands and force Saddam Hussein, the dictator, to step aside.” Kurds and Shiite Arabs responded, but the Bush administration did not intervene to support them, leaving them helpless before Saddam’s counter-offensive. Over one million panic-stricken Kurds fled to Turkey and Iran. The U.S.-led Operation Provide Comfort saved Kurds from perishing in the mountains and established a no-fly zone north of the thirty-sixth parallel, creating conditions of security so that the Kurds could return home. Unrecognized self-rule allowed Iraqi Kurds to develop their political institutions, but the KDP and PUK could not resolve their political and economic rivalries. Armed clashes between the two parties broke out in 1994. In 1996, Masoud Barzani pushed the PUK out of Erbil, the regional capital, with the assistance of Saddam Hussein’s forces. Fighting between the KDP and PUK ended with a U.S.-brokered agreement in 1998, but tensions remained.

**Dysfunctional Iraq**

Iraq’s fragile politics became increasingly polarized after the U.S. invasion and occupation in 2003. Regime change deposed the Baathists and empowered Iraq’s Shiite majority. Iraqi Kurds supplied the sole significant local forces that allied with the United States when the Iraq War began in 2003. The Kurds cooperated with the United States and the United Kingdom (UK) to establish a federal and democratic republic of Iraq. U.S. officials facilitated negotiations between Iraqis, leading to the Transitional Administrative Law of 2004 and Iraq’s Constitution of 2005, which envisioned Iraq with enhanced powers for its regions while preserving essential functions of the central government. The constitution was ratified by 80 percent of Iraqis; the Kurds were almost unanimous in support.

Constitutional provisions on natural resources excluded the federal government from any ownership, confining its functions to shared management over oil fields already in production. Oil revenues from existing fields were to be shared on a per capita basis, with new fields to be developed by the relevant regions and governorates. The Kurdish forces, the peshmerga (“those who face death”), were recognized as the lawful army of Kurdistan. Article 140 deferred a final determination of Kirkuk’s political status, placing obligations...
on the federal government to complete a referendum by December 31, 2007, on Kirkuk and other disputed territories.

Nouri al-Maliki of the Dawa Islamic Party became prime minister in 2006. He favored Shiites, who constitute about 55 percent of Iraq’s population, ignoring the interests of Sunnis (20 percent), Kurds (20 percent), and other minorities (5 percent). Maliki alienated the Kurds by contesting Kurdistan’s ownership of natural resources, Kurdistan’s right to export new oil and gas, the role of the peshmerga, and the status of disputed territories. He delayed the federal government’s obligations regarding Article 140, and excluded peshmerga from U.S. military assistance programs.

Iraqi politics grew increasingly dysfunctional. New electoral arrangements reduced Kurdistan’s representation in the parliament. Hundreds of Sunni Arab candidates were accused of ties to the Baath Party and barred from running for parliament in 2010. Many others were threatened and forced to withdraw from the ballot. Sunni Arab extremists launched waves of pre-electoral violence to undermine the ballot.

With Iraqis at loggerheads, unable to form a government for nearly a year after the elections, Masoud Barzani played a pivotal role in mediating between Iraqi political parties, which resulted in the Erbil Agreement of November 11, 2010. This accord established nineteen power-sharing principles and divided leadership positions across a multi-party, multi-sectarian, and multi-national coalition. After nine months of acrimony and gridlock, Maliki was awarded another term as prime minister on December 21, 2010.

Maliki proceeded to abuse his powers in flagrant violation of the Constitution. Rather than pursuing reconciliation, he took steps to consolidate his power by purging Iraq’s professional officers from the Iraqi Security Forces (ISF), bringing security forces and militias under his direct control, and giving free reign to Shiite militias (“Popular Mobilization Forces”). Maliki marginalized prominent Sunni politicians. He also prevented both Sunnis and Shiites from exercising their constitutional right to hold referenda on converting their provinces into regions that would have the same powers and status as Kurdistan.

In 2014, Haider al-Abadi replaced Maliki as prime minister. Despite the leadership change and Abadi’s efforts at reform, the Kurds have lost faith in Baghdad’s ability to protect their interests. The international community still supports unity for Iraq, but Iraq is unraveling. Its collapse presents a major policy challenge to the international community, especially to the United States, which has invested so much blood and treasure to preserve a unified Iraq.

The ISIS Crisis

The insurgencies in Iraq and Syria converged in 2014 as al-Qaeda in Iraq (AQI) morphed into ISIS and subsequently proclaimed an Islamic State. ISIS leader Abu Bakr al-Baghdadi announced a caliphate, with himself as caliph. ISIS includes former Baath Party members, military, and security officials who
joined forces with AQI. It draws upon the resentments of Sunni Arabs in Iraq, a formerly dominant minority, and Sunni Arabs in Syria, a majority long excluded from power.

ISIS fighters crossed the Syrian border, consolidating control of Mosul, Iraq’s second largest city, on June 10, 2014. The Mosul garrison of 30,000 federal Iraqi soldiers showed no will to fight.\(^{11}\) ISIS seized state-of-the-art military equipment abandoned by the ISF, including 2,300 Humvees, as well as tanks, artillery, and howitzers. During the summer of 2014, ISIS grew from fewer than 10,000 fighters to over 30,000. Its ranks were augmented by jihadis freed from local jails, local fighters, and opponents of the Shiite-dominated federal government. Jihadis from around the world volunteered to join ISIS, inspired by its social media campaign and military successes.

ISIS is also well financed. It seized $425 million from the Mosul branch of Iraq’s Central Bank. Other revenues come from selling oil, artifacts, ransoming prisoners, racketeering, and extortion. Christians in Mosul were told to convert, pay a tax, or face death.

ISIS assumed an aura of invincibility. It conducted mass executions of Yazidi men and boys, and raped and sold into sexual slavery many Yazidi women and girls. The Yazidis, an ethnic community residing mainly in Nineveh province, believe in Zoroastrianism, which ISIS views as a demonic heresy.

Tikrit, Tal Afar, and the Baiji Power Plant fell to ISIS in rapid succession. In June and July 2014, ISIS advanced down the Tigris River Valley to the outskirts of Samarra and Baquba, just twenty-five kilometers from Baghdad. Sunni tribes welcomed ISIS, preferring the caliphate to the Shiite-led government in Baghdad.

In August, ISIS pivoted to attack Iraqi Kurdistan, seizing Makhmour and threatening Erbil. The United States saved Erbil from being overrun by launching air strikes and delivering weapons to the peshmerga. The Kurds woke up one morning to a 1,050-kilometer border with the Islamic State. Iraqi Kurdistan is no longer contiguous with lands controlled by the government of Iraq (GOI).
II. Iraqi Kurdistan Today

Humanitarian Emergency

Internally Displaced Persons (IDPs) fleeing ISIS arrive in Kurdistan on a daily basis, mostly from Sunni areas. As of June 2015, the UN Office for the Coordination of Humanitarian Affairs (OCHA) reported that 8.2 million people in Iraq require immediate humanitarian support. This figure includes 3 million IDPs and 254,215 refugees. Of these, 1,610,000 IDPs and refugees reside in the KRI. As of February 2015, the World Bank estimated the cost of stabilizing the refugee and IDP situation in Kurdistan at $1.4 billion.

Refugees and IDPs have come to Iraqi Kurdistan in waves over the past decade. The first wave came in 2006 and 2007. It comprised Christians and Arabs fleeing Iraq’s sectarian bloodletting, especially in Baghdad. The second wave fled Syria’s civil war between 2011 and 2014. Of the 247,000 Syrian refugees who crossed Iraq’s border, 242,000 ended up in Kurdistan. The third wave consisted of Iraqis displaced when ISIS invaded in June 2014. Displaced persons require protection, shelter, sustenance, water, and sanitation. Children need schooling. Families need livelihoods. Public health is a significant challenge. The KRG’s capacity is seriously overstretched.

The KRG Ministry of Health (MOH) has struggled to assist the growing number of IDPs. Since January 2015, some 946,000 Iraqi IDPs (157,000 families) have settled in the KRI. The most vulnerable are young children, pregnant women, women, and girls, who are susceptible to sexual and gender-based violence (SGBV), and elderly from single households. Many women and girls were gang-raped, used as sexual slaves, or forced into marriage. In Sinjar in 2014, Yazidi men and boys were executed and women were forced to watch beheadings of their family members. Many IDPs have been traumatized by ISIS atrocities, and require psychosocial counseling.

Winter conditions intensified problems for IDPs, increasing infectious diseases and the risk of death. Winter exacerbated shortages of housing, water, and sanitation, and disrupted routine immunization programs. Health facilities were damaged by bombing and shelling, restricting service delivery. Sanitation has been a particularly worrisome issue, with limited numbers of latrines and showers.

Iraqi Kurdistan is undergoing a demographic transition resulting from the resettlement of IDPs. Arab Sunnis fleeing the Baghdad area find safe haven in the KRI. Those leaving other Sunni areas often go to the KRI because they do not feel safe in Baghdad, where they are subject to insults, threats, harassment, and extortion at checkpoints. Wealthier IDPs began buying properties a few years ago, contributing to a spike in Erbil’s real estate prices. Newer arrivals are bringing cash and business. This may change, however, if their stays are prolonged and they run out of money. The KRG has accepted many unaccompanied children whose parents are with ISIS. The Kurdish community of
Shaklawa is referred to as “Shakluja” because there are so many Arabs from Falluja who have resettled there. The formerly Christian-majority town has doubled in size.

About 84,000 IDP families have resettled in Kirkuk. Their care is the sole responsibility of Kirkuk’s Governorate. The growing number of Sunni Arabs resettling in Iraqi Kurdistan may exacerbate social tensions, which could worsen if the number increases or if they stay for long. To prevent ISIS infiltration, the KRG conducts border security and limits travel, mainly for Arab populations to and within Iraqi Kurdistan. Long queues are reported at, for example, the Maktab Khalid checkpoint outside of Kirkuk. Some ISIS cells have been dismantled, but they were mostly Kurdish youths.16

Funds are running out as the humanitarian emergency worsens. In 2014, Saudi Arabia made a one-time voluntary contribution of $500 million to the OCHA. It earmarked funds for minorities and the people of Anbar province, requiring that the money be spent between September 2014 and March 2015. With many minorities and Anbar IDPs coming to Iraqi Kurdistan, the UN and the KRG established a joint crisis center in Erbil. In June 2015, the World Health Organization (WHO) provided more than $17 million of medicines and medical supplies directly to the KRG’s MOH. The WHO also worked with KRI-based health care providers to offer polio vaccinations to displaced persons.17 The United States and other donor countries channel humanitarian assistance through the UN and other international and non-governmental organizations. The United States has not provided humanitarian assistance directly to the GOI or the KRG; it is, however, the global leader in responding to the humanitarian crises in Iraq and Syria. The United States has provided more than $4 billion in aid since the start of the Syria crisis, more than $183 million of which has assisted the 250,000 Syrian refugees in Iraq, and more than $416 million for Iraqis since the start of fiscal year 2014. The UN humanitarian response has been directed out of Erbil since the fall of Mosul in 2014. UN reports indicate that programs are concentrated in the KRI, where organizations have greater access.18

The UN launched a Humanitarian Response Plan in Brussels on June 4, 2015, requesting $197.9 million from donor countries. Pledges were less than expected. The UN is trying to encourage donors by establishing an open-source financial tracking system. The tracking system seeks to enhance transparency, guard against corruption, and ensure that pledges are delivered. Reflecting donor fatigue, donors pressed Iraq to move from an emergency phase to a post-conflict stabilization phase. It is, however, unrealistic to focus on post-conflict activities when large areas of Iraq are occupied and all of Iraq remains under threat from ISIS.

The KRG is developing a National Recovery Plan, emphasizing longer-term planning with focus on service sectors (e.g., education, literacy, health, food security, institution-building). This plan, which is notional at this time, would
be an opportunity for advancing the stabilization phase in Iraqi Kurdistan. It would emphasize the role of women in post-conflict stabilization. The recovery plan represents an opportunity for the Kurds to deepen cooperation with the international community and to develop direct relations with donors.

Recommendation to the KRG:
- Consolidate post-conflict planning through the KRG Recovery Plan. Its scope could be presented by a KRG official at a special session of the UNSC convened by a Council member under the “Arria formula.” This mechanism allows non-state actors to attend discussions in an adjoining chamber to address the UNSC.

Recommendation to the GOI:
- Pay state employee salaries and give food allowances to IDPs in the KRG, just as it does to Iraqis under ISIS occupation.

Recommendations to the international community:
- Work with the KRG to arrange a briefing to the UNSC on the KRG’s Recovery Plan under the Arria formula. (Other regions in Iraq could present similar appeals.)
- Create a UN humanitarian trust fund under the auspices of the United Nations Development Program (UNDP) and OCHA, earmarking resources for humanitarian action and recovery in the KRI.
- Provide enhanced direct donor support to agencies of the KRG (e.g., MOH and MOP), as well as KRI-based NGOs (e.g., WFP works with the Barzani Foundation on shelter; Sweden supports the Qandil Foundation’s camp management via UNHCR). The MOH is well suited to ensure continuity of treatment for chronic conditions and non-communicable diseases, provide integrated vaccine services with a focus on measles and polio, and disseminate public health risk information directly to the public.
- Work directly with Kurdish community-based organizations to conduct local needs assessments and implement emergency health response strategies; distribute medicines and supplies; offer reproductive health care, especially safe obstetric and neo-natal care for victims of SGBV, and provide emergency mental health and psychosocial care.
- Encourage the U.S. Government Accountability Office (GAO) to track and evaluate U.S. AID and other U.S. government humanitarian aid efforts in Iraqi Kurdistan, report on their effectiveness, and make recommendations for improvement.
- Create a web-based, private humanitarian appeal for direct aid to needy and vulnerable people in Iraqi Kurdistan. Sponsored by a consortium of foundations and eligible NGOs, the appeal could build upon the Tent Foundation’s innovative social media campaign, which galvanized 800,000 people to make contributions and express solidarity with Kurds during the Kobani crisis, when the Syrian Kurdish city was at risk of falling to ISIS.
Economic Crisis

The decade following 2003 saw dynamic double-digit economic growth in the KRI. According to the Economist Intelligence Unit, Iraqi Kurdistan ranked high on market opportunities, Foreign Direct Investment (FDI) policy, and macroeconomic environment. The friendly tax environment, manifest through low corporate and personal taxes, encouraged international trade and investment. The KRG instituted a 15 percent corporate tax rate and tax exemptions for companies with production-sharing agreements in the hydrocarbons sector. The KRG has a flat 5 percent income tax rate and no Value Added Tax. Its Regional Investment Law No. 4 (2006) was progressive, allowing foreign investors to own land and hold majority positions in joint ventures. As of February 2014, 2,830 foreign companies were registered in the KRI. Of these, 45 percent were Turkish and 80 percent of all goods for sale in the KRG came from Turkey.

The KRG has radically improved infrastructure since 2003. In 2013 alone, $2 billion was spent on infrastructure projects. Plans exist for a new bridge and five new crossings on Iraqi Kurdistan’s border with Turkey to ease the transport bottleneck, where trucks are often lined up for miles on both sides. Erbil and Suleimani now have modern international airports. There are daily flights to Europe and Turkey as well as other Middle Eastern cities, such as Beirut, Dubai, and Amman. The KRI has 357 kilometers of highways, about 2,500 kilometers of one-lane roads, 4,000 kilometers of secondary roads, and 3,000 kilometers of rural roads.

Electricity production has increased steadily since 2008, nearly doubling between 2011 and 2012. Two to three hours of electricity per day was standard for businesses five years ago. In the first half of 2014, businesses had nearly uninterrupted power supplies. Most electricity comes from the plentiful supply of natural gas.

The Information Technology (IT) and communications sectors have advanced. There are currently twenty-one companies providing Internet services. Newroz Telecom and KurdTel are dominant digital network companies. There are three mobile operators with Global System for Mobile Communication licenses in Kurdistan: Zain Iraq, a unit of Kuwait’s Zain; Qatar Telecom (Qtel), a subsidiary of Asiacell; and France Telecom, which is affiliated with Erbil-based Korek Telecom. Mobile penetration rate is estimated at around 80 percent.

Iraqi Kurdistan’s economy went into recession in 2014, triggered by the suspension of oil payments by Baghdad, depressed energy prices, and the collapse of investor confidence due to the invasion of ISIS. The economic crisis was exacerbated by military and humanitarian expenditures in the fight against ISIS. Beginning in 2004, the GOI agreed to pay 17 percent of revenues each month to the KRG, roughly equivalent to $1.2 billion. In February 2014, it suspended payments to the KRG due largely to its own economic crisis and in reprisal for the KRG’s export of oil from new fields.
In December 2014, the GOI and the KRG reached the Baghdad Agreement, in which the GOI was to resume payments to the KRG in exchange for the export of 550,000 barrels per day (BPD) of Kurdish oil via Iraq’s State Oil Marketing Organization (SOMO). The agreement was never implemented, however; Baghdad did not make its payments and the KRG did not send the full allotment of oil, maintaining that the goal of 550,000 BPD was to be averaged over the year.

The KRG’s budget shortfall was compounded by the downturn in world oil prices in November 2014. The KRG’s overall budget had been $13 billion in 2013, with a budget deficit of $1 billion. The deficit was $6.5 billion in 2014, and is estimated at $12.5 billion for 2015. Investor confidence has plummeted in the aftermath of ISIS’s invasion. Simply put, the KRG is out of money. It is owed billions by Iraq, which is itself on the brink of bankruptcy. The KRG experienced a 70 percent reduction of its revenues in 2014; civil servants, numbering about 1.2 million or 70 percent of the work force, were not paid for months.

Problems exist with economic governance. Responsibilities are diffuse. The Finance Ministry is responsible for general expenses and salaries. The Planning Ministry manages capital investment. The Natural Resources Ministry oversees exploration and production (E&P) of oil and gas. The KRG lacks a consolidated balance sheet. Budgetary excesses include $4 billion for fuel subsidies in 2014. The public payroll includes employees who do not show up for work or who do not exist. The salary structure is bloated by nineteen categories of “allowances” (e.g., family bonus, hardship/danger bonus, and a bonus for employees with doctorates). Public sector entitlements act as a disincentive to joining the private sector.

According to the Economist Intelligence Unit, Iraqi Kurdistan struggles with its human capital, labor market, conditions for financing, and infrastructure. Road networks and road maintenance need improvement. The KRI lacks a comprehensive highway system, which is necessary for commerce and transportation. Iraqi Kurdistan needs more efficient management of electricity generation, transmission, and distribution. Households still experience cutoffs of up to twelve hours per day. Beginning in 1991, construction was a leading contributor to Kurdistan’s economic growth. Today the landscapes of Erbil and other cities are dotted with inactive construction cranes and hollow high-rise buildings.

The KRG’s legal system is inefficient, marked by the lack of a clear timetable for legal processes. Dispute resolution mechanisms are inadequate. Bureaucracy affects the issuing of licenses to start up businesses, which requires approvals from multiple ministries. The regulatory burden of merging systems in Erbil and Suleimani is also a challenge. Insufficient data makes it difficult for businesses to assess potential opportunities and costs.
Recommendations to the KRG:

- Review and strengthen transparency of the Investment Law, which was adopted in July 2006. Create a predictable environment for doing business through a legal system that governs commerce and property rights, as well as taxes and tariffs that are levied in a more consistent and transparent way.
- Improve economic planning by developing a consolidated public sector balance sheet, including borrowing. Harmonize budgetary practices across the three governorates of Iraqi Kurdistan, and improve communications between relevant ministries.
- Enhance public sector capabilities by establishing a professional civil service responsible for hiring, retention, and promotions, as well as setting compensation rates. The KRG needs a statistical body to compile economic and business data, starting with a population census.
- Increase revenues to the KRG through a tariff structure that accurately reflects the real cost of electricity and water; improve collection rates via automatic monitoring of meters; and reduce costs by phasing out fuel subsidies and other allowances, which deter efficient use of resources.
- Promote FDI by creating special economic and industrial zones, reducing cash-based transactions, simplifying the permitting process for doing business, and strengthening dispute-resolution mechanisms.
- Expand Internet systems with more bandwidth, speed, and reliability for individual and commercial consumers (e.g., asymmetric digital subscriber lines), as a step toward building a digital economy. Expand landline phone access to all cities.

Kurdistan Government

KRG law limits the presidency to two terms of four years each. Masoud Barzani was elected to his first term in 2005 by the parliament, and reelected in 2009 by the people in a direct election. Barzani’s second term was extended by two years to August 19, 2015. The Kurds are engaged in a contentious debate about modifying the Presidency Law, which could involve either extending Barzani’s term or holding new presidential elections. As of September 2015, negotiations are ongoing. Disputes over the Presidency Law highlight the need to consolidate Iraqi Kurdistan’s democratic institutions and reduce the influence of families on political parties.

Under the Iraqi Constitution, regions are entitled to have their own constitutions. Iraqi Kurdistan started drafting a constitution separate from the federal constitution in 2005, but it has yet to be finalized. Negotiations are at an impasse as a result of recent disputes between the PUK, the KDP, which favors a strong executive presidency, and Gorran, a movement for change that became a political party in 2009, which favors a parliamentary system.

The 2005 Iraqi Kurdistan draft constitution defines relations between the GOI and the KRI as a federal region within Iraq. It asserts that Iraqi
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Kurdistan voluntarily entered into a federal union and, as an equal party, has the right to secede from Iraq: “The people of Iraqi Kurdistan have the right to self-determination, and under this right they are free to determine their politics and free to achieve their economic, social, and cultural development.”26 The draft constitution establishes a presidency, armed forces, and citizenship guidelines (Article 6). It enshrines democratic government and a robust system of checks and balances. It includes a bill of rights and significant protection and affirmative duties to promote linguistic, religious, and ethnic minority rights. It enshrines cultural symbols such as a flag, anthem, and national and cultural holidays (Article 12). It assigns responsibility for security to the peshmerga, restricting their deployment outside of Kurdistan without authorization by Kurdistan’s Parliament (Article 13). It lays claim to full sovereignty of energy resources developed after August 15, 2005 (Article 113). The draft constitution envisions a referendum on the status of the Kirkuk Governorate and other territories deemed historically Kurdish.

While Iraqi Kurdistan has a Kurdish majority, a diverse array of ethnic, linguistic, and religious minorities reside in the region. Arabs, Turkmen, and Armenians are nationally and linguistically distinct; Yazidis, Shabak, and Faylis are religiously distinct from most Kurdish speakers. Assyrians, Chaldeans, and Syriacs are Christians; they speak variations of Aramaic and are often trilingual. The KRG’s official policy maintains that “political pluralism and religious tolerance are fundamental to the region’s development.” The KRG seeks “deliberate tolerance of our people and the tolerance of our government toward opposing beliefs and opinions.”

Though minorities in Iraqi Kurdistan enjoy far more rights than minorities in other parts of Iraq, some of these non-Kurdish minorities object to an undeclared assimilation policy that they call “Kurdification.” For example, some Turkmen have complained about social engineering in Kirkuk; some Assyrians say their heritage is excluded from school curricula, museums, and other public spaces, and they have had difficulty obtaining licenses for their organizations. The Shabak have complained that schools in Shabak communities were required to teach the Kurdish language.27 Some Yazidis objected to the presence of Asaish, the KRG’s internal security service. Human rights groups have expressed concern about freedom of expression, freedom of movement, and press freedoms across the KRI.28

Kurdistan has historically been a patriarchal society. Education is essential to changing attitudes toward women and work. Kurdish women are increasingly benefiting from expanded educational opportunities, which are providing greater literacy for girls. Female literacy among Kurdish women now exceeds the female literacy rate of Arab women in Iraq. Kurdistan is moving toward a more modern attitude to women. This trend is fueled by a gradual increase in economic development for women, affecting their socio-economic
status. The Kurdistan Regional Parliament adopted an electoral law requiring that a minimum of 30 percent of its seats be allocated to women.

Progressive laws banning “honor killings” have been adopted, but women are still targeted for actions deemed to have dishonored their families. The perpetrators of honor killings are still seen as heroes for protecting the honor of their families. The KRG adopted the Family Violence Law in August 2011, banning the practice of female genital mutilation (FGM), but adequate steps have not been taken to implement the law, especially in remote rural areas. Personal status and family laws discriminate against women in marriage, divorce, child custody, and inheritance.

Recommendations to the KRG:
• Settle the controversy peacefully over whether to have a presidential system, a parliamentary system, or a combination of the two.
• Ensure full human rights, including freedom of expression and minority rights, even prior to implementation of the constitution. The constitution should meet and exceed the highest international standards for linguistic, religious, ethnic, and national minority rights, including local autonomy. Focus on implementation. The constitution should also meet and exceed the highest international standards for women’s rights.
• Promote women’s rights more vigorously by working to change cultural mores on honor killings and enforcing the law prohibiting FGM. Issue a civil code governing marriage, divorce, child custody, and inheritance that grants women and men equal rights under the law.
• Expand participation by women in the Council of Ministers. Demonstrate a commitment to women’s rights by adopting a regional plan for implementing UNSC Resolution 1325, which complements the GOI’s nascent National Action Plan.

Transparency
Corruption and lack of transparency are especially acute in countries with extractive industries, which rely heavily on oil as a primary source of revenue. Such challenges exist across the Middle East, including Iraqi Kurdistan.

Smuggling and illicit economic activity were normal during the period of double sanctions imposed by the UN on Iraq and by Baghdad on the KRI between 1992 and 2003. Iraqi Kurdistan’s cash-based economy, which expanded dramatically after 2003, fostered a culture of entitlement and a freewheeling approach toward capital accumulation. The concentration of power, nepotism, and patronage gave rise to a widespread perception that connections are needed to conduct business, and that corruption is sanctioned by elites.

Kurdistan’s leaders are on record as opposing corruption and patrimonialism. They will be judged, however, by what they do, not by what they say. Tackling corruption not only has material benefits for the national economy
and budget, but can also serve political objectives by demonstrating the KRG’s commitment to good governance. Steps to address corruption and transparency, including establishing the Office of Governance and Integrity in February 2010, are viewed positively by international agencies, governments, and international corporations. As such, they have a favorable effect on both the KRG’s business and diplomatic relations.

A number of high-profile officials in the KRG have been charged with corruption, including the former mayor of Suleimani. Despite this, however, a 2012 poll showed that 88 percent of respondents were critical of government efforts to combat corruption. Highly publicized incidents involving reports of corruption affecting oil companies operating in the KRG have further damaged its reputation. Eliminating corrupt practices and creating a culture of accountability will take time.

Recommendations to the KRG:
- Enforce the rule of law. Prosecute and punish corrupt public officials, regardless of their administrative rank. Provide the civil service with clear anti-corruption guidelines and a code of conduct, especially on government contracting.
- Publish data on oil revenues. Enhance transparency by utilizing the legal, management, and communications expertise of international organizations experienced in combating corruption (e.g., UN Global Compact, Transparency International, the Extractive Industries Transparency Initiative).
- Establish an ombudsman or comparable agency, including a complaints hotline, responsible for investigating instances of alleged corruption.
III. The Path to Independence

During negotiations over the 2005 constitution, the Kurds made a deal to remain in Iraq if Iraq were truly federal, democratic, and decentralized. Reflecting a view widely held by the Kurds, however, Masoud Barzani said: “I cannot say if it will be next year, or when, but certainly independent Kurdistan is coming.”

Referendum on Independence

Masoud Barzani announced plans for a referendum on Kurdistan’s independence in an address to parliament on July 4, 2014. He reiterated his commitment to the referendum on May 7, 2015, and again in private to members of this Task Force on May 22. Barzani has said the referendum would follow the defeat of ISIS, but otherwise has not set a timetable. He believes that a referendum on independence would establish a legal, popular, and international legitimacy for a declaration of Kurdish independence in the future. The KRG insists that it will conduct a referendum on independence in a deliberative and transparent manner, avoiding precipitous decisions or reckless pronouncements. The KRG will also engage in dialogue with the GOI, Turkey, and Iran on technical issues that will affect their post-independence relations. It will keep the international community informed in the event that there is a declaration of independence.

The Kurds have debated independence before. In July 2003, a group of Kurdish intellectuals in Suleimani launched the Kurdish Referendum Movement. They circulated a petition demanding the right to an official referendum on the Kurds’ future status. The petition garnered 1,732,535 signatures, a majority of the voting-age population. It was presented to the UN Office of Electoral Assistance on December 22, 2004. The petition set the stage for an unofficial referendum on January 30, 2005. Voters were given two options: to stay a part of Iraq, or to be independent. A total of 1,998,061 people participated in the referendum, which was held in all Kurdish areas of Northern Iraq, including Kirkuk, Khanaqin, and Kurdish areas in Nineveh province. Kurds living in Baghdad and other Arab municipalities were not included. The pro-independence vote garnered 98.8 percent support: nearly all voted for independence.

The path from the referendum to a declaration of independence is far from clear. There is no timetable or roadmap. What is clear, however, is that the Iraqi Kurds are setting up a de facto independent state. The policies of the GOI and the international community should shift to reflect this reality. Doing so will help ease the transition should the Iraqi Kurds move to a de jure independent Kurdistan.
Confederation

A confederation is a union of autonomous political units that band together because their individual interests are enhanced through common action, and in which each of the entities retains its sovereignty and its right to seek independence. Confederations are often established by treaty between confederation members who enjoy equal status.

The KRG may consider proposing a confederation with Baghdad, either as a transitional arrangement or because it deems independence to be impractical given regional opposition. As a transitional measure, this would give Iraqis time to adjust to Iraqi Kurdistan’s eventual independence. It would create breathing space as Iraqis gradually redefine their relations with one another, aggregating interests to achieve greater self-rule through the formation of states: one Kurdish, one Sunni, and one or more Shiite regions.

Confederation is, however, difficult to achieve. Constitutional changes require a referendum and approval by the majority of voters. Any three governorates can defeat a referendum on a constitutional amendment with a two-thirds vote.

Recommendation to the GOI:

- In accordance with Article 140 of the Iraqi Constitution, hold a referendum on the status of the Kirkuk governorate and other disputed territories in the Diyala and Nineveh governorates, with monitoring by the international community. Votes should be counted on district and sub-district levels to reflect the local populations more accurately. (Note: If the GOI is unwilling or unable, the KRG should conduct the referendum with international assistance and monitoring.)

Recommendations to the KRG:

- Request monitoring by the international community if there is a referendum on independence. Work to ensure that Iraq, neighboring states, and the international community are kept fully informed of the process.
- Develop special power-sharing arrangements for Kirkuk city and other territories in the Kirkuk, Diyala, and Nineveh governorates, if they vote for independence.
- Engage the GOI, Turkey, and Iran in a dialogue on post-independence issues (e.g., water, hydrocarbons, boundaries, debt and asset allocation, and the terms of recognition).
- Underscore that the KRG harbors no plan for a greater Kurdistan incorporating the Kurds of Turkey, Syria, and Iran.

Recommendations to the international community:

- Work with the KRG and the GOI, as well their neighbors, to support the development of a timetable and a roadmap for the possible decision by Iraqi Kurds to separate from Iraq. Transparency would enhance stable post-independence relations.
• Provide direct assistance to the Kurdistan Independent High Electoral Commission (KIHEC) so that the design and conduct of a referendum on independence meets international standards. Dispatch monitors to verify that the referendum is free and fair.
IV. Security

According to Masoud Barzani, “It is the collective responsibility of the whole world to defeat [ISIS].” The Kurds have shown the commitment and capability to accomplish this. While ridding Syria of ISIS is beyond the scope of this report, the issues below require urgent attention.

The Peshmerga

The peshmerga were outgunned when ISIS attacked Sinjar in August 2014. Since 2003, the GOI has refused to cooperate with the peshmerga, denying them salaries, weapons, and training. The peshmerga only had Russian-made weapons seized from the Iraqi Army in the 1990s. They were used to fighting in the mountains, not defending territory. Traditionally, the peshmerga functioned as a guerrilla force; they lack counter-insurgency experience.

Beginning in August 2014, the United States started providing unprecedented levels of security assistance to the KRG. Coalition air power was decisive in preventing the advance of ISIS fighters. The United States set up a U.S.-Kurdish Joint Military Command Center in Erbil. It embarked on an ambitious train-and-equip program with Kurdish forces. The United States facilitated the supply of weapons to peshmerga from coalition countries. As of July 2015, the United States had given the KRG 54 million rounds of ammunition, 4,000 rounds of anti-tank munitions, tens of thousands of rifles, body armor, many vehicles and Humvees, and 25 Mine Protected Ambush Resistant (MRAP) vehicles. The U.S. Department of Defense (DOD) delivered some 70 planeloads of weapons. Of the $1.6 billion in weapons earmarked through the DOD’s Iraq Train and Equip Fund, about $400 million is directed toward helping the Kurds, including the establishment of a “Building Partnership Capacity” site in Erbil. As of May 2015, more than 3,000 U.S. military advisers were based in Iraqi Kurdistan.

The peshmerga have taken losses in the fight against ISIS. As of July 2015, 1,280 peshmerga have been killed and at least 7,000 wounded. In addition, military expenditures may represent as much as 10 percent of the KRG’s budget, making its relative expenditure on military the highest in the world. The Ministry of Peshmerga Affairs provides the families of fallen peshmerga with a stipend of $7,000. Housing and other benefits are provided to the families of the deceased or wounded. Corporations in Iraqi Kurdistan pitch in to cover costs.

The Obama administration has adopted a “light footprint” strategy, which involves air support and intelligence to aid the Kurds in their fight against ISIS. But the administration has made it clear that it will not put boots on the ground in combat operations. Without U.S. Special Forces as spotters to identify targets, most U.S. sorties return to base with their munitions intact, having been unable to identify and attack high-value targets. Despite these challenges, the multinational coalition had launched 5,600 sorties as of July
28, 2015—60 percent of which targeted ISIS in Iraq. The steady stream of air support and weapons provided by the United States to the Iraqi Kurds has enabled them to defend Erbil, but they still face threats of Vehicle-Borne Improvised Explosive Devices (VBIEDs) on the front-line with ISIS.

Masoud Barzani requested heavy offensive weapons from Obama when they met in the Oval Office on May 6, 2015. He asked for the same military equipment that the United States provides to Iraq: F-16 jet fighters, Apache attack helicopters, M1 Abrams tanks, armored vehicles, and anti-tank missiles. He also requested drones for intelligence, surveillance, and reconnaissance. Barzani maintained that the peshmerga would need these weapons to deter future advances by ISIS and to participate in the fight to retake Mosul. Kurds will join the battle for Mosul in Kurdish-populated areas, but will not fight in Arab-majority neighborhoods.

The United States has a policy for arming the Kurds: “By, with, and through” Baghdad. It insists on coordinating all U.S. military assistance with the GOI. The Obama administration is reluctant to provide weapons directly to the peshmerga, which would allow it to function like a national army, because it does not want its military assistance to be construed as an endorsement of independence. It is also concerned that heavy offensive weapons might ultimately be used in a fight for independence with the ISF. In addition, the United States has concerns about the lack of training of the Kurds to use and maintain some of the more sophisticated weaponry.

The GOI approves military equipment transfers to the KRG, clearing weapons through customs in Baghdad before transferring them to Erbil. Kurdish leaders expressed concern about this process to members of this Task Force; they would prefer to receive the weapons directly. U.S. officials, however, counter that the United States delivers materials quickly via the GOI. Masrour Barzani, Masoud’s son and Chancellor of the Kurdistan Regional Council, maintains that an independent Iraqi Kurdistan will be more effective against ISIS: “We would be able to make our own agreements to purchase our own weapons in quantity, quality and on time.”

This is an issue that will remain under review as the threat from ISIS evolves. Particularly alarming are reports that surfaced in mid-August 2015 that ISIS had used chemical agents, possibly mustard gas, against Kurdish forces in northern Iraq. More sophisticated weaponry may be required for the defense of the Kurds, or if the Kurds participate more broadly in the fight against ISIS.

Another key issue affecting Washington’s support for the Kurds is the lack of unity between the peshmerga affiliated with the KDP and the peshmerga allied with the PUK. While the United States brokered the 1998 Washington Agreement, ending the civil war between these Kurdish factions, the KDP and the PUK peshmerga are still not fully unified. There are questions about where weapons go, who gets them, and whether the distribution is fair to all parties.
Traditionally, the peshmerga were voluntary militias acting as armed wings of political parties. Party loyalty was paramount. Parties still influence decisions over recruitment, appointments, and promotions. Such politicization limits military effectiveness. Both the Kurds and the international community have a stake in rectifying divisions between the KDP and the PUK so that the peshmerga are a more unified and effective fighting force.

The KRG heralds some progress in integrating the KDP and the PUK peshmerga. According to the Minister of Peshmerga Affairs, 14 battalions, consisting of 160,000 active-duty soldiers and reserves, have so far been integrated. Only Brigade 70 (PUK-affiliated) and Brigade 80 (KDP-affiliated), which operate on the frontlines in Kirkuk, remain under party control. The Minister of Peshmerga Affairs is a Gorran representative. Its lack of an independent militia gives it a clear stake in the successful integration of the KDP and the PUK peshmerga into a common army. As part of the KRG’s security sector reform, progress has been made to eliminate “ghost soldiers”—people who are on the payroll but do not perform services. Downsizing peshmerga is a delicate task. KRG officials stress that the peshmerga have a revered place in society and need to be retired honorably.

While peshmerga integration is progressing, the intelligence agencies (Asaish) of the KDP and the PUK remain largely separate, especially on the function of information-gathering. Asaish is active in every governorate, relying on human intelligence at the district and sub-district levels. Asaish, however, lacks state of the art technology, such as listening devices that can identify the location of intercepts. As an integral part of security in the KRG, the Asaish need modernized systems to work more effectively.

Some in the U.S. Congress are pushing the Obama administration to arm the Kurds directly. On June 16, a bipartisan majority of the U.S. Senate voted “to provide for a temporary, emergency authorization of defense articles, defense services, and related training directly to the Kurdistan Regional Government.” The measure, supported by a 54 to 45 margin, reflects a broad level of popular support in the country for directly arming the KRG. It failed, however, to gain the 60-vote requirement for passage.

On April 27, 2015, the House Armed Services Committee released its annual defense bill, which included $715 million for aid to Iraqi forces to fight ISIS. It designated 25 percent of that amount for the peshmerga, the Sunni tribal militias, and the Sunni National Guard. The bill “would require that the Kurdish peshmerga, the Sunni tribal security forces, and the Iraqi Sunni National Guard be deemed a country” so they could “directly receive assistance from the United States.” A bipartisan group of U.S. lawmakers, including House Foreign Affairs Committee Chairman Ed Royce and Ranking Member Eliot Engel, also introduced legislation authorizing direct weapons transfers to the peshmerga.

The Obama administration strongly argues against directly arming the peshmerga, citing the Arms Control Export Act. Secretary of Defense Ashton
Carter wrote Senator John McCain on June 10: “I am writing to express concern about legislation that would authorize the President to directly arm forces of the Kurdistan Regional Government or other groups within Iraq, without the specific consent of the Iraqi government in Baghdad. Although I agree that our security partners in Iraq need to be armed expeditiously in order to counter the Islamic State in Iraq and the Levant (ISIL), this type of legislation risks fracturing the Government of Iraq, may have implications for force protection, and is redundant given that Kurdish forces are already receiving defense equipment in an expedited manner.” The United States doggedly maintains its “one Iraq policy.” If the current or future U.S. government changes course, a presidential waiver could allow weapons to flow directly.

Recommendations to the KRG:
- Transform the peshmerga into a professional army by defining salary structures, paying salaries on a regular basis, and offering regular pensions and other retirement benefits. (We recognize that the integration and the professionalization of the peshmerga are impeded by the current budget crisis.)
- Embrace local recruitment for local units. Bring all officer cadets into a single Officer Training System. Mingle the KDP peshmerga and the PUK peshmerga through specialized units under headquarters command (e.g., Special Forces and technical units).
- Strengthen the Ministry for Peshmerga Affairs to further establish civilian control of the military. Support Ministry efforts to create non-partisan battalions in which new recruits do not affiliate by political party.
- Take steps to integrate intelligence agencies. Integration of headquarters functions (i.e., intelligence-sharing and analysis) will proceed faster than integration of intelligence collection, which is a locally driven process that relies on KDP and PUK structures at the grass roots.

Recommendations to the international community:
- Continue to review the military needs of the Kurds as the ISIS threat and the role of the Kurds evolve.
- Provide the peshmerga with anti-tank weapons to more effectively defend themselves against ISIS by disabling VBIEDs.
- Train and equip the peshmerga with more sophisticated weapons as needed for any offensive missions (such as retaking Mosul).
- Enhance local intelligence capacity through listening technology that can identify terrorist threats.
- Invoke a presidential waiver to deliver weapons directly, if needed, to ensure that the Kurds continue to receive the weaponry they need in the fight against ISIS.
- Develop plans for a U.S. military base in Iraqi Kurdistan that would become fully operational when Iraqi Kurdistan becomes independent.
The secret Sykes-Picot agreement between British and French diplomats in 1916 laid the foundation for a post-Ottoman map of the Middle East, dividing the Kurds over four countries. “Sykes-Picot was a great injustice,” said Masoud Barzani. “Nobody asked us and we paid a huge price.”

Kurds in Iraq, Turkey, Syria, and Iran have been divided by the boundaries of nation-states for over a century. While there is interaction between Kurdish leaders, the Kurds are only now beginning to coordinate their actions as a result of the existential struggle against the Islamic State. Iraqi Kurdistan’s emergence as an independent state would have significant impact on Kurds in the region, as well as states bordering Iraqi Kurdistan.

The international community can assist in addressing the tensions in the neighboring countries. While Iraqi Kurds have gained support in the United States and the European countries, trans-Atlantic policy coordination is ad hoc and lacks focus. There is no coherent coordinated plan for capacity-building in Iraqi Kurdistan. The international community has an interest in making Iraqi Kurdistan a bulwark of stability, and a better ally in the fight against ISIS. The Kurds in Iraq, Turkey, Syria, and Iran are only now beginning to coordinate their actions as they mobilize against the Islamic State. The international community can assist in this effort.

The Kurds in Turkey

The Kurdistan Workers Party (PKK) launched its rebellion in Turkey in 1984. It has since abandoned demands for independence in favor of Kurdish rights and self-rule within a democratic Turkey. In 2009, the Turkish government under then–Prime Minister Recep Tayyip Erdogan declared its “Democracy Initiative,” which was supposed to lead to constitutional and legal changes to improve democratic rights for everyone, including Kurds. There was little progress, despite intermittent secret talks between Turkish intelligence and PKK representatives in Oslo between 2009 and 2011. Two years later, in 2013, the PKK’s imprisoned leader, Abdullah Ocalan, announced a ceasefire after secret talks with Turkey’s head of intelligence, Hakan Fidan, which were held at Imrali prison where Ocalan is detained. The ceasefire was supposed to be followed by a withdrawal of PKK forces from Turkish territory, but the rebel group halted the withdrawal, claiming that Turkish troops were taking over the vacated positions and building new, fortified military camps.

After a decade of electoral dominance, Erdogan’s Justice and Development Party (AKP) received 40.9 percent of the vote in national elections on June 7, 2015, not enough to rule without a coalition government. AKP’s drop in votes, from 49.8 percent in the previous national elections, reflected growing disenchantment with Erdogan’s divisive politics, his efforts to establish a presidency-dominant system, and his harsh treatment of civil society
and critics. The Peoples’ Democratic Party (HDP) was the big winner, beating expectations and breaking through Turkey’s 10-percent electoral threshold. HDP received 13.1 percent of the vote, enough to secure 80 seats in Turkey’s 550-seat parliament; it finished fourth in the popular vote and tied for third in number of seats. According to Turkey’s electoral law, parties that receive less than 10 percent of the vote cannot be seated in the parliament, and their votes are re-distributed to the other parties. Had the HDP not crossed the barrier, the AKP would have gained most of its 80 seats, putting it in position to form a government and possibly to change the constitution on its own, giving the president more powers, as Erdogan wanted.

In July 2015, just a month after the AKP’s electoral setback, Erdogan gave permission for U.S. warplanes to use Incirlik Air Base for strikes against ISIS. The ostensible goal was to establish an ISIS-free zone and ensure greater stability along Turkey’s border with Syria. Erdogan, however, also exploited the Incirlik deal to launch heavy strikes against the PKK in the Qandil mountains of northern Iraq, where the group has bases. Attacks and counter-attacks by the Turkish military and the PKK then followed in rapid succession, apparently ending the near-term chances of a formal peace process.

Kurds in Turkey were outraged by Erdogan’s attacks against the PKK. Support for the PKK runs deep among Kurds in Turkey. Despite the HDP’s strong showing in the elections, PKK leaders made it clear they would not be bound by the HDP’s civilian authority.

Iraqi Kurds have a complex relationship with Turkey. Masoud Barzani is not very popular among Kurds in Turkey who resent him for cooperating with the Erdogan government. HDP supporters were dismayed when Barzani appeared with Erdogan at a campaign rally in Diyarbakir on November 16, 2013. They resented Barzani’s statements of support for Turkey’s attacks against the PKK in Qandil this summer. Disputes between the PKK and Barzani over agendas and ideologies caused the collapse of plans for a pan-Kurdish unity conference in 2013. The KRG wants the PKK to move its bases out of northern Iraq. According to Masrour Barzani, “They must leave. This is one of the reasons why we are so eager to see the Kurdish peace process inside Turkey succeed.”

Masoud and his nephew, Nechirvan Barzani, who is prime minister of the KRG, have established close personal relations with Erdogan. In addition, the KRG is deeply involved with Turkey’s state apparatus. Trade between the KRG and Turkey was $12 billion in 2014, making the KRG Turkey’s second largest market (after Germany). Major Turkish construction and engineering firms have built the Erbil airport, roads, hotels, and hospitals. The KRG exports mostly oil to and through Turkey.

The KRG believed that economic diplomacy would enhance overall relations with Turkey. It has done so, notwithstanding Turkey’s non-responsiveness to the KRG’s appeals for weapons to help fight ISIS. Turkish officials rebuffed
the KRG’s envoy when ISIS attacked. In August 2014, a senior KRG official met then–Foreign Minister Ahmet Davutoglu in Istanbul to ask for weapons. Davutoglu declined, citing the presidential elections on August 10. The envoy met a representative of Turkey’s National Intelligence Agency (MIT) several weeks later. He was told that Turkey could not support the KRG because ISIS was holding hostages from the Turkish consulate in Erbil.

Cooperation with Turkey is vital to the KRG. Nechirvan Barzani, in particular, is deeply invested in the strategic partnership with Turkey. Iraqi Kurdistan needs a corridor to the outside world. Oil exports to Ceyhan are critical for accessing global energy markets. All of this gives Turkey significant influence over the KRG. If Iraqi Kurdistan were to declare independence over Turkish objections, Ankara could close the pipeline or implement an even broader economic embargo.

The Kurds in Syria

The Syrian government largely withdrew from Qamishli, Kobani, and Afrin in 2012 and 2013. The Kurds filled the gap with a civil administration that is strongly secular, promotes gender equality (a woman and a man share all important offices in the administration), and provides services, albeit at a low level. The Democratic Union Party (PYD) announced the formation of a Democratic Self-Rule Administration in Syrian Kurdistan in November 2013. The declaration of inclusive governance was issued by forty sociopolitical organizations, including Arabs, Yazidis, Assyrians, and Christians.

Syrian Kurdistan is called “Rojava.” The PYD is the dominant political party in Rojava. Though the PYD denies formal linkage with the PKK, its platform of grass-roots democracy, sustainable development, and women’s empowerment echo Ocalan’s platform. The PKK is listed as a Foreign Terrorist Organization (FTO) by the United States. The PYD, however, is not considered an FTO.

The United States initially ignored the PYD’s appeals as ISIS advanced on Kobani, maintaining that the city had no strategic value. In the fall of 2014, when ISIS occupied 80 percent of Kobani and Turkish tank battalions were parked on the hills watching the slaughter, the United States changed course. It provided air support and dropped weapons to help Kobani’s defenders. In June 2015, U.S. war planes also supported the YPG and the Free Syrian Army in liberating Tel Abyad, a strategic village on Syria’s border with Turkey that straddles an important supply route for ISIS fighters and materials coming from Turkey to Raqqa in central Syria. U.S. airstrikes had focused on helping the YPG fight ISIS in the far eastern part of Syria, where the YPG had won considerable territory. The deal allowing U.S. warplanes to use Incirlik Air Base risked marginalizing the YPG, which was acting as the main partner fighting ISIS in Syria. As long as Syria is burning, ISIS will have a safe haven and will continue to thrive.
Washington’s muddled approach is reflected in its hesitant contact with the PYD. While Co-Chair Salih Muslim has met the U.S. Special Envoy for Syria several times in Paris, discussions have focused on tactical coordination. The United States is staying away from a substantive political dialogue and from stating strategic goals. Salih Muslim has not been issued a visa to visit the United States, although his application was submitted to the U.S. Embassy in Stockholm in 2013. The United States is reluctant to get more involved with the PYD, whom Erdogan calls terrorists. Ankara strongly opposes contact and cooperation between the United States and the PYD. Turkey views the PYD and the PKK as one and the same, and it strongly opposes both. Erdogan was incensed when U.S. warplanes joined the battles for Kobani and Tel Abyad. In Diyarbakir, there are weekly funerals for Turkish Kurds who have died in Syria fighting with the YPG, including the sons and daughters of HDP politicians.

In November 2014, the UK Foreign and Commonwealth Office (FCO) outlined its policies toward Iraqi Kurdistan and the Syrian Kurds in a report criticizing the PYD’s cooperation with efforts to overthrow Bashar al-Assad. PYD Co-Chair Salih Muslim responded indignantly. Regarding PYD’s alleged cooperation with the Assad regime, Muslim insisted that the PYD has neither “direct nor indirect links to the Baathist regime in Syria.” Regarding allegations of PYD intolerance of other Kurdish parties, Muslim insisted that the PYD cooperates with the “moderate Syrian opposition [and] works with moderate factions of the Free Syrian Army.” He defended the PYD’s declaration creating Rojava: “With no clear immediate resolution in sight...the Kurds cannot be expected to give up Rojava in the expectation that some future transition process will secure the democratic aspirations of the Kurdish people. We would propose the devolved democratic model that has been established in Rojava as a viable model of popular democracy that should be adopted in a future free and democratic Syria.”

The KRG and the Rojava administration, led by the PYD, have a strained relationship. The KRG supports the Kurdistan Democratic Party of Syria, which opposes the PYD, and facilitated establishment of the Kurdish National Congress as an alternative to the PYD in Syria. The KRG hosts Syrian Kurdish representatives in Erbil and offers training to Syrian Kurds opposing the PYD. Unlike the KRG, which is openly moving toward independence in Iraq, the PYD insists that its goal is a unified and democratic Syria. Kurds in Syria seek recognition of their identity and assistance to provide for their own security.

Despite their differences, the KRG and the PYD have cooperated on the battlefield at times of maximum peril. The KRG sent peshmerga with heavy weapons to assist in the defense of Kobani. Masoud Barzani welcomed efforts by the PYD and the PKK to open a corridor allowing Yazidis to escape from Mount Sinjar during this attack. The YPG and PKK forces helped drive ISIS from Sinjar. In a region where “the enemy of my enemy is my friend,” the
PYD/YPG, the PKK, the PUK, and the KDP share a common adversary—the Islamic State.

**The Kurds in Iran**

Iran is a key player in Iraq, providing security and influencing political developments. Led by General Qassim Suleimani, the Iranian Revolutionary Guard Corps (IRGC) has played a leading role in the fight against ISIS. Suleimani commanded IRGC fighters and Popular Mobilization Forces in the battle of Tikrit.

Iran plays both sides, working closely with the Shi'ite-led GOI while also cooperating with the KRG. Nouri al-Maliki became Iraq’s prime minister with Iran’s blessing. Haider al-Abadi, who also comes from the Dawa Islamic Party, which has close ties to Tehran, was also installed as prime minister with support from Iran.

Kurdish officials have long-standing ties to Iran. When ISIS advanced to Makhmour, within thirty miles of Erbil, Iran was the first country to deliver weapons to the peshmerga. Iran’s support for Iraqi Kurdistan has its limits, however. While supporting its fight against ISIS, Tehran opposes independence for Iraqi Kurdistan, fearing that this could inspire unrest among the ten million Iranian Kurds in Iranian Kurdistan.

The Party for a Free Life in Kurdistan (PJAK), a group of leading Kurdish militants in Iran, has been fighting to replace Iran’s theocracy with a democratic and federal government. The PJAK is linked to the PKK and the PYD both ideologically and operationally. All of the PJAK’s leaders formerly held positions with the PKK; PJAK’s general assembly was originally formed by PKK leaders. The Kurdistan Democratic Party of Iran (KDP-I), with ties to the KDP in Iraqi Kurdistan, also supports federalism, as well as cultural, political, and linguistic autonomy in Kurdish areas of Iran. The KDP-I has good relations with most of the Kurdish political parties, but not with the PJAK, the PKK, and the PYD. Clashes between the KDP-I and PJAK occur frequently in Qandil, along the Iran-Iraq border.

Iranian Kurdistan is a tinderbox. The Iranian Kurds suffer systematic repression and politically motivated executions. According to the U.S. State Department’s Country Reports on Human Rights Practices for 2014, “The [Iranian] government continued to use security law, media law, and other legislation to arrest and prosecute Kurds for exercising their rights to freedom of expression and association. The government reportedly banned Kurdish-language newspapers, journals, and books and punished publishers, journalists, and writers for opposing and criticizing government policies. Although speaking the Kurdish language was not prohibited, schools were prohibited from teaching it. Authorities suppressed legitimate activities of Kurdish NGOs by denying them registration permits or bringing security charges against persons working with such organizations. Kurds were not allowed to register most Kurdish names for their children in official registries.” Riots erupted in May 2015 when a
Kurdish hotel maid died after falling from a hotel balcony in Mahabad. Kurds believe that she was sexually assaulted by a local security official. In the ensuing melee, fifty demonstrators were wounded and more than seventy others were arrested. The Kurdish protesters were reacting not only to this specific incident, but also to the pattern of systematic repression by the Iranian regime.55

During a July 2015 visit to Sanandaj, the capital of Iran’s Kurdistan province, Iranian President Hassan Rouhani attempted to mollify Kurdish demands by announcing that Kurdish language studies will officially be offered to university students and that a Kurdish Language and Literature program will be established at the University of Kurdistan. The pledge affirms Article 15 of the Iranian Constitution, which allows the teaching of regional and tribal languages in schools.56

Irish Kurds have worked closely with Iran over decades, and are wary of alienating Iranian authorities. The PUK and Tehran have a history of close cooperation. In addition, the KDP and Tehran have maintained cordial relations, which are strategic for both sides. All primary Iraqi opposition figures had facilities in Iran, where many had villas and offices.

In violation of current sanctions, the KRG reportedly exports 50,000 barrels of oil per day by truck from Suleimani across Iran to oil terminals in Iran’s Bandar Abbas in the Persian Gulf. As the sanctions on Iran are lifted, the KRG may expand its economic ties with Iran, exporting more oil to international markets via the Persian Gulf. Numerous border crossings between Iraqi Kurdistan and Iran exist at Haji Omeran, Penjwen, Bashmakh, Garmiyan, and Raperin. These border crossings will be upgraded to handle additional surface transport and commercial activity after the lifting of sanctions. Upgrades will include registries and customs collection for traffic in both directions. Iran is already a significant supplier of foodstuffs to Iraqi Kurdistan, including staples such as potatoes and onions.

Recommendation to the KRG:

• Reassure Turkey and Iran that the KRG harbors no plan for a greater Kurdistan incorporating the Kurds of Turkey, Syria, and Iran.

Recommendation to the international community:

• Support a more unified effort to defeat ISIS in Syria through cooperation among Kurdish groups.
• Understand that Iraqi Kurdistan is moving toward independence.
• Work with the KRG to develop a transparent process with a timetable and a roadmap, allaying concerns about the possibility of independence.

The United States, which has an interest in working with the Kurds to fight ISIS, is best placed to facilitate cooperation among the Kurds and serve as a broker of Kurdish issues with governments in the region. It should:

• Ensure that the Kurdish Peoples Protection Unit (YPG) has the necessary weapons to fight ISIS. Meet more frequently on a higher level
with the Rojava authorities in Hasakah, Jazeera, and Kobani and the Democratic Union Party (PYD) in order to reinforce a partnership with the PYD and reinforce the PYD’s commitment to Kurdish autonomy in a reconstituted Syria.

• Encourage resumption of a cease-fire and political dialogue between Turkey and the PKK.

To better prepare for a leadership role, the United States should:

• Establish a “Future of Kurdistan Project,” involving U.S. officials, private experts, and Iraqi Kurds to develop a capacity-building plan for Iraqi Kurdistan’s democratic and economic development, as well as its security.

• Appoint a Special Envoy for Kurdish Issues, bridging the gap between the Bureaus for Near Eastern Affairs and European Affairs at the U.S. State Department. The Special Envoy would serve as an inter-agency focal point within the U.S. government, raising the profile of Kurdish issues and helping coordinate policy between the United States and the European countries. The Special Envoy could act as the counterpart to a High Commissioner for Kurdish Issues in the United Kingdom as well as special representatives from other countries.

• Issue a visa to PYD Co-Chair Salih Muslim to attend high-level meetings in Washington.
VI. Economic Opportunities

Iraqi Kurdistan needs to develop its economy to support state-building and to advance peace and prosperity for Iraqi Kurds and neighboring countries.

*Hydrocarbons*

Iraqi Kurdistan possesses considerable energy reserves, substantial levels of actual production, and even greater prospects for future output. In the medium to long-term, Iraqi Kurdistan should enjoy a considerable stream of export-generated revenues, enabling stability and providing the means for state-building. The KRG’s principal economic and financial problem is how best to monetize its oil and gas resources. Iraqi Kurdistan is landlocked and has problematic relations with Baghdad. Alternatives to SOMO and new export routes need to be explored.

Though estimates vary, Iraqi Kurdistan may have hydrocarbon resources of up to 45 billion barrels, in which case it would rank tenth among the world’s largest oil-holding countries. One giant field, Shaikan, contains at least twelve billion barrels. Other fields—Taq Taq, Tawke, Akri Bijeel, Barda Rash, Garmian, and Kurdamir—contain seven billion barrels of oil-in-place. A KRG-built pipeline exported about 400,000 barrels per day (BPD) to Ceyhan on the eastern Mediterranean in 2014. Reasonable prospects exist for the discovery of additional oil and gas fields, which could increase projected exploration and production.

The KRG works with international partners through production sharing agreements (PSAs). In 2012, the KRG set ambitious targets intended to take oil output to 1.0 million barrels per day (MBD) by 2015 and to 2.0 MBD by 2019. As of June 2015, however, oil production was around 450,000 BPD in areas controlled by the KRG. This oil comes from territories under control of the KRG since 2003, territories seized by the peshmerga during their counter-attack against ISIS forces in 2014, and oil produced by the North Oil Company (NOC), which is exported to the Mediterranean port of Ceyhan via KRG-controlled territory.

Iraqi Kurdistan also has bountiful supplies of natural gas. In November 2013, the KRG signed a gas sales agreement with Ankara, which stated that the KRG would supply Turkey with some 4 billion cubic meters per year (bcm/y) in 2017, 10 bcm/y by 2020, and an option of 20 bcm/y thereafter. Production will come primarily from Genel Enerji’s fields at Miran and Bina Bawi, which are not likely to start until at least 2018.

The challenge lies in transporting hydrocarbons to market. Iraqi Kurdistan needs viable and stable routes to transport its oil and gas. The 600-mile long Kirkuk-Ceyhan Oil Pipeline is Iraq’s largest crude oil pipeline. It suffers from poor maintenance and sabotage; usable capacity is only about 300,000 BPD. The KRG’s Khurmala-Feyshkabour pipeline became operational as of
January 1, 2014. As of June 2015, the KRG was pumping about 450,000 BPD of oil to Ceyhan.

The KRG asserted control of all energy resources developed after 2003 (as permitted by Article 115 of Iraq’s 2005 constitution). DNO from Norway, Genel Enerji from Turkey, Chevron, ExxonMobil, and other leading oil companies signed PSAs with the KRG. The KRG signed a fifty-year contract with Ankara to sell its oil, and to deposit the revenue from sales into a Turkish bank. Agreements were entered into over Baghdad’s objection. The GOI threatened to boycott the companies doing business with the KRG and brought legal action in U.S. courts to block the sale of Kurdish oil. In February 2014, the GOI responded to the KRG’s overtures to customers on the global market by suspending monthly payments to the KRG.

Oil companies are nervous about their position in Iraqi Kurdistan. Oil companies have been functioning for nearly a year and still have not been paid. Unless they are paid, oil companies may seek to force the issue through arbitration or be forced to discontinue their operations. The lack of payment creates an unsustainable situation, especially for smaller companies. Oil companies are also concerned that the KRG might nationalize their assets.

Recommendations to the KRG:
- Deepen energy ties with Turkey through natural gas sales.
- Assure international oil companies that they will be paid all arrears as soon as the economic crisis is addressed, and assuage concerns that the KRG might nationalize their assets.

Recommendation to the international community:
- Stop unwarranted and baseless legal action aimed at preventing the KRG from selling Kurdish oil on international markets.

**Banking and Credit**

Kurdistan lacks a banking culture and a meaningful financial infrastructure. Banks are an extension of Kurdistan’s cash-based economy and therefore have a limited offering of products and services. This is a legacy from the previous regime, when Kurds stockpiled cash to preserve liquidity in times of crisis. Wages are still typically paid in cash and banks focus primarily on executing payments for government employees rather than commercial financing, small business lending, and retail credit.

Despite the high economic growth in the KRG between 2003 and 2014, this progress was not reflected in the development of the banking sector. Iraqi Kurdistan’s ability to access capital markets remains rudimentary. Banks are reluctant to lend to businesses. The lack of financing poses a barrier to the growth of local firms and the development of small and medium-sized enterprises. Retail and commercial banking services are limited. Most banks have no electronic banking functions, limiting their integration into the global financial system. Automatic Teller Machines are rare.
Iraq’s 2005 constitution did not grant fiscal and financial regulatory independence to the KRI’s central bank. Therefore, Baghdad effectively controls the KRG’s financial policy. Kurdistan-based banks rely on the National Bank of Iraq, which has branches in Erbil and Suleimani. The recent budget dispute with Baghdad revealed the KRG’s financial vulnerability, exposing its lack of authority over the flow of money into the market. The lack of liquidity of banks in Iraqi Kurdistan resulted in the KRG’s inability to pay the salaries of its employees.

The KRG is exploring steps to access international capital markets through the issuance of bonds. While raising money through the issuance of debt broadens the potential universe of lenders accessible to the KRG, it also creates a new set of issues to consider. The KRG will require a credit rating from at least one globally recognized rating agency, such as Standard and Poor’s or Moody’s. These agencies may make statements that do not reflect favorably on the KRG. The KRG’s recent efforts to issue bonds floundered.

Typically, bonds would be managed through a central bank, but since Iraqi Kurdistan does not have one, the creation of a central bank is a critical priority both for issuing bonds and for other macroeconomic reasons. For the central bank to be truly effective, it should be totally independent of political interests. Its key values must be reliability, integrity, independence, and impeccable governance. Once local depositors and commercial businesses gain confidence in the new central bank, they will feel increasingly comfortable depositing their assets at banks under its supervision. The central bank would also enable direct access to regional and global credit markets. Additionally, the new central bank would be responsible for managing retail and commercial credit markets and financial institutions within the country, not just through the setting of prevailing interest rates and reserve requirements, but also through regulation of the financial sector.

A central bank also creates conditions for private banking. Private banks are affected by market and macroeconomic factors: pessimism toward emerging markets, the sharp drop in commodity prices, low interest rates, and surplus liquidity. Nonetheless, there are seventy private bank branches operating in Iraqi Kurdistan, including foreign banks from Turkey and Lebanon. A British bank, the Standard Chartered Bank, recently opened in Erbil. Most large enterprises in Iraqi Kurdistan maintain offshore accounts in Dubai or in other Gulf States.

A strong, reliable, and regulated banking system provides a sense of security and confidence that further encourages commerce. Of primary importance is the existence of a reliable and efficient payment system. Businesses need to pay each other, receive payments for services rendered, and pay their employees. Individuals need to be able to receive wages, make payments for basic services, and have a place for savings. These transactions are part of the formal economy. They facilitate financial record-keeping and collection of taxes, while mitigating the risks inherent in an all-cash economy.
The development of a viable payment system is not completely dependent on the existence of traditional “brick and mortar” banks. In several developing countries, local telecoms have partnered with multinational payment systems such as Visa and MasterCard to provide mobile banking services which function independently of banks. Individuals can receive payments (including salaries), make payments to both vendors and individuals, and maintain balances through these accounts. Smart cards and mobile banking services could complement more traditional forms of banking, reducing cost and transaction speed.

Recommendations to the KRG:
• Prioritize the establishment of financial infrastructure. Establish a Central Bank of Iraqi Kurdistan. Transition from a cash-based economy to an economy with better banking and financing. Foster a banking culture by building public confidence for citizens to deposit their money in banks.
• Develop a legal framework for retail and commercial banking, which can offer checking and savings accounts, as well as competitive retail and commercial loans.
• Engage a globally preeminent investment bank to guide the process of issuing bonds.
• Emphasize mobile banking and other measures to modernize banking functions, expanding technology in the banking sector.
• Take steps toward a dual and/or independent currency.

Recommendations to the international community:
• Engage the International Executive Services Corps (IESC), a U.S.-based NGO, to assist Iraqi Kurdistan’s nascent banking sector. Seek assistance from IESC and other sources to improve the efficiency of banks in Iraqi Kurdistan for making loans to small and medium enterprises (SMEs), developing market strategies and piloting new approaches related to SME financing. Work with international banking experts on introducing new products and services such as smart cards and online banking.

Agriculture and Water

Iraqi Kurdistan used to be Iraq’s breadbasket, producing wheat for national consumption and export; however, Kurdistan’s agricultural sector collapsed during Saddam Hussein’s Anfal campaign against the Kurds during the Iraq-Iran War. Draconian security measures destroyed villages and irrigation systems. The Anfal also caused demographic changes that affected agricultural production, depopulating the countryside and forcing relocation to the cities.

Food security involves water, agriculture, value-added crops, food safety, and overall health. Kurdistan accesses water from the Tigris, the Great Zab, the Little Zab, the Khabur, the Sirwan, and the Awa Sipi rivers for crop irrigation and hydroelectricity. About 60 percent of Kurdistan’s water flow originates
in Kurdistan. Snow, rainfall, and ground water are also sources of supply. Despite its indigenous water resources, a dispute with Turkey could disrupt water flows to Iraqi Kurdistan. Climate change also represents a challenge to water supplies in Iraqi Kurdistan. In 2014, NASA conducted a report that estimated that 144 billion cubic meters of water have disappeared from reserves in Iraqi Kurdistan over the last five years.62

The KRG’s Ministry of Agriculture (MOA) has 13,500 employees, but only received 1.8 percent of the KRG’s total budget in 2014. With the total KRG budget downsized due to the economic crisis, the MOA receives even less support than in the past. According to the Minister of Agriculture, the MOA needs 10 percent of the KRG’s total budget to revive the agriculture sector effectively.

Market forces also affect local production. The KRI only produces 5 percent of its agricultural goods locally, leaving it dependent on imports. Goods are reliably and affordably sourced from Turkey and Iran. For example, Turkey provides almost all of the dairy products sold in Iraqi Kurdistan. All food processing occurs outside of Kurdistan, leaving the KRI with only a one-week reserve of food supplies. A supply crisis would result if Kurdistan’s borders with Turkey and Iran were closed.

Opportunities for economic development exist in the poultry industry. At present, however, the KRI produces less than 20 percent of its red meat and only 25 percent of its poultry.63 The poultry industry has been affected by bird flu and the high cost of imported soy meal. With no soy production in Iraqi Kurdistan, poultry farmers import soy from the United States, Brazil, and Argentina at an average cost of $200 per ton above world market prices.

The KRI lacks the technical expertise, veterinary services, and agricultural extension services needed to foster trust with rural farmers. Farmers are generally uninformed about “no-till planting,” which conserves the moisture in soil. As a customary practice, farmers deep-plow land used for wheat production, which dries out the soil during summer months. They are also unfamiliar with the benefits of crop rotation. In addition to crop rotation, improved farming techniques, use of more machinery, better quality seeds, appropriate use of insect and disease control measures, and better storage would enhance soil fertility.

KRG-funded subsidies also pose a problem. Wheat growers are paid three times the international market price for wheat, which deters local production and contributes to corruption. The KRG plans to raise taxes on food imports from Turkey and Iran in 2015. While this will raise food prices in the short term, the KRG hopes that the increased market price for agricultural products will encourage farmers to return to their fields and boost production, stabilizing prices within two years.64

Recommendations to the KRG:
- Conduct a comprehensive study of water resources, analyzing water inputs, uses, storage, and flows. The analysis should quantify rainfall and
snowfall patterns. It should also assess the quality and quantity of water supplies from rivers, groundwater supplies, and aquifers. The study of water resources would serve as the basis for an integrated water resources management plan.

- Develop a water tariff system to reduce waste and provide for cost recovery, including water-use fees and municipal taxes to pay for sanitation services.
- Modernize the water irrigation system, implementing conservation strategies such as recycling water from sanitation facilities for agricultural use.
- Support public participation in water-use decisions, including advocacy and citizenship-building strategies, user groups, and stakeholder participation in water management and aquifer development.
- Make Kurdistan more reliant on local corn and soybean production by providing improved training and agricultural extension services. Expand agricultural cooperatives to facilitate collective bargaining in marketing agricultural products and in the purchase of animal feed, improved seeds, and agricultural machinery.
- Establish educational institutions specializing in engineering and agriculture, modeled on land-grant universities in the United States.

Recommendations to the international community:

- Support the U.S. Geological Service (USGS) Water Resources Assessment Team to assist with the development of an Iraqi Kurdistan Water Resource and National Groundwater Database.
- Strengthen local capacity on modern stream-gauging techniques and transboundary aquifer management. Enhance management decision-making (i.e., water management indicators, institutional arrangements, legal framework, permits, water uses and tradeoffs, policy directions) and management tools (i.e., technology, monitoring networks, characterization, geo-databases).
- Seek congressional support for bringing the U.S. Department of Agriculture’s Market Access Program and Foreign Market Development Program to Iraqi Kurdistan. Include Iraqi Kurdistan as a line-item beneficiary in the USDA’s Agricultural Export Commodities Program. Encourage legislation earmarking more affordable export of U.S. soybean products to Iraqi Kurdistan via the USDA’s Commodity Credit Corporation and the Export Credit Guarantee Program (GSM-102).

Tourism

Tourism in Iraqi Kurdistan could thrive with reliable transport and infrastructure. Tourists from Iraq are drawn to Iraqi Kurdistan because of its cool climate and iconic cultural attractions, including churches and historic sites. Tourists from other Arab countries are attracted by its climate, ecology, and relaxed cultural practices. Iraqi Kurdistan’s rugged beauty makes it a unique
tourist destination for international visitors, especially those interested in eco-tourism. In contrast to Iraq’s deserts and lowlands, Iraqi Kurdistan is characterized by mountains, ravines, waterfalls, and natural springs. Gali Ali Bag, Bexal, and Jinokan are beautiful waterfalls, and Dokan Lage is a scenic alpine setting.

Iraqi Kurdistan is also a land of history. The Citadel in Erbil is at least 6,500 years old. Its souk is a special shopping opportunity. The site of the famous battle between Alexander the Great and King Darius is a short drive from Erbil. Mar Matti is a fourth-century Syrian Orthodox monastery. Other destinations include Parastaga Zardasht, an ancient Zoroastrian/Mithradate temple in Duhok; Amedi, a 4,000-year-old town perched on the peak of a mountain that is rumored to have been the home of the Biblical Magi; and Chemi Rezan, a cave complex and early human ceremonial burial site.

There are least twenty-one major business hotels in Iraqi Kurdistan, including five-star facilities in Erbil. For example, the Rotana Hotel is a luxurious Emirati-financed project; the Divan Hotel is an $80 million investment by a Turkish hotel group; the Marriott group and Kempinski group have completed two large towers in Erbil. Despite these facilities, lack of infrastructure and overall insecurity limit tourism opportunities.

Recommendations to the KRG:
• Improve surface transport between major Kurdish cities and between these cities and major tourist destinations.
• Emphasize environmental protection policies, with the goal of fostering eco-tourism.
• Focus initially on marketing tourism packages to visitors from Iraq and other Middle Eastern countries. As the security situation improves, expand outreach to tourists from Western and Asian countries.

Education and Human Capital

About 50 percent of Iraqi Kurdistan’s residents are 20 years old or younger. Kurdish youth are an essential component of the labor market; therefore, full development of the labor market must start with early childhood development. The educational system is trying to keep pace with demographic trends and market requirements, including proficiency with information technologies. While access to education has increased, illiteracy remains high: 11 percent of males and 27 percent of females aged 20 to 29 are illiterate, as are 28 percent of the male population and 43 percent of the female population aged 30 or older. The current population of persons more than 21 years old has 7.3 mean years of education.

Traditional education involves the transmission of information from the teacher to students. It emphasizes textbook learning and memorization, rather than critical analysis. Beginning in 2008, steps were taken to upgrade teacher standards and modernize the curricula. Teachers were encouraged to revise
their teaching method to help students develop creative and analytical skills. Teachers are required to have bachelor's degrees, but nonetheless, there is neither monitoring nor effective enforcement of teaching standards. Teaching is not a respected or highly valued profession in Iraqi Kurdistan; most teachers enter the profession because they did not qualify for advancement in other fields.

A new curriculum emphasizes mathematics and sciences. Despite the KRG's commitment to curriculum reform, however, the current curricula do not allow students to pursue a course of study to advance their professional goals. The curriculum is not related to labor market requirements. Students still rely on public sector jobs, and there is no real effort to prepare students for the job market. New priorities for employment generation can be supported by vocational schools and community colleges.

The KRG seeks to establish a “private sector labor market in which employees can find jobs, can move to better jobs when they want, and are rewarded for their work, and in which employers can find qualified employees and freely employ who they want.” The prevalence of the public sector is an impediment to this goal, however; about 50 percent of employed people—approximately 560,000—work for the KRG.

The 2014 economic crisis has compromised job growth in the private sector. Many workers prefer jobs in the public sector, which has advantages such as greater job security and benefits, particularly during economic crisis. Many low-wage private sector jobs are filled by foreign workers. Payment by private sector enterprises into the pension system is uneven and too low; most companies do not provide health and unemployment insurance. The implementation of minimum wage provisions and pay scales in the private sector are necessary to match the capacity of human capital.

Kurds are highly motivated, but they lack the professional skills required to succeed in today's job market, such as fluency in multiple languages, numeracy, and IT skills. Secondary-level students are allowed to choose between vocational or preparatory education, with most students choosing the latter. Most Kurds prefer careers as engineers and physicians. Efforts have been made to align technical and vocational education and training with private sector opportunities, including the IT sector.

Recommendations to the KRG:
• Link vocational education topics to job generators (e.g., tourism, hospitality, agriculture, petrochemicals, construction, transportation, warehouse management, and natural resource conservation). Adjust higher education so that the curricula emphasize technical, professional, business, and financial skills.
• Make elementary education a priority, with special emphasis on ending illiteracy. Girls' education must be mandatory and rigorously enforced. The obligation of parents to send their children to school should be binding.
• Build links with the private sector through advisory boards, career centers, and job fairs. Build a web site with all existing information on the labor market in order to connect job seekers and potential employers.

• Expand benefits such as a comprehensive pension system that addresses the level of pension benefits, the length of employment, and the amount of wages earned. Enact legislation requiring companies to provide health care and an unemployment insurance system to protect workers from unexpected job loss.

• Subsidize apprenticeship and traineeship initiatives to ensure that the business community has competent employees.

Recommendations to the international community:

• Initiate an AmeriCorps-type program in the KRG to train and place college students with civil society organizations, leveraging the drive of young people and fostering a new generation of social entrepreneurs.

• Create “innovation labs” for social entrepreneurs to receive training, mentoring, and funding to devise innovative strategies to address social problems.
VII. Conclusion

The Iraqi Kurds have consistently deferred their dream of independence in the service of a unified Iraq. Today, Iraq is a failing state. The KRG is moving toward independence while the international community clings to its vision of a unified Iraq. This report seeks to bring the issue to the attention of the international community, which has invested so much in a unified Iraq, and to urge stakeholders such as the United States to work with, not against, the Kurdish move toward independence.

Iraqi Kurds face many challenges. This report sets forth a number of steps that the KRG can take to stabilize Iraqi Kurdistan, improve conditions for the Kurds and, should the KRG decide to move in this direction, prepare for eventual independence. The international community should work to facilitate the emergence of a stable independent Kurdistan through diplomatic intercession with Baghdad and countries directly affected by Iraqi Kurdistan’s independence. The Task Force members hope that this report will spark a broad conversation on how the international community can adjust policies to reflect this new reality.

Prime Minister Nechirvan Barzani has said that “Sunnis are afraid the future; Shia are afraid of the past; Kurds fear the past, present, and future.” With the support of the international community, Iraqi Kurdistan can make a peaceful and secure transition to independence. The Kurds will no longer need to fear the future.
Notes

1. The conclusions of this report do not necessarily reflect all the views of the Task Force participants. See Appendix C for clarifying statements.
2. The Kurdistan Region of Iraq (KRI) comprises Dohuk, Erbil, and Suleimani provinces, and parts of the Kirkuk, Nineveh, and Diyala provinces.
3. There are two principal dialectical variations of Kurdish: Kurmanji predominates in North and West Kurdistan, Sorani in South and East Kurdistan. Most Kurds are Sunni Muslims, but many follow Sufi versions of Islam, and there are Shi'ite Kurds. Most are socially moderate and pro-Western, except for a small group of Islamist Kurds who live in pockets along the Iraq-Iran border.
10. Failure to negotiate a mutually acceptable Status of Forces Agreement led to the withdrawal of U.S. forces on December 18, 2011. The Iraq War and occupation cost $2.21 trillion; 4,491 U.S. troops were killed and 32,046 were wounded. According to the Iraq Body Count, civilian deaths of Iraqis from violence are between 142,185 and 161,228 and total violent deaths including combatants are 219,000 (https://www.iraqbodycount.org/).
16. Email from a HRW researcher recently returned from the KRG, August 14, 2015.
19. The Economist Intelligence Unit, p. 39.
20. The Economist Intelligence Unit, p. 40.
22. The Economist Intelligence Unit, p. 46.
23. Ibid.
24. Ibid., p. 6.
28. Human Rights Watch, “Iraqi Kurdistan: Arabs Displaced, Cordoned Off, Detained: Harsh Restrictions in Northern Iraq While Kurds Move Freely,” February 25, 2015. Human Rights Watch recently cited an alleged pattern of Sunni Arabs who were displaced by ISIS being denied the right to return home. HRW also reports on abuses by the peshmerga and the asaish, as well as excessive force during public demonstrations and the jailing of journalists.
30. The Economist Intelligence Unit, p. 29.
33. Earlier that month, Barzani had asked parliament to proceed with the independence vote; see rudaw.net/english/kurdistan/030720141.
35. Interview with Masoud Barzani, Erbil, May 19, 2015.
37. Iran, however, was the first country to deliver weapons to the peshmerga during the crisis.
38. Interview with Pentagon officials, July 22, 2015.
40. The Economist Intelligence Unit, p. 24.
47. Letter from U.S. Secretary of Defense Ashton Carter to Senator John McCain, Chairman of the Committee on Armed Services, U.S. Senate, June 10, 2015.
48. Interview with Masoud Barzani, Erbil, May 19, 2015.
52. Statement by Saleh Muslim, PYD Co-Chair, May 15, 2015.
53. Interview with Mohammed Jizri, Head of KDP-I, June 26, 2015.
58. Oil-in-place is not the same as proven recoverable reserves, which are smaller.
59. KRG Prime Minister Nercivan Barzani, Erbil, December 3, 2012.
61. The Economist Intelligence Unit, p. 42.
67. Ibid.


70. Ibid., p. 16.

71. Ibid., p. 3.

Appendix A

Acronyms and Abbreviations

AKP Justice and Development Party
AQI Al-Qaeda in Iraq
BPD Barrels per Day
CHP Peoples Republican Party
GOI Government of Iraq
HDP People’s Democratic Party
E&P Exploration and Production
FGM Female Genital Mutilation
FDI Foreign Direct Investment
FTO Foreign Terrorist Organization
HRW Human Rights Watch
IDPs Internally Displaced Persons
ING Iraqi National Guard
IOM International Organization of Migration
IRGC Iranian Revolutionary Guard Corps
ISF Iraqi Security Forces
ISIS Islamic State in Iraq and Syria
IT Information Technology
KDP Kurdistan Democratic Party
KDP-I Kurdistan Democratic Party of Iran
KIHEC Kurdistan Independent High Electoral Commission
KRI Kurdistan Region of Iraq
KRG Kurdistan Regional Government
MBD Million Barrels per Day
MHP National Movement Party
MIT National Intelligence Agency
MOA Ministry of Agriculture
MOE Ministry of Education
MOH Ministry of Health
MOP Ministry of Planning
MRAP Mine Resistant Ambush Protected
NOC North Oil Company
OCHA Office for the Coordination of Humanitarian Assistance
OFDA Office of Foreign Disaster Assistance
PJAK Party of Free Life Kurdistan
PKK Kurdistan Workers Party
PSA Production Sharing Agreement
PUK Patriotic Union of Kurdistan
PYD Democratic Union Party
SGBV Sexual and Gender-Based Violence
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>SMEs</td>
<td>Small and Medium Enterprises</td>
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<tr>
<td>SOMO</td>
<td>State Oil Marketing Organization</td>
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<tr>
<td>TOW</td>
<td>Tube Launched, Optically Guided, Wire Guided</td>
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<tr>
<td>UNHCR</td>
<td>United Nations High Commissioner for Refugees</td>
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<tr>
<td>UNSC</td>
<td>United Nations Security Council</td>
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<tr>
<td>USAID</td>
<td>U.S. Agency for International Development</td>
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<tr>
<td>USDA</td>
<td>U.S. Department of Agriculture</td>
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<tr>
<td>USGS</td>
<td>U.S. Geological Service</td>
</tr>
<tr>
<td>VBIED</td>
<td>Vehicle-Borne Improvised Explosive Devices</td>
</tr>
<tr>
<td>WFP</td>
<td>World Food Program</td>
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<td>WHO</td>
<td>World Health Organization</td>
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Appendix B

Task Force Participants

The Task Force Report on State-Building in Iraqi Kurdistan benefited from the participation of the Task Force members. The report is not a consensus document; the conclusions within do not necessarily reflect the views of all Task Force participants.

Task Force Members

Alon Ben-Meir is a professor and Senior Fellow at New York University’s Center for Global Affairs and Senior Fellow at the World Policy Institute. Ben-Meir is an expert on Middle East politics and affairs, specializing in international negotiations and conflict resolution. For the past seventeen years, Ben-Meir has been directly involved in various negotiations between Israel and Turkey.

George Biddle is the former Executive Vice President of the International Rescue Committee (IRC). In this position, he supervised its U.S. and international programs and advocacy departments. Prior to joining the IRC in 2000, Biddle was Vice President of the International Crisis Group, an organization that works through field-based analysis and high-level advocacy to prevent and resolve deadly conflict. He was also President of the Institute for Central American Studies, an organization he founded in 1989 to assist post–Cold War Central America in its transition from violent conflict to peace and democracy. He serves on several non-profit boards and is a member of the Council on Foreign Relations.

Kevin R. Davis served as Chief Executive Officer of MF Global Holdings Ltd. (also known as MF Global Ltd. and Man Financial Ltd.) from July 2007 to October 2008. Davis was CEO of Man Financial at Man Group plc (also known as Man Strategic Holdings plc) since November 1999 and Managing Director since 1997. He also served as President of Man Group plc.

Andrew Frank is founder and President of KARV Communications. He has twenty-five years of experience in public affairs and crisis management, including five years of work with Bill Clinton’s administration. He has also served as Managing Director of the United States Information Agency’s New York Foreign Press Center and as a Senior Advisor for Communications to the Director of the United States Information Agency.

Peter W. Galbraith has over thirty-five years of experience in foreign policy. He is author of The End of Iraq (2006) and has written extensively on Iraqi Kurds and the Iran-Iraq War. Galbraith was a senior advisor on Near East and South Asia and international organizations for the U.S. Senate Foreign Relations Committee from 1979 to 1993. From 1993 to 1998, he served as U.S.
Ambassador to Croatia and from 2000 to 2001, he was Director for Political, Constitutional, and Electoral Affairs at the UN Transitional Administration in East Timor (UNTAET). Galbraith also served as a Cabinet Member for Political Affairs and the Timor Sea in the First Transitional Government of East Timor.

R. Scott Greathead is a member of the board of directors of Human Rights First (formerly the Lawyers Committee for Human Rights), which he helped to found in 1978, and Human Rights in China. He is also a member of the Council on Foreign Relations. Greathead is the Chairman and CEO of World Monitors Inc., which provides multinational corporations with consulting and information services that focus on strategies for risk prevention and brand protection in the global economy.

Michael M. Gunter is Professor of Political Science at Tennessee Techni-cal University and a scholar of Kurdish issues. He has written nine books and published more than seventy-five scholarly articles on these issues. In 1988, he was the recipient of the Kurdish Human Rights Watch’s “Service to the Kurds Award.” He also serves as the Secretary General of the European Union’s Turkey Civic Commission.

Zachary Iscol is the founder and Chief Executive Officer of Recruit Citizens, LLC. He is a combat-decorated U.S. Marines officer who served two tours in Iraq. He also served as the first officer in charge of Recruiting, Screening, Assessment, and Selection (RSAS) for U.S. Marine Corps Forces Special Operations Command.

David Koranyi is the Director of the Eurasian Energy Futures Initiative of the Atlantic Council. Since 2010, he has been a Nonresident Fellow at the Center for Transatlantic Relations at Johns Hopkins University’s Paul H. Nitze School of Advanced International Studies. Koranyi speaks and publishes on the geopolitics of energy. He served as Undersecretary of State and Chief Foreign Policy and National Security Advisor to the Prime Minister of the Republic of Hungary, Gordon Bajnai, from 2009 to 2010. From 2004 to 2009, he worked in the European Parliament as Chief Foreign Policy Adviser and Head of Cabinet of a Hungarian MEP. Prior to that he was a Political Adviser at the Hungarian National Assembly and a Junior Researcher at GKI Economic Research Institute in Budapest, Hungary.

Austin Long is Assistant Professor at Columbia University’s School of International and Public Affairs. He is also a non-resident Senior Fellow at the Foreign Policy Research Institute. In 2014–2015, he is a Council on Foreign Relations Fellow serving in the Joint Staff J5 (Strategic Plans and Policy). Long was previously Associate Political Scientist at the RAND Corporation. While at RAND, he was an analyst and adviser to U.S. forces in Iraq from 2007 to 2008. In 2011 and 2013, he was an analyst and adviser to special operations forces in Afghanistan. Long received his B.S. from the Sam Nunn School of
International Affairs at the Georgia Institute of Technology and his Ph.D. in political science from the Massachusetts Institute of Technology.

**Alan Makovsky** is an independent political analyst. From 2001 to 2013, Makovsky covered Turkey and the Middle East as a senior staff member of the House Foreign Affairs Committee of the U.S. Congress. From 1994 to 2001, he worked at The Washington Institute for Near East Policy, where he founded and directed its Turkish Research Program. From 1983 to 1994, Markovsky worked for the U.S. Department of State, primarily as a Turkish and Middle East analyst in the Bureau of Intelligence and Research; in 1992, he served as Political Advisor to Operation Provide Comfort, the U.S.-led military operation to deny Saddam Hussein’s air force access to northern Iraq.

**Aliza Marcus** is an independent political analyst and writer on Kurdish issues, Turkish politics, and the Kurdistan Workers Party (PKK). She is a former foreign correspondent who worked for Reuters in the Middle East and acted as their Istanbul correspondent in the 1990s; she later covered Israel for the *Boston Globe*. Marcus is a long-time analyst of the PKK and has been writing about the group since the late 1980s, when she first traveled to Turkey’s southeast to cover the armed conflict for the *Christian Science Monitor*. For her reporting for Reuters, Marcus received a National Press Club Award. She is also a recipient of a Macarthur Foundation Grant and the author of *Blood and Belief: The PKK and the Kurdish Fight for Independence*. She lives in Washington, D.C.

**Brendan O’Leary** is Lauder Professor of Political Science at the University of Pennsylvania and has researched Iraq’s federalization and Kurdish politics extensively. Since 2003, he has been an international constitutional advisor to the Kurdistan Regional Government, advising it during the making of the Transitional Administrative Law (2004), the Constitution of Iraq (2005), and during the drafting of the Kurdistan Constitution. He has been an advisor on power-sharing to governments and political parties in numerous conflict sites. From 2009 to 2010, O’Leary was the Senior Advisor on Power-Sharing to the Standby Team of the Mediation Support Unit of the United Nations. Among his more than twenty books are *How to Get Out of Iraq with Integrity* (2009) and *The Future of Kurdistan in Iraq* (2005). In 2014, O’Leary was awarded the inaugural Juan Linz prize of the International Political Association for his research on federalism, ethnic conflict, and democratization.

**David L. Phillips** is Director of the Program on Peace-building and Rights at Columbia University’s Institute for the Study of Human Rights. Phillips has served as a foreign affairs expert and as Senior Adviser to the U.S. Department of State. He was also Senior Adviser to the UN Office for the Coordination of Humanitarian Affairs. Phillips has worked at academic institutions as Executive Director of Columbia University’s International Conflict Resolution Program, Director of American University’s Program on Conflict Prevention and
Peace-building. Senior Fellow at Harvard Kennedy School’s Future of Diplomacy Project at the Belfer Center for Science and International Affairs, and Fellow at Harvard University’s Center for Middle East Studies. Phillips also served as President of the Congressional Human Rights Foundation.

**Stanley Salett** has more than four decades of experience designing and leading breakthrough national policy initiatives. He was one of the original planners of the National Head Start program and initiated Project Upward Bound, which has enabled more than two million low-income students to enter college. He has served on the staffs of all three Kennedy brothers: President John F. Kennedy’s Committee on Youth Employment, Attorney General Robert Kennedy’s Committee on Juvenile Delinquency, and Senator Edward Kennedy’s presidential campaign. He has also served on Bill Clinton’s transition team, screening candidates for cabinet positions. He currently serves as President of The Foundation for the Future of Youth.

**Nancy E. Soderberg** has over thirty years of experience in foreign policy. Under Bill Clinton, she served as Alternate Representative to the United Nations, with the rank of Ambassador (1997–2001) and as Deputy Assistant to the President for National Security Affairs (1993–1997). She has also worked as the Senior Foreign Policy Adviser to Senator Edward M. Kennedy (1985–1992), as Vice President of the International Crisis Group (2001–2005), and as President of the Connect US Fund (2009–2013). She is currently President and CEO of Soderberg Global Solutions and a Distinguished Visiting Scholar at the University of North Florida.

**Gareth Stansfield** is Professor of Middle East Politics and the Al-Qasimi Chair of Arab Gulf Studies at the University of Exeter, where he is also Director of the Institute of Arab and Islamic Studies (IAIS) and Director of Research of the Strategy and Security Institute (SSI). He is also Senior Associate Fellow with special reference to the Middle East and Islamic world at the Royal United Services Institute for Defence and Security Studies (RUSI).

**Michael Stephens** has been a Middle East Research Fellow at the Royal United Services Institute for Defence and Security Studies (RUSI) since 2014. He also heads RUSI Qatar. Previously, he was Deputy Director and Researcher at RUSI. He has published, written extensively, and lectured on ISIS, the Middle East, and Kurdish issues for the BBC, Al Jazeera, the *New York Times*, and other media outlets. He holds a Master’s degree in International Relations from King’s College at the University of London.

**Guy Wyser-Pratte** is an American financial investor. Since 1991, he has been the founder and President of Wyser-Pratte and Co., an investing fund focused on undervalued European equities; he is also on the Board of Directors of KUKA AG. He is former President and now Vice Chairman of the U.S. Marine Corps University Foundation, a former trustee (now Trustee Emeritus) of the
Congressional Medal of Honor Foundation, and served in the “Kitchen Cabinet” of the former Commandant of the Marine Corps, General James T. Conway. Wyser-Pratte also serves on the board of Overseers of the International Rescue Committee and is a member of the Council on Foreign Relations.

Other Contributors

Shahla Al Kli is a Ph.D. candidate at the Fletcher School of Law and Diplomacy at Tufts University. Al Kli’s research focuses on the role of transnational communities in the Middle East, with particular interest in Iraq, Iran, and Syria. In her research, she investigates the impact of both ethnic (Kurdish) and religious (Sunni and Shiite) trans-border allegiances on state durability in these three countries.

Christina Bache Fidan is a Research Fellow with the Center for International and European Studies (CIES) at Kadir Has University in Istanbul. Christina is also a Ph.D. candidate in the Department of Politics and International Studies at the University of Warwick, UK. Her dissertation focuses on the impact of the Turkish private sector on economic security in the Kurdistan Region of Iraq.

Tatianna Gildersleeve attended Columbia University before embarking on a career in publishing. She has worked as an editor at Time, Inc. and for a range of Condé Nast publications focused on culture and the clothing industries. She has over twenty years of experience in the textile and fashion markets. She is founder and Chief Executive Officer of Tredway White, Inc., a firm developing environmentally sustainable textiles for both woven and non-woven markets.

Lawen Hawezy is a Research Assistant to the Program on Peace-building and Rights at Columbia University’s Institute for the Study of Human Rights. He studied international relations at the Fletcher School of Law and Diplomacy at Tufts University and business management at VU Amsterdam. He has nine years of experience as a diplomat in Baghdad and New York.

Appendix C

Clarifying Statements

While I participated in both the fact finding for and drafting of this report with special regard to its energy aspects, I am not in a position to endorse its conclusions and recommendations in their entirety.

David Koranyi

This report is a valuable contribution to discussion of the prospect of Iraqi Kurdish independence and an important reminder to policymakers that this issue will come increasingly to the fore in the months and years ahead. As noted on page 49, however, it is not a consensus document, and I have reservations about some aspects of the report.

I will cite one such reservation, the roadmap for Iraqi Kurdish independence, regarding which I feel the report is not sufficiently explicit about the conditions that must be met to allow the desirable goal of Iraqi Kurdish independence also to be practicable. In addition to improving its governance and economic management along the lines recommended in this report, prerequisites for statehood include the acquiescence of neighbors Turkey and Iran and current host-state Iraq—for the sake of Kurdistan’s self-preservation—as well as the unification of the KRG bureaucracy and the peshmerga on a non-partisan basis. Regional capitals would no doubt seek to impose conditions on acquiescence to Kurdish independence, but the prospect of acquiescence itself, however conditioned, is no longer far-fetched in the way it was until recent years. The only alternative to regional acquiescence would be the formal protection of a powerful patron, such as the United States, a development that seems to me unlikely. Assuming regional and domestic obstacles can be removed, the United States and the West should welcome the prospect of Kurdish independence.

Alan Makovsky

I participated in the Task Force in my role as an independent writer and expert on the Kurdish issue. While I can’t fully endorse all the report’s recommendation and conclusions, I believe the report makes an important contribution to policy planning and discussion.

Aliza Marcus
Appendix D

About Columbia University and the Institute for the Study of Human Rights

Columbia University is one of the top academic and research institutions in the world, conducting path-breaking research in medicine, science, the arts, and the humanities. It includes three undergraduate schools, thirteen graduate and professional schools, and a school of continuing education. Founded in 1754, it is the oldest institution of higher learning in the state of New York and the fifth oldest in the United States.

The Institute for the Study of Human Rights (ISHR) was the first academic center in the world to be founded on an interdisciplinary commitment to the study of human rights. ISHR is also renowned for bridging the study and practice of human rights on both the national and international levels. ISHR seeks to promote dialogue between scholars and practitioners through human rights research, education, lectures, conferences, and capacity-building activities.

The Program on Peace-building and Human Rights is an applied research endeavor taking a comprehensive approach to peace-building through humanitarian assistance, human rights, economic development, and political participation. In addition to Iraqi Kurdistan, the program operates in Sudan, Burma, Indonesia, Turkey, Sri Lanka, the Balkans, and the Caucasus. Activities involve dialogue initiatives, educational exchanges, and curriculum reforms that reduce hostile perceptions, as well as cooperative projects with practical social and economic benefits. The program enhances preventive diplomacy by focusing on strategies to break the cycle of violence.