

Iraq

Foreign Assistance Program Overview

Iraq remains a vital partner to the United States in the fight to degrade and ultimately defeat the Islamic State of Iraq and the Levant (ISIL). Recent military, political, and economic developments have placed a higher importance on U.S. assistance to the government and people of Iraq. The United States remains committed to mutual goals of a secure and stable Iraq, with more inclusive, capable and accountable governance, manifested by more effective provision of public services to all citizens, protection and support to conflict-affected communities, and implementation of targeted economic reforms. U.S. assistance will continue to support the Government of Iraq (GOI) in attaining these goals and responding to urgent needs likely to arise in this fluid environment.

To enhance the ability of the GOI to contribute independently and substantively to degrading and defeating ISIL, targeted assistance will build the capacity and professionalism of Iraqi Security Forces (ISF); support the GOI's efforts to respond to the needs of large numbers of displaced persons, and the communities hosting them; hold and stabilize areas recovered from ISIL; and implement the economic as well as political reforms needed to respond more effectively and equitably to the needs of the Iraqi people. Ensuring the GOI's active and visible role in responding to stabilization and reconstruction, supporting reforms that enhance the well-being of citizens, and demonstrating the GOI's commitment to and concrete action toward inclusive, representative, rights-respecting governance will help advance the GOI's efforts to enhance national and regional stability by bridging the country's sectarian divide. This is crucial for sustained success against extremists, including ISIL.

The GOI must address these challenges in the context of a crippling economic crisis caused in part by a collapse of world oil prices that has resulted in a significant fiscal gap. U.S. assistance will help the GOI access international credit as well as provide technical assistance. Not only will this assistance reinforce the critical structural reforms underway through World Bank and International Monetary Fund programs, but it will help the GOI resource immediate and evolving stabilization needs, as well as the implementation of key economic and other critical reforms needed to promote broad-based economic resilience and growth. Success in this endeavor will have associated positive implications for U.S. business opportunities.

Critical, self-directed actions undertaken by the GOI in promoting responsive governance will bolster the efficacy of the U.S. government's efforts, speed up the adoption of changes, and increase the chances for long-term sustainability of the reforms. U.S. assistance will focus on advancing good governance through strengthening accountable and effective decentralized public administration at the provincial and national levels. Activities will also include efforts to ensure respect for human rights and rule of law, with special attention paid to vulnerable populations such as women, the internally displaced, and religious and ethnic minorities.

Request by Account and Fiscal Year

(\$ in thousands)	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request	Increase / Decrease
TOTAL	229,762	*	510,360	280,598
Overseas Contingency Operations	210,000	*	509,360	299,360
Economic Support Fund	54,000	*	332,500	278,500

(\$ in thousands)	FY 2015 Actual	FY 2016 Estimate	FY 2017 Request	Increase / Decrease
Foreign Military Financing	150,000	*	150,000	-
International Narcotics Control and Law Enforcement	1,000	*	-	-1,000
Nonproliferation, Antiterrorism, Demining and Related Programs	5,000	*	26,860	21,860
Enduring/Core Programs	19,762	*	1,000	-18,762
International Military Education and Training	902	*	1,000	98
Nonproliferation, Antiterrorism, Demining and Related Programs	18,860	*	-	-18,860

Economic Support Fund (ESF) - OCO

U.S. assistance to Iraq will focus on supporting the GOI in its efforts to ensure national integrity and reconciliation through: a more decentralized and accountable approach to service delivery; more effective and transparent resource management and revenue generation; restoration of state authority in areas liberated from ISIL, primarily through the reestablishment of essential public services; and conflict mitigation to promote community and social cohesion. Activities will focus on supporting the range of stabilization efforts needed to ensure success in areas liberated from ISIL control, pursuing decentralization and economic reforms, increasing trade and investment that will advance Iraq's recovery from the fiscal crisis and diversify revenue inputs, and supporting the rule of law and effective governance. This assistance, combined with self-directed austerity measures and political reforms initiated by the GOI, will support Iraq's stabilization and economic recovery, as well as undermine ISIL's influence. Assistance will also be used to support local and international civil society efforts to hold the GOI accountable, advocate for respect for human rights, including protection and empowerment of religious and ethnic minorities, and to support vulnerable and marginalized populations. Assistance for GOI political institutions, such as Parliament, will promote reconciliation and equitable representation, and help GOI economic institutions promote inclusive economic growth as Iraq integrates into the regional and global economy.

Through U.S. Support, Iraqi Territorial Integrity is Restored

Key Intervention:

- Approximately \$14.0 million in assistance will support the immediate stabilization needs of areas liberated from ISIL control and restore Iraqi state services. U.S. actions will center on the efforts of local and national authorities to restore basic services, support the restoration of disrupted livelihoods, and promote community reconciliation. Assistance will also build the capability of local government entities to sustain stabilization activities through the implementation of fiscal, planning, budget and other decentralization reforms.

A More Inclusive, Responsible, and Responsive Government Guided by Increasingly "Issue-Based" Politics, wherein Power, Resources, and Authority Are Decentralized to Provinces and Regions

Key Interventions:

- Approximately \$30.0 million in U.S. assistance will support activities that build provincial and national capacity to implement effective and transparent service delivery at the local level. These activities will be bolstered by the GOI's publicly-stated recognition that national reconciliation rests on effective, responsive, accountable, and decentralized governance.
- Approximately \$11.0 million in assistance will help advance fiscal and administrative reform at the national level that will be supported by demonstrated commitment and political support from Iraq's

central executive. This includes targeted advisory assistance to aid the central executive and national ministries in progressing on economic reforms. Technical assistance will focus on national level reforms that improve Iraq's fiscal position and revenue management, diversify Iraq's revenue streams, and aid Iraq's fiscal recovery.

- Approximately \$17.0 million in U.S. assistance will provide continued support to local and international civil society organizations to promote inclusive governance, human rights, and rule of law as a way to counter ISIL's influence, prevent the rise of similar destabilizing forces, and build resiliency. Assistance will work at the community level to complement national-level efforts that promote tolerance and counter sectarianism. These efforts will include activities that foster dialogue across religious and ethnic lines, advocate for the rights and protection of women and girls, and advance the social, political, and economic empowerment of marginalized communities, such as religious and ethnic minorities, and victims of war.

Increased Investment and Private Sector Development, Including Diversification from the Extractive Resources Sector

Key Interventions:

- Approximately \$260.0 million of ESF-OCO assistance will support a sovereign loan guarantee, conditioned on economic reform implementation in support of International Financial Institution reform efforts, including with the IMF. This will enable the GOI to borrow up to \$1.0 billion in the international credit market on more favorable terms than otherwise available, which will help the GOI leverage its own resources and other donors to fill its fiscal gap, and allow the country to stay on the path to sustainable, stabilizing economic and political reforms.
- Approximately \$0.5 million will support activities that help advance sustainable economic reforms, such as trade and investment programs. Activities may target issues such as: lowering technical barriers to trade; improving international government procurement; and fostering a level playing field for U.S. firms to compete.

Foreign Military Financing (FMF) - OCO

A key national security priority for the United States is improving Iraq's ability to defend itself against external threats and maintain internal security. FMF-OCO programs will help build needed counterterrorism capabilities, as well as strengthen the overall effectiveness of the ISF. These programs will support strengthening long-term logistics management and professionalization efforts, which are the foundation of an effective military. Assistance may also be used to address immediate counter-ISIL needs not met through other programs. This funding will be coordinated, planned, and executed in close coordination with DoD programs to train and equip Iraqi forces. Authority is also requested to provide a second FMF Loan (up to \$2.7 billion) to the GOI.

Through U.S. Support, Iraqi Territorial Integrity is Restored

Key Interventions:

- FMF-OCO programs will work to increase the capacity and professionalism of the ISF by establishing comprehensive training and education programs for all levels of the Iraqi military. Specifically, FMF-OCO may continue to support Iraq's advanced center of professional education, including its National Defense University and English language training.
- Activities will seek to build enduring logistics capabilities and institutions to sustain U.S. and Iraqi investments; professionalize counterpart security forces; and strengthen the United States' long-term strategic partnership with Iraq.
- FMF-OCO funds will likely also be used to assist Iraq as it pushes forward with institutional reform;

FMF-OCO programs will be made available to assist Iraq's Office of the National Security Advisor's Security Sector Reform Committee.

- While most programs using the approximately \$150.0 million in FMF-OCO funding will be geared toward improving the long-term institutional capacity of the ISF, if control of Iraqi territory remains under threat by ISIL, on a contingency basis, the Department will make FMF-OCO available for counterterrorism support to include training and equipping.
- A portion or all of FMF-OCO funds may support costs associated with a second FMF loan (up to \$2.7 billion) to help the GOI finish the fight against ISIL. While discussions on the parameters of the first FMF loan in FY 2016 are ongoing, it is important to maintain the flexibility to support a follow-on FMF loan in FY 2017.

International Military Education and Training (IMET)

IMET-funded courses expose Iraqi defense establishment personnel to U.S. military training, doctrine, and values and they are intended to promote democratic values, particularly respect for human rights; strengthen ISF capabilities in key areas; increase the professionalization of the forces; and build lasting military-to-military relationships.

Through U.S. Support, Iraqi Territorial Integrity is Restored

Key Intervention:

- Programs will strengthen ISF capabilities in key areas; increase the professionalization of the forces; and build lasting military relationships through participation in long-term professional military education in the United States. Targeted programs will include senior-level professional military courses that promote respect for democratic values and human rights, strengthen civil-military relationships, and enhance senior leadership strategic management skills.

Nonproliferation, Antiterrorism, Demining and Related Programs (NADR) - OCO

Ongoing instability in the region and within Iraq demonstrates the significant need for continued U.S. assistance efforts. The Conventional Weapons Destruction (CWD) program will address security threats and risks posed by landmines and explosive remnants of war (ERW), small arms and light weapons, including man-portable air defense systems, and ammunition. The Antiterrorism Assistance (ATA) program will counter terrorism by strengthening civilian abilities to counter improvised explosive devices (IEDs), as well as increasing law enforcement capacities in critical incident response and the conduct of counterterrorism investigations. The Export Control and Related Border Security (EXBS) program will help Iraq prevent the proliferation of weapons of mass destruction and conventional weapons, including by improve strategic trade controls.

Through U.S. Support, Iraqi Territorial Integrity is Restored

Key Interventions:

- \$18.0 million in CWD funding will support efforts to restore access to land contaminated by residual landmines and ERW as well as new contamination created by ISIL; deliver landmine and ERW risk education, especially in newly liberated areas; develop host nation capacity through support to local non-governmental organizations and the government; and enhance physical security and stockpile management efforts to store and secure weapons safely in order to reduce the risk of accidental explosion or illicit proliferation.
- \$8.0 million in ATA funding will support efforts to build more effective civilian counterterrorism law enforcement capacities for countering IEDs, responding to critical incidents, and, investigating terrorist threats and incidents. This funding has increased in recognition that IEDs are a significant component of ISIL weaponry.

- Approximately \$0.9 in EXBS funds will assist Iraq's government in meeting its nonproliferation and counter-proliferation international commitments to regulate strategic trade and identify, interdict, and seize strategic goods and other contraband, via training and potential equipment procurement. It will also assist host nation counterparts with the development and implementation of strategic trade control legislation and licensing infrastructure.

Performance Information in the Budget and Planning Process

Key Program Monitoring and Evaluation Activities: The Department of State and USAID maintain dedicated activities to monitor and evaluate U.S. assistance in Iraq. The United States government and its partners monitor progress through portfolio reviews, regular project reporting, Iraqi field monitors, and site visits to the extent that security conditions allow.

USAID integrates program administration, monitoring, and oversight functions into the administrative structure associated with each of its programs. USAID contracts in-country monitoring and evaluation experts for its activities, utilizing partnerships and protocols established under its ongoing programming. In addition to reducing expenditures on staffing, local experts are able to offer crucial oversight on projects that Embassy and Consulate staff cannot visit due to security constraints. These Iraqi field monitors also assist in assessing projects in order to ensure that each activity achieves its goals and objectives. The evaluations and assessments will help U.S. program managers identify implementation constraints, adjust programming to achieve better results, and collect and benefit from lessons learned.

During FY 2015, USAID conducted two third-party performance evaluations: the Foras (workforce development) project and the Broadening Participation in Civil Society (BPCS) project. USAID also conducted a so-called closed project review to assess the sustainability of past programs, and data quality assessments to ensure the validity and reliability indicator data. The Foras evaluation revealed opportunities and the need for job placement agencies in Iraq, and confirmed the importance of sustaining a jobs portal that the project supported. The BPCS evaluation reviewed the project's work to promote and build the capacity of Iraqi civil society organizations. While the BPCS project was largely successful in achieving planned results, the evaluation revealed that overall the civil society sector in Iraq is still very nascent and not well understood. The work of the Iraqi field monitors proved invaluable in uncovering alleged malfeasance by a local BPCS sub-implementer staff member, which led to a USAID Office of Inspector General investigation. Further, Iraqi field monitors are tasked with providing on-the-ground situation reports on topics such as decentralization and stabilization, which allow USAID to better direct its programs on a day-to-day basis.

Bureau of Democracy, Human Rights and Labor (DRL) activities are regularly and consistently monitored and evaluated by both field monitors in Iraq and Grants Officer Representatives based in Washington, D.C. Iraq-based field monitors are local specialists who monitor project activities, visit project sites and partners, and submit regular reports to Embassy Baghdad and DRL in Washington. Additionally, DRL programs require a final external evaluation as a best practice, and most also include mid-term evaluations. DRL also conducts external, overarching thematic evaluations to determine the impact and effectiveness of a particular program approach. For example, DRL funding has provided direct support to the Council of Representatives in Iraq since 2004. A recent external evaluation determined that the program showed great success in its work within the central government, but had more limited impact in its work with the Iraqi Kurdistan Parliament (IKP). Based on that determination, continued programming directed to support the IKP was adjusted to take into account the structural challenges of working within the Kurdistan Regional Government.

Use of Monitoring and Evaluation Results in Budget and Programmatic Choices: The FY 2017 request

for Iraq was largely informed by a desk review of program reports and meetings with implementers. The reports and meetings are conducted by M&E contractors in Iraq who perform regular site visits as part of their work. These activities have enabled the U.S. government to direct programming to the areas of most urgent need, including increasing activities in conflict-affected communities through ongoing and future programs. In addition, in FY 2015, the Department of State's Bureau of Near Eastern Affairs (NEA) conducted an economic assessment of U.S.-funded activities in the Middle East and North Africa region, which included a review of three Iraq programs. The assessment concluded that indicators in results monitoring plans could be strengthened. NEA revised those indicators and has incorporated feedback from the assessment in designing results monitoring plans for new activities. DRL M&E teams have been essential in helping shift its programming to address more immediate needs on the ground. Because the scope of DRL-funded programs is more discrete and shorter in duration, DRL is able to pivot and respond quickly to the changing political and social context and still remain effective and responsive. Mid-term and final evaluations on individual programs, within specific thematic and technical areas, support DRL's decision-making process in directing future funds and program direction.

The results from USAID program evaluations, and the information gathering of the USAID-supported Iraqi field monitors, helped U.S. assistance programs in Iraq identify implementation constraints and adjust programming so that maximum results could be achieved, and provided critical insights on the status of political reforms, and stabilization.

Detailed Objective Descriptions

Through U.S. Support, Iraqi Territorial Integrity is Restored: U.S. assistance will further the mission to degrade and ultimately defeat ISIL. At the invitation of the GOI, the United States is working closely with ISF to eliminate the ISIL threat. The initial failures of the ISF, including the Iraqi Kurdish Peshmerga forces, in the face of ISIL attacks have also highlighted the need to provide dual-track support to Iraqi forces with emphasis on both short- and long-term goals. In the short term, the advise-and-assist missions conducted by the U.S.-led coalition and "Building Partner Capacity" training will support Iraqi forces in the fight against ISIL. Over the longer term, logistics capacity building, professionalization training, and the potential formation of an Iraqi National Guard will further develop the ISF and empower local forces to provide security to their own communities.

A More Inclusive, Responsible, and Responsive Government Guided by Increasingly "Issue-Based" Politics, wherein Power, Resources, and Authority Are Decentralized to Provinces and Regions: The strengthening of Iraq's nascent democratic institutions is an essential condition for rebuilding trust between Iraq's ethnic and sectarian groups. Ensuring GOI inclusiveness and responsiveness in governance will be pivotal to political enfranchisement, equitable representation, and reconciliation. To this end, the United States will support Iraqi efforts to devolve fiscal authority and oversight of public services to provincial and subnational units of governments, as well as to promote inclusive, representative structures at the national and sub-national levels. Supporting these ongoing efforts to localize Iraqi politics and governance will form the foundation of a more issues-based politics (rather than a politics based on ethnicity, tribal membership, or religion) focused on responding to the concrete needs of local communities.

Increased Investment and Private Sector Development in Iraq, Including Diversification from the Extractive Resources Sector: The ongoing security crisis has hurt Iraq's economic growth, and a decline in global oil prices has further strained Iraq's oil-based economy. While increasing oil exports would be the quickest way to boost revenues and help resolve Iraq's immediate fiscal crunch, long-term success and broad-based growth will depend on Iraq transitioning from a state-led to a market-based economy. Activities funded by the United States will support Iraqi efforts to create the macro-economic conditions necessary to support economic diversification and more dynamic, inclusive economic growth.

Integrated Country Strategy (ICS) Mission Objectives by Account and Program Area

(\$ in thousands)	FY 2017 Request
TOTAL	510,360
Through U.S. Support, Iraqi Territorial Integrity is Restored.	191,860
Economic Support Fund - OCO	14,000
1.6 Conflict Mitigation and Reconciliation	14,000
Foreign Military Financing - OCO	150,000
1.3 Stabilization Operations and Security Sector Reform	150,000
International Military Education and Training	1,000
1.3 Stabilization Operations and Security Sector Reform	1,000
Nonproliferation, Antiterrorism, Demining and Related Programs - OCO	26,860
1.1 Counterterrorism	8,000
1.2 Combating Weapons of Mass Destruction (WMD)	860
1.3 Stabilization Operations and Security Sector Reform	18,000
A more inclusive, responsible, and responsive government guided by increasingly “issues-based” politics, wherein power, resources, and authority are decentralized to provinces and regions.	58,000
Economic Support Fund - OCO	58,000
2.1 Rule of Law and Human Rights	6,000
2.2 Good Governance	44,000
2.3 Political Competition and Consensus-Building	3,000
3.3 Social and Economic Services and Protection for Vulnerable Populations	5,000
Increased Investment and Private Sector Development, Including Diversification from the Extractive Resources Sector	260,500
Economic Support Fund - OCO	260,500
4.1 Macroeconomic Foundation for Growth	260,000
4.2 Trade and Investment	500