
Measuring Stability and Security in Iraq

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Executive Summary

This report to Congress, Measuring Stability and Security in Iraq, is submitted pursuant to Section 9010 of the Department of Defense Appropriations Act 2007, Public Law 109-289 as amended by Section 1308 of Public Law 110-28 and Section 1224 of Public Law 110-181.¹ The report includes specific performance indicators and measures of progress toward political, economic and security stability in Iraq, as directed in that legislation. This is the twelfth in a series of quarterly reports on this subject. The most recent report was submitted in March 2008. The report complements other reports and information about Iraq provided to Congress and is not intended as a single source of all information about the combined efforts or the future strategy of the United States, its Coalition partners or Iraq.

The strategic goal of the United States in Iraq remains a unified, democratic and federal Iraq that can govern, defend and sustain itself and is an ally in the war on terror. The United States is pursuing this goal along political, security, economic and diplomatic lines of operation. This report measures progress toward achieving this goal during the reporting period (March through May 2008) and highlights challenges to Iraqi and Coalition efforts to achieve their mutual objectives.²

The security environment in Iraq continues to improve, with all major violence indicators reduced between 40 to 80% from pre-surge levels. Total security incidents have fallen to their lowest level in over four years. Coalition and Iraqi forces' operations against al Qaeda in Iraq (AQI) have degraded its ability to attack and terrorize the population. Although AQI remains a major threat and is still capable of high-profile attacks, the lack of violence linked to AQI in recent weeks demonstrates the effect these operations have had on its network. Equally important, the government's success in Basrah and Baghdad's Sadr City against militias, particularly Jaysh al-Mahdi (JAM) and the Iranian-supported Special Groups, has reinforced a greater public rejection of militias. This rejection, while still developing, is potentially as significant for Iraq as the Sunni rejection of AQI's indiscriminate violence and extremist ideology. Overall, the communal struggle for power and resources is becoming less violent. Many Iraqis are now settling their

differences through debate and the political process rather than open conflict. Other factors that have contributed to a reduction in violence include the revitalization of sectors of the Iraqi economy and local reconciliation measures.

Although the number of civilian deaths in April 2008 increased slightly from February and March 2008, in May 2008 civilian deaths declined to levels not seen since January 2006, when the Coalition began tracking this data. Both Iraqi and Coalition forces reported that civilian deaths are 75% lower than July 2007 levels and 82% lower than the peak number of monthly deaths that occurred in November of 2006 at the height of sectarian violence. Periodic high-profile car and suicide vest bombings continued throughout the period and were largely responsible for the increased civilian deaths in April 2008. However, the trends of decreasing violence suggest the failure of these high-profile attacks to rekindle the self-reinforcing cycle of ethno-sectarian violence that began in 2006.

The emergence of Sons of Iraq (SoIs) to help secure local communities has been one of the most significant developments in the past 18 months in Iraq. These volunteers help protect their neighborhoods, secure key infrastructure and roads and locate extremists among the population. What began primarily as a Sunni effort, now appears to have taken hold in several Shi'a and mixed communities. Today there are 103,000 SoIs contributing to local

security in partnership with Coalition and Iraqi forces. AQI's continued targeting of SoIs demonstrates AQI's recognition of the importance and effectiveness of SoI initiatives. To convert SoI successes into long-term security gains, the GoI must transition SoI members into the Iraqi forces or train them for civilian jobs. The GoI should speed the pace of this transition.

Recent operations in Basrah, Sadr City and Mosul remind us, however, that security gains can be uneven, fragile and tenuous if not accompanied by continued progress toward national reconciliation and economic development. In Basrah and Sadr City, mainstream JAM and elements of Special Groups appeared to coalesce, at least temporarily in late March and early April, to defend against the loss of their areas of influence to government forces. This generated significant increases in security incidents in late March and early April 2008. Coalition and Iraqi forces ultimately succeeded in obtaining freedom of movement and significantly extending their control of Basrah and Sadr City. Clearing operations by Iraqi forces in Mosul have also progressed well. Security incidents in the last two weeks of May 2008 across Iraq have returned to levels comparable to early 2004. Civilian deaths in Iraq and Baghdad remain below long-term and short-term averages.

In a broader sense, the government's efforts in Basrah reflected two positive and long-awaited improvements. First, Prime Minister Maliki demonstrated a willingness to confront militias and extremists, regardless of sectarian identity. His leadership in the Basrah events generated a generally positive response from all Iraqi communities—Sunni, Kurdish and Shi'a. Second, Iraqi forces demonstrated an improved capability to lead and execute significant counterinsurgency operations. Despite some initial difficulties and the uneven performance of local police, Iraqi forces won the support of most Basrawis and a greater share of the Iraqi population. Although still reliant on Coalition

enablers, Iraqi forces developed a sense of confidence that enabled them to conduct more effective follow-on security operations. The Basrah operation also demonstrated an improved capability by the Joint Headquarters and Division staffs to deploy and sustain Iraqi Army units in battle.

Iraqi security forces continue to grow and improve but at varying rates. In many areas throughout Iraq, Iraqi Special Operations Forces, Iraqi Army battalions, National Police and Special Police units operate independently of, or side by side with, Coalition forces. These units consistently demonstrate a high level of proficiency in counterinsurgency operations against AQI and other extremist groups. In many cities, such as Ramadi and Kirkuk, the Iraqi Police are in the lead for population security, performing well and earning the trust of the population. In addition, the GoI continues to assume greater provincial security responsibility through the Provincial Iraqi Control (PIC) process. Nine of eighteen provinces have assumed PIC, and the remaining provinces are progressing well. Anbar and Qadisiyah are expected to transition to Iraqi control in the early summer of 2008.

The Government of Iraq (GoI) continues to assume broader ownership of Iraq's security programs. Iraq's security ministries have improved their ability to execute their budgets but still require increased capacity to man, train, sustain and field forces. The Ministry of Defense (MoD) and the Ministry of Interior (MoI) training capacity continues to expand but will require more time to fully address the training demand backlog. The current shortage of Iraqi force leaders will take years to overcome, but several measures are in place to address this problem, including rehiring former NCOs and officers. Both ministries continue to lack institutional capacity and have not been able to make procurement decisions in a timely manner.

Iran's negative role in Iraq has emerged as a major security challenge. Despite promises to

the Iraqi Government to the contrary, Iran continues to fund, train, arm and guide JAM Special Groups and other Shi'a extremist organizations. In Basrah, Iraqi troops uncovered massive caches of Iranian-origin weapons and ammunition, including some items manufactured in Iran in 2008. The GoI has begun to directly engage the Iranians on this issue and recently confronted Iranian national leadership with evidence of Iran's widespread efforts to destabilize Iraq. In response, Iran denied its involvement and sought to blame the Coalition for Iraq's instability—a response that suggests Iran will continue to provide lethal support to Iraqi extremists.

Expanding oil export revenues are generating the capital resources needed to support emerging development and reconciliation programs, and an enhanced security environment should favor political compromises across sectarian and ethnic divides. In general, the Council of Representatives (CoR) has shown a greater willingness and capability to address difficult issues. After passing the 2008 Budget, Provincial Powers and Amnesty Laws, Iraqi leaders are now focusing on passing the Provincial Elections and Hydrocarbon Laws. In contrast, the Article 140 process to settle disputes over internal boundaries has made little headway. The GoI also needs to provide more support for returning refugees and internally displaced persons (IDPs). In addition, recent struggles within the GoI related to the Provincial Powers Law and ministerial appointments suggest that these will require considerably more time and effort.

The GoI focused much of its reconciliation effort during this reporting period on resolving the conflicts centered in Basrah and Sadr City, but other important political progress deserves mentioning. For example, Iraqi leaders demonstrated an increased willingness to institutionalize power sharing by reconstituting the Political Council for National Security (PCNS) and formalizing the 3+1 arrangement

as the Executive Council. Prime Minister Maliki's actions against JAM and militias in Basrah, Sadr City and Mosul, combined with his apparent willingness to challenge Iran over its support of extremists, is one of the primary reasons the Tawafuq party reportedly may return to the Council of Ministers. The U.S. Government also understands the Kurds may soon compromise on the Hydrocarbon Laws.

The Iraqi economy grew 4% in real terms in 2007 and is projected to grow 7% in real terms for 2008, reaching an estimated gross domestic product (GDP) of \$60.9 billion. Oil production increases of 9-10% this year—coupled with the higher prices of oil—should drive growth in that sector and support increased government spending. The non-oil sector is likely to grow at 3%. Core inflation fell to 12% in 2007 compared to 32% in 2006—the result of an improving security environment in the second half of 2007, tight monetary policy throughout 2007 and dinar appreciation of 23% against the U.S. dollar from November 2006 through the end of April 2008. Lower inflation rates improved Iraqi purchasing power for basic needs and provided a more stable environment in which the private sector could grow.

The GoI's inability to execute its capital budget remains a concern. The GoI is hampered by spending units' lack of capacity and cumbersome budgetary approval and funding processes. Despite these difficulties, the overall trend for capital budget execution continues to improve, allowing the GoI to reportedly spend or commit 72% of its \$10 billion capital budget for 2007 by year's end. Provincial budget execution also improved, but progress is uneven. Improvements must be made in provincial budget execution. Bureaucratic inefficiency and corrupt or sectarian behavior are still problems the GoI needs to confront.

Due to greater emphasis by government leaders, Iraqis have seen an increase, albeit uneven, in the delivery of essential services such as electricity, water, sanitation and

healthcare. Despite these improvements, the population's level of satisfaction with essential services remains low. Future progress in essential services could be at risk since the U.S. will transition large-scale infrastructure reconstruction projects to the Iraqis to fund and execute. While the GoI acknowledges it has the revenues to support these projects, budget and program execution rates indicate that the GoI lacks the ability to execute programs on the scale required. The Coalition continues to work with the GoI to improve ministerial capacity.

Provincial Reconstruction Teams (PRTs) continue to help provincial development by strengthening local government capacity, political and economic development, reconciliation, rule of law implementation and basic services delivery. Their support of provincial governments was essential in the effort to develop Provincial Development Strategies, which outline the provincial objectives and areas of focus for the next three to five years, for 17 of the 18 Iraqi provinces.

Negotiations continue to formalize a bilateral relationship between Iraq and the United States. The GoI views the development of this relationship as a strong affirmation of its

sovereignty and of its close relationship with the United States.

The United Nations Assistance Mission – Iraq (UNAMI) continues to provide essential technical assistance in several areas under its mandate. These efforts include organizing upcoming provincial elections; resolving territorial disputes in accordance with Article 140 of the Iraqi Constitution; initiating a program to support GoI long-term efforts for facilitating demobilization, disarmament and reintegration (DDR); and planning for the safe and orderly return of refugees. Additionally, UNAMI seeks to promote regional dialogue through the Neighbors Process and assists the GoI in providing essential services.

In summary, the security, political and economic trends in Iraq continue to be positive; however, they remain fragile, reversible and uneven. Recent events in Basrah, Sadr City and elsewhere have generated new challenges and opportunities for the future. As in the past, continued progress will require Iraqi leaders to take additional selfless and nationally-oriented actions in the spirit of reconciliation and compromise if Iraq is to achieve its potential as a stable, secure, multi-ethnic and multi-sectarian democracy under the rule of law.

Section 1—Stability and Security

1.1 Political Stability

With recent improvements in security, the current political environment in Iraq is becoming more hospitable to compromises across sectarian and ethnic divides. In general, Prime Minister Maliki's tough stand against the Jaysh al-Mahdi (JAM) militia and the criminal elements in Basrah, and his subsequent operations in Baghdad and Ninewa, seem to have generated an improved atmosphere of political unity. However, this environment is fragile and reversible. Following passage of the Provincial Powers Law, Amnesty Law and the 2008 Budget in an omnibus package in February 2008, the Iraqi Government has become more active and has placed a priority on the development of the Elections and Hydrocarbon Laws. The Council of Representatives (CoR) is currently working on a Provincial Elections Law, with the aim of conducting provincial elections as early as October 2008. Prime Minister Maliki and Kurdistan Regional Government (KRG) President Barzani have agreed to work from the February 2007 draft of the Hydrocarbon Law. Recent debates within the Government of Iraq (GoI) related to the Provincial Powers Law, ministerial appointments and corrupt or sectarian behavior suggest that the road ahead is unlikely to be smooth or predictable.

National Reconciliation

The GoI focused much of its recent political effort toward resolving the conflict between the GoI and Sadrists, which began as an attempt to restore order in Basrah and expanded into a broader struggle over political control in Baghdad and some southern provinces. While sectarian divisions persist, the Prime Minister's leadership in tackling mostly Shi'a militias and criminal elements in Basrah and Sadr City served to galvanize Iraq's political parties, revealed strong support for a national response to these problems and demonstrated a willingness of most party officials to build upon the

recent gains in security and reconciliation. Generally speaking, Iraqi political parties are acting in ways that benefit rather than detract from each other. Most notably, Kurdish and Sunni leaders publicly condemned militias and gave declarations of support to the national government.

Prime Minister Maliki's willingness to confront criminal militias and protest Iranian involvement directly with the Iranian Government also generated a positive response from Sunni communities and was cited as one of the primary reasons the Tawafuq party has announced an intention to return to the Council of Ministers. In addition, Iraqi leaders have demonstrated an increased willingness to institutionalize power sharing by re-constituting the Political Council for National Security (PCNS) and formalizing the 3+1 arrangement as the Executive Council.³ The PCNS has met several times as a forum for political leaders to discuss national issues. For example, the meeting on April 4, 2008, included several Sadrist Trend political leaders for the first time and called for the disbandment of militias affiliated with political parties as a pre-condition for participation in upcoming elections. Hydrocarbon legislation is also beginning to move forward as the KRG and the GoI negotiate on a mechanism for managing regional hydrocarbon resources that benefits all.

Political Commitments

Developments among the major political blocs are encouraging. The CoR reconvened for the spring session on March 25, 2008. Although indirect fire attacks on the International Zone and the curfew imposed due to Iraqi Security Force (ISF) engagements with JAM and Special Groups (SGs) caused the Speaker to cancel sessions and hold informal meetings in lieu of regular sessions, when in session, Sadrist attempts to introduce a vote of no

confidence in Prime Minister Maliki failed to gain the support of other major parties. Events in Basrah introduced new concerns into the political debate, but these concerns were defused by an agreement to establish a commission to look into matters of controversy.

The CoR's priorities during this period include passing an Elections Law, negotiating compromise legislation on a national hydrocarbon policy, pushing through an amendment to the recently passed Accountability and Justice Law and identifying funding requirements for a 2008 supplemental budget for the ministries and provinces. Most recently, the CoR passed a law updating civil service salaries and a law on university services. The University Services Law defines allowances paid to higher education teaching staff and contains regulations for services, promotions and yearly raises.

Accountability and Justice Law (De-Ba'athification Reform Law)

Implementation of the Accountability and Justice Law will allow those individuals subject to de Ba'athification to apply for a pension, continue to work or return to work. The GoI failed to implement the law before the expiration of the statutory window for these applications; however, the Presidency Council has proposed a set of amendments that would mitigate the effects of the law on the security services and those Iraqis eligible for pensions. These amendments have been forwarded to the Prime Minister for his consideration and submission to the Council of Ministers. There appears to be political agreement to ensure that the slow pace of implementation does not penalize those subject to de Ba'athification under the law.

Provincial Powers Law, Provincial Elections Law and Execution Planning

The GoI published the Provincial Powers Law in the Official Gazette on March 31, 2008, once Vice President Mehdi withdrew his constitutionally based objections to the statute. Prime Minister Maliki's office presented a draft Elections Law to the CoR and parliament

members are currently debating this draft. The second reading of the Elections Law took place on May 11, 2008. The law will establish the framework for the provincial elections targeted for October 2008. The United Nations Assistance Mission – Iraq (UNAMI) expects provincial elections to be delayed by two to three months since many election preparations are contingent upon passage of the Elections Law.

The Provincial Elections Law remains a high priority for Iraqi leaders. As the law is debated in Parliament, teams comprising members from the U.S. Agency for International Development (USAID) and UNAMI are meeting with GoI officials to gain an understanding of their political positions on this issue. In addition, they are advising GoI leaders on the technical aspects of elections legislation and are seeking a consensus among the political parties.

Plans for election security and voter registration are already underway. The GoI established a Supreme Committee for Elections Security, which is responsible for preparing comprehensive security and logistics plans for the voter registration process in June 2008 and for the subsequent provincial elections. Voter registration will occur during a 30-day period at 564 Voter Registration Centers throughout Iraq. An estimated 19 million Iraqi citizens will participate in the provincial elections at 6,200 polling centers. Iraq's security forces will provide election security while Coalition forces will serve in an advisory and overwatch role.

Article 140

UNAMI is using an incremental approach to support the GoI in resolving disputes and is hoping to achieve compromise on the less contentious boundaries first. The Special Representative for the Secretary General's UNAMI staff has made initial visits to four disputed territories and has met with local government and tribal community members to listen to their concerns. UNAMI is developing a comprehensive proposal in an attempt to gain

the support of members of the Executive Council and KRG President Barzani. Eventually, recommendations will be presented to the Iraqi Presidency Council to facilitate a complete political agreement. UNAMI believes that a political resolution, not a referendum, is the way to resolve the disputed boundaries.

Amnesty Law

The Presidency Council approved the Amnesty Law on February 26, 2008. This law allows amnesty for Iraqis accused or convicted of conflict-related crimes and focuses particularly on pre-trial detainees held for more than six months without a detention hearing or for more than 12 months without a trial.⁴ The Higher Juridical Council (HJC) reports that amnesty review committees have considered nearly 65,000 amnesty applications and approved over 48,000. This includes nearly 17,000 applications on individuals held in pre- or post-trial confinement. Release from custody for those granted amnesty has proceeded slowly due to inter-ministerial coordination, logistical and re-integration issues, however. To date, thus far, the Ministry of Justice has released approximately 1,700 Iraqis from custody.

A Package of Hydrocarbon Laws

Political differences between the KRG and the central government have prevented the framework Hydrocarbon Law and its three supporting laws from progressing apace with other legislation. However, following a mid-April meeting between Prime Minister Maliki and KRG Prime Minister Barzani, it appears that a preliminary agreement by them on hydrocarbon legislation could clear the path for progress in the next months. This meeting marked the first time in six months that GoI and KRG political leaders met to work toward a compromise on hydrocarbons. However, while there has been some progress in identifying which drafts will be used in further negotiation, the parties have yet to reach the political agreements necessary to proceed. The Chairman of the CoR's Oil and Gas Committee has indicated there will not be a first reading until the KRG and the GoI have reached an

agreement on the direction of the overall hydrocarbon legislation.

Constitutional Review

The Constitutional Review Committee (CRC) has achieved some limited success and secured consensus on a range of technical issues, including the role of the judiciary and independent institutions. It has also made some progress on human rights issues. The CRC did not achieve political consensus on issues relating to the disputed internal boundaries and has passed that issue on to the GoI's leadership for resolution. The CRC continues to review almost 50 amendments addressing the authority of the federal government and governorates. These amendments include provisions regarding the extent of governorate powers under Article 115, individual rights, personal status and management of oil and gas.

Government Reform

Ministerial Capacity Development

Coalition efforts to enhance ministerial capacity have generated only marginal improvements in performance. In January 2008, the Embassy's Ministerial Engagement Team concluded an informal assessment of the 11 civilian ministries participating in USAID's national capacity development program, *Tatweer*, and other Embassy-sponsored, short-term capacity development programs. This assessment covered the period from January 2006 through December 2007. Improvement in the areas of budget execution, contracting and procurement that led to increased national spending rates was noted. However, the ministerial assessment revealed continued weaknesses in technology development, strategic planning and human resource management. The Embassy is working with the GoI and international partners to address these shortcomings.

Efforts to improve ministerial performance face considerable challenges. The central government and provincial ministries lack a civil service cadre trained to manage the work within their ministries. Some senior managers

have the requisite expertise to manage the activities within their ministries, but almost all that do are near retirement age. Mid-level managers have some experience, but most lack modern management training. Provincial civil servants have limited links to the central ministries, which exacerbates their lack of leadership and vision. Communication is poor within and between ministries. There is no common strategic plan to address these issues. Additionally, many civil servants continue to fear corruption charges, while intimidation and assassination remain threats, whether at the hand of criminal or sectarian elements.

Provincial Reconstruction Teams

Under State Department leadership, Provincial Reconstruction Teams (PRTs), Embedded Provincial Reconstruction Teams (ePRTs) and Provincial Support Teams (PSTs) are essential elements in the U.S. strategy for success in Iraq. These 30 State Department-led teams draw on U.S. military and interagency expertise to build governance capacity at the local, municipal and provincial levels.

PRTs are instrumental in helping provincial development by strengthening local government capacity, promoting reconciliation, fostering economic development, supporting implementation of the rule of law and improving the capacity of local governments to execute their budgets and deliver essential services. PRTs work closely with State Department and USAID program implementers on a wide variety of activities designed to promote economic and political development programs and strengthen civil society. These programs are helping local economies generate jobs, which in turn improves stability. PRTs helped local governments in 17 of the 18 provinces recently complete their Provincial Development Strategies, which outline broad development objectives for the next three to five years. These strategies will help local governments plan and execute their budgets to meet the needs of area residents and provide the PRTs blueprints to support Iraq's ongoing transition to self-reliance.

The 13 ePRTs embedded with Brigade Combat Teams (BCTs) work on sub-provincial stability tasks in support of counterinsurgency operations. The PSTs also work at the provincial level, but operate remotely from established bases located in neighboring provinces. PST Qadisiyah team transitioned from a local PST to a full PRT in April 2008, and PSTs Najaf and Karbala converted to full PRTs in late May 2008, greatly enhancing their access and effectiveness.

Rule of Law and Criminal Justice Development

Multi-National Force-Iraq (MNF-I) and United States Mission-Iraq (USM-I) rule of law efforts focus on improving Iraqis' trust in their courts and legal institutions as a means for resolving disputes. A top priority is to increase the quantity and quality of criminal investigators needed to resolve the critical backlog of pending criminal cases. Advisors also mentor the judicial staff assigned to the Rusafa Rule of Law Complex (ROLC) in order to increase court productivity. Other efforts include improving the quality of the Iraqi juvenile justice system, supporting the GoI Ministerial Committee on the Rule of Law and Detention, advocating for provincial cross-ministerial criminal justice working groups and increasing Iraqi prison capacity and staff.

Threats to judges hinder administration of the criminal justice system. Since 2003, there have been 35 Iraqi judges assassinated. In response to these threats, the Coalition expanded the Rusafa ROLC concept and established secure judicial complexes throughout Iraq to provide safe locations for judges and their families. ROLC projects outside Baghdad are also underway. Contracts for the Ramadi ROLC were awarded in April 2008 and the GoI anticipates some center facilities will be operational by the fall of 2008. Planning for a ROLC to be built around the Major Crimes Court (MCC) in Mosul is underway with the Iraqis choosing the site and undertaking the facility planning process. Coalition forces and PRT planners are identifying site locations for a ROLC in Baqubah.

The Iraqi judicial system is overwhelmed by the number of criminal cases. The lack of timely and complete investigations, combined with poor court administration and intimidation of judges, hampers the ability of investigative courts to process cases in a timely manner. Implementation of the 2008 Amnesty Law has exacerbated this problem and placed an additional burden on Iraq's judiciary. Approximately 150 judges have been taken from their normal jobs to sit on amnesty panels and on the provincial amnesty appellate panels. On the one hand, this reallocation of resources has reduced the productivity of Iraq's criminal courts; on the other hand, the panels' work has yielded the release of over 11,000 Iraqis from pre-trial custody. The net effect has been a significant reduction in the courts' backlog. In general, despite difficulties, the volume of cases handled in the past year is impressive. Between February 2007 and January 2008, investigative judges released 13,286 individuals, referred 5,363 individuals to trial and found 2,000 individuals not guilty at trial. The number of Iraqi judges (~1,200) remains steady since the last report. The HJC has hired hundreds of new judges and judicial investigators in the past two years and plans to hire and train more in 2008.

The Law and Order Task Force (LAOTF) is building Iraqi capacity to investigate and prosecute major crimes of sectarian violence, extra-judicial killings and complex high-level corruption. The LAOTF has added four additional senior Iraqi police investigators to its staff and is working with the Ministry of Interior to obtain additional investigators. The LAOTF, in coordination with the Baghdad PRT and the British Embassy, has created a legal clinic at the Rusafa ROLC. This clinic supports 28 defense lawyers who represent detainees held at the Rusafa Detention Facility. Although this is a new project, it is already proved valuable in presenting cases before investigative judges that have languished for months or years without any substantive judicial action.

The MCCs have been established in each non-KRG province to serve as branch courts of the Central Criminal Court of Iraq (CCC-I). The MCCs conduct investigative hearings and trials relating to acts of terrorism and corruption, thus freeing the normal provincial criminal courts to process ordinary criminal offenses. However, the success of the MCCs in disposing of terrorism and corruption cases has been inconsistent from province to province. To date, there have been 219 trials conducted in Mosul, 71 trials conducted in Ramadi, 34 trials conducted in Kirkuk, 20 trials conducted in Tikrit and 27 trials conducted in Baqubah.

Theater Internment Reintegration Facilities are under construction in Taji and Ramadi. The 8,280-bed Ramadi facility and the 5,200-bed Taji project are scheduled for completion in September 2008. These facilities will provide education and skills training to ease the transition of individuals back into Iraqi society.

Anti-Corruption Efforts

While public corruption continues to plague Iraqi society, the GoI is working to strengthen its anti-corruption agencies and improve its transparency and accountability. In June 2007, Iraq established the Joint Anti-Corruption Committee that will allow the GoI's three main anti-corruption agencies (Commission on Integrity (CoI – formerly known as the Commission on Public Integrity), Board of Supreme Audit (BSA), and Inspectors General) to formally coordinate among themselves, and with representatives from the CoR and the Prime Minister's Office. On January 3, 2008, the GoI held its first anti-corruption conference, which focused on economic and legal reforms as key to combating corruption. Deputy Prime Minister Salih committed to having Iraq become a signatory to the UN Convention on Anti-Corruption—a benchmark under the International Compact with Iraq (ICI). The new Commissioner for the CoI intends to reinvigorate the Commission's public education and transparency programs and to collaborate with local media to promote

governmental transparency and engage with the Iraqi populace.

In April 2008, Ambassador Lawrence Benedict assumed the newly-created position of Anti-Corruption Coordinator at Embassy Baghdad to work with Iraqi officials to establish a robust system that allows for improvements in budget development, execution and monitoring, while providing technical assistance to the BSA, Inspectors General and the CoI. In addition, U.S. law enforcement agents in the Major Crimes Task Force, a joint U.S.-Iraqi effort, train and mentor their Iraqi counterparts on managing complex criminal investigations, including high-level anti-corruption cases. During this reporting period, Iraq re-started the Iraq Financial Management Information System, which will provide greater transparency and track GoI revenues and expenditures.

The Coalition's international partners are also involved in the anti-corruption effort. As part of its portfolio of activities to support good governance, the United Nations Development Program, in coordination with the office of Deputy Prime Minister Salih, organized an international Anti-Corruption Conference in Baghdad on March 17-18, 2008. Funding for the conference was provided by the European Commission. The World Bank helped the GoI complete a comprehensive Public Expenditure and Institutions Assessment that focused on good governance and administrative practices to deter corruption. The European Union (EU) and the Organization for Economic Cooperation and Development have also provided anti-corruption assistance to the GoI.

Transnational Issues

A continuing series of Expanded Neighbors Conferences and international visits has led to some progress in encouraging support for Iraq among its neighbors, the region and the international community across a range of security, energy and economic issues. Kuwait hosted the third and most recent Expanded Neighbors Ministerial on April 22, 2008. Participants included representatives from all of

Iraq's neighbors plus Egypt, Bahrain, Qatar, United Arab Emirates, Oman, the five permanent members of the UN Security Council, G-8, UN, EU, Arab League and the Organization of the Islamic Conference. The agenda focused on border security, energy and refugee issues affecting Iraq and improving Iraq's relations with its Arab neighbors. The participants agreed to hold the next Ministerial in Baghdad and to bolster efforts to establish embassies in Iraq.

International Compact with Iraq

Iraq continues to work toward meeting its International Compact with Iraq (ICI) commitments. With financial and technical support from the European Commission (EC), the World Bank and the UN, the GoI formed the ICI Secretariat, which is responsible for coordinating ICI implementation within the Iraqi Government and helping to channel donor assistance in support of Iraq meeting ICI goals and benchmarks. The ICI contains mutual commitments between Iraq and the international community and represents a qualitative shift in the U.S. relationship with Iraq—from assistance to partnership. Since the Compact's launch on May 3, 2007, the GoI enlarged its ICI Secretariat from two to seven Iraqis. The EC has provided advisors and convened working groups organized around the ICI's six main themes of energy, governance, economic reform, agriculture, human development and resource management.

The ICI First Anniversary Conference was held at the ministerial level in Stockholm, Sweden on May 29, 2008. Iraq reported on its progress meeting ICI goals, while Iraq's donor partners discussed support provided to Iraq. Nearly 100 individual countries and international organizations attended the meeting. Many positive developments emerged from the ICI conference.

Iranian Influence

Despite pledges from Iranian Supreme Leader Ayatollah Khamenei and Iranian President Ahmadinejad in August 2007 to stop providing

weapons, training and funding to militias in Iraq, evidence indicates that Iran has not yet stopped the flow of lethal aid. Security operations by the ISF to end widespread criminal activity in Basrah in late March 2008 resulted in significant clashes with elements of JAM and SGs that revealed extensive evidence of Iran's malign influence and ongoing efforts to destabilize the political and security environment in Iraq. Specifically, the discovery of weapons caches and information obtained through interrogation of detainees prove that the Iranian Islamic Revolutionary Guard Corps-Qods Force (IRGC-QF) has provided many of the weapons and explosives used by extremists, including rockets, mortars, bulk explosives and Explosively Formed Penetrator (EFP) components. The IRGC-QF has also provided weapons and tactics training and train-the-trainer programs for many Iraqi militia members. Continuing Iranian lethal aid enables criminal JAM elements and SGs to attack Coalition and Iraqi forces throughout Iraq and may well pose the greatest long-term threat to Iraqi security.

Syrian Influence

Syria continues to play a destabilizing role in Iraq. While the Syrian Government has established relations with the GoI and cooperates on a range of economic, diplomatic and security matters, Syria also remains a safe haven and transit point for the vast majority of foreign terrorist networks now operating in Iraq. Moreover, Syria continues to harbor elements of the former Iraqi regime that, in some cases, continue to oppose the GoI by supporting insurgents. While the Syrian Government takes action against those extremists that threaten its own internal security, it has not made a similar commitment to reduce and eliminate the flow of foreign fighters and lethal aid into Iraq. Syria has yet to take a strong stance against terrorism or to show its support to the GoI in its struggle to defeat AQI within its borders. This was clearly demonstrated at the recent Arab League Summit on March 29-30, 2008, in Damascus, when Syria failed to acknowledge

GoI concerns about these issues in the final draft of the concluding Damascus Declaration.

Tensions on the Border with Turkey

During this reporting period, Turkey continued its campaign of air and artillery strikes against Kurdistan Worker's Party (PKK) targets in northern Iraq. Against this backdrop, President Talibani's March 1, 2008, meeting in Turkey with President Gul and Prime Minister Erdogan to discuss cooperation against the PKK terrorist threat and to discuss their growing economic and trade relationship was an important milestone in Iraq - Turkey relations. A subsequent meeting of the Iraq-Turkey Military Cooperation Technical Committee and adoption of a Declaration of Principles on security cooperation have provided a foundation for enhanced cooperation. The U.S. Embassies in Baghdad and Ankara continue to encourage greater political contacts between the GoI and the Turkish Government and between the Turkish Government and the KRG. Future talks between the Turkish and Iraqi Ministries of Interior to refine their 2007 Counter-Terrorism Agreement should define common procedures for dealing with the PKK and for coordinating military operations in the border regions of Iraq and Turkey. These talks are aimed to minimize threats to stability and demonstrate respect for each country's territorial integrity.

Internally Displaced Persons

USAID is the lead agency for tracking and coordinating U.S. Government assistance to internally displaced persons (IDPs). As security conditions improve, USAID, its partner Non-Government Organizations (NGOs) and members of the international community are assisting the GoI in fulfilling its commitment to improve essential services for IDPs.

U.S. Government agencies use UN standard reports as sources for statistics on IDPs and returnees. According to the UN High Commissioner for Refugees, between September 2007 and February 2008, approximately 60,000 displaced Iraqis (refugees and IDPs) returned to

their homes, with the majority returning to Baghdad. The primary reasons for their return are depletion of savings, expiration of visas, insecurity about residency status and improved security in Iraq. The UN reports also indicate that the rate of displacement within Iraq is slowing from an average of 68,700 displaced Iraqis per month between June and July 2007, to an average of 34,200 per month between August and November 2007, to an average of 29,700 per month from December 2007 to March 2008. Many IDPs will seek to return to their neighborhoods of origin as stability and security throughout the country increases. Nonetheless, UN reports show that the total number of IDPs and refugees is growing, and the GoI should take stronger measures to address this issue.

United Nations Assistance Mission - Iraq

UNAMI continues to play a key role in accordance with the UN Security Council Resolution 1770 mandate. At the request of the GoI, UNAMI is assisting in national dialogue and political reconciliation, addressing internal border issues, promoting regional dialogue and assisting IDPs and returnees, among other tasks. In order to better support this enhanced scope of activities, UNAMI has increased the size of its staff in Iraq.

UNAMI remains involved with Iraq's neighbors and is particularly active in the Refugee Working Group, which held a successful second meeting in Amman, Jordan on March 18, 2008. Kuwait hosted the third Expanded Neighbors Ministerial on April 22, 2008. UNAMI supports the Expanded Neighbors Process by assisting the "ad hoc support mechanism" endorsed at the November 2007 Ministerial in Istanbul. This mechanism is located in the Ministry of Foreign Affairs' Baghdad headquarters. UNAMI is training ministry employees to develop the diplomatic agenda and milestones for the three Neighbors Working Groups (Border Security, Refugees and Energy) and is particularly active in the Refugee Working Group.

Other Regional Issues

The GoI continues to establish and assert itself among its neighbors. Iraq hosted the Arab Inter-Parliamentary Union Conference in Irbil on March 11-13, 2008, bringing together parliamentary delegations from 18 Arab countries. Though willing to attend a conference in Iraq, Arab neighbors remain reluctant to reestablish embassies and send ambassadors to Baghdad. There are currently no ambassadors from Arab states in Baghdad.

Long-Term Strategic Relationship

Negotiations to normalize the bilateral U.S.-Iraq relationship upon the expiration of UNSCR 1790 continue. The goal remains to reach a Strategic Framework Agreement by the end of July 2008. As these negotiations continue, there remains more to be done to address Iraqi concerns on sovereignty and to ensure that U.S. and Coalition partners have the protections and authorities they need to remain in Iraq in 2009 and beyond. As for the Status of Forces Agreement (SOFA), the SOFA will be a legally binding, bilateral Executive Agreement that defines the basic terms and conditions governing the presence and agreed activities of U.S. forces in the territory of Iraq after the expected expiration of the UN Security Council mandate for MNF-I at the end of 2008. However, neither document will commit or obligate the United States to any particular course of action.

Conclusion

Iraq has made considerable progress in the political and diplomatic arenas, but future progress may be slow and uneven. The GoI is working through political processes fraught with challenges related to lingering sectarianism, immature institutions and the complexity of constructing a democratic state from the remnants of a former dictatorship. Moreover, Iraq is pursuing this endeavor surrounded by neighbors that have not fully committed themselves to its success. The formalization of the Executive Council (3+1) indicates forward movement towards formalizing a power-sharing mechanism within the GoI. The CoR

has demonstrated an ability to compromise and pass critical legislation. Passage of the Accountability and Justice Law during the last reporting period represents significant progress in GoI legislative capability, but its benefit to long-term reconciliation is dependent upon carefully-crafted implementing regulations and the “spirit” in which they are implemented. Future effects of the Accountability and Justice Law on reconciliation are still unclear. The Provincial Powers Law is a significant achievement toward defining the authorities of

provincial governments and their relationship to the national government. This law directs provincial elections by October 2008, and the GoI has tentatively committed to this timeline, energizing the Parliament to produce a Provincial Elections Law. The U.S. Government, the Coalition and the UN will continue to push for provincial elections to remain on track. In all these efforts, the Coalition is fully engaged to support Iraq and welcomes the growing acceptance of Iraq as a sovereign state in the international community.

1.2 Economic Activity

During this reporting period, the GoI's ability to spend its resources, provide essential services and promote economic development showed marginal improvement. Complex budgetary funding processes and the lack of contracting capacity continue to hamper budget execution. Budget execution rates continue to be relatively low, limiting Iraq's ability to increase economic development and deliver essential services to its citizens. Electricity production increased 26% between January and April 2008, a significant recovery from the decline in mid-January 2008. Likewise, Iraq is producing and exporting oil at higher levels compared to 2007, which—together with markedly higher world oil prices—has resulted in significantly increased revenues for the Iraqi Government.

Budget Execution

The initial Ministry of Finance (MoF) report on capital spending through December 31, 2007, indicates \$7.2 billion of the \$10 billion capital budget, or 72%, has been spent or committed. The MoF is still making final year-end adjustments and processing closeout execution numbers, so these figures may be somewhat unreliable. The GoI's ability to execute its capital budget remains significantly hampered by a reported lack of capacity in the spending units and cumbersome budgetary approval and complex funding processes. Despite these difficulties, the overall progress towards capital expenditure in 2007 was positive. For example, the GoI significantly improved its ability to spend Iraqi money on reconstruction needs.

Overall, the GoI has executed \$4.8 billion of the \$6.2 billion allocated by the Finance Ministry for the ministerial capital budget through December 31, 2007 (excluding the KRG). Total ministerial performance is heavily dependent upon activity with the Ministries of Oil (MoO) and Electricity (MoE), as they comprise a significant portion of the capital budget (57%). The MoO executed \$1.1 billion of its \$2.2 billion 2007 capital budget.

The MoE executed \$594 million of its \$1.4 billion capital budget. These low execution rates are driven by the nature of the projects for these ministries, which typically require multi-year, large-scale strategic infrastructure upgrades. Since most of the contractual expertise in these areas lies with global firms that have been reluctant engage in long-term projects with the GoI, budget execution is likely to remain below 100%.

Provincial governments spent only \$870 million of their \$2.3 billion adjusted capital budget allocation through December 31, 2007.⁵ This is partly due to last year's requirement for High Contracts Committee (HCC) approval for projects of more than \$5 million. In addition, contracting regulations required local contractor solicitations before broadening the scope of advertisement nationwide. In 2008, spending authority was increased to \$10 million, and the HCC was replaced by the Central Contracts Committee, a new approving authority designed to be more responsive to requests for approval. However, bureaucratic impediments, combined with a limited availability of resident contractors, continue to slow progress and increase the number of weeks required to sign a contract.

The Iraqi Government has taken steps to give the ministries and provinces more time to spend their capital budgets because of difficulties with budget execution. The 2008 Iraqi Budget Law allows the provinces and the ministries to roll over their prior year allocations into the current budget year accounts to provide them more time. In addition, the Council of Ministers has also decreed two new GoI procurement guidelines in early 2008 designed to facilitate procurement and expedite budget execution. The first measure streamlines the letter of credit approval process while the second raises spending authorities for ministries and provinces, which increases their contracting autonomy.

The U.S. continues to provide technical assistance to help the GoI improve budget execution. The Embassy has established

formalized training for GoI ministerial and provincial officials in the form of three-to five-day, "Investment Budget Execution Workshops." The four workshops held to date have generated positive feedback and requests for more training. The Department of Treasury is working to develop additional workshops.

2008 Iraqi Budget

During this reporting period, the Iraqi budget bill debate evolved from a debate over economic terms to a debate over political terms, as different groups attempted to enhance their relative share of Iraq's oil wealth. The main points of contention were the percentage of funding for the KRG (a 17% allocation for the KRG was part of the approved legislation), funding for the Peshmerga and a Board of Supreme Audit review of KRG revenues that could result in an offset against 2008 transfers. The CoR gained approval of the draft budget in mid-February 2008 and published it in the Official Gazette in late March 2008.

Projected revenues for 2008 are \$54.5 billion based on oil sales of 1.8 million barrels per day (mbbl/d) at export prices of \$83 per barrel. Expenses are budgeted at \$49.9 billion, leading to a projected surplus of \$4.6 billion. With higher prices per barrel and increased deliveries from the Northern Pipeline for the first four months of the year, the GoI is now projecting a growing budget surplus relative to currently planned expenditures and has requested that ministries and provinces submit requests for supplemental budget allocations.

The 2008 budgeted expenditures of \$49.9 billion represent a 22% increase over 2007's \$41.1 billion budget. The 2008 capital budget of \$13.1 billion is a 31% increase over 2007's \$10.1 billion budget. Provincial capital funding increased 57%, to \$3.3 billion in 2008. Total transfers to the KRG center and the three provinces increased 17% to \$5.5 billion in 2008. The 2008 security budget increased to \$9 billion (\$3.9 billion budgeted for the Ministry of Interior and \$5.1 billion for the Ministry of Defense), which is a 23% increase

over 2007. U.S. Government officials will continue to work with Iraqi leaders on allocating a greater portion of surplus revenues to offset U.S. expenditures, make strategic investments that will yield sustainable economic growth and fulfill debt repayments scheduled for 2009 to stimulate further debt forgiveness.

IMF Stand-By Arrangement and Debt Relief

The International Monetary Fund (IMF) Stand-By Arrangement (SBA) provides a framework for economic reforms in areas such as fiscal and monetary policy and financial sector development. In December 2007, the IMF commended Iraq for its implementation of the reforms required by the previous SBA. It also approved a new SBA for Iraq, which is valid through March 2009. The new SBA calls for crucial reforms in areas such as public financial management, strengthening the Central Bank of Iraq, bank restructuring and subsidy reform. Iraq is on track to meet the SBA criteria and benchmarks before the program ends in March 2009.

In November 2004, the Paris Club agreed to provide 80% debt relief to Iraq in three tranches. All Paris Club creditors have now concluded debt relief agreements with Iraq, representing \$42.3 billion in debt relief. Iraq will receive the third and final tranche (\$7.5 billion) of debt relief following three years of satisfactory performance on IMF SBAs. The Paris Club requires that Iraq seek at least comparable treatment from all of its creditors. Russia signed its bilateral debt relief agreement with Iraq on February 11, 2008. Iraq's neighbors and China are its largest remaining creditors. Saudi Arabia publicly announced a commitment to provide debt relief to Iraq, although it has yet to fulfill this pledge. Iraq is studying options to address claims from bilateral creditors that do not sign debt relief agreements by the end of 2008. To date, Iraq has received \$8.2 billion in debt relief from non-Paris Club bilateral creditors and \$19.7 billion in commercial debt relief. Iraq's estimated remaining bilateral debt (including

that owed to Paris Club members) is between \$56 billion and \$80 billion.

Indicators of Economic Activity

Economic Growth

The Iraqi economy grew 4.1% in real terms in 2007 according to Iraq's Central Organization for Statistics and Information Technology (COSIT). COSIT projects the Iraqi economy will grow 7% in real terms for 2008. It also estimates a nominal gross domestic product (GDP) of \$60.9 billion. Oil export revenue increases between 9%-10% should drive growth, while the non-oil sector (accounting for approximately one-third of GDP) is likely to grow at 3%.

Inflation

Inflation rate continues to be lower. Core inflation (which excludes fuel and electricity charges and transportation and communications prices) was 12% in 2007, compared to 32% in 2006, according to COSIT. This was due to the combination of an improving security environment in the second half of 2007, as well as tight monetary policy throughout 2007. From November 2006 through the end of April 2008, the dinar appreciated against the U.S. dollar by 23%. These lower inflation rates improved Iraqi purchasing power for basic needs and provided a more stable environment in which the private sector could grow. The Central Bank of Iraq (CBI) has begun to cautiously loosen monetary policy in response to lower rates of inflation by decreasing the interest rate from 20% to 19% in February 2008, and again to 17% in March 2008.

Unemployment

Unemployment and underemployment continue to be major challenges. COSIT has not recently updated its official estimates of unemployment and underemployment of 17.6% and 38.1% respectively. Attempts to measure unemployment by other means at the provincial levels suggest that the rate lies between 30% and 50% in some areas. Without a reliable collection method, it is difficult to determine the actual level of unemployment; however,

there is a clear lack of employment opportunity for skilled and unskilled labor throughout the country.

The Iraqi First Program seeks to increase economic development throughout Iraq. The U.S. Government designed this purchasing program to encourage Iraqi economic expansion, entrepreneurship and business development by removing barriers that prevent Iraqi-owned businesses from competing against larger, international companies for U.S. Government contracts. Since it began in March 2006, the Iraqi First Program has awarded over \$6 billion in contract business to Iraqi companies. Joint Contracting Command Iraq/Afghanistan (JCC-I/A) awarded more than \$2.1 billion worth of contracts to the Iraqi business community in FY 2007, generating approximately 69,000 Iraqi jobs. The Logistics Civil Augmentation Program supports the Iraqi First Program by assisting Iraqi companies with the organizational processes necessary to compete for contracting opportunities.

The Department of Defense (DoD) Task Force to Improve Business and Stability Operations-Iraq (TF-BSO) continues to find success in business and economic development opportunities in Iraq. The TF-BSO estimates that over 100,000 sustained manufacturing and professional jobs have been established or restored through TF-BSO efforts in support of MNF-I commands. Since establishment of the TF-BSO in June 2006, 53 state-owned factory operations have either restarted or have had production significantly increase due to TF-BSO efforts. Of the 30 international corporations hosted in Iraq by the TF-BSO since January 2007, over half have transacted business or submitted proposals for business development. Working in partnership with the JCC-I/A, since 2006, over 3,900 private Iraqi businesses have been awarded DoD contracts worth over \$1 billion that would have otherwise gone to non-Iraqi companies in the region. For example, the GoI recently awarded international investors a license to build a 250-300 room luxury hotel in Baghdad's International Zone, a project facilitated by TF-BSO. On May 5, 2008, Iraq signed two contracts

worth \$5 billion to buy 40 Boeing and 10 Bombardier aircraft to upgrade the Iraqi Airways' aging fleet. The contractors will deliver the first Boeing plane in 2013.

Banking Sector

Iraq does not have a fully developed banking infrastructure. Recent reforms in the banking sector focus on establishing a nationwide electronic payments system, expansion of the private banking sector and restructuring of the state owned banks. As of May 2008, the banking sector consisted of 39 banks. Seven banks are state-owned, 22 are private banks, six are Islamic banks and four banks and branches are foreign-owned.

On January 28, 2008, a fire destroyed the headquarters office of the CBI. The CBI immediately restarted many of its operational activities, although its facilities are severely impaired. Despite adverse conditions, the CBI continues to conduct monetary policy implementation through the Foreign Currency Auction, sale of bills, management of reserve requirements and offering deposit and loan facilities. Currently, the CBI has five of six branches open.

While the number of banks licensed is clear, there is considerable variation in the number of bank branches reported as open. According to the CBI, there were 755 private and state owned branches as of December 2007. Two state-owned commercial banks (Al Rasheed and Rafidain) own 90% of the assets in the banking system. The remaining state-owned banks are specialized public financial institutions that serve the agriculture, industry, real estate, trade and social sectors.

The TF-BSO has continued to help Iraq move away from being a cash-based economy toward modern, electronic banking practices. TF-BSO helped engineer a policy change through the JCC-I/A, which was implemented in October 2007 and has increased electronic payments on DoD contracts with Iraqi companies from 17% in July 2007 to over 76% in March 2008. The

value of payments going directly to Iraqi banks for these Iraqi companies since the policy became effective has increased 15-fold. In order to continue migration to Electronic Funds Transfer (EFT), the TF-BSO also has established an EFT Assistance Center located in Baghdad. In addition, the TF-BSO has worked with Iraqi private banks to establish a retail payments consortium that is currently working to enable Iraq-wide use of debit and credit cards, ATMs and payments initiated from mobile phones linked to consumers' bank accounts. This will significantly reduce the need to transport and carry cash. This infrastructure is scheduled to be operational in the summer of 2008, beginning with debit cards and mobile banking capabilities.

The Warka Bank is the largest private bank in Iraq and provides strong and growing banking services. Warka functions primarily as a retail bank, offering direct deposit services with domestic debit card capabilities, and as an investment bank participating in many investment sectors. The bank delivers services through a network of more than 60 branches covering all Iraqi governorates. There are 39 additional branches under construction throughout Iraq.

Oil Infrastructure

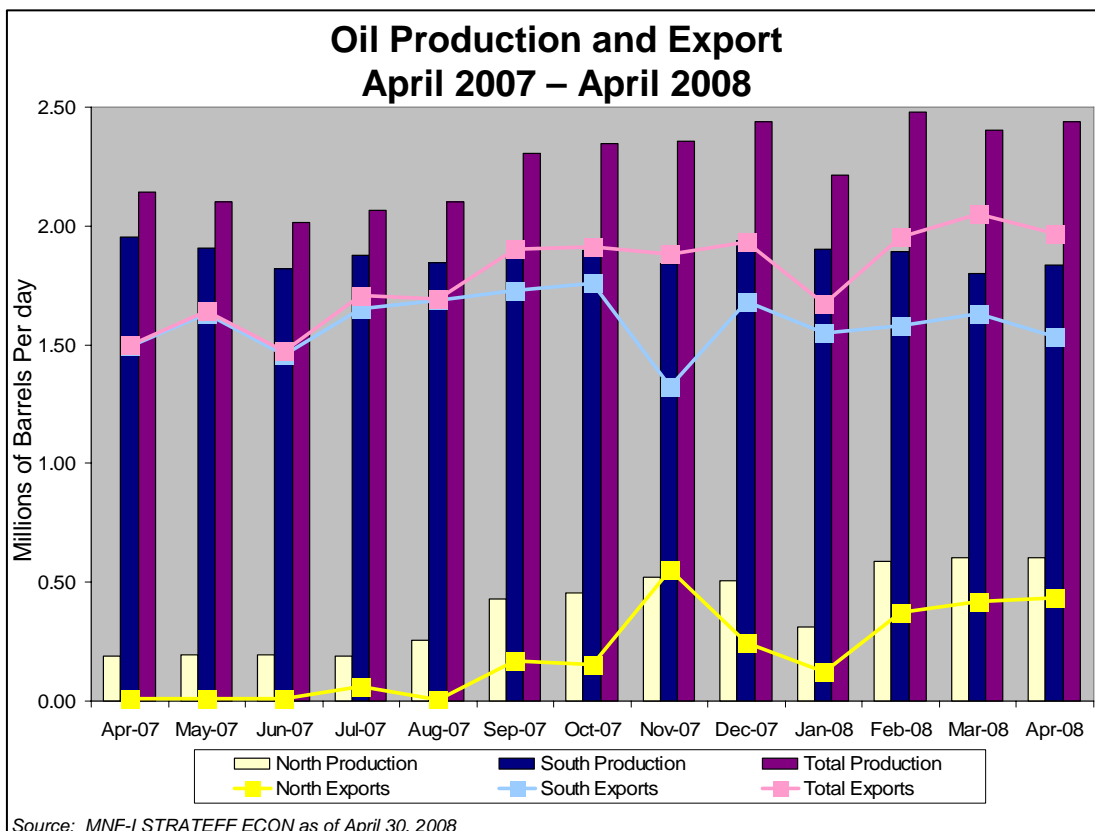
Iraq continues to produce and export oil at higher levels compared to 2007, although technical issues relating to wellhead equipment and field infrastructure needs will continue to cause intermittent reductions in field production. Production in May 2008 reached its highest level since September 2004, with an average daily production of 2.61 million barrels per day. Increased security is a major factor in production and export gains, as deterrents such as the Pipeline Exclusion Zones (PEZs) and increased oil security from the Oil Police, Sons of Iraq and the Iraqi Army have reduced the number of pipeline interdiction. Improved security allows repair teams access to address maintenance and corrosion problems and repair pipelines that have been out of use for years. The PEZ between Kirkuk and Baiji is

scheduled to be complete by June 30, 2008. ITAO has already awarded the contract for the next PEZ between Bayji and Baghdad to protect pipelines that distribute refined products. The GoI plans to complete a third major PEZ between Baghdad and Karbala by October 2008. This renewed emphasis on basic infrastructure repairs and protection has improved the redundancy of the crude and refined product networks, resulting in greater availability of oil and gas.

The fighting in Basrah during March and April 2008 briefly affected southern exports and highlighted both positive and negative aspects of the current infrastructure. For example, workers repaired an interdicted line during this period within three days, demonstrating a remarkable improvement in repair capability. The interdicted line did not completely shut down exports but did result in a 33% reduction in exports. Although operations halted in some fields due to security issues, other fields were able to provide compensating output. While exports recovered quickly, concerns remain that the southern oil export infrastructure

system lacks redundancy and has several potential single points of failure. In response, Iraq is pursuing avenues to avoid catastrophic failure in the southern export lines. One such initiative is the crude redundancy project, but this effort may take up to three years to complete. Planning and implementation of this project should be accelerated.

The Oil Ministry has made progress with other oil infrastructure projects not related to security. The repair of the hydrocracker at the Bayji Refinery and the training of personnel to operate it continue. Initial operations are planned for September 2008. The Siniyah Refinery has restarted and has received a constant flow of crude oil since late March 2008. The Haditha Refinery has been restored and is expected to become operational by the end of June 2008. Additionally, the expansion of the Daura Refinery continues with the construction of an additional processing unit that will add 70,000 barrels/day of production to the network.



Finally, major oil companies continue to operate in the Kirkuk and Rumaila Oil Fields and are expected to increase their operations as Technical Service Agreements (TSAs) are implemented. Disagreements over a payment mechanism may further delay implementation of the TSAs.

Agriculture

An efficient and productive agriculture sector is vital to Iraq's economic, political and social stability. Agriculture already accounts for about 10% of GDP and 20-25% of the Iraqi labor force, making it the single largest source of employment and the second largest contributor to overall GDP in the country. The agriculture sector has the potential for expanding employment, including continued growth of more specialized and higher paying positions in processing and marketing. The abundance of Iraq's natural resources relative to its neighbors, especially water, suggests strong potential for Iraqi agriculture in the global economy.

U.S. Department of Agriculture (USDA) personnel are working to build managerial capacity in the Ministry of Agriculture. Current animal husbandry initiatives in the poultry, cattle, sheep and fish sectors seek to develop labs to test and monitor infectious diseases, provide vaccinations, improve the hygienic slaughter of animals and enable the distribution of products to market. The USDA and the GoI have jointly developed soil analysis programs and agricultural extension services, which should improve seed and fertilizer inputs and optimize crop selection. The USDA and GoI are also prioritizing irrigation and drainage projects to reduce soil salinity and encourage a more efficient water distribution system. Other efforts include improving cross-ministerial planning between the Ministry of Water Resources and other ministries and the use of improved data collection and statistical analysis to support ministerial decision making. The USDA has representatives in each of the PRTs.

Inma, a \$209 million USAID project launched in 2007, works with the GoI to support the development of agribusiness and agricultural markets to improve the livelihoods of farmers while energizing Iraq's agriculture industry.⁶ Helping Iraqis transform local economies, *Inma* works with PRTs on the development of agribusinesses and value-added processing. Specifically, *Inma* completed projects that distributed feed grains in Anbar and developed a butchers association in Diyala. There are five projects currently underway, including a fall and winter planting of wheat and barley to expand the supply of quality seed to farmers in Anbar and Diyala. Another project concerns vegetable production in the region of Taji South, where the ePRT at Taji has worked to establish links to local markets. *Inma* is also developing a mushroom factory in Anbar and a fish farm in Babil.

Essential Services

In general, while the U.S. Government and the GoI completed several projects and large investments to improve delivery of many essential services, increased supply cannot keep up with demand. As the U.S. has wound down its large-scale infrastructure reconstruction programs, Iraq has significantly increased its spending on reconstruction projects as well as on the operation and maintenance of existing projects. Some Iraqis have seen progress in the delivery of essential services such as electricity, water and healthcare, though this varies by locale.

Electricity Infrastructure Integrity

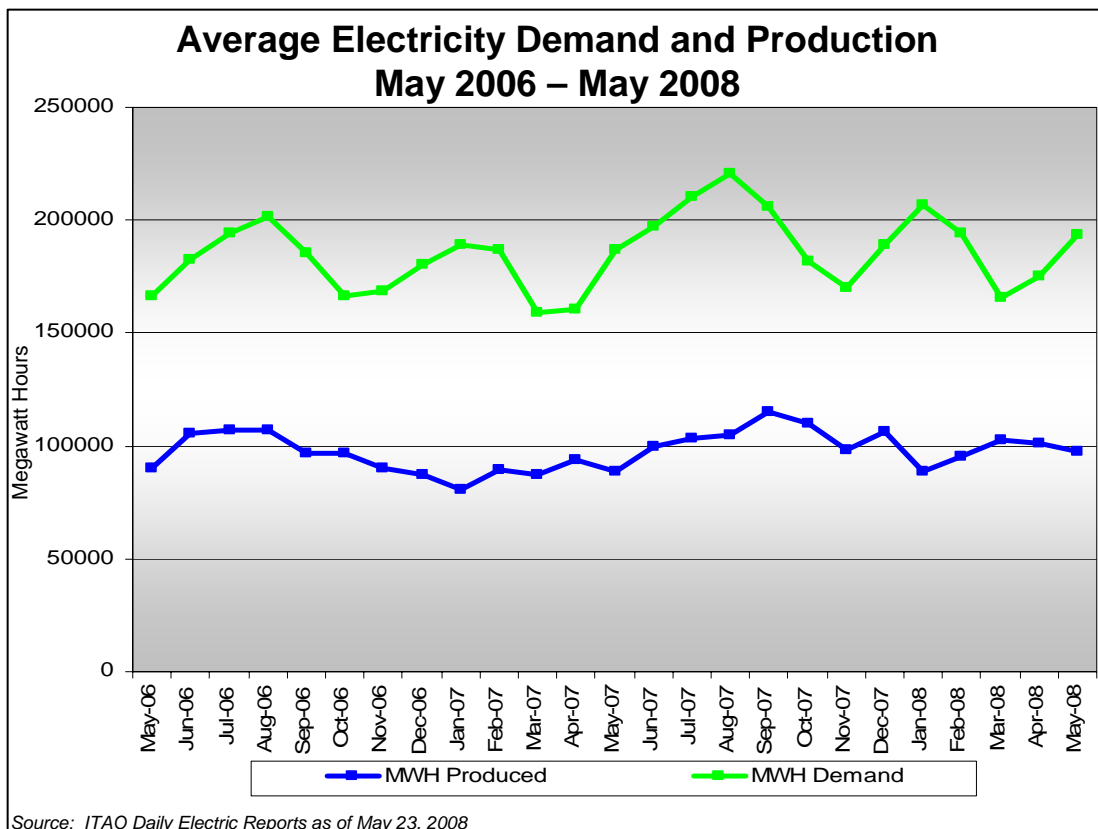
The Iraqi Government is beginning to manage the energy sector more effectively, with the Prime Minister leading weekly coordination meetings with the Ministers of Oil and Electricity. The GoI made progress in streamlining capital investment and contracting processes, integrating oil and electricity sectors and approving special funding. Continued progress in the electrical sector faces a variety of challenges. Fuel shortages, reduced water levels at hydroelectric plants, interdictions, equipment failures, damage to key power line

segments, reliance on foreign sources of power and years of system neglect exemplify these challenges. Although there is improved focus on an energy strategy within the Deputy Prime Minister's office, development remains slow and continuing political engagement is necessary to make a smooth transition to a market-based industry model in which the government performs a regulatory function.

U.S. and early stage GoI investment continue to add electrical generating capacity to the Iraqi grid, resulting in increased electricity production since the summer of 2007. Electricity production for January through May 2008 was 10% greater than the same period in 2007, while the demand for the same period increased by 6%. The government met 50% of demand in February 2008. In March 2008, it met 62% of demand, the highest percentage in more than two years. However, this level still fluctuates, with supply meeting 58% of demand in April 2008 and 51% of demand through the end of May 2008.

Improved security has reduced the level of transmission line interdictions and has created the conditions that allow preventive maintenance to avoid disruptive failures. The 46 electrical towers from Baghdad to Diwaniyah and the 85 electrical towers from Baghdad to Mussayib have been hardened. This action will make critical distribution lines less vulnerable to attack and increase the reliability and ability of the grid to transmit electricity. Around the Baghdad ring, two of eight hardening projects are complete, and two of nine projects are complete along the northern transmission line. The remaining projects for both lines have scheduled completion dates of August 2008.

Electrical production increased by 14%, leading to a national average of 14.9 hours of power (HoP) between January and April 2008. On average, all provinces, with the exception of Irbil and Sulaymaniyah, received more than the goal of 12 hours of power (HoP) in April 2008. Increased electricity production resulted from increased imports of diesel fuel, preventative maintenance, higher grid reliability due to the reduced number of transmission line interdic-



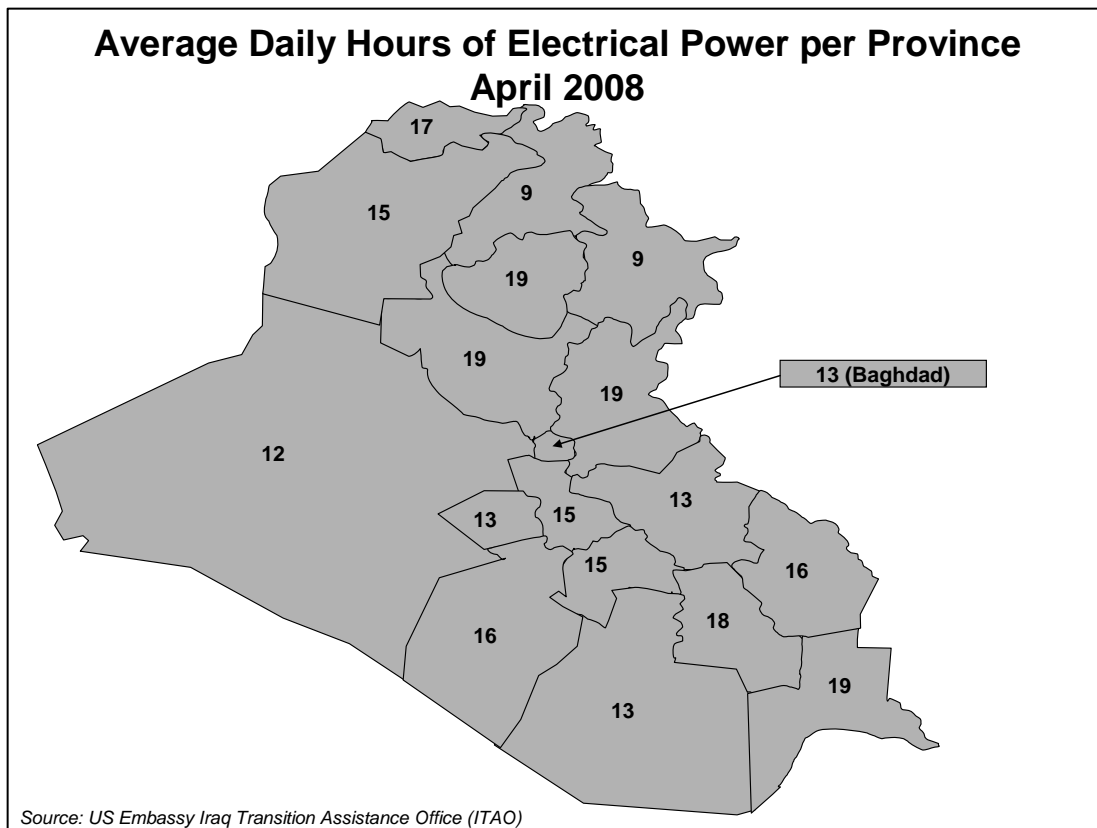
tions and the quick repair of damaged lines (damage due more to weather than hostile activity in March 2008). This increase in production directly affected the increase in average HoP nationwide.

Additional imports of electricity also contributed to the increased HoP. Turkish imports have resumed at contracted levels following GoI payment of bills. Iran has added a second transmission line to southern Iraq, and, as a result, imports from Iran have nearly doubled from their late-2007 levels to now account for two-thirds of total power imports. Imports of diesel from Kuwait (1.3 million liters per day), though not yet at contracted levels, have greatly increased since the last reporting period. These imports have resulted in additional generation at the Taji, Baghdad South and Qudas power plants. The additional diesel has also allowed the commissioning of new generators at Qudas and Mussayib.

Water and Sewer

Work continued on the Mosul Dam this

quarter. The U.S. Army Corps of Engineers (USACE) Gulf Region Division (GRD) continues to work with ITAO to support the development and implementation of an enhanced grouting program, which provides new grouting equipment, procedures and materials. This quarter, the Ministry of Water Resources (MoWR) completed the first phase of laboratory testing of new grout mixes, with a second phase of testing currently underway. The MoWR also hosted a workshop to discuss a permanent solution to Mosul Dam’s foundation troubles. Overall, the Department of State, in coordination with the GoI, has allocated approximately \$2.1 billion from the Iraq Relief and Reconstruction Fund (IRRF) for water and sewer infrastructure repairs, operations, maintenance programs and capacity development activities. As of April 2008, IRRF-funded projects had restored or added approximately 2.1 million cubic meters per day of treatment capacity, which is sufficient to serve 7.5 million Iraqis at a standard level of service. The U.S. Government has also completed water projects using Economic Support Funds (ESF)



and Commander's Emergency Response Program (CERP) funds.

GRD is currently refurbishing the Sadr City R3 water treatment plant to increase the pressure and availability of water in that area. Current military operations in Sadr City have limited access of the contractor work force, slowing the project. GRD expects to begin providing a regular water supply to the distribution system within one month after workers are able to return to the site full-time. The plant will provide this initial water supply using the limited, temporarily repaired filters, while GRD makes permanent repairs to bring the plant to full capacity.

Healthcare

While the healthcare sector is improving, progress is hindered by inadequate communication, coordination and planning processes. Coalition efforts have focused on addressing these problems and expanding support to develop this sector. In April 2008, the Minister of Health signed a Memorandum of Understanding with USAID, underscoring a shared vision and collaborative effort to accelerate gains in health services delivery in the area of capacity development. In May 2008, the Minister of Health and a delegation comprised of medical and higher education professionals attended a Health Summit in Washington, D.C. focusing on developing a national health strategy. During his visit, the Minister also attended a meeting in Chicago organized by the Iraqi Medical Sciences Association, the Arab American Medical Society and the Center for International Rehabilitation entitled "Telemedicine Support for the Iraqi Health Sector."

Efforts to improve the infrastructure of healthcare facilities include completing the construction of 101 of the 137 planned Primary Healthcare Centers (PHCs), with the remainder scheduled for completion by September 2008. The MoH now controls 88 of the completed 101 PHCs, and 72 are open to the public. The remaining 23 PHCs are not yet open due to a

shortage of trained medical staff and security concerns. Seventeen of 25 hospital rehabilitation projects are complete, and the Ministry of Health successfully completed the procurement of a permanent electrical feed for the Basrah Children's hospital.

The Ministries of Defense (MoD) and Health completed an agreement regarding MoD use of one of Baghdad's hospitals. The agreement dedicates a wing of the hospital specifically for MoD patients, where MoD provides liaison officers to ensure the safety and security of the soldiers hospitalized there. Additionally, the MoH and MoD are working on a similar agreement in Basrah that would permit inpatient treatment of ISF patients while providing reliable security for healthcare professionals. The MoD will continue to rely on the MoH for healthcare assistance until the nationwide demand for medical staff decreases.

Transportation Network

The U.S. Government and the GoI recently formed a Transportation Fusion Cell to combine efforts to develop and integrate a comprehensive transportation infrastructure plan. The development, growth, repair and maintenance of the transportation network are vital to the economic stability and security of Iraq. An expanded transportation system plays an important political role by promoting regional integration and by heightening the central government's presence in the more remote provinces. The GoI continues to embark on an ambitious transportation plan to simultaneously upgrade and extend road, rail, air and river transport.

The Iraq Transportation Network (ITN) is an Iraqi-led contracted management company made up of a consortium of tribally owned trucking companies. Initial operations began in May in Anbar with 80 trucks operating under a \$3.5 million contract, which is expected to expand to \$7 million over the next four months. If successful, the GoI could use this model throughout Iraq. In partnership with the Ministry of Transportation, the U.S. Govern-

ment invested \$97.9 million in state-of-the-art air traffic service infrastructure. The U.S. Air Force transferred control of the airspace above 29,000 ft in the middle of Iraq to the Baghdad Area Control Center. Aviation is the safest, fastest and most secure transportation mode in Iraq, with annual civilian growth exceeding 13%.

The Iraqi Republic Railway (IRR) provides positive economic benefit and a viable means of transporting people and goods for the GoI and Coalition forces. The IRR has established daily service from Baghdad to Basrah with over 15 stops along this rail line. In 2008, over 90 trains have carried approximately 7,000 passengers on this route with no interdictions. The IRR will complete a communication and control system project that will be connected by a digital microwave network in August 2008. This upgrade will increase the safety and dispatch rate of the IRR. Other efforts to improve the IRR are ongoing.

Conclusion

Despite considerable challenges, the Iraqi economy continues to grow, producing

measurable signs of economic progress. Most notably, improved security in the North has enabled the production and export of crude oil to increase significantly since last August, while the South has maintained production levels consistent with previous years. However, further significant increases of oil production in either the North or South will require extensive investment in infrastructure and technical support. The GoI has yet to develop a national energy strategy to guide this complex effort. Access to capital is improving. Capital budget execution in 2007 improved, and expectations for 2008 remain positive. Iraq is poised to receive the final \$7.5 billion tranche of debt relief from Paris Club creditors if it maintains satisfactory performance on the IMF SBA through the end of 2008. The GoI must continue to implement economic reforms and improve its government ministries in order to support continued economic growth, improve delivery of essential services and stimulate investments in its oil and electrical sectors. These reforms are essential to attracting foreign investment and developing a robust private sector that are important to a self-sustaining economy and long-term growth.

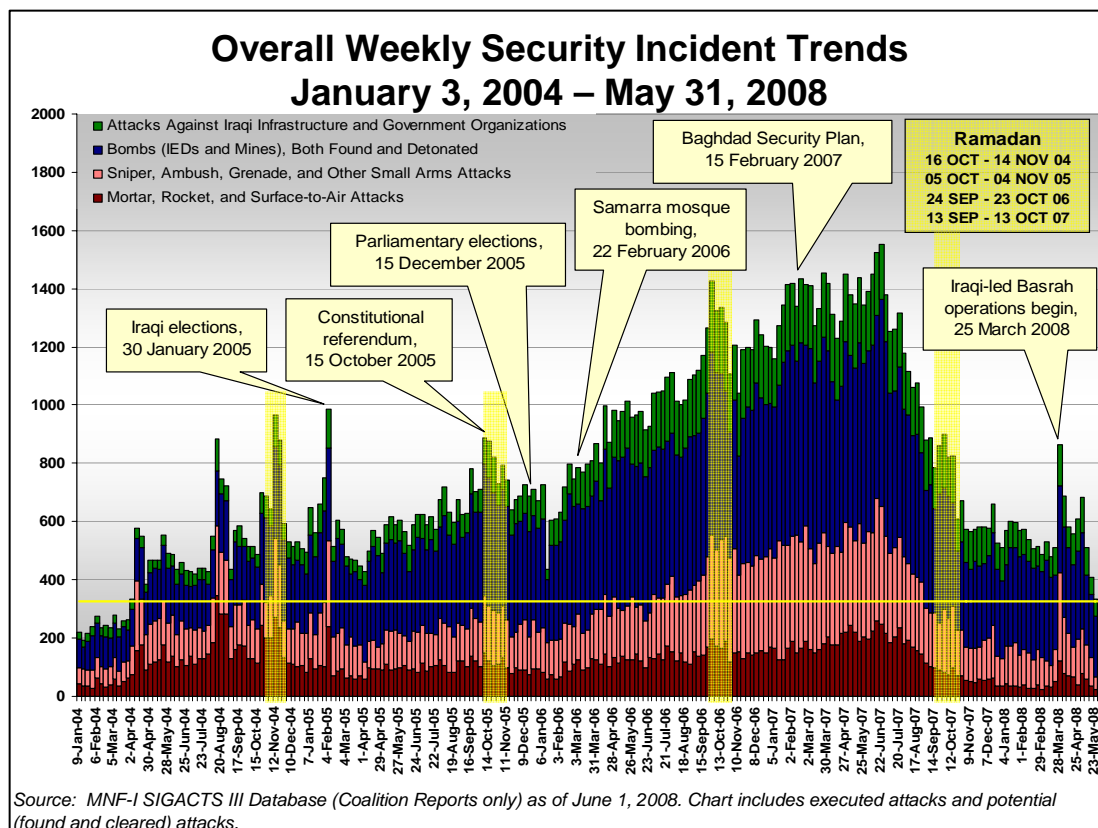
1.3 Security Environment

While the surge has helped mitigate ethno-sectarian tensions and restore stability to many areas, progress remains uneven and fragile. Violence levels vary throughout the country, and Coalition and Iraqi forces continue to confront numerous challenges. With the more recent exception of Basrah, Mosul and Sadr City, overall violence has followed a downward trend, with the greatest recent improvements in the Sunni majority areas of the northern provinces. Elsewhere, Coalition forces and the ISF continue to make incremental security gains, as the ISF grow in numbers, experience and capabilities. Coalition forces, with considerable help from the Sons of Iraq and tribal leaders, continue to combat al Qaeda in Iraq (AQI), maintain a public presence as partners with the ISF and exert pressure on extremists and insurgents. The Iraqi people are responding to this improved security environment and increasingly rejecting indiscriminate violence and extremist ideology. Meanwhile, the ISF are progressively asserting GoI authority over militia extremists and insurgents

in cities such as Najaf, Hillah, Nasiriyah, Basrah, Baghdad and elsewhere. The recent security operation in Basrah provided the GoI many constructive lessons. It also served as an important development in the government's efforts to guarantee security for the Iraqi people.

Overall Assessment of the Security Environment

Improvements in the security environment have been substantial over the past nine months but significant challenges remain. The cumulative effect of Coalition and ISF efforts continues to shrink the areas in which AQI and its insurgent allies enjoy support and sanctuary. In a particularly noteworthy development, Iraqi forces launched clearing operations in Ninewa Province on May 10, 2008, that have disrupted AQI's grip on Mosul. Nevertheless, AQI remains a dangerous and adaptable enemy that seeks to control areas where Coalition and Iraqi force presence is minimal. As AQI comes under increased pressure in Mosul, there have been indications that it is attempting to regroup



along the upper Euphrates River. AQI also remains capable of high-profile attacks, though its indiscriminate targeting of civilians continues to alienate AQI from the mainstream Sunni population it claims to represent.

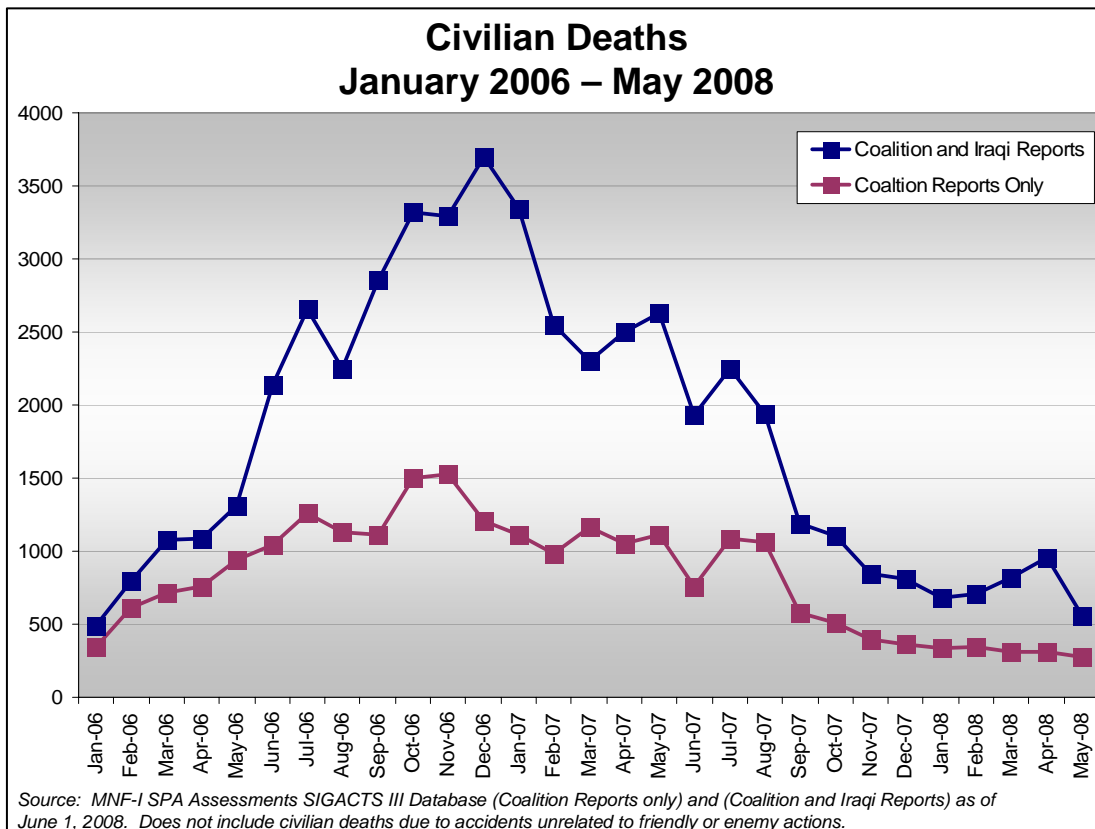
After an increase in attacks related to the late March 2008 activities in Basrah, Baghdad and other southern provinces, most key security indicators have trended downward, though many have yet to reach pre-March 2008 levels. Iraq-wide, total monthly security incidents for April 2008 are comparable to the last months of 2007. Coalition and Iraqi efforts to solidify the security gains of the past year continue to gain momentum and manifest themselves not only in security, but also in the political and economic arenas. The ISF continues to grow, train and establish the rule of law in more Iraqi provinces and cities. The ISF also continues to demonstrate improved performance as it gains experience in independent operations.

The cumulative effect of Coalition and ISF efforts continues to shrink the areas in which AQI and its insurgent allies enjoy support and

sanctuary.

Most indicators of violence fell continuously from September 2007 through mid-March 2008. However, on March 23, 2008, criminal elements of JAM launched multiple rockets on the International Zone, signaling impatience with the Sadr cease-fire. On March 25, 2008, Prime Minister Maliki launched Operation *Saulat al-Fursan* deploying nearly a division of ISF troops to the Basrah area.⁷ The intent of the operation was to wrest control of Basrah from JAM militias and their Special Group (SG) associates. As the operation evolved into a major conflict between ISF and JAM, first in Basrah and subsequently in Baghdad and other southern provinces, attacks and associated casualties rose sharply. By March 30, 2008, the ISF had restored security and freedom of movement in many areas, and a call by Muqtada al-Sadr for JAM forces to cease attacks on ISF and civilians led to further reductions in violence.

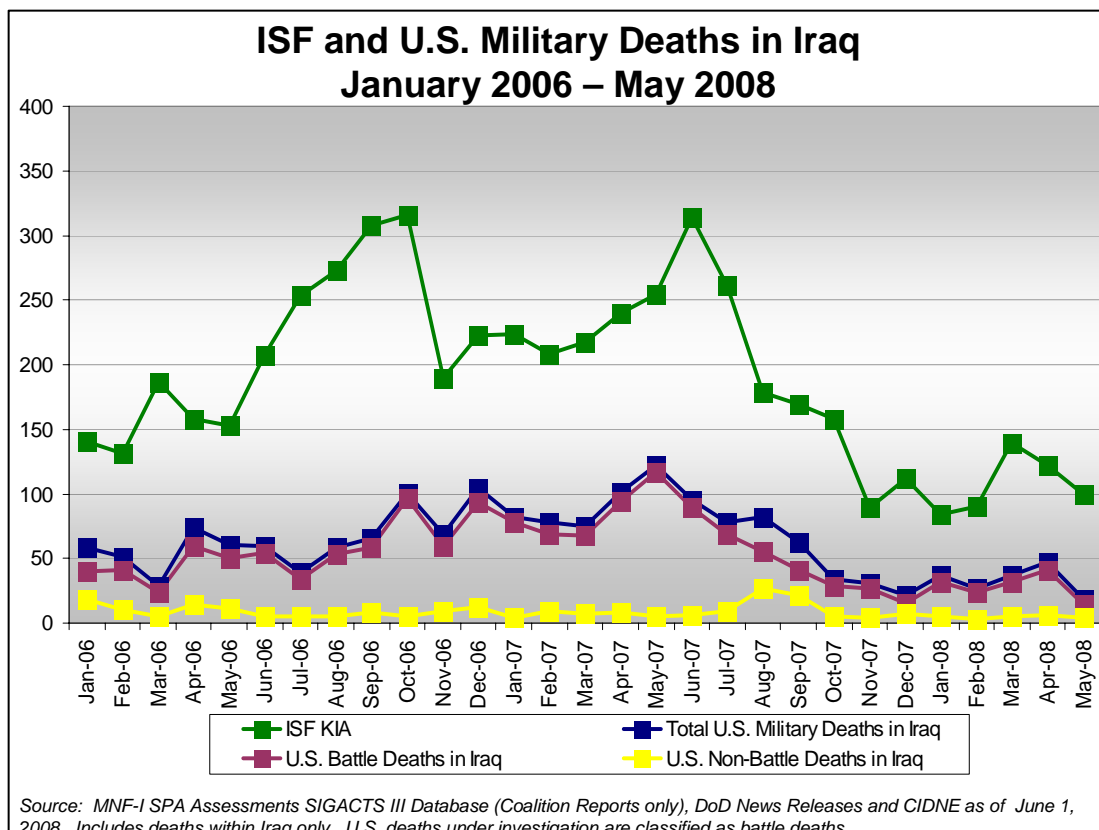
In addition to Basrah, the GoI and ISF achieved important gains against Shi'a extremists in



Baghdad. As the ISF commenced operations in Basrah, JAM and SGs increased attacks against Coalition and Iraqi forces in Baghdad, to include launching multiple indirect fire attacks into the International Zone on an almost daily basis. Sadr's cease-fire declaration on March 30, 2008, led to a brief lull. Violence levels soon rose again as JAM and SGs resisted Coalition and ISF operations to clear the southern two neighborhoods of Sadr City to diminish the effectiveness of rocket attacks on the International Zone and other parts of Baghdad. Supported by robust intelligence, surveillance and reconnaissance (ISR) assets, Coalition forces effectively employed air weapons teams and armed Predator unmanned aerial vehicles (UAVs) to defeat indirect fire and rocket-propelled grenade launcher teams operating throughout Sadr City. Following negotiations between the United Iraqi Alliance and Sadrist officials, on May 20, 2008, the ISF conducted a largely unopposed entry into Sadr City and began to conduct clearing operations that are still underway. Coalition and Iraqi forces continue to combat illegal militias in

additional neighborhoods in Baghdad and throughout southern Iraq.

Subversive foreign influences, primarily from Syria and Iran, continue to exert negative influence on the security environment in Iraq. The Syrian Government continues to take some steps, albeit ineffective ones, to reduce cross-border travel by some extremist fighters. Considerable numbers of foreign terrorists still cross from Syria into Iraq, and Iraqi extremists still use Syria as a safe haven to avoid Iraqi and Coalition forces. The Government of Iran also continues to facilitate large-scale trafficking of arms, ammunition and explosives and fund, train, arm and guide numerous networks that conduct wide-scale insurgency operations. The recent violence in Basrah and Baghdad highlighted the lethal role Iran's IRGC-QF plays in Iraq. The number of EFPs and indirect fire incidents from Iranian-supplied rockets increased sharply in late March and April 2008. With increased emplacement of EFPs by SG criminal elements, total EFP incidents in April 2008 were the highest on record.



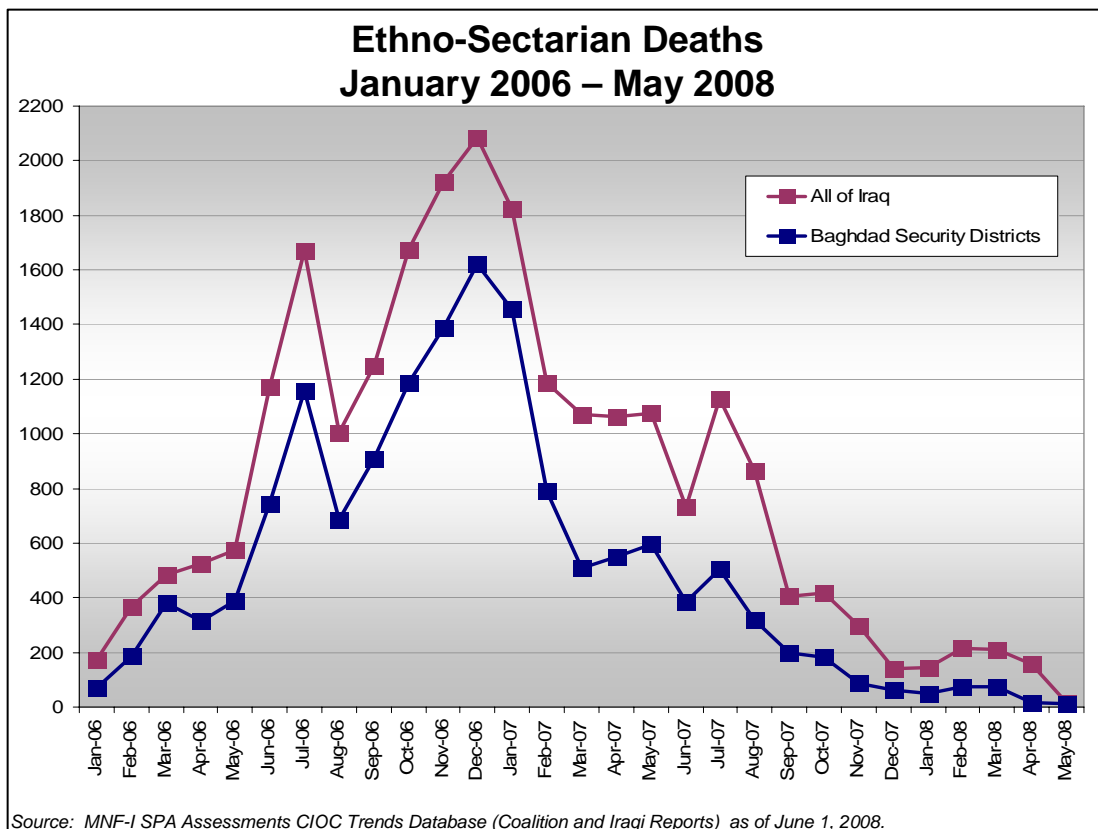
Though the recent improvements in the security situation across Iraq are significant, the Iraqi Government will have to take deliberate measures to sustain these gains. These measures include the development and employment of a sustained, robust security posture; delivery of humanitarian assistance; progress in reconstruction; and the generation of sustainable employment. Free and fair provincial elections will also be important in facilitating reconciliation and the formation of representative provincial governments. The Coalition is partnering with the GoI to assist the Iraqis in each of these areas.

Sons of Iraq

The Sons of Iraq (SoI) program continues to make essential contributions to security in Iraq. There are over 103,000 SoIs on temporary employment contracts working to help secure critical infrastructure such as oil pipelines, electrical power production and distribution facilities, financial institutions and other significant community facilities. SoI groups are also contributing greatly to the discovery of improvised explosive devices, weapons and

explosives caches. The monthly number of caches found and cleared has declined since peaking in February 2008, but remains at a level greater than any time prior to December 2007. Coalition forces have already found more caches in 2008 than were found in all of 2006, largely due to SoI assistance.

The SoI program is a temporary security measure that addresses the immediate need of providing local security with local residents. As security has stabilized in certain areas, Coalition forces have begun transitioning loyal SoIs out of the program and into the ISF or vocational education programs. The Coalition is also transitioning the funding and management of remaining SoIs to the GoI. The three key components of the transition program include transferring temporary security contracts to the Ministry of Interior (MoI), transitioning SoIs to permanent security employment in the ISF and training SoIs for civilian employment. The transition of the temporary security contracts has begun with an initial consolidation of the U.S. CERP-funded contracts and turnover of program management

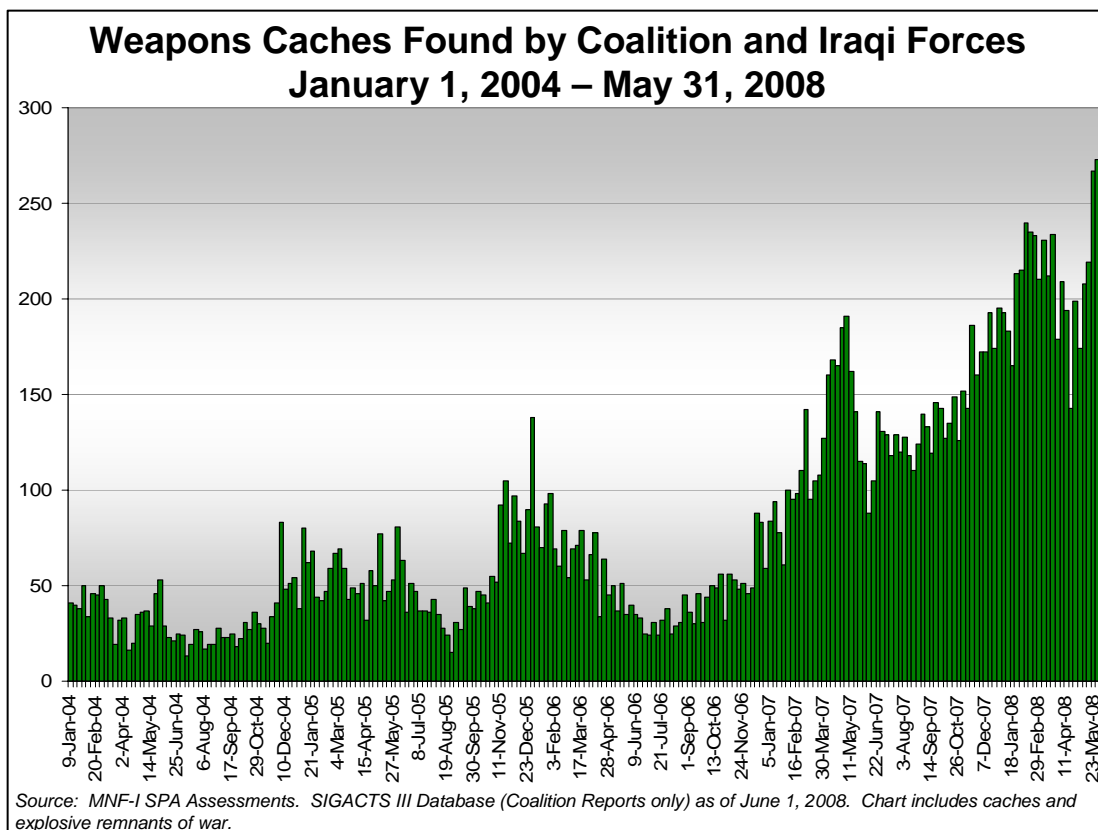


and funding to the MoI. The first two security contracts will fully transition to the MoI in July 2008, when the GoI assumes funding responsibility. To date, 14,000 SoIs have transitioned into permanent security positions with the ISF and another 12,000 SoIs are in various phases of the transition process.

The SoI program faces two broad challenges that require ongoing engagement and coordination with the Coalition. First, the GoI needs to develop its capacity to manage and administer the SoI program as former members transition into the ISF, non-security employment and Iraqi-led and funded SoI initiatives. The second challenge is combating infiltration by malign groups. Program administrators mitigate infiltration with continued emphasis on vetting and screening of SoIs by GoI tribal support councils and Coalition biometric screening. AQI continues to target SoIs because they pose a threat to AQI influence in local areas. These attacks have neither deterred SoIs from their mission nor lessened their desire to protect their communities from

criminal and insurgent activities.

The Joint Technical Education and Reintegration Program (JTERP) is an Iraqi-directed program that provides classroom-based vocational training to the SoIs. The U.S. Government provides \$35.5 million from the Iraq Security Forces Fund (ISFF) to JTERP while the GoI provides \$196 million in funding. JTERP has implemented pilot programs in Tikrit and Mahmudiyah to test procedures before full implementation in the summer of 2008. The program will expand to five sites with a target of 5,000 SoIs from a transition class starting in June 2008. The Civilian Service Corps (CSC) is a separate, on-the-job apprenticeship training program designed to teach vocational skills while improving the infrastructure of the community. Multi-National Corps – Iraq (MNC-I) administers and funds this program with \$120 million of ISFF funds. There are 26 CSC contracts throughout Iraq with over 2,000 SoIs in this transition program. Follow-on funding by the GoI is currently being coordinated.



Joint Security Stations

The steady improvement in the security environment over the last nine months is partly the result of Coalition and Iraqi forces living among the population through the joint staffing of local Joint Security Stations (JSSs) and Combat Outposts (COPs). This partnership has provided the ISF with greater exposure to routine counterinsurgency operations, emboldening them to become more proactive in their own operations and improving their overall effectiveness. Continued ISF presence in the neighborhoods has disrupted insurgent and terrorist operations by demonstrating ISF commitment to the security of the local population, in turn earning the communities' trust, confidence and support. Accordingly, local residents have begun to work with Coalition and Iraqi forces to deny the enemy sanctuary in their neighborhoods. The continuous presence and increased effectiveness of the ISF has helped ease the distrust between different ethnic populations and has facilitated the return of some displaced persons.

Attack Trends and Violence Assessment

Civilian deaths across Iraq have declined dramatically. The number of Coalition-reported civilian deaths has remained relatively steady since December 2007, while Iraqi-reported civilian deaths have continued a slight increase from January 2008. In May 2008, Iraqi and Coalition forces report civilian deaths are 75% lower than July 2007 and 82% lower than the peak number in monthly deaths that occurred in November of 2006. Periodic high-casualty car and suicide vest bombings continued throughout the period and are largely responsible for the increased civilian deaths. However, the absence of significantly increasing trends illustrates the failure of high-profile attacks to rekindle the cycle of ethno-sectarian violence that characterized the period from the Samarra mosque bombing in February 2006 until the surge in Coalition forces reached full strength in the summer of 2007.

Improvised Explosive Devices and Explosively Formed Penetrators

Weekly improvised explosive device (IED) incidents in Baghdad rose sharply over the months of March and April 2008, as JAM employed many of these devices to restrict Coalition and Iraqi forces' freedom of movement around Sadr City and New Baghdad. Levels for IEDs Iraq-wide remained comparable to early 2006. Despite the spike in Baghdad, the number of IED incidents and casualties has remained below long-term averages for 31 straight weeks. Moreover, the portion of IEDs found and cleared before they detonated has exceeded 50% during all but six weeks in the past seven months. The level of IED incidents and casualties remains low due to the steadily increasing efforts of Coalition and Iraqi forces to disrupt insurgent networks and destroy IED-making facilities and due to the ISF presence among the population, which fosters a great number of tips and often prevents attackers from reaching more heavily populated targets. IEDs constitute the principal threat to Coalition forces, but the number of incidents and Coalition deaths caused by IEDs remains on a consistently low six-month trend. Monthly EFP incidents increased substantially in March and April 2008. Special Groups (SGs) operating in the Baghdad Security Districts of Sadr City and New Baghdad, supported by Iranian training and materiel, were primarily responsible for these increases. The number of EFP incidents declined in May, returning to the level seen in March 2008.

High Profile Attacks

Monthly high-profile attacks (HPAs) in Iraq decreased in May 2008, falling below the previous two-year low reached in December 2007. HPA explosions for May 2008 are down over 70% from the peak in March 2007. As security improves and Coalition and Iraqi forces focus on enemy networks, there has been a decrease in the effectiveness of HPAs. Nonetheless, AQI retains the intent and capability of carrying out spectacular, high-payoff attacks. On April 15, 2008, a series of HPAs throughout Iraq produced 150 civilian

casualties, the highest number of casualties attributed to AQI in a single day since February 1, 2008.

The number of deaths due to ethno-sectarian violence remains relatively low, illustrating the enemy's inability to re-ignite the cycle of ethno-sectarian violence. Following a downward trend throughout most of 2007, the number of person-borne IED (PBIED) incidents increased from October 2007 to February 2008, before declining in March and April 2008. AQI's use of PBIEDs and female suicide bombers remains an important tactic, especially as population security measures and local opposition to AQI in some provinces makes effective targeting using suicide vehicle-borne IEDs (SVBIEDs) more difficult.

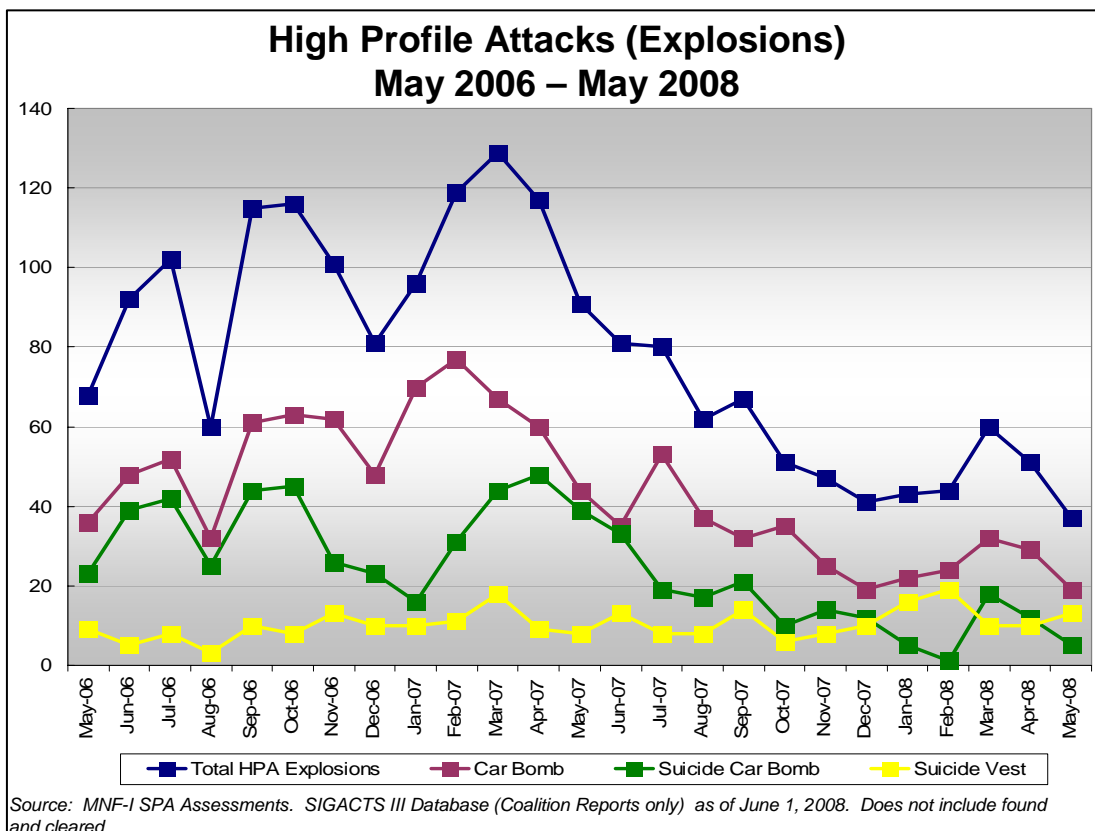
Regional Security Assessments

Since the last reporting period, the average number of attacks executed daily has decreased in all provinces except Baghdad and Basrah. The four provinces with the highest number of attacks have approximately half of the population but account for 87% of executed

attacks. Daily attacks in Baghdad and Basrah provinces increased 54% and 6%, respectively, due to ISF-led operations in both provinces. In 11 of 18 provinces, executed attacks averaged less than one per day.

Assessment of the Security Environment— Baghdad

Despite the significant upturns in violence in late March 2008, security incident levels in Baghdad returned to those seen in the period from November 2007 through mid-March 2008 in mid-May. The increase in incidents in the Baghdad Security Districts in late March and April 2008 resulted from attacks by JAM and SGs against Coalition and Iraqi forces. The number of indirect fire and EFP attacks increased sharply in late March and April 2008 when JAM and SG elements fired hundreds of Iranian-supplied rockets against targets in Baghdad. Many of the targets were concentrated on the International Zone and other Coalition fixed sites. These same groups used EFPs to restrict security force freedom of movement around Sadr City and other JAM-controlled neighborhoods. The use of Iranian



rockets and EFPs highlighted the degree of Iranian support provided to extremist groups in Iraq.

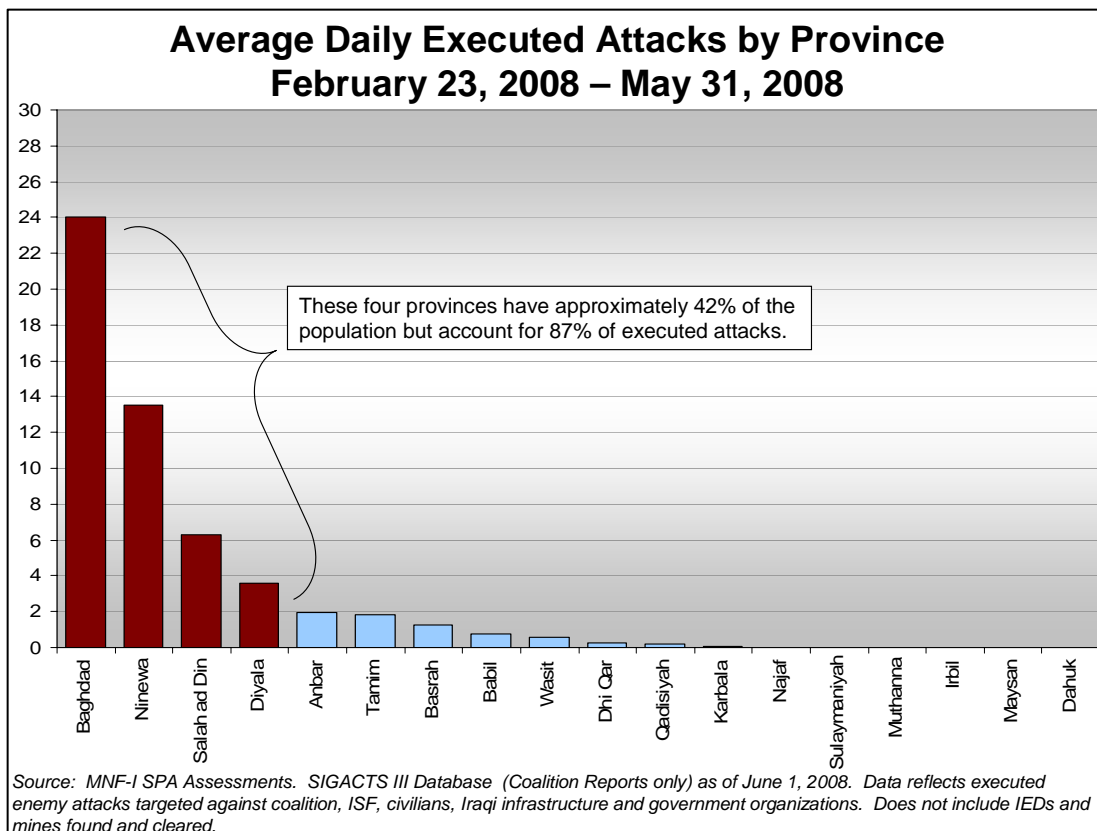
Iraqi and Coalition forces responded to JAM and SG attacks by extending control over key neighborhoods within Sadr City where JAM and SGs operated. Because of this pressure, on May 11, 2008, the Sadristes reached a cease-fire agreement with the GoI regarding resistance to ISF operations and access to Sadr City. Entering the city under this agreement, the ISF began clearing and humanitarian operations in Sadr City on May 20, 2008. Since the ISF continued its advance into the remainder of Sadr City, incident levels have decreased.

Deaths related to ethno-sectarian violence increased slightly in Baghdad in February and March 2008, but generated very little disruption in a downward trend that has persisted since last year. During the last two full weeks of May 2008, there were no confirmed ethno-sectarian deaths in Baghdad. In April and May 2008, there were 17 and 11 deaths, respectively, in the Baghdad Security Districts. This

is the lowest level on record, and a remarkable improvement when compared to the over 1,600 ethno-sectarian deaths in December 2006. The number of IED attacks in Baghdad from late March through mid-May 2008 increased significantly before returning to pre-March levels in the third week of May. More than one-fifth of the IED attacks in 2008 were in the form of EFP strikes on Coalition and Iraqi forces. AQI continues to adapt its tactics to counter local security operations in Baghdad Province. Recently, AQI increased its use of PBIEDs over vehicle bombs because security measures and attitudes toward AQI by the populace have made the use of vehicle bombs more difficult.

*Assessment of the Security Environment—
Western Iraq*

Security in Anbar Province continued to improve this reporting period. Periodic increases in HPAs over the past few months are likely the result of AQI attempting to distract Coalition and ISF attention away from Mosul and to exacerbate intra-Sunni tensions in the province. In March 2008, AQI favored using



PBIEDs over SVBIEDs in attacks owing to effective population security measures that limited the group's ability to employ VBIEDs, including a significant disruption of their VBIED production network. In Anbar, the average number of security incidents remained at five incidents per day over a 90-day period, accounting for less than 4% of the attacks in all of Iraq. This represents a ten-fold reduction compared to the summer of 2006 and is half of the rate of the last few months of 2007. The combined efforts of SoIs and Iraqi and Coalition forces continue to hinder AQI's ability to obtain resources or operate effectively in population centers, forcing AQI to operate and conduct attacks from remote locations in the province. Despite these setbacks, AQI continues efforts to regain footholds in the Euphrates River Valley.

The Iraqi Army has handed over security responsibilities in most of Anbar's population centers to the Iraqi Police, allowing the Army to concentrate its efforts on driving AQI from hideouts in remote locations. The *Sahawa al-Iraq* (SAI) tribal movement has survived AQI attacks against its key leaders, and instead is successfully using the attacks to embolden local tribes and strengthen its own influence.⁸ SAI recently registered as a political party and intends to compete in the upcoming fall provincial elections and the subsequent nation elections, although the GoI has yet to act on SAIs request to become a national political party. The movement continues to position itself as an alternative to existing provincial political leaders, deriving much of its credibility from its fight against AQI and the resulting security gains. For several months, SAI leaders have reached out to prominent Shi'a figures in other provinces to promote reconciliation and unity under the theme of "One Iraq."

Assessment of the Security Environment— Central/Northern Iraq

Overall violence indicators in northern Iraq remain high, but recently registered the lowest levels since March 2006. Nevertheless, with continued fighting between Coalition and Iraqi

forces and AQI, the North remains the main effort as northern Iraq registers roughly half of all security incidents. AQI continues to concentrate its forces and operations in the city of Mosul and surrounding areas. Mosul is significant to AQI because it is a major population center connecting AQI sub-networks of foreign-trained fighters throughout the country. The increase of SVBIEDs in March 2008 reflects AQI's ability to regenerate VBIED cells and maintain foreign fighter flows, as well as the importance it places on the high-profile nature of such attacks as a means for disrupting the population's sense of security and dissuading local support of Coalition and Iraqi forces. Mosul is also a major line of communication along the Tigris River valley to Baghdad. As Coalition and Iraqi forces pushed AQI into this area from western and central Iraq over the last few months, the number of engagements between Coalition and Iraqi forces and AQI in this region has increased steadily. Increased Coalition and Iraqi forces operations have led to greater support and assistance by the local populace and a corresponding disruption of AQI activities.

In January, Coalition and Iraqi conventional and special operations forces from the Ninewa Operations Command conducted the initial phase of a deliberate counterinsurgency campaign in Mosul and Ninewa Province that incorporated lessons learned in 2007 during the execution of the Baghdad Security Plan. The initial phase of the campaign continued through April 2008 and consisted of the construction of a berm and checkpoints outside the city to control access, the extension of security forces presence in the city of Mosul through the establishment of joint security stations and combat outposts and the development of intelligence against AQI and insurgent networks. These same forces, assisted by Coalition intelligence, operated between the Syrian border and Mosul in western Ninewa Province and the Jazeera Desert to disrupt the foreign fighter and terrorist networks that enable the transit of foreign fighters into Iraq and to deny safe havens to extremist groups.

Prime Minister Maliki directed the next phase of the campaign to commence on May 10, 2008. During this phase, the ISF-led clearing operations in Mosul and the surrounding areas have resulted in greater support and assistance from the local populace and to a corresponding disruption of AQI and Sunni insurgent activities in Ninewa Province.

Assessment of the Security Environment— Southern Iraq

Security incidents in the southern provinces during this reporting period accounted for less than 3% of incidents nationwide. In late March 2008, the combination of political power struggles in Baghdad and increasing challenges to government control in Basrah made Basrah City the focal point of a broader intra-Shi'a power struggle between Shi'a aligned with the GoI and the Islamic Supreme Council of Iraq (ISCI) and those aligned with the Sadrist movement. On March 25, 2008, Prime Minister Maliki launched Operation *Saulat al-Fursan* to assert GoI control of Basrah City. Iraqis planned and led the operation, directing the mobilization and movement of nearly a division's worth of Iraqi Army units, Special Operations Forces, National Police and Police to the Basrah area.

OMS/JAM perceived this operation as an ISCI-backed political maneuver designed to damage the Sadrist Trend's credibility in the period leading up to the provincial elections later this year. The operation also threatened many groups engaged in criminal activities. OMS/JAM aligned with SGs to fight the ISF in the streets of Basrah. After five days of combat, Muqtada al-Sadr issued a nine-point statement on March 30, 2008, that ordered a cease-fire and ended the overt phase of the Basrah conflict. Coalition enablers played a crucial role in support of the ISF in Basrah. On April 12, 2008, Prime Minister Maliki ordered discreet follow-on operations to secure the rest of the city using house-to-house weapons searches aimed at stopping the flow of arms and fighters back into the city. These operations proved highly successful. They

brought stability to most of the city and uncovered large weapons caches, including many weapons provided by Iran over the previous few months, some of which were produced in Iran in early 2008. In this period, both Iraqi and Coalition forces increased humanitarian support to this area. Currently, efforts are underway to facilitate short-term job programs and to create a new National Police brigade in Basrah. Although tension in the area remains high, Iraqi forces appear to be garnering local support as they restore order, facilitate aid and restore basic services to the people of Basrah.

While the Basrah operations appear to have returned control of Basrah to the Iraqi Government, the operations did not eliminate the militias. Many JAM and SG leaders appear to have fled from Basrah and Baghdad to Maysan Province and Iran. As the conflict in Basrah evolves, the potential remains for more clashes between Iraqi forces and JAM in the South. Iraqi forces have demonstrated a mixed ability to contain JAM in some provinces, while in others, such as Wassit and Maysan, JAM is more entrenched. A sustained security presence in Basrah, combined with supporting efforts to foster reconstruction and employment, will be critical in retaining recent security gains over the longer term.

Assessment of the Security Environment— Kurdistan Regional Government (KRG) Area

The KRG region continues to be the least violent part of Iraq. The provinces of Irbil, Dahuk and Sulaymaniyah remain stable with only four reported attacks since the last reporting period. However, Kurdish terrorists in the Kurdistan Worker's Party (PKK) remain a regional security concern.

Following a period of increased tension during January and February 2008, Turkey in late February 2008 conducted an eight-day ground incursion against PKK targets in northern Iraq. This included multiple air and artillery strikes in the far northern border areas of Iraq punctuated by air strikes deeper into Iraq along the

Iranian border. Diplomatic initiatives brought GoI representatives and Turkish Government officials together for discussions concerning the PKK and other border issues. The talks could lead to a more comprehensive strategy to deal with the issue. Overall, tensions in the KRG controlled area have eased due to fewer counter-PKK operations during this reporting period. While periodic air and artillery strikes continue, Turkey has generally reduced the scale of their military operations.

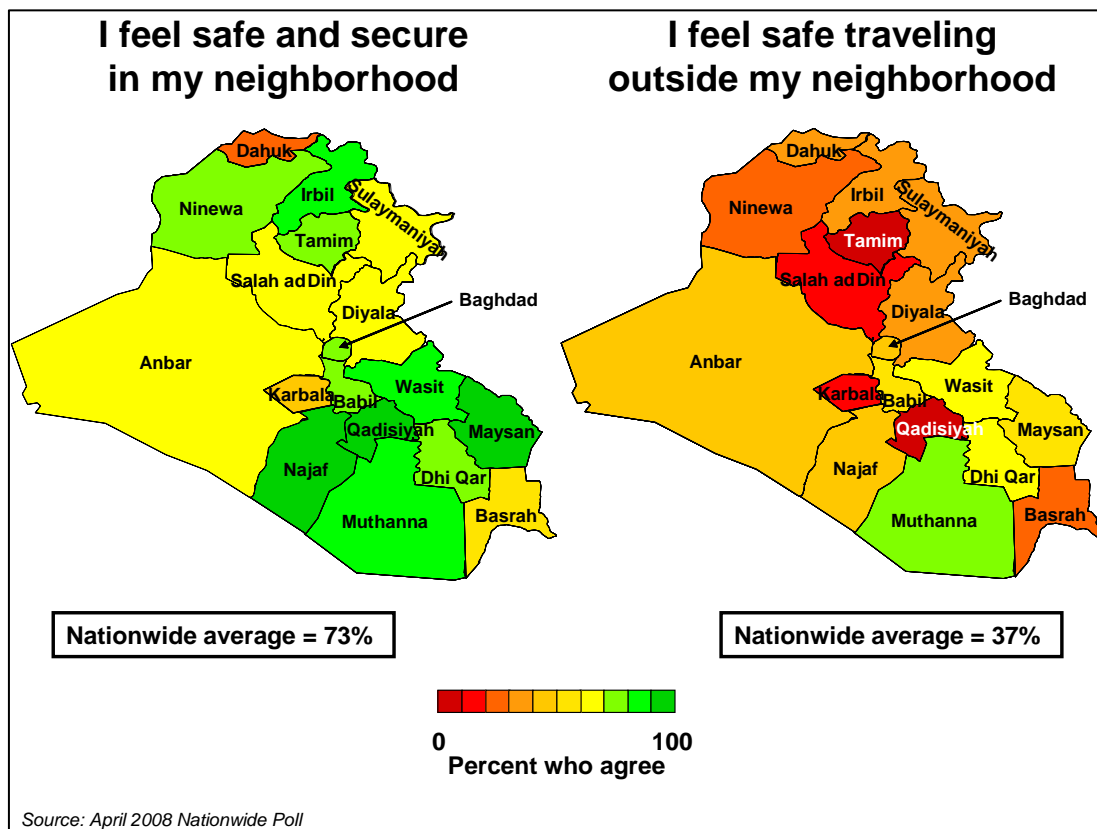
Public Perceptions of Security

Nationwide polls show that Iraqis believe the security situation is better locally than nationally. Polls conducted in April 2008 reveal that Iraq's southern provinces have a stronger sense of security than the central and northern provinces. When asked, 63% of Iraqis described the security situation in their neighborhoods as calm, a two-percentage-point increase from November 2007.⁹ When asked the same question about their province and Iraq as a whole, 42% said the situation was calm in their province¹⁰, and 15% of Iraqis said the situation was calm nationwide.¹¹ There has

been an eight-percentage point decrease in confidence at the national level during the same time period. Dahuk and Maysan Provinces had the largest disparity between perception of local and national levels of calmness: 99%¹² and 98% respectively.¹³

Nationwide polling in April 2008 indicates that 73% (a two-percentage point decrease from November 2007) of Iraqis feel safe and secure in their neighborhoods and that 37% feel safe traveling outside of their neighborhoods.¹⁴ Since November 2007, there has been a seven-percentage point decrease (from 45% to 38%) for those who feel safe traveling outside of their neighborhoods. While feelings of safety and security at the local level have remained steady since November 2007, those same feelings at the national level have decreased moderately.

When asked about perceptions of the Iraqi Security Forces, 63% of Iraqis said they feel secure when they see the Iraqi Army in their neighborhoods¹⁵ and 50% said they feel secure when they see the Iraqi Police in their



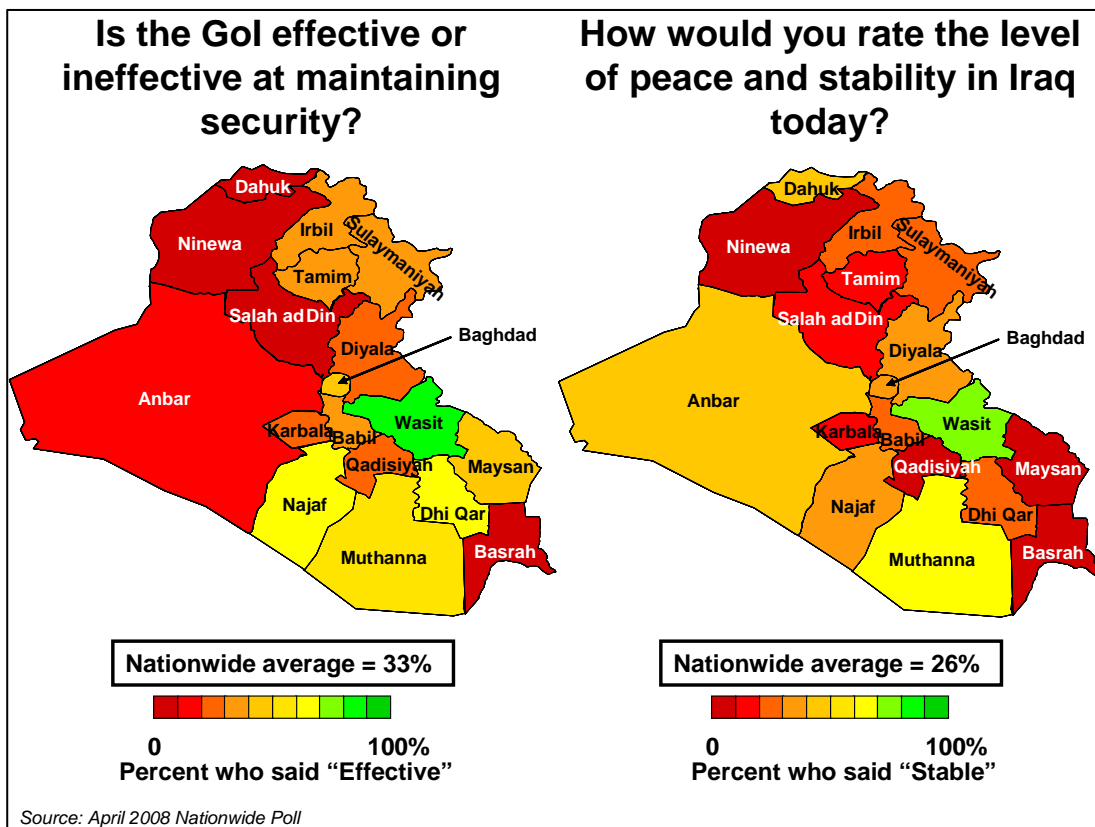
neighborhoods.¹⁶ This is a 12-percentage-point increase in the trust in the Iraqi Army, and a three-percentage-point decrease in the trust of the Iraqi Police since November 2007. Nationwide perceptions of the Iraqi Army and the Iraqi Police are within 13 percentage points of each other.

When asked in April 2008 if they believed the GoI was effective or ineffective at maintaining security, 33% of Iraqis said the GoI was effective at maintaining security.¹⁷ When asked to rate the level of peace and stability of the country, 26% of Iraqis said Iraq was stable.¹⁸ This is a two-percentage point decrease when compared to November 2007 results.

Nationwide polls in April 2008 indicate that 58% of Iraqis believe that the Iraqi Army is winning the battle against terrorists¹⁹ and that 49% of Iraqis believe the Iraqi Police is winning the battle against crime.²⁰ This is a six-percentage point increase for the Iraqi Army and a one-percentage point decrease in perception for the Iraqi Police since November

2007. When asked if they had confidence in specific groups to improve the overall security situation in Iraq, Iraqis placed their highest confidence in the Iraqi Army and the Iraqi Police; 79% had confidence in the Iraqi Army and 75% had confidence in the Iraqi Police as of April 2008.²¹

When comparing levels of government, Iraqis had the most confidence in provincial governments to improve security (66%); 61% of Iraqis had confidence in their local government to improve security and 57% of Iraqis had confidence in the national government to improve security.²² This represents a confidence drop of 12 percentage points, 18 percentage points and 11 percentage points, respectively since November 2007. Multi-National Forces (26%), armed groups (21%) and militias (19%) rated the lowest Iraqi confidence to improve security, representing a 12-percentage-point drop for the Multi-National Forces, an eight-percentage-point drop for armed groups, and a three-percentage-point increase for militias since November 2007.²³



When asked who was most responsible for providing security in their neighborhoods, Iraqis responded that the Iraqi Army (35%) and the Iraqi Police (34%) are most responsible for providing security in their neighborhoods.²⁴ Relatively few Iraqis said the Sons of Iraq (8%), people from their tribe (5%), neighbors (4%), militias (4%), religious leaders (3%) or Multi-National Forces (3%) were most responsible for providing security. Trends in perception of who provides neighbors, militias, religious leaders, people from their tribe and Multi-National Forces providing security in neighborhoods have remained steady since November 2007. The exceptions to this trend are the Iraqi Police with perception of responsibility decreasing by nine percentage points, the Iraqi Army with perception increasing by 12 percentage points and the Sons of Iraq with perception increasing by six percentage points.

When asked in April 2008 if they had confidence in specific groups to protect them and their families from threats, Iraqis had the highest confidence in the Iraqi Army (78%).²⁵ For other groups, 73% of Iraqis had confidence in the Iraqi Police, 65% had confidence in their provincial government, 61% had confidence in their local government, and 56% had confidence in the National government. Confidence

in the Multi-National Forces, armed groups and militias was much lower at 25%, 20% and 20%, respectively. In a continuation of trends from November 2007, Iraqis place their highest trust and confidence in the Iraqi Army, the Iraqi Police and the GoI (from the local to the national level) to protect them and to provide security.

Conclusion

Despite a spike of activity in late March and April 2008 in Basrah and Sadr City, overall violence levels have dropped to mid-to late-2005 levels. These improvements coincide with the growing willingness of Sunni and Shi'a tribal leaders to cooperate with the Coalition in an effort to reduce violence in their neighborhoods and provinces. Although the progress is encouraging, the overall security situation in Iraq is still reversible. The situation in parts of Ninewa, Diyala, Salah ad Din, Basrah and Baghdad remains challenging. For many Iraqi families, the effects and threats of continued violence continue to be a daily concern. To prevent a reversal in this tenable security environment and to help the Iraqi people enjoy livable communities throughout their country, the GoI must continue to work toward local and national reconciliation to solidify the hard-fought security gains.

1.4 Transferring Security Responsibility

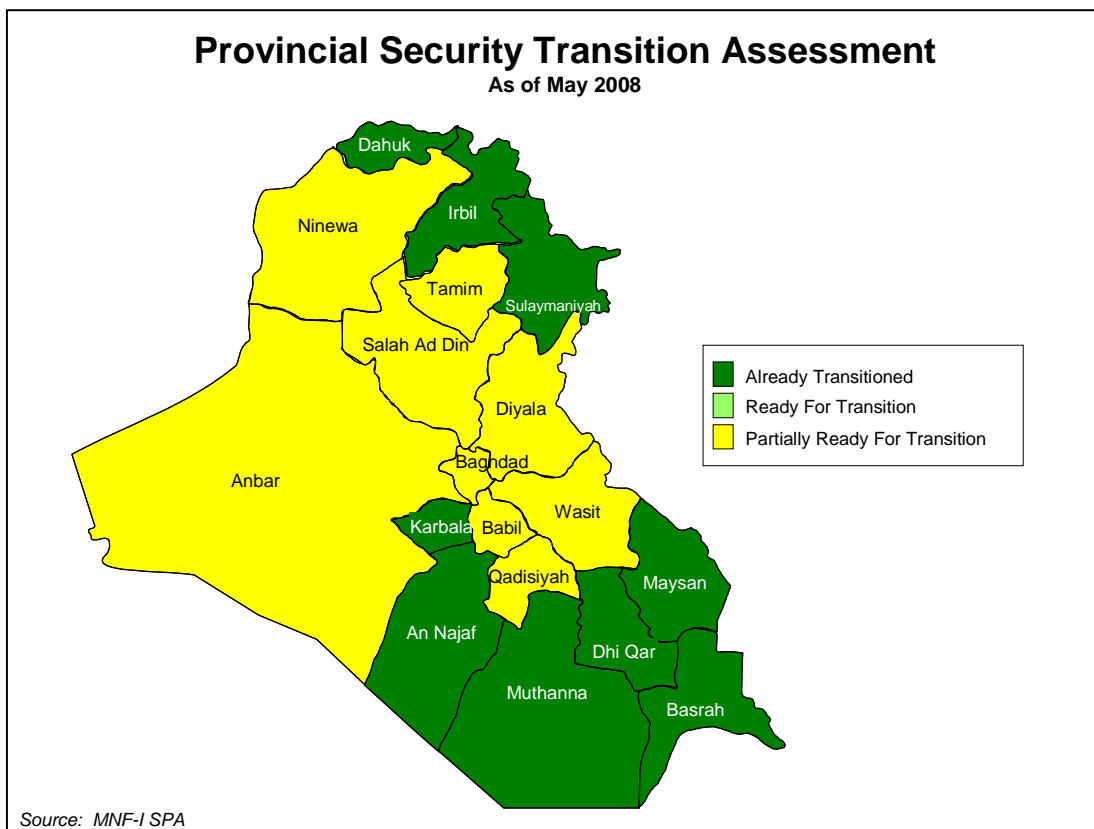
Currently, half of Iraq's 18 provinces are under Provincial Iraqi Control (PIC). In support of the U.S. Government strategic objective to strengthen the Iraqi forces and transition primary security responsibility to the GoI, Anbar and Qadisiyah Provinces are scheduled to transition to PIC in June and July 2008, respectively. This will bring the total number of provinces for which the GoI has lead security responsibility to 11 of 18 provinces.

In PIC provinces, Iraqi forces demonstrate varying abilities to maintain domestic order and prevent a resurgence of terrorism. Examples of this are the recent ISF-led operations in Basrah. On short notice and with little Coalition planning support, the ISF were able to rapidly deploy forces to the city to engage rogue militias. Once operations were underway, the ISF required Coalition Military and Police Transition Teams and Coalition staff assistance to obtain and move logistics assets to support its forces in the field. The Transition Teams proved particularly helpful in their ability to increase Iraqi and Coalition forces' situational

awareness and facilitate employment of additional Coalition enablers. As operations progressed, many Iraqi forces grew increasingly competent and were able to restore security in much of the Basrah area within one week.

Contingency Operating Base Turnover Status

The current basing footprint supports the Joint Campaign Plan's COIN efforts as MNF-I transitions from 20 to 15 BCTs. MNF-I continues to co-locate with the ISF on existing Coalition Contingency Operating Bases (COBs) as the mission transitions from leading to partnering to overwatch. MNC-I manages the process to transfer or close a COB. Key to this consideration is retention of the security gains that have been achieved in a particular area. The conditions-based strategy ensures that sufficient installations remain open to allow commanders the flexibility required to execute COIN operations. As conditions allow, MNC-I will continue to seek opportunities to shrink, share or transfer bases. MNF-I is actively seeking partial base turnovers to the ISF or partial base closures for specified COBs,



Contingency Operating Sites (COSs) or Contingency Operating Locations (COLs) that are no longer required. As of May 31, 2008, MNF-I tracks 61 total bases (COBs and COSs) and more than 250 COLs in Iraq. Since January 2008, MNF-I has closed and

transferred two COSs (Hurricane Point and Blue Diamond) to the GoI. Additionally, MNF-I is scheduled to transfer COS Habbaniyah to the GoI during the fourth quarter of calendar year (CY) 2008.

Section 2—Iraqi Security Forces Training and Performance

Since late 2003, Coalition and Iraqi forces have trained more than 478,000 Iraqi Ministry of Defense (MoD), Ministry of Interior (MoI) and Counter Terrorism Bureau (CTB) personnel. As of May 30, 2008, Iraqi MoD, MoI and CTB forces numbered approximately 559,000 personnel—an increase of over 27,000 personnel since the March 2008 report. This continuing expansion is a result of three major factors. The first is an opportunity to take advantage of operational successes that set the conditions to recruit from local “tribal awakenings.” The second is the consolidation of units from various government agencies and ministries under the command and control of the Iraqi security ministries. The third factor is a GoI reassessment of the size of an Iraqi force necessary to assume more responsibility for security as the situation allows. MoI increases are attributable to continued police hiring to meet new GoI goals as well as the hiring of new police from the Sons of Iraq program. MoD increases are attributable to the ongoing generation of new Iraqi Army (IA) units and capabilities.

With a 33% decrease from the FY 2008 request, the \$2 billion Multi-National Security Transition Command-Iraq (MNSTC-I) 2009 Iraq Security Forces Fund (ISFF) budget submission reflects a continued reduction in ISFF spending while supporting a necessary and timely shift in training Iraqi forces. The focus will shift from fielding core Iraqi military and police units to pursuing key capabilities that underpin and reinforce units already generated. Additionally, the budget will address continued logistics and sustainment capacity development, replenishing equipment and fielding equipment for aviation, engineer and transportation units. Key components of U.S. and Iraqi funding also support ministerial capacity development and provincial and station-level civilian police advisors. The Iraqi Government is showing an increasing fiscal commitment to its security forces and MoD and MoI programs. The GoI approved a \$9.0

| Iraqi Security Forces MoI and CTB data as of May 1, 2008* MoD data as of May 30, 2008* | | | |
|---|-------------------------|-----------------------|----------------------|
| Component | Authorized ^a | Assigned ^b | Trained ^c |
| Ministry of Interior (MoI) Forces^d | | | |
| Police ^e | 288,001 | 289,106 | 174,837 |
| National Police | 33,670 | 34,987 | 46,670 |
| Border Enforcement | 38,205 | 41,017 | 30,373 |
| Total MoI | 359,876 | 365,030 | 251,880 |
| Ministry of Defense (MoD) Forces^f | | | |
| Army | 156,848 | 168,977 | 199,277 |
| Training and Support Forces | 15,583 | 18,256 | 20,569 |
| Air Force | 2,900 | 1,580 | 1,595 |
| Navy | 1,893 | 1,839 | 1,415 |
| Total MoD | 177,224 | 190,652 | 222,935 |
| Counter Terrorism Bureau | | | |
| Special Operations | 4,733 | 3,477 | 3,709 |
| Total | 541,833 | 559,159 | 478,524 |
| * Numbers do not include ministry staffs. | | | |
| a. Numbers reflect GoI authorizations. | | | |
| b. Numbers reflect GoI payroll data and do not reflect present-for-duty totals. It is unknown how many personnel trained in U.S.-funded programs remain on the force. | | | |
| c. Numbers reflect total Iraqi forces personnel trained to date, some of whom are no longer assigned due to casualties, absent without leave (AWOL), etc. | | | |
| d. MoI strength excludes other services within MoI, including the MoI HQ, Forensics, Facility Protection Service, and contracted guards. See endnote 27. | | | |
| e. The Iraqi Police Service consists of all provincial police forces (station, patrol and traffic, and special units) assigned to all 18 Iraqi provinces. | | | |
| f. MoD authorized strength is derived from Modified Tables of Organization and Equipment (MTOE). | | | |

billion budget for the security ministries for CY 2008. With Iraqi supplemental funding, the Iraqi security ministries’ budget projection for 2009 may approach \$11 billion.

The MoD and MoI both provide life support to their own training bases, centers and academies. These ministries also continue to pay the salaries of recruits and Iraqi trainers and bear the costs of operations and much of their own sustainment. In addition, the Iraqi security ministries fund, to an increasing degree, much of their initial entry training costs and unit equipment requirements.

The GoI continues exercising responsibility for personnel requirements determination and accounting. All authorized and assigned personnel reports reflect statistics that MoD, MoI and CTB provide to the Coalition. MNSTC-I advisory teams continue to work closely with both security ministries to refine the accuracy and frequency of MoD, MoI and CTB personnel reporting systems. The total number of MoI personnel assigned continues to exceed the number of total trained personnel, as rapid hiring outstrips training center capacity. Currently, there are over 80,000 MoI personnel assigned and on the payroll, but not fully trained. MoI and ISFF jointly funded efforts to expand the MoI training base will help remedy this.

To accurately reflect the authorized strength of the ISF, MNSTC-I continually assesses the categories used to account for authorized personnel. The decrease in IA authorized numbers, from 186,352 in the previous report to 154,598 in this report, reflects a re-evaluation of a previous initiative, adopted at the Prime Minister's direction, to staff all IA combat units to at least 120% of their modified table of organization and equipment (MTOE). Previously, MTOEs yielded the IA authorizations and included the 20% Prime Minister's directed over-manning increases. MTOEs still produce IA authorizations, but to achieve greater accuracy and consistency, MNSTC-I counts the Prime Minister's directed personnel over-manning increases as assigned rather than authorized personnel. This change makes ISF reporting consistent with standard military personnel accounting practices of the United States and other countries. It also aligns IA reporting with that of the Iraqi Air Force, Navy and Special Forces and provides a clearer representation of total ISF structure.

As previously reported, total ISF structure requirements—military, police and special-operations forces—should grow to between 601,000 and 646,000 by 2010.²⁶ Ultimately, the GoI will decide force levels based on national security requirements and its fiscal

capacity to sustain a significantly expanded force structure. The MoI predicts growth to a total force of approximately 389,000 personnel in the Iraqi Police Service (IPS), National Police (NP) and Directorate of Border Enforcement (DBE) by the end of 2008.²⁷ The MoD continues to focus on fielding the Counterinsurgency (COIN) force. The COIN force will include 13 Army divisions (12 infantry, one mechanized) along with supporting forces, a Navy of 2,500 personnel and an Air Force of 6,000 personnel. Additionally, a 5,400-man Iraqi National Counter-Terrorism Force (INCTF) will contribute to the COIN effort. By the end of 2008, MNSTC-I expects total ISF—military, police, and special operations forces—to grow to at least 588,000 personnel.

2.1 Assessed Capabilities of the Iraqi Forces

The Coalition's four broad areas of emphasis in developing the MoD, MoI and their forces remain unchanged from previous reports. They are: (1) support the force generation and force replenishment of MoD and MoI forces; (2) improve the proficiency of the Iraqi forces; (3) build specific logistic, sustainment and training capacities; and (4) develop ministerial and institutional capacity.

The four near-term areas of special emphasis through 2008 also remain unchanged. The first is to ensure that Iraqi forces are mostly self-sufficient in logistics, maintenance and life support. The second is to ensure that the size, capability and leadership of ISF are appropriate to be able to assume additional security roles from Coalition forces. The third is to enhance the capabilities of Iraqi special operations, and the fourth is to ensure that Iraqi Air Force and Navy growth stays on-track.

The ability of the ISF to support and sustain fielded forces is improving. While work remains, these improvements are likely to achieve the goal of making the ISF mostly self-sufficient by the end of 2008. Specific focus areas for improvement include increasing MoD visibility on materiel status, increasing their logistics, replenishment and supply planning

capability and improving the ISF's ability to procure stocks in a timely manner.

During recent and ongoing events in Basrah, Mosul and Sadr City, the ISF have demonstrated their capability to conduct simultaneous extensive operations in three parts of the country. As expected, in all three operations the ISF continued to utilize Coalition enablers, including intelligence, planning, logistics and close air support. Operations in Basrah revealed both progress and challenges for the ISF. ISF leaders were able to deploy nearly a division's worth of personnel and equipment rapidly to the city, and the majority of the IA and NP units performed well. However, some local police, and one recently generated and inexperienced IA brigade, proved less reliable. Both the MoD and the MoI are addressing deficiencies identified during these operations.

Extensive shaping efforts preceded intensified clearing operations in Mosul and displayed the maturing ability of ISF leaders to conduct deliberate operational planning. Actions included the construction of a cordon around Mosul and the establishment of JSSs and COPs in the city. Iraqi Special Operations Forces (ISOF) and special police units also performed effectively alongside Coalition forces during shaping operations to disrupt AQI foreign fighter facilitation routes, safe havens and support zones in the Jazeera Desert between Syria and Mosul.

Ministerial Capacity

The MNSTC-I reorganization outlined in the March 2008 report continues to mature. It better aligns the skill sets of ministerial advisors to work with Iraqi counterparts in the security ministries in developing the appropriate functions of an institution. It assists the Iraqis in producing better functioning directorates that are capable of conducting thorough and coordinated staff work, both within their respective ministries and with counterparts in other GoI agencies. The Iraqi Joint Headquarters (JHQ) is developing a nascent capacity to plan and

execute at the operational level and to provide advice at the strategic level. Recent events in Basrah have proven this to a point, but poorly defined lines of command and control continue to inhibit planning, decision making and the ability to execute coordinated operations at all levels. Decision making remains centralized at the highest level, often bypassing key elements of the chain of command. The inability of the MoD and JHQ to delegate authority to subordinate organizations hampers overall effectiveness. For example, ministerial approval is still required for MTOE development, international training assignments and materiel distribution.

The JHQ has also had significant success. It was able to move one IA Division HQ, one IA Brigade, two IA Battalions, one tank company, two IA Explosive Ordnance Disposal (EOD) companies and units from three different motorized transport regiments (MTRs) from disparate locations to Basrah. There were 1,250 replenishment troops identified and orders issued to move (600 of these moved via Iraqi C-130s). Other successes during the Basrah operation included ammunition delivery within six hours of initial approval for release. The JHQ delivered significant quantities of small arms and machine gun ammunition, rocket propelled grenades and mortar rounds. The JHQ also succeeded in delivering food and fuel in less than 48 hours notice. Additionally, the JHQ provided 20 five-ton trucks purchased via the Foreign Military Sales (FMS) program to the 14th IA Division to give it a re-supply capability.

Currently, Coalition advisors continue to dominate planning at the strategic and operational levels of the IA. Coalition and Iraqi staffs are conducting combined planning to increase Iraqi capacity for operational and strategic level planning and execution. MNF-I and the JHQ are collaborating on a strategic-level COIN plan, with the intention of involving other government agencies. The Coalition is also examining how combined planning can be conducted to ensure that Coalition reposturing is transparent enough to

allow for ISF occupancy of redundant bases as required. The recent security operations in Basrah required Coalition intervention to ensure proper sustainment of deployed ISF units. Following Coalition advice, the JHQ formed a combined operational planning team that prioritized requirements. Once formed, the Iraqi MTRs, elite units, and the Iraqi Air Force performed well in Basrah.

Iraqi Forces Proficiency

As of May 1, 2008, 139 IA combat battalions are conducting operations—an increase from 123 in the last report. Another eight battalions are currently in force generation, and MNSTC-I plans an additional 14 for force generation in 2008. Four Special Operations Battalions are capable of conducting operations with minimal Coalition support; another two are in force generation. Of the 17 infrastructure battalions identified for redesignation as infantry units, eight are already capable of conducting operations with varying levels of Coalition support, six others are complete and beginning to conduct operations and three are waiting for transition training. Among the formed IA combat battalions, 67% are rated as being able to plan, execute and sustain operations with minimal or no assistance from Coalition forces. Since March 2008, nine additional battalions have improved their proficiency and can now conduct COIN operations with Coalition support.

Both the Iraqi Air Force (IqAF) and the Iraqi Navy (IqN) are gaining proficiency as well. Over the past nine months, the IqAF sortie rate has increased almost 750%. Their proficiency to schedule and control sorties continues to improve, as the Air Operations Center (AOC) currently coordinates 200-300 flights a week, with a mix of training and operational sorties. In that same nine-month period, the number of IqN patrols has grown by approximately 250%. The IqN conducts an average of 35 patrols per week in Iraqi territorial waters.

The NP also continues to increase its proficiency. There are now 44 NP battalions

authorized, including the National Emergency Response Unit. There are 11 battalions capable of planning, executing and sustaining operations with Coalition support.

The three intelligence institutions continue to build capacity and improve performance, making significant progress toward developing a nationwide secure intelligence communications architecture that enhances intelligence reporting and sharing among different agencies. Ministerial-level approval of organizational structures and recent hiring initiatives improved manning levels across the intelligence community and helped establish infrastructure in Baghdad. While challenges remain in the technical equipping area, development of intermediate and advanced intelligence training continues.

Logistics, Sustainment and Training Capacities

Developing logistics and sustainment capabilities remains an essential task for the ISF. The ISF have become more competent and self-sufficient over time. However, requirements for Coalition assistance during Basrah operations highlighted ISF limitations in planning and conducting expeditionary life support, and the ISF are making the appropriate organizational adjustments.

The MoI is also taking on greater responsibility for life support and the operation and maintenance of its existing communications networks. During this period, the MoI continued to support the Iraqi Command and Control Network by awarding a follow-on operations and support contract. On January 17, 2008, the MoI signed the life-support FMS case for the Baghdad Police College. Furthermore, on March 15, 2008, the MoI signed several additional FMS cases for life support, including Camp Dublin, Numaniyah, Habbaniyah, Al Kut and Basrah. However, until the Finance Ministry makes funds available to pay FMS contract costs, these required MoI life-support needs remain unmet.

The MoD is in the process of developing a nationwide supply and distribution network. The MoD will have one Location Command (previously known as a Base Support Unit (BSU)) in direct support of each Iraqi Army Division. Additionally, the MoD has plans to co-locate divisional logistics assets at these sites in order to synchronize logistics activities. Eight of the bases to support these Location Commands are either complete or under refurbishment. The MoD has scheduled the remaining five bases for completion by the end of 2008.²⁸

Work is progressing on the Taji National Depot Complex and is scheduled for completion by mid-2009. The MoD scheduled the first component, the Small Arms Repair Facility, to reach initial operating capability in May 2008. Remaining components will follow until the entire facility reaches full operating capability in mid-2009. The Taji National Depot Complex is the centerpiece for national supply and maintenance services to the ISF. Manning and training of supply depot personnel continue to improve, and the Iraqi Army manages major end item, medical and sustainment supply distribution. Work on the Taji National Maintenance Depot is progressing, and separate components will reach initial operating capability as construction, equipping and training are completed.

The Bayji National Ammunition Depot is on schedule for full operating capability under Iraqi Army control by October 2008. Bayji National Ammunition Depot is the centerpiece for national ammunition supply to the ISF. Programmed force generation for the Bayji National Ammunition Depot support battalion is underway. Once completed, the support battalion will collaborate with Coalition-funded operations and security personnel currently on site to continue training and gain needed experience before assuming responsibility for security and operations.

Iraqi forces remain partially dependent on Coalition support to move supplies to Location

Commands and police warehouses. However, this dependency is diminishing with the fielding of motor transport regiments. The Iraqi Army has fielded nine motor transportation regiments and will field three more in 2008 to allow for divisional level distribution. The donation of a number of German transport trucks and the FMS purchase of medium and heavy cargo vehicles have accelerated generation of a theater-capable General Transportation Regiment (GTR). The GTR is in force generation and scheduled to have an initial operating capability by September 2008.

The refurbishment and distribution of 8,500 high mobility multipurpose wheeled vehicles (HMMWVs) is underway, following a distribution plan developed by the MoI, MoD, CTB and Coalition that allows revised distribution priorities to respond to operational priorities. The GoI accepted 166 M1114s as of April 15, 2008. The goal is for a steady-state transfer rate of 400 per month by May 15, 2008. The main obstacle to achieving such a transfer rate is that Iraq will be competing among worldwide priorities for HMMWV spare parts. In addition to enhancing capabilities for ISF protected mobility, the HMMWV refurbishment program has proven to be an effective capacity building initiative. Rather than simply transfer HMMWVs to the ISF, the Coalition has taken a unit set fielding approach that links ISF driver training, mechanic training and radio installation and training to the fielding process.

The Iraqi Army and Police expansion of basic combat and police training facilities has led to noticeable increases in the overall percentages of assigned unit strength. In the first quarter of CY 2008, the IA trained over 31,000 soldiers in its basic combat, specialty and re-joiner leadership training courses. In that same time, the MoI provided basic recruit training to over 20,700 Iraqi Police Service, National Police and Directorate of Border Enforcement personnel.

The leader-to-led ratio throughout the ISF is also improving. From June 2007 through

March 2008, the Iraqi Army has added over 2,200 officers and 14,500 NCOs. With that growth, the Iraqi Army can presently fill 69% of its officer authorizations and 65% of its NCO authorizations. However, those fill capability percentages have declined slightly since the last report due to increasing officer and NCO requirements as the IA force structure grows. In that same period, the Iraqi Police Service has added over 1,400 officers, the National Police have added 551 and the Directorate of Border Enforcement has added over 106. This growth enables them to fill 69%, 42% and 68% of their respective officer requirements. Leader development will remain a key area of focus for both security ministries throughout this year.

Foreign Military Sales

Since its inception for Iraq in late 2006, the Foreign Military Sales (FMS) program delivered, or is in the process of delivering, approximately \$1.3 billion worth of equipment or services to include \$978 million to the MoD, \$223 million to the MoI and \$129 million to the Ministry of Justice. Iraqi ministerial execution of the FMS process hinders force generation efforts in Iraq. While Iraqi purchases of military equipment and equipment deliveries under FMS have grown, a substantial amount of the Iraqi FMS budget remains unexecuted. The MoD has \$1.4 billion in FMS cases offered and awaiting MoD signature, while the MoI has \$210 million offered and awaiting signature. The MoI also requires the deposit of additional funds in its Federal Reserve Bank account to pay for Letters of Offer and Acceptance (LOAs) currently awaiting full implementation.

Although improving, the processing of FMS Letters of Request (LOR) and LOAs within the MoD takes too long. The FMS Task Force, headed by the Office of the Secretary of Defense, has appreciably improved the processing of Iraqi FMS cases. Delivery of Iraqi FMS equipment has also improved dramatically since this Task Force has begun. While FMS processing issues exist within the MoI, the fundamental FMS issue with the MoI

is an inability to move funds from the MoF central account to the MoI's FMS account. Currently, the MoI has approximately \$656 million in FMS-related requirements with inadequate funding from the Finance Ministry. However, in an encouraging development, the Finance Ministry completed the transfer of \$374 million to the MoI's FMS account on May 21, 2008, and the MoI immediately began to spend the money.

2.2. Ministry of Interior

MoI security forces consist of the Iraqi Police Service (IPS), the National Police (NP) and the Directorate of Border Enforcement (DBE). In anticipation of the passage of the Facilities Protection Service (FPS) Reform Law, the MoI continues to prepare to absorb FPS personnel currently spread among other ministries. In January 2008, the Oil Protection Force (OPF) from the Ministry of Oil transferred nearly 32,000 contractors to MoI employment. The Sons of Iraq have transferred more than 17,000 personnel into full time employment within the ISF as of May 31, 2008. The IPS employs virtually all former Sons of Iraq that have integrated into security sector employment. The Coalition is working with the MoI to develop a transfer plan for the remaining U.S.CERP-funded temporary security contracts to the MoI.

Ministry of Interior Transition Issues

Ministry Capacity Development

Coalition advisors continue to report steady, but uneven, improvement in the MoI's ability to perform key ministerial functions such as force management, personnel management, acquisition, training, logistics and sustainment and the development and implementation of plans and policies. Reducing corruption and improving professionalism continue to require close attention. So far, in 2008, the MoI Directorate of Internal Affairs has opened 2,329 cases against ministerial employees. The MoI has closed 2,523 cases during the first quarter of 2008. Upon adjudication of these cases, the ministry fired 377 employees and disciplined 297. From March 23 to April 17, 2008, Basrah

operations resulted in 27 officers and 283 police officers being fired. Internal Affairs also arrested 57 individuals for terrorism and took an additional 76 people into custody. These developments demonstrate progress in the MoI's willingness and capacity to address corruption and professionalism issues, but significant corruption issues remain a challenge.

Strategic planning continues to improve. The MoI published its first annual strategic plan in March 2008. Directorates internally track progress against stated objectives and regularly report to the Minister. The Director General of Planning has published an annual strategic planning calendar to guide development of the plan for 2009 and subsequent years. The Deputy Minister has instructed MoI directorates to begin their analysis of requirements for inclusion in the plan for the coming year. The MoI expects to complete its draft plan for 2009 by the end of July 2008 in order to shape the budgetary process.

Force Management

During this period, the MoI made progress in defining a Basis of Issue plan for its three major elements—the IPS, NP, and DBE. This plan will allow the MoI to conduct the necessary fiscal programming and force generation activity for the ministry as a whole. The Baghdad IPS expansion plan is meeting goals for recruitment, hiring and equipping.

Resource Management

The final 2007 budget reconciliation showed improved MoI budget execution. The MoI spent over \$2.8 billion of its 2007 budget, an 88% execution rate. In comparison to the 2006 budget, this represents more than a \$1.0 billion increase in total expenditures and an 11% increase in expenditure rate. The 2008 budget, which the Council of Representatives (CoR) recently approved, includes separate accounts for the Baghdad Police College, the Higher Institute, the NP, the FPS, the DBE and the Patrol Police. A major improvement over previous budgets, these accounts will allow a

more streamlined approval process for the use of funds by spending units and therefore, better rates of budget execution. The MoI 2008 budget request to the GoI was \$7.8 billion, of which the Ministry of Finance (MoF) approved \$3.8 billion. Even though this represents a 49% reduction of the submitted request, it represents a 21% increase over the 2007 MoI budget, and the MoI hopes to gain additional funding through a 2008 budget supplemental request.

The use of manual systems to report ministry expenditures remains a systemic problem for the MoI. In many cases, the MoI receives monthly reports well over two months late, adversely affecting timely decision making by senior leaders. Through the end of CY 2007, on-time expenditure reporting has averaged only 65%. To improve performance for 2008, the MoI is insisting upon electronic reporting from its spending units and is undertaking administrative measures to reinforce timely reporting. Additionally, the MoI's nascent strategic planning structure will help sustain positive trends in budget execution. The MoI Finance Directorate, which has expressed interest in developing processes to conduct execution-year budget status reviews, will be a critical element within this new structure. This is a welcome indication of inter-ministerial cooperation. Such senior ministerial level emphasis will reinforce proper and timely budget execution.

The remaining FY 2008 ISFF request of \$1.5 billion in the 2008 Global War on Terror Supplemental remains crucial for continued MoI force generation and ministry expansion. The MoI share of this total is \$856 million. Funds are critical to the generation of new police and professionalizing the police forces.

Personnel

E-ministry is an Iraqi-funded system that will link human resource and payroll actions in order to address most personnel accountability issues. E-ministry is in Phase I of a three-phased fielding plan, and the MoI human

resources (HR) directorate has begun populating the database. In December 2007, the MoI called for a complete stand-down of E-ministry implementation until completion of off-site training in Amman, Jordan. Now that this training is complete, the MoI has reinvigorated the implementation process. The MoI designated the HR directorate as the major stakeholder and facilitator of the E-Ministry project. MoI HR is in the final stages of deploying the necessary assets in the form of personnel and equipment. Additionally, they are establishing processes and procedures for data storage with proper security protocols.

Materiel Acquisition

The MoI continues to receive large shipments from the 2006 U.S. FMS program. It also began to receive delivery of a large ammunition and weapons contract brokered independently with China. These deliveries demonstrate that the ministry is increasing its capability to execute Iraqi-funded procurement processes and procedures, rather than exclusively relying on ISFF and U.S. funding routes. Other signs of improved acquisition capacity include uniform contracts with Iraqi state factories for uniforms and progress toward the direct purchase of 1,373 new vehicles.

Logistics and Sustainment

The MoI uses a civilian model for logistics and therefore does not have organic logistics units, nor does the ministry track personnel by occupational specialty. Once hired, police receive additional training to assume administrative or logistical duties as required. The development of the National Police Sustainment Brigade is the notable exception. Scheduled for completion by the end of 2008, this brigade will have organic mobility and will be capable of accomplishing a wide range of logistical missions including line haul transportation, deployable maintenance, supply receipt storage and issue for NP divisions, combat health treatment and mobile fuel storage and distribution. Currently, the brigade consists of headquarters, medical, transportation, maintenance and logistics companies, with

865 personnel assigned of its planned end strength of 2,697; this is an increase of 317 since March 5, 2008. The major equipment requirements for this unit are included on a planned FMS case.

Organic MoI maintenance capability cannot yet fully sustain the level of maintenance required to keep vehicle operational readiness rates at or above 85%. In order to develop a pool of trained MoI mechanics, ISFF-funded maintenance programs continue to include mechanic training as part of their schedule. In preparing to take on its share of the 8,500 refurbished HMMWVs bought with ISFF, the MoI realized that it was going to be unable to train all its own mechanics to maintain an expanded vehicle fleet. The MoD and MoI are currently drafting a Memorandum of Agreement that will facilitate MoD support of MoI HMMWV integration with both mobile maintenance teams and train-the-trainer packages. The Iraqi Army Service and Support Institute began training MoI HMMWV mechanics in April 2008.

Training and Development

Sixteen of the 17 MoI training institutions throughout Iraq are under full control of the MoI. The other, Camp Dublin, is in the process of transition to Iraqi control.²⁹ The Iraqi instructor cadre at the Baghdad Police College handles all basic officer and enlisted recruit training and continues to accept an increasing proportion of the specialized and advanced course load. MNSTC-I advisors and International Police Advisors (IPAs) continue to assist by providing advice, overwatch and quality control at all of these training institutions. Overcoming the MoI training backlog continues to present significant challenges. In 2006-2007, deteriorating security conditions necessitated rapid MoI growth, to which the MoI responded by approving a truncated 80-hour training course that provided police officers with the basic skills needed to operate. However, this course falls short of the full training requirement to be an effective police officer. As a result, the MoI wants all police

officers trained in this truncated course to complete the full 400-hour course as the security situation and training capacity allows.

The MoI training base is currently capable of training 79,850 enlisted police and 3,462 officers per year, using a total student capacity of 24,810 at any given time. With the MoI Training Base expansion plan through mid-2009, seat capacity will increase to enable yearly throughput of 117,100 enlisted and 5,472 officers.

The jointly funded MoI training-base expansion plan includes building 12 new training centers and the expansion of eight existing training centers.³⁰ These include new officer colleges in Mosul, Irbil and Basrah, new provincial training centers in Muthanna and Maysan Provinces and the expansion of facilities at the Baghdad Police College, Mosul Provincial Training Center and Habbaniyah. All training centers will eventually share a common curriculum to standardize training. In several cases, regional levels of violence have hampered planned expansion efforts. In conjunction with the MoI, the Coalition is exploring temporary training facility options to hasten reduction of the training backlog.

The MoI continues to maximize officer generation by recalling select former Iraqi Army and Police officers into the force. These recalled personnel become officers after completing a three-week Officer Transition Integration Program (OTIP).

Combating Corruption

The MoI continues to show progress in training Internal Affairs and Inspector General (IG) personnel. In 2007, the MoI trained 344 Internal Affairs and 140 Inspector General personnel across five training courses that address basic internal affairs, interview and interrogations, anti-corruption, first-line supervisor and internal affairs advanced course. The 250 IG recruits currently in IPS training will subsequently receive IG training and graduate in late-May 2008. Internal Affairs

completed the training of four Tier 3 level instructors on April 20, 2008, qualifying them to teach basic Internal Affairs classes. These instructors will receive additional training that will qualify them to be able to teach the advanced level classes. Internal Affairs work continues to be a particularly dangerous specialty. In the first quarter of 2008, criminals killed four Internal Affairs officers and wounded another seven.

In support of developing accountability procedures, the Coalition has developed standard accountability procedures for the distribution and issue of all ISFF and FMS equipment to both the MoI and MoD. The procedures apply to all personnel, units, organizations and agencies entrusted with the accountability, physical security or distribution of weapons and equipment.

Embedded Advisory Support

There are 251 Police Transition Teams (PTTs) assigned to the Iraqi Police, covering police commands from local police stations up through the district and provincial level headquarters. There are 27 border transition teams, enough to cover about two-thirds of the DBE units at the battalion level and above. There are 40 NP TTs covering over 80% of the NP units at the battalion level and above. As of April 22, 2008, the MoI-TT has 92 of 120 required advisors—Coalition military, a Department of State (DoS) Foreign Service Officer and contracted personnel—assigned to the various directorates in the ministry.

Each transition team includes IPAs hired under a DoD-funded, DoS-managed contract. IPAs provide civilian law enforcement expertise in criminal investigation and police station management. PTTs travel to stations to mentor the Iraqi Police.

Approximately 17% of the required number of transition teams for MoI forces are not yet established. One reason for this gap is a paucity of Military Police units with which PTTs can base. Larger stations, and those in

high-threat areas, are the highest priority because there are not enough IPA or military assets to allow for full coverage of all provincial and local headquarters and stations. Almost all senior MoI police commands have transition teams.

Ministry of Interior Forces

Operational Planning and Execution

The recent Basrah operations tested the MoI Operations Directorate operational, planning and execution capabilities. The Operations Directorate realized early that the flow of timely and accurate information to support the deployment of MoI forces would be critical to success. In addition to the Minister himself, the directorate sent three liaison officers to Basrah, along with the Director General of the Operations Directorate. Although reporting was initially intermittent, an improved system slowly emerged. The directorate intends to capture lessons learned and refine procedures. A positive sign of cooperation occurred in March 2008, when the Iraqi Air Force provided emergency re-supply to IPS forces in Mosul with its C-130 fleet.

During this reporting period, the National Command Center (NCC) did not fully integrate with the Prime Minister's National Operations Center (PM NOC), or with the MoD's Joint Operations Center (JOC). This lack of integration demonstrated command and control shortcomings and the need to codify the national level security architecture. Working alongside their Iraqi counterparts, the Coalition and NATO are in the process of implementing a series of exercises to develop Iraqi individual and collective capabilities within and between the NCC, PM NOC and JOC.

Iraqi Police Service

As of May 1, 2008, the Iraqi Police Service (IPS) consists of 291,497 patrol, station and traffic personnel. The IPS mission remains unchanged: to enforce the rule of law, safeguard the public and provide local security. IPS leaders continue to confront serious and significant challenges—militia and criminal

intimidation and influence, wear and tear of equipment, attrition, poor maintenance and theft of equipment. The IPS continues to require equipment support, which underscores the continuing need to build MoI materiel acquisition capacity.

An area of significant development has been the Company Special Weapons and Tactics (CSWAT) unit capabilities. Previously called ISWAT, there are currently 30 such units throughout Iraq's provinces. They fulfill a para-military role in support of Iraqi police forces. The Coalition has agreed to fund the equipping of 18 of these units, and the MoI is responsible for equipping the remainder. A standardized program of instruction is also under development to ensure uniformity of training across the force.

National Police

The National Police (NP) has increased assigned strength to 90% of authorization from 70%. Officer staffing is still significantly short, but it has improved as 239 additional officers have joined the NP in the first four months of 2008, bringing the total to 551 officers since June 2007. Despite this progress, the NP can fill only 42% of its officer requirements. Increasing the percentage of officers in the NP remains a focus area for 2008. The NP is also continuing its efforts to achieve, through both recruiting and assignments, better ethno-sectarian balance within the force so that force demographics reflect the Iraqi population.

The Coalition continues to support the MoI's four-phased NP Transformation Program intended to address the previously high degree of sectarian behavior in the NP. A second battalion completed the seven-week Phase III Italian *Carabinieri*-led training in mid-February, graduating 422 candidates. A third battalion graduated 420 candidates April 21, 2008, and the fourth battalion began training on May 4, 2008. Iraq's National Chief of Police noted that the first *Carabinieri*-trained NP battalion has excelled in its operations throughout Baghdad and performed well in the

recent Basrah operations. Future rotations will continue through spring 2009. The MoI bases most NP forces in Baghdad where they support the Baghdad Operations Command. Despite this fact, the NP has conducted more than 15 operational deployments outside of Baghdad, most recently in Basrah. The increased effectiveness and deployability marks the beginning of a transition of the NP from a static, Baghdad-centric force to a rapid response force for the GoI. Phase IV of the NP transformation will see further development of the regionalization of NP units and deployments in more areas outside Baghdad. Over time, the NP will establish permanent bases in select provinces. The Prime Minister has directed formation and basing of a third NP division in Salah ad Din Province. The Al Askarian Brigade is the first of three brigades in this new division, and it is already generated and operating. Force generation for the second and third brigades has yet to begin.

Directorate of Border Enforcement and Directorate of Ports of Entry

The Directorate of Border Enforcement (DBE) supports two key missions: Ports of Entry (PoE) policing to ensure the smooth transition of legal goods and persons and interdicting illegal traffic—including smuggling and movement of terrorists and foreign fighters—within and between PoEs. The DBE has five regional commands, each responsible for PoE control, border overwatch and patrolling within its area. The border police force structure consists of 12 brigades and 44 battalions spread across the five DBE regions. Based on the recently passed 2008 Iraqi Budget, the proposed DBE 2008 budget is approximately \$407.5 million.

The PoE Directorate is improving its management of the 17 land PoEs, seven airports and five seaports. Of the 17 land PoEs, ten are open, three are partially open, and the Directorate considers four closed.³¹ Phase II of the PoE Enhancement Plan, which directs improvements at Zurbatiyah, Muntheria, Shalamsha and Al Sheeb, is underway and will be complete in

August 2008. These improvements are part of a larger effort to disrupt the cross-border flow of foreign terrorists and facilitators and to provide the Iraqi border forces with an improved capability to enhance border and PoE security. A suicide bomber attacked PoE Rabea'a on March 14, 2008. The blast destroyed the immigration building that housed biometric processing capability. The DBE closed the PoE for approximately two weeks and re-opened after installation of a temporary facility. The construction of a replacement facility is underway.

The new Director General (DG) brought stability to the directorate by implementing his new three-year plan that includes constructing and staffing GoI-funded border forts and annexes to establish a line-of-sight perimeter around Iraq. The envisioned end-state will feature 684 border forts and annexes with a line-of-sight of five to six kilometers, as well as an increase in DBE authorized strength from 38,000 to 46,000 personnel.

Units continue to suffer from officer and NCO shortages, inadequate fuel supplies, lack of maintenance capability, poor logistical support, poor maintenance of facilities and equipment shortages. Additionally, on occasion, local recruits have become complicit with smuggling efforts. This was the case in the Basrah area and is one of the issues that led the MoI to appoint a new Basrah region DBE commander. The DBE transition team and the MoI transition team are working with the MoI DBE to overcome these issues.

Facilities Protection Services

The current authorization for the Facilities Protection Services (FPS) is 19,108 personnel. If the GoI consolidates other elements of the FPS that are currently under other ministries under the MoI, the authorization will gradually increase to over 108,000 personnel. The current version of the FPS Reform Law still awaits CoR approval. The FPS has responded to a number of questions from the Council of Ministers. These questions dealt with two sets

of relationships: one between the FPS and the ministry that owns the facility, and the other between the FPS and the various air, land and seaports throughout the country. Otherwise, there has been no movement on this legislation. The CoR intends for the FPS Reform Law to provide authority to consolidate all FPS under the MoI, enhancing unity of effort, command and control and common standards.

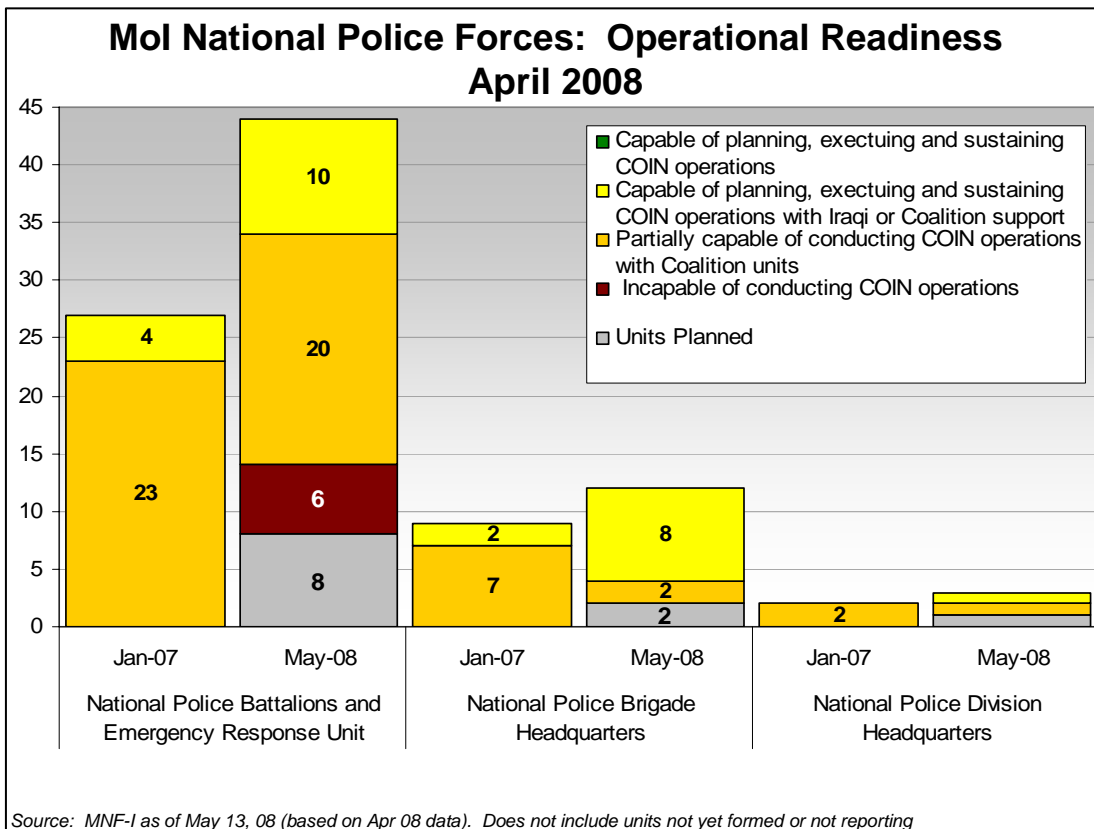
A joint MoI, FPS and Coalition steering group meets weekly to discuss consolidation actions and issues while working groups address issues in the functional areas of HR, training, finance, logistics, communications and information technology. Coalition forces have assisted the MoI and FPS in developing a training plan to increase training capacity from 320 students per month to over 1,000 students per month (two classes of 500 students per class each month). The first class under this program began on February 10, 2008, and graduated on April 29, 2008. The second class began on April 28, 2008.

A Prime Minister directive transferred the

Ministry of Oil Protection Force (OPF) to the MoI in January 2008. Rather than becoming a part of the MoI FPS, the OPF falls under the MoI IP Affairs and Security Forces. This force of nearly 32,000 personnel is responsible for protecting oil infrastructure including oil wells, pipelines and refineries. The Coalition is working with the OPF to ensure that the transition is completed and that the OPF is a professional force contributing to the security of Iraq.

National Information and Investigation Agency

The National Information and Investigation Agency (NIIA) is the lead intelligence apparatus of the MoI with the mission to conduct criminal intelligence analysis and investigations and to enable intelligence-supported police operations across Iraq. The organization consists of a National Headquarters, 15 provincial bureaus, six regional bureaus, 56 district offices and 13 PoEs offices. At the end of March 2008, the NIIA had 5,600 of 7,000 authorized personnel on hand.



During February and March 2008, the NIIA made significant strides in their intelligence collection, analysis and dissemination processes in support of targeting, resulting in a 40% and 47% monthly capture rate, respectively. The NIIA has implemented an aggressive training program. All new employees now attend a 30-day Basic Training course. In addition, the NIIA is taking advantage of other training venues including the MoD Taji Military Intelligence Academy, the Baghdad Police College and various Coalition-provided training to include training given by the FBI, NATO and ITT. Overall, NIIA effectiveness remains hampered by the lack of an independent intelligence budget, weak command-and-control systems and a primitive training base. Several key infrastructure projects vital to building capacity remain on

track. The installation of the Iraqi Intelligence Network (I2N) throughout the Agency will be complete by the end of 2008. As of March 2008, the construction of the new Headquarters and Baghdad Bureau complex is 37% complete with an estimated completion date of June 30, 2008.

To combat militia infiltration, foreign intelligence penetration and corruption, the NIIA is developing a Personnel Assurance Program that includes personnel vetting programs, polygraph examination capabilities, a security classification system and a physical access control program. The NIIA scheduled polygraph examiner training for four NIIA investigators to begin in June 2008. These ongoing initiatives will translate into operational improvements in NIIA's intelligence and law enforcement capabilities in 2008.

2.3 Ministry of Defense

The GoI authorizes approximately 177,000 personnel in the MoD, with more than 190,000 personnel assigned. The decrease in authorizations from the previous report is due to a change to account for Prime Minister directed personnel over-manning increases as assigned rather than authorized personnel. The MoD has assumed life-support responsibilities and is working to attain self-sufficiency in maintenance and logistics, although it still needs significant Coalition support before achieving this goal. The MoD is showing genuine, but inconsistent, progress in its acquisitions processes. Recent events in Basrah have illustrated that coordination and lines of authority remain confused and do not fully allow for full unity of command.

Ministry of Defense Transition Issues

Ministry Capacity Development

The MoD shows continued, but slow, progress to refine and institutionalize its internal processes, eliminate corruption, strengthen cross-MoD/JHQ relationships and more effectively engage with other Iraqi ministries and other countries. Recent operations in Basrah and elsewhere have demonstrated growing capacity in the areas of force management, resource management, personnel, acquisition, logistics and sustainment and training and development. However, the MoD needs to do more to be fully self-reliant. The ministry itself has shown some progress in the areas of FMS management oversight and performing requirements-based budgeting. However, the continued reluctance to obligate funds to equip and provide infrastructure to forces planned for generation impedes Iraqi capabilities.

Force Management

MoD force-management efforts experienced some success during this reporting period in the areas of force planning, recruiting and

| Iraqi Ground Forces Personnel as of May 30, 2008 | | | |
|---|-------------------------|--------------------------------|--|
| Unit | Authorized ^a | Assigned as percent Authorized | Present-for-Duty as percent Authorized |
| Iraqi Ground Forces Command HQ | 1,145 | 60% | 59% |
| 1st Division | 11,652 | 99% | 83% |
| 2nd Division | 13,152 | 104% | 95% |
| 3rd Division | 9,213 | 124% | 88% |
| 4th Division (includes elements of the still forming 12th Division) | 25,719 | 103% | 70% |
| 5th Division | 12,402 | 101% | 76% |
| 6th Division | 17,091 | 121% | 84% |
| 7th Division | 11,652 | 96% | 66% |
| 8th Division | 14,652 | 113% | 85% |
| 9th Division | 12,601 | 104% | 71% |
| 10th Division | 9,963 | 118% | 106% |
| 11th Division | 9,213 | 89% | 82% |
| 14th Division | 8,393 | 134% | 92% |
| Total Fielded Ground Forces | 156,848 | 108% | 81% |
| Additional Units Planned or In Generation^b | 9,430 | | |
| Total Ground Forces Fielded and Planned | 166,278 | | |
| <small>a. Data is derived from the MoD Human Resource Information Management System (HRIMS), which tracks MoD manpower and payroll data. b. The table represents TOTAL FIELDED GROUND FORCES (154,598 – ALMOST ALL ASSIGNED TO IGFC) and what is PLANNED or in generation, etc., with regard to ground forces (9,430).</small> | | | |

command and control. The MoD continues to employ the unit set fielding concept that combines leaders, soldiers, equipment and training in an integrated force generation effort that results in units that are more cohesive. The MoD conducts unit set fielding at multiple locations in order to leverage existing training capabilities. The MoD integrates Embedded Coalition Military Training Teams in this process to the greatest extent possible. Upon completion of unit set fielding, units enter their operational area at a higher level of staffing,

training and equipping readiness and achieve initial operational capability earlier than expected. This process is now a systemic part of MoD and JHQ force generation procedures.

The MoD has made some progress developing defense policies and directives that provide a sufficiently firm foundation upon which the Iraqis can build their security forces. The MoD recently formed its own contracting committee with new procedures that ensure an audit trail and a collective decision-making process to approve FMS cases and direct contracts. This committee enables the MoD to approve contracts up to \$50 million without referral to higher authority and results in less processing time for approvals and signature. The ministry has also streamlined its process to assess and make recommendations to the contracting committee; however, it is too soon to assess whether this provides sustained improvement in contract throughput and budget execution.

Resource Management

The MoD 2008 budget allocation is approximately \$5.1 billion. Based on service plan requirements, this has resulted in a 2008 MoD funding shortfall of approximately \$3 billion. The MoD will seek a 2008 supplemental budget request in excess of \$2.5 billion, which could enable additional progress in meeting planned growth and modernization. Ongoing Coalition efforts are assisting the MoD to improve its direct contracting capacity and transparency. This effort, combined with the FMS program, will enable more rapid and effective budget execution. The force modernization program will ultimately require the development of a multi-year planning and budgeting system, for which the Coalition is laying the groundwork. The remaining FY 2008 ISFF request of \$1.5 billion in the 2008 Global War on Terror Supplemental is crucial for continued MoD force generation and professionalization. The MoD share of this total is \$604 million.

Personnel

The MoD continues to develop a comprehensive personnel management program, with policies and processes now in place to support life-cycle personnel functions from recruitment to retirement. The infrastructure for the Human Resource Information Management System (HRIMS) is now in place. Data loading has commenced and MNSTC-I has approved ISFF funding for the hiring of Oracle subject matter experts that will assist the Iraqis in training a cadre of database managers as well as with system development. December 2008 is the target date for HRIMS functionality as a payroll and personnel management system. The MoD incorporated the HRIMS into the Basic Combat Training processing of new soldiers, military occupational specialty training and NCO education at 11 training centers. This will allow the Iraqis to eventually automate and connect all training center databases for pay, specialty qualifications, unit assignments and weapons accountability.

The Prime Minister's initiative required assigning personnel to fill 120% of required authorizations for IA divisions. Additionally, a temporary assigned manning increase to 135% of authorized strength for the 2nd through 5th IA divisions has been initiated. As of May 1, 2008, all generated IA divisions reached an average of 111% of authorized strength.³² As of the same date, IqAF and IqN staffing is at 54% and 94% of authorization, respectively. As these platforms grow in number, the IqAF and IqN will experience commensurate personnel growth.

IA monthly attrition averages 2.5%, in part due to casualty rates two-to-three times higher than that of Coalition forces. On average, the monthly AWOL rate is approximately 1.2%. The MoD's leader-to-led ratios are also improving. During this reporting period, the MoD successfully vetted 1,761 officers and 2,956 NCOs from the former regime and allowed them to "re-join" the IA. Prior-service officers and NCOs attend a three-week course

to prepare them for service in the IA. The MoD expects an additional 1,500 officers and 13,000 NCOs to enter the force based on the current re-joining effort. The IA collects individual biometric data as it screens re-joiners. This screening facilitates the achievement of important security-related objectives. For example, MoD forces use this data for identification cards and to associate issued weapons with individual service members.

The JHQ personnel directorate (M1) has recognized the success of many IA initiatives (e.g. re-joiners, NCO and officer education systems) and is beginning to work with the other services, especially the IqAF, to facilitate their necessary growth in 2008 and 2009.

Matériel Acquisition

The Budget Execution and Acquisition Requirements Operations Center (BEAR-OC) continues to develop its processes. MoD and Coalition action officers and contracts and acquisition specialists jointly staff the BEAR-OC. Its primary mission is to enable the MoD to more efficiently equip and sustain the Iraqi armed forces and implement a genuine force generation and sustainment program. Current emphasis focuses particularly on the FMS effort, with plans to broaden this to include direct contracting. In addition to its acquisition tracking tasks, the BEAR-OC enables MoD leadership to monitor FMS case progress from requirements identification to matériel delivery. Through the efforts of the BEAR-OC, the MoD has already identified improvements in internal management of FMS actions and has made staffing processes more transparent.

The Coalition continues to make progress on negotiations with the MoD to secure an Acquisition and Cross Servicing Memorandum of Understanding. The MoD General Counsel and Inspector General have reached concurrence for approval. The Minister of Defense is seeking concurrence from the Prime Minister prior to a signing ceremony that may occur by late-summer 2008.

Logistics and Sustainment

The MoD's logistics and sustainment capacity is showing improvement and remains a key area for development in 2008. The development of warehouse and depot operations is a critical component of the plan. Once completed, the Taji National Depot Complex will provide fourth-line logistics and additional third-line maintenance support to the Iraqi forces. The facility will include warehousing for all classes of supply, deep-level repair and overhaul of wheeled and tracked vehicles, generators, small arms and ground support equipment. Additionally, the Taji National Depot Complex will provide continued technical trade training for graduates of the Iraqi Army Service and Support Institute. Training of these specialists has begun for the tracked and wheeled vehicle depots. The Iraqis will begin to assume control of these facilities by early 2009; however, Coalition advisory and transition team support will remain necessary for some time afterward. The supply depot reconstruction and refurbishment will reach completion by the third quarter of 2009.

MNSTC-I has taken significant steps to improve its logistics capability based on the recommendations made by the Government Accountability Office, the Special Inspector General for Iraq Reconstruction and the DoD Inspector General. The MoD has written a logistics standard operating procedure (SOP) that provides guidance to all units, organizations and agencies entrusted with the care of ISFF and FMS purchased equipment and munitions. Additionally, the JHQ Combined Logistics Operations Center (CLOC) continues to collect and track the amount of issued, on-hand and fully mission capable equipment in the Iraqi armed forces. The CLOC recently expanded its scope to include monitoring Iraqi Air Force aircraft mission readiness and sustainment requirements. Furthermore, the JHQ and Iraqi Ground Forces Command (IGFC) began corrective actions to improve maintenance reporting procedures.

The MoD continues to receive monthly fuel allocations from the MoO that are below required levels. In December 2007, the MoO authorized an 80% increase in its allocation to the MoD, bringing the total amount supplied to 20 million liters of diesel, which equates to 71% of the requirement, and six million liters of benzene per month.

Iraqi Army maintenance procedures have shown improvement. Procedural improvements have stabilized the maintenance backlog and enabled the MoD to transition responsibility for nine of 11 maintenance sites from contractors to the IA. MNSTC-I approved a contract extension for the Coalition-funded Iraqi Army Maintenance Program (IAMP) contract through the end of October 2008. This extension allows repair work to continue on a substantial backlog of vehicles at the nine sites that have transitioned to IA maintenance. The MoD plans to transition the last two maintenance sites at Al Asad and Taji once these sites have sufficient Iraqi mechanics and are capable of self-sustainment. MNSTC-I is enhancing maintenance training and drivers' training and offering on-the-job training to mechanics working on the refurbished HMMWV transfer program. The MoD has also submitted requests for \$80 million in FMS contracts for the procurement of vehicle spare parts. However, the MoD still does not have an automated system to ensure accurate and timely parts ordering and distribution.

Training and Development

The MoD is addressing ministry-level training deficiencies and is seeking to improve the professionalism of the civilian and military work force through courses and seminars taught at the Ministerial Developmental Training Center. From January to March 2008, approximately 563 civilian and military students received instruction in 41 courses covering a variety of subjects. The MoD plans instruction for an additional 350 students in 22 courses in April through July. These numbers represent a significant increase in capacity

since the initial report of 26 classes and 547 students taught from July to December 2007.

Formal officer training and development has improved but is still functioning at less than full capacity. However, the JHQ has made significant progress in the training needs analysis for the Iraqi officer education system since the last report. It is on track to achieve a new system by the end of 2008. The JHQ established a training needs analysis committee to conduct a thorough job analysis of the IA officer, in order to build the foundation for the development of a new officer training and education system.

JHQ initiatives to improve leadership capability within the ISF include accelerated officer commissioning programs for university graduates, waivers to current time-in-grade or time-in-service promotion requirements and active recruitment of former Iraqi officers and NCOs. The top 10% of each Basic Combat Training class continue to attend a Corporal's Course. The IA completed a Master Instructor course on April 13, 2008. Graduates from this "proof-of-principle" course will be the core-training cadre for the new Sergeant's Course at each regional and division training center. Finally, the JHQ has embraced the idea of professionalism seminars for key leadership within the JHQ and each of the services, both officers and enlisted. The goal of these Iraq-led seminars is to establish a recurring forum to develop and institutionalize modern military professionalism to gain the respect and trust of the Iraqi population.

As part of the IA Training Base Expansion, training capacity will continue to increase in support of force generation and replenishment. The current capacity at regional training centers, division training centers and the combat training center has increased from 18,830 soldiers per cycle in the last report to 21,250. There are eight training cycles scheduled for the IA in 2008. This will support current force generation requirements and assigned strength goals through the training and

assignment of 116,000 soldiers this year. In the first quarter 2008, the IA trained 31,004 soldiers in its basic combat, specialty and re-joiner leadership training courses. Through three training cycles, this number of graduates is on track to meet 2008 training requirements.

The IA is making steady progress toward implementing its Future Iraqi Army Training Concept for improved institutional, home station and combat training center training. With Coalition assistance, enhancements are in progress at the division and regional training centers to increase training capabilities for individual, leader, staff and small unit collective task training. To support this effort, the Tactical Training Command recently completed a comprehensive revision of training center organization and MTOEs to align Iraqi instructors and training center cadre in a modular approach to required training capabilities.

There are eight training cycles scheduled for the IqAF in 2008. These training cycles will support current force generation requirements with a total of 1,500 airmen. There is an additional training cycle scheduled for the Iraqi Navy in 2008. This will support current force generation requirements with a total of 400 sailors and marines.

Complementing the training effort is the NATO Training Mission–Iraq (NTM-I). NTM-I provides a variety of security training programs to the ISF, yet its core focus is training officers at Iraq’s military institutions and in their command and control centers. Prime Minister Maliki recently affirmed the value of the NTM-I mission and proposed continued NATO-Iraq cooperation. NTM-I has trained thousands of Iraqi Government security personnel in areas such as civil and military staff training, police training and officer and NCO leadership training. These programs are based on a training model that allows Iraqi officers and NCOs to train new Iraqi security personnel. Recently, NATO expanded its training

programs for the Iraqi Navy and Iraq’s NCO Corps.

Military Justice

As the Iraqi Military justice system continues to improve, it is developing into a system that can effectively promote good order and discipline. To develop capacity, the Iraqis planned, funded and conducted a three-week training course for 25 newly appointed military judges. The Coalition continues to assist the Iraqis in building an effective military justice reporting and management system.

The MoD and JHQ Inspector General (IG) system is maturing and must continue to reinforce adherence to the rule-of-law. The MoD IG now has a complaints hotline, and it receives approximately 400 calls and complaints per month. The IG investigates these complaints and forwards them to the appropriate investigative judge with the Joint Criminal Court for prosecution or to the Commission on Integrity for further investigation. The MoD has trained military inspectors from all branches of the ISF, and they are now present in most Iraqi divisions. They have developed a set of standards approved by the Minister of Defense and promulgated throughout the services. The MoD IG bases inspections on standard checklists used in executing an aggressive annual inspection plan designed to support readiness and detect fraud and corruption. To date, inspectors have uncovered instances of corruption in fuel theft and weapons accountability. Additionally, they have used on-site accounting to detect and deter the mismanagement of life-support funds.

Embedded Advisory Support

The MoD and the JHQ continue to have embedded Advisory Teams (ATs). A Senior Executive Service-level UK MoD civil servant leads the MoD-AT, which consists of 17 advisors including U.S. military personnel and contractors, as well as British and Australian civil servants. An Australian general officer leads the 24-person JHQ-AT. Comprised primarily of U.S. military advisors, the JHQ-

AT includes a mix of U.S. civilian contractor and military personnel from other Coalition countries. Both ATs report through the Directorate of Defense Affairs to MNSTC-I and provide advisory, mentoring and subject matter expert support to senior officials in developing the Iraqi capacity to manage key ministerial functions.

Embedded Training Teams are in each of the Iraqi services (Army, Air Force and Navy) to provide advisory, mentoring and subject matter expert support to each of the services at the tactical, operational and strategic levels.

Military Transition Teams (MiTTs), assigned to MNC-I, embed with the Iraqi Ground Forces Command (IGFC) and most division, brigade and battalion headquarters. At the tactical level, MiTTs consist of about ten personnel and advise Iraqi commanders and staff on planning processes and combat operations. The requirement for MiTTs is one per battalion and above, with 176 teams currently fielded with these units.

A U.S. Army Brigadier General heads the Coalition Army Advisor and Training Team (CAATT). CAATT has training teams embedded at the Iraqi Army Tactical Training Command, the divisional, regional and combat training centers and at other schools (such as the Iraqi Army Service and Support Institute). The CAATT also has 13 Logistics Military Advisor teams embedded at each Location Command and one at Taji National Depot. The CAATT is responsible for assisting the MoD and JHQ with force generation, force replenishment and force sustainment of the IA. These teams assist the development of IA capabilities for training and logistics support through a combination of direct training and mentoring in hands-on performance oriented training, training systems, inspections and logistics planning, preparation and execution.

The Coalition Air Force Transition Team (CAFTT), headed by a U.S. Air Force Brigadier General, has advisor teams at the strategic (Air Staff), operational (Air

Operations Center) and tactical (individual squadrons at bases) levels. The CAFTT is responsible for assisting the IqAF to develop near-term airpower capabilities to support the COIN fight while setting the conditions for a credible, objective, air defense force in the long-term. This includes advising along the full spectrum of IqAF activities from building, training, equipping and sustaining to flying operational and training missions. Also responsible for assessing the operational readiness of the IqAF, CAFTT will begin to report these assessments this year.

The Maritime Strategic Transition Team (MaSTT), headed by a British Royal Navy Captain, advises the Iraqi Head of Navy and Iraqi Headquarters Staff in the development of a capable and responsive IqN. Its Naval Transition Team (NaTT) embeds with the IqN at the Umm Qasr Naval Base and supports generation of a properly organized, trained and equipped naval force. The MaSTT will begin to report operational readiness of the IqN assessments this year.

Supporting the five MNSTC-I Directorate of Defense Affairs advisory and training teams are six functional capability teams comprising Coalition military and contractor subject matter experts providing expertise to develop acquisition of people, acquisition of materiel, budget, sustainment, training and development and force management capability in MoD. The capacity of these teams is vital to the success of the advisory and training teams as they work hand-in-hand with the supported advisors to devise potential solution sets and augment advisors as required. Although critically understaffed, MNSTC-I is filling these manning requirements as quickly as possible.

Ministry of Defense Forces

Joint Headquarters – Command and Control

The ability of the JHQ to deliver and execute operational plans and advise at the strategic level continues to show progress despite challenges brought on by organizational differences of opinion about operational and

strategic boundaries. The JHQ was able to begin and sustain operations to support operations in Basrah, Mosul and Sadr City. During Operation *Saulat-al Fursan* in Basrah in March 2008, JHQ's combined planning with Coalition planners and advisors resulted in the essential deployment of both personnel and supplies that materially aided the 10th and 14th IA Divisions and enabled the Iraqi Navy to secure the Port of Umm Qasr against militias and smugglers.

Iraqi Army

The Iraqi Army (IA) currently has 11 infantry divisions and one mechanized infantry division organized under the IGFC. It consists of approximately 169,000 assigned soldiers and officers. The IA also has approximately 18,000 soldiers assigned to training and support forces that are distinct from IGFC.

As part of his expansion and growth initiative, the Prime Minister has directed over-manning of the existing divisions and the establishment of one additional division in order to maintain adequate present for duty levels. This additional division is currently in force generation. Additionally, the IA has redesignated the naming convention of its brigades. Brigades are now numbered in sequence from 1 to 54 starting with the 1st Division. The IA continues to benefit greatly from training initiatives such as unit set fielding.

The IA continues to generate units as planned, and the MoD and JHQ are working together to prioritize which units to generate and determine their resourcing requirements. Logistics unit development is progressing at an accelerated rate based on overall projected 2008 IA force generation growth. Throughout the rest of 2008, the IA will grow one division headquarters, four brigade headquarters, 17 infantry battalions, five additional logistics commands, three motor transport regiments, one general transport regiment, one logistics battalion and an Army Ammunition Depot. Each of the additional logistics units will be dedicated to support specific IA divisions and are essential

for the IA to achieve self-sufficiency. Coordination with the MoD and JHQ focuses on the continued effort to maximize training bases capacity to meet the requirements for force generation and replenishment.

Recent events in Basrah demonstrated the IA's growing ability to deploy rapidly as it moved nearly a division's worth of soldiers in less than seven days. Many Iraqi forces in Basrah also demonstrated a capability to provide an Iraqi solution to provincial security challenges. However, some units that engaged in Basrah require improvement. While events unfolded in Basrah, provinces such as Maysan, Karbala and Najaf all experienced a short spike in violence, but Iraqi forces demonstrated effective responses to nearly every contingency with little or no Coalition involvement. During this same time, Iraqi forces in Baghdad saw an increase in the levels of violence but were largely able to maintain security with some support from Coalition forces. Iraqi forces in Mosul and Diyala continue to pursue the enemy while providing improved security in both areas. Overall, IA forces continue to improve but still rely on Coalition forces for close air support, fire support and intelligence, surveillance and reconnaissance (ISR). IA units can improve in their ability to specify command relationships and properly sustain units in the field.

As of May 15, 2008, the IGFC has assumed command and control of 12 IA divisions including 50 brigade headquarters and 164 battalions. The 6th and 9th Divisions are subordinate to the MoD Baghdad Operations Command for tactical control with IGFC retaining administrative control. Operational commands have expanded to include Ninewa, Karbala, Samarra, Basrah and Diyala. The IA plans an additional operations command for Anbar in 2008. These actions may ultimately result in the establishment of at least four corps headquarters, an Iraqi-conceived concept that is still in development.

The Engineering Infrastructure Battalion completed training at Taji Training Center. The MoE continues to provide training for Electrical Repair Company personnel and the MoO provides training for the Pipeline Repair Company. These units will provide the IA critical capability to repair damaged electrical power lines and oil pipelines in unsecured areas with the support of mobile security companies. Equipment funding is being provided via a joint effort between MNSTC-I and the DoS's Iraq Transition Assistance Office.

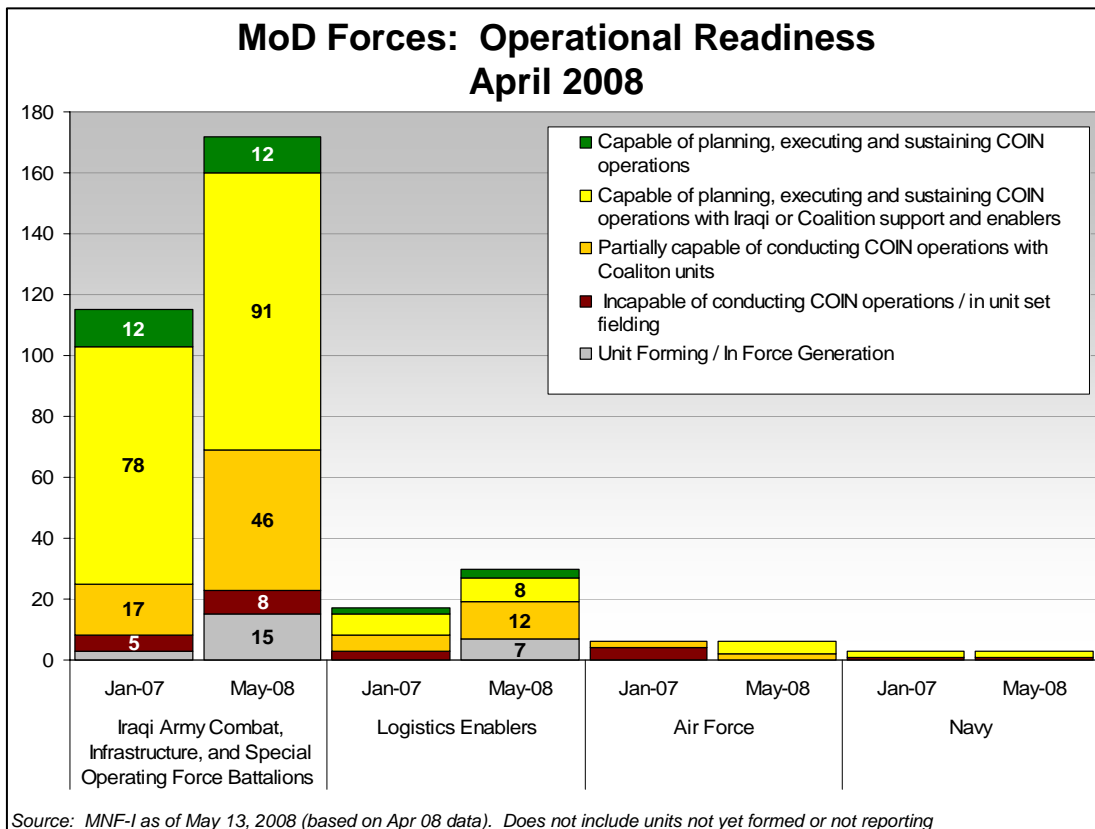
The IA has expanded fielding of units and training on U.S.-standard weapons such as M16A4s and M4s, which the MoD has procured through FMS. Enforcement of accountability of M16A4s and M4s occurs through a process that uses multiple forms of identification, including biometric technology. To date, the IA and MNSTC-I have fielded approximately 31,000 M16A4 and M4s and have conducted weapons familiarization. In conjunction with the M16A4 and M4 fielding and training, the IA and MNSTC-I have instructed and certified 3,178 IA officers and

NCOs as trainers on these weapons systems. Additionally, MNSTC-I has trained 53 IA soldiers as weapons maintainers.

Iraqi Navy

The Iraqi Navy (IqN) has 1,839 assigned officers, sailors and marines. This sharp increase includes 499 IA soldiers fresh from training who have joined the IqN and formed the 2nd Iraqi Navy Marine Battalion. By the third quarter of 2008, the IqN will increase by another 300 sailors and 100 marines, taking it to 74% of its revised 2010 manpower requirement.

The IqN's headquarters element at the MoD continues to improve its effectiveness in the day-to-day management of the IqN and in joint long-term planning. The Navy staff has published a comprehensive Navy Plan in support of the Iraqi National Military Strategy. The IqN operates out of a single base in Umm Qasr. It consists of an operational headquarters, one squadron afloat, one support squadron and two battalions of marines. On April 1, 2008, the IqN took responsibility for the point



defense of the Khwar al Amaya Oil Terminal (KAAOT) and achieved the initial operational capability standard for Vessel Board Seize and Search (VBSS) operations. The IqN operates five small Patrol Boats and ten Fast Assault Boats (FABs) which patrol its territorial waters and make a significant contribution to the Coalition force effort protecting the Al Basrah Oil Terminal and the KAAOT. One Iraqi Navy Marine Battalion provides point defense of the offshore oil platforms and conducts VBSS operations; the second protects the Port of Umm Qasr. Additionally, the Navy conducts patrols and boardings from its FABs in the Khwar Abd Allah Waterway approaches to Umm Qasr. The IqN conducts, on average, 35 independent patrols—resulting in 12 boardings—per week. This represents an increase of nearly 100% of operational activity in the last six months.

On April 11, 2008, the 2nd Iraqi Navy Marine Battalion assumed responsibility for the perimeter defense of Umm Qasr commercial port and town in support of operations in Basrah. On April 19, 2008, the IqN took responsibility for the perimeter security of the port and power station at Az Zubayr. The IqN provided seagoing force protection for Royal Navy minehunters from April 13-20, 2008, which cleared the mine danger areas in the Khawr Abd Allah waterway. This will result in eventual reclassification of the waterway as unrestricted space and is part of returning the port to normal operations.

During this reporting period, Iraqi contracts have been signed and shipbuilding has commenced for two offshore support vessels, with the first due in October 2009; four patrol ships, with the first due in June 2009; three patrol boats, with the first due in April 2009; and 36 fast interdiction craft, which will commence coming on line in early 2009. The IqN has signed the letter of acceptance for the Iraqi-funded FMS projects for the major sea wall and pier construction in Umm Qasr to support the new fleet, the next tranche of six Malaysian Patrol Boats and numerous smaller

projects ranging from spare parts to new uniforms. In addition to these efforts, the considerable amount of investment into the Naval Base infrastructure is starting to bear fruit, with billeting and dining facilities opening to meet growing naval manpower needs.

Despite these positive steps, the IqN still faces challenges in matching its infrastructure requirements, training needs and command and control enabling systems to its ambitious acquisition program. In order to meet the maritime transition goals set for late 2010, responses to these challenges include an additional 2008 FMS project that is pending to address command and control requirements, a planned infrastructure review, utilization of offers of sophisticated training in other countries and continued Coalition advice in developing the IqN.

Iraqi Air Force

There are 1,580 personnel assigned (up from 1,305 in the last report) to the Iraqi Air Force (IqAF), representing 54% of authorized strength with planned growth in 2008 to 2,900. The IqAF currently has 61 assigned aircraft and anticipates receiving 20 more aircraft in 2008. The IqAF recruited an additional 30 trainees to begin pilot training in May 2008. There are nine already in training, with graduation planned for May 2009. The IqAF has flown 2,525 sorties so far this year, to include a surge in support of Basrah operations.

The IqAF successfully reacted to operational and mobility requirements during the recent events in Basrah, flying 353 missions supporting IA operations. These sorties include ISR, transport, and training missions. From March 27 to April 4, 2008, the IqAF conducted fixed wing air mobility missions to Basrah. Two C-130 aircraft flew 111 sorties transporting 283 tons of cargo (175 tons of ammunition, 26 tons of food, 8 tons of medical supplies and 74 tons categorized as other miscellaneous support items). During those 111 sorties, 2,952 passengers and 119 casualties were transported,

demonstrating ISF mobility to the battlefield. Additionally, four IqAF Mi-17 helicopters performed 66 missions and two Huey helicopters performed 51 missions in support of operations including carrying food, water and medical supplies, dropping leaflets for Information Operations, providing perimeter defense and transporting personnel, including casualties. Three IqAF CH2000 aircraft flew 125 missions providing 210 hours of ISR missions in direct support of IA operations in Basrah.

The two training institutions in the IqAF are the IqAF Training Wing at Taji and the Flight Training Wing in Kirkuk. The IqAF Training Wing at Taji Air Base is responsible for the Basic Military Training school, the Basic Technical Training school, the Air Force Academy and the Air Force Officer Course at the Iraq Military Academy at Rustamiyah, all of which were stood-up in 2007. There are 20 IqAF instructors currently teaching at the Taji Air Base Technical Training School; it graduated 118 warrant officers in January 2008. Of these trainees, 22 have become aircraft gunners and 96 graduated from Fundamentals of Aircraft Maintenance in April 2008. Additionally, fifteen English Language Training students graduated in April 2008, with 45 more scheduled to graduate in June 2008. The IqAF plans to assess 1,200 new trainees by June 30, 2008 to meet its 2,900 authorized personnel requirement by December 31, 2008.

Flight training takes place at the Flight Training Wing in Kirkuk. There are 24 trainees currently enrolled in the Basic Flight Training course, and three trainees are currently enrolled in the Instructor Pilot course. There are 46 Iraqi aircrew instructors (instructor pilots and mission sensor operators) available to conduct ISR mission training. The flight-training wing has an annual basic flight training capacity of 130 students.

The IqAF took delivery of its first of six King Air 350 aircraft in December 2007, later than anticipated. Monthly deliveries of five

additional advanced ISR-version King Air 350s should start in June 2008. These aircraft add ISR training capacity not currently available to the IqAF. The five additional aircraft will increase IqAF and ISR fleet size by 36%, with simultaneous growth in time-over-target capability.

The IqAF rotary-wing fleet of 36 helicopters is located at Taji Air Base. The Mi-17 helicopters continue to have very limited operational capability due to defensive system and radio limitations. However, scheduled modifications are to begin in June 2008. The IqAF will add four additional Mi-17 helicopters in 2008 and another 24 in 2009. The new al-Muthanna Air Base has three C-130E aircraft, the only current IqAF aircraft on which IqAF technicians are fully qualified to perform routine maintenance with minimal Coalition support.

The IqAF health and medical programs are also growing significantly. IqAF medics dispensed the flu vaccine to over 300 IqAF personnel using a "Road Show" approach, traveling to the various units versus personnel having to come to the clinics. They broke ground on construction of the IqAF Aeromedical Center at New Al-Muthanna Air Base (NAMAB) on March 10, 2008. At Al Hurriya Air Base, the IqAF and MoD assumed full responsibility for routine care and medical coverage of IqAF personnel, relegating U.S. Air Force Expeditionary Medical Support to an interventional role involving the saving of life, limb or eyesight. This clearly demonstrates an increased willingness to accept medical missions, roles, responsibilities and capabilities.

In addition to transitioning to life-support self-reliance in December 2007, the IqAF is also progressing towards self-reliance in vehicle maintenance as the outgoing contractor trains IqAF personnel. Additionally, the IqAF increasingly utilizes the MoD to procure its own fuel instead of using FMS. IqAF is also working with MoD to develop a supply and distribution system that provides adequate

accountability and security of assets in the supply chain.

Directorate General for Intelligence and Security (DGIS) and JHQ, Directorate for Intelligence (M2)

The DGIS is the lead MoD intelligence agency. Currently, it has over 3,800 assigned personnel. The Iraqi Military Intelligence Academy provides training support. The organization consists of a National Headquarters, the Intelligence Academy, 18 Provincial Headquarters and 91 field offices. The final MTOE is awaiting final approval by the Defense Council. DGIS conducts intelligence collection, processing, analysis and reporting of human intelligence (HUMINT), signals intelligence (SIGINT) and imagery and mapping. The MNSTC-I Intelligence Transition Team assessed the DGIS as effective with limitations. The newly established SIGINT and Imagery and Mapping Directorates are rapidly establishing basic capability. Dissemination has vastly improved as directorates become more familiar with secure automation architecture.

The MoD staffs the JHQ M2 at 107% against authorizations. The MNSTC-I Intelligence Transition Team assessed M2 capabilities as effective. The M2 has made significant progress over the last quarter in training, planning, collection management, analysis and exploitation. The main limitation to the M2's ability to serve as a Joint Intelligence Headquarters is the promulgation of a secure architecture (I2N) to the intelligence service headquarters and division level, thereby allowing for the rapid reporting and dissemination of intelligence throughout the services.

The M2 routinely works in concert with the JHQ M3 (operations directorate), M5 (plans directorate) and the rest of the JHQ Staff in developing and producing JHQ operational level plans. The acquisition of the Iraqi Defense Network (IDN) along with promulgation of I2N to the Service Intelligence

Headquarters and each Division G2 will increase Iraqi secure communications capability and further facilitate the exchange of intelligence throughout the armed forces.

The M2 has initiated and promoted the establishment of intelligence fusion centers within the regional operations centers in order to better assess and leverage intelligence from the national level to the tactical level. M2 tasking, reporting and use of IqAF-produced intelligence in support of ground combat operations continue to improve, especially with regards to training and implementing recently approved Iraqi Intelligence Doctrine.

2.4 Iraqi National Counter-Terrorism Forces (INCTF)

Transition of the Iraqi Special Operations Forces (ISOF) Brigade command and control from Coalition forces to the Iraqis at Counter-Terrorism Bureau (CTB) and Counter-Terrorism Command (CTC) is on track. The 1st ISOF Brigade—consisting of five combat battalions, one training battalion, one support battalion, and a reconnaissance company—has been formed and equipped. However, it is short company grade officers and seasoned NCOs to cross-load and outfit expansion battalions. The INCTF aggressively recruits its leaders from MoD officer commissioning schools, NCO courses and former-regime members. Formal command of the brigade will transition to the CTB and CTC in 2009.

The CTB and CTC achieved initial operational capability (IOC) in January 2008 and have entered Phase III transition, which allows for combined U.S.-Iraqi command and control with personnel conducting side-by-side ground operations. The current projected start of Phase IV transition—Iraqi command and control of ground operations with U.S. oversight—is scheduled to start in the summer of 2008. Currently, the MoD staffs the CTC at 85%, and the CTB at 66%, against authorizations. The ISOF Brigade fills 72% of its authorizations, up from 64% in the previous report. Based upon recently approved growth—including regional

command battalions, regional counter-terrorism (CT) centers and the ISOF garrison support unit—ISOF authorization increases have exceeded training base production of new special operators.

The training of new INCTF special operators occurs at the ISOF Brigade Iraqi Special Warfare Center and School (ISWCS). This is the only organic training institution within the INCTF structure. INCTF training capacity for non-operator, support personnel and specialists relies on acquiring soldiers and training from MoD schools. INCTF training capacity is constrained by the rigorous vetting, assessment and selection process required for all ISOF personnel. Despite this constraint, ISWCS remains capable of producing the special operators required to fill the ISOF Brigade.

Four regional commando battalions are currently in generation as an expansion effort to increase ISOF presence and nationwide capability to conduct CT operations. These battalions will each consist of 440 commandos and be located in Basrah, Mosul, Diyala and Al Asad. The Basrah Commando Battalion achieved IOC in January 2008, with staffing at 80% of authorization. This unit conducted numerous successful direct action missions in support of the Prime Minister's CT operations against militias in Basrah during March and April 2008. The Basrah base is scheduled for completion by January 2009. The Mosul Commando Battalion also achieved IOC, with 80% strength, in January 2008. Its base is 90% completed and will be complete by May 2008. The Mosul Commando Battalion should reach full operational capability (FOC) by June 2008. Construction of the Diyala Commando Battalion base is scheduled to begin in July 2008 and be completed by January 2009. The ISWCS is presently producing the personnel to staff the Diyala Command Battalion. The battalion should occupy its base facilities as they are completed. The unit should be IOC by October 2008 and FOC by January 2009. The Al Asad Commando Battalion base complex began construction in April 2008. The unit

should reach IOC by September 2008 and FOC by November 2008.

The Regional Counter-Terrorism Centers (RCC), which are similar to Joint Interagency Task Force (JIATF) organizations, are being established at all four regional commando bases as infrastructure construction is completed. The RCCs will work for the CTC to develop terrorist network mapping and fusion of intelligence support for their respective commando battalion battle space. Additionally, the RCCs will develop and implement intelligence exchange activities with assigned Coalition forces in the area of operation.

The INCTF submitted a budget of \$380 million for CY 2008. It received \$167 million in a direct funding allocation and direction to the MoD to pay the INCTF salaries of \$166 million for CY 2008. The INCTF is currently prioritizing its 2008 requirements to develop an acquisition strategy. Since the majority of the requirements are equipment related, INCTF is considering FMS procurement in many cases. Recognizing the low quantities of equipment needed, the INCTF makes every effort to economize FMS transactions through modification of existing letters of agreement and contracts with other Iraqi ministries.

The future of Iraqi aviation support to counter-terrorism rests primarily with the 15th Special Operations Squadron, flying the specially configured Mi-17 helicopter. An aggressive time line was set in 2007, but it was dependent on several critical events. The first event is an improved Contracted Logistic Support (CLS) contract. The IqAF supports the Mi-17s that it has for training and initial operations by a CLS that is insufficient for the current level of operations. The IqAF is purchasing an improved CSL contract but will not implement it soon enough to meet the current CT aggressive timeline. The second issue is the current Intercommunications System (ICS) in the IqAF Mi-17s. It has been determined that the ICS is safe to fly daytime base-to-base non-tactical

training and operations but must be upgraded or replaced in order to conduct CT Night Vision Goggle (NVG) tactical training or operations. The CAFTT and the IqAF have aggressively pursued these two problems, and they will have the improved CLS and upgraded ICS Mi-17s

available for CT NVG tactical training in November 2008. If NVG CT aviation training begins in early 2009, there is a reasonable assurance Mi-17 aviation support to CT will meet January 1, 2010 FOC requirements.

Annex A

List of Acronyms and Abbreviations

| | |
|---------|---|
| AOC | Air Operations Center |
| AQI | al Qaeda in Iraq |
| AT | Advisory Team |
| ATM | Automatic Teller Machine |
| AWOL | Absent Without Leave |
| BCT | Brigade Combat Team |
| BEAR-OC | Budget Execution and Acquisition Requirements Operation Center |
| BRT | Basic Recruit Training |
| BSA | Board of Supreme Audit |
| BSU | Base Support Unit |
| C2 | Command and Control |
| CAATT | Coalition Army Advisory Training Team |
| CAFTT | Coalition Air Force Transition Team |
| CBI | Central Bank of Iraq |
| CCC-I | Central Criminal Court of Iraq |
| CERP | Commander's Emergency Relief Program |
| CLOC | Combined Logistics Operations Center |
| CLS | Contracted Logistic Support |
| COB | Contingency Operating Base |
| CoI | Commission on Integrity (formerly Commission on Public Integrity) |
| COIN | Counterinsurgency |
| COL | Contingency Operating Location |
| COP | Combat Outposts |
| CoR | Council of Representatives |
| COS | Contingency Operating Site |
| COSIT | Central Organization for Statistics and Information Technology |
| CPI | Commission on Public Integrity (now called Commission on Integrity) |
| CRC | Constitutional Review Committee |
| CSC | Civilian Service Corps |
| CSWAT | Company Special Weapons and Tactics (formerly ISWAT) |
| CT | Counter-Terrorism |
| CTB | Counter-Terrorism Bureau |
| CTC | Counter-Terrorism Command |
| CY | Calendar Year |
| DBE | Directorate of Border Enforcement |
| DDR | Demobilization, Disarmament, and Reintegration |
| DG | Director General |
| DGIS | Directorate General for Intelligence and Security |
| DoD | Department of Defense |
| EC | European Commission |
| EFP | Explosively Formed Penetrator |
| EFT | Electronic Funds Transfer |
| EOD | Explosive Ordnance Disposal |
| ePRT | Embedded PRT |
| EU | European Union |
| FAB | Fast Assault Boat |

| | |
|---------|--|
| FBI | Federal Bureau of Investigation |
| FMS | Foreign Military Sales |
| FOC | Full Operational Capability |
| FPS | Facilities Protection Service |
| GDP | Gross Domestic Product |
| GoI | Government of Iraq |
| GRD | Gulf Region Division |
| GTR | General Transportation Regiment |
| HJC | Higher Juridical Council |
| HMMWV | High Mobility Multipurpose Wheeled Vehicle |
| HoP | Hours of Power |
| HPA | High Profile Attack |
| HR | Human Resources |
| HRIMS | Human Resource Information Management System |
| HQ | Headquarters |
| HUMINT | Human Intelligence |
| I2N | Iraqi Intelligence Network |
| IA | Iraqi Army |
| IAMP | Iraqi Army Maintenance Program |
| ICI | International Compact with Iraq |
| ICS | Intercommunications System |
| IDN | Iraqi Defense Network |
| IDP | Internally Displaced Person |
| IED | Improvised Explosive Devices |
| IG | Inspector General |
| IGFC | Iraqi Ground Forces Command |
| IMF | International Monetary Fund |
| INCTF | Iraqi National Counter-Terrorism Force |
| IOC | Initial Operating Capability |
| IPA | International Police Advisor |
| IPS | Iraqi Police Service |
| IqAF | Iraqi Air Force |
| IqN | Iraqi Navy |
| IRGC-QF | Iranian Islamic Revolutionary Guard Corps - Qods Force |
| IRR | Iraq Republic Railway |
| IRRF | Iraq Relief and Reconstruction Fund |
| ISCI | Islamic Supreme Council of Iraq |
| ISF | Iraqi Security Forces |
| ISFF | Iraq Security Forces Fund |
| ISOF | Iraqi Special Operations Forces |
| ISR | Intelligence, Surveillance, and Reconnaissance |
| ISWCS | Iraqi Special Warfare Center and School |
| ITAO | Iraq Transition Assistance Office |
| ITN | Iraq Transportation Network |
| JAM | Jaysh al-Mahdi |
| JCC-I/A | Joint Contracting Command Iraq/Afghanistan |
| JHQ | Joint Headquarters |
| JIATF | Joint Interagency Task Force |
| JOC | Joint Operations Center |

| | |
|---------|---|
| JSS | Joint Security Station |
| JTERP | Joint Technical Education and Reintegration Program |
| KAAOT | Khwar al Amaya Oil Terminal |
| KRG | Kurdistan Regional Government |
| LAOTF | Law and Order Task Force |
| LOA | Letter of Acceptance |
| LOR | Letter of Request |
| MEU | Marine Expeditionary Unit |
| MaSTT | Maritime Strategic Transition Team |
| mbbl/d | Million Barrels Per Day |
| MCC | Major Crimes Court |
| MiTT | Military Transition Teams |
| MNC-I | Multi-National Corps-Iraq |
| MNF-I | Multi-National Force-Iraq |
| MNSTC-I | Multi-National Security Transition Command-Iraq |
| MoD | Ministry of Defense |
| MoE | Ministry of Electricity |
| MoF | Ministry of Finance |
| MoH | Ministry of Health |
| MoI | Ministry of Interior |
| MoI-TT | Ministry of Interior Transition Team |
| MoO | Ministry of Oil |
| MoWR | Ministry of Water Resources |
| MTOE | Modified Table of Organization and Equipment |
| MTR | Motorized Transport Regiment |
| NaTT | Naval Transition Team |
| NAMAB | New Al-Muthanna Air Base |
| NCC | National Command Center |
| NCO | Non-Commissioned Officer |
| NGO | Non-Government Organization |
| NIIA | National Information and Investigation Agency |
| NP | National Police |
| NVG | Night Vision Goggle |
| OMS | Office of the Martyr Sadr |
| OPF | Oil Protection Force |
| OTIP | Officer Transition Integration Program |
| PBIED | Person Borne Improvised Explosive Device |
| PCNS | Political Council of National Security |
| PEZ | Pipeline Exclusion Zone |
| PHC | Public Healthcare Centers |
| PIC | Provincial Iraqi Control |
| PoE | Directorate of Ports of Entry |
| PKK | Kurdistan Worker's Party |
| PM NOC | Prime Minister's National Operations Center |
| PRT | Provincial Reconstruction Team |
| PST | Provincial Support Teams |
| PTT | Police Transition Team |
| RCC | Regional Counter-Terrorism Centers |
| ROLC | Rule of Law Complex |

| | |
|--------|--|
| SAI | <i>Sahawa al-Iraq</i> |
| SBA | Stand-By Arrangement |
| SFA | Strategic Framework Agreement |
| SG | Special Groups |
| SIGINT | Signals Intelligence |
| SoI | Sons of Iraq |
| SOFA | Status of Forces Agreement |
| SOP | Standard Operating Procedure |
| SVBIED | Suicide vehicle-borne IED |
| TF-BSO | Task Force to Improve Business and Stability Operations-Iraq |
| TSA | Technical Service Agreements |
| TT | Transition Team |
| UN | United Nations |
| UNAMI | United Nations Assistance Mission Iraq |
| USAID | United States Agency for International Development |
| USACE | United States Army Corps of Engineers |
| USM-I | United States Mission-Iraq |
| USDA | United States Department of Agriculture |
| VBIED | Vehicle-borne IED |
| VBSS | Vessel Bard Seize and Search |

¹ This report also meets all requirements of Section 609 of Public Law 110-161.

² The data cutoff date for this report is May 31, 2008.

³ The Executive Council is comprised of the Prime Minister, the President and two Vice Presidents.

⁴ Those ineligible for amnesty under this law include those already sentenced to death and those accused of terrorist acts that resulted in death or disability, pre-meditated murder, manslaughter, kidnapping, stealing, aggravating circumstances, embezzlement, rape, sodomy, incest, counterfeiting, drug crimes, smuggling antiquities or several other offenses under the Military Penal Code.

⁵ Provincial governments received their 2006 budget allocations late in the fiscal year, and much of their 2007 budgetary expenditure involved use of these 2006 funds. The central government transferred 100% of the \$1.56 billion capital budget to the KRG. The KRG does not provide any budgetary performance feedback to the central government. Therefore, it is not possible to determine KRG progress with any accuracy or authority. The MoF considers any funds transferred to the KRG to be fully expensed even though the true rate is unknown.

⁶ *Inma* translates as “growth” in Arabic.

⁷ Operation *Saulat al-Fursan* translates as Operation “Charge of the Knights” in Arabic.

⁸ *Sahawa al Iraq* translates as “Awakening of Iraq” in Arabic.

⁹ Nationwide poll, April 2008: “How would you describe the security situation today in your neighborhood?” Nationwide, 63% said “Calm,” 11% said “Violent,” and 24% said “Sometimes calm and sometimes violent.” Sample size: ~12,000. Margin of error: ~1%, <8% provincial.

¹⁰ Nationwide poll, April 2008: “How would you describe the security situation today in your province?” Nationwide, 42% said “Calm,” 22% said “Violent,” and 34% said “Sometimes calm and sometimes violent.” Sample size: ~12,000. Margin of error: ~1%, <8% provincial.

¹¹ Nationwide poll, April 2008: “How would you describe the security situation today in the country?” Nationwide, 15% said “Calm,” 47% said “Violent,” and 36% said “Sometimes calm and sometimes violent.” Sample size: ~12,000. Margin of error: ~1%, <8% provincial.

¹² Nationwide poll, April 2008: “How would you describe the security situation today in your neighborhood?” Maysan governorate, 97.9% said “Calm” versus “How would you describe the security situation today in the country?” Maysan governorate, 1.5% said “Calm.” Sample size: ~300. Margin of error: ~5%.

¹³ Nationwide poll, April 2008: “How would you describe the security situation today in your neighborhood?” Dahuk governorate, 99% said “Calm” versus “How would you describe the security situation today in the country?” Dahuk governorate, 0% said “Calm.” Sample size: ~200. Margin of error: ~5%.

¹⁴ Nationwide poll, April 2008: “Do you agree with the following statements? I feel safe and secure in my neighborhood and I feel safe traveling outside my neighborhood.” Nationwide, 73% of respondents agree that they feel safe inside their neighborhoods and 37% feel safe traveling outside their neighborhoods. Sample size: ~12,000. Margin of error: ~1%, <8% provincial.

¹⁵ Nationwide poll, April 2008: “When you see the Iraqi Army in your neighborhood do you feel?” Nationwide, 63% of Iraqis said “Secure,” 15% said “Less secure,” and 19% said “Neither more nor less secure.” Sample size: ~8500. Margin of error: ~ 1%, <10% provincial.

¹⁶ Nationwide poll, April 2008: “When you see the Iraqi Police in your neighborhood do you feel?” Nationwide, 50% of Iraqis said “Secure,” 21% said “Less secure,” and 26% said “Neither more nor less secure.” Sample size: ~8500. Margin of error: ~ 1%, <10% provincial.

¹⁷ Nationwide poll, April 2008: “How effective is the Iraqi Government in each of the following areas? – Maintaining Security.” Nationwide, 33% of respondents said “Effective,” 44% said “Ineffective,” and 21% said “Neither effective nor ineffective.” Sample size: ~12,000. Margin of error: ~1%, <8% provincial.

¹⁸ Nationwide poll, April 2008: “How would you rate the level of peace and stability in Iraq today?” Nationwide, 26% of Iraqis rate the country as “Stable,” 45% rate the country as “Unstable,” 27% “Neither stable nor unstable.” Sample size: ~8500. Margin of error: ~ 1%, <10% provincial.

¹⁹ Nationwide poll, April 2008: “Do you think the Iraqi Army is winning or losing the battle against terrorists?” Nationwide, 58% of Iraqis said “Winning” and 19% said “Losing,” 23% said “Unsure.” Sample size: ~8500. Margin of error: ~ 1%, <10% provincial.

²⁰ Nationwide poll, April 2008: “Do you think the Iraqi Police is winning or losing the battle against crime?” Nationwide, 49% of Iraqis said “Winning” and 28% said “Losing,” 23% said “Unsure.” Sample size: ~8500. Margin of error: ~ 1%, <10% provincial.

²¹ Nationwide poll, April 2008: “Do you have confidence in the following groups to improve the overall security situation in Iraq? Nationwide, 79% of Iraqis had confidence in the Iraqi Army, 75% in the Iraqi Police, 66% in Provincial Governments, 61% in Local Governments, 57% in the National Government, 26% in the MNF, 21% in Armed Groups and 19% in Militias. Sample size: ~8500. Margin of error: ~ 1%, <10% provincial.

²² Nationwide poll, April 2008: “How much confidence do you have in the following to improve the overall security situation in Iraq?” Iraqi national government—57% “confident,” Provincial government—66% “confident,” Local government—61% “confident.” Sample size: ~8500. Margin of error: ~1%, <10% provincial.

²³ Nationwide poll, April 2008: “How much confidence do you have in the following to improve the overall security situation in Iraq?” Multi-national forces—26% “confident,” Armed groups—21% “confident,” Militia—19% “confident.” Sample size: ~8500. Margin of error: ~1%, <10% provincial.

²⁴ Nationwide poll, April 2008: “Who is most responsible for providing security in your neighborhood?” Nationwide, 35% of Iraqis said the Iraqi Army, 34% said the Iraqi Police, 5% said people from their tribe, 8% said Sons of Iraq, 4% said neighbors, 3% said religious leaders, 3% said MNF, and 4% said Militias. Sample size: ~8500. Margin of error: ~ 1%, <10% provincial.

²⁵ Nationwide poll, April 2008: “How much confidence do you have in the following to protect you and your family against threats?” Nationwide, 76% of Iraqis had confidence in the Iraqi Army, 73% the Iraqi Police, 65% their provincial government, 61% their local government, 56% the National government, 25% the MNF, 20% Armed Groups, and 20% Militias. Sample size: ~8500. Margin of error: ~ 1%, <10% provincial.

²⁶ Four separate analyses informed these Iraqi force end-strength estimates. The first was the May 2007 MNSTC-I In-stride Assessment of the Iraqi force growth in required in 2008 to protect the population, overmatch the enemy, provide the depth necessary to deploy forces across the country, and implement an annual retraining and reconstitution program. The second was Iraqi military Service plans focused on the 2010-2015 period, and MoI Plan that addressed near-term police force growth. The third was an MNC-I assessment of the Iraqi Army’s required enduring posture by 2010. The fourth was a MNSTC-I directed, MNF-I sponsored Iraqi force analysis conducted by the Center for Army Analysis. The primary objective of this assessment was to determine if the projected, near-term (2010) Iraqi forces were capable of overmatching the anticipated threat. The assessment concluded that the ISF was incapable of overmatching the threat and recommended additional force structure growth and specific capabilities.

²⁷ MoI employees not included in Iraqi Security Force numbers include 15,988 Civil Defense Forces, 19,108 Facility Protection Service, and 33,713 headquarters and administrative personnel, for a total of 68,809 other MoI employees.

²⁸ The following are the Location Commands, followed by the province in which they are located. The eight existing Location Commands are: Taji (Baghdad), Kirkush (Diyala), Al Kasik (Ninewa), Habbaniyah (Anbar), Numaniyah (Wassit), Rustamiyah (Baghdad), K1 (Kirkuk) and Ur (Nassariyah). The five new location commands are Ghizlanee (Ninewa), Tikrit (Salah ad Din), Al Asad (Anbar), Al Memona (Maysan) and Al Shaiba (Basrah).

²⁹ The seventeen existing training locations are: Al Kut, Baghdad Police College, Basrah Training Center, Dahuk, Diwanniyah, Camp Dublin, Habbaniyah, Hillah, Irbil, Kirkuk, Mosul, Najaf, Numaniyah, Salah ad Din, Solidarity, Sulaymaniyah and Lulaymaniyah Officer College.

³⁰ The 11 new projects are: Baghdad Police College—North ([in Mosul], Nov 08); Baghdad Police College – South ([in Basrah] Oct 08); Baghdad Basic Recruit Training Center—East (Mar 09); Diwaniyah Police Training Center (PTC) (Nov 08); Diyala Basic Recruit Training Center (BRTC) (Nov 08); Maysan BRTC (Jan 09); Kirkuk BRTC (Jan 09); Karbala BRTC (Feb 09); Dhi Qar BRTC (Feb 09); Najaf PTC (Dec 08); Muthanna BRTC (Dec 08); and Irbil (Aug 08). The eight expansion or refurbishment projects are: Baghdad Police College (Phase I) (Complete); Baghdad Police College (Phase II) (Oct 08); Baghdad Police College (Phase III) (Jan 09); Mosul PTC (Nov 08); Tikrit PTC (Dec 08); Habbaniyah PTC (Nov 08); Solidarity National Police Training Center (Jun 08); Al Ferat (Dec 08). Since the last report, the MoI has identified an existing location to be renovated as a Basic Recruit Training Center, eliminating the need for one new facility.

³¹ PoEs considered closed are in the Kurdish area; they receive no support from DBE or Coalition forces. These are Kella, Saranban-Golle, Taiwella and Parweez Khan. Partially opened are Muntheria and Al Sheeb (fuel trucks only), as well as Ar Ar (religious holidays only).

³² This decrease in percentage since the last report is due to an increase in authorizations. The previous figures were calculated as of January 17, 2008, using the latest payroll data available as of the end of month December 2007. The authorizations were 137,241 and assigned personnel totaled 153,871 (~113%). The latest numbers available are through the end of month February 2008, with authorizations of 154,231 and 165,437 assigned personnel (104%).