
Measuring Stability and Security in Iraq

**June 2010
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Executive Summary

This report to Congress, Measuring Stability and Security in Iraq, is submitted pursuant to Section 9204 of the Supplemental Appropriations Act for 2008, Public Law 110-252 and Section 316 of the Supplemental Appropriations Act for 2009, Public Law 111-32.¹ This report is also submitted pursuant to Section 1508(c) of the Department of Defense Authorization Act for 2009, Public Law 110-417. The report includes specific performance indicators and measures of progress toward political, economic, and security stability in Iraq, as directed by legislation. This is the twentieth report in this series of quarterly reports. The most recent report was submitted in May 2010. 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 former Coalition partners, or Iraq.

As a consequence of the movement of U.S. combat forces out of Iraqi cities on June 30, 2009, the United States has reduced visibility and ability to verify Iraqi reports. Without a robust U.S. presence, United States Forces-Iraq (USF-I) metrics include host nation reports that are not independently verifiable. The overall trends between U.S. force data and host nation data are very close, but some values may differ. Current charts show a combination of U.S. and host-nation reported data. The combination of these reports causes baseline numbers to increase, making it difficult to compare these charts with those from previous publications of this report. Each slide is annotated to indicate the types of reports included.

The United States seeks a sovereign, stable, and self-reliant Iraq with a just, representative, and accountable government; a state that is neither a safe haven for, nor sponsor of, terrorism; and an Iraq that is integrated into the global economy and is a long-term U.S. partner contributing to regional peace and security. Although stability is improving, it is not yet enduring. Looking ahead, the United States will continue to use a “whole of government” approach to help build Iraq’s governing organizations as legitimate, representative, and effective institutions serving all Iraqi citizens.

The U.S.-Iraq Strategic Framework Agreement (SFA) lays out a solid foundation for a long-term bilateral relationship and guides U.S. and Iraqi actions based on mutual interests. With the SFA serving as a roadmap for the long-term and enduring strategic partnership, the U.S. strategy integrates the efforts of the U.S. Embassy Baghdad, USF-I, and other U.S. and international partners across four lines of operation: political, rule of law, economic and energy, and security. This report describes progress along these lines from the beginning

of March to the end of May 2010 and addresses the remaining challenges.² Working with Iraqi partners and using available resources, U.S. Forces will complete the transition to stability operations September 1, 2010, and increase focus through the end of 2011 on transitioning enduring functions to the Government of Iraq (GoI), the U.S. Embassy Baghdad, and other civilian agencies.

Integral to the U.S.-Iraq Security Agreement (SA) and consistent with Presidential direction articulated on February 27, 2009, USF-I continues to execute the responsible drawdown of U.S. Forces from Iraq. By September 1, 2010, U.S. Forces will have fully transitioned to stability operations centered on: advising, training, assisting, and equipping the Iraqi Security Forces (ISF); conducting partnered counter-terrorism (CT) operations by, with, and through the ISF; and providing support to the U.S. Embassy Baghdad, the GoI, the UN, and other international organizations in improving Iraqi civil capacity including ministerial and institutional development. Further drawdown activity will occur in accordance with the SA

requirement to redeploy all U.S. Forces by December 31, 2011. The pace of the drawdown will be commensurate with Iraq's improving security while providing U.S. commanders sufficient flexibility to assist the Iraqis with emerging challenges. As the United States responsibly draws down its forces, the U.S. Embassy Baghdad and other U.S. departments and agencies will continue to pursue other aspects of the strategy, including sustained political engagement and regional diplomacy to support the emergence of a peaceful and prosperous Iraq.

Political progress this reporting period revolved around the March 7, 2010 nationwide parliamentary elections. Following several challenges and a recount of Baghdad ballots, the Iraqi Independent High Electoral Commission (IHEC) submitted the election results to the Iraqi Federal Supreme Court (FSC). The FSC certified them on June 1, 2010. The results showed a large turnout and near parity between the secular Iraqiyya list and the Prime Minister's nationalist, Shi'a-dominated State of Law (SoL) Alliance. Certified results show that Iraqiyya won 91 seats, SoL won 89 seats, the Iraqi National Alliance won 70 seats, and the Kurdish Alliance won 43 seats. Although these results reflect a maturing political identity among the Iraqi people, the lack of a dominant bloc means a slow path toward government formation that will likely continue into and perhaps beyond the summer. Both IHEC and the ISF demonstrated their growing professionalism through their neutral, proactive, and coordinated interagency planning efforts during the electoral process. The characteristics of Iraqi culture, bureaucracy, and decision-making led to, at times, an uncertain, ambiguous, and complex planning environment, complicated further by a series of politically contentious issues during the election run-up and certification process. Despite these challenges, IHEC was successful in meeting internationally accepted electoral standards, while the ISF effectively set the security conditions necessary for a credible and legitimate electoral process,

solidifying Iraq's stature as a sovereign, democratic nation.

The election campaign themes indicate that the people of Iraq are increasingly prioritizing issues such as security, employment, and essential services over sectarian interests in choosing their political leaders. It remains to be seen, however, if Iraqi political leaders will follow through on campaign promises to focus on national issues. Post-election maneuvering, evidenced by the Electoral Judicial Panel's April 19, 2010 order to recount all votes in Baghdad and the push to disqualify several winning candidates by the Accountability and Justice Commission (AJC), caused worries that the election might not be viewed as credible in the eyes of the international community and the Iraqi people. However, domestic and international observers affirmed that the recount showed no signs of systemic electoral fraud. IHEC's investigation of the 348 election-related complaints categorized as significant was handled professionally with international assistance and oversight. Ultimately, post-election maneuvering did not prevent credible certification of the results. The U.S. Embassy Baghdad and USF-I continue to encourage timely government formation, inclusive of all major blocs, and to stress the importance of legitimacy and transparency in the formation process.

As the Council of Representatives (CoR) was not in session this period, there was no progress on key legislative items, such as the hydrocarbon framework laws, the bilateral economic assistance agreement, or the World Trade Organization (WTO) economic package. Nonetheless, while the GoI continues to operate in a caretaker status, it has shown its ability to function, especially within the security sector. The diminished role of the national government during this transition period may also be a factor in the relatively muted tension between provincial governments and the federal government that had previously been a concern.

Broad electoral participation across all Iraqi ethnic and religious groups is a promising indicator of progress towards national unity. There was no election boycott and Iraqis were encouraged to vote by religious, ethnic, and political leaders. Another indicator of increasing national unity this period was the progress made on Arab-Kurd issues, including the integration of additional Kurdish Security Forces (KSF) into the ISF. Prime Minister Maliki's April 16, 2010 acknowledgement of four unified Peshmerga Regional Guards Brigades (RGBs) as part of the ISF eliminated legal constraints in training and equipping the RGBs, and cleared the way for integrated Peshmerga-ISF training and operations in the future. USF-I also hosted a successful meeting of the High Level Committee on Security on May 19, 2010 to discuss pressing Arab-Kurd security issues. Meeting discussions included the necessity of eliminating unilateral Kurdish checkpoints, the way forward for hiring the 8,000 Iraqi Police (IP) and 6,000 Iraqi Army (IA) personnel required to improve security in Ninewa, and consultation mechanisms for provincial governors to provide input on security policies affecting their province.

Another positive sign of Arab-Kurd progress was the United Nations Assistance Mission in Iraq (UNAMI)-facilitated meeting on April 3, 2010 between key Sunni Arab and Kurdistan Regional Government (KRG) leaders. The meeting resulted in the formation of three joint (Ninewa-KRG, UNAMI-facilitated) committees to address: 1) political, economic, and administrative issues of mutual concern; 2) detainee issues; and 3) protection of minorities in Ninewa. A second UNAMI-facilitated meeting on May 15, 2010 set up a committee to resolve the Ninewa Fraternal League's (NFL) boycott of the Provincial Council. Although a positive step, Sunni Arab leaders have made assumption of key council seats by Kurds contingent on Peshmerga withdrawal from the disputed regions, which will likely need to be resolved at the national level.

Sons of Iraq (SoI) transitions to the ISF and civil ministries continued to be delayed this period in order to maintain the SoI as an added measure of security through the government formation period, while USF-I continued work to address SoI pay challenges. Despite indicators of progress, core challenges to national unity remain, including the contentious matters of hydrocarbon development, management, and wealth distribution, and the resolution of disputed internal boundaries (DIBs) between Arabs and Kurds. Additionally, Sunni-Shi'a tensions over perceived Sunni marginalization, the SoI program, and the ongoing de-Ba'athification controversy remain issues. These tensions, however, have not rekindled the cycle of retributive violence that characterized ethno-sectarian fighting in past years, reflecting a promising commitment to political accommodation and reliance on legal remedies.

Iraq's bilateral engagements this period continued regionally and internationally to enhance its diplomatic relations with other states. The Ministry of Foreign Affairs is currently assigning its 58 newly trained ambassadors to posts, though the process has moved slowly. Iraq's announcement of an Iraqi ambassador to Kuwait, filling a 20-year vacancy, was well received by the Kuwaiti government and is a positive sign for future bilateral relations. The appointment of an Iraqi ambassador to Saudi Arabia last period, and ongoing discussions regarding future cooperation between top Iraqi and Saudi leaders this period, are signs of improving Iraqi relations with Saudi Arabia. Saudi Arabia has not yet reciprocated by naming an ambassador to Iraq, but may do so after the new Iraqi government is seated.

Although expanding bilateral engagement, Iraqi officials continue to express wariness of undue outside influence in Iraq, particularly from Iran. Iran's multi-pronged strategy in Iraq consists of political outreach, soft-power initiatives, and lethal support for surrogate groups. Iran views its ability to influence the seating of the new

Iraqi government as critical in its efforts to balance U.S. influence in Iraq. Concerned by Iraqiyya's strong showing in the election, Iran wasted no time in hosting a meeting of leaders from both Shi'a-led coalitions and the Kurds in the days following the announcement of provisional election results. Despite the failure of its initial attempt to bring these groups together, Iran will continue to focus its levers of influence including economic, financial, religious, and potentially lethal aid to shape the government formation process to serve its own interests.

To improve the rule of law in Iraq, the USF-I Office of the Staff Judge Advocate and Embassy Rule of Law Coordinator's Office continued work this period with Provincial Reconstruction Teams (PRTs), the GoI, and provincial governments to reduce corruption, improve judicial security, and reduce judicial intimidation. Work also continued to improve detention facilities, criminal investigation procedures, and police-judicial cooperation. Progress has not come easily and these issues remain as major challenges to Iraq's continued development.

To address government corruption, the GoI has approved and is implementing a National Anti-Corruption Strategy (NACS), a five-year plan to combat all forms of government corruption in Iraq. The GoI will continue to work in conjunction with the UN and various non-government organizations (NGOs) to provide greater oversight, public outreach, and training at the provincial level in support of NACS implementation. Nonetheless, challenges remain to long-term progress, as corruption investigations still too often do not result in successful corruption prosecutions, and there are perceptions that the rule of law is being implemented inconsistently.

The Iraqi government also continued efforts to improve judicial security and fight judicial intimidation this period. Judicial security has improved due to judges' personal security detail (PSD) training and the personal

protection (weapons and vests) initiative, but the number of PSDs in some provinces is still inadequate to protect all judges. There are now 304 judges with weapons and identification cards, and approximately 300 more judges with pending applications. Additionally, U.S. Embassy Baghdad, USF-I, and Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) personnel coordinated with the GoI to deliver approximately 1,850 ballistic vests to judges throughout Iraq. Finally, U.S. advisors continued to focus on initiatives to reduce the motivations for judicial intimidation, exemplified by moving high-profile terrorism cases to alternate locations when judicial intimidation seemed likely. These measures represent demonstrable progress in the Ministry of Interior's (MoI) long-awaited commitment to judicial security.

On March 15, 2010, USF-I completed the transfer of the Camp Taji Theater Internment Facility to the GoI, along with responsibility for the care and custody of 2,659 detainees. The Department of Justice's International Criminal Investigative Training Assistance Program (ICITAP) continues to support the GoI in ensuring that detainees are treated humanely and operations remain effective at Taji. Finally, U.S. advisors continued to emphasize training and professional development programs to improve police capabilities to collect and process evidence, to provide proper testimony, and to improve police-judicial cooperation.

Economically, Iraq made progress in some areas this period, while falling short in others. The 2010 budget of \$72.4 billion was officially published in the Gazette of the Republic of Iraq on March 2, 2010, earlier than in the previous two years. The GoI has shown progress in implementing a budget process based on inter-ministerial collaboration and multi-year economic forecasting and planning. The 2010 budget law authorizes approximately \$20.3 billion for capital investment, an approximately 50% increase from 2009. While the GoI publicly projects a fiscal deficit of

approximately \$19.6 billion, senior Ministry of Finance (MoF) officials estimate the budget deficit is closer to \$25 billion, due to late additions by the CoR for revenue sharing with the governorates and other allocations.

Iraqi government operation, domestic development, and near-term job creation still depend on oil revenues. Oil production and exports held constant throughout 2009, and have remained so in 2010 to date. Iraq's 2010 oil production to date averages 2.4 million barrels per day (mbpd). Oil exports averaged 1.90 mbpd through the end of April 2010. The Ministry of Oil (MoO) has taken steps to improve oil infrastructure. However, the level of effort needed is massive, and industry experts believe that long-term production increases are not possible without significant investment from international oil companies over time. Iraqi leaders need to capitalize on 2009 oil field development bid rounds to secure vital foreign capital investment in this sector in order to fund long-term government initiatives with increased oil revenues.

Although new jobs are being created in Iraq, there are approximately 240,000 young Iraqis entering the workforce each year while foreign direct investment is not yet occurring in sectors that create a large number of new jobs. The creation of sufficient new jobs to satisfy new entrants and existing unemployed requires broad private sector investment in industries like agriculture and manufacturing. Unfortunately, recent GoI activities, including levying new taxes on investment and attempts to renegotiate contractual terms, could dampen enthusiasm for existing or future business development. The U.S. Embassy Baghdad and USF-I continue to engage the GoI on the importance of honoring contractual agreements and maintaining transparent and predictable practices. The new Iraqi government will need to continue to work on trade and investment reforms to maintain foreign interest in development and investment.

Work this period resulted in slight improvements in the delivery of essential services and the provision of electricity, water, and sanitation services increased; however, there continue to be large numbers of Iraqis without reliable access to these services. Average daily electrical generation for May 2010 was approximately 149,000 megawatt-hours (MWH), a 4% increase over the same period last year. Although outpacing 2009, electricity supply from March to May 2010 was still not enough to satisfy demand. The Iraqi Ministry of Electricity (MoE) has added 190 megawatts (MW) of new generation capacity to the national grid since the beginning of 2010 and plans to add nearly 10,000 MW of additional generation capacity in large projects and 10,000 MW in smaller projects over the next five years. Future initiatives will need to focus on improvements to the electrical transmission and distribution grid. Construction of major new water supply and treatment plants continues, but does not address the immediate need for better access for many Iraqis.

The ISF continued to lead security efforts this period, and achieved overall success in securing the March 7, 2010 elections and Baghdad ballot recount. Consequently, the security environment has remained stable, with historically low levels of incidents during the reporting period. While there was a spike in election day incidents, most consisted of either largely ineffective noise-making "bottle" improvised explosive devices (IEDs), or found and cleared IEDs, with incidents failing to significantly affect voter turnout. Due primarily to the election day increase, average monthly security incidents throughout Iraq for March to May 2010 increased 15% compared to the last reporting period, but showed a 33% drop compared to the same period in 2009. Nonetheless, significant challenges remain. In the short term, uncertainty surrounding government formation could potentially affect the security environment. Longer-term, the GoI needs to improve its control of border areas to reduce the import of lethal materials

and to continue to develop the capability of the MoI and Ministry of Defense (MoD) to coordinate security matters. Additionally, security in Iraq still depends upon U.S. enablers such as intelligence, surveillance, and reconnaissance (ISR) support. Finally, while violent extremist groups continue to threaten Iraq's security, additional underlying sources of instability may pose greater threats to Iraq's long-term peace and stability.

Iraqi-led, U.S.-supported operations have continued to sustain pressure on the al-Qaeda in Iraq (AQI) network over this period. Between March and May 2010, AQI suffered some of its most significant leadership losses since the 2006 death of Abu Musab al-Zarqawi. During this period, Iraqi and U.S. forces killed or captured 34 of the top 42 AQI leaders, including the group's top two leaders – Abu Ayyub al-Masri and Abu Umar al-Baghdadi – in security operations conducted on April 18, 2010. Moreover, on May 3, 2010, U.S. and Iraqi forces captured Abu Abdallah al Shafi'i, the leader of Ansar al Islam and the longest serving and most senior Sunni extremist leader detained in Iraq. Al Shafi'i's leadership status, knowledge of current operational planning and international networks, and historic connections to al-Qaeda senior leaders make him one of the most important detainees held in U.S. custody in Iraq.

However, AQI and extremist groups still retain some capability to conduct operations, as demonstrated by AQI's high-profile attacks (HPAs) targeting embassies in Baghdad on April 4, 2010, the bombings of residential buildings in primarily Shi'a neighborhoods on April 6, 2010 and Shi'a mosques on April 23, 2010, and coordinated attacks across Iraq on May 10, 2010. Although reduced in number, both Sunni insurgents and Shi'a militias also continue to engage in sporadic attacks in an attempt to undermine the ISF and reduce public confidence in GoI institutions. USF-I and its Iraqi partners will continue partnered CT operations against extremist operational and facilitation networks in order to degrade the

efforts of these groups to regenerate and sustain themselves.

Currently, the ISF are functioning well as a counterinsurgency (COIN) force. They are striving to reach a Minimum Essential Capability (MEC) by the time U.S. Forces redeploy at the end of December 2011. MEC means that Iraqi security ministries, institutions, and forces can provide internal security and possess minimum foundational capabilities to defend against external threats. USF-I continued to work this quarter to help the ISF progress towards MEC. Although facing significant challenges, the ISF continued to improve their capabilities through increased training and equipping. As of May 31, 2010, there were approximately 666,500 security force personnel in the MoD, MoI, and the Iraqi National Counter-Terrorism Force (INCTF), not counting ministerial personnel.

With the exception of logistics and sustainment, the MoD is currently on track to achieve its MEC objectives to provide oversight of the Iraqi armed forces prior to the U.S. Forces redeployment in December 2011. In addition to logistics and sustainment, current MoD challenges are in the areas of planning and budgeting, procurement, and information technology. As the ground force nears completion, lack of a sustainment-funding plan and the presence of a highly centralized decision-making process inhibit MoD force improvements.

The December 2011 goal for Iraqi armed forces is for the IA, Iraqi CT Forces, Iraqi Air Forces (IqAF), and Iraqi Navy (IqN) to achieve MEC conditions. There are currently 196 IA combat battalions conducting operations. Although the IA continues to make steady progress toward MEC, it will not achieve a foundation for defense against external threats before December 2011 because of equipment procurement timelines and subsequent training requirements to complete development of four modern divisions (one mechanized and three infantry). Specifically, equipping, training, and

combined arms integration of the M1A1 fleet, artillery units, and key mechanized enablers will not be complete. The IqAF continues to expand its operational capability, but will not achieve MEC for airspace control (the ability to surveil their airspace, warn of an incursion, and respond kinetically) and fixed-wing airlift by December 2011. The IqN continues to strengthen its ability to patrol Iraqi territorial waters. With the acquisition of new vessels, a comprehensive infrastructure-building program for the Umm Qasr Naval Base, and an increase in training capacity brought about by an increase in the number of personnel supporting the training mission, the IqN is on track to achieve its short and medium-term transition milestones. Based on its current trajectory, the IqN will achieve MEC prior to December 31, 2011.

In order to achieve MEC, the goal of the MoI is to develop a self-reliant ministry by the end of 2011 – a ministry with sustainable and enduring systems, staffed with professional and capable leadership that enables the manning, training, and equipping of interior forces. The MoI is steadily developing the ministerial capacity to provide oversight, training, professional development, facilities, and resourcing for Iraqi internal security forces. The ministry is currently experiencing challenges in the areas of command and control (C2), interoperability, resource and acquisition management, and operational sustainment.

The December 2011 goal for Iraqi interior forces is an IP force that is professionally trained, sufficiently manned, and adequately equipped to be capable of defeating insurgencies, of creating a safe and secure Iraq, and of enforcing the rule of law. IP forces must be interoperable with each other and the IA. The Directorate of Border Enforcement (DBE) must be able to control borders with IA support. Provincial Joint Coordination Centers (PJCCs) must be capable of providing C2 of provincial security operations. USF-I currently assesses the Federal Police (FP) and Oil Police (OP) to be operationally capable. The IP, DBE,

and Port of Entry Directorate (PoED) have basic capability and improving technical skills. However, all interior security forces will continue to have gaps in funding, C2, ISR, and logistical infrastructure.

The GoI's progression toward and long-term sustainment of MEC continues to be reliant on U.S. support, whether in the form of continued ISF Funding (ISFF) and equipment transfers in the near-term, or in the form of Foreign Military Financing, Foreign Military Sales (FMS), International Military Education and Training (IMET), and other forms of enduring security assistance. Failure to meet and sustain MEC due to insufficient support carries risks for Iraqi interior forces, military forces, and for the ministries and institutions that support them. Providing insufficient support to respond to emergent requirements and opportunities risks the loss of hard-won progress.

For Iraqi police forces, continued support is required to complete the build out of the FP, a key part of the MoI's Police Primacy strategy. In addition, planning assumptions that have guided the scope of the Bureau of International Narcotics and Law Enforcement's (INL) assumption of the enduring police training and advising mission in 2011 included Iraqi police achieving MEC. Achievement of MEC might not be possible without continued support, resulting in enduring gaps in police capability not covered by the INL mission.

For the Iraqi armed forces, insufficient support risks possible failure to complete the modernization of four IA divisions required for MEC. It also risks failure to institutionalize an enduring military equipment sustainment capability, development of adequate ISR and signal capabilities, and development of a corps-echelon headquarters needed for conventional defensive C2. Recent developments opening the way for KSF-ISF integration provide an emergent opportunity to train and equip Kurdish forces. Failure to provide resourcing to support KSF training and equipping efforts

undermines security force integration and previous progress toward national unity. USF-I has also identified development of a robust and enduring security force sustaining capability as an emergent requirement. An assessment prepared by the ISF Strategic Logistics team and independently verified by the Department of Defense Inspector General found that, without additional resourcing to develop an Iraqi National Logistics System, there is a risk that gains in ISF development over the last seven years will be lost to insufficient maintenance and sustainment.

In summary, political, rule of law, economic and energy, and security trends in Iraq continued to improve this period, but progress was limited as the Iraqis remain focused on forming the government following a successful election. The ISF have executed their security responsibilities extremely well, maintaining historically low levels of security incidents. All operations are conducted by, with, and through the ISF, while U.S. Forces continue to advise, train, assist, and equip the ISF to improve their capabilities and capacity. Meanwhile, USF-I is on track to complete the transition to stability operations by September

1, 2010. The ongoing implementation of the SFA this reporting period sets the stage for long-term cooperative efforts as Iraq develops into a sovereign, stable, self-reliant partner in the region and as the United States transitions roles and responsibilities from U.S. Forces to the GoI, the U.S. Embassy Baghdad, and other non-USF-I entities. The tentative resumption of foreign investment is an indicator that the continued reductions in overall violence have provided Iraqis an environment where political and economic development can occur.

In spite of progress this period, challenges remain. Violent extremist networks, while significantly degraded, are still able to execute attacks. Tensions will remain high until the government is seated. Iraq remains fragile, primarily because many underlying sources of political instability have yet to be resolved. Once the new government is formed, it will need to continue to build legitimacy through the provision of basic services and improved security for the Iraqi people, the formulation of a solid plan for long-term economic growth and employment, and the creation of enduring solutions to lingering political, ethnic, and sectarian disputes.

Section 1—Stability and Security

1.1 Political Stability

Political progress in Iraq during this reporting period was highlighted by the March 7, 2010 nationwide parliamentary elections and the adjudication and certification of the results. The results showed a larger than expected turnout of 62% and near parity between the secular, Sunni-led Iraqiyya list, and the Prime Minister's (PM's) nationalist, Shi'a-dominated State of Law (SoL) Alliance. Although these results reflect a maturing political identity among the Iraqi people, the lack of a dominant entity means a slow path toward government formation that will likely continue into the fall. The Council of Representatives (CoR) was not in session during this period due to the nearly three-month election certification process that was completed on June 1, 2010. Thus, there was no progress on key legislative items like the hydrocarbon framework laws, the bilateral economic assistance agreement, and the World Trade Organization (WTO) economic package.

The Government of Iraq (GoI) and the Council of Ministers (CoM) continue to operate the "everyday business" of running the government as directed in the Iraqi Constitution. Despite the lack of a legislative body during this period, the government has shown its ability to function, especially within the security sector. However, the diminished role of the national government during this transition period may be a factor in the relatively muted tension between provincial governments and the federal government that had previously been a concern. As the institutional capacity of both the federal and provincial governments increases, United States Forces-Iraq (USF-I) personnel will continue to monitor this tension closely.

National Unity

Efforts promoting national unity continue, with an increased commitment to the political process by all political actors. Challenges remain, however, with significant numbers of

Sons of Iraq (SoI) yet to be integrated into the GoI, slow progress on Disputed Internal Boundary (DIB) issues, stalled progress on important legislation, and a separate pursuit of hydrocarbon development contracts by the Kurdistan Regional Government (KRG) and the GoI.

SoI transitions were placed on hold to facilitate election security, and have yet to resume due to continuing security concerns regarding government formation. Timely SoI pay remains a persistent issue. However, the GoI agreed to streamline the pay process at the end of May 2010, which may help resolve pay issues for both the SoI at checkpoints and those previously transitioned. The GoI also continues to coordinate with provinces and ministries on SoI transition. The GoI's stated goal remains to integrate 20% of the SoI into the Iraqi Security Forces (ISF) and transition the remaining 80% into civil service or private-sector employment. The GoI remains committed to the program, but negative perceptions persist among the SoI.

The results of the national election and anecdotal evidence indicate that the people of Iraq are increasingly prioritizing issues such as security, employment, and essential services over sectarian interests in what they expect from their political leaders. The relatively high voter turnout in the national election and the strong showing of both the Iraqiyya list and SoL party are evidence of the Iraqi people's growing focus on issue-based politics. It remains to be seen if Iraqi political leaders will follow through on campaign promises to focus on national issues. Post-election maneuvering, evidenced by a push to disqualify several winning candidates by the Accountability and Justice Commission (AJC) and a recount of ballots in Baghdad, was not a promising sign, though in the end no changes to seat allocation or disqualification of winning candidates occurred.

Despite indications that the Iraqi populace overall is less focused on sectarian issues, Sunni-Shi'a tensions persist over perceived Sunni marginalization, exemplified by issues with the SoI transition program, the government's reluctance to reintegrate former detainees and regime elements, the on-going de-Ba'athification controversy, and lack of progress on the return and reintegration of refugees and internally displaced persons (IDPs). Currently, however, political tensions have not rekindled the retributive violence that characterized ethno-sectarian fighting in past years. Additionally, throughout this election season, national political leaders have continued to state their commitment to resolving disputes through the political and legal systems.

Political Commitments

Given the four months that have elapsed since the last CoR adjourned, there has been no tangible progress on key legislative items. The challenge of passing hydrocarbons laws, constitutional amendments, and other investment and national security laws will fall upon the new CoR.

Accountability and Justice Law

Despite the fact that the Accountability and Justice Law was passed over two years ago in January 2008, the GoI has yet to complete the implementation of the law's mandates. Meanwhile, the AJC remains in place and has shown its ability to influence the political landscape. The recommendation to de-certify hundreds of candidates for participation in the elections due to Ba'athist ties, and the push to disqualify several winning candidates post-election, provide examples of the commission's on-going activities. Absent legal attention to this issue, Sunni groups continue to accuse the Shi'a dominated government of using the commission to marginalize Sunni participation in the political process. The full implementation of the Accountability and Justice Law will be another task that falls on the new government.

Provincial Powers Law

The "Law of Governorates not Organized into a Region," commonly known as the Provincial Powers Law (PPL), was approved by the CoR in February 2008, and took effect with the seating of the new provincial councils following the January 2009 provincial elections. The PPL transfers additional authority from the central government to the provincial councils and governors, including the power to approve provincial budgets, nominate and dismiss senior provincial officials, direct non-federal security forces, and remove corrupt officials. Implementation so far has been uneven, arbitrary, and highly subject to the interpretation of the law by provincial governments and the PM. Provincial governments with close ties to the PM are able to exercise those powers delegated in the law, while provincial governments in disagreement with the central government have more difficulty in exercising their designated functions.

2010 Iraqi Electoral Events

The 2010 National Parliamentary Election was a pivotal event for the GoI and the Iraqi people, and served as a litmus test for the United States' and coalition forces' capacity-building efforts in Iraq over the past seven years. Both the Independent High Electoral Commission (IHEC) and ISF demonstrated their growing professionalism through their neutral and proactive interagency planning efforts during the electoral process. The characteristics of Iraqi culture, bureaucracy, and decision-making led to, at times, an uncertain, ambiguous, and complex planning environment, complicated further by a series of politically contentious issues preceding the March 7, 2010 election. However, both IHEC and the ISF were successful in achieving internationally accepted electoral standards and setting the security conditions necessary for a credible and legitimate electoral process. In sharp contrast to the 2005 elections, which were largely organized and supported by the Multi-National Forces- Iraq coalition, the 2010 election was predominately Iraqi led, planned, funded, and

executed with support from a network of politically neutral International Government, Non-Government (NGO), and Civil Service Organizations. The election's outcome reflected a positive indicator of capacity building for Iraq and its ability to sustain an emerging democratic process.

IHEC took the lead for voter outreach and approved all printed materials and media advertising conducted by supporting NGOs. Public outreach was conducted in a variety of forms to include printed material, television and radio programs, public service announcements, and voter outreach seminars. IHEC, along with Iraqi and international NGOs, published thousands of advertisements in various media venues to educate Iraqis and encourage them to vote. In addition to educating eligible voters and encouraging voter participation, public outreach programs promoted capacity building through the training of political entities, candidates, and media, enabling them to engage potential voters effectively.

IHEC accredited 6,529 candidates, 296 political parties, and 12 coalitions. Material logistics to support the election included 25 million ballots and other election related materials. In January 2010, IHEC, acting on a report submitted by the AJC, de-certified hundreds of candidates from participation in the elections due to alleged Ba'athist ties. This action caused concerns regarding political partisanship. IHEC officials announced in early February 2010 that banned candidates would be allowed to participate in the election with a judicial committee ruling on individual appeals post-election. Reversing course in mid-February, IHEC officials announced that a judicial panel was upholding the prior decision to ban candidates in almost half of the original cases. Upon completion of vetting, IHEC published a final list with 6,172 names of candidates eligible to run in the election.

The ISF provided the main effort in meeting the conditions for election security. Election

security required extensive planning to assure the population that they could cast ballots free of violent threats. The role of the ISF was keenly watched, both domestically and internationally, as USF-I assumed a greatly reduced role compared to previous Iraqi elections. The ISF used their recent experience from the 2009 Provincial Election, their improved capacity, and their growing professionalism to provide a secure environment for the election. Media messaging concerning the ISF's neutral role in the election process contributed to the overall performance of units and to the credibility of the election process. USF-I provided assistance within the limits of the Security Agreement (SA) by advising, assisting, planning, and rehearsing, which set conditions for the ISF's success. The reduced presence of USF-I forces on the actual election day, particularly for security of polling centers, served to enhance Iraqis' confidence in the ISF.

IHEC undertook a broad and intensive effort to recruit domestic and international observers of the electoral process. In total, IHEC accredited 88,766 domestic observers, 657 international observers, 261,207 agents of political parties and related entities, 896 Iraqi media observers, and 267 international media observers. The overall voter turnout of 62% reflected an enthusiastic, well-informed Iraqi populace who looked to the democratic political process as a means to select their government leaders, reject violence, and improve their condition. The successful execution of this credible and legitimate election by the GoI has helped to solidify Iraq's future as a sovereign, democratic nation. The ISF have shown their ability to secure Iraq and its people. There were no breaches of polling center security perimeters on election day, and the attacks that did occur were largely ineffective in deterring voters. Research indicates that 80% of the population viewed the elections as fair and credible, and 85% of the public reported no voter intimidation.

After the polls closed on election day, IHEC accepted electoral complaints from individual voters, political entities, and various other groups during the 72-hour formal complaint period. Domestic and international observer teams affirmed the absence of widespread electoral fraud. Nevertheless, confusion regarding proof of eligibility for out-of-country voters and minor infractions at Iraqi polling stations were reported. Allegations of election irregularities were an expected occurrence. Accordingly, IHEC had a system in place to deal with the allegations. There were approximately 1,900 complaints, which were transferred to the IHEC national office. Of the complaints received, approximately 348 were categorized as significant. IHEC, while keeping the complaints strictly confidential, investigated all of the complaints. Investigative actions included sending five United Nations Assistance Mission in Iraq (UNAMI) and IHEC partnered teams to investigate allegations at specific sites. At least 16 polling stations were excluded from the final count as a result of the complaints process.

On April 19, 2010, the Electoral Judicial Panel (EJP) ordered a recount of all votes in Baghdad. The decision, which called for the recount of all 11,323 polling stations in Baghdad, upheld an appeal by the SoL party, noting irregularities cited by SoL regarding the signature box on tally sheets from a few Baghdad polling stations. According to Iraqi law, such irregularities render legal documents null and void. Under heavy political pressure, the EJP took a maximalist position in calling for a province-wide recount rather than pinpointing a handful of stations. IHEC, the International Foundation for Electoral Systems, and UN officials believed that the recount would not likely change the outcome of the election nor unearth widespread, systemic fraud. Their beliefs were validated when no widespread fraud was discovered and the seat allocation did not change.

The Iraqi Federal Supreme Court (FSC) certified the election results on June 1, 2010,

clearing the way to begin the process of seating the new government.

District and Sub-district Elections

The 2008 Provincial Elections Law called for district and sub-district elections to take place six months following the provincial council elections. However, the district and sub-district elections did not materialize due to various political challenges. The challenges include the lack of clear district and sub-district boundaries, and the lack of a current census. Considering this, district and sub-district elections do not seem likely until late 2010, if they occur at all. The exact date these elections might occur is subject to the continued evolution and resolution of complex and contentious political issues to include conducting a national census.

The Independent High Electoral Commission

IHEC is an independent and neutral electoral authority appointed by the Iraqi CoR in April 2007 to declare, organize, implement, and oversee all electoral activities. It is comprised of a non-partisan, constitutionally empowered board of nine commissioners with eight voting members. The current board makeup includes four Shi'a members, two Sunni members, two Kurdish members, and one Turkoman member. Two of the members are women.

The IHEC Board of Commissioners (BoC) confidently assumed its role as the central authority on election matters, leveraging experience gained over seven past electoral events. IHEC effectively used media messaging to counter political influences and protect the legitimacy of the electoral process. IHEC worked to ensure transparency by televising the ballot lottery, allowing domestic observers at polling sites, posting polling station count results, and allowing media and political entities to observe the counting procedures at the Data Entry Center. During the elections, minor instances of fraud occurred and were reported; fraud was not evident on a widespread, systemic level. The UN

considered incidents of fraud well within the norms of an election process.

Constitutional Review

The constitutional review process remains stalled and will be another task that awaits the new government. The Constitutional Review Committee submitted its final report to the CoR in July 2009, which included 68 pages of proposed amendments to the 2005 Constitution, but largely avoided contentious issues. If approved by the new CoR, once seated, the amendment package will go to national referendum. All proposed amendments must be approved as a whole for acceptance or rejection. It is unclear if the new CoR will still try to advance this package of amendments or resort to the normal amendment process that enables individual issues to be addressed. A likely issue is an amendment on increased Presidential power as the Presidency Council ceases to exist under the new government. Another responsibility of the new CoR will be to develop the implementing law for the Constitutionally-mandated Federation Council. This second legislative body will include representation from Iraq's provinces and regions.

Northern Affairs

The United States has continued to voice support for a united, federal Iraq that includes a secure, prosperous, and semi-autonomous Iraqi Kurdistan Region. To this end, there exist two complementary long-term objectives designed to stabilize the DIBs areas, and to knit the Iraqi Kurdistan Region to the rest of Iraq. The first objective involves resolving issues in the DIBs areas, including delineation of borders. The second objective involves integration of Kurdistan forces into the ISF. In addition, Combined Security Mechanisms are in place as a temporary measure to enable DIBs resolution through the political process. The Combined Security Architecture consists of a senior working group, combined coordination centers, combined security areas (CSAs), and combined checkpoints. Peshmerga and Iraqi Security

Forces work in concert, with USF-I participating as a facilitator.

Prior to final determination of the DIBs issue, Iraqis must successfully navigate several sub-objectives, including Ninewa reconciliation, detainee transparency, protection of minorities, adjudication of property disputes, a hydrocarbon framework (including revenue sharing), and completion of those tasks detailed in Article 140 of the Iraqi Constitution. Article 140 carries forward Article 58 of the Transitional Administrative Law that contains the detailed tasks and addresses a national census. Although national-level resolution is required for a permanent settlement of boundary delineation, locally developed and executed measures are required to develop sustainable, win-win initiatives. Bottom-up approaches can reduce the risk of clashes in the near term, while fostering the conditions for national-level breakthroughs in the future.

Actual integration of Kurdish Security Forces (KSF) into the ISF occurred when PM Maliki recognized four Peshmerga Regional Guards Brigades (RGBs) as part of the ISF in April 2010, opening the way for these units to receive training and equipping assistance from USF-I. The unification of these RGBs may serve as a model for KSF-ISF integration in the years ahead, but lack of clarity on, or rather the loss of, command and control (C2) relationships associated with integration has made KRG put the brakes on further integration of Peshmerga for the time being.

Census

The lack of a recent census that incorporates all Iraqis is a major limiting factor to settling several key issues in Iraq, including the status of Kirkuk and other DIBs, as well as district and sub-district elections. In December 2009, the Administration publicly reiterated U.S. support to provide technical assistance for a 2010 census, and on January 19, 2010, the Iraq Census Chief announced that the GoI was prepared to hold a National Census in October 2010. However, the prolonged seating of the

government will likely delay the census until 2011.

The Four Hydrocarbon Laws

It is likely that no action will take place on these four laws until they are introduced to the new CoR after government transition is complete later this year. Fundamental differences remain over federal and regional authorities in contracting and management of the oil and gas sector. In the absence of new hydrocarbons legislation, both the KRG and the GoI have separately pursued development contracts with international oil companies. For the way ahead, it is important that the new CoR prioritize two of these four laws: the hydrocarbons framework law and a revenue sharing law. The hydrocarbons framework law is essential to regulate control over Iraq's multitude of oil and gas fields. Furthermore, the revenue sharing law is also important to codify the arrangements that will determine the allocation of the GoI's expected increases in revenues for the years to come. Although significant increases to oil revenue will not occur for several more years, it is critical to have the framework in place as soon as possible to mitigate political risk and lessen tensions between Erbil and Baghdad.

Government Reform

Ministerial Capacity Development

The GoI continues to develop its capacity to govern at the national, provincial, and local levels. The U.S. Embassy Baghdad supports Iraqi ministerial development through technical assistance to several ministries and executive offices with senior advisors and attachés. Through its *Tatweer* National Capacity Development Program, the U.S. Agency for International Development (USAID) assists with public administration and management capacity building, including a wide range of systems reform within and across ministries. The project is currently working with ten key ministries to reform their internal systems related to project management, contract and procurement management, strategic planning, leadership, and communications. The project

works to institute best practices across a wide spectrum of civil servants. The program is playing a crucial role supporting the establishment of the commission responsible for enacting the Civil Service Commission Law and the planned Civil Service Law, as well as supporting ministries, provinces, and various GoI institutions' efforts to establish modern human resources (HR) departments. Together with the Community Action Program and the Local Governance Program, the *Tatweer* program is expanding its governance support outreach at the national, provincial, and municipal levels. Although ministries and local governments remain weak, adoption of international best practices has achieved significant improvements. The GoI has taken ownership of many of the program components necessary for the achievement of well-functioning public institutions. To date, the *Tatweer* project has completed 4,670 courses and provided 94,200 civil servants the opportunity for training and skills enrichment in a variety of public management areas at the central and provincial levels.

Provincial Reconstruction Teams

Provincial Reconstruction Teams (PRTs) assist provincial and local governments in becoming self-sufficient, responsive, transparent, accountable, and capable of representing the needs of Iraqi citizens. PRTs promote the development of an engaged local population, assist in the mitigation of ethnic and sectarian tensions, enhance the quality of justice and engender respect for the rule of law, and promote economic development at the sub-national level. Currently, there is one PRT located in each provincial capital, except in northern Iraq, where the Regional Reconstruction Team (RRT) in Erbil works with the three provinces of the KRG. In addition to 15 U.S.-led PRTs, there is one Italian-led PRT in Dhi Qar. There are also currently four embedded-PRTs, which work alongside brigade combat teams, focusing on local capacity building. All embedded PRTs will close by August 2010. Drawdown planning for all PRTs is underway. All PRTs will close in

the June to August 2011 timeframe and the program will transition to a provincial presence of Consulates and Embassy Branch Offices by September 2011. A drawdown plan with closure sequence and notional dates is currently under development with significant interagency input. Five PRTs host UN staff members as part of an agreement between the U.S. Embassy Baghdad and UNAMI.

Anti-Corruption Efforts

Corruption remains a major challenge to Iraq's continued development. Notwithstanding, the GoI continues to make steady progress in its long-term corruption reduction effort. In January 2010, the CoM approved the GoI's National Anti-Corruption Strategy (NACS) to improve compliance with the UN Convention against Corruption (UNCAC), which the GoI ratified in 2008. The NACS, formally announced by PM Maliki in March 2010, is a five-year plan designed to combat all forms of government corruption in Iraq. The United States provided assistance for GoI compliance with UNCAC through UN Development Program (UNDP) initiatives. In addition to the UNDP, GoI works in conjunction with various NGOs to provide greater oversight, public outreach, and training at the provincial level in support of NACS implementation. Iraq's three major anti-corruption institutions, the Commission of Integrity (COI), the Inspectors General (IGs), and the Board of Supreme Audit also continue to play substantive roles in the NACS implementation effort, as will the Joint Anti-Corruption Council (JACC), a coordinating mechanism chaired by the Secretary General of the Iraqi CoM.

Iraq has also made strides toward prosecuting those suspected of corruption. From January 2010 to March 2010, the COI reported 1,038 arrest warrants issued against government employees suspected of corruption. The COI reported that the courts ultimately convicted 69 defendants on 63 counts of corrupt practices. The CoR has also played a key oversight role through its COI and public queries by individual members. It is hoped that the CoR

will continue its efforts when the new government is seated.

Rule of Law and Criminal Justice System Reforms

Rule of Law efforts in Iraq are ongoing and progress is being made, but there is still much work to do to ensure that credible and transparent judicial and criminal justice institutions are in place to complement an increasingly capable police force and to bolster the rule of law in Iraq. Efforts to improve the judicial and criminal justice systems continue to focus on judicial security, cooperation between police and judges, processing of criminal cases, and detention facility oversight and capacity.

Judicial intimidation has been an ongoing issue throughout Iraq, particularly in the northern provinces of Ninewa and Diyala. During the reporting period, continued progress occurred in the area of judicial security to combat intimidation. At the February 2010 National Rule of Law Conference at the U.S. Embassy Baghdad, Chief Justice Medhat Mahmoud spoke about the need to defend an autonomous judiciary, free to make neutral and unbiased decisions. Judicial security is integral to ensuring that judges can make decisions without fear of consequences. The U.S. Embassy Office of the Rule of Law Coordinator and USF-I Office of the Staff Judge Advocate continue to coordinate efforts with the GoI to enhance judicial security around the country.

Cooperation between the Iraqi judiciary and the Iraqi Police (IP) has continued to make considerable improvement this period. PRT and USF-I advisors continued to focus on improving the IP's capability to collect and process evidence and deliver proper testimony to support the judicial process and to strengthen the relationship between the judiciary and the police. Provincial Chief Judges continue to support professional police-judiciary collaboration by providing investigative judges to participate in criminal evidence workshops

and courses, and by teaching proper investigation, evidence collection, and testimony techniques and procedures to IP personnel.

In March 2010, USF-I completed a historic transfer of the Camp Taji Theater Internment Facility (TIF) to the GoI. At the official Taji transfer ceremony on March 15, 2010, USF-I transferred both command and control over the Taji facility and the care and custody of detainees to the GoI. By March 31, 2010, the Taji TIF transfer was complete and USF-I had turned over a total of 2,635 detainees to the GoI. The transfer ceremony was hosted by Minister of Justice, Dara Nour al-Deen and USF-I Deputy Commanding General for Detentions Operations, Major General David Quantock. The transfer ceremony was attended by participants from the Iraqi Ministries of Justice, Health, and Defense. Minister Dara stressed that all detainees would be treated equitably and fairly by the GoI, and commended the United States on its professional oversight of the detention facility and the overall U.S. approach to incarceration and rehabilitation. USF-I and the Department of Justice's International Criminal Investigative Training Assistance Program (ICITAP) continue to support the GoI in ensuring that detainees continue to be treated humanely and operations remain effective at Taji.

The transfer of the Taji facility leaves USF-I personnel in control of one remaining detention facility, the Camp Cropper TIF. Transfer of operational control of the Cropper facility to the Ministry of Justice (MoJ) Iraqi Corrections Service is scheduled for July 2010. Along with the Cropper facility, USF-I will transfer approximately 1,400 to 1,600 detainees. All USF-I-held detainees will be transferred with an Iraqi-issued arrest warrant, detention order, or a conviction by an Iraqi court. In preparation for the July 2010 transfer, the U.S. Government (USG) is hosting a series of monthly transition conferences and working group sessions to discuss and resolve all issues

related to detention facility operations and GoI detainee responsibilities.

Notwithstanding progress in judicial processes, and efforts to assist specific groups such as detainees, legal representation and services remain beyond the reach of a large number of Iraqis. USAID's new Access to Justice Program seeks to widen and strengthen legal services and clinics, especially for disadvantaged groups such as the indigent, women and war widows, IDPs and returnees, juvenile offenders, and others. The program works to upgrade legal education as well as the capacity of lawyers, the GoI, and NGOs to provide services.

International Issues

International Engagement

Senior Iraqi officials continue to focus on expanding their international engagement, but express wariness of undue outside influence in Iraq. On March 3, 2010, the Ministry of Foreign Affairs appointed an ambassador to Kuwait, its first since the 1990 Iraqi invasion. The Ministry of Foreign Affairs has begun to assign its 58 newly trained ambassadors, but the process has proceeded at a slow pace due to the current transitional nature of the GoI. USF-I expects the assignment of newly trained Iraqi ambassadors to increase after the seating of the new government.

The Iraqi government increased its efforts to garner regional and international support against the common threat of terrorism. The Expanded Neighbors Process continued to provide a forum to address political and security challenges. Continued participation provides an environment for Iraq to develop as a regional partner. In October 2009, the Iraqi government sent representatives to Egypt to participate in the sixth Neighbors Process working group on border security, in which the group sought ways to enhance and integrate border security systems in preparation for Iraq's 2010 parliamentary elections. Iraq also became a more active voice at the UN, advocating for

international support as a means to combat terrorism in Iraq.

Iranian Influence

Iran's multi-pronged strategy in Iraq consists of political outreach, soft-power initiatives, and lethal support for surrogate groups. Iran continues to exert great influence in Iraq, although many senior Iraqi officials are privately pushing back against Iranian pressure and have limited Iran's direct manipulation of Iraqi politics. Iran views influencing the seating of the new Iraqi government as critical in its efforts to balance U.S. influence in Iraq. Concerned by Iraqiyya's secular-Sunni plurality victory in the election, Iran wasted no time in hosting a meeting of leaders from both Shi'a-led coalitions and the Kurds in the days following the announcement of election results in late March 2010. Throughout the continuing period of seating the government, Iran will focus its levers of influence, including economic, financial, religious, and potentially lethal aid to Iraqi insurgents, to shape Iraqi politics toward its own interests. Leveraging its strong economic and religious ties to the Iraqi Shi'a population, Iran has intervened to moderate disputes between Iraq and Syria.

Syrian Influence

Although Iraq's public declaration of Syrian complicity in the August 2009 Baghdad bombings have complicated relations between Syria and Iraq and led to both nations recalling their ambassadors, there has been a slight improvement in relations as Iraq's Sunni and Shi'a political elites have travelled to Damascus to discuss government formation. Although reduced public rhetoric and fewer negative media stories have helped reduce tensions, official relations between the two countries remain stalled, and are unlikely to improve significantly until the new Iraqi government is seated in late 2010.

Relations with Kuwait

The Iraq-Kuwait bilateral relationship continues to be overshadowed by Chapter VII concerns, but there are signs of progress

towards normalized relations. The most striking example is the naming of an Iraqi Ambassador to Kuwait after a 20-year hiatus. This post has been vacant since 1990 when Iraq invaded Kuwait. According to Kuwaiti Under Secretary of Foreign Affairs, Khalid Al-Jarallah, the Kuwaiti government was pleased by the appointment of Mohammed Hussein, a man favorably known in Kuwait and sympathetic to their concerns. Pending official approval, the Ambassador will assume his post after the formation of the new Iraqi government. Under Secretary Al-Jarallah indicated that this appointment contributes to the Kuwaiti government's belief that a positive trend is underway in Iraq that bodes favorably for the future of bilateral relations, and contributes to Kuwaiti optimism about the prospects of moving forward on contentious bilateral issues. He expressed appreciation for U.S. willingness to work with Kuwait in promoting more productive and neighborly relations with Iraq.

Although the Kuwaitis have indicated some willingness to reduce significantly the amount of compensation Iraq is paying under UN Security Council Resolution (UNSCR) 687, they have insisted in return that the GoI re-affirm UNSCR 833 in its entirety, entailing acceptance of the land borders and maritime boundary between the two countries. Despite this, the Iraqi and Kuwaiti sides have continued to make significant progress cooperating on Kuwaiti missing persons and property. Chapter VII issues with Kuwait are likely to be resolved in the future, but remain a point of friction between the two countries. Like other politically sensitive issues, no movement is expected on this until after the new Iraqi government is seated.

Relations with Saudi Arabia

Although relations between the GoI and Saudi Arabia remain strained, there are signs that the newly formed government will have more success in bringing Saudi Arabia to the table. After the elections on March 7, 2010, many of Iraq's political leaders, including Jalal

Talabani, Marsoud Barzani, Ammar al-Hakim, and Vice President Tariq al-Hashimi paid visits to Riyadh to discuss future cooperation between the two countries. Saudi Arabia has not yet reciprocated by naming an ambassador to Iraq, but may do so after the new Iraqi government is seated.

Relations with Turkey

Relations between Turkey and Iraq are positive, though some contentious issues remain. Iraq has asked Turkey to increase the flow of water to Iraq along the Tigris and Euphrates Rivers. Conversely, Turkey maintains that the amount of water reaching Iraq from Turkey exceeds amounts Turkey is obligated to provide. Nonetheless, Turkish PM Erdogan agreed in October 2009 to consider increasing the water flow. On October 15, 2009, Turkey and Iraq signed 48 memoranda of understanding (MOU) covering areas of cooperation that included trade, interior affairs, and counter-terrorism (CT). Later, in October 2009, the Turkish Foreign Minister officially inaugurated the Turkish consulates general in Mosul and Basrah.

Also at the forefront of Turkish-Iraqi issues are the improved relations between Turkey and the KRG. Recently, KRG leadership denounced the violent actions of the anti-Turkish terrorist group – the Kurdistan Workers’ Party (PKK), also called Kongra Gel (KGK) – and encouraged them to disarm. Additionally, Turkey, Iraq, and USF-I have agreed to a trilateral action plan, which provides a framework to address the PKK/KGK. Turkey has increased its diplomatic outreach to the KRG, exemplified by the Turkish Foreign Minister’s late October 2009 visit, the mid-March 2010 establishment of a consulate in Irbil, and the hosting of KRG President Barzani in June 2010. Ankara and Irbil have also emphasized their shared economic interests in trade, tying the two closer together.

Internally Displaced Persons and Refugees

The modest pace of return of IDPs and refugees continues. Security gains have been an

important factor enabling IDPs and an increasing number of refugee families to return. As of its latest update in March 2010, the UN High Commissioner for Refugees (UNHCR) estimates that, since the beginning of 2008, more than 464,000 Iraqi IDPs and refugees are no longer displaced. Of this total, an estimated 85% are IDPs. Approximately 57% of the total number of returnees returned to Baghdad. Approximately one million Iraqis remain displaced in Iraq from the Saddam era. The total number of Iraqis internally displaced since 2006, when sectarian violence escalated, currently stands at about 1.5 million. New displacement in Baghdad and elsewhere in Iraq has slowed considerably.

The population of Iraqi refugees in neighboring countries is relatively stable. There are 229,000 Iraqi refugees registered with UNHCR, but it is likely that there are significant numbers, probably exceeding one million, of unregistered refugees in neighboring states, principally Syria and Jordan. It is difficult to determine the exact number of refugees because they are dispersed in urban areas. Shelter remains a high priority for Iraq’s IDPs, particularly the estimated 40% who rented their homes and have nowhere to return. UNHCR estimates that nearly 500,000 Iraqi IDPs are squatting in collective settlements, public buildings, or other makeshift housing. The number of IDPs living in tented camps remains extremely small, making an accurate overall census difficult to produce. Voluntary registration is the only method of tracking this fragmented population.

The GoI has taken only modest steps to support the return of displaced Iraqis. Nevertheless, recent efforts in line with the government’s increased emphasis on national unity have been positive. The GoI recently named a senior advisor in PM Maliki’s office as a coordinator on refugee and IDP issues in an effort to harness government resources. Recent PM orders have also increased financial obligations, ordered government bodies to work together on return efforts, and mandated

that IDPs be provided with physical access to their properties. Still, implementation of the orders has lagged and the Ministry of Displacement and Migration lacks resources and capacity. Beyond this, budget shortfalls, high unemployment, low private sector growth, severe housing shortages, poor government services, and a contested – though improving – security picture also hinder progress.

Conclusion

Iraq's credible and legitimate March 2010 elections were a huge step forward in its political progress. Despite the lengthy process

of government formation, it is likely that the new government will start from a significantly better position than its predecessor did. Diplomatically, Iraq continues to focus on re-engaging bilaterally with its neighbors and on expanding economic ties. However, many challenges remain for the new government. Progress in relations with neighboring countries will be slow until after the new government is seated, and continuing challenges in the rule-of-law area concerning corruption, judicial efficiency, and detention conditions will not be easy to solve despite increased attention from the highest levels of the GoI.

1.2 Economic Activity

Although Iraq still faces impediments to enduring economic growth and stability, there were several signs of significant improvement this reporting period in terms of setting the conditions for enduring economic growth and for the provision of essential services to the populace. The CoR passed the 2010 budget law in late January 2010, and the Presidency Council approved it in early February 2010, earlier than in the previous two years. The budget was officially published in the Official Gazette of the Republic of Iraq on March 2, 2010. The GoI has shown progress in implementing a budget formulation process based on inter-ministerial collaboration and multi-year economic forecasting and planning. The GoI continues to receive assistance from U.S. government agencies, the International Monetary Fund, World Bank, and others to improve budget formulation and execution.

The 2010 budget law authorizes approximately \$20.3 billion for capital investment, an approximately 50% increase from 2009. While the GoI publicly projects a fiscal deficit of approximately \$19.6 billion, senior Ministry of Finance (MoF) officials estimate the budget deficit is closer to \$25 billion, due to late additions by the CoR for revenue sharing and other allocations. To increase non-oil revenue and its capacity to issue government securities to pay for expenditures, the GoI has requested assistance from the Treasury Department to reform its tax administration and strengthen its nascent government securities directorate.

Although not as robust as in 2008, the Economist Intelligence Unit estimates that the Iraqi economy did manage to grow 5% in 2009 despite lower oil prices and reduced oil output through the first half of the year. The government managed two successful oil field development bid rounds in 2009, attracting bids from companies representing close to 20 countries that could result in as much as \$100 billion in foreign investment capital over the next decade to rehabilitate or develop oilfields that represent about 65% of Iraq's oil reserves.

Iraq, however, may not see the impact of this potential investment for a number of years. Provision of essential services continued to improve across the board. Delivery of reliable electricity, potable water, and sewerage treatment services improved during the reporting period. Projects to expand communications and transportation infrastructure also continued to make progress.

The GoI continues to be concerned with significant levels of unemployment and underemployment, illiteracy, and hunger because these factors influence both levels of security and the possibility for growth and economic stability. Working together, the GoI and USG continue to make steady, if uneven, progress on these pivotal issues. Ongoing projects to improve the oil and agricultural sectors and positive trends in business development will partially address these concerns. The new Iraqi government will need to continue work on business-friendly legislation and regulatory reform to build on recent progress.

To ensure enduring economic stability and growth, the GoI must continue to deliver acceptable levels of essential services, deal with the issues of unemployment and illiteracy, and create a secure, market-friendly business environment to continue to attract foreign investment. If the government can continue to make progress in these areas, it will have a robust capital investment program and a broad private-sector job base that will improve its future economic prospects. In 2009, the GoI spending on security equaled roughly 16% of the budget; Iraqi leaders have publicly acknowledged that at some point Iraq will have to find a balance between spending on security and essential services. Despite this pressure, Iraq continues to invest in efforts to develop a capable and independent ISF.

Budget Execution

2009 Budget Execution

As of April 2010, the best data available indicate that expenditures through November 2009 totaled \$37.2 billion, or 63% of the total 2009 authorization budget of \$58.6 billion. Since the 2009 budget was not approved until March 2009, and not made official until April 2009, spending was severely limited in the early part of the year. Spending was also slowed in the face of declining oil prices in the early part of the year. As a point of reference for 2009, Iraq executed nearly 70% of its combined base and supplemental budget for 2008 (\$50.5 billion out of \$72.2 billion), and 67% in 2007 (\$27.0 billion out of \$41.1 billion). Recent data from the MoF suggests that Iraq may have a small budget deficit of between \$2 billion and \$5 billion in 2009. The actual deficit, if any, will not be known until

the 2009 accounts are fully closed. The 2009 Iraqi Budget Law did not include a provision for rollover of 2008 capital funding, and the decline in oil prices drove reduced capital expenditures and a larger deficit than the previous two budget years.

The GoI's total capital budget for 2009 was \$12.7 billion dollars across all ministry and non- ministry spending units. Ministry of Planning data for capital expenditures indicates that through November 2009 the GoI executed almost \$10 billion dollars, or 77% of the capital budget. This figure could be inflated as they include almost \$4 billion in letters of credit that may, in fact, be used for current and not capital spending. MoF data shows that capital expenditures through November 2009 were just over \$6 billion.

(\$ in billions)	2006	2007	2008	2009**	2010
Base Budget	34.0	41.1	49.9	58.6	72.4
<i>Capital Expenditures</i>	27.8	10.1	13.1	12.7	20.3
<i>Operating Expenditures</i>	6.2	31.0	36.8	45.9	52.1
Supplemental Budget	N/A	N/A	22.3	N/A	N/A
<i>Capital Expenditures</i>			8.0		
<i>Operating Expenditures</i>			14.3		
Budget Total	34.0	41.1	72.2	58.6	72.4
Mol Security Budget	1.9	3.2	5.7	5.5	6.14
<i>Capital Expenditures</i>			0.5	0.2	0.3
<i>Operating Expenditures</i>			5.2	5.3	5.9
MoD Security Budget	3.4	4.1	5.3	4.1	4.9
<i>Capital Expenditures</i>			0.4	0.3	0.4
<i>Operating Expenditures</i>			4.9	3.8	4.5
Security Budget Total	5.3	7.3	11.0	9.6	11.0
Base Execution		27.0	47.9	37.1	N/A
Supplemental Execution			2.6		
Execution Total	23.0	27.0	50.5*	37.1***	N/A

Source: U.S. Treasury Report

*2008 total expenditures include base and supplemental budgets. The supplemental was not passed until late in 2008, severely limiting execution.

**The 2009 budgets reflect the significant decrease in oil prices from mid-2008.

***2009 expenditures through November 2009 – most current data available.

2010 Budget

The CoR passed the 2010 Budget Law on January 26, 2010, and it went into effect on March 2, 2010. The 2010 budget approval process was completed almost 60 days earlier than the 2009 budget process, indicating increasing GoI capacity in budget formulation. The 2010 baseline budget authorization of \$72.4 billion represents a \$13.8 billion increase over the 2009 budget of \$58.6 billion. However, the official budget figure does not include several billion dollars of additional expenditures added by provisions not reconciled with the nominal total, including additional revenues for provincial governments, extra Ministry of Agriculture (MoA) spending, and Public Distribution System (PDS) costs from 2009. The 2010 budget includes \$11 billion for security-related capital and operating expenditures (\$4.9 billion for the Ministry of Defense (MoD) and \$6.14 billion for the Ministry of Interior (MoI)). The 2010 budget law authorizes approximately \$20.3 billion for capital investment, an approximately 50% increase from 2009, and allocates \$52.1 billion for operating expenditures. The 2010 Budget Law initiated devolution of some federal authorities to the provinces and increased the total provincial operating budget by 300% to 1.3 billion. Neither the CoR nor the CoM has published policies to guide or standardize provincial execution of the projects and funds. With projected 2010 revenue of \$52.8 billion based on projected oil prices of \$62.50 per barrel and exports of 2.15 million barrels per day, the fully executed budget will result in a projected deficit of \$19.6 billion, although senior MoF officials say this may grow.

2011 Budget Formulation

As an important improvement to Iraq's budget development process, Iraq's Minister of Finance has chartered a Budget Strategy Committee to guide the GoI's budget formulation for 2011-2013. The committee has representatives from the Ministries of Oil, Finance, Trade, Planning, Defense, Interior, Education, Higher Education, Agriculture, Industry and Minerals, Construction and

Housing, and Water Resources as well as representative from the Central Bank of Iraq (CBI), CoM (Higher Economic Committee), CoR (Finance Committee), and the Deputy Prime Ministers' Office.

Indicators of Economic Activity

Gross Domestic Product estimates indicate that Iraq's economy grew 5.0% in 2009 compared to 7.8% growth in 2008. Economic growth in 2009 was not evenly distributed throughout Iraq. The economy grew quickly in the KRG provinces, while central and eastern areas of Iraq either grew at a slower rate than the nation as a whole or were stagnant. Economists anticipate faster growth in 2010 of 6.4% due to the recovery in oil prices and increased investment brought about by improvements in security. The CBI has kept the exchange rate approximately stable around 1,170 dinar per dollar since January 2009 through a managed peg policy. The CBI's policy rate was lowered to 6% in April 2010; it had previously been set at 7% since June 2009.

Inflation

The overall price levels for goods and services in Iraq have recently been in decline. Year-on-year inflation was -2.2% in January 2010, as measured by the CBI, due in large part to a drop in energy prices during most of 2009.³ Core inflation, which measures the price of less volatile basic goods and services like food and clothing, increased to 3.8%. Rents continued to increase annually due to a housing shortage of approximately 1.5 million units, demand pressures from returning refugees and IDPs, and a young, increasing population.

Iraq's Central Office for Statistics and Information Technology (COSIT) has unveiled an updated Consumer Price Index (CPI) with new weights and an improved data collection method in January 2010, which will likely cause a discrepancy when comparing new CPI with past figures. The new weights are based upon data collected in the 2007 World Bank-sponsored Household Socioeconomic Survey, which included a comprehensive study of

household spending habits. The new methodology will also calculate geographic differences in prices at the regional, provincial, and city levels. Iraq's old CPI was calculated using a basket of goods and statistical techniques from 1993.

Unemployment

The official GoI published unemployment rate is dated and considered unreliable. Unofficial estimates of unemployment range between 18% and 20%, while underemployment affects an estimated third of the labor force. This implies the Iraqi economy is unable to provide enough work for a significant portion of the population. With approximately 240,000 new entrants into the workforce each year, unemployment rates will continue to rise unless there is a strong focus on job creation. Unemployment is concentrated and rising among younger men, aged 15-29, with this group making up 57% of all unemployed Iraqis. Although the government still employs the majority of the full-time work force, over a third of the full-time work force is now employed in the private sector, an increase from 24% in 2007. Private sector jobs tend to be informal, insecure, and low-wage compared to public sector employment, and households without a public sector employee are more vulnerable to poverty. Fiscal stimulus caused by increased government oil revenues and private sector jobs in the oil-related construction services and industries will likely increase levels of employment in the next three years. International capital investment and private sector development will lead to a sustainable but more modest increase in jobs. U.S. Embassy Baghdad and USF-I personnel are working with various Iraqi ministries to encourage business development and capital investment, but the results of such efforts are not likely to translate to reduced unemployment rates in the short-term.

Education

Education in Iraq is under the control of the Ministry of Education (MoED) and the Minister of Higher Education. The GoI funds

education at all levels, from primary to post-secondary education. Only the first six years of primary education are mandatory. Strategic assessments for the last two years indicate a statistically significant three percentage point increase in literacy rates for adult Iraqis. COSIT's 2007 Iraq Household Socio-Economic Survey reports the overall Iraqi literacy rate is 77%. In comparison, the CIA Fact Book reports that the overall literacy rate for Syria is 79%, for Iran is 77%, for Saudi Arabia is 79%, and for Jordan is 89%. Women and those living in rural areas are most likely to be functionally illiterate, defined as having less than fourth grade reading comprehension. However, over the past 2 years, women overall have had a significantly greater increase in literacy than men. Approximately 14% of school-age children are currently out of primary school due to security and sanitation issues, lack of interest by student or parent, and/or no access to suitable schools.

The GoI, through the MoED, continues implementation of measures to improve literacy rates in Iraq. The CoM approved and sent to the CoR a National Literacy Law in February 2010, although the law will see little movement until the new government is seated. MoED officials are working with UN agencies on a long-term national literacy action plan to improve adult literacy and children's education programs. The Baghdad Provincial Council is moving forward on plans to implement an adult literacy program with after-hours courses conducted in all Baghdad districts to address an estimated 1.5 million illiterate adults. The Baghdad PRT is currently coordinating a 4-week teacher-training course covering new teaching methods via video-conference with James Madison University for 28 professors from University of Baghdad and the University of Al Mustansiriyah. These trained professors will in turn train approximately 750 teachers. The program, which will utilize 120 literacy centers in Baghdad Province, is scheduled to open on August 1, 2010.

USAID, the UN, and numerous NGOs are working to improve the quality and availability of schools and literacy programs throughout Iraq. USAID currently supports multiple programs to assist the GoI with improving education, literacy, and workplace skill levels in Iraq. Last reporting period, USAID coordinated with MoED officials to provide standardized managerial training for MoED staff groups working in central and provincial government positions. Initial training assessments have been completed in the functional areas of contracts, finance, and budgeting, information technology, and HR. To date, more than 50 MoED staff groups have attended courses related to training policy and needs analysis, leadership and communication, and financial management.

Hunger and Poverty Levels

According to the most recent UN report, an estimated population of 930,000 (3.1% of the households sampled) are classified as food insecure, living on less than \$1 per day.⁴ A COSIT study reports that 6.6 million Iraqis (22% of the population) get fewer than the minimum required daily calories. Results also indicate significant improvement compared to the estimated 4 million (15.4%) food insecure and 8.3 million (31.8%) potentially food insecure people reported in the previous 2005 survey. Factors that may have contributed to this improvement include an overall improvement in security, economic growth, and enhanced humanitarian efforts by the GoI, UN organizations, and NGOs.

Public Distribution System

Iraq's PDS is the world's largest food ration program. In theory, it provides a basket of food and other household commodities to virtually every Iraqi citizen. Iraqi leaders acknowledge, however, that the PDS is inefficient, creates tremendous opportunities for corruption, distorts domestic commodity markets, and delivers only a fraction of the commodities promised. For these reasons, the GoI has committed to reforming and possibly monetizing the PDS over the long-term.

Officials from the Ministry of Trade (MoT), which administers PDS, insist that no reforms will occur before a new government comes into office after the 2010 elections. The U.S. Department of Agriculture (USDA) has plans to implement capacity-building activities to address PDS reform over the next year. In addition, USAID is currently implementing a reform program with the Social Safety Net (SSN) program at the Ministry of Labor and Social Affairs (MoLSA). The program entails a revamping of the SSN program to enable the ministry to detect any duplication and prevent fraudulent activities through a new transparent database system. The new system will also connect 18 sites, allowing a more streamlined interaction with the various provinces. Ration cards issued by the GoI to every Iraqi family have become the mechanism utilized by the GoI to track population and register voters, further politicizing any efforts to reform or abolish the program.

Business Development and Integration into the Global Economy

The GoI is making slow progress toward creating a more investment-friendly legislative and regulatory environment. Although the Iraqi economy continues to show potential, recent progress has been uneven. There continues to be optimism about the degree to which oil revenues will increase during the next several years as southern oil fields come on line. However, the overall investment climate remains challenging, especially for small and medium sized businesses. Progress towards legislation that implements trade and investment reforms will not progress until taken up by the new CoR.

One of Iraq's primary economic challenges going forward is to demonstrate that the country is a suitable environment for foreign investment. There are several obstacles to increased foreign investment as well as private domestic investment. Chief among them are an uncoordinated, opaque regulatory system, unclear or uncertain land titling, untested dispute resolution mechanisms (Civil Courts),

and endemic corruption. Each in its own way contributes to uncertainty in the investment climate. Other contributing factors include poor regulatory capacity in the MoT, restrictions on foreign land ownership, restriction on employment in joint venture opportunities, and an uncertain international arbitration framework. Recent GoI activities such as levying new taxes and fees on investment, and attempts to renegotiate contractual terms, will serve to further dampen enthusiasm to pursue existing or future business development. The U.S. Embassy Baghdad and USF-I continue to engage the GoI on the importance of honoring contractual agreements and maintaining transparency and predictability.

The CoR's unanimous passage of the Amendments to the National Investment Law of 2006 sent a positive signal to domestic and foreign investors. However, the PM's office has not yet taken the necessary steps to implement the law so that it can have its desired effects. Further, despite having previously made progress toward WTO accession, the GoI has not yet submitted a completed Goods Offer to the WTO in Geneva, and has taken other actions that indicate a shift towards more protectionist trade policies.

The Department of Defense (DoD) Task Force for Business and Stability Operations (TFBSO) continues its support of the National Investment Commission (NIC) and commercial interests in Iraq by hosting investors on short visits and providing longer-term accommodations for companies seeking to establish a permanent presence in Iraq. NIC programs and Provincial Investment Commission (PIC) programs, established to develop the investment capabilities of national and provincial governments, continue to promote foreign investment in Iraq. Through April 2010, the NIC has signed 261 investment licenses with a value of almost \$13 billion, and the number of investment licenses signed each month continues at a steady pace.

The TFBSO has also collaborated with the U.S. Geological Survey to assess the non-petroleum mineral wealth in Iraq and the potential to leverage those resources for economic benefit. Between December 2009 and May 2010, a team of Iraqi and U.S. geologists has begun surveying Anbar and the KRG and has found evidence of promising mineral deposits in both regions.

Banking Sector

Operationally, two of the largest state-owned banks, Rafidain and Rasheed, continue to undergo a comprehensive financial and operational restructuring with support and guidance from international donors and the World Bank, the International Monetary Fund, and the U.S. Treasury. The World Bank appointed a project manager who is tasked with coordinating the operational restructuring of both banks. In the interim, slow but steady progress is occurring on the development and implementation of a core banking system for the Rafidain Bank. The MoF has delayed the initial recommendation for the Rasheed Bank's core banking system. Implementing modern core banking systems is critical to the state-owned banks' utilization of the Iraq Payments System and front-end, consumer-oriented technologies that will reduce Iraq's over-reliance on cash.

The TFBSO has continued its banking and financial networks initiatives to enhance the development and use of a modern, internationally competitive banking sector in Iraq through design and implementation of a robust end-to-end financial infrastructure that connects Iraq to the global financial community. A total of 42 banks now exist in Iraq and the number of bank branches continues to increase, with more than 900 branches currently available throughout Iraq. There are now 20 banks with a functional core banking system, and 24 banks in Iraq are able to send and receive international payments electronically. Furthermore, the CBI now has interoperability between its financial systems.

The TFBSO is working with private Iraqi banks to improve their core banking systems and the effectiveness of their electronic funds transfer (EFT) transaction processing capability. The TFBSO EFT assistance center, staffed by Iraqis and managed by the TFBSO, continues to facilitate and improve upon the payment system between the USG and Iraqi contractors. Over \$2.16 billion in transactions have been paid via EFT since inception of the mandatory EFT pay policy for Host Nation JCCI payments. Approximately 95% of these payments have gone to Iraqi banks.

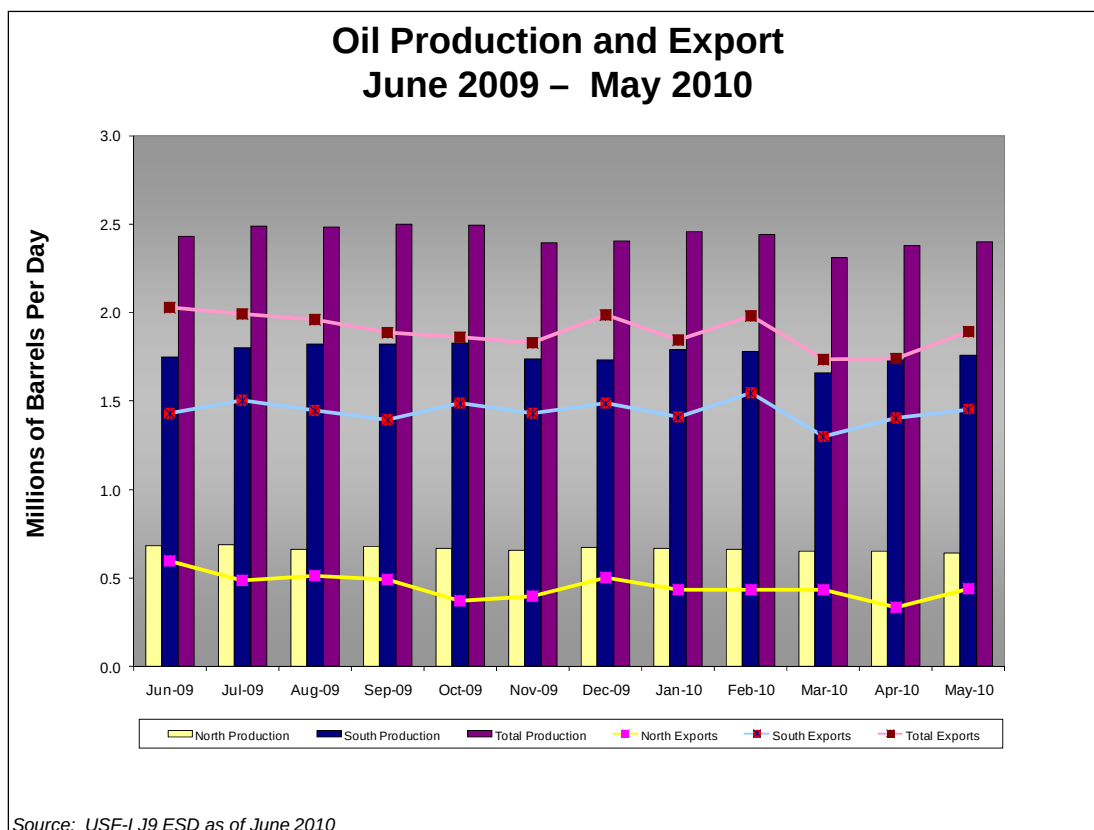
The Task Force's Banking and Financial Networks Team has continued to work with AMWAL, an Iraqi consortium of private Iraqi banks, to bring increased capability for electronic transfer of funds through MasterCard and Visa credit/debit cards, mobile banking, and ATM disbursement to more Iraqi institutions. With MasterCard and Visa now accepted in many places throughout the country, the presence of both major credit cards provides Iraqis and international visitors with

access to retail goods and services. In addition, AMWAL has deployed 457 Point of Sale devices that service 396 merchants, including one state-owned enterprise. Since conception, AMWAL has processed over 75,600 transactions totaling over \$6.1 million using MasterCard and Visa debit and credit cards.

Oil Industry

Oil production and exports dipped in March and April 2010. In the south, adverse winter and spring weather prevented tanker loadings at the maritime terminals for several days, curtailing both exports and production. Iraq's 2010 oil production to date is averaging 2.4 million barrels per day (mbpd). Oil exports averaged 1.90 mbpd through the end of April 2010.

The Ministry of Oil (MoO) has made progress on improving oil infrastructure. However, the level of effort needed is massive, and industry experts believe that long-term production increases are not possible without significant investment from international oil companies.



The Iraqi oil field development bid rounds completed in 2009 should provide the needed investment.

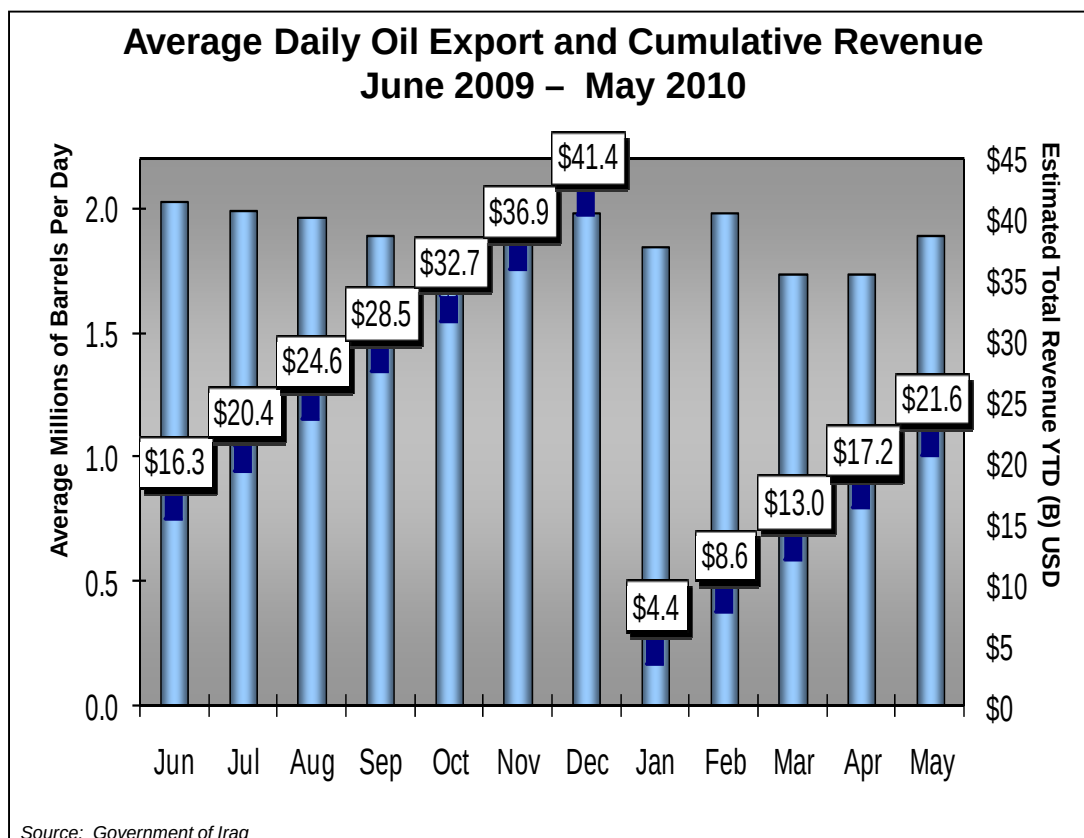
The eleventh bid round contract was recently signed for the Maysan group of three fields. China's CNOOC, and its junior partner, Turkish Petroleum Corporation, will develop the 2.5 billion barrel group, with a contracted production increase from approximately 100,000 bpd to 450,000 bpd. The three fields within the group are in northern Maysan province, and two of the three straddle the border with Iran.

The eleven contracts awarded will result in development or rehabilitation of oilfields representing approximately 65% of Iraq's estimated 115 billion barrels of oil reserves. The contracts could bring in as much as \$100 billion worth of investment over the next decade and should result in significant increases in Iraq's oil production. The cumulative contracted production levels could

result in production rates as high as 12.0 mbpd. However, current assessments indicate that logistics and other limitations will prevent production from reaching this figure.

The MoO has announced a third bid round for three gas fields, Akkas, Mansuriyah, and Siba. Akkas and Mansuriyah were offered in the previous bid rounds. Akkas (Anbar) was in the first round and received one bid, but was not awarded due to disagreement on the remuneration fee. Mansuriyah (Diyala) was offered in the second round but received no bids. Siba (Basrah) was originally to be offered in the second round but was removed in early 2009. Siba is also a cross border field with Iran.

Since almost all of the future production increases will be in the South, the rehabilitation and expansion of the southern export system has increased in priority. The maritime portion, consisting of the Iraqi Crude Oil Export Expansion (ICOEE) project⁵ and the Japanese International Cooperation Agency (JICA)



project, is proceeding. ICOEE's first phase will provide redundancy to the Al Basrah Oil Platform and its dilapidated supply pipelines, and will provide a limited capacity increase. Its second phase will increase maritime export capacity to 3.0 mbpd. The Japanese International Cooperation Agency will then add infrastructure to increase maritime export capacity to 4.5 mbpd. ICOEE is nearing procurement of long-lead time materials. Although there have been some minor delays, these are expected to be recouped later in the project. The MoO is already studying further southern export capacity increases beyond 4.5 mbpd. In the North, KRG exports remain stalled; however, reports indicate movement towards an agreement between the GoI and the KRG allowing exports to resume. If an agreement occurs, timing is unknown and clouded by broader negotiations of government formation.

The improved security environment has helped maintain the current levels of production and exports throughout the country. Although there have been several pipeline disruptions along the Iraq-Turkey crude oil export line over the last six months, the North Oil Company repair teams have made repairs in a timely manner, so there has been little impact to production.

Agriculture

As a nationwide industry, Iraqi domestic agricultural production continues to lag due to many factors. There is a lack of adequate credit and quality inputs, and the general state of disrepair of irrigation and agricultural infrastructure contribute to continued difficulties in this sector. Poor plant and animal genetics, insufficient fertilizer use, traditional and often outdated farming practices, the lack of modern farm machinery, and inadequate irrigation practices are some of the specific areas that need to be addressed. This sector is also constrained by security issues as well as the lack of an institutional commitment to market-oriented agriculture. However, on a positive note, a solid amount of rainfall during the first quarter of 2010 resulted

in a near normal wheat and barley crop harvest starting in May 2010.

Over 70% of Iraq's water originates from outside its borders and is carefully managed by upstream dams in Turkey, Syria, and Iran. Externally regulated flows of the Tigris and the Euphrates River and their tributaries contributed to record low river flows in 2008 and 2009, causing significant downstream impacts. Low flow in the Shat Al Arab permits significant backflow of highly saline water from the Arabian Gulf. The low flow conditions and high salt concentrations reduced the quality and quantity of water available for irrigation in 2008 and 2009. In March 2010, the Ministry of Water Resources (MoWR) announced that water availability would be worse in 2010 than in previous years, because of Turkey and Iran withholding water, despite increased rainfall in both countries. Responsible water sharing discussions with Turkey, Syria, and Iran have yielded no long-term solutions.

Despite the dire predictions by the MoWR, Iraq is benefitting from 150-300% of the normal precipitation in the Tigris-Euphrates Watershed, although it will take some time for Iraq to recover fully from the lingering effects of the drought. Reservoir water levels are expected to be equal to, or higher than, last year's levels. Additional water resource availability, if used judiciously, is expected to mitigate the effects of the 2008 and 2009 water shortages.

Strategic water storage capacity continues to be an issue that the MoWR must plan for. The reduced storage volume in Mosul Dam continues to have a negative impact on overall water management in Iraq. The Mosul Dam was constructed on an unsuitable foundation, which requires a technically challenging and lengthy repair to prevent a possible dam failure. USF-I J9, the U.S. Army Corps of Engineers (USACE), and the U.S. Embassy Baghdad have continued to assist the MoWR, helping to assemble a suitable construction management

and engineering team to execute repairs on the Mosul Dam. Repairs are expected to take up to 10 years, and to cost approximately \$3 billion to fund.

Efficient use of water is a national problem, and the PM's Advisory Commission, the MoWR, the MoA, and the Minister of the Environment work to coordinate solutions to the issue. The TFBSO works directly with the MoWR and the MoA to help adopt advanced technologies to solve this problem. Although an estimated 80% of the water of both the Tigris and Euphrates rivers is used in agricultural production, most of this water is essentially wasted due to the flood irrigation system used. TFBSO is continuing to work with Iraq's farmers to improve drip irrigation systems for use in Iraq's vegetable production in green houses, and for fruit and olive trees. Drip irrigation could potentially save 90% of the water currently used on these crops.

USDA Projects in Iraq

The USDA has advisors at the U.S. Embassy Baghdad and on PRTs throughout Iraq, as provided for in the Strategic Framework Agreement (SFA), to help Iraqi farmers generate higher incomes through programs in agribusiness, agricultural extension, and policy engagement. USDA is the lead agency for bilateral agricultural policy coordination in Iraq. USDA participated in an Iraqi Agricultural Extension Revitalization (IAER) conference held in Irbil to engage in panel discussions addressing the future of agricultural extensions in Iraq between GoI and U.S. representatives. IAER conference participation included 80 Iraqi agriculture professionals, five U.S. university faculty members, and MoA representatives. USDA also promotes commercial agricultural trade in U.S. farm products and reports on Iraqi crop conditions. USDA will host a Trade Mission with 18 U.S. companies and 150 Iraqi businesses on June 7 to 9, 2010. This is the first Trade Mission to Iraq in 30 years. USDA agricultural advisors, as PRT members, implement technical assistance activities and carry out program and

policy guidance at the provincial and municipal level.

USDA also successfully implemented the initial phase of a two-year Agricultural Masters Degree program available to Iraqi students. There are currently 37 Iraqi agricultural students attending Texas A&M's English language Institute in preparation for starting the degree program.

USDA's technical assistance priorities in Iraq include training and education of public and private sector representatives, better management of water and soil resources, and improving animal and plant health. USDA agricultural advisors focus on strengthening local agricultural infrastructure, both physical and institutional. Projects directly assisting farmers have been developed with local officials to improve irrigation technology, manage soil, range, and animal health, produce vegetables, process food, and build farmer organizations. In this role, USDA has recruited soil experts from the Natural Resources Conservation Service, statisticians from the National Agricultural Statistics Service, animal disease experts from the Animal and Plant Health Inspection Service, and experts from other USDA agencies.

High feed prices contribute to Iraq's low per capita consumption of meat and dairy. Feed is currently trucked into the country, which is inefficient. To assist and, if possible, address impediments to feed imports, USDA partnered with the American Soybean Association and other U.S. Government agencies, including the Department of Transportation, the Department of State (DoS), and USF-I. In February 2010, a joint team visited Iraqi ports to conduct an assessment. The assessment indicates that the port of Umm Qasr has adequate infrastructure and support services to accommodate present and future Iraqi demand for imported feeds. However, efficient, vessel-sized shipments of feed are not currently handled by the port in part due to MoA testing procedures. If import procedures can be addressed, feed imports

would likely increase, reducing domestic feed prices. An assessment summary has been provided to the GoI, and is the basis for ongoing efforts to change feed import policies.

Essential Services

Although this reporting period was marked by improvement in the delivery of essential services, progress was uneven across sectors. Demand for electricity increased this reporting period, driven by rising summer temperatures. Although barely outpacing 2009, electricity supply remained steady from March to May 2010, but there is still unsatisfied demand for electricity. The GoI's continuing investment in the electricity sector contributes to increased grid reliability and promotes economic stability. Although many Iraqis still report limited access to potable water, construction of major new water supply and treatment plants continues. The provision of health care has seen some improvement, but large portions of the population still lack access to even basic health care services. Improvements continue to be made to Iraq's telecommunications infrastructure, and steps are being taken to restore and expand the country's transportation infrastructure.

USF-I and the U.S. Embassy Baghdad continue to work towards improved provision of essential services to the Iraqi people. Currently, the U.S. is managing 375 ongoing projects worth almost \$1.9 billion, focused on schools, electrical distribution, and public works projects. In addition to ongoing projects, there are 73 planned projects worth approximately \$71 million. To date, the United States has funded and managed over 5,000 reconstruction projects worth over \$9 billion to improve essential services for the Iraqi people. The provision of essential services remains a key component of enduring political and economic stability.

Electricity

Average daily electrical generation for May 2010 was approximately 149,000 megawatt-hours (MWH), a 4% increase over the same

period last year. Approximately 25% of Iraqis are content with access to electricity, slightly higher than January 2010 levels.⁶ Imports from Iran and Turkey averaged approximately 18,500 MWH in May 2010, and accounted for just over 12% of the total supply. The MoE added 190 megawatts (MW) of new generation capacity to the national grid since the beginning of 2010, including four units at Samarra Diesel (42 MW), one unit at Mussayib GT (40 MW), and one unit at Chamchamal (105 MW). While the MoE plans to add nearly 10,000 MW of additional feasible capacity in larger projects over the next five years, it also plans to add another 10,000 MW through smaller projects consisting of around 200 MW or less at each site. Funding for all projects will be difficult for the GoI to resource. The major projects include the GE Megadeal (5,143 MW), Siemens (2,523 MW), GE Fast Track (561 MW), MoE Fast Track (558 MW), and the Hyundai Diesel Project (291 MW).

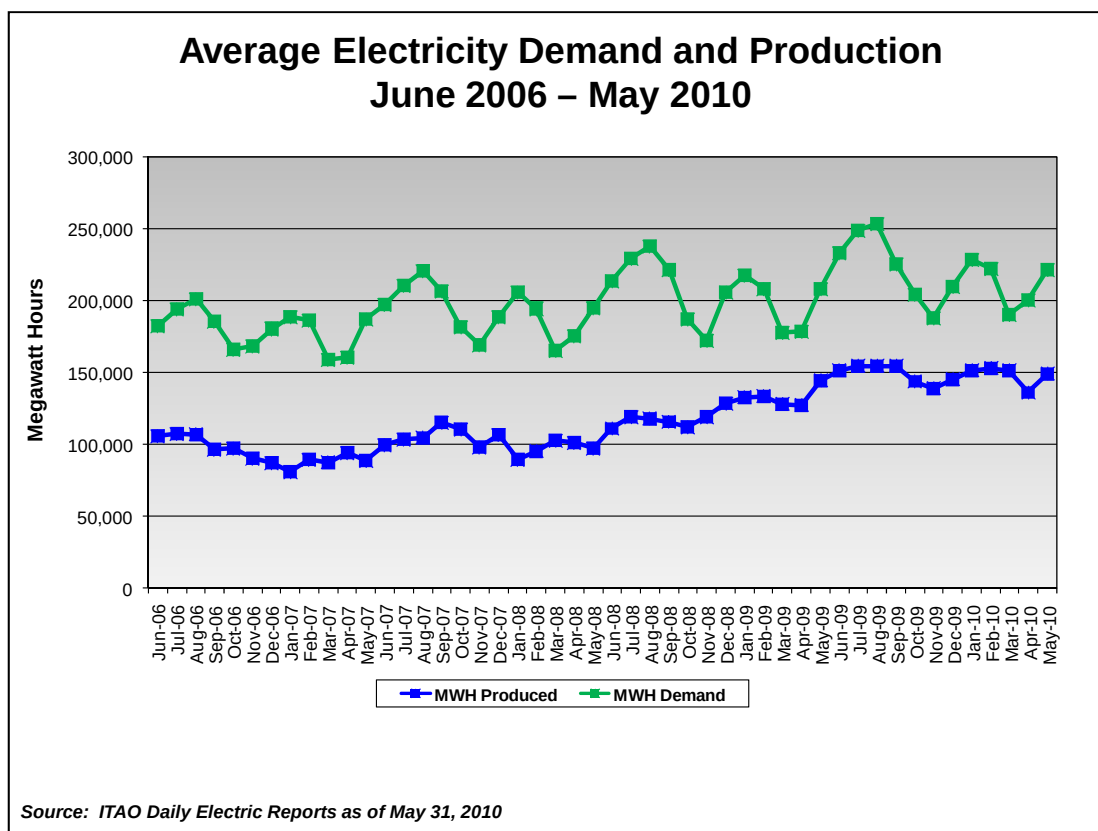
The GE Megadeal, the largest of all the upcoming programs, will add 5,143 MW of feasible capacity to the grid. The plan calls for placing these turbines at ten sites across Iraq. The MoE has said the first of these units will come online by the fourth quarter of 2012. However, with no Engineering, Procurement, and Construction (EPC) contracts signed as of March 2010, this milestone will most likely be delayed. Of the currently proposed ten GE sites, the MoE will most likely be offering five as Independent Power Producer (IPP) opportunities, in an effort to transfer EPC and equipment purchase costs to private investors. Because the number of turbines and generators vary at each site, it is important to note that this IPP initiative represents more than 60% of the GE and Siemens programs. In May 2010, the MoE tendered bids for EPC contracts for five of the GE/Siemens sites. The MoE made the final payment for the GE equipment in mid April 2010. It still has approximately \$250 million left to pay on portions of the contract (Services and Training, Spare Parts). The final payments will be due in January 2012.

The Siemens program, consisting of 16 units, will add 2,523 MW of feasible capacity to the grid. The first of these units is due online at Dibis in the fourth quarter of 2011. The MoE is offering the two Dibis-based projects and a Rumalia site to IPP investors. The MoE will develop the plants at Taza, Sadr City, and Bayji using the Siemens equipment. The MoE estimates the entire project will be complete by the end of 2013. There has been no progress on awarding the EPC contracts to build the balance of the plants for these turbines, and completion dates for the Siemens units will most likely be delayed. The MoE owes \$300 million in 2010 on the Siemens contract, which it has not yet paid. The MoE is waiting on delivery of equipment and mobilization of repair teams to Taza before signing the letter of credit.

The GE Fast Track project, consisting of eight GE units at Taji, Karbala, and Hillah, will add 561 MW to the grid. The MoE awarded the EPC for Taji to URUK. In order for URUK to mobilize their effort and begin construction, URUK is requiring the MoE to fully fund the

letter of credit of \$84 million for the contract. After mobilization, full plant construction should take 24 months. In May 2010, the MoE finalized the EPC contracts for Hillah and Karbala with SNC Lavalin, an American subsidiary of a Canadian firm. One major issue that the two parties encountered was the CoM's decision to tax all contracts signed in 2010, which had delayed the finalization of the contract by four months. Dr. Karim requested assistance from the USG to influence the MoF to provide tax exemptions to major infrastructure projects, and succeeded in resolving this issue in May 2010. The MoE and SNC Lavalin had been negotiating these two GE Fast Track site contracts since summer 2009. Both Hillah and Karbala should be online by the end of 2011.

The MoE Fast Track project represents approximately 558 MW of additional feasible capacity, with units at Al Rasheed, Amarra, Najaf, and the placing of two Kartet power ships at Umm Qasr and Khor Zubair. The units at Amarra and Al Rasheed are scheduled to be complete in June 2010. The first power ship



arrived at the port in Um Qasr in May 2010, and should be online in June 2010. The second ship is expected to arrive at the port at Khor Zubair in late July 2010.

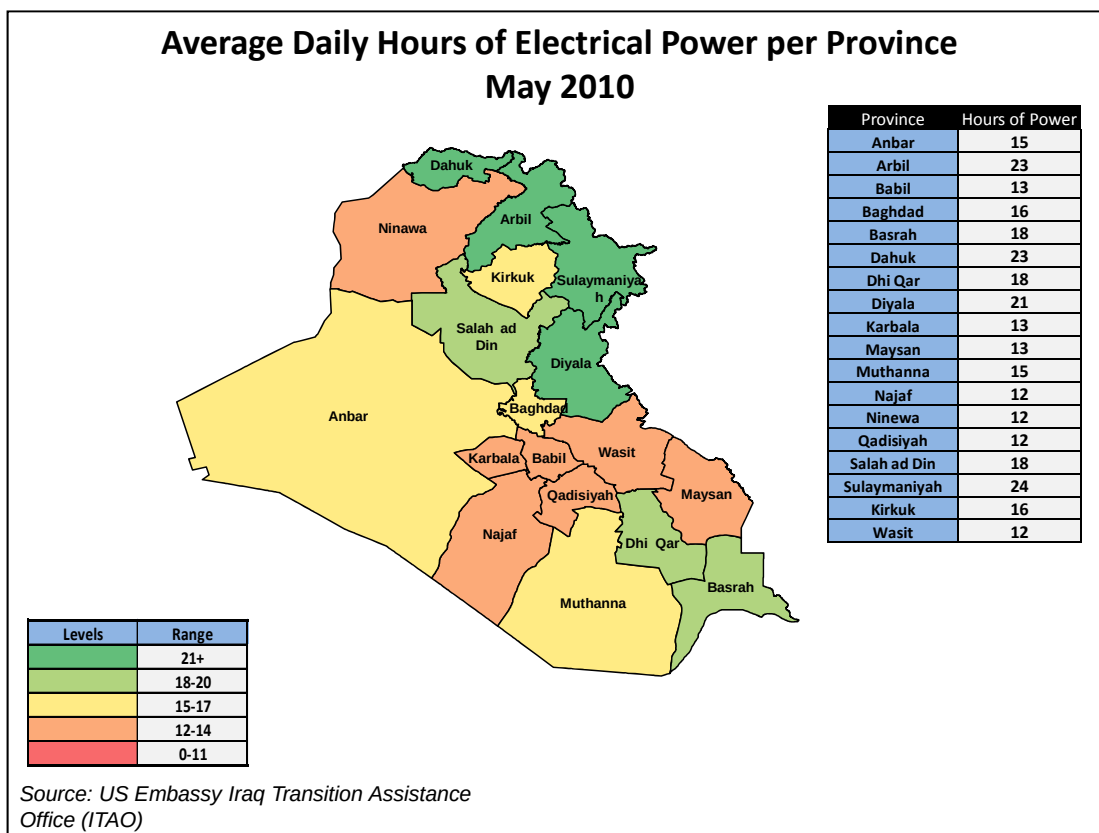
The Hyundai project includes 144 units, each with a capacity of approximately 2 MW. These units are being installed as clusters at ten different sites across Iraq, and represent a total of 291 MW in additional capacity. The first 36 of these units should be complete by the end of July 2010. These include two sets at Baghdad North, and one set at Quma. The remaining 108 units, located at Balad, Fallujah, Rumadi, Jadria, Hamdaniya, Farabi, Doura, and Kadhmiya, should be online by June 2010.

In addition to these five major projects, the MoE has over 500 MW of additional planned capacity in other small projects that should come online in the remainder of 2010. These include units at Hurriyah (48 MW), Haditha (200 MW), Sadr City (226 MW), and Mussayib (40 MW). Over the next five years, small projects like these will account for nearly 10,000 MW of new generation.

Water and Sanitation

Through the combined efforts of USF-I, U.S. Embassy Baghdad, the Ministry of Municipalities and Public Works (MMPW), and contributions from NGO partners, incremental progress continues in the ongoing campaign to provide clean drinking water and access to wastewater treatment services to the Iraqi people.

Across Iraq, more than 22 million Iraqis now have access to clean drinking water, up from 12.9 million in 2003. More than 11.5 million Iraqis have access to wastewater treatment services, up from 6.2 million in 2003. Research shows that slightly less than 30% of Iraqis are satisfied with their access to drinking water, slightly lower than the January 2010 percentage.⁷ According to the MMPW, there are 251 functioning water treatment plants in Iraq, and an additional 2,330 water complexes (compact water units, reverse osmosis treatment units, etc.). Combined, these plants and units provide 80% of Iraqis with clean drinking water.



According to the USACE, the expected completion of the Meshkab Water Treatment Plant (WTP) is June 2010. This WTP project, funded by \$23.1 million Iraq Relief and Reconstruction Fund (IRRF) and \$46.9 million MMPW funds, should provide clean drinking water to approximately 110,000 Iraqis in Najaf province.

Garbage is accumulating in places including Baghdad, Basra, Karbala, Hiulla, Kut, and Imara, and there is raw sewage in some streets. To help find solutions to these problems, the TFBSO met with representatives of a well-known incinerator company that has developed and applied advanced technology that allows cities to dispose of municipal waste in an economical manner. The percentage of Iraqis satisfied with access to sewer drainage services is less than 25%, a slight decrease from January 2010 levels.⁸

USF-I and U.S. Embassy Baghdad personnel continue to monitor Iraq's implementation of the 2010 Federal Budget Law. The law has a provision that devolves the MMPW. A decentralized plan could have far-reaching impacts by being more responsive to local needs. The immediate impact of the devolution is an infusion of capital investment funds into each province (outside of the KRG). USF-I and U.S. Embassy Baghdad personnel remain committed to engaging the MMPW key leaders, while concurrently preparing U.S. Forces and PRTs for the implementation.

Healthcare

Although many challenges remain, the GoI and USG continue to work together as the Ministry of Health (MoH) builds its capacity and capability to meet the healthcare needs of Iraqis. Recent research indicates that Iraqi citizens' access to primary health care is improving, with 55% of Iraqis polled reporting access within four days and 40% reporting same day access.⁹ A notable sign of progress towards building capacity is the Basrah Children's Hospital. On May 31, 2010, the construction of the hospital was completed.

The hospital is currently in the process of staffing the facility with doctors, nurses, and administrative personnel. The hospital is slated to open for outpatient care next quarter.

Transportation

Aviation

With the implementation of the SA in January 2009, the GoI assumed control of air space above 24,000 feet in the south and 29,000 feet in the north, and then down to 24,000 feet in the north on December 12, 2009. Over this past year, USF-I created an Airspace Transition Team to assist the Iraqi Civil Aviation Authority (ICAA) in developing the capacity to safely and efficiently assume incremental airspace control from U.S. Forces. In parallel, the Embassy's Office of the Transportation Attaché activated the Transportation Working Group under the SFA and created a civil aviation subgroup, which meets weekly with representatives from the Ministry of Transportation and the ICAA to discuss civil aviation issues including air traffic control. As part of this effort, the Ministry of Transportation succeeded in obtaining funding from the CoM to contract with a private company for air traffic control services. This will include a training component, which will allow the ICAA to build capacity over the next two to three years.

Rail

Rehabilitation and expansion of Iraqi railroad track and station infrastructure continues. Efforts to develop a state-of-the-art train control system for the railroad continue to move forward. The 33 U.S. funded digital microwave-radio construction sites have been installed and are ready for operation. This digital network runs from the Syrian border, through Baghdad, to the Port of Umm Qasr, and provides microwave radio technology on more than 1000 km of railroad track. Coupled with a communication based train control system, the network will provide the Iraq Republic Railway (IRR) with a state-of-the-art positive train control system that will allow dispatchers to control rail movements along the

railways' north-south right of ways. This period, the Office of the Transportation Attaché began operations and maintenance to support Iraqi railroad tracks and stations.

Conclusion

Although there are still considerable challenges, the Iraqi economy continues to grow, and the GoI is achieving improvements in budget execution and the provision of essential services. Significant unemployment and underemployment, business regulation

reform, and oil infrastructure continue to be issues of concern. Iraq's ability to attract foreign capital by providing a secure, market-friendly environment in an expeditious manner will ultimately be a pivotal factor in determining the country's near-term future growth trajectory. As the new Iraqi government forms, the leadership will need to continue a robust capital investment program and broaden the private-sector job base to achieve longer-term economic stability.

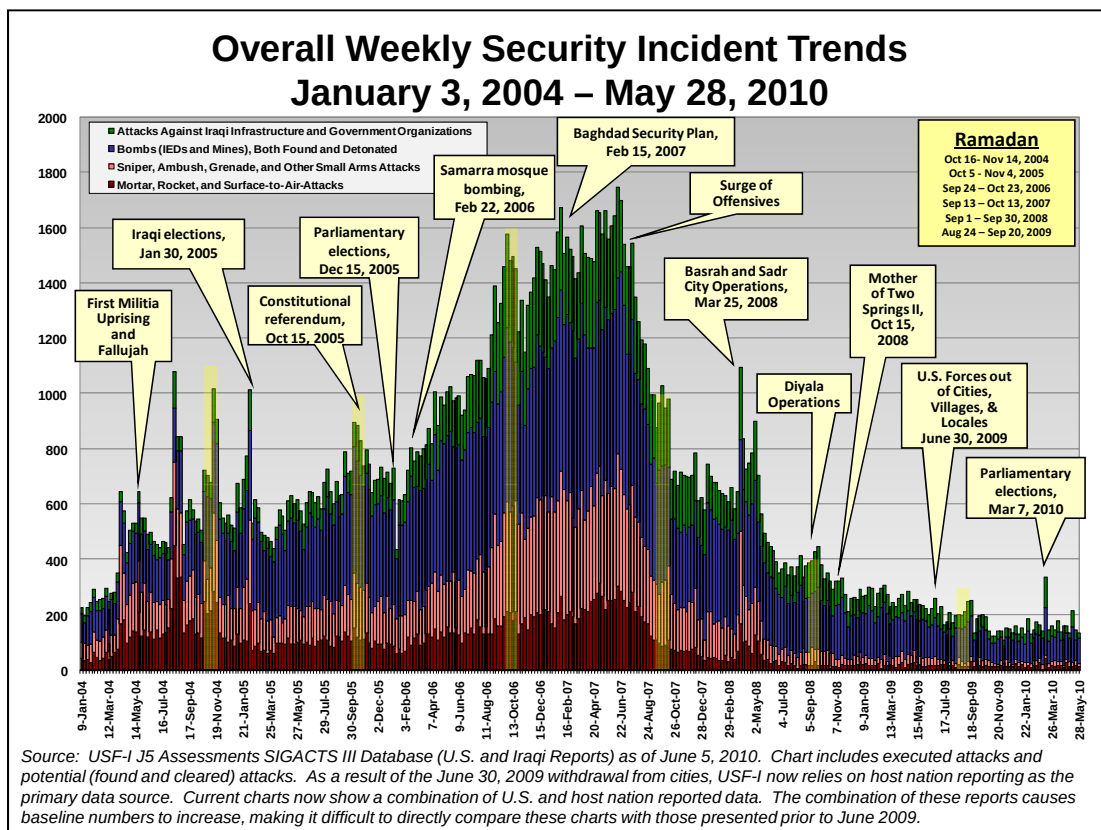
1.3 Security Environment

In January 2009, the ISF became responsible for security in Iraq. Since then, security incidents continue to drop while the overall security environment under the ISF's lead continues to improve within the framework of the SA. Iraq's security environment remained stable, and despite a spike on election day, experienced historically low levels of incidents during the reporting period. The ISF continued to lead security efforts and succeeded in securing the March 7, 2010 parliamentary elections. Most of the election day incidents consisted of either largely ineffective noise-making "bottle" improvised explosive devices (IEDs) designed to cause fear in the voting community, or found and cleared IEDs, with incidents failing to significantly affect voter turnout. Due primarily to the election day increase, average monthly security incidents throughout Iraq for March to May 2010 increased 15% compared to the last reporting period, but showed a 33% drop compared to the same period in 2009.

The ISF continues to disrupt violent networks. Iraqi led, U.S.-supported targeting of key leadership and operatives continues to constrain al-Qaeda in Iraq's (AQI's) efforts to coordinate high-profile attacks (HPAs), highlighted this reporting period by the elimination of AQI's top two leaders – Abu Ayyub al-Masri and Abu Umar al-Baghdadi – by ISF with U.S. assistance on April 18, 2010.

However, some challenges remain. The GoI needs to improve its control of border areas to reduce the import of lethal materials and to continue to develop the capability of the MoI and MoD to coordinate security matters. Additionally, security in Iraq still depends upon U.S. enablers such as intelligence, surveillance, and reconnaissance (ISR).

Finally, while violent extremist groups continue to pose threats, additional underlying sources of instability may pose greater dangers to Iraq's long-term security and stability. These drivers of instability include communal and factional struggles for power and resources,



insufficient GoI capacity to provide essential services, violent extremist groups, and external interference.

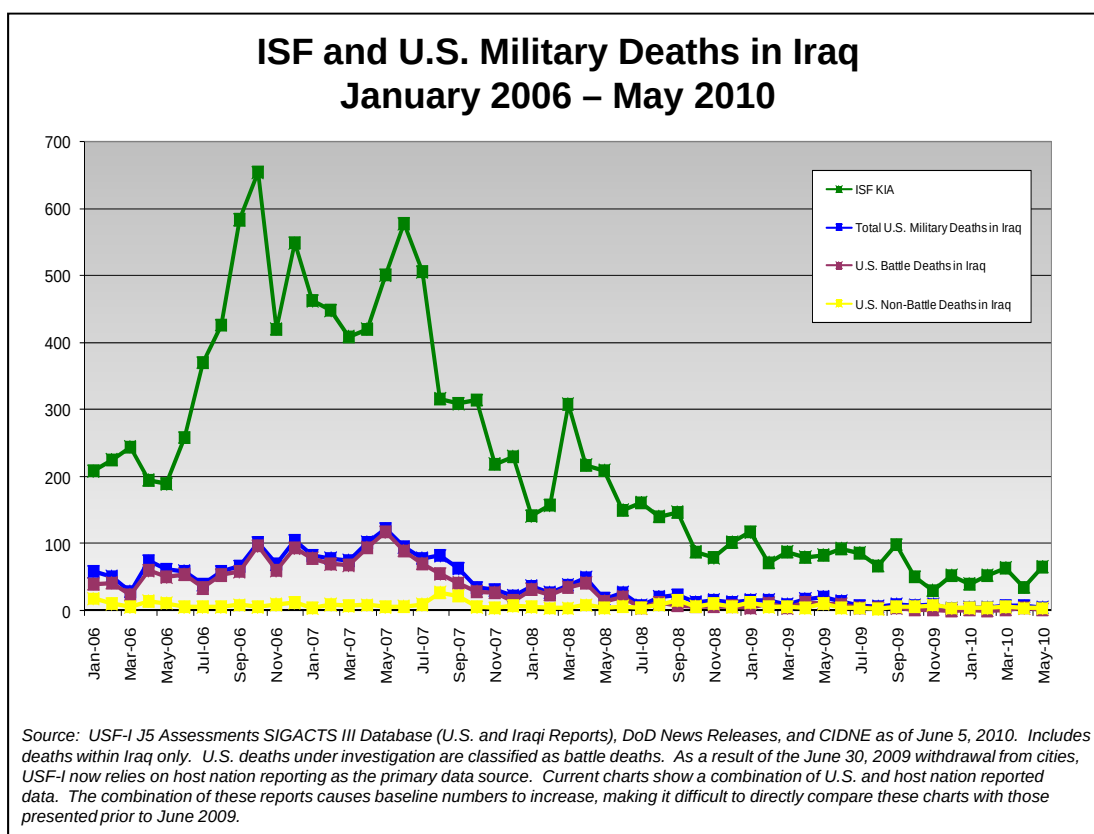
Overall Assessment of the Security Environment

Progress in the security environment remains steady, with security incidents remaining near the lowest levels in more than five years despite a spike in attacks during the March 7, 2010 election. Although insurgent and militant activities in Iraq continue to decline, the security environment remains fragile. Several Sunni nationalist groups, including al-Jaysh al-Islami (JAI), the 1920 Revolutionary Brigade, the Mujahidin Army, and the Jaysh Rijal al-Tariqa al-Naqshabandia (JRTN) continue to conduct attacks against U.S. and Iraqi forces in smaller numbers. Furthermore, the groups are reduced in size and effectiveness from previous reporting periods.

Many Shi'a militant members have transitioned from violence to political action. Remaining Shi'a militants have reorganized themselves into three different entities. Trained and

funded by Iran, the Promised Day Brigade (PDB), the reorganized militant arm of Muqtada al-Sadr's movement, and Kata'ib Hizbollah (KH) continue limited attacks against U.S. Forces, but are considerably smaller in size than they were in years past. The Shi'a militant group Asaib Ahl al-Haqq (AAH) has been in reconciliation discussions with the GoI, and has largely refrained from attacking U.S. Forces. However, the organization has fractured, with some militants returning to violence. The organization's fracturing has made it difficult to assess the leadership's commitment to reconciliation.

Since the implementation of the SA, the ISF have the lead in operations in Iraq, and U.S. Forces now act in supporting roles, both partnering with and enabling ISF as they disrupt the freedom of movement and re-supply capabilities of AQI and other terrorist and militant groups. Despite this progress, AQI retains, to some degree, a capability to conduct HPAs targeting the GoI, civilians, and ISF, primarily in mixed urban areas, such as Baghdad and the surrounding region.

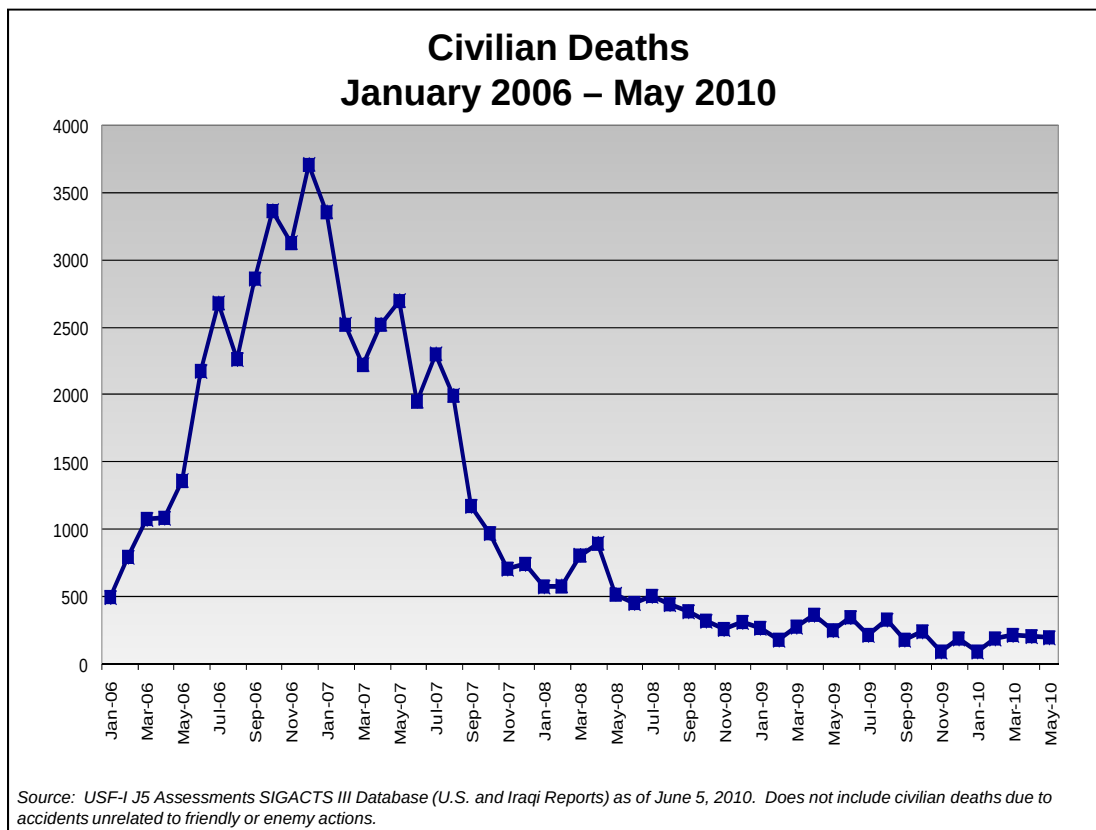


Sons of Iraq

SoI transitions to the ISF and civil ministries continued to be delayed this period in order to maintain SoI as an added measure of security through the formation of the new government. Prior to the GoI's decision to delay transitions, over 40% of identified SoI had been transitioned into the ISF or various civil ministries. The SoI who have not yet transitioned remain under GoI control and are paid through the Iraqi Army (IA) in all but Anbar Province, where the IP maintain payment responsibility. This quarter, U.S. Forces have continued to encourage the GoI to bring SoI payments up-to-date. At the end of the reporting period, the SoI had received their pay only through March 2010. The GoI repeatedly stated its intentions of making a double payment at the beginning of June for April and May service. On May 30, 2010, representatives from the the MoF, the Implementation and Follow-up Committee for National Reconciliation (IFCNR), and the Office of Disarmament, Demobilization, and Reintegration (DDR) met to solve persistent pay problems. As a result of the meeting, the

MoF transferred all funds for 2010 SoI salaries to DDR. This new pay procedure should remove an estimated two weeks of bureaucratic and administrative processing from each pay period.

The GoI reports they have transitioned 30,476 Baghdad SoI into GoI ministry positions. Initially, the GoI goal was to transition all Baghdad SoI into government positions by the end of 2009. These transitions were delayed, however, until after the March 2010 elections, and again until government formation, in order to maintain SoI as an added measure of security. The GoI also stated its intent to bring back a limited number of former SoI from their ministry jobs to man security checkpoints and provide intelligence on a voluntary and temporary basis. By PM Order, 80% of SoI placements will be in civilian ministries and 20% will be with the ISF. To date, more than 13,000 of the SoI placed have been with the ISF. IFCNR is working closely with each of the provincial governments to execute plans that fit the needs of the provincial agencies. Vocational programs, originally initiated with



MoLSA, have not gained traction within the GoI. Since transition began, the ministries have handled SoI training programs internally, mainly honing skills necessary for their current jobs.

The Sunni community remains concerned about SoI leader arrests, attacks by AQI insurgents, late payment of salaries, and halted transitions to permanent government jobs. In key leader engagements with IFCNR and other GoI officials, USF-I has focused on these issues. Insurgent groups, including AQI, seek to diminish the effectiveness of SoI through targeting, intimidation, and infiltration. The extent of infiltration varies by region.

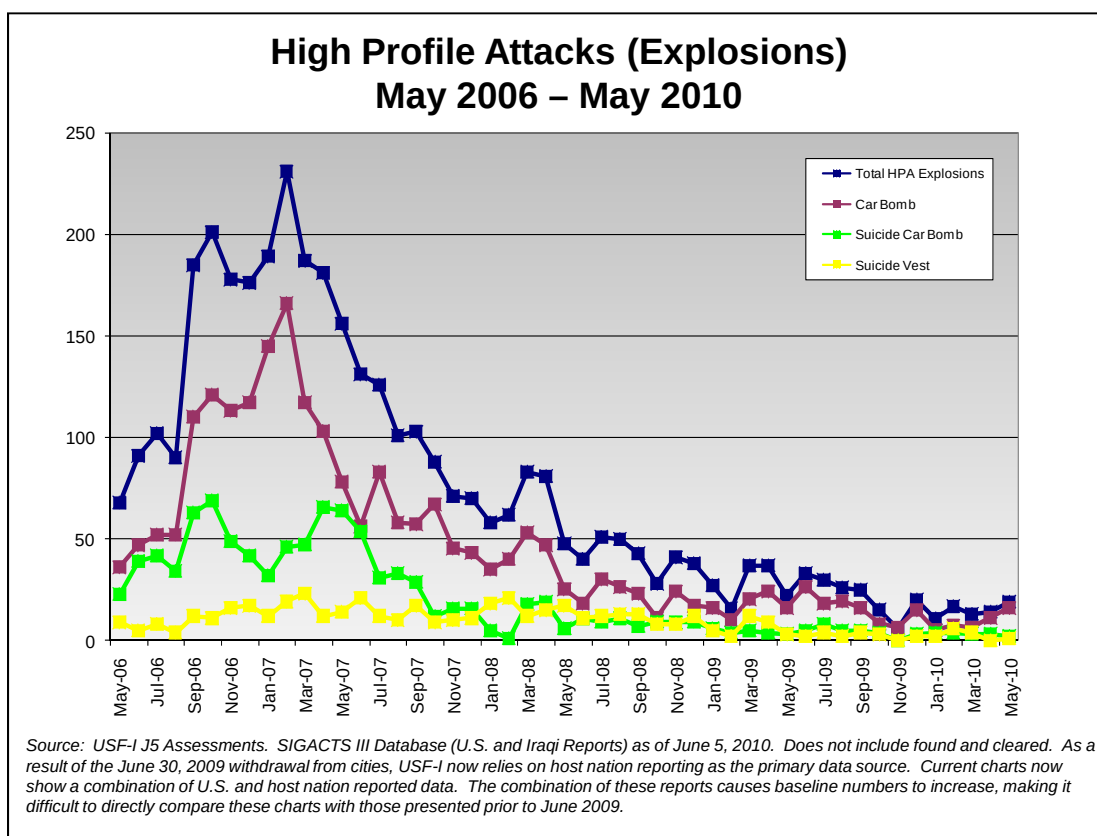
Daughters of Iraq

Daughters of Iraq (DoI) continue to support local IP checkpoints in Diyala. The DoI do not carry weapons, but are stationed at checkpoints in pairs to conduct searches of females for weapons and explosives. USF-I still holds the DoI contract, but is working with IFCNR to transfer responsibility in accordance with the GoI's request.

Attack Trends and Violence

Weekly overall security incidents are the primary measure of violence levels in Iraq, and include all reported attacks against civilians, the ISF, and U.S. Forces. Attacks have remained at historically low levels during this reporting period, averaging 169 security incidents per week. Although this represents a 14% increase from the last reporting period, it is still among the lowest three-month weekly averages since January 2004.

As opposed to a sustained upward trend, the increase in security incidents for this period was due primarily to the unusually high number of incidents on election day. There were 206 incidents, nearly ten times the previous 12-week daily average of 22. However, the majority of these attacks resulted in minimal to no casualties or damage. Intelligence reports suggest many of these attacks were most likely the result of small noise-making "bottle" IEDs. The high number of incidents proved to be temporary, as weekly security incident levels returned to relatively low levels following election week.



Baghdad, Diyala, Ninewa, and Salah ad Din contain approximately half of Iraq's population, but account for 71% of security incidents this period. HPAs and other effective IED incidents contributed to an increase in civilian deaths due to violence. The daily average number of civilian deaths due to violence increased from 5.1 per day last reporting period to 6.6 per day this reporting period. Although HPAs have caused a significant number of civilian deaths and injuries, they have not yet rekindled a cycle of ethno-sectarian violence.

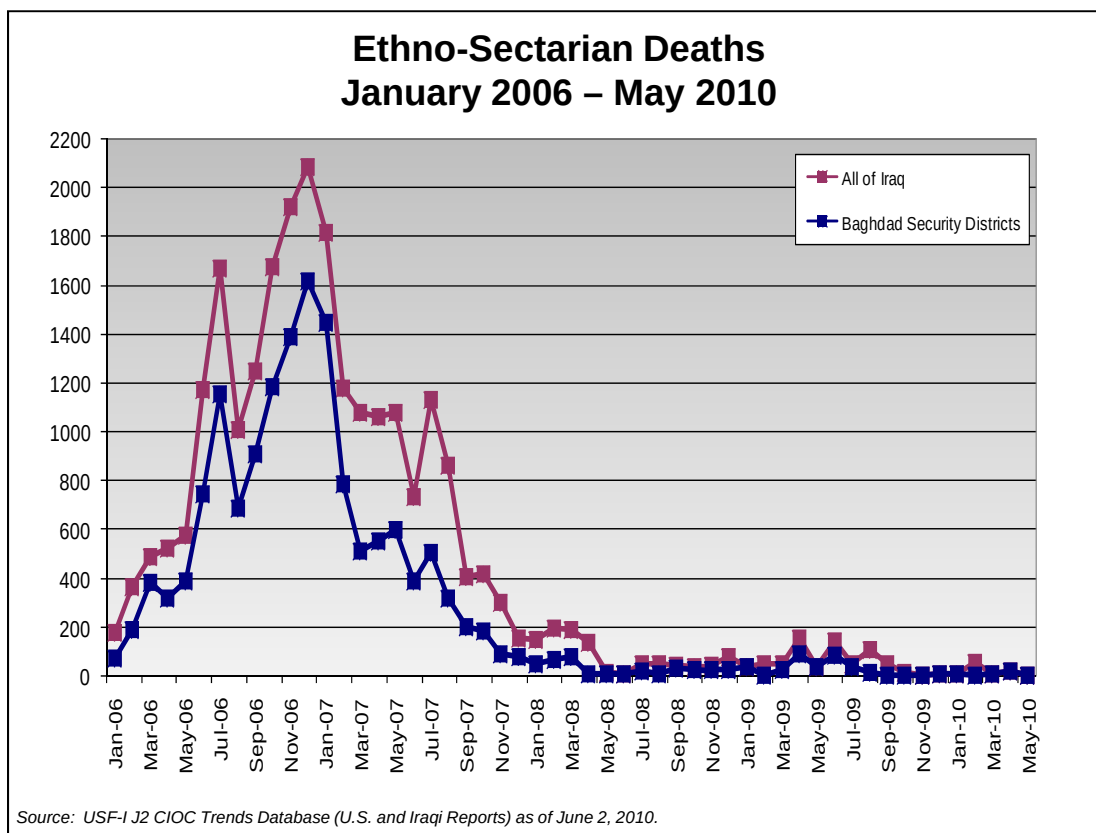
High-Profile Attacks

From March to May 2010, the average number of monthly HPAs decreased slightly from the previous reporting period. AQI continued to focus its large-scale attacks primarily against GoI institutions, ISF, and Shi'a civilians, with the exception of the April 4, 2010 attacks against multiple foreign embassies. The April 4, April 6, April 23, and May 10, 2010 attacks were a continuation of AQI's campaign of conducting high-profile, potentially mass

casualty attacks as a way of achieving greater impact with fewer resources. This attack cycle began in April 2009. These attacks occur less frequently, but tend to employ multiple devices concentrated against a particular target set on the same day. The intent of these mass casualty attacks is to influence public perceptions through increased media attention, and to create the perception that the GoI is unable to provide security. Suicide attack trends remain low, and female suicide attacks remain infrequent. During this reporting period, 46% of all casualties were caused by HPAs. Approximately 72% of HPAs during the period were vehicle-born improvised explosive devices (VBIEDs), which remains a signature weapon for AQI.

Explosively-Formed Penetrators

Levels of monthly explosively-formed penetrator (EFP) incidents increased 37% compared to the previous reporting period. ISF and U.S. Forces' security and targeting operations have reduced Shi'a extremists' ability to operate. The IEDs that are successful



tend to be more sophisticated and the extremists using them are better trained. Iran will likely continue providing Shi'a proxy groups in Iraq with funding and lethal aid, calibrating support based on several factors, including Iran's assessment of U.S. Force posture during redeployment. Additionally, recent attacks suggest that AQI has begun to employ poorly constructed imitation EFPs against ISF and U.S. Forces. Although mostly ineffective and small in number, USF-I is closely monitoring the employment of these devices as an evolving enemy tactic.

Insurgent and Militant Groups

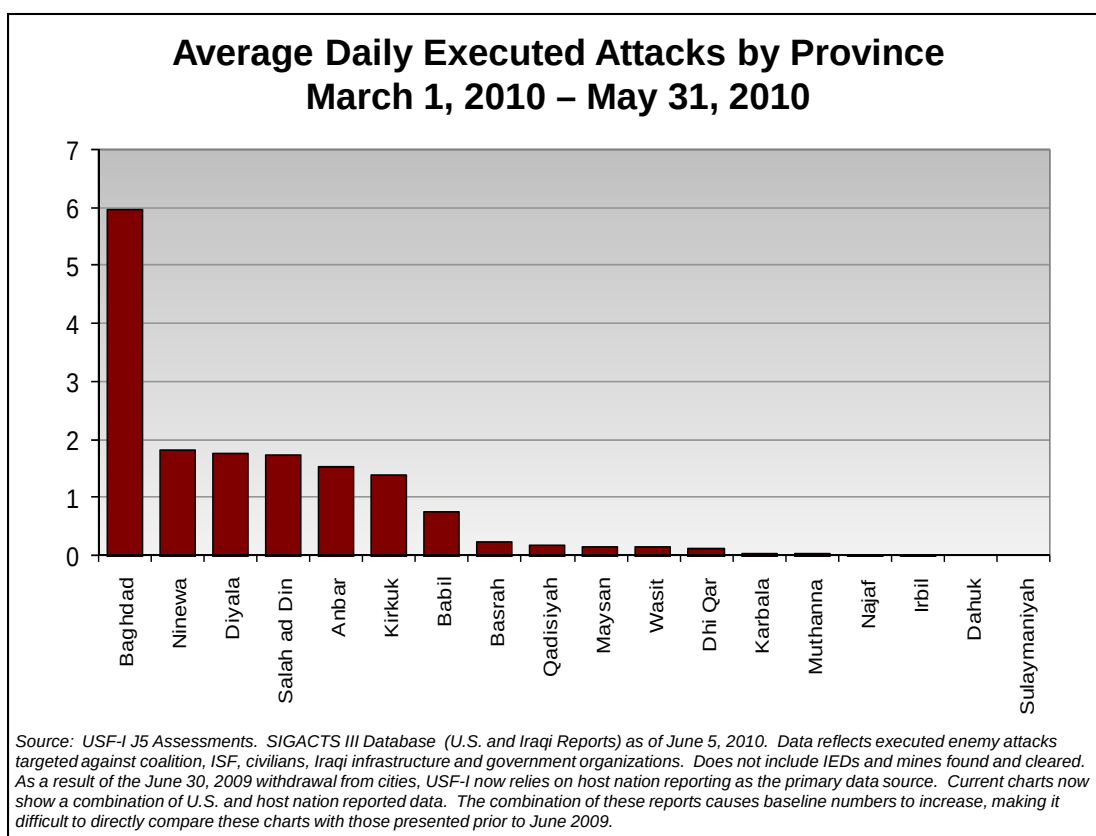
Sunni Insurgents

Religion, nationalism, and attempts to destabilize Iraq to discredit the GoI motivate a small number of Sunni groups who conduct attacks either to expel U.S. Forces or reduce the influence of the GoI in their area. These groups include the 1920 Revolutionary Brigade, the Mujahidin Army, Ansar al-Sunna (AAS), JAI, Hamas al-Iraq (HaI), Jaysh al-Rashidin (JAR), and the JRTN, an insurgent

group affiliated with the Iraqi Ba'ath party that conducts operations throughout the central and northern regions of Iraq. Additionally, there is some level of violence attributable to common criminal activities, personal grudges, or tribal rivalries, making it difficult to differentiate between insurgent and criminal activities. These acts of violence often have no specific motivation other than greed, interpersonal relationships, or general discontent with the current situation.

Al Qaeda in Iraq

Iraqi led, U.S.-supported operations have continued to sustain pressure on the AQI network over the last quarter. Between March and May 2010, AQI suffered some of its most significant leadership losses since the 2006 death of founder, Abu Musab al-Zarqawi. During this period, U.S. and Iraqi forces killed or captured 34 of the top 42 AQI leaders, including the group's top two leaders – Abu Ayyub al-Masri and Abu Umar al-Baghdadi – in security operations conducted on April 18, 2010. Moreover, on May 3, 2010, U.S. and



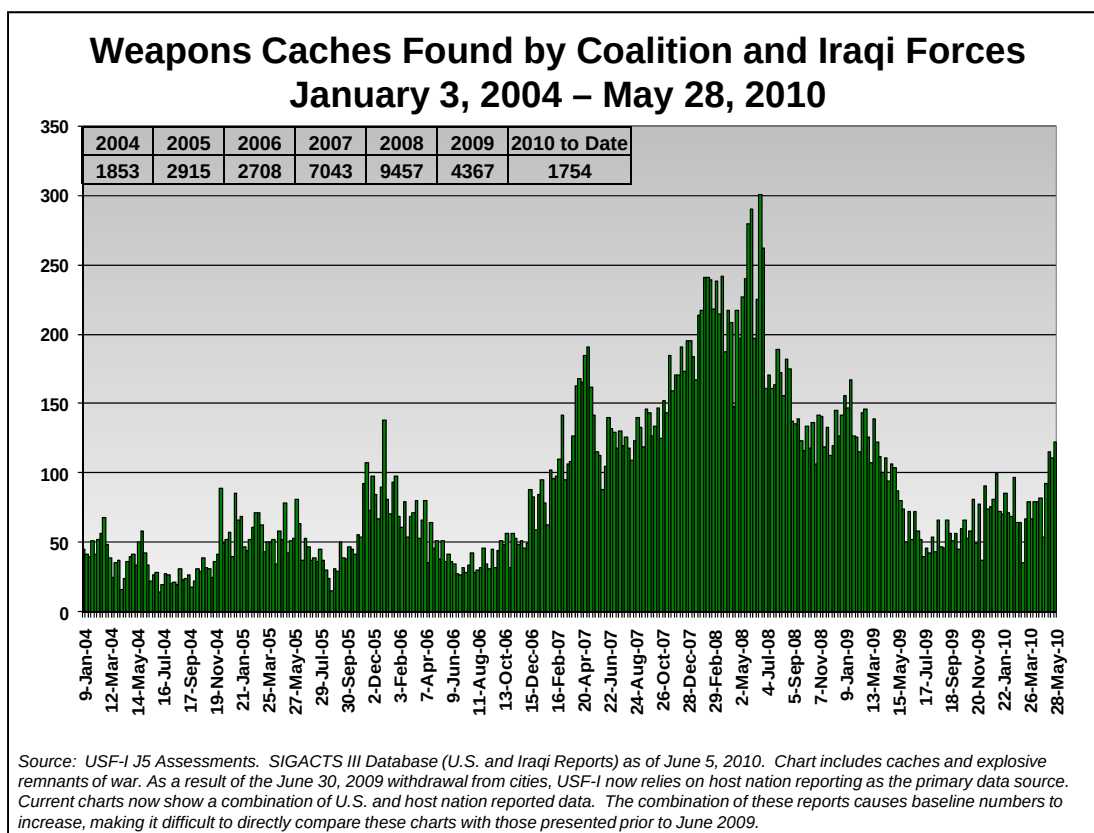
Iraqi forces captured Abu Abdallah al-Shafi'i, the leader of Ansar al Islam and the longest serving and most senior Sunni extremist leader detained in Iraq. Al-Shafi'i's leadership status, knowledge of current operational planning and international networks, and historic connections to al-Qaeda senior leaders make him one of the most important detainees held in U.S. custody in Iraq.

However, AQI still retains some capability, as demonstrated by its HPAs targeting embassies in Baghdad on April 4, 2010, the bombings of residential buildings in primarily Shi'a neighborhoods on April 6, 2010 and of Shi'a mosques on April 23, 2010, and the coordinated attacks across Iraq on May 10, 2010. The flow of foreign fighters into Iraq remains at historical lows, and current estimates place AQI's makeup at 95% Iraqi. AQI continues to focus its rhetoric and attacks against the GoI and Shi'a in an effort to discredit the GoI and incite sectarian violence as U.S. Forces draw down. In upcoming months, AQI will likely attempt additional

HPAs in an effort to prove their viability and delegitimize the Iraqi government in the post-election environment. AQI will also take advantage of detainee releases and the increased ISF responsibility for security in an effort to reassert its presence in some areas of Iraq. AQI continues to attempt to incite ethno-sectarian violence, though its attacks have so far failed to ignite ethno-sectarian tensions.

Shi'a Extremist Groups

Iraqi and U.S. Forces continue to target Shi'a militant groups, hindering their operations and, in part, causing them to pursue their goals increasingly through the Iraqi political process. Muqtada al-Sadr's objectives have not changed with regard to transforming the Sadrist movement. Sadr continues to convey anti-western and anti-U.S. sentiments while transforming what was formerly the Jaysh al-Mahdi (JAM) into the social, religious, and cultural group, *al Mumahiddun*. Sadr's militant wing, the PDB, continues to expand and become more active, checked somewhat by ISF and U.S. Force targeting. KH, some members



of AAH, and PDB are still conducting attacks primarily against ISF and U.S. Forces.. However, internal conflicts over plans and policy and an absence of senior leadership still plague the Shi'a militant groups.

Security Assessments by Region

Assessment of the Security Environment – Baghdad

Iraqi forces continued to maintain a high level of security in Baghdad this period. The ISF's focus in Baghdad consisted of detailed, coordinated planning for election day security, security support to IHEC's May 2010 ballot recount, and multiple operations to reduce enemy effectiveness in the southwestern and southern Baghdad belts.

The ISF's ability to plan and execute coordinated IA and IP security measures for the March 7, 2010 elections demonstrated an increasing capacity for providing effective security during times of heightened threat of extremist attack. There were no breaches of polling center security perimeters on election day, and specific security incidents were limited and did not deter Iraqis from voting. The IA planned and coordinated partnered operations to secure IHEC's ballot recount operations in Baghdad. The ISF provided security forces to safeguard ballot shipments and the recount facility (the Al Rasheed Hotel), while U.S. Forces provided ISR, air support, route clearance patrols, and backscatter vans. The ballot recount process proceeded without incident. The IA have been conducting counter-IED and counter-EFP operations throughout Baghdad to establish freedom of movement throughout the Operational Environment, to provide security for U.S. Forces during responsible drawdown activities, and to enhance the local economy. The number of IEDs found and cleared did increase substantially from the previous reporting period (from 155 to 267); nonetheless, Baghdad IEDs (376 total) remain historically low, ranking fifth lowest out of the previous 20 three-month periods.

Overall security incidents in Baghdad and the surrounding areas increased to 830 for this reporting period, compared to 611 during the previous reporting period. This number of security incidents was the third lowest three-month total in the last five years. Most of this increase is due to the election day spike of ineffective attacks, as incidents reverted to historically low levels the week after the elections. Casualties increased 29% from the previous period, but they also remain at historically low levels.

AQI maintains a presence in Baghdad and the surrounding areas, though it continues to lack the freedom of movement and operation it previously enjoyed in 2006-2007. AQI uses this presence to execute HPAs.

AQI and Shi'a extremist elements remain responsible for most violent activity within the Baghdad Security Districts. The difficult operating environment has caused many Shi'a extremist leadership figures to stay in Iran, while encouraging subordinates to prepare for future operations in Baghdad as U.S. Forces complete the transition to stability operations. Shi'a militant groups have not renounced armed violence and continue attempts to re-establish networks despite arrests and disruptions. These and other militant groups continue low-level operations, indicating residual will and capability. Overall, attacks by the PDB (likely aided by AAH) and by KH occur intermittently and mostly target U.S. Forces in Baghdad in the form of EFP and indirect fire (IDF) attacks. Though infrequent, IED, EFP, and IDF attacks demonstrate that PDB, KH, and non-compliant AAH are still capable of lethal operations in Baghdad. Sunni resistance activity in Baghdad has steadily declined since early 2008, with more activity on the peripheries than in central Baghdad.

Assessment of the Security Environment – Western Iraq

USF-I, GoI, and tribal initiatives continue to make significant progress in western Iraq against the capabilities and operations of AQI

and other Sunni extremist groups. Anbar Province is the first region in Iraq that has turned over security primacy from the military to police forces to enable the military to shift focus from the cities to training for external defense. The focus of ISF operations in western Iraq this period included interdicting illegal border activities and public relations. Border security operations resulted in multiple illegal border crossing interdictions, and seizures of weapons, mines, and illegal goods shipments. Other ISF operations resulted in the seizure of multiple caches, clearance of IEDs, detentions, and denial of violent extremists' freedom of movement. Operations this period resulted in at least 42 IEDs cleared, 3 VBIEDs cleared, 15 suicide vests (SVESTS) cleared, 40 caches seized with mortar rounds and explosives, and the arrest of multiple detainees. An IA partnered operation in early March resulted in the seizure of three suicide vests and one VBIED possibly meant for use during the election.

The IA also conducted partnered operations this period to improve public relations, including a cordon and knock operation to reassure residents of Hit in response to an IP colonel's assassination, and medical engagement operations with USF-I to bolster GoI legitimacy and address the medical concerns of an under-served area.

As noted last reporting period, attacks in Anbar Province remain constant at approximately one per day. Casualties in Anbar Province were lower than in the previous period, with a single SVEST attack causing a large percentage of total casualties. Many elements of the Sunni insurgency appear to have transitioned to either political activity or participation in the SoI, or have otherwise ceased attacks. Although AQI has lost significant ground in Anbar over the last three years and has been rejected by the populace, the area remains important for the group as a symbolic representation of the notional Islamic State of Iraq, and AQI has shown a renewed emphasis on the region. The group has moderately strengthened its presence

in the province and has the capability to conduct HPAs. AQI also continues to target local ISF as part of its efforts to undermine confidence in the security forces.

Assessment of the Security Environment – Northern Iraq / Central Iraq

Tripartite operations involving IA, Peshmerga, and U.S. Forces continue to be an effective mechanism to enhance security and dampen Arab-Kurd tensions in the DIBs. The combined security architecture for the disputed areas, consisting of CSAs, Combined Check Points, and Combined Security Operations, continue to moderate tensions between Peshmerga and GoI forces. Within the CSAs, no single military force can operate independently; operations within the CSAs are tripartite.

The focus of ISF operations this period included disrupting JRTN activities, denying threat IDF networks, and public relations. IA operations included a show of force to seize caches and disrupt JRTN networks near Kirkuk, and a warrant-based raid to kill or capture JRTN cell leaders. Multiple IA partnered force protection, counter-IED, and counter indirect fire operations disrupted violent extremist activities and indirect fire attacks in and around Kirkuk and Joint Base Balad. A combined security operation conducted essential services assessments in Kirkuk to demonstrate concern for local citizens and to bolster the legitimacy of the GoI.

Violence in northern and central Iraq continues to be a challenge, particularly in Ninewa, where AQI remains focused on maintaining its logistical and operational hub in the face of debilitating pressure from U.S. and ISF operations. From January to February 2010, AQI resumed conducting HPAs in Mosul. March and April 2010 security raids that removed several northern Iraq AQI leaders likely disrupted these attacks. Despite these losses, the group is still capable of conducting HPAs in the area, though not at previous levels.

Additionally, the group continues its efforts to gain funds through widespread extortion efforts. Both Sunni insurgents and AQI continue their campaign to intimidate the ISF, local government leadership, and civilians throughout the region with the goal of disrupting the government formation process. All Sunni armed groups have propaganda campaigns designed to give the impression of strength and relevance to their members and future recruits.

The lack of an agreed mechanism for sharing authority and resources in northern Iraq among Kurds, Arabs, and other groups, including Turkomen, Christians, and Yezidis, continues to exacerbate tensions. AQI and other Sunni insurgent groups seek to exploit this tension. Terrorist attacks on minorities in the Mosul area result in Arab accusations of deficiencies, possibly intentional, in Peshmerga security.

The number of security incidents in northern Iraq for this reporting period was the lowest three-month total in the last five years. Sunni insurgents throughout north and central Iraq remain less active due to Sunni involvement in provincial politics and positive effects from local SoI programs, though the groups will likely continue to stage periodic attacks against USF-I, ISF, and GoI targets.

Assessment of the Security Environment – Eastern Iraq (Diyala)

ISF continue to focus on targeting AQI and Sunni insurgents in Diyala. ISF, along with Peshmerga and U.S. Forces have conducted numerous operations throughout the region. During the reporting period, ISF focused efforts in order to deny the enemy IDF networks in the Diyala River valley, deny violent extremists a logistical support zone and disrupt smuggling of munitions for use in IED attacks. The IA conducted partnered operations to clear and hold key areas while simultaneously preventing movement of violent extremists across boundaries. ISF efforts have largely forced AQI out of the population centers into the Hamrin Mountains.

AQI and Sunni insurgents exploit an uneducated populace and rural areas lacking basic necessities for development and agriculture. AQI efforts to invoke ethno-sectarian tensions by conducting sporadic attacks, with the March 26, 2010 coordinated bombing of the Shi'a market in Khalis as an example, have failed to resonate. Total casualties in Diyala Province increased since the last report. However, the single March 26, 2010 attack accounted for 46% of the civilians killed and 30% of the civilian wounded in the province during the reporting period.

ISF continue to make progress toward the GoI objective of improving security in the province by eliminating insurgent support and setting the conditions for economic recovery and the return of displaced citizens; however, the perception of disproportionate targeting of Sunnis has strained sectarian relations, allowing Shi'a extremists and criminal elements much greater freedom of movement.

Assessment of the Security Environment – Southern Iraq

Reporting from the southern provinces remains positive, and the population supports the GoI's security initiatives, preferring relative normalcy to lawlessness and violence. However, political influence and deal-making resulting in the improper release of detainees is a major concern. The ISF conducted numerous partnered operations during the reported period in southern Iraq. ISF focused efforts on the prevention of smuggling along the Iraqi southeastern border with Iran and smuggling operations through Maysan and Wasit provinces. Additionally, the ISF partnered with U.S. Forces to disrupt violent extremist networks to shape the election environment and maintain legitimacy of the March election process. In Karbala, both Shi'a and Sunni religious leaders held a conference rejecting sectarianism and asked Iraqis to avoid sectarian violence. ISF also are proactively conducting Information Operations after the recent attacks, spreading the message that they are capable of

conducting security operations and that the GoI can safeguard the populace.

Shi'a militant groups remain the primary threat to southern Iraq. KH has maintained its networks and is conducting operations in southern Iraq, while a questionably reconciling AAH must keep members from leaving for the *Mumahiddun* or PDB. Despite the improving security environment, Shi'a militant groups seek to rebuild their damaged networks and demonstrate their capabilities through low-level residual violence, which will continue to change based on the AAH reconciliation process and the re-posturing of U.S. Forces. Three Improved Rocket-Assisted Munition attacks on U.S. bases in January 2010 and increased IED attacks against U.S. convoys demonstrate the Shi'a militants' capabilities and willingness to attack U.S. Forces. Overall, casualties increased in the southern provinces when compared to the last reporting period. Wounded and killed figures for Babil, Basrah and Wasit provinces were higher by approximately 305 total casualties (64 killed and 241 wounded) while the remaining five provinces showed decreased casualties. The string of attacks on May 10, 2010 accounted for over 60% of the period's total casualties and accounts for the overall increase in dead and wounded within the Southern region.

Assessment of the Security Environment – Kurdistan Regional Government Area

The KRG remains the safest and most stable region of Iraq, although isolated acts of terrorism occasionally occur. The relatively homogenous Kurdish population and the presence of the KSF mitigate the threat of AQI and other terrorist attacks in the North and reduce ethnic tensions that plague other cities in Iraq. Turkish and Iranian operations against Kurdish terrorist groups along their borders with the KRG have not led to significant numbers of refugees, collateral damage, or political fallout, but they remain potential flashpoints in the GoI's efforts to improve bilateral relations.

The results of provincial elections in January 2009 reduced Kurdish influence in the disputed areas, including Ninewa, Salah ad Din, and Diyala. In particular, the transfer of power from the Kurds to the mostly Sunni al-Hadba Gathering List in Ninewa precipitated a Kurdish boycott of the provincial council and led to a total impasse in Arab-Kurd tensions. The al-Hadba List continues to call for the removal of Peshmerga and Kurdish Assayish security forces from the province, which has increased tensions in the area.

At the same time, efforts to integrate the Peshmerga into the ISF are ongoing. The establishment of Combined Security Mechanisms in the disputed territories appears to have reduced the potential for inadvertent clashes between IA and Peshmerga forces. However, Arab political leaders remain wary that the Kurds will use the purely security-centric agreement to justify political expansion of the KRG to the border of every Peshmerga unit's area of operations.

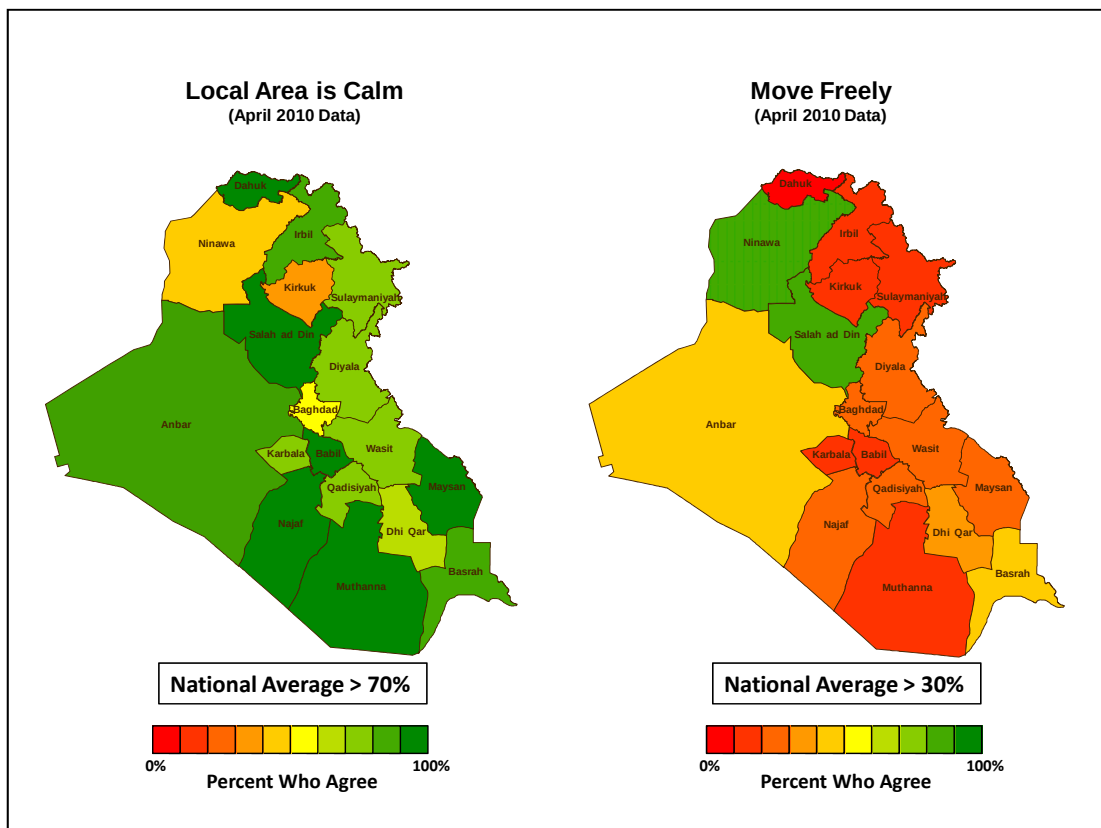
In many disputed areas adjacent to the KRG—Ninewa, Kirkuk, and to a lesser extent, Diyala—tensions remain high between the Peshmerga and the ISF. Many of these areas are ethnically mixed and resource-rich, and both the KRG and GoI are attempting to assert security primacy in the absence of a clear political arrangement. Currently, it appears unlikely the IA or Peshmerga will intentionally instigate a military confrontation, preferring to negotiate acceptable results. However, as U.S. Forces depart, opportunities for miscalculation or provocation may rise.

Public Views of Security

Research conducted in April 2010 reveals that over 70% of Iraqis described their local area as calm.¹⁰ Iraqis generally believe the security situation is better locally than nationally.¹¹ April 2010 research indicates over 50% believe their province is calm and over 20% of Iraqis say Iraq is calm, both showing a slight decrease since January.¹⁰ In April 2010, almost 90% of Iraqis felt that the security situation remained constant or improved in their neighborhood over the last six months, unchanged since January 2010.¹¹ In April 2010, almost 75% felt the security situation in the country had either stayed the same or improved, consistent with January 2010.¹² In April 2010, almost 35% reported that they could freely travel around Iraq, a significant improvement from January 2010 levels.¹³ April 2010 data indicates that almost 65% of Iraqis believe that the IA is defeating terrorists, and just under 60% of Iraqis believe the IP is controlling crime, the first remaining stable since January 2010 and the second showing a slight improvement.¹⁴ When asked to whom they would go to first to

report a serious crime, 45% of Iraqis said the IP, while approximately 25% stated the IA.¹⁵ In April 2010, over 40% of Iraqis felt that the IP was most responsible for providing security in their local area while over 25% said the IA.¹⁶ The exception to this occurred in Kurdistan, where over 80% would report to the Kurdish Police rather than the IA or IP, and almost 80% feel the Kurdish Police are most responsible for providing security in their local area.¹⁷ Relatively few Iraqis said people from their tribe (5%) were most responsible for providing security.¹⁸

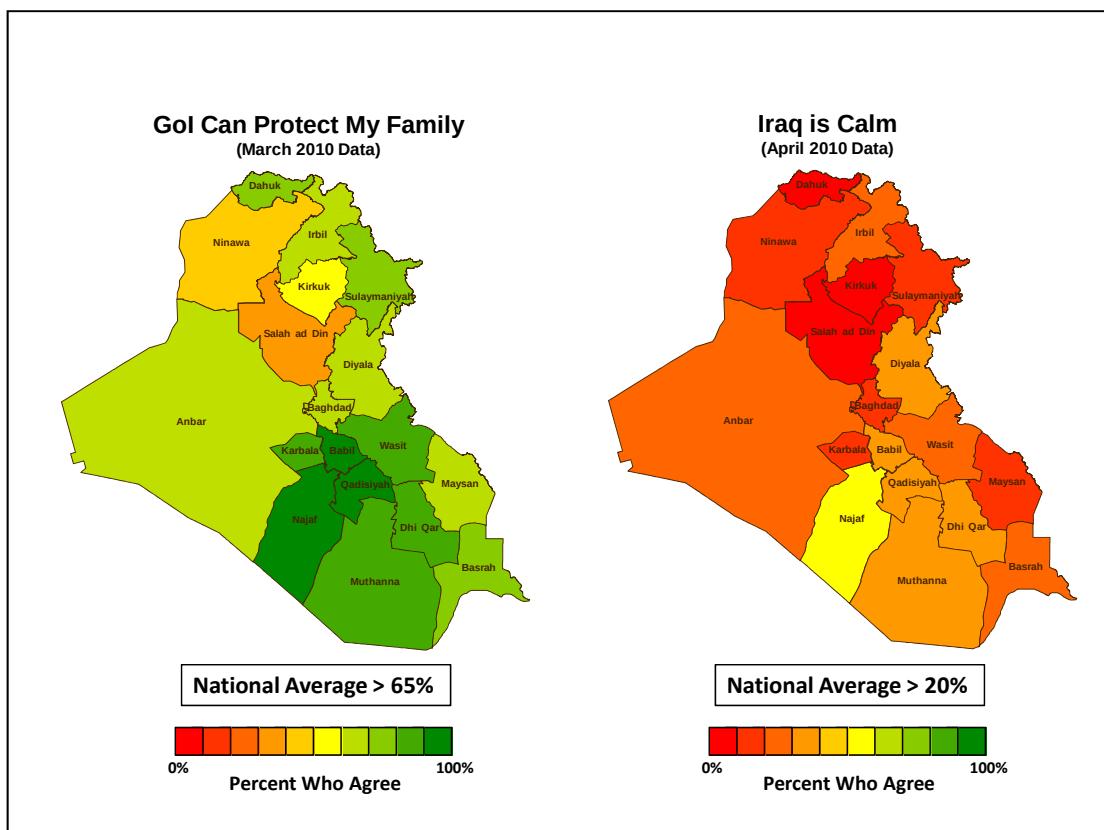
In March 2010, when asked about which levels of government they had confidence in protecting them, approximately 70% had confidence in their provincial government, almost 65% had confidence in their local government, and almost 70% had confidence in the national government.¹⁹ These figures are unchanged since January 2010. Iraqis continue to place their highest trust and confidence in the IA and the IP to protect them and provide security.



Conclusion

Although trends across the country are positive, security in Iraq remains fragile. Iraq remains susceptible to HPAs from groups seeking to disrupt the post-election government formation and inflame ethno-sectarian tensions. There continues to be steady growth in the capacity, capability, and professionalism of the ISF – they are leading operations, though they

continue to rely on U.S. Forces for supporting enablers. Despite sporadic HPAs in Baghdad and elsewhere, the ISF have demonstrated their ability to provide security for the Iraqi people since assuming primary security responsibility country-wide. U.S. Forces remain partnered with ISF, acting by, with, and through them in improving security as part of the continuing mission.



1.4 Transferring Security Responsibility and Responsible Drawdown of Forces

On January 1, 2009, UNSCR 1790 expired, and the SA between the United States and Iraq entered into force. Under its provisions, the GoI has assumed security responsibility for all 18 provinces, supported by U.S. Forces. The focus of U.S. Forces has almost completely shifted to advising, training, assisting, and equipping the ISF and away from taking a direct role in security operations. Between now and the end of August 2010, U.S. Forces will be focused on drawdown activities, the transition to a stability operations mission set, and the start of OPERATION NEW DAWN.

Strategic Framework Agreement and Security Agreement

The SFA continues to serve as the foundation for a long-term, robust, and multi-dimensional partnership that features cooperation in a range of areas: political, diplomatic, cultural, economic and energy, health and environment, humanitarian, information technology and communications, law enforcement, and judicial. The U.S. continues to have great success implementing the SFA with its Iraqi partners. It is a positive sign that the GoI continues to convene constructive SFA-related meetings even in the midst of the ongoing government formation negotiations following the March 2010 parliamentary elections. USF-I anticipates that, following formation and seating, the new Iraqi government may wish to reexamine the SFA blueprint in the sense of suggesting new initiatives or focus in each area. This will be a demonstration of Iraq's assertion of sovereignty – something the U.S. Embassy Baghdad and USF-I both expect and encourage.

The bilateral SA governs the presence and withdrawal of U.S. Forces from Iraq. It also provides the operational authorities for U.S. Forces to sustain positive security trends in Iraq as their focus shifts toward mentoring and advising the ISF. The implementation of the SA continues to make progress with the first Joint Military Operations Coordination Committee (JMOCC) meeting in almost a year

planned for July 2010, and with several Joint Sub-Committees (JSCs) completing key agreements and implementation objectives.

Joint Iraqi – U.S. Committees

SFA Joint Coordination Committees (JCCs)

There are five JCCs and 24 Implementation Working Groups (WG) to address bilateral SFA issues. The JCCs made progress this period in the areas of political-diplomatic, economic, and cultural cooperation.

The Political-Diplomatic JCC convened its inaugural meeting in January 2010. This JCC is focused on improving Iraq's regional integration, and helping Iraq address key UN Chapter VII issues, including WMD-related UNSCRs 687 and 707, as well as closing out outstanding Oil-for-Food contracts and follow-on arrangements for the Development Fund for Iraq (DFI). Among the initiatives that the JCC accomplished was a 30-day mid-level Iraqi diplomat training program in Washington, D.C., which took place in late May and early June 2010.

There has been much work in the area of Economic and Energy Cooperation since January. The Economics and Energy JCC met on April 19, 2010. Deputy Prime Minister Shaways noted the importance of maintaining the CBI's independence and protecting Iraq's foreign exchange reserves. The aviation subgroup of the Transportation WG met on March 23, 2010 to identify short, medium, and long-term objectives and goals of the Iraqi civil aviation sector. The agenda included a discussion of the remaining steps needed to bring airports into compliance with ICAO standards. Most important, the subgroup discussed the air space transition plan and the challenges facing the ICAA in taking full control of Iraqi air space from the U.S. military by fall of 2011.

On March 18, 2010, the Oil and Gas WG met to discuss current developments in the oil sector, review USG programs and projects that have directly addressed the priorities previously

identified by the Oil and Gas WG, and discuss any process or infrastructure related bottlenecks in the oil fields to smooth IOC investment in oil field development.

SA Joint Sub-Committees (JSCs)

This quarter, the 12 SA JSCs finalized several agreements and neared completion on key implementation objectives. This effort during the post-election period ensures processes are in place to continue operations during the GoI transition. The JMOCC plans to meet in July 2010. The Joint Committee did not hold a meeting during the past quarter.

The JMOCC JSCs continue to make good progress. The Green Zone Security JSC has completed transfer of International Zone (IZ) badge operations and entry-control-point equipment, and has agreed to establish several U.S. only entry control points in the IZ to better secure the smaller U.S. footprint. The Military Operations, Training, and Logistical Support JSC met to provide briefings to senior Iraqi Ground Force Command (IGFC) officials on the USF-I transition to stability operations, combined security operations, and CT operations. The Provincial Stability Assessment JSC is monitoring an Iraqi-led quarterly provincial assessment in anticipation of the GoI completing these independently in the future.

The Joint Committee JSCs finalized several agreements and completed several implementation objectives during the post-election GoI transition period. The Entry/Exit JSC finalized an agreement to establish an Iraqi immigration office on Sather Air Force Base to process non-DoD civilians arriving and departing Iraq on military or DoD-contracted aircraft. This station was scheduled to start operations in June, but has been temporarily delayed. The Detainee Affairs JSC continues to make progress in transferring or releasing legacy U.S.-held detainees as described below. The Agreed Facilities and Areas JSC continues to focus on U.S. Forces' base returns,

and is working to establish a mutually agreeable process to ensure U.S. Forces remaining temporarily on a base after it has been returned retain all legal rights under the SA. The Frequency Management JSC remains focused on assisting the GoI with improving its frequency spectrum management process and coordinating frequency allocation between U.S. Forces and the GoI. The Surveillance and Airspace Control JSC has worked with the ICAA to overcome several contractual challenges and develop a plan to control Iraqi airspace as U.S. Forces redeploy.

Drawdown of U.S. Forces

USF-I repositioned U.S. combat brigades from Iraqi cities, villages, and localities in June 2009 in compliance with the SA. U.S. Forces will redeploy from Iraq completely by December 31, 2011, fulfilling U.S. obligations under the SA. In support of its mission to build a sovereign, stable, and self-reliant Iraq, USF-I will transition to stability operations by August 31, 2010 in compliance with Presidential direction. USF-I stability operations will focus on a mission set that includes advising, training, assisting, and equipping the ISF, conducting partnered CT operations, and supporting civilian agencies and international organizations in their capacity-building efforts. Enduring functions will continue to transfer to the U.S. Embassy Baghdad, other agencies and departments, and the GoI as U.S. Forces redeploy.

A key element of USF-I's responsible drawdown is the redeployment of remaining Brigade Combat Teams and the complete integration of the Advise and Assist Brigades (AABs) into the stability operations environment. USF-I continues to set conditions for Iraq to become an enduring strategic partner of the United States and is on track to meet Presidential direction for September 1, 2010. USF-I continues to refine force requirements to reduce risk while meeting mission objectives. Throughout the drawdown process, USF-I will continuously adapt as it enables the GoI, matures its advise, train, and equip role, and

continues to assist the efforts of other U.S. agencies.

Military Installations

The USF-I staff manages base closures and returns to the GoI in conjunction with the Receivership Secretariat, established and approved by the SA Joint Subcommittee for Agreed Facilities and Areas. The Receivership Secretariat coordinates with USF-I on all base transfers, returns, and closures and is the single point of contact for transferring all personal and real property at the time of closure.

Since January 2008, a total of 369 bases or facilities have been closed or returned. As of May 31, 2010, 126 active bases remain in Iraq. From March 2010 to May 2010, U.S. Forces closed or returned 99 bases. The table contains details on the number of bases recently closed or returned and those currently active. Bases are differentiated by type as Contingency Operating Bases (COB), Contingency Operating Sites (COS), Contingency Operating Locations (COL), and other facilities.

Equipment in Theater

By September 2010, USF-I will reduce the total amount of equipment in Iraq from the current

2.58 million pieces to a total of 1.2 million pieces required to support a transition force set of six AABs and associated enablers. As of May 31, 2010, USF-I has demilitarized 1,425 short tons of Class V munitions, leaving 5,661 short tons of munitions in Iraq.

From May 1, 2009 to May 1, 2010, U.S. Forces retrograded 735,000 items of equipment from Iraq, including more than 98,000 items of Contractor Managed Government Owned equipment, 143,000 items of theater-provided equipment, and 494,000 items of organizational equipment. Foreign Excess Personal Property (FEPP) transfers to GoI continue to increase as USF-I personnel execute base closures. USF-I J4 has facilitated the transfer of over 787,000 pieces of equipment with a fair market value of \$91.4 million to the GoI. The MoD, the largest recipient, has received equipment transfers valued at \$53.2 million, representing 58% of the total FEPP transfers. USF-I J4 continues to assess closely the future bases that may exceed the \$30 million USF-I approval threshold, and is prepared, if required, to request new base closure delegated authority for those bases that exceed the current approval threshold.

<i>Type Base</i>	Active (as of May 31, 2010)	Occupied by 100 or more U.S. military personnel (as of May 31, 2010)	Returned		
			March* 2010	April 2010	May 2010
<i>COB</i>	8	8	-	-	-
<i>COS</i>	25	25	1	2	6
<i>COL</i>	39	-	22	11	6
<i>Other</i>	54	-	48	3	-
TOTAL	126	33	71	16	12

*The high number of closures in March is due to 60 admin closures.

Maintaining a capability to dispose of scrap metal is essential in conducting clean-up operations as USF-I personnel prepare bases for closure. Scrap turned in to the Defense Reutilization and Marketing Office for disposal in FY09 was 53,100 short tons, with FY10 year-to-date volume at 39,400 short tons.

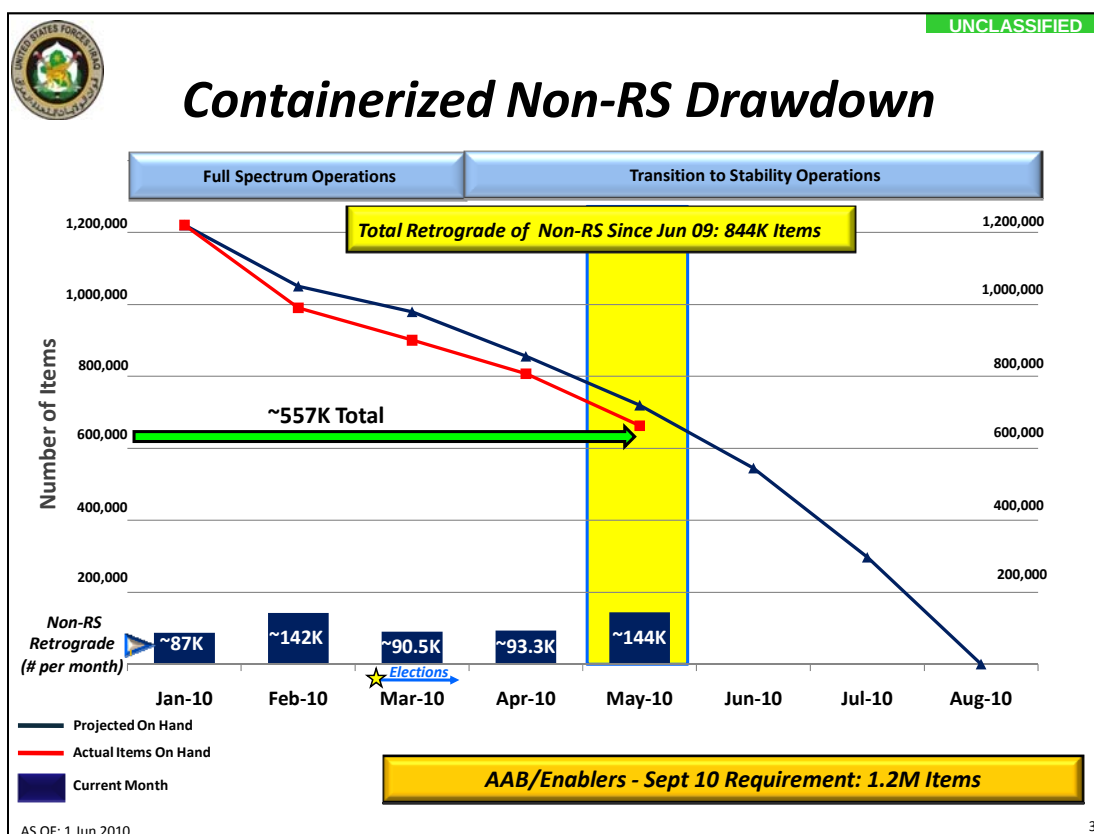
The USF-I J4 charts depict the CL VII rolling stock and containerized non-rolling stock retrograde glide paths associated with the responsible drawdown. USF-I continues to remain ahead of glide path with its rolling stock retrograde operations. Since June 2009, USF-I has retrograded more than 32,687 pieces of rolling stock which includes II MEF vehicles. USF-I J4 anticipates no issues in retrograding the approximately 7,000 remaining pieces of rolling stock by September 1, 2010. For non-rolling stock, USF-I redistributed more than 844,000 items since June 2009. USF-I retrograded 144,000 pieces of non-rolling stock for the month of May 2010 for a total of 557,000 pieces so far in 2010. The USF-I J4's retrograde analysis for non-rolling stock includes the planning for

sourcing AAB and Enabler units and the normal re-deploying of units. USF-I is positioned to achieve end state objectives.

National Association of State Agencies for Surplus Property

USF-I is working closely with Headquarters Department of the Army (HQDA) G4, the Deputy Undersecretary of Defense Logistics and Material Readiness (DUSD (L&MR)), U.S. General Services Administration (GSA), and the National Association of State Agencies for Surplus Property (NASASP) in the implementation and execution of a program to retrograde excess non-tactical equipment from Iraq back to the U.S. The program will support the needs of state and local governments. USF-I fully supports the turning over of surplus property and resources no longer needed by U.S. Forces in Iraq to the appropriate state or local agencies in need of the equipment.

The collaborative effort between USF-I, GSA, NASASP, and OSD provides an excellent means to identify and appropriately distribute this excess equipment. To date, NASASP



representatives, working hand-in-hand with USF-I, have identified 21 pieces of equipment for state and local government use.

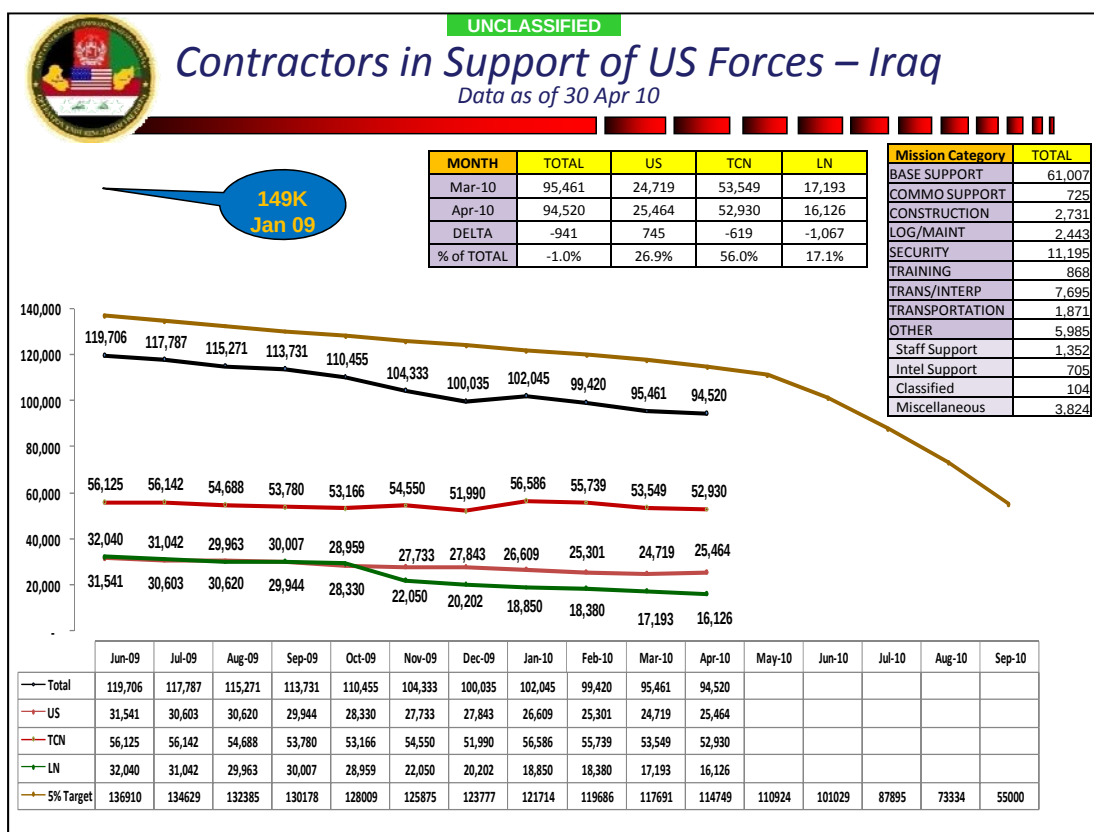
United States Equipment Transfer to Iraq

USF-I J4 continues to refine the processes and procedures for organizations that are implementing the various stages of the consolidation and transfer process under the United States Equipment Transfer to Iraq program. Areas of responsibility among the major military commands in theater are being identified for sourcing, consolidation, and transportation of equipment to a central collection point in Taji, Iraq. USF-I J4 is working to clarify further procedures for the refurbishment, maintenance, and accountability of equipment identified under the three authorities of transfer: the FEPP program, Section 516 of the Foreign Assistance Act of 1961, and Section 1234 of the 2010 National Defense Acquisition Act. The future transfer of equipment is tentatively scheduled to occur subsequent to Congressional Notification. Section 516 related transfers are projected to occur on or about June 7, 2010, and Section

1234 related transfers are projected to occur on or about July 2, 2010.

Number of Contractors and U.S. Forces

Contractors have been an important complement to the DoD effort to provide supplies and services in Iraq. Contractors support most operations that are conducted by DoD, and they also provide life support. From high-profile force protection (security) to operations support to vehicle maintenance to providing basic sustainment needs for deployed warfighters, contractors are a key component of the force. Notably, approximately 65% of the contractors provide life support functions, which are the equivalent of all public works (water, electricity, food, sanitation, sewer, laundry) for several small and medium-sized cities spread over 132 U.S. bases across Iraq. The Logistics Civilian Augmentation Program (LOGCAP), which provides life support for approximately two-thirds of the force, operates 57 different dining facilities, 9 ice plants, and 44 solid and medical waste incinerators. LOGCAP provides almost 344,000 meals per



day, sleeping arrangements for more than 200,000 people, over 786,000 bundles of laundry per month, and all other necessary support for U.S. Forces and many State Department, federal aid, and investigative agency personnel to enable them to focus more effectively on their missions. Construction and operations support, including fuel deliveries, aircraft maintenance, and training, compose the other key components of the contractor workforce.

The figure reflects the results of the April 2010 contractor census and includes a trend line for a 5% reduction in contractors directed by the Commanding General (CG), USF-I prior to the initiation of the “Responsible Drawdown.” USF-I will reduce contractors commensurate with its drawdown of forces.

Throughout drawdown planning and execution, USF-I is emphasizing coordinating and consolidating customer requirements and managing the contractor footprint. Accordingly, USF-I has established a senior officer board to review new and recurring requirements to become lean both during the drawdown and with the transition force that will remain after August 2010. USF-I is revamping its Theater Business Clearance (TBC) process to more tightly track and monitor contractor entrance into the country. In the short term, USF-I’s TBC representative has already begun to scrutinize contractor country entry requests more closely to ensure they are in sync with the USF-I CG’s intent for the drawdown. While USF-I executes the drawdown between now and the end of August 2010, some categories of contractors may increase for a temporary period, to include materiel handling teams, engineers, and transportation specialists needed to remove equipment and stock from theater.

At the end of April 2010, there were approximately 94,520 contractors working in Iraq. This workforce will be reduced during the responsible drawdown over the next few months. The chart displays the results of the

April 2010 contractor census, the contractor drawdown goal by month, and a breakdown of contractors by category.

As USF-I continues to reduce the size of the force in Iraq, the size of the contracting force will be reduced commensurately. Currently there is an approximate 1.01-to-1 ratio of contractors to DoD personnel. The ratio is expected to increase over the next few months to 1.1- to-1 by September 2010 as DoD personnel leave the theater.

U.S. Forces continued to drawdown during the reporting period from approximately 95,000 personnel at the start of March 2010 to approximately 88,000 personnel at the end of May 2010. Personnel strength is projected to be no greater than 50,000 by the end of August 2010.²⁰

Regional Agreements for U.S. Movement

The Western Ground Line of Communication from Iraq to the Port of Aqaba, Jordan, has been completely commercialized. The U.S. military uses this route for the movement of redeployment cargo to the Port of Aqaba utilizing commercially contracted trucks. The port has seen increased utilization over the past several months using the Surface Deployment and Distribution Command’s door-to-door program, which moves unit equipment from Iraq directly back to the United States. USF-I plans to redeploy six brigade combat teams and over 150 non-brigade sized units through Aqaba as part of the responsible drawdown of forces from May to August 2010. The capacity for the Port of Aqaba includes an upper limit total of 2,250 containers and pieces of rolling stock per month. United States Divisions North and Center are primarily using the port of Aqaba for redeployment of cargo in accordance with the responsible drawdown of forces.

USF-I has conducted four Northern Distribution Network (NDN) retrograde movements in support of Operation Enduring Freedom through Turkey to date. The NDN is

not only contributing to the drawdown of material in Iraq, but is also contributing to the ongoing sustainment efforts in Afghanistan. The United States has used convoys to move a total of 245 containers of material out of Iraq utilizing the NDN.

The Habur Gate at the Turkish border has increased from small-scale sustainment distribution convoys to daily convoys that number in the hundreds of trucks. The current agreement does not permit military convoys, ammunition shipments, or lethal equipment shipments through Turkey. U.S. Forces also have the ability to use Turkish seaports in order to execute a responsible drawdown from Iraq, but are limited to non-lethal containerized cargo. The extension of the current agreement through December 2010 will give commanders the option to use Turkish seaports if needed.

Kuwait is the primary port for support of U.S. Force redeployments. The current agreement specifies that the U.S. may import into Kuwait any equipment, supplies, materiel, or services required by the forces for their operations or prepositioning in Kuwait. Military convoy land movements throughout Iraq are only restricted by movement times and requirements for security escort to the Iraq borders. Although Kuwait remains the primary default port for retrograde from Iraq, as noted earlier, a large portion of unit cargo is now being shipped through the Ports of Aqaba, Jordan, and Umm Qasr, Iraq, via commercial door-to-door movements. With a focus on assisting the development of the Port of Umm Qasr, USF-I and U.S. Division South are using the port for redeployment of cargo in accordance with the responsible drawdown of forces. This is executed by United States Transportation Command's commercial door-to-door program. Commercial door-to-door movements require private security, but have no movement window restrictions, allowing maximum flexibility in serving departing units at each Forward Operating Base (FOB) and the port. However, Umm Qasr's capability is limited by its facilities, and by the depth of the port.

Large military vessels such as the Large, Medium-Speed, Roll On/Roll-off Ship, and the Fast Sealift Ship, cannot currently navigate the port or waterways of Iraq. Tracked vehicles are not supported by the port, and movement of sensitive items through the port is limited by United States Central Command. Despite these constraints, USF-I planners estimate port throughput capacity at one brigade equivalent per month, and estimate a capacity for a combination of containers and rolling stock amounting to 2,250 pieces. The utilization of the Umm Qasr Port for retrograde and redeployment related to the responsible drawdown averages 5% of capacity.

Status of the Coalition and the NATO Training Mission-Iraq (NTM-I)

Although Coalition partners concluded their missions and departed Iraq in July 2009, Iraqi forces continued to receive training assistance from other nations this period. UK personnel continued to assist in training the Iraqi Navy (IqN) under the CoM-approved November 2009 MOU. This agreement expires on November 22, 2010. At that time, the MOU must be extended or a new MOU must be approved for UK participation in IqN training to continue. NTM-I continues its mission in Iraq assisting in the training of the ISF. A total of 14 countries now participate in the mission with the addition of Albanian trainers in April 2010.

Release of Detainees

Detainee Categories and Demographics

As of May 31, 2010, 2,889 detainees were in U.S. custody, of which 61 (2%) were low-threat, 808 (28%) were medium-threat, 2,008 (69%) were high-threat detainees, and 12 (under 1%) were new captures that had yet to be vetted. Detainee threat categories are based upon definitions determined by the Office of the Secretary of Defense. 2,782 (96%) of all detainees currently in U.S. custody have an arrest warrant, detention order, or a conviction making them transferable to the GoI. A demographic breakdown of the detainee population reveals that approximately 75% are

Sunni and 25% are Shi'a. There are two foreign detainees, one from Saudi Arabia and one from Lebanon, who are still in U.S. custody. Since January 1, 2009, there have been 342 new captures, 25 of whom were previously held in U.S. custody. U.S. Forces hold new captures at the request of the GoI.

Transfers

The Security Committee routinely reviews the U.S. Forces' detainee list and identifies detainees who are wanted for criminal conduct by the GoI, producing a warrant for the detainee's arrest. The U.S. Forces then remove those detainees from the release list. As of May 31, 2010, the GoI, via the JSC, has reviewed greater than 14,000 detainee summary cases and provided warrants for more than 5,000 detainees. In addition, the Iraqi court system has provided approximately 800 detention orders and over 200 conviction orders on detainees since January 1, 2009. Since January 2009, U.S. Forces have transferred 4,541 detainees to the GoI with arrest warrants, detention orders, or conviction orders. Over half of these detainees (2,659) were transferred with the transfer of the Taji TIF to the GoI in March 2010. USF-I is currently transferring detainees with warrants, detention orders or convictions to other GoI facilities to match Iraqi Corrections Officer capability to detainee population in anticipation of the upcoming transfer of the Cropper TIF in July 2010.

Releases

U.S. Forces have released 8,089 detainees since January 2009. U.S. Forces provide a detainee release list to the Detainee Affairs JSC through the GoI Security Committee before releases are scheduled. These releases will continue in a safe and orderly manner until the transfer of the Cropper TIF in July 2010. The number of releases per month has decreased due to the

positive increase in arrest warrant production by the GoI, as well as a slow-down of releases during the election and government formation time period to assist the GoI's security efforts. U.S. forces have released only 284 detainees since January 1, 2010, with most of the population drawdown effected through transfers to the GoI.

Risk Levels

The responsible drawdown of U.S. Forces is a deliberate process with flexible decision points built in. USF-I will identify and mitigate risks associated with the reduction of military capabilities by increasing or decreasing the pace of reduction as necessary. U.S. Forces are postured to provide support, if requested by the GoI, to bolster security during the seating of the government. Each movement or reduction in U.S. Forces is a separate, carefully considered planning effort that takes into account the most current assessment of the security situation, the drivers of instability represented by current communal and factional struggles for power and resources, current capacity of GoI governance institutions, the current level of external influence, and the capability of the ISF to counter violent extremist groups.

USF-I continues to carefully track and analyze nationwide trends in close cooperation with the ISF. These trends are early warning indicators of potential trouble spots that the ISF might request U.S. support in handling. These assessments are conducted based on daily reporting and analysis and are summarized weekly and monthly for USF-I and Iraqi leadership. Multiple quarterly assessments are also completed. All of these assessments together inform command decisions about the drawdown of U.S. Forces.

Section 2—Iraqi Security Forces Training and Performance

Currently, the ISF are functioning well as a counterinsurgency (COIN) force. They are striving to reach a Minimum Essential Capability (MEC) by the time U.S. Forces redeploy at the end of December 2011. MEC means that the Iraqi Security ministries, institutions, and forces can provide internal security and possess foundational capabilities to defend against external threats. USF-I continued to work this quarter to help the ISF progress towards MEC. Although facing significant challenges, the ISF continue to improve their capabilities through increased training and equipping. As of May 31, 2010, there were approximately 666,500 security force personnel in the MoD, MoI, and the Iraqi National Counter-Terrorism Force (INCTF).²¹

2.1 Assessed Capabilities of the Iraqi Forces

USF-I assesses the capabilities of the ISF based on their progress toward achieving MEC. This assessment focuses on the areas of ministerial capacity, and the capabilities of the various security forces (Army, Navy, Air Force, Police Forces, and Counterterrorism Force). Each individual area is assessed based on both objective and subjective criteria, such as number of units fully equipped. These criteria are considered in total and an overall assessment is provided.

Ministerial Capacity

In order to achieve MEC, the MoI must develop a self-reliant ministry by the end of 2011; a ministry with sustainable and enduring systems, staffed with professional and capable leadership that enables the manning, training, and equipping of interior forces. The MoI continues to make slow, uneven progress in developing the ministerial capacity to provide oversight, training, professional development, facilities, and resourcing for Iraqi internal security forces. The MoI is progressing toward MEC by December 31, 2011, but the ministry is currently experiencing challenges in the areas of C2, interoperability, resource and

acquisition management, and operational sustainment.

With the exception of logistics and sustainment, the MoD is currently on track to achieve its MEC objectives to provide oversight of the Iraqi armed forces prior to U.S. Forces withdrawal in December 2011. In addition to logistics and sustainment, the current MoD challenges are in the areas of planning and budgeting, procurement, and information technology. As the ground force nears completion, lack of a sustainment funding plan and the presence of a highly centralized decision-making process inhibit MoD force improvements.

Iraqi Interior Forces

The MoI's December 2011 goal is an IP force that is professionally trained, sufficiently manned, and adequately equipped to be capable of defeating insurgencies, of creating a safe and secure Iraq, and of enforcing the rule of law. IP forces must be interoperable with each other and the IA. The Directorate of Border Enforcement (DBE) must be able to control borders with IA support. Provincial Joint Coordination Centers (PJCCs) must be capable of providing C2 of provincial security operations. USF-I currently assesses the Federal Police (FP) and Oil Police (OP) to be operationally capable. The Iraqi Police Service (IPS), DBE, and Port of Entry Directorate (PoED) have basic capability and improved technical skills. However, all interior security forces will continue to have gaps in funding; command, control, communications, computers, intelligence, surveillance, and reconnaissance (C4ISR) capability; specialization; and logistical infrastructure. The Bureau of International Narcotics and Law Enforcement Affairs (INL) is scheduled to assume the training and advisory role for interior forces, taking the lead in October 2010. The scope of the INL assumption of the enduring police training and advising mission

was based on the planning assumption that the Iraqi police will have achieved MEC. There will be enduring gaps in police capability, not covered by the INL mission, if the Iraqi police do not achieve MEC prior to INL assuming the mission independently.

Iraqi Army

As of May 2010, there are 196 IA combat battalions conducting operations, as well as 20 Iraqi protection battalions and six Iraqi special operations forces (ISOF) battalions. The force generation of the COIN force enablers (Logistics, Intelligence, Communications, and Engineering) will be completed by July 2010. The force generation goal for 2011 is to establish a foundational capability to defend against external threats, which is the MEC. A key component of this foundational capability is the development of four modern divisions (one mechanized and three infantry) in the IA. Although the IA continues to make steady progress, these four divisions will not be complete before December 2011 because of equipment procurement timelines and subsequent training requirements. Specifically, equipping, training, and combined arms integration of the M1A1 fleet, artillery units, and key mechanized enablers will not be complete.

Iraqi Air Force

The Iraqi Air Force's (IqAF's) December 2011 goal is the development of a capability to support ISF COIN operations and to have an initial air sovereignty capability in place. The IqAF is on the path to achieving MEC by the end of 2011 in all mission categories except airspace control and fixed-wing airlift. USF-I assesses that the IqAF will achieve MEC in C2, ISR, rotary-wing airlift, ground attack, combat support, and personnel development by December 2011. Airspace control is a subset of air sovereignty that has been identified by USF-I as sufficient for IqAF MEC. Airspace control includes the ability to surveil the airspace, warn of an incursion, and the ability to respond. Due to delivery timelines of an appropriate platform, the IqAF will likely lack an ability to

respond with force to airspace violations, and will lack sufficient fixed-wing airlift. With continued support from U.S. Air Force advisors and adequate resourcing from the GoI, improvements in accessions, airlift, flying and technical training, air staff effectiveness, ground attack, combat support, and C2 should demonstrably contribute to internal security while setting the stage for future growth to a full military capacity. In order to help the IqAF achieve this goal and to build an enduring strategic relationship, Iraqi Training and Advisory Mission-Air Force (ITAM-AF) remains engaged across Iraq.

Iraqi Navy

The IqN's December 2011 goal is to be capable of providing maritime security of territorial waters and to be able to defend key infrastructure, including the Khawar Al Amaya Oil Terminal (KAAOT) and Al Basrah Oil Terminal (ABOT) oil platforms, the Umm Qasr port, and naval base. With the acquisition of new vessels, a comprehensive infrastructure build program for the Umm Qasr Naval Base, and an increase in training capacity brought about by an increase in the number of personnel supporting the training mission, the IqN is on track to achieve its short and medium-term transition milestones. On its current trajectory, the IqN will achieve MEC prior to December 31, 2011. By USF-I's end of mission, the IqN will have the MEC to defend the critical oil export infrastructure against current security threats. However, the importance of this infrastructure to the Iraqi economy mandates a higher level of capability. Therefore, USF-I anticipates a requirement for a regional presence that can respond to emergencies as the IqN matures from MEC to a fully capable force. Achievement of MEC by USF-I's end of mission is subject to shortfalls in manning, C4ISR, maintenance, and infrastructure being adequately addressed over the coming months.

Iraqi Intelligence, Surveillance, and Reconnaissance

The December 2011 ISR goal for the ISF is to be capable of sustainable and enduring intelligence training, to possess a basic multi-disciplined collection capability, and to conduct cross-ministerial intelligence dissemination and sharing within the ISF. They have initiated development of ISR units in the IA and purchased manned ISR aircraft. However, they still have significant gaps in capability. They do not have their own unmanned aerial system capability and are largely reliant on the United States for ISR support. ISR development is a major focus in the next period to include assisting the ISF with procurement and fielding of this critical capability. Finally, the ISF are still developing the ability to analyze, integrate, and disseminate intelligence sufficiently.

Iraqi National Counter-Terrorism Force

The INCTF goal for December 2011 is to achieve two fully manned ISOF brigades with intelligence fusion capabilities and MoD ISR and air mobility aviation in direct support. Additionally, efforts are underway to enhance the Counter-Terrorism Service's (CTS's) capability to target enemy networks versus the process of simply pursuing individual targets as they do now. The ISOF brigades are currently highly trained and effective, but are undermanned and underfunded. They lack rotary wing support and operational-level C4ISR.

Foreign Military Sales

As of May 2010, the Iraq Security Assistance Mission (ISAM) Foreign Military Sales (FMS) program is tracking 158 Iraqi-implemented cases valued at \$5.65 billion. USF-I is currently assisting the GoI with the processing of 27 Iraqi-signed Letters of Request (LOR) for cases with an estimated value of \$4.7 billion. There are 14 Letters of Offer and Acceptance (LOA) currently valued at \$282 million awaiting Iraq signatures. Additionally, there are 9 LOAs that have been signed, pending funds transfer from Iraq, valued at \$261.7 million.

This last quarter, Iraq has funded over \$500 million in programs, to include cases for C-130J support equipment and spare parts, infrastructure development for the Intelligence and Military Security School, a Directorate General Intelligence and Security Headquarters facility, and for 35 meter Patrol Boats. In addition, they are processing the transfer of \$176 million for M1A1 tank sustainment, to include spare parts, maintenance, and training equipment.

Iraqi Security Force Logistics and Sustainment

U.S. Forces have made remarkable progress building ISF operational capability; until recently, developing an ISF logistical system with a sustainable capability was not a top priority, however, the window of opportunity to leverage USF-I's presence is narrowing. The emphasis on ISF force sustainment will require an expedited, intensive push by USF-I in order to address the most significant ISF logistical support deficiencies, avert significant degradation of its operational readiness, and establish an enduring logistical system before USF-I end of mission. It is important to note that FMS only accounts for 25% of Iraq's military hardware. The remaining 75% is significantly underfunded due to the MoD's and GoI's inability to accurately capture requirements, allocate budget resources, and execute budget resources in the form of contracts, maintenance and supply operations. USF-I has initiated a comprehensive strategy to develop an enduring logistics capability within the ISF. Central to this strategy are coordinated Key Leader Engagements, targeted use of ISFF resources, and complementary initiatives designed to enable multiple levels of the logistics system in the areas of requirements determination, budget development, and execution from the strategic through tactical levels. This area will require continued efforts post-December 2011.

Kurdish Security Forces

The KRG continues to make progress in its strategic goal of clarifying the legal status of Kurdish Security Forces: Peshmerga (military),

Zervani (police), Assayesh (internal security), and Parastin/Zenyari (intelligence). In 2003, under Coalition Provisional Authority 91, the PUK and Kurdistan Democratic Party (KDP) Peshmerga were both classified as militia. In 2005, Article 9 of the Iraqi Constitution outlawed independent political party militias, while a single guard force beholden to the regional government was authorized under Article 121. In 2006, the Iraqi Kurdish Parliament (IKP) approved legislation outlining a framework for Kurdish Peshmerga unification and integration into the IA, but did not identify a timeline. Following elections in June 2009, the 6th KRG was formed in October 2009, merging the final party-controlled ministries into single KRG entities. In December 2009, yet to be passed draft legislation introduced in the IKP called for, “disarming militias/unregulated forces for the building of one force.” In January 2010, the PUK and KDP command authorities were brought under the control of the new ministry.

In January, the first integrated, apolitical Peshmerga brigade was formed as a Regional Guard Brigade (RGB), with three more formed and integrated by March 2010. In April 2010, KRG Minister of Peshmerga Affairs, Jafar Mustafa Ali, asserted the two commands of Peshmerga were united, with a total number of 90,000 men under the ministry’s authority. Minister Jafar also confirmed the ministry’s financial and administrative unification. Although the four RGBs have been integrated, Kurdish intelligence forces continue to operate under political party control. In April 2010, the IKP ratified the 2010 KRG budget. Portions of the budget still allocate funds to both KDP and PUK Assayesh forces, with a note “to unify the budget of the two administrations within the next six months.” The ministerial advisory team was established in Irbil in April 2010, and on April 16, 2010, PM Maliki acknowledged the RGBs as part of the ISF. PM Maliki’s letter, recognizing the integrated RGBs as security forces of Iraq, enabled USF-I to incorporate them into the training and equipping plan, setting the course for the full

integration of Peshmerga forces into ISF training and operations.

On April 28, 2010, the Iraqi Minister of Defense and the Minister of Peshmerga Affairs signed an agreement committing to the establishment of liaison offices at the MoD and the Ministry of Peshmerga Affairs. Additionally, the MoD also agreed to several initiatives designed to enhance training opportunities for RGB officers and noncommissioned officers at IA Training Centers and Schools beginning in July 2010.

In May 2010, the Minister of Interior recognized a portion of Kurdish Zerevani forces as agents of the GoI with the responsibility for internal security in the Kurdish region. Specifically, Minister Bolani’s letter acknowledged the lawful security authority under Article 121 of the Iraqi Constitution for those KRG internal security forces in the employ of the Kurdistan Regional Ministry of the Interior and disassociated with political parties and private interests. This federal recognition of Kurdish Government forces paved the way for USF-I’s training and equipping initiatives and set the course for the full integration of Zerevani forces into Iraqi FP training and operations. Later in May 2010, the Kurdish Minister of Interior and Iraqi Minister of Interior signed a tripartite agreement with USF-I outlining steps for integrated training, operating and equipping between the FP and the Zerevani. In this agreement, the ministers clearly stated the future objective of integrating the Zerevani into the FP, unifying this force.

With the formation of RGBs and the pending integration of the Zerevani forces into the FP, a unique opportunity has arisen to promote stability between the northern region and the rest of Iraq. Additional resources are required to support advising, training, assisting, and equipping efforts in support of this integration.

2.2 Ministry of Interior

A top USF-I priority is increasing the MoI’s capacity and the force capabilities necessary to

enable a successful transition to police primacy as Iraq continues to develop as a democratic nation. USF-I/ITAM advises, trains, and equips the MoI to build essential capability in five areas that form the foundation of maintaining Iraq's internal security: Ministerial Capacity, Democratic Policing, Critical Infrastructure Protection, Counter Insurgency, and Border Security. Developmental efforts to improve these capabilities focus on increasing professionalism; enhancing leadership and management systems and processes; improving expertise, specialization, and advanced skills training; and promoting the rule of law. The MoI continues to show progress in all capabilities and their supporting functions.

Ministerial Capacity

Human Resources

As of May 31, 2010, there were approximately 464,000 personnel assigned to the MoI. There were approximately 297,000 provincial police forces (IPS and Iraqi Civil Defense Directorate), 115,000 federal forces (FP, DBE, PoED, Facilities Protection Service (FPS), and OP), and 52,000 in the Ministry Headquarters and its functional force directorates. There is currently a hiring freeze in effect for the IPS. The freeze is necessary to stay within the MoI budget. Although the November 2008 hiring freeze continues to restrict new MoI hiring, the MoI has programmed an increase of 45,000 authorizations in the 2010 budget in order to support new force structure requirements when the OP and Electric Police (EP) were realigned to the MoI in 2009 and 2010 respectively. Despite the hiring freeze, the MoI has been able to hire selectively to replace attrition due to resignations, retirements, and deaths. Force distribution remains a primary challenge of the MoI HR directorate due to the lack of official personnel requirements and authorizations, and provincial politics. Consistent with the publication of the MoI's 2010-2012 Strategic Plan in August 2009, the MoI is currently working a document known as the "Oceans Document" that projects directorate and province authorization levels, prepared and

distributed in waves, in conjunction with planning and budget forecasts through year 2012.

Training

The MoI continues to improve its institutional police training capacity. Under the direction of the Training and Qualification Institute (TQI), the MoI has developed an extensive curriculum that is in accordance with international standards, and has established institutional instructor/train the trainer standards. The MoI operates three police colleges—Baghdad, Ninewa, and Basrah—that produce police lieutenants using a three-year college-level-commissioning program. The Baghdad High Institute, collocated with the Baghdad Police College (BPC), conducts a nine-month commissioning program for college graduates that enter the police force. The federal forces (FP, DBE, and OP) operate training centers throughout the country to meet specific training and mission requirements. All provinces except Baghdad have an IP training center under the direction of the Provincial Director of Police (PDoP) that is capable of conducting the full range of TQI approved courses (basic recruit, specialization, and promotions police courses).

With the MoI's December 2009 elimination of the training backlog of *Shurta* (non-commissioned, entry-level policemen and women) requiring Basic Recruit Training (BRT), the focus of training at all of its 36 training centers, including the KRG region, has shifted to specialized and advanced training focused on improving the skills of those individuals who have completed BRT. The TQI-approved MoI curriculum catalogue of 92 courses is the cornerstone from which PDoP Training Center Deans select courses required for the continued development of their provincial police forces. Examples of specialized and advanced courses include topics such as human rights, counter explosives, managing a checkpoint, crime scene management, promotion education, and a recently completed community-policing course.

To support the efforts of specialized and advanced training, ITAM-Police advisors and International Police Advisors (IPAs) continue to assist at 28 of the 36 training centers. The IPAs provide advice and assistance to Iraqi Training Center Deans in maintaining course standards, and assist in the development of a competent Iraqi instructional cadre through a Train-the-Trainer (T3) program. T3s are Iraqi Policemen selected to be instructors at the training centers. Although retention of T3-trained instructors is a persistent challenge, all of the training centers presently have a sufficient number of qualified T3 instructors on hand to conduct programs of instruction.

To assist in building a sustainable capability, the MoI, assisted by ITAM-Police advisors, has developed an assessment program for MoI training centers. The assessment measures training quality, identifies resource deficiencies, and assists the MOI in understanding utilization rates for determining future training base requirements. As of May 2010, four training centers have been assessed, to include the Bagdad River Patrol Training Center and the training centers in Diyala, Mosul, and Basrah. Remaining training center assessments are scheduled for completion later this year.

During this reporting period, TQI and the BPC have made significant progress in several key areas to include leader development, new curriculum development, ethics and human rights programs, as well as improved life support and increased classroom capacity. In leader and instructor development, the BPC continues to make progress toward meeting its goal to qualify all instructors as master instructors by the end of 2010. The highlight of new instruction and curriculum development initiatives is the start of a domestic terrorism study by the research and development institute. Iraqi scholars are leading this study, with coalition participation and support. The results of the study will be used to update and strengthen the current counter-terrorism course. Other firsts included Defense Resource

Management Institute (DRMI) courses on budget, leadership, and management, a UK-instructed tactical interview course, a train-the-trainer police intelligence operation course, and the completion of the first community policing curriculum.

Ethics and human rights initiatives this period include the Danish government's sponsorship of a new human rights ethics program which, when completed, will be taught in all institutes. Additionally, the BPC established a Female Institute to focus on increasing the number of female officers participating in the commissioned officer program, and to lay the foundation for total integration of women into the commissioned officer program. The first class of 50 female officers graduated in November 2009 and 83 are now enrolled in the March 2010 class.

The DoS/INL plans to assume the MoI/Police training and advisory mission on October 1, 2011. USF-I and INL transition planning is on track. Daily coordination of transition actions between ITAM and INL continues, and Washington INL and Baghdad INL continue to work closely as a team. The scope of the INL assumption of the enduring police training and advising mission was based on the planning assumption that the Iraqi police will have achieved MEC. There will be enduring gaps in police capability, not covered by the INL mission, if the Iraqi police do not achieve MEC prior to mission transfer to the INL. Ongoing AAB efforts remain critical to achieving MEC. ITAM continues to focus on MoI advise, train, and equip priorities to facilitate progress toward MEC.

With the drawdown of U.S. Forces, bases available to provide life support to IP advisors at remote locations near training centers will continue to decline. This will also have an impact on transportation requirements for advisors who rely on U.S. Forces for movement support to and from training centers within force protection guidelines.

Operations

The MoI's National Command Center (NCC) is capable of performing most mission critical C2 tasks required to secure the population and provide internal national security. During the March 7, 2010 elections, the NCC effectively collected and analyzed reports from the PJCCs, and passed critical and accurate information in near real time to the PM's National Operations Center. Since the election, the NCC has continued to improve its capabilities and has implemented measures to improve shortcomings. The NCC staff uses several different computer based information systems, procured with Iraqi Security Forces Fund (ISFF) funding, to varying degrees of effectiveness. Video teleconference systems are employed very effectively, allowing key leaders within the NCC to coordinate actions and information with key provincial leaders through the PJCCs. A subsequent initiative is needed to expand video teleconference connectivity to 10 critical command nodes, including the FP Headquarters (HQ) and the DBE HQ. Additional computer-based programs available to the NCC aimed at facilitating a common operating picture (COP) are not used effectively. The MoI Operations Directorate is addressing this training deficiency through an internal weekly training program facilitated by NTM-I and U.S. advisors.

As a result of increased GoI recognition of the NCC's capability for significant contributions to internal security, the NCC is now receiving increased intelligence reporting from GoI agencies, and is adept at disseminating this information to those who can use it best. However, challenges remain. The NCC staff does not yet adequately fuse information from multiple sources into single coherent reports. To address this shortfall, the MoI has an initiative, through a cooperative arrangement with the MoI National Information Investigations Agency (NIIA), to establish an Information Fusion Center within the NCC. Additionally, the NCC lacks the capability to monitor ISR feeds from airborne platforms

operated by the MoD. U.S. advisors are working across ministerial lines with Iraqi counterparts to identify GoI ISR requirements and solution sets.

Communications and Information Technology

The MoI's communications and information technology (IT) capabilities continue to improve in the areas of C2 and information management systems. Significant progress in these two areas is evident in the Iraqi Command and Control Network (I2N), Advanced First Responder Network (AFRN), automated information systems, and the IT network backbone. I2N provides email, Voice over Internet Protocol, and Internet access to 244 sites supporting PJCC, FP, DBE, Ports of Entry (PoE), and other C2 nodes across the country including the three provinces in the Kurdish Region. This past quarter, the MoI was able to connect the I2N network to the IZ Fiber Network, which allows information sharing with the MoD and interoperability with the MoD's C2 Network. Connecting to this fiber network also allows the MoI to reduce I2N reliance on costly satellite architecture for connectivity. During the next year, the MoI plans to double the number of I2N nodes and connect many of the new nodes to the country's expanding fiber optic backbone.

The AFRN is a "911"-like dispatch service used by the police and other first responders in 18 major Iraqi cities. AFRN dispatch centers are able to communicate with all first responders using a digital-trunk radio network. The current system provides emergency services to 78% of Iraq's population, with recent additions in Ramadi, Fallujah, and Habbiniyah. The coverage area will increase this year with the execution of an FMS case that will expand coverage in six major metropolitan areas. By September 2010, the installation of the positional location systems that allow MoI command centers to monitor real time locations of their forces will be installed through GPS enabled digital AFRN radios. This will improve first responder

response times and provide command centers increased C2 capability.

The MoI has completed significant work over the past six months to expand coverage and increase capacity on the MoI network. An ongoing network project connects the MoI core network to large throughput fiber connections of the Iraqi telephone system. The project is installing core service applications to provide email and network security, is rewiring over 1,000 user connections in the MoI headquarters, and is expanding network coverage to 10 facilities in the Baghdad area. Planned enhancements will continue expansion of the network to support the FP Headquarters, over 550 user connections supporting the OP, EP, and FPS, and the IT help desk system. The program will provide advanced network and information assurance training.

The largest concern facing MoI communications is limited technical expertise to sustain complex integrated communications and information technology systems. USF-I is assisting the MoI to address this concern by funding a signal officer career development program focused on training MoI officers on radio fundamentals, network engineering, network administration, and network security. The U.S. funded, one year program will start in August 2010, and will transition to a MoI program after the initial year of training. Additionally, specialized network and systems training are scheduled for next quarter to support complex systems such as the MoI's weapons card system and the Automated Fingerprint Identification System.

Ministerial Planning Capacity

As it matures its planning and budgeting process, the MoI continues to build on the successes of 2009, highlighted by the August 2009 release of the Ministry's first-ever Three-Year Strategic Plan, which covers the years 2010-2012. The MoI Joint Review Committee incorporated lessons learned during the Ministry's inaugural integrated planning and budget formulation cycle to host a 2011

planning and budget conference. This conference paved the way ahead for the Ministry's 2011 operational plan and budget formulation process. Professional development training provided last quarter and this quarter focused on integration of ministerial strategic goals and objectives with organizational level tasks and activities during planning and budget development. During this quarter, reporting units submitted 2011 plans and corresponding budget estimates to the MoI Joint Review Committee for review. During the review process, the committee identified challenges in the manner reporting units were designated, and initiated an analysis of the organizational design of the ministry. By initiating the planning and budgeting process four months earlier than last year, incorporating lessons learned, and completing a draft prior to the start of the GoI 2011 budget cycle, the MoI is demonstrating a maturing planning and budgeting process.

Ministerial Resource Management and Acquisition Capacity

The MoI continues to develop its Planning, Programming, Budget, and Execution (PPBE) processes. The MoI exceeded a 90% budget execution rate for the first time in 2009. In doing so, the MoI executed over \$780 million more in 2009 than 2008.

MoI's 2010 budget is \$6.144 billion, a \$630 million increase over 2009. The late passage of the ministry's budget, coupled with large budget increases (over 11%), will challenge the ministry's ability to fully execute the budget prior to year end. Despite this challenge, MoI continues to demonstrate a maturing PPBE capability and an ability to act on lessons learned.

The MoI continues to collaborate with U.S. advisors to implement a training program to address a shortage of professionally trained planning, budget, and contractor officers. This two-year program is designed to provide fundamental, intermediate, advanced, and executive-level training in the planning, budget,

and contracting functional areas. The program has in-country, regional, and U.S. based training events to train a core group of specialized planning, budget, and contractor officers to execute the PPBE process, and to develop a core group of trainers to provide the ministry with an organic training capability. The DoD will continue to fund all aspects of the current program through September 2011.

This quarter, the MoI held a successful three-week training event in Basra, facilitated by the Naval Postgraduate School (NPS) DRMI. This was the second of three training workshops this year covering fundamental topics in planning and budgeting. 40 MoI personnel graduated from the workshop this quarter, and 81 have graduated this year. The MoI expanded its inter-ministerial outreach this quarter by hosting MoD, Counter Terrorism Service, and Kurdistan Regional Ministry of Interior (KMoI) personnel at the Basra workshop. NPS also hosted the first U.S.-based resident course this quarter. 31 MoI students joined four students from MoD at the DRMI-facilitated Iraq Resource Management Course. This tailored course provided intermediate-level instruction on strategic planning and resource management functions.

Next quarter, 23 MoI personnel will attend the Iraq Resource Management Course along with five KMoI personnel. Also next quarter, one MoI senior leader will join KMoI senior leaders and senior personnel from other Arab countries to attend the DRMI-facilitated Senior International Defense Management Course. Two NPS-facilitated regional mobile training team events are also planned. The DRMI will facilitate a third workshop focusing on planning and budgeting while the International Defense Acquisition Resource Management program will facilitate a workshop focusing on acquisition and procurement.

By investing in Human Capital and implementing internal site assistance visits, the MoI has demonstrated a commitment to develop a professionally trained workforce that

can lead and execute the ministry's PPBE requirements by December 2011.

Logistics, Maintenance, and Sustainment

The MoI has an aggregate equipment fill of 90% in critical items for its police forces. Since March 2010, the MoI has received 49 armored security vehicles to complete the fourth of eight planned mechanized battalions for the FP. The FP now have 180 of these vehicles. Additionally, the MoI now has 1,000 patrol vehicles, 17 fuel trucks, and 24 water trucks to enhance its ability to expand operations throughout outlying provincial areas and along Iraq's oil pipelines. In the third and fourth quarters of 2010, the MoI will receive major shipments of repair parts for its patrol vehicle fleet, training aids for its police colleges, and heavy equipment for the FP Engineer Company. Capabilities generated include the ability to sustain the MoI fleet of 42,000 patrol vehicles, crime scene training for officer candidates, and heavy lift capability for FP Engineers. Over the next 18 months, the MoI will receive all of its required critical items to achieve MEC by the end of 2011.

The MoI's maintenance capability made significant progress in policy, requirements determination, and training in this reporting period. In March 2010, the MoI published its National Maintenance Policy for all sub-units and associated maintenance facilities. The policy is both descriptive and directive, covering requirements for preventive maintenance, area support, reporting, and fleet management. The MoI also held its first repair parts requirements board to determine and purchase repair parts for all maintenance facilities. The purchases will arrive in the third quarter of 2010, and will sustain the MoI fleet for one year. Most importantly, the MoI began a concerted effort to train 418 mechanics throughout Iraq on the repair of modern patrol vehicles. The effort includes training for three MoI officers in North Carolina to become certified as quality assurance inspectors, and a one-year, multi-course, hands-on training course in Baghdad for vehicle diagnostics and

repair starting July 2010. This training (reinforced with Iraqi trainers for a sustained training program), availability of repair parts, and a unified maintenance policy will enable the MoI to maintain the readiness of its fleet of patrol vehicles.

Health Service Support

The Health Service Support (HSS) role in MoI sustainment consists of maintaining the health of MoI personnel and Explosive Detector Dogs (EDD). The MoI accomplishes this through five key functional areas: medical evacuation, medical treatment, disease prevention, medical logistics, and communication. As of May 31, 2010, the MoI has made progress in all five areas resulting in modest progress towards achieving MoI goals by December 2011. In remote outposts, ISF (both MoD and MoI) still rely 100% on U.S. Forces for life-saving medical evacuation and treatment, with 35 USF-I missions occurring from March through April 2010. The MoD required over 90% of these services due to its high presence in these areas.

MoI HSS made progress in several areas this reporting period. HSS personnel completed cross-ministerial coordination with MoD personnel on developing air-evacuation and logistics policies. HSS personnel also provided outreach to outlying units on the prevalence of communicable disease, established a training center for basic medic training on March 14, 2010, renegotiated a MoH and MoI contract for physician training, and successfully moved the MoI Surgeon's office closer to the MoI HQ building. In the area of veterinary care for EDDs, MoI personnel made significant progress in establishing basic veterinary care and husbandry. The MoI graduated 40 veterinary assistants on March 20, 2010. On May 5, 2010, the MoI established a veterinary hospital at the BPC. Most significantly, the MoI experienced no EDD deaths this past quarter due to poor veterinary care or husbandry.

Over the next three to six months, USF-I will assist the MoI in developing a COP for HSS, in creating a comprehensive evacuation and logistics policy with the MoD and MoH, and in conducting a joint MoD-MoI-MoH medical exercise with the MoI DBE. As the MoI assumes the border and oil-infrastructure security mission in remote outposts from the MoD, the MoI demand for life-saving evacuation and treatment from USF-I could increase. USF-I will monitor this closely as the MoI assumes these additional missions, with the goal of zero reliance on USF-I by September 2011. USF-I will encourage formal training of the Public Health Officer through USF-I funded training programs, and will establish a second medical training center. Lastly, USF-I will continue to exert pressure on the MoI to create healthcare personnel pay and benefits parity with the MoD and the MoH. If the MoI can achieve these goals and objectives over the next three to six months, the MoI will have made significant progress toward its goals for 2011, with a resulting decrease in demand for USF-I HSS, setting the conditions for MoI proficiency in sustainment.

Democratic Policing Iraqi Police Services

The IPS' mission to enforce the rule of law, safeguard the public, and provide local community security remains unchanged. The IPS are increasingly becoming a professional force that, in conjunction with a maturing court system, supports the rule of law throughout Iraq. The IPS consists of all provincial police forces (station, patrol, traffic, and special units) assigned to the Iraqi provinces, located in more than 1,200 police stations across the country. The IPS directs policy and strategic planning and has technical control over the training, vetting, and hiring of *Shurta* (policemen and policewomen) and officers.

The IPS continued progress throughout Iraq this quarter in several areas that support efforts to establish counter-insurgency capability and capacity that provides national stability through counter explosive and anti-narcotic efforts.

Forensics lab capacity was expanded, while investigative intelligence sharing, domestic and family violence initiatives, and sexual assault prevention initiatives were established in support of promoting democratic policing. Overall, the disparate elements that make up the IPS continued to make improvements in cross-department and cross-ministerial coordination and support in each of these areas.

General Counter-Explosives Directorate

Efforts to promote national stability by combating counter-insurgency continued under the General Counter-Explosive Directorate (GCED). ITAM-Police's \$23 million ISFF initiative to train and equip an additional 12 provincial Counter Explosive Teams (CETs), graduated its first class of officers this reporting period. Graduates were trained to International Mine Action Standards (IMAS) Level 4 qualification. Additional officers will be trained through the end of 2010. The equipping portion of this initiative includes a \$485,000 specialized explosive ordnance disposal equipment kit for each CET. There were six kits delivered to the provinces during this quarter. Kits were delivered to CETs after IMAS training was completed.

Anti-Narcotics Program

Counter-Narcotics efforts were given substantial priority by the IPS during this quarter in an effort to eliminate narco-trafficking, which threatens the stability of the country. Terrorists use these activities to help fund their efforts. The ITAM-Police Advisory Team has ordered 1,500 field narcotics-test kits in order to help establish probable cause by testing and linking suspected drugs confiscated during the arrests of potential offenders.

The Director of the Anti-Narcotics section began a three-month training course in Egypt to develop techniques and lessons learned for inclusion into the IPS system. Plans were made to host a seminar this summer for all provincial IPS Anti-Narcotics leaders and the Chiefs-of-Police to disseminate this information and to tie in IPS efforts with Drug Enforcement Agency

(DEA) initiatives to combat narcotics smuggling, particularly in Al Anbar, Salah Ah Din, and Diyala Provinces, where major avenues of heroin transiting exist.

National Forensic Program

The MoI's national forensic backbone consists of five regional laboratories. Three primary criminal evidence laboratories in Irbil, Baghdad, and Basrah process criminal evidence using comparative and analytical disciplines. Two satellite laboratories at Mosul and Al Hillah conduct comparative analysis only. Institutional training of lab technicians in both comparative and analytical disciplines continues at the High Institute training laboratory in the BPC. VBIED attacks against the Baghdad and Mosul laboratories in January and February 2010 respectively have challenged the MoI's ability to establish full operational capacity of its national forensics backbone. As of May 2010, only the Irbil regional laboratory is fully capable of conducting both comparative and analytical analysis, with Baghdad and Al Hillah conducting comparative analysis operations. The analytical capability at Baghdad and Basrah are projected to come on-line during 2010, with Mosul restoring comparative capability no later than June 30, 2011. As the acceptance and understanding of forensic evidence continues to increase amongst the judiciary, the MoI, assisted by ITAM, is planning to expand its nationwide comparative forensic capabilities with the addition of five new facilities. Facilities in Kirkuk and Sulaymaniyah are projected for the fourth quarter of 2010. Facilities in Al Anbar, Najaf, and Wasit are projected for the second and third quarter of 2011.

Iraqi Police Investigations

The integration of forensic evidence in conjunction with an increased emphasis on the training of IP investigators is progressing, as Iraq moves from a purely confessions-based prosecutorial system, to one that utilizes multiple evidentiary sources. The MoI recognized the deficiencies in IP case

processing as evidenced by a high case return rate, and has taken action to increase the quality of investigations in both the training and policy arenas. In January 2010, the Minister of the Interior signed a series of crime-scene management protocols that govern the security and preservation of crime scenes in order to enable proper and complete evidentiary gathering. These protocols have been distributed and are used by the IP. The MoI has forwarded them to the National Security Council for consideration by the CoM in order to establish a national standard. Investigator training has increased significantly, as evidenced by increases in investigator courses being offered at Provincial Training Centers as well as increased numbers of qualified IP investigators reported by the provinces.

Counterterrorism and Organized Crime Investigations

During this reporting period, U.S. advisors worked closely with the MoI NIIA to further develop its criminal investigative capabilities. The primary area of focus is the Counterterrorism and Organized Crime (CTOC) Directorate, which represents the merger of MoI's Criminal Investigative Directorate and NIIA's General Directorate for Counterterrorism, under the leadership of Major General Dhiya Hussein Sahi. This new directorate has great potential to enhance the MoI's effectiveness in identifying and targeting major terrorists and criminals for arrest and prosecution. Major General Dhiya recently selected Brigadier General Mohammad Ghazi Mutsher to supervise the counterterrorism elements of CTOC, and U.S. advisors have already established a positive and collaborative working relationship with him.

Counter-Insurgency Iraqi Federal Police

The Iraqi FP force is now fully capable of conducting effective battalion-level COIN operations throughout Iraq, and FP units are succeeding in their efforts to combat terrorism and reduce large-scale social unrest. The FP works in conjunction with the IA and the IP to

fulfill the provincial security needs of the Iraqi people. The Minister of Interior, Jawad al Bolani, has indicated that he intends for the FP to be the primary force securing Baghdad, which would enable the IA and IP to assume more traditional security roles within the country. FP headquarters elements have started to review their staff planning procedures in preparation for "Police Primacy in Baghdad," and their overall role in fulfilling the Baghdad security mission. The review will be an update to work completed in 2009, but will also specify the manpower, equipment, and financial resources that the FP will need to complete this mission.

Current FP manning is approximately 43,000 personnel. The MoI has authorized the FP to hire 52% of its 89,810 Modified Table of Organization and Equipment (MTOE) personnel strength. The MoI's current hiring freeze has been in effect since late 2008 and has restricted the FP's necessary expansion. The FP maintains a large roster of potential recruits, but they are still waiting for the MoI to grant permission for additional hires. Unit strength decreased slightly over the last reporting period due to FP leadership executing qualitative separations in order to maintain the overall quality of the force. Despite personnel limitations, the Iraqi FP is still an effective fighting force with an exceptional reputation for competence and "can do" leadership.

The current quarter marks the start of the re-subordination of the Baghdad Provincial Emergency Response Units into the FP ranks, which will potentially bring an additional 2,000 to 3,000 personnel into the FP. To support this expansion, the FP maintains a versatile and capable training system, assisted by the Italian Carabinieri, who continue to advise and train the FP. In turn, the FP have offered their training capacity to assist other MoI organizations in their readiness efforts, most notably the Kurdish Zervani, and in the coming quarter, IP Emergency Response Units from Mosul.

Current FP organizational structure includes four FP divisions. The 1st and 2nd FP divisions currently stand at 62% and 63% of MTOE strength. The 3rd FP Division, currently manned at 53% of MTOE strength, controls four brigades and provides security in Diyala, Mosul, Salah ad Din, and Anbar. The 4th FP Division currently has one operational brigade and two more in force generation, and has a presence in Wasit, Maysan, and Baghdad.

The vision of the FP CG is to field a force of five FP divisions. Continued expansion of the FP into the provinces is supported by a three-year plan to base a brigade-sized FP force in each province, with five regionally-based division HQ controlling these units, and division support battalions providing logistical support. This would provide for a total force of five FP divisions, consisting of 25 FP brigades and 85 FP battalions, across Iraq. Recent discussions among FP and MoI leadership envisions a possible sixth FP division in the northern Kurdish controlled regions, formed from FP-trained Zervani personnel.

The FP continues to improve its capabilities to assume a greater role in the security of Iraq. The fielding of additional U.S. provided equipment, and assimilation of provincial IP Emergency Response Unit personnel into its ranks, will positively affect the FP's ability to assume these roles. Public perception of the FP is increasingly positive, as they continue to be viewed as a federal force that is not tied to local influences, sectarian loyalties, or corruption. Challenges include the ability to sustain and maintain the force they have. The FP Sustainment Brigade suffers from the same issues that the line units do with regard to personnel and equipment, which will limit future growth. There is a lack of engineering staff at the division level. The FP leadership will be unable to provide facilities for the full force prior to 2016 due to facilities cost, which are approximately \$15 million per brigade headquarters, and project time requirements. Finally, the continued support of the MoI is required to plan the equipping and

infrastructure improvements required for the new units as well as the ongoing need to replenish existing unit equipment and improve unit-basing locations. Despite its many challenges, the FP remains an effective non-sectarian fighting force that has demonstrated its ability to perform effective counter-insurgency operations throughout Iraq with limited resources. In the coming quarter, additional personnel, training, and equipment will help fill out the FP, allowing for greater mission capability and potential.

Critical Infrastructure Protection *Oil Police*

The OP are tasked with securing and protecting the GoI's oil infrastructure to prevent interdiction and theft. They are organized into four directorates: North, Central, South, and Headquarters. Each directorate has a mobile emergency battalion assigned. The OP is currently manned at approximately 29,000 personnel. There are 16 IA battalions assisting the OP in their mission by securing various sections of Iraq's strategic pipelines. Although the OP is a capable force, they do not have the manpower to relieve the IA battalions from the pipeline now or in the near future.

The OP, assimilated into the MoI in 2009, became a line item in the MoI budget for 2010, which will increase assistance in manning, equipment, and training from the MoI. In the 2010 budget, the OP has an established authorization of 29,500 personnel, approximately 10,000 short of the requirement to replace the 16 IA battalions on the pipeline. In an effort to reduce manning requirements, USF-I funded outposts, consisting of guard towers with a pre-fabricated support building, were emplaced along remote sections of oil pipelines this quarter. These outposts raise the guards' observation capabilities, allowing increased distances between outposts, thereby decreasing required manning. To focus unit training efforts, the OP have created a 2010 battalion-level master training plan.

ITAM-Police advisors will continue to assist the OP in developing a manpower requirements document for presentation to the MoI. ITAM estimates with the expected growth of the oil industry over the course of the next few years, the OP will require at least 47,000 policemen (an increase of 17,500 personnel) to relieve the IA battalions and effectively protect Iraq's oil infrastructure. To increase training readiness, 2011 efforts will focus on developing and conducting advanced and specialized courses.

Electric Police

The EP are tasked with securing and protecting the GoI's electric infrastructure to prevent sabotage and theft. They are responsible for protecting 675 sites and 17,000 km of transmission lines. Currently, the EP have approximately 18,000 personnel, organized into seven directorates. The 2010 reorganization effort, moving them from the organizational structure of the MoE to the MoI, is seen as positive in enhancing electric infrastructure security. ITAM will advise and assist the MoI as they integrate the EP. Training and equipment status assessments began in March 2010.

Facilities Protection Services

The FPS is tasked with securing and protecting over 13,000 critical infrastructure locations throughout Iraq, including government buildings, mosques and religious sites, hospitals, schools and colleges, dams, highways, and bridges. To accomplish this, the FPS headquarters is divided into three directorates. The First and Second Directorates protect sites and ministries within Baghdad Province. The third directorate, known as the Provinces Directorate, controls the FPS headquarters in each of the remaining 14 provinces. The total FPS force presently consists of a combination of approximately 17,000 police and 77,000 contractors.

In March 2010, the PM publicly announced that all FPS contractors that meet MoI hiring standards will be hired as full-time IP. This mandate, if executed, will resolve a 50% pay

disparity between the full-time IP and their contractor counterparts, and is projected to increase morale of the force. Also in March 2010, the PM directed a consolidation of all security and facility protection personnel in the Ministry of Industry (with 12,000 facilities protection personnel) and the Baghdad Municipality (with 4,000 facilities protection personnel) into the FPS by the end of 2010. This will bring the FPS total force to approximately 110,000 personnel.

Training the force has been one of the largest challenges for the FPS. The FPS is not funded for training contractors. Therefore, the only members of the force that have received any formal BRT are the permanent IPs. To mitigate this training deficiency in the short term, ITAM advisors assisted FPS and MoI to secure special funding to allow the training of 4,000 contractors. This training began at DBE Training Centers in February 2010.

General Directorate of Dignitary Protection (GDDP)

Created in June 2008, the GDDP is the lead agency for securing and protecting past and present Ministers, Parliamentarians, Directors, and other VIPs. The personal security requirements for the GDDP are outlined in CoR Order 1515. This document outlines Personal Security Detail (PSD) requirements and authorizations for GoI officials. Order 1515 specifies a force requirement of over 20,000 security police. In addition to Order 1515 responsibilities, the GDDP has the mission to provide protection for 1,200 Iraqi Judges, which requires an additional 6,000 personnel. Against the requirement of 26,000 personnel, the GDDP has 4,292 personnel assigned.

With the hiring freeze in effect, ITAM advisory efforts have focused on providing specialized security detail training for existing GDDP members. A total of 550 GDDP members have graduated advanced training to date. PSD training will continue, with an expected goal of 600 additional graduates in the third quarter of 2010.

One of the primary concerns in advancement of the rule of law in Iraq is judicial security. Currently, the Higher Judicial Council (HJC) provides the majority of Judicial PSDs due to GDDP personnel shortages. MoI is in the process of transferring provincial IP to the GDDP to assist with filling judicial security shortages in specific provinces. However, these transfers will not fill the entire requirement. HJC is considering petitioning the GoI to maintain a separate personnel security force. Therefore, the future of the judicial security mission remains uncertain.

Border Security

Directorate of Border Enforcement

The DBE is tasked with securing and protecting Iraq's international borders from unlawful entry of both personnel and materiel. DBE's key tasks include: fixed-point surveillance from border forts and annexes; security patrolling between fixed sites and ports of entry; interdiction of personnel, goods, and equipment in the international border regions and the coastal area; and detention, processing, and exploitation of foreign fighters and contraband. The DBE is organized into five regions with 14 brigade headquarters, 45 line-battalions assigned to sections of the Iraqi border, and one Coastal Border Guard battalion. There are eight Commando Battalions throughout Iraq, which serve as mobile reaction forces for each regional commander.

The DBE is moving forward to address manpower and infrastructure requirements to adequately provide reconnaissance and surveillance along Iraq's borders. The DBE is currently authorized 45,550 personnel, and as of March 2010, has approximately 40,000 personnel assigned. The DBE's personnel strength has continued to drop consistently from its peak of 41,000 in July 2009. This is a result of the current hiring freeze, which has been in effect for the last 19 months. This trend will continue until the MoI permits the DBE to begin hiring against its existing shortfalls. The DBE operates from 366 forts and 291 annexes. In addition to these existing

facilities, there are 31 forts and 79 annexes scheduled for completion between May and December 2010. The DBE's plan is to build one fort or annex every 5 km along the border to ensure continuous, mutually-supporting surveillance capabilities. However, the current manning level is insufficient to support this increased capability. The MoI and DBE leadership anticipate requirements will increase to roughly 60,700 personnel over the next two years. In November 2009, the DBE approved a \$50 million FMS case to install a border surveillance system along 286 km of the border between Iraq and Syria, and to install 402 km along the Iranian border. Once complete, the border surveillance system will provide persistent observation of the border area with day and night video surveillance. Additionally, a \$181 million FMS construction case began in January 2010 on a network of roads along the Syrian and Iranian border to improve both the mobility of the DBE and the HQ's ability to sustain forces in remote areas. The DBE is not currently fully resourced to meet its reconnaissance and surveillance requirements, but is progressing through investment in equipment and infrastructure.

Port of Entry Directorate

The PoED is the security force and administrative support element to 14 air and land PoEs within the MoI, responsible for securing PoEs from internal and external threats and for coordinating GoI Ministerial support to the land PoEs. The PoED does not currently have a presence at the KRG PoEs on the Turkish and Iranian borders, or at the five sea PoEs. The land PoEs in the KRG are currently administered by the 1st Region DBE as well as the KMoI.

The PoED does not have authority over the numerous tenant ministry organizations located at each of the PoEs. In many cases, there can be up to 18 different ministries working at a land port, making coordination and efficient port operation very difficult. Currently, the General Director of the PoED has been in talks with both the MoI and the CoM to grant the

Port Directors at the land PoEs authority over all ministerial elements that work at the PoEs. The PoED is also working through the MoI and the GoI to be approved for a budget to help pay for equipment maintenance, building upgrades, and fuel for generators.

Infrastructure at the PoEs is another concern. Numerous land PoEs have been identified and named by the General Director of the PoED to be either rebuilt or refurbished in order to allow PoE facilities to be operated more efficiently and effectively in deterring threats and generating revenue. PoED personnel, in conjunction with USF-I advisors, have used the FMS process to design and fund the Model PoE. The Model PoE plans have been vetted and approved not only by the PoED, but also by the tenant GoI ministries that operate out of the PoEs, and have recently been approved by the USACE. Currently, the MoI, with USF-I assistance, is working through FMS funding in order to start rebuilding one of the land PoEs as a proof of concept and planning for additional funds for the other nine land PoEs.

There is a systemic lack of electricity at many of the PoEs, causing downtime, lost commerce, a reluctance to adopt electronic systems, and a recurring dependence upon emergency generation sources or neighboring countries. The General Director of the PoED and USF-I personnel have tried repeatedly to get the MoE to get adequate power generation at the land PoEs in order to mitigate this issue. Most PoEs also lack adequate sources of drinking water and must rely on water trucks, often from neighboring countries, to fill water tanks. However, the GoI and USF-I have made great strides in getting clean, reliable water supplies out to the land PoEs using water purification units and other techniques.

In order to address a critical shortfall in explosives detection capability at the ports, USF-I and the PoED are installing baggage scanners and metal detectors at all land PoEs, and USF-I has plans to install ISFF-funded, Non-Intrusive Inspection Equipment at each

PoE for searching vehicles by the end of 2010. These efforts will greatly assist the PoEs in stopping accelerants from entering Iraq. Finally, with the increase in MoI K-9 units, the PoED has started to move away from relying on U.S. K-9 units, and in the future will utilize this emerging MoI resource to secure Iraq.

Rule of Law *Inspector General*

As an independent and objective office in the MoI, the Inspector General (IG) conducts, supervises, monitors, and audits inspections and investigations related to MoI programs and operations. The IG keeps the MoI and CoR informed about problematic operations and deficiencies of the MoI, and the progress of corrective action. The focus of the IG effort is to provide accountability, integrity, and performance review. IG personnel work to prevent, deter, and identify fraud, waste, abuse, corruption, illegal activity, and human rights violations. The MoI IG continues to report deficiencies within the MoI. Each provincial office is inspected at least twice per year, and reports are compiled to underpin necessary remedial action.

Although corruption continues to be a significant issue and most inspection offices are understaffed, the IG continues to make limited progress. Although the IG office has not met staffing goals, a 22% increase in new hires was achieved this period, compared to the same period last year. The IG office is still operating at less than 60% of the authorized personnel structure. Although personnel shortages remain a serious issue, the IG is meeting projections with respect to training.

Formal training of IG staff has increased considerably. Over 90% of eligible officers have completed the Basic IG Officers Course. During this quarter, 520 MoI employees will attend training at 22 separate IG related courses. Three IG Basic courses are planned. Courses in inspections, investigations, evaluations, auditing, support, and human rights are being provided in a timely manner.

The IG staff will provide the primary instructors for these courses. During the previous quarter, 113 officers attended IG base-level courses, while 54 auditors participated in advanced audit training.

The Investigations and Audit Directorates continue to be successful. Since January 2009, the Investigations Directorate has closed 745 cases. Of the closed cases, 421 were referred to either the Central Criminal Court of Iraq for prosecution or the COI for further investigative action. 14 investigations were referred to supervisors for administrative punishment during this period. Although short staffed, the Investigative Directorate has been extremely productive, opening 75% more cases and increasing the subsequent closure rate to 54% more cases compared to the same period last year. During 2009, the Audit Directorate identified almost \$107 million dollars in contractual and salary improprieties, returning over \$4.3 million to the GoI. During this quarter, the directorate has been responsible for identifying financial improprieties of almost \$13 million dollars according to findings of nine audits.

Internal Affairs

MoI Internal Affairs is an independent directorate subordinate to the MoI. Internal Affairs is responsible for investigating accusations of criminal wrongdoing and misconduct by any MoI employee. Internal Affairs investigations can result in criminal prosecutions, terminations, transfers, loss of pay, and involuntary retirement. In 2009 alone, Internal Affairs opened 25,016 cases on charges ranging from drunk on duty and absent without leave, to kidnapping, murder, and terrorism. Internal Affairs has experienced success in combating sectarian influences in the ministry. Since 2006, thousands of ministry employees with criminal records and sectarian ties have been dismissed, but corruption remains a problem.

Internal Affairs is authorized a staffing level of 6,000, but currently has 4,733 personnel to

cover over half-a-million MoI employees. A hiring freeze and lack of an independent budget have limited Internal Affairs growth. Employees temporarily assigned to Internal Affairs from other directorates are filling the gap. Advanced and specialized training is in place to improve professionalism and to increase directorate capability. Over 890 officers have been trained in the two-week Basic Internal Affairs course since 2008. Approximately 450 more are projected to finish the program in 2010. At least 90% of the officers eligible for Basic Internal Affairs course should graduate by late 2011. Advanced courses are available to supplement the basic course. Finally, the directorate has initiated plans for a program to conduct advanced interview and interrogation instruction to Internal Affairs investigators outside of Iraq.

Human Rights

The MoI IG Human Rights Directorate continues to show progress in the daunting task of providing oversight responsibility for approximately 1,000 detention facilities, housing approximately 18,000 detainees throughout Iraq. Over 100 of these facilities have a holding capacity of 50 to 200 or more detainees. Substantial overcrowding continues to be a serious issue due primarily to the failure of the judicial system to process cases efficiently. The shortage of Investigative Officers and the failure of Investigative Judges to deal with cases efficiently and effectively can delay cases for extended periods of time. Some cases have taken as long as three to four years to complete, resulting in detainees languishing in MoI facilities without sufficient justification. One primary shortfall of the detention system is the lack of approved operating procedures and lack of training for those managing detention centers. Draft standard operational procedures have been created and are under review by the IG.

The Baghdad detention assessment program has been highly successful, and the Human Rights Directorate has now expanded its

inspection program into the provinces. Provincial visits now occur on a monthly basis. Transportation and logistics support is provided by USF-I. The IG committee detailed to the MoJ's Rusafa Prison Complex has made significant progress in identifying detainees without adequate justification for detention and reporting such information. The committee completed review of over 3,200 individual investigative files, attempting to locate warrants and detention orders. As a result, the committee reported that 1,484 detainees have been released due to insufficient justification to detain. Of these, 632 individuals were given gate releases, and the remaining 852 were released to the initial arresting station for warrants and warrants checks.

Regarding accountability, referral allegations originated by the Human Rights Directorate resulted in substantiation of misconduct against 14 high-ranking officials including a general, five colonels, and two majors. The Human Rights Directorate also continued to improve the professionalism of the organization by providing specialized training for 50 Human Rights Directorate employees last quarter. There are 25 additional employees scheduled for training next quarter.

Ministry of Interior Internal Security Forces Courts

The MoI Internal Security Forces Courts were formed in April 2008. The Internal Security Forces Courts serve as the disciplinary and criminal justice courts for the 500,000 MoI police. The Internal Security Forces Courts were created to instill discipline and enhance the professionalism of the Iraqi police, thus restoring public confidence through a transparent, accountable, and predictable system of law enforcement and public safety. The Internal Security Forces Court system consists of six Regional Courts and the Internal Security Forces Cassation (Appeals) Court, the highest court in the system.

From January 2009 thru February 2010, the Internal Security Forces Courts received 10,807

cases and issued 2,812 sentences to Iraqi police. The Internal Security Forces Courts returned 5,755 cases for additional investigation and correction of procedural problems. The high number of cases returned by the Regional Courts to police for further investigation is under review and analysis by MoI Legal Advisors and the Internal Security Forces Cassation Court Chief Justice. Written decisions of the Internal Security Forces Regional Courts are being analyzed. Preliminary analysis, however, indicates that the high number of returned cases does not reflect badly on Internal Security Forces Regional Courts. Rather, the refusal of the courts to decide cases that are not legally sufficient and procedurally correct demonstrates a growth and maturity of the relatively new courts.

The Internal Security Forces Courts have made significant advancements in the collection, analysis, and utilization of court statistics. In December 2009, the Cassation Courts completed an analysis of all cases adjudicated within the Internal Security Forces Court System from all five Regional Courts. The information from this analysis is being used to train the Internal Security Forces Court members on how to improve their capability as the capacity of the courts continues to increase. Indicators thus far also highlight the continued improvement in case throughput by each Regional Court. Final analysis of this statistical court information is projected to be available in May 2010.

The Chief Justice has initiated an Internal Security Forces Regional Court inspection and assessment program. Cassation Court Justices and Prosecutors are traveling to the Regional Courts, conferring with judges, prosecutors, and court staff, reviewing case files, and otherwise considering all aspects of court operations.

The Chief Justice worked through late 2009 and early 2010 to secure the MoI Minister's approval to establish a second court in Internal

Security Forces Court Region 3 (Baghdad). In February 2010, the Chief Justice submitted a proposal to the MoI Minister to establish a third court in Region 3. Both courts are needed to join the existing Region 3 Court in Baghdad, helping to alleviate the huge backlog of cases that have built up since the creation of the Internal Security Forces Courts.

ITAM-MoI Rule of Law legal advisors have begun working with the Chief Justice to make professional development mandatory for Internal Security Forces judges, prosecutors and staff. Advisors and the Chief MoI Internal Security Forces Cassation Court Administrator are preparing a detailed judicial professional development plan that includes regional training and an on-going formalized in-house training program.

2.3 Ministry of Defense

The MoD remains under the MoF imposed hiring freeze of 253,000 personnel. According to May 31, 2010 data, there were approximately 332,000 approved MTOE positions in the MoD against which approximately 250,000 personnel were allocated pay. As the ground force nears completion, lack of a sustainment-funding plan and the presence of an overly centralized decision-making process inhibit MoD force improvements. The Minister of Defense still controls almost all procurement and maintenance funding decisions and approves most equipment purchases.

Ministry of Defense and Joint Headquarters

The Joint Headquarters (JHQ) continues to develop greater capability to provide operational-level advice to the MoD and is developing its capacity to plan and logistically resource operations. Despite the JHQ's progress, the Iraqi national security C2 architecture continues to be poorly defined and overly centralized, which inhibits planning, decision making, and the ability to execute coordinated operations at all levels, and may encourage decisions made outside the established chain of command.

USF-I initiated new discussions between the KRG and the GoI to integrate KRG Peshmerga forces into the ISF. Integrating the Peshmerga forces into the ISF will increase the security partnership between the MoD and KRG, and ultimately increase capability to secure Iraq from internal and external threats.

Policy and Plans

The MoD General Directorate for Policy and Requirements has limited capability to generate relevant and applicable defense policies and plans, and continues to await a Defense Minister decision on a potential restructure of the department. Although capability exists within some of the key staff members to produce their respective policies and plans, there is no institutional process for feedback, approval, and implementation of such guiding documents. Senior Iraqi leadership has resisted publishing formal policy documents, which contributes to the existing sluggish decision-making practices at all levels. The MoD leadership often disregards the requirements generated by its subordinate staffs and is resistant to tying capability requirements to national security documents. The linkage between capability requirements, strength levels, equipment purchasing, and budgeting is almost nonexistent.

Acquisition

Although the existing contracting system is not automated and as a result lacks efficiency, the MoD's Armament and Supply and Contracting General Directorates have the functional contracting capability and capacity, within the constraints of their existing systems, to acquire the goods and services necessary to equip, sustain, and modernize the ISF. The MoD continues to face numerous challenges including the lack of a multi-year acquisition strategy, a poor to non-existent requirements determination process, overly centralized decision-making authority, inadequately trained and inexperienced staff, and insufficient use of technology to streamline and optimize processes.

The MoD contracting staff continues to increase its knowledge of acquisition processes. When necessary, USF-I advisors provide on-the-job training for the acquisition and contracting staff on subjects such as market research, contracting strategies, requirements determination, analysis of offers and proposals, and contract development. When required to make a major purchase from an overseas vendor, the MoD dispatches a senior staff delegation to negotiate the contract in person. The MoD relies heavily on the U.S. FMS program to equip and sustain its forces.

Infrastructure - Maintenance and Construction

Due to insufficient funding, the MoD still does not place a priority on facilities sustainment and recapitalization. The MoD maintenance budget allocation for 2010 is \$50 million, which includes maintenance for equipment and weapon systems, roads and bridges, as well as utilities.

MoD Military Works personnel are beginning to receive training in basic project scoping, design and estimating, and basic project management. Courses are currently being taught at the Ministerial Training and Development Center (MTDC) under a formal infrastructure curriculum. MoD Military Works will continue to struggle to build new or maintain current infrastructure due to the lack of authority, budget, and qualified engineers.

Finance and Budget

The MoD budget allocation for 2010 is \$4.9 billion, although this amount reflects an almost 20% increase over 2009, it falls short of the initial budget request of \$7.4 billion. The \$4.9 billion budget includes approximately \$3.3 billion in salary related funding, \$0.7 billion for operating expenses (goods, services, maintenance, etc), \$0.5 billion for procurement, and \$0.4 billion for infrastructure projects. Recently, the MoD submitted a request for a \$500 million supplemental budget request to the MoF to fund a military personnel pay raise. Insufficient funding for procurement and sustainment continues to pose a challenge. The

MoD must re-evaluate security force requirements and identify gaps that emerge as U.S. Forces drawdown, taking into account available funding. The MoD requires a multi-year requirements and budget planning system that factors in the necessary operations and maintenance costs to man and sustain new equipment and long-term support requirements.

The MoD has agreed to a Defense Resource Management Study to be conducted by the Institute for Defense Analysis to address concerns regarding a requirements-driven, long-term planning, programming, and budgeting capability.

Communications and Information Technology

The MoD's Communications and Chief Information Officer (CIO) Directorates continue to work together to expand the Iraqi Defense Network (IDN) and provide a robust infrastructure for enterprise applications, such as the Human Resources Information Management System (HRIMS) and Iraqi Asset Management Program (IAMP). The Communications Directorate recently extended the FMS agreement for commercial satellite service through June 2011, ensuring connectivity for over 90% of IDN users. The MoD's CIO is working towards the institutionalization of e-business practices and enterprise solutions, such as HRIMS, and transitioning of the IAMP system from USF-I to Iraqi control. The Communications Directorate is currently working initiatives, such as dynamic bandwidth allocation to achieve better utilization of resources, and a program to increase network security and reduce reliance on commercial satellite connectivity.

Personnel

The MoD has implemented a computer-supported, comprehensive personnel management system called HRIMS. HRIMS serves as the database for personnel identification and weapons accountability, and will interface with the network where biometric information is stored. ISFF funded

approximately \$24 million toward the HRIMS program and the GoI funded about \$4 million. The MoD assumed the license requirements and future funding for the system on January 1, 2010.

Inspector General

The MoD IG continues to conduct inspections, audits, and investigations, and continues work to improve its processes. The results of these inspections, audits, and investigations are not as transparent or effective as required. The JHQ Military IG conducted an annual conference at the end of 2009 to review inspection results and trends, and to present the 2010 inspection schedule. IG personnel have completed a 2010 inspection guide that contains inspection checklists for all Army units, but is still working on Air Force and Navy checklists. The 2010 inspection plan includes inspecting every military unit above the brigade level and one subordinate battalion from each brigade. The MoD has moved all IGs from subordinate commands into the JHQ Military IG organization to provide better oversight due to concerns of IG effectiveness at the Division level.

Human Rights

The MoD Human Rights Directorate continued work on detainee facility inspections and women's issues during this period. The MoD currently maintains 21 detention facilities throughout Iraq as temporary holding sites for terrorist suspects awaiting transfer to the MoJ. The number of MoD detainees has been slowly decreasing over the last several months. None of the facilities meet all of the basic detention facility standards. In April 2010, the 56th Brigade detention facility at Camp Honor was transferred from 56th Brigade control to MoJ control. The 56th Brigade reports to the Baghdad Operations Commander who reports directly to the PM. A large portion of this facility was dedicated to the CTS and was the facility with the most human rights complaints.

The MoD Human Rights Director is drafting a women's rights policy. A MoD committee is

currently studying the policy. The Director will attempt to gain the Minister's approval next quarter. The policy will set initial and future goals for percentage of women in MoD and for treatment of women in the work environment. The MoD currently employs 1,160 female personnel, 615 of whom are civilians and 545 are military.

Military Justice

MoD-wide implementation of the military penal code in 2009 resulted in a spike in military justice disciplinary cases heading into this quarter. This increase resulted in a case backlog that threatened to overwhelm two of the six regional military courts in particular – Baghdad (Karkh) and Mosul. The MoD General Counsel's office responded with two initiatives. First, the MoD opened the Irbil Military Court in October 2009, relieving the Mosul caseload. Second, in Baghdad, the MoD successfully petitioned the PM to shutter the Joint Military Court due to lack of activity, permitting the use of the facility as a second Baghdad Court at Rusafa. These two systemic initiatives illustrate the MoD General Counsel's ability to implement solutions to manage the MoD's internal disciplinary system effectively.

Operations

The JHQ is improving operational C2 capabilities. The Iraqi Forces Joint Operations Center (JOC) is increasingly self-sufficient in the development of situational awareness and intelligence reporting. The C2 of the ISF is generally exercised through a system of regional commands that function through the linkage of the Office of the Commander in Chief and seven Operations Commands. U.S. Forces continue to seek opportunities to enhance training and advisory support of Iraqi organic capabilities in the JOC. However, the JOC is increasingly becoming more independent. Staff planning is improved, but underutilized outside of the JHQ. MoD planning is hampered by a lack of delegation through the JHQ chain of command to appropriate directorates. There have been recent improvements in staff planning.

However, approval authority for even some routine matters remains at highest levels. Stove-piping of information, as well as a lack of integration of intelligence analysis and operations to generate actionable objectives, remains a challenge. When accomplished, planning is performed at the most senior level rather than through a staff planning process. The JHQ is becoming more focused on combined operations, and recent plans and operations have included representation by other Iraqi security stakeholders, including the MoI, the Director of Intelligence, the IGFC HQ, and others. There is also an evolving emphasis by the JHQ leadership to focus the armed forces on traditional external threats with recognition that internal security is not the primary function of the IA, IqAF, or IqN. However, logistics, sustainment of ISF personnel, equipment distribution, infrastructure maintenance, intelligence analysis, and force generation continue to pose obstacles to long-term operational capability.

Logistics

U.S. Forces and ISF have created a strategic logistics task force to hasten the implementation and integration of a comprehensive strategy. Critical components include strategic logistics plans and doctrine supported by a requirements-based acquisition strategy, capable procurement specialists, and logistics managers. With considerable effort, the ISF are able to sustain themselves with food rations for their soldiers and refined petroleum products to fuel their ground combat vehicles, support vehicles, and generators. The MoD does not have an effective mechanism to program sustainment costs for major equipment purchases. These capabilities are critical for successful transition to full self-sufficiency.

The Iraqi Logistics Operations Center (ILOC) serves as the central hub for tracking, coordination, and reporting of logistical operations and sustainment within the MoD. The ILOC has received increasing support from the Deputy Chief of Staff for Logistics (DCoS Log). As such, it continues to grow its reach,

visibility, and influence. The ILOC concept, however, remains foreign to many, resulting in barriers to cooperation with DCoS Log Directorates. The slow pace of expansion of the IDN continues to affect logistics in general, and specifically the ILOC's ability to communicate with logistics elements throughout the country. Cell phones, couriers, and commercial internet still account for a significant portion of logistics related communications. Functionally, the ILOC has become a capable organization whose officers operate under standard processes and procedures. Reporting is fair and improving. However, a lack of consistent, relevant, and accurate reporting from the services and other directorates makes it difficult for the ILOC to provide relevant and useful data to the JHQ.

Efforts within the IGFC, IqN, and IqAF to improve reporting and increased cooperation with the logistics directorates are a positive sign that reporting will continue to improve over time. Recent efforts by the ILOC commander to improve the visibility and management of FMS cases has resulted in additional training for the ILOC officers and opened a dialog with other MoD offices involved in the FMS process. The DCoS Log primarily relies on the ILOC for receiving, consolidating and creating logistics reports, FMS tracking, and Life-Support Self-Reliance program inspection and oversight. The ILOC has access to the IAMP system and has officers trained to operate the system. Use of the system has increased with recent improvements in connectivity. The value of IAMP at the ILOC is limited by the sparse use of the system throughout the IA and by a lack of meaningful collaboration with the Electrical and Mechanical Engineering Directorate.

U.S. partners and the DCoS Log have established the basic framework for a viable Iraqi logistics program. The MoD has developed a much more robust Materiel Circulation Process that details command relationships, levels, and lines of support for all primary classes of supply, detailed requisition

processes with process flow-charting, and procedures for submitting infrastructure budget and projects. Procedures are validated through senior leader engagement, quarterly Command and Staff Readiness and Analysis Conferences, and training exercises. Maintenance operations continue to improve, but an inability to fund and maintain a trained workforce and a lack of long-term contracts at the national level for repair parts could detrimentally affect critical equipment readiness. Fleet rationalization – decreasing the number of total vehicle variants from 214 down to 71 – is the first in a series of steps the Iraqis have taken to optimize repair part requirements in the form of an Authorized Stockage List. Currently they are working to develop required stockage lists for their top five systems. Iraqi leadership's concerns about corruption in the system have made them reluctant to maintain more robust stockage levels below Depot Level; this is a hindrance to more timely support to the divisions. Increased use of the automated asset management tool, the IAMP, has improved accountability for parts and operations at all maintenance support levels. U.S. partners are providing needed training on analyzing and interpreting the data available in the IAMP system to assist the Iraqis in becoming effective maintenance managers. The IA is prepared to take ownership of the IAMP system from the contractor in November 2010. Major areas of success for the Iraqis are the Wheeled Vehicle Depot and the Iraqi Light Armored Vehicles Maintenance Facilities (recently turned over to Iraqi control), and the Track Depot and Small Arms Facilities (scheduled to be turned over to Iraqi control in July 2010). These facilities and capabilities will enable the IA to move from a use-and-discard operational mindset, to a maintain-and-sustain approach that will make the best use of their limited assets.

The IA fuel systems and processes continue to be a challenge. Lack of appropriately designed and maintained ground fuels systems at Locations Commands rapidly degrade the logistician's ability to support IA Divisions without establishing long-term repairs. In the

last quarter of 2009, the Transportation and Provisioning Director graduated the first Fuels Quality Assurance Course designed to provide the initial capability to conduct fuel testing and to generate the fuel technical skills required for advanced weapons systems such as the M1A1. The fuel training was conducted by IqAF instructors based on a joint effort with the U.S. Air Force to develop a program of instruction for ground fuels. In addition, more than \$100,000 in ISFF was invested to support the training and to provide for various type of fuel testing equipment required. The initial testing capability is projected to be fielded to the Location Command level during the second quarter of 2010. As the overall quality assurance program develops, the intent is to expand the capability to the division level and ultimately develop a cadre of fuel experts capable of improving the overall system.

Joint Base Workshop

The Joint Base Workshop is comprised of three major facility complexes known as the Wheel Depot, Track Depot, and Taji Vocational Institute. The Wheel Depot is comprised of 13 major facilities spanning 347,060 square feet. The Wheel Depot is responsible for depot-level overhaul of the M1114 High Mobility Multi-purpose Wheeled Vehicle (HMMWV), the M923 truck, and associated trailers. It will also establish direct support/general support maintenance capability for commercial trucks and forklifts. The Track Depot also has 13 major facilities spanning 496,118 square feet. The Track Depot is responsible for depot-level overhaul of the T72 main battle tank, BMP1 armored personnel carrier, M203 Grenade Launcher, AK 47 rifle, M2/16 rifle, M2 PKM machine gun, M9 and Glock pistols, and 60/81mm Mortars. The facility will also provide direct support/general support maintenance capability for generators. Lastly, the Taji Vocational Institute provides classroom instruction for 63 skill sets. Upon graduation, students are prepared for on-the-job training in positions at either the Wheel Depot or Track Depot facilities. The Taji Vocational Institute library serves as a repository for all

equipment manuals, technical data, and 63 curricula.

Supply and Ordnance

Although the IA has made significant progress in Class II (clothing), V (ammunition), and VII (vehicle) supply accountability, they continue to struggle with issuing real time orders via electronic means. The MoD-issued orders are still hand delivered to the General Depot Command in Taji to issue equipment to Iraqi units for Unit Set Fielding. The fear of corruption at the unit leadership level continues to force stringent original documentation and signature requirements, thus further exacerbating the extended timeframe to issue supplies and equipment.

Initial ammunition forecasts to the JHQs DCoS Log from the MoD directorates (13 separate recommendations) indicate significant advances in the ammunition procurement and management processes. The forecasts are more refined and provide realistic and accurate quantities for future ammunition requirements in 2011. With a better understanding of total requirements, the MoD is able to maximize ammunition purchases. However, the IA is slow to adopt proper ammunition accountability and surveillance techniques at the division level and below. With no existing war-reserve ammunition standardization or historical utilization (making stockage objectives arbitrary and subjective), the division commanders are continuously adding to their stockpiles. It is estimated the average IA Division has enough small and medium caliber munitions to fight for six to eight days without need of resupply (one division has enough for 11 days of supply), whereas the U.S. Army standard is three days of supply. The current Iraqi ammunition structure, from the depot level down to the battalion level, lends itself to hoarding, reduced transparency, and inadequate infrastructure.

The Director of Transportation and Provisioning continues to improve Iraqi force sustainment capabilities under the DCoS Log.

The General Transportation Regiment (GTR) remains the only strategic transportation unit in the IA. The GTR is responsible for transporting all external equipment and supplies from Iraq's borders – including seaports, airports, and railheads – to the division areas and/or the main warehouses. The GTR has completed over 350 logistical convoy missions, using 5,045 transportation vehicles to move 21,100 tons of supplies and 1,958 vehicles. The GTR has logged in excess of 600,000 road miles without the loss of a single vehicle to combat. The ability of the Transportation and Provisioning Directorate and the GTR to plan and execute independent operations was demonstrated clearly by the recent transportation of 1,430 Korean-purchased vehicles from the port at Um Qasr to the Al Muthana vehicle warehouse in Baghdad. This multifaceted mission was planned and executed with minimal oversight from advisors.

Training and Doctrine

JHQ personnel implemented a training assessment program, and they are generating a new training assessment manual that will codify inspection and assessment procedures. The Deputy Chief of Staff – Training (DCoS – T) is expanding the roles and responsibilities of the Iraqi Ethics Center – Center for Military Values, Principles, and Leadership Development (CMVPLD) – and the Iraqi Center for Army Lessons Learned. CMVPLD continues to make progress in its mission to professionalize the ISF and, thus far, JHQ has provided support it in this endeavor. CMVPLD will host over six different courses this year alone that support professionalization as well as increased responsiveness by the ISF to rule of law, human rights, and other areas emphasized by the USG. Under DCoS-T, the doctrine section M7 is tasked with coordinating the development, approval, printing, and distribution of doctrine and technical manuals for the ISF. Once a month, DCoS-T chairs the Doctrine Review Committee that approves doctrine for Chief of Staff signature. The JHQ continues to work on improving these processes, and the advisory team is assisting

the JHQ in conducting gap analysis and prioritizing future doctrine development.

The MTDC continues to provide technical and professional development training for Iraqi military and civilians from across the security ministries. Iraqi instructors teach the vast majority of classes, with U.S. instruction only occurring for special topics or seminars. As of March 2010, MTDC has trained nearly 7,000 students on subjects ranging from basic typing to strategic planning and analysis. Since its opening in 2007 as a MoD-only training facility, MTDC has steadily increased its course offerings, knowledge areas, and number of graduates; over 3,000 military and civilian students graduated in 2009 alone. Additionally, in February 2010, MTDC surpassed a milestone by graduating the 1,000th student from a non-MoD organization.

Surgeon General

The Directorate of Military Medical Services is led by the Surgeon General of the Iraqi Armed Forces, who has the responsibility of providing HSS to approximately 300,000 IA, IqN, and IqAF service members. The biggest challenge to further expansion of military medical capabilities and infrastructure remains a shortage of health professionals. USF-I is partnering with the MoD to improve medical logistics throughout the Iraqi Armed Forces through continued mentoring and contracts for bio-medical equipment maintenance and medical supply procurement automation.

Iraqi Army

The IA currently has 13 infantry divisions and one partially fielded mechanized division organized under the IGFC. Ground forces include 196 IA battalions in 55 combat brigades organized into 51 infantry, three mechanized, and one tank brigade. Recent force generation focus has been on enabler units such as Logistics, Communications, Intelligence, and Engineering.

During the last six months, 46 enabler units have completed Unit Set Fielding. The force

generation of these essential Combat Support (CS) and Combat Service Support (CSS) units into the IA will be completed by the end of July 2010. This is being accomplished despite IA and MoD leadership facing personnel and training challenges throughout this period. Balancing operational requirements with participation in the fielding process has been difficult for some units due to a high level of combat operations in their assigned area of responsibility. Through it all, the IA has persevered and remains committed to acquiring and maintaining this increased capability.

GoI budgetary constraints continue to affect the staffing of enabler CS and CSS units. The lack of soldiers entering the training base is forcing Iraqi leaders at all levels to staff enabler units from within their organizations by cross leveling from over-strength units, such as ISR formations and HQ elements. As IA and MoD leadership deal with continued manning and training challenges, the force generation of essential enablers could be adversely affected.

U.S. Forces continue to assist IA leadership and the MoD in supporting the IA M1A1 Program Committee, which is developing its ability to conduct life-cycle management, new-equipment training, follow-on training, and maintenance for the 140 M1A1 tanks purchased through FMS.

Training

The Iraqi MoD JHQ personnel further cultivated their ability to manage a maturing IA institutional training base comprised of Training Centers, proponent and specialty schools, and special training events. The JHQ commitment to training was evidenced by successful efforts to mitigate the disruption caused by security support to the March 2010 elections. The JHQ guidance to restart post-election training ensured adherence to the DCoS-T 2010 Training Plan. At the operational level, Training Center and School cadre and staff expanded their ability to manage and execute training in accordance with approved MoD training guidance. The

resource management of training has been marginally effective and continues to be challenged by a cumbersome IA logistical system. Regardless, continued adherence to the system is essential to institutionalize effective, independent, and enduring logistical processes. Monthly assessments by USF-I and ITAM-Army advisors of all Training Centers, Schools, and training events, such as Unit Set Fielding, the Warrior Training Program, and 81mm mortar training, found a continued trend of increased capability and capacity across the training base. With this expanded training capacity, ITAM-Army will continue to aggressively work towards increasing enrollment. Current enrollment across all the Training Centers and Schools is averaging 33% of capacity. ITAM-Army advisors assessed training through all phases, from reception at the site through culmination of the training event, and noted improved progress toward achieving MEC.

With improved security in Iraq in 2009, the IA shifted from fielding a COIN force to generating enabler units. In the second half of 2010, the focus will shift again from COIN to Stability Operations with the Iraqi Army focused on providing an effective external defense capability with support as necessary to civil police forces. In this new operational environment, Combined Arms Operations, effective staff planning processes, and doctrine development will be critical to generate flexible security capabilities. This shift has increased the need for individual Military Occupational Specialty Qualification (MOSQ) training and the Tactical Training Directorate has responded accordingly. As of May 31, 2010, nearly 8,350 soldiers have completed MOSQ courses in maintenance, transportation, signal, supply, administration, weapons armorer, military police, basic medic, and various other medical fields since January 2009.

Combined MOSQ courses have trained 64% of the soldiers that units require. Enabler force generation training continued this period with IA soldiers completing counter-improvised

explosive device (C-IED) Train-the-Trainer Courses to provide a division-level C-IED instruction capability across the force. Concurrently, an initiative to generate the Chemical Defense Company (CDC) began with MOSQ training at Taji. In February 2010, the CDC successfully completed its capstone training event and demonstrated its ability to conduct operations. The CDC has now begun Unit Set Fielding and anticipates reaching full operational capability during the fourth quarter of 2010. The Field Artillery School continues to mature and develop its facilities at Abu Ghraib. The school's cadre of instructors provides all instruction on the 120mm mortar system. The 120mm fielding and training of 55 batteries is expected to conclude in June 2010. At the end of June 2010, the 81mm mortar fielding will reach a significant milestone when all 180 mortar platoons complete training. This was an Iraqi planned, resourced, and executed PM initiative. Trained and qualified IA instructors will maintain the expertise for an enduring capability.

The Joint Training Center (formerly the Iraqi Counterinsurgency School) continues to provide the IA with relevant and responsive training to develop IA leaders to meet the needs of the evolving operational environment. The Counterinsurgency School will be the spearhead of the transition from COIN Operations to Stability Operations. It will train battle-staff planning processes, focused on combined arms capabilities with an external defense focus and support as needed to Iraqi Civil Police forces. The school will expand joint military simulation exercises to link with maneuver units and police forces in the field to build the foundation for future inter-ministerial security coordination. Courses are taught at both the Non-Commissioned Officer (NCO) and Officer levels and provide resident training in COIN, Civil Military Operations, and Civil Affairs Operations.

Leadership and Education

Eleven IA proponent schools in Administrative Affairs, Armor, Bomb Disposal, Chemical,

Engineer, Field Artillery, Infantry, Medical, Military Police, Signal, and Transportation provide doctrine-based, branch-specific professional education for both officers and NCOs. These schools provide the foundation for self-sustaining professional competency and a platform to affect institutional modernization and improvement. Additionally, key Iraqi installations have established frequent Sergeants Major Forums to enhance inter-unit cohesiveness within the base.

The IA continues to develop an NCO Education System (NCOES) that emphasizes small unit leadership. The IA has had over 4,350 NCOES graduates from January 2009 through May 31, 2010. The IA approved NCOES Campaign Plan developed in October 2008 began implementation in the fourth quarter of 2009. The NCOES career progression path culminates at the Sergeant Major level with the Senior NCO course. The IA conducted the fifth iteration of the Senior NCO course in February 2010, and graduated 28 students. The course has had 188 graduates to date as IA representatives and U.S. advisors continue to refine the course.

The Basic Combat Training (BCT) campaign plan generated a review of all BCT modules in order to improve the quality of graduating soldiers. The review identified a requirement for a Basic Combat Instructor Course to reinforce skills required to instruct basic combat trainees using practical exercises. The IA expanded on its initiative to provide basic training to female soldiers with a plan to execute four training cycles through 2010. The fourth cycle of female BCT is scheduled for June to August 2010.

Personnel

According to May 31, 2010, data, the IA was manned at approximately 68% of its officers and 86% of its NCOs, with 77% of total MTOE numbers. The personnel data for this report was generated by the MoD using the new HRIMS personnel software. Given this nascent capability, the MoD is currently reconciling the

automated data with reports from the field. The policy-driven leave rate continued to be 25% of assigned personnel. The CoR-approved Military Service and Pension Law, coupled with the development of a formal personnel management strategy, will facilitate appropriate manpower reductions and force shaping aligned with budgetary constraints. Incorporating the HRIMS to improve personnel accountability and streamline personnel administrative processes continues to be a critical issue for the IA to address. The promotion system continues to move towards a merit-based system.

Facilities

The IA has nine training centers with a combined capacity of 20,000 students. Each of these centers includes a range complex, combat assault course, live fire shoot house, and various ranges. Each center supports both BCT and collective training exercises for the IA. The Besmaya Combat Training Center is the training site for future major weapon systems fielding and training programs to include the M1A1 Tank and M109A6 Howitzer. The Besmaya Combat Training Center range control complex will be transferred to IA control in August 2010. The construction of 11 Location Commands continues with nine of 11 complete. The remaining two Location Commands are expected to be complete by August 2010. These commands consist of warehousing, third line maintenance, fuel storage, billeting, and life-support facilities.

Iraqi Air Force

The IqAF is on the path to achieving MEC by the end of 2011 in all mission categories except airspace control and fixed-wing airlift. With continued support from U.S. advisors and adequate resourcing from the GoI, improvements in accessions, airlift, flying and technical training, air staff effectiveness, ground attack, combat support, and C2 should demonstrably contribute to internal security while setting the stage for future growth to a full military capacity. The United States Air Force's 321st Air Expeditionary Wing (321 AEW) remains engaged across Iraq to help the

IqAF achieve this goal and to build an enduring strategic relationship.

This reporting period marked a re-alignment to focus on base-level partnering between operational U.S. Air Force units and the IqAF. The 321 AEW took control of the operational groups at Sather Air Base (447th Air Expeditionary Group) and Ali Air Base (407th Air Expeditionary Group) on April 24, 2010. Combined with the advisory organizations of ITAM-AF (Air Staff Advisors, 321st Air Expeditionary Advisory Group, and the 321st Expeditionary Mission Support Group), this new alignment established unity of effort for partnering opportunities across Iraq. In the next quarter, the 321 AEW will establish advisory detachments at each location to facilitate partnering and base transition efforts. The 321 AEW has also developed a Base Transition Team (BTT) concept and fielded five BTTs. These BTTs focus on base level mission support advice and assistance, with an end state of successfully transitioning the bases from U.S. to IqAF control. This will be a significant focus of 321 AEW over the next 18 months. Currently, only Habbinyah has been transitioned to GoI and IqAF control, which leaves ten bases to transition before the end of mission. Based on the IqAF's move to Habbinyah and the likelihood of pilot training operations remaining at Kirkuk and Tikrit, the 321 AEW modified its Main Operating Base/Forward Operating Base (MOB/FOB) advising strategy. The strategy now includes five MOBs (Tikrit, Taji, New Al Muthana Air Base - NAMAB, Kirkuk, and Ali Air Base), and six FOBs (Qaiyara – Q-West, Al Asad, Al Hurriya – Kirkuk, Balad, Al Kut, and Basrah). 321 AEW continues to take advantage of partnering opportunities between operational U.S. Forces and IqAF counterparts to accelerate the capabilities development of the IqAF.

Training

There is an influx of new accessions and rehires that is expected to continue into 2011. However, unless there is a significant focus on

training, the IqAF will lack the trained and experienced airmen necessary for the IqAF to meet internal security requirements or provide for air sovereignty by December 2011. IqAF training requires continued investment in contractor support to secure development of organic maintenance capability.

The IqAF, with 321 AEW assistance, is training personnel in functional areas covering 425 officer and enlisted specialties. New syllabi are expanding training in operations, maintenance, supply, and infrastructure. The Iraqi Military Academy at Rustimayah saw 304 officer candidates begin Basic Military Training in April 2010. As of May 2010, 1,715 IqAF members had graduated from the Air Force Training School at Taji in a variety of basic technical training courses. These numbers demonstrate that the IqAF continues to make progress in 2010 towards establishing a self-sustaining force generation capability. In 2010, IqAF Officer Training will move from Rustimayah to Tikrit, and portions of the flying training wing are expected to move from Kirkuk Airbase to Tikrit Airbase. For the IqAF, Tikrit will become the Center of Excellence for training.

The IqAF currently has 207 qualified fixed and rotary-wing pilots with another 167 in the training pipeline. Included in the 167 are 34 pilots who are attending out of country training in the U.S., the UK, Italy, and Jordan. Three of these students are enrolled in the U.S. Aviation Leadership Program (ALP). One of the ALP students is expected to graduate this summer, and the other two are expected to graduate in December 2010. Also included in the 34 out of country training student number are 13 qualified pilots undergoing initial and recurring training in the C-130E and King Air 350 in the United States. In April 2010, the first IqAF pilots began academic training in the T-6A. This first class is expected to produce the first six IqAF T-6A instructors. The pilots have now started the flying portion of their training and are expected to complete their T-6A instructor pilot training in summer 2011.

Materiel

During the recent national Iraqi elections the IqAF demonstrated basic ISR capability. Based on the positive mission results from this event, the MoD is expressing the desire to build on this capability with increased ISR platforms. The IqAF currently has a total of 106 fixed-wing and rotary-wing aircraft. The IqAF received four Gazelles this quarter with the remaining two expected in the next few months; these aircraft are armed with a 20mm cannon and will be used by the IqAF to develop ground attack pilots. The new Gazelles will be based at Taji. In May 2010, the first two Mi-17MMs arrived in country. They will undergo initial testing for the door guns and then be turned over to the GoI in mid-June 2010. These aircraft have advanced avionics and defensive systems that will expand Iraq's battlefield mobility capabilities. Delivery of all 22 Mi-17MMs is expected by December 2011. The IqAF in cooperation with the USG and MoD is in the process of developing a letter of offer and acceptance for F-16s. The requirement by the Defense Minister to make most acquisition decisions combined with the GoI and IqAF's inexperience in acquisition budget forecasting, continue to make procurement a challenge.

Doctrine

Due to the nascent state of the IqAF, it does not yet have codified doctrine. One impact of this is preventing the USG from releasing Hellfire missiles to the IqAF. Consequently, the IqAF has struggled to make doctrinal progress in developing air-to-ground Tactics, Techniques, and Procedures for the AC-208 equipped with the Hellfire. In order to achieve a credible foundational air-to-ground capability, ITAM-AF will continue to advise the IqAF on an air-to-ground training plan. This is necessary to establish operational capability with Hellfire missiles. The MoD and IqAF continue to struggle with developing doctrine for C2 processes and procedures. The Minister of Defense has taken control of all significant IqAF staff programming decisions. 321 AEW is working with IqAF/A3 on developing a new

Air Order Directive, to be signed by the MoD, containing verbiage allowing for mission critical tasking decisions at the IqAF staff level.

Personnel

As of May 31, 2010, the IqAF is manned with approximately 5,600 personnel. A strong push towards the end of 2009 and a continued strong pace of accessions in 2010 indicates a commitment by the GoI and MoD to prioritize the IqAF accessions process. The GoI and MoD must continue to show a genuine commitment to access additional IqAF personnel, or it will be unlikely that the IqAF will meet critical personnel strength targets in line with the service's plan. Of particular interest is the shortage of personnel necessary to provide airspace control. The IqAF has one ICAO licensed controller against a MEC requirement of 64 personnel for four bases. Three controllers are scheduled for certification by the end of June 2010. Additionally, a severe shortage of mid-career officers continues to be of special interest. Over 50% of pilots and 30% of ground officers will reach retirement age before 2020, and those who remain lack flying experience. These numbers point to a projected shortage of senior IqAF leaders in ten years. In April 2010, 1,029 former IqAF members (360 officers and 669 enlisted) reported to the Air Force Training School at Taji Air Base for transfer back to active duty and to receive refresher training in the IqAF per PM Orders 34 and 49. To avoid a critical shortage of key leaders, the IqAF must identify mid-career officers with potential to serve in the highest ranks and guide them through rigorous professional military development.

Facilities

On-going projects at Taji, Tikrit, and New Al-Muthanna Air Base will increase training capacity and adequately support the requisite growth in IqAF personnel through 2011. The New Al-Muthanna Air Base housing project (960 personnel capacity), hangar annex (maintenance back-shops and office space), and two 1MW generators were completed and turned over to the IqAF on April 22, 2010,

which is IqAF Day. ISR assets from Basrah will move to Ali Base to establish the first Iraqi presence there in the summer of 2010. The IqAF Officers College is scheduled to begin classes at Tikrit in 2010. A new air traffic control tower will be completed at Tikrit in 2010. These two initiatives will lay the groundwork for making Tikrit the primary IqAF training base. The IqAF has established itself at Qaiyara (Q-West), and will assume control of the base in July 2010. U.S. turnover of key infrastructure, including aircraft parking ramps, hangars, and dormitories, is critical to growth, but the IqAF has limited capability to conduct infrastructure maintenance.

The IqAF showed great progress this quarter at their headquarters, Hawk Base. They established their own life support contract transitioning from U.S. support to IqAF controlled life support. In addition, they re-routed output from their generators to increase efficiency and connected to the Baghdad water supply. This is a positive step to the seamless transition of future base functions. Construction on the Iraqi Air Operations Center (IAOC) at Hawk Base continues on schedule with the facility structure complete and work transitioning to the interior systems with expected completion by the end of 2010. Finally, a formal ground-breaking ceremony was held at the sector operating center construction at Ali in late April. Sector operating center construction began in February 2010, and is on schedule for completion in March 2011.

Iraqi Navy

With the acquisition of new vessels, a comprehensive infrastructure build program for the Umm Qasr Naval Base, and an increase in training capacity brought about by an increase in the number of personnel supporting the training mission, the IqN is on track to achieve its short and medium-term transition milestones. On its current trajectory, the IqN will achieve MEC prior to December 31, 2011. USF-I and Navy Central Command are working to advance the IqN's assumption of

final responsibility for security of Territorial Waters and critical Iraqi oil infrastructure to September 2011. This will provide a three-month period prior to December 31, 2011, during which the IqN will be able to exercise full autonomous operations with UK and U.S. Forces in overwatch to observe, provide guidance, and step in if required. By USF-I end of mission, the IqN will have the MEC to defend the critical oil export infrastructure against current security threats. Achievement of MEC by USF-I end of mission is subject to shortfalls in manning, C4ISR, maintenance, and infrastructure being adequately addressed over the coming months.

Organization

The IqN HQ has been reorganized to place a large portion of the staff in Umm Qasr. The primary staff office is collocated in the Baghdad MoD building, where maritime policy and strategic guidance for the Navy is established. The remaining HQ staff operates from the naval base at Umm Qasr, where they can interface more closely with operational forces. A two-star (Rear Admiral) directs the small IqN HQ staff. A one-star commander (Commodore), based at the single naval base at Umm Qasr, controls the IqN fleet. The IqN fleet is organized into two squadrons: the Patrol Ship/Patrol Boat Squadron and the Small Boat Squadron. A third, the Auxiliary Squadron, will join the fleet in 2011 when Offshore Support Vessels enter service. The IqN has traditionally suffered from a lack of priority in MoD budgetary allocations. The IqN also suffers from logistics issues and communications difficulties between the HQ in Baghdad and the operational fleet. Despite these issues, the IqN is now demonstrating the capacity to train its forces and possesses a basic operational capability.

Training

The joint United Kingdom and United States team at the Umm Qasr Naval Base has continued to provide individual and collective training for the IqN and the Iraqi Marine Corps (IqM) as they progress toward the MEC goals

required by December 31, 2011. Collective training of IqN units has included two very successful Joint Iraq-Kuwait maritime exercises, during which the IqN has shown a high standard of exercise planning and execution, and of coordinating maritime patrolling operations. In addition, these exercises have been an effective vehicle for building confidence and trust between the Gulf navies, and thereby improving security in the region.

The main individual training effort continues to be the Swiftship Patrol Boat training in Louisiana, with the second batch of training due to start in July. Individual training also continues in Umm Qasr. In particular, emphasis is being placed upon the engineering and maintenance skills, which will be key to building and maintaining the self-sufficiency of IqN equipment. With assistance from the U.S. Defense Language Institute, ITAM-Navy staff are helping the IqN to build an enduring means of delivering English language training in Umm Qasr so that all sailors are prepared to operate in the primary language of the maritime environment.

Against this operational and training schedule, the IqN is beginning the largest recruiting drive since 2003. One hundred officers began training in June 2010, and 100 enlisted men were recruited into the IqN. With additional transfers into the IqN and IqM from the IA, the naval service is beginning to address the shortfalls in manning under which it is currently operating. However, such a recruiting drive also entails a heavier training burden, and the UK/U.S. training team is assisting the IqN in planning and delivering that training.

The Iraqi Marine Training Team, the UK Royal Marine detachment, and the U.S. Coast Guard detachment continue to support the development of the IqM. Recent effort has concentrated on establishing a basic operational competency, with the training teams supporting the development of a nascent brigade formation

consisting of truly interchangeable IqM company units able to fulfill Maritime and Ground Security Operations (MSO and GSO). UK/U.S. Training Teams have divided and specialized their training assistance. The U.S. training team delivers an Instructor Training (Train-the-Trainer) package. The UK Royal Marines have taken the lead on training and advice for oil platform point defense. Finally, the U.S. Coast Guard has taken the lead on training and advice for Visit, Board, Search, and Seizure operations in the Northern Arabian Gulf and along the Khawr Abd Allah. Concurrently, ITAM-Navy has sought to integrate the development of this brigade-scaled capability into the ITAM-Army Force Generation process, the Unit Set Fielding and War-Fighting Exercise. Organizationally, the IqM brigade formation is displaying an increasing level of staff maturity and improved articulation of personnel, training, and equipment requirements.

Materiel

With a new fleet of Fast Assault Boats, delivery of the last two of four Italian built Patrol Ships, and FMS contracts in place for the delivery of 15 Patrol Boats and two Offshore Support Vessels, the IqN is on track to be properly equipped to deliver maritime security by December 31, 2011. ITAM-Navy is currently focused on effective ship repair and maintenance organizational management. The establishment of an effective system that provides realistic and consistent fleet-wide standards for shipboard maintenance of equipment, and the ability to schedule ship maintenance availabilities is of high priority with regard to fleet sustainment.

Personnel

The IqN started recruiting during this period for the first time since mid-2008. Due to administrative difficulties, the IqN is still waiting to access its first quarter goal of 100 new officers. Arrangements are being made this quarter to recruit 100 new enlisted sailors by the end of May 2010. The IqN will need to access an additional 120 enlisted sailors in

2010 to satisfy personnel requirements to operate the growing number of ships and boats being delivered.

The Iraqi Marines have received approval to recruit new accessions in the second or third quarter of the calendar year. As with other elements of the Iraqi Armed Forces, the IqM are in the process of establishing their self-sufficiency and are recruiting personnel from the IA. The future intent is for recruits to have completed the basic 'Jundi' course for marines and Iraqi Military Academy Rustamya for the officers before joining the IqM. All recruits will then complete a rigorous IqM Phase-2 professional course to deliver specialist MSO and GSO-derived skills.

Facilities

The IqN has broken ground on the \$100 million Umm Qasr Naval Base infrastructure investment program. Pier and seawall construction difficulties have delayed facility completion, though contingency planning and aggressive rectification can mitigate operational impacts. The project is on schedule for completion by the end of 2010. Infrastructure improvements to the munitions magazines, barracks, dining facility, warehouse, simulators, repair facilities, and an operations HQ will prepare the base to receive an expanded fleet and the associated increase in personnel. The GoI continues to pursue contract and funding actions to improve infrastructure elements at the Naval Base.

2.4 Iraqi National Counter-Terrorism Force (INCTF)

Under PM Directive 61, signed in April 2007, the INCTF is independent of both the MoD and MoI. The CoR, however, has not ratified the CT Law that would establish the CTS as a separate ministry. The proposed CT Law (bill) was initially introduced in September 2008. After being returned to the CoM, the bill had its first reading before the CoR in July 2009. Under the Iraqi Constitution, once a general election has been successfully certified, the previous CoR's tenure is expired along with

any un-passed legislation. This is now the case with the expired CT Law legislation. The legislative process will now have to be restarted with a completely new bill and submitted for a first reading by the new CoR members who are expected to be seated sometime in mid-2010. If the CT Law had passed, it would have formalized a ministerial-level position for the CTS Director and provided regular appropriations and funding. Currently, CTS' status as an extra-constitutional agency hinders coordination as well as maintenance and sustainment support from the MoD. INCTF leaders and U.S. advisors continue to emphasize to key Iraqi leaders the need for a robust CT capacity in Iraq under the control of a constitutionally recognized body such as the MoD.

Organization

The INCTF is headed by the CTS, which serves as a higher headquarters to the Counter-Terrorism Command (CTC) and two ISOF brigades. The CTC exercises C2 over the two ISOF brigades that execute combat operations. The 1st ISOF Brigade includes four battalions: 1st Battalion (Commando); 2nd Battalion (ICTF); 3rd Battalion (Support); and 5th Battalion (RECCE). In a recent reorganization, the 4th Battalion, 1st ISOF, which operates the Iraqi Special Warfare Schools, was reorganized under a new academic headquarters in CTC called the "Academia," which is responsible for all CTC training. Finally, a Garrison Support Unit (GSU) provides logistical support to the ISOF brigades.

On July 1, 2009, the CTS established the 2nd ISOF Brigade HQ to command and control the four Regional Commando Battalions (RCBs). The 6th RCB is located in Basrah. The 7th RCB is located in Mosul. The 8th RCB is located in Diyala. The 9th RCB is located in Al Asad. Each RCB houses a Commando Battalion, a platoon-sized reconnaissance unit, and a Regional Counter-Terrorism Center (RCC). Both the 1st and 2nd ISOF Brigades conduct tactical operations in conjunction with U.S.

advisors. These units continue to improve their ability to conduct unilateral operations.

USF-I continues to encourage INCTF leadership to fully integrate the CTS with the GoI's other security agencies. USF-I is working to enhance the CTS's capabilities to build the CTS into a national special operations forces HQ that fully coordinates CT actions with other agencies and with the regional commands. Efforts are underway to integrate RCC intelligence fusion cells into intelligence networks at the Regional Operations Commands (ROCs). To enhance RCC capability and capacity, construction of a new, centrally located RCC in Baghdad began in December 2009. This facility will be the national focal point for collection, analysis, coordination, and dissemination of CT intelligence.

INCTF has deployed liaison officers in support of recent initiatives designed to promote inter-ministerial intelligence sharing and coordination, and to create a COP for all GoI ministries engaged in CT operations. Currently, INCTF has liaison officers assigned to the Iraqi Operational Coordination Group in Balad, and at the Baghdad Operations Center (BOC), as well as select ROCs and PJCCs. Since December 2009, INCTF has also installed two liaison officers assigned to work in the National Intelligence Center.

Training

The CTC's "Academia" organization has the capability to conduct three rotational courses to meet planned force generation requirements. The first is the three-week Assessment and Selection Course. The top graduates from the Assessment and Selection Course are then sent to the eight-week Operators Training Course for follow-on assignment to the 2nd Battalion (ICTF), 1st ISOF Brigade. The rest of the graduates from the Assessment and Selection Course attend the six-week Commando Course, and are assigned to one of the Commando Battalions. The remaining graduates are assigned to the Support Battalion, the GSU, or

one of the headquarters. On April 29, 2010, 59 soldiers graduated from the Iraqi Commando Course at Area IV. Additionally, a select group of CTC officers and soldiers participated in a DOMEX Training Course at Taji conducted by Iraqi instructors. Another course recently taught at Camp Taji is the Iraq Basic Intelligence Analyst Course. This course graduated 16 members in May 2010. Intel courses use U.S. ITAM-Intel advisors to enhance the curriculum.

U.S. and Iraqi planners have identified special operations forces aviation support including rotary wing air insertion and extraction and airborne ISR as critical requirements to support ISOF operations and training. For rotary wing air insertion/extraction, the U.S. developed a complex FMS case to purchase Mi-17s modified with upgraded weapons systems and avionics. The program has suffered significant delays, and the latest revised delivery schedule calls for delivery of most of the aircraft in 2011. Delays in the program directly impact ISOF access to critical aviation assets to support training and operations.

Funding and Materiel

MoD support to ISOF has improved in this reporting period. The GoI budget for 2010 includes an appropriation of \$170 million to CTS within the MoD portion of the budget. CTS leaders are using that funding to make payments for needed repair parts and the renewal of vital service contracts that had lapsed in the past months. Additionally these funds are being used for a partial disbursement of ISOF incentive pay, which had been suspended since April 2009.

Inter-ministerial Coordination

The CTS continues to make improvements in coordination with the MoD, MoI, and Iraqi National Intelligence Service (INIS) on strategic-level planning, targeting, and intelligence fusion. To improve inter-ministerial information sharing, CTS and INIS successfully connected two previously stove-piped IT networks: CTS's Counter-Terrorism

Network (CTNET) and the Iraqi Intelligence Network used by other GoI ministries. Currently, the Iraqi Intelligence Network is installed at CTS, CTC, and both ISOF Brigades. Moreover, the Iraqi Operational Coordination Group has connectivity with CTFNET.

Leadership and Education

English language training for INCTF personnel continues, led by an instructor from the Defense Language Institute assigned to Iraq for six months. This is an essential pre-requisite for INCTF members selected to attend International Military Education and Training (IMET) courses. In a new initiative, INCTF sent two personnel to the Defense Language Institute's English Instructor Course in February 2010. When these personnel graduate in November 2010, INCTF will move toward a self-sustaining capability to conduct English training for its personnel.

INCTF participation in IMET continues. Of note, one INCTF officer is completing a six-month NATO Terrorism Course. Another started the United States Army Infantry Basic Officer Leadership Course (IBOLC) at Fort Benning, Georgia in April 2010. Upon graduation, he will attend Ranger School. Simultaneously, another officer has started IBOLC. After graduating, he will attend U.S. Army Airborne School and the elite Special Forces Qualification Course at Fort Bragg, North Carolina. Planning and coordination efforts are ongoing to send select officers to other U.S. Army courses such as the Maneuver Captains Career Course and the Military Intelligence Captains Career Course.

Personnel

INCTF is a non-sectarian force, as reflected in its leadership, its personnel, and the methodologies with which it conducts operations. INCTF unit composition is reflective of the general Iraqi population makeup in terms of percentage of Shi'a, Sunni, Kurd, and other minorities. INCTF's non-sectarian approach is reflected in the

established procedures for internal vetting of personnel for key positions. CTS and CTC are ahead of other ISF organizations with respect to the number of personnel voluntarily screened by U.S. counterintelligence assets. This screening consists of both interviews and polygraphs to verify background investigation data. The Iraqis schedule these screenings with a U.S. liaison officer who acts in an advisory role on these matters.

INCTF is currently manned at 5,725 personnel. The CTS is currently manned at 384 personnel, and the CTC currently has 915 personnel. The 1st ISOF Brigade has 2,793 personnel, and the 2nd ISOF Brigade has 1,633 personnel. Recently, after being pressured by the PM, the Minister of Defense promised to transfer 700 active duty soldiers to the ISOF Brigades to help ease manpower shortages. During this reporting period, 290 of the transferees arrived to participate in the selection process at the CTC's "Academia" organization of which 263 were selected to continue on to Commando Training to be conducted in June 2010.

Facilities

CTS and CTC personnel are based in two separate compounds in the IZ. Construction of the Regional Counter-terrorism Center Baghdad (RCC Baghdad) continues according to schedule. Work is 54% complete, and the Gulf Region Division (GRD) estimates that construction will be completed by November 2010. Once established, RCC Baghdad will serve as the national focal point for collection, analysis, coordination, and dissemination of CT intelligence. The two remaining ISFF funded construction projects for CTS are the regional commando bases in Diyala and Shaibah (Basrah). Work at RCB Diyala is 81% complete and GRD estimates that construction will be completed by August 2010. Having overcome prior contracting difficulties, the construction effort at RCB Shaibah has progressed better than expected. Work is 15% complete, and GRD estimates completion early in 2011.

Annex A

AAB
AAS-SC
ABOT
AEW
AFRN
AJC
AMC
ATF
AQI
BCT
BOC
BoC
BPC
BRT
BTT
C2
C4ISR

CBI
CDC
CET
CG
C-IED
CIO
CMVPLD
COB
COI
COIN
COL
CoM
COP
CoR
COS
COSIT
CPI
CS
CSA
CSM
CSS
CT
CTC
CTNET
CTOC
CTS
DBE
DCoS Log
DCoS – T
DDR

List of Acronyms and Abbreviations

Advisory and Assistance Brigades
Ansar al-Sunna-Shari’a Council
Al Basrah Oil Terminal
Air Expeditionary Wing
Advanced First Responder Network
Accountability and Justice Commission
Army Material Command
Alcohol, Tobacco, Firearms, and Explosives
Al-Qaeda in Iraq
Basic Combat Training
Baghdad Operations Center
Board of Commissioners
Baghdad Police College
Basic Recruit Training
Base Transition Team
Command and Control
Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance
Central Bank of Iraq
Chemical Defense Company
Counter Explosive Teams
Commanding General
Counter-Improvised Explosive Device
Chief Information Officer
Center for Military Values, Principles, and Leadership Development
Contingency Operating Base
Commission of Integrity
Counterinsurgency
Contingency Operating Location
Council of Ministers
Common Operating Picture
Council of Representatives
Contingency Operating Site
Central Office for Statistics and Information Technology
Consumer Price Index
Combat Support
Combined Security Area or Combined Security Architecture
Combined Security Mechanisms
Combat Service Support
Counter-Terrorism
Counter-Terrorism Command
Counter-Terrorism Network
Counterterrorism and Organized Crime
Counter-Terrorism Service
Directorate of Border Enforcement
Deputy Chief of Staff for Logistics
Deputy Chief of Staff - Training
Office of Disarmament, Demobilization, and Reintegration

DEA	Drug Enforcement Agency
DIBs	Disputed Internal Boundaries
DoD	Department of Defense
DoI	Daughters of Iraq
DoS	Department of State
DRMI	Defense Resource Management Institute
DUSD L&MR	Deputy Undersecretary of Defense, Logistics and Material Readiness
EDD	Explosive Detector Dogs
EFP	Explosively-Formed Penetrator
EFT	Electronic Funds Transfer
EP	Electric Police
EPC	Engineering, Procurement, and Construction
FEPP	Foreign Excess Personnel Property
FMS	Foreign Military Sales
FOB	Forward Operating Base
FP	Federal Police (formerly known as the National Police)
FPS	Facilities Protection Service
FSC	Federal Supreme Court
GCED	General Counter-Explosive Directorate
GDDP	General Directorate of Dignitary Protection
GoI	Government of Iraq
GRD	Gulf Region Division
GSA	General Services Administration
GSO	Ground Security Operations
GSU	Garrison Support Unit
GTR	General Transportation Regiment
HaI	Hamas al-Iraq
HJC	Higher Judicial Council
HMMWV	High Mobility Multi-purpose Wheeled Vehicle
HPA	High-Profile Attack
HR	Human Resources
HQ	Headquarters
HQDA	Headquarters Department of the Army
HRIMS	Human Resource Information Management System
HSS	Health Service Support
I2N	Iraqi Command and Control Network
IA	Iraqi Army
IAMP	Iraqi Asset Management Program
IAOC	Iraqi Air Operations Center
IBOLC	Infantry Basic Officer Leadership Course
ICAA	Iraqi Civil Aviation Authority
ICAO	International Civil Aviation Organization
ICOEE	Iraqi Crude Oil Export Expansion
IDF	Indirect Fire
IDN	Iraqi Defense Network
IDP	Internally Displaced Person
IED	Improvised Explosive Device
IFCNR	Implementation and Follow-up Committee for National Reconciliation
IG	Inspector General

IGFC	Iraqi Ground Forces Command
IHEC	Independent High Electoral Commission
IKP	Iraqi Kurdish Parliament
ILOC	Iraqi Logistics Operation Center
IMAS	International Mine Action Standards
IMCTT	Iraqi Marine Corps Training Team
IMET	International Military Education and Training
INCTF	Iraqi National Counter-Terrorism Force
INIS	Iraqi National Intelligence Service
INL	Bureau of International Narcotics and Law Enforcement
IP	Iraqi Police
IPP	Independent Power Producer
IPS	Iraqi Police Service
IqAF	Iraqi Air Force
IqM	Iraqi Marine Corps
IqN	Iraqi Navy
IRR	Iraqi Republic Railway
IRRF	Iraq Relief and Reconstruction Fund
ISAM	Iraq Security Assistance Mission
ISF	Iraqi Security Forces
ISFF	Iraq Security Forces Funds
ISOF	Iraqi Special Operations Forces
ISR	Intelligence, Surveillance, and Reconnaissance
IT	Information Technology
ITAM	Iraqi Training and Advisory Mission
IZ	International Zone
JACC	Joint Anti-Corruption Council
JAI	al-Jaysh al-Islami
JAM	Jaysh al-Mahdi
JAR	Jaysh al-Rashidin
JCC	Joint Coordination Committee
JHQ	Joint Headquarters
JMOCC	Joint Military Operations Coordinating Committee
JOC	Joint Operations Center
JRTN	Jaysh Rijal al-Tariqa al-Naqshabandia
JSC	Joint Sub-Committee
KAAOT	Khawar Al Amaya Oil Terminal
KDP	Kurdistan Democratic Party
KGK	Kurdistan People's Congress (Kongra Gel)
KH	Kata'ib Hizbollah
KMoI	Kurdistan Regional Ministry of Interior
KRG	Kurdistan Regional Government
KSF	Kurdish Security Forces
LOA	Letters of Offer and Acceptance
LOGCAP	Logistics Civilian Augmentation Program
mbpd	Million Barrels Per Day
MEC	Minimum Essential Capability
MMPW	Ministry of Municipalities and Public Works
MoA	Ministry of Agriculture

MOB	Main Operating Base
MoD	Ministry of Defense
MoE	Ministry of Electricity
MoED	Ministry of Education
MoF	Ministry of Finance
MoH	Ministry of Health
MoI	Ministry of Interior
MoJ	Ministry of Justice
MoLSA	Ministry of Labor and Social Affairs
MoO	Ministry of Oil
MOSQ	Military Occupational Specialty Qualification
MoT	Ministry of Trade
MOU	Memoranda of Understanding
MoWR	Ministry of Water Resources
MSO	Maritime Security Operations
MTDC	Ministerial Training and Development Center
MTOE	Modified Table of Organization and Equipment
MW	Megawatts
MWH	Megawatt-Hours
NACS	National Anti-Corruption Strategy
NASASP	National Association of State Agencies for Surplus Property
NCC	National Command Center
NCO	Non-Commissioned Officer
NCOES	Non-Commissioned Officer Education System
NDN	Northern Distribution Network
NFL	Ninewa Fraternal List
NGO	Non-Government Organizations
NIC	National Investment Commission
NIIA	National Information Investigations Agency
NPS	Naval Postgraduate School
NTM-I	NATO Training Mission-Iraq
OP	Oil Police
PC	Provincial Council
PDB	Promised Day Brigade
PDOP	Provincial Director of Police
PDS	Public Distribution System
PIC	Provincial Investment Commission
PJCC	Provincial Joint Coordination Center
PM	Prime Minister
PoE	Ports of Entry
PoED	PoE Directorate
PPBE	Planning, Programming, Budgeting and Execution
PPL	Provincial Powers Law
PRT	Provincial Reconstruction Team
PSD	Personal Security Detail
PUK	Patriotic Union of Kurdistan
RCB	Regional Commando Battalion
RCC	Regional Counter-Terrorism Centers
RGB	Regional Guard Brigades

ROC	Regional Operations Commands
RRT	Regional Reconstruction Team
SA	Security Agreement
SFA	Strategic Framework Agreement
SoI	Sons of Iraq
SoL	State of Law
SSN	Social Safety Net
SVEST	Suicide Vest
TBC	Theater Business Clearance
TFBSO	Task Force for Business and Stability Operations-Iraq
TIF	Theater Internment Facility
TQI	Training Qualification Institute
UN	United Nations
UNAMI	United Nations Assistance Mission in Iraq
UNCAC	United Nations Convention against Corruption
UNDP	United Nations Development Program
UNHCR	United Nations High Commissioner for Refugees
UNSCR	United Nations Security Council Resolution
USACE	United States Army Corps of Engineers
USAID	U.S. Agency for International Development
USDA	U.S. Department of Agriculture
USF-I	United States Forces - Iraq
USG	U.S. Government
VBIED	Vehicle-Borne Improvised Explosive Device
WG	Working Group
WTO	World Trade Organization
WTP	Water Treatment Plant

¹ This report was previously submitted pursuant to Section 9010 of the Department of Defense Appropriations Act 2007, Public Law 109-289, as amended.

² The data cutoff date for this report, unless otherwise stated, is May 31, 2010.

³ Core inflation excludes fuel, electricity, transportation, and communications prices.

⁴ “Comprehensive Food Security and Vulnerability Analysis in Iraq,” United Nations World Food Programme, 2008.

⁵ The ICOEE project is led by the MoO’s South Oil Company and its partner, Foster Wheeler Energy Limited (FWEL). This project is the MoO’s effort resulting from the USG’s Southern Export Redundancy Project (SERP).

⁶ USF-I Research, March 2010. As of January 1, 2010, USF-I adopted new research methods to generate the periodic measures of Iraqi views on security presented in the text and charts in this report. While the basic measures presented here are analogous to those presented in previous reports, in many cases they are not directly comparable. This also accounts for the different chart titles observed in this report’s charts compared to reports prior to December 2009. This note applies to footnotes 7 through 22.

⁷ USF-I Research, March 2010.

⁸ USF-I Research, March 2010.

⁹ USF-I Research, March 2010.

¹⁰ USF-I Research, March 2010.

¹¹ USF-I Research, March 2010.

¹² USF-I Research, March 2010.

¹⁰ USF-I Research, April 2010.

¹¹ USF-I Research, April 2010.

¹² USF-I Research, April 2010.

¹³ USF-I Research, April 2010.

¹⁴ USF-I Research, April 2010.

¹⁵ USF-I Research, April 2010.

¹⁶ USF-I Research, April 2010.

¹⁷ USF-I Research, April 2010.

¹⁸ USF-I Research, April 2010.

¹⁹ USF-I Research, March 2010.

²⁰ Assigned and projected personnel strength numbers may vary based on when the reports are generated due to personnel movements in theater. Detailed monthly assigned and projected numbers can be found in the classified annex to this report.

²¹ DoD previously reported on the number of Iraqi Security Forces personnel authorized and assigned by the Ministries of Defense and Interior and trained with the assistance of Coalition forces. With the expiration of the mandate of UNSCR 1790, the data is now included in the classified annex because specific military personnel strength for a sovereign nation is considered sensitive.