Measuring Stability and Security in Iraq

September 2008

Report to Congress
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Executive Summary

This report to Congress, Measuring Stability and Security in Iraq, *is submitted pursuant to Section 9010 of the Department of Defense Appropriations Act 2007, Public Law 109-289 as amended by Section 1308 of Public Law 110-28 and Section 1224 of Public Law 110-181 and Section 9204 of the Supplemental Appropriations Act for 2008, Public Law 110-252.*[1] *The report includes specific performance indicators and measures of progress toward political, security, and economic stability in Iraq, as directed in that legislation. This is the thirteenth in a series of quarterly reports on this subject. The most recent report was submitted in June 2008. The report complements other reports and information about Iraq provided to Congress and is not intended as a single source of all information about the combined efforts or the future strategy of the United States, its Coalition partners, or Iraq.*

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

The overall security situation in Iraq has greatly improved this reporting period. Security incidents have remained at levels last seen in early 2004 for nearly three consecutive months, while civilian deaths across Iraq have declined to a level 77% lower than the same period in 2007. The surge in Coalition forces, the growth of more capable Iraqi Security Forces (ISF), the contributions of the Sons of Iraq (SoI), the ability of forces to secure the population, operations against Al Qaeda in Iraq (AQI) and other extremist elements, and the increased willingness of the people and the Government of Iraq (GoI) to confront extremists are important factors that have contributed to the improved security environment. Periodic high-profile car and suicide vest bombings have occurred, but the number of these attacks and the resulting casualties have decreased dramatically. Moreover, these attacks have not rekindled the self-perpetuating cycle of ethno-sectarian violence that plagued Iraq in late 2006 and the first half of 2007.

Coalition forces have drawn down significantly and the number of detainees held by the Coalition has been reduced by over 6,000 people. All five U.S. surge brigade combat teams, two Marine battalions, the Marine Expeditionary Unit, an Australian battle group, and the Georgian brigade have withdrawn. In addition, the Polish contingent will return home in October 2008. The transfers to Provincial Iraqi Control (PIC) of Qadisiyah Province in July 2008 and of Anbar Province on September 1, 2008 serve to highlight the security achievements during the draw down of Coalition forces.

Despite these promising developments, security gains in Iraq remain fragile. A number of issues have the potential to upset progress, including the transition of SoI to permanent employment, provincial elections, Article 140 and Kirkuk, internally displaced persons (IDP) and refugee returns, AQI and Special Group (SG) leaders attempts to reignite violence, malign Iranian influence, and a lack of government services.

There have been a number of encouraging developments in Iraqi capabilities and popular attitudes in recent months that the GoI and the Coalition are focused on maintaining. First is the improved capacity of the ISF, which is increasingly leading major security operations

and demonstrating an ability to achieve security gains. Second is the Iraqi people are increasingly choosing to address their differences in the political arena rather than through violent means. Third, the government's and Coalition's success over the last several months against militias in Basrah, Sadr City, Mosul, Amarah, and Diyala—particularly against Jaysh al-Mahdi (JAM) and the Iranian-supported Special Groups—has reinforced a widespread shift in the population's attitude toward greater rejection of militias. This rejection, while still developing, is potentially as significant for Iraq as the Sunni rejection of the indiscriminate violence, oppressive practices, and extremist ideology of AQI.

Security operations in the above mentioned cities have continued to degrade the capabilities of AQI and disrupted the activities of militias. In Ninewa Province for example, after months of elevated security incidents, overall levels of violence have fallen 50% since the spring of 2008 and are now at their lowest levels since early 2006. As a result of these operations, Iraqi and Coalition forces have succeeded in significantly extending their control across Iraq. These operations have also helped the GoI achieve broader political support, which it is now seeking to use in its efforts to resolve other challenges. After overcoming initial difficulties in Basrah and Sadr City, Iraqi forces have continued to assume the lead in major operations and effectively deployed and performed well in four cities simultaneously. Iraqi forces have also demonstrated increased capability to develop integrated plans and to execute operations. Moreover, as the ISF continue to improve, they are earning greater levels of support from the Iraqi people. Recent allegations of ISF targeting of SoI in Diyala Province, however, are of concern.

Other elements of the ISF have also continued to progress. Iraqi Special Operations Forces (ISOF) and national and special police units are increasingly operating with minimal or no Coalition support and are demonstrating proficiency in counter-terrorism and counterinsurgency (COIN) operations. Over the past several months, Iraqi Joint Headquarters and Division staffs have demonstrated an improved ability to deploy and sustain units in combat and a better understanding of and planning for using and integrating combat enablers during operations. Local Iraqi Police (IP) have shown an improved range of capabilities, particularly in the population centers around Ramadi, Kirkuk, and Baqubah. Challenges do remain in the police force to include increasing the professionalism of its officer corps.

Iraq's security ministries continue to build capacity. The training capacities of the Ministry of Defense (MoD) and Ministry of Interior (MoI) continue to expand. This expansion is helping to address significant training backlogs. Both security ministries have improved their ability to execute their budgets. Steps are being taken to address the shortage of leaders in the ISF, to include rehiring former non-commissioned officers and officers who served in the Iraqi Army prior to 2003. Despite these improvements, many challenges remain. The MoD and the MoI require greater capacity in order to properly man, train, sustain, and field forces, and both ministries must improve their procurement processes. The MoD needs to continue to expand its personnel strength, improve its budget process, and improve the speed of decision making and the distribution of resources, particularly to outlying elements. It must also focus its efforts to acquire combat enablers, improve logistics capabilities, and develop its leaders. The MoD must also successfully integrate former militia personnel into the Iraqi officer corps. All these endeavors will take time.

The emergence of the SoI remains one of the major developments of the past 18 months; however, the integration and employment of SoI remain a significant challenge. The SoI provide significant security benefits to their local communities by protecting

neighborhoods, securing key infrastructure and roads, and identifying malign activity. What began primarily as a Sunni effort has now taken hold in many Shi'a and mixed Sunni-Shi'a communities as well. Today there are over 98,000 SoI contributing to local security. The SoI have begun transitioning into the ISF, other ministries, and other non-security education, training, and jobs programs. Over 20,000 former SoI have already made the transition. The majority of these (over 16,000) occurred in 2006 and 2007 while the remainder (over 3,500) transitioned more slowly and in smaller numbers in 2008. The slow pace of transition is a concern. Continued GoI commitment is required to ensure SoI are fully transitioned to permanent employment. Recent allegations of GoI targeting SoI leaders in Diyala Province are of concern if they are indicators of GoI reluctance to integrate SoI into the ISF or, more broadly, to reconcile a diverse province. Prime Minister Maliki has recently signed an order reflecting his commitment that stipulates the GoI will assume responsibility for SoI in Baghdad and its environs (over 50,000) beginning in October 2008, but Coalition forces continue to pay the salaries of SoI personnel. Prime Minister Maliki's order would move more than half of the SoIs to the GoI payroll.

Malign Iranian influence continues to pose the most significant threat to long-term stability in Iraq. Despite continued Iranian promises to the contrary, it appears clear that Iran continues to fund, train, arm, and direct SG intent on destabilizing the situation in Iraq. Prime Minister Maliki has repeatedly engaged Iranian leaders on this issue. The majority of SG leaders remain in Iran where they sought sanctuary following ISF operations in Basrah, Baghdad and Maysan Province.

Iraqi leaders continue to make incremental but steady political progress. The current security environment is more hospitable to compromise across sectarian and ethnic divides, while expanding oil revenues have generated the funds needed to support development and reconciliation programs. A significant legislative achievement this period was the passage of the $22 billion 2008 budget supplemental bill. Over the last several months, the Council of Representatives (CoR) has shown a greater willingness and capability to address difficult issues. After passing the Budget, Provincial Powers and Amnesty Laws, Iraqi leaders are now focused on implementing these laws. They are doing so with the Sunni political bloc having returned to the cabinet, and with Sunni Ministers and the Sunni Deputy Prime Minister approved by the CoR. Recent struggles within the GoI related to ministerial appointments, bureaucratic inefficiency, and corrupt or sectarian behavior suggest that the successful implementation of legislation cannot be taken for granted, however, and that capacity-building efforts will continue to be required.

The CoR also passed a new Provincial Elections Law on September 24, 2008, which is currently awaiting approval by the Presidency Council. This legislation allows for open list elections and establishes an elections deadline for January 31, 2008. The passage of this law is a milestone for the GoI and, if approved by the Presidency Council, will accommodate new elections allowing groups that boycotted the 2005 provincial elections to participate in the political process. Depending upon the implementation timeline, elections may still be held in 2008 but are more likely to be held in January 2009. Despite the initial delays in passing this law, the GoI has proceeded with, and made substantial progress preparing for elections. A successful voter registry update was conducted, which included the establishment and operation of 565 voter registration centers across the country. The centers were staffed by Iraqis, and a nationwide voter registration media campaign was completed. Voter registration ended in late August 2008 with 2.9 million Iraqi voters verifying their registration information and with the United Nations Assistance Mission in Iraq (UNAMI) declaring the effort a success.

The GoI also made progress in reconciliation efforts during this reporting period. Prime Minister Maliki's willingness to confront criminal militias in Basrah, Sadr City, Mosul and Amarah and to challenge Iran over its support of extremists generated a positive response from Sunni communities. On July 19, 2008, the CoR confirmed six Tawafuq-nominated Sunnis and four Shi'a Independents as new ministers, to include Dr. Rafie al-Issawi as the new Deputy Prime Minister. The confirmation marks the end of a one-year boycott by the Sunni bloc and the replacement of Sadrist ministers who had staged a separate walkout in 2007. Recently, the Kurds signaled their willingness to compromise on the Hydrocarbon Law, although no explicit action has been taken. This political progress, however, remains fragile.

Economic development continues, although at a slow pace. The GoI's ability to spend its funds, provide essential services, and promote economic development continues to improve, but only marginally. The Iraqi economy grew 0.4% in 2007 and is projected to grow 8% in 2008, due in large part to expanding oil revenues. Budget execution is still hampered by insufficient contracting capacity and by a still maturing budgetary process; however, overall capital budget execution continues to improve. The GoI has spent or committed $3.6 billion (28%) of its $13 billion capital budget through June 2008. Provincial budget execution has also improved in 2008 though progress by province has varied.

The oil and electrical sectors have improved, but GoI delivery of a broader set of essential services still lags. Oil production has risen by 400,000 barrels per day since September 2007 and, in the last quarter, surpassed pre-liberation production levels. Electricity generation is averaging 12% higher this year than last, despite the loss of a significant portion of hydro-eclectic power due to this year's drought. However, the population's level of satisfaction with essential services remains low as the ministries struggle with aging infrastructure and increased demand. Improving the delivery of these services is essential to continue to draw popular support away from militias and insurgents and toward the central government. The Coalition is working with the GoI to improve ministerial capacity to meet these challenges. For example, important work continues in helping the GoI transition essential service operations, maintenance, and support contracts from U.S.-led to GoI-led efforts.

Significant effort has gone into short-term job creation programs designed to facilitate the transition toward a sustainable private sector, but more private investment and credit availability will be required. Ongoing banking reform will play an important supporting role in this effort. Iraq will benefit from continuing efforts to realize efficiency gains via properly functioning pricing mechanisms in key sectors and from redesigning the social safety net. The international community has taken note of Iraq's economic progress, as highlighted by a number of significant private investment initiatives and by Iraq's fruitful engagements with the International Compact with Iraq (ICI) and other organizations.

Further improvement in Iraq's rule of law capability and capacity is essential to the country's long-term stability and the slow pace of progress here remains troubling. Intimidation of and violence against judges, a massive pre-trial detention backlog, a lack of cooperation between ministries, and a lack of resources undermine the judiciary's power, prestige, and independence. Corruption continues to plague Iraqi governmental institutions. To address these problems, Coalition rule of law and anti-corruption efforts focus on protecting judges and their families, working with Iraqi courts to improve processes and reduce case backlogs, and promoting and improving anti-corruption agencies the GoI has established.

Growing recognition of the legitimacy and capacity of the GoI has encouraged significant international economic engagement since the

last reporting period. Since the May 29, 2008 Ministerial in Stockholm, efforts to advance the goals of the ICI have continued, producing increased visibility and opportunities for trade and greater integration with the global economy. Favorable outcomes from Expanded Neighbors Conferences include the Bulgarian Finance Ministry's acceptance of a final settlement of $360 million for Iraq's Saddam-era debts and its agreement to write off the remaining $1.5 billion debt. Similarly, Jordan signed a debt rescheduling agreement and is preparing to restore broader economic ties. The UAE cancelled nearly $7 billion in Iraqi debt, and Oman is preparing to restore broader economic ties.

During this period, Iraq participated in important diplomatic engagements with its neighbors. Turkey's Prime Minister Erdogan met with Prime Minister Maliki in Baghdad in July 2008, marking the first visit to Iraq by a Turkish Prime Minister in 18 years. The Prime Ministers signed a Supreme Strategic Cooperation Convention which sets the framework for increased political, security, economic, and cultural cooperation. In August 2008, His Royal Highness King Abdullah of Jordan flew to Iraq and met with senior GoI leaders. This marked the first visit of an Arab head of state to Iraq since 2003. Other visits by high-level leaders include those of UAE Foreign Minister Abdullah bin Zayid, Lebanese Prime Minister Siniora, and Lebanese Parliamentary bloc leader Sa'ad Hariri. In addition, Jordan, Bahrain, and the UAE have formally named ambassadors to Iraq. Kuwait has also named an ambassador to Iraq, ending a two-decade old diplomatic rift. Egypt and Qatar have announced their intention to identify and send ambassadors.

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

In summary, political, security, economic, and diplomatic trends in Iraq this past quarter continued to be positive; however, they remain fragile, reversible, and uneven. Progress towards durable security has been made even as Coalition forces have drawn down. Normalcy is increasingly returning to formerly violent parts of Iraq. The ISF continues to improve and is in the lead in maintaining security for the Iraqi people. Improved security has allowed for dialogue among Iraq's many groups and political entities. The reduced violence has provided time and space in which institutional development can occur. While security has improved dramatically, the fundamental character of the conflict in Iraq remains unchanged—a communal struggle for power and resources. Concerns remain in the areas of political reconciliation, rule of law, and ministerial capacity. In order to achieve enduring stability and realize its full potential, the GoI must continue to build its legitimacy by clearly serving the Iraqi people while paying continued attention to the remaining challenges discussed above to help solidify and build on the progress achieved.

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Section 1—Stability and Security

1.1 Political Stability

Iraqi leaders continue to make incremental but significant political progress. Prime Minister Maliki's stand against the Jaysh al-Mahdi (JAM) and Special Groups (SG) militia elements in Basrah, as well as subsequent operations in Baghdad, Ninewa, Maysan, and Diyala Provinces, have generated an improved atmosphere of political unity. However, this environment is fragile and reversible. The recent return of Tawafuq to previously vacant ministerial positions was a welcome sign of re-engagement by Sunni Arabs at the national level. Furthermore, the passage of the Provincial Elections Law demonstrates the ability of Shi'a, Sunni, Kurdish, and Turkoman lawmakers to compromise on key legislation. However, Kurd-Arab tensions centered on the status of Kirkuk, lack of Shi'a Arab solidarity in the Council of Representatives (CoR), and corrupt or sectarian behavior indicate the road ahead will not be smooth or linear.

National Reconciliation

Some positive development toward national reconciliation has occurred. The willingness of the Government of Iraq (GoI) to confront militias, regardless of sect, has encouraged Tawafuq to reconcile its internal differences and return its ministers to the government, restoring an additional avenue for Sunni participation in the political process. The Executive Council has convened several meetings with the leadership of each major power bloc in an attempt to reach consensus on the Provincial Elections Law which ultimately resulted in its passage. Similarly, the political parties have demonstrated a willingness to use the reconstituted Political Council for National Security as a forum for political leaders to discuss national issues like the Strategic Framework Agreement (SFA). Although there is some indication of improvement in national reconciliation efforts by the senior leadership, sectarian divisions still persist.

Political Commitments

Legislative proceedings resumed after the elevated number of attacks on the International Zone was reduced in April and May 2008. The CoR has voted 23 measures into law since the winter recess, including a civil service salary law, a terrorist act/military operations victim compensation law, and an anti-oil smuggling law. In addition, the CoR also ratified an agreement to participate in the Arab Women's Organization. The CoR extended the spring session from the end of June until early August 2008 to allow more time to negotiate the revised text of the Provincial Elections Law. Finally, on September 24, 2008, the CoR negotiated a final compromise to pass this important legislation.

Other major legislative priorities for this period included the 2008 Budget Supplemental for the ministries and provinces, the Hydrocarbon Framework Law, and the return of Tawafuq representatives to the Council of Ministers. During its recently completed session, the CoR passed the Budget Supplemental Law and approved ministerial nominations; however, it failed to make progress on the Hydrocarbon Law.

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

The GoI has not begun implementing the Accountability and Justice Law. The Council of Ministers has yet to nominate the individuals to head the new commission, which leaves the original De-Ba'athification Commission in place and hinders the implementation of the application process directed under the new law.

Provincial Elections Law and Execution Planning

The Iraqi Parliament voted to pass the Provincial Elections Law on September 24, 2008. In an attempt to find language acceptable to all, the United Nations Assistance Mission in Iraq (UNAMI) facilitated intensive

negotiations between the major political leaders and continued to work with a specially appointed committee to draft a compromise acceptable to all parties. Agreement was reached after Shi'a, Sunni, Kurdish, and Turkomen lawmakers adopted the UNAMI compromise to form a parliamentary review committee to review disputes regarding power-sharing and special elections for Kirkuk, separately. This will allow for elections to take place everywhere in Iraq but Kirkuk. The law has been submitted to the Presidency Council for approval. Although President Talabani vetoed the July 22, 2008 draft of the Provincial Elections Law submitted by the CoR, it is unlikely he will do so again given the Kurdish support for this draft. The current text of the Provincial Elections Law allows for open list elections and establishes an elections deadline for January 31, 2009.

Despite the initial difficulties in advancing elections legislation, the Independent Higher Electoral Commission (IHEC) continued with the process of updating Iraq's voter registry. The voter registration update was conducted over a 39-day period at 565 voter registration centers throughout Iraq. Because the voter registry is based on the national Public Distribution System, a majority of Iraqis were already registered to vote. This registration update was undertaken simply to allow Iraqi citizens the opportunity to make minor administrative updates to ensure that they would be eligible to vote. Additionally, the voter registration helped to build the national and provincial capacity required to successfully execute the first Iraqi-led, democratic provincial elections. The ISF provided security and, as a result of their efforts, the registration update went smoothly with only a few minor security incidents. During the registry update, Coalition forces served in advisory and overwatch roles only.

Disputed Internal Boundaries (Article 140)

UNAMI is continuing its incremental approach to resolving disputed internal boundaries within Iraq. UNAMI presented its Stage One proposal to the GoI in June 2008, recommending that Akre and Makhmour districts become part of the Kurdistan Regional Government (KRG), that Hamdaniya remain part of Ninewa, and that the Mandali sub-district remain part of Diyala Province. Although some Iraqi politicians expressed disappointment with the proposals, there was general agreement that the process should continue, with GoI and KRG officials agreeing to wait for UNAMI's complete package of recommendations before making a final decision. Increased tension in the vicinity of Kirkuk following the first vote on the Provincial Elections Law and subsequent veto by the Presidency Council indicates that sporadic violence may complicate future boundary-related negotiations. While the Provincial Elections Law passed by the CoR on September 24, 2008 does not address the status of Kirkuk, it does establish a parliamentary review committee to deal specifically with this issue. Tension between the GoI and the KRG in northern Diyala Province is a further indication.

Amnesty Law

The Presidency Council approved the Amnesty Law on February 26, 2008, allowing amnesty for Iraqis accused or convicted of certain crimes and focuses particularly on pre-trial detainees.[3] The Higher Juridical Council (HJC) reports that the amnesty review committees have considered nearly 150,000 amnesty cases and have granted amnesty in more than 118,000 of them. In addition to a large number of Iraqis free on bail or parole or facing warrants, the total granted amnesty includes over 22,000 cases affecting individuals held in pre- or post-trial confinement. It is unknown exactly how many individuals are awaiting release. Recognizing that the Amnesty Law allows amnesty to be give to those charged with violations of the Anti-Terrorism Law, the Council of Ministers approved amendments in early May 2008 that would withhold amnesty from anyone convicted or accused of terrorism. Some members of the CoR believed the proposed amendments were designed to target

Sunnis, and the amendments gained no traction in the CoR; they are unlikely to become law. Release from custody for those granted amnesty has proceeded slowly due to political, inter-ministerial coordination, logistical, and reintegration difficulties. According to the Minister of Human Rights, more than 5,700 detainees have been released. Coalition data seems to corroborate GoI claims.

A Package of Hydrocarbon Laws

Negotiations between the GoI and the KRG continue in regard to the hydrocarbon legislation package. Until recently, political differences between the KRG and the central government prevented the Hydrocarbon Law and its three supporting laws from progressing. Prime Minister Maliki and KRG Prime Minister Barzani have kept the process moving through personal meetings, most recently in mid-June, to discuss the KRG's latest proposals. It is likely that several more rounds of negotiations between the two sides will occur before they reach an agreement. Controversy on the elections in Kirkuk will likely affect the hydrocarbon legislation package.

Constitutional Review

The Constitutional Review Committee has not progressed beyond the limited success it achieved on human rights and judiciary roles. The committee failed to meet its June 30, 2008 deadline for submission of a final report, but its mandate was extended by the Parliament until the end of the fall 2008 legislative session.

Government Reform

Ministerial Capacity Development

In 2007, the capital budget execution rate for the GoI was more than double the rate in 2006. The upward trend in absolute budget execution is expected to continue through 2008, although the addition of a mid-year supplemental budget may ultimately impede the GoI's ability to improve on its 2007 execution rate. In June 2008, the U.S. Embassy formed the Public Finance Management Group (PFMAG), chaired by the Coordinator for Economic Transition in Iraq and composed of all U.S. Government entities involved in addressing budget execution. Training and technical assistance have put ministries in better positions to design, develop, implement, and monitor their proposed projects.

The United States Agency for International Development (USAID) has undertaken efforts to increase GoI capacity and to promote transparency and to combat corruption, misuse, and abuse of public funds. For example, USAID's Tatweer Energy Group developed work plans for the Ministries of Oil and Electricity and started the implementation of jointly-identified priorities. Tatweer is working with the two energy ministries to streamline their procurement and contracting procedures to bring them into compliance with international best practices. Building the capacity of civil servants at the Ministry of Oil in the procurement and contracting area is a long-term development goal.

The rule of law section of the U.S. Embassy has assisted the Ministry of Justice in budget preparation, execution, and capital budget program management. The political section has managed expanded statecraft and legislative capacity development assistance to the Prime Minister, Deputy Prime Ministers and Council of Ministers' Secretariat. Future initiatives will expand capacity development in the Treasury and Health Attaché offices to support the Ministries of Finance and Health, respectively.

Provincial Reconstruction Teams

Provincial Reconstruction Teams (PRTs), Embedded Provincial Reconstruction Teams (ePRTs) and Provincial Support Teams (PSTs) are essential elements in the U.S. strategy for success in Iraq. PRTs draw on interagency and Coalition military expertise to build governance capacity at the local, municipal, and provincial levels. Currently, there are 27 PRTs operating in Iraq—11 led by the U.S. and three led by the Coalition. There are 13 ePRTs embedded with Coalition forces that work on sub-provincial

stability tasks in support of counterinsurgency operations. Additionally, four PSTs work at the provincial level but operate remotely from established bases located in neighboring provinces. Recently, the Qadisiyah, Najaf, and Karbala teams transitioned from local PSTs to full PRTs, greatly enhancing their access and effectiveness.

Reconstruction teams are instrumental in furthering provincial development by promoting reconciliation, fostering economic development, supporting implementation of the rule of law, and by improving the capacity of local governments to execute their budgets and deliver essential services. PRTs work closely with State Department and USAID program officers on a wide variety of activities designed to promote economic and political development programs and to strengthen civil society. These programs help local economies generate jobs, improving stability. Recently, the PRTs helped local governments complete their respective Provincial Development Strategies (PDSs), which outline broad development objectives for the next three to five years. In March 2008, PDSs from 17 of 18 provinces were formally turned over to the GoI, forming a basis for National Strategy Development. These strategies help local governments plan and execute their budgets to meet the needs of area residents and provide a blueprint to support Iraq's transition to self-reliance.

Rule of Law and Criminal Justice Development

Iraq's criminal justice system faces a number of serious challenges. Judicial intimidation significantly hinders administration of the criminal justice system and is the most immediate threat to advancement of the rule of law in Iraq. Incidents of violence against judges appear to have increased, starting with the June 2008 assassination of the chief judge of one of Baghdad's appellate jurisdictions, the highest ranking judge to have been killed of the 37 assassinated since the beginning of the insurgency. His murder was followed the next week by at least five unsuccessful attempts against Baghdad judges.

To combat judicial intimidation, the Coalition has focused on securing courthouses and protecting judges and their families by locating them in secure complexes throughout Iraq. Although individual judges living in the first functioning Rule of Law Complex (ROLC) in Rusafa have been enthusiastic about this arrangement, the HJC has yet to fully embrace the concept due to concerns over judicial independence. Although the Ramadi ROLC will achieve initial operating capacity in October 2008, movement on other planned ROLCs has stalled due to the HJC's reluctance.

Courts in which the most serious insurgent crimes are handled continue to be overwhelmed, particularly in Baghdad. The sheer number of criminal cases and the lack of timely and complete investigations, combined with poor court administration and judicial intimidation, hamper the ability of investigative courts to process cases in a fair and timely manner. Lack of cooperation from the Ministry of the Interior (MoI) and Ministry of Justice (MoJ), responsible for initial criminal investigations and the execution of judicial orders, respectively, undermines the judiciary's power, independence, and prestige. The MoJ's failure to implement civil orders, particularly those regarding land title conflicts, has lessened Iraqi society's confidence in the rule of law. Finally, resources available to the judiciary are generally poor. Many courts in smaller communities lack basic necessities such as plumbing and electricity. Courts in the larger towns and cities generally have plumbing and electricity but are subject to the same electrical power shortages as their surrounding communities. Most small courts lack communications and automation equipment and access to the internet, though efforts to automate record keeping are currently underway at the HJC. The total number of judges in the HJC is approximately 1,200.

Coalition rule of law capacity-building efforts have made limited progress combating these problems. Currently, the Coalition's top priority is to encourage the GoI to take actions

to secure judges and to increase the power of the judiciary vis-à-vis the other branches of government. Coalition advisors throughout the country are working to develop relationships with judges in an effort to increase court productivity and reduce the number of pre-trial detainees held by ISF at local facilities. Other efforts include improving the quality of the Iraqi juvenile justice system, supporting the GoI Ministerial Committee on the Rule of Law and Detention, and increasing Iraqi prison capacity and staff. The Department of State has several existing and new judicial assistance programs designed to help the Iraqi judiciary improve the skills of judges and court administrators and enhance judicial and court security.

The Law and Order Task Force (LAOTF) has the mission to improve Iraqi investigative and judicial capacity, primarily at the Central Criminal Court of Iraq (CCCI) at Rusafa. In the reporting period, LAOTF judicial mentoring teams have established closer relationships with Rusafa's judges and administrators, resulting in some progress in case management. Its defense team has worked closely with its Iraqi counterparts to help secure the release of numerous detainees who had been held for years without charges or who had been granted amnesty. Finally, LAOTF has implemented an initiative to assist CCCI-Rusafa in reducing the backlog of cases pending at the Rusafa detention center. In spite of this effort, case processing remains slow and, at the current rate of adjudication, will take approximately three years to eliminate the detainee backlog.

The quality of Iraqi detention facilities and detainee treatment varies. MoI and MoD forces continue to rely on confessions, often coerced, as a substitute for physical evidence when investigating criminal cases; coerced confessions account for the majority of detainee maltreatment reports. MoJ facilities, in contrast, are generally staffed with trained Iraqi corrections officers who are not involved in case investigation. Further, MoJ facilities usually provide adequate life support. However, many MoJ facilities, particularly post-trial facilities, are overcrowded and receive inadequate healthcare support from the Ministry of Health. U.S. Government-funded prisons have been established over the past several months, beginning with the first 800-bed phase of a facility in Nasiriyah that opened in July 2008. These new prisons should help with post-trial overcrowding by early 2009, provided that convict population growth remains steady.

Anti-Corruption Efforts

Recognizing that public corruption continues to plague Iraqi society, the GoI continues to strengthen its anti-corruption agencies and improve its transparency and accountability. In 2004, the Coalition Provisional Authority established the GoI's three main anti-corruption agencies under orders 55, 57, and 77. Order 55 established the Commission on Integrity (CoI)—formerly known as the Commission on Public Integrity—as a criminal investigative and regulatory agency and with responsibility over the public disclosure of wealth provisions of Iraqi law. Order 57 established the Inspectors General, similar to the American system. Order 77 reaffirmed the Board of Supreme Audit (BSA), originally established in 1920, as an independent auditing agency. In June 2007, Iraq established the Joint Anti-Corruption Council that allows these agencies to coordinate efforts with each other and with representatives from the CoR and the Prime Minister's Office. Iraq also became a signatory to the UN Convention on Anti-Corruption—a benchmark under the International Compact with Iraq (ICI)—and re-started the Iraq Financial Management Information System.

In April 2008, an ambassadorial-level official was appointed to serve as the Coordinator for Anti-Corruption Initiatives at the U.S. Embassy in Baghdad. This individual spearheads the Embassy's anti-corruption effort and is the chief U.S. representative working with Iraqi officials to establish robust governmental systems to combat corruption and improve

budget development, execution, and monitoring.

In July 2008, the Ministries of Interior and Defense co-hosted their second Anti-Corruption Strategic Planning Conference. This conference brought together U.S. and GoI officials to discuss anti-corruption efforts in Iraq. The U.S. Coordinator for Anti-Corruption Initiatives was invited to brief the conference on U.S. anti-corruption efforts across all Iraqi ministries.

Transnational Issues

A continuing series of Expanded Neighbors Conferences and international visits highlight growth in the international community's support for Iraq. Conference topics have covered a range of security, energy, refugee, and economic issues. Several resulting economic initiatives have resulted, including Bulgaria's acceptance in July of a final settlement offer of $360 million for Iraq's Saddam-era debts. The Finance Minister of Oman was recently in Baghdad for talks with GoI officials, and Jordan signed a debt rescheduling agreement. On July 6, 2008, the United Arab Emirates (UAE) cancelled nearly $7 billion in Iraqi debts.

The International Reconstruction Fund for Iraq (IRFFI) convened its seventh donor committee meeting in Baghdad on July 7, 2008, the first major international conference in Baghdad this year. Donor countries agreed to refocus IRFFI's work on capacity-building and to spend roughly $55 million on immediate humanitarian assistance and civil society development.

Improved Iraqi-Turkish relations is another positive development. Turkish Prime Minister Erdogan visited Baghdad on July 10, 2008, the first visit by a Turkish Prime Minister in 18 years. He and Prime Minister Maliki signed a High-Level Strategic Cooperation Convention, a framework for increased political, security, economic, and cultural cooperation. Direct engagement with Turkey is proceeding, even though the pace of Turkish cross-border operations into northern Iraq in 2008 is higher than in any year since the beginning of Operation Iraqi Freedom. The strikes, however, have been limited in scope, targeting only Kongra Gel (KGK) fighters and facilities in the border area. There seems to be growing recognition among Iraqis—including Iraqi Kurds—of the importance of economic and political ties with Turkey.

International Compact with Iraq

Iraq continues to strengthen its economy through increased regional and international economic ties and assistance. Since the May 29, 2008, Ministerial in Stockholm, efforts to advance the goals of the ICI have continued and focus on increasing opportunities for trade and also integration within the global economy. Recent positive developments include trade missions from the United States, Japan, Bahrain, and Oman. Challenges remain, however, including the needs to resolve tariff-related legislative issues, to persuade Iraq's other regional neighbors to increase economic ties and assistance, and to resolve problems at the Kuwaiti border in order to increase the amount of imported refined petroleum products.

Iranian Influence

Since 2003, Tehran has invested heavily to gain and maintain influence at all levels and across multiple sectors of the GoI. Despite long-standing ties between Iran and some members of the GoI, Tehran's influence campaign is beginning to strain that relationship due to a rising perception that Iran poses a significant threat to Iraqi sovereignty. The primary source of tension between the governments is Tehran's continued support to Shi'a militia groups fomenting instability. Although Iran's leadership publicly proclaimed it stopped providing lethal aid to Shi'a militants, the evidence does not support their claim. Iraqi Security Forces (ISF) operations in Basrah, Sadr City, and Amarah yielded evidence that calls into question the Government of Iran's sincerity and commitment to that proclamation. Even more problematic is the aid and refuge

Iran is now providing to JAM Special Group elements that fled during ISF operations to sanctuary in Iranian Islamic Revolutionary Guard Corps – Qods Force training camps in Iran. Iranian support remains a principle reason for continued violence.

Syrian Influence

Although relations between Syria and Iraq started to improve in late 2007, tension over the flow of foreign fighters into Iraq and the increasing financial burden Iraqi refugees place on Syrian society are significant hurdles that prevent more robust political, economic, and diplomatic relations between the two governments. Syria remains the primary facilitation gateway for foreign terrorists moving into Iraq. The GoI has implored Syria to do more to stop the flow of foreign terrorists but is not yet satisfied with Syria's level of effort. The Syrian Government is aware of the al Qaeda in Iraq (AQI) network in Syria and occasionally detains AQI facilitators and operatives, but it has not made consistent or committed efforts to eliminate the AQI sanctuary that exists within its borders.

Both Iraq and Syria hope to improve their relationship, but neither side seems willing to take the first step to better diplomatic relations. Syria continues to focus on economic cooperation, while Iraq demands security cooperation as a prerequisite to reestablishing full diplomatic relations.

Tensions on the Border with Turkey

Negotiations between Iraq and Turkey on both economic and security issues are progressing, albeit slowly. Turkey continues to ask the GoI and the KRG to limit KGK operations. During his July 10, 2008 meeting with Prime Minister Maliki, Turkish Prime Minister Erdogan thanked both the GoI and KRG for their assistance. This public acknowledgment of Iraqi efforts is significant and indicates an improving relationship. The Supreme Strategic Cooperation Convention signed in July 2008 by Prime Ministers Maliki and Erdogan commits the two nations to cooperation on security and stability issues and calls for regular meetings to review progress.

Internally Displaced Persons

The United Nations High Commissioner for Refugees (UNHCR) reports that there are nearly 2.8 million people displaced inside Iraq. Military operations in Basrah, Sadr City, Mosul, Amarah, and Diyala in the last quarter resulted in almost no new displacements, however. Overall, the International Organization for Migration (IOM) and UNHCR report very little new displacement in Iraq since March 2008. Coalition reporting indicates that the tempo of internally displaced person (IDP) returns has increased. Over the previous eight months, 49,215 families have returned to Baghdad alone; this is an estimated quarter of a million people.

These present security and other challenges. On security, large spontaneous returns present the possibility of conflict between returning IDPs and those who may have occupied their homes. Also, unprogrammed returns add demands to government services that are stressed and inadequate.

USAID is the lead agency for tracking and coordinating U.S. Government assistance to IDPs. As security conditions continue to improve, USAID, its partner nongovernmental organizations, and members of the international community are helping the GoI fulfill its commitment to improving essential services for IDPs.

United Nations Assistance Mission - Iraq

In line with its broadened mandate, UNAMI remains deeply engaged in assisting the GoI in various political and diplomatic activities. These activities include assisting in national dialogue and political reconciliation, addressing internal border issues, promoting regional dialogue, assisting IDPs and returnees, and facilitating demobilization, disarmament, and reintegration. Most recently, UNAMI has been instrumental in advising CoR committee members on the Provincial Elections Law and

the IHEC as they executed an update of the voter registry that concluded in late August 2008 with 2.9 million Iraqis registering to vote or updating and verifying their information.

The number of UNAMI missions throughout Iraq has doubled in comparison to 2007, signaling UNAMI's increasingly proactive efforts to assist the GoI with critical long-term issues like elections and disputed boundaries. In addition to established posts in Baghdad and Irbil, UNAMI has opened stations in Basrah and Kirkuk.

Other Regional Issues

The GoI continues to establish itself among its neighbors. During this period, Iraq saw a string of high-level visits by key neighbors. In August 2008, His Royal Highness King Abdullah of Jordan flew to Iraq and engaged with senior GoI leaders, the first visit of an Arab head of state since 2003. Other high-level visits during this period including those of UAE Foreign Minister Abdullah bin Zayid, Turkish Prime Minister Erdogan, and Lebanese Prime Minister Siniora and Parliamentary bloc leader Sa'ad Hariri. Iraq's diplomatic relations with its Arab neighbors improved in the last quarter, with Jordan, Bahrain, Kuwait, and the UAE formally naming ambassadors to Iraq. Egypt and Qatar have also announced their intention to identify and send ambassadors.

Despite the decline in violence across Iraq this quarter, regional Arab governments continue to cite security concerns as the primary reason to limit diplomatic relations with Iraq. However, recent successful operations in Basrah, Sadr City, and Amarah have assuaged some concerns. These operations have also engendered greater confidence in the GoI's willingness to challenge criminals and militias in a non-sectarian manner.

Long-Term Strategic Relationship

The GoI and the United States are currently negotiating a SFA and other agreements that define their long-term relationship. The SFA is intended to describe bilateral principles that cover economic, diplomatic, cultural, scientific, and security issues. The SFA will elaborate on the elements of the Declaration of Principles for a Long-Term Relationship of Cooperation and Friendship between the Republic of Iraq and the United States, which was signed in November 2007. Other agreements associated with the SFA will include essential authorities needed by U.S. Forces to continue to contribute to stability and security in Iraq after the expected expiration of the UN Security Council mandate for Multi-National Force-Iraq (MNF-I) at the end of 2008.

Conclusion

Iraq has made considerable progress in the political and diplomatic arenas, but that progress has been uneven. Iraqi efforts to engage the international community are bearing fruit. Debt relief, economic support, and other strategic initiatives have been established with neighboring countries and other nations. Arab countries have been appointing ambassadors to Iraq, and a long-term strategic relationship with the United States is pending approval. Although the implementation of the recently passed Provincial Elections Law has yet to begin, the voter registry update has been completed in anticipation of a late-year election. But many challenges remain. Iraqi leaders must manage lingering sectarianism, immature institutions, neighbors who are not fully committed to the GoI's success, and the complexity of constructing a democratic state. Iran continues to attempt to influence GoI policy and decision making.

1.2 Economic Activity

The GoI's ability to spend its resources, provide essential services, and promote economic development has continued to show steady but slow improvement. In addition to improving its energy sector, Iraq has made important progress in reintegrating into the regional and international economic communities. Significant challenges remain, including the need for further budget execution growth, job creation, and domestic and foreign investment.

Improvements in Iraq's energy sector continue, with greater electricity generation and oil production and with increased electricity distribution and oil exports due to better security. Electricity generation this year is averaging 12% greater than last year, with far fewer blackouts since switching stations were wrested from militia control. During the first eight months of 2008, oil production has averaged 2.4 million barrels per day (mbbl/d) and exports have averaged 1.9 mbbl/d. Continued energy sector growth, however, is likely to remain limited without greater domestic and foreign investment.

Energy sector development, moderately improved budget execution capacity, and focused efforts on job creation have played a significant role in promoting economic growth and in improving the quality of life. Increased exports and higher international oil prices generated revenue sufficient to allow the Ministry of Finance (MoF) to submit a $22.3 billion FY 08 supplemental budget request that was passed by the CoR on August 6, 2008.

Iraq has made important progress in reintegrating itself into the regional and international economic communities. Continuing engagement with the ICI, the International Monetary Fund (IMF), and the World Trade Organization, as well as the development of the capacity to work effectively with them, must be a continuing priority for the GoI.

Despite this progress, there remains a need for significant economic growth. Additional private investment will be needed before a sufficient number of jobs are created to alleviate persistent unemployment and underemployment. The agricultural and agribusiness sectors in local, provincial, and regional economies have significant potential for facilitating economic development and creating jobs. Banking reform currently underway, including the restructuring of state-owned banks and private sector bank development, will also play an important supporting role in the future growth of the Iraqi economy. Properly functioning pricing mechanisms in key sectors like fuels and electricity could help ensure the efficient distribution of resources and in encouraging the expansion of energy supplies. Finally, decreasing market distortions and eliminating corruption through increased transparency must be a continuing priority.

Budget Execution

The GoI has improved its ability to spend its resources. Total GoI expenditure through June 2007, including capital and operating expenditure, was $10.4 billion; by contrast, current year total expenditure through June 2008 was $19.1 billion—an 84% increase. Capital budget expenditure has also increased, reflecting an improved GoI ability to meet its country's reconstruction needs. Total capital expenditure through May 2008 was $1.74 billion, a significant increase from the $798 million in the same period in 2007.

Provincial governments spent or committed $870 million of their $2.3 billion adjusted capital budget allocation through December 2007.[5] This low rate of execution is partly due to last year's requirement for High Contracts Committee (HCC) approval for projects of more than $5 million. In addition, contracting regulations required local contractor solicitations before broadening the scope of advertisement nationwide. In 2008, spending authority was increased to $10 million and the HCC was replaced by a new approving

authority called the Central Contracts Committee, which was designed to be more responsive to requests for approval. Bureaucratic impediments, combined with a limited availability of domestic contractors, continue to slow progress and increase the typical number of weeks required to sign a contract. Through August 6, 2008, provinces had committed or spent $2.4 billion of a $2.6 billion 2007 budget (92%) and $1.6 billion of a $3.7 billion 2008 budget (42%).

These figures are subject to two caveats. First, there continues to be a two-month lag in receiving expenditure data. Second, the KRG does not provide any budgetary performance feedback to the central government. The MoF therefore considers any funds transferred to the KRG as expended.

The GoI has introduced new measures to give the ministries and provinces more time to spend their capital budgets. The 2008 Iraqi Budget Law allows the provinces and the ministries to roll over their unspent 2007 capital budget allocations into current budget year accounts. Additionally, in early 2008, the Council of Ministers issued two new GoI procurement measures that facilitate procurement and expedite budget execution; the first streamlines the letter of credit approval process, while the second raises spending authorities for ministries and provinces, increasing their contracting authority.

Late passage of the Iraqi 2008 budget hampered first quarter 2008 capital budget expenditures, but overall spending picked up significantly in April. MoF data indicates that through June 2008, the GoI had spent or committed $1.27 billion of its annual $7.0 billion ministerial capital budget (excluding the KRG).

The United States is expanding its technical assistance to help the GoI improve budget execution. The Embassy's Treasury Attaché's office has established formalized training for GoI ministerial and provincial officials in the form of three- to five-day Investment Budget Execution Workshops. Also, the newly formulated Embassy- and Treasury-led PFMAG is focusing on improving interagency coordination and cooperation on budget execution assistance. Additionally, the GoI and the U.S. Government restarted the Iraq Financial Management Information System (IFMIS) on July 5, 2008 in targeted ministries, with the expectation that IFMIS will be operational in all 250 spending units by early 2009. The IFMIS system will improve budget reporting and transparency and will facilitate increased GoI accountability.

2008 Iraqi Budget

The CoR granted approval of the budget mid-February 2008 and published it in the Official Gazette in late March 2008. Prior to the passage, the main points of contention were groups' relative share of Iraqi oil wealth, including the percentage of funding for the KRG (a 17% allocation for KRG was part of the approved legislation), funding for the Peshmerga, and a BSA review of KRG revenues that could result in an offset against 2008 transfers.

The GoI increased budgets across the board in 2008. The overall 2008 budget of $49.9 billion represents a 22% increase over 2007's $41.1 billion budget. The 2008 capital budget of $13.1 billion is a 31% increase over 2007's $10.1 billion budget. Provincial capital funding increased 57%, to $3.3 billion in 2008. Total transfers to the KRG center and the three KRG provinces increased 17% to $5.5 billion in 2008. The 2008 security budget increased to $9 billion ($3.9 billion budgeted for the MoI and $5.1 billion for the MoD), which is a 23% increase over 2007.

2008 Iraqi Supplemental Budget

With higher oil prices per barrel and increased deliveries from the Northern Pipeline, the GoI is now projecting a growing budget surplus relative to currently planned expenditures. The MoF submitted a $22.3 billion supplemental to the Council of Ministers in July, and the CoR

approved the supplemental on August 6, 2008. The budget supplemental allocates roughly $14.3 billion for operating expenses and $8 billion for capital projects. On the operating side, the supplemental allocates significant resources for food aid for the Iraqi people, salary increases for public employees, and a greater police presence.

IMF Stand-By Arrangement and Debt Relief

The IMF Stand-By Arrangement (SBA) provides a framework for economic reforms in areas such as fiscal and monetary policy and financial sector development. Iraq and the IMF agreed to a new 15-month SBA in December 2007, following the GoI's two years of satisfactory performance under the prior SBA signed in December 2005. The new SBA calls for crucial reforms in areas such as public financial management, the Central Bank of Iraq (CBI), bank restructuring, and subsidies. Iraq is currently on track to meet the SBA criteria and benchmarks related to the program.

In November 2004, the Paris Club agreed to provide 80% debt relief to Iraq in three tranches. All Paris Club creditors have now concluded debt relief agreements with Iraq, representing $42.3 billion in relief. Russia signed its bilateral debt relief agreement with Iraq on February 11, 2008. Iraq will receive the third and final tranche of debt relief following three years of satisfactory performance on IMF SBAs.

Iraq's neighbors and China are its largest remaining creditors. The UAE announced on July 6, 2008 that it will forgive Iraq's entire debt, estimated at $7 billion. Saudi Arabia publicly announced a commitment to provide debt relief to Iraq, although it has yet to fulfill this pledge. Iraq is studying options to deal with claims of bilateral creditors that do not sign debt relief agreements by the end of 2008. To date, Iraq has received roughly $12 billion in debt relief from non-Paris Club bilateral creditors, including the recently announced UAE debt relief package and $19.7 billion in commercial debt relief. The U.S. Treasury estimates that Iraq's estimated remaining bilateral debt outstanding (including that owed to the Paris Club) is between $50 billion and $80 billion.

Indicators of Economic Activity

Economic Growth

Iraq's overall real GDP growth was 0.4% in 2007, according to Iraq's Central Organization for Statistics and Information Technology (COSIT). The Iraqi economy is projected to grow 8% in real terms in 2008.

Inflation

Year-on-year core inflation (which excludes fuel, electricity, transportation, and communications prices), according to COSIT, was 12% in 2007, compared to 32% in 2006. Levels of inflation remained relatively low during the first half of 2008. In June 2008, year-on-year core inflation remained at 12.4% as food and fuel prices returned to normal after a spike in March 2008. This stabilization of the inflation rate is attributable to the combination of an improving security environment in the second half of 2007 and the steady appreciation of the dinar throughout the year. From November 2006 through the end of June 2008, the dinar appreciated against the U.S. dollar by 18%. Lower inflation rates and an appreciating dinar improved Iraqi purchasing power for basic needs and provided a more stable environment in which the private sector could grow. The CBI cautiously began to loosen monetary policy in response to lower rates of inflation, decreasing the policy interest rate from 20% in January 2008 to 16% on July 1, 2008.

Unemployment

Unemployment and underemployment continue to be major challenges. COSIT has not updated its official estimates of unemployment and underemployment of 17.6% and 38.1% respectively, which were published in June 2007. Attempts to measure unemployment and underemployment by other means at the provincial levels suggest that the rate lies between 30% and 50% in some areas. Without

a reliable collection method, it is difficult to determine the actual level of unemployment; however, there remains a clear lack of employment opportunity for skilled and unskilled labor throughout the country.

Business Development

The Iraqi First Program seeks to increase economic development throughout Iraq. The U.S. Government designed this purchasing program to encourage Iraqi economic expansion, entrepreneurship, and business development by removing barriers that prevent Iraqi-owned businesses from competing against larger, international companies for U.S. Government contracts. Joint Contracting Command Iraq/Afghanistan (JCC-I/A) awarded more than $2.4 billion worth of contracts to the Iraqi business community in the last 12 months, generating approximately 69,000 Iraqi jobs. The Logistics Civil Augmentation Program supports the Iraqi First Program by assisting Iraqi companies with the organizational processes necessary to compete for contracting opportunities. Working in partnership with the JCC-I/A since 2006, over 8,000 Iraqi vendors have now been vetted and registered in the Iraqi Central Contractor Registry. Also, the Department of Defense Task Force to Improve Business and Stability Operations (TFBSO) recently facilitated the license award by the GoI to international investors for a 250-300 room luxury hotel in Baghdad's International Zone. Groundbreaking took place in August 2008.

TFBSO continues its efforts, developing business and economic opportunities in Iraq. TFBSO has established effective working relationships with the GoI, serving an instrumental role in creating sustained economic opportunity for the Iraqi people. Efforts to date have led to the establishment or restoration of over 100,000 sustained manufacturing and professional jobs, with 57 state-owned factory operations either restarted or significantly increasing production. International corporate investors have an increased footprint in Iraq, and TFBSO assists them in exploring opportunities throughout Iraq in businesses ranging from heavy machinery to home goods, and from international investment funds to agricultural processing. Foreign direct investment currently being facilitated by TFBSO will exceed $1 billion this year in new businesses and over $1 billion in private investment in Iraq's State-Owned Enterprises (SOEs). To date, over 50 international proposals have been received.

Iraq recently accomplished two actions that develop its economic relationships with other countries. First, the Investment Promotion Agreement was initiated with the Government of Germany. When fully approved, the agreement will establish a framework, including a dispute arbitration process, for commercial relationships between German investors and the GoI. Also, the German-Iraq Joint Economic Commission (JEC) was restarted, with its first meeting in 20 years, to support the development of government-to-government contacts to facilitate mutual commercial interests. Second, a major Chinese state-owned oil company agreed to a contract involving a joint venture with the Iraqi Northern Oil Company to develop an oil field southeast of Baghdad.

Aided by U.S. procurement assistance efforts, Iraqi ministries continue to increase purchasing capacity. As a harbinger of Iraq's future role as a significant international customer, Iraq signed two contracts worth $5 billion to buy 40 Boeing and 10 Bombardier aircraft to upgrade Iraqi Airways' aging fleet. Delivery of the first aircraft will take place in 2008. A number of additional large procurements are in progress.

Two new areas for TFBSO emphasis include revitalization of the Iraqi agricultural sector and economic growth in Basrah. Working closely with Multi-National Division-Center, TFBSO has established a team supporting Iraq's critical agricultural sector. In the last two months, this group has engaged a multitude of farmers and agribusiness leaders. Task Force agricultural experts from American land grant universities provide technical advice, partner with PRTs,

and work to empower local leaders and farmers to reestablish Iraq's vital agricultural sector.

Banking Sector

The GoI is working to further develop the country's banking infrastructure. Recent reforms in the banking sector focus on establishing a nationwide electronic payments system, expanding the private banking sector, and restructuring the state-owned banks. As of July 2008, the banking sector consisted of 40 banks—seven state-owned and 33 privately-owned. According to the Banking Law of 2004, the number of Iraqi banks with over 50% foreign ownership is limited to six until December 31, 2008. Of the 33 privately owned banks, 20 are Iraqi-owned, with the rest having some percentage of foreign ownership.

Although the number of licensed banks is clear, there is considerable variation in the number of bank branches reported as open or operating. TFBSO reports indicate there were 724 private and state-owned branches as of May 2008, while the CBI's latest report shows 640. Two state-owned commercial banks (Al Rasheed and Rafidain) own 90% of the assets in the banking system, but a very high percentage of these assets are non-performing. These two banks are currently being restructured in accordance with the IMF program. In the second quarter of 2008, the MoF provided additional capital for several state-owned commercial banks to bring their capital to levels meeting legal requirements. The remaining five state-owned banks are specialized public financial institutions that serve the agricultural, industrial, real estate, trade, and social sectors.

The CBI continues to progress in conducting monetary policy implementation through the Foreign Currency Auction, sale of bills, management of reserve requirements, and offering of deposit and loan facilities. The CBI has met all of its SBA structural benchmark requirements, despite the difficulties presented by working in temporary facilities following a January 2008 fire at its permanent facility.

Iraq continues to move away from a cash-based economy toward modern, electronic banking practices. A policy change in October 2007 has increased electronic payments on DoD contracts with Iraqi companies from 17% in July 2007 to over 92% in July 2008. The value of payments going directly to Iraqi banks for these Iraqi companies since the policy became effective has increased 38-fold. Several projects are underway to encourage this positive trend. First, in order to continue migration to Electronic Funds Transfer (EFT), a TFBSO-supported EFT Assistance Center located in Baghdad actively participates in vendor training and has developed a problem tracking system for the resolution of transfer problems experienced by vendors and payment entities. Second, Iraqi private banks are establishing a retail payments consortium, which is on target to enable Iraq-wide use of domestic and international access debit and credit cards through ATMs and Point-of-Sale terminals. Third, Coalition and Iraq officials are also working to link mobile phones to consumers' bank accounts; this has the potential to reduce cash dependency in the long term. Pilot projects for all of these initiatives are scheduled to be operational in September 2008, beginning with debit cards and mobile banking capabilities.

Oil Infrastructure

Iraq continues to produce and export crude oil at higher levels than in 2007. Production for the first eight months of 2008 has yielded an average of 2.4 mbbl/d and, in the last quarter, surpassed pre-liberation levels. Recently, crude exports have fallen slightly, as refining capacity has been restored incrementally, resulting in greater internal consumption. In the future, small crude production and export increases may occur; however, billions of dollars in capital investment are needed to produce substantial increases in crude oil production, transport, and export.

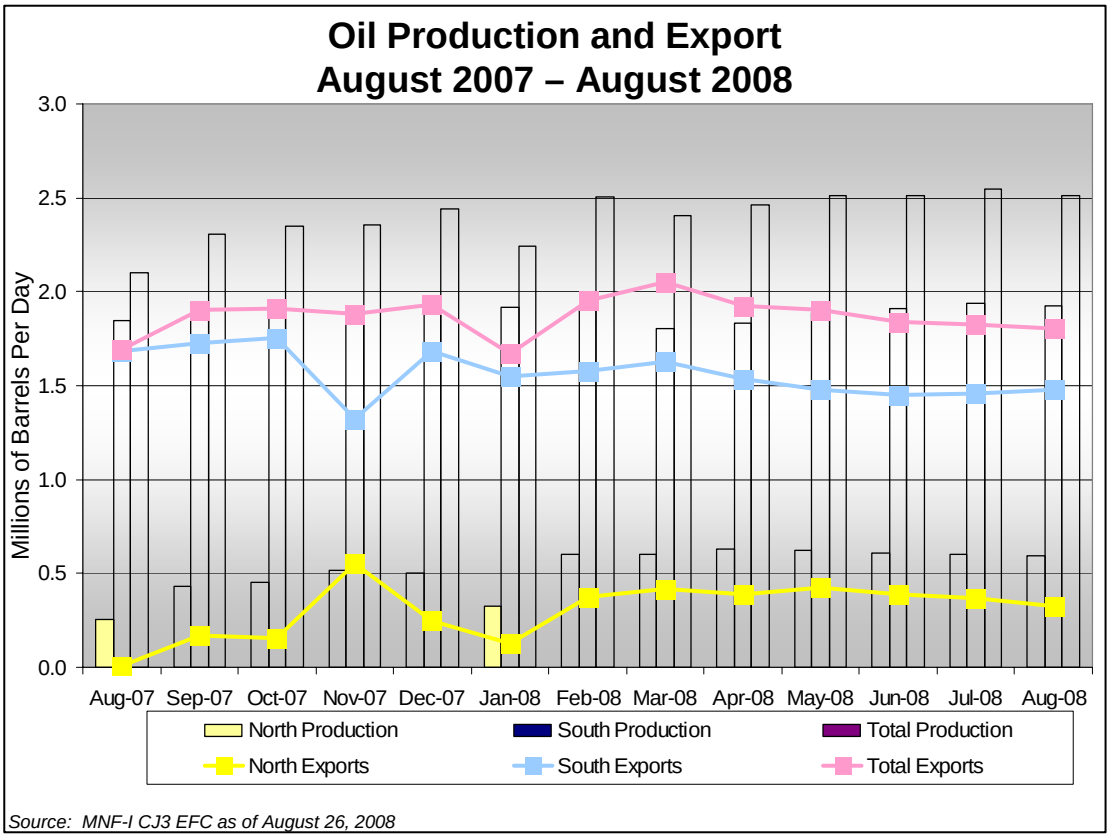
Increased security is a major factor in production and export gains, as physical deterrents such as the Pipeline Exclusion Zones

(PEZs), and increased security presence of the Oil Police, SoI, and the Iraqi Army have reduced the number of pipeline interdictions. Improved security has also allowed repair teams access to address maintenance and corrosion problems and to repair pipelines that have been out of use for years. The PEZ between Kirkuk and Bayji was completed in June 2008. Work has started on the PEZ between Bayji and Baghdad to protect pipelines that transport gasoline, kerosene, and liquefied petroleum gas to Baghdad residents and diesel and natural gas to Baghdad area power plants. A third major PEZ between Baghdad and Karbala is due for completion by October 2008. This renewed emphasis on and ability to conduct basic infrastructure repairs and protection has improved the redundancy of the crude and refined product networks, resulting in more consistent crude oil exports and a greater availability of fuel products across Iraq. The initial fighting in Basrah in early 2008 briefly affected southern exports and highlighted current infrastructure issues, both positive and negative. For example, one interdicted line that did not shut down oil exports nevertheless resulted in a 33% reduction until repairs were complete. Workers repaired a second interdicted line during this period within three days, demonstrating a remarkable improvement in repair capability. Operations halted in some fields due to security issues, but other fields were able to provide compensating output.

The Oil Ministry has made progress expanding its refinery capacity and has achieved record levels of output. In consequence, exports have slightly decreased as more oil is used to serve domestic needs. The smaller regional refineries, such as Siniyah and Haditha, add almost 100,000 barrels per day of additional crude processing. Additionally, the expansion of the Daura Refinery continues with the construction of an additional processing unit that will add up to 70,000 barrels per day of production capacity to the network, although crude supply to Daura remains well short of its refining capacity.

Agriculture

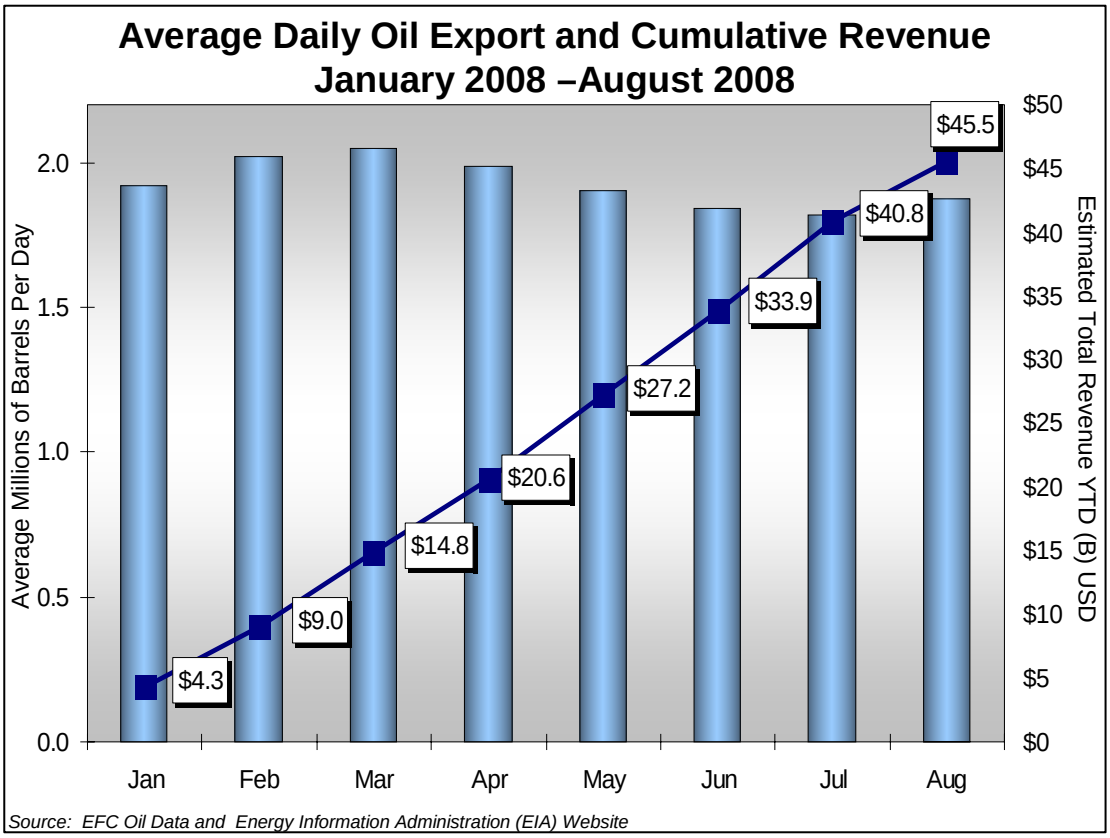
An efficient and productive agriculture sector is



Source: MNF-I CJ3 EFC as of August 26, 2008

vital to Iraq's economic, social, and political stability. Agriculture already accounts for approximately 8% of GDP and 27% of the Iraqi labor force, making it the single largest source of employment and the second largest contributor to overall GDP in the country. The abundance of Iraq's natural resources in comparison to its neighbors, especially water, suggests strong potential for Iraqi agriculture in the global economy. In 2007 and 2008, drought conditions reduced crop yield, but effects have been somewhat mitigated through improved security conditions enabling increased planting by farmers. Iraqi domestic food production continues to be below potential due to a combination of poor agriculture-related infrastructure investment, a dearth of credit for farmers, drought conditions, and security challenges. As a result, the GoI is currently forced to import the majority of its food from neighboring countries. Recent research indicates 85% of Iraqis feel they have enough to eat at least some of the time.[4] This has been consistent over the last 12 months.

The Ministry of Agriculture is increasing managerial capacity, with the assistance of U.S. Department of Agriculture (USDA) personnel. Current animal husbandry initiatives in the poultry, cattle, sheep, and fish sectors aim to develop labs that will test and monitor infectious diseases, provide vaccinations, improve the hygienic slaughter of animals, and enable the distribution of products to the market. The GoI and the USDA have jointly developed soil analysis programs and agricultural extension services, which should improve seed and fertilizer inputs and optimize crop selection. The GoI and the USDA are also prioritizing irrigation and drainage projects to reduce salinity in the soil and encourage a more efficient water distribution system. Other efforts include improving cross-ministerial planning between the Ministry of Water Resources and other ministries and the use of improved data collection and statistical analysis to support ministerial decision making. The USDA currently has 23 agricultural advisors serving on various PRTs in the 15 southern provinces and, in conjunction with MNF-I and MNC-I, liaises closely to facilitate agricultural development.



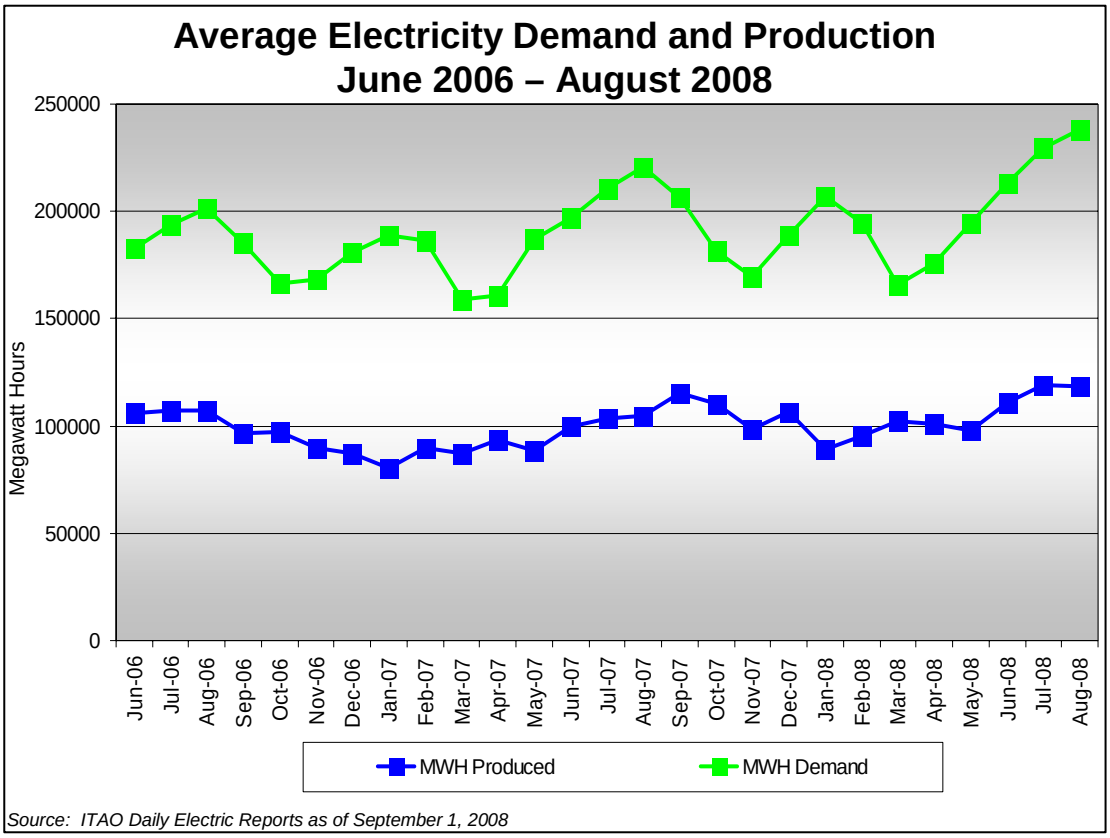
Inma, a $209 million USAID project launched in 2007, focuses on the development of agribusiness and agricultural markets.[5] Now in its second year, this program has demonstrated the capability to rapidly grow the agriculture industry as security is stabilized and once electricity and water are readily available. Recently, drawing on *Inma* funds, an expanded program for fish farmers in Babil provided fish stock to put fish ponds back into production. In Anbar Province, a mushroom factory that was previously shut down due to violence, received support for vital raw materials and equipment to re-start production.

Essential Services

Iraqi leaders have made some progress in the delivery of essential services such as electricity, water, and healthcare, though progress varies by locale. Although the U.S. Government and the GoI have completed several projects designed to improve the delivery of many essential services, increases in supply have not kept up with demand. As the U.S. has decreased spending on large-scale infrastructure reconstruction programs over the last two years, Iraq has significantly increased its spending on reconstruction projects, as well as on the operation and maintenance of existing projects. Successfully expanding Iraq's budget execution capabilities is fundamental to further improving the delivery of these services.

Electricity Infrastructure Integrity

The Iraqi Government is beginning to manage the energy sector more effectively. The GoI made progress in streamlining capital investment and contracting processes and in approving special funding. A variety of challenges hamper further progress in the electrical sector, including fuel shortages, reduced water levels at hydroelectric plants, condition and performance of power stations, damage to key power line segments, and years of system neglect. Although the Prime Minister has placed a greater focus on developing an energy strategy, the process remains slow. Continued political engagement is necessary to make a smooth transition to a market-based industry model with the government performing a regulatory function.

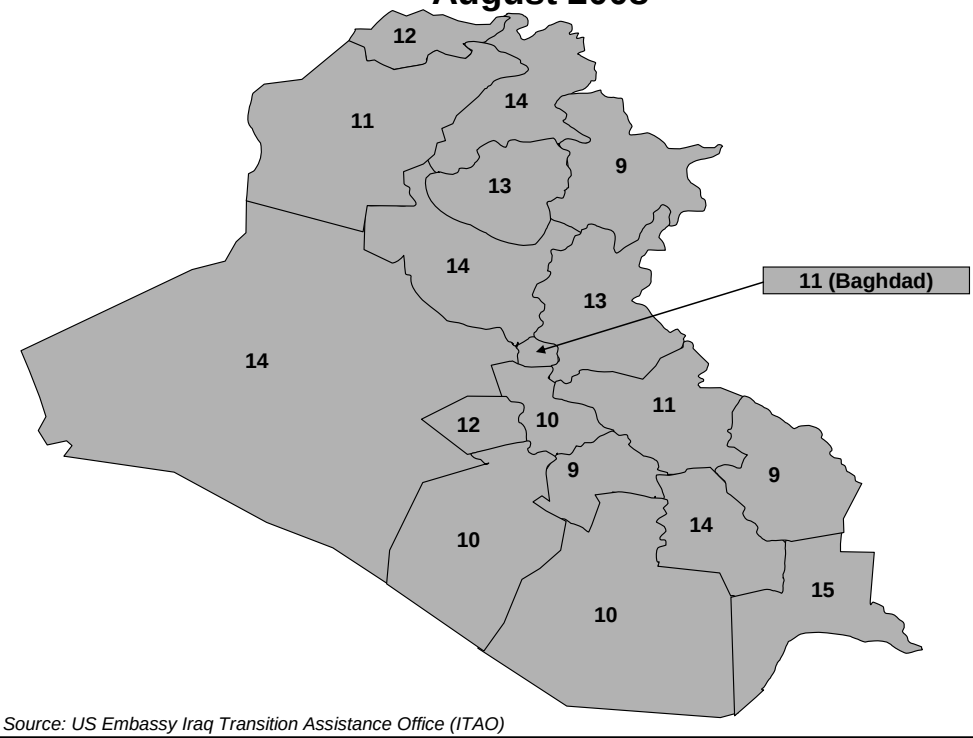


GoI and U.S. investment continues to add electrical generating capacity to the Iraqi grid, resulting in increased electricity production. Despite a severe drought that has limited hydroelectric energy production capacity, overall electricity production for January through August 2008 was 12% greater than the same period in 2007, while the demand for the same period increased by 11.1%. As a result, the government supply of electricity in March met 62% of demand, the highest in nearly two years. This level still fluctuates, however, as government supply met 58% of demand in April, 51% in May, 52% in June 2008, 51% in July, and 50% through the end of August 2008, as temperatures rose and demand increased. Peak electricity production and demand reached record levels in early August 2008. Research indicates that only 34% of Iraqis feel they have been able to get the electricity they need.[6] This is a decrease from early 2008.

Improved security has nearly eliminated transmission line interdictions and has created conditions that allow repairs, preventive maintenance, and system expansion. The 46 electrical towers from Baghdad to Diwaniyah and the 85 electrical towers from Baghdad to Mussayib have been hardened to make critical distribution lines less vulnerable to attack and to increase the reliability of the grid in transmitting electricity. Around Baghdad, all hardening projects are complete, and four of nine projects are complete along the northern transmission line, with the remaining five to be completed this month.

Increased electricity production resulted from increased imports of diesel fuel, better preventive maintenance, higher grid reliability due to the Minister of Electricity's load management plan, and quick repair of damaged power lines (lines more often damaged by weather and the age of infrastructure than by hostile action). The 12% increase in electrical generation has led to a national average of 12 hours of power between January and August 2008. Grid stability has been improved by the GoI's better management of load shedding and by ISF-led operations reducing militias' influence and their corresponding ability to control local substations.

Average Daily Hours of Electrical Power per Province August 2008



Source: US Embassy Iraq Transition Assistance Office (ITAO)

Steady imports of electricity have also contributed to the increased electrical supply. Turkey provides reliable power, albeit at less than contracted levels. Iran has added a second transmission line to southern Iraq, and as a result, imports from Iran have nearly doubled from their late-2007 levels, now accounting for two-thirds of total power imports. Imports of diesel from Kuwait (1.3 million liters per day) and Iran (1.0 million liters per day in June 2008 with an additional 1.0 million per day under negotiation), though not yet at contracted levels, have greatly increased since the last reporting period. These imports have resulted in additional power generation at the Taji, Baghdad South, and Qudas power plants and have enabled the operation of new generators at Baghdad South and Mussayib.

Water and Sewer

The Department of State, in coordination with the GoI, has allocated approximately $2.2 billion from the Iraq Reconstruction and Relief Fund (IRRF) for water and sewer infrastructure repairs, operations, maintenance programs, and capacity development activities. As of July 2008, IRRF-funded projects had restored or added approximately 2.28 million cubic meters per day of potable water treatment capacity, which is sufficient to serve 8.1 million Iraqis at a standard level of service.

Several important projects that will further enhance water and sewer capability are underway. Partial operation of the Sadr City R3 water treatment plant began in early June 2008, and the plant will achieve full operational capability in September 2008. Progress continues on the Nassariyah Drainage Pump Station, the Eastern Euphrates Drain, and the Meshkhab Water Supply Project, all of which are being completed by the GoI under grant agreements with U.S. Army Corps of Engineers Gulf Region Division (GRD). The GRD and the Iraq Transition Assistance Office also continue to support the development and implementation of an enhanced grouting program for the Mosul Dam.

Research indicates that 58% of Iraqis feel they can get safe clean drinking water at least some of the time.[7] This is down 11% from the 12-month average.

Healthcare

With recent improvements in security, small gains have been made in nationwide healthcare delivery. Efforts are underway by multiple agencies to gain fidelity on the metrics for measures of performance and effectiveness in four areas: human resources, population health, infrastructure, and governance.

In June 2008, the General Council of Ministers sponsored a strategic planning meeting that addressed issues of physician safety, prerequisites required to return physician expatriates to work in Iraq, and ancillary medical staff training. Some progress has been made. At least 200 physicians returned to Iraq in 2007 and over 400 physicians returning so far in 2008. The Prime Minister authorized the Ministry of Health (MoH) to hire 8,000 additional personnel, which should significantly improve medical capacity. Disparate pay is another healthcare personnel issue. The GoI has eliminated the pay disparity between physicians in the MoH and the Ministry of Higher Education (MoHE). As a next step, the MoH is considering a tiered pay scale based on experience and specialty. Physicians in the MoD still receive less pay than their counterparts in the MoH or MoHE, but the GoI is addressing the issue through legislative action.

The MoH is pursuing many initiatives to increase Iraq's healthcare infrastructure and capacity. It plans to build six new hospitals and up to 1,000 new Public Healthcare Centers in the next ten years. It is also developing plans for disaster preparedness and emergency services response; efforts are underway to procure radios for hospitals, dispatch centers, and ambulances.

A number of public health awareness initiatives are also underway. The MoH has placed

educational spots in print and electronic media, including innovative mass cell phone text messaging on health education. External organizations are also engaged, and UNAMI published a healthcare document that focuses on public health initiatives, including immunization rates, women's health, and infant mortality statistics.

Transportation Network

The U.S. Government and the GoI have combined efforts to develop a comprehensive transportation infrastructure plan which includes water, road, air, and rail. The development, growth, and maintenance of the transportation network are vital to the economic stability and security of Iraq. An expanded transportation system also plays an important political role by promoting regional integration and by heightening the central government's presence in the more remote provinces.

Progress continues toward revitalizing the Port of Umm Qasr, a central element in the improvement of Iraq's transportation system. Umm Qasr is Iraq's largest deepwater port and a major entry point for food imports, as well as for other bulk and containerized cargoes. The GoI has decided to hire a private operator to improve operational efficiency in Umm Qasr's relatively well-developed North Port area, and to enter into a long-term concessionary agreement with a major terminal operator or ocean carrier to develop a modern, efficient container port in Umm Qasr's less developed South Port area.

The Iraqi highway system is critical to the country's economic revitalization efforts. The Office of the Transportation Attaché (OTA) is helping the Iraqi Ministry of Construction and Housing (MoCH) promote economic prosperity through expansion of highway transport to strengthen Iraq's links to the global economy and to provide mobility to Iraqi citizens. The MoCH and the OTA work closely in setting national transport priorities, defining where the MoCH must focus in the short term, and identifying specific strategic issues relating to highway system usage and capacity. The OTA is also working with the MoCH to develop capacity.

Motor carrier operations in Iraq include government-owned and privately-operated trucking fleets. The Iraq Transportation Network (ITN) is an Iraqi-led, contracted management company, comprising a consortium of tribally-owned trucking companies. Initial operations began in Anbar in May 2008, with 80 trucks operating under a $3.5 million contract. Based on successes to date, the ITN development team will work to expand the network into northern and central Iraq and will broaden the types of cargo that ITN carriers transport. The first missions to northern and central Iraq are targeted for October 2008.

Aviation is the fastest and most secure transportation mode in Iraq, with annual civilian aviation growth exceeding 13%. In partnership with the Ministry of Transportation (MoT), the U.S. Government has invested approximately $100 million to date in state-of-the-art air traffic service infrastructure. Steady progress continues in the development of a trained air traffic controller force, with personnel now qualified to perform duties as air traffic control tower controllers at Basrah and Baghdad airports. The Baghdad Area Control Center (BACC) provides air traffic control services above 29,000 feet throughout Iraq. Overflight traffic volume continues to grow, and the BACC provides air traffic control services to a daily average of 158 flights, which generate $12 million in annual revenue for Iraq. The opening ceremony for the Najaf International Airport took place on July 20, 2008, but construction of the facilities continues and necessary aviation equipment is not yet in place. As of early August 2008, the runway was nearly complete, with only runway lighting yet to be installed. The MoT and OTA expect the airport to be fully operational within the next three to six months.

The Iraqi Republic Railway (IRR) provides positive economic benefit and a viable means of transporting people and goods for the GoI and for

Coalition forces. The IRR has established daily service from Baghdad to Basrah, with over 15 stops along the route. In 2008, approximately 7,000 passengers have traveled this route without incident. In late 2008, the IRR will complete the installation of a digital microwave communication and control project; this upgrade will increase the safety and dispatch rate of the IRR. Other efforts to improve the IRR are ongoing, including the expansion of intermodal rail container transport operations between the Port of Umm Qasr and other points throughout Iraq.

Conclusion

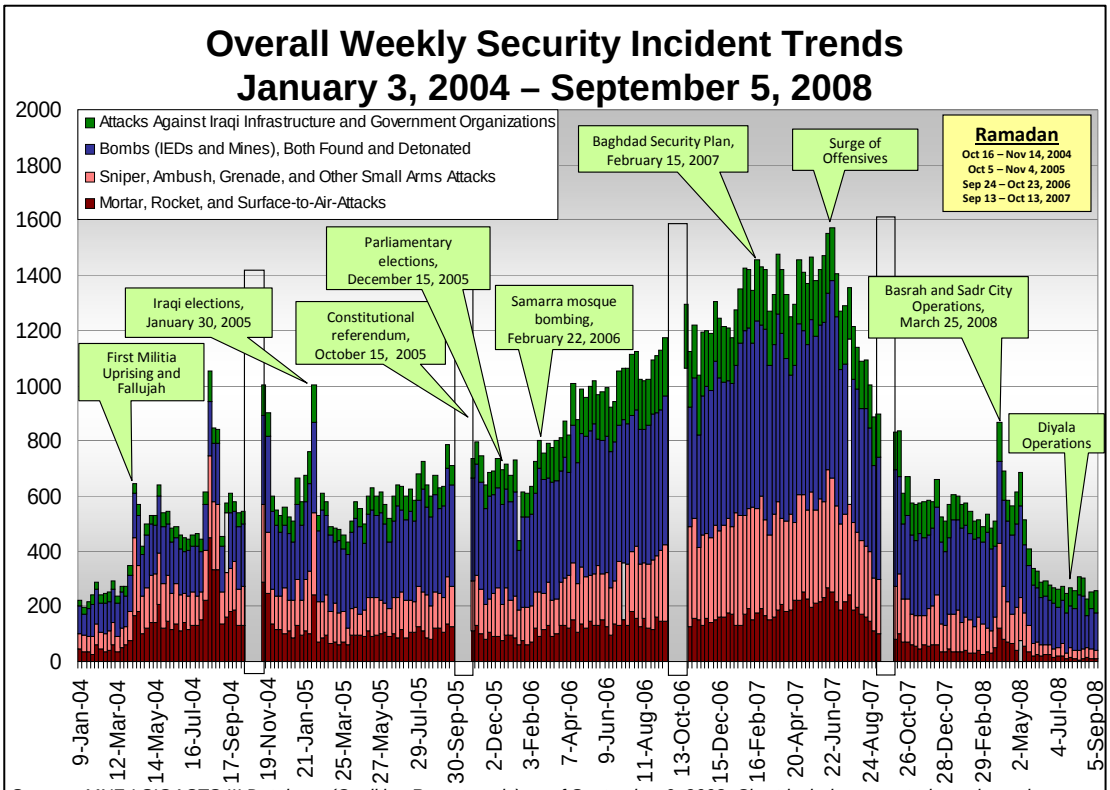
Despite considerable challenges, the Iraqi economy continues to grow, producing measurable signs of economic progress. Most notably, improved security in the North has enabled the production and export of crude oil to increase significantly since last August, while the South has maintained production levels consistent with previous reporting periods. However, further significant increases of oil production in either the North or South will require extensive investment in infrastructure and technical support. In addition, access to capital is improving. Capital budget execution in 2007 improved, and projections for 2008 are positive. The GoI must continue to implement economic reforms and improve technical capacity at the national and provincial levels in order to support continued economic growth and job creation, improve delivery of essential services, and stimulate investments in its oil and electrical sectors. These reforms are essential to attracting foreign investment and developing a robust private sector, which are extremely important to a self-sustaining economy and long-term growth.

1.3 Security Environment

As a result of ISF operational successes over the last three months and other factors, security incidents are now at the lowest levels in over four-and-a-half years, instilling in the Iraqi people a sense of normalcy that permits them to engage in personal, religious, and civic life without an inordinate threat of violence. ISF and the Coalition forces have achieved these security gains while continuing to draw down the number of Coalition forces to pre-surge levels. Some of these gains, however, are fragile and somewhat uneven. Although security gains remain tenuous, the ISF continue to demonstrate a growing capability and confidence while leading operations throughout the country. The Prime Minister's initiatives in Basrah, Sadr City, Mosul, Amarah, and Diyala enabled the ISF to seize the initiative from Shi'a and Sunni extremists and helped free major population centers and rural areas from oppressive militias and gangs. However, much work remains in the area of security sector development. At the ministerial level, capability and capacity for long-term sustainment needs improvement. Though the recent improvements in the security situation across Iraq are significant, the Iraqi Government will have to take deliberate measures to sustain these gains. These measures include the development and employment of a sustained, robust security posture, as well as humanitarian assistance, rapid progress in reconstruction, and the generation of sustainable employment.

Overall Assessment of the Security Environment

By mid-May 2008, security incidents had declined to levels not seen in four-and-a-half years and have remained at those levels since then. Despite occasional high-casualty vehicle-born and suicide vest bomb attacks, civilian deaths and ethno-sectarian violence across Iraq have remained at levels lower than any time since the Coalition began tracking this data in early 2006. As Iraqi and Coalition forces have entered new areas, they have not only greatly diminished Sunni and Shi'a extremists' ability to attack the populace, they have also decreased these groups' future destructive capability by finding and clearing a great number of weapons



Source: MNF-I SIGACTS III Database (Coalition Reports only) as of September 6, 2008. Chart includes executed attacks and potential (found and cleared) attacks.

caches. As Iraqi and Coalition forces hold these areas, they are placing continued emphasis on locating additional caches.

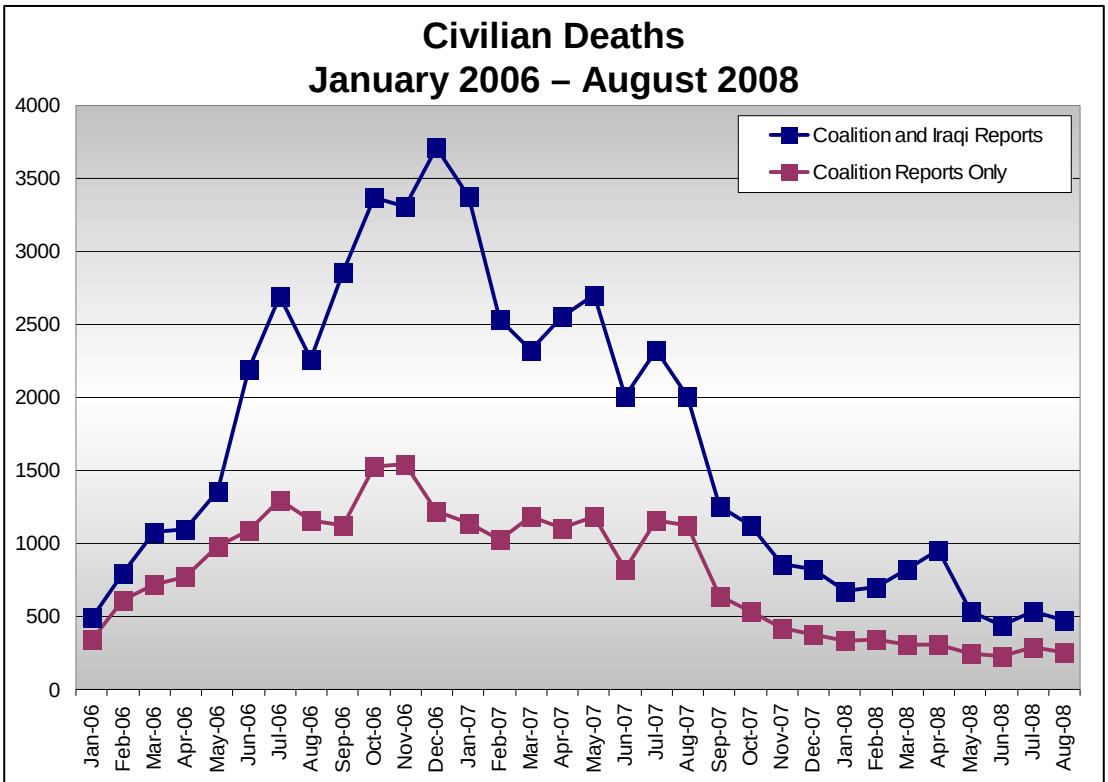
Starting in June, the GoI followed its operations in Basrah, Sadr City, and Mosul with major offensives into Maysan and Diyala Provinces. These resulted not only in improved security in these areas, but also an upsurge in popular support that discouraged further attacks. When the ISF entered Maysan Province in force, JAM leaders and SG members fled to Iran and Syria. The GoI then shifted operations to Diyala and focused on removing AQI sanctuaries and interdicting JAM lethal facilitation routes. Both operations further expanded GoI control. More needs to be done in Diyala to reduce Kurd-Arab tensions and to integrate the SoI into the ISF and local jobs.

Al Qaeda in Iraq

Coalition forces, ISF, and SoI have inflicted significant damage to AQI's networks and have forced AQI members to flee key population centers. Although all aspects of AQI are under pressure, the group maintains the capability and the will to conduct limited high-profile attacks within key urban centers and retains limited freedom of movement within rural areas. The absence of significantly increasing violence illustrates the failure of AQI high-profile attacks to rekindle a cycle of ethno-sectarian violence. After months of elevated security incidents, overall violence indicators in Ninewa have fallen over the last three months and are now at their lowest levels since early 2006. AQI now appears to be focusing more on political targets in order to incite instability at all levels of Iraqi Government.

Jaysh al-Mahdi

JAM activity has been substantially reduced. Motivated not only by the Iraqi people's growing frustration with militia violence and criminal activity, but also by significant losses and recognition of Coalition and ISF tactical superiority, JAM fighters have, in large part, laid down their arms, and many of its leaders have fled to Iran. Although there have been several significant flare-ups of militia violence since Muqtada al-Sadr declared the original



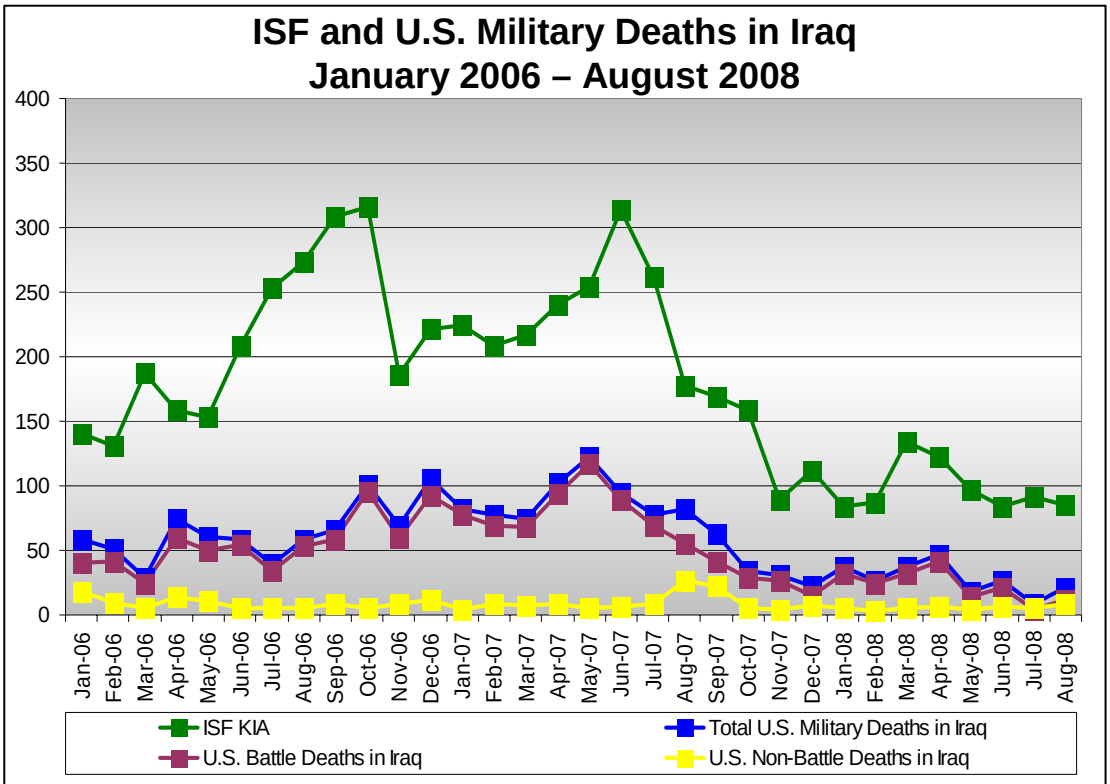
Source: MNF-I SPA Assessments SIGACTS III Database (Coalition Reports only) and (Coalition and Iraqi Reports) as of September 1, 2008. Does not include civilian deaths due to accidents unrelated to friendly or enemy actions.

JAM cease-fire in August 2007—most notably when Prime Minister Maliki launched operations in Basrah in March 2008—the militia cease-fires have contributed to a substantial decrease in the number of security incidents. ISF operations in Basrah, Baghdad, and Maysan Province have both spurred and capitalized on these cease-fires, inflicting heavy losses on militia fighters, considerably reducing militia weapons stockpiles, and replacing criminal, often extortionist, militia presence with uniformed soldier and police presence. For example, outside Sadr City, a single U.S. Brigade Combat Team killed over 770 JAM and SG fighters. In addition, in Baghdad alone, Iraqi and Coalition forces have uncovered caches containing over 7,500 mortar and artillery rounds, nearly 1,000 rockets, over 1,100 rocket propelled grenades, nearly 1,150 grenades, and nine IRAMs, among other weaponry.

On June 13, 2008, Sadr called for a transformation of JAM into a social and cultural organization, and he reiterated his intention to accomplish this on July 30, 2008. JAM has since begun to reorganize into a social and cultural organization, while maintaining a small and obedient armed wing. According to Coalition reports, the majority of mainstream JAM members are obeying Sadr's instructions and are transitioning into JAM's new social and cultural organization. Others are transitioning into the new, more lethal SG, which continue to receive funding, training, and lethal aid from Iran and is judged to be less under Sadr's control. Whether recent security gains are long-term will depend, in part, on how these issues continue to develop.

Sons of Iraq

The SoI help protect their neighborhoods, secure key infrastructure and roads, and identify extremists among the population. What began primarily as a Sunni effort has now taken hold in several Shi'a and mixed Sunni and Shi'a communities. Today there are over 98,000 SoI contributing to local security in partnership with Coalition and Iraqi forces. The SoI program faces several challenges, including low-level infiltration by insurgent groups, slow GoI action to integrate SoI into



Source: MNF-I SPA Assessments SIGACTS III Database (Coalition Reports only), DoD News Releases and CIDNE as of September 1, 2008. Includes deaths within Iraq only. U.S. deaths under investigation are classified as battle deaths.

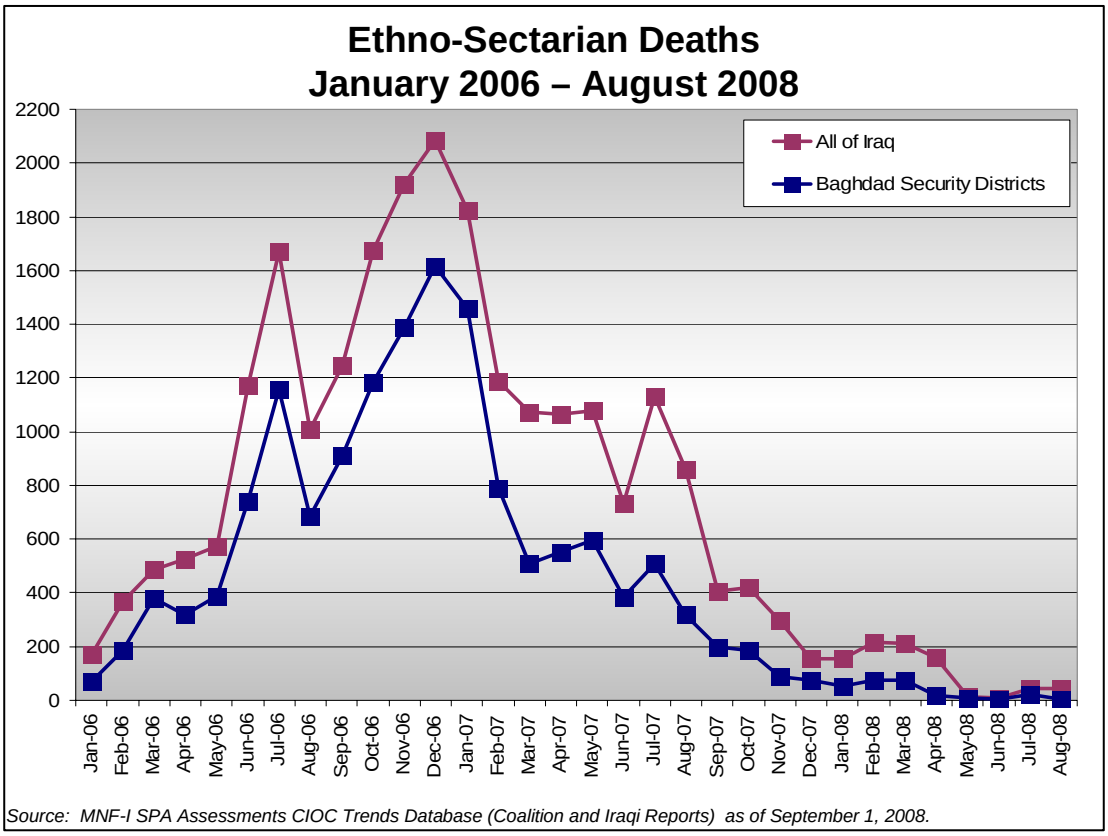
the ISF, and lack of sufficient opportunities for non-security employment.

AQI views the SoI as a long-term adversary and as a significant obstacle to its strategic goal of maintaining a presence in Iraq and eventually creating the new Caliphate with the Islamic State of Iraq. AQI continues to attempt to infiltrate the SoI to collect information against SoI members and their families, to hide from Coalition forces and ISF targeting, and to attempt to persuade SoI members, who were formerly insurgents, to return to the insurgency. While low-level insurgent and extremist infiltration remains a concern, program administrators are mitigating the problem with continued emphasis on vetting and screening of SoI by GoI tribal support councils and with Coalition assistance in biometric screening and investigations. Recent incidents in Diyala suggest that despite vetting, the integration of SoI into the ISF is a challenge.

To assist in the transition of the SoI into the ISF or other employment, Coalition and Iraqi leaders are implementing a number of initiatives. Alternative employment and training programs include the Civil Service Corps and the Joint Technical Education and Re-Integration Program, but these still lag. Additionally, Coalition forces are working with GoI to transfer control of SoI contracts to the GoI but funding has not yet been identified. The actual transition and transfer schedules and number of SoI to be integrated will be determined during the last quarter of calendar year 2008. Integration of the SoI remains critical to providing stable security in Iraq, and Prime Minister Maliki's recent commitment to transfer the SoI to the GoI payroll and take responsibility for their transition to permanent employment is of critical importance.

Daughters of Iraq

A new program similar to the SoI initiative, the Daughters of Iraq, has begun training Iraqi women to assist security efforts by searching women at security checkpoints, hospitals and schools. Of the volunteers, 75% are widows of Iraqi Police slain by AQI. The first 130 women graduated on July 14, 2008, from a security course in al-Abara, Diyala, becoming the first



Daughters of Iraq in the area.

Joint Security Stations

One of the important reasons Iraq, and particularly Baghdad, has seen improvements in its security situation over the last year has been the adoption of a counterinsurgency strategy that requires Coalition and Iraqi forces to live among the population they are serving. Coalition and Iraqi forces jointly operate Joint Security Stations and Combat Outposts that are dispersed throughout local communities. Sustained security force presence has disrupted insurgent and terrorist operations and has helped to earn the trust, confidence, and support of local residents. As a result, local citizens have begun to work with Coalition and Iraqi forces to deny the enemy sanctuary in their neighborhoods and to identify weapons caches. The continuous presence and increased effectiveness of the ISF has also helped ease the distrust between different ethnic populations and has facilitated the return of some displaced persons. Additionally, the local partnerships and continuous interaction between Coalition and Iraqi forces have helped to professionalize the ISF and have enabled them to become more proactive in their own operations.

Attack Trends and Violence Assessment

Civilian deaths across Iraq have declined dramatically. During this reporting period, according to Coalition and Iraqi reports, there were 77% fewer deaths than during the same period one year ago. Although periodic high-casualty producing vehicle-borne and suicide vest bombings continued throughout the reporting period, these attacks have failed to rekindle a cycle of ethno-sectarian violence. The lowest monthly death rate on record occurred in June 2008. Despite a slight increase in the level of ethno-sectarian related deaths in July and August 2008, they remained 96% below the reported death rate in the same period in 2007.

High Profile Attacks

In the summer of 2008, the number of monthly high-profile attacks (HPA) in Iraq decreased to a level 70% below the peak in the spring of 2007. The current level is lower than at any time since the fall of 2004. As security has improved, Iraqi and Coalition forces have focused on identifying and eliminating enemy networks, resulting in generally less effective HPAs. Nonetheless, AQI retains the intent and capability of carrying out spectacular attacks. During this reporting period, 42% of all casualties were from HPAs. Though the number of attacks utilizing person-borne improvised explosive devices (PBIEDs) remained relatively stable throughout most of 2007, the incidence of attacks utilizing this method increased from October 2007 to February 2008 before declining again this spring and summer. AQI's use of PBIEDs and female suicide bombers remains a key tactic, especially as population security measures and local opposition to AQI in some provinces make effective targeting using suicide vehicle-borne improvised explosive devices (SVBIEDs) more difficult. The Daughters of Iraq initiative, if effective, may help curb the trend of female suicide bombers.

Regional Security Assessments

Since the last reporting period, the average number of attacks executed daily has decreased or remained constant in all provinces. Four provinces—Ninewa, Baghdad, Diyala, and Salah ad Din—contain approximately half of Iraq's population and accounted for 82% of all attacks. Daily average attacks in Baghdad decreased 73%, and the daily average in the northern provinces—Ninewa, Diyala, Tamim, and Salah ad Din—decreased 32%, largely due to ISF-led operations in both areas. In 11 of 18 provinces, executed attacks averaged less than one per day, with four provinces having no attacks during the time period.

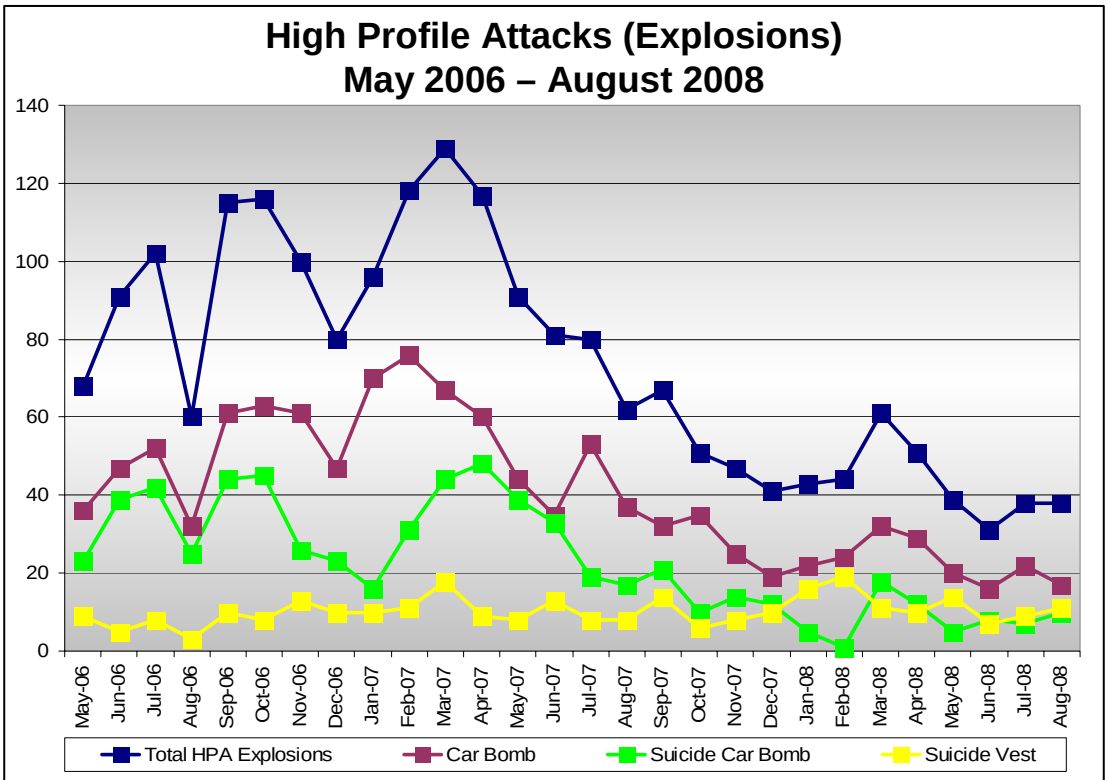
Assessment of the Security Environment—Baghdad

During this reporting period, security incident levels in Baghdad decreased to a level last seen

in the beginning of 2004. Deaths related to ethno-sectarian violence increased slightly in Baghdad in February and March 2008, but generated very little disruption in a downward trend that has persisted since last year. During this reporting period, there were 29 ethno-sectarian deaths in Baghdad. This is the lowest level on record, and a remarkable improvement in comparison to the more than 1,200 ethno-sectarian deaths in the same period in 2007 and the more than 1,600 ethno-sectarian deaths that occurred in December 2006 alone. The number of improvised explosive device (IED) attacks in Baghdad increased significantly from late March through mid-May 2008 before returning to pre-March levels in the third week of May 2008. Since May, the numbers of IEDs and explosively formed penetrators have continued to decline.

Low-level Sunni insurgent activity persists in Baghdad; however, due to the ISF, SoI, and Coalition force operations, Sunni insurgents have limited freedom of movement and reduced support from the local populace. This has minimized their ability to conduct operations. If the Sunnis perceive their election efforts are being hindered by the GoI in the run up to provincial elections, there is a possibility that Sunni insurgents will increase attacks. As Baghdad neighborhoods return to normalcy, there is also a possibility of an increase in low-level attacks—attempts to reignite ethno-sectarian violence—in those neighborhoods with mixed ethno-sectarian makeup.

During this reporting period AQI attempted to reconstitute cells around Baghdad, primarily in the northwest and southeast portions of the Baghdad security belts. Operations in Diyala have likely contributed to this increase of activity, as AQI members fled Iraqi and Coalition forces. Although AQI has been able to project limited IED attacks into Baghdad, robust security measures in the capital continues to be largely successful. With the departure of Coalition force units from Abu Ghraib, AQI may attempt to resurface and use the area as a corridor to the west, or as a staging area for possible future attacks in Baghdad. Overall, however, AQI's ability to launch concerted HPAs in Baghdad is limited.



Source: MNF-I SPA Assessments. SIGACTS III Database (Coalition Reports only) as of September 1, 2008. Does not include found and cleared.

Assessment of the Security Environment—Western Iraq

During this reporting period, the average number of security incidents in Anbar Province decreased to less than 1.5 incidents per day. This represents a 96% reduction compared to the summer of 2006 and is half the rate of the last few months of 2007. The combined efforts of ISF, SoI, and Coalition forces continue to hinder AQI's ability to obtain resources or operate effectively in population centers, forcing AQI to operate in and conduct attacks from remote locations in the province.

Despite these setbacks, AQI continues efforts to regain footholds in the Euphrates River Valley, and the Syria-Iraq border region continues to appear critical to AQI's external support network. ISF operations in Ninewa Province may be forcing some AQI members to flee, and recent AQI activity in Anbar Province may be attributable to AQI coming from other areas of Iraq. AQI's recent HPAs in Fallujah, Ramadi, and Karmah remain focused on political and tribal leaders. AQI targeted these leaders due to the imminent transition to Provincial Iraqi Control (PIC) and upcoming elections. Despite these recent attacks, the security situation in Anbar remains stable.

The *Mutammar Sahwat al-Iraq* (MSI)—formerly *Sahawa al-Iraq*—tribal movement has survived AQI attacks against its key leaders and continues to strengthen its own influence. MSI recently registered as a political party and intends to compete in the upcoming provincial and national elections. The movement continues to position itself as an alternative to existing provincial political leaders, deriving much of its credibility from its fight against AQI and the resulting security gains. For several months, MSI leaders have reached out to prominent Shi'a figures in other provinces to promote reconciliation and unity under the theme of "One Iraq."

The security situation regarding the Sunni insurgency in the West remains mostly stable. However, violence between the militias of Anbar's two main political parties, the Iraqi Islamic Party and the MSI, is possible during the period leading up to elections.

As the situation has improved, the Iraqi Army (IA) has handed over security responsibilities in most of Anbar's population centers to the Iraqi Police, allowing the IA to concentrate its efforts on driving AQI from hideouts in remote locations.

Assessment of the Security Environment – Northern Iraq/Central Iraq

AQI and affiliated Sunni insurgent groups such as Jaysh al-Islam and the Naqshabandi Army remain active in the North, particularly in Ninewa and Tamim Provinces, where the possibility of Kurdish annexation of Ninewa districts and Kirkuk is a polarizing issue. Reduced AQI operational capabilities and pressure from ISF, SoI, and Coalition forces have led to limited tactical cooperation between AQI and other insurgent groups.

The ISF have made progress against AQI in northern Iraq. Operations MOTHER OF TWO RIVERS and LIONS ROAR denied AQI sanctuary in the urban parts of Ninewa Province, forcing AQI to fall back to the outer rural areas. Several AQI leaders have been captured or killed. During the past few years, Mosul has been a strategic stronghold for AQI, which also needs Mosul for its facilitation of foreign fighters. The current sustained security posture, however, continues to keep AQI off balance and unable to effectively receive support from internal or external sources, though AQI remains lethal and dangerous. There is also a degree of Kurd-Arab tension in parts of Ninewa.

Assessment of the Security Environment – Eastern Iraq – (Diyala)

In recent months, operations in Diyala have had some effect against suicide bomber activity; however, AQI retains the capability to conduct suicide attacks and enjoys some freedom of movement along the Hamrin Mountains. Utilizing the province's rural areas and

uneducated population to its advantage, AQI relies upon the region's ethno-sectarian tensions for continued survival there.

Atmospheric reporting indicates that there is increasing apprehension by the Sunni populace in Diyala that the GoI will use future operations against AQI and active Sunni resistance groups as a pretext to arrest, intimidate, or kill moderate Sunnis and SoI groups who are otherwise interested in participating in the political process. However, the GoI's engagement prior to the operations, and its conduct of the operations themselves, appeared to make this apprehension unwarranted, with the exception of one highly publicized raid by Iraqi Special Forces, in which a prominent Sunni was detained. The raid did, however, advance the perception that the GoI is reluctant to integrate some SoI into the ISF. The ISF and SoI in Diyala are conducting operations in a relatively coordinated effort.
JAM has not launched any significant operations in Diyala recently, though there remains a militia presence. The current reorganization of JAM affects the militia in Diyala as it does in the rest of Iraq.

Assessment of the Security Environment – Southern Iraq

Security in southern Iraq has improved following Operation CHARGE OF THE KNIGHTS in Basrah Province and Operation GLAD TIDINGS OF PEACE in Maysan Province. Both areas were considered strongholds for JAM and SG. Although ISF operations targeting militias have caused many JAM and SG members to flee to Iran, there are indications that some SG members may be preparing to return to Iraq to conduct attacks. A constant steady stream of reporting indicates that the population is supportive of the GoI's security initiatives. Violence is down, and the GoI is firmly in control. The population feels safer, children are attending school, and the shops and markets are thriving. Prime Minister Maliki allocated $100 million for reconstruction and humanitarian aid in both Basrah and Maysan Provinces following the successful ISF operations, though there have been delays in spending the funds on useful projects.

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

The Kurdish area of Iraq remains the most stable and least violent in Iraq. This is mainly a result of the homogenous Kurdish population and the presence of the Kurdish Police and the regional security forces, or Peshmerga. The Peshmerga are fairly well-equipped and trained, and they remain dedicated to the security of the Kurdish provinces. Nevertheless, occasional attacks do occur in the region. Furthermore, the presence of Peshmerga forces in parts of some non-KRG provinces (e.g., Khanaqin in Diyala) has increased tensions between the GoI and the KRG and between Arabs and Kurds. These tensions have hampered political cooperation, and it is important for the GoI and KRG to master them.

Public Perceptions of Security

Iraqis' perception of the security situation is a mixed bag. Iraqis believe the security situation is better locally than nationally. Research conducted in August 2008 reveals that 73% of Iraqis described the security situation in their neighborhoods as calm, a twelve-percentage point increase from November 2007.[8] When asked the same question about their province and Iraq as a whole, 48% said the situation was calm in their province, and 21% of Iraqis said the situation was calm nationwide.[9] 91% of Iraqis feel that the security situation has stayed the same or become better in their neighborhood over the last six months.[10] This is three percentage points higher than in November 2007. When asked about the security situation in the country as a whole, paradoxically, only 79% felt it had stayed the same or become better.[11] This was a decrease of one percentage point since November 2007.

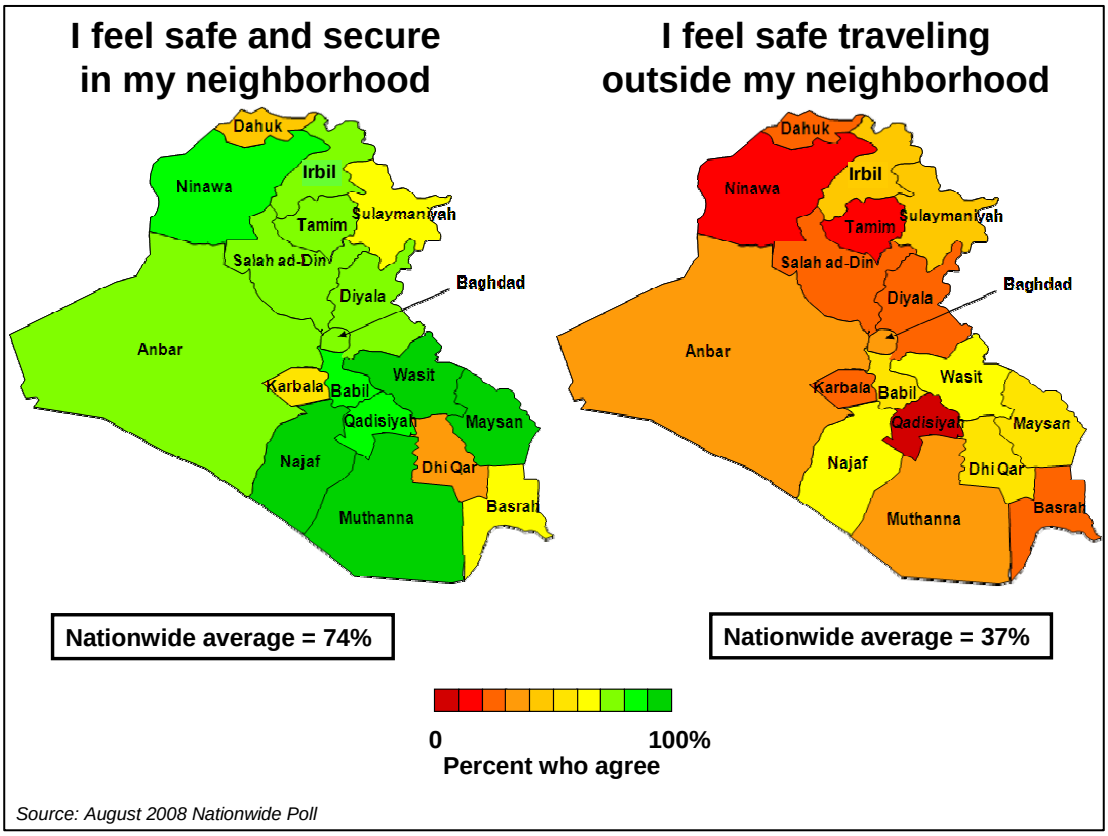
August 2008 nationwide research indicates that 75% of Iraqis feel safe and secure in their neighborhoods and that 37% feel safe traveling outside of their neighborhoods.[12] Compared to

November 2007, this is a one-percentage-point decrease in their perception of neighborhood security and a seven-percentage point decrease in the belief that it is safe to travel outside one's neighborhood.

When asked about perceptions of the Iraqi Security Forces, 65% of Iraqis said they feel secure when they see the Iraqi Army in their neighborhoods, and 61% said they feel secure when they see Iraqi Police in their neighborhoods.[13] This is a 14-percentage-point increase in trust in the Iraqi Army, and an eight-percentage-point increase in trust of the Iraqi Police since November 2007. Nationwide perceptions of the Iraqi Army and the Iraqi Police are within four percentage points of each other with the Iraqi Police making significant improvements in recent months.

When asked in August 2008 if they believed the GoI was effective or ineffective at maintaining security, 41% of Iraqis said the GoI was effective; this represents a three-percentage-point increase from the November 2007 data.[14] When asked to rate the level of peace and stability of the country, 44% of Iraqis said Iraq was stable, a 16-percentage-point increase since November 2007.[15] Nationwide research in August 2008 indicates that 68% of Iraqis believe that the Iraqi Army is winning the battle against terrorists and that 58% of Iraqis believe the Iraqi Police Force are winning the battle against crime.[16] This is a 16-percentage point increase in perception for the Iraqi Army and a eight-percentage point increase in perception for the Iraqi Police since November 2007. When asked if they had confidence in specific groups to improve the overall security situation in Iraq, Iraqis placed their highest confidence in the Iraqi Army and the Iraqi Police; 83% had confidence in the Iraqi Army and 81% had confidence in the Iraqi Police in August 2008.[17]

When comparing levels of government, 68% of Iraqis had confidence in provincial governments to improve security, 62% of Iraqis had confidence in their local government to improve security, and 63% of Iraqis had confidence in the national government to improve security.[18] This represents a decrease



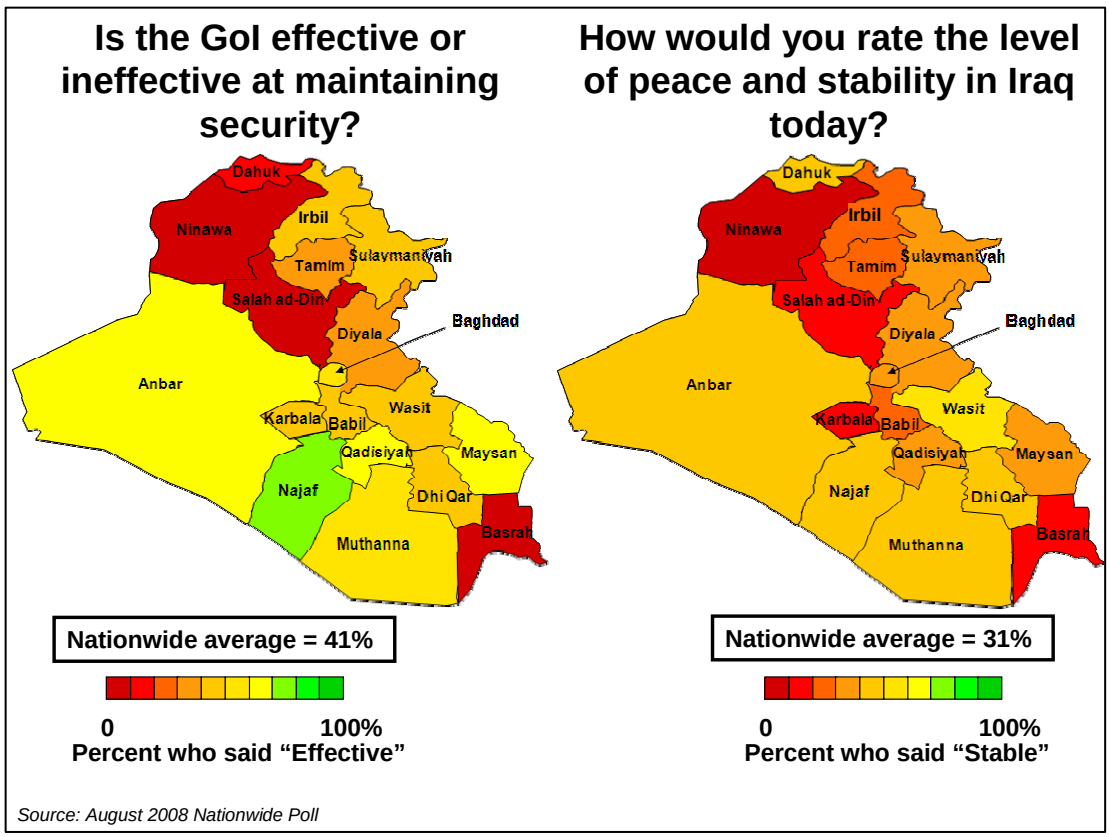
Source: August 2008 Nationwide Poll

of nine percentage points, 17 percentage points, and five percentage points, respectively, since November 2007. Multi-National Forces (22%), armed groups (13%), and militias (12%) had the lowest Iraqi confidence to improve security, signifying a 15-percentage-point drop for the Multi-National Forces, a 16-percentage point drop for armed groups, and a four-percentage-point decrease for militias since November 2007.[19]

When asked who was most responsible for providing security in their neighborhoods, Iraqis responded that the Iraqi Army (35%) and the Iraqi Police (38%) are most responsible for providing security in their neighborhoods.[20] Relatively few Iraqis said the Sons of Iraq (7%), people from their tribe (5%), neighbors (3%), militias (1%), religious leaders (2%), or Multi-National Forces (3%) were most responsible for providing security. Trends in perception of those providing security in neighborhoods have remained steady since November 2007. The exceptions to this trend are the Iraqi Police, with perception of responsibility decreasing by five percentage points, the Iraqi Army, with perception increasing by 12 percentage points, and the SoI, with perception increasing by five percentage points.

When asked in August 2008 if they had confidence in specific groups to protect them and their families from threats, Iraqis had the highest confidence in the Iraqi Army (84%).[21] For other groups, 81% of Iraqis had confidence in the Iraqi Police, 67% had confidence in their provincial government, 63% had confidence in their local government, and 63% had confidence in the national government.[22]

Confidence in the Multi-National Forces, armed groups, and militias was much lower at 24%, 11%, and 11%, respectively.[23] In a continuation of trends from November 2007, Iraqis place their highest trust and confidence in the Iraqi Army, the Iraqi Police, and the GoI (from the local to the national level) to protect them and to provide security.



Source: August 2008 Nationwide Poll

Conclusion

During this reporting period, security has greatly improved. The situation is still fragile, however, and Iraq faces many challenges. While Coalition and Iraqi efforts against AQI have significantly degraded its networks and reduced its capability, AQI continues to seek to reestablish itself wherever conditions permit and retains the capability to conduct sensational attacks. Iraqi-led security operations have also played a significant role in reducing the areas controlled by JAM and SG; however, many JAM and SG leaders have fled to Iran and will seek to return if conditions permit. All the while, Iraq has neighbors who are not fully committed to its success.

To preserve recent security gains, the Iraqi Government will need to sustain a robust security presence and make progress in delivering a sense of normalcy to the Iraqi people by improving essential services and fostering employment opportunities. Reconciliation efforts will remain central to the success of these efforts to bring long-term security and stability to Iraq. It is important that the ISF be a national institution to which all Iraqis can rally, rather than the political instrument of a particular group. The U.S. Government, the Coalition, and the UN will continue to push for sustainable security and ministerial capacity and capability development initiatives. In all of these efforts, the Coalition is fully engaged to support Iraq and welcomes the growing acceptance of Iraq as a sovereign state in the international community.

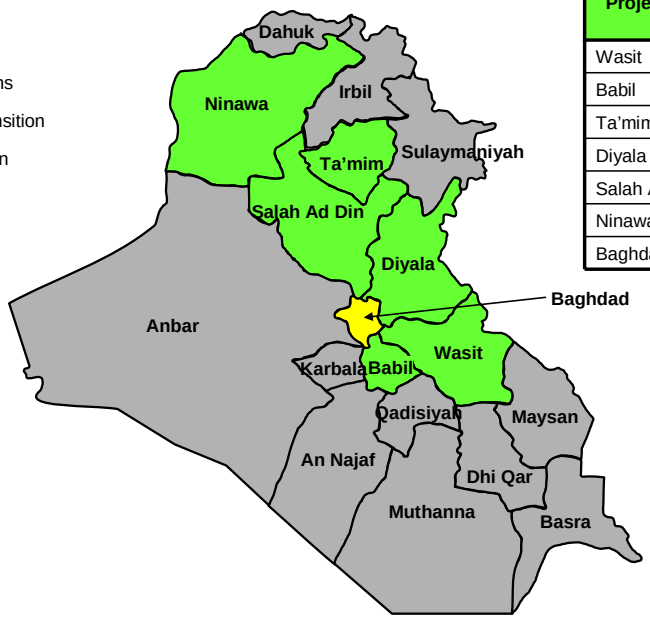
1.4 Transferring Security Responsibility

Currently, 11 of Iraq's 18 provinces are under Provincial Iraqi Control (PIC). The Qadisiyah Province security transfer ceremony took place on July 16, 2008, and Anbar Province's transition ceremony occurred on September 1, 2008, following resolution of post-PIC command and control issues between the GoI and the provincial leadership. In support of the U.S. Government strategic objective to strengthen the Iraqi forces and transition primary security responsibility to the GoI, Babil and Wasit Provinces are planned to transition to PIC in late October and early November 2008, respectively. Ongoing negotiations between the Coalition and the GoI will define a mechanism for continuing transition of security responsibilities in remaining provinces beyond December 31, 2008.

Contingency Operating Base Turnover Status

The current basing footprint supports the Joint Campaign Plan's counterinsurgency (COIN) efforts, with U.S. force presence reducing from 20 to 15 BCTs. Coalition forces continue to co-locate with the ISF on existing Coalition Contingency Operating Bases (COBs) as the Coalition mission transitions from leading to partnering to overwatch. The Coalition carefully adjusts its basing footprint so that security gains are retained. This conditions-based strategy ensures that sufficient installations remain open to allow commanders the flexibility to execute COIN operations. As conditions allow, the Coalition will continue to seek opportunities to shrink, share, or transfer bases. The Coalition is actively seeking partial base turnovers to the ISF and partial base closures for specified COBs, Contingency Operating Sites (COSs), and Contingency Operating Locations (COLs) that are no longer required. As of August 28, 2008, MNF-I had a total of 56 tracked bases (COBs and COSs) and more than 250 COLs. Since January 2008, MNF-I has closed and transferred three COSs (Hurricane Point in March 2008, Blue Diamond in March 2008, and Habbaniyah in July 2008) to the GoI. Additionally, the Coalition is scheduled to return COS Fallujah by February 2009.

Provincial Iraqi Control



- Already Transitioned
- Projected within 6 months
- Partially Ready For Transition
- Not Ready For Transition

Completed Transitions	
Muthanna	7/12/06
Dhi Qar	9/21/06
Najaf	12/20/06
Maysan	4/18/07
Dahuk	5/30/07
Irbil	5/30/07
Sulaymaniyah	5/30/07
Karbala	10/29/07
Basra	12/16/07
Qadisiyah	7/16/08
Anbar	9/1/08

Projected Ceremony Dates	
Wasit	Nov 08
Babil	Nov 08
Ta'mim	Jan 09
Diyala	Jan 09
Salah Ad Din	Jan 09
Ninawa	Jan 09
Baghdad	May 09

Source: CJ5 Intel Plans as of September 1, 2008. Provinces transfer security responsibility 30-45 days after being assessed as meeting conditions.

Since late 2003, Coalition and Iraqi forces have trained more than 531,000 Iraqi Ministry of Defense (MoD), Ministry of Interior (MoI), and Counter Terrorism Bureau (CTB) personnel. As of August 15, 2008, Iraqi MoD, MoI and CTB forces totaled nearly 600,000—an increase of over 32,500 personnel since the June 2008 report.

The GoI continues to assume broader ownership of Iraq's security programs and is demonstrating an increasing fiscal commitment to its security forces and to MoD and MoI programs. For the third year in a row, the GoI's security budget (MoD and MoI combined) is greater than the U.S.-resourced Iraqi Security Forces Fund (ISFF). The GoI approved a $9 billion budget for the security ministries for calendar year (CY) 2008, and both ministries submitted 2008 Iraqi supplemental budget requests to the Ministry of Finance (MoF). Multi-National Security Transition Command-Iraq (MNSTC-I) expects the security ministries will complete their 2009 budget development by early fall 2008. Budget execution remains a concern. The MoI is improving its ability to obligate its budget, but the MoD continues to struggle, particularly in the support, sustainment, and infrastructure areas. Inter-ministerial budget coordination with the MoF is improving but remains problematic in some instances, particularly with the MoD.

Increased GoI spending is enabling decreased U.S. Government spending. The $2 billion MNSTC-I 2009 ISFF budget submission reflects a 33% reduction in ISFF spending and a shift in spending focus. Spending on training will shift from fielding core Iraqi military and police units to accelerating the growth of logistical units and pursuing key supporting capabilities that will enable and sustain units already generated. Spending will also address the requirements to continue logistics and sustainment capacity development, replenish equipment, and field equipment for aviation, engineer, and transportation units.

Iraqi Security Forces MoD, MoI and CTB data compiled as of August 15, 2008*

Component	Authorized[a]	Assigned[b]	Trained[c]
Ministry of Interior (MoI) Forces[d]			
Police[e]	333,324	299,170	192,028
National Police	44,263	39,739	50,184
Border Enforcement	47,750	43,073	34,370
Total MoI	**425,337**	**381,982**	**276,582**
Ministry of Defense (MoD) Forces[f]			
Army	171,262	180,296	224,970
Training and Support Forces	15,583	22,069	21,144
Air Force	3,311	1,887	2,246
Navy	1,893	1,872	1,494
Total MoD	**192,049**	**206,124**	**249,854**
Counter Terrorism Bureau			
Special Operations	**4,733**	**3,589**	**4,564**
Total	**622,119**	**591,695**	**531,000**

* Numbers do not include ministry staffs.

a. Numbers reflect GoI authorizations.

b. Numbers reflect GoI payroll data and do not reflect present-for-duty totals. It is unknown how many personnel trained in U.S.-funded programs remain in the force.

c. Numbers reflect total Iraqi forces personnel trained to date, some of whom are no longer assigned due to casualties, absent without leave (AWOL), etc.

d. MoI strength excludes other services within MoI, including the MoI HQ, Forensics, Facility Protection Service, and contracted guards. See endnote 26.

e. The Iraqi Police Service consists of all provincial police forces (station, patrol and traffic, and special units) assigned to all 18 Iraqi provinces.

f. MoD authorized strength is derived from Modified Tables of Organization and Equipment (MTOE).

The GoI continues to exercise responsibility for personnel accounting and requirement determination. All authorized and assigned personnel reports reflect numbers provided by the MoD, MoI, and CTB. MNSTC-I advisory teams continue to work closely with both security ministries to refine the accuracy and frequency of their personnel reporting systems. The total number of MoI personnel assigned

continues to exceed the number of total personnel trained, as rapid hiring outstrip training center throughput capacity. Also, as the MoI receives additional missions (e.g. from the Oil Police and the Facilities Protection Service), personnel are transferred from the Ministry of Oil or Electricity with limited, if any, training or equipment. Currently, there are approximately 88,000 MoI personnel assigned but not fully trained. Efforts to expand the MoI training throughput, funded jointly by the MoI and ISFF, will help remedy this shortfall.

Ultimately, the GoI will decide force levels based on national security requirements and its fiscal capacity to sustain a significantly expanded force structure. The MoI predicts growth to a total force of over 400,000 personnel in the Iraqi Police Service (IPS), National Police (NP), and Directorate of Border Enforcement (DBE) by the end of 2008.[24] The MoD has approved the COIN force, which will include 14 Army divisions (13 infantry, 1 mechanized) and supporting forces totaling approximately 203,000 to 210,000 personnel; a Navy of 2,500 personnel, including two marine battalions; and an Air Force of 6,000 personnel. Additionally, a 5,400-man Iraqi National Counter-Terrorism Force (INCTF) will contribute to the COIN effort. Further growth in the military structure appears likely given the need to develop a variety of "enablers." Total ISF requirements are expected to grow to between 601,000 and 646,000 by 2010.[25]

2.1 Assessed Capabilities of the Iraqi Forces

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

The four near-term areas of special emphasis through mid-2009 also remain unchanged. The first is to ensure that Iraqi forces are mostly self-sufficient in logistics, maintenance, and life support. The second is to ensure that the size, capability, professionalism and leadership of the ISF enable assumption of additional security roles from Coalition forces. The third is to enhance the capabilities of Iraqi special operations and counter-terrorist forces, and the fourth is to ensure that Iraqi Air Force (IqAF) and Navy (IqN) growth stays on-track.

The ability of the ISF to support and sustain fielded forces is continuing to improve. Although further progress is needed, the ISF are currently on track to achieve the goal of becoming mostly self-sufficient in tactical force sustainment by the end of 2008. Specific focus areas for improvement include improving logistic distribution and supply chain management, supply planning, and acquisition of sustainment stocks. Logistics and sustainment at the strategic and operational level continue to be problematic.

During recent and ongoing operations in Basrah, Sadr City, Mosul, Amarah, and Diyala, ISF have demonstrated an improving capability to move units, conduct planning, and exercise command and control during simultaneous operations in various parts of the country. In all operations the ISF continued to rely on many Coalition enablers, including intelligence (though Iraqi capabilities in this area are developing) and close air support. The quality of operational and logistic planning has shown some improvement, with increasing ability to plan and conduct combined and joint operations, integrated information operations, civil-military operations, and post-conflict reconstruction activity.

Tactical proficiency is also improving. In Sadr City, ISF units are using more advanced COIN tactics, such as active patrolling, clearance operations, high-value intelligence searches, and security patrol operations. Sustained operations in June and July 2008 have inflicted pressure and attrition on Jaysh al-Mahdi and SG. Iraqi Special Operations Forces (ISOF) and special police units have also performed

effectively alongside Coalition forces during shaping operations to disrupt AQI foreign fighters. ISOF planning continues to improve; however, there remains a critical reliance on the Coalition rotary wing assets for insertions, and on other combat enablers such as intelligence, logistic support, and close air support, among others. MoI and MoD forces also continue to improve their ability to conduct After Action Reviews and to apply lessons learned. The most recent example is planning conducted for the observance of the Death of the 12th Imam in August 2008. Lessons learned from 2007 were applied to the event planning, resulting in the safe participation by a reported 3.5 million pilgrims—there were only three reported security incidents.

Ministerial Capacity

Both the MoI and the MoD continue to show progress in developing ministerial capacity. With Coalition assistance, the ministries' abilities to conduct strategic planning are improving, albeit slowly. The MNSTC-I reorganization outlined in the March 2008 report was designed to assist this development and is proving effective.

With experience from operations in Basrah, Sadr City, Mosul, Amarah, and Diyala, the Iraqi Joint Headquarters (JHQ) is developing a capacity to plan and resource operations. Particularly in Diyala, the JHQ systematically planned and coordinated for essential classes of supply, including ammunition, medical supplies, fuel, and food rations in advance of combat operations—a clear indicator of increasing operational self-reliance. It is also developing the capability to provide strategic-level advice to the political leadership. However, lines of command and control, particularly at the national level, continue to be poorly defined. This inhibits planning, decision-making, and the ability to execute coordinated operations at all levels. Decision-making remains overly centralized at the highest level, particularly in the employment of the IA, with orders often bypassing elements of the chain of command.

Coalition advisors continue to provide assistance in planning at the strategic and operational levels of IA operations, working closely with senior Iraqi staffs to increase their capacity to conduct operational and strategic-level planning and execution. MNF-I and the JHQ are collaborating on an overarching COIN plan, with the intention of involving other government agencies. The recent security operations required Coalition support to ensure proper sustainment of deployed ISF units; using operational lessons learned, the JHQ formed an operational planning team to prioritize requirements and establish procedures to support multiple simultaneous operations. In addition, the Coalition is conducting long-range planning for the transfer of existing bases to the ISF.

The MoI continues to develop capacity and a more professional organizational structure. The MoI has increased its spending rate to 51%, and the CoR has approved $1.7 billion for the MoI in the 2008 Iraqi Supplemental Law. Strategic planning capability continues to develop, with increased coordination between the planning and finance departments. However, some directorates are slow to implement the MoI Strategic Plan. The logistical and human resources directorates have improved in developing processes, conducting audits, and acquiring sustainment items, including fuel and weapons. The MoI has limited logistical infrastructure, weak provincial reporting and recordkeeping, and inefficient distribution abilities that hamper progress. The rapid assimilation of missions and personnel have consumed the Ministry and, in some directorates (e.g. personnel), overtaxed the process. In spite of these challenges, the Minister of Interior and his deputy ministers continue to aggressively attack problems, to hold subordinates accountable, and to increasingly plan and execute programs without Coalition assistance.

Iraqi Forces Proficiency

IA battalions have increased in number and capability. As of August 1, 2008, 153 IA combat battalions were conducting operations, including five battalions rated at the lowest level of operational readiness that are newly formed but still conducting operations. Another 18 IA combat battalions are currently in force generation. Four special operations battalions are capable of conducting operations with minimal Coalition support, and another two are in force generation. Seven IA infrastructure battalions were conducting operations while one infrastructure battalion is in force generation. Casualties among key leaders and the Iraqi practice of taking skilled commissioned and non-commissioned officers from high-performing units to generate new ones continue to impact overall readiness.

The IqAF is gaining proficiency, as well. Over the past nine months, its sortie rate has increased and is proficiency in scheduling and conducting flight operations has continued to improve, with the Air Operations Center currently exercising command-and-control of over 269 operational and training sorties per week. The IqAF provides support to COIN operations through Intelligence, Surveillance, and Reconnaissance (ISR) patrols of Iraqi borders and critical electrical and oil infrastructure. These efforts have resulted in the capture of insurgents and the identification of damaged infrastructure, allowing the GoI to expedite repairs and re-establish essential services. Additionally, the IqAF proved itself very capable during combat operations in Basrah (43 C-130 transport missions and over 118 rotary-wing reconnaissance, transport, ISR, and pamphlet drops), Sadr City (ISR and pamphlet drops), Mosul (88 missions including fixed- and rotary-wing transport, ISR, and casualty evacuation), Amarah (five missions, including rotary wing transport and ISR), the Karbala Pilgrimage (71 fixed- and rotor-wing ISR missions), and Diyala (ISR).

The IqN has also grown in capacity and capability. It now conducts an average of 42 independent patrols per week in Iraqi territorial waters, with an average of 25 boardings per week. Also, since the conclusion of Basrah operations, the IqN has maintained security responsibility, along with the Coalition forces, for the port of Umm Qasr and for the point-defense of the two offshore oil platforms; the IqN and Coalition forces serve side-by-side in a combined operations center on one of the two platforms. Two battalions of Iraqi Marines are now forming, although they are currently only manned at 69% and are poorly trained, billeted, and equipped.

The NP continues to improve its proficiency and professionalism. As of August 1, 2008, 31 NP battalions were conducting operations. One battalion was rated at the lowest level of readiness while another 12 NP battalions are currently being formed.

Intelligence Agency Developments

Coalition efforts to develop Iraqi intelligence capability are shifting focus. Previous efforts focused on building capacity at the national level headquarters of several organizations: the MoD Directorate General for Intelligence and Security (DGIS), JHQ, Directorate for Intelligence (M2), and the MoI National Information and Investigation Agency (NIIA). Significant effort is still required to continue building capacity within these organizations; however, primary focus has shifted from capacity building at the national level to advising the Iraqis at lower echelons in order to improve intelligence fusion and functional performance across the Iraqi national intelligence enterprise by directly supporting the ISF. To support the current mission and this shift in focus, the MNSTC-I Intelligence Transition Team (INTEL-TT) anticipates reassignment or allocation of additional advisory personnel to support greater engagement with the lower echelons of the intelligence enterprise outside Baghdad.

INTEL-TT has initiated development of a comprehensive strategy to improve intelligence fusion and the functional performance of the

Iraqi national intelligence enterprise. This strategy has five foundational components: (1) creation of Iraqi regional Intelligence Fusion Cells (IFCs) to support the regional operations commands; (2) continuing expansion of the Iraqi Intelligence Network (I2N); (3) provision of direct support for operational forces, enabling intelligence-driven operations and targeting; (4) development of MoD signals intelligence (SIGINT) and airborne imagery intelligence (IMINT) capabilities to complement existing human intelligence (HUMINT); and (5) extension of INTEL-TT advisory presence to provincial and ISF intelligence elements. A reprioritization of Coalition advisory personnel to focus on fulfilling the growing INTEL-TT mission requirements is critical to executing this strategy.

Recent operations in Basrah, Mosul, Sadr City, Amarah, and Diyala reinforce the need for regional intelligence fusion cells. INTEL-TT has aggressively planned and initiated the establishment of seven regional IFCs in accordance with operational priorities of the ISF and MNC-I. As of July 2008, IFCs are operational at Basrah, Mosul, and Diyala, and, to a lesser extent, Amarah. Further planning is underway for fusion cells in Anbar, Samarra, and Karbala, which are scheduled to reach initial operational capability by the end of October 2008. Although Baghdad does not have a fusion cell, several key fusion cell functions—information sharing, analysis, and target development—are dispersed across many agencies and locations. INTEL-TT continues to encourage senior Iraqi intelligence leaders to establish a dedicated fusion cell facility in Baghdad.

Training Capacities

The IA and police expansion of basic combat and police training facilities has led to noticeable increases in the overall percentages of assigned unit strength. Through July 31, 2008, the IA had trained over 59,000 soldiers in its basic combat, specialty, and re-joiner leadership training courses this year. In that same time, the MoI provided basic recruit training to over 31,000 IPS, NP, and DBE personnel. NTM-I plans to increase the capacity of professionalism training of the NP. Currently, 450 students can be trained per month; this will increase to 650 in September and 900 in November 2008. In addition to basic combat and police training, leader development remains a key area of focus for both security ministries throughout this year.

Logistics and Sustainment Capacities

Developing logistics and sustainment capabilities remains a major area of concern and is essential for the continued improvement of the ISF. Although security forces have become more competent and self-sufficient over time, the need for Coalition assistance during Basrah operations highlighted ISF limitations in planning and conducting expeditionary life support. However, as evidenced during subsequent operations in Mosul, Sadr City, Amarah, and Diyala, the ISF are making appropriate organizational adjustments. This is an encouraging development, but much effort must be directed to the sustainment and logistical support of the ISF. This will be a major focus in 2009.
The MoD is developing a national supply and distribution network. The MoD will have one Location Command (previously known as a Base Support Unit) in direct support of each IA division. Additionally, the MoD has plans to co-locate regional life-support assets at these sites in order to enhance warehousing and distribution capacity. Eight of the bases to support these Location Commands are either complete or being refurbished. The remaining five bases are under construction or pending contract and will have an initial operational capability by mid-2009.[26]

Work on the Taji National Depot Complex is progressing. The Complex is the centerpiece for national supply and maintenance services to the Iraqi joint forces. The small arms repair facility, the first of 21 components that comprise the Taji National Maintenance Depot, began limited operations in May 2008. The

next facility scheduled to open by the end of 2008 is the generator repair workshop. This facility will provide support for limited repair of 50kw to 250kw generators. Taji National Supply Depot will maintain line stock across all classes of supply for issue to the 13 Location Commands. Other components of the Taji Depot (generator repair facility, engine repair, transmission repair, repair part warehouses, main wheeled facility and tracked maintenance depot) will become functional as construction is completed and training is conducted; the entire Depot is expected to be operational in mid-2009.

Since 2003, Iraqi and Coalition forces have captured tens of thousands of enemy weapons and placed them in secure storage at the Taji National Supply Depot. As of May 2008, an estimated 80,000 small arms of various types were held there, awaiting serial number inventory and assessment prior to demilitarization or repair through the Taji National Maintenance Depot. As of August 20, 2008, 19,140 weapons had been inventoried and categorized for repair, refurbishing, or demilitarization. Further efforts are underway to accelerate the process to clear the backlog and achieve a steady workload that keeps pace with weapons capture rates. Weapon serial numbers are reconciled against the established database as part of this process to identify any weapons purchased with ISFF. It is expected that the Taji National Maintenance Depot will commence low-scale work on the repairable weapons beginning in October 2008.

Iraqi forces remain partially dependent on Coalition support to move supplies from the central depots to Location Commands and police warehouses. However, their dependency should be reduced by accelerating the fielding of motor transport regiments. The IA has fielded ten motor transport regiments and will field two additional regiments in 2008. The donation of a number of German transport trucks and the purchase of medium and heavy cargo vehicles has accelerated generation of a theater-capable General Transportation Regiment (GTR). The GTR is currently in force generation and will reach initial operating capability by November 2008.

Acquisition Capabilities

The MoI is increasing its equipment issue and procurement capability. In June 2008, the MoI completed seven case-band warehouses, located at the Baghdad Police College, to expand capability beyond its four older masonry warehouses located at the Baghdad Police College. The MoI is also conducting direct issue operations from the Coalition-administered Abu Ghraib Warehouse Complex. Additionally, the MoI has improved in procurement capability and independent service contracting: examples include contracts for vehicle maintenance, parts, and mobile support teams to support the vehicle fleet in Anbar and a blanket purchase agreement for spare parts for the entire IPS vehicle fleet.

The GoI continues to expand its forces mobility capability via the acquisition of high mobility multipurpose wheeled vehicles (HMMWVs). The refurbishment, transfer to the GoI, and distribution of 8,500 U.S. HMMWVs is progressing. MNSTC-I continues to support the provision of HMMWV variants to the ISF in order to provide enhanced protected mobility to forces engaged in the COIN operation. As of August 24, 2008, a total of 1,808 M1114s had been refurbished and transferred to the GoI in accordance with GoI priorities. The GoI fielded 3,286 HMMWVs prior to the beginning of the HMMWV rebuild program—2,484 via ISFF, 469 via Foreign Military Sales (FMS), and 333 via direct purchase.

Foreign Military Sales

As of September 2008, the FMS program had delivered, or was in the process of delivering, approximately $2.6 billion worth of equipment or services to the GoI paid for by national funds. This included over $2 billion to the MoD, $395 million to the MoI, and $129 million to the Ministry of Justice. Since the advent of the FMS Task Force, headed by the Office of the Secretary of Defense, the average

time required to process FMS cases has improved significantly. Moreover, the delivery of the equipment has improved substantially.

The Iraqi military ministerial requirements development process, ministerial execution of contracting, and FMS processes have yet to reach the level required to fully support force generation timelines. Although improving, the processing of FMS Letters of Request (LORs) and Letters of Offer and Acceptance (LOAs) within the MoD continues to be cumbersome and time-consuming. As of September 2, 2008, about $738 million in offered FMS cases require MoD signature. Additional LOAs are in the pipeline to support force transition initiatives, including almost $1 billion for C-130Js and armed reconnaissance helicopters. On September 7, 2008, the Minster of Defense signed the first force transition LOA for M1A1 tanks, estimated to be worth $684 million. Currently, however, the MoD FMS requirements exceed the level of funding available from the MoF. The U.S. Government is working with the GoI to address the issue. The GoI continues to explore Direct Commercial Sales options. On August 27, 2008 the Minister of Defense signed an LOR requesting price and availability data for 36 F-16 aircraft and support systems. This request is now being processed and evaluated at the Department of Defense.

2.2. Ministry of Interior

MoI security forces consist of the Iraqi Police Service (IPS), the National Police (NP), and the Directorate of Border Enforcement (DBE). In anticipation of the passage of the Facilities Protection Service (FPS) Reform Law, the MoI continues preparation to absorb FPS personnel, who are currently spread among other ministries. Also, in January 2008, the GoI directed that the Oil Police be transferred to the MoI. However, funding transfers to support this action did not occur until July 2008. Currently, the SoI contracts are paid by the Coalition.

As of August 27, 2008, the Sons of Iraq (SoI) program had transferred over 20,000 personnel into full time employment with the ISF (primarily the IPS) and other non-security employment.[27] The Coalition continues working with the MoI to develop a plan to transfer the remaining security contracts to the MoI. However, the GoI has not provided funding for the transfer. Prime Minister Maliki's recent order to transfer Baghdad area SoI (54,000 personnel) to the GoI payroll by October 1, 2008 is welcome, but it only transitions half the total SoI. Another concern is the slow pace of transition into civilian jobs of those SoI not integrated into the ISF, and the relative lack of such jobs. Coalition forces will continue to monitor the SoI program until GoI guidance and funding is provided.

Ministry of Interior Transition Issues

Ministry Capacity Development

Coalition advisors report continued improvement in the MoI's ability to perform key ministerial functions. These functions include force management, personnel management, acquisition, training, logistics and sustainment, and development and implementation of plans and policies.

Strategic planning continues to improve. On June 12, 2008, the MoI conducted its inaugural management review of progress toward achieving goals set in its 2008 strategic plan and identified eight goals with 54 associated objectives. During the review, senior MoI leaders discussed the objectives achieved by the various directorates and the Ministry's vision for the rest of the year. Current year accomplishments form the basis for the 2009 MoI draft strategic plan.

Force Management

During this period, the MoI made progress in defining a Basis of Issue plan for its three major elements (IPS, NP, and DBE). This plan allows the MoI to better conduct fiscal programming and force generation activities for the ministry as a whole. Also, as a result of Baghdad Police Summits, the Baghdad IPS

expansion plan is meeting goals for recruiting, hiring, and equipping the required number of police for Baghdad.

Resource Management

The MoI has streamlined approval processes for the use of funds by spending units, and budget execution has improved as a result. The MoI has executed approximately 40% of its CY 08 budget through June 2008. Although non-salary expenditures are only 18.5% executed, this low rate is attributable to the fact that the budget was not approved until April 2008. The MoI's nascent strategic planning structure should help sustain positive trends in budget execution, as should continued senior ministerial level emphasis. Further, senior-level emphasis has resulted in improved timeliness in monthly financial reporting.

The MoI is facing an overall budget shortfall. Having requested a $7.8 billion for 2008, only $3.8 billion was approved by the Ministry of Finance (MoF), in part, due to concerns about the MoI's execution rate. This budget is insufficient to meet all anticipated logistics requirements unless the MoI reduces its planned staffing increases or forgoes planned expenditures for materials and services. To address this shortfall, the MoI submitted a 2008 supplemental budget request of $2.5 billion, and the GoI approved $1.7 billion.

Personnel

A number of positive developments in MoI personnel management have taken place. *E-Ministry*, an Iraqi-funded system that will link human resource and payroll actions and thereby address most major personnel accountability issues, is in Phase I of a three-phase fielding plan, with the MoI human resources (HR) directorate populating the database. The MoI HR directorate is in the final stages of deploying the necessary personnel and equipment to conduct full-scale fielding of *E-ministry* and it is establishing processes and procedures for data storage with proper security protocols. However, total implementation of *E-ministry* will not be complete until sometime in mid-to-late 2009.

Materiel Acquisition

The MoI continues to receive large shipments from FMS purchases. Also, deliveries on a $96.3 million contract for ammunition and light weapons, brokered independently with China, demonstrate the ministry is improving the capability to complete direct contracts for goods.

Logistics and Sustainment

The MoI is developing limited internal logistic capability. Generally, the MoI uses a civilian model for logistics (and therefore does not have organic logistics units) and does not designate personnel with occupational specialties (and there builds logistics expertise only through follow-on training for some police recruits). The development of the National Police Sustainment Brigade is a notable exception. Scheduled for completion by the end of 2008, this brigade will have organic logistics capabilities and will be capable of accomplishing a wide range of missions, including line haul transportation, deployable maintenance, supply receipt storage and issue for NP divisions, combat health treatment, and mobile fuel storage and distribution. Currently, the brigade consists of headquarters, medical, transportation, maintenance, and logistics companies, with 811 of its authorized 1,770 personnel assigned—an increase of 263 since March 5, 2008. The major equipment for this unit is currently planned to be purchased via FMS.

Organic MoI maintenance capability is not yet robust enough to sustain vehicle operational readiness rates above 85%. Maintenance programs continue to include mechanic training as part of their schedule to increase maintenance capability. To alleviate maintenance capability shortfalls, the MoI is coordinating for MoD support of MoI HMMWV integration in the form of mobile maintenance teams and train-the-trainer packages. The Iraqi Army Service and Support

Institute began training MoI HMMWV mechanics in April 2008.

The MoI is improving its ability to provide life support for its forces. The Ministry has instituted a self-reliance policy requiring that all life support contracts currently funded by the Coalition will be funded by the GoI upon renewal. All life support, to include that provided at both the Central Ministry and at the provincial level, is now contracted through the MoI contracting process. With the exception of Camp Dublin, the MoI has assumed life support responsibilities for its training centers. Likewise, the MoI has assumed life-support responsibilities for parts of Camp Dublin, including the Center of Dignitary Protection, base support operations, and the Emergency Response Brigade (ERB) training centers. The Coalition continues funding the life support for other programs at Camp Dublin, including for the operational ERB units and for *Carabinieri* training of the NP. MNSTC-I will transfer life support responsibility for the ERB units to the MoI in the fall of 2008.

Training and Development

The MoI continues to add and assume responsibility for training facilities. During the reporting period, the MoI added an additional training facility for a total of 18. The Iraqi instructor cadre at the Baghdad Police College conducts all basic officer and enlisted recruit training and continues to increase the proportion of the specialized and advanced course loads. MNSTC-I advisors and International Police Advisors (IPAs) assist by providing advice, overwatch, and quality control at all training institutions.

MoI training capacity continues to increase. The MoI training base is capable of training 67,170 enlisted police and 2,330 officers each year and operates at a total student capacity of 24,810 at any given time. For 2008, the MoI expects to train a total of approximately 42,235 basic policemen for the IPS, 14,435 for the NP, and 10,500 for the DBE. With the Training Base expansion plan through mid-2009, seating capacity will allow a throughput of 117,100 enlisted and 5,472 officers. Increased capacity will help reduce the backlog of untrained police. In addition, operating a training institution in each province will support wider recruiting efforts that will ensure training centers operate at or near capacity, and increased training capacity will help the Ministry address anticipated force attrition rates and provide a broader range of future professional training courses.

The MoI training base expansion plan includes building 12 new training centers and expanding six existing training centers.[28] These include new police officer colleges in Mosul, Irbil, and Basrah; new provincial training centers in Muthanna and Maysan provinces; and the expansion of facilities at the Baghdad Police College, Mosul Provincial Training Center, and Habbaniyah. All training centers will eventually share a common curriculum to standardize training. In some areas, violence has hampered planned expansion efforts. Temporary training facilities could help address the backlog.

Despite the focus on increasing training capacity, overcoming the MoI training backlog continues to be a significant challenge. In the past, deteriorating security conditions necessitated rapid MoI growth in basic security skills. This rapid expansion was accomplished through execution of a truncated 80-hour training course, which provided police officers with basic operational skills; however, this course falls short of the full training requirement to be an effective police officer. As a result, approximately 88,000 personnel currently need further training. The MoI's goal is to train all IPS personnel with the full 400-hour course, as the security situation and training capacity allow. MNSTC-I is working with the MoI to shorten duration of the full 400-hour course to 240-hours by extending the length of the training day and eliminating low priority tasks, such as drill and ceremony. By compressing course length and maximizing training facility capacity, the MoI should be

capable of reducing its training backlog to approximately 56,000 by July 2009.

To maximize officer generation, the MoI continues to recall select former Iraqi Army and Police officers into the force. These recalled personnel become officers after completing a three-week Officer Transition Integration Program.

Combating Corruption

Reducing corruption, treatment of detainees, preventing abuse, and improving professionalism continue to require close attention. Through August 31, 2008, the Directorate of Internal Affairs had opened 4,318 cases against ministerial employees. The MoI closed 4,198 cases, the adjudication of which resulted in firing more than 377 employees and disciplining another 297. Recent operations revealed cases of possible corruption, and the MoI has taken action to address these concerns. Operations in Basrah resulted in the firing of 27 officers and 283 policemen, as well as the arrest of 57 individuals for terrorism and the detention of 76 individuals. Operations in Mosul resulted in 80 individuals arrested for terrorism. Operations in Amarah resulted in 87 arrests, of which 75 were Iraqi Police—including the Amarah Police Chief. These developments demonstrate progress in MoI willingness and capacity to address corruption, support human rights, and address professionalism issues. Despite the progress, however, corruption remains a significant challenge.

The MoI continues to train Internal Affairs and Inspector General (IG) personnel. In 2007, the MoI trained 344 Internal Affairs and 140 IG personnel through five training courses: basic internal affairs, interview and interrogations, anti-corruption, first-line supervisor, and advanced internal affairs. In the spring of 2008, 250 additional IG recruits in IPS training subsequently received IG training and graduated in early June 2008.

Embedded Advisory Support

Coalition advisory teams continue to assist the MoI and its forces. As of August 8, 2008, 223 of 266 required Police Transition Teams (PTTs) were in place, covering 70% (497) non-PIC police stations. The 27 border transition teams in theater are enough to cover about 33% of the DBE units at the battalion level and higher. The 41 NP TTs in place are covering over 85% of the NP units at the battalion-and-above levels. As of July 31, 2008, the MoI-TT had 95 of 120 required advisors, including Coalition military personnel. Additionally, contract personnel and one Department of State employee are assigned to the Ministry.

The Military Police Transition Team mission is supported by International Police Advisors (IPAs) hired under a DoD-funded, DoS-managed contract. There are 752 IPAs who, along with the PTTs, provide civilian law enforcement expertise in criminal investigation and police station management, as well as at the training academies and the MoI. IPAs help to develop and mature the IPS. They are now concentrating on "top-down" mentorship of the seven critical Police Performance Tasks: leadership, administration, operations, logistics, investigations, facilities, and training. As the provinces transition to PIC, IPAs may remain with the police to provide critical assistance as the province operates independent of robust Coalition support.

Ministry of Interior Forces

Operational Planning and Execution

Recent operations in Basrah, Sadr City, Mosul, Amarah, and Diyala have tested the MoI Operations Directorate's planning and execution capabilities. Initially, Basrah operations were characterized by limited capacity in ministerial planning, as well as in conducting and sustaining operations. These shortcomings led to a multitude of operational problems, including a lack of synchronized targeting and serious logistical shortages. During the operation, police units experienced shortages in ammunition, rations, water, and repair parts. Command and control in the

operational area was mostly effective, information flow back to the MoI National Command Center (NCC) was insufficient. Nonetheless, the MoI demonstrated the capacity to react to these shortcomings. The logistics directorate was able to coordinate re-supply of ammunition and repair parts to deployed units. In coordination with the MoD, the MoI used IqAF assets to transport needed supplies to the Basrah operational area.

Planning, coordination, and conduct of operations following the Basrah operations have been much improved. For example, the MoI addressed numerous shortcomings in the planning phase of operations in Mosul. The MoI developed a deployment order based on the force list for the operation. The order was issued in time for subordinate units to effectively prepare for the mission. The Operations Directorate prepared and disseminated a complete plan to all units and relevant staffs, with focused attention on logistics to ensure mission planning addressed all classes of supply. The MoI also provided contingency funds to subordinate commanders to address emerging issues, such as life support. The Director General of Logistics deployed with the MoI command and control element to oversee logistics operations and ensure effective conduct of operations synchronized with the IA. Finally, intelligence analysis led to a well-executed targeting list coordinated between the Ninewa Operations Command and MoI forces.

Despite this progress during recent operations, the NCC is not yet fully integrated with the National Operations Center (NOC) or with the MoD's Joint Operations Center (JOC). This lack of integration highlights command and control shortcomings and the need to codify the overall national-level security architecture. Working alongside Iraqi counterparts, the Coalition and the NTM-I are implementing a series of exercises for 2009 to develop Iraqi individual and collective capabilities and to improve synchronization among the NCC, NOC, and JOC.

Iraqi Police Service

The Iraqi Police Service (IPS) mission to enforce the rule of law, safeguard the public, and provide local security remains unchanged.. As of August 15, 2008, the IPS consisted of 299,170 patrol, station, and traffic personnel. IPS leaders continue to confront significant challenges, including militia and criminal intimidation and influence, attrition, poor maintenance, and wear and tear and theft of equipment.

A continuing area of development is Company Special Weapons and Tactics (CSWAT) capabilities (formerly Iraq Special Weapons and Tactics). CSWAT is a MoI organization specifically trained and advised in combat by the Coalition's Combined Joint Special Operations Task Force (CJSOTF) personnel. Its primary mission is serving high-risk warrants under the rule of law, but its personnel are also used for personal security details, static checkpoint manning, and routine patrols. CSWAT has 3,066 personnel serving throughout Iraq in 22 units varying from platoon- to battalion-sized strength. CJSOTF is partnered with 20 of these CSWAT units in nine provinces. Additional units are still forming in Karbala, Kirkuk and Bayji. Since November 2, 2007, CSWAT units have conducted 173 missions, detained over 391 persons of interest, uncovered 18 weapons caches, and executed a successful hostage rescue mission.

National Police

National Police staffing is increasing but continues to be a challenge. The MoI increased the authorized strength of the National Police (NP) to 44,263, which lowered the percentage fill to 90%. Officer staffing has increased to 1,604 officers, or 48%, of authorized strength. The NP is also continuing its efforts to achieve, through both recruiting and directed assignments, better ethno-sectarian balance within the force to reflect demographics.

The Coalition and NTM-I continue to support the MoI's four-phased NP transformation

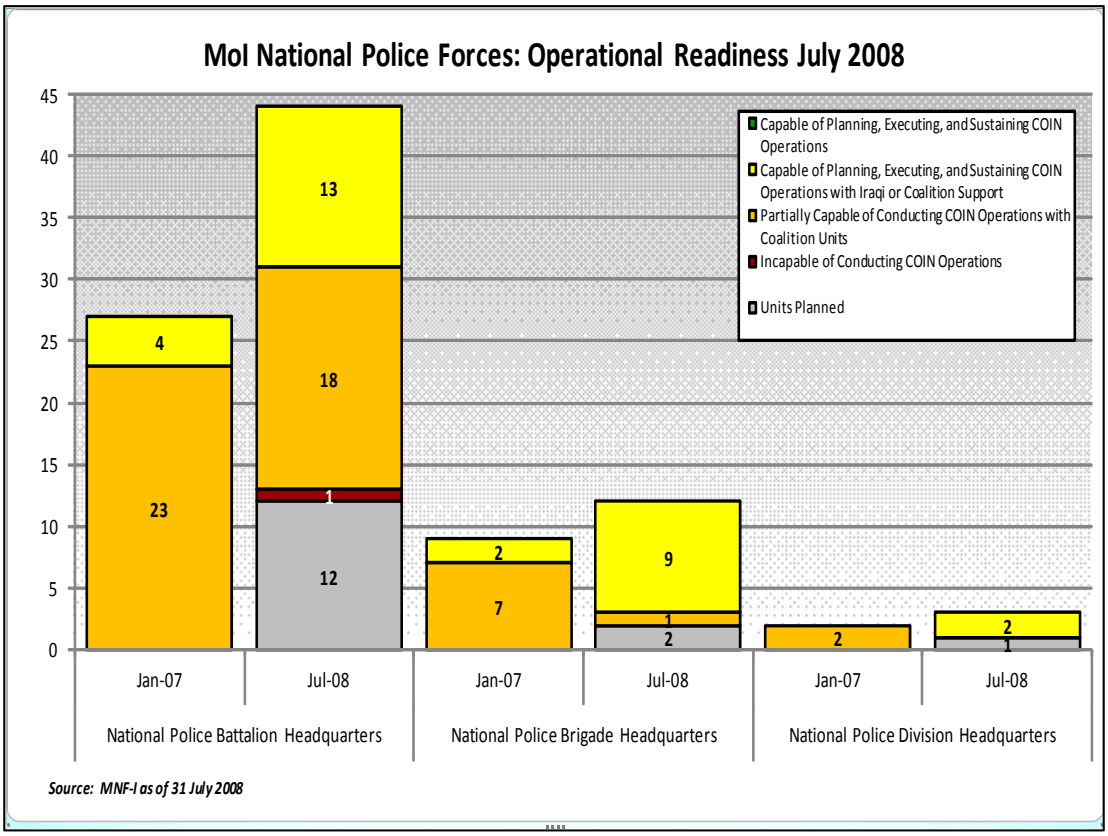
program, which aims to increase force professionalism. The fourth class of Italian *Carabinieri*-led NTM-I training concluded on June 21, 2008 with 422 graduates. The first of the remaining four scheduled battalions started training on July 5, 2008 and graduated 424 National Police on August 28, 2008. Battalion-sized training rotations are approved and resourced through spring 2009. MNSTC-I and NTM-I are laying the foundation to double the throughput, accelerating professionalization of the NP. Additionally, future Iraqi trainers are being selected from among the top graduates of each class; these instructors—nine to date—will form the cadre of the future.

Most NP forces are based in Baghdad, where they support the Baghdad Operations Command; however, NP forces have conducted more than 15 operational deployments outside of Baghdad, most recently in Mosul and Diyala. Their increased effectiveness and deployability mark the beginning of a transition of the NP from a static, Baghdad-centric force to a rapid response force for the MoI. Phase IV of the NP transformation will be regionalization of NP units. Over time, the NP will establish permanent bases in many, if not all, provinces in Iraq. The Prime Minister has directed the formation and basing of a third NP Division. The Al Askarian Brigade, already generated and operating, is the first of three brigades in this new division. Force generation for the second brigade, the Abu Risha Brigade, has already begun.

Directorate of Border Enforcement and Directorate of Ports of Entry

The Directorate of Border Enforcement (DBE) consists of two major components: the Ports of Entry (PoE) Directorate and the DBE Border Police. The PoE Directorate manages 17 land PoEs, 13 of which are open for commerce. The DBE is responsible for inspecting cargo and passengers at four international airports and four seaports. DBE Border Police consist of five regional commands supporting 13 Brigades, 54 Battalions, and the Coastal Border Guard.

The PoE Directorate is responsible for preventing smuggling of accelerants for the



insurgency such as lethal contraband and foreign fighters. Its personnel have become increasingly proficient at identifying and detaining persons wanted for terrorist or criminal activities. This success is a result of working with the Coalition and use of biometrics.

DBE Border Police are responsible for patrolling and providing overwatch to prevent the unlawful entry of contraband, merchandise or persons into Iraq at locations other than designated PoE. The Border Police perform their functions through a variety of methods including vehicle patrols, stationary observation posts, and border forts along Iraq's 3,650-kilometer land border.

The Director General (DG) of the DBE has taken an aggressive stand against corruption throughout the Department, removing two Port Directors and the Chief of Customs Police at a third PoE for misconduct. The DG also suspended an additional Port Director pending the completion of an investigation into allegations of corruption.

The three-year modernization plan and budget developed by the DBE to improve and renovate PoEs and border infrastructure is an innovative step in long-term budget management within the GoI. The Iraqi Council of Representatives approved the 2008 portion of the supplemental budget to fund the three-year infrastructure plan. The end-state will be 712 border forts and annexes (with 5-6 kilometers and line-of-sight capability between them) and an increase in DBE authorized end strength from 38,000 to 46,000 personnel. As of August 2008, 514 border forts and annexes are complete. DBE forces have increased to a total of 13 Brigades and 43,073.

The DBE still faces challenges, including shortage of officers and NCOs, inadequate fuel supplies, limited maintenance capabilities, immature logistical support, lack of maintenance facilities and equipment shortages. The DBE has obligated or spent approximately 77% of the Operations, Salary, and Maintenance funding appropriated for the year.

Facilities Protection Services

The current MoI authorization for the Facilities Protection Services (FPS) is 16,324 personnel. Coalition forces have assisted the MoI and FPS in developing a training plan to increase training capacity from 320 students per month to over 1,000 students per month (two classes of 500 students per class each month). Through July 31, 2008, eight FPS training classes have graduated 1,934 personnel and 82 new instructors have been trained in a Train-the-Trainer course.

If the GoI consolidates other elements of the FPS currently under other ministries into the MoI, the MoI FPS authorization will increase to over 108,000 personnel. A joint MoI, FPS, and Coalition steering group meets weekly to discuss consolidation actions and issues, to include personnel management, training, finance, logistics, communications, and information technology.

A Prime Minister directive transferred the Oil Police from the Ministry of Oil to the MoI in January 2008. This force of nearly 22,000 personnel is responsible for protecting oil infrastructure such as oil wells, pipelines, pumping stations, and refineries. The Coalition is working with the MoI to ensure that the Oil Police are sufficiently trained, equipped and resourced to accomplish their security mission.

National Information and Investigation Agency

The National Information and Investigation Agency (NIIA) is the lead intelligence organization within the MoI. The organization consists of a National Headquarters, 15 provincial bureaus, 6 regional bureaus, 56 district offices, and 13 PoE offices. It conducts criminal intelligence and investigative operations at the national level in coordination with other Iraqi security organizations; however, lack of full trust and confidence between national agencies, such as between

NIIA and the Iraqi National Intelligence Service (INIS), impedes the exchange of criminal intelligence and collaborative intelligence products. Nonetheless, NIIA has demonstrated improvements in leadership, architecture, manning, and training, as well as in intelligence processing and analysis.

The NIIA is implementing a synchronized, multi-tiered vetting plan for personnel hiring and assignments. In June 2008, the NIIA began vetting all key leaders and individuals involved with the counter terrorism analytical mission. Also in June, NIIA officers began a six-month contracted Polygraph Examiner's Course. This core of polygraph examiners will form the nucleus of the newly-created NIIA Security Management Directorate, which will have the mission of internal vetting and polygraph examination of new NIIA hires and personnel for positions requiring access to sensitive facilities and information.

Significant capability and capacity building initiatives for the NIIA are underway. The NIIA's near-term focus is transition planning and occupation of new facilities, which scheduled for winter 2008. Also, Iraqi Intelligence Network (I2N) installation should be complete throughout NIIA by the end of CY08. This secure information network will join NIIA with other Iraqi intelligence organizations. I2N installation in the NIIA will enable provincial stations and counter-terrorism offices to submit collected raw information; to answer requests-for-information; and to prepare target packets, analytical reports, and other intelligence products to NIIA headquarters. Additionally, secure voice communications will enable real-time, long-distance coordination between NIIA headquarters and the provincial offices as well as coordination with other Iraqi intelligence organizations. Three of 15 provisional offices are currently operational with I2N. Construction of the new NIIA headquarters building and the new Baghdad Information Bureau is complete.

2.3 Ministry of Defense

The Ministry of Defense (MoD) has approximately 192,000 personnel authorized and more than 206,000 personnel assigned as of 31 July 2008. While the MoD has grown substantially in both size and capability, significant challenges remain as Iraqi forces begin to operate without support from Coalition forces. Currently, logistics and the sustainment of ISF personnel, equipment, and infrastructure pose the biggest problems for the force. This is largely due to the fact that MoD acquisition procedures and processes are slow, antiquated, and restrained by centralized decision making. Consequently, while the MoD has assumed life-support responsibilities at all of its troop locations, it is still working toward self-sufficiency in maintenance and logistics. Also, as recent events in Basrah, Sadr City, Mosul, Amarah, and Diyala have demonstrated, MoD performance is hampered by ineffective coordination and unclear lines of authority hampering unity of command during large operations.

Iraqi Ground Forces Personnel as of July 31, 2008			
Unit	**Authorized[a]**	**Assigned as percent Authorized**	**Present-for-Duty as percent Authorized**
Iraqi Ground Forces Command HQ	**1,145**	**62%**	**61%**
1st Division	12,105	105%	85%
2nd Division	13,605	117%	84%
3rd Division	12,105	109%	70%
4th Division	15,105	108%	85%
5th Division	12,855	98%	110%
6th Division	11,916	121%	130%
7th Division	12,105	95%	62%
8th Division	15,105	111%	78%
9th Division	13,387	98%	68%
10th Division	10,416	118%	96%
11th Division	9,666	98%	85%
12th Division	12,596	81%	55%
14th Division	11,285	118%	66%
17th Division	7,866	0%	0%
Total Fielded Ground Forces	**171,262**	0%	0%
Additional Units Planned or In Generation	**9,430**		
Total Ground Forces Fielded and Planned	**180,692**		

a. The table represents TOTAL FIELDED GROUND FORCES (and what is PLANNED or in generation, etc., with regard to ground forces (9,430).

Ministry of Defense Transition Issues

Ministry Capacity Development

The MoD continues to refine and institutionalize its internal processes, eliminate corruption, strengthen cross-MoD/JHQ relationships, and improve engagements with other Iraqi ministries and other countries. Recent operations in Basrah, Sadr City, Mosul, Amara, and Diyala have highlighted growing capacity in the areas of force management, resource management, personnel, acquisition, logistics and sustainment, and training and development. However, the Ministry has shown limited progress in the areas of oversight and requirements-based budgeting, and the limited obligation of funds to equip and provide infrastructure support for planned forces generation may impede future growth.

Force Management

The MoD continues developing strategic planning documents such as the National Military Strategy, Defense Policy, and Defense Planning Guidance. The 2009 versions of these documents are being staffed, but they are not integrated with the MoD budget to form an integrated annual expenditure program. Requirements-based development and processes are immature.

Resource Management

The MoD 2008 budget allocation is approximately $5 billion, a funding shortfall of approximately $3 billion against the MoD baseline Service Plan. The categories most affected by this funding shortfall are force generation, sustainment, modernization, and infrastructure development. Exacerbating the problems caused by the budget shortfall is the ineffective execution of the MoD budget. To date, the MoD has executed 27% of its budget through June 2008. Spending has been mainly limited to salaries. Simple execution projection suggests MoD will execute only 60% of its 2008 budget.

The Coalition has had little success in stimulating MoD budget execution, which has been slowed by the MoD's centralized authority and decision-making processes. Under current procedures, the Minister of Defense and Prime Minister exercise close personal authority over approval of most expenditures and infrastructure builds. In addition, MoD is increasingly reluctant to approve contracting proposals, a fact that impacts both new acquisitions and follow-on sustainment purchases.

The MoD is making some effort to improve its budget execution and recently formed its own contracting committee, establishing procedures that ensure an audit trail and a collective decision-making process to approve FMS cases and direct contracts. This committee reinforces the Minister of Defense's authority to approve contracts up to $50 million without referral to higher authority and should result in expedited approvals. The Ministry has also streamlined its process to assess and make recommendations to the contracting committee; however, it is too soon to determine whether this will provide sustained improvement in budget execution.

The MoD is also starting to procure equipment by direct contracting from national and international suppliers. Lack of ministerial capacity remains a significant impediment to this process. Currently, fewer than 300 personnel work in the contracting directorates, and many of these personnel lack the training and experience to write contracts or review specifications and proposals at a level that ensures viable negotiations. Ongoing Coalition efforts aim to improve MoD direct contracting capacity and transparency by providing training and embedding subject-matter experts.

Current Iraqi plans require the fielding of critical combat support and combat service support enablers to support the COIN force over the next two years. If it hopes to accomplish these goals, the MoD will need to plan accordingly and rectify budget execution process and procedures. Absent some improvement in MoD budget execution, the completion of the COIN force, as planned, is at risk.

Personnel

The MoD continues to develop a comprehensive personnel management program. Many policies and processes have been implemented to support life-cycle personnel functions from recruitment to post-retirement, and the infrastructure for the Human Resource Information Management System (HRIMS) payroll and personnel management system is now in place. Additionally, HRIMS now captures data from soldier in-processing at basic combat training, advanced military occupational specialty training, the NCO education system course, and other courses across eleven training centers. MNSTC-I is supporting this important initiative with funding for contractor network support to assist with system development and with training a cadre of database managers. Full HRIMS fielding will connect all training center databases for pay, specialty qualifications, and unit assignments. Because HRIMS interfaces with biometrics systems, it will serve as a database for personnel identification and weapons accountability. Target date for initial HRIMS functionality is December 2008. MoD will need to focus on ensuring adequate training of system personnel and on approving

funding requirements for periodic, recurring renewals of ORACLE Support Applications.

The IA continues to focus on ensuring adequate personnel strength. The MoD decided in the summer of 2007 to fill personnel to 120% of authorizations for IA divisions. Additionally, assigned strength for 2-5 IA has been temporarily increased to 135% of authorized strength to ensure adequate strength for operations. As of July 31, 2008, all generated IA divisions reached an average of 103% of authorized strength. Through July 31, 2008, the monthly AWOL average over the last 6 months for MoD personnel is approximately 1,255. Estimated monthly attrition rate for Iraqi Ground Forces is approximately 2%.

IqAF and IqN continue to grow and are at 57% and 99% of personnel authorizations, respectively, as of July 31, 2008. Their numbers of assigned personnel are commensurate with the air and naval platforms currently available and should grow as the additional platforms are required. However, capacity growth in IqAF and IqN will be slow due to a lack of MoD investment and inadequate infrastructure. Additional factors include the long training period required to produce fully qualified and trained airmen and naval crews for newly purchased platforms.[29]

MoD efforts are increasing its forces' leader-to-led ratios. From January 1 to July 31, 2008, the MoD successfully vetted 3,760 officers and 4,094 NCOs from the former regime and allowed them to "re-join" the Iraqi Joint Forces (IJF). From January 1 to July 31, 2008 the training base graduated 9,251 NCOs. Additionally, as of July 31, 2008, 20,172 total NCOs have entered the IJF since June 2007; 4,040 of those NCOs have accessed since January 1, 2008.

Logistics and Sustainment

MoD logistics and sustainment capacity has improved slightly but remains a key focus area for future improvement. At the tactical level, MNC-I logistical units are partnering with like Iraqi units. At the operational and strategic levels, a vast gap exists in understanding, implementing, and integrating a logistics program. A logistics integrator and additional advisors and partners are needed at the strategic level to improve the logistics and sustainment capabilities in the MoD.

Iraqi Army maintenance procedures are less than adequate, but show signs of improvement. The 3rd line maintenance backlog has been decreasing slowly, and the transition of responsibility from contractors to the IA is complete for nine of 11 maintenance sites. MNSTC-I approved a significantly de-scoped contract extension for the Coalition-funded Iraqi Army Maintenance Program contract through the end of November 2008. This extension provided continued automation training, limited maintenance training, and oversight at the nine sites that have transitioned to the IA. The MoD plans to transition the last two maintenance sites—Al Asad and Taji—once they have sufficient Iraqi mechanics and are capable of self-sustainment. MNSTC-I is enhancing maintenance and driver training and is offering on-the-job training to mechanics working on the refurbished HMMWV transfer program. In addition, the MoD has submitted requests for $80 million in contracts to procure spare parts for vehicles. The MoD does not currently possess its own automated system to ensure accurate and timely parts ordering and distribution, but the IA is familiar with and using the available system.

Training and Development

The IA Training Base Expansion has increased the current capacity at six regional training centers, four division-training centers, and the single combat training center to 19,800 soldiers per training cycle.[30] Four of the eight training cycles scheduled for the IA in 2008 are complete. Through July 2008, 64,332 personnel had graduated from basic combat, specialty, and re-joiner leadership training courses.

The IA is making steady progress toward implementing its Future Iraqi Army Training Concept, which will improve training at institutional, divisional, regional, and combat training centers. With Coalition assistance, Iraqi leaders have initiated enhancements at the division and regional training centers to increase training capabilities for individual, leader, staff, and small unit collective task training. To support this effort, the Tactical Training Command recently completed a comprehensive revision of training center organization and modified tables of organization and equipment (MTOEs), aligning Iraqi instructors and training center cadres. Signifying the success of these recent initiatives, the Combat Training Center at Besmayah graduated its first War Fighters Course in July 2008. This course provides refresher training to battalions rotating out of combat operations. It exercises battalion combat operations and incorporates training in planning, user maintenance, weapons qualification, and operational tactics, techniques, and procedures during combat operations.

Recognizing the important of strong commissioned and non-commissioned officers, the JHQ has pursued many initiatives to improve leadership within the ISF. These include accelerated officer commissioning programs for university graduates and active recruitment of former Iraqi officers and NCOs. On the enlisted side, the top 10% of each Basic Combat Training class is selected to attend a Corporal's Course. Through July 31, 2008, this program generated over 4,053 new corporals. Finally, the JHQ has established professionalism seminars for key officer and enlisted leadership within the JHQ and with each of the services. These Iraqi-led seminars establish a recurring forum to develop and institutionalize military professionalism.

While officer training and development are improving, much work remains. The four military Academies are graduating enough cadets for the needs of the Iraqi Joint Forces, but facilities remain rudimentary and tactical training is limited. The Junior Staff course—with only 64 students—is too small for the size of the Iraqi Army, but plans are underway to double the capacity in 2009. A new Brigade and Battalion Commanders' course fills an important gap in officer professional development. To improve the officer training and education system, the JHQ also established a training-needs analysis committee to analyze IA officer skill requirements.

The MoD is also improving professionalism in the civilian and military work force through courses and seminars taught at the Ministerial Developmental Training Center. From January to August 2008, over 500 civilian and military students received instruction in 41 different courses covering a variety of subjects. The MoD plans instruction for an additional 350 students in 22 courses through the end of 2008.

Several factors currently prevent full utilization of the available training resources. Though many courses offered by Coalition forces require English language proficiency, the MoD has not established an effective English-language training program. This is a contributing factor to lost training opportunities and inhibits personnel development for military occupational specialties—especially pilots—requiring English language proficiency. Complementing the MoD's training effort is the NATO Training Mission–Iraq (NTM-I). NTM-I provides a variety of professional mentorship programs for the ISF. Its core contributions are institutional training for Iraqi military officers, *Carabinieri* training for the National Police, and mentoring and training in support of national command and control centers. NTM-I has trained thousands of GoI security personnel in areas such as civil and military staff training, police training and officer and NCO leadership training. Recently, NATO expanded its training programs for the Iraqi Navy and Iraqi Army NCO corps.

In an attempt to synchronize and coordinate these many efforts, the JHQ held its first

commander's conference in July. This conference was Iraqi-led and gave the division commanders and operations commands an opportunity to brief the MoD and JHQ on the status of forces and the challenges each faces. The JHQ is planning the next conference, which will likely focus on logistics issues.

The JHQ further demonstrated its capacity development by presenting its first Iraqi-led Transition Readiness Assessment (TRA) to the MoD. The senior leaders from both the JHQ and MoD assessed the training capability of the Iraqi Joint Forces and focused on three critical areas: infrastructure, maintenance, and spare parts. The JHQ identified the most significant challenges for the joint forces, which are largely a result of the accelerated growth. Many of the challenges identified stem from the centralized decision-making process and lack of direction from the MoD. The Coalition will have to continue to mentor and advise the JHQ and to provide them with the necessary information to make decisions in a timely manner. The TRA, like the commander's conference, will occur quarterly.

Military Justice

Military Justice systems and processes continue to develop. Courts are operational, with trials taking place in Baghdad, Mosul, Basrah, Najaf, and Ramadi. The Ramadi court began holding trials during the last week of July 2008. The remaining military court, to be located in Erbil, should open during the fall of 2008. The MoD has opened a functioning appellate military court in Baghdad.

Inspector General

The MoD and JHQ Inspector General (IG) system is maturing. The JHQ IG is very active and increasingly effective in reinforcing adherence to the rule of law. Its personnel effectively executed a well-documented inspection schedule, accomplishing 65 inspections through July 31, 2008. However, the MoD must address the IG's limited record keeping, unverifiable case closures, and poor work in identifying corruption.

Embedded Advisory Support

Embedded Advisory Teams (ATs) continue to support the MoD and JHQ with 18 and 35 advisors, respectively. The teams advise, mentor, and provide subject matter expertise to senior Iraqi officials. Teams include subject matter specialists in areas such as budget execution and contracting. In an effort to accelerate growth in ministerial capacity, the MoD-AT will expand to 58 personnel through a combination of internal realignment and outsourcing for personnel with critical skills.

Transition Teams embed within each of the Iraqi services (Army, Air Force, and Navy) to provide advisory, mentoring, and subject matter expert support at the tactical, operational, and strategic levels. Military Transition Teams (MiTTs), assigned to the MNC-I Iraqi Assistance Group, embed with the Iraqi Ground Forces Command (IGFC) and with most division, brigade, and battalion headquarters. At the tactical level, MiTTs provide advisory support and direct access to Coalition resources to enhance ISF ability to conduct operations. MiTTs consist of approximately 10 to 15 personnel who advise and assist Iraqi commanders and staff on planning processes and combat operations. MiTTs are fielded to every battalion and above with 183 external teams currently fielded. MNC-I uses a conditions-based concept for MiTT employment that allows for Multi-National Division commanders to distribute MiTTs based on the security environment in the area of operation, the level of training and effectiveness of ISF units, and the effectiveness of local governance.

The Coalition Army Advisory and Training Team (CAATT) has training teams embedded at the Iraqi Army Tactical Training Command; at the divisional, regional, and combat training centers and other schools (such as the Iraqi Army Service and Support Institute); at each Location Command; and at Taji National Depot. CAATT is responsible for assisting the MoD and JHQ with force generation, force replenishment, and force sustainment.

The Coalition Air Force Training Team (CAFTT) has advisor teams at the strategic (Air Staff), operational (Air Operations Center), and tactical (individual squadron) levels. CAFTT is responsible for assisting the IqAF as it develops near term airpower capabilities to support the COIN fight and sets the conditions for a further growth in the long term. CAFTT advises along the full spectrum of IqAF activities, from flying operational and training missions to building, training, equipping, and sustaining the force.

The Maritime Strategic Transition Team advises the Iraqi Head of Navy and Iraqi Navy Headquarters Staff to develop a capable and responsive IqN. Its Naval Transition Team embeds with the IqN at Umm Qasr Naval Base and supports generation of a properly organized, trained, and equipped naval force.

Supporting the advisory and training teams are six functional capability teams. These teams provide expertise in manning, materiel acquisition, budget, sustainment, training and development, and force management. These teams are vital to the success of the advisory and training teams, as they develop potential solutions for Iraqi Joint Force challenges.

Ministry of Defense Forces

Joint Headquarters – Command and Control

The Joint Headquarters is developing a greater capability to provide operational-level advice to the MoD. Furthermore, with growing experience from operations in Basrah, Mosul, Sadr City, Amarah, and Diyala, the JHQ is developing its capacity to plan and resource operations. In Diyala in particular, the JHQ systematically planned and coordinated for essential classes of supply in advance of combat operations.

Another significant area of progress has been the ability of the JHQ to plan, resource and manage its increasingly complex force management program to recruit, train, equip, and deploy new combat and support units, while at the same time maintaining the capability of the existing force.

Despite the JHQ's progress, the Iraqi national security command-and-control architecture continues to be poorly defined, which inhibits planning, decision-making, and the ability to execute coordinated operations at all levels.

Iraqi Army

The Iraqi Army (IA) currently has 13 infantry divisions and one mechanized infantry division organized under the IGFC. It is assigned 180,296 soldiers, exceeding its authorization of 171,262 soldiers and officers. The IA also has approximately 22,000 soldiers assigned to training and support forces.

The IA continues to grow in size. As part of the ISF expansion and growth initiative in early summer 2007, a directive to over-man the existing divisions, as well as to establish a new division (the 14th IA Division), was issued. In the spring of 2008, the PM directed the formation of the 17th IA Division, which was created using excess forces from the 6th IA Division. Since these soldiers are still on the 6th IA Division payroll, the assigned strength of the 17th IA Division is reported as 0. Force generation plans for this division are ongoing. Additionally, the IA and the JHQ leadership are coordinating with the Kurdistan Regional Government to develop a plan to integrate two Kurdish Peshmerga divisions into the IA; however, the level of GoI and KRG leadership support for this initiative remains unclear.

The IA continues to generate units as planned, and the MoD and the JHQ are cooperating to prioritize unit generation and to determine resourcing requirements. The development of logistics units is progressing. By the end of 2008, the IA will produce an additional one division headquarters, five brigade headquarters, eight infantry battalions, five additional location commands, two motor transport regiments, one general transport regiment, one logistics battalion, and an Army Ammunition Depot. Each of the additional logistics units will be dedicated to support specific IA divisions and each is critical to the IA's efforts to achieve logistical self-

sufficiency. Coalition coordination with the MoD and JHQ to maximize training base capacity remains a major area of focus.

Recent operations in Amarah and Diyala demonstrate that IA leaders are increasingly able to plan, coordinate, and execute COIN operations. In Amarah, the MoD and MoI worked together to attach the 6th NP Brigade to the 1st IA Division. Additionally, the 38th and 10th Brigades were ordered to move to Amarah and were assigned to the 1st IA Division. In Diyala, the JHQ and the IGFC planned and coordinated the movement and repositioning of four brigades; all four brigades were detached from other ISF Divisions, integrated under the command and control of the Diyala Operations Command, and assigned to conduct security and stability operations.

Iraqi forces in Basrah, Sadr City, Mosul, Amarah, and Diyala continue to pursue AQI and militia extremists. Overall, the IA continues to improve, but relies on Coalition forces for close air support, fire support, intelligence, surveillance and reconnaissance (ISR), logistics, sustainment, and communications. While operations in Diyala and Amarah have demonstrated a gradual improvement in the command and support relationships of attached brigades from other IA divisions, IA units must further improve their ability to specify command relationships. Recognizing this need, the IA continues to develop its command and control infrastructure and capability. As of July 2008, the IGFC assumed command and control of the planned 14 IA divisions, 52 brigade headquarters, 171 army battalions, eight infrastructure battalions and six special operations battalions. Of these planned units, two divisions, four brigade headquarters, 18 army battalions, two special operations battalions, and one infrastructure battalion are still being formed. Therefore, the current ground combat power strength is 164 battalions with a total of 185 planned battalions. Also, operational commands have been established in Baghdad, Ninewa, Karbala, Samarra, Basrah, Anbar, and Diyala. These provide an operational headquarters for all (military and police) units operating in that region.

The Engineering Infrastructure Battalion has completed training at Taji Training Center. Two battalions are responsible for rapid repairs of the oil pipeline and of the electrical transmission and generating lines. The MoE continues to provide training for Electrical Repair Company personnel, and the Ministry of Oil provides training for the Pipeline Repair Company. These units will provide the IA critical capability to repair damaged electrical power lines and oil pipelines in unsecured areas.

Weapons issue, training, and accountability have improved. The IA has expanded fielding and training on U.S. standard weapons such as M16A4s and M4s. The M16 Program had fielded over 44,375 weapons through July 2008 and is on track to reach the 2008 goal of 58,000. Accountability of M16A4s and M4s has been improved via the use of multiple forms of identification, including biometric data. In conjunction with M16A4 and M4 fielding and training, the IA certified 53 maintainers and 4,490 IA officer and NCO trainers on the M16A4 and M4s.

Single Channel Ground and Airborne Radio Systems (SINCGARS) are currently being fielded in the Iraqi Army. SINCGARS provides VHF-FM combat net radio communication with electronic counter-countermeasure by frequency hopping and digital data capability. 4,500 individual radios have been issued, and 359 vehicle systems have been installed. After an initial training period, Iraqi soldiers assumed all installation responsibilities, and Iraqi Divisions now utilize the SINCGARS radios during combat operations.

Iraqi Navy

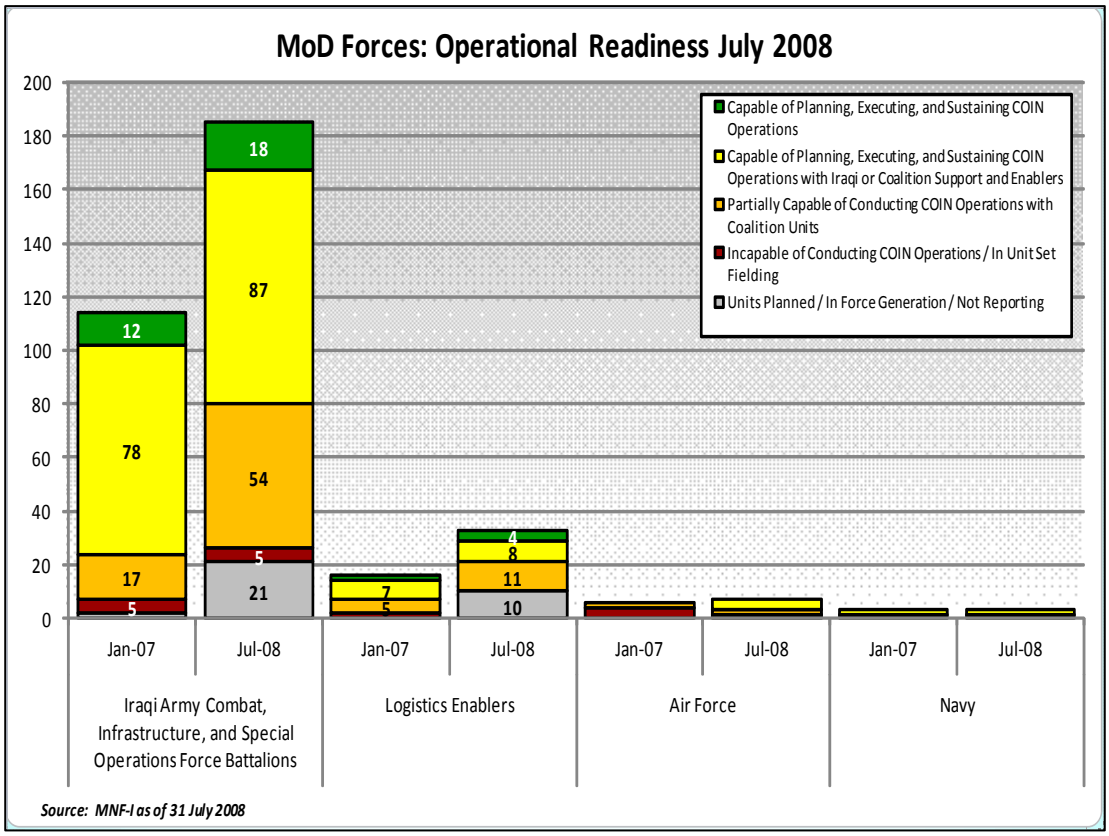
The Iraqi Navy (IqN) has 1,872 assigned officers, sailors, and Marines operating out of a single base at Umm Qasr. The IqN

organization consists of an operational headquarters, one afloat squadron, one support squadron, and two Marine battalions. One Iraqi Navy Marine Battalion partners with Coalition forces to provide point defense of the offshore oil platforms and to conduct visit, board, search, and seizure (VBSS) operations. The second battalion protects the Port of Umm Qasr. Additionally, the Navy conducts patrols and boardings from its FABs in the Khwar Abd Allah Waterway approaches to Umm Qasr.

The IqN's headquarters element at the MoD continues to improve the effectiveness of its day-to-day management of the IqN and its joint long-term planning. For example, the Navy staff has published a comprehensive Navy Plan in support of the Iraqi National Military Strategy.

The IqN is sustaining a good operations tempo. Its forces operate five small Patrol Boats and 10 Fast Assault Boats (FABs) to police Iraq's territorial waters. Since March 2008, the IqN completed 923 out of 995 planned patrols (92.7% execution rate), with the majority of cancellations due to weather and high seas. The current operations tempo results in approximately 42 independent patrols conducted each week, with 15 to 33 boarding operations. The IqN has sustained this level of effort in conjunction with expanded mission requirements since Operation Charge of the Knights in March 2008.

Equipment acquisition and infrastructure development continue. The IqN will accept delivery of six new Fast Assault Boats (FABs) in October 2008. An additional 10 will follow in December 2008, and the final 10 in the spring of 2009. Also, FABs reallocated from river operations in Baghdad will allow VBSS operations in the North Arabian Gulf as well as patrols of the Khwar Al Abdullah waterway and the ports of Umm Qasr and Az Zubayr. The current acquisition plan involves commissioning 21 major vessels (10 in 2009 and 11 in 2010) and 50 fast insertion and interdiction craft by 2011. Additionally, the GoI is expected to contract with Malaysia for an additional 12 patrol boats by April 2009. To support these new ships, the IqN let a contract



for new piers in Umm Qasr in August 2008 and is on schedule to let a contract for new sailor accommodations in September 2008. Additional infrastructure requirements for 2009 include warehouses, workshops, munitions storage, training simulators, and a new headquarters building.

The IqN is conducting enhanced skills training in preparation for delivery of new vessels. Engineering personnel are undergoing in-country specialist courses to improve their skills. However, additional engineering support will be required due to the limited number and experience of these personnel. The IqN would benefit from a Contractor Logistics Support arrangement with an international company for at least the first three years following delivery and acceptance of the new vessels.

Despite these positive steps, the IqN still faces challenges in meeting its infrastructure requirements, training needs, and command and control enabling systems for its ambitious acquisition program.

Iraqi Air Force

The Iraqi Air Force (IqAF) continues to increase its personnel and equipment capacities. The IqAF has 1,887 personnel assigned (up from 1,580 in the last report), which represents 57% of authorized strength. The IqAF currently has 64 assigned aircraft and anticipates receiving 15 more aircraft by the end of 2008.[31] Another 34 aircraft are expected for delivery in 2009.

The IqAF headquarters has demonstrated an increased ability to lead and manage day-to-day operations. IqAF leaders have increasingly engaged the JHQ and MoD for requirements support. However, a lack of MoD resourcing support slows IqAF current operations and overall capability growth. To date, the MoD has allocated the IqAF less than 50% of total 2008 funding requirements.

Major remaining 2008 acquisitions to grow IqAF capabilities include: 12 light-attack aircraft and up to 50 attack helicopters (MoD directed addition), air traffic control towers, air defense radar and sector operations centers, Hellfire missiles, and ISR ground stations. The MoD has begun initial work to acquire six C-130Js, with the understanding that significant Iraqi supplemental funding would be required. Additionally, the MoD has provided the DoD a letter of request for price and availability on 36 F-16 aircraft and parallel systems. DoD is evaluating and processing the request.

CAFTT's projected focus area is increasing training capacity to meet requirements associated with eventual IqAF growth to 6,000 personnel by 2010. The IqAF Training Wing at Taji Air Base is responsible for the Basic Military Training school, the Basic Technical Training school, the Air Force Academy, and the Air Force Officer Course at the Iraq Military Academy at Rustamiyah (IMAR). CAFTT is working with the MoD and the IqAF to increase the size of Air Force classes from 50 to 150 in the four remaining 2008 IMAR courses. By the end of CY 08, the IqAF should graduate an additional 44 officers and 826 warrant officers from the Air Force Academy at Taji, and the Air Force officer course at IMAR should graduate 135 new officers. Additionally, 362 airmen across various occupational specialties should graduate from the Technical Training school.

Flight training takes place at the Flight Training Wing in Kirkuk. By the end of 2008, 13 pilots and 2 instructors should graduate from the program. Forty-six Iraqi aircrew instructors (instructor pilots and mission sensor operators) are available to conduct ISR mission training. The flight training wing has an annual basic flight training capacity of 130 students. Currently, 24 students are enrolled in flight training.

IqAF fleet sustainment is CAFTT's secondary focus area, as current sustainment efforts are insufficient. Although the GoI recently signed

contracts to ensure sustainment of their three C-130Es at New al-Muthanna Air Base, contracts for sustaining the remaining fixed-wing and rotary-wing fleet are not signed and will lapse. With many current contracts expiring by October 2008, aircraft grounding due to unavailable parts and maintenance personnel is expected; this will have a significant impact on sortie generation, training, and operational missions.

The third CAFTT focus area for the remainder of 2008 is IqAF infrastructure, which is fundamental to sustaining IqAF growth. Ongoing projects at Taji support training capacity growth as well as a Mi-17 avionics testing and maintenance requirements. Site surveys at Ali, Al Kut, and Shaibah support IqAF service plans. Additionally, ongoing work at New al-Muthanna Air Base supports Iraqi plans to permanently base a King Air detachment and to construct the IqAF aero medical center.

Directorate General for Intelligence and Security and JHQ, Directorate for Intelligence

The Directorate General for Intelligence and Security (DGIS) is the MoD's lead intelligence agency. With 4,090 personnel assigned, the DGIS is at 89% of its authorized level.[32] The organization consists of a National Headquarters, the Intelligence and Military Security School (IMSS), 18 Provincial Headquarters, and 91 field offices. DGIS conducts intelligence collection, processing, analysis, and reporting of human intelligence (HUMINT), signals intelligence (SIGINT), open source intelligence, imagery intelligence (IMINT). It also provides mapping services and products to supported Iraqi operational and intelligence offices.

In July 2008, the MNSTC-I Intelligence Transition Team assessed the DGIS as effective with considerable limitations. The Imagery and Mapping Directorate (IMD) is progressing but has contributed to recent operational successes by providing annotated maps and imagery to operational units. The IMD is hampered by an immature dissemination architecture. Iraqi Intelligence Network (I2N) fielding, installation, and operational use is ongoing. The Signals and Information Directorate has personnel but is awaiting equipment procurement and fielding. Coalition efforts in advanced HUMINT training, combined with Iraqi decisions on organizational roles and missions, should yield immediate results. IMSS continues to expand course curricula: over 2,700 personnel have graduated from the academy, 500 of whom graduated between January and June 2008.

The JHQ Directorate for Intelligence (M2) is assessed to be effective, having shown progress in training, planning, collection management, analysis, and exploitation. The M2 is staffed at 105% of authorizations, with 348 assigned against 332 authorizations. The organization's main limitation is the incomplete fielding of I2N, which will enable the rapid reporting and dissemination of intelligence. I2N installations at the Basrah, Diyala and Ninewa Operations Centers have improved M2's ability to coordinate with operational commanders. Remaining operations centers will receive I2N by the end of CY08, providing the M2 with the ability to collect and disseminate intelligence from every region.

DGIS-established Intelligence Fusion Cells (IFCs) continue to contribute to focused targeting and demonstrate intelligence sharing. These fusion cells include representatives from DGIS, NIIA, the Iraqi National Intelligence Service (INIS), the Minister of State for National Security Affairs, and the Counter Terrorism Command (CTC). Their operations resulted in actionable target folders for apprehension of key subjects during recent operations. Future development and training efforts for the IFCs include the creation of standard IFC tactics, techniques, and procedures (TTPs) and the implementation of advanced analytical techniques, including predictive analysis.

2.4 Iraqi National Counter-Terrorism Force (INCTF)

The Iraqi National Counter-Terrorism Force (INCTF) is composed of the Counter-Terrorism Bureau (CTB), the Counter-Terrorism Command (CTC), and the Iraqi Special Operations Force (ISOF) Brigade.

The Iraqi CTB is the ministerial-level Counter-Terrorism (CT) agency. It coordinates with the MoD and the MoI on strategic-level planning, as well as on targeting and intelligence fusion. The proposed CTB Law, which will codify CTB's existence as the ministerial-level CT agency, was approved by the Council of Ministers in late July and awaits passage by the Council of Representatives. Currently, the MoD provides salary and equipment support to CTB through a memorandum of agreement that will remain in force until the CTB receives its CY 09 budget. The CTB exercises oversight of the CTC, which is assuming command and control of Iraqi Special Operations Forces (ISOF) units that execute tactical operations. Currently, the CTB is manned at 185% of authorizations, the CTC at 85%, and the ISOF Brigade at 76%.

The CTB submitted a budget of $358 million for CY08. It received $167 million in a direct funding allocation, and the MoD was directed to pay the INCTF salaries of $157 million for CY08. In 2009, the CTB is programmed to receive and have the authority to obligate its own budget. A $580 million budget request is projected.

The 1st ISOF Brigade—consisting of five combat battalions, one training battalion, one support battalion, and a reconnaissance battalion—has been formed and equipped. Transition of command and control for this Brigade from Coalition forces to the CTB/CTC is on track. Phase IV of the transition—Iraqi command and control of ground operations with U.S. oversight—began in the summer of 2008. Despite shortages of company grade officers and seasoned NCOs, ISOF forces have performed extremely well in operations throughout Iraq.

Force generation of the ISOF garrison support unit (GSU) is on schedule. The GSU will be fully operational by January 2009. When fully fielded, the GSU will consist of a 766-man unit co-located with the ISOF Brigade HQ. It will be capable of providing 60-man regional support unit detachments in support of each of the four regional commando battalions.

Four regional commando bases (RCB) are currently being generated to increase ISOF presence and nationwide capability to conduct CT operations. These RCBs will each consist of a 440-man regional commando battalion, a 60-man GSU, a 30-man regional reconnaissance team, and a 40-man Regional Counter-Terrorism Center (RCC). The four RCBs will be located in Basrah, Mosul, Diyala, and Al Asad. RCB Basrah reached initial operating capability and at its temporary locations in January 2008. The permanent RCB Basrah will be completed in April 2009. RCB Mosul was completed in July 2008. RCB Al-Asad and RCB Diyala should be operational in November 2008 and March 2009, respectively, to include basing infrastructure.

Regional Counter-Terrorism Centers (RCCs) are being established at all four RCBs. INCTF will also establish a fifth RCC in Baghdad. Similar to U.S. Joint Interagency Task Forces, the RCCs will work for the CTC to develop terrorist network mapping and to fuse intelligence support for their respective commando battalion battle spaces. Additionally, the RCCs will develop and implement intelligence exchange activities with Coalition forces in their respective areas of operation. The Basrah and Mosul RCCs are fully operational. The RCCs in Baghdad and Al-Asad will become operational in this year, and the Diyala RCC in mid-2009.

The INCTF continues to develop specialized training for its forces. The 5th Battalion of the 1st ISOF Brigade located in Baghdad provides key training at the Iraqi Special Warfare Center and School. In May 2008, the school graduated 855 men from its Selection Course, out of

approximately 2,000 who began the course. The top 70 graduates, now scheduled for the eight-week Operators Training Course, will be assigned to the elite 2nd Battalion, the Iraqi Counter-Terrorism Force. The next 200 highest graduates of the Selection Course will attend the six-week Commando Course and will be assigned to the various regional commando battalions. The remaining graduates have been assigned to the GSU and the 3rd Battalion (Support).

The Iraqi Air Force (IqAF) is developing aviation support for the ISOF. A Memorandum of Agreement between MoD and CTB identified IqAF activities to develop counter-terrorism capability, including training Mi-17 helicopter crews for day and night-vision-goggle tactical air assault missions, providing air transportation, and coordinating reconnaissance operations. Future IqAF capabilities under development to support the counter-terrorism mission include medical airlift, airborne command and control, and light attack (precision fire) aircraft. The 15th Squadron is the only IqAF unit tasked to support the CT mission. The IqAF and the ISOF battalions are conducting joint air mobility training, forming the foundation for joint air assault operations. To enhance air-to-ground coordination, the ISOF battalions are developing an Iraqi Tactical Air Controller (ITAC) program. The ITAC course will start in September 2008 and will provide ISOF tactical units the capability to coordinate precision fire from IqAF assets.

The Coalition's INCTF transition team has embedded advisors at all levels (CTB, CTC, and ISOF) to oversee the transition of command and control from Coalition forces to INCTF, facilitating a self sustaining Iraqi CT capability. For example, INCTF continues to work with MoD to identify solutions to the ISOF Brigade's shortage of seasoned non-commissioned officers.

Annex A

List of Acronyms and Abbreviations

AQI	al Qaeda in Iraq
AT	Advisory Team
ATM	Automatic Teller Machine
AWOL	Absent Without Leave
BACC	Baghdad Area Control Center
BSA	Board of Supreme Audit
CAATT	Coalition Army Advisory Training Team
CAFTT	Coalition Air Force Transition Team
CBI	Central Bank of Iraq
CCCI	Central Criminal Court of Iraq
CJSOTF	Combined Joint Special Operations Task Force
COB	Contingency Operating Base
CoI	Commission on Integrity
COIN	Counterinsurgency
COL	Contingency Operating Location
CoR	Council of Representatives
COS	Contingency Operating Site
COSIT	Central Organization for Statistics and Information Technology
CSWAT	Company Special Weapons and Tactics (formerly ISWAT)
CT	Counter-Terrorism
CTB	Counter-Terrorism Bureau
CTC	Counter-Terrorism Command
CY	Calendar Year
DBE	Directorate of Border Enforcement
DG	Director General
DGIS	Directorate General for Intelligence and Security
EFT	Electronic Funds Transfer
ePRT	Embedded Provincial Reconstruction Team
ERB	Emergency Response Brigade
FAB	Fast Assault Boat
FMS	Foreign Military Sales
FPS	Facilities Protection Service
GDP	Gross Domestic Product
GoI	Government of Iraq
GRD	Gulf Region Division
GSU	Garrison Support Unit
GTR	General Transportation Regiment
HCC	High Contracts Committee
HJC	Higher Juridical Council
HMMWV	High Mobility Multipurpose Wheeled Vehicle
HPA	High Profile Attack
HQ	Headquarters
HR	Human Resources
HRIMS	Human Resource Information Management System
HUMINT	Human Intelligence
I2N	Iraqi Intelligence Network

IA	Iraqi Army
ICI	International Compact with Iraq
IDP	Internally Displaced Person
IED	Improvised Explosive Devices
IFC	Intelligence Fusion Cell
IFMIS	Iraq Financial Management Information System
IG	Inspector General
IGFC	Iraqi Ground Forces Command
IHEC	Independent Higher Electoral Commission
IJF	Iraqi Joint Forces
IMAR	Iraqi Military Academy at Rustamiyah
IMD	Imagery and Mapping Directorate
IMF	International Monetary Fund
IMINT	Imagery Intelligence
IMSS	Intelligence and Military Security School
INCTF	Iraqi National Counter-Terrorism Force
INIS	Iraqi National Intelligence Service
INTEL-TT	Intelligence Transition Team
IOM	International Organization for Migration
IPA	International Police Advisor
IPS	Iraqi Police Service
IqAF	Iraqi Air Force
IqN	Iraqi Navy
IRFFI	International Reconstruction Fund for Iraq
IRR	Iraq Republic Railway
IRRF	Iraq Relief and Reconstruction Fund
ISF	Iraqi Security Forces
ISFF	Iraqi Security Forces Funds
ISOF	Iraqi Special Operations Forces
ISR	Intelligence, Surveillance, and Reconnaissance
ITAC	Iraqi Tactical Air Controller
ITN	Iraq Transportation Network
JAM	Jaysh al-Mahdi
JCC-I/A	Joint Contracting Command Iraq/Afghanistan
JEC	Joint Economic Commission
JHQ	Joint Headquarters
JOC	Joint Operations Center
KGK	Kongra Gel
KRG	Kurdistan Regional Government
LAOTF	Law and Order Task Force
LOA	Letter of Acceptance
M2	Directorate for Intelligence
mbbl/d	Million Barrels Per Day
MiTT	Military Transition Teams
MND	Multi-National Division
MNC-I	Multi-National Corps-Iraq
MNF-I	Multi-National Force-Iraq
MNSTC-I	Multi-National Security Transition Command-Iraq
MoCH	Ministry of Construction and Housing

MoD	Ministry of Defense
MoE	Ministry of Electricity
MoF	Ministry of Finance
MoH	Ministry of Health
MoHE	Ministry of Higher Education
MoI	Ministry of Interior
MoJ	Ministry of Justice
MSI	Mutammar Sahwat Al-Iraq
NCC	National Command Center
NCO	Non-Commissioned Officer
NIIA	National Information and Investigation Agency
NOC	National Operations Center
NP	National Police
NTM-I	NATO Training Mission-Iraq
OTA	Office of the Transportation Attaché
PBIED	Person Borne Improvised Explosive Device
PDS	Provincial Development Strategy
PEZ	Pipeline Exclusion Zone
PFMAG	Public Finance Management Group
PIC	Provincial Iraqi Control
PoE	Directorate of Ports of Entry
PRT	Provincial Reconstruction Team
PST	Provincial Support Teams
PTT	Police Transition Team
RCB	Regional Commando Bases
RCC	Regional Counter-Terrorism Centers
ROLC	Rule of Law Complex
SBA	Stand-By Arrangement
SFA	Strategic Framework Agreement
SG	Special Groups
SIGINT	Signals Intelligence
SINCGARS	Single Channel Ground and Airborne Radio Systems
SOE	State-Owned Enterprises
SoI	Sons of Iraq
TFBSO	Task Force to Improve Business and Stability Operations-Iraq
TRA	Transition Readiness Assessment
UAE	United Arab Emirates
UNAMI	United Nations Assistance Mission Iraq
UNHCR	United Nations High Commissioner for Refugees
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
VBSS	Vessel Board, Seize, and Search

[1] This report also meets all requirements of Section 609 of Public Law 110-161.
[2] The data cutoff date for this report, unless otherwise stated, is August 31, 2008.
[3] Those ineligible for amnesty under this law include those already sentenced to death under the Penal Code, those charged or convicted of violations of the Anti-Terrorism Law that resulted in death or disability, and those charged with or convicted of pre-meditated murder, manslaughter, kidnapping, stealing, aggravating circumstances, embezzlement, rape, sodomy, incest, counterfeiting, drug crimes, smuggling antiquities, or any of several offenses under the Military Penal Code.
[4] Nationwide Survey, August 2008: "Think about the basic services that have been available to you and your family, and tell me how often each of the following statements have been true in the past 30 days. Your family has been able to get enough to eat." Sample size ~8,700.
[5] *Inma* translates as "growth" in Arabic.
[6] Nationwide Survey, August 2008: "Think about the basic services that have been available to you and your family, and tell me how often each of the following statements have been true in the past 30 days. Your family has been able to get the electricity you need." Sample size ~8,700.
[7] Nationwide Survey, August 2008: "Think about the basic services that have been available to you and your family, and tell me how often each of the following statements have been true in the past 30 days. Your family has been able to get safe, clean drinking water." Sample size ~8,700.
[8] Nationwide Survey, August 2008: "How would you describe the security situation today in your neighborhood?" Sample size ~12,000.
[9] Nationwide Survey, August 2008: "How would you describe the security situation today in your province?" "How would you describe the security situation today in the country?" Sample size ~12,000.
[10] Nationwide Survey, August 2008: "In the past six months, has the security situation in your neighborhood become better, stayed about the same, or become worse?" Sample size ~12,000.
[11] Nationwide Survey, August 2008: "What about the country as a whole? In the past six months, has the security situation in Iraq become better, stayed about the same, or become worse?" Sample size ~12,000.
[12] Nationwide Survey, August 2008: "To what extent do you agree or disagree with each of the following statements? I feel safe and secure in my neighborhood. I feel safe traveling outside my neighborhood." Sample size ~12,000.
[13] Nationwide Survey, August 2008: "When you see the Iraqi Army in your neighborhood, do you feel: ?" "When you see the Iraqi Police in your neighborhood, do you feel: ?" Sample size ~8,700.
[14] Nationwide Survey, August 2008: "How effective is the Iraqi government in each of the following areas: Maintaining Security?" Sample size ~12,000.
[15] Nationwide Survey, August 2008: "How would you rate the level of peace and stability in Iraq today?" Sample size ~8,700.
[16] Nationwide Survey, August 2008: "Do you think the Iraqi Army is winning or losing the battle against terrorists?" "Do you think the Iraqi Police is winning or losing the battle against crime?" Sample size ~8,700.
[17] Nationwide Survey, August 2008: "Do you have confidence in the following groups to improve the overall security situation in Iraq? Iraqi Army. Iraqi Police" Sample size ~8,700.
[18] Nationwide Survey, August 2008: "How much confidence do you have in the following to improve the overall security situation in Iraq? National Government. Provincial government. Local Government." Sample size ~8.700.
[19] Nationwide Survey, August 2008: "How much confidence do you have in the following to improve the overall security situation in Iraq?" Multi-National forces. Armed groups. Militias." Sample size: ~8,700.
[20] Nationwide Survey, August 2008: "Who is most responsible for providing security in your neighborhood?" Sample size ~8,700.
[21] Nationwide Survey, August 2008: "How much confidence do you have in the following to protect you and your family against threats?...Iraqi Army" Sample size ~8,700.
[22] Nationwide Survey, August 2008: "How much confidence do you have in the following to protect you and your family against threats?...Iraqi Police, Provincial Government, Local Government, National Government" Sample ~8,700.
[23] Nationwide Survey, August 2008: "How much confidence do you have in the following to protect you and your family against threats?...MNF, Armed Groups, Militias" Sample ~8,700.
[24] MoI employees not included in Iraqi Security Force numbers include 15,988 Civil Defense Forces, 19,108 Facility Protection Service forces, 22,000 Oil Police, and 33,713 headquarters and administrative personnel—a total of 90,809 other MoI employees.
[25] Four separate studies informed these Iraqi force end-strength estimates. The first was the May 2007 MNSTC-I In-stride Assessment of growth required in 2008 to protect the population, overmatch the enemy, provide the depth necessary to deploy forces across the country, and implement an annual retraining and reconstitution program. The second was Iraqi Military Service plans focused on the 2010-2015 period, and MoI Plan that addressed near-term police force growth. The third was an MNC-I assessment of the Iraqi Army's required enduring posture by 2010. The fourth was a MNSTC-I

directed, MNF-I sponsored Iraqi force analysis conducted by the Center for Army Analysis. The primary objective of this assessment was to determine if the projected, near-term (2010) Iraqi forces were capable of overmatching the anticipated threat. The assessment concluded that the ISF was incapable of overmatching the threat and recommended additional force structure growth and specific capabilities.

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

[27] This number includes the 8,206 members of the 2006 Anbar awakening movement that were transitioned before the current CLC/SoI initiative.

[28] The 12 new projects are: Baghdad Police College—North (in Mosul, Nov 08); Baghdad Police College – South (in Basrah, Oct 08); Baghdad Basic Recruit Training Center—East (Mar 09); Diwaniyah Police Training Center (PTC) (Nov 08); Diyala Basic Recruit Training Center (BRTC) (Nov 08); Maysan BRTC (Jan 09); Kirkuk BRTC (Jan 09); Karbala BRTC (Feb 09); Dhi Qar BRTC (Feb 09); Najaf PTC (Dec 08); Muthanna BRTC (Dec 08); and Irbil (Aug 08). The six expansion or refurbishment projects are: Baghdad Police College (Phase I) (Complete); Baghdad Police College (Phase II) (Oct 08); Baghdad Police College (Phase III) (Jan 09); Mosul PTC (Nov 08); Tikrit PTC (Dec 08); Habbaniyah PTC (Nov 08); Solidarity National Police Training Center (Jun 08); and Al Furat (Dec 08).

[29] On average, it takes three-to-five years to train and qualify fully capable IqAF pilots and maintenance personnel, and two-to-three years for air traffic controllers. Additionally, for those skills requiring it—such as pilots and air traffic controllers—English Language Training also represents a significant qualification challenge.

[30] IA Training Centers are at the following locations: Regional Training Centers—An Numiniyah, Kirkuk, Kirkush, Habbanniyah, Taji, Tallil; Division Training Centers—Al Kasik, Hamman Al Ali, Al Asad (under construction), Tikrit (under construction), Shaiba (under construction), Mitika; Combat Training Center—Besmiyah. Ultimate plans call for one DTC to be co-located with each RTC; completion dates and funding sources for this effort, however, have yet to be determined.

[31] The current IqAF fleet consists of 27 fixed-wing aircraft and 46 rotary-wing aircraft (15 Mi-17, 16 UH-1 Huey II, 5 Bell Jet Ranger, and 10 OH-58C).

[32] The Iraqi MoD Defense Council approved the DGIS MTOE on July 6, 2008.