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# **Measuring Stability and Security in Iraq**

**March 2010  
Report to Congress  
In accordance with the  
Department of Defense Supplemental Appropriations Act 2008  
(Section 9204, Public Law 110-252)**

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## Executive Summary

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*This report to Congress, Measuring Stability and Security in Iraq, is submitted pursuant to Section 9204 of the Supplemental Appropriations Act for 2008, Public Law 110-252 and Section 316 of the Supplemental Appropriations Act for 2009, Public Law 111-32.<sup>1</sup> This report is also submitted pursuant to Section 1508(c) of the Department of Defense Authorization Act for 2009, Public Law 110-417. The report includes specific performance indicators and measures of progress toward political, economic, and security stability in Iraq, as directed by legislation. This is the nineteenth report in this series of quarterly reports. The most recent report was submitted in February 2010. The report complements other reports and information about Iraq provided to Congress and is not intended as a single source of all information about the combined efforts or the future strategy of the United States, its former Coalition partners, or Iraq.*

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

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

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

along these lines from December 2009 through February 2010 and addresses remaining challenges.<sup>2</sup> Working with Iraqi partners and using available resources, U.S. forces will end their combat mission by the end of August 2010 and increase focus through the end of 2011 on transitioning enduring functions primarily to the Government of Iraq (GoI), with some activities shifting to international entities as well as the American Embassy and other U.S. departments and agencies.

Integral to the U.S.-Iraq Security Agreement (SA) and consistent with Presidential direction articulated on February 27, 2009, U.S. forces continue to plan and execute the responsible drawdown of U.S. military forces from Iraq. By August 31, 2010, U.S. forces will have transitioned from a combat and counterinsurgency (COIN) mission to a focus on stability operations centered on training, advising, and equipping the Iraqi Security Forces (ISF), protecting U.S. military and civilian personnel and facilities, assisting and conducting targeted counter-terrorism operations, and supporting civilian agencies

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and international organizations in their capacity-building efforts. Further drawdown activity will occur in accordance with the SA requirement to redeploy all U.S. forces by December 31, 2011. The pace of the drawdown will be commensurate with Iraq's improving security while providing U.S. commanders sufficient flexibility to assist the Iraqis with emerging challenges. As the United States responsibly draws down its forces, the Embassy and other U.S. departments and agencies will continue to pursue other aspects of the strategy, including sustained political engagement and regional diplomacy to support a peaceful and prosperous Iraq.

As part of the responsible drawdown, U.S. forces conducted a command and control (C2) transformation on January 1, 2010. On that date, the theater command transitioned from Multi-National Force-Iraq (MNF-I) to USF-I in recognition of coalition partners' successful completion of mission and redeployment. Simultaneously, six major subordinate headquarters (HQ) structures were merged into the single USF-I HQ. Multi-National Corps, Iraq (MNC-I) and Multi-National Security Transition Command, Iraq (MNSTC-I) were disestablished as separate commands. The commanding generals of MNC-I and MNSTC-I transitioned to the Deputy Commanding General-Operations and Deputy Commanding General-Advisory and Training within USF-I, respectively, while the former MNC-I and MNSTC-I staff sections merged into the USF-I staff. MNSTC-I has been replaced in part by the Iraqi Training and Advisory Mission (ITAM), which has assumed the train and assist mission in support of the Iraqi Ministry of Defense. On January 23, 2010, USF-I transitioned from four to three subordinate division commands as II Marine Expeditionary Force redeployed and responsibility for Anbar Province was transferred to United States Division-Center.

On March 7, 2010, Iraqis voted in their second national elections under the constitution, with a voter turnout of 62% nation-wide. Although

the parliamentary elections occurred after the data cutoff for this report, preparations for the elections dominated the political environment during the reporting period. The Independent High Electoral Commission (IHEC), with assistance from the United Nations Assistance Mission in Iraq (UNAMI), administered the national elections, allowing the Iraqi people to select 325 politicians to serve in the Council of Representatives (CoR) for four years and to play a key role in the seating of the government. The elections were deemed to be credible and legitimate by the United Nations and international observers.

There were concerns that political posturing and an appeal to sectarian divisions could mar the validity of the elections in the eyes of the people. In January 2010, IHEC, acting on a report submitted by the Accountability and Justice Commission (AJC), de-certified hundreds of candidates from participation in the elections due to alleged Ba'athist ties. This action caused concerns regarding political partisanship. IHEC officials announced in early February 2010 that banned candidates would be allowed to participate in the election with a judicial committee ruling on individual appeals post-election. Reversing course in mid-February, IHEC officials announced that a judicial panel was upholding the prior decision to ban candidates in almost half of the original cases. Iraqis expressed a variety of opinions regarding the ban, including concerns over partisanship. Despite these concerns, the ban did not result in a Sunni boycott. Sunni participation in the election was high—a positive indicator of the legitimacy and inclusion of the elections.

In other political developments, the CoR passed several key pieces of legislation, but failed to achieve all of its desired goals, including passage of the hydrocarbon framework laws. Passage of remaining legislation will not happen until after the seating of the government. However, the CoR's passage of twice as many laws in the fall term as compared to the spring term shows significant

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progress. In a relatively new development, growing tensions between increasingly assertive and able provincial governments and the central government are likely to shape the political landscape in 2010. Tensions stem from the perceived arbitrary implementation of the Provincial Powers Law (PPL) and the disputed interpretations of what powers and authorities this law gives to provincial councils and governors.

Efforts promoting national unity continue, with an increased commitment to the political process by Iraq's political actors. Despite signs of progress, Iraqis have not yet reached agreement on some core issues. The contentious matters of oil wealth distribution, the management of oil resources, and the resolution of disputed internal boundaries (DIBs) continue as sources of tension between Arabs and Kurds. Sunni-Shi'a tensions persist over perceived Sunni marginalization, including transitioning the Sons of Iraq (SoI) program, reintegrating former detainees and regime elements, the ongoing de-Ba'athification controversy, and assisting in the return and reintegration of Iraqi refugees and internally displaced persons (IDPs). Over half of the SoI have yet to be integrated into ministerial, security force, or private employment in order to facilitate election security in March 2010, although progress continues to be made in placements. While the recently approved tripartite GoI-Kurdistan Regional Government (KRG)-United States Combined Security Mechanisms (CSMs) establishes joint checkpoints and patrols to reduce internal boundary tensions, the various groups have a long way to go to achieve full resolution of these long-standing issues. Currently, however, political tensions have not rekindled the retributive violence that characterized ethno-sectarian fighting in past years, reflecting a growing commitment to political accommodation and reliance on legal remedies.

Along the Rule-of-Law Line of Operation, corruption remains a major challenge to Iraq's

continued political and economic development. Furthermore, judicial intimidation and detention capacity continue to be significant impediments to a fully functioning criminal and civil justice system. The Iraqi government has made measured progress in its efforts to reduce corruption. In January 2010, the Council of Ministers (CoM) approved the GoI's national anti-corruption strategy to improve compliance with the United Nations Convention against Corruption (UNCAC), ratified by the GoI in 2008. Increased resources to identify and remedy government corruption have shown positive results and include a government launched anti-bribery campaign and an expanded public outreach effort to educate the public on the social and economic costs of corruption. In December 2009, Deputy Transportation Minister Adnan al-Ubaidi was convicted of receiving a \$100,000 bribe and was sentenced to eight years imprisonment; in a separate case, three Ministry of Trade officials were convicted and sentenced on corruption charges. These cases mark significant progress compared to previous years in which political pressures often derailed corruption cases against major figures. Additionally, USF-I and other U.S. organizations continued to assist the GoI in its efforts to fight organized crime and other corruptive influences against private-sector companies and professionals such as doctors and business owners.

The Iraqi government continued efforts to improve judicial security and fight judicial intimidation. Measures include the Ministry of Interior's (MoI) newly approved, comprehensive training strategy for judges' personal security details, and the MoI General Directorate of Dignitary Protection's implementation of a personal protection program for judges. The MoI issued personal weapons and weapon identification cards to 298 participating judges. Based on the initial success of the program, more judges have submitted applications, and there are currently almost 300 applications pending. These measures represent demonstrable progress in

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the MoI's long-awaited commitment to judicial security.

Despite marked advancements in the area of detention operations, inefficiencies, intimidation, and perceived corruption in the judiciary still prevent optimal processing of cases. The American Embassy and USF-I continue work to fund corrections advisors for high-risk facilities throughout the coming transition process to guarantee both Iraqi institutional capacity and compliance with international human rights standards. After four months of work, over a quarter of the 3,000 detainees identified by the Law and Order Task Force (LAOTF) as stalled cases requiring special oversight have seen a judge and/or been transferred to the appropriate jurisdiction for resolution of their case.

Iraq's capacity to pursue its national interests with neighbors and in international fora remains limited, but is steadily developing. Senior Iraqi officials continued to focus on expanding international engagement this reporting period, but expressed ongoing concerns about border disputes, security, and undue outside influence in Iraq, especially regarding external attempts to influence the elections. Strengthened relations with other states in the region include partial resolution of divisive issues with Kuwait, the appointment of an Iraqi ambassador to Saudi Arabia, and the confirmation of the Egyptian ambassador to Iraq in November 2009, and could lead to improved security within Iraq and increased stability in the region. Iraq continues to become a more active voice at the United Nations (UN), advocating for international support as a means to combat terrorism in Iraq.

Iran's multi-pronged strategy in Iraq consists of political outreach, soft-power initiatives, and lethal support for surrogate groups. Iran continues to exert significant influence in Iraq, although many senior Iraqi officials are privately pushing back against Iranian pressure and appear intent on limiting Iran's effort to manipulate Iraqi politics. During this reporting

period, Iran viewed the Iraqi national elections as critical to balance U.S. influence in Iraq. Throughout the period of seating the government, Iran focused its levers of influence, including economic, financial, religious, and potentially lethal aid to Iraqi insurgents, to shape Iraqi politics toward Iran's own interests.

Leveraging its strong economic and religious ties to the Iraqi Shi'a population, Iran has intervened to moderate disputes between Iraq and Syria. Iranian security leaders also have long-standing contacts with many Kurdish leaders, including Iraqi President, Jalal Talabani. Destabilizing Iranian influence will continue to pose a significant challenge to Iraq's stability and political independence.

Economically, Iraq's strained fiscal situation and slowly recovering oil revenues continue to pose significant challenges to Iraq's ongoing economic development. Despite fluctuating oil prices and production, and residual effects of the drought, the Iraqi economy still managed to grow an estimated 5% in 2009. The Iraqi government passed the 2010 budget in January. The 2010 budget of \$72.4 billion represents a \$13.8 billion increase over the 2009 budget of \$58.6 billion. Nevertheless, high rates of unemployment, underemployment, and illiteracy still plague Iraq despite continued work by the Iraqi and U.S. governments to reduce these problems. Finally, business development and international investment continue to suffer from a lack of a transparent, market-friendly regulatory and legal environment.

The Ministry of Oil (MoO) managed two successful oil field development bid rounds in 2009. The resulting contracts could bring in as much as \$100 billion worth of investment over the next decade to rehabilitate or develop oilfields that represent about 65% of Iraq's oil reserves. Building on 2009 successes, Iraq signed the Strategic Energy Partnership with the European Union (EU) in January 2010, laying the foundation for a future Iraq-EU



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partnership on natural gas development and capital investment. Progress also continues on the new southern oil export infrastructure in anticipation of increased transport requirements associated with oil field development.

Fluctuating oil prices and output highlight Iraq's need to diversify its economy and promote non-oil investment ventures. The GoI is making progress toward creating a more investment-friendly legal and regulatory environment. To date, the GoI has signed 194 investment licenses with a value of almost \$9 billion. National Investment Commission (NIC) and Provincial Investment Commission (PIC) programs, established to develop the investment capabilities of national and provincial governments, continue to promote foreign investment in Iraq, but their capacity is limited. PIC training sessions in January 2010 provided provincial commissioners with information and methods for developing a provincial investment strategy, organizational and management development, and marketing and business development instruction. Instructors also provided training session attendees with a complete set of training modules for reference and for training future PIC members.

Despite noticeable regional differences, nationwide there have been improvements in the delivery of essential services. USF-I and the American Embassy continue work to improve the provision of essential services to the Iraqi people. Currently, the United States is managing 375 ongoing projects worth almost \$1.9 billion, focused on schools and public works projects. Average daily electrical generation from December 2009 to February 2010 was approximately 150,000 megawatt-hours (MWH), a 14% increase over the same period last year. Due to lower winter temperatures, demand for electricity increased this reporting period and demand continued to exceed the amount of electricity supplied. The GoI has expanded the number of citizens receiving access to sewer services by 5.3 million and the number receiving regular

access to potable water by over 9.0 million compared to 2003. Broken distribution systems, management problems, and a sharp drop in reservoir levels continue to complicate the availability of potable water. Continuing water shortages will likely influence Iraqi agricultural output in 2010. Talks with Iran, Syria, and Turkey about increasing river water flow have yielded mixed results. Providing essential services to the Iraqi populace remains a key component of economic stability and national unity, as well as a key factor in building popular support for the GoI.

Security in Iraq continues to improve and the ISF successfully maintained security throughout the elections. Overall, security incidents remained at low levels from December 2009 to February 2010, averaging 150 security incidents per week, which is a 14.8% decrease from the last reporting period and a 45% drop compared to the same period in 2008-2009. Monthly high-profile attacks (HPAs) nationwide remained essentially unchanged from the previous reporting period. Periodic spectacular, multiple-device HPAs seem to be emerging as the extremists' preferred attack method to create outsized effects while husbanding resources. Although HPAs executed during the previous reporting period through February 2010 caused a large number of civilian deaths and injuries, thus far these attacks have not rekindled a cycle of ethno-sectarian violence. Finally, the disruption of attacks by ISF highlights the increasing Iraqi security capabilities that Al-Qaeda in Iraq (AQI) faces as it attempts to operate. The Iraqi government's success in preventing large-scale attacks during the Ashura holiday also demonstrates a growing capacity for increasing security during times of heightened threat of AQI attacks. Despite generally lower attack levels, significant long-term challenges remain, including control of border areas to reduce the import of lethal materials and continued development of MoI and Ministry of Defense (MoD) security coordination capabilities.

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The GoI and the ISF continue to apply pressure against insurgent and extremist groups to disrupt their activities. ISF and U.S. operations targeting funding, leadership, facilitation, and recruitment continue to impede the freedom of movement and re-supply capabilities of AQI, insurgent, and militia groups. Although reduced in number, extremist organizations including AQI, Sunni nationalists, and Shi'a militias continue to engage in sporadic attacks in an attempt to undermine the ISF and reduce public confidence in GoI institutions. AQI continues to conduct HPAs against GoI interests as part of its efforts to undermine confidence in the government, while also conducting assassinations in smaller-scale efforts to disrupt the political process. Primary focus areas for the group include Baghdad, Mosul, and Ninewa and Anbar Provinces. Operations against AQI's operational and facilitation networks, as well as efforts to counter AQI's violent terrorist ideology, have continued to degrade AQI's efforts to regenerate and sustain itself. Other violent extremist organizations, both Shi'a and Sunni, continue to challenge the ISF as well. Past diplomatic engagement with Syria and interdiction of foreign facilitation networks appear to have effectively disrupted some of these groups, although the focus of some groups may simply be shifting toward traditional criminal activities.

Tensions between Arabs and Kurds have increased in the run-up to elections, exemplified by Kurdish Security Forces (KSF) firing on Ninewa Governor Nujayfi's convoy on February 1, 2010, as he toured Combined Checkpoints in the DIBs. ISF detained 11 individuals; eight were later released. On February 14, 2010, Assayish (an internal Kurdish intelligence and security force) detained 11 Arabs in Wanna; six were released shortly thereafter. On February 17, 2010, in Habdaniyah, KSF detained three Arabs, including two local district council leaders. On February 25, 2010, Deputy Prime Minister al-Issawi facilitated the release of all detainees. A detainee exchange between KRG and Ninewa

Province officials occurred at Mosul Airport. Despite the fallout from Nujayfi's trip, there was positive progress in both KSF integration into the Iraqi Army (IA) and KSF-IA cooperation in developing and implementing the CSM in time for the national elections. However, a multitude of issues, including DIBs, the status of Kirkuk, and the lack of Article 140 resolution, continue to impede enduring improvements.

Progress continues in integrating the SoI. The GoI is making SoI payments, but the complexities of paying both security-contracted and transitioned SoI who are dispersed among civilian ministries occasionally leads to pay delays throughout the country. Initially the GoI goal was to transition all Baghdad SoI into government positions by the end of 2009. However, the GoI delayed these transitions to ISF and non-security ministry positions until after the March 2010 elections in order to maintain SoI as an added measure of security through the election period. SoI transitions are scheduled to be completed by the first half of 2010. Under the Prime Minister's Order, 80% of SoI placements will be in civilian ministries and 20% will be with the ISF. The GoI has transitioned over 30,000 SoI into GoI ministry positions in Baghdad, raising total SoI transitions nationwide to approximately 48,000 within civilian ministries, the ISF and private enterprise.<sup>3</sup> Arrests of SoI leaders do still occur, but those cases are being handled through proper legal processes.

The ISF are providing internal security and building towards a foundation for defense against external threats, a baseline Minimum Essential Capability (MEC), by the time U.S. forces redeploy completely at the end of December 2011. Currently the ISF are functioning well as a COIN force. USF-I continued to work this quarter to help the ISF progress towards MEC to defend Iraq's sovereignty on land, at sea, and in the air. Although facing significant challenges, the ISF continue to improve their capabilities through increased training and equipping. As of

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January 31, 2010, there were approximately 669,000 security force personnel in the MoD, MoI, and the Iraqi National Counter-Terrorism Force (INCTF).

The IA continues to make steady progress. There are currently 196 IA combat battalions conducting operations, as well as 20 Iraqi protection battalions and six Iraqi special operations forces (ISOF) battalions. The Iraqi Air Force (IqAF) continues to expand its operational capability as the Iraqi Air Operations Center (IAOC) now provides scheduling, C2, and execution support for more than 350 operational and training sorties per week. The Iraqi Navy (IqN) continues to strengthen its ability to patrol Iraqi territorial waters, providing security for the port and towns of Umm Qasr and Az Zubayr. The IqN is responsible for point defense for the Al Basrah Oil Terminal (ABOT), and assumed perimeter defense of the northern-most oil platform, Khawar Al Amaya Oil Terminal (KAAOT) on December 1, 2009.

Iraqi Federal Police (FP) units continue to improve capability to provide internal security. Based on this improvement, U.S. advisors have shifted their focus from battalion-level advising to advising at brigade-level and above. U.S. advisors continue to assess FP unit capabilities and to distribute and realign training teams to units requiring additional assistance.

Increasingly capable FP units are accepting more responsibility for internal security, allowing the Iraqi military to focus more on training for a national defense role. Iraqi citizens increasingly view their nation's military and police forces with pride. U.S. forces continue to conduct operations by, with, and through the ISF and the Iraqi government in full compliance with Iraqi legal requirements and the SA. When U.S. forces conduct joint operations, their IA and IP counterparts obtain warrants and detention orders as the lead with U.S. forces in support. The ISF still rely on assistance from U.S. forces in developing evidence for the issuance of judicial orders, but

ISF are leading the interaction with judicial authorities.

The MoI continues to make slow, uneven progress in developing the ministerial capacity to provide oversight, training, professional development, facilities, and resourcing for Iraqi internal security forces. The MoI may achieve the minimum level of capability desired by December 31, 2011, but they are currently experiencing challenges in the areas of C2, interoperability, resource and acquisition management, and operational sustainment.

The MoD, with U.S. Government (USG) assistance, is currently on track to achieve its MEC objectives to provide oversight of the Iraqi armed forces prior to the U.S. forces redeployment in December 2011, though they will unlikely achieve the required capabilities for external defense, most notably in execution of air sovereignty. Current MoD challenges are in the areas of planning and budgeting, procurement, and information technology.

In summary, political, rule-of-law, economic and energy, and security trends in Iraq remain generally positive, but significant challenges remain. In accordance with the SA, the ISF have assumed urban security responsibilities for Iraq and continue to improve operational and tactical capabilities, with continued reliance on U.S. combat support enablers. U.S. forces continue to conduct all military operations by, with, and through the ISF, operating within the Iraqi rule of law, and remaining an important element of success. The ongoing implementation of the SFA this reporting period sets the stage for long-term cooperative efforts as Iraq develops into a sovereign, stable, self-reliant partner in the region and as the United States transitions roles and responsibilities from U.S. forces to the GoI and American Embassy. Continued reductions in overall violence have provided Iraqis an environment where political and economic development can occur, and the tentative resumption of foreign investment in some sectors is an indicator of this progress.

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In spite of the continued progress, gains are unevenly distributed throughout the country and security improvements are marred by sporadic HPAs. Additional progress is required to produce sustainable stability. Iraq remains fragile, primarily because many underlying sources of political instability have yet to be resolved. To ensure long-term stability, the

GoI must continue to build its legitimacy through the provision of basic services and improved security for the Iraqi people, a solid plan for long-term economic growth and employment, and the creation of enduring solutions to lingering political, ethnic, and sectarian disputes.

## Section 1—Security and Stability

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### 1.1 Political Stability

Political progress in Iraq during this reporting period was highlighted by preparations for nationwide parliamentary elections on March 7, 2010. Despite heightened election season politics, the Council of Representatives (CoR) passed twice as many draft laws in the fall term as it did in the preceding spring term. The CoR finalized the election law in December 2009 and passed the 2010 Federal Budget in January. Other critical legislation passed included the military service and pension law, the investment law amendment, and the Non-Government Organization (NGO) law. However, the CoR remained unable to pass other key legislation, including the hydrocarbon framework laws, the bilateral economic assistance agreement, and the World Trade Organization (WTO) economic package. Overall, the CoR showed steady progress this quarter, as it has over the past several years. As an institution, it has matured into an important oversight body that effectively balanced executive branch power. The Government of Iraq (GoI) has made progress toward political accommodation, but challenges exist that threaten these achievements. Recent political accommodation and stability successes include the February 2010 agreement to approve an electoral code of conduct by five of the most prominent blocs contesting the elections.

Despite this progress, Iraqis have not yet reached agreement on core issues, including the contentious matters of the division of oil wealth and the resolution of disputed territory. Tensions between Kurdish leadership and the central government demonstrate that progress on these core issues is critical to achieving a stable and unified Iraq in the long-term. Similarly, Sunni leaders continue to complain about the treatment and timely judicial processing of security detainees. Intra-Kurd political recriminations have also recently emerged in the province of Sulaymaniyah over

the issue of the regional government's ability to deliver basic services. This heated rhetoric reflects political tensions between the formerly dominant Patriotic Union of Kurdistan (PUK) party and the new Change List movement. The competition between the two parties may indicate a shift towards greater political freedom and transparency in the Kurdistan Regional Government (KRG).

A relatively new concern that could affect political stability is the tension between increasingly assertive provincial governments and the federal government. Some provincial councils, most notably those in Ninewa and Salah ad Din, are gridlocked due to ethno-sectarian grievances or political infighting. However, many provincial councils are developing greater governing capabilities and a few have successfully moved to dismiss incompetent officials. As the institutional capacity of both the federal and provincial governments increase, United States Forces-Iraq (USF-I) personnel will continue to monitor this tension closely.

### National Unity

Efforts promoting national unity continue, with an increased commitment to the political process by all political actors. The Iraqi people looked forward to participating in the upcoming national elections. Challenges remain, however, with significant numbers of Sons of Iraq (SoI) yet to be integrated into the GoI, slow progress on disputed internal boundary issues, stalled progress on important legislation, and separate pursuit of hydrocarbon development contracts by the KRG and GoI.

Although SoI transitions were on hold to facilitate election security, progress continued this reporting period in remedying pay and job position issues for SoI previously transitioned. The GoI's stated goal remains to integrate 20% of the SoI into the Iraqi Security Forces (ISF)



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and transition the remaining 80% into civil service or private-sector employment. Although the GoI continues to reiterate its commitment to integrating SoI, negative perceptions regarding the GoI's commitment persist.

In an increasingly positive trend, almost all political entities have focused on their national credentials and have tried to appeal to voters across the different sects and ethnic groups of Iraq. Although this focus has been limited to rhetoric, Iraqi political campaigning reflects a seemingly growing trend of Iraqis focusing on issue-based rather than sectarian politics. Trying to build upon the 2009 provincial elections where the State of Law coalition won a plurality of seats in all of the Shi'a-majority provinces, Prime Minister (PM) Maliki's coalition has expanded its cross-sectarian outreach efforts to Sunni-dominated and ethnically diverse areas. Former PM Iyad Allawi has also united many key Sunni and secular leaders under one alliance that has gained wide support throughout Iraq, including some Shi'a majority provinces.

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

### **Political Commitments**

Although the CoR continued its critical role of overseeing the executive branch and passed an election law and the 2010 budget, progress toward resolving the current slate of

contentious issues through the legislative process and negotiated compromise remained slow as political parties rallied their constituencies in the run up to national elections. The challenge of passing hydrocarbons laws, constitutional amendments, and other investment and national security laws will fall upon the new CoR.

### *Accountability and Justice Law*

Despite the fact that the Accountability and Justice Law was passed over two years ago in January 2008, the GoI has yet to complete the implementation of the law's mandates. Meanwhile, the former de-Ba'athification Commission remains in place with its authority technically suspended, but still attempting to influence the political landscape. The recommendation to de-certify hundreds of candidates for participation in the elections due to Ba'athist ties provides an example of the commission's on-going activities. Absent legal attention to this issue, Sunni groups continue to accuse the Shi'a dominated government of using the commission to marginalize Sunni participation in the political process. These accusations have fueled general perceptions of sectarianism and discrimination conducted by the largely Shi'a-led central government. The full implementation of the Accountability and Justice Law will be another task that falls on the new government.

### *Provincial Powers Law*

The "Law of Governorates not Organized into a Region," commonly known as the Provincial Powers Law (PPL), was approved by the CoR in February 2008, and took effect with the seating of the new provincial councils following the January 2009 provincial elections. The PPL transfers additional authority from the central government to the provincial councils and governors, including the power to approve provincial budgets, nominate and dismiss senior provincial officials, direct non-federal security forces, and remove corrupt officials. Implementation so far has been uneven, arbitrary, and highly subject to the interpretation of the law by

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provincial governments and the PM. Provincial governments with close ties to the PM are able to exercise those powers delegated in the law, while provincial governments in disagreement with the central government are having more difficulty in exercising their designated functions. The sometimes-arbitrary application of the PPL is best exemplified by the Salah ad Din ex-Governor's prolonged unwillingness to leave office in January citing the support of the PM, despite the Federal Supreme Court's validation of the Provincial Council's decision to remove him. While he eventually left office without a fight, the newly elected Governor remains unconfirmed, as both national and provincial-level politics have produced another impasse.

### *2010 Iraqi Electoral Events*

On March 7, 2010, Iraqis voted in their second national elections under the constitution with a voter turnout of 62% nation-wide. The national elections were a pivotal event for the GoI and the Iraqi people. These elections allowed the Iraqi people to elect the next CoR. Special needs voting for ISF, detainees, and hospital patients occurred on March 4, 2010. In the last few months, the Independent High Electoral Commission (IHEC) successfully conducted a voter registration update (VRU), processing over half a million updates made as a result of 1.5 million voter visits to registration centers. Following the VRU, IHEC accredited 6,529 candidates, 296 political parties, and 86 political entities. Material logistics to support the election include 25 million ballots and other election related materials. The successful parliamentary elections were deemed to be credible and legitimate by the United Nations and international observers.

In January 2010, IHEC, acting on a report submitted by the Accountability and Justice Commission (AJC), de-certified hundreds of candidates from participation in the elections due to alleged Ba'athist ties. This action caused concerns regarding political partisanship. IHEC officials announced in early February 2010 that banned candidates

would be allowed to participate in the election with a judicial committee ruling on individual appeals post-election. Reversing course in mid-February, IHEC officials announced that a judicial panel was upholding the prior decision to ban candidates in almost half of the original cases. Iraqis expressed a variety of opinions regarding the ban including concerns over partisanship. Despite these concerns, the ban did not result in a Sunni boycott. Sunni participation in the election was high—a positive indicator of the legitimacy and inclusion of the elections.

After the polls closed on election day, IHEC was prepared to accept electoral complaints from individual voters, political entities, and various other groups during the 72-hour formal complaint period. Due to the nature of manual ballot counting procedures, preliminary results were scheduled to be announced approximately five days after the election. Additionally, IHEC planned to announce the provisional results three weeks after election day. Provisional results included decisions from the complaint period as well as a tally of the special needs votes. Following the resolution of any appeals, the final certified results are expected to be published approximately 45 days after election day. Following certification of the results by the Iraqi Supreme Court, the transition to seat the new government will commence.

### *District and Sub-district Elections*

The 2008 Provincial Elections Law called for district and sub-district elections to take place six months following the provincial council elections. However, the district and sub-district elections did not materialize due to various political challenges. Without clear boundaries of districts and sub-districts and without a current census, district and sub-district elections do not seem likely until late 2010, if they occur at all. Additionally, Kirkuk Province did not hold provincial council elections in January 2009 with the rest of the country. The exact date that these elections will occur is subject to the continued evolution

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and resolution of complex and contentious political issues to include conduct of a national census.

### *The Independent High Electoral Commission*

IHEC continues to grow and mature with each successive election held in Iraq. IHEC is the successor to the Independent Election Commission of Iraq, formed in 2005 by the Coalition Provisional Authority (CPA). IHEC is charged with independent oversight and administration of Iraqi elections and referendums. The organization has an eight-member voting Board of Commissioners, and a non-voting Chief Electoral Officer. The current Board makeup includes three Shi'a members, two Sunni members, two Kurdish members, and one Turkoman member. Two of the members are women. IHEC personnel continued to gain confidence with each success in preparation for the 2010 national elections. Despite demonstrating improvements in capability, recent actions by IHEC provide cause for concern. During the candidate vetting stage in January 2010, the IHEC Board of Commissioners accepted without question the list of banned candidates from the AJC, leaving the final decision up to the judicial panel. IHEC could have rejected this list and sent it back to the commission for further review and proof of evidence. However, the lack of action on the part of IHEC gave the impression it was a politicized organization.

### *Constitutional Review*

The constitutional review process remains stalled and will be another task that awaits the new government. The Constitutional Review Committee (CRC) submitted its final report to the CoR in July 2009, which included 68 pages of proposed amendments to the 2005 Constitution but largely avoided contentious issues. It is now up to the CoR to vote on the package. Upon approval by the CoR, the amendment package will go to national referendum. All proposed amendments must be approved as a whole for acceptance or rejection. It is unclear if the new CoR will still try to advance this package of amendments or

resort to the normal amendment process that enables individual issues to be addressed. A likely issue is an amendment on increased Presidential power as the Presidency Council ceases to exist under the new government.

### *Disputed Internal Boundaries*

Disputed internal boundaries (DIBs) remain one of Iraq's more challenging issues. To address DIB issues, the stakeholders agreed to form the High-Level Task Force (HLTF), which is a contact group of GoI, KRG, and United Nations (UN) officials run under the auspices of the UN Assistance Mission in Iraq (UNAMI). The HLTF is scheduled to meet monthly and participants include Sadiq Rikabi (GoI: advisor to PM Maliki), Faruq Abdullah (GoI: an Iraqi Turkoman and former member of the Iraqi Turkoman Front), Rowsch Shaways (KRG: senior Kurdistan Democratic party (KDP) representative and GoI Deputy PM), and Khaled Shwany (KRG: CoR Legal Committee and PUK member). The HLTF has progressed at a deliberate pace, focusing on low-level, confidence-building measures like the decision to establish dual language education in schools located within the DIBs. However, all sides seem to agree that little additional progress on key DIBs issues is likely before the national election.

### *Census*

The lack of a recent census that incorporates all Iraqis is a major limiting factor to settling several key issues in Iraq, including the status of Kirkuk and other DIBs, as well as district and sub-district elections. In December 2009, the White House publicly reiterated U.S. support to provide technical assistance for a 2010 census, and on January 19, 2010, the Iraq Census Chief announced that the GoI was prepared to hold a National Census in October 2010. However, several factors may still delay the Census until 2011.



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### *Kirkuk and Article 140*

Tensions between Arabs and Kurds have increased in the run-up to elections, exemplified by Kurdish Security Forces (KSF) firing on Ninewa Governor Nujayfi's convoy on February 1, 2010, as he toured Combined Checkpoints in the DIBs. ISF detained 11 individuals; eight were later released. On February 14, 2010, Assayish detained 11 Arabs in Wanna; six were released shortly thereafter. On February 17, 2010, in Habdaniyah, KSF detained three Arabs, including two local district council leaders. On February 25, 2010, Deputy Prime Minister al-Issawi facilitated the release of all detainees. A detainee exchange between KRG and Ninewa Province officials occurred at Mosul Airport. Despite the fallout from Nujayfi's trip, there has been recent positive progress in both KSF integration into the Iraqi Army (IA) and KSF-IA cooperation in developing and implementing the Combined Security Mechanisms (CSM) in time for the national elections. However, many issues, including DIBs, the status of Kirkuk, and the lack of Article 140 resolution, impede enduring improvements.

### *The Four Hydrocarbon Laws*

Despite the new CoR Speaker's stated commitment to prioritize passage of a hydrocarbons legislation package, the four stalled laws were not re-introduced to the CoR this term. It is likely that no further action will take place until the four laws are introduced to the new CoR after government transition is complete in late 2010. Fundamental differences remain over federal and regional authorities in contracting and management of the oil and gas sector. These differences, combined with the heightened election-season politics, negatively affected forward progress on any of these laws. In the absence of new hydrocarbons legislation, both the KRG and the GoI have separately pursued development contracts with international oil companies. For the way ahead, it is vital that the new CoR prioritizes two of these four laws. The hydrocarbons framework law is essential to regulate control over Iraq's multitude of oil and

gas fields, especially after the recent oil bid rounds that are expected to significantly increase Iraq's oil production. Furthermore, the revenue sharing law is also important to codify the arrangements that will determine the allocation of the GoI's expected increases in revenues for the years to come. While significant increases to oil revenue will not occur for five to seven years, it is critical to have framework in place as soon as possible.

## **Government Reform**

### *Ministerial Capacity Development*

The GoI continues to develop its capacity to govern at the national, provincial, and local levels. The Embassy supports Iraqi ministerial development through technical assistance to several ministries and executive offices with senior advisors and attachés. Through its *Tatweer* National Capacity Development Program, the U.S. Agency for International Development (USAID) assists with public administration and management capacity building, including a wide range of systems reform within and across ministries. The project is currently working with nine key ministries to reform their internal systems related to project management, contract and procurement management, strategic planning, leadership, and communications. The project works to institute best practices across a wide spectrum of civil servants. The program is playing a crucial role supporting the commission responsible for enacting the Civil Service Commission Law and the planned Civil Service Law, as well as supporting ministries' efforts to establish human resources departments. With the Community Action Program and the Local Governance Program, the *Tatweer* program is expanding its governance support outreach at the national, provincial, and municipal levels. Although ministries and local governments remain weak, adoption of international best practices has achieved dramatic improvements. The GoI has taken ownership of many of the program components necessary for the achievement of well-functioning public institutions. To date, the *Tatweer* project has completed 4,047

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courses and provided 84,796 enrollees the opportunity for training and skills enrichment in a variety of areas at the central and provincial levels. These training numbers represent 63,038 individual civil servants, since some persons enroll in more than one course.

### *Provincial Reconstruction Teams*

Provincial Reconstruction Teams (PRTs) assist provincial and local governments in becoming self-sufficient, responsive, transparent, accountable, and capable of representing the needs of Iraqi citizens. PRTs promote the development of an engaged local population, assist in the mitigation of ethnic and sectarian tensions, enhance the quality of justice and engender respect for the rule of law, and promote economic development at the sub-national level. Currently, there is one PRT located in each provincial capital, except in northern Iraq, where the regional reconstruction team (RRT) in Irbil works with the three provinces of the KRG. In addition to 15 U.S.-led PRTs, there is one Italian-led PRT in Dhi Qar. There are also six embedded PRTs that work alongside brigade combat teams and focus on local capacity building. Five PRTs host UN staff members as part of an agreement between the American Embassy and UNAMI.

### *Anti-Corruption Efforts*

Corruption remains a major challenge to Iraq's continued development, although the GoI is making some progress in its long-term effort to reduce corruption. In January 2010, the Council of Ministers (CoM) approved the GoI's national anti-corruption strategy to improve compliance with the UN Convention against Corruption (UNCAC), which the GoI ratified in 2008. The United States is providing assistance for the GoI on the UNCAC through UN Development Program initiatives. Iraq's three major anti-corruption institutions, the Commission of Integrity (COI), the Inspectors General (IGs), and the Board of Supreme Audit (BSA) will play major roles in the compliance effort, as will the Joint Anti-Corruption Council (JACC), a coordinating mechanism chaired by the Secretary General of the Iraqi CoM.

Parliament is also playing a greater oversight role, through its COI and public queries by individual members. The USAID/*Tatweer* project has been able to train more than 3,000 IGs through its anti-corruption component. The project is also introducing auditing courses for all IGs through the BSA. As a transparency tool, the project is in the process of introducing a new web page for all IGs that will enable improved communication linkages among the various IG offices.

The PM and other senior officials have shown increasing awareness of the need to tackle the country's corruption problem. In the north, the KRG recently retained the services of the international consulting firm Price Waterhouse Coopers to aid in the development and implementation of a new strategy for good governance. KRG PM, Barham Salih, established an Integrity Committee in the Iraqi Kurdish Parliament, while Nawshirwan Mustafa's Change List continues to be an agitator for combating corruption in government.

Draft anti-corruption and related legislation is still pending with the CoR. New laws would complement Iraq's anti-corruption efforts, but are not likely to pass until after national elections in 2010. The government launched an anti-bribery campaign and expanded public outreach efforts to educate the public on the social and economic costs of corruption. In December 2009, the Court convicted Deputy Transportation Minister Adnan al-Ubaidi for receiving a \$100,000 bribe and sentenced him to eight years imprisonment. The minister was arrested after a sting operation by the COI, which used equipment and training provided by U.S. advisors. Three Ministry of Trade officials, including the Director General for the Importation of Food Stuffs, were convicted and sentenced to one year in a case in which the former Minister of Trade was also indicted. These cases mark significant progress compared to the 2003 through 2008 time-period, when political pressures often derailed corruption cases against major figures. The

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COI is continuing its crackdown on diploma fraud and has established a “watchlist” containing the names of public employees using fraudulent documents to obtain jobs.

### *Rule of Law and Criminal Justice System Reforms*

Rule of Law efforts in Iraq are ongoing and progress is being made, but there is still much work to do to ensure that mature, professional judicial and criminal justice institutions are in place to complement an increasingly capable police force and to bolster the rule of law in Iraq. Efforts to improve the judicial and criminal justice systems continue to focus on judicial security, capacity and capability to collect and process criminal evidence, and detention facility capacity and oversight.

The addition of Iraqi Judicial Training Institute graduates to the ranks of the judiciary throughout 2009 raised the number of judges in Iraq at the start of 2010 to almost 1,300, which is double the number of judges seven years ago. This is evidence of the Iraqi judiciary’s continued advancement as an institution in the seven years following the re-establishment of the Higher Judicial Council (HJC) as a body independent of the executive branch of government. The Chief Justice has expressed particular pride about the number of female HJC judges increasing from seven to 68 during this time span. The HJC’s investigator and administrative staffs have also nearly doubled since 2003.

Judicial intimidation has been an ongoing issue, particularly in Northern provinces. During the reporting period, notable progress occurred in the area of judicial security after many months of slow progress last year. At the December 2009 Criminal Evidence Workshop, PM Maliki spoke about improvements in judicial security provided by the Ministry of Interior (MoI) and the need to defend an autonomous judiciary, which allows it to be free to make neutral and unbiased decisions. The MoI Deputy Minister affirmed the MoI’s commitment to judicial security and the HJC. To improve judicial

security, MoI representatives and USF-I advisors mapped out a comprehensive training strategy for judges’ personal security details (PSD) and began implementation of the plan this period. PSD training for General Directorate of Dignitary Protection Iraqi Police (IP) began in December 2009. Three classes, with a total of 397 students, have graduated to date. Plans are in place to conduct a “train-the-trainer” course in March 2010 to certify over 30 personnel to conduct PSD training at provincial training centers across Iraq. Finally, negotiations between the HJC and MoI are ongoing to provide HJC Judicial Security Personnel with more in-depth PSD training in a small-group environment at the Baghdad Police College (BPC).

In conjunction with increased PSD training, the MoI initiated a program this period to enable individual judges to resist judicial intimidation. Personnel from the Rule of Law Coordinator’s Office and USF-I Staff Judge Advocate’s Office were able to convince personnel from the MoI’s General Directorate of Dignitary Protection to implement a personal protection program for judges. Starting in November 2009, the MoI initiated a program to issue 9mm pistols and weapons identification cards to 298 judges who had requested weapons for personal protection, including 84 judges in Ninewa. Due to the initial success of the program, nearly 140 additional judges have submitted applications. There are nearly 300 total applications pending with the MoI that, when completed, will allow personal protection for almost half of the judges in Iraq. While the pace of progress has increased, much work remains to increase judicial security, particularly in the area of long-term resourcing. However, the recent progress is encouraging.

The Iraqi judiciary has made commendable strides this quarter. PRT and USF-I advisors continued to focus on improving the IP’s capability to collect and process evidence and deliver proper testimony to support the judicial process and to strengthen the relationship between the judiciary and the police. This

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effort was highlighted by the December 2009 Criminal Evidence Workshop hosted by the HJC at the former Central Criminal Court of Iraq (CCCI) courthouse at Karkh. The purpose of the workshop was to highlight advances in criminal evidence technology and analytical processes. The event brought together judges from all levels of the judiciary, including the Federal Supreme Court, Cassation Court, Trial Panel Judges, and Investigative Judges. Presenters at the conference included experts from the MoI and the Ministry of Health (MoH) who presented on a number of topics to include ballistics, handwriting analysis, forensics, and DNA evidence. In attendance at the opening session of the event were PM Maliki, General Odierno, the Australian Ambassador, the U.S. Deputy Chief of Mission for Iraq, and Deputy Head of Mission from the British Embassy. Besides the academic exchange, the most successful aspect of the workshop was the commitment to inter-ministerial cooperation shown between the HJC, MoI, and MoH. The conference was timely as it followed a very successful visit by Chief Justice Medhat to the MoI-operated Criminal Evidence Laboratory at the BPC on December 23, 2009, strengthening cooperative efforts between the MoI and the HJC. Provincial Chief Judges continue to support professional police-judiciary collaboration by providing investigative judges to participate in criminal evidence workshops and courses, teaching proper investigation, evidence collection, and testimony techniques and procedures to IP personnel.

The CCCI has experienced a decrease in processing times over the quarter, despite the recent displacement of the court. Following the October 2009 bombing of the Ministry of Justice (MoJ) Building, the HJC relocated its offices to the spaces occupied by CCCI. CCCI spent approximately two weeks in November 2009 waiting for a new court facility to be readied. Once in its new facility, the court assigned five judges to hear criminal cases. Following the Eid holiday, the court began hearing cases at an increased pace, processing

approximately 300 cases by December 31, 2009. The CCCI Liaison Office is also working with the Iraqi Judiciary to find ways to conduct the initial Investigative Hearing more efficiently and then to bring the case to trial more quickly. As CCCI moves ahead, these efforts will continue to decrease detainee-processing times.

The Law and Order Task Force (LAOTF) completed a review of two separate pre-trial detainee groups located at the Rusafa Prison Complex. The task force was able to identify more than 3,000 detainees who had not seen an Iraqi judge or had no movement in their case for the previous six months. LAOTF personnel provided the MoJ with a summary results briefing on the issue. As a result of this effort, the HJC directed a special committee of investigative judges to work from the prison to ensure case movement. The CoR set up a special committee to provide oversight to the effort. After four months of work, 25% of those identified detainees have seen a judge and/or been transferred to the appropriate jurisdiction.

## **International Issues**

### *International Engagement*

Senior Iraqi officials continue to focus on expanding their international engagement, but express wariness of undue outside influence in Iraq. PM Maliki confirmed appointment of the new Egyptian ambassador to Iraq on November 8, 2009, filling a void in diplomatic representation that has existed since July 2005. Although Iraq has diplomatic missions in over 60 countries, many of them still lack ambassadors. The CoR has approved the names of 58 future Ambassadors, and the Ministry of Foreign Affairs is trying to resolve this shortfall by training new diplomats. However, most of those individuals continue to wait for their posting.

The Iraqi government increased its efforts to garner regional and international support against the common threat of terrorism. The Expanded Neighbors Process continued to



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

### *Iranian Influence*

Iran's multi-pronged strategy in Iraq consists of political outreach, soft-power initiatives, and lethal support for surrogate groups. Iran continues to exert great influence in Iraq, although many senior Iraqi officials are privately pushing back against Iranian pressure and appear intent on limiting Iran's direct manipulation of Iraqi politics. Iran viewed the Iraqi national election as critical in its efforts to balance U.S. influence in Iraq. An example of this is the possible influence Iran may have had in Ahmed Chalabi's decision to re-invigorate the de-Ba'athification process on the eve of the elections through the AJC. Throughout the period of seating the government, Iran will continue to focus its levers of influence, including economic, financial, religious, and potentially lethal aid to Iraqi insurgents, to shape Iraqi politics toward its own interests. Leveraging its strong economic and religious ties to the Iraqi Shi'a population, Iran has intervened to moderate disputes between Iraq and Syria. Iranian security leaders also have long-standing contacts with many Kurdish leaders, including the current President of Iraq, Jalal Talabani.

### *Syrian Influence*

The bombings during the previous period and on December 8, 2009, and Iraq's subsequent public declaration of Syrian complicity have complicated relations between Syria and Iraq and led to both nations recalling their ambassadors. Iraq continues to engage along

other avenues to resolve contentious Syrian-Iraqi relations, most notably through unofficial visits by heads of Iraqi political parties. Syria has essentially severed diplomatic relations with Iraq and has repeatedly insisted it will not hand over Ba'athists allegedly responsible for the recent wave of bombings in Iraq. Although reduced public rhetoric and fewer negative media stories have helped reduce tensions, relations between the two countries remain stalled. Relations between the two will not likely improve until after the conclusion of Iraqi parliamentary elections in March 2010.

### *Relations with Kuwait*

Although Kuwait re-established its Embassy in Iraq and sent an ambassador in 2008, bilateral relations remain hostage to Chapter VII concerns. Although the Kuwaitis have indicated some willingness to reduce significantly the amount of compensation Iraq is paying under UN Security Council Resolution (UNSCR) 687, they have insisted in return that the GoI re-affirm UNSCR 833 in its entirety, entailing acceptance of the land borders and maritime boundary between the two countries. The latter in particular is highly problematic for the Iraqi leadership, especially in an election year. Despite this, the Iraqi and Kuwaiti sides have made significant progress cooperating in the past six months on Kuwaiti missing persons and property. Chapter VII issues with Kuwait are likely to be resolved in the future, but are a point of friction between the two countries. Like other politically sensitive issues, no movement is expected on this until after the seating of the new government.

### *Relations with Saudi Arabia*

This reporting period has seen little improvement in Iraq-Saudi Arabia bilateral relations. Although Iraq has named and presented an ambassador to Saudi Arabia, Saudi Arabia still has not reciprocated by naming an ambassador to Iraq. Several obstacles are responsible for stalling relations between the two countries, and it is unlikely there will be change in the near future. Most

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prominent among the disagreements are the assessments about the regional threat that Iran poses and PM Maliki's suspicions of Saudi Arabia's funding of political parties ahead of the 2010 elections.

### *Relations with Turkey*

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

Also at the forefront of Turkish-Iraqi issues are the improved relations between Turkey and the KRG. Recently, KRG leadership denounced the anti-Turkish terrorist group Kongra Gel's (KGG) violence and encouraged them to disarm. Turkey has increased its diplomatic outreach to the KRG, exemplified by the Turkish Foreign Minister's late October 2009 visit to Irbil. Ankara and Irbil have also emphasized their shared economic interests in trade, tying the two closer together.

### *Internally Displaced Persons and Refugees*

The small-scale return of IDPs and refugees continues. Security gains have been an important factor enabling IDPs and an increasing number of refugee families to return. As of its latest update in December 2009, the UN High Commissioner for Refugees (UNHCR) estimates that more than 426,000 Iraqi IDPs and refugees have returned to Iraq since the beginning of 2008. Of this total, an estimated 85% are IDPs. Approximately 57% of the total number of returnees returned to

Baghdad. Approximately one million Iraqis remain displaced in Iraq from the Saddam era. The total number of Iraqis internally displaced since 2006, when sectarian violence escalated, currently stands at about 1.5 million. New displacement in Baghdad and elsewhere in Iraq has slowed considerably.

The population of Iraqi refugees in neighboring countries is relatively stable. There are 229,000 Iraqi refugees registered with UNHCR, and it is likely that there are a significant number of unregistered refugees. It is difficult to determine the exact number of refugees because they are dispersed in urban areas. Shelter remains a high priority for Iraq's IDPs, particularly the estimated 40% who rented their homes and have nowhere to return. The International Organization for Migration (IOM) estimates that 22% of Iraqi IDPs live in collective settlements, public buildings, or other makeshift housing. However, the number of IDPs living in tented camps remains extremely small, making an accurate overall census difficult to produce. Voluntary registration is the only method of tracking this fragmented population.

The GoI has taken only modest steps to support the return of displaced Iraqis. Nevertheless, recent efforts in line with the government's increased emphasis on national unity have been positive. The GoI recently named a senior advisor in PM Maliki's office as a coordinator on refugee and IDP issues in an effort to harness government resources. Recent PM orders have also increased financial obligations, ordered government bodies to work together on returns efforts, and mandated that IDPs be provided with physical access to their properties. Still, implementation of the orders has lagged and the Ministry of Displacement and Migration lacks resources and capacity. Beyond this, budget shortfalls, high unemployment, low private sector growth, severe housing shortages, poor government services, and a contested – though improving – security picture also hinder progress. In early December 2009, the GoI signed a MOU with

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the IOM to coordinate emergency and post-crisis migration management programs serving Iraq's internally displaced and refugee populations.

### **Conclusion**

Iraq continued to make measured political progress this reporting period. The incumbent CoR showed steady progress throughout its four-year term, and the focus turned to March 2010 elections. This will result in a new government that starts from a significantly better position than its predecessor did.

Diplomatically, Iraq continues to focus on re-engaging bilaterally with its neighbors and on expanding economic ties. However, many challenges remain for the new government to tackle. Significant progress in relations with neighboring countries will be slow until after the new government is seated, and continuing challenges in the rule-of-law area concerning corruption, judicial efficiency, and detention conditions will not be easy to solve despite increased attention from the highest levels of the GoI.

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## 1.2 Economic Activity

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

The GoI continues to face significant challenges in balancing its expenditures with revenues to limit budget deficits in the face of considerable investment requirements. The 2010 budget law allocates approximately \$20.3 billion for capital investment, an approximately 50% increase from 2009. However, the GoI projects a fiscal deficit of approximately \$19.6 billion. To increase non-oil revenue and ability to borrow to finance expenditures, the GoI has requested assistance from the Treasury Department to reform its tax administration and process for issuing government debt securities.

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

Building on 2009 successes, Iraq established a "Strategic Energy Partnership" with the European Union (EU) in January 2010, signing an MOU with the EU, and building the foundation for future EU partnership assistance and capital investment. Provision of essential services continued to improve across the board. Provision of reliable electricity, potable water, and sewerage treatment services improved during the reporting period. Projects to expand communications and transportation infrastructure also continued to make progress.

The GoI continues to be concerned with significant levels of unemployment or underemployment, illiteracy, and hunger because these factors influence both levels of security and the possibility for growth and economic stability. Working together, the GoI and U.S. Government (USG) continue to make steady, if uneven, progress on these pivotal issues. Ongoing projects to improve the oil and agricultural sectors and positive trends in business development will partially address these concerns. Offsetting the positive influence of these efforts are the residual effects of the drought and a legal environment that is only beginning to become conducive to foreign and domestic capital investment.

To ensure enduring economic stability and growth, the GoI must continue to deliver acceptable levels of essential services, deal with the issues of unemployment and illiteracy, and create a secure, market-friendly business environment to continue to attract foreign capital. If the government can continue to make progress in these areas, it will have a robust capital investment program and a broad private-sector job base that will improve its future economic prospects. In 2009, the GoI spending on security equaled roughly 13% of the national output; Iraqi leaders have publicly acknowledged that at some point Iraq will have to find a balance between spending on security and essential services. Despite this pressure, Iraq continues to invest in efforts to develop a capable and independent ISF.



## Budget Execution

Budget execution, particularly for the capital investment budget, has been a challenge for the GoI since 2005, but national ministries and provincial governments have substantially improved their ability to execute capital budgets. Several GoI and U.S.-assisted budget execution workshops have helped improve the execution rate of capital investment projects, and the PRTs have made budget execution a focus at the provincial level. Despite progress, impediments to spending across ministries and provinces remain, including bureaucratic bottlenecks, unclear rules and regulations, technical capacity, security, and absorption capacity. Bureaucratic decision lag continues

with regard to allocation releases and issuing letters of credit.

The GoI continues to work to address its budget execution problems. One example of this is the World Bank-funded Iraqi Public Finance Management project, which covers budget execution as well as budget formulation, procurement, and capacity building. The World Bank is funding this effort in accordance with a \$20 million technical assistance agreement signed by the Ministry of Finance (MoF). Starting in January 2010, the World Bank assumed the coordination role formerly performed by the Public Finance Management Action Group.

| (\$ in billions)              | 2006        | 2007        | 2008         | 2009**         | 2010        |
|-------------------------------|-------------|-------------|--------------|----------------|-------------|
| Base Budget                   | 34.0        | 41.1        | 49.9         | 58.6           | 72.4        |
| <i>Capital Expenditures</i>   | 27.8        | 10.1        | 13.1         | 12.7           | 20.3        |
| <i>Operating Expenditures</i> | 6.2         | 31.0        | 36.8         | 45.9           | 52.1        |
| Supplemental Budget           | N/A         | N/A         | 22.3         | N/A            | N/A         |
| <i>Capital Expenditures</i>   |             |             | 8.0          |                |             |
| <i>Operating Expenditures</i> |             |             | 14.3         |                |             |
| <b>Budget Total</b>           | <b>34.0</b> | <b>41.1</b> | <b>72.2</b>  | <b>58.6</b>    | <b>72.4</b> |
| Mol Security Budget           | 1.9         | 3.2         | 5.7          | 5.5            | 6.14        |
| <i>Capital Expenditures</i>   |             |             | 0.5          | 0.2            | 0.3         |
| <i>Operating Expenditures</i> |             |             | 5.2          | 5.3            | 5.9         |
| MoD Security Budget           | 3.4         | 4.1         | 5.3          | 4.1            | 4.9         |
| <i>Capital Expenditures</i>   |             |             | 0.4          | 0.3            | 0.4         |
| <i>Operating Expenditures</i> |             |             | 4.9          | 3.8            | 4.5         |
| <b>Security Budget Total</b>  | <b>5.3</b>  | <b>7.3</b>  | <b>11.0</b>  | <b>9.6</b>     | <b>11.0</b> |
| Base Execution                | 23.0        | 27.0        | 47.9         | 28.0           | N/A         |
| Supplemental Execution        |             |             | 2.6          |                |             |
| <b>Execution Total</b>        | <b>23.0</b> | <b>27.0</b> | <b>50.5*</b> | <b>28.0***</b> | <b>N/A</b>  |

Source: U.S. Treasury Report

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

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

\*\*\*2009 expenditures through September 2009 – most current accurate data available.

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### *2009 Budget Execution*

As of February 2010, the best data available indicate that 2009 expenditures totaled \$28 billion, or 48% of the total budget of \$58.6 billion. USF-I will report final 2009 execution numbers in the June 2010 report when those figures should be available. Since the 2009 budget was not approved until March 2009 and not made official until April 2009, spending was severely limited in the early part of the year. Spending was also slowed in the face of declining oil prices in the early part of the year. As a point of reference for 2009, Iraq executed nearly 70% of its combined base and supplemental budget for 2008 (\$50.5 billion out of \$72.2 billion), and 67% in 2007 (\$27.0 billion out of \$41.1 billion). Recent data from the MoF suggests that Iraq ran a budget deficit of about \$10-\$15 billion in 2009. The actual deficit, if any, will not be known until the March-April 2010 timeframe when the 2009 accounts are fully closed. The 2009 Iraqi Budget Law did not include a provision for rollover of 2008 capital funding, and the decline in oil prices drove reduced capital expenditures and a larger deficit than the previous two budget years.

### *2010 Budget*

The CoR passed the 2010 budget on January 26, 2010. The 2010 baseline budget of \$72.4 billion represents a \$13.8 billion increase over the 2009 budget of \$58.6 billion. However, the official budget figure does not include several billion dollars of additional expenditures added by provisions not reconciled with the nominal total, including additional revenues for provincial governments, extra Ministry of Agriculture (MoA) spending, and covering Public Distribution System (PDS) costs from 2009. The 2010 budget includes \$11 billion for security-related capital and operating expenditures (\$4.9 billion for Ministry of Defense (MoD) and \$6.14 billion for MoI). The 2010 budget law allocates approximately \$20.3 billion for capital investment, an approximately 50% increase from 2009, and allocates \$52.1 billion for operating expenditures. With projected 2010 revenue of

\$52.8 billion based on projected oil prices of \$62.50 per barrel and exports of 2.15 million barrels per day, the fully executed budget will result in a projected deficit of \$19.6 billion.

### **Debt Relief**

The GoI continues efforts to resolve outstanding external obligations including Saddam-era sovereign debt to other states and debt to private multi-national firms. Iraq has formally settled or confirmed the absence of debts undertaken by the former regime with 61 country creditors, including all 19 members of the Paris Club, and with the bulk of its commercial creditors. Iraq's debts to Paris Club countries, which totaled about \$49.7 billion, were reduced to \$7.4 billion. Its debts to non-Paris Club countries with signed bilateral agreements and commercial creditors were reduced from \$34 billion to \$2.3 billion. Iraq still owes between \$46 and \$87 billion in debt to its regional neighbors.

### **Indicators of Economic Activity**

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

### *Inflation*

The overall price of goods and services in Iraq has been decreasing recently. Year-on-year deflation in November 2009, as measured by the Consumer Price Index (CPI), was -4.9%.<sup>4</sup> Core inflation for the same period, which measures the price of basic goods and services like food, but excludes fuel, electricity, and

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other goods subject to volatile price movements, actually indicated that prices for basic goods and services increased by 4.8%. The discrepancy between core inflation and overall inflation measures is directly related to the large swings in fuel and energy prices throughout 2009. Rents continued to increase annually due to a housing shortage of approximately 1.5 million units, demand pressures from returning refugees and IDPs, and a young, increasing population.

Various sources are consulted for this report. However, inflation figures moving forward may not be comparable between years. Iraq's Central Office for Statistics and Information Technology (COSIT) has unveiled new CPI weights. The weights are based upon data collected in the 2007 World Bank-sponsored Household Socioeconomic Survey, which included a comprehensive study of household spending habits. The new methodology will also calculate geographic differences in prices at the regional, provincial, and city levels. Year-on-year core inflation and year-on-year headline inflation were previously calculated using the 1993 price index.

### *Unemployment*

The official GoI published unemployment rate is dated and considered unreliable. Unofficial estimates of unemployment range between 18% and 20%, and underemployment affects an estimated third of the labor force. This indicates the Iraqi economy is unable to provide enough work for a significant portion of the population. With approximately 240,000 new entrants into the workforce each year, unemployment rates will continue to rise without a strong focus on job creation. Unemployment is concentrated and rising among younger men, aged 15-29, with this group making up 57% of all unemployed Iraqis. While the government still employs the majority of the full-time work force, over a third of the full-time work force is now employed in the private sector, an increase from 24% in 2007. Private sector jobs tend to be informal, insecure, and low-wage compared

to public sector employment, and households without a public sector employee are more vulnerable to poverty. Private sector development, international capital investment, and broad-based improvements in education will be the key to improving unemployment levels in Iraq. As described in other parts of this report, American Embassy and USFI personnel are working with various Iraqi ministries to encourage business development, capital investment, and education and literacy programs, but the results of such efforts are not likely to translate to reduced unemployment rates in the short-term.

### *Education*

Education in Iraq is under the control of the Ministry of Education (MoED) and the Minister of Higher Education. The GoI funds education at all levels, from primary to post-secondary education. Only the first six years of primary education are mandatory. Strategic assessments for the last two years indicate a statistically significant 3% increase in literacy rates for adult Iraqis. According to COSIT reports, the overall Iraqi literacy rate is 77%. In comparison, the overall literacy rate for Syria is 79%, for Iran is 77%, for Saudi Arabia is 79%, and for Jordan is 89%. Women and those living in rural areas are most likely to be functionally illiterate, defined as having less than fourth grade reading comprehension. However, women overall have had a significantly greater increase in literacy over the same period compared to men. Finally, approximately 14% of school-age children are currently out of school because they have no access to suitable schools.

The GoI, through the MoED, continues implementation of measures to improve literacy rates in Iraq. The CoM approved a National Literacy Law in February 2010 to be presented to the CoR after the national election. MoED officials are working with UN agencies on a long-term national literacy action plan to improve adult literacy and children's education programs. USAID coordinated with MoED officials to provide standardized managerial

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training for MoED staff. Initial training assessments will be done to determine the scope of training to begin later in May 2010. The Baghdad Provincial Council plans to implement an adult literacy program with after-hours courses conducted at 60 literacy centers per school district in Baghdad. Each literacy center will have a principal and five teachers to conduct two 7-month phases of literacy training for 60 to 70 students. NGOs are providing funding for the program and the Baghdad PRT is coordinating training for the program teachers.

USAID, the UN, and numerous NGOs are working to improve the quality and availability of schools and literacy programs throughout Iraq. All of the PRTs in Iraq have literacy projects, many with a focus on adult literacy classes or literacy programs for women. The Embassy's Public Affairs Section, working with PRTs, has distributed half a million dollars worth of "My Arabic Library" to improve literacy. The USF-I commander recently emphasized to subordinate units the importance of using the remaining time in Iraq to assist in improving education for the Iraqi people. Improving education and literacy rates will be a key factor in building economic stability.

### *Hunger and Poverty Levels*

According to the most recent UN report, an estimated population of 930,000 (3.1% of the households sampled) are classified as food insecure, living on less than \$1 per day.<sup>5</sup> A COSIT study reports that 6.6 million Iraqis (22% of the population) get fewer than the minimum required daily calories. Results also indicate significant improvement compared to the estimated 4 million (15.4%) food insecure and 8.3 million (31.8%) potentially food insecure people reported in the previous 2005 survey. Factors that may have contributed to this improvement include an overall improvement in security, economic growth, and enhanced humanitarian efforts by the GoI, UN organizations, and NGOs.

### *Public Distribution System*

Iraq's PDS is the world's largest food ration program. In theory, it provides a basket of food and other household commodities to virtually every Iraqi citizen. Iraqi leaders acknowledge, however, that the PDS is inefficient, creates tremendous opportunities for corruption, distorts domestic commodity markets, and delivers only a fraction of the commodities promised. For these reasons, the GoI has committed to reforming and possibly monetizing the PDS over the long-term. Officials from the Ministry of Trade (MoT), which administers PDS, insist that no reforms will occur before a new government comes into office after the 2010 elections. USAID is currently implementing a reform program with the Social Safety Net (SSN) program at the Ministry of Labor and Social Affairs (MoLSA). The program entails a revamping of the SSN program to enable the ministry to detect any duplication and prevent fraudulent activities through a new transparent database system. The new system will also connect 18 sites, allowing a more streamlined interaction with the various provinces. Ration cards issued by the GoI to every Iraqi family have become the mechanism utilized by the GoI to track population and register voters, further politicizing any efforts to reform or abolish the program.

### *Business Development and Integration into the Global Economy*

The GoI is making slow progress toward creating a more investment-friendly legislative and regulatory environment. Although the Iraqi economy continues to show incredible potential, recent progress has been uneven. There continues to be optimism about the degree to which oil revenues will increase during the next several years as southern oil fields come on line. However, the overall investment climate remains challenging, especially for small and medium sized businesses. Progress towards legislation that implements trade and investment reforms was interrupted by political events that led up to the March 2010 election. Legislative reforms will

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improve the overall business environment and integration with global financial and regulatory bodies.

One of Iraq's primary economic challenges going forward is to demonstrate that the country is a suitable environment for foreign investment. There are several obstacles to increased foreign investment as well as private domestic investment. Chief among them are an uncoordinated, opaque regulatory system, unclear or uncertain land titling, untested dispute resolution mechanisms (Civil Courts), and endemic corruption. Each in its own way contributes to uncertainty in the investment climate. Other contributing factors include poor regulatory capacity in the MoT, restrictions on foreign land ownership, restriction on employment in joint venture opportunities, and an uncertain international arbitration framework. The GoI and USG are working together to address these issues and there are continuing signs of progress.

The CoR's unanimous passage of the Amendments to the National Investment law of 2006 sent a strong positive signal to domestic and foreign investors. However, the PM's office has not yet taken the necessary steps to implement the law so that it can have its desired effects. Further, despite having previously made progress toward WTO accession, the GoI has not yet submitted a completed Goods Offer to the WTO in Geneva, indicating a possible shift in attitudes towards more protectionist trade policies. These issues will be important for the GoI to address rapidly after the formation of the new government.

The Department of Defense (DoD) Task Force to Improve Business and Stability Operations (TFBSO) continues its support of the National Investment Commission (NIC) and commercial interests in Iraq by hosting investors on short visits and providing longer-term accommodations for companies seeking to establish a permanent presence in Iraq. NIC programs and Provincial Investment Commission (PIC) programs, established to

develop the investment capabilities of national and provincial governments, continue to promote foreign investment in Iraq. Through January 2010, the NIC has signed 194 investment licenses with a value of almost \$9 billion, and the number of investment licenses signed each month is on an accelerating trend.

The Organization for Economic Cooperation and Development, in coordination with the American Embassy, completed five PIC training sessions in January 2010. These training sessions provided the commissioners with information and methods for developing a provincial investment strategy, organizational and management development, and marketing and business development instruction. Instructors also provided training session attendees with a complete set of training modules provided for reference and for training future PIC members.

The State Board of Tourism (SBT), in coordination with USF-I, completed refurbishment projects on Baghdad Island to include clearing of plant growth in the lagoon, replacement of pumps, re-filling of the lagoon and refurbishment of several meeting areas and vendor kiosks. The work culminated in the grand re-opening of Baghdad Island to the public on November 27, 2009. This project and the island's re-opening are all indicative of the overall improved security environment in Baghdad. It is estimated that approximately 9,000 people attended the opening day festivities. Overall, the SBT continues to contribute to business development, generating 27 signed investment licenses totaling \$2 billion for the tourism and hospitality industries, with 13 projects under construction.

The Donors Committee oversees the International Reconstruction Fund Facility for Iraq (IRFFI), which has served as the multilateral mechanism for turning international financial contributions into assistance projects for Iraq since 2004. The IRFFI has largely accomplished its original mission. The IRFFI has closed its trust funds,



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and the Donors Committee has stopped taking new donor contributions. IRFFI will stop initiating new projects and contracts by the end of 2010, and will terminate operations and disband by the end of 2013. To date, the IRFFI has collected more than \$1.8 billion in donor deposits and invested more than \$1.5 billion in assistance. Most of the countries that contributed to the IRFFI now have their own bilateral relations with Iraq for assistance, trade, and investment.

### *Banking Sector*

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

The TFBSO has continued its banking and financial networks initiatives to enhance the development and use of a modern, internationally competitive banking sector in Iraq through design and implementation of a robust end-to-end financial infrastructure that connects Iraq to the global financial community. A total of 40 banks now exist in Iraq and the number of bank branches continues to increase, with more than 800 branches currently available throughout Iraq. There are now 16 banks with a functional core banking system, and 21 banks in Iraq are able to send and receive international payments

electronically. Furthermore, the CBI now has interoperability between its financial systems.

The TFBSO is working with Iraqi banks to improve the effectiveness of their electronic funds transfer (EFT) transaction processing capability through the EFT assistance center. The center is staffed by Iraqis and managed by TFBSO. The center works to facilitate and improve upon the payment system between the USG and Iraqi contractors. In the summer of 2009, a payroll card and direct deposit program was established to increase payroll efficiency and reduce cash handling in Iraq. Over \$2.1 billion in cash has been paid via EFT since inception of the mandatory EFT pay policy in October 2007 and approximately 38% of these payments have gone to Iraqi banks.

In addition to MasterCard, Visa is now widely accepted throughout the country. The presence of both major credit cards provides Iraqis and international visitors with access to retail goods and services without the use of cash. TFBSO has supported the creation of AMWAL, a financial services consortium of private Iraqi banks. AMWAL has deployed Point of Sale (POS) machines at major hotels, duty-free stores, carpet shops, specialty shops, and restaurants in several major cities including Baghdad, Erbil, Sulaimaniya, Najaf, and Basra. The POS devices acquire transactions from MasterCard and Visa debit and credit cards. Currently 380 POS devices are installed with 240 merchants, including one State-Owned Enterprise and \$1.8 million in transactions have been generated.

### **Oil Industry**

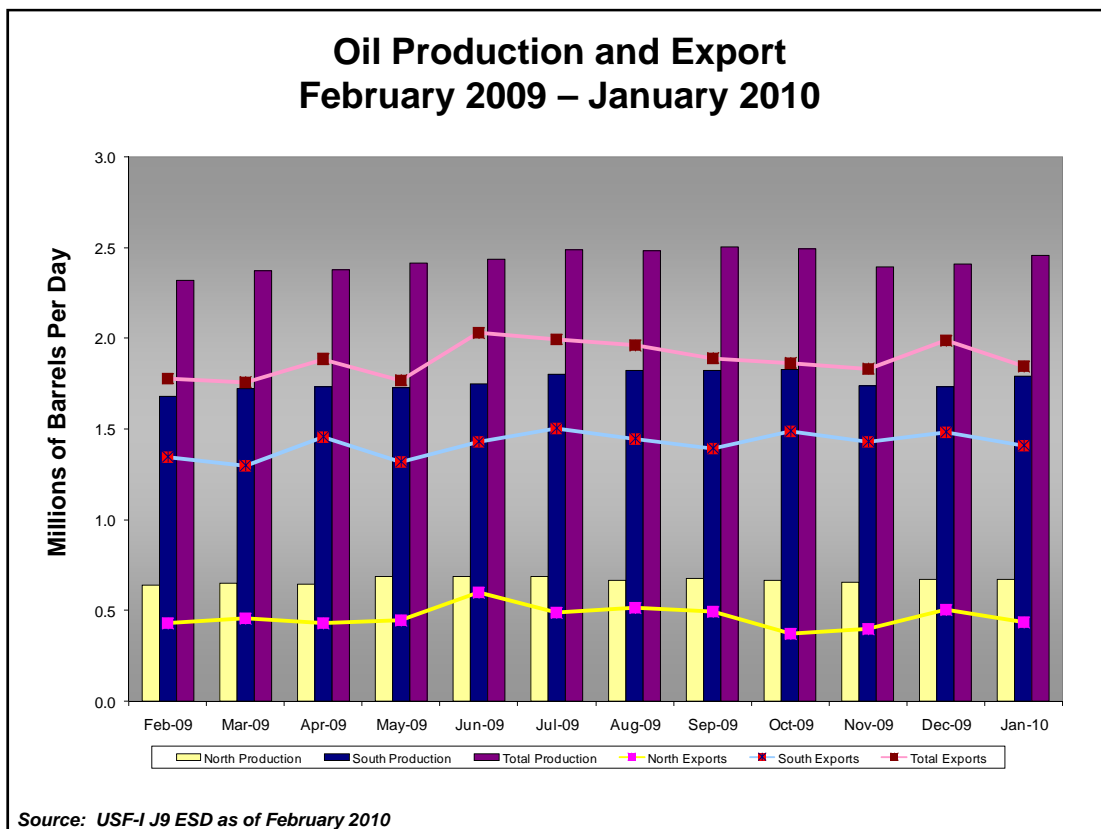
Oil production and exports were essentially constant throughout 2009, and remained constant in the first months of 2010. Iraq produced an average of 2.4 million barrels per day (mbpd) and exported an average of 1.99 mbpd in 2009. Iraq's 2010 oil production to date is averaging 2.4 mbpd, unchanged compared to the 2009 average, while oil exports are averaging 1.87 mbpd, a decrease of 7% compared to 2009. The Ministry of Oil

(MoO) has not made any progress on improving oil infrastructure; industry experts believe that long-term production increases are not possible without significant investment from international oil companies.

Two Iraqi oil field development bid rounds completed in 2009 will provide the needed investment. The ten contracts awarded from both bid rounds will result in development or rehabilitation of oilfields representing approximately 65% of Iraq's estimated 115 billion barrels of oil reserves. The contracts could bring in as much as \$100 billion worth of investment over the next decade and could result in production rates as high as 12.0 mbpd if the contracts are completely successful. However, current assessments indicate that logistics and other limitations will prevent production from reaching its full potential. The first bid round was conducted in June 2009. As a result of the first bid round, the MoO and a BP/China National Petroleum Company consortium signed a contract in November 2009 to rehabilitate the Rumaila North and

South Fields. A consortium led by Italy's ENI with partners Korean Gas Corporation and Occidental Petroleum will rehabilitate the Zubair Field, and an ExxonMobil/Royal Dutch Shell consortium will rehabilitate the first phase of the West Qurna Field. The MoO held a highly successful second bid round in December 2009. More than 20 companies from 17 countries submitted bids, and seven of ten fields (or groups of fields) were awarded. The fields awarded included the West Qurna Phase 2, Majnoon, Halfaya, and other smaller fields. All contracts awarded in the two bid rounds have been finalized and approved by the CoM.

Since almost all of the future production increases will be in the South, the rehabilitation and expansion of the southern export system has increased in priority. The maritime portion, consisting of the Iraqi Crude Oil Export Expansion (ICOEE) project<sup>6</sup> and the Japanese International Cooperation Agency (JICA) project, is proceeding. ICOEE's first phase will provide redundancy to the Al Basrah Oil



Platform and its dilapidated supply pipelines, and will provide a limited capacity increase. Its second phase will increase maritime export capacity to 3.0 mbpd. The Japanese International Cooperation Agency will then add infrastructure to increase maritime export capacity to 4.5 mbpd. ICOEE is nearing procurement of long-lead time materials. Although there have been some minor delays, these are expected to be recouped later in the project. The MoO is already studying further southern export capacity increases beyond 4.5 mbpd.

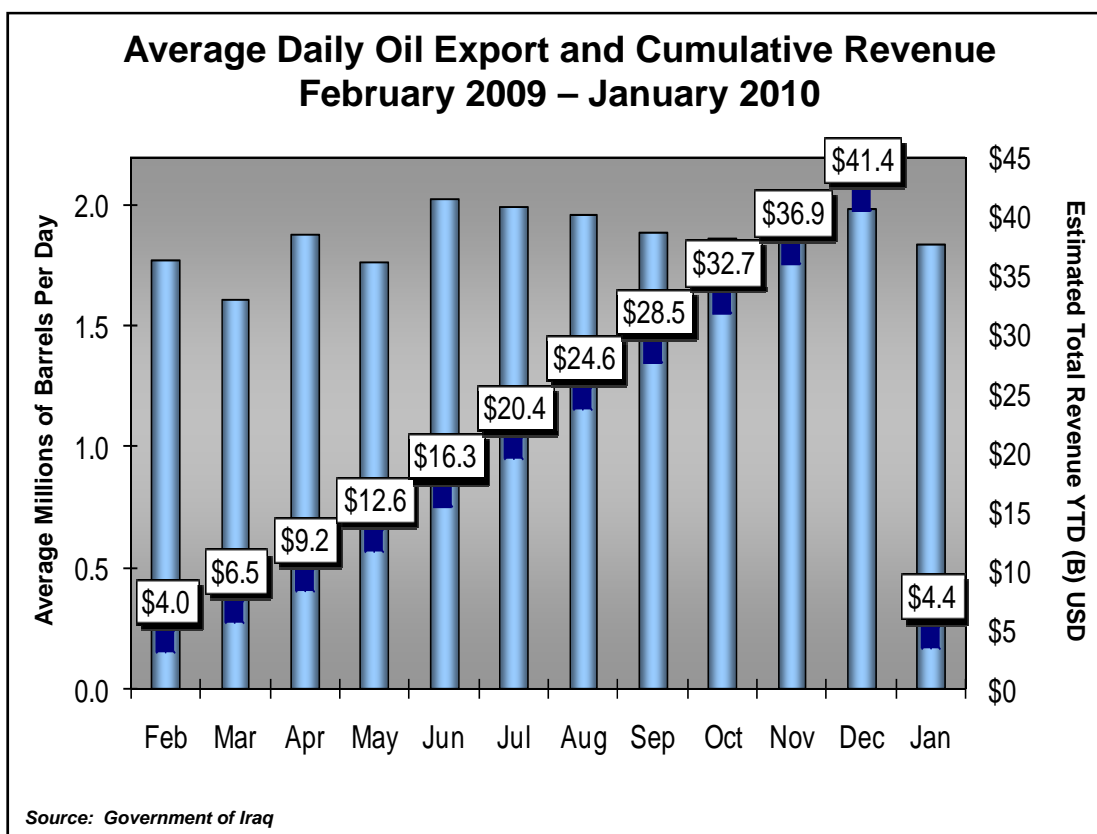
In the North, the limited KRG exports that began in June 2009 stalled in October 2009. The stall in exports was largely due to payment issues. The KRG is looking for a solution to the problem, but this will require negotiations with Baghdad. KRG exports were a fraction of the overall total, averaging around 40 thousand barrels per day. The MoO in Baghdad contests the legality of KRG contracts with international oil companies (IOCs). Whether the KRG has the constitutional right to sign contracts with

IOCs is a key sticking point holding up passage of key hydrocarbon legislation.

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

### Agriculture

As a nationwide industry, Iraqi domestic agricultural production continues to lag due to many factors, including the residual effects of the drought and government policies that distort the market and undermine productivity. The lack of adequate credit or quality inputs and the general state of disrepair of irrigation and agricultural infrastructure all contribute to the problem that the sector faces. Poor plant





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and animal genetics, insufficient fertilizer use, traditional and often outdated farming practices, the lack of modern farm machinery, and inadequate irrigation practices are some of the specific areas that need to be addressed. This sector is also constrained by security issues as well as a steep learning curve for market-oriented agriculture.

Over 70% of Iraq's water originates from outside its borders and is carefully managed by upstream dams in Turkey, Syria, or Iran. Externally regulated flows of the Tigris and the Euphrates River and their tributaries contributed to record low river flows in 2008 and 2009, causing significant downstream impacts. Low flow in the Shat Al Arab permits significant backflow of highly saline water from the Arabian Gulf. The low flow conditions and high salt concentrations reduced the quality and quantity of water available for irrigation in 2008 and 2009. Responsible water sharing discussions with Turkey, Syria, and Iran have yielded no long-term solutions.

Efficient use of water is a national problem, and the PM's Advisory Commission, the Ministry of Water Resources (MoWR), the MoA, and the Minister of the Environment work to coordinate solutions to the issue. The TFBSO works directly with the MoWR and the MoA to help adopt advanced technologies to solve this problem. Although an estimated 80% of the water of both the Tigris and Euphrates rivers is used in agricultural production, most of this water is essentially wasted due to the flood irrigation system used. To address the issue, TFBSO brought in a leading international producer of pivot irrigation systems in 2009. In coordination with the Ministry of Industry and the MoA, the irrigation systems company signed a joint venture to manufacture its system in Iraq. TFBSO is also working to improve drip irrigation systems for use in Iraq's vegetable production in green houses, and for fruit and olive trees. Drip irrigation could potentially save 90% of the water currently used on these crops.

In Fiscal Year 2009, TFBSO provided \$5 million to purchase 1,300 greenhouse units, creating employment opportunities for more than 300 people. Each greenhouse will produce an estimated 80 tons of vegetables per year. TFBSO estimates that full production of vegetables by the greenhouse units will be underway this spring and will directly employ 4,200 people. Distribution, packaging, and marketing should provide employment for another 2,500 people. TFBSO estimates that the green house project will reduce vegetable imports by approximately \$100 million annually.

Working to further Iraq's return to agricultural prominence in the region, TFBSO obtained funding for 37 scholarships to help Iraqi students obtain MSC degrees in various agricultural areas. Working with the MoA, several Iraqi universities, the U.S. Department of Agriculture (USDA), and Texas A&M University, TFBSO helped develop policy and criteria for the selection of the students to represent all regions of the country.

TFBSO is also in consultation with the Minister of Higher Education and Scientific Research, several university presidents, and members of the Judiciary Committee in Parliament to draft land grant university legislation for Iraq. United States deans are forming a consortium to develop scientific exchange programs for Iraq, including acceptance of Iraqi graduate students at U.S. universities.

#### *USDA Projects in Iraq*

The USDA has advisors at the American Embassy and on PRTs throughout Iraq as provided for in the Strategic Framework Agreement (SFA) to help Iraqi farmers generate higher incomes through programs in agribusiness, agricultural extension, and policy engagement. USDA is the lead agency for bilateral agricultural policy coordination in Iraq. In addition, USDA promotes commercial agricultural trade in U.S. farm products and reports on Iraqi crop conditions. USDA agricultural advisors, as PRT members,

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implement technical assistance activities and carry out program and policy guidance at the provincial and municipal level.

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

The USDA's Iraq Agricultural Extension Revitalization (IAER) project is a collaborative effort among U.S. land-grant universities, Iraqi universities, and the Iraqi MoA to improve the delivery of agricultural extension services in Iraq. In 2009 as part of the project, 60 GoI and university officials received advanced train-the-trainer agricultural extension education at five U.S. land-grant universities on subjects such as water resource management and soil analysis. As these Iraqis return home, they train their colleagues. Under the IAER-I and IAER-II projects, USDA's Foreign Agricultural Service obligated \$11.72 million to facilitate rural economic development through revitalizing the Iraqi agricultural extension system. Another \$280,000 will be obligated in 2010 to support in-country training. The USDA has several other programs to bring Iraqis to the U.S. for advanced training. The Cochran Fellowship Program has trained 42 Iraqis since 2005, while the Norman E. Borlaug Fellows program has provided five Iraqis with the opportunity to attend U.S. universities to study irrigation management and seed multiplication. USDA is

also the implementing agency for a U.S. Department of Defense-funded program to provide close to 50 Iraqis with the opportunity to obtain masters degrees at U.S. universities.

USDA advisors will continue to support improvements in the Iraqi agricultural sector in 2010. New activities will include agricultural statistics training, meat inspection procedures training, and training on expediting clearance of agricultural imports and other subjects. USDA advisors will continue to support agricultural organizations such as the Iraqi Veterinary Medical Syndicate, the Red Meats Association, the Poultry Association, the Iraqi Seed Trade Association, and others. Technical assistance for soil fertility and water management will be provided. Finally, USDA advisors will assist in a small anti-corruption and food-assistance-delivery training program focused on the PDS.

### **Essential Services**

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

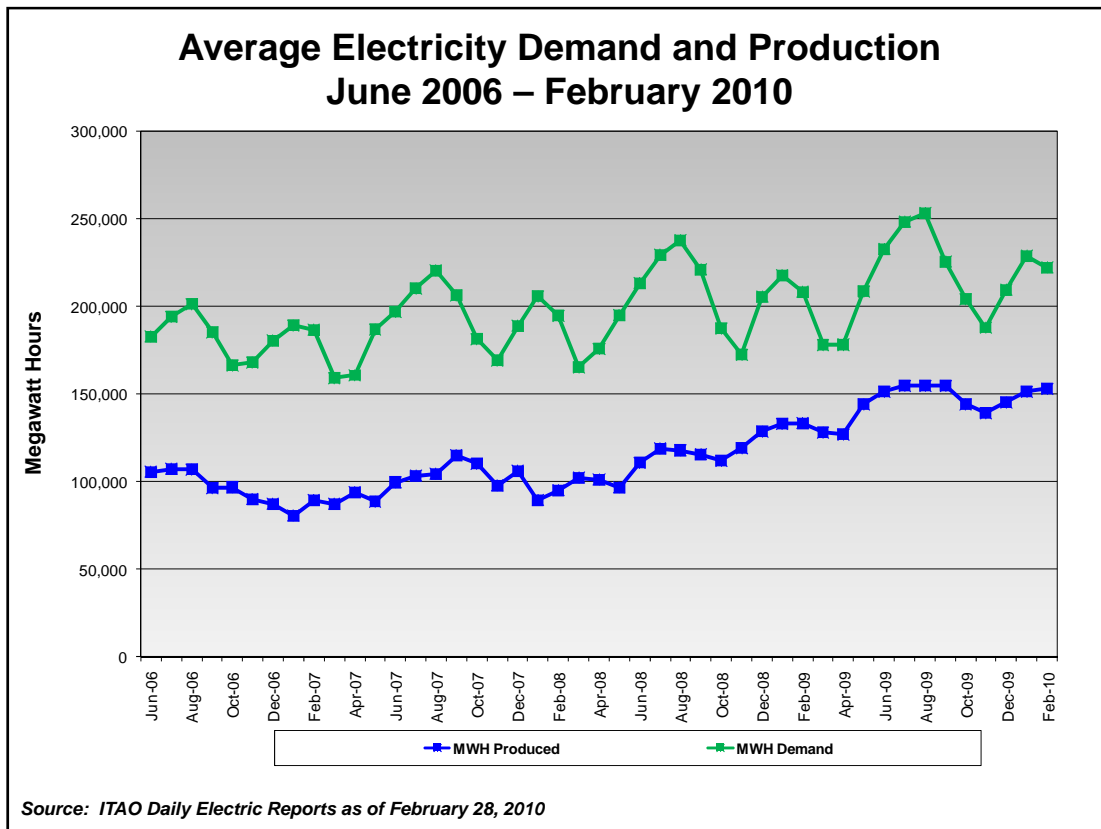
USF-I and the American Embassy continue to work towards improved provision of essential services to the Iraqi people. Currently, the U.S.

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

### Electricity

Average daily electrical generation from December 2009 to February 2010 was approximately 150,000 megawatt-hours (MWH), a 14% increase over the same period last year. Approximately 25% of Iraqis are content with access to electricity, representing a slight change from November 2009 levels.<sup>7</sup> Imports from Iran and Turkey averaged approximately 18,235 MWH in January 2010, and accounted for just over 12% of the total supply.

Over 1,350 megawatts (MW) of new generation capacity was added to the national grid in 2009. In October and November 2009, units at Samarra (102MW), Baghdad South (17MW), and Qudas (90MW) came online, increasing capacity by 209MW. In December 2009, units at Baghdad South (19 MW), and Chamchamal (105 MW) came online, increasing capacity by 143 MW. In January 2010, four units at Samarra Diesel came online (42 MW). Cumulatively, the power-output capacity increase since October 2009 equates to powering approximately 380,000 households 24 hours per day. The fiscal realities facing the GoI are driving the Ministry of Electricity (MoE) to consider alternate solutions to the problem of funding new power plants and the costs associated with their construction. The MoE course of action is to entice private investors to purchase, install, and operate commercial combustion turbines. Several potential private investors known as Independent Power Producers (IPPs) attended the recent MoE Regulatory and Investment Conference in Istanbul to gather information on

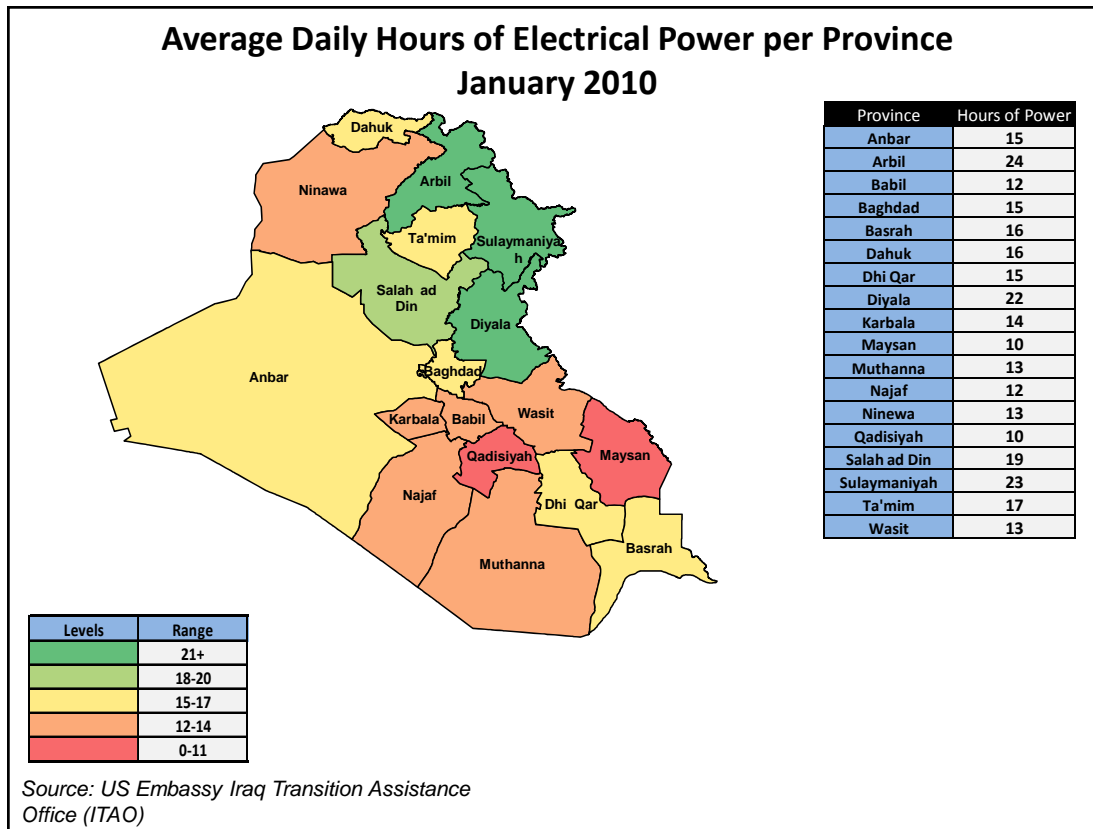


the MoE’s regulatory efforts and to participate in combustion turbine generator purchase discussions. The MoE’s commitment to engage IPPs can be seen as a positive step towards a stable, secure, and economically thriving Iraq. However, much work remains to properly structure a regulatory framework that entices and protects private investors willing to risk significant capital in such a relationship. The MoE has proposed that the GoI establish a committee to develop the IPP structures in support of this initiative. The committee would be composed of the MoE, the MoF, the Commission on Public Integrity, the Ministry of Planning, and the Ministry of Industry & Minerals.

Based on additional costs associated with an expanded plan for GE “Megadeal” and Siemens units, MoE officials appear to have reverted to their original plan for ten GE-equipped electrical generation sites and five Siemens-equipped electrical generation sites. Of the ten GE sites, six will most likely be offered as IPP opportunities. Because the number of turbines and generators vary at each site, it is important to note that this IPP

initiative represents more than 60% of the GE and Siemens programs.

Progress has also been made in the Hyundai, MoE Fast Track, and GE Fast Track projects. The Hyundai project includes 144 units, each with a capacity of approximately 2 MW. These units are being installed as clusters at ten different sites across Iraq, and represent 291 total MW in additional capacity. The Hyundai project should be online by June 2010. The MoE Fast Track project represents more than 600MW of additional capacity, with units at Al Rasheed, Amarra, Najaf, and a Kartet power ship at Um Qasr. This project should be completed by July 2010. The GE Fast Track project, consisting of eight GE units at Taji, Karbala, and Hillah, will add 660MW to the grid. The updated estimated completion date of the GE Fast Track project is mid-2011. In addition to the MoE Fast Track and Hyundai projects, the MoE has over 700 MW of added capacity in other small projects that should come online in 2010. These include units at Chamchamal (105 MW), Hurriyah (48 MW), Samarra (42 MW), Haditha (200 MW), Sadar City (226 MW), and Mussayib (80 MW).



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### *Water and Sewer*

USF-I, American Embassy-Baghdad, NGOs, and the Ministry of Municipalities and Public Works (MMPW) have continued to make progress in the ongoing campaign to provide potable water and access to wastewater treatment services to the Iraqi people. Progress continues to be made and services throughout Iraq have improved.

The MMPW, the KRG, and Baghdad Amanat continue to make positive strides to ensure the public water supply is safe for consumption. There have been no reported cholera outbreaks since the World Health Organization's (WHO) report of cholera in three Iraqi provinces (Baghdad, Babil, and Maysan) in late 2008. The MMPW and the Baghdad Water Authority (BWA) have worked diligently to properly treat water in Baghdad and nationwide, successfully preventing further outbreaks among the over 8 million Iraqis living in the capital city and 30 million across Iraq.

Ministry activities this period continued to include large water (raw water and potable water) and wastewater infrastructure projects, the placement of compact water units (CWU) and similar wastewater treatment units, water and sewer network repairs, proper treatment of potable water, and point-of-use testing programs. Notably, the U.S. Army Corps of Engineers (USACE) expects to complete construction of the Meshkab Water Treatment Plant (WTP) in Najaf by the end of March 2010, a \$70 million project.

Across Iraq, gains in potable water capacity mean that more than 21.9 million Iraqis have access to potable water, up from 12.9 million in 2003. Similarly, in Baghdad, potable water delivery has steadily increased to over 2.5 million cubic meters per day, satisfying an estimated 89% of demand. Research shows that over 30% of Iraqis are satisfied with their access to drinking water, essentially unchanged from November 2009.<sup>8</sup>

Access to wastewater treatment benefits more than 11.5 million Iraqis, up from 6.2 million in 2003. However, many challenges remain,

including improving the capacity of wastewater treatment plants, operations and maintenance training, repair and maintenance of pipelines, proper treatment of water, and projecting and meeting population needs. Garbage is accumulating in places including Baghdad, Basra, Karbala, Hiulla, Kut, and Imara, and there is raw sewage in some streets. To help find solutions to these problems, TFBSO met with representatives of a well-known incinerator company that has developed and applied advanced technology that allows cities to economically dispose of municipal waste. The percentage of Iraqis satisfied with access to sewerage drainage services is approximately 25%, remaining unchanged from November 2009.<sup>9</sup>

A growing emphasis on decentralizing ministerial budgets and powers to the provinces, to include authority for capital investment projects, continues to emerge and may affect the MMPW and other service ministries. This was signaled by language on the devolution of the MMPW in the 2010 Budget Law. If the Presidency Council does not veto the law or if the law is not challenged on constitutional legitimacy, the devolution process could begin as early as the end of the second legislative session after the seating of the new government.

MMPW faces many of the same challenges as other ministries, such as adequate budget priorities and allocation, budget execution, and operations and maintenance. Additionally, the Ministry faces the need for raw water availability to provide adequate treated water to meet basic human needs. Ministry personnel must balance human water requirements with agricultural requirements to provide adequate essential services to all Iraqis.

### *Healthcare*

Although many challenges remain, the GoI and USG continue to work together as the MoH builds its capacity and capability to meet the healthcare needs of Iraqis. Recent research indicates that Iraqi citizens' access to primary



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health care is improving, with 85% of Iraqis reporting access within four days and 59% reporting same day access.<sup>10</sup> A notable sign of progress towards building capacity is the Basrah Children's Hospital expected to open for outpatient care in March 2010 and inpatient care later in the year. This joint effort brings a specialized capability and improves delivery of pediatric oncology services in the region.

Partnering together, the U.S. Army 10<sup>th</sup> Combat Support Hospital, Baghdad and the MoH recently completed an intensive cooperative training program for physicians, nurses, pharmacists, and administrative and support specialties. The transfer of Ibn Sina Hospital to the GoI in October 2009 marked another significant step in the fulfillment of the Security Agreement (SA) between the United States and the GoI. Ibn Sina opened its doors to residents of the International Zone (IZ) for outpatient and emergent care, with plan to add surgical capability later in 2010.

The MoH continues to face human resource challenges across the spectrum of healthcare professionals, including doctors, nurses, and ancillary support staff. The number of repatriated physicians, dentists, and pharmacists increased significantly in 2009. However, a physician shortage continues to exist in Iraq and the GoI continues its efforts on training, recruiting, and filling vacancies. Additionally, the *Tatweer* program has been working with the MoH on building the capacity of its staff at the central and the provincial level. This program has helped to reform some critical operating procedures, creating a more streamlined standard operating system within the ministry.

### *Transportation*

As part of the SA between the U.S. and the GoI, Iraq assumed control of all of its sovereign airspace. On December 12, 2009, Iraq reached another milestone toward its air sovereignty with the transfer of control of airspace above 24,000 feet in the north. With the implementation of the SA in January 2009, the

GoI assumed control of air space above 24,000 feet in the south and 29,000 feet in the north, lacking the required communication infrastructure and capabilities in the north to control airspace below this level. Over this past year, USF-I created an Airspace Transition Team to assist the Iraq Civil Aviation Authority (ICAA) in developing the capacity to safely and efficiently assume incremental airspace control from U.S. forces. The way forward focuses on transferring control of airspace above 15,000 feet by September 1, 2010, and all of the airspace by summer 2011 as the required infrastructure and certified controllers are developed. Following five years developing the foundation for an indigenous air traffic controller (ATC) workforce, in February 2010 the first Iraqis in over 20 years obtained their ATC radar controller licenses and certification. The ICAA now has nine licensed radar controllers, 13 radar controllers working traffic in an on-the-job training program supervised by the Washington Consultant Group, and 28 students in a classroom phase of training. However, the lack of investment, antiquated acquisition and procurement processes, and poor business practices continue to impede the ICAA.

Rehabilitation and expansion of Iraqi railroad track and station infrastructure continues. Efforts to develop a state-of-the-art train control system for the railroad continue to move forward, but with no completion date projected. The expected date of turnover of the train control system to the Iraqi Republic Railroad (IRR) is now planned for April or May 2010. Intermodal distribution network partnering with the Iraqi Transportation Network and the IRR is an interest item with the State Department's Office of Transportation Attache. However, the two organizations have reached a roadblock on expected demand, billing, and rate fares for cargo. Talks are planned in the coming months with the DoD Iraqi Transportation Network team and the MoT for commercial business development.

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## **Conclusion**

Despite considerable challenges, the Iraqi economy continues to grow, and the GoI is achieving improvements in budget execution and the provision of essential services.

Significant unemployment and underemployment, an agricultural industry impacted by the residual effects of the drought, and fluctuating oil prices continue to be issues

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

### 1.3 Security Environment

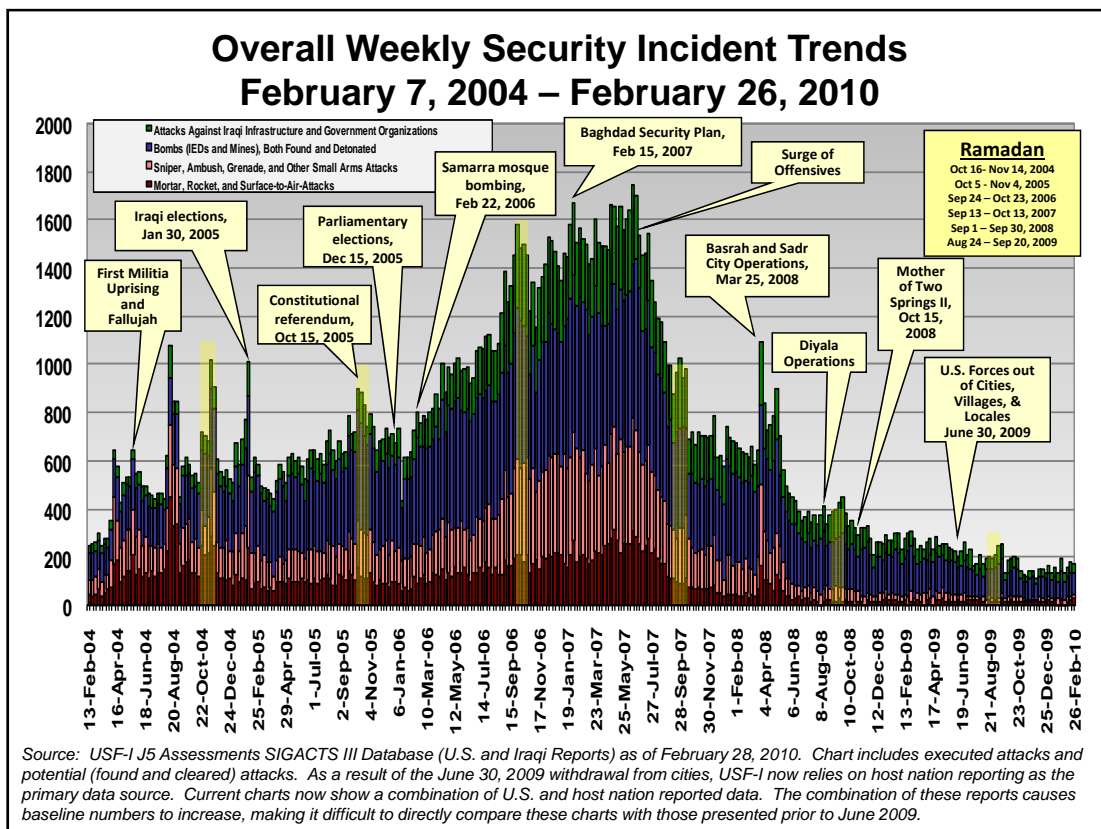
Iraq's security environment continues to improve. This is an encouraging trend in light of the transition of security responsibilities to the GoI. Average monthly security incidents throughout Iraq continued to decline from December 2009 to February 2010, showing a 14% drop from the last reporting period and a 45% drop compared to the same period in 2008-2009. The ISF and GoI continue to disrupt violent networks. Iraqi led, U.S.-supported targeting of key leadership and operatives constrain AQI's efforts to coordinate spectacular attacks.

However, significant challenges remain. The GoI needs to improve its control of border areas to reduce the import of lethal materials and to continue to develop the capability of the MoI and MoD to coordinate security matters. Security in Iraq still depends upon U.S. enablers such as intelligence, surveillance, and reconnaissance (ISR), and logistics. While violent extremist groups continue to pose threats, additional underlying sources of

instability may pose greater threats to Iraq's long-term security and stability. These drivers of instability include communal and factional struggles for power and resources; insufficient GoI capacity to provide essential services, effective law enforcement, and judicial institutions; and external interference. All of these challenges require whole of government attention.

### Overall Assessment of the Security Environment

Security incidents remain at the lowest levels in more than five years, and progress in the security environment remains steady. However, even though insurgent and militant activities in Iraq continue to decline, the environment remains dangerous. Several Sunni nationalist groups, including Jaysh al-Islami (JAI), the 1920s Revolutionary Brigade, the Mujahidin Army, and the Jaysh Rijal al-Tariq al-Naqshabandi (JRTN) remain in armed resistance and continue to conduct attacks against U.S. and Iraqi forces. Many Shi'a militant members have transitioned from

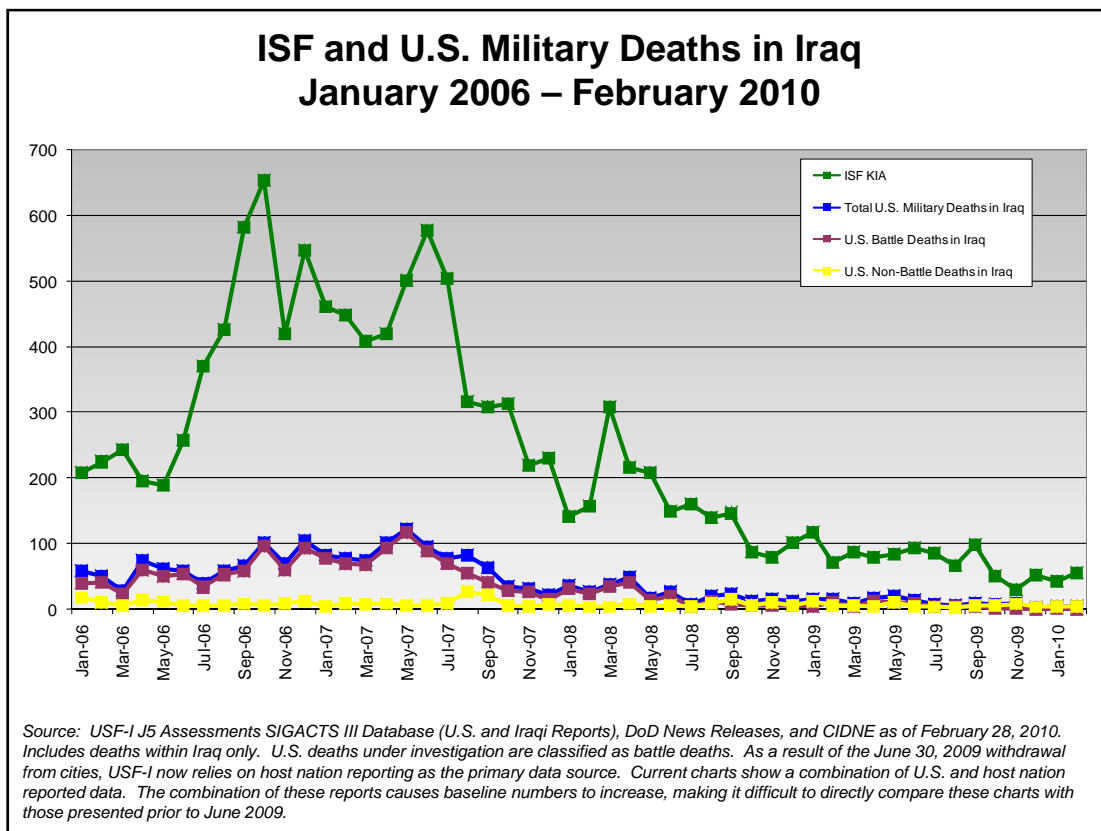




violence to political action. Remaining Shi'a militants have reorganized themselves into three different entities. Trained and funded by Iran, the Promised Day Brigade (PDB), the reorganized militant arm of Muqtada al-Sadr's militia, Jaysh al-Mahdi (JAM), and Kata'ib Hizbollah (KH) continue to attack U.S. forces. The Shi'a militant group Asaib Ahl al-Haqq (AAH) has been in reconciliation discussions with the GoI. Since the implementation of the SA, the ISF have the lead in operations in Iraq, and U.S. forces now act in supporting roles, both partnering with and enabling ISF as they disrupt the freedom of movement and re-supply capabilities of AQI and other insurgent and militant groups. Despite this progress, AQI retains a limited capability to conduct high-profile attacks (HPAs), targeting the GoI, civilians, and ISF primarily in mixed urban areas, such as Baghdad, Mosul, and Kirkuk. Finally, although USF-I will end the combat mission in Iraq on August 31, 2010, enemy groups will not.

### *Sons of Iraq*

As of the beginning of 2010, over 40% of identified SoI have transitioned into the ISF or various civil ministries. The SoI who have not yet transitioned remain under GoI control and are paid through the IA in all but the Anbar Province, where the IP maintain payment responsibility. This quarter, U.S. forces have continued to work closely with GoI officials to transition SoI to other viable employment and to ensure SoI payments were brought up-to-date. The GoI reports they have transitioned 30,476 Baghdad SoI into GoI ministry positions. Initially, the GoI goal was to transition all Baghdad SoI into government positions by the end of 2009. These transitions were delayed, however, until after the March 2010 elections in order to maintain SoI as an added measure of security through the election period. SoI transitions are scheduled to be completed by the first half of 2010. Under the PM's Order, 80% of SoI placements will be in civilian ministries and 20% with the ISF. To date, more than 13,000 of the SoI placed have been with the ISF.



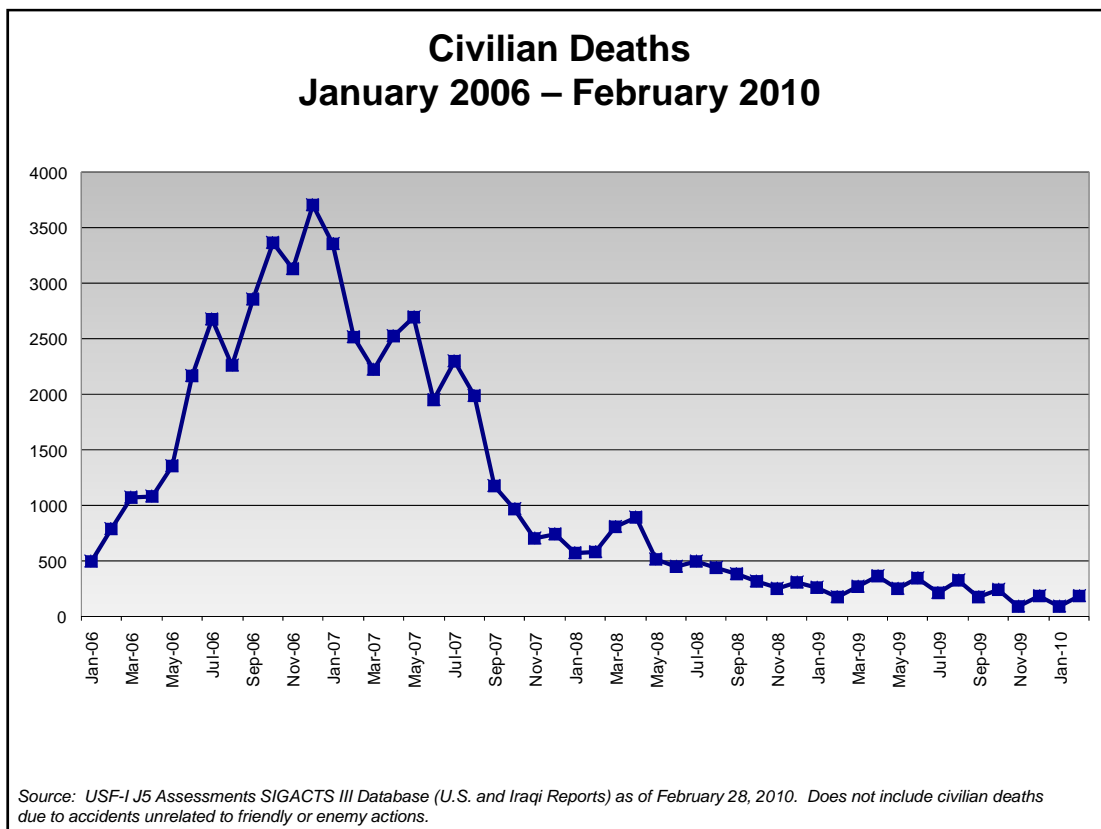
The Implementation and Follow-up Committee for National Reconciliation (IFCNR) and Baghdad Operations Center (BOC) transitioned the first group of SoI to ministry jobs beginning on August 2, 2009. IFCNR chaired several planning sessions with ministry and BOC representatives, culminating in a successful first step in the transition of SoI to GoI Ministries. Current reporting shows SoI are receiving hiring notifications and information sheets with their job details and start date. SoI are generally satisfied with the notification process and with the positions they receive. Vocational programs originally initiated with MoLSA have not gained traction within the GoI, and since transition began, the ministries have handled SoI training programs internally. Concerns remain within the Sunni community over arrests of SoI leaders and charges of late and non-payment of salaries. Key leader engagements between U.S. leaders and IFCNR have been held to discuss the cumulative effect of Sunni leader arrests, AQI targeting, and SoI pay issues.

### Daughters of Iraq

Daughters of Iraq (DoI) continue to support local IP checkpoints in Anbar, Baghdad, and Diyala. The DoI do not carry weapons, but are stationed at checkpoints with armed males, and work in pairs conducting body searches on female visitors for weapons and explosives. As the IP continue to add females to their ranks, the need for DoI will slowly diminish. There is no plan to transition DoI into permanent employment in the ISF.

### Attack Trends and Violence

Violence levels in Iraq are measured by weekly overall security incidents and include all reported attacks against civilians, the ISF, and U.S. forces. These levels have remained low from December 2009 to February 2010, averaging 150 security incidents per week, which reflects a 14.8% decrease from the last reporting period. Baghdad, Diyala, Ninewa, and Salah ad Din contain approximately half of Iraq's population, but account for 73% of these security incidents. The decrease in security incidents contributed to a drop in civilian



deaths due to violence. The daily average number of civilian deaths due to violence decreased from 5.5 per day last reporting period to 5.1 per day this reporting period. Although HPAs have caused a large number of civilian deaths and injuries, they have not yet rekindled a cycle of ethno-sectarian violence.

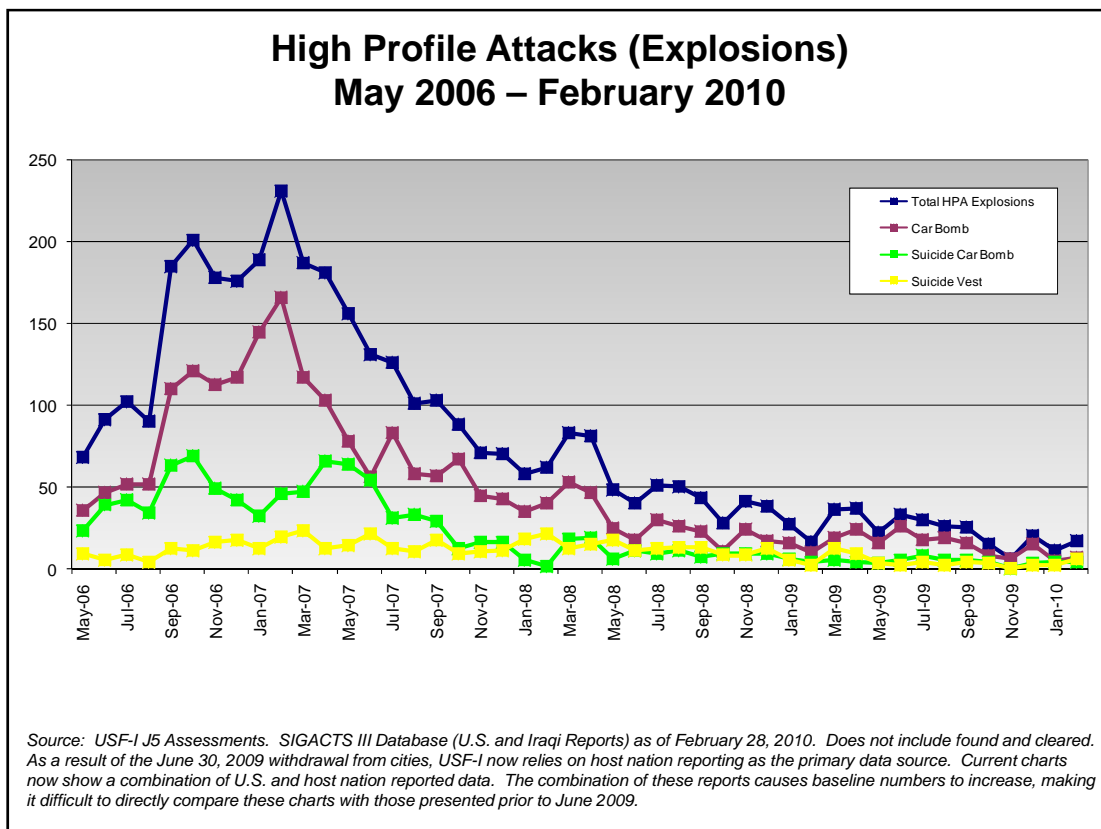
### High-Profile Attacks

From December 2009 to February 2010, the average number of monthly HPAs remained the same as the previous reporting period. With the January 25, 2010, hotel attacks as an exception, AQI continued to focus its large-scale attacks against GoI institutions, ISF, and Shi'a civilians. The December 8, 2009, and January 25, 2010, attacks were a continuation of AQI's six to nine week cycle of conducting limited, high-profile mass casualty attacks as a way of achieving greater impact with limited resources. This attack cycle began in August 2009. These attacks occur less frequently, but tend to employ multiple devices concentrated against a particular target set on the same day.

The intent of these mass casualty attacks is to influence public perceptions through increased media attention about the GoI's ability to provide security. Suicide attack trends remain low, and female suicide attacks have become very infrequent. During this reporting period, 42% of all casualties were caused by HPAs. Approximately 57% of HPAs during the period were vehicle-borne improvised explosive devices (VBIEDs), which remain AQI's weapon of choice.

### Explosively-Formed Penetrators

Levels of monthly explosively-formed penetrator (EFP) incidents have decreased 27% compared to the previous reporting period. The low attack levels are primarily attributed to reduced exposure of U.S. forces as targets. ISF and U.S. forces' security and targeting operations have reduced Shi'a extremists' ability to smuggle materials both into and within Iraq, and to emplace EFPs and improvised explosive devices (IEDs). However, the successful IEDs tend to be more sophisticated, and the extremists using them are



better trained. Iran will likely continue providing Shi'a proxy groups in Iraq with funding and lethal aid, calibrating support based on several factors, including Iran's assessment of U.S. force posture during redeployment and the likelihood of Iranian sympathizers being elected in March.

## Insurgent and Militant Groups

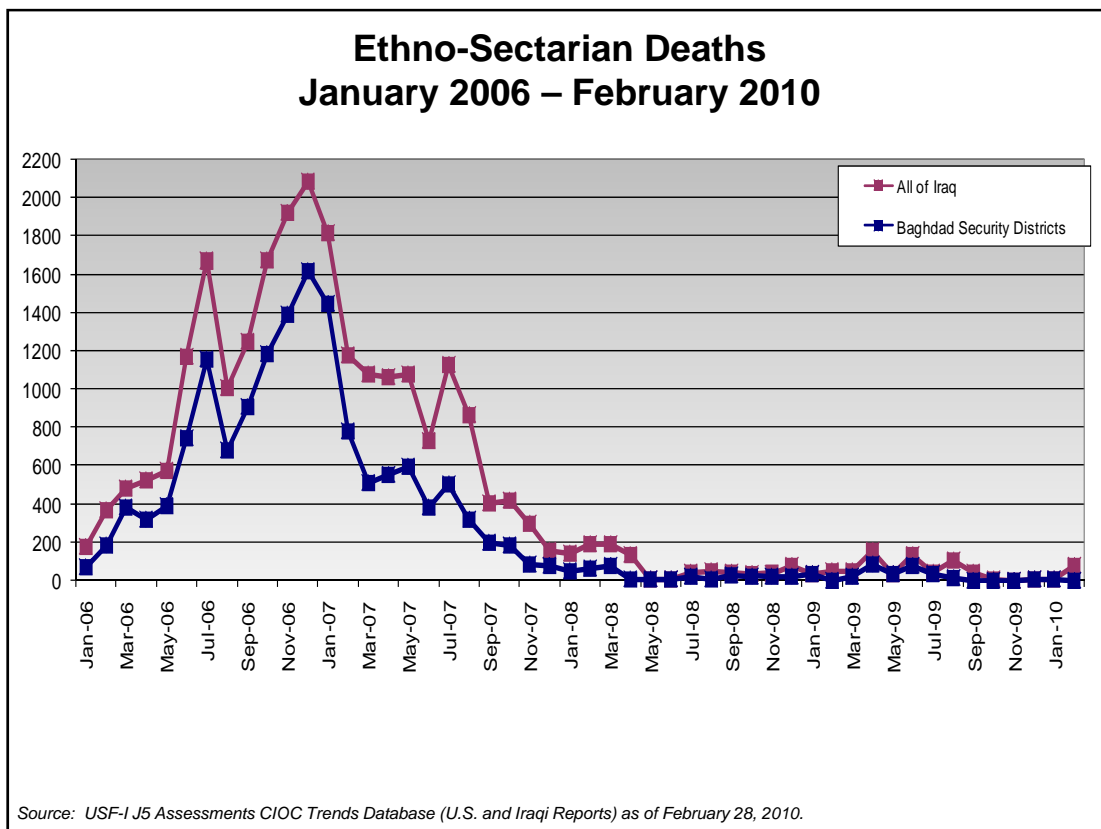
### Sunni Insurgents

Religion, nationalism, and attempts to destabilize Iraq to discredit the GoI motivate a small number of Sunni groups who conduct attacks either to expel U.S. forces, or reduce the influence of the GoI in their area. These groups include the 1920 Revolutionary Brigade, the Mujahidin Army, Ansar al-Sunna-Shari'a Council (AAS-SC), JAI, Hamas al-Iraq (HaI), Jaysh al-Rashidin (JAR), and the JRTN, a growing insurgent group supported by Sunni Ba'athists that conducts operations throughout the central and northern regions of Iraq. Additionally, there is some level of violence attributable to common criminal activities, personal grudges, or tribal rivalries, making it

difficult to differentiate between insurgent and criminal activities. These acts of violence often have no specific motivation other than greed, interpersonal relationships, or general discontent with the current situation.

### Al Qaeda in Iraq

U.S. and ISF operations have placed considerable strain on the Al-Qaeda in Iraq (AQI) network over the last quarter, though AQI has demonstrated its continued capabilities with the HPAs in Baghdad on December 8, 2009, and January 25 and 26, 2010, as well as the attack against the Ramadi Provincial Government Center on December 30, 2009. AQI continues to maintain its logistical and financial hub in Ninewa Province, though it is facing an increasingly difficult operational environment. The flow of foreign fighters into Iraq remains at historical lows, and current estimates place AQI's makeup at 95% Iraqi. AQI is currently focusing its rhetoric and its attacks against the GoI and Shi'a in an effort to discredit the GoI and incite sectarian violence as U.S. forces draw down. In upcoming



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months, AQI will likely attempt additional HPAs to alter the political landscape following the March 2010 elections. AQI will also take advantage of detainee releases and the increased ISF responsibility for security in an effort to reassert its presence in some areas of Iraq. AQI continues to attempt to incite ethno-sectarian violence, though its attacks have so far failed to ignite ethno-sectarian tensions.

### *Shi'a Extremist Groups*

Iraqi and U.S. forces continue to target Shi'a militant groups, hindering their operations and, in part, causing them to pursue their goals increasingly through the Iraqi political process. Muqtada al-Sadr's objectives have not changed with regard to transforming the Sadrist movement, especially in the lead-up to the March 2010 elections. Sadr continues to convey anti-western and anti-U.S. sentiments while transforming what was formerly the JAM into the social, religious, and cultural group, *al Mumahiddun*. Sadr's militant wing, the PDB, continues to expand and become more active, checked somewhat by ISF and U.S. force targeting. KH, AAH, and PDB are still conducting attacks primarily against ISF and U.S. forces. However, internal conflicts of plans and policy and an absence of senior leadership still plague the Shi'a militant groups.

### **Security Assessments by Region**

#### *Assessment of the Security Environment – Baghdad*

AQI maintains a presence in Baghdad and the surrounding areas, though it continues to lack the freedom of movement and operation it previously enjoyed in 2006-2007. AQI uses this presence to execute HPAs. The December 8, 2009, bombings of GoI buildings demonstrate AQI's continued commitment to its campaign to undermine the ISF in an effort to create uncertainty in the GoI's overall security capability. However, the disruption of two of these attacks in addition to the mitigation of the January 25, 2010, hotel bombings highlights the increasing ISF capabilities that AQI faces as it attempts to operate as the United States reduces forces.

The GoI success in preventing large-scale attacks during the Ashura holiday demonstrates its capacity for increasing security during times of heightened threat of AQI attacks, although several HPAs during Arbaeen in early February 2010 indicate AQI remains committed to conducting sectarian attacks against the Shi'a.

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

#### *Assessment of the Security Environment – Western Iraq*

As noted last reporting period, attacks in Anbar Province remain constant at approximately one per day. Many elements of the Sunni insurgency appear to have transitioned to either political activity or participation in the SoI, or have otherwise ceased attacks. USF-I, ISF, and tribal initiatives continue to make significant progress in western Iraq against the capabilities and operations of AQI. Although AQI has lost significant ground in Anbar over the last three years and has been rejected by the populace, the area remains important for the group as a symbolic representation of the notional Islamic

State of Iraq, and AQI has shown a renewed emphasis on the region. The group has moderately strengthened its presence in the province and has the capability to conduct HPAs, as it did on December 30, 2009, in a complex attack against the Ramadi Provincial Government Center. AQI also continues to target local ISF as part of its efforts to undermine confidence in the security forces.

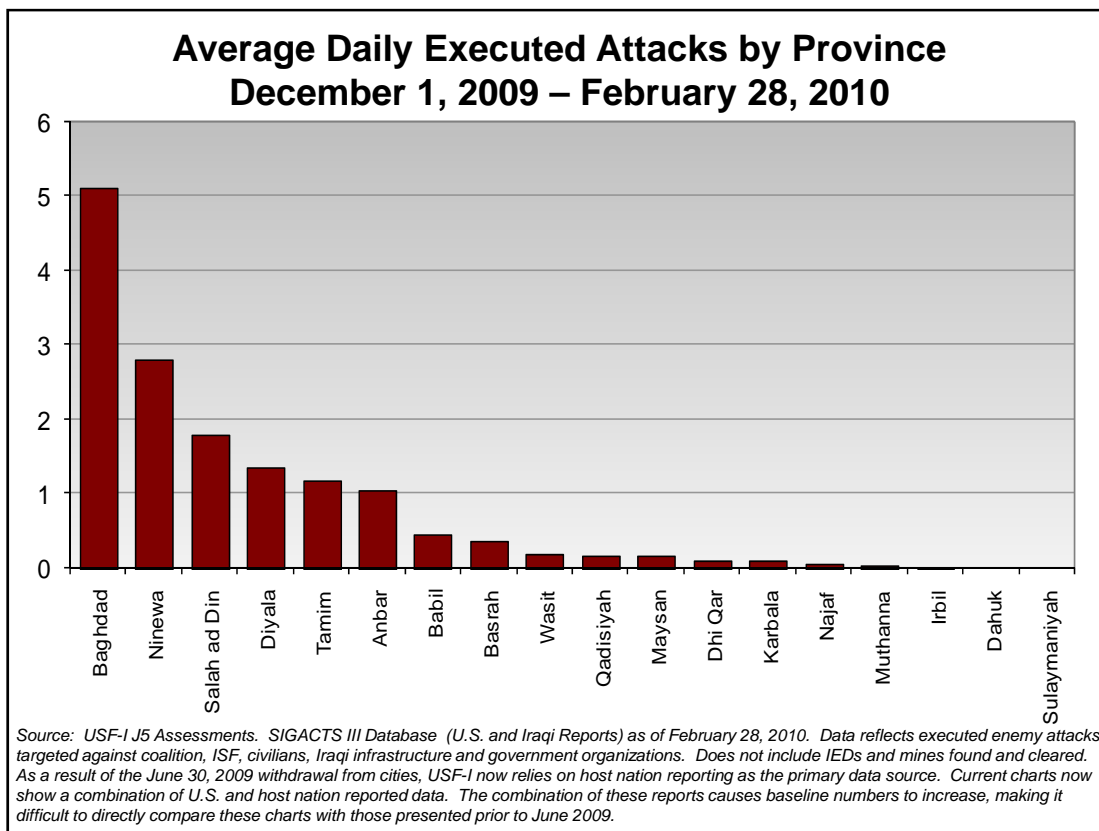
*Assessment of the Security Environment – Northern Iraq / Central Iraq*

Violence in northern and central Iraq continues to be a challenge, particularly in Ninewa, where AQI remains focused on maintaining its logistical and operational hub in the face of debilitating pressure from U.S. and ISF operations. In the last quarter, AQI has largely refrained from conducting large-scale attacks in population centers in the region. However, AQI has targeted Christian churches in the province.

AQI has suffered serious losses over the last quarter in Ninewa, forcing the organization to

adapt as it attempts to remain operationally relevant. Despite these losses, the group is still capable of conducting HPAs in the area, though not at previous levels. Additionally, the group continues its efforts to gain funds through widespread extortion efforts. Both Sunni insurgents and AQI continue their campaign to intimidate the ISF, local government leadership, and civilians throughout the region with the goal of election disruption in the upcoming months. All Sunni armed groups have propaganda campaigns designed to give the impression of strength and relevance to their members and future recruits.

The lack of an agreed mechanism for sharing authority and resources in northern Iraq among Kurds, Arabs, and other groups, including Turkomen, Christians, and Yezidis, continues to exacerbate tensions. AQI and other Sunni insurgent groups seek to exploit this tension. The presence of Peshmerga and KSF outside the KRG boundaries further exacerbates the situation. The U.S. force presence in the disputed areas continues to play a key





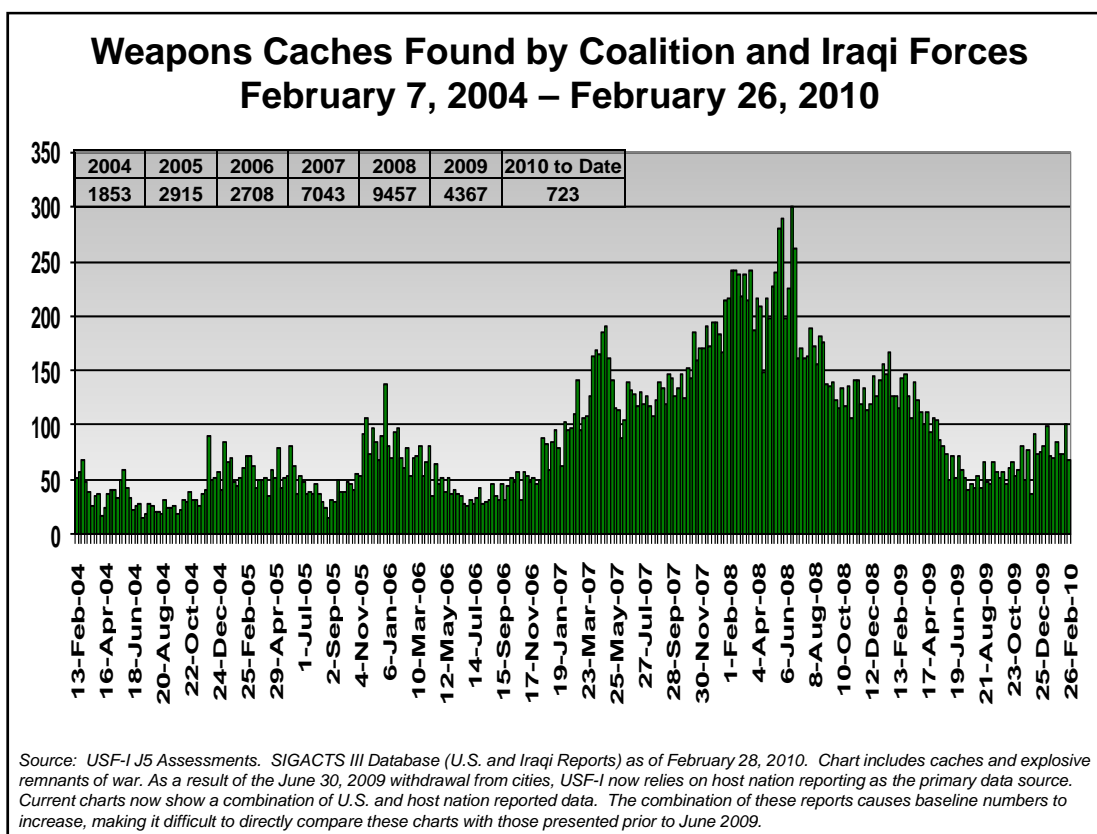
moderating role between Peshmerga and GoI forces. A positive sign for future cooperation, GoI and KRG leadership agreed to a USF-I facilitated meeting on August 16, 2009, to lay the groundwork for a combined security architecture for the disputed areas. In November 2009, PM Maliki and KRG President Barzani gave their final approval for an architecture of CSMs consisting of Combined Security Areas (CSAs), Combined Check Points, and Combined Security Operations. Within the CSAs, no single military force can operate independently; operations within the CSAs are tripartite. CSMs are currently in place and joint patrols are being conducted as of January 30, 2010. U.S. forces' support of the CSMs complies with the SA.<sup>11</sup> This architecture received its first political challenge on February 1, 2010, when the Ninewa governor, Athil al-Nujayfi, an ardent opponent of KRG presence in the province, traveled to areas under Kurdish control. Local Kurdish protests of the travel required U.S. military intervention and Ninewa security forces detained a number of Kurdish

protestors. The detention compromised Kurdish leader support for the combined operations in Ninewa and media of U.S. armored vehicles dispersing a Kurd protest has strained Kurdish popular opinion. Nonetheless, tripartite forces continue to serve within the CSM construct.

Attacks in Ninewa have increased slightly since the last reporting period but still remain below pre-November 2008 levels. Sunni insurgents throughout north and central Iraq remain less active due to Sunni involvement in provincial politics and positive effects from local SoI programs, though the groups will likely continue to stage periodic attacks against USF-I, ISF, and GoI targets.

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

ISF continue to focus on targeting AQI and Sunni insurgents in Diyala. AQI maintains a presence in the Hamrin Mountains as it has been largely forced out of the population centers, and AQI uses this region as a logistical



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and support hub. AQI continues efforts to conduct sporadic attacks to invoke ethno-sectarian tensions, though the efforts have failed to resonate. AQI and Sunni insurgents exploit an uneducated populace and rural areas lacking basic necessities for development and agriculture. Although ISF continue to make progress toward the GoI objective of improving security in the province by eliminating insurgent support and setting the conditions for economic recovery and the return of displaced citizens, the perception of disproportionate targeting of Sunnis has strained sectarian relations, allowing Shi'a extremists and criminal elements much greater freedom of movement.

GoI-led operations in late July through October 2008 intended to defeat militias and extremists and facilitate the return of displaced persons also had the effect of increasing ethnic and sectarian tensions in Diyala. Sunni leaders in the province perceived these operations as an attempt to limit their political development before provincial elections and still complain about intimidation from GoI Sunni politicians in Diyala. Fortunately, Sunnis in general remain engaged with the GoI and appear to have claimed a representative voice on the Diyala Provincial Council following elections. In a sign of progress with Kurdish interlocutors in the area, Operation Glad Tidings of Benevolence II (conducted from May through July 2009) included extensive coordination between IA and Peshmerga forces and featured joint patrols. This level of cooperation, facilitated by U.S. forces, serves as an example of success throughout the disputed territories.

#### *Assessment of the Security Environment – Southern Iraq*

Reporting from the southern provinces remains positive, and the population supports the GoI's security initiatives, preferring relative normalcy to lawlessness and violence. Shi'a militant groups remain the primary threat to southern Iraq. KH has had trouble maintaining its networks and conducting operations in southern Iraq, while a questionably reconciling AAH

must keep members from leaving for the *Mumahiddun* or PDB. The ISF control and positive presence in the Shi'a South help ensure violence remains under control. Despite the improving security environment, Shi'a militant groups seek to rebuild their damaged networks and demonstrate their capabilities through low-level residual violence, which will continue to change based on the AAH reconciliation process and the re-posturing of U.S. forces. Three Improved Rocket-Assisted Munition attacks on U.S. bases in January 2010 demonstrate the Shi'a militants' capabilities and willingness to attack U.S. forces. The Al Basrah Oil Terminal (ABOT) and Khawar Al Amaya Oil Terminal (KAAOT) offshore oil platforms and their associated pipelines from the southern oilfields are the economic center of gravity for the GoI. The primary threat to the oil infrastructure is the Islamic Revolutionary Guard Corps Navy (IRGCN) operating from Shahid Oulad. Iraqi, UK Royal, and U.S. Navy operations in Iraqi territorial waters and on the platforms deter aggression by the IRGCN near the platforms and in the disputed waters adjacent to the Shatt Al Arab.

#### *Assessment of the Security Environment – Kurdistan Regional Government Area*

The KRG remains the safest and most stable region of Iraq, although isolated acts of terrorism occasionally occur. The relatively homogenous Kurdish population and the presence of the KSF mitigate the threat of AQI or other terrorist attacks in the North and reduce ethnic tensions that plague other cities in Iraq. Turkish and Iranian operations against Kurdish terrorist groups along their borders with the KRG have not led to significant numbers of refugees, collateral damage, or political fallout, but they remain potential flashpoints in the GoI's efforts to improve bilateral relations. The results of provincial elections in January 2009 reduced Kurdish influence in the disputed areas, including Ninewa, Salah ad Din, and Diyala. In particular, the transfer of power from the Kurds to the mostly Sunni al-Hadba Gathering List in

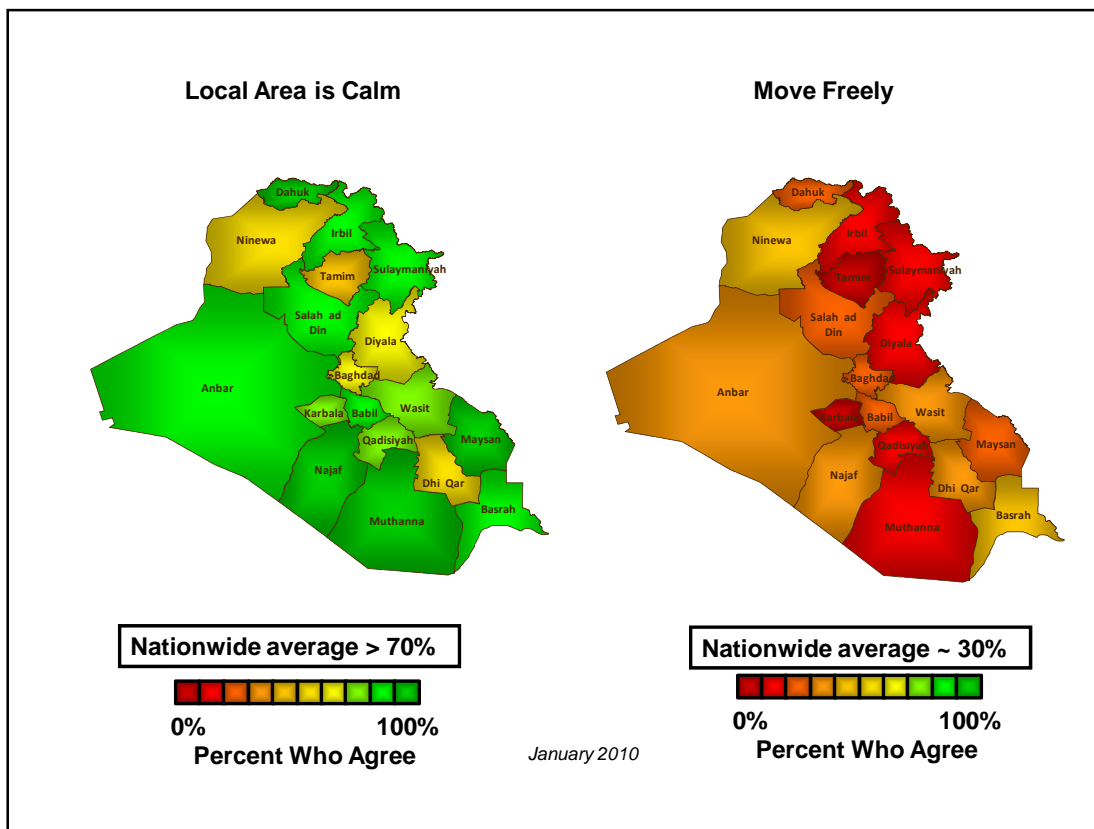
Ninewa was destabilizing. The al-Hadba List continues to call for the removal of Peshmerga and Assayish security forces from the province, which has increased tensions in the area. At the same time, efforts to integrate the Peshmerga into the IA are ongoing, one example being the consolidation of the 9<sup>th</sup> and 10<sup>th</sup> Peshmerga Brigades into the 1<sup>st</sup> Ministry of Peshmerga Brigade on January 31, 2010, as a necessary preliminary step to ISF integration. The establishment of CSMs in the disputed territories appears to have reduced the potential for inadvertent clashes between IA and Peshmerga forces. However, Arab political leaders remain wary that the Kurds will use the purely security-centric agreement to justify political expansion of the KRG to the border of every Peshmerga unit's area of operations.

In many disputed areas adjacent to the KRG—Ninewa, Kirkuk, and to a lesser extent, Diyala—tensions remain high between the Peshmerga and the ISF. Many of these areas are ethnically mixed and resource-rich, and both the KRG and GoI are attempting to assert security primacy in the absence of a clear political arrangement.

Currently, it appears unlikely the IA or Peshmerga will intentionally instigate a military confrontation, preferring to negotiate acceptable results. However, as U.S. forces depart, the profile of ISF units such as the 12<sup>th</sup> IA division in Kirkuk rises, and the MoD works to improve command and control (C2) of heavily Kurdish ISF, opportunities for miscalculation or provocation may rise. Arab-Kurd tensions are multifaceted, and will remain accentuated by intractable positions surrounding Kurdish autonomy, hydrocarbons, DIBs, and Arab efforts to curb Kurdish influence outside of the established Kurdish region.

### Public Views of Security

Research conducted in January 2010 reveals that over 70% of Iraqis described their local area as calm.<sup>12</sup> Iraqis generally believe the security situation is better locally than nationally.<sup>13</sup> Over 50% believe their province is calm and approximately 25% of Iraqis say Iraq is calm.<sup>14</sup> Provincial and national views about security have slightly decreased since November 2009. Almost 90% of Iraqis feel that the security situation has remained constant or improved in



their neighborhood over the last six months.<sup>15</sup> Almost 75% feel the security situation in the country has either stayed the same or improved.<sup>16</sup> These levels are slightly lower than November 2009 levels. Almost 30% reported that they could freely travel around Iraq, which is unchanged from November 2009 levels.<sup>17</sup>

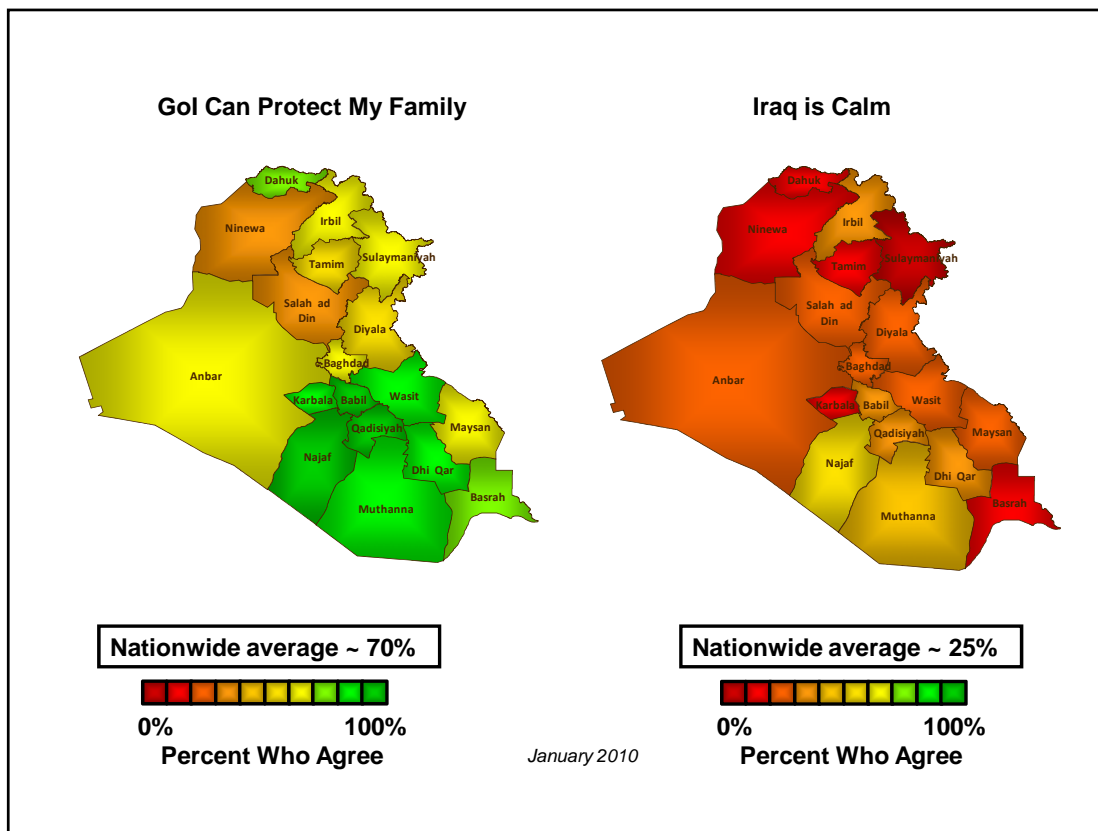
Over 60% of Iraqis believe that the IA is defeating terrorists. Additionally, over 55% of Iraqis believe the IP is controlling crime.<sup>18</sup> Both of these levels are unchanged from November 2009. When asked who they would go to first to report a serious crime, slightly less than 45% of Iraqis said the IP, while approximately 25% stated the IA.<sup>19</sup> Almost 40% of Iraqis feel that the IP is most responsible for providing security in their local area while almost 35% said the IA.<sup>20</sup> Almost 10% of Iraqis said the Kurdish police were most responsible for providing security, while relatively few Iraqis said people from their tribe (<5%) were most responsible for providing security.<sup>21</sup>

As of January 2010, when asked about which levels of government they had confidence in protecting them, approximately 70% had

confidence in their provincial government, almost 65% had confidence in their local government, and approximately 70% had confidence in the national government.<sup>22</sup> Iraqis continue to place their highest trust and confidence in the IA and the IP to protect them and provide security.

### Conclusion

Although trends across the country are positive, security in Iraq remains fragile. Iraq remains susceptible to HPAs from groups seeking to disrupt the democratic process, destabilize the government, and enflame ethno-sectarian tensions. There continues to be steady growth in the capacity, capability, and professionalism of the ISF, and they are leading operations, though they continue to rely on U.S. forces for supporting enablers. Despite sporadic HPAs in Baghdad and elsewhere, the ISF have demonstrated their ability to provide security for the Iraqi people since assuming primary security responsibilities in Iraqi cities in June 2009. U.S. forces remain partnered with ISF, acting by, with, and through them in improving security as part of the continuing mission.



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## **1.4 Transferring Security Responsibility and Responsible Drawdown of Forces**

On January 1, 2009, UNSCR 1790 expired, and the SA between the United States and Iraq entered into force. Under its provisions, the GoI has assumed security responsibility for all 18 provinces, supported by U.S. forces. The focus of U.S. forces is shifting more to advising, training, assisting, and equipping the ISF and away from taking a direct role in security operations.

### *Strategic Framework Agreement and Security Agreement*

The USG and GoI continue to implement the SFA. The SFA continues to serve as the mechanism to address the long-term strategic relationship between the United States and the GoI. With further SFA implementation efforts on going, the U.S.-Iraqi relationship with respect to economic, diplomatic, cultural, and security ties should improve with the SFA serving as the foundation for a long-term cooperative relationship between the two nations. The majority of Iraqi political leaders realize the value in a long-term strategic relationship with the United States as articulated in the SFA.

The bilateral SA governs the presence and withdrawal of U.S. forces from Iraq. It also provides the operational authorities for U.S. forces to sustain positive security trends in Iraq as their focus shifts toward mentoring and advising the ISF. The implementation of the SA continues to make progress with several Joint Sub-Committees (JSCs) completing agreements prior to the March 2010 parliamentary elections.

### *Joint Iraqi – U.S. Committees*

In October 2009, PM Maliki and Secretary of State Clinton agreed to establish a fifth Joint Coordination Committee (JCC) to address political and diplomatic cooperation. Although the SFA Higher Coordinating Committee monitors overall SFA implementation, highlights key achievements, and provides guidance for future efforts, this new JCC will

serve as a forum to advance specific issues such as UN Chapter VII sanctions.

U.S. and Iraqi officials continue active discussions within implementation working groups that report to the five SFA JCCs established in 2009. The JCCs specifically address five areas: economic and energy cooperation; cultural, educational, and scientific cooperation; services and information technology cooperation; law enforcement and judicial cooperation; and political and diplomatic cooperation. There are 24 implementation working groups within the five JCCs, including a new group to deal with UN Chapter VII issues, and four new groups under the Law Enforcement and Judicial Cooperation JCC. Implementation groups work with the Ministry of Human Rights, the Ministry of State for National Security Affairs, the MoLSA, and the Ministry of State for Parliamentary Affairs on SFA initiatives. All of the implementation working groups have developed work plans with objectives and timelines to guide discussions and focus cooperative efforts. Each JCC remains focused on achieving deliverables that advance the bilateral relationship.

This quarter, the 12 SA JSCs finalized several agreements prior to the parliamentary elections. This ensures processes are in place to continue operations during the GoI transition. Neither the Joint Committee (JC) nor the Joint Military Operations Coordinating Committee (JMOCC) met this quarter.

The JMOCC JSCs continue to make good progress. The Green Zone Security JSC has completed transfer of IZ badge operations and entry-control-point equipment. The Vehicle, Vessels, and Aircraft Movement JSC finalized the process for issuing Iraqi license plates for DoD non-tactical vehicles, and plates will be issued beginning in April 2010. The Military Operations, Training and Logistical Support JSC continues to work to resolve military coordination issues at the lowest levels. Finally, the Provincial Stability Assessment



JSC is monitoring an Iraqi-led quarterly provincial assessment in anticipation of the GoI completing these independently in the future.

The Joint Committee JSCs finalized several issues in anticipation of parliamentary elections. The Import/Export and Mail JSC finalized an agreement formally adopting the “Levy Exemption Waiver” as the mutually acceptable document for verifying U.S. forces cargo. Additionally, the United States and GoI agreed to form joint verification teams comprised of U.S. forces and GoI customs officials at ports of entry (PoE). The Entry/Exit JSC finalized an agreement to establish an Iraqi immigration office on Sather Air Force Base to process non-DoD civilians arriving and departing Iraq on military or DoD-contracted aircraft. The Detainee Affairs JSC continues to make progress in transferring or releasing legacy U.S.-held detainees. The Agreed Facilities and Areas JSC continues to focus on U.S. forces’ base returns and has established a standardized “tenancy” status for U.S. forces remaining temporarily after a base has been returned. The Frequency Management JSC remains focused on assisting the GoI with improving its frequency spectrum management process and coordinating frequency allocation between U.S. forces and the GoI. The Claims JSC continues to work on addressing GoI concerns regarding Iraqi citizen claims. The Surveillance and Airspace Control JSC has worked with the ICAA to overcome several contractual challenges and develop a plan to control Iraqi airspace as U.S. forces redeploy.

Finally, the Jurisdiction JSC has not had any issues requiring it to meet.

### Drawdown of U.S. Forces

USF-I repositioned U.S. combat brigades from Iraqi cities, villages, and localities in June 2009 in compliance with the SA. Currently, the focus is on transitioning forces from a combat to a stability mission by August 31, 2010, in compliance with Presidential direction. U.S. forces will redeploy from Iraq completely by December 31, 2011, fulfilling U.S. obligations under the SA. The transition force that will be in place by August 31, 2010, will execute a stability operations mission set that includes training, advising, and equipping the ISF, providing force protection for U.S. military and civilian personnel and facilities, conducting targeted CT operations, and supporting civilian agencies and international organizations in their capacity-building efforts. Enduring functions will continue to transfer to the American Embassy-Baghdad, other agencies and departments, and the GoI as U.S. forces redeploy.

### Military Installations

Under the SA, the Joint Subcommittee for Agreed Facilities and Areas manages base closure and return so that properties returned to the GoI are used in the best interest of the Iraqi people and are safeguarded from looting or occupation by undesirable elements. PM Maliki has directed that all decisions regarding the disposition of Agreed Facilities and Areas will be made through the PM’s

| Type Base    | Active (as of February 28, 2010) | Occupied by 100 or more U.S. military personnel (as of February 28, 2010) | Returned      |              |               |
|--------------|----------------------------------|---------------------------------------------------------------------------|---------------|--------------|---------------|
|              |                                  |                                                                           | December 2009 | January 2010 | February 2010 |
| COB          | 8                                | 8                                                                         | -             | -            | -             |
| COS          | 34                               | 34                                                                        | -             | 2            | -             |
| COL          | 78                               | -                                                                         | 10            | -            | 4             |
| Other        | 105                              | -                                                                         | 35            | 1            | 3             |
| <b>TOTAL</b> | <b>225</b>                       | <b>42</b>                                                                 | <b>45</b>     | <b>3</b>     | <b>7</b>      |



office using the Receivership Secretariat. The Secretariat is the single point for coordinating base returns and closures, and its establishment has greatly facilitated execution of the U.S. base closure plan.

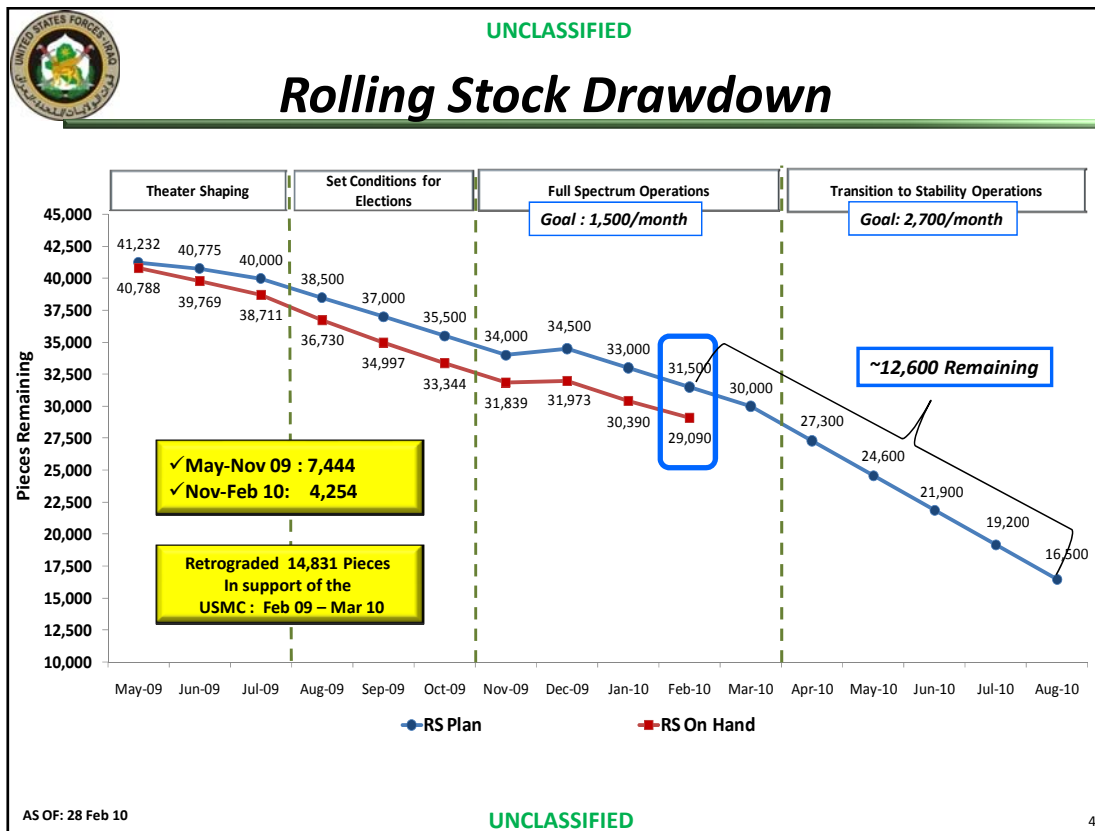
Since January 2008, a total of 270 bases or facilities have been closed or returned. As of February 28, 2010, 225 active bases remain in Iraq. From December 2009 to February 2010, U.S. forces closed or returned 55 bases. The table contains details on the number of bases recently closed or returned and those currently active. Bases are differentiated by type as Contingency Operating Bases (COB), Contingency Operating Sites (COS), Contingency Operating Locations (COL), and other facilities.

### Equipment in Theater

By September 2010, USF-I intends to reduce the total amount of equipment in Iraq from the current 2.58 million pieces to a total of 772,000 pieces required to support a transition force set of six Advisory and Assistance Brigades (AAB) and associated enablers. As of

February 28, 2010, 1,527 short tons of Class V munitions have been demilitarized, and 7,372 short tons of munitions remain in Iraq.

From May 1, 2009, to February 28, 2010, U.S. forces retrograded 456,376 items of equipment from Iraq, including more than 60,000 items of Contractor Managed Government Owned (CMGO) equipment, 74,765 items of theater-provided equipment, and 381,473 items of organizational equipment. Foreign Excess Personal Property (FEPP) transfers to GoI continue to increase as USF-I execute base closures. USF-I J4 has facilitated the transfer of 277,000 pieces of equipment with a fair market value of \$60 million to the GoI. The largest recipient has been the MoD, which has received equipment transfers valued at \$33 million, representing 55% of the total FEPP transfers. FEPP transfer totals will continue to increase rapidly through April 2010 due to the increased amount of base closures. USF-I's near-term base closure schedule includes a projected closure which could potentially exceed the \$30 million USF-I J4 delegated approval level for transfer. USF-I J4 continues



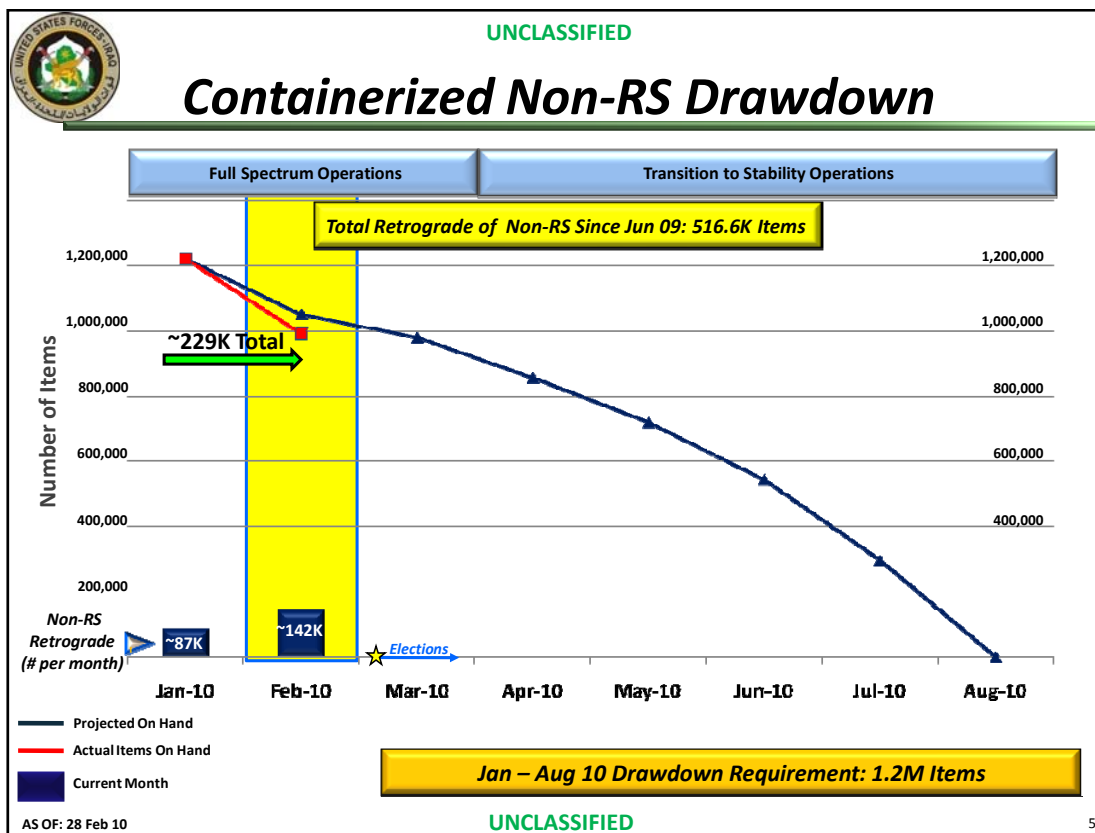
to assess this closely, and is prepared, if required, to request new base closure delegated authority for large bases that will exceed the current \$30 million approval level.

Maintaining a capability to dispose of scrap metal is essential in conducting clean-up operations as USF-I personnel prepare bases for closure. Since USF-I began base closure efforts, over 67,973 short tons of scrap have been turned into the Defense Reutilization and Marketing Office for disposal.

The U.S. Marine Corps has retrograded more than 371,218 pieces of equipment since Transfer of Authority on February 9, 2009, accounting for more than 99.5% of U.S. Forces -West's equipment. Retrograded equipment included more than 68,000 pieces of communications equipment, motor transport rolling stock, engineering equipment, and ordnance principal end items. The unit also returned 98.1% of its issued theater provided equipment. All Marine units have departed Iraq, and they have less than 100 pieces of equipment that will be retrograded back to the

continental United States on March 6, 2010, closing out equipment tracking for this unit.

The USF-I J4 charts depict the CL VII rolling stock and containerized non-rolling stock retrograde glide paths associated with the responsible drawdown. USF-I continues to remain ahead of glide path with its rolling stock retrograde operations. Since June 2009, USF-I has retrograded more than 26,000 pieces of rolling stock which includes II MEF vehicles. USF-I J4 anticipates no issues in retrograding the approximately 12,600 remaining pieces of rolling stock by September 1, 2010, to reach the 16,500 end-state. For non-rolling stock, USF-I had redistributed more than 516,000 items since June 2009. USF-I retrograded 142,000 pieces of non-rolling stock for the month of February 2010 for a total of 229,000 pieces so far in 2010. The USF-I J4's retrograde analysis for non-rolling stock includes the planning for sourcing AAB and Enabler units and the normal re-deploying of units. USF-I is positioned to achieve end state objectives.

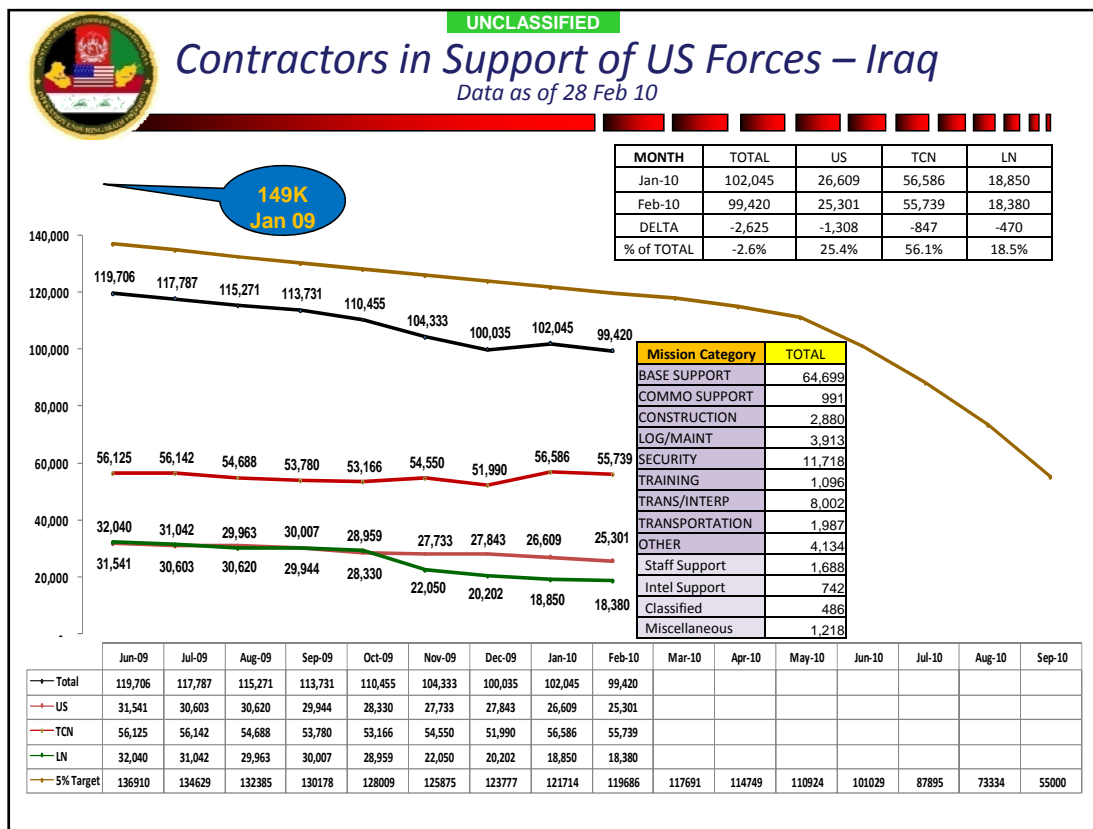


The transportation infrastructure and movement capabilities currently in theater are assessed as sufficient to remove all DoD equipment as planned. In support of the responsible drawdown, USF-I has successfully increased use of shipping routes and ports including Umm Qasr, Iraq and Aqaba, Jordan. Retrograde operations will include demilitarization, disposal, redistribution to support other on-going military operations, and transfer of material to the American Embassy or the GoI. Continued successful retrograde operations are contingent upon USF-I's steady, successful reduction of bases and off-ramping of units. USF-I will continue to provide timely disposition instructions for equipment and execute disposition instructions under expanded OSD-approved disposition authorities and delegated authorities for USF-I J4 to declare equipment as excess. On October 9, 2009, USF-I received expanded authorities from the Deputy Under Secretary of Defense for Logistics and Materiel Readiness, increasing the dollar limit of materiel that can be declared excess and transferred to the GoI to

\$30 million per base closure. USF-I's Tiered Authority was also increased up to \$1 million per line item for excess materiel that can be transferred to GoI without a base. Additionally, USF-I received approval to eliminate the dollar value limit restriction on the transfer of barrier materiel. USF-I J4 was also delegated approval to apply depreciated value vice acquisition value to equipment being transferred to the GoI. All of USF-I's drawdown efforts are closely coordinated with the Services, Army Central Command (ARCENT), and the Office of the Deputy Under Secretary of Defense for Logistics and Materiel Readiness.

*Number of Contractors and U.S. Forces*

Contractors have been an important complement to the DoD effort to provide supplies and services in Iraq, particularly in the event that supplies are not maintained in sufficient quantities or can be more efficiently procured from commercial firms. Contractors support most operations that are conducted by DoD, and they also provide life support. From



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high-profile force protection (security) to operations support to vehicle maintenance to providing basic sustainment needs for deployed warfighters, contractors are a key component of the force. Notably, approximately 64% of the contractors provide life support functions, which are the equivalent of all public works (water, electricity, food, sanitation, sewer, laundry) for several small and medium sized cities spread over 228 U.S. bases across Iraq. The Logistics Civilian Augmentation Program (LOGCAP), which provides life support for approximately two-thirds of the force, operates 61 different dining facilities, 8 ice plants, and 44 solid and medical waste incinerators. LOGCAP provides more than 360,000 meals per day, sleeping arrangements for more than 200,000 people, nearly one million bundles of laundry per month, and all other necessary support for U.S. forces and many State Department, federal aid, and investigative agency personnel to enable them to focus more effectively on their missions. Construction and operations support, including fuel deliveries, aircraft maintenance, and training, compose the other key components of the contractor workforce.

Throughout drawdown planning and execution, USF-I is emphasizing limiting contractors in all areas, transitioning from hiring non-Iraqi contractors to hiring Iraqi contractors, and reducing costs in every way possible. Further, USF-I is pursuing greater use of competitive, firm-fixed price contracts in line with the President's intent. Some categories of contractors, including materiel handling teams, engineers, and transportation specialists, may increase for a temporary period while executing the responsible drawdown of U.S. forces by August 31, 2010. Accordingly, USF-I has established a senior officer board to review new and recurring requirements to remain lean both during the drawdown and with the transition force that remains.

At the end of January 2010, there were approximately 102,045 contractors working in Iraq. This workforce will be reduced during

the responsible drawdown over the next seven months. The chart displays the results of the January 2010 contractor census as well as the contractor drawdown goal by month as directed by the USF-I Commanding General prior to the initiation of the responsible drawdown.

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

U.S. forces continued to drawdown during the reporting period from approximately 115,000 personnel at the start of December 2009 to approximately 96,000 personnel at the end of February 2010. Personnel strength is projected to be at approximately 90,000 by the end of April 2010 and 50,000 by the end of August 2010.<sup>23</sup>

### *Regional Agreements for U.S. Movement*

On April 22, 2009, U.S. Central Command (USCENTCOM) and Jordan's Armed Forces signed a technical arrangement (TA) establishing support for the redeployment of designated USF-I equipment and cargo from Iraq to the Port of Aqaba, Jordan. The TA codifies USF-I access to the commercial, container, and military port facilities at Aqaba. Current utilization is approximately 11% of U.S. planning capacity. This port has seen increased utilization over the past several months. Currently, USF-I plans to redeploy two brigade combat teams and over 60 non-brigade sized units through Aqaba over the next three months. Current capacity for the Port of Aqaba includes an upper limit of 1,000 containers per month and 1,250 pieces of rolling stock per month. Additionally, there are restrictions on transport of tracked vehicles or ammunition unless approved by ARCENT in coordination with USF-I, and the Surface Deployment and Distribution Command (SDDC).

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USCENTCOM is conducting an initiative to expand redeployment and retrograde movement capacity options through Turkey. This includes re-validating previous agreements for access to Turkish facilities and extending a new agreement through December 31, 2010. Existing agreements expired December 31, 2009. Transit through Harbur Gate is used only for small-scale sustainment distribution. Current agreements do not permit military convoys, ammunition shipments, or lethal equipment shipments through Turkey. Although USCENTCOM has not identified a specific requirement to use Turkish seaports in order to execute a responsible drawdown from Iraq, the extension through December 2010 will give commanders that option if needed. Additionally, USF-I is working with SDDC and United States Forces - Afghanistan to test and establish a link from Iraq to Afghanistan utilizing the Northern Distribution Network to expand alternative delivery routes for equipment in support of Operation Enduring Freedom. The United States is using a convoy of 82 containers of CL IV material as a proof of principle for utilizing the Northern Distribution Network. The proof of principle convoy departed Iraq moving through Turkey on December 27, 2009.

The September 1991 agreement between the U.S. Government and the Kuwaiti Government concerning defense cooperation, use of facilities, logistical support, prepositioning of defense materials, and the status of U.S. forces in Kuwait remains the basis for cooperation. Kuwait remains the primary port for support of U.S. forces redeployment. The agreement specifies that the U.S. may import into Kuwait any equipment, supplies, materiel, or services required by the forces for their operations or prepositioning in the state of Kuwait. Land movements throughout Iraq are only restricted by the movement times and requirement of security escort to the Iraq borders, or the port of Umm Qasr. Use of the Umm Qasr port facilities is limited by the depth and size of the port. Large military vessels such as the Large, Medium-Speed, Roll On/Roll-off Ship and the

Fast Sealift Ship currently cannot navigate the port or waterways of Iraq. Tracked vehicles are not supported by the port and movement of sensitive items through the port has been limited by USCENTCOM. USF-I planners estimate port throughput capacity at one brigade equivalent per month (2,250 pieces: 1,000 containers and 1,250 pieces of rolling stock). Current utilization of the Umm Qasr port for retrograde and redeployment related to the responsible drawdown is currently under 5% of capacity.

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

Coalition partners concluded their missions and departed Iraq in July 2009. The CoM approved an MOU with the UK in November 2009, allowing for up to 100 Royal Navy personnel to return to Iraq to assist in training the Iraqi Navy (IqN). The agreement expires on November 22, 2010. At that time, the MOU must be renewed or a new MOU must be approved for IqN training to continue. NTM-I continues its mission in Iraq with 13 nations assisting in the training of the ISF.

### **Release of Detainees**

#### *Detainee Categories and Demographics*

As of February 19, 2010, 5,826 detainees were in U.S. custody, of which 287 (5%) were low-threat, 3,459 (59%) were medium-threat, 1,996 (34%) were high-threat detainees, and 84 (2%) were new captures that had yet to be vetted. Detainee threat categories are based upon definitions determined by the Office of the Secretary of Defense. Approximately 4,287 (74%) of all detainees currently have an arrest warrant, detention order, or a conviction. A demographic breakdown of the detainee population reveals that 81.5% are Sunni, 18.1% are Shi'a, and 0.4% are "other." There are three foreign detainees from the following countries: Saudi Arabia (1), Lebanon (1), and Tunisia (1). USF-I continues to work cooperatively with the GoI to obtain arrest warrants, focusing on the high-threat detainee population. Consistent with the obligations under the Geneva Conventions and the SA,



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U.S. forces work closely with the GoI to release those detainees that cannot be transferred to the GoI. Since January 1, 2009, there have been 287 new captures, 33 of which were previously held in U.S. custody. Of the 33 previously held, 14 were captured carrying out or planning attacks against U.S. forces. USF-I continues to identify and assess numbers of released detainees who were either re-captured or had positive identification of remains indicating they were previously held in U.S. custody.

### *Releases and Transfers*

U.S. forces provide detainee release lists to the Detainee Affairs JSC through the GoI Security Committee before releases are scheduled. These releases, in conjunction with the limited transfers to GoI custody, resulted in a slight decrease in the detention population through the parliamentary elections. These numbers have decreased in recent months due to the positive increase in arrest warrant production by the GoI and to mitigate some of the security concerns surrounding the election time period. U.S. forces have worked closely with the GoI through the Detainee Affairs JSC and the Iraqi Detainee Review Committee to increase the production of warrants. These efforts, along with key leader engagement at all levels, are designed to increase the number of detainees with warrants for eventual turnover to GoI officials while strengthening Iraqi judicial credibility and transparency. Currently, only a limited number of transfers to the GoI are being conducted in anticipation of turning over transfer eligible detainees as a group when the Taji facility is transferred to the GoI in March 2010 and when Cropper is transferred in July 2010.

### *Release Operations*

The Security Committee routinely reviews the U.S. forces detainee list and identifies detainees who are wanted for criminal conduct by the GoI. The United States then removes those detainees from the release list. As of February 2010, the GoI, via the JSC, has reviewed 14,712 detainee summary cases and provided

warrants, detention orders, or convictions on approximately 4,200 detainees, or 73% of the current detainee population. U.S. forces have released approximately 7,985 detainees since January 2009 and transferred another 1,655 with arrest warrants, detention orders, or as convicts to the GoI.

### **Risk Levels**

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

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



## Section 2—Iraqi Security Forces Training and Performance

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Currently, the ISF are functioning well as a counterinsurgency (COIN) force. They are striving to reach a Minimum Essential Capability (MEC) by the time U.S. forces redeploy at the end of December 2011. MEC is the capability of the Iraqi Security Ministries, Institutions, and Forces to provide for Iraq's internal security and develop the foundation for defense against external threats. USF-I continued to work this quarter to help the ISF progress towards MEC. Although facing significant challenges, the ISF continue to improve their capabilities through increased training and equipping. As of February 28, 2010, there were approximately 669,000 security force personnel in the MoD, MoI, and the Iraqi National Counter-Terrorism Force (INCTF).<sup>24</sup>

### 2.1 Assessed Capabilities of the Iraqi Forces

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

#### *Ministerial Capacity*

The MoI continues to make slow, uneven progress in developing the ministerial capacity to provide oversight, training, professional development, facilities, and resourcing for Iraqi internal security forces. The MoI is progressing toward MEC by December 31, 2011, but the ministry is currently experiencing challenges in the areas of C2, interoperability, resource and acquisition management, and operational sustainment.

The MoD is currently on track to achieve its MEC objectives to provide oversight of the Iraqi armed forces prior to U.S. forces

withdrawal in December 2011. Current MoD challenges are in the areas of planning and budgeting, procurement, and information technology.

#### *Iraqi Interior Forces*

The MoI's December 2011 goal is an IP force that is professionally trained, sufficiently manned, and sufficiently equipped to maintain internal security. IP forces must be interoperable with each other and the IA. The Directorate of Border Enforcement (DBE) must be able to control borders with IA support. Provincial Joint Coordination Centers (PJCCs) must be capable of providing C2 of provincial security operations. USF-I currently assesses the Federal Police (FP) and Oil Police (OP) to be operationally capable. The Iraqi Police Service (IPS), DBE, and Port of Entry Directorate (PoED) have basic capability and improved technical skills. However, all interior security forces will continue to have gaps in funding; command, control, communications, computers, intelligence, surveillance, and reconnaissance (C4ISR) capability; specialization; and in logistical infrastructure.

#### *Iraqi Army*

As of February 2010, there are 196 IA combat battalions conducting operations, as well as 20 Iraqi protection battalions and six Iraqi special operations forces (ISOF) battalions. The IA continues to make steady progress toward MEC but will not achieve a foundation for defense against external threats before December 2011 because of equipment procurement timelines and subsequent training requirements. Specifically, equipping, training, and combined arms integration of the M1A1 fleet, artillery units, and key mechanized enablers will not be complete.

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### *Iraqi Air Force*

The Iraqi Air Force (IqAF) continues to expand its operational capability as the Iraqi Air Operations Center (IAOC) now provides scheduling, C2, and execution support for more than 350 operational and training sorties per week. The IqAF is on the path to achieving MEC by the end of 2011 in all mission categories except airspace control and fixed-wing airlift. Specifically, multi-role fighter, long-range radar, and C-130J delivery and fielding will not be complete prior to December 2011. The IqAF's December 2011 goal is the development of a capability to support ISF COIN operations and have an initial air sovereignty capability in place. In 2009, an initial COIN support capability was developing. This capability will continue to develop in 2010, but with current programs, no kinetic response option for air sovereignty will exist by December 2011. Delayed execution of the Iraqi Air Force Service Plan and lack of funding for acquisitions, accessions, and contract logistics support, as well as a gap in sustainment for the current fleet all present obstacles to achieving the capability to support COIN operations and conduct minimal air sovereignty operations by December 2011.

### *Iraqi Navy*

The IqN's December 2011 goal is to be capable of providing maritime security of territorial waters and to be able to defend key infrastructure, including the KAAOT and ABOT oil platforms, the Umm Qasr port, and naval base. The IqN is on track to achieve MEC by December 31, 2011, although there are risks to capability if shortfalls in manning, C4ISR, maintenance, and infrastructure are not adequately addressed in coming months. The IqN will assume responsibility for protection of the oil platforms in 2011. However, due to the importance of these oil terminals to the Iraqi economy, a higher level of capability is required. Therefore, USF-I anticipates a requirement for a regional presence that can respond to emergencies as the IqN matures from MEC to a fully capable force. The IqN

intends to develop additional capabilities in due course to reduce dependence on the U.S.

### *Iraqi Intelligence, Surveillance, and Reconnaissance*

The ISF are still developing their ISR requirements. They have initiated development of ISR units in the IA and purchased manned ISR aircraft. However, they still have significant gaps in capability. They do not have their own unmanned aerial system capability and are largely reliant on the U.S. for ISR support. ISR development is a major focus in the next period to include assisting the ISF with procurement and fielding of this critical capability. Finally, the ISF are still developing the ability to analyze, integrate, and disseminate intelligence sufficiently.

### *Iraqi National Counter-Terrorism Force*

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

### *Foreign Military Sales*

As of February 2010, the Foreign Military Sales (FMS) program has executed 144 Iraqi-signed cases valued at \$5.02 billion. USF-I is currently assisting the GoI with an additional 96 FMS cases valued at over \$4.3 billion. In November 2009, the GoI approved a \$181 million FMS case to construct border roads along the most critical sections of Iraq's borders with Syria and Iran. The GoI also approved a \$50 million FMS case to complete a border surveillance project, and a \$45 million case for secure short-range and long-range radio communications to facilitate interoperability with IA and IP units supporting

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border security missions. The PoED is pursuing the FMS process as a means of gaining access to USACE expertise in the reconstruction and renovation of four Port of Entry (PoE) facilities. The MoD is considering FMS sustainment cases as a follow on to the 140 M1A1 tanks purchased through FMS in 2009. The FMS contract to deliver 15 Patrol Boats and 2 Offshore Support Vessels to the IqN remains on track. The GoI is exploring an FMS program to fund life-support infrastructure projects at the Umm Qasr Naval Base.

USF-I advisors and training teams continue to address areas to improve ministerial capability to pursue FMS cases. Last quarter, a series of local FMS training courses were conducted in Arabic, and a mobile FMS training team from the United States visited Iraq in December 2009. With the assistance of U.S. forces, the MoD and MoI are also pursuing regional security assistance exchanges, including visits to the Jordanian Armed Forces Headquarters (HQ) to learn about that nation's considerable experience building defense capabilities through the U.S. FMS system.

### *Kurdish Security Forces*

The KRG continues to make progress in its strategic goal of clarifying the legal status of the Peshmerga. In 2003, under CPA 91, the PUK and KDP Peshmerga were both classified as militia. In 2005, Article 9 of the Iraqi Constitution outlawed militias, yet Article 121 sanctioned regional guards. In 2006, the Iraqi Kurdish Parliament approved legislation outlining a framework for Kurdish Peshmerga unification and integration into the IA, but did not identify a timeline. Finally, in January 2010, the PUK and KDP Ministries of Peshmerga Affairs were unified into a single KRG Ministry of Peshmerga Affairs, and in December 2009, the command authorities of the PUK and KDP Peshmerga were brought under the control of the new ministry.

## **2.2 Ministry of Interior**

### *Ministerial Planning Capacity*

As it matures its planning and budgeting process, the MoI looks to capitalize on the successes of 2009, highlighted by the August 2009 release of the Ministry's first-ever Three-Year Strategic Plan (covering the years 2010-2012). The MoI incorporated lessons learned during the Ministry's inaugural integrated planning and budget formulation cycle, and the recommendations from the Joint Review Committee, to partner with U.S. advisors to implement a layered specialized professional development training program. The program is designed to provide a core group of trained Planning and Budgeting officers by December 2011, who will serve as the nucleus of the Ministry's planning and budgeting capacity. A joint MoI and U.S. advisors training needs analysis, held in September 2009, led to an MoI partnership with the U.S. Naval Postgraduate School's Defense Resource Management Institute (DRMI).

As a result of this partnership, two Planning Officer training workshops took place in January and February 2010. The first was a two-week *Manager Workshop for Planning and Tracking Officers* designed as an executive-level course, and the second was a one-week *Planning and Tracking Officer Workshop* designed as an action officer course. As a show of ownership, MoI senior staff officers from the General Directorate for Planning and Tracking, the Assistant Deputy Minister for Financial Affairs, and the General Directorate for Contracts taught alongside DRMI instructors. In doing so, MoI senior leadership provided training on MoI's internal strategic and annual planning processes, MoI's budget formulation process, and MoI's acquisition process. A second set of workshops is scheduled for March-April 2010. These workshops are intended to increase ministerial planning capacity ahead of the 2011 annual planning and budget formulation cycle. The MoI is also using these workshops to broaden inter-ministerial coordination by opening the training to students from the

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Kurdistan Regional Ministry of Interior. The MoI also engaged the Kurdistan Regional Ministry of Interior in a professional exchange of Planning and Finance Officers aimed at setting the conditions for a Professional Exchange Program between the two ministries.

### *Budget Planning and Execution*

Based on the GoI General Federal Budget Law for calendar year 2010, the MoI will receive \$5.88 billion for operational expenses and \$256 million for capital investment expenses, for a combined 2010 budget of \$6.14 billion. Employee salary and compensation accounts for \$4.8 billion, or 77%, of the MoI's 2010 budget. Infrastructure, procurement, maintenance, and goods and services account for \$1.41 billion, which is 23% of the budget, with the MoI historically experiencing a lack of capacity to execute in these areas. For 2009, the MoI executed \$4.9 billion of its \$5.4 billion Operational and Investment Budgets, which equates to a 90.6% execution rate. To make the most effective use of unexpended 2009 funds, the MoI earmarked \$380 million for deposit into the GoI FMS account. Overall, the MoI's 2009 budget expenditures exceeded its 2008 expenditure amount by \$828 million.

The MoI's execution of the 2010 budget to date marks the ministry's first attempt to execute a budget that was formulated using the principles of a deliberate Planning, Programming, Budgeting, and Execution (PPBE) system designed to integrate the MoI's prioritized mission requirements with available resources. The milestone formulation of the 2010 budget was the MoI's first attempt to decentralize budget formulation by integrating a top-down mission priority planning process with a bottom-up identification of required resources process in the development of the ministry's budget submission. This reflected a significant improvement in financial management within MoI, as the ministry works toward institutionalizing a structured approach to planning, programming, and budget execution.

To assist in building ministerial capacity, the MoI has adopted an integrated and layered professional development training program, centered on mobile training teams and U.S. based resident training. This program is facilitated by DRMI, and resourced on a cost-share basis.

### *Acquisition*

Contracting remains an area of weakness throughout the MoI. Mature acquisition systems and processes are not in place to support large dollar and large volume procurement actions, and this problem resonates both within the MoI, and within the GoI generally. The 310% increase in the Ministry's 2010 operating budget compared to 2006 (from \$1.9 billion in 2006 to \$5.9 billion in 2010), is a good first step in improving the MoI's acquisition capacity that has not kept pace with other GoI ministries in previous years.

A primary challenge facing the MoI in its efforts to contract internationally remains its ability to demonstrate that Iraq is a suitable environment for international business. The convoluted process to obtain letters of credit and unclear payment rules remain as impediments, creating legal concerns and making timely, efficient contract execution difficult. A more efficient procurement system would produce a positive outcome for foreign involvement and investment in direct contracts. Iraq's ability to attract foreign companies or capital by providing a secure, market-friendly environment in an expeditious manner is a pivotal factor in determining Iraq's near-term and long-term ability to equip and sustain its security forces.

Integrating the MoI's General Directorate of Contracting into the MoI's maturing PPBE system during 2010 budget execution and during the 2011 planning and programming process will set the foundation to build the needed increases in MoI acquisition capacity. Additionally, Iraqi Training and Advisory Mission (ITAM) advisors are partnering with

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the General Directorate of Contracting to implement an integrated and layered professional development program modeled on the overarching MoI development program for planning and budgeting officers.

### *Human Resources*

As of January 31, 2010, there were approximately 414,000 personnel assigned to the MoI. The MoI has drafted the 2010 authorizations document, which currently provides for limited increases in MoI forces. The MoI conducted a comprehensive audit process in 2009 to validate employee rolls and to identify and remove “ghost” employees from its personnel system. Additional audits at the provincial level continue to identify deserters, no-shows, and additional inefficiencies within the personnel reporting system. To address security challenges in Ninewa, the MoI anticipates hiring approximately 8,000 additional IP personnel in summer 2010. The hiring action is supported in the 2010 budget, but is dependent on the MoF releasing of funds. The MoI expects to be able to complete this hiring action after the March 7, 2010, election.

### *Inspector General*

The MoI Inspector General (IG) continues to report deficiencies within the MoI. Each provincial office is inspected at least twice per year, and reports are compiled to underpin necessary remedial action. Although corruption continues to be a significant issue and most inspection offices are understaffed, the IG continues to make limited progress. Although the IG office is operating at less than 60% of the staffing goal, the formal training of IG staff has increased considerably with 85% of eligible officers completing the Basic IG Officers Course. During the previous quarter, 113 officers attended IG base-level courses, while 54 Auditors participated in advanced audit training. The Investigations and Audit Directorates continue to be extremely successful. Since January 2009, the Investigations Directorate has closed 745 cases; of these, 421 were referred to the CCCI or the COI for further investigative action. Fourteen

investigations were referred to supervisors for administrative punishment. This quarter, the IG office improved its capability to complete investigations against senior MoI officials by promoting two IG investigations officers to a sufficient rank to investigate corruption allegations against senior MoI officers. During 2009, the Audit Directorate identified almost \$107 million dollars in contractual improprieties and improper salaries, returning over \$4.3 million to the GoI.

### *Human Rights*

The MoI IG Human Rights Directorate continues to show progress even though it has jurisdiction and oversight responsibility for approximately 1,000 detention facilities with approximately 18,000 detainees in custody. A recent review indicates that less than 100 facilities are high capacity, long-term sites. Overcrowding, lack of due process, lack of adequate facilities, and poor living conditions remain the major issues for detainees. The primary issue from an oversight perspective is the lack of approved operating procedures and lack of training for those operating the MoI detention centers. The Baghdad inspection program has been highly successful, and the Human Rights Directorate has now expanded its inspection program into the provinces. Provincial visits now occur on a monthly basis with support from USF-I. The IG committee detailed to the MoJ’s Rusafa Prison Complex has made significant progress in identifying detainees without adequate justification for detention and recommending their release. Regarding accountability, during the previous quarter, referral allegations originated by the Human Rights Directorate resulted in substantiation of misconduct against 14 high-ranking officials including a general, five colonels, and two majors. The Human Rights Directorate continued to improve the professionalism of the organization with specialized training for 50 Human Rights Directorate employees last quarter.

Recently, the MoI IG held two major conferences related to human rights challenges.



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The first conference provided senior police leaders with information on IG human rights activities and planned future initiatives. The second conference was a public forum that outlined the roles, responsibilities and accomplishments of the IG, and provided pertinent contact information for any citizen with questions or issues related to the treatment of citizens by police.

### *Rule of Law*

The MoI court system continues to evolve, and significant progress is being made in judicial capacity building. Since the court's inception in July 2008, the number of cases heard has increased each month, and the number of cases returned for further investigation or procedural correction has dropped, improving from a high of 92% returned in August 2008 to a low of 18% returned in June 2009. From June 2009, there was a gradual increase to 27% of cases returned in September 2009. In October 2009, 43% of cases heard were returned. ITAM is currently conducting an analysis to determine the reason for this larger than expected increase. Overall, these trends indicate a steady increase in the knowledge and professionalism of investigators and lower court judges. The continued professionalization and development of judicial officers remains a priority. The MoI courts have made significant advancements in the collection, analysis, and utilization of court statistics. In December 2009, the Cassation Courts completed an analysis of all cases adjudicated within the MoI Internal Security Forces Court System from all five Regional Courts. The information from this analysis is being used to train the MoI Court members on how to improve their capability as the capacity of the courts continues to increase. Indicators thus far also highlight the continued improvement in case throughput by each Regional Court. Final analysis of this statistical court information will be published by March 2010.

### *Operations Command Centers*

The MoI's National Command Center (NCC) has shown improvement in its capability to

support near real-time coordination with other national-level command centers, other ministries, and the PJCCs. NCC officials are working to reconfigure the layout of the command center to improve common operational picture (COP) and situational awareness capabilities based on lessons learned from a recent training trip to the U.S. Department of Homeland Security, FEMA, and other operations centers in the Washington, D.C. area. In preparation for the March 2010 elections, NCC officials conducted a highly successful internal exercise with subordinate PJCCs to test incident response timeliness and capability. NCC officials plan to conduct regular exercises to increase the overall effectiveness of incident response coordination. The present incident reporting system and Commander's Critical Information Requirements process both continue to show improvement. Under the current reporting system, reporting starts at the provincial level with the Provincial Chief of Police (PCoP) and flows through the PJCC to the NCC. Depending on the information contained in the report, the NCC will forward appropriate information to the Prime Minister's National Operations Center (PMNOC), the National Information and Investigations Agency, the BOC, or the MoD Joint Operations Center (JOC). Fidelity of reporting is generally good with reports verified before forwarding. As the PCoPs see the value of the PJCCs' ability to provide assistance, the volume of reporting will likely increase.

MoI capacity to plan, coordinate, conduct, and sustain operations continues to improve. Operational planning for the March 2010 national elections provides a good example of the current MoI planning process. MoI Operations Directorate planners develop a base plan in a committee setting at the PMNOC. Most security organizations involved in the event have representatives on the planning committee. The MoI representative on the committee is responsible for coordinating MoI forces. This planning process, which was used to coordinate security for the national elections,



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results in a comprehensive plan that coordinates the actions and responsibilities of multiple Iraqi security organizations.

### *Logistics*

The MoI continues to develop its logistical support capabilities. The MoI effort to field a FP Sustainment Brigade continues. The FP Sustainment Brigade, once it achieves full operating capacity in 2010, will be capable of accomplishing a wide range of missions, including line-haul transportation, deployable maintenance, supply issue, receipt and storage, combat health treatment, and mobile fuel storage and distribution. The plan to move the brigade to a new logistics complex at Salman Pak by January 2011 is still on track. Once fully fielded, this unit will be able to provide support to the three formed FP divisions and the 4<sup>th</sup> FP Division currently in force generation. The 2<sup>nd</sup> FP Division is currently the only division with an organic Logistics Battalion. The Logistics Battalions organic to the 1<sup>st</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> FP Divisions have not been stood-up. The MoI continues to improve its supply distribution network, centered on the BPC Warehouse Complex. Ongoing logistics training at the complex includes warehouse operations and automation training. With financial support from the U.S. and with the help of advisor teams, three of the five DBE regional maintenance facilities are at an initial operational capability.

### *Training*

The MoI eliminated the training backlog of *Shurta* (non-commissioned, entry-level policemen and women) requiring Basic Recruit Training (BRT) in December 2009. A total of 419,324 *Shurta* or commissioners have attended BRT, and 16,877 officers have attended officer producing courses at the Police Colleges, for a total of 436,201 police trained. Of this total, 2,541 are females, including 50 female officers and 47 female commissioners. Current officer producing courses consist of a three year course for high school graduates, and a nine month course for individuals who already hold college degrees. The MoI has

begun focusing on specialized and advanced training for its *Shurta*. To assist in this effort, the MoI Training Qualification Institute (TQI) has launched several initiatives and developed curriculum to improve professionalization and quality of training, as well as to address specific skill sets needed by its operational forces. The TQI has developed courses in English language training, criminal investigation techniques, ethics and human rights, forensics and crime scene management, community policing, police information and intelligence, technology applications, and management training. The TQI has provided classroom instruction to 182,283 veteran police officers. TQI class lengths vary from two days to 12 weeks, and there are course offerings in more than 70 specialties. Since the start of 2009, TQI specialized courses have graduated police officers in human rights instruction (3,533), instructor certification (148), basic criminal investigation (407), advanced criminal investigation (185), leadership and management (3,948), internal affairs (162), and a host of other specialized courses.

With the BRT training backlog eliminated, the MoI has developed a training center assessment program to assess all of its training centers to determine their ability to conduct quality training, to identify deficiencies in resources, and to help them see themselves as they determine how to “right-size” their training base. Presently the extent to which funding is provided for the training centers is determined by the PCoP. The MoI assessment program will be a very useful tool which will be used for years to come to identify and address ongoing training center issues.

The new complex for the Higher Institute for Security and Administration Development (HISAD) and a branch of the BPC in Mosul, commonly referred to as the Ninewa Police College, was expected to open its doors to students in 2009. After some delays, the Ninewa Police College will open officially for students following the March 2010 election with 300 students enrolled in the first class. The opening of the college increases resident

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capacity at all of the colleges to 8,600 students. The completion of Phase II of the BPC expansion is anticipated in 2010, bringing resident capacity of all the colleges to 10,584 students.

The Iraqi BPC instructor cadre trains all basic officer and commissioner tasks, provides a basic *Shurta* curriculum for all MoI forces, and continues to take on an increasing proportion of the specialized and advanced course loads. ITAM-Police advisors and International Police Advisors continue to assist by providing advice and oversight, and by ensuring that course standards are consistent with internationally acceptable practices and meet the dynamic needs of the field. The MoI is currently developing programs designed to expand training and education opportunities abroad for IPS officers to expose them to best practices and techniques, including support from Australia and the EU. To assist the MoI in its effort to improve the professionalism of its police forces, USF-I coordinated for a tour of U.S. police facilities and institutions. In January 2010, four Director Generals were hosted on a trip to visit U.S. police academies, police agencies and the United States Military Police School to observe institutional training and police operations, and to observe interactions between U.S. police forces and the U.S. populace as an example of a professional police force operating in a democratic society.

#### *National Forensic Program (NFP)*

The criminal evidence laboratories in Irbil, Baghdad, and Basrah will serve as regional backbones for handling and processing criminal evidence using comparative and analytical disciplines. Training of lab technicians in chemistry and DNA analysis continues at the HISAD training laboratory in the BPC. Laboratory refinements and installation projects for chemistry and DNA disciplines continued at the criminal evidence laboratories located in Irbil, Baghdad (Karada), and Basrah. The Irbil laboratory will achieve analytical forensics capability in March 2010 with the installation of chemistry and DNA equipment.

The MoI is looking to further expand nationwide comparative forensic capabilities with new facilities being built in Al Anbar, Kirkuk, Sulaymaniyah, Najaf, and Wasit Provinces.

On January 26, 2010, the Karada criminal evidence lab was severely damaged by a VBIED attack. The MoI has not identified a new location for the lab, which is needed to re-establish comparative analysis capabilities (documents, fingerprints, ballistics). Forensic equipment has been ordered to replace the items damaged in the attack. Analytic forensic equipment will be scheduled for installation at the new facility. On February 16, 2010, the Mosul criminal evidence lab sustained heavy damage from a VBIED attack. The MoI is evaluating a site near the Ninewa Provincial Police Headquarters to re-establish this comparative forensic capability.

#### *Health Service Support*

The MoI Surgeon's Office must coordinate health service support to nearly 500,000 MoI employees. MoI is nearly 50% larger than MoD and contains 11 geographically dispersed organizations including the FP, IP, OP, DBE, the Iraqi Civil Defense Directorate, and others. Each organization contains a separate and distinct mission with unique health service support requirements. USF-I Health Affairs is working with the MoI Surgeon's Office to determine how best to provide ongoing support to each organization. To date, the MoI can only meet approximately 3% of its physician strength requirements, which is a direct consequence of a nationwide physician shortage, lower pay than MoD and MoH counterparts, the hiring freeze, and funding shortages. As with the MoD, the MoI medical system is in need of a service maintenance contract to keep its existing equipment functioning properly and to repair damaged equipment.

Many MoI subordinate organizations do not have trained medics. To address this issue in part, the MoI converted an unused clinic in

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Baghdad to a Medical Training Site. The first medic training program at this site began in December 2009. USF-I has partnered with the MoI Surgeon's Office to significantly increase the number of Combat Life Savers (CLS) within the police ranks. USF-I is also working with the MoI to develop Iraqi CLS trainers to ensure the program is self-sustaining once U.S. forces leave Iraq. The first CLS trainer course was offered in August 2009. To date, this program has trained 20 MoI CLS trainers.

### **Iraqi Police Services**

The IPS mission to enforce the rule of law, safeguard the public, and provide local community security remains unchanged. The IPS is increasingly becoming a professional force that, in conjunction with a maturing court system, supports the rule of law throughout Iraq. The disparate elements that make up the IPS continue to make improvements in cross-department coordination and support. The IPS consists of all provincial police forces (station, patrol, traffic, and special units) assigned to the 18 Iraqi provinces in more than 1,200 police stations across Iraq. The IPS directs policy and strategic planning and has technical control over the training, vetting, and hiring of *Shurta* and officers. All police candidates are screened and biometrically enrolled prior to entry into the training program.

To expand capacity, USF-I's ITAM Police Team is executing a Train and Equip Program supported by \$23 million of Iraq Security Forces Funds (ISFF) that will stand up 12 additional Provincial Counter Explosive Teams (CETs) by October 2010. This will bring the total number of teams to 23. The General Counter Explosives Directorate will be responsible for all 23 teams and for all provincial counter-improvised explosive device (C-IED) operations across Iraq. Each of the newly trained provincial teams will consist of at least 10 officers trained to UN International Mine Action Standards level 4. The Train and Equip Program includes over \$1.2 million in specialized explosive ordinance disposal equipment that will be distributed to each

province selected for fielding and training of a CET. New CET personnel began training on December 5, 2009, at the FP Training Area at the Al Muthana Air Field. Training will continue through September 2010.

### ***Iraqi Police Investigations***

IP Investigations personnel have established a set of crime scene protocols signed by Minister Bolani. These protocols guide ISF first responders in establishing a hierarchy of responses to allow for the preservation of crime scene evidence, particularly at those crime scenes associated with HPAs against GoI personnel and facilities. IP Investigations personnel are refining crime scene protocols and processes based on shortfalls identified during recent HPAs. Senior IP leadership has focused resources on continuity of training to address the shortfalls and to ensure procedures are being followed.

IPS Affairs has begun to develop procedures for dealing with Domestic and Family Violence crimes. The IPS Operations Officer, BG Nehad, attended a conference sponsored by the UN in Amman, Jordan on February 1-10, 2010. The conference examined initiatives that Jordan has taken in this area of concern.

### **Iraqi Federal Police**

The Iraqi FP capabilities continue to improve with the fielding of remaining 3<sup>rd</sup> Division units in the northern region, and continued force generation efforts for the 4<sup>th</sup> Division HQs and units in the southern region. Additionally, the FP will assume three new security force missions (the Central Bank of Iraq, Embassy Protection Force, and the Antiquities and Ruins Security Force) once force generation resumes. The 2010 FP personnel authorization remains at 46,580 members. The FP remain undermanned overall due to assumption of new missions and budget constraints. The FP currently has limited ability to staff the newly formed 4<sup>th</sup> Division beyond a cadre force of varying strength, and will struggle to build the new special security unit. The FP Commander received approval to transfer personnel from

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four IPS Emergency Response Units to the FP. Initial transfers from the Emergency Response Units were assigned to Wasit and Diyala FP battalions. In November 2009, 287 members of the Wasit (Al Kut) unit graduated from FP BRT at Numaniyah Training Center. In January 2010, those 287 personnel joined with 164 Diyala transfers to attend unit training at Camp Dublin. The unit graduated from FP unit training on February 25, 2010. Additionally, the Italian *Carabinieri*, under the auspices of the NTM-I, continue to train, advise, and assist with the professionalization of the FP. FP training throughput of certified police officers is currently at 900 students per class.

The 3<sup>rd</sup> FP Division, with four brigades assigned, has expanded to provide a presence in Diyala, Mosul, Salah ad Din, and Anbar. The 4<sup>th</sup> Division, with one operational brigade and two brigades in force generation, has a presence in Wasit, Maysan, and Baghdad. The FP continue to have success in recruiting across most of Iraq's ethnic and religious sects in each province. A notable exception is in the KRG-controlled provinces, which are expected to bring better balance to the ethnic makeup of the force in the future. The FP maintain a large roster of people who want to join their ranks. The Iraqi people view the FP as a federal force, detached from local influences and corruption. This perception is due in part to the FP commander's requirement for FP personnel to move from their hometown region and his record of dismissing or punishing FP personnel who engage in corruption.

The FP's three-year plan will continue to improve FP capability at the provincial level. The three-year plan will provide a brigade-sized FP force in each province, with a regionally based division HQ for C2 of FP brigades and division support battalions providing logistical support. Additionally, the FP HQ is requesting its own budget to be able to conduct operations and sustainment without having to request funding from the MoI. To date, the FP HQ has locations to base the brigade HQs in 14 provinces. Finally, the

MoI's continued support is required to fund new unit equipment and infrastructure improvements, replenish existing unit equipment, and improve unit-basing locations.

### **Directorate of Border Enforcement and Ports of Entry Directorate**

The DBE and PoED continue in their respective responsibilities to protect Iraq's 3,650 kilometers of international borders and 24 air, land, and sea PoE to prevent smuggling, sabotage, and infiltration activities. These organizations continue to enforce compliance with international treaties and protocols with respect to international agreements and boundaries.

The DBE is organized into five regions, with 14 brigades and 53 battalions (45 static and 8 mobile). The DBE also has one Coastal Border Guard Battalion located in Basrah under the command of Region 4. Eight DBE battalions are mobile Commando Battalions that are directly under the command of one of the regional commanders. The DBE is currently authorized 45,550 personnel and currently has 40,000 personnel assigned. The MoI envisions this force expanding to more than 60,000 personnel by 2012 in order to accomplish their border security duties effectively. The DBE operates from 366 border forts and 291 border annexes. In addition to these existing facilities, the GoI is funding construction of 31 additional forts and 62 additional annexes.

In addition to the Iraqi funded construction of border forts and annexes, the GoI is also funding several important projects to increase security along its borders. On November 29, 2009, the GoI approved a FMS case for \$181 million to construct border roads along the most critical sections of Iraq's borders with Syria and Iran. On November 26, 2009, the GoI approved a \$49.9 million FMS case to complete a border surveillance project that will provide towers, day and night video surveillance capability, radios, command posts, and vehicles. This border surveillance capability will be constructed along Iraq's

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borders with Syria and Iran. Lastly, a \$45 million FMS case for secure short and long range radio communications will not only improve the DBE's internal operations, but will facilitate interoperability with IA and IP units supporting the border security mission.

The PoED is responsible for administration and security of ten GoI-controlled land PoE, and has a presence at the six air PoE and five seaports of entry spread throughout Iraq. The KRG has three official PoE on the Turkish and Iranian borders, administered and operated by the KRG. However, the MoI does maintain a very small presence at these locations.

The PoED does not have authority over the numerous tenant ministry organizations located at each of the PoEs. In some cases, there can be up to 18 different ministries working at a port, making coordination and efficient port operation very difficult. Infrastructure at the PoEs is another concern. There is a systemic lack of electricity at many of the PoEs, causing downtime, lost commerce, a reluctance to adopt electronic systems, and a recurring dependence upon emergency generation sources or neighboring countries. Most PoE also lack adequate sources of drinking water and must rely on water trucks, often from neighboring countries, to fill water tanks. Finally, there is also a critical shortfall in explosives detection capability at the ports.

The PoED is taking steps to improve the current situation, to include pursuing the FMS process, in tandem with the MoI and U.S. force partners, to support the reconstruction or renovation of two PoEs. Through FMS, the PoED will benefit from USACE program management, contracting, engineering, and financial management expertise. To improve explosives detection capability at the ports, U.S. forces and the GoI are working to purchase non-intrusive inspection equipment (NIIE, a counter-explosives detection capability) for the land ports and the main sea port. The equipment will be purchased using both ISFF and Iraqi funds.

The most significant challenge to increasing the effectiveness of the DBE and PoED organizations is a viable MoI sustainment system. Poor management and a lack of fuel, electricity generation, and maintenance continue to hamper all aspects of border and PoE operations. In addition to this challenge, reported incidents of corruption continue to plague DBE and PoED officials. DBE and PoED officials have taken steps to deal with this issue, including ongoing ethics training for employees, re-assignment of personnel between PoEs, and routine swapping of DBE unit areas of operation on the borders.

### Oil Police

The OP are responsible for protecting oil production infrastructure, including oil fields, pipelines, refineries, convoys, and retail stations, which are located throughout Iraq in both remote and urban areas. The OP organization includes three districts (North, Center, and South) and an HQ element in Baghdad collocated with the MoO. The organization has 47 battalions (43 static and 4 Mobile Emergency Battalions).

The biggest challenge facing the OP today is a personnel shortage. The OP organization was previously subordinate to the MoO, but began reporting to the MoI during 2009. However, OP personnel authorizations remained with the MoO. During 2010, the MoI will establish OP personnel authorizations of 29,500, which reflects the current strength of the organization. Unfortunately, while it reflects the OP's current manning, it does not reflect the actual personnel requirement. Due to manpower shortages, the OP currently rely on 14 battalions of the IA to protect oil infrastructure. Additionally, as new oilfields are developed, the OP will rely on contractors to provide security for these areas. This is already occurring in Wasit Province and may soon occur at the Agil Oilfields in Salah ad Din Province. In December 2009, the OP requested MoI authorization to hire 10,000 new OP personnel. To date, the OP have not received a response to this request.



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During two rounds of auctions held in June and December of 2009, ten new projects were awarded to foreign oil companies. The development of these projects will increase Iraqi oil production over the next five to seven years. As Iraq's oil infrastructure grows, the number of OP personnel will have to increase to meet increasing protection responsibilities.

All OP permanent hire personnel have completed the 240-hour BRT course. OP leaders are actively involved in their organizations and are qualified for their positions with most officers trained in a police or military academy. The only significant shortfall in leadership is found in the junior officer and Non-Commissioned Officer (NCO) ranks.

### **Facilities Protection Services**

The Facilities Protection Services (FPS) is responsible for the protection of critical infrastructure throughout Iraq, including government buildings, mosques and religious sites, hospitals, schools and colleges, dams, highways, and bridges. Under CPA Order 27, FPS forces were decentralized within each ministry and province. If the FPS Reform Law is passed by the CoR, all facilities protection responsibility will be consolidated within the MoI and will legally reside with the FPS (exceptions to this will be the MoO, Ministry of Energy, and the HJC). Additionally, the Consolidation Law will provide the FPS with an independent budget and personnel authorizations. The law has been approved by the CoM but has not yet been taken up by the CoR.

The FPS consists of a combination of 17,000 policemen and 77,000 contractors. These contractors are hired using one-year contracts that are reviewed and renewed annually. Contractors receive salaries from the MoI. The majority of contractors meet MoI hiring criteria. One of the biggest concerns is the FPS' inability to hire contractors as permanent hires due to MoI budget constraints and an existing hiring freeze. Contractors earn

approximately 400,000 Iraqi Dinar monthly. IP in the FPS service earn approximately 700,000 Iraqi Dinar monthly. Considering both contractors and police face the same hardships and the same danger, the differences in pay are difficult to justify and cause morale challenges. Additionally, the FPS does not have the funding required to train the contractors, so the only FPS individuals who have received BRT are the 17,000 police members.

In cooperation with the FPS, ITAM personnel are developing a plan to train contractors to the MoI IP standard. U.S. forces, in cooperation with the MoI, are building an FPS training facility in Al Kut in Wasit Province. Construction began in December 2009, and the project should be complete by December 2010. The FPS has traditionally been the organization with the lowest priority for equipment issue within the MoI, and currently has less than 10% of its authorized equipment on hand.

### **2.3 Ministry of Defense**

As of February 2010, the MoD remains under the MoF imposed hiring freeze of 253,000 personnel. According to December 31, 2009, data, which is the most current data USF-I has been able to collect, there were approximately 322,000 approved Modified Table of Organization and Equipment (MTOE) positions in the MoD against which almost 274,000 personnel were allocated pay. USF-I is working with MoD personnel to be able to generate personnel data from the new Human Resources Information Management System (HRIMS) personnel software, and expects to have updated data for the next quarterly report. As the ground force nears completion, lack of a sustainment-funding plan and the presence of an overly centralized decision-making process inhibit MoD force improvements. The Minister of Defense still controls almost all procurement and maintenance funding decisions and approves most equipment purchases. The MoD budget allocation for 2010 is \$4.9 billion. Although this amount reflects an almost 20% increase over 2009, it falls short of the initial budget request of \$7.4 billion. The \$4.9 billion



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budget includes approximately \$3.3 billion in salary related funding, \$0.7 billion for operating expenses (goods, services, maintenance, etc), \$0.5 billion for procurement, and \$0.4 billion for infrastructure projects.

### **Ministry of Defense and Joint Headquarters**

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

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

### *Policy and Plans*

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

In August 2008, the MoD implemented a recruiting and hiring freeze for all positions. The following month, the MoD established a 253,000 personnel cap based on estimates of affordability related to the 2008 defense budget. Based on December 2009 pay data, the Iraqi Armed Forces (IAF), including military, civilians, and contractors, currently exceed the personnel cap by more than 21,000 positions. Growing concerns with funding have resulted in a near stalemate of personnel actions affecting IqAF and IqN force generation. Significant shortages in key enlisted, NCO and junior officer positions are offset by large numbers of entry-level soldiers. These imbalances, when combined with growing operational demands and the current Iraqi leave policy, affect the ability to conduct current operations and train and equip units.

### *Acquisition*

The MoD's Acquisition and Contracting General Directories have the functional contracting capability and capacity, within the constraints of their existing systems, to acquire the goods and services necessary to equip, sustain, and modernize the ISF. However, their existing contracting system is not automated and as a result is generally inefficient. The authorization process is serial vice parallel and greatly extends the time required to develop and award contracts. Authorizations for even relatively low-level acquisitions require the involvement of Flag-level officers and/or Ministry-level executives. The MoD faces numerous challenges including the lack of a multi-year acquisition strategy, a poor to non-existent requirements determination process, the late release of budgetary authority and funding, overly centralized decision-making authority, inadequately trained and inexperienced staff, and insufficient use of technology to streamline and optimize processes.

The MoD contracting staff continues to increase its knowledge of acquisition processes, but still lacks experience in processing complex contracts. They typically develop relatively

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simple contracts that are awarded to single vendors. When required to make a major purchase from an overseas vendor, the MoD dispatches a senior staff delegation to personally negotiate the contract. Due to its limited ability to execute complex contracts, the MoD relies heavily on the U.S. FMS program to execute these contracts in order to equip and sustain its forces. In an effort to address the existing shortcomings, the USF-I advisors provide on-the-job training for the acquisition and contracting staff on subjects such as market research, contracting strategies, requirements determination, analysis of offers and proposals, and contract development.

#### *Infrastructure - Maintenance and Construction*

The MoD still does not place a priority on facilities sustainment and recapitalization. The MoD maintenance budget allocation for 2010 is \$50 million compared to the requested \$830 million. Until the MoD and the GoI make maintenance a priority, facilities will continue to deteriorate at a rapid rate.

MoD Military Works personnel are beginning to receive training in basic project scoping, design and estimating, and basic project management. Starting December 2009, courses are being taught at the Ministerial Training and Development Center (MTDC) under a formal infrastructure curriculum. MoD Military Works will continue to struggle to build new or maintain current infrastructure due to the lack of authority, budget, and qualified engineers.

#### *Finance and Budget*

The MoD budget allocation for 2010 is \$4.9 billion. Although this amount reflects an almost 20% increase over 2009, it falls short of the initial budget request of \$7.4 billion. The \$4.9 billion budget includes approximately \$3.3 billion in salary related funding, \$0.7 billion for operating expenses (goods, services, maintenance, etc), \$0.5 billion for procurement, and \$0.4 billion for infrastructure projects. Sufficient funding for procurement and sustainment continues to be a challenge. The MoD must re-evaluate security force

requirements and identify gaps that emerge as U.S. forces drawdown, taking into account available funding. According to the U.S. Treasury Attaché and advisors to the Director General for Programs and Budget, the MoD should incorporate multi-year budget planning that factors in the necessary operations and maintenance costs to man and sustain new equipment and long-term support requirements.

#### *Personnel*

The MoD continues progress toward implementing a computer-supported, comprehensive personnel management system called the HRIMS. HRIMS will serve as the database for personnel identification and weapons accountability, and will interface with the network where biometric information is stored. ISFF funded approximately \$24 million toward the HRIMS program and the GoI funded about \$4 million. The MoD assumed the license requirements and future funding for the system on January 1, 2010.

#### *Inspector General*

The MoD IG has instituted scheduled and urgent unscheduled inspection, audit, and investigation processes. The results of these inspections, audit and investigation processes are not as transparent or effective as required. The JHQ Military IG conducted an annual conference at the end of 2009 to review inspection results and trends, and to present the 2010 inspection schedule. IG personnel have completed a 2010 inspection guide that contains inspection checklists for all types of military units. The 2010 inspection plan includes inspecting every military unit above the brigade level and one subordinate battalion from each brigade. The MoD has moved all IGs from subordinate commands into the JHQ Military IG organization to provide more oversight due to concerns of IG effectiveness.

#### *Human Rights*

The MoD Human Rights (HR) Directorate continued work on detainee facility inspections and women's issues during this period. The MoD currently maintains 27 detention facilities

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throughout Iraq as temporary holding sites for civilian terror suspects awaiting transfer to the MoJ. The number of MoD detainees held between December 2009 and February 2010 has averaged 712. This is approximately the same average number held as in the previous six months. Currently, there are 850 prisoners being held in the MoD's 27 detention facilities. MoD HR inspections confirm that detainee population reduction will need to continue in order to reduce remaining overcrowding problems.

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

### *Military Justice*

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

### *Operations*

The JHQ is improving operational C2 capabilities. The Iraqi Forces JOC is increasingly self-sufficient in the development of situational awareness and intelligence reporting. The C2 of the ISF is generally exercised through a system of regional

commands that function through the linkage of the Office of the Commander in Chief (OCINC) and seven Operations Commands. U.S. forces continue to seek opportunities to enhance training and advisory support of Iraqi organic capabilities in the JOC. However, the JOC is increasingly becoming more independent. Staff planning is improved, but underutilized outside of the JHQ. MoD planning is hampered by a lack of delegation through the JHQ chain of command to appropriate directorates, and when accomplished, planning is performed at the most senior level vice through a staff planning process. The JHQ is becoming more focused on combined operations, and recent plans and operations have included representation by other Iraqi security stakeholders, including the MoI, the Director of Intelligence, the Iraqi Ground Forces Command (IGFC) HQ, and others. There is also an evolving emphasis by the JHQ leadership to focus the armed forces on traditional external threats with recognition that internal security is not the primary function of the IA, IqAF, or IqN. However, logistics, sustainment of ISF personnel, equipment distribution, infrastructure maintenance, and force generation continue to pose obstacles to long-term operational capability.

### *Logistics*

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

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The Iraqi Logistics Operations Center (ILOC) continues to mature its capabilities as the nerve center for logistics tracking, coordination, and reporting of logistical operations, material management, and sustainment of the ISF. Having substantially improved relations and overall communication with logistic directorates and the various components of the ISF, the ILOC continues to identify supply, ammunition, and transportation shortfalls and provides recommendations for the sustainment of ISF. Initially focused largely on the IA, the ILOC now has participation from the IqAF and IqN, and recently began tracking reports and other logistics activities from these services. ILOC personnel have attended training on FMS and several other programs to integrate more fully into the developing logistics process. ILOC officers are now able to connect to the key automated logistics systems, the Iraqi Asset Management Program (IAMP), and MySAP, but functionality is limited due to connectivity challenges. The ILOC's Iraqi Defense Network connectivity with sufficient bandwidth at key logistical nodes continues to be a priority for the maturity of the center's communication architecture. The Director General of Communications is aware of the ILOC requirements; however, connectivity with the national supply and maintenance depots, locations commands, and sea and aerial ports is not a priority in the overall MoD connectivity effort.

U.S. partners and the Iraqi Deputy Chief of Staff (DCoS) for Logistics continued a collaborative effort to re-establish Iraqi logistics doctrine with a focus on fundamental principles, organization, methods, and procedures. Procedures are being validated through training exercises and senior leader engagement. A Combined Sustainment Council has been formed to recommend solutions to current gaps in the Iraqi logistics system. Maintenance operations are improving as evidenced by a greater number of open supply channels, improved demand satisfaction, and improved turnaround times of repair part requisitions. Advocacy for the use

of automation continues, and accountability for parts and operations continues to improve. Although allegations of corruption continue, accountability afforded by tracking and tracing improves detection capability, and management of metrics provides leadership advance indications of accountability and corruption issues. Fleet rationalization – decreasing the number of total vehicle variants – is the first in a series of steps to be taken to optimize repair part requirements in the form of an Authorized Stockage List. The increased use of the IAMP, an automated asset management system, has enabled cross-leveling and redistribution of repair parts across 3<sup>rd</sup> Line Maintenance Repair Part Warehouses. Metrics generated through the online system allow rapid responses and appropriate levels of leadership to become more quickly engaged to resolve maintenance and resupply issues.

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

### *Supply and Ordnance*

Although the IA has made significant progress in Class II (clothing), V (ammunition), and VII (vehicle) supply accountability, they continue to struggle with issuing real time orders via

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electronic means. MoD issued orders are still hand delivered to the General Depot Command in Taji to issue equipment to Iraqi units for Unit Set Fielding. The fear of corruption at the unit leadership level continues to force stringent original documentation and signature requirements thus further exacerbating the extended timeframe to issue supplies and equipment.

### *Training and Doctrine*

JHQ personnel implemented a training assessment program, and they are generating a new Training Assessment Manual that will codify inspection and assessment procedures. The DCoS -Training is expanding the roles and responsibilities of the Iraqi Ethics Center (Center for Military Values, Principles, and Leadership Development) and the Iraqi Center for Army Lessons Learned. Under DCoS Training, M7, the doctrine section is tasked with coordinating the development, approval, printing, and distribution of doctrine and technical manuals for the ISF. Once a month, DCoS-Training chairs the Doctrine Review Committee that approves doctrine for Chief of Staff signature. The JHQ continues to work on improving these processes, and the advisory team is assisting the JHQ in conducting gap analysis and prioritizing future doctrine development.

### *Surgeon General*

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

### *Iraqi Army*

The IA currently has thirteen infantry divisions and one (partially) mechanized division organized under the IGFC. Ground forces include 196 generated and trained IA battalions and 55 combat brigades (51 infantry brigades, three mechanized brigades, and one tank brigade) with a force generation focus on enabler units to complete the divisional force structure. In addition to the combat brigades, the MoD established two Presidential Protection Brigades, each with three battalions, to protect the President and PM, and 15 Independent Protection Battalions to provide security for the CoR and other Iraqi VIPs and visitors. The Baghdad Brigade, officially responsible for IZ security, has been reflagged as the 56<sup>th</sup> Brigade of the 6<sup>th</sup> IA Division for administrative purposes, although it continues to serve under the operational control of the PM's OCINC.

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

U.S. forces continue to partner with IA leadership and the MoD in supporting the IA M1A1 Program Manager Office, which is developing its ability to conduct life-cycle management, new-equipment training, and follow-on training and maintenance for the 140 M1A1 tanks purchased through FMS. There was an Iraqi delay in signing the sustainment cases; and although the cases have not been signed, they remain funded. M1A1 fielding will not be complete by December 2011, nor will the fielding of artillery and other key enablers required to set a foundation for defense against external threats.



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### *Training*

The Iraqi MoD JHQ demonstrated increased ability to manage a maturing IA institutional training base comprised of Training Centers, proponent and specialty schools, and special training events. At the operational level, Training Center and School cadre and staff expanded their ability to manage and execute operations and training in accordance with approved MoD training guidance. The resource management of training continued to be a challenge due to a cumbersome IA logistical system. USF-I advisor independent assessments of all Training Centers, Schools, and training events conducted at these institutions found evidence of progress in training base management. ITAM-Army advisors assessed the progress of events such as unit set fielding, the Warrior Training Program, and 81mm mortar training through all phases of training from reception at the site through culmination of the training event. Advisor assessments noted improving trends and progress made toward achieving MEC during the second half of 2009 and first quarter of 2010.

With improved security in Iraq in 2009, the IA shifted from fielding a COIN force to generating enabler units. This shift has increased the need for individual Military Occupational Specialty Qualification (MOSQ) training and the Tactical Training Directorate has responded accordingly. Nearly 6,700 soldiers completed MOSQ courses in maintenance, transportation, signal, supply, administration, weapons armorer, military police, basic medic, and various other medical fields throughout 2009.

Combined MOSQ courses have trained 53% of the soldiers that units require. Enabler force generation also continued with IA soldiers completing C-IED Train-the-Trainer Courses to provide a Division-level C-IED instruction capability across the force. Concurrently, an initiative to generate the Chemical Defense Company began with MOSQ training at Taji. Following the completion of Chemical MOSQ

training, Chemical Defense units will begin their Unit Set Fielding in the first quarter of 2010. The Field Artillery School has continued to mature and shifted its location from Besmaya to Abu Ghraib. The school has completed training a new cadre of instructors and will soon be home to soldiers prepared to receive instruction on the 120mm mortar system, which is considered light artillery in the IA. Starting in October 2009, 120mm training throughput was accelerated from two batteries per month to five batteries per month.

The Iraqi Counterinsurgency School continues to provide the IA with relevant and responsive training to develop IA leaders to meet the needs of the evolving operational environment. Courses are taught at both the NCO and Officer levels and provide resident training in COIN, Civil Military Operations (CMO), and Civil Affairs Operations. The Iraqi Counterinsurgency School completed its fourth iteration of the Battalion and Brigade Commander Tactical Leader's Course in February 2010. This course provided advanced instruction on lethal and non-lethal threat response, and provided learning application through Battle Staff Planning and Simulation Exercises. A cell comprised of IA NCOs facilitates the exercises, operating computers and developing the event matrix that drives exercise interactions.

### *Materiel*

The IA self-sustainment capability continues to improve through multiple programs and an increasing awareness of maintenance requirements. The Single Channel Ground and Airborne Radio System and Harris radio fielding provide the IA with secure tactical communications and an increased C2 capability. Although combat units were initially the priority for distribution, service and service support units are now receiving these assets as well. In April 2009, the IA assumed responsibility for continuation of M16 and M4 fielding and weapon training. More than 57,000 of these weapons have been issued through December 2009. The IA maintains



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weapons accountability through frequent inventories and multiple checks of proper identification, including biometric data. Planning continues for a full transition of all maintenance activities to ISF control in 2010.

### *Leadership and Education*

Eleven IA proponent schools in Administrative Affairs, Armor, Bomb Disposal, Chemical, Engineer, Field Artillery, Infantry, Medical, Military Police, Signal, and Transportation provide doctrine-based, branch-specific, professional education for both officers and NCOs. These schools provide the foundation for self-sustaining professional competency and a platform to affect institutional change and improvement.

The IA continues to develop an NCO Education System (NCOES) that emphasizes small unit leadership. The IA had over 3,700 NCOES graduates in 2009. The IA approved, in principle, an NCOES Campaign Plan developed in October 2008 with implementation to begin during the first quarter of 2010. The NCOES career progression path culminates at the Sergeant Major level with the Senior NCO course. The IA conducted the fifth iteration of the Senior NCO course for 40 students in February 2010. The course has had 160 graduates to date and continues to be refined by U.S. forces and IA representatives.

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

### *Personnel*

According to December 31, 2009, data, which is the most current data USF-I has been able to collect, the IA was manned at approximately 72% of its officers and 50% of its NCOs, with 83% of total MTOE numbers due to being over strength in the enlisted ranks. USF-I is working with MoD personnel to be able to generate personnel data from the new HRIMS personnel software, and expects to have updated data for the next quarterly report. The policy-driven leave rate continued to be 25% of assigned personnel. The CoR-approved Military Service and Pension Law, coupled with the development of a formal personnel management strategy, will facilitate appropriate manpower reductions and force shaping aligned with budgetary constraints. Incorporating the HRIMS to improve personnel accountability and streamline personnel administrative processes is also a critical issue for the IA to address. The promotion system continues to move towards a merit-based system.

On February 24, 2010, PM Maliki approved the recall of 6,513 (1,449 officers and 5,064 enlisted) former soldiers into the IA. After reporting to division reception centers located throughout Iraq during late February and March 2010, they will be transported to training centers for 60 days refresher training beginning April 1, 2010, before being integrated into IA units. The IA recently completed a recruiting drive to fill 6,000 positions targeting the northern provinces to fill shortages in the Ninewa Province. This recruiting drive resulted in 5,000 enlisted and 83 officer recruits. The new recruits will be brought onto active duty to begin training in June 2010 after the former IA soldiers mentioned above complete their refresher training.

### *Facilities*

Currently, eight of ten planned training centers and a combat training center are complete with a combined capacity of 20,000 students. Each of these centers includes a range complex, combat assault course, live fire shoot house,

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and various ranges. Each center supports both BCT and collective training exercises for the IA. The construction of 11 Location Commands continues. These commands consist of warehousing, third line maintenance, fuel storage, billeting, and life-support facilities. Three Location Commands were scheduled for completion in 2009; however, construction delays have moved the completion date into 2010.

### **Iraqi Air Force**

The IqAF is on the path to achieving MEC by the end of 2011 in all mission categories except airspace control (the key to air sovereignty) and fixed-wing airlift. With continued support from U.S. advisors and adequate resourcing from the GoI, improvements in accessions, airlift, flying and technical training, air staff effectiveness, ground attack, combat support, and C2 should demonstrably contribute to internal security while setting the stage for future growth to a full military capacity. In order to help the IqAF achieve this goal and to build an enduring strategic relationship, ITAM-AF remains engaged across Iraq.

To maximize the scarce resources of the IqAF, ITAM-AF is recommending that the Iraqi Air Staff adopt a Main Operating Base/Forward Operating Base (MOB/FOB) strategy of four MOB (Tikrit, Taji, New Al Muthanna Air Base - NAMAB, and Ali Air Base) and six FOBs (Qaiyara – Q-West, Al Asad, Al Hurriya – Kirkuk, Balad, Al Kut, and Basrah). The MoD and the IqAF accepted this strategy for basing. However, in December 2009, by order of the Minister of Defense, the IqAF added Habbaniyah as a FOB to support the IGFC. ITAM-AF is also working to take advantage of partnering opportunities between operational U.S. forces and IqAF counterparts, such as the IAOC MiTT, to accelerate the capabilities development of the IqAF. In some cases, such as the King Air ISR squadron, IqAF progress will meet MEC, allowing the withdrawal of some ITAM-AF advisory forces prior to the end of the SA. However, the IqAF is expected to lack the independent capability for airspace

control and fixed-wing airlift by December 31, 2011.

### *Training*

In February 2010, the IqAF increased its MTOE from 5,217 to 10,287 authorized personnel. Due to this increase in authorizations and due to under-resourcing from the GoI and MoD, the IqAF is undermanned with 5,005 of the authorized 10,287 personnel positions filled for a 49% manning rate. The capacity of the IqAF schools, including pilot production, is sufficient, but lack of accessions will prevent the IqAF from meeting its goals without external assistance or contractor support. The trend of under-resourcing the IqAF may lead to a gap in desired organic capacity in December 2011.

The IqAF, with assistance from ITAM-AF, is training personnel in ten functional areas covering 45 career fields with a total of 368 officer and enlisted specialties. New syllabi are expanding training in operations, maintenance, supply, and infrastructure. A total of 361 officer trainees graduated from the Iraqi Military Academy at Rustimayah (IMAR) in 2009. An additional 246 officer cadet graduates (combined between IMAR and the Iraqi Military Academy at Zahko) are scheduled to attend English Language Training and the Air Force Officers course throughout 2010. These numbers demonstrate that the IqAF made great progress in 2009, and has plans in place for 2010, towards establishing a self-sustaining force generation capability. In 2010, Tikrit will become the home of IqAF Officer and Pilot training. The IMAR is moving from Rustamiyah to Tikrit, and Undergraduate Pilot Training (UPT) is moving from Kirkuk to Tikrit.

The IqAF currently has 207 qualified pilots (fixed and rotary-wing) with another 99 in the training pipeline, including 20 out of country pilots. The out of country pilots are located in the U.S., UK, United Arab Emirates, Jordan, and Serbia. There is one student enrolled in the

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U.S. Aviation Leadership Program with an expected June 2010 graduation date. A total of 39 IqAF pilots graduated in 2009, and 17 more graduated on February 1, 2010. The first rotary-wing instructor pilot course is projected to begin in 2010. The first IqAF T-6 instructor pilot class begins in Tikrit in March 2010.

### *Materiel*

The IqAF added four aircraft to the fleet at the end of 2009, and currently has a total of 102 fixed-wing and rotary-wing aircraft. The IqAF received its first four T-6 aircraft at Tikrit in December 2009 and an additional four T-6s in February 2010. The final delivery of seven T-6s will occur in December 2010, completing the IqAF T-6 inventory. The AC-208 armed with Hellfire missiles is currently the IqAF's only system with precision ground-attack capability (the IqAF possesses three AC-208 aircraft and 19 Hellfire missiles). The Directional Attack Guided Rocket (DAGR) weapon system mounted on three Mi-17 helicopters is scheduled for demonstration in summer 2010. The requirement by the Defense Minister to make most acquisition decisions combined with the GoI and IqAF's inexperience in acquisition budget forecasting, continue to make procurement a challenge.

### *Doctrine*

The IqAF has struggled to make doctrinal progress in developing air-to-ground Tactics, Techniques, and Procedures for the AC-208 equipped with the Hellfire. In order to achieve a credible foundational air-to-ground capability, ITAM-AF will continue to advise the IqAF on an air-to-ground training plan. This is critical to establishing operational capability with Hellfire missiles and with the DAGR. The MoD and IqAF are also struggling to develop doctrine for C2 processes and procedures. The Minister of Defense has taken control of all significant IqAF staff programming decisions. He also exerts influence on the daily flying schedule. ITAM-AF is working with IqAF/A3 on developing a new Air Order Directive to allow mission critical tasking decisions at the IqAF staff level.

### *Personnel*

The lack of accessions in 2009 will likely influence the IqAF's ability to establish an enduring air force by December 2011. However, a strong push towards the end of 2009 indicated a commitment by the GoI and MoD to prioritize the accessions process. The GoI and MoD must continue to show a genuine commitment to access additional IqAF personnel, or it is unlikely that the IqAF will meet critical personnel strength targets in line with the service's plan. Of particular interest is the shortage of personnel necessary to provide airspace control. The IqAF does not currently have any International Civil Aviation Organization (ICAO) licensed controllers against a MEC requirement of 64 located at four bases. The first two controllers are scheduled to be licensed by the end of April 2010. The ICAA has nine licensed radar controllers, 13 radar controllers working traffic in an on-the-job training supervised by the Washington Consultant Group, and 28 students in a classroom phase of training. Also, a severe shortage of mid-career officers continues to be of special interest. Over 50% of pilots and 30% of ground officers will reach retirement age before 2020, and those remaining lack flying experience. These numbers point to a projected shortage of senior IqAF leaders in ten years. In 2009, the MoD indicated an intention to transfer 1,600 personnel from the IA to the IqAF. Of the 1,600 former Iraqi military members evaluated, 1,140 enlisted and 177 officers were transferred to active duty in the IqAF. Finally, the IqAF must identify mid-career officers with potential to serve in the highest ranks and guide them through rigorous professional military development.

### *Facilities*

On-going projects at Taji, Tikrit, and New Al-Muthanna Air Base will increase training capacity and adequately support the requisite growth in IqAF personnel through 2011. Over the next two years, the IqAF plans to expand to four MOB's and seven FOB's. The Iraqi Air Staff completed their move from the IZ to Hawk Base on the Victory Base Complex at the

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Baghdad International Airport. On January 1, 2010, Hawk Base was transferred from USF-I control to IqAF control. ISR assets from Basrah will move to Ali Base to establish the first Iraqi presence there in the spring or summer of 2010. The IqAF Officers College is scheduled to begin classes at Tikrit in 2010. A new air traffic control tower will be completed at Tikrit in 2010. These two initiatives will lay the groundwork for making Tikrit the primary IqAF training base. The IqAF will also move into Qaiyara (Q-West) in the spring of 2010. This will establish a small FOB that will serve as a refueling point for helicopter operations in northern Iraq. U.S. turnover of key infrastructure, including aircraft parking ramps, hangars, and dormitories, is critical to growth, but the IqAF has limited capability to conduct infrastructure maintenance. The moves into Ali and Tikrit offer significant opportunities for operational partnership with the IqAF. ITAM-AF plans to foster the relationship between the IqAF and U.S. forces to accelerate operational capabilities.

### **Iraqi Navy**

With the acquisition of new vessels, a comprehensive infrastructure build program for the Umm Qasr Naval Base, and an increase in training capacity brought about by an increase in the number of personnel supporting the training mission, the IqN is on track to achieve its short and medium-term transition milestones. On its current trajectory, the IqN will achieve MEC prior to December 31, 2011. USF-I and Navy Central Command (NAVCENT) are working to advance the IqN's assumption of final responsibility for security of Territorial Waters and critical Iraqi oil infrastructure to September 2011. This will provide a three-month period prior to December 31, 2011, during which the IqN will be able to exercise full autonomous operations with UK and U.S. forces in overwatch to observe, provide guidance, and step in if required. By USF-I end of mission, the IqN will have the minimum essential capability to defend the critical oil export infrastructure against current security threats. However, the

importance of this infrastructure to the Iraqi economy mandates a higher level of capability. Therefore, USF-I anticipates a requirement for a regional presence that can respond to emergencies as the IqN matures from MEC to a fully capable force. Achievement of MEC by USF-I end of mission is subject to shortfalls in manning, C4ISR, maintenance, and infrastructure being adequately addressed over the coming months.

### *Organization*

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

### *Training*

A joint United Kingdom and United States team provides Iraqi Navy and Marine training at the Umm Qasr Naval Base. The IqN's assumption of full responsibility for the defense of the northern-most Iraqi oil platform, KAAOT, on December 1, 2009, marked a key milestone. A December 7, 2009, maritime incident affected ongoing training this quarter. A Chinese flagged merchant vessel damaged the main jetty, the Patrol Ship INS NASSER,

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and an AL FAW Patrol Boat, resulting in a period of reduced training due to platform unavailability for repairs. The pace and complexity of training will increase next quarter with the recent delivery of the third and fourth Italian built Patrol Ships (INS AL MAJID, INS AL CHAMOUK) to the IqN in February 2010. Dedicated Defender (8m Fast Assault Boat) and C2 training continues. The Swiftship FMS contract to deliver 15 Patrol Boats remains on track along with the associated training plan. This quarter, ITAM-Navy is working to identify and process the first 50 IqN personnel scheduled to receive Patrol Boat training in the United States as part of an enduring partnership training program. ITAM-Navy is working to identify candidates and process candidate passports and visas. This quarter, ITAM-Navy also worked to secure out of country training courses to provide staff and specialist training in the U.S., UK, and other NATO countries for Iraqi Naval officers.

The Iraqi Marine Corps Training Team (IMCTT), the UK Royal Marine detachment, the U.S. Coast Guard detachment, and the U.S. Army Military Transition Team continue to work closely with the Iraqi Marine Corp (IqM). Since all maritime operations are handled by 1<sup>st</sup> Battalion IqM, the UK Royal Marines have taken the lead on training and advice for OPLAT point defense, while the U.S. Coast Guard has taken the lead on training and advice for visit, board, search, seizure operations in the Northern Arabian Gulf (NAG) and along the Khawr Abd Allah. Although 1<sup>st</sup> Battalion IqM conducts some security operations, ground operations remain 2<sup>nd</sup> Battalion IqM's primary mission, and the U.S. Army Military Transition Team is currently partnered with 2<sup>nd</sup> Battalion. Concurrently, the IMCTT 01 continues to execute the first iteration of the Iraqi Marine Instructor Training Cycle and is in the process of developing the second iteration of the same training cycle.

### *Materiel*

With a new fleet of Fast Assault Boats, the delivery of the last two of four Italian built Patrol Ships, and FMS contracts in place for the delivery of fifteen Patrol Boats and two Offshore Support Vessels, the IqN is on track to be properly equipped to deliver maritime security by December 31, 2011.

### *Personnel*

The IqN started recruiting during this period for the first time since mid-2008. The recruiting goal for the first three months of the calendar year is to access up to 100 new officers. Additionally, an initial plan is in place to access 1,000 enlisted Sailors throughout the year. Planned 2010 accessions will satisfy personnel requirements to operate the growing number of ships and boats being delivered.

The Iraqi Marines have received approval to recruit new accessions in the second or third quarter of the calendar year. By the end of the calendar year, the Iraqi Marines should be up to full strength.

### *Facilities*

The IqN has broken ground on the \$100 million Umm Qasr Naval Base infrastructure investment program. Pier and seawall construction difficulties have delayed facility completion, though contingency planning and aggressive rectification can mitigate operational impacts. The project is on schedule to be completed by the end of 2010. Infrastructure improvements to the magazines, barracks, dining facility, warehouse, simulators, repair facilities, and an operations HQ will prepare the base to receive an expanded fleet and the associated increase in personnel. Despite investment by the GoI, there are a number of life-support infrastructure projects at the Naval Base that will not be completed due to contractual difficulties and problems with Iraqi procurement processes. The projects are in the process of being re-let to contract.



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## 2.4 Iraqi National Counter-Terrorism Force (INCTF)

Under PM Directive 61, signed in April 2007, the INCTF is independent of both the MoD and MoI. The CoR, however, has not ratified the CT Law that will establish the CTS as a separate ministry. The proposed CT Law was initially submitted in September 2008. After being returned to the CoM, the bill had its first reading before the CoR in July 2009. If approved, the CT Law will formalize a ministerial-level position for the CTS Director and provide appropriations and funding. The CoR's delay in addressing the CT Law makes the PM's ability to fund CTS problematic and hinders maintenance and sustainment programs throughout the organization. INCTF leaders and U.S. advisors continue to emphasize to key Iraqi leaders the need for a robust CT capacity in Iraq. The HPAs that occurred in Baghdad in August, October, and December 2009 emphasize the critical need for the CoR to pass the CT Law and properly resource Iraq's premier CT capability.

### *Organization*

The INCTF is headed by the CTS and includes the Counter-Terrorism Command (CTC) and two ISOF brigades. The CTC is the operational HQ for combating terrorism in Iraq. The CTC exercises C2 of the two ISOF brigades that execute combat operations. The 1<sup>st</sup> ISOF Brigade is composed of five battalions: 1<sup>st</sup> Battalion (Commando); 2<sup>nd</sup> Battalion (Iraq Counter-Terrorism Force [ICTF]), which is designated the Iraqi CT Force; 3<sup>rd</sup> Battalion (Support); 4<sup>th</sup> Battalion (ISWCS), which operates the Iraqi Special Warfare Center and School; and 5<sup>th</sup> Battalion (RECCE). A Garrison Support Unit (GSU) provides logistical support to the ISOF brigades. On July 1, 2009, the CTS established the 2<sup>nd</sup> ISOF Brigade HQ to command and control the four Regional Commando Battalions (RCBs). The 6<sup>th</sup> RCB is located in Basrah. The 7<sup>th</sup> RCB is located in Mosul. The 8<sup>th</sup> RCB is located in Diyala. The 9<sup>th</sup> RCB is located in Al Asad. Each RCB houses a Commando Battalion, a platoon-sized reconnaissance unit, and a

Regional Counter-Terrorism Center (RCC). Both the 1<sup>st</sup> and 2<sup>nd</sup> ISOF Brigades conduct tactical operations in conjunction with U.S. advisors. These units continue to improve their ability to conduct unilateral operations.

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

INCTF has deployed liaison officers in support of recent initiatives designed to promote inter-ministerial intelligence sharing and coordination, and to create a COP for all GoI ministries engaged in CT operations. Previously, INCTF had assigned liaison officers to work at the Iraqi Operational Coordination Group in Balad, and at the Baghdad Operations Command, as well as select ROCs and PJCCs. INCTF recently assigned a liaison officer to work in the National Intelligence Center, established by the GoI in December 2009. GoI control measures and oversight provide checks and balances to prevent INCTF from operating without restraint and to limit the pursuit of sectarian or political agendas.

### *Training*

The Iraqi Special Warfare Center and School (ISWCS) has the capability to conduct three rotational courses to meet force generation requirements. The first is the three-week Assessment and Selection Course. The top graduates from the Assessment and Selection

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Course are sent to the eight-week Operators Training Course for follow-on assignment to the 2<sup>nd</sup> Battalion (ICTF), 1<sup>st</sup> ISOF Brigade. The next tier of graduates from the Assessment and Selection Course attend the six-week Commando Course. The remaining graduates are assigned to the Support Battalion or the GSU. During this reporting period, 59 soldiers graduated from the Commando Course. Additionally, U.S. advisors assist in gaining access to a broad spectrum of CT and SOF training venues. For example, 39 personnel graduated from the U.S. advisor led Basic Military Intelligence Course conducted in Basrah in January 2010.

Unfortunately, a GoI hiring freeze affecting all ISF prevents INCTF from adding new ISOF soldiers to fully man the ISOF brigades. Approximately 1,000 graduates of the Assessment and Selection Course are required to man each of the two Brigades fully. These potential ISOF soldiers must be assessed, trained, and equipped before they can be integrated into the force. Growing the force will remain a challenge for the foreseeable future.

The ability of ISOF soldiers to conduct training with the IqAF remains very limited. In February 2009, the MoD issued a memorandum to the IqAF commander stating that all training with ISOF must be approved by the Minister of Defense. This requirement continues to limit greatly both the number of requests submitted and the number of requests approved for aviation training. U.S. advisors continue to emphasize to GoI officials the need to optimize ISF CT capabilities through inter-ministerial cooperation.

The goal is to fully develop INCTF capacity to train itself through its own internal training programs by December 2011.

### *Materiel*

MoD support to ISOF has moderately improved in this reporting period, to include predictable salary payments, resupply of

needed repair parts, and a 40% increase in monthly fuel allocations. Issues such as manning, aviation in direct support to CTS, and incentive pay for ISOF soldiers remain unresolved.

The CTS continues to make improvements in coordination with the MoD, MoI, and Iraqi National Intelligence Service (INIS) on strategic-level planning, targeting, and intelligence fusion. To improve inter-ministerial information sharing, CTS and INIS successfully connected two previously stove-piped IT networks: CTS's Counter-Terrorism Network (CTNET); and the Iraqi Intelligence Network (I2N) used by other GoI ministries. Currently, I2N is installed at CTS, CTC, and both ISOF Brigades. Moreover, the Iraqi Operational Coordination Group has connectivity with CTNet.

### *Leadership and Education*

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

INCTF participation in IMET continues. Of note, one INCTF officer is attending a 6-month NATO Terrorism Course. Another will attend the United States Army Infantry Basic Officer Leadership Course (IBOLC) in April 2010. Upon graduation, he will attend Ranger School, an extremely intense leadership course that focuses on small unit tactics. Simultaneously, another officer will attend IBOLC, followed by Airborne School, and then the elite Special Forces Qualification Course. Planning and coordination efforts are ongoing to send select

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officers to other U.S. Army courses such as the Maneuver Captains Career Course and the Military Intelligence Captains Career Course.

### *Personnel*

INCTF is a non-sectarian force, as reflected in its leadership, its personnel, and the methodologies with which it conducts operations. INCTF unit composition is reflective of the general Iraqi population makeup in terms of percentage of Shi'a, Sunni, Kurd, and other minorities. INCTF's non-sectarian approach is reflected in the established procedures for internal vetting of personnel for key positions. CTS and CTC are ahead of other ISF organizations with respect to the number of personnel voluntarily screened by U.S. counterintelligence assets. This screening consists of both interviews and polygraphs to verify background investigation data. The Iraqis schedule these screenings with a U.S. liaison officer to act in an advisory role.

INCTF has proven its ability to produce results; however, the fact that it is currently manned at only 59% of its authorized personnel strength of 9,230 prevents the GoI from fully leveraging the outstanding capabilities and great potential of Iraqi SOF. The CTS is currently manned at 57% of its authorized strength of 649

personnel, and the CTC at 52% of its authorized strength of 1,824 personnel. The 1<sup>st</sup> ISOF Brigade has 63% of its authorized strength of 4,328 personnel, and the 2<sup>nd</sup> ISOF Brigade has 57% of its authorized strength of 2,429 personnel. Future growth is unpredictable due to the inability of the MoD to man the INCTF, the lack of a budget (especially with regard to the inability to fund incentive pay), and the time required to conduct specialized training.

### *Facilities*

CTS and CTC personnel are based in two separate compounds in the IZ. The two ISOF brigade HQs are located on a base near Baghdad International Airport. The Regional Commando Base at Mosul was completed in June 2008. The base in Al Asad, completed in December 2008, is considered one of the premier facilities of its kind in Iraq. The Regional Commando Base in Diyala is scheduled for completion in August 2010. Construction of a new base in Basrah is scheduled for completion in March 2011. Finally, construction of the RCC in Baghdad began in December 2009, with a scheduled completion date in June 2010.

## **Annex A**

## **List of Acronyms and Abbreviations**

|                             |                                                                                                |
|-----------------------------|------------------------------------------------------------------------------------------------|
| AAB                         | Advisory and Assistance Brigades                                                               |
| AAS-SC                      | Ansar al-Sunna-Shari'a Council                                                                 |
| ABOT                        | Al Basrah Oil Terminal                                                                         |
| AJC                         | Accountability and Justice Commission                                                          |
| ARCENT                      | Army Central Command                                                                           |
| ATC                         | Air Traffic Controller                                                                         |
| AQI                         | Al-Qaeda in Iraq                                                                               |
| BCT                         | Basic Combat Training                                                                          |
| BOC                         | Baghdad Operations Center                                                                      |
| BPC                         | Baghdad Police College                                                                         |
| BRT                         | Basic Recruit Training                                                                         |
| BSA                         | Board of Supreme Audit                                                                         |
| BWA                         | Baghdad Water Authority                                                                        |
| C2                          | Command and Control                                                                            |
| C4ISR<br>and Reconnaissance | Command, Control, Communications, Computers, Intelligence, Surveillance,<br>and Reconnaissance |
| CBI                         | Central Bank of Iraq                                                                           |
| CCCI                        | Central Criminal Court of Iraq                                                                 |
| CET                         | Counter Explosive Teams                                                                        |
| C-IED                       | Counter-Improvised Explosive Device                                                            |
| CLS                         | Combat Life Saver                                                                              |
| CMGO                        | Contractor Managed Government Owned                                                            |
| CMO                         | Civil Military Operations                                                                      |
| COB                         | Contingency Operating Base                                                                     |
| COI                         | Commission of Integrity                                                                        |
| COIN                        | Counterinsurgency                                                                              |
| COL                         | Contingency Operating Location                                                                 |
| CoM                         | Council of Ministers                                                                           |
| COP                         | Common Operational Picture                                                                     |
| CoR                         | Council of Representatives                                                                     |
| COS                         | Contingency Operating Site                                                                     |
| COSIT                       | Central Office for Statistics and Information Technology                                       |
| CPA                         | Coalition Provisional Authority                                                                |
| CPI                         | Consumer Price Index                                                                           |
| CRC                         | Constitutional Review Committee                                                                |
| CSA                         | Combined Security Area                                                                         |
| CSM                         | Combined Security Mechanisms                                                                   |
| CT                          | Counter-Terrorism                                                                              |
| CTC                         | Counter-Terrorism Command                                                                      |
| CTNET                       | Counter-Terrorism Network                                                                      |
| CTS                         | Counter-Terrorism Service                                                                      |
| CWU                         | Compact Water Unit                                                                             |
| DAGR                        | Directional Attack Guided Rocket                                                               |
| DBE                         | Directorate of Border Enforcement                                                              |
| DCoS                        | Deputy Chief of Staff                                                                          |
| DIBs                        | Disputed Internal Boundaries                                                                   |
| DLI                         | Defense Language Institute                                                                     |
| DoD                         | Department of Defense                                                                          |

|       |                                                                    |
|-------|--------------------------------------------------------------------|
| DoI   | Daughters of Iraq                                                  |
| DRMI  | Defense Resource Management Institute                              |
| EFP   | Explosively-Formed Penetrator                                      |
| EFT   | Electronic Funds Transfer                                          |
| EU    | European Union                                                     |
| FEPP  | Foreign Excess Personnel Property                                  |
| FMS   | Foreign Military Sales                                             |
| FOB   | Forward Operating Base                                             |
| FP    | Federal Police (formerly known as the National Police)             |
| FPS   | Facilities Protection Service                                      |
| GoI   | Government of Iraq                                                 |
| GSU   | Garrison Support Unit                                              |
| HaI   | Hamas al-Iraq                                                      |
| HISAD | High Institute for Security and Administration Development         |
| HJC   | Higher Judicial Council                                            |
| HLTF  | High-Level Task Force                                              |
| HPA   | High-Profile Attack                                                |
| HR    | Human Rights                                                       |
| HQ    | Headquarters                                                       |
| HRIMS | Human Resource Information Management System                       |
| I2N   | Iraqi Intelligence Network                                         |
| IA    | Iraqi Army                                                         |
| IAER  | Iraq Agriculture Extension Revitalization                          |
| IAMP  | Iraqi Asset Management Program                                     |
| IAOC  | Iraqi Air Operations Center                                        |
| ICAA  | Iraqi Civil Aviation Authority                                     |
| ICAO  | International Civil Aviation Organization                          |
| ICOEE | Iraqi Crude Oil Export Expansion                                   |
| IDF   | Indirect Fire                                                      |
| IDP   | Internally Displaced Person                                        |
| IED   | Improvised Explosive Device                                        |
| IFCNR | Implementation and Follow-up Committee for National Reconciliation |
| IG    | Inspector General                                                  |
| IGFC  | Iraqi Ground Forces Command                                        |
| IHEC  | Independent High Electoral Commission                              |
| ILOC  | Iraqi Logistics Operation Center                                   |
| IMAR  | Iraqi Military Academy at Rustamiyah                               |
| IMCTT | Iraqi Marine Corps Training Team                                   |
| INCTF | Iraqi National Counter-Terrorism Force                             |
| INIS  | Iraqi National Intelligence Service                                |
| IOM   | International Organization for Migration                           |
| IP    | Iraqi Police                                                       |
| IPP   | Independent Power Producer                                         |
| IPS   | Iraqi Police Service                                               |
| IqAF  | Iraqi Air Force                                                    |
| IqM   | Iraqi Marine Corps                                                 |
| IqN   | Iraqi Navy                                                         |
| IRFFI | International Reconstruction Fund Facility for Iraq                |
| IRGCN | Islamic Revolutionary Guard Corps Navy                             |



|         |                                                  |
|---------|--------------------------------------------------|
| IRR     | Iraqi Republic Railroad                          |
| ISF     | Iraqi Security Forces                            |
| ISFF    | Iraq Security Forces Funds                       |
| ISOF    | Iraqi Special Operations Forces                  |
| ISR     | Intelligence, Surveillance, and Reconnaissance   |
| ISWCS   | Iraqi Special Warfare Center and School          |
| ITAM    | Iraqi Training and Advisory Mission              |
| IZ      | International Zone                               |
| JACC    | Joint Anti-Corruption Council                    |
| JAI     | Jaysh al-Islami                                  |
| JAM     | Jaysh al-Mahdi                                   |
| JAR     | Jaysh al-Rashidin                                |
| JC      | Joint Committee                                  |
| JCC     | Joint Coordination Committee                     |
| JHQ     | Joint Headquarters                               |
| JMOCC   | Joint Military Operations Coordinating Committee |
| JOC     | Joint Operations Center                          |
| JRTN    | Jaysh Rijal al-Tariq al-Naqshabandi              |
| JSC     | Joint Sub-Committee                              |
| KAAOT   | Khawar Al Amaya Oil Terminal                     |
| KDP     | Kurdistan Democratic Party                       |
| KGK     | Kurdistan People's Congress (Kongra Gel)         |
| KH      | Kata'ib Hizbollah                                |
| KRG     | Kurdistan Regional Government                    |
| KSF     | Kurdish Security Forces                          |
| LAOTF   | Law and Order Task Force                         |
| LOGCAP  | Logistics Civilian Augmentation Program          |
| mbpd    | Million Barrels Per Day                          |
| MEC     | Minimum Essential Capability                     |
| MMPW    | Ministry of Municipalities and Public Works      |
| MNC-I   | Multi-National Corps, Iraq                       |
| MNF-I   | Multi-National Force-Iraq                        |
| MNSTC-I | Multi-National Security Transition Command, Iraq |
| MoA     | Ministry of Agriculture                          |
| MOB     | Main Operating Base                              |
| MoD     | Ministry of Defense                              |
| MoE     | Ministry of Electricity                          |
| MoED    | Ministry of Education                            |
| MoF     | Ministry of Finance                              |
| MoH     | Ministry of Health                               |
| MoI     | Ministry of Interior                             |
| MoJ     | Ministry of Justice                              |
| MoLSA   | Ministry of Labor and Social Affairs             |
| MoO     | Ministry of Oil                                  |
| MOSQ    | Military Occupational Specialty Qualification    |
| MoT     | Ministry of Trade                                |
| MOU     | Memoranda of Understanding                       |
| MoWR    | Ministry of Water Resources                      |
| MTDC    | Ministerial Training and Development Center      |

|         |                                                              |
|---------|--------------------------------------------------------------|
| MTOE    | Modified Table of Organization and Equipment                 |
| MW      | Megawatts                                                    |
| MWH     | Megawatt-Hours                                               |
| NAG     | Northern Arabian Gulf                                        |
| NAVCENT | Navy Central Command                                         |
| NCC     | National Command Center                                      |
| NCO     | Non-Commissioned Officer                                     |
| NCOES   | Non-Commissioned Officer Education System                    |
| NFP     | National Forensic Program                                    |
| NGO     | Non-Government Organizations                                 |
| NIC     | National Investment Commission                               |
| NIIE    | Non-Intrusive Inspection Equipment                           |
| NTM-I   | NATO Training Mission-Iraq                                   |
| OCINC   | Office of the Commander in Chief                             |
| OP      | Oil Police                                                   |
| PCoP    | Provincial Chief of Police                                   |
| PDB     | Promised Day Brigade                                         |
| PDS     | Public Distribution System                                   |
| PIC     | Provincial Investment Commission                             |
| PJCC    | Provincial Joint Coordination Center                         |
| PM      | Prime Minister                                               |
| PMNOC   | Prime Minister's National Operations Center                  |
| PoE     | Ports of Entry                                               |
| PoED    | PoE Directorate                                              |
| PPBE    | Planning, Programming, Budgeting and Execution               |
| PPL     | Provincial Powers Law                                        |
| PRT     | Provincial Reconstruction Team                               |
| PSD     | Personal Security Detail                                     |
| PUK     | Patriotic Union of Kurdistan                                 |
| RCB     | Regional Commando Battalion                                  |
| RCC     | Regional Counter-Terrorism Centers                           |
| ROC     | Regional Operations Commands                                 |
| RRT     | Regional Reconstruction Team                                 |
| SA      | Security Agreement                                           |
| SBT     | State Board of Tourism                                       |
| SDDC    | Surface Deployment and Distribution Command                  |
| SFA     | Strategic Framework Agreement                                |
| SoI     | Sons of Iraq                                                 |
| SSN     | Social Safety Net                                            |
| TA      | Technical Arrangement                                        |
| TFBSO   | Task Force to Improve Business and Stability Operations-Iraq |
| TQI     | Training Qualification Institute                             |
| UN      | United Nations                                               |
| UNAMI   | United Nations Assistance Mission Iraq                       |
| UNCAC   | United Nations Convention against Corruption                 |
| UNHCR   | United Nations High Commissioner for Refugees                |
| UNSCR   | United Nations Security Council Resolution                   |
| UPT     | Undergraduate Pilot Training                                 |
| USACE   | United States Army Corps of Engineers                        |

|           |                                           |
|-----------|-------------------------------------------|
| USAID     | U.S. Agency for International Development |
| USCENTCOM | United States Central Command             |
| USDA      | U.S. Department of Agriculture            |
| USF-I     | United States Forces - Iraq               |
| USG       | U.S. Government                           |
| VBIED     | Vehicle-Borne Improvised Explosive Device |
| VRU       | Voter Registration Update                 |
| WHO       | World Health Organization                 |
| WTO       | World Trade Organization                  |
| WTP       | Water Treatment Plant                     |

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

<sup>2</sup> The data cutoff date for this report, unless otherwise stated, is February 28, 2010.

<sup>3</sup> The GoI assumed control of the SoI program on October 1, 2008. SoI transitions prior to transfer of the program to GoI control include 8,777 to the ISF and 2,364 to non-security employment. SoI transitions since the GoI assumed control include over 4,000 to the ISF and over 30,000 to non-security employment.

<sup>4</sup> Core inflation excludes fuel, electricity, transportation, and communications prices.

<sup>5</sup> "Comprehensive Food Security and Vulnerability Analysis in Iraq," United Nations World Food Programme, 2008.

<sup>6</sup> The ICOEE project is led by the MoO's South Oil Company and its partner, Foster Wheeler Energy Limited (FWEL). This project is the MoO's effort resulting from the USG's Southern Export Redundancy Project (SERP).

<sup>7</sup> USF-I Research, January 2010. As of January 1, 2010, USF-I adopted new research methods to generate the periodic measures of Iraqi views on security presented in the text and charts in this report. While the basic measures presented here are analogous to those presented in previous reports, in many cases they are not directly comparable. This also accounts for the different chart titles observed in this report's charts compared to reports prior to December 2009. This note applies to footnotes 7 through 10 and 12 through 22.

<sup>8</sup> USF-I Research, January 2010.

<sup>9</sup> USF-I Research, January 2010.

<sup>10</sup> USF-I Research, January 2010.

<sup>11</sup> Combined Security Mechanisms in Northern Iraq, Embassy Baghdad and United States Forces-Iraq Talking Points for UNAMI SRSG, 28 January 2010.

<sup>12</sup> USF-I Research, January 2010.

<sup>13</sup> USF-I Research, January 2010.

<sup>14</sup> USF-I Research, January 2010.

<sup>15</sup> USF-I Research, January 2010.

<sup>16</sup> USF-I Research, January 2010.

<sup>17</sup> USF-I Research, January 2010.

<sup>18</sup> USF-I Research, January 2010.

<sup>19</sup> USF-I Research, January 2010.

<sup>20</sup> USF-I Research, January 2010.

<sup>21</sup> USF-I Research, January 2010.

<sup>22</sup> USF-I Research, January 2010.

<sup>23</sup> Assigned and projected personnel strength numbers may vary based on when the reports are generated due to personnel movements in theater. Detailed monthly assigned and projected numbers can be found in the classified annex to this report.

<sup>24</sup> DoD previously reported on the number of Iraqi Security Forces personnel authorized and assigned by the Ministries of Defense and Interior and trained with the assistance of Coalition forces. With the expiration of the mandate of UNSCR 1790, the data is now included in the classified annex because specific military personnel strength for a sovereign nation is considered sensitive.