

Report to Congress

Submitted pursuant to U.S. Policy in Iraq Act, Section 1227 (c) of the National Defense Authorization Act for Fiscal Year 2006 (PL 109-163)

October 6, 2006

Table of Contents

Introduction	3
I. The current military mission and the diplomatic, political, economic, and military measures that are being or have been undertaken.....	8
(A) Efforts to convince Iraq’s main communities to make the compromises necessary for a broad-based and sustainable political settlement.....	8
(B) Engaging the international community and the region in efforts to stabilize Iraq and to forge a broad-based and sustainable political settlement.....	10
(C) Strengthening the capacity of Iraq’s government ministries.....	13
(D) Accelerating the delivery of basic services.....	14
(E) Securing the delivery of pledged economic assistance from the international community and additional pledges of assistance.....	16
(F) Training Iraqi Security Forces and transferring additional security responsibilities to those forces and the Iraqi government.....	20

- II.** Whether the Iraqis have made the compromises necessary to achieve the broad-based and sustainable political settlement that is essential for defeating the insurgency in Iraq.....21
- III.** Any specific conditions included in the April 2005 Multi-National Force – Iraq campaign action plan and any subsequent updates to that campaign plan that must be met in order to provide for the transition of additional security responsibility to Iraqi Security Forces.....22
- IV.** Additional information on military, policy, and security forces:
- (A)** The number of battalions of the Iraqi Armed Forces that must be able to operate independently or to take the lead in counterinsurgency operations and the defense of Iraq’s territory.....23
- (B)** The number of Iraqi special police units that must be able to operate independently or to take the lead in maintaining law and order and fighting the insurgency.....24
- (C)** The number of regular police that must be trained and equipped to maintain law and order.....25
- (D)** The ability of Iraq’s Federal ministries and provincial and local governments to independently sustain, direct, and coordinate Iraq’s security.....26
- V.** The criteria to be used to evaluate progress toward meeting such conditions.....27
- VI.** A plan for meeting such conditions, an assessment of the extent to which such conditions have been met, information regarding variables that could alter that plan, and the reasons for any subsequent changes to that plan.....28

Introduction

This report is submitted consistent with Section 1227(c) of the National Defense Authorization Act for Fiscal Year 2006 (Public Law 109-163) concerning United States Policy in Iraq. The report covers current military, diplomatic, political, and economic measures that are being or have been undertaken to complete our mission in Iraq successfully. The report is organized into the following areas: (1) current mission and measures taken to support it; (2) Iraqi progress towards a sustainable political settlement; (3) conditions necessary for a transfer of security responsibility; (4) Iraqi Security Forces capacity and readiness, which contribute to the transfer of security responsibility; (5) criteria used to evaluate progress in that area; and (6) our plan for successfully completing the mission.

The United States is engaged in a comprehensive approach regarding Iraq that involves the integrated efforts of the entire United States Government, the Iraqi government, and Coalition governments. This approach promotes the active participation of the United Nations, other international organizations, and supportive regional states. Our goals in Iraq remain to help the Iraqi people build a democratic, representative government that respects civil rights and has security forces capable of maintaining order and defending the country from terrorists and foreign fighters. As noted in the National Strategy for Victory in Iraq (NSVI), our approach outlines goals and measures progress along three tracks: political, economic, and security. The United States seeks to advance the three tracks concurrently as each is integral to success in Iraq.

Against a backdrop of heightened sectarian violence and terrorist activity aimed at derailing the democratically elected Iraqi government, Iraq's leaders rallied together to move forward on the National Reconciliation Plan, enabling legislation for the constitution, and building international and regional support for Iraq. Although the Iraqi economy continues to grow, the United States has a vital role to play in helping Iraq to secure additional assistance and debt relief from the international community that will be critical to rebuilding Iraq. The Multi-National Force-Iraq (MNF-I), continues to train, develop, and contribute to the readiness of Iraqi Security Forces (ISF). Iraq is making progress in building security forces that are capable of independently combating insurgents and fighting terrorists.

Iraqi forces have also increasingly taken command and control responsibility. To highlight a recent milestone, in the first week of September, the Ministry of Defense and the Joint Headquarters assumed operational control of the Iraqi Ground Forces Command (IGFC), Iraqi Navy, and Iraqi Air Force. The Iraqi Ground Forces Command assumed operational control of the 8th and 4th Iraqi Army Divisions, demonstrating the increased capability of the Iraqi Army to assume control and the security lead in their assigned areas of responsibility. These are the first two of ten Iraqi Army divisions to be transferred to IGFC operational control. Future transfers will be gradual but the Iraqi government will indicate when the IGFC is ready to assume more control. There is progress, but the new Iraqi government will continue to need U.S. political, economic, and security assistance.

The United States continues to work with other donors to coordinate efforts on assisting Iraq. Among the most important initiatives in this area is the International Compact with Iraq, an initiative of the Iraqi government and the United Nations launched July 27 in Baghdad. The Compact will provide a new framework for mutual commitments between Iraq and the international community, particularly Iraq's neighbors. Iraq will commit to the reforming its main economic sectors (e.g., oil, electricity and agriculture), and to establishing the laws and building the institutions needed to combat corruption, assure good governance and protect human rights. In return, the various members of the international community will commit to providing the financial, technical and other forms of assistance needed to support Iraqi efforts to achieve economic and financial self-sufficiency over the next five years.

Among the political challenges that Iraq will face in the coming months will be the implementation of the National Reconciliation Plan, passage of enabling legislation for the constitution, a constitutional review process and possible constitutional referendum and provincial elections.

The new Iraqi government will have both successes on which to build, and major issues to confront. Iraq's economy has grown from \$19 billion in 2002 to a projected \$47 billion in 2006, more than doubling GDP per capita (to \$1,635) in four years. The International Monetary Fund (IMF) revised Iraq's real GDP growth projections down to approximately 4 percent for 2006 and estimates non-oil GDP growth at 10 percent. International

economic assistance has come primarily from the United States,¹ but other donors have pledged \$13.5 billion in economic aid since 2004, of which more than \$3.5 billion has been disbursed. This aid has been critical in helping Iraq boost overall economic growth and rehabilitate its infrastructure, which in 2003 (i.e., before the insurgency and before the international community had a better understanding of the degree to which the previous regime neglected Iraq's critical infrastructure) the World Bank and UN estimated would cost about \$55 billion. Iraq has achieved progress on debt relief. To date, sovereign and commercial creditors reached debt relief agreements with Iraq that will eventually reduce Iraq's foreign debt by more than \$50 billion or about 40 percent of its estimated \$125 billion in external debt. Iraq's offer to commercial creditors and other official creditors was accepted by all the large creditors and was successful. The United States Government is urging the new Iraqi government to step up its engagement with non-Paris Club creditors, especially from the Gulf States, to seek debt relief for Iraq on terms at least comparable to the Paris Club's 80 percent reduction and the Iraqi government has taken some initial steps in this regard.

The new government's immediate economic challenges will include carrying out the reforms agreed to in its landmark December 2005 Stand-by Arrangement with the IMF, including reducing inflation, eliminating fuel subsidies and improving its budget oversight and execution. The new government has announced that one of its top priorities will be to improve the delivery of essential services, particularly electricity. Since taking office in May, the new government has already demonstrated some improvements by increasing oil production and exports, and improving the generation of electricity. The government took an important next step along the reform path by raising the prices of fuel products in June, and has committed to further increases this year in line with its SBA program. Prime Minister al-Maliki has announced a series of measures to address Iraq's most pressing needs, including the need to develop a modern market economy, improve the efficiency of the oil-sector, build capacity to manage the economy, fight corruption, and improve the investment and business environment. The Fuel

¹ To date, Congress has appropriated \$20.9 billion for relief and reconstruction programs in Iraq through IRRF 1 and IRRF 2. Congress also appropriated nearly \$1.6 billion in the FY 2006 supplemental for programs to support Iraq's development and transition to self-reliance. In addition, Congress has appropriated \$1.6 billion for the Commanders Emergency Response Program (CERP), \$710 million for training and equipment, and \$8.4 billion for the Iraqi Security Forces Fund (ISFF). The FY 2007 budget request of \$771 million for Iraq programs is currently being considered by Congress.

Import Liberalization Law, which was passed by the Council of Representatives (CoR) September 6, is a step in the right direction by allowing private imports of refined fuel products. In passing this law, the Iraqi Parliament is setting the stage for the private importation of benzene and diesel. There is still much work to be done to outline the physical procedures concerning the details of product importation, however. Issues of storage and transporting refined products will need to be addressed. These issues are being addressed in the Ministry of Oil by the Oil Products Distribution Company and the State Oil Marketing Organization, which will need to develop detailed implementation instructions that should be published by the end of the year. The CoR also has completed its first reading of the Investment Law, which aims to promote private sector investment in Iraq. Prime Minister al-Maliki's government has also announced its intention to pass a hydrocarbons law this year that will begin attracting needed investment in the petroleum sector.

Provincial Reconstruction Teams (PRTs), led by the United States and coalition partners, work with provincial council members and governors to enhance the execution of provincial government responsibilities and to increase participation of private citizens in the governmental decision-making process. These teams are designed to help develop core competencies in public administration, finance, budgeting, planning, and accountability by boosting transparency and government capacity at the provincial level. With more responsibility devolved to the governorates (provinces), PRTs are designed to provide training and development efforts at the provincial level and provide a link between provincial-level and national-level efforts. Nine PRTs are currently operational. The United States leads seven PRTs -- PRT Tamim (Kirkuk), PRT Ninawa (Mosul), PRT Babil (Hillah), PRT Baghdad, PRT Anbar (Ramadi), PRT Diyala (Baquba), and PRT Salah ad-Din. The United Kingdom leads PRT Basrah, and the Italians, who characterize their operation as a Reconstruction Support Unit, lead in Dhi Qar. The opening of the Korean-led Regional Reconstruction Team (RRT) in Irbil in late October will complete the slate of three Coalition-led PRTs. Over the coming months, we will begin to establish Iraqi-led teams in Wasit, Diwaniyah, Karbala, Najaf, Maysan, Muthanna, Sulaymaniyah and Dohuk. These teams will consist of USAID local governance program personnel remotely supported by U.S.-led PRTs in neighboring provinces.

Following the February 2006 bombing of the al-Askariya Shrine in Samarra, sectarian violence rose markedly. Although different organizations have different numbers for the victims, most agree the violence was its worst in July with hundreds dying each week. Most of the deaths occurred in Baghdad. Insurgents continue efforts to flame intercommunal strife.

U.S. forces and international partners are working to neutralize insurgents and train and equip the Iraqi Security Forces to enable them to take over full responsibility. U.S. forces will not depart Iraq until the country is secure and the terrorists have been neutralized. The recent increase in violence has hindered efforts to engage fully with Iraqi partners, underlining the difficulty of making political and economic progress in the absence of adequate security conditions.

As security conditions improve and Iraqi forces become ready to maintain order without assistance, we will adjust our own military presence in coordination with the Iraqi government. This will not necessarily be a linear path, given fluctuating security conditions.

To counter the growing violence in the capital, Iraqi Prime Minister al-Maliki announced his government's plan for improved security in Baghdad June 14. The plan, introduced as Operation Together Forward, is aimed at reducing sectarian violence and establishing Iraqi forces, as Baghdad's dominant security presence. Operation Together Forward established increased checkpoints, curfews and weapons bans to reduce sectarian violence in areas of Baghdad where increased violence and sectarian killings occur. Security forces also conduct raids on terrorist cells and death squads. In July, during his visit to Washington, Prime Minister al-Maliki, together with President Bush, announced adjustments, including an increase in the security force levels in the city, intended to increase the effectiveness of the Baghdad Security Plan. To enable the Army and Marine Corps to fulfill the additional requirements in Baghdad on a sustainable basis, adjustments to troop-rotation schedules that will allow 15 U.S. combat brigades to be in Iraq through March 2007 were announced September 26. The Iraqi government, with Coalition support, also developed and refined tactics, techniques and procedures. With our support, the Iraqi government is working very closely with the local Neighborhood Advisory Councils (NAC) and District Advisory Councils (DAC) in the areas of operations by employing local labor from the community to clean

and rebuild parts of the neighborhood markets and repair/restore essential services.

The July 13 transfer of security responsibility of the Muthanna Province to the Muthanna Provincial governor and Iraqi Security Forces was a critical milestone. Muthanna was the first of Iraq's 18 provinces to be designated for transition to Provincial Iraqi control. MNF-I also transferred the Dhi Qar Province over to Provincial Iraqi Control September 21.

The United States Government, together with the international community, continues to integrate the political, economic, and security tracks in an integrated approach towards assisting Iraq's reconstruction.

I. The current military mission and the diplomatic, political, economic, and military measures that are being or have been undertaken to successfully complete or support that mission;

In fulfillment of its mandate under United Nations Security Council Resolutions (UNSCR) 1546 and extended by UNSCR 1637, MNF-I, in partnership with the Iraqi government, conducts full-spectrum counter-insurgency operations to isolate and neutralize the enemy. MNF-I also helps the Iraqi government organize, train, and equip the ISF in order to create and maintain a security environment that permits Iraq's political and economic development.

(A) Efforts to convince Iraq's main communities to make the compromises necessary for a broad-based and sustainable political settlement;

The United States remains engaged with Iraqi political, religious, and civil society leaders to assist in the transition to a stable unity government that represents all segments of the Iraqi population. The National Strategy for Victory in Iraq (NSVI) supports a national compact as a means to separate terrorists opposed to the political process from insurgents who may be willing to stop fighting and participate in Iraq's political process; to develop opportunities for all Iraqis to partake in the political process; and to build effective and stable national institutions that will facilitate Iraq's full integration into the international community. These efforts are part of a long-term strategy to expand political participation and build consensus on issues that divide Iraqi communities by expanding political space for all

groups to participate, and encouraging broad participation in a new democratic process.

The Iraqi people continue to make progress in their country's democratic advancement. The CoR elected the leadership positions of the executive and legislative branches of the new government, including President, Vice-Presidents, Speaker and Deputy Speakers of the CoR April 22. The Presidency Council subsequently nominated the Prime Minister-designate and Deputy Prime Ministers-designate. Prime Minister-designate al-Maliki met the constitutional deadline by naming his cabinet May 20. The CoR also approved the Prime Minister's government program that outlined a framework for the government that seeks to preserve Iraq's unity, strengthen civil society, ensure women's participation in the public sphere, and develop a constitutional, democratic, and pluralistic Iraq that guarantees the rights of all its citizens.

More recent efforts focused on national reconciliation and building international support for Iraq. These efforts included active and direct engagement from the highest levels of the United States Government as well the Iraqi government. On June 25, Iraqi Prime Minister Nuri al-Maliki presented his 24-point National Reconciliation Plan to the CoR, which responded with broad support. The National Reconciliation Project and Dialogue aims to bring together Iraqis from all communities to resolve sectarian differences through dialogue and compromise rather than violence. This initiative is aimed at reconciling past inequalities, working to move beyond sectarian divisions, establishing democratic unity through participation in the political process, and working to establish Iraq as a leader in the region and internationally. The project will operate on three levels. At the national level, the Higher Commission for National Reconciliation, which is comprised of a diverse cross-section of political, religious, ethnic, tribal, and cultural groups, was created and launched its work July 22 under the leadership of the Minister of State for National Dialogue. The second level will be provincial subcommittees, and the third level will be field committees, which will focus on key components of national reconciliation and evaluate their progress.

The Higher Commission hosted August 26 the first of four planned reconciliation conferences attended by 500 tribal shaikhs, who endorsed the Prime Minister's National Reconciliation Plan, called for an end to sectarian violence, disbanding of militias, a delay in federalism, and a review of de-

Baathification. On September 16-17, the Commission hosted a second conference for civil society leaders which drew approximately 800 attendees. In the coming months the Iraqi government plans to convene conferences for religious scholars and political parties designed to encourage the democratic process and support for the Iraqi government. Prime Minister al-Maliki is personally engaged in pushing the National Reconciliation initiative forward.

Additional major political benchmarks for the coming year include the continued implementation of the National Reconciliation Plan, passage of enabling legislation for the constitution, a constitutional review process, and possible constitutional referendum and the prospect of provincial elections.

(B) Engaging the international community and the region in efforts to stabilize Iraq and to forge a broad-based and sustainable political settlement;

The United States and the Iraqi government are working to engage Iraq's neighbors and the international community on the future of Iraq and the stability of the region. Sustained dialogue and support from key international partners remains a critical element in assisting Iraq's nascent democracy. In this context, Prime Minister al-Maliki and other senior Iraqi officials have been traveling both in the region and across the international community to build support for the International Compact and the National Reconciliation Project and Dialogue among other things. The Prime Minister made a successful trip to Saudi Arabia, Kuwait and the UAE to promote the International Compact, National Reconciliation, and support for the unity government in late June.

Prime Minister al-Maliki also traveled to the United States where he addressed Congress July 26 and met with members, thanking the United States for ousting a dictator and continuing to support Iraq. He assured interlocutors that the Iraqi government would use every tool at its disposal to bring security and stability to the country. On his way back from the United States, the Prime Minister stopped in Jordan to meet with King Abdullah and Prime Minister Ma'ruf al-Bakhit where discussions revolved around economic and security cooperation between Iraq and Jordan. Vice-President Adil Abd al-Mahdi also visited the United States in late August and met with Vice-President Cheney and other senior United States Government officials to discuss democracy, reconciliation, federalism, interference of neighbors,

and other issues. After having met with President Bush and the Secretary of State at the United Nations General Assembly in September, President Jalal Talabani traveled to Washington D.C. to meet with other senior United States Government officials including the Vice-President, Secretary of Defense, and members of Congress among others.

The President, Secretary of State, the U.S. Ambassador to Iraq, and other senior officials continue to encourage Arab and international support for Iraq. The Secretary of State has reached out to Arab leaders to encourage a larger diplomatic presence in Iraq. Jordan's Ambassador to Iraq Ahmad al-Lawzi presented his credentials to President Talabani. As a follow-up to the Arab League "Preparatory Meeting for the National Accord Conference" in November 2005, representatives from Iraq's ethnic and sectarian groups discussed reconciliation at a preparatory conference in Cairo July 25 intended to pave the way for the Arab League sponsored National Reconciliation Conference which has since been postponed.

Following the formation of the new Iraqi government, the European Commission announced it will make available €200 million in additional assistance. The Commission also delivered on its previous promise to expand its presence in Baghdad by appointing Iikka Uusitalo as the Delegation Head for its newly-established EC Delegation Office in Baghdad. The Commission expects to launch negotiations for a Trade and Cooperation Agreement in the near future.

Official public statements from the international community after the formation of a constitutional Iraqi government were followed by a series of high-level visits between Iraq and other governments. Romanian President Traian Basescu visited Baghdad August 9 to meet with Iraqi President Talabani and Prime Minister al-Maliki. On his trip President Basescu affirmed his commitment to Iraq and agreed not to withdraw Romanian troops until asked by Iraq. That same day Iraqi Vice-President Tariq al-Hashimi traveled to Istanbul to meet with Turkish Prime Minister Erdogan. British Foreign Secretary Margaret Beckett made her first trip to Iraq for meetings with Prime Minister al-Maliki, President Talabani, Vice-President Hashimi, and Supreme Council for Islamic Revolution in Iraq (SCIRI) leader Abd al-Aziz al-Hakim.

The United States also continued to exchange high-level visits with Iraq. U.S. Secretary of Commerce Gutierrez signed a technical cooperation

agreement with Iraqi Trade Minister al-Sudani on his trip to Baghdad July 17. The following day U.S. Secretary of Energy Bodman met with the Ministers of Oil, Electricity, and Science and Technology in Baghdad to discuss areas of mutual cooperation. Secretary Bodman emphasized the need for security and hydrocarbons law to attract foreign investment to the Iraqi oil and gas sector. On August 1, U.S. Secretary of Agriculture Johanns traveled to Baghdad and met with the Prime Minister, Deputy Prime Minister Salih, and other senior Iraqi officials to discuss technical assistance programs the United States could provide to the Iraqi Ministry of Agriculture. U.S. Attorney General Gonzalez also traveled to Baghdad August 29 to meet with Deputy Prime Minister Salih, Ministers of Defense, Interior, and Justice, and the Chief Justice of the Higher Juridical Council. Attorney General Gonzalez emphasized the importance of rule of law and pledged U.S. Department of Justice support for programs and projects to strengthen it.

The United States Government assisted in identifying growing and changing roles for international partners, such as securing or encouraging commitments by international partners in the PRT effort. The United States also raised awareness of the need for the international community to follow up on its public statements of support for the new Iraqi government by exchanging high-level visits, disbursing pledged assistance, providing debt relief, and making additional contributions to Iraq's economic reconstruction and development.

The United Nations Assistance Mission to Iraq (UNAMI) remained integrally involved in Iraq and provided humanitarian assistance, reconstruction support, human development, donor coordination, and conferences intended to support the national reconciliation process. The United States remains engaged in discussions with the United Nations, urging continued support for the political process and an enhanced presence supporting expanded activities in Iraq. The United States Government also continues to encourage an expanded World Bank presence in Iraq and welcomed the May 16 announcement that the Bank's international staff would be returning to Baghdad. The UN and World Bank remain very active in providing technical and other kinds of assistance for Iraq's reconstruction through the trust funds under the International Reconstruction Fund Facility for Iraq (IRFFI).

(C) Strengthening the capacity of Iraq's government ministries;

Under the Iraq Relief and Reconstruction Fund (IRRF) I and II, the United States provides a range of assistance to increase the capacity of Iraqi ministries. The IRRF funds several projects which have an ongoing impact on building capacity, including: assisting the Ministry of Finance in preparing and implementing banking and financial reforms; helping the Ministry of Trade prepare documents necessary to be considered for accession into the World Trade Organization (WTO) and establishing an investment promotion agency; assisting the Ministry of Labor and Social Affairs to develop a social safety net and viable pension system; providing assistance to the Ministry of Agriculture in the development of a national water strategy and implementing pilot programs in wheat and animal husbandry; improving the institutional capacity of the Ministry of Health to deliver care and fight disease; and developing an Education Management Information System for the Ministry of Education to improve management of human and physical resources. The United States Government also has dedicated significant resources to rehabilitating and building new infrastructure, while working alongside the staff at the Ministries of Electricity, Municipalities and Public Works, Water Resources, and Oil to improve the ability of their national, regional, and local staff to operate and maintain United States Government-funded facilities, systems, and equipment on a sustainable basis.

Although all of these activities improved the capacity of Iraqi ministries to manage their own portfolios at various levels, it has become increasingly apparent that a broader program was needed to improve the capacity of key ministries to carry out core functions, such as strategic planning, budgeting, training, and managing a personnel system.

To address that need, the United States established the National Capacity Development Program (NCDP), which helps the new Iraqi government strengthen the core functions necessary for the efficient administration of its key national ministries, the Prime Minister's Office, Inspectors General of the participating ministries, and anti-corruption organizations such as the Commission on Public Integrity (CPI) and the Board of Supreme Audit (BSA). The NCDP is currently working with \$25 million in reallocated IRRF funds; \$125 million in support was requested and received in the 2006 supplemental, and \$25 million was requested in the 2007 budget. The program is organized into two phases to enable rapid response to short-term priorities while at the same time building the

foundation for long-term needs. Ministry Advisory Teams, composed of experts from the Mission, Iraqis, as well as donors, provide policy and programmatic advice and work jointly with the ministries to develop and address ministry priorities. The longer-term NCDP track will focus on increasing the capacity of national public administration centers to train ministry employees, as well as on a long-term, cross-ministry training program in core functions (financial management, human resources, strategic planning, leadership, and communications).

(D) Accelerating the delivery of basic services;

The United States continues to work with Iraq to improve its ability to maintain critical infrastructure. An initial \$121 million dollars was previously allocated to the electricity sector to support sustainable operations for generation facilities, while a \$25 million dollar USAID program supported operations and maintenance in twelve water and sewage treatment plants. The United States Government allocated \$180 million dollars in IRRF funds to continue sustainment efforts in the electricity and water sectors and provide support to additional sectors (\$110 million in the water sector, \$61 million in the electricity sector, and \$9 million in the combined areas of communications, transportation, and health) to help Iraq sustain its infrastructure. These programs are expected to have significant impact on the long-term viability of existing infrastructure and maintain Iraqi plants online, thereby improving the levels of service offered to the average Iraqi.

Congress approved the Administration's request for \$355 million in the FY 2006 supplemental legislation to continue both sustainment and capacity development efforts at plant-level facilities. With these enacted funds, the Administration also requested \$154 million in the FY 2007 budget, thereby continuing a comprehensive program to help Iraq maintain its essential services infrastructure for years to come.

The completion of the government formation process in May allowed Iraq to refocus on its economic agenda. Prime Minister al-Maliki addressed the CoR July 12 presenting his Economic Recovery Plan in which he outlined a new draft investment law, the need to fight corruption, expansion of social safety nets, launch of a new housing program, need for private investment in the oil and electricity sectors, and the hope for investment and debt relief from Gulf states which hold the largest amount of Iraq debt (estimated at \$45 billion USD). The new government has raised domestic

fuel prices to levels targeted in the IMF Stand-by Arrangement, passed the Fuel Import Liberalization Law, and increased targeted assistance to the poor.

Reconstruction continues to face insurgent attacks that have driven up the cost of doing business, both in terms of financial costs and human resources. Protection of oil pipelines and electrical power transmission lines has proven especially difficult. Despite this and other challenges, the United States Government, in cooperation with the Iraqi government, has rehabilitated water and sewage services and immunized children against infectious diseases. Work in the oil and electricity sectors, moreover, has also been affected by decades of mismanagement, corruption, decay, dilapidated and insufficient infrastructure, and poor maintenance. Targeted attacks on Iraq's infrastructure by terrorists who seek to undermine the Iraqi government and call into question its ability to provide essential services for the Iraqi people, as well as dramatic increases in the demand for electricity and fuel driven by subsidized prices, also have contributed to the challenges. U.S. assistance programs helped to build or refurbish the basic infrastructure that will enable Iraqis to significantly expand the delivery of basic services. In addition to ongoing projects, this expansion will be further enhanced by improvements in Iraqi capacity, subsidy and pricing reforms. Over the last quarter, the Iraqi government has completed projects to increase redundancy in the electrical system, which has improved service delivery. There have also been some improvements in the ability to protect critical oil infrastructure, but security of oil pipelines and major electrical power transmission lines remain a challenge. Successful completion of the Baghdad Security Plan should result in additional Iraqi and Coalition forces becoming available for security missions elsewhere.

Under the IRRF II, the United States has programmed \$4.2 billion for electricity, \$2.1 billion for water, \$1.7 billion for oil, \$739 million for the health sector, and \$99 million for education. The initial focus of these activities was to restore large electricity and water plants neglected by the former regime, with the expectation that rehabilitating existing plants and/or building new plants would be a down payment on a larger, long-term program to strengthen Iraqi infrastructure and create a stable base for Iraq's economic growth. Most of these projects are well underway, and the majority of the large infrastructure projects are expected to be completed by the end of calendar year 2006. These projects already have a significant impact on the lives of average Iraqis. IRRF I and II projects have added,

rehabilitated or maintained more than 2,700 megawatts (MW) of electricity generation capacity on the grid; improved access to potable water, benefiting 4.6 million Iraqis; and improved access to sewage treatment services, benefiting 5.1 million Iraqis. Approximately 32 percent of Iraq's 14,121 school buildings were rehabilitated or refurbished, 60,000 teachers have been trained, and 8.7 million new textbooks were provided to Iraqi school children. It is also estimated that nearly all Iraqi children have been inoculated against crippling diseases such as polio and measles and over 700 health clinics throughout Iraq have been rehabilitated or equipped.

Oil production and exports have steadily improved over the course of the year. As a result of increased exports and higher prices for crude, oil revenues improved in the second quarter, and are \$1 billion ahead of IMF revenue targets through August 2006. Oil revenues for 2006 will surpass total 2005 revenues in September 2006. Crude oil production for the third quarter improved by 3 percent to 2.28 mbpd and exports slightly improved by 0.7 percent to 1.60 mbpd. The current annual production average is 2.1 mbpd and the current annual export average is 1.5 mbpd. As a result of higher prices for crude, oil revenues increased in the third quarter.

(E) Securing the delivery of pledged economic assistance from the international community and additional pledges of assistance;

The United States is working very closely with Iraq and international donors to increase international support for Iraq. Iraq and the United Nations issued an announcement July 27 formally launching the International Compact with Iraq. The primary focus of the Compact is to build a framework for Iraq's economic transformation and integration into the world economy. The Compact announcement received strong endorsements from the United States, the European Union and Commission, Britain, Italy, Japan, and Spain.

This Compact will support Iraq's vision of becoming a united, federal, democratic country at peace with itself and its neighbors, well on its way to sustainable economic self-sufficiency and prosperity, and integrated in to the world economy within the next five years. Members of the Iraq Compact Preparatory Group endorsed the concept of the Compact at a meeting hosted by the United Arab Emirates September 10 in Abu Dhabi. The Preparatory Group plans to meet three more times in October to prepare a final draft of the Compact documents. On September 18, at high-level meetings held

alongside the U.N. General Assembly meeting in New York and the IMF/World Bank meeting in Singapore, the ministers of foreign affairs and finance from more than 35 countries and institutions expressed their strong support for the Compact. A joint letter sent by the U.N. and Iraq after the New York meeting called for the formal signing of the Compact before the end of November. In written and oral statements, a broad segment of the international community expressed support for the Compact. Particularly noteworthy were the positive comments of Iraq's regional neighbors and their institutions (the UAE, Kuwait, Saudi Arabia, Turkey, and the Islamic Development Bank and Arab Fund for Economic and Social Development). Russia took the opportunity in the New York session to announce that it will soon write-off 80 percent of Iraq's Saddam-era debts.

The Compact can enhance the efficacy and increase the real benefits of current and future donor assistance. As part of the process of formulating its side of the Compact the Iraqi government is coming to terms with its own weaknesses. Under the Compact, with its specific goals and benchmarks, the Iraqi government will be taking ownership and responsibility for making the necessary improvements. Moreover, the Compact will broaden the base of support and interest in Iraq's reconstruction from the United States and the Coalition to a much larger group of countries, especially Iraq's neighbors. The Compact will not replace the IRFFI, but rather will help IRFFI to deliver donor assistance, old and new, in a more targeted and effective manner. Finally the Compact aims explicitly to bring increasing amounts of private capital into Iraq since international businesses and investors will ultimately have a greater impact on Iraq's future than government assistance. Thus, Iraq's commitments to basic economic reforms and good governance will be particularly important to Iraq's economic success over the long term.

At the October 2003 Madrid International Donors' Conference, donors other than the United States pledged over \$13.5 billion in assistance. This includes \$8 billion in assistance from foreign governments and up to \$5.5 billion in lending from the World Bank and International Monetary Fund (IMF) to be disbursed over four years (2004-2007). Since Madrid, donors have pledged an additional \$850 million to support Iraq's reconstruction and development.

As of September 2006, over \$3.5 billion of the pledges of non-U.S. assistance has been disbursed. Approximately \$2.7 billion of this was from other governments either in bilateral projects or through the World Bank and

the UN-administered International Reconstruction Fund Facility for Iraq (IRFFI), and the remainder was from multilateral institutions. Donor government “disbursements” are defined here as the funds from donor government treasuries. There are currently 113 IRFFI projects (101 UN, 12 World Bank) in various stages of completion in the water, electricity, education, health, and other sectors. At the end of August, of the total \$1.81 billion in the UN Trust Fund, \$850 million had been committed to specific projects, and \$534 million disbursed. Of the \$456.8 million pledged to the World Bank Trust Fund, \$395 million has been committed to specific projects, \$140 million in contracts have been awarded, and \$67.5 million disbursed.

During Deputy Prime Minister Barham Salih’s visit to Italy, the Italian government announced its support for the International Compact and that it would provide an additional \$38 million in assistance. Previously at the Madrid Conference, Italy pledged \$235 million of which \$105 has already been disbursed. Italy also pledged an additional \$38 million to Iraq reconstruction August 2.

Additionally, Germany plans to sign an agreement with the International Reconstruction Fund Facility for Iraq (IRRFI) which will allow it to transfer the \$10 million pledged earlier this year by the end of 2006.

The IMF approved \$436 million in balance-of-payments support through its Emergency Post-Conflict Assistance (EPCA) program in September 2004. It approved a \$685 million in balance-of-payments support as part of its Stand-By Arrangement (SBA) for Iraq in December 2005, although Iraq has not asked for any disbursements thus far under the SBA.

The Iraqi government sets the priorities for reconstruction and assistance programs. The United States and other donors work closely with the Iraqi government and with each other to ensure that the projects and programs are not duplicative, and that they are integrated with the Iraqi government’s development planning. In July 2005, the Iraqi government set up a Baghdad Coordination Group (BCG) consisting of United States embassy and other donor representatives to improve further donor coordination. The BCG meets frequently, and has developed synergies between donor programs in several areas.

Reduction of Iraq's external debt burden to sustainable levels, another top priority for Iraq's economic development, is a key component of U.S. donor coordination. Iraq has achieved significant progress on debt relief. To date, sovereign and commercial creditors reached debt relief agreements with Iraq that will eventually reduce Iraq's foreign debt by more than \$50 billion, or about 40 percent of its estimated \$125 billion in external debt. In November 2004, the Paris Club group of creditors agreed to forgive, in phases, 80 percent of the approximately \$40 billion in Iraqi debt held by its members. As of September, 17 out of 18 Paris Club members have now signed bilateral debt agreements with Iraq (Russia, whose debt claim is \$3.5 billion, announced on September 18 that it will soon write-off 80 percent of Iraq's Saddam-era debts), offering at least 80 percent debt reduction on \$37 billion of debt. The United States itself went beyond Paris Club terms and has forgiven 100 percent of the \$4.1 billion in U.S.-held Iraqi debt.

Progress with official non-Paris Club creditors remains slow although Iraq has begun to reach out to the Gulf countries. The largest non-Paris Club creditors are the Gulf countries, which represent an estimated \$45 billion in claims. The United States continues to encourage all non-Paris Club creditors to provide debt reduction to Iraq on terms at least comparable to those offered by the Paris Club. With regard to commercial debt, three cash offers to small creditors and the debt exchange offers to large creditors resulted in over 10,000 claims worth more than \$19.7 billion having been treated, with 96 percent (by value) of creditors receiving offers having accepted.

The United States, in coordination with the Iraqi government, actively encourages its international partners and allies to make new pledges of assistance, and bilateral or multilateral aid, as well as to disburse existing pledges committed to Madrid in 2003. The United States is in regular high-level and working-level contact with current and prospective international donors. Since January new assistance pledges include 200 million Euros (approximately \$240 million) from the European Commission and \$10 million from Germany, \$2.38 million from Spain, and \$0.99 million from New Zealand.

In May the World Bank announced plans to open an office in Iraq headed by a Country Director. A World Bank office on the ground in Baghdad will be an important step forward in implementing World Bank-run programs and overall donor coordination. Two staff members are in

Baghdad assisting the Iraqi government with the International Compact, and an announcement is expected shortly for the World Bank's new Country Director.

(F) Training Iraqi Security Forces and transferring additional security responsibilities to those forces and the Iraqi government;

The Ministry of Defense (MOD) and the Ministry of Interior (MOI) security forces continue to increase in size and capability, and are increasingly taking over lead combat responsibility from Coalition forces. MNF-I continues to support and assist the ISF as they move toward conducting fully independent operations and achieving security self-reliance.

By September 18 approximately 302,200 Iraqi soldiers and police had completed initial training and equipping, an increase of more than 33,800 in the three months since the July 2006 report. As of September 18, approximately 95 percent of the end-strength of MOD forces were initially trained and equipped with more than 92 percent of authorized Iraqi Army battalions assembled. Remaining train-and-equip efforts will focus on building combat support and combat service support forces.

As of September 18 approximately 91 percent of the objective end-strength of MOI forces have been initially trained and equipped.

More Iraqi units are taking the lead in combat operations against the insurgency and assuming security responsibility in their respective areas. The number of counter-insurgency operations conducted independently by Iraqi forces as a percentage of total combat operations continues to increase steadily. Iraqi security forces now conduct approximately one-third of the total number of company-sized operations. Since September 18, 114 Army, Special Operations, and Strategic Infrastructure Battalions regularly conduct counter-insurgency operations. Eighty-eight Iraqi Army battalions (six divisions, 26 brigades) have assumed responsibility for counter-insurgency operations in their respective areas of operations--a 24 percent increase since the July 2006 report. All 27 National Police battalions now conduct counter-insurgency operations, and two National Police battalions have the security lead in their areas of responsibility.

MNF-I transferred an additional seven Forward Operating Bases (FOBs) to the Iraqi government during the last reporting period. Fifty-one of 110 FOBs have been transferred to the Iraqi government.

To highlight a recent milestone, in the first week of September, the Ministry of Defense and the Joint Headquarters assumed operational control of the Iraqi Ground Forces Command, Iraqi Navy, and Iraqi Air Force.

The Secretary of Defense's quarterly report to Congress, Measuring Security and Stability in Iraq, provides more extensive measurements and indicators of the training and performance of the ISF and of Iraq's current security environment.

II. Whether the Iraqis have made the compromises necessary to achieve the broad-based and sustainable political settlement that is essential for defeating the insurgency in Iraq;

The establishment of a national unity government, with broad-based representation of all of Iraq's communities, was the direct result of efforts by Iraqi leaders, with United States and other international assistance and advice. This has been an ongoing process, and at every stage Iraqi leaders have had to bargain, negotiate, and compromise. The focus has now shifted from government formation to governing but the bargaining, negotiations and compromises will continue. The United States remains actively engaged in helping the new government to sustain and advance its national political compact. Key political events over the next year include, but are not limited to, continued implementation of the National Reconciliation Plan, possible provincial elections, a constitutional review process and possible constitutional referendum, and the passage of enabling legislation for the constitution, in areas such as the judiciary and natural resource management.

U.S. policy has been designed specifically to expand avenues of participation and ensure representation from all major communities in Iraq. Iraqis, with U.S. support, decided that only by meeting targets and moving the process forward would they be able to bring all Iraqi communities into the process. The ability of Iraqis to establish the institutions of a broadly based political system shows their commitment to move forward at each step in the political transition and made the establishment of a unity government possible.

In the spirit of reconciliation, MNF-I and the U.S. embassy in Baghdad, working with the Iraqi government, released 2,500 detainees marked for discharge in June. The release generated a positive response from the Sunni political leadership and reinforced the stance of the new government as a "national unity" government representing all ethnic and religious groups in Iraq. When Prime Minister al-Maliki delivered his National Reconciliation Plan to the CoR, he outlined a reconciliation effort that included detainee releases, de-Baathification, and a limited amnesty. The Prime Minister has made clear that there will be no difference in amnesty terms for those who have been involved in acts against Iraqis or Coalition members. The United States continues to work with the Iraqi government on promoting national reconciliation and the rule of law.

On September 2, MNF-I transferred operation of Abu Ghraib prison to the Iraqi Ministry of Justice, thereby ending detainee operations at the prison. The majority of the approximately 13,000 detainees held at Abu Ghraib were transferred to Camp Cropper in August. Soldiers from the 1st Iraqi Army Division will provide security for the facility until the Iraqi Ministry of Justice assumes control. U.S. Marines from the 2nd Battalion, 8th Marine Regiment will assist the Iraqi soldiers for a short time.

III. Any specific conditions included in the April 2005 Multi-National Force-Iraq campaign action plan (referred to in United States Government Accountability Office October 2005 report on Rebuilding Iraq; DOD Reports Should Link Economic, Governance, and Security Indicators to Conditions for Stabilizing Iraq), and any subsequent updates to that campaign plan, that must be met in order to provide for the transition of additional security responsibility to Iraqi Security Forces;

Following the publication of the October 2005 GAO report, the President published the National Strategy for Victory in Iraq (NSVI), which lays out the goals and general framework to achieve security and stability in Iraq. Although the National Strategy for Victory in Iraq is not a detailed plan for achieving specific objectives, consistent with the public nature of that document, it delineates measurable trends along each of these tracks to indicate where programs are achieving success and where it is necessary to increase efforts or adjust implementation of the strategy. Consistent with the NSVI, MNF-I and Embassy Baghdad updated the Joint Campaign Plan in April.

As Iraqis take on more responsibility for security, Coalition forces will increasingly move to supporting roles in most areas. This may allow for future personnel reductions or a delay in previously scheduled deployments. The Coalition's military posture on the ground will remain responsive and flexible. As the security situation evolves, MNF-I will maintain sufficient forces on the ground to help Iraq consolidate and secure its gains on many different fronts. The recent agreement between Prime Minister al-Maliki and President Bush to increase force presence in Baghdad is an example of this flexibility.

The Iraqi government, jointly with military and political leadership of the United States and Coalition partners in Iraq, will assess when conditions permit handing over security responsibility for specific areas from Coalition forces to the Iraqi civil authorities. The Joint Committee to Transfer Security Responsibility (JCTSR) has developed criteria to guide the transfer of security responsibility.

Recommendations for transfer include an assessment of conditions in four categories:

1. Threat Assessment
2. ISF Readiness
3. Local Governance Capability
4. MNF-I Ability to Respond Quickly to Major Threats, if Needed

The July 13 transfer of security responsibility of the Muthanna Province to the Muthanna Provincial governor and Iraqi Security Forces was a critical milestone. Muthanna was the first of Iraq's 18 provinces to be designated for transition to Provincial Iraqi control. MNF-I also transferred the Dhi Qar Province over to Provincial Iraqi Control September 21.

IV. To the extent that these conditions are not covered under paragraph III, the following should also be addressed:

- (A) The number of battalions of the Iraqi Armed Forces that must be able to operate independently or to take the lead in counter-insurgency operations and the defense of Iraq's territory;**

The Iraqi government, alongside the Coalition, has identified a force structure to maintain a security environment in Iraq that will provide a basis for transitioning Iraq to security self-reliance. The authorized end-strength force structure of the Ministry of Defense Iraqi Armed Forces is 137,500 personnel, including one Iraqi Ground Forces Command, 10 divisions and 36 brigade headquarters, 114 Army and Special Operations Battalions, 11 Strategic Infrastructure Battalions, six Air Force squadrons, three Navy squadrons, and 19 combat support battalions. As of September 18, 130,100 personnel, 95 percent, of the authorized end-strength had been trained and equipped. While the initial focus was on establishing combat units, attention has shifted toward the logistics backbone needed to facilitate independent operations.

One hundred and six Iraqi Army and Special Operations battalions and eight Strategic Infrastructure Battalions are now conducting counter-insurgency operations with 92 battalions assessed as capable of operating “in the lead” or independently. Eighty-eight Iraqi Army battalions control their own areas of responsibility. Iraqi Security Forces have been independently conducting up to one-third of all reported company-sized operations.

As Iraqis take the lead for security, Coalition forces will increasingly shift to supporting roles.

(B) The number of Iraqi special police units that must be able to operate independently or to take the lead in maintaining law and order and fighting the insurgency;

The Ministry of Interior forces consist of the Iraqi Police Service (IPS), National Police (formerly the Special Police, comprising the Police Commandos, Public Order Police, and the Mechanized Police), the Emergency Response Unit, Department of Border Enforcement, and the Center for Dignitary Protection.

The end-strength force structure for all Ministry of Interior forces is 188,200 trained and equipped personnel manning two division headquarters, nine brigade headquarters, and 27 combat battalions. The force structure plan is designed to enable a stable civil-security environment in which a prosperous economy and a democratic and representative government, which respects and promotes human rights can evolve.

As of September 18, 172,200 Ministry of Interior security personnel, 91 percent of the authorized end strength, have been trained and equipped. This includes 120,190 IPS personnel and 51,190 other Ministry of Interior forces, including 27 National Police Force battalions and one Emergency Response Unit conducting operations. Five of these units are assessed capable of operating in the lead or independently. There is no specific threshold for the number of Iraqi Special Police units that must be judged capable of operating independently or in the lead before U.S. force levels can be reduced.

(C) The number of regular police that must be trained and equipped to maintain law and order; and

The end-strength force structure of the Iraqi Police Service (IPS) is 135,000 trained and equipped personnel. This is the minimum number of IPS required in the current environment. As of September 18, over 120,190 IPS, 89 percent of the authorized end-strength, have been trained and equipped. These IPS personnel work alongside the 51,190 other Ministry of Interior forces described in the previous section.

The IPS is responsible for security measures in over 130 districts and nearly 900 stations throughout Iraq. The objective for the MOI, in partnership with the Ministry of Interior Transition Team (MOI-TT), is to become a forward-looking ministry that is effective, efficient, accountable, representative, appropriately structured to deal with the prevailing security conditions, and staffed by people who are committed to upholding the rule of law. The MNF-I initiative to develop professional civil security forces able to assume security responsibility for the Iraqi people has been dubbed the “Year of the Police.” The focus is on creating a force loyal to the people of Iraq and its Constitution, and committed to guaranteeing human rights and the rule of law. The “Year of the Police” was designated as one of MNSTC-I’s main efforts in 2006. The Civilian Police Assistance Training Team (CPATT) works closely with the Ministry of Interior to improve the performance, professionalism, and respect for human rights of the IPS.

Mentoring of civil security forces is conducted by Police Transition Teams (PTTs), National Police Transition Teams (NPTTs), Border Transition Teams (BTTs), and Customs and Border Protection Teams (CBPTs). More than 259 transition teams are coaching, teaching, and mentoring MoI security forces on a daily basis. These transition teams

travel to assigned units and in the outlying provinces to assess, train, and advise the civil security forces and to conduct joint patrols with their Iraqi counterparts.

(D) The ability of Iraq's federal ministries and provincial and local governments to independently sustain, direct, and coordinate Iraq's security forces;

The development of institutional capability within the Ministry of Defense (MOD) and Ministry of Interior (MOI) to ensure effective civilian oversight, direction, resourcing, and sustainment of the Security Forces is also critical to Iraqi security self-reliance. A main line of operation for Multi-National Security Transition Command-Iraq (MNSTC-I) has been the management of programs to build ministerial capacity of the MOD and MOI. Ministerial capacity in critical departments such as personnel management, budget, finance, and logistics continues to be less than fully functional, especially within the Ministry of Interior. The security ministries are working to strengthen their chains of command and to reduce militia and criminal influence. Thus far, these efforts have fallen well short of minimal requirements, with hundreds of civilian deaths in Baghdad each week due to violence from militias and from armed groups wearing MOI uniforms or using MOI equipment.

The new Minister of Interior, Jawad al-Bulani, recognizes the need to reform the Ministry and police. To date, the logistics system is assessed as ineffective and other major functional areas and systems are considered only partly effective. Large parts of the police do not have the confidence of the people, and much of the police have proven ineffective in taking on the militias or the insurgency. Bulani has placed emphasis on building a solid framework of plans, policies, and processes so that the MOI can fulfill its mission.

The new Minister of Defense, Abd al-Qadr Muhammad Jassim al-Mufraji, is addressing logjams in acquisitions and contracting and working closely with MNSTC-I on force development, force expansion, and logistics support. To meet the new Minister's accelerated pace of business, the MOD Transition Team has expanded to more than 50. The confidence of senior officials is growing.

We are hopeful that the Ministries and the Joint Headquarters will be in the lead, with Coalition support by the end of 2007. These institutions will, however, require strong support and partnership for a number of years.

V. The criteria to be used to evaluate progress toward meeting such conditions necessary to provide for the transition of additional security responsibilities to the Iraqi Security Forces;

Security transition can only occur after four criteria are met:

•**Implementation of Partnerships**—MNF-I and its Major Subordinate Commands must establish and maintain partnerships across the entire spectrum of Iraqi Security Forces units, from battalion through to ministerial level;

•**Achievement of Iraqi Army Lead (IAL)**—Process during which Iraqi Army units progress through stages of capability from unit formation to the ability to conduct counter-insurgency operations;

•**Attainment of Provincial Iraqi Control (PIC)**—Iraqi civil authorities satisfy the conditions required to assume control and exercise responsibility for the security of their respective provinces. This is achieved by attaining the previously mentioned four criteria: the ability of Coalition forces to reinforce the ISF if necessary; readiness and capabilities of ISF; levels of present and projected insurgent activity; and the readiness and capabilities of relevant government institutions;

•**Iraqi Security Self-Reliance**—The Iraqi government achieves PIC (or a combination of PIC and IAL) throughout Iraq; and the government, through its security ministries, is capable of planning, conducting, and sustaining security operations and forces.

The four criteria—implementation of partnership, IAL, PIC, and Iraqi Security Self-Reliance—are proceeding at a different pace in each province. That is, some provinces will have achieved full Iraqi Security Self-Reliance while others are working to achieve an Iraqi Army Lead.

VI. A plan for meeting such conditions, an assessment of the extent to which such conditions have been met, information regarding variables

that could alter that plan, and the reasons for any subsequent changes to that plan;

In consultation with the military commanders in Iraq, the Iraqi government, and Coalition partners, the Secretary of Defense continues to advise the President on the appropriate level of U.S. forces in Iraq and the surrounding theater of operations based on current conditions. These conditions include, but are not limited to, key elements of the MNF-I Campaign Plan, such as the increasing responsibility of the ISF in counterinsurgency operations and ownership of areas of responsibility and progress in the political process.

Following the February 2006 bombing of the al-Askariya Shrine in Samarra, sectarian violence rose markedly. Although different organizations have different numbers for the victims, most agree the violence was its worst in July with hundreds dying each week. Most of the deaths occurred in Baghdad. Insurgents continue efforts to flame intercommunal strife.

To counter the growing violence in the capital, Iraqi Prime Minister al-Maliki announced his government's plan for improved security in Baghdad June 14. The plan, introduced as Operation Together Forward, is aimed at reducing sectarian violence and establishing Iraqi forces, as Baghdad's dominant security presence. Operation Together Forward established increased checkpoints, curfews and weapons bans to reduce sectarian violence in areas of Baghdad where increased violence and sectarian killings occur. Security forces also conduct raids on terrorist cells and death squads. In July, during his visit to Washington, Prime Minister al-Maliki, together with President Bush, announced adjustments, including an increase in the security force levels in the city, intended to increase the effectiveness of the Baghdad Security Plan. With our support, the Iraqi government is working very closely with the local Neighborhood Advisory Councils (NAC) and District Advisory Councils (DAC) in the areas of operations by employing local labor from the community to clean and rebuild parts of the neighborhood markets and repair/restore essential services.

The Coalition retains the ability to quickly reinforce the Iraqi Army as required and to provide critical enablers as Iraqis develop their own capabilities. Coalition personnel levels will increase, if necessary, to defeat the enemy or to provide additional security for key events, like provincial

elections. To enable the Army and Marine Corps to fulfill the additional requirements in Baghdad on a sustainable basis, adjustments to troop-rotation schedules that will allow 15 U.S. combat brigades to be in Iraq through March 2007 were announced September 26. But the goal, over time, is to reduce Coalition forces as security conditions improve and Iraqis continue to assume more of the security and civilian responsibilities themselves. This process is under way.

The Iraqi government has formed the Joint Committee for Achieving Iraqi Security Self-Reliance (JCAISSR) with MNF-I and the U.S. and British Embassies to develop a conditions-based action plan intended to lead to eventual Iraqi security self-reliance.

In addition to the above descriptions of the plan for meeting conditions, please reference National Strategy for Victory in Iraq at www.whitehouse.gov and Report to Congress, "Measuring Stability and Security in Iraq," August 29, 2006, at <http://www.defenselink.mil/>, pages 59-63.

For additional details on Iraqi Security Forces training, performance, and progress reference August 29, 2006, "Measuring Stability and Security in Iraq," <http://www.defenselink.mil/>, pages 41-58.

For more specific force generation and force requirement information, reference the classified annex to the Report to Congress, "Measuring Stability and Security in Iraq."

For additional information on reconstruction, assistance, and the delivery of essential services, please reference the 2207 Quarterly Report to Congress on The Iraq Relief and Reconstruction Fund (IRRF), <http://www.state.gov/p/nea/rls/rpt/2207>, or for general information on the status of political, economic, and security efforts, the Weekly Status Report, <http://www.state.gov/p/nea/rls/rpt/iraqstatus/2006/c16536.htm>.