

Initial Benchmark Assessment Report

July 12, 2007

This report to Congress is submitted consistent with Section 1314 of the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007 (Public Law 110-28) (the "Act"). It includes an assessment of how the sovereign Government of Iraq is performing in its efforts to achieve a series of specific benchmarks contained in the Act, as well as any adjustments to strategy that may be warranted in light of that performance. This is the first of two reports to be submitted consistent with the Act and has been prepared in consultation with the Secretaries of State and Defense; Commander, Multi-National Forces-Iraq; the United States Ambassador to Iraq; and the Commander of United States Central Command, consistent with Section 1314(b)(2)(B) of the Act. This assessment complements other reports and information about Iraq provided to the Congress and is not intended as a single source of all information about the combined efforts or the future strategy of the United States, its Coalition Partners, or Iraq.

Introduction

Section 1314 of the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007 (Public Law 110-28) states that the President is to submit to Congress two reports assessing the status of each of the 18 benchmarks contained in the Act and declaring whether, in the President's judgment, satisfactory progress is being achieved with respect to those 18 benchmarks.

These benchmarks relate to Government of Iraq actions believed to be important to advance reconciliation within Iraqi society, to improve the security of the Iraqi population, to provide essential services to the population, and to promote its economic well-being. These efforts complement other U.S. and Iraqi collaborative actions as part of the New Way Forward.

Current U.S. Strategy: New Way Forward

Current U.S. strategy -- the New Way Forward -- recognizes that the fulfillment of commitments by both the U.S. and Iraqi Governments will be necessary to achieving our common goal: a democratic Iraq that can govern, defend, and sustain itself, and be an ally in the War on Terror. The building of a strong strategic partnership with the Iraqi Government will be an important part of the effort to achieve this end state, which

remains a long-term goal, and requires the application of all elements of national power, including especially diplomatic, economic, and political power.¹

While our overarching strategy continues to emphasize a transition of responsibility to the Iraqi Government and its security forces, the New Way Forward recognized that, in response to the upsurge in sectarian violence in 2006, it was necessary for Coalition Forces to temporarily play a greater role, in conjunction with the Iraqi Security Forces, in securing the Iraqi population. This is not meant to replace Iraqi efforts to provide security, but to help provide the necessary time and space with which the Iraqi Government can continue to build its own capacity, can intensify efforts against the accelerants of the violence, especially al-Qaida in Iraq and some segments of the Jaysh al-Mahdi (JAM), and can meaningfully address the all-important issue of reconciliation among the various segments of Iraqi society. The strategy recognizes that the levels of violence seen in 2006 undermined efforts to achieve political reconciliation by fueling sectarian tensions, emboldening extremists, and discrediting the Coalition and Iraqi Government. Amid such violence, it became significantly harder for Iraqi leaders to make the difficult compromises necessary to foster reconciliation.

At the same time, we have increased our efforts to help build the capacity of the Iraqi Security Forces (ISF). Relying on lessons learned from our experience in training and equipping the ISF, we have significantly enhanced our training and mentoring commitment. We will continue this commitment through a combination of partnering Coalition units with Iraqi Army and Police organizations and embedding transition team personnel with the majority of ISF units. U.S commanders are committed to helping the Iraqi government expand the size of the ISF to make it a more capable counter-insurgency force.

We are also increasing our efforts to build Iraqi governmental capacity not just at the national level, but at the provincial and local levels as well. Most notably, this has required an expansion of our Provincial Reconstruction Team (PRT) program with 10 new civilian PRTs paired with Brigade Combat Teams (BCTs), and giving PRT leaders and BCT commanders additional authorities, resources, and personnel. These leaders are charged with supporting moderate elements against extremists in their areas of responsibility and launching projects that have an immediate impact in areas cleared of terrorists and insurgents.

¹ Over 2007 and into 2008, we are focusing on the following core objectives:

1. Defeat al-Qaida and its supporters and ensure that no terrorist safe haven exists in Iraq.
2. Support Iraqi efforts to quell sectarian violence in Baghdad and regain control over the capital.
3. Ensure the territorial integrity of Iraq and counter/limit destructive Iranian and Syrian activity in Iraq.
4. Help safeguard democracy in Iraq by encouraging strong democratic institutions impartially serving all Iraqis and preventing the return of the forces of tyranny.
5. Foster the conditions for Iraqi national reconciliation but with the Iraqi Government clearly in the lead.
6. Continue to strengthen Iraqi Security Forces (ISF) and accelerate the transition of security responsibility to the Iraqi Government.
7. Encourage an expanding Iraqi economy, including by helping Iraq maintain and expand its export of oil to support Iraqi development.
8. Promote support for Iraq from its neighbors, the region, and the international community.

Expansion of the PRT program is not yet complete, with only about half of the approximately 300 additional PRT personnel deployed to date. The full complement of “civilian surge” personnel will be completed by December 2007. In addition, economic assistance funds provided by Congress in the Act for Iraq have yet to be released. As provided for in the Act, the President has waived certain restrictions on a portion of these funds in a determination, which is being provided to Congress separately.

As the President explained in January, all of these efforts, together with a new diplomatic offensive in the region, are designed to set the conditions for U.S. troops to begin coming home, without risking a humanitarian catastrophe in Iraq, sanctuaries for international terrorist networks, or a broader regional conflict that would threaten U.S. national security interests for generations. (The strategy is explained in greater detail at <http://www.whitehouse.gov/nsc/iraq/2007/iraq-strategy011007.pdf>) While all of those conditions have not yet been met, and the new strategy is still in its early stages, there are some encouraging signs that should, over time, point the way to a more normalized and sustainable level of U.S. engagement in Iraq, with a decreasing number of U.S. combat forces increasingly focused on a core set of missions, such as those set out by the bipartisan Iraq Study Group.

Summary of Achievements and Shortfalls

This report provides, consistent with the Act, an assessment of how the Iraqi Government is performing on 18 specified benchmarks, rather than the effects being generated. Some of the benchmarks may be leading indicators, giving some sense of future trends; but many are more accurately characterized as lagging indicators, and will only be achieved after the strategy is fully underway and generates improved conditions on the ground. For example, local political accommodations have dramatically improved conditions in what had been some of Iraq’s most violent areas, and we are deploying our resources to help ensure that these trends continue and spread. It will take time, however, for improved conditions locally to translate into broader political accommodations at the national level; what is important is the overall trajectory, which, under our present strategy, has begun to stabilize, compared to the deteriorating trajectory seen over the course of 2006. Thus, the assessments in this report should be viewed in a larger context: the discussion below provides a snapshot of achievements and shortfalls that can round out the picture given in the detailed assessment section of this report.

Security: The security situation in Iraq remains complex and extremely challenging. Iraqi and Coalition Forces continue to emphasize population security operations in Baghdad, its environs, and Anbar province to combat extremist networks, and create the space for political reconciliation and economic growth. As a result of increased offensive operations, Coalition and Iraqi Forces have sustained increased attacks in Iraq, particularly in Baghdad, Diyala, and Salah ad Din. Tough fighting should be expected through the summer as Coalition and Iraqi Forces seek to seize the initiative from early gains and shape conditions for longer-term stabilization. These combined operations -- named Operation Phantom Thunder -- were launched on June 15, 2007, after the total

complement of surge forces arrived in Iraq. The full surge in this respect has only just begun.

These new operations are targeting primarily al-Qaida in Iraq (AQI) havens in Baghdad, Babil, Diyala, and Anbar provinces. While AQI may not account for most of the violence in Iraq, it is the organization responsible for the highest profile attacks, which serve as a primary accelerant to the underlying sectarian conflict. We presently assess that degrading AQI networks in these critical areas -- together with efforts to degrade Iranian-backed Shi'a extremist networks -- is a core U.S. national security interest and essential for Iraq's longer-term stability. Since January of this year, AQI has proven its resiliency and ability to conduct high-profile, mass-casualty attacks, mostly targeting Shi'a population centers through suicide vehicle-borne improvised explosive device (SVBIEDs) attacks. The number of suicide and SVBIED attacks in March and April approached all-time highs, further exacerbating sectarian tension and making political deals more difficult to close. These incidents have shown a decrease in May and June, which may be the result of aggressive Coalition and Iraqi operations into former AQI havens. The surge of additional U.S. forces into these areas allows us to better combat AQI and other terrorists. We should expect, however, that AQI will attempt to increase its tempo of attacks as September approaches -- in an effort to influence U.S. domestic opinion about sustained U.S. engagement in Iraq.

In Baghdad, an overall decrease in sectarian violence is due in part to intensified Iraqi and Coalition operations focused on population security. An apparent decision earlier this year by the Jaysh al-Mahdi (JAM) militia to largely stand down its operations appeared to have a temporary effect, but a breakdown in Muqtada al Sadr's ability to control JAM -- or elements thereof -- coinciding with the return of JAM fighters from Iran after receiving training in combat and explosives has spawned a recent increase in attacks on Coalition and Iraqi forces. Iran continues to train, fund, and equip extremist groups, both Shi'a and Sunni, that attack Iraqi and Coalition forces in and around Baghdad and the provinces in southern Iraq. JAM "secret cells" are a major recipient of that assistance -- and are responsible for some of the most sophisticated attacks on Iraqi and Coalition Forces. As stated in the President's January 10, 2007, speech announcing the New Way Forward: "We will interrupt the flow of support from Iran. And we will seek out and destroy the networks providing advanced weaponry and training to our enemies in Iraq." Operations against these networks are ongoing and will continue.

In Anbar province, the local population is turning against AQI and seeking support from the Coalition. At the same time, U.S. military operations and cooperation with local tribal leaders have created openings for local political compromise and more effective civilian assistance. To reinforce these early signs of success, the President ordered additional U.S. military and civilian resources to Anbar. The trends have remained positive. The provincial government -- for the first time in a year -- is now able to meet in the province and recently approved a comprehensive provincial budget that appropriates virtually all of its \$107 million allocation for capital expenditures. Attack levels have reached a 2-year low and some families that had fled Anbar are beginning to return. These developments have been noted in other primarily Sunni areas of Iraq, such

as Salah ad-Din province, and areas around Baquba, in Diyala province, where efforts are underway to build on the Anbar experience.

The ISF continues to show slow progress. ISF capability is increasing, but further ISF proficiency, improved logistics, and expanded forces are needed in order to assume more responsibility from Coalition Forces. Comprehensive data and statistics on the ISF -- including its projected growth -- can be found in the report *Measuring Stability and Security in Iraq*, submitted quarterly to Congress by the Department of Defense, pursuant to Section 9010 of the Department of Defense Appropriations Act, 2007 (Public Law 109-289). It should be noted that Iraqi Security Forces bear the brunt of attacks from insurgents and terrorists. Despite casualty rates two to three times that of Coalition Forces, Iraqi Security Forces continue to fight bravely for their country.

Political Reconciliation: Moving key legislation depends on deal-making among major players in a society deeply divided along sectarian, ethnic, and other lines. Meaningful and lasting progress on national reconciliation also require a sustained period of reduced violence in order to build trust. For this reason, most of the major political benchmarks identified in the legislation -- i.e., final passage of monumental pieces of legislation through Iraq's Council of Representatives by consensus -- are lagging indicators of whether or not the strategy is succeeding or is going to be successful.

As demonstrated by our PRT initiatives and moving resources outside of Baghdad and into the provinces, our strategy envisions "bottom-up" reconciliation to be as important, if not more important, than top-down reconciliation. Bottom-up reconciliation involves working at the local and provincial level, seeking local political accommodations and getting more Iraqis to invest in the future of a united and democratic Iraq. Bottom-up reconciliation can take many forms: in Anbar, we have seen greater involvement of tribal groups; in Salah ad Din, it is involving local and provincial leaders taking greater responsibility for their political and economic future; in Baghdad, it has involved local neighborhood councils working with newly deployed Coalition and Iraqi units to identify and isolate extremists. All of the new resources devoted to this strategy -- the arrival of military reinforcements, the expansion of PRTs, and the diplomatic surge -- can be leveraged to produce bottom-up reconciliation. Over time, we expect bottom-up reconciliation to be reflected in, and latch up with, progress on top-down measures.

Effective steps toward national reconciliation will require national leadership from all communities and expression of a common national political will, or "vision," that has so far been lacking. The consensus nature of Iraqi politics, and the checks and balances built into the Iraqi governance structure, inhibit Prime Minister Nuri al-Maliki's ability to govern effectively -- and would pose obstacles to any prime minister. These inhibitors slow progress on high-priority legislative benchmarks, although they are designed to create a decision-making process through which all major communities have a voice and a stake. The increasing concern among Iraqi political leaders that the United States may not have a long-term commitment to Iraq has also served in recent months to reinforce hedging behaviors and made the hardest political bargains even more difficult to close.

Nonetheless, there have been recent events that provide hope for the ability of the Government of Iraq to overcome these inhibitors. For example, the response to the June 13, 2007, bombing of the al-Askari Mosque in Samarra was a well orchestrated unison of statements of condemnation and calls for calm by Prime Minister Maliki, President Jalal Talabani, Vice President Tariq Hashimi, Grand Ayatollah Ali al-Sistani, and other leaders. This indicates that when necessary, the Government of Iraq and major political figures can overcome the dynamics that otherwise inhibit effectiveness. Iraq's Council of Representatives on July 8 voted to extend its present term through July 31, and for working sessions to last 6 days a week from July 16 through July 31 (taking only Fridays off). We will be working closely with Iraqi leaders and members of the Council of Representatives to move important pieces of legislation forward during this time frame -- taking account of the extended legal process mandated by Iraq's constitution for moving a law to final passage.

Diplomatic Engagement: Iran and Syria have continued to foster instability in Iraq. As noted, Iran funds extremist groups to promote attacks against Coalition and Iraqi forces, and the Iraqi Government. We see little change in Iran's policy of seeking U.S. defeat through direct financial and material support for attacks against U.S. military and civilians in Iraq. Iran is engaging in similar activities in Afghanistan. Meanwhile, foreign fighters (especially suicide bombers) continue to use Syrian territory as their main transit route to Iraq. The Syrian Government also allows major insurgent organizers and financiers to operate in Damascus. We continue to assess that nearly 80 percent of suicide bombers are foreign fighters -- with the vast majority traveling to Iraq through Syria -- and to Syria from their home countries by air travel to Damascus. This Syria-based network is able to supply some 50 to 80 suicide bombers to AQI per month. Since January, there have been nearly 280 suicide events in Iraq, accounting for nearly 5,500 casualties, mostly innocent Iraqis going about their daily lives. Syria can and must do more to shut down these networks.

The signing of the International Compact with Iraq, an initiative jointly sponsored by the United Nations and the Iraqi Government, and the Expanded Neighbors ministerial conference, with attendance by the Permanent Five members of the U.N. Security Council, the Arab League, the Organization of Islamic Conference, and the G-8, on May 3 - 4 in Sharm el-Sheikh, Egypt, helped provide more public international and regional support for Iraq. Compact implementation, including debt relief, will be our near-term focus. The Neighbors Process energy working group had a successful meeting in Istanbul, Turkey, last month, and the other two working groups are planning to meet later this summer. We expect the next Expanded Neighbors ministerial to be held later this summer or early fall in Istanbul.

Economics and Essential Services: The economic picture is uneven. Key economic indicators paint a modestly improved picture -- unemployment has eased slightly and inflation is currently abating. Government revenue is steady due to high oil prices, but the Iraqi Government has not yet made needed investments to increase oil and refining output. Private-sector activity is picking up in some areas, notably the more than \$1 billion that have been invested in wireless telecoms, but investors remain wary due to

poor security and the continuing need for a stronger legal framework. The Iraqi Government has begun to show resolve in initiating budget execution and capital investment to restore services, but citizens nationwide complain about government corruption and the lack of essential services, such as electricity, fuel supply, sewer, water, health, and sanitation.

At the provincial level, the economic governance picture is a patchwork, with some provinces performing better than others. Security conditions, ethnic and sectarian divisions, political dynamics, corruption, and leadership qualities of key political actors vary significantly by province. As a result, provincial governments vary greatly in the effectiveness of using their central government budget allocation to provide services for citizens. Where security is improving, such as in Anbar province, we see positive trends in governance, delivery of government services, and the efficacy of U.S. assistance.

The International Compact with Iraq provides the framework through which the Iraqi Government will reform its governance, budget execution, and fiscal management, as well as improve service delivery. The Compact sets out the roadmap of reforms Iraq will need to implement over the next 5 years to be economically self-sufficient. Iraq's IMF Stand-by Arrangement is on track and has been extended to September 2007. For a follow-on IMF program, Iraq will need to continue increasing fuel prices.

Congressional Benchmarks

This background discussion provides a context for assessing the performance of the Iraqi Government with respect to the 18 benchmarks. The Iraqi leaders face a challenging situation, and they and their families run great risks on a daily basis. We continue to encourage and press them to achieve the established benchmarks, since we believe that those efforts will contribute to Iraq's stability, its ability to provide for its own security, and to the international effort to counter violent extremism. Nonetheless, our efforts in Iraq extend far beyond these benchmarks. Every day, our Embassy and military officials are working with Iraqis to encourage stability and reconciliation in ways that are not easily measured by these benchmarks. As Congress has requested, in September General Petraeus and Ambassador Crocker will report on these efforts and provide a more comprehensive assessment of the situation in Iraq, including an assessment of the 18 benchmarks measured herein. This assessment will provide a clearer picture of how the new strategy is unfolding, and what if any adjustments should be made.

Standard of Measurement: Section 1314(b)(2)(A) states: "The President shall submit an initial report to Congress, not later than July 15, 2007, assessing the status of each of the specific benchmarks established above, and declaring, in his judgment, **whether satisfactory progress toward meeting these benchmarks is, or is not, being achieved.**" In order to make this judgment (e.g., whether "satisfactory progress . . . is, or is not, being achieved"), we have carefully examined all the facts and circumstances with respect to each of the 18 benchmarks and asked the following question: *As measured from a January 2007 baseline, do we assess that present trend data demonstrates a positive trajectory, which is tracking toward satisfactory accomplishment in the near*

term? If the answer is yes, we have provided a “Satisfactory” assessment; if the answer is no, the assessment is “Unsatisfactory.” For those benchmarks receiving the latter assessment, we have explained what, if any, strategic adjustments may be required to improve the present trajectory. The present analysis and assessment of these 18 benchmarks follows.

Assessment of the Benchmarks

Section 1314 (b)(2)(A) The President shall submit an initial report, in classified and unclassified format, to the Congress, not later than July 15, 2007, assessing the status of each of the specific benchmarks...and declaring, in his judgment, whether satisfactory progress toward meeting these benchmarks is, or is not, being achieved.

Section 1314 (b)(2)(C) If the President's assessment of any of the specific benchmarks established above is unsatisfactory, the President shall include in that report a description of such revisions to the political, economic, regional, and military components of the strategy, as announced by the President on January 10, 2007. In addition, the President shall include in the report the advisability of implementing such aspects of the bipartisan Iraq Study Group, as he deems appropriate.

Section 1314 (b)(1)(A) The United States Strategy in Iraq, hereafter, shall be conditioned on the Iraqi Government meeting benchmarks . . . including:

(i) Forming a Constitutional Review Committee and then completing the constitutional review.

The Council of Representatives (COR) formed the Constitutional Review Committee (CRC) on November 15, 2006. The Constitutional Review is now underway. The CRC presented a partial list of recommendations on May 23, 2007, in an interim report and received an extension from the COR until the end of August to resolve outstanding issues concerning: (i) Presidential powers, (ii) the powers of the regions vs. the central government, and (iii) the status of Kirkuk (Article 140 of the Constitution). The political blocs still need to reach an accommodation on these difficult political issues.

The Embassy will continue to discuss with the CRC Chairmen and the COR Speaker and Deputy Speakers the need to develop a well-defined plan for the COR debate of the report. The Embassy is also continuing to discuss with the United Nations Assistance Mission for Iraq (UNAMI) the necessary preparatory steps for a public referendum on proposed constitutional revisions. As noted in the Iraq Study Group Report Recommendation 26, there is a role for UNAMI in the constitutional review process.

Assessment: The Government of Iraq has made satisfactory progress toward forming a Constitutional Review Committee (CRC) and then completing the constitutional review. The CRC has been formed, and, while difficult issues remain, significant progress has been made on many substantive issues and technical details involved in the constitutional review process. The CRC has requested an extension to resolve remaining issues, and its Chairman remains committed to moving the process forward. While the progress on this benchmark has been **satisfactory**, the achievement of the desired reconciliation effect depends on progress with respect to several other benchmarks as well as this one.

(ii) Enacting and implementing legislation on de-Ba'athification reform.

De-Ba'athification reform is among the most sensitive pieces of legislation being considered as it involves competing conceptions of justice, accountability, reconciliation, and economic compensation. Senior Iraqi political leaders remain at odds over some of the most fundamental aspects of de-Ba'athification reform, including over which categories of former Ba'ath party members would be proscribed by the law. For example, there is division among political and ethnic groups regarding what rank of ex-Ba'athists should be allowed to return to civic life. While leaders have been discussing the law, a public discussion on the accommodations that different parts of Iraqi society will have to make with each other is not yet underway. An inflexible timeline on this issue could be detrimental, as a bad law would not improve prospects for reconciliation.

Reintegration of former Ba'athists who have not committed crimes has already begun; however, a sweeping, government-led, legislated, and institutionalized reform program over time would send a positive signal in favor of reconciliation. Alternatively, allowing former Ba'athists who do not accept a democratic Iraq into the government or security services could undermine the Iraqi government and embolden the insurgency. Many Iraqis are understandably frightened by the prospect of their former Ba'athist tormentors replaying their previous rise to power by subverting the government from within.

In Recommendation 27, the Iraq Study Group emphasizes the need for United States Government support of reintegration of former Ba'athists and Arab nationalists into civic life. The New Way Forward strategy makes de-Ba'athification reform an integral part of the United States Government's Iraq policy. The Embassy has pressed hard on all political elements to move forward.

Assessment: The Government of Iraq has not made satisfactory progress toward enacting and implementing legislation on de-Ba'athification reform. This is among the most divisive political issues for Iraq, and compromise will be extremely difficult. Given the lack of satisfactory progress, we have not achieved the desired reconciliation effect that meaningful and broadly accepted de-Ba'athification reform might bring about. This does not, however, necessitate a revision to the current plan and strategy. De-Ba'athification remains a core priority of U.S. political engagement, and pushing reforms too fast or in a manner that results in a poor law could be detrimental to our overall reconciliation objectives.

(iii) Enacting and implementing legislation to ensure the equitable distribution of hydrocarbon resources to the people of Iraq without regard to the sect or ethnicity of recipients, and enacting and implementing legislation to ensure that the energy resources of Iraq benefit Sunni Arabs, Shi'a Arabs, Kurds, and other Iraqi citizens in an equitable manner.

The final draft of the Revenue Management Law must be approved by the Council of Ministers (COM) and vetted by the Iraqi Government's legal office before submission to the COR. The United States has provided technical advice to the Iraqi Government and is actively engaged in encouraging both sides to expeditiously approve the draft law in the COM and move it to the COR. Prime Minister Maliki intends to submit the Revenue Management Law to the COM soon, for subsequent consideration by the COR along with the framework Hydrocarbon law.

Assessment: The current status is unsatisfactory, but it is too early to tell whether the Government of Iraq will enact and implement legislation to ensure the equitable distribution of hydrocarbon resources to all Iraqis. The Government of Iraq has not met its self-imposed goal of May 31 for submitting the framework hydrocarbon and revenue-sharing laws to the COR. Although the KRG and the Shi'a parties have agreed to the text of the Revenue Management Law, Council of Ministers' approval has been delayed by a Sunni party boycott. The effect of limited progress toward this benchmark has been to reduce the perceived confidence in, and effectiveness of, the Iraqi Government. This does not, however, necessitate a revision to our current plan and strategy, under which we have assigned a high priority to this subject, and the process overall has continued to move forward.

(iv) Enacting and implementing legislation on procedures to form semi-autonomous regions.

The COR enacted a law in October 2006 that establishes procedures to form regions. Under the Iraqi constitution, regions have certain powers, such as control over regional security forces, that provinces do not. The law will come into effect 18 months after being passed, which means no steps can be taken to form regions before April 2008. The United States Government encouraged Iraqi political parties to reach a compromise on this law and believes that the 18-month delay in implementation is in the interests of Iraq and the United States, given current political conditions in Iraq.

Assessment: The Government of Iraq has made satisfactory progress toward enacting and implementing legislation on procedures to form semi-autonomous regions. The regions law has been passed. Implementation of this legislation should take place after provincial elections are held and after the passage of an updated elections law. The procedures are in place, but whether establishment of additional regions (in addition to the already-recognized KRG) is desirable depends on a number of factors, including the outcome of efforts at constitutional reform. The progress toward this benchmark has been **satisfactory**, and the effect is that this potentially contentious issue has not been a source of discord.

(v) Enacting and implementing legislation establishing an Independent High Electoral Commission, provincial elections law, provincial council authorities, and a date for provincial elections.

On January 23, 2007, the COR passed the Independent High Electoral Commission (IHEC) Law, which the Presidency Council (the President and two Deputy Presidents) approved on February 27, 2007. On April 28, 2007, the COR appointed the nine IHEC Commissioners in a process that the U.N. deemed fair and transparent. The Commissioners have completed appropriate training and are in the process of selecting representatives to oversee elections in the provinces. A Provincial Powers Law that defines the authorities and structures of local governments has been read twice in the COR, but changes are being considered, particularly related to the powers of the governor and the reach of the central government at the local level.

At the highest levels, the Embassy is urging the Iraqi Government to take the legislative and administrative action necessary to ensure timely and fair elections. The Embassy is intensively engaged with the GOI and the COR at all levels to expedite legislation or amendments to existing legislation that will allow provincial elections to take place. New legislation or amendments to the existing law are required to set a date and secure funding for elections, as well as to establish the electoral system to be used for the vote, among other issues.

In cooperation with the U.N., the United States Government is providing program support to the new IHEC in three areas: (i) building immediate IHEC staff capacity, particularly in public outreach and internal organization; (ii) building database capacity that will support the new voter registry; and (iii) standing up provincial, district, and precinct-level election bodies. Provincial Reconstruction Teams (PRTs) are monitoring political and security conditions in provinces that may affect elections.

In Recommendation 29, the Iraq Study Group emphasizes the need for provincial elections at the earliest possible date. The United States Government and UNAMI are working closely with the Iraqi Government to accelerate the drafting and passage of the Provincial Powers Law and set a date for provincial elections. Additionally, the United States Government is working with Iraq Security Forces to ensure that they are adequately prepared to provide security for free and fair elections.

Assessment: There are multiple components to this benchmark, each deserving its own assessment:

- **Establishing the IHEC Commission: The Government of Iraq has made satisfactory progress toward establishing an IHEC Commission.** The Commission has been established.
- **Elections Law: The Government of Iraq has not made satisfactory progress toward establishing a provincial elections law.** Drafting of the law has just begun.
- **Provincial Council Authorities: The Government of Iraq has not made satisfactory progress toward establishing provincial council authorities.** The COR is working on legislation, which has had its second reading; however, the COR committee continues to work on revisions to the draft law, and it remains unclear when the legislation will come to a third and final vote by the full COR.

- **Provincial Elections Date: The Government of Iraq has not made satisfactory progress toward establishing a date for provincial elections.** Legislation required for setting the date has not been enacted.

The effect is that there is still no mechanism in place to address the under-representation of Sunnis in provincial councils that was caused by past Sunni election boycotts. However, at this time, this does not necessitate a revision to our current plan and strategy, under which we regard movement on this issue as one of the highest priorities, and have seen progress in key areas – particularly with respect to the IHEC, which is a critical building block to holding genuine and credible local elections with U.N. assistance and support.

(vi) Enacting and implementing legislation addressing amnesty.

There is little progress toward legislation establishing amnesty for those who fought against the government since 2003 or who committed crimes in the name of the Iraqi Government. Neither the GOI nor the COR are pressing forward the passage of amnesty legislation.

At some point, Iraq’s process of reconciliation would benefit from an amnesty that recognizes the need to avoid criminal prosecution of certain acts of a military nature committed since 2003. However, a general amnesty program would be counterproductive in the current environment. As long as violence remains extensive and no major armed group has signaled a willingness to cooperate with the Iraqi Government and renounce violence, there is no group for which amnesty would be appropriate.

Opportunities to offer amnesty locally, to specific populations and individuals, may appear quickly and will require Iraqi Government legislation or programs to exploit the willingness of fighters to abandon violence. Such actions could serve as a model for a wider amnesty program. United States officials have made clear to Iraqi leaders that any amnesty, when it comes, should not distinguish between acts against Coalition Forces and acts against Iraqis.

In a token of progress, an amnesty workshop was conducted on May 12, 2007, in Baghdad. Political-party representatives and academics gathered to discuss amnesty concepts. From this small workshop, 10 recommendations were developed and forwarded to various government representatives for comment, thus beginning a dialogue on amnesty.

In Recommendations 31 and 37, the Iraq Study Group advised three elements for any amnesty legislation: 1) it must be far-reaching, 2) it must involve reconciliation by those in government with their enemies, and 3) the legislative and executive branches of the United States Government must not undercut it. However, the Study also notes, as mentioned in the assessment above, that “there are many armed groups within Iraq, and very little will to lay down arms.”

Assessment: The prerequisites for a successful general amnesty are not present; however, in the current security environment, it is not clear that such action should be a near-term Iraqi goal. The Government of Iraq has established a high-level Government of Iraq Reconciliation Committee to support and oversee efforts of groups that want to oppose AQI and other extremist elements -- working with a joint U.S. Embassy/MNF-I group that is facilitating such actions in coordination with units on the ground. These efforts are more relevant at this point than are general amnesty initiatives. Nonetheless, the Government of Iraq should develop amnesty programs later in the year, so they are ready to be implemented if opportunities arise. Given the absence of the necessary conditions for amnesty, the absence of amnesty legislation has had no effect. The current plan and strategy calls for the passage of such legislation when the necessary conditions are present.

(vii) Enacting and implementing legislation establishing a strong militia disarmament program to ensure that such security forces are accountable only to the central government and loyal to the constitution of Iraq.

The COR included \$150 million in its 2007 budget for Disarmament, Demobilization, and Reintegration (DDR), but the Ministry of Finance (MOF) is waiting to release the funds pending development of a Government of Iraq plan for DDR. However, the COR has not moved toward passage of legislation to establish a disarmament program, nor are senior Iraqi officials or political-party leaders focused on passing such a law. There is disagreement among Iraqi experts as to whether new or additional legislation is necessary as militia and other illegal armed-group activity is already against Iraqi law. Although the Iraqi Government has formed a DDR Committee, there is no momentum in the Government of Iraq toward developing and implementing a comprehensive disarmament program for militia members. No armed group has yet committed to disarmament. The necessary preconditions for a DDR program, such as political reconciliation and security provided by the government, do not yet exist despite considerable efforts by the Iraqi Government, MNF-I, and the Embassy.

The resources and personnel currently dedicated to the DDR effort would be better used elsewhere in the process of reconciliation that will ultimately lead armed groups to lay down arms. In the meantime, other measures to give young men alternatives to committing violence, such as a vigorous vocational-training program, micro-financing opportunities, education programs within the theater detention system, and jobs creation programs, should and are being pursued. Improved use of these tools to take advantage of localized security gains will require further planning by the Iraqi Government.

In Recommendation 38 and 39, the Iraq Study Group proposes that neutral international experts act as advisors to the Iraqi Government and that the United States Government fund and support a single office to provide assistance to these experts. The study also notes "...solving the problem of militias requires national reconciliation" and states that, as a party in the conflict, the United States Government should not be directly involved in a DDR program's implementation.

Assessment: The prerequisites for a successful militia disarmament program are not present. In fact, international experts, including the U.N., have expressed reservations to advancing this proposal at the present time. The U.N. DDR Advisory Mission to Baghdad Report (April 25 - May 2, 2007) stated, “The Iraq environment makes it most unlikely that traditional DDR can take place, and planning should take this into account.” Likewise, a State Department internal review has shown that the timing is not right for a full-scale DDR program in Iraq. Given the absence of the necessary conditions for DDR, the absence of legislation on militia disarmament has had no effect. The current plan and strategy calls for the passage of such legislation when the necessary conditions are present

(viii) Establishing supporting political, media, economic, and services committees in support of the Baghdad Security Plan.

As part of Operation Fardh Al-Qanun (FAQ), the Iraqi Government established an Executive Steering Committee (ESC) to better coordinate and synchronize the non-kinetic aspects of FAQ with security operations. The ESC is chaired by the Prime Minister and meets weekly to discuss appropriate issues. In support of the ESC, six sub-committees have been formed to address topics of economics, services, political issues, media, popular mobilization, and security. These subcommittees are chaired by Iraqi Government leaders and are supported by United States Government officials. Additionally, the Iraqi National Security Advisor is responsible for the ESC secretariat and coordinates weekly planning meetings with the subcommittees. While the secretariat and subcommittees vary in their effectiveness, the overall level of coordination and focus on non-kinetic aspects is significantly higher than previous efforts.

While establishing political, media, economic, and services committees is important, it is even more vital that the Iraqi Government steadily increase its relevance to Iraqis outside the International Zone through proper provision of services, security, and offering a viable alternative to militias.

Assessment: The Government of Iraq has made satisfactory progress toward establishing supporting political, media, economic, and services committees in support of the Baghdad Security Plan. The establishment of the ESC and related subcommittees meets the requirement of the benchmark. Nevertheless, both the U.S. Mission and MNF-I will remain intensively engaged with the ESC to continue to improve its effectiveness and ensure that the subcommittees fulfill the purpose for which they were created as their contribution to date has not been adequate. Progress toward achieving this benchmark has been **satisfactory**, and we will continue to monitor and engage with the committees to produce a **satisfactory** effect over the next 60 days.

(ix) Providing three trained and ready Iraqi brigades to support Baghdad operations.

The Iraqi Ground Forces Command (IGFC) had difficulty deploying three additional full Iraqi Army (IA) brigades at sufficient strength to Baghdad, but compensated by pulling

units from a variety of IA divisions to provide the equivalent additional force. Since the initial deployment, the IGFC has continued to generate the required additional forces by first extending a brigade from 1 IA Division and battalions from 4 IA Division in Baghdad and then identifying and deploying a replacement brigade from 1 IA Division and battalions from 4 IA division to relieve other units by mid-June 2007. Manning levels for deploying units continue to be of concern. However, MNF-I is working with the Iraqi Ministry of Defense (MOD) to implement policies to improve present-for-duty numbers, and in the current 30-day period, for example, over 10,000 soldiers will have completed basic training and been assigned to units.

Iraq Study Group Recommendations 20 and 21 call for the Iraqi Government to shoulder a greater share of the security mission in Iraq, and ultimately take it over. Iraq Study Group Recommendation 25 calls for the Iraqi Government to establish milestones for reconciliation and improve security. Providing three trained and ready Iraqi brigades to support Baghdad operations reflects implementation of these recommendations.

Assessment: The Government of Iraq has made satisfactory progress toward providing three trained and ready Iraqi brigades to support Baghdad operations. While manning levels for the deployed Iraqi units continue to be of concern, the Iraqi Government has provided the equivalent of three additional brigades to Baghdad and has made provisions to sustain this level of effort and to address manning issues -- in addition to steadily increasing the strengths of Iraqi units already deployed in Baghdad. The progress toward this benchmark has been **satisfactory**, and the effect is **satisfactory** in that the three brigades are operating in support of Baghdad operations.

(x) Providing Iraqi commanders with all authorities to execute this plan and to make tactical and operational decisions in consultation with U.S. Commanders without political intervention to include the authority to pursue all extremists including Sunni insurgents and Shiite militias.

The Prime Minister has given Iraqi (and MNF-I) commanders the necessary authority to conduct security operations and has taken initial steps to reduce political interference in decisions on military actions. Coalition military leaders work closely with their Iraqi counterparts to plan and carry out security operations. Coalition military forces also contribute to the operation of joint security stations and provide the embedded transition teams that mentor Iraqi military and police counterparts. New Rules of Engagement for the Baghdad Operational Command have come into effect. There have been no reported instances of political interference in operations that U.S. commanders have recommended against Sunni Arab insurgents or AQI since the start of Operation Fardh al-Qanun. There have been concerns, however, about political interference (though not at the Prime Minister's level) in some operations to target Shi'a extremist networks, especially JAM. In recent engagements, particularly in some areas in southern Iraq, Iraqi forces were called upon to quell JAM-fueled violence and performed admirably. The Iraqi Army continues to be a more nationally oriented institution than the Iraqi National Police or local police forces.

ISF forces are currently fighting alongside Coalition Forces and jointly manning Joint Security Stations (JSS) throughout Iraq. In most cases, tactical commanders act on mission orders issued by their chain of command or coordinated locally with MNF-I forces. In addition, the ISF has done a reasonably good job policing its own ranks by reporting infractions and removing guilty parties.

There continues to be evidence of sectarian bias in the appointment of senior military and police commanders, which in turn gives rise to suspicions that political considerations may be behind Iraqi commanders' decisions on which operations to undertake or support. Prime Minister Maliki is willing to take action when evidence of this is clear. Seven of nine National Police Brigade Commanders and 16 battalion commanders have been relieved in the past 7 months due to concerns over sectarian activities; however, sectarian-based decisions continue to be evident through intelligence channels. There is evidence of target lists emanating from the Office of the Commander in Chief that bypassed operational commanders and directed lower-level intelligence officers and commanders to make arrests, primarily of Sunnis. Authority to make tactical and operational decisions without political interference is an issue of trust.

Iraq Study Group Recommendation 25 calls for the Iraqi Government to establish milestones for reconciliation and to improve security. This benchmark helps establish the conditions for reconciliation by pursuing non-sectarian security policies without political intervention, in line with this recommendation.

Assessment: The Government of Iraq has not made satisfactory progress toward providing Iraqi commanders with all authorities to execute this plan and to make tactical and operational decisions in consultation with U.S. Commanders without political intervention to include the authority to pursue all extremists including Sunni insurgents and Shiite militias. Iraqi and coalition forces have been given authorities to go after insurgents and militias, but there remains a negative political influence at a variety of levels with evidence of sectarian behavior. Thus, while there has been progress, it has been too uneven to warrant a satisfactory judgment at this time. MNF-I and the Embassy continue to monitor developments for evidence on the transparency of security decision-making and the degree of political or sectarian influence on security operations. We have observed a mix of positive and negative examples of civil-military relations with the current surge in operations, due largely to increased oversight and partnering relations. While progress toward this benchmark at this time is **unsatisfactory**, and the resultant effect has been negative in terms of overall perceptions of performance, this does not necessitate a revision to our current plan and strategy, under which we continue to improve Iraqi command and control capabilities, and expand our embedding and partnership with Iraqi units.

(xi) Ensuring that Iraqi Security Forces are providing even-handed enforcement of the law.

Left on their own, many ISF units still tend to gravitate to old habits of sectarianism when applying the law. The good news is that individual units have demonstrated the

ability to act as responsible partners when employed with Coalition influence, and some Iraqi commanders have demonstrated clearly that they are Iraqis first. Some Sunni residents of Baghdad continue to believe that Shi'a-dominated National Police units and, to a lesser degree, Iraqi Army units are biased against them. There have been inadequate efforts to detain some senior Ministry of Interior (MOI) officials believed responsible for human rights abuses, although 7 National Police Brigade Commanders and 16 National Police Battalion Commanders have been replaced, along with both Division Commanders. Some senior officials responsible for abuse continue to hold positions of responsibility. At lower levels, experience shows that even-handedness across the ISF is patchy with various units displaying differing degrees of even-handedness; however, a number of extremely capable and non-sectarian senior military and police leaders have emerged and are making a difference with their units.

The expansion of partnered units and embedded-training teams has increased the Coalition's ability to monitor the actions of the ISF. In Baghdad, for example, Coalition Forces and ISF have established 30 JSSs to provide an extensive permanent security presence throughout Baghdad's neighborhoods. These JSSs allow greater oversight of the ISF by Coalition Forces, which maintain 24-hour coverage throughout Baghdad in an effort to protect the city's population. An expanded use of embedded U.S. military and police advisor teams has also ensured that the ISF now receive greater exposure to modern policing techniques that are both more effective and in compliance with international human rights standards.

Assessment: The Government of Iraq has not at this time made satisfactory progress in ensuring that Iraqi Security Forces are providing even-handed enforcement of the law; however, there has been significant progress in achieving increased even-handedness through the use of coalition partnering and embedded-transition teams with Iraqi Security Force units. The presence of Coalition Forces in JSSs and Combat Outposts (COPs) has had a positive effect on ensuring a more even-handed approach, and Iraqi officials continue to communicate the importance that all terrorist organizations be targeted, regardless of their affiliation or ethnic background. ISF performance has generally been adequate, particularly when partnered with Coalition Forces. **Because we are holding the ISF to a high standard, however, the overall judgment at this time remains unsatisfactory.** This does not necessitate a revision to our current plan and strategy, under which we continue to press the Government of Iraq on these issues, improve command and control capabilities, and expand our embedding and partnership with Iraqi units.

(xii) Ensuring that, as Prime Minister Maliki was quoted by President Bush as saying, "the Baghdad Security Plan will not provide a safe haven for any outlaws, regardless of [their] sectarian or political affiliation."

The United States has surged more than 30,000 military personnel into Iraq. These forces support Operation Fardh al-Qanun in Baghdad, Anbar, and in the regions to the north and south of the capital. As noted above, Coalition Forces, in conjunction with ISF, have established and staffed JSSs in all sectors of Baghdad and are conducting joint operations

in once contentious neighborhoods, such as the Shi'a dominated Sadr City and Sunni-dominated Mansour District. There is currently only one JSS in Sadr City, though more are planned and operations have been conducted throughout Sadr City on a near-daily basis. The completion of additional JSSs throughout Baghdad should significantly increase the success of this effort.

Operations in some parts of Baghdad remain a significant challenge, though there are currently no areas of Baghdad where Coalition Forces and Iraqi Security Forces are not allowed to conduct operations. The Government of Iraq has supported operations by Iraqi and Coalition Forces targeting insurgents, militias, and terrorists across Iraq. United States diplomatic and military personnel have engaged the Iraqi Government at the highest levels to stress the importance of aggressively targeting all violent groups, regardless of sect or affiliation. The Iraqi Government has shown increased willingness to target and conduct actions against extremist groups and militias, such as Jaysh al-Mahdi Secret Cells, in order to establish a more secure environment in Baghdad.

Iraq Study Group Recommendation 25 calls for the Iraqi Government to establish milestones for reconciliation and to improve security. This benchmark helps establish the conditions for reconciliation by denying safe havens, regardless of sectarian or political affiliation, in line with this recommendation.

Assessment: The Government of Iraq has made satisfactory progress in ensuring the Baghdad Security Plan does not provide a safe haven for any outlaws, regardless of their sectarian or political affiliations. United States commanders report overall satisfaction with their ability to target any and all extremist groups. United States diplomatic and military personnel continue to engage the Iraqi Government at the highest levels to stress the importance of aggressively targeting all violent groups, regardless of sect or affiliation. Tribal elements in Diyala, Ninewa, and Salah ad Din are seeking support for tribal initiatives similar to those that have shown success in al-Anbar against AQI. Cache-finds averaging over three times last year's levels result from civilians increasingly providing intelligence leading to these discoveries, indicating an erosion of insurgent safe havens. The Government of Iraq has supported operations by Iraqi and Coalition Security forces targeting extremists across Iraq, including in Sadr City and the outer belts of Baghdad. Coalition Forces operate in these areas almost every night, though there remains one individual that Prime Minister Maliki has made the decision to delay targeting. The progress toward this benchmark has been **satisfactory**, and the effect is that the Coalition and the ISF are able to continue clearing and securing areas in and around Baghdad from which the enemy had been operating.

(xiii) Reducing the level of sectarian violence in Iraq and eliminating militia control of local security.

Though precise measurements of sectarian violence vary, trends data supplied over time by MNF-I demonstrate a decrease in sectarian violence, particularly in Baghdad, since the beginning of Operation Fardh al-Qanun. Militia activity initially decreased but staged a resurgence in mid-May before falling again in June to the lowest level in a year.

Similar trends have been observed throughout Iraq; however, it is too early to determine how sustainable they will prove to be. As part of Operation Fardh al-Qanun, Coalition Forces have established over 30 JSSs and almost 30 COPs, throughout Baghdad. These stations bring security forces into the neighborhoods and provide the Iraqi populace with a means to deliver valuable information to security forces in order to target groups that incite sectarian violence. Similar outposts have been established throughout cities and rural areas of Iraq.

The United States Government is supporting a Ministry of Interior initiative to inspect all 47 Baghdad police stations to verify station police are performing their duties to standard. This action, coupled with the expanded use of embedded U.S. military and police advisor teams, helps ensure that Iraqi Security Forces are exposed on a daily basis to modern policing techniques that are more effective and in compliance with international human rights standards. Nonetheless, the police remain the element in which progress has been slowest and in which improvement is most needed.

Militia presence is still strong and reaches into the security services of a number of ministries. Despite some progress, militias are still a dominant force in parts of Baghdad, Basrah, and many provinces in Iraq -- and will likely remain so until the security situation begins to stabilize over time. (See pages 14-15, above.)

Assessment: The Government of Iraq -- with substantial Coalition assistance -- has made satisfactory progress toward reducing sectarian violence but has shown unsatisfactory progress towards eliminating militia control of local security.

Furthermore, though sectarian violence has been reduced, it is not yet reduced to a level the Coalition judges acceptable. The effect of **unsatisfactory** progress toward eliminating militia control of local security has been negative in terms of perceptions of the authority and fairness of the Government of Iraq. However, this does not necessitate a revision to our current plan and strategy, under which we continue to press the Government of Iraq on these issues and are conducting aggressive operations with Iraqi forces to uproot the command and control of the most violent and destabilizing militia elements in Iraq.

(xiv) Establishing all of the planned joint security stations in neighborhoods across Baghdad.

Many of the planned JSS, U.S. Combat Outposts, and other patrol bases have been established across Baghdad and the surrounding area. Over 60 of these stations are located within Baghdad, and 30 more are planned. Joint Security Stations provide an around-the-clock security presence in most of Baghdad and JSSs are particularly effective as they merge Coalition technology and resolve with Iraqi presence and calming influence. There are numerous examples where Iraqi presence has facilitated a lower application of force. This increased interaction with the local population should directly contribute to reducing crime and sectarian violence, such as murders and executions.

Other stations are being established in outlying areas where interaction with the local people can have a direct impact on the reduction of violence within the city. As security conditions on the ground warrant review of the location and quantity of these stations, Coalition leaders will consult with the Baghdad Operational Commander, LTG Abboud, to determine future emplacements and additions.

Assessment: The Government of Iraq -- with substantial Coalition assistance -- has made satisfactory progress toward establishing the planned JSSs in Baghdad. As of June 16, Multinational Division-Baghdad reports 32 JSSs have achieved initial operational capability and 36 COPs have achieved initial or full operational capability. This benchmark is on track for completion at the required time. The progress toward this benchmark has been **satisfactory**, and the effects are increased control and security in the areas where these JSSs have been established.

(xv) Increasing the number of Iraqi security forces units capable of operating independently.

Coalition Forces continue the Train-and-Equip program for the Iraqi Security Forces and field advisors to the Ministries of Interior and Defense in order to build Iraqi capacity to manage and sustain forces in the field. To advance the development of the fledgling Iraqi bureaucratic processes for committing funds, we have obtained the Iraqi Government's approval to pursue many of its procurement and logistical requirements through the U.S. Foreign Military Sales program. The United States is also negotiating an Acquisition Cross Service Agreement (ACSA) with the Iraqi Government. As the security ministries increase their capacity to support and sustain Iraqi forces, Iraqi units will become more capable of operating independently. Iraq earlier this year invested \$7.3 billion for the training and equipping of its own security forces -- an impressive investment that will need time to have an impact on the ground.

There are 9 Iraqi Army divisions, 31 Brigades, and 95 battalions in the operational lead for their area of responsibility. For an Iraqi unit to be designated capable of independent operations, it must achieve an Operational Readiness Assessment (ORA) Level 1 status. There has been a slight reduction in units assessed as capable of independent operations since January 2007. This reduction is due to a 20 percent increase in unit authorization levels (meaning the equipment numbers against which the unit is measured are higher), a fixed number of equipment sets and training seats, a lack of officers and NCOs (with some provided to less capable units to help stand them up), combat losses, and the sustainment challenges that come with these dynamics. In addition, there are more Iraqi units in the field and more being moved around the battlefield. This of course increases the logistics, services, and combat multiplier (close air support and artillery support) requirements exponentially.

Ministry of Interior capacity requires continued development. The Fiscal Year 2007 Department of Defense supplemental funding request focused on key shortfalls, particularly in MOI equipment maintenance. Because the MOD is only partially

effective at managing ministry functions, the Coalition continues to assist with fielded Iraqi Army forces.

Assessment: The Iraqi Government has made unsatisfactory progress toward increasing the number of Iraqi Security Forces units capable of operating independently. Development of ISF capabilities continues to grow while the ISF increases operational tempo for Operation Fardh al-Qanun. Readiness assessments for the National Police continue to show slow but steady improvement, but we continue to have concerns about the sectarian leaning of some national police units. The effect is that the presence of Coalition partners and support remains necessary for ISF operations. This does not necessitate a revision to the current plan and strategy, however, because the plan and strategy emphasize the importance of embedded trainers and the partnering of Iraqi and Coalition units. **ISF performance has generally been adequate, particularly when units are partnered with Coalition Forces.**

(xvi) Ensuring that the rights of minority political parties in the Iraqi legislature are protected.

Article 37 of the Iraq constitution guarantees all Iraqis freedom to form and join associations and political parties. Minorities are guaranteed equal access to and participation in elections for the COR. The COR elected in December 2005 includes representatives from the Shi'a, Sunni, Kurdish, Turkmen, Chaldo-Assyrian Christian, and Yazidi communities. The Rules of Procedure for the COR guarantee the ability of its members to express their opinions, regardless of political party or affiliation, helping to ensure the full participation of all its members. COR rules permit groups as small as 10 members out of 275 to propose legislation.

The electoral system used to elect the current COR -- provincial proportional representation -- was chosen by the previous Iraqi parliament in 2005 to balance a number of factors, including the ability of women and of small minority parties to gain a share of representation. Iraqi parliamentarians and political parties are considering changes to the electoral laws, but there appears to be no effort that would adversely affect the rights of minorities.

The U.S. Mission is fully engaged with the Iraqi parliament to ensure appreciation for the concern attached by the United States to representation of women and minorities and a role for minority parties.

Assessment: The Government of Iraq has made satisfactory progress toward ensuring that the rights of minority political parties in the Iraqi legislature are protected. Minority political parties in the COR participate in COR activities in a manner consistent with minority parties in other parliamentary democracies. Women COR members work closely with each other, often across party lines. We anticipate a continued role for minorities and women in the parliament.

(xvii) Allocating and spending \$10 billion in Iraqi revenues for reconstruction projects, including delivery of essential services, on an equitable basis.

In 2006, the Iraqi Government managed to execute only 22 percent of its capital budget (an estimated \$1.35 billion of \$6.2 billion budgeted). It is worth noting that implementation and expenditure of the budget were slowed by the fact that the permanent government was not established until June 2006. A significant improvement in performance is necessary to make satisfactory progress on the 2007 benchmark. The benchmark would be fully achieved by allocating and obligating \$10 billion of investment capital during this calendar year, along with satisfactory progress on contract disbursements. As is normal in any capital budget, a portion of the funds will disburse in future years based on contract progress. While it is too soon to tell how much improvement will take place by the end of 2007, many of the problems from 2006 are being overcome. Most critical to the effort is the performance of the Ministry of Oil, with nearly 25 percent of the total capital budget; it remains unclear whether the Ministry has made any real effort to expend those funds.

True success lies not only in the percentage of the capital budget actually spent in 2007, but in the effects of spending, as the Iraqi Government seeks to establish its credibility with citizens through improved delivery of public services and tangible economic development. Moreover, adherence to and improved familiarity with the decentralized and accountable fiduciary structures introduced since the fall of Saddam will give Iraqi citizens added confidence in and a reason to support their local, regional, and national governments. The effects of this new emphasis and these new procedures are already being felt, albeit unevenly, across the country. Some ministries have developed and are implementing aggressive spending plans (such as the Ministry of Education), and several provinces (Anbar, in particular) are demonstrating their empowerment through their new spending programs. Should these successes spread across Iraq, this would mark the beginning of a new relationship between citizens and their government.

The most important change in 2007 is that all parties and all levels of Iraqi Government, from central to provincial to local, share an acute and unifying emphasis on budget execution. Unlike last year, the budget passed in February 2007 included detailed capital budgets. The Government of Iraq has established a senior-level budget execution task force (led by a Deputy Prime Minister, the Minister of Finance, and the Minister of Planning and Development Cooperation) to spur spending and improve communications between the central and provincial governments. New procedures have been enacted to expedite spending processes, such as revised procurement regulations and a rescission clause in the 2007 budget law. Budget execution officials have been provided with additional training and resources. Improvements are still needed in tracking budget performance; audited figures are generally available only 3 or more months after the end of any given spending period.

These changes have nearly tripled the ministries' rates of allocation when compared to last year at this time, though efforts must continue accelerating to make sufficient progress on this benchmark. Ministerial spending is moving ahead. The Ministry of

Finance has moved more than 21 percent of the overall ministerial capital budget to the individual ministries' capital investment accounts, which enables them to award contracts and request additional releases based on contract schedules. With respect to provinces, a majority of the 2006 budget funding was released late in December. Provinces continue to apply those funds to improving services and advancing local reconstruction priorities, while at the same time processing their 2007 budgets. Most provinces are making significant progress in capital spending, but those with security challenges are lagging. Importantly, provincial budget allocations were calculated based on population statistics, which supports the constitution's concerns with equality.

Assessment: The Iraqi Government is making satisfactory progress in allocating funds to ministries and provinces, but even if the full \$10 billion capital budget is allocated, spending units will not be able to spend all these funds by the end of 2007.

Execution of the complete 2007 capital budget is a very aggressive target for the Government of Iraq, which expects significant increases in 2007 spending following major initiatives to improve its budget execution processes. Although the trend to date is positive, sustaining progress through September to meet this benchmark at year-end requires accelerated spending and procurement activity, which are challenging tasks in the face of capacity constraints and security problems.

(xviii) Ensuring that Iraq's political authorities are not undermining or making false accusations against members of the ISF.

Iraqi authorities continue to undermine and make false accusations against ISF members. There are still several reports each month of allegations of wrongdoing against ISF members believed to be non-sectarian in their approach to security. In most cases, we are unable to assess the validity of these allegations but believe them to be untrue. It appears from anecdotal evidence that Iraqi political authorities may not be pursuing allegations even-handedly. Trumped up charges by the de-Ba'athification Commission have been used in the past to cleanse Sunni officers from formations. Questionable judicial warrants by the Office of the Commander in Chief are a more recent technique to target Sunni commanders while influential sectarian actors linked to security ministries continue to degrade formal command structures. Similarly, some Sunni politicians have made baseless claims against ISF officials, suggesting that unsubstantiated claims of sectarians can cut both ways.

Some members of the COR and Council of Ministers have publicly supported ISF leaders while behind the scenes they continue to turn a blind eye to sectarian activities. United States military and diplomatic personnel continue to engage Iraqi Government officials at the highest levels to stress the need for Iraqi political authorities to cease making baseless accusations against ISF leaders for sectarian and political gain.

Assessment: The Government of Iraq has made unsatisfactory progress in ensuring that Iraq's political authorities are not undermining or making false accusations against members of the ISF. Accusations that undermine the independence and non-sectarianism of the ISF occur and are not adequately addressed by the Government of

Iraq. The effect is at times to deny the ISF the services of qualified officers or to discourage them from operating in a professional non-sectarian manner. However, this does not necessitate a revision to the current plan and strategy, under which we continue to monitor the situation by means of our close involvement with the ISF and to press Iraqi political leaders to refrain from this behavior.