

IRAQ

UNITY

SECURITY

PROSPERITY

GOVERNANCE

RULE OF LAW

To view the
2006 Year in Review video
visit the Multi-National Force-
Iraq website at
<http://www.mnf-iraq.com>.



Ambassador
Zalmay Khalilzad

“Iraq’s people are the principal victims of this war. They want it to end.”



General
George Casey

“We will succeed in Iraq but it will take patience, courage and resolve from all of us.”

This past year has tested Iraq’s resolve, as well as that of the Coalition and other world partners. Sectarian violence, fostered by terrorist extremists and insurgents, had a profound impact on the country. In 2006, Iraq saw its most complex security and political environment ever. The transformation from decades of dictatorship to a democratically elected unity government has been challenging.

Nevertheless, advancements continue as Iraq lays its cornerstones. It is important to note that violence and progress coexist in Iraq. Despite the challenges, Iraqis have much to be proud of as they continue to push forward to achieve a legitimate, broad-based, inclusive government backed by their own security forces.

Iraq’s unity government includes lawmakers from many different sects, tribes and ethnic groups paving the way to Iraq’s future through economic, legislative and reconciliation efforts. Meanwhile, in 2006 Iraq reached its goal of 325,000 trained and equipped police and military security forces while taking control of its navy, air forces, multiple Iraqi Army Divisions, and security responsibility for three entire provinces. As Iraq’s desire for independence increases, so does the ability to accelerate the transfer of security responsibility for the remaining divisions and provinces as conditions are met.

For Iraq to meet its goals, Iraqis must commit to resolving their differences through the political process rather than violence. With continued Coalition support, the Iraqi people will continue to move forward, creating a country that can defend, sustain, and govern itself.



Governance and Unity

“I congratulate the Iraqi people on the inauguration of their country’s first-ever national unity government . . . this process has been without precedent in Iraq’s long history.”

*U.S. Ambassador Zalmay Khalilzad
Televised press conference, May 20*

Two months after 10 million Iraqis voted in October 2005 to approve their new constitution by nearly 80 percent, 12 million voted in national elections in December, filling the 275 seats of the Iraqi Council of Representatives with a representative mix of lawmakers from Iraq’s ethnic, religious and sectarian constituencies. On March 16, 2006 the 275 representatives assembled for the first time and began their four-year terms, and on April 22 elected President Jalal Talabani, Vice President Tariq al-Hashimi, and Vice President Adil Abd al-Mahdi; this group in turn selected Nouri al-Maliki as Prime Minister-designate. All of them represent Iraq’s first democratically elected executive leaders in 50 years.

Prime Minister al-Maliki and his cabinet were sworn into office May 21. The cabinet was completed June 8 with the approval and swearing-in of the Ministers of Defense, Interior and State for National Security. Prime Minister al-Maliki began outlining a national reconciliation program to reduce violence, build prosperity, and resolve political differences among Iraq’s various ethnic and sectarian groups.

The Prime Minister

Prime Minister al-Maliki announced his National Reconciliation and Dialogue Project 24-point plan to the Council of Representatives June 25. The ongoing plan is aimed at reconciling past inequities, working to move beyond sectarian divisions and establishing democratic unity through produc-

tive participation in the political process. Four reconciliation meetings were planned – of tribal leaders, civil society leaders, religious leaders, and political parties. Three have so far been held:

August 26, Baghdad: Roughly 500 tribal sheiks from across Iraq endorsed the Prime Minister’s plan, and unanimously called for an end to sectarian violence, the disbanding of militias, a delay in federalism, and de-Ba’athification reform. Unfortunately, a large percentage of these sheiks were killed in the months after these reconciliation meetings.

September 16-18, Baghdad: Some 800 civil society leaders produced recommendations for civil society and nongovernmental organizations, intended to be used as guidance during the national reconciliation process.

December 16, Baghdad: Representatives from a wide range of Iraqi political parties operating inside and outside of Iraq participated in the Political Powers Conference. They discussed and made proposals for increasing political participation by Iraqis on Iraqi issues.

The Region

Though progress has been made in tightening security along both borders, Iran and Syria continue to provide active and passive support to Iraq’s Shi’a militias and Sunni insurgents respectively, presumably as a way of weakening U.S. influ-

Iraqi Army Day

500 detainees released from ABU Ghraib

8th Iraqi Army assumes lead

JAN 6

JAN 9

JAN 15

JAN

JAN 20

JAN

JAN 26

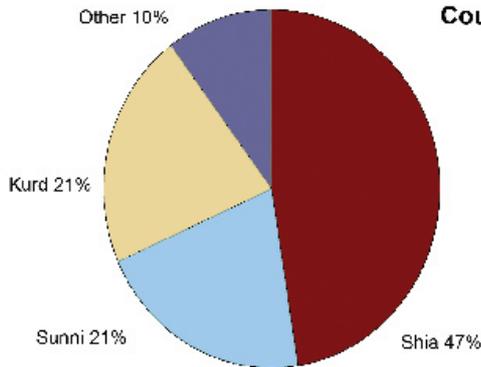
JAN

Iraqi Police 84th Anniversary

Constitutional Referendum results released

A Government for All Iraqis

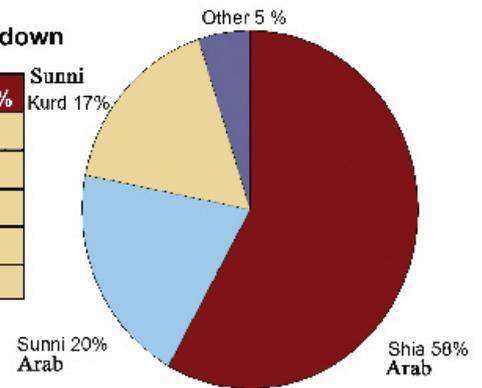
Percentage of Seats in Council of Representatives



Council Seat Distribution Breakdown

Sect	Seats	Seat %	Ethnic %
Shia	130	47%	58%
Sunni	59	21%	20%
Kurd	58	21%	17%
Other	28	10%	5%
Total		275	

Iraqi Societal Breakdown



ence in the region. Iraq’s Sunni Arab insurgency draws financial and rhetorical support from sources in Saudi Arabia.

The Government of Iraq has responded to the regional implications of its internal conflicts by seeking productive relationships with each of its neighbors. The Prime Minister visited neighboring countries of Saudi Arabia, United Arab Emirates and Kuwait in August to urge them to support his reconciliation program and invest in Iraq’s economic development, and supported Iraqi participation in the October 19-20 Religious Clerics Conference in Mecca sponsored by the Organization of the Islamic Conference. The gathering ended with 29 Sunni and Shi’a clerics signing the 10-point “Mecca Accord” aiming to reduce sectarian violence in Iraq through prohibiting the “spilling of Muslim blood.”

In November, Iraq and Syria agreed to normalize diplomatic relations, ending a 24-year period of isolation between the two countries that had begun with the Iran-Iraq war, and Iraqi President Jalal Talabani met in Tehran with Iranian President Mahmoud Ahmadinejad. Iran is also emerging as an important economic partner, providing electricity and refined oil to Iraq. Meaningful steps by Tehran and Damascus could yield tangible results. Full-scale conflict between Iraq’s Sunni Arabs and Shi’a – or a Kurdish declaration of independence from a failed government in Baghdad – threatens stability in the entire region.

The Lawmakers

The Council of Representatives (CoR) has 275 seats, roughly one for every 100,000 Iraqi citizens. Thirteen different political parties won seats in the December 2005 national elections. Women hold 66 seats.

Under Iraq’s constitution, the Prime Minister and his cabinet must have the support of two-thirds, or 184 seats, of the 275-member Council. The parties who formed the Prime Minister’s 239-seat governing coalition were the Unified Iraqi Coalition (128 seats), the Kurdish Alliance (53 seats), Tawafaq (44 seats), Iraqiyya (25 seats), The Upholders of the Message (2 seats), Iraqi Turkmen Front (1 seat), National Radifain List (1 seat). The UIC includes several prominent Shi’a parties, including the Supreme Council for the Islamic Revolution in Iraq (SCIRI), anti-American cleric Muqtada al-Sadr’s Sadr Front, and the Prime Minister’s own Islamic Da’wa Party-Iraq (both Iraqi and European).

At the end of the year, 30 Sadrist Movement members from the UIC withdrew temporarily from the CoR in protest of Prime Minister al-Maliki’s Nov. 30 meeting with President Bush but would return in late January. However, without Sadrists in attendance, the CoR was unable to achieve quorum from December 10 until the Sadrists returned.

Since the CoR began regular sessions in May 2006, the legislative body has passed several important pieces of legislation addressing Iraq’s long-term needs.

- **Fuel Import Liberalization Law:** Allows private companies to import petroleum products, thereby increasing supply and allowing prices to more accurately reflect demand. Although further liberalization may be needed, the measure could help reduce the “gray market” for refined fuels as well as the funding of criminal and terrorist activity that arises from it. The U.S. Embassy is working with the Ministry of Defense to develop helpful implementation regulations.

- **Investment Law:** A centerpiece of the Iraqi Economic Revitalization Plan. It establishes a legal and regulatory

Iraqi Navy Marine Unit assume protection for Al Basrah Oil Terminal

Samarra Mosque bombing

FEB 7

FEB

FEB 10

FEB

FEB 22

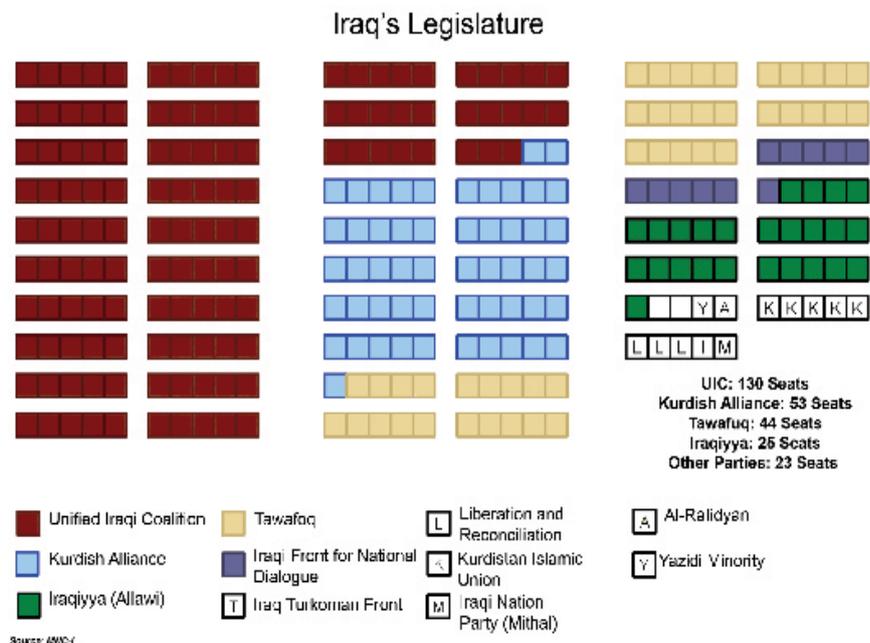
MAR 2

MAR

MAR

Constitutional Referendum results certified

3rd Brigade, 6th IA in the lead



framework for foreign investment in Iraq. The GoI has not yet issued implementing regulations. The Kurdish Regional Government passed a similar law in late July.

■ **Executive Procedures to Form Regions Law:** The Regions Law established the procedures required for a province or group of provinces to form regions, as outlined in the Constitution. Negotiations between the political parties resulted in major concessions to opposing Sunni Arab parties, including an 18-month delay in implementation (to allow for the completion of the Constitutional Review) and a requirement that 50% of registered voters participate in a regions referendum for it to be legitimate.

The CoR also established two committees concerned with reconciliation and national unity in the fall of 2006:

■ **Constitutional Review Committee.** A 29-member committee formed across party lines. The promise of constitutional review was a key element in gaining Sunni participation in the December 2005 national elections. The committee, formed under the provisions of Article 142 of the Constitution, is currently reviewing the Constitution and its recommendations are expected in early 2007. The Government of Iraq has established a goal of completing the entire Constitutional Review process (from committee elections to certification of results) by November 2007.

■ **Article 140 (Kirkuk) Oversight Committee.** The 15-member committee will monitor the implementation of Article 140 of the Iraqi Constitution, which requires a referendum

to determine the will of the people in Kirkuk and other disputed territories by December 31, 2007.

As 2006 drew to a close, CoR legislative committees were in the midst of considering several more pieces of the Prime Minister's national agenda – issues of reconciliation and national unity that could also have a positive effect on Iraq's security and economic progress.

■ **Hydrocarbon Law (Not yet submitted to CoR).** Article 111 of the Iraqi Constitution states that "oil and gas are owned by all the people of Iraq in all the regions," but the document is not explicit concerning the management of these natural resources. The Government of Iraq is working on a new Hydrocarbon Law for passage in 2007 that will provide the legal framework critical to attracting needed investment in the hydrocarbon sector.

Issues remaining on the Government of Iraq's agenda include:

■ **De-Ba'athification Reform.** Will adjust the practices and procedures of the Iraqi De-Ba'athification Commission. Details of the law have yet to be finalized, but its goals are to focus on individual accountability, allow low-level technical experts to return to government service, and ensure due process. Coalition partners and the United Nations are working with the Commission to ensure the law serves both Iraq's civil-service needs and its political reconciliation process.

■ **Provincial Election Law.** The Sunni Arab boycott of

Iraq Study Group (Baker Commission) appointed by U.S. Congress

3rd Anniversary of the Liberation of Iraq

MAR 15 MAR MAR MAR 16 MAR MAR 19 MAR MAR

Council of Representatives first meeting

“*Let’s be totally honest . . . the crisis is political and it is the politicians who must try to prevent more violence and bloodletting.*”

*Prime Minister Nouri al-Maliki
Televised press conference, Nov. 26*

provincial elections in January 2005 resulted in Shi’a and Kurdish parties dominating Iraq’s government at the local level in provinces such as Ninawa, Diyala, Kirkuk and Baghdad – even in predominantly Sunni Arab areas. Sunni Arab voters participated in far greater numbers in the October 2005 constitutional referendum and the national-level elections that followed. Provincial elections in 2007 represent an important opportunity for the Government of Iraq to advance its national reconciliation goals.

■ Flag, Emblem, and National Anthem Law. With Iraq’s flag and other national emblems seen by Kurds as relics of the brutal Saddam Hussein regime, the GoI has made creation of new national symbols part of its reconciliation program.

The Politics

Iraq’s parliamentary model of democracy, which elects political slates and coalitions rather than individual candidates with local support, is similar to that successfully used in many European countries. However, most of Iraq’s political parties are defined by ethnic and sectarian concerns. Iraq faces a challenge in building cross-sectarian, issue-based political groups. Difficulties reaching political consensus on major issues has slowed government decision-making.

Progress on Prime Minister al-Maliki’s national reconciliation program has been slowed by a range of political, ethnic, and sectarian factions that frequently pursue their own interests at the expense of Iraq’s. A number of Iraq’s politi-

cians maintain or remain aligned with militias, sponsoring violence and crime as a way of increasing their leverage in the political arena. Prime Minister al-Maliki has committed to cracking down on the militias that claim to provide needed security but impede the Government of Iraq’s own security efforts.

At the end of 2006, Prime Minister al-Maliki seemed to be nearing a confrontation with the forces challenging his

government’s credibility. On November 26, as Baghdad lay under temporary curfew in the wake of a series of car bombings in Sadr City that killed more than 200 Iraqis, he made another call for unity, singling out for the first time not just militias directly involved in violence, but his colleagues in government.

“Let’s be totally honest,” the Prime Minister said at a televised news conference. “The security situation is a reflection of political disagreement. The ones who can stop a further deterioration and the bloodshed are the politicians.”

During 2006, the U.S. Department of State and MNF-I continued to facilitate dialogue

between Iraq’s opposing factions, and to help government ministries build their capacity to carry out political decisions. But in a year when Iraqis took political ownership of Iraq and its government, the focus of Iraq’s Coalition allies turned more toward helping the Government of Iraq build well-trained, loyal, effective and self-sustaining Iraqi Security Forces.

Accomplishments and Agenda

- ✓ Fuel Liberalization Law
- ✓ Investment Law
- ✓ Executive Procedures to Form Regions Law
- ✓ Constitutional Review Committee
- ✓ Article 140 (Kirkuk) Oversight Committee
- Hydrocarbon Law
- De-Ba’athification Law
- Provincial Election Law
- Flag, Emblem and National Anthem Law

Provincial Reconstruction Team (PRT) Inauguration

MAR 26

MAR

MAR 30

APR

APR

APR 15

APR

APR

Iraqi Transitional Govt. Donors Conference, Erbil

COR Elects Presidency Council

Security

“We’ve seen the nature of the conflict evolving from what was an insurgency against us to a struggle for the division of political and economic power among the Iraqis.”

*Gen. George G. Casey
Commanding general,
Multinational Forces Iraq
Televised press conference, Oct. 23*



Since the December 2005 elections, the nature of the conflict in Iraq has evolved from what was largely an extremist Sunni insurgency against Coalition Forces to a struggle for the division of political and economic power among Iraqis. With the February 22 bombing of al-Askariy mosque in Samarra and the cycle of reprisals that followed, that conflict between Sunni and Shi’ia extremists further intensified and became the primary security threat to Iraq’s stability. The Government of Iraq later blamed Al Qaeda in Iraq leader Abu Musab al-Zarqawi for the bombing. The country now faced not only an insurgency that largely targeted foreign troops, but an internal sectarian fight whose combatants increasingly targeted innocent Iraqis in an attempt to derail the Government of Iraq’s attempts to build a unified, prosperous nation.

Although exact numbers are impossible to verify, and published estimates often vary widely, compilations of reports by Multinational Corps-Iraq (MNC-I) response teams indicate that during the February-May period of government transition, average daily casualties rose by approximately one-third from the previous year, and have risen by another third or more since the Maliki government took office on May 20. Thousands of Iraqis died during 2006 in car bombings, executions and attacks on Iraqi Security Forces and other government institutions, and at the end of 2006 the human toll of Iraq’s struggle with anti-government forces showed little sign of easing.

The nationwide security picture is complex. In the August-November period of 2006, for example, 78 percent of at-

tacks against civilians and security forces occurred in Iraq’s four central provinces – Anbar, Salah ah Din, Diyala and Baghdad – which are home to 37 percent of Iraq’s population. And even in those areas, the nature of the conflict varied from place to place.

The Trouble Spots

Sectarian violence is largely absent from Anbar Province, where attacks – primarily via IEDs and snipers -- are conducted against Coalition and Iraqi Security Forces by the Sunni resistance, well-armed with military weaponry and munitions recovered from abandoned stockpiles of Saddam’s regime.

The Sunni resistance, a decentralized mix of groups including the New Ba’ath Party, the 1920 Revolutionary Brigade and Jaysh Muhammad, seeks to to the old regime under Saddam Hussein. Specifically, the resistance seeks: increased security in their areas, a timetable for Coalition troop withdrawals, disarmament of Shi’a militias, an end to de-Bathification and amnesty for their fighters.

The resistance views Iraq’s current unity government as a puppet state of U.S. and Coalition forces. Early de-Ba’athification actions such as the disbanding of the former Iraqi Army and the purging of party officials from government service has increased these groups’ fear of persecution under Iraq’s new leadership. The killings of Sunnis by death squads in Baghdad have intensified it further.

PM Nouri al-Maliki nominated as Prime Minister of Iraq

Rebuild Iraq Conference, Amman, Jordan

APR 22

MAY

MAY 3

MAY

MAY 8-11

MAY 15

MAY

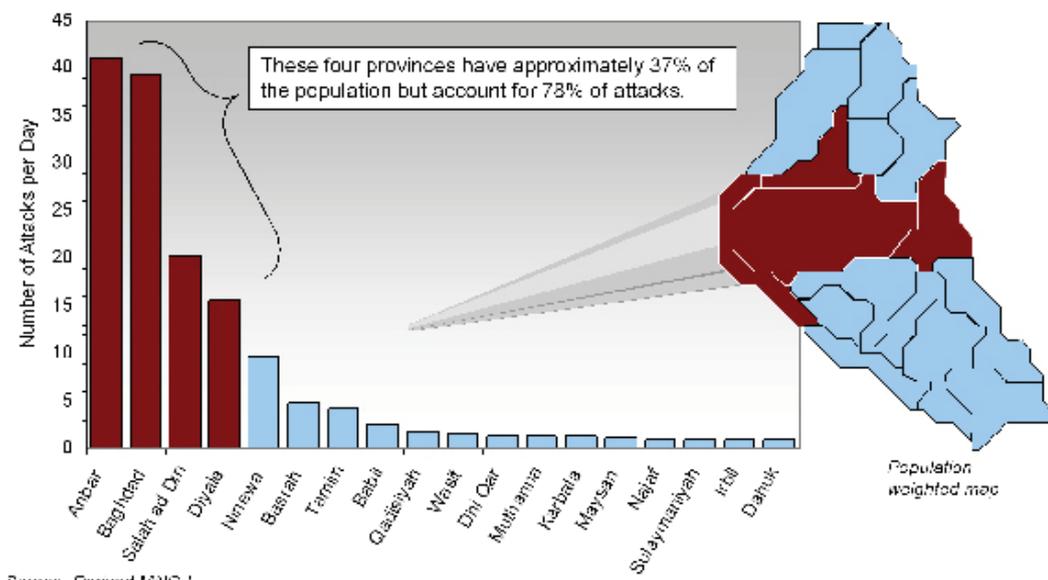
MAY

Iraqi Ground Forces Command Control Center opens

2nd Brigade, Ninth Iraqi Division in the lead

A Complex Security Picture

Total Attacks by Province 12 Aug 06-10 Nov 06 Rank Ordered by Number of Attacks



Source: Derived MNC-1

Adding fuel to the Sunni-Shi'a conflict – and continuing to necessitate an aggressive Coalition Forces presence in the province – are the Sunni terrorists, primarily Al-Qaeda in Iraq, the affiliated Mujahadeen Shura Council, and to a lesser degree, the indigenous Ansar al-Sunnah. Al-Qaeda in Iraq was led by Jordanian-born Abu Musab al-Zarqawi until his death at the hands of Coalition Forces in June, and is now headed by Egyptian-born Abu Ayub al-Masri. The group is motivated by an extremist Muslim ideology and is dedicated to the creation of what they consider an Islamic Caliphate in Iraq. Toward that end, Al Qaeda in Iraq and its allies seek to destabilize Iraq while establishing an Afghanistan-style base of operations in Anbar.

Al Qaeda in Iraq's ranks and weapons stockpiles continue to be replenished by smuggling foreign fighters and munitions across Iraq's border with Syria to the west. Although the organization continues to recruit Iraqis to its cause, foreign fighters are thought to conduct the majority of suicide attacks. Al-Qaeda in Iraq's primary tactic is to spark sectarian reprisals with large-scale attacks on Shi'a neighborhoods and institutions, such as February's al-Askariy mosque bombing and November's coordinated attacks in Sadr City.

In Diyala and Salah ah Din provinces, the primary conflict is a sectarian one between al-Qaeda in Iraq and Jaysh al-Mahdi (JAM, or the Mahdi Army) for power, territory and influence in the strategically important regions just north

and west of Baghdad.

Baghdad, Iraq's cultural, commercial and political capital, remains the main stage on which these overlapping conflicts play out. Many of the city's neighborhoods are mixed, and a large contingent of poor, uneducated members of the Mahdi Army reside in Sadr City in the northeast corner of the city.

In Baghdad, particularly in the wake of the February al-Askariy attack, large-scale attacks by terrorists by death squads actively increased, whose torture and killing of residents generated further retaliatory killings. The infiltration of some Government of Iraq institutions by these groups have damaged the credibility of the Government of Iraq, particularly with Sunni residents.

In August, Prime Minister al-Maliki and the Coalition launched the Baghdad Security Plan Phase II, recognizing the importance of Baghdad to Iraq's overall stability and to the legitimacy of the new Iraqi Government. The effort was part of the Government of Iraq's overall political, martial and economic effort at pacifying the city, "Operation Together Forward."

Employing neighborhood-by-neighborhood "cordon-and search" security sweeps by joint teams of U.S. and Iraqi forces, the Baghdad Security Plan sought to clear Baghdad's worst neighborhoods of weapons caches and insurgents

World Bank announces plan to strengthen Iraq presence

Mass detainee release in support of GOI Unity and Reconciliation

MAY 16

MAY

MAY 21

JUN

JUN 1-30

JUN 1

JUN

JUN

PM Maliki and Council Ministers sworn in

UN Peace Accord Initiative Meeting, Baghdad

– and bolster residents’ confidence in their government’s ability and willingness to provide a security presence. Reconstruction efforts were also coordinated with the plan’s path around the city, part of an overall strategy known as “clear, protect, build.”

Initially, the sweeps were a success. Violence levels in cleared neighborhoods dropped significantly in the weeks after clearing operations were completed in certain neighborhoods, and local residents expressed increased confidence in the security situation. However, the “protect” phase of the “clear, protect, build” sequence proved difficult to

fighting between rival Shi’a factions and attacks on Coalition Forces still operating there. Such violence has not approached the levels seen in Anbar or Baghdad, however, and government institutions – including Iraqi Security Forces – have demonstrated some effectiveness in maintaining security there. However, Iraq’s main rival Shi’a militias, the Sadr-affiliated Mahdi Army and the SCIRI-affiliated Badr Corps, dominate many parts of Iraq’s southern provinces, and there is a high potential for serious future outbreaks of violence between them.

Major, ethnically diverse cities such as Mosul in Ninawa

“*Most of the deaths, most of the violence is within a 30-mile radius of Baghdad as well as Anbar province . . . a lot of the country is moving along positively.*”

*President George W. Bush
Televised press conference, Dec. 20*

maintain. Often learning of operations before they occurred, insurgents and death squad members concealed caches and moved to other neighborhoods, then returned to cleared areas when the focus of security operations moved elsewhere.

By the end of 2006, MNF-I and the Government of Iraq had begun to formulate tactical adjustments to the Baghdad Security Plan, planning a new phase of the effort for January. Security operations by Iraqi and Coalition Forces coupled with economic reconstruction efforts will continue in 2007 as part of the overall effort to improve stability and reduce sectarian violence in the city that has proven to be its primary flashpoint.

Areas of Calm

The three Kurdish provinces to the north of Dahuk, Arbil, and Sulaymaniyah are largely ethnically homogenous, and have been free from Saddam’s suppressive influence since U.S. forces began enforcing a no-fly zone after the 1991 Gulf War. In the late 1990s two rival Kurdish political parties were able to resolve an often-violent political conflict and form a unity government. In 2006 the region was largely peaceful and experienced significant economic growth.

Likewise, the southern provinces of Muthana, Karbala, Maysan and Najaf are occasionally host to outbreaks of

province and Kirkuk in Tamim province continue to face incidents of ethnic or sectarian violence. Kirkuk and Mosul have seen conflicts between Arab and Kurdish constituents, and oil-rich Kirkuk in particular will likely be a source of conflict as its ethnically diverse population jostles for political power ahead of a planned 2007 census and continuing Kurdish desires to include the city in their region.

Building Iraqi Forces

Since the inauguration of the Iraqi government, MNF-I forces remain in Iraq at the behest of its leaders. Coalition forces are committed to supplementing Iraqi Security Forces in ongoing operations – and striking at Al-Qaeda in Iraq in particular -- but increasingly are focused on helping build and train the ISF with the eventual goal of leaving Iraq able to secure its streets, its borders and its citizenry without Coalition help.

Assisting the Iraqi government in generating capable Iraqi Security Forces is Multi-National Security Transition Command-Iraq (MNSTC-I). Their mission includes building and sustaining the forces and institutional capabilities of the Ministry of Defense (which oversees the Iraqi Army, Navy and Air Force) and the Ministry of Interior, which is responsible for Iraq’s police and other internal security forces. MNSTC-I is also planning its transformation to an

Al-Qaeda in Iraq leader
Abu Masab al-Zarqawi killed

President Bush meets
with PM Maliki in Baghdad

9th IA Division in the lead

JUN 7

JUN 8

JUN 13

JUN 14

JUN 19

JUN 25

JUN

JUN

Completion of Iraqi Cabinet

Operation Together Forward launched

PM Maliki announces his 24-point plan

Office of Security Cooperation as an enduring organization to assist the ISF as it develops its capacity and professionalism.

In 2006, MNSTC-I made significant strides in force generation for all components of the Iraqi Security Forces. Particular emphasis was placed on the building of needed support forces and logistics systems that will aid the ISF in becoming self-sustaining in the future.

The Iraqi Army

■ **Training:** The Iraqi Army, which even under Saddam Hussein was lacking in effectiveness and discipline, has been rebuilt from scratch after its official dissolution by order of the Coalition Provisional Authority on May 23, 2003. The first 1,000 of the Army's new recruits began training August 2 of that year. In 2006, manpower in the Iraqi Army, Navy and Air Force grew by roughly a third, and increases in logistics and equipment were also substantial.

Coalition Military Assistance Training Teams (CMATTs) have overseen the development and operation of 20 Iraqi Army Institutional Training schools and other training institutions. Four Iraqi Military Academies, at Ar Rustimayah, Zahko, Quachalon, and Tallil conduct 12-month commissioning courses for new entrants to the Iraqi Army's officer corps. The academies also conduct shorter Former Officer and Former Cadet courses for former Iraqi Army officers who will be included in the new Iraqi Army. At the end of 2006, the four academies had 3,150 future officers currently in training.

Also in 2006, the Iraqi Army Support and Services Institute graduated 4,291 soldiers in various supply and logistics specialties. The Iraqi Army Medical Courses graduated 1,966 medics, and the Iraqi Signal School graduated 678 soldiers in radio operation and procedures. The Iraqi Engineer

Iraqi Military

	<u>Dec 2005</u>	<u>Dec 2006</u>
Iraqi Army	91,067	118,532
IA Support Forces	8,638	12,671
IA Special Operations	1,447	1,523
Air Force	253	884
Navy	794	1,135
Ten Percent manning increase	0	1,038
Total	102,199	135,783

Military Units Formed in the Fight:

	<u>Dec 2005</u>	<u>Dec 2006</u>
Iraqi Army Combat Battalions	98	110
Strategic Infrastructure Battalions	4	12
Special Operations Battalions	2	3
Air Force Squadrons	3	5
Navy Squadrons	2	4

Additional Logistic Enablers

	<u>Dec 2005</u>	<u>Dec 2006</u>
Regional Support Units	0	5
Garrison Support Units	0	80
Motor Transport Regiments	0	9
Logistics Support Battalions	0	4

Iraqi Police

	<u>Dec 2005</u>	<u>Dec 2006</u>
Police	73,453	135,000*
Border Enforcement	17,699	28,360*
National Police	19,664	24,400
National Forensics	0	3,850
Total	110,816	167,210

*indicates 100% filled of authorized strength

Source: Multinational Transitional Corps Iraq

School also graduated 1,130 new combat engineers, heavy equipment operators and engineer officers.

The training of 18,000 replacements and 12,000 additional soldiers became a focus in 2006, as the Army suffered losses and attrition during sustained fighting throughout the country. To this end, eight training centers were enhanced to support an influx of soldiers training over five-week periods. By the end of 2006, this initiative was 20 percent complete.

■ **Equipment:** The arming and equipping of Iraqi Army forces is essential to combat well-armed insurgents. The

Transfer of Sovereignty anniversary

JUN 28

JUN 30

JUL

5th IA Division in the lead

JUL 3

JUL 13

Iraq Republic Day

JUL 14

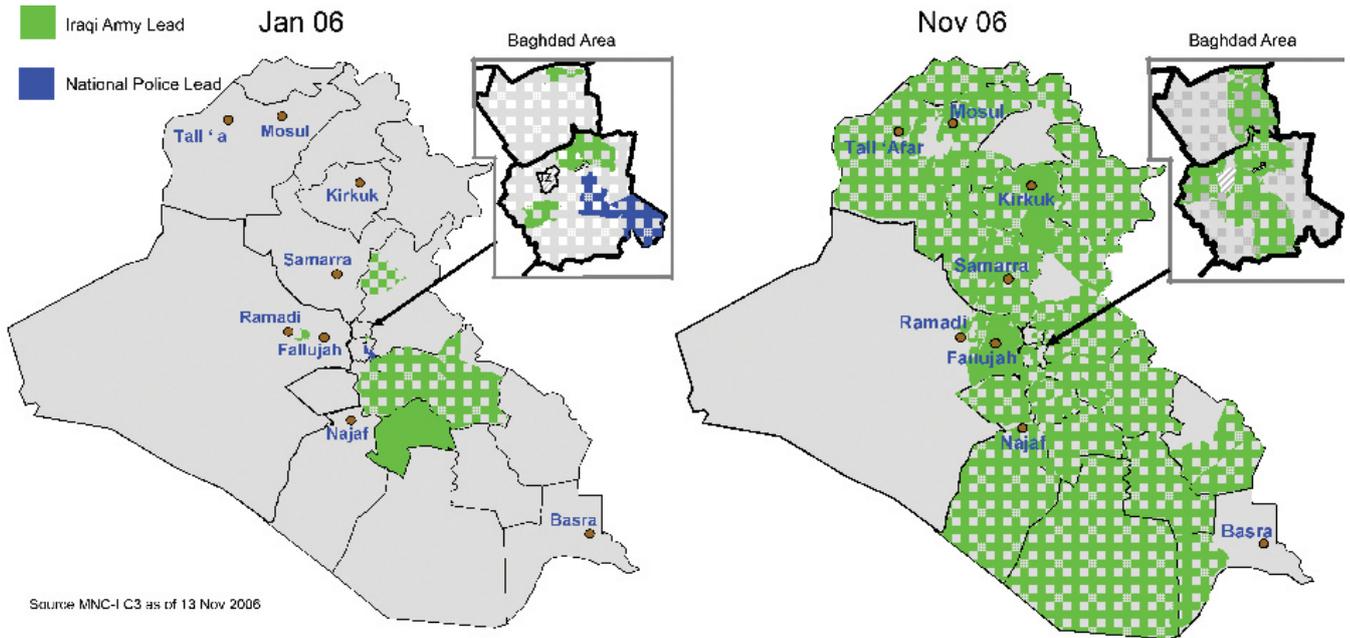
JUL

JUL

Anniversary of the Revolt against British rule in Iraq

Muthanna Province Provincial Iraqi Control (PIC)

Iraq Taking the Lead



From January to November, the Iraqi Army went from one division headquarters in the lead to six, from eight brigade headquarters to 30 and from 37 battalions to 91.

Iraqi Army began 2006 with 63 percent of its authorized required equipment. During the year, MNSTC-I brought the Iraqi Army to 100 percent of its operational requirement by purchasing more than \$958 million of weapons, vehicles, and Operational Combat Individual Equipment. In all, CMATTs issued more than 97,433 weapons, 7,502 vehicles and 361,704 pieces of clothing and equipment.

■ **Infrastructure:** The Iraq Army had 34.1 percent of its judged basing, barracks and other infrastructure requirements at the start of 2006. At year's end, after \$510 million in projects, completed infrastructure stood at 39 percent.

Iraqi Police

■ **Training:** MNSTC-I maintains 177 Police Transition Teams (PTTs) that assist in the development of Iraqi Police forces at provincial headquarters, district-level headquarters, and police stations in the key cities. The PTTs travel to assigned stations to mentor the Iraqi Police and conduct joint patrols with their Iraqi counterparts. For the National Police, 39 National Police Transition Teams (NPTTs) are similarly embedded with Iraq's National Police forces to mentor, coach and advise. The presence of Transition Teams on ISF operations also serves to bolster the credibility of Iraqi forces with local residents.

As of mid-November, approximately 34,500 police recruits

had graduated from 10-week basic training courses in 2006. An additional 13,500 police with prior experience completed a three-week Transitional Integration Program. More than 26,000 National Police and 28,500 Border Enforcement personnel were also trained and equipped during MNF-I's "Year of the Police."

The Bomb Disposal School completed training for the seven IP departments with IED response teams, or bomb squads – a vital skill in the current security environment – graduating 528 specialists in 2006. The Military Police School (MPS), which trains both Military Policemen and Corrections Specialists, graduated 2,541 officers in 2006.

■ **Equipment:** More than 351,000 pieces of equipment – 270,000 weapons, 68,100 radios and 12,800 vehicles – were supplied in 2006 to IP and NP units stationed in Iraq's nine key cities. In all, the Iraq Civil Security Forces – the IP, NP, Border Enforcement and Dignitary Protection forces that fall under the Ministry of Interior -- began 2006 with 25 percent of their weapons requirements, 43 percent of OCIE and 34 percent of vehicle requirements met. They will end the year with 85 percent of their weapons, 65 percent of their OCIE, and 85 percent of their vehicles.

■ **Infrastructure:** MNSTC-I also completed \$660 million in construction projects for the MOI, including 103 police stations and 74 border forts.

Informal launch of the International Compact

PM Maliki addresses the U.S. Congress

JUL 19-21

JUL

JUL 25

JUL

JUL 26

AUG 1

AUG

AUG

PM Maliki visits the White House

COR in recess for one month

Accelerating Toward Self-Reliance

At the start of 2006, only 29 percent of Iraqi Army units – one IA division, eight brigades, and 37 battalions – were “in the lead”; that is, responsible for their own area of operations and capable of effectively conducting their own counter-insurgency operations. As of December, 80 percent met that standard – 8 IA division HQs, 31 brigades, and 92 battalions. Additionally, 25 Forward Operating Bases (FOBs) formerly used by Coalition Forces were transferred back to the Government of Iraq during the year, along with \$9.6M in Foreign Excess Personal Property (FEPP).

The Iraqi Security Forces conducted approximately 7,000

In July, the southern province of Muthana became the first of Iraq’s 18 provinces to be wholly transferred to Iraqi control in an official change-of-hands dubbed PIC – Provincial Iraqi Control. The process officially places all local security units assigned to the province into a chain of command running from the provincial governor to the Prime Minister, and reduces Coalition presence to a small “overwatch” force – out of sight but available if needed. Dhi Qar province followed in September and An Najaf in December. To date, the area’s overwatch force – a contingent of Australians at a central location to the three neighboring provinces – has not been called into action.

In August the efforts of a high-level Military Transition

“My plan, and his plan, is to accelerate the Iraqis’ responsibility.”

President George W. Bush, of Maliki, Televised press conference, Nov. 30

counterinsurgency, border control and infrastructure security operations without Coalition assistance during 2006. Coalition Forces conducted approximately 4,000 such operations. The two forces conducted some 12,000 additional operations together – joint operations and patrols designed not only to increase the proficiency of the Iraqi Army and Iraqi Police but to win them the trust of the local population.

Both fledgling services are still learning the disciplines of combat and logistics and are challenged by influxes of new recruits. As they have increasingly taken the lead in operations, Iraqi Security Forces suffered roughly three times the casualties of Coalition Forces on the battlefield.

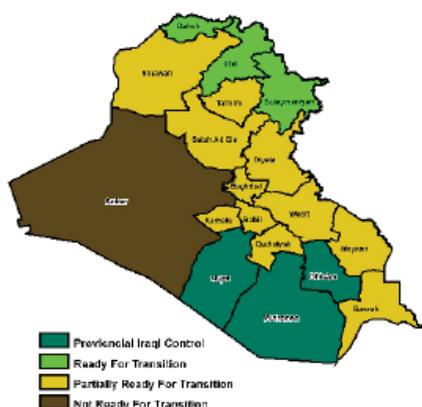
Team came to fruition with the activation of the first Corps-level ISF command – the Iraqi Ground Forces Command (IGFC). By December, the IGFC had assumed nominal control of the First, Fourth, Fifth, Sixth, Eighth, and Ninth Iraqi Army Divisions, although command-and-control issues have surfaced.

At a joint press conference with Prime Minister al-Maliki on Nov. 30 in Amman, Jordan, U.S. President George W. Bush said that the two leaders had “agreed on the importance of speeding up the training of Iraqi security forces. Our goal is to ensure that the Prime Minister has more capable forces under his control so his government can fight the terrorists and the death squads, and provide security and stability in his country.”

“Part of the Prime Minister’s frustration,” President Bush added, “is that he doesn’t have the tools necessary to take care of those who break the law.”

MNF-I now plans to transfer all of Iraq’s 18 provinces by fall 2007, with Coalition forces moving into “overwatch” and training roles. Currently, some 4,000 of the approximately 160,000 Coalition troops in Iraq are devoted exclusively to training Iraqi Security Forces. In 2007 that number will increase to about 40,000, embedding with Iraqi units and assisting in their tactical and logistical maturation. Remaining Coalition combat units will increasingly devote themselves to targeting Al Qaeda in Iraq. Accordingly, MNF-I has dubbed 2007 the “Year of Transition.”

Provincial Security transition Assessment as of 31 December 2006



IMF completes 1st and 2nd quarter review of Iraq’s performance

Iraqi Military Academy Basic Officer Commissioning Course first graduation

AUG 3

AUG 7

AUG

AUG 8

AUG 17

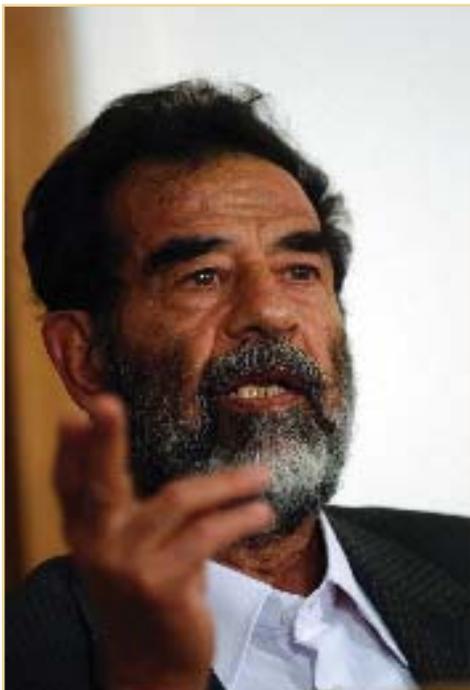
AUG

AUG

AUG

Operation Together Forward (Phase 2) begins

4th IA in the lead



Rule of Law

“There are criminals, there are people who are breaking the law, but the steel strength of the national unity government would help us face those who are breaking the law, or those who are trying to take down democracy in Iraq.”

*Prime Minister Nouri al-Maliki
Televised press conference, Nov. 30*

Since the 2003 toppling of the Saddam Hussein regime, the criminals most threatening to Iraq’s democracy have been the insurgents and sectarian murderers attempting to subvert the current government. The Central Criminal Court of Iraq (CCCI), since its April 2004 reorganization, has held 1,740 trials for apprehended insurgents, resulting in the conviction of 1,501 security detainees. Security detainees were convicted of various crimes including kidnapping, possession of illegal weapons, forging passports, joining armed groups and illegal border crossing. The proceedings have resulted in sentences ranging from six months’ imprisonment to death.

Iraq’s legal system faces a continuing challenge to increase its capacity to hold and process suspects and weigh evidence in criminal cases at the CCCI level. Threats against judges and lawyers have affected the court’s ability to dispense justice. Mass detainee releases, short jail terms, and a lack of evidence have resulted in instances of Coalition Forces being attacked anew by released or acquitted detainees. MNF-I continues to train the Iraqi Police in forensics and evidence collection.

The Iraqi Ministry of Justice took control of the twice-infamous Abu Ghraib prison September 1, effectively ending detainee operations there. Detainees were moved to the renovated Camp Cropper in Baghdad. On September 20, MNF-I signed ownership of the Fort Suse Theater Internment Facility over to the Ministry of Justice’s Iraqi Corrections Service. The U.S. Department of Justice and its International Civilian Police Assistance Training Program, which trained more than 1,000 Iraqi corrections officers during the year, is helping integrate Fort Suse into the Iraqi corrections system. More prison facilities are under construction.

Combatting a Culture of Corruption

In June, the Iraqi courts issued arrest warrants against 57 members of the police force charged with torturing hundreds of detainees at a prison in eastern Baghdad. It was the first time the Iraqi government had filed charges against members of the police amidst ongoing accusations of corruption and human rights violations. The Minister of Interior sanctioned the majority of these warrants on November 7, though he has not yet ordered the arrests. MNF-I continues to support the GoI’s joint detention facility inspection team, working with Iraqis to ensure their detention facilities are examples of justice.

At the national level, in 2006 Transparency International ranked Iraq’s government as the world’s second-most corrupt, behind Haiti’s. The Saddam Hussein regime fostered a culture of greed, graft and bribery that runs deep in Iraqis’ relationship with their officials. Those problems have worsened as militias, insurgents, terrorists and common criminals continue to fill the power gap between the constitutional reach of Iraq’s government and its practical grasp. U.S. government experts and Coalition Forces continued in 2006 to help the Government of Iraq build its capacity to reduce corruption and confront lawlessness in all its forms.

The Iraqi Inspector General (IG) system was instituted by the CPA in 2004 to help combat fraud, waste and abuse in the Iraqi government. It continues to be a critical component of a broader anti-corruption program. Working with the Iraqi Commission on Public Integrity (CPI) and Board of Supreme Audit (BSA), Iraqi IGs have conducted thousands of audits, inspections and investigations, and processed thousands more

Tribal Leader Conference issues a 21-point communique

8th Iraqi Army first Iraqi Division to operate independently

AUG 26

SEP

SEP 1

SEP 3

SEP 3

SEP

SEP 6

SEP

Abu Ghraib transferred to Iraqi MOJ

COR reconvenes

Fuel Import Liberalization Law passed by Iraq’s COR

Justice in Iraqi Hands

complaints of human rights violations. In August, Prime Minister al-Maliki appointed a Ministerial Inspector General to oversee the activities of the CPI, BSA and Iraqi IG offices.

There is still a need for further training and development of the Iraqi IGs and CPI. Created within the last three years, these entities represent a new concept within the Iraqi Government. Efforts have begun to better integrate these oversight bodies to mitigate any unwanted effects of aggressive enforcement on budget and contract execution in the various Ministries.

Approximately half of Iraqi Army units and the majority of Iraqi Police units are comprised of forces recruited locally. This has led to infiltration by militia members and sectarian extremists, and discipline problems within Army units that are then ordered to serve elsewhere. In Baghdad, Iraqi Police have been accused of both complicity in sectarian violence – letting death squads pass through checkpoints – and participation,

The End of Saddam

The most visible test of Iraq's justice system 2006 was the trying in court of its former leadership. Saddam Hussein's first trial began in October 2005 with the former dictator and seven other defendants accused of crimes against humanity resulting in the deaths of hundreds of Shi'a in the southern village of Dujail after a failed assassination attempt there in 1982. A second and separate trial began in August 2006, with Saddam and six co-defendants accused of genocide during the Anfal military campaign against the Kurds of northern Iraq.

Saddam asserted in his defense that he had been unlawfully overthrown and was still the president of Iraq. He initially refused to recognize the legitimacy of the court and boycotted the trial at several points. After his sentencing, however, he turned to the Iraqi judicial system's appeals process for redress. The trials were generally regarded as meeting

“Iraqis are moving from the law of the gun to the rule of law.”

*Maj. Gen. William B. Caldwell IV
Multinational Forces Iraq spokesman,
to the Washington Post, Dec. 6*

and U.S.-issued uniforms and weapons have wound up on the black market. A new, difficult-to-counterfeit police uniform, with an individual serial number linked to the officer who wears it, is currently in production, and attempts to increase accountability for U.S.-issued weapons are also underway.

Training programs and attempts to weed out disloyal or corrupt officers are ongoing, and Minister of Interior Jawad al-Bolani's response to instances of corruption has been encouraging. In October the ministry pulled the ill-reputed 8th Brigade of the 2nd National Police Division offline, put the unit through re-training and replaced its entire leadership. It also announced that it had fired 3,000 employees since May for their ties to militias. Some are being criminally charged.

Further establishment of the Rule of Law will be important to Iraq's progress in effective governance, increased security and growing prosperity. Under the current circumstances, insurgents and death squads are able to fund their attacks with criminal activities ranging from stolen oil to kidnappings and extortion. Corruption within the government undermines its credibility with Iraqi citizens. With a publicly approved Constitution and popularly elected government in place, the U.S. Department of State and MNF-I continues to help the Government of Iraq build the capacity and the self-policing mechanisms to build legitimacy with the Iraqi people.

international standards of fairness and due process.

On November 5, Saddam was sentenced to death by hanging for his role in the Dujail killings. An appeals court upheld the sentence, and on December 29 U.S. forces turned the former dictator over to the Government of Iraq. Just before dawn on December 30, the sentence was carried out. While the official Government of Iraq video depicted a muted occasion, a surreptitious cell-phone recording of the hanging would reveal that guards present taunted the dictator with chants of “Muqtada, Muqtada” and celebrated as the trapdoor opened.

“The Execution of Saddam is the end of all losing bets on the return of the dictatorship and the one-party regime,” wrote Prime Minister al-Maliki in a December 30 *Letter to the Iraqi People*. “The removal, distinction and marginalizing policy, which Iraq suffered with for 35 years and drove it to reckless wars in which thousands of innocent people died and brought Iraq backwards, has gone forever.”

Though trials relating to the Anfal campaign and other crimes committed by the Saddam Hussein regime continue, the last days of 2006 seemed to be the final chapter in the significance of Saddam Hussein's life – even as the manner of his execution by Iraq's new government threatened to cast a sectarian shadow over 2007.

Prime Minister Maliki signed Executive Order CPA 67 OPCON relationship between MNF-I/MNC-I and IAF units once they come under IJHQ OPCON

UAE hosts preparatory meeting for the International Compact with Iraq

SEP 6

SEP 7

SEP

SEP

SEP 7

SEP 10

SEP

SEP

Iraqi Joint Headquarters assumes OPCON of Iraqi Ground Forces Command

IGFC assumes OPCON of 8th IA



Prosperity

“The future looks brighter.”

AlHerman, Chief Electricity Sector, Iraq Reconstruction Management Office

By some measures, Iraqis’ prosperity has already grown significantly since the fall of Saddam Hussein. More Iraqis own cars, air conditioners, cell phones and satellite dishes than ever before. Demand for electricity has doubled since 2003. Per capita Gross Domestic Product, according to estimates by the International Monetary Fund, has grown in the past three years from \$949 in 2004 to an estimated \$1,237 in 2005 to a projected \$1,635 in 2006. The Government of Iraq is engaged in creating a new legal framework for economic growth with passage of the Investment Law and the Fuel Import Liberalization Law. But Iraq’s bright economic prospects – and Iraqis’ sense of a “stake” in the success of their government -- remain severely constrained by the limitations imposed by the high levels of violence and Iraq’s antiquated infrastructure.

Electricity

Iraq’s electrical system has not had significant re-investment in 20 years. The World Bank has conservatively estimated that generating 24 hours’ worth of power – and sending it through Iraq’s transmission and distribution network to its homes and businesses – will take a multi-year investment of \$20 billion. The United States, through agencies such as the Army Corps of Engineers Gulf Region Division, the Iraq Reconstruction Management Office, and U.S. Agency for International Development (USAID), has invested \$4 billion, enough only to “kick-start” a system degraded by decades of sanctions and neglect, and set back further by the widespread looting that followed the Saddam Hussein

regime’s 2003 collapse.

Under the former regime, Baghdad got 24 hours of free electricity daily, while large parts of the rest of the country received none. Since beginning electricity-sector reconstruction in 2003 – and finding the nation’s system in even worse condition than expected – the U.S. reconstruction effort has focused on distributing power more equitably.

By the end of 2006, the U.S. Corps Army of Engineers’ Gulf Region Division had started 520 electricity-related projects and completed 220 of them. The peak generation output of Iraq’s nationwide network is now 4,500 megawatts – well short of Iraq’s potential “nameplate output” of 8,100 megawatts, but higher than the pre-war levels of 4,200 megawatts. It is much better-distributed by much better equipment. The area outside of Baghdad now averages some 12-14 hours of power per day.

In Baghdad, electricity levels hit an all-time low of less than 5 hours per day in October. That had less to do with repairs and refurbishment than security. Interdiction by insurgents brought down nine transmission lines pulling power into the city. Had the attacks not happened, Baghdad residents would have enjoyed in excess of 12 hours of power daily. Insurgents continue to find the long rows of transmission towers to be favorite targets – as well as crews that come to make repairs. The Ministry of Electricity estimates that acts of sabotage have cost the country 1,000 megawatts of generation in 2006. And in one 40-day period from late

Erbil International Exhibition

IGFC assumes OPCON of 4th IA

SEP 14-17

SEP 16-17

SEP

SEP

SEP 18

SEP 20

SEP

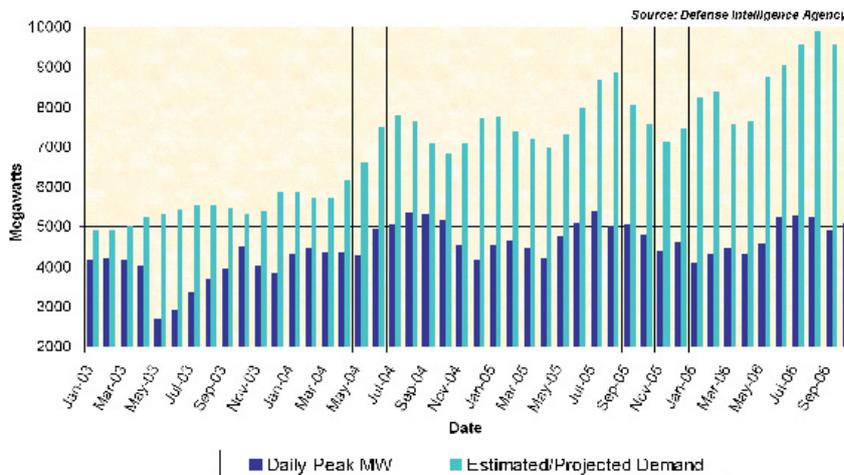
SEP

Civil Society Conference issues 11 declarations/recommendations

Ft. Suse transferred to Iraqi MOJ

Tapping Iraq's Wealth

**Iraq Electric Power Production and Estimated Demand
January 2003 – October 2006**

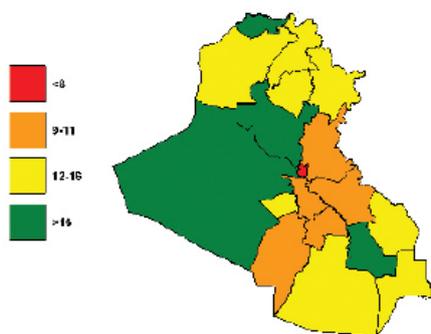


September to early November, insurgents killed 80 Iraqi power workers.

Yet by the end of 2006, the U.S.-led effort was nearing completion. Of 21 large-scale generation projects, 19 are complete; the bulk of smaller transmission, distribution, and operations-and-sustainment projects are expected to be completed by early 2007. In the meantime, the Ministry of Electricity – whose workers get high marks from U.S. experts for not only their bravery but their skill at emergency repair – has developed the Ten-Year Electricity System Reconstruction Plan, which aims (if optimistically) at a point in 2009 when supply and projected demand finally meet at 13,400 megawatts. In the fall, the MoE had received its first \$2 million of budget-allotted funds for the initiative.

At the end of 2006, IRMO was working with the MoE to

**Average Daily Hours of Electrical Power per Province
October 2006**



Source: Iraq Reconstruction Management Office
Note: Hours of power measure generation, not transmission and distribution. Not all Iraqis receive the amount of power indicated for their province on this chart.

focus on Baghdad, hardening transmission towers and other components against attack and increasing generation in the “Baghdad Ring” to make power in the city less vulnerable to supply-line outages. With poor maintenance and operational practices the greatest long-term liability to the system, IRMO and GRD have increasingly focused on transitioning Iraq’s electrical workforce from a Saddam-inspired tradition of “failure maintenance” – running plants at over-capacity until they broke down, followed by emergency patchwork repairs -- into a more measured pace of strategically paced shutdowns and preventative upkeep. USAID has dedicated its 2007 electricity sector budget purely to training programs for Iraqi staff and management.

Oil

Iraq sits atop the world’s third-largest oil reserves. While oil wealth, in the long-term, will be a poor substitute for a diversified economy, in the short- and medium-term it is Iraq’s primary source of government revenue, as well as the source of fuel for an electrical system that can spur diverse economic development.

All the obstacles that slow reconstruction in Iraq have been present in the oil sector. Insurgents and saboteurs have struck pipelines and facilities; limited operational and maintenance funding and capital approval has led to poor operational and maintenance practices and have sidelined facilities. Theft, corruption and low levels of commitment authority at the Ministry level has caused a paralysis that has reduced revenues and slowed reinvestment. Some progress, however, has been made.

Dhi Qar Provincial Iraq Control (PIC)

Coalition Conference, Poland

SEP 21

OCT

OCT

OCT 2

OCT 3-5

OCT

OCT 7

OCT

Ramadan Peace Agreement announces 4-point plan

Anbar Tribes Conference

Crude oil production progressed in 2006 from 1.56 million barrels per day (BPD) in late January to more than 2.1 million BPD at the end of November. Overall, production in the first 11 months of 2006 increased 1.8 percent over 2005. A new 40-inch pipeline running from Kirkuk to Bayji (just north of Tikrit) that feeds exports to Turkey is due for completion in March 2007. Higher global crude-oil prices – though they have increased the cost and delivery times for parts and equipment that Iraq’s systems need – allowed the GoI to reap nearly \$26 billion in crude-oil export receipts by the end of November, already exceeding the country’s 2005 totals.

Iraq’s oil refineries – critical for internal uses from automobiles and cooking fuel to power generation and industrial use – are currently operating at 65 percent capacity, which has necessitated imports of refined oil products from Iran, Turkey and Kuwait. Pipeline outages now separating the major refinery in Bayji from the Baghdad market have further squeezed internal supply.

Security for Iraq’s oil assets is improving. MNF-I’s emphasis on creating coordination cells has resulted in better cooperation between struggling Strategic Infrastructure Battalions, Iraqi Army forces, Oil Protection Forces and repair organizations. And in 2006, the Ministry of Oil began staffing and managing Repair Teams at Iraq’s various state-owned oil companies. Repair Team North, stood up by the Oil Pipeline Company in September, has since completed 13 repairs on pipelines of various sizes, and improved coordination of its repair and security assets along the Bayji-to-Kirkuk corridor. As of November 15 all major pipelines in the corridor but three – a 30-inch pipeline lost to corrosion, a new 40-inch pipeline and the old 40-inch line it will replace – were operational.

Water

In 2006, U.S. reconstruction agencies completed work on three large water treatment plants – the Arbil-Ifriz plant in the Kurdish regional capital, and the Wathba and Shark Dijlah water treatment plants in Baghdad. More plants are in their final phases of construction. The completed plants, constructed almost entirely with Iraqi labor and turned over to the Ministry of Municipalities in Kurdistan and the Amanat Baghdad, respectively, in the summer, together

provide clean drinking water to more than 900,000 Iraqis, as well continuing employment for Iraqis who operate and maintain the plants. The U.S. government has also completed over 100 small water plants throughout Iraq with a combined capacity to serve nearly 900,000 Iraqis.

As part the continuing effort to transition U.S. reconstruction projects over to the Government of Iraq, U.S. and Iraqi officials began a series of partnerships in 2006 in which Iraqi Ministries contract and manage the projects, and reduce the U.S. role to funding and oversight. Projects include another large water treatment plant in Baladrooz, expansion of the Eastern Euphrates drainage system, and rehabilitation of Diyala Weir.

Location of Oil Fields



Facilities

In the Facilities Sector, which includes schools, hospitals, transportation and communications infrastructure and other buildings from courthouses to fire stations – GRD manages a U.S. investment of \$2.2 billion for 1,532 reconstruction projects in Iraq. By mid-November, 165 had been completed during 2006, with another 56 scheduled to be completed by year’s end; 223 were in progress. Major single

projects include the Mosul Air Traffic Control tower and the Nassiriyah and Khan Bani Sa’ad correctional facilities. In health care, construction was completed in 2006 on the Al-Aziziya Primary Healthcare Center in Wassit Province, a two-story, full-service medical facility with the capability of seeing 35,000 patients annually – bringing the total number of completed PHCs to eight. Ongoing projects include the Al-Ramadi Hospital in Anbar province, a gynecology, obstetrics and children’s hospital that will serve 150,000 to 180,000 Iraqis annually when it is finished in 2007, and the Basrah Children’s Hospital, that will be the only children’s oncology facility in southern Iraq.

Across the sector, threats to workers and attacks on project sites caused work stoppages and drove up costs, forcing the cancellation of a range of firm-fixed-price contracts with Iraqi firms that ran over time and budget. Discoveries of quality deficiencies in earlier work continue to inflate costs and slow project completion rates. Significant shortages of bitumen, a key ingredient of asphalt, has driven up costs and slowed work on road projects across the across the country.

Investment Law passed by Iraqi COR

Declaration of the AQI ‘Islamic State of Iraq’

OCT 10

OCT

OCT 15

OCT 15

OCT

OCT 20

OCT

OCT

Iraqi Constitution anniversary

Mecca Conference, issues 10-point Mecca Accord

The “Last Mile”

A completed project -- a power plant, a waste-water treatment facility, a landfill – is not the same as a useful one. Drinking water pumped from the Tigris or Euphrates rivers and treated for human consumption has a long journey to an Iraqi’s kitchen faucet. Megawatt generation capacity is not the same as megawatts used. Networks carrying water, oil or electricity lead from large facilities to local distribution nodes, then neighborhood networks, and finally to homes. Currently, some networks lead to a neighborhood and stop. Some projects sit idle, awaiting the final connection to bridge the final gap between capacity needed and capacity delivered.

Engineers call this the “last mile.” It is where the basic service meets its customers, a hurdle not only for technicians but politicians, subject to local sentiment and local security. Is the critical part if gains in reconstruction are to spill over into gains in prosperity, and from there into unity, and security, and government credibility.

As a matter of philosophy, as well as practicality, U.S. reconstruction officials have generally sought to leave the “last mile” for their Iraqi counterparts. Covering it is not a matter so much of technical prowess, but rather a feat of organization, coordination, and administrative capacity. When the repairman knocks, when the garbage truck screeches through its rounds, when the lights go on, the victory – counted in hearts and minds as well as economic development – is best won by the Iraqi government.

PRTs

Rising in 2006 to assist Iraqis with that challenge were the Provincial Reconstruction Teams. Iraq’s new democracy came with necessary new levels of local government designed to foster a bottom-up responsiveness that Iraqis had never known under Saddam. Provincial Councils, and the district and neighborhood advisory councils under them, are new institutions. Iraq’s PRTs are staffed with a mix of Defense, State, USAID, GRD and other personnel in numbers ranging from 35 to 100 members. They assist and train Iraq’s new local governments in developing a transparent and sustainable capacity to govern locally. In Afghanistan, where the concept originated, the effort is to extend the reach of the central government. In Iraq it is the opposite – to help provinces “reach back” to the government in Baghdad, as

Prosperity in 2006: By the Numbers

2,431 students now enrolled in three of eleven planned vocational schools across Iraq. The remainder of the schools will open by April 2007, with a total enrollment of 18,000.

4,508 males between the ages of 17-25 employed by “build” programs in five Baghdad districts that had been cleared by Baghdad Security Plan operations.

15 Central Bank of Iraq supervisors trained in a bank supervision workshop sponsored by the New York Federal Reserve and the International Monetary Fund.

17,000 micro-loans, totaling \$18.5 million, provided to microfinance institutions. Micro-loans are a proven way to stimulate small-business growth; they tend to target women starting businesses at home.

8,111 contracts, valued at \$1.9 billion, awarded to local Iraqi-owned businesses during the year by MNF-I’s Joint Contracting Command.

173 seed cleaners distributed by USAID to upgrade wheat stock. The program resulted in a 40 percent average wheat yield increase for small-scale farmers during the year.

63,000 acres of date palm groves and 247,000 acres of wheat fields sprayed with pesticide, as part of an \$8.1 million pesticide application contract that helped preserve Iraq’s wheat, citrus and date crops and provided income to farmers, increased employment opportunities and safeguarded the domestic food supply and commodity exports.

well as reach out to their local constituents.

Beginning with the inauguration of the Ninawa PRT in November 2005, these teams have been established in 10 Iraqi provinces representing 73 percent of Iraq’s population. The United States heads seven of them; British (in Basrah), Italian (in Dhi Qar) and Korean (in Arbil, with a three-province Kurdish regional focus) forces and personnel head the rest. The other six provinces are served by smaller engagement teams of specialists.

PRT-Baghdad, which in December briefed President Bush as part of his “listening tour” of Iraq strategy suggestions, is the largest PRT and an indicative example. PRT-Baghdad has worked with a Shi’a-dominated Provincial Council in

Ambassador Khalilzad / General Casey Joint Press Conference

COR reconvenes

Saddam Hussein guilty verdict

OCT 24

OCT

OCT 27

OCT

OCT 28

NOV 5

NOV

NOV

PM Maliki and AMB Khalilzad issue joint statement confirming Iraq/US relationship



Iraq had a police state economy in the 1970s, a war economy in the 1980s, and a sanctions economy in the 1990s.”

*Iraq Study Group Report
Page 21, Dec. 6*

an effort to ensure the needs of Sunni and other non-Shi'a neighborhoods were met. The Team helped the PC plan and begin small, local reconstruction projects following in the steps of the Baghdad Security Plan's clearing operations, and coordinated PC and Amanat Baghdad (analogous to a services-focused City Hall) participation in last-mile projects like the ongoing street-to-faucet water hookups in Sadr City. The PRT hosts meetings of PC economic representatives for discussions and seminars, and its Local Governance Project trains Council members in indispensable governmental arts – from budgeting and contracting to public hearings and media relations. The effects of the PRT program in Iraq have only begun to be felt.

Evolution of a Kick-start

At the end of Fiscal Year 2006 in September, GRD had obligated – assigned to specific projects – all but \$8,000 of its \$13.4 billion budget for reconstruction projects in Iraq (itself a shining example of efficient budget execution). It expects \$4 billion worth of project completions in the next fiscal year. Since 2003, the Corps of Engineers and its GRD has completed some 2,600 projects, and has yet to break ground on only 140 more. Its last oil-sector project will be completed in 2007.

U.S.-funded reconstruction in Iraq, slowed by insurgents, corruption, instances of fraud and mismanagement, and above all disrepair, neglect and lack of parts that were the legacy of Saddam, is far from over. Further concessions to Western levels of efficiencies will be made as large-scale manual labor – ditch-diggers rather than backhoes – will likely be increasingly employed in 2007 as a way of reducing widespread unemployment (some local estimates are as high as 80 percent) and the violence and crime that come with it. Outside the four major sectors and the traditional reconstruction funds pool, smaller initiatives – crop spraying by MNF-I aviators, instruction in modern beekeeping by Civil-Military Operations, the launch of an electronic banking system that could save untold man-hours of Iraqi soldiers who take a week every month to hand-deliver their pay home – continued in 2006 to build not only prosperity but goodwill. GRD continues to offer training and

small business seminars, including a Women's Development program which trained 4,700 Iraqi women in small-business contracting and bidding practices. But the U.S.-funded effort is winding down.

Much more work, much more money, is needed, over the course of a decade or more, for Iraq to realize the bright economic future written in its oil reserves, its water resources and its fertile lands. The Government of Iraq entered into a partnership with the UN and World Bank in 2006 to develop the "International Compact with Iraq." Under this framework, Iraq is committing to an ambitious and forward-looking economic reform package, and the international community in turn is committing to provide the support Iraq needs to succeed in these efforts. But as billions of dollars in oil receipts continue to be earned, the money Iraq needs is increasingly in its coffers. What Iraq's government must do – with assistance from U.S. and Coalition advisers – is what the previous regime did not: invest it efficiently and benevolently.

The three Kurdish provinces, for many, are a window into the future of the rest of the country. Largely freed from Saddam Hussein's influence since the no-fly zone was established after the first Gulf War, the Kurdish region endured its own bloody political struggle in the mid-'90s and has since formed a unified Kurdistan Regional Government and achieved a wide measure of security. When the 2003 invasion came, the KRG was already poised to begin rebuilding its sanctions-hobbled infrastructure.

The region is now developing apace. In the regional capital of Erbil, new high-rise apartment complexes have sprouted, construction cranes line the streets, and the international airport is undergoing a \$250 million expansion that will double its capacity and, the KRG hopes, position it to compete with Doha as a hub for Asian routes. The region bills itself in tourism campaigns as "The Gateway to the Rest of Iraq." Kurdistan's progress in the past decade provides a glimpse of what the rest of Iraq – should it achieve comparable gains in the realms of security and political unity, and attract the investment that comes with them – can indeed look forward to.

IMF completes 3rd and 4th quarter reviews of Iraq's performance

15th Asian Games

IGFC assumes OPCON of 3rd IA

NOV 6

NOV 12-14

NOV

NOV 23

DEC 1-15

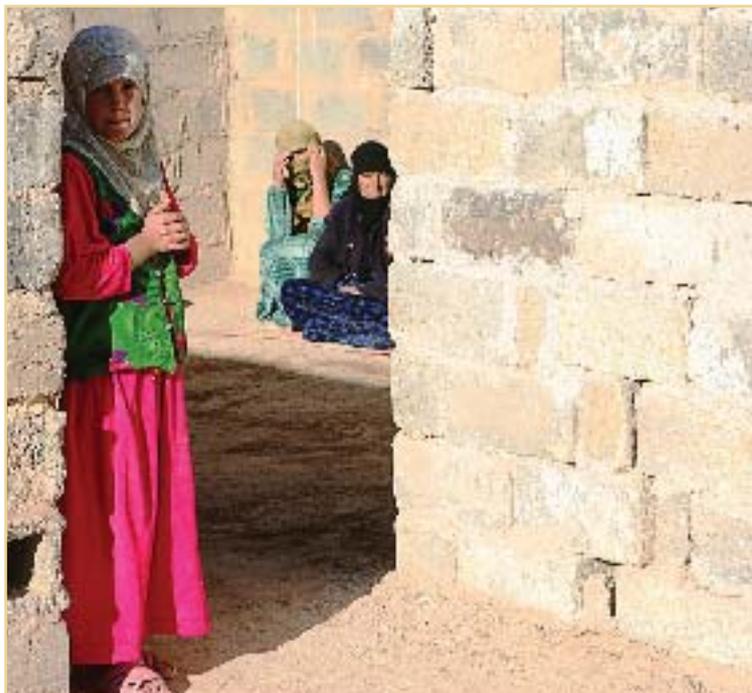
DEC 6

DEC

DEC

DBX Business Expo at Sulymania

Sadr City bombings



Conclusion

“Violence and progress coexist in Iraq.”

*Gen George G. Casey
Commanding general,
Multinational Forces Iraq
Televised press conference, Oct. 11*

The U.N. estimates that violence claimed 1,000 Iraqi lives every month of the year, most within a 30-mile radius of Baghdad, and that an estimated 48,000 fled Iraq in 2006 for Syria alone. Sectarian strife and insurgent attacks continue to slow Iraq’s journey toward a just diversity and a shared prosperity, what Prime Minister al-Maliki has called its “other shore.” At times, that shore has even seemed to be receding from view.

Yet violence and progress coexist in Iraq. In April, Coalition Forces “got” Zarqawi, the author of the attack that in February threatened to tear Iraq apart. In May, Iraqis got a new kind of government, not of one tyrant but of hundreds of representatives, leaders and cabinet members chosen by free election and pursuing hard agreements. In November, it announced that it would rebuild the al-Askariyya mosque as part of its reconciliation program. As 2006 turned to 2007, lawmakers reached compromise on the oil-revenue distribution law that sits squarely at the intersection of Iraq’s political and economic futures. Then Iraq’s new leaders rid it of the dictator of its past, even while struggling with his legacy.

Iraq is in a new stage of its evolution, and the impatient should consider all that liberation unleashed. The nation born as Mesopotamia knows the pride of birthing civilization, the honor of the world’s first great city, the solemnity of living amid sites consecrated by three great religions. The nation born again as Iraq mostly knows subservience – to the foreign powers that assembled it, with a pen and handshake, out of three unlike Ottoman parts, to the dicta-

tor who kept it together in much fear and blood. It is perhaps understandable that now, as 20 million people are finally having their say, some grievances are stubbornly resolved.

After Saddam’s fall, cell phones and air conditioners rushed in. But so did militias and criminals, and expectations forged on the evening news did not always match history’s pace. Police corruption was fought, and military effectiveness forged, over decades. Democratic traditions are ingrained, rights are won, over centuries. Lebanon’s civil war lasted 15 years. Northern Ireland’s sectarian militias lasted 40. And Al Qaeda and its franchise in Iraq have vowed that their battle will last forever. Modernity moves faster these days, but it does not perform miracles. And it is under worldwide attack.

Progress and violence do coexist in Iraq. They also compete. Violence and its vendettas are the headwind against which unity sails; prosperity is the goal – and the guardian – of both. The roots of Iraq’s sectarian violence are less than a year old, and also more than a thousand, yet the vast majority of its citizens – hopeful residents of the modern world who hold their aspirations and their families far dearer than any religious grudge – share none of its goals.

In December, those Iraqis showed they could cheer together. Competing in the Asian Games in Doha for the first time since 1991, the mixed-sect, single-label Iraqi soccer team made it all the way to the championship game before succumbing to host Qatar, 1-0.

Challenges and hope coexist in Iraq too.

Iraqi Elections 1st anniversary

DEC 15

DEC

DEC 16-17

DEC

DEC 20

DEC 26-28

DEC 30

DEC

Reconciliation Conference

Pilgrimage to Mecca (Hajj)

Najaf Provincial Iraq Control (PIC)

Saddam Hussein Hanged



Prime Minister
Nouri al-Maliki

“We won initially when we have accomplished democracy in Iraq and when we gave Iraq the permanent constitution and the parliament and the unity government. And all these victories that are victories with the principles we believe in.”

“In Iraq, we don’t deal only with terrorism. We’re dealing with building a whole new state in all its aspects. – political, economic, security, militarily – and all these are signs of maturity that are now very obvious in Iraq.”

On behalf of the Iraqi people, we appreciate and thank you for the steadfast support from the U.S. Mission-Iraq and the Coalition Force as we build an Iraq toward unity, security and prosperity for all Iraqi people.

The year 2006 saw Iraq take important steps on the road towards peace and prosperity, despite the continued violence of terrorists, death squads, and illegal armed groups. Our Iraqi people are strong, we have a rich heritage and history, and we are ready to invest in unification and reconciliation as we build a stronger, prosperous Iraq for our children and grandchildren.

In 2006, the Government of Iraq took historic steps to create the first permanently elected government when we seated 275 members of the Iraq Council of Representatives, followed by the inauguration of a sovereign Iraqi government in May 2006.

We have worked with the Presidency and the Council of Representatives to confront challenges to its formation and expanded its capacity to provide the level of security and basic services that will be at the levels our citizens expect.

With the help of the U.S. Mission-Iraq and the Coalition Force, Iraq continues to build our national and security forces, and move toward the day when we are self-sufficient in providing our own security without outside assistance.

The Government of Iraq is committed to building and moving forward in 2007 toward building progress and achieving prosperity for Iraqis. We will continue to move toward building our national and local security forces. Additionally, the Council of Representatives in 2007 will add to its list of accomplishments by considering legislative issues that include reconciliation and national unity. Also, the COR will legislate economic laws that will provide a secure environment for both local and foreign investment. These legislative issues will have a fundamental role in Iraqi security and economic progress.

We have a vision of a free and prosperous Iraq that meets the needs of all its citizens regardless of their secondary identity.

The progress we achieved in 2006 must continue.

Since the free elections, we are taking steps toward a democratic, free, federal and stable Iraq. We are using the legal framework to move our society forward. Our people will continue to look forward to being active participants in the regional and international community, and to being the element of stability for the ray of peace and security in the region.

IRAQ

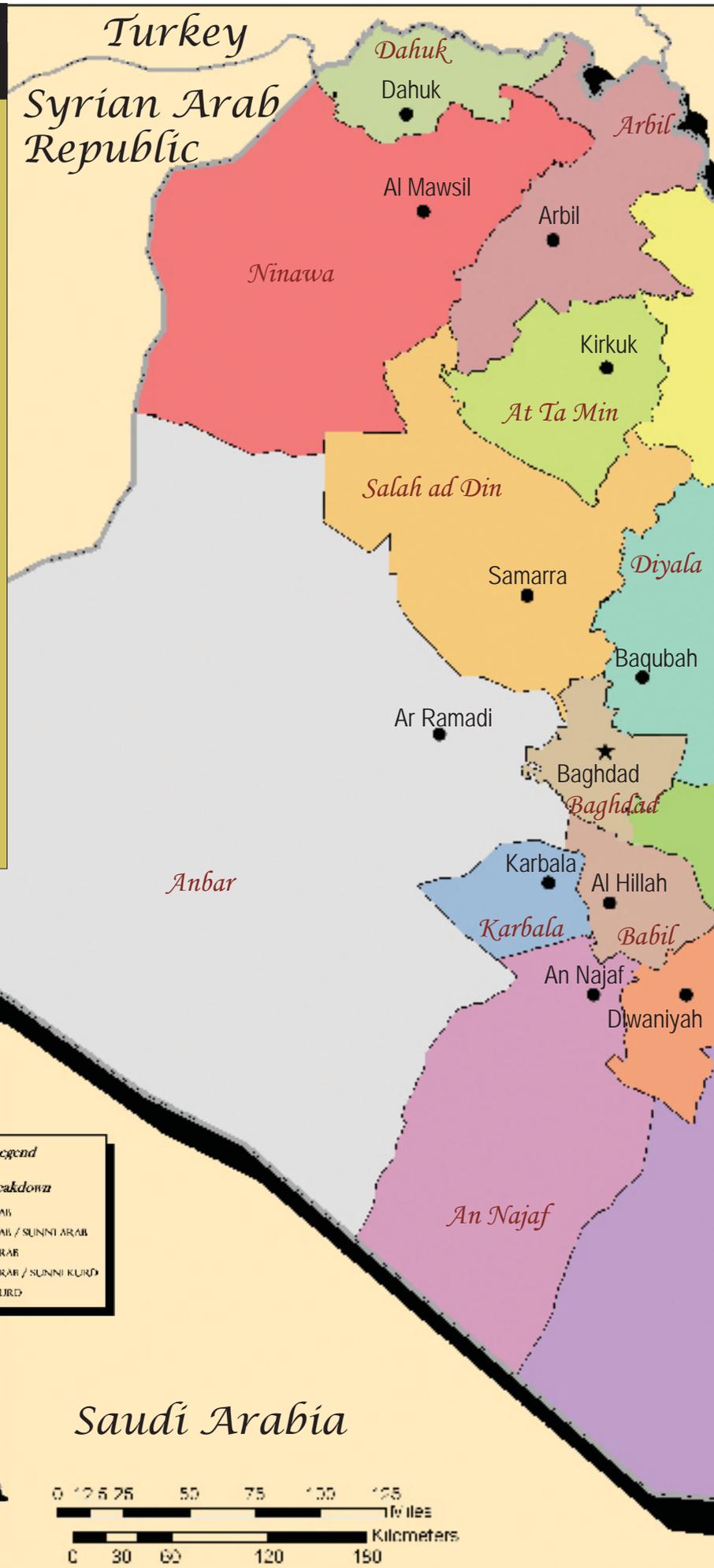


The Iraq flag has three equal horizontal bands of red (top), white, and black with three green five-pointed stars in a horizontal line centered in the white band; the phrase ALLAHU AKBAR (God is Great) in green Arabic script - Allahu to the right of the middle star and Akbar to the left of the middle star - was added in January 1991 during the Arabian Gulf crisis.

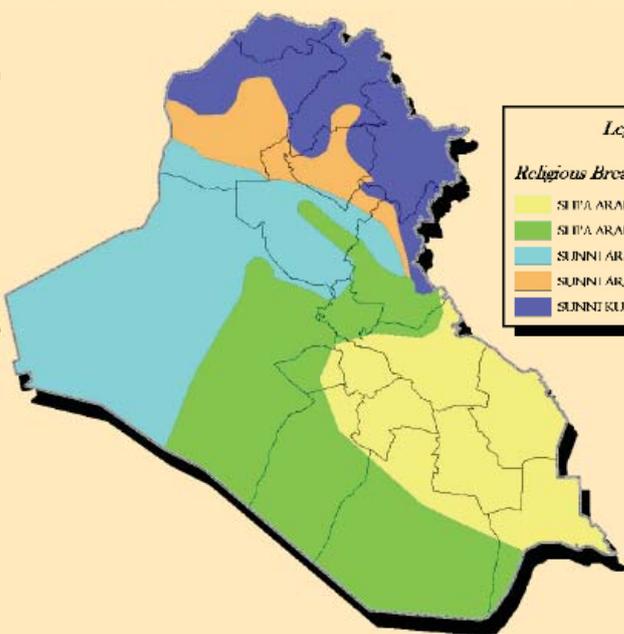
The current Arabic text is stylized, in the Arabic Kufic script, unlike the original text which had been loose handwriting, supposedly that of Saddam Hussein himself.

The three green stars were originally placed there for the proposed union with Egypt and Syria (United Arab Republic), which both had flags with two stars in the middle at the time. They would have changed to three if the union had not fallen apart.

On January 13, 1991, the flag was changed. The meaning of the three stars was changed from their original geographic meaning to representations of the three tenets of the Ba'ath party motto, Wahda, Hurriyah, Ishtirakiyah (Unity, Freedom, Socialism).

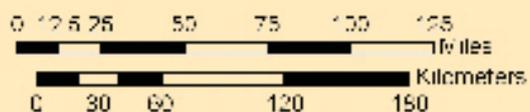


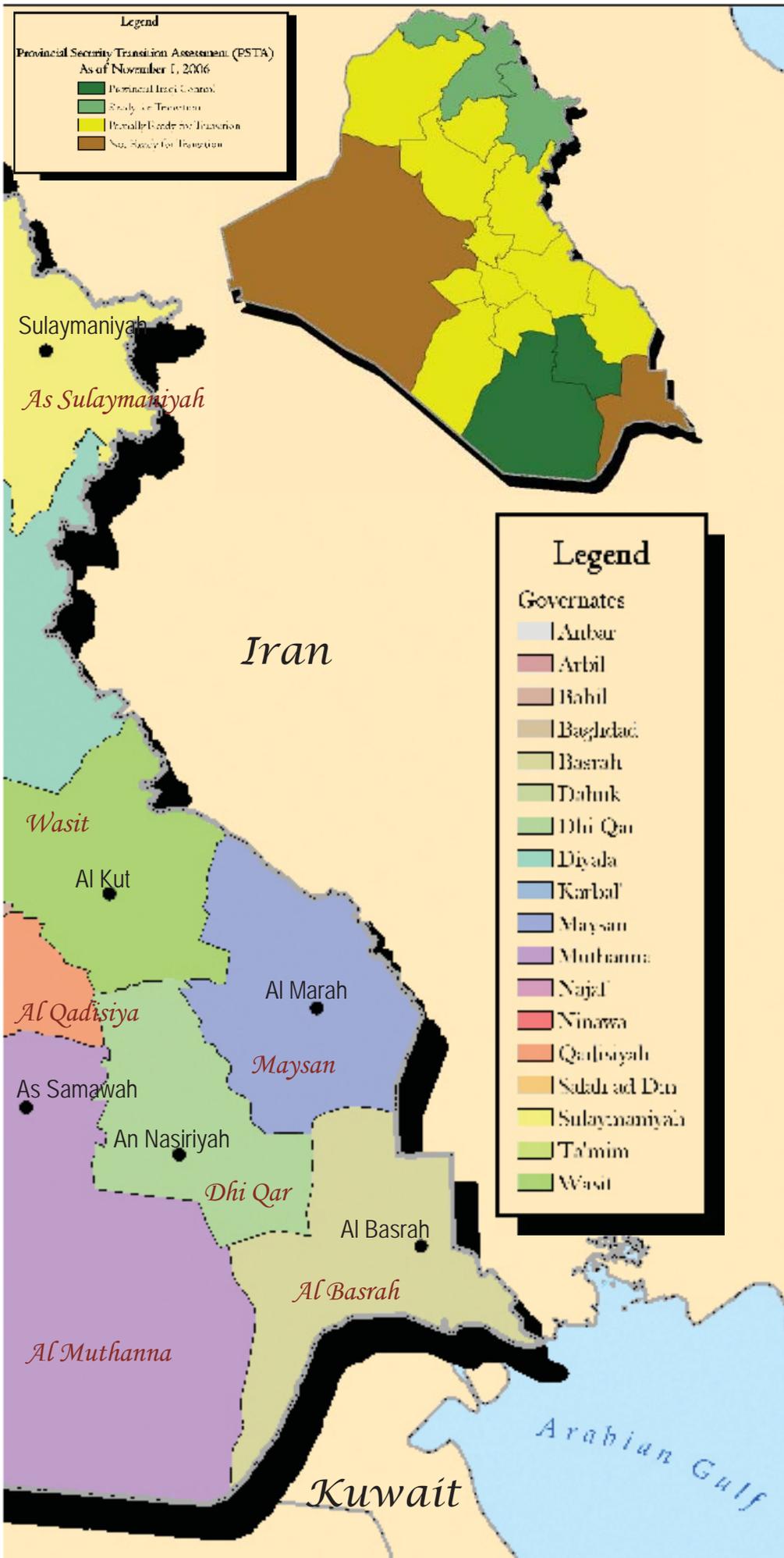
Jordan



Legend	
Religious Breakdown	
Yellow	SHIA ARAB
Green	SHIA ARAB / SUNNI ARAB
Light Blue	SUNNI ARAB
Orange	SUNNI ARAB / SUNNI KURD
Dark Blue	SUNNI KURD

Saudi Arabia





Republic of Iraq

Geography

Area: 437,072 sq. km.; about the size of California.

Cities: Capital--Baghdad (5.7 million, 2004 estimate). Other large cities-- Mosul, Kirkuk, Sulaymaniyah, Irbil, Ramadi, Tikrit, Kut, Hillah, Amara, An Nassiriyah, Diwaniyah, Karbala, Al-Najaf, Basrah

Terrain: Alluvial plains, mountains, and desert.

People

Nationality: Iraqi(s).

Population (2006 est.): 26,800,000.

Population growth rate (2006 est.): 3.0%

Ethnic groups: Arab 75%-80%, Kurd 15%-20%, Turkoman, Chaldean-Assyrian, or others less than 5%.

Religions: Muslim 97%, Christian 3%, others less than 1%.

Languages: Arabic (Official), Kurdish (Official), Yazidi, Chaldean-Assyrian, Armenian.

Government

Type: Parliamentary democracy.

Constitution: October 15, 2005.

Independence: On October 3, 1932, Iraq gained independence from the League of Nations Mandate under British Administration. On June 28, 2004, the Coalition Provisional Authority (CPA) transferred sovereignty to the Iraqi Interim Government. A new four-year, constitutionally-based government took office in March 2006, and a new cabinet was installed in May 2006.

Economy

GDP (2006 proj.): \$47 billion (official exchange rate).

GDP real growth rate (2006 proj.): 4.0%

Budget (2006 est.): \$48.0 billion revenues and \$64.5 billion expenditures.

Natural resources: Oil, natural gas, phosphates, sulfur.

Agriculture: Products--wheat, barley, rice, vegetables, cotton, dates, cattle, sheep.

Industry: Types--petroleum, chemicals, textiles, construction materials, food processing.

Source: U.S. Department of State

IRAQI GOVERNMENT



**Prime Minister
Nouri al-Maliki**



**President of the Republic
Jalal Talabani**



**Deputy President
Adil Abd al-Mahdi**



**Deputy President
Tariq al-Hashimi**



**Deputy Prime Minister
Salam al-Zawba'i**



**Deputy Prime Minister
Barham Salih**



**Speaker of the CoR
Mahmoud al-Mashhadani**



**Deputy Speaker
Khalid al-Atiyya**



**Deputy Speaker
Arif Tayfur**

Cabinet Ministers:

Prime Minister
Deputy Prime Minister (1st):
Deputy Prime Minister (2nd):
Agriculture
Communications
Culture
Defense
Displacement & Migration
Education
Electricity
Environment
Finance
Foreign Affairs
Health
Higher Education & Scientific Research
Housing & Construction
Human Rights
Immigration and Displaced Persons
Industry & Minerals
Interior
Justice
Labor & Social Affairs
Municipalities & Public Works
Oil
Planning
Science & Technology
Trade
Transportation
Water Resources
Youth & Sports

Nouri al-Maliki
Barham Salih
Salam al-Zawba'i
Yar'ub Nathim
Muhammad Tawfiq Allawi
As'ad Kamal Muhammad Abdallah al-Hashimi
Abdul Qadir Mohammed al-Ubaidi
Abd al-Samad Rahman Sultan
Khudayyir al-Khuzai
Karim Wahid
Narmin Uthman (F)
Bayan Jabr
Hoshiyar Zebari
Ali al-Shammari
Abd Dhiyab al-Ajili
Bayan Daza'i (F)
Wijdan Mikha'il (F)
Dr. Abd-al-Samad Rachman Sultan
Fawzi al-Hariri
Jawad al-Bolani
Hashim al-Shibli
Mahmud Muhammad Jawad al-Radi
Riyad Ghurayyib
Husayn al-Shahrestani
Ali Baban
Ra'id Fahmi Jahid
Abd al-Falah al-Sudani
Karim Mahdi Salih
Abd al-Latif Rashid
Jasim Muhammad Ja'far

United Iraqi Alliance, Islamic Dawa Party
Kurdistani Alliance, Patriotic Union of Kurdistan
Iraqi People's Conference - Tarafuq
United Iraqi Alliance, Sadrist Movement
National Democratic Party, Iraqiyya
Iraqi National List, Tarafuq, resigned 23 May
Tawafuq
United Iraqi Alliance - Fayli Kurd
United Iraqi Alliance - Dawa Tanzeem
United Iraqi Alliance, Independent
Kurdistani Alliance, Patriotic Union of Kurdistan
United Iraqi Alliance, SCIRI
Kurdistani Alliance, Kurdistan Democratic Party
United Iraqi Alliance, Sadrist Movement
Tawafuq
Kurdistani Alliance, Patriotic Union of Kurdistan
Iraqiyya
United Iraqi Alliance
Kurdistani Alliance, Kurdistan Democratic Party
United Iraqi Alliance, Independent
National Democratic Party, Iraqiyya
United Iraqi Alliance - Badr
United Iraqi Alliance - Badr
United Iraqi Alliance - Independent
Iraqi Islamic Party - Tarafuq
Iraqi Communist Party - Iraqiyya
United Iraqi Alliance- Dawa Tanzeem
United Iraqi Alliance-Sadrist Movement
Kurdistani Alliance - Patriotic Union of Kurdistan
United Iraqi Alliance - Islamic Union of
Iraqi Turkomen

Ministers of State:

Civil Society
Council of Representatives Affairs
National Security Affairs
Governorates Affairs
Women's Affairs
National Dialogue Affairs
Foreign Affairs
Tourism & Antiquities
Without portfolio

Adil al-Asadi
Safa al-Safi
Shirwan al-Wa'ili
Sa'd Tahir Adb Khalaf al-Hashimi
Fatin Adb al-Rahman Mahmud (F)
Akram al-Hakim
Rafi Hiyad al-Isawi
Liwa Sumaysim
Muhammad Abbas al-Uraybi
Ali Muhammad Ahmad
Hasan Radi Kazim al-Sari

United Iraqi Alliance
United Iraqi Alliance - Independent
United Iraqi Alliance - Dawa Tanzeem
Tarafuq
Tarafuq
SCIRI - United Iraqi Alliance
Iraqi Islamic Party - Tarafuq
United Iraqi Alliance - Sadrist Movement
Iraqiyya
Iraqiyya
United Iraqi Alliance - Hezbollah