ISIS Loses Last Parts of Territory Caliphate  
- On March 23, the U.S.-backed SDF liberated Baghuz, the final village held by ISIS.
- The liberation took several weeks longer than anticipated due to efforts to avoid civilian casualties in the midst of intense fighting.
- Estimates of fighters and family members in Baghuz were “vastly underestimated,” resulting in a “surprisingly” large number of detainees.

Drawdown of U.S. Forces Proceeds Despite Uncertainty  
- DoD officials said that the “surprise” December withdrawal announcement “caused concern” for allies and “was likely seen as an opportunity” for adversaries.
- Despite the reduction in personnel, U.S. forces will maintain the “same core capabilities” in Syria.

Syria Stabilization Efforts Impacted by U.S. Troop Drawdown  
- USAID and DoS evacuated their staff in Syria for security reasons following the U.S. troop withdrawal announcement and oversaw stabilization efforts remotely.
- USAID partners in Syria worried about the withdrawal’s impacts on security, stability, and relationships with local organizations.
- USAID, DoD, and PRM participated in the third and largest delivery of humanitarian aid to the remote Rukban settlement in southern Syria.

ISF Training is “Reframed” to Prioritize Counter-ISIS Skills  
- The Coalition shifted training to focus on specifically counter-ISIS capabilities, rather than “longer-term -institutional development.”
- Training now emphasizes addressing shortfalls that can be corrected by September 2020.

ISIS in Iraq Focuses on Internal Reconstruction  
- ISIS worked to reorganize its command and control functions, financial networks, and media nodes.
- The group is regenerating its force structure, logistics, and freedom of movement more quickly in Iraq than in Syria due to greater local support.
- ISIS insurgent activity continued in Iraq this quarter, with at least 44 people kidnapped.
- ISF operations “marginally diminished” ISIS’s ability to operate but the group still evades security forces in rural and mountainous areas.

Weak Economy and Lack of Services Raises Risk of Unrest in Iraq  
- Iraq’s failure to address the lack of basic services, including electricity and water, may lead to political unrest, especially in the province of Basrah.
- Iraq is unlikely to be able to create the 1 million new jobs its economy needs without significant government action.
- Demand for electricity in the summer is projected to outstrip supply, limiting hours when electricity is available during the hottest months.
- Iraq’s economic interdependence on Iran led the United States to extend sanctions waivers for Iraq to continue trade with Iran.

Oversight and Investigations  
- Lead IG agencies and partners completed 11 reports, including an evaluation of equipment provided to the Iraqi Border Guards and an audit of humanitarian aid for IDPs in Iraq.
- Lead IG investigations resulted in 1 contract termination, due to the unauthorized transshipment of vehicles through Iran, and 2 debarments.
- Lead IG agencies and partners have 39 ongoing and 17 planned oversight projects and 116 ongoing investigations as of the end of the quarter.