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FOLLOW-UP TO THE PRIME MINISTER'S VISIT, INCLUDING DELIVERING A STEP-CHANGE IN BASRA

Following his visit to Iraq, the Prime Minister asked for a review of policy in a number of areas, **including in response to serious concerns over the situation in Basra**. This paper provides an up-date on that work.

Security Transition

The **Iraqis and Coalition** intend to announce publicly later this month the **first provinces to transition** to full Iraqi security control. Al-Muthanna will be among those in the first wave. Given Prime Ministers Maliki's earlier comments, it is **possible that the intention to hand-over in Maysan**, albeit on a slightly longer timescale, **will also be part of the statement**. At present, there is **no plan to make public a timetable for transition in Dhi Qar**, although the intention is that it will transition in the autumn. We and the US have been **pressing the new Italian Government to deliver on the conditions-based approach by retaining their forces in theatre until Dhi Qar can be handed over to the Iraqis**. The Italians have now told the MOD that they will stay until mid-December.

There remains a gap between UK and US/Iraqi thinking on the value of going beyond a simple announcement on the first wave of transition. We **continue to judge that providing an approximately two year perspective on security would be helpful** in that it would provide ordinary Iraqis with a sense of what they might expect, and would help us underline that the insurgents are the ones who are delaying a full transfer to Iraqi sovereignty. The **US and Iraqis worry that it will sound like we are pushing to leave quickly**. We have prepared draft language that we believe takes into account US and Iraqi concerns, and **ministers and officials will need to pursue the argument with their counterparts over the next two weeks**.

Iraqi Security Forces (ISF) Capabilities

The JIC and the MOD have just completed reviews of the development of the ISF. The MOD assessment also assesses the viability of the Coalition's plans to resolve outstanding gaps.

The picture across Iraq is of growing, but variable, levels of capability. Approximately half of all Iraqi Army battalions are now capable of undertaking operations with MNF support. In five provinces, the Iraqis are now formally taking the lead. **According to the US-led ISF development plan, all divisions of the Iraqi Army and Mol forces should be trained and equipped by the end of 2006** and the Iraqis should be in the lead in all provinces except Al Anbar. The **development of the police is significant behind that of the Iraqi Army**, with particular problems over militia-links, over-recruitment, corruption and criminality.

In the South, the 10th division is judged to be increasingly effective (with half the battalions and brigade headquarters assessed as being at the level of capability required for transition). However, these forces are untested in

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undertaking counter-insurgency operations without MNF support. The **police are a more significant cause for concern**, with militia links and a lack of effective political control either locally or from the centre major problems. **Work is in hand to meet outstanding equipment, infrastructure and training requirements** for both the Iraqi army (with the objective of delivering all requirements by the end of the year) and police, but there may be further requirements for funding to sustain equipment already provided.

The overall MNF plan, which the MOD judge to be robust, is predicated on the MNF retaining substantial forces in Iraq until 2007 to support the ISF (effectively filling gaps in logistics, strike capability, command and control and intelligence), but even that timeline will be tested if the scale and sophistication of the insurgency does not diminish. The MOD supports this assessment highlighting a **number of risks with the plan that fall outside its focus on training, mentoring and equipping:**

- the degree to which **Iraqi leadership** on security develops;
- the **precise nature of the security and political environment the ISF will face at the point of transition**, in particular the level of sectarian tension and the capability of the insurgency. In the South, there is a particular concern over the level of violence between competing Shia factions; and
- **human factors such as the experience of the ISF**, including its commanders, in undertaking a broad range of operations;
- the dangers of **over-recruitment** (often of militia-linked individuals into the police) resulting in an unmanageable, ineffective and extremely expensive ISF.

The MOD is continuing to monitor implementation of the ISF development plan and is undertaking work to consider a limited number of specific gaps they have identified, including Iraqi naval protection for oil platforms and the sustainment funding for MND(SE).

Baghdad Security Plan

Prime Minister **Maliki has launched the new security plan for Baghdad** in the last few days. It was designed by General Casey in close consultation with the Iraqis. Its **affects have been immediately visible** (in the form of new checkpoints and patrolling). The plan is designed to deliver on Maliki's desire to see early demonstrable progress on Baghdad's security. Key elements include:

- achieving broad political engagement, with the Prime Minister and Interior Minister closely involved;
- communication with the local population, including directly by the ISF, to build trust;
- initial operations and check points to demonstrate an integrated Coalition, Iraqi Army and Iraqi Police Service approach in which the Iraqis are to the fore;
- increased patrols throughout Baghdad to develop early warning and intelligence and 24 hour continuous patrolling to deter violence;
- targeted and intelligence-led offensive operations to neutralise insurgents; and

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- protection for the Iraqi Council of Representatives to ensure the uninterrupted functioning of the Government of Iraq.

We believe the **plan is sound**, but it will require **effective Iraqi political leadership, and a sustained effort on the ground**, to achieve its objectives. Although we have no military role to play, the **UK will support the plan by using ministerial and official contacts** to: encourage the Iraqi security ministers to remain focused on delivery; and other senior Iraqi political figures to support the government's efforts. We will also use our influence through the work of its advisers in the Iraqi MOD and central government.

Electricity

Beyond issues of ageing infrastructure (planned or unplanned maintenance is reducing potential capacity by up to a third) **and sabotage** (up to ten percent of capacity), immediate **problems include**:

- **severe power shortages in Baghdad** (five hours as against a nationwide average of 12);
- **rapidly increasing demand and very high levels of subsidy** mean there are few constraints; and
- the **lack of an agreed Iraqi plan** for the electricity sector.

General Casey is leading on implementing the "summer action plan" for Baghdad, which aims to secure the transmission lines to the north through increased military support and by buying the assistance of local tribes. Following positive early meetings with the new Electricity Minister, **DFID is focussing on demand issues and planning** (in addition to working on infrastructure in the South - on which more below), by:

- **getting the World Bank and other donors** such as the EU and Japanese **engaged**. DFID is funding a World Bank advisor on energy sector management and foreign investment, and part-financing the establishment of a World Bank Country Office;
- **leveraging World Bank loan money** in response to specific requests from the Minister for:
 - a 50 MW gas powered generator in Al Amarah at an estimated cost of \$15-17 million;
 - further air coolers for the turbines at Khor az Zubayr (in Basra), improving their efficiency by 30% and increasing output by 50-100 MW at an estimated cost of \$45 million.
- **Offering additional support to the Ministry of Electricity** in the form of a specialist consultant to advise on an electricity plan.

International Compact

Foreign Minister Zebari will formally request UN assistance in agreeing a **compact between Iraq and the International Community**, which will have some similarities to that achieved for Afghanistan, during the UNSCR roll-over meeting in New York on 15 June. **UK and US officials have been discussing how to ensure a process that delivers the desired results**. While the US favours a large, end of process, event at heads of government level in the autumn, we have argued that a process which is framed around a number of events, including a ministerial event in the

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margins of UNGA, and culminating in a final meeting in the spring will deliver wider donor engagement and greater substance. We know the UN favour our approach. Officials are due to have further discussions with US officials next week, following the Camp David meeting.

Outreach

We are continuing our efforts with both the Sunni and Shia communities, seeking to draw in as many potential strands of opinion as possible to reduce the military task in tackling the hard core insurgency. We are also pressing the US hard to work with the Iraqis to deliver a dividend for those who do enter the political process. A welcome move forward has come in the form of the release of 2500 detainees as well as the participation in the new government of a number of figures who were targeted in earlier outreach efforts. The operation in which Zarqawi was killed was also timely in helping shape public opinion.

Capacity Building

The UK is providing support to a number of key Iraqi governmental structures (DFID summary at annex B). However, this effort is dwarfed by a very large, often overambitious US programme. The US has offered to share work underway to map, and then improve, their own effort. We intend to use this as a way into a joint discussion about the approach to capacity building. We are, in parallel, developing our thinking about how to mitigate the key deficiencies in the current approach, which we assess to be:

- a tendency toward capacity substitution rather than capacity development – and a resulting loss of Iraqi engagement;
- the need for short, medium and long-term objectives in this area; and
- a lack of donor co-ordination exacerbated by the absence of an overarching Iraqi strategy for public sector development and reform (on which the World Bank should play a leading role for the donor community).

The FCO and DFID are also pursuing Prime Minister Maliki's interest in UK assistance with government communications and agriculture (the US is very active in both areas so UK input will need to be complementary).

Basra

Officials have been undertaking a major review of UK policy in MND(SE) following concern, shared by the US, that:

- Basra was not on track to meet the proposed transition timelines;
- our ability to engage was seriously constrained by the security situation and provincial council boycott; and that
- the UK had not done enough to ensure our legacy in Basra would be a strong contribution to delivering stability and increasing prosperity.

On the political track, we have now seen considerable progress, with Maliki's visit to Basra catalysing increased central government engagement. He has also largely accepted our analysis: on the malign role played by the governor; the need for a reinvigorated Iraqi-fronted security

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strategy, including targeted detention operations; and the importance of sustained central government attention given the importance of the South to Iraq's economic regeneration. But we **still need to clarify the precise arrangements for involvement by the central government**, including the role of the group of five. That Maliki has been directing the new Interior and Defence Ministers directly to engage is encouraging.

On security, the ISF, working with British forces, are already assuming a **more assertive posture**, with increased patrolling and vehicle checking. A new wave of detention operations, designed to target rogue elements of the Jaish Al Madhi, has also started. The Consul General reports **that Basrawis have noted the new approach, but wait to be convinced that it will be sustained**. Work is also underway available on Iranian support for militant groups in Basra. The objective is to develop a strategy, involving other partners including the Iraqis, to put pressure on Tehran to curtail their interference. General Casey has agreed an up-graded security plan for Basra (summary at Annex C), which will now be presented to Maliki to secure central government buy-in. That is critical because the Governor has suspended the provincial security council and is attempting to sideline the Commander of the 10th Division

On reconstruction, departments have been **reviewing their programmes to ensure:**

- **key short-term requirements are met**, including in the rule of law sector to support the security effort;
- **plans are in place for the Iraqi government and wider donor community to tackle Basra's medium and long-term requirements; and**
- **to ensure that UK projects** (including DFID projects due to come to fruition over the next few months) **are delivering a visible dividend to Basrawis.**

Funding has been found from existing resources for a number of new initiatives, but departments are still **scoping the costs of further short-term measures** (an initial estimate from theatre suggested an additional £85m might be needed). Some of the proposed programme funding is for activity through the Basra PRT, who are also seeking to secure promised US funds. The MOD is **clarifying what impact reconstruction/consent building projects, undertaken using \$66.2m of US military funding** (for the period October 2005-September 2006), **have had, and will consult other departments on plans for the further \$30m of US funds expected in July.** DFID is working with the local and central government to ensure that Basra receives its fair share of Iraqi budget funding for reconstruction activity. We can then identify whether the additional activity recommended by Basra should go ahead and whether it will require additional funds.

A more effective communications strategy will be critical to delivering a **step-change in Basra**. In particular, we need to ensure that ordinary Basrawis are aware of what projects are underway and those in prospect (including those that are constrained by the security situation) will deliver for them. Focusing on how these projects will impact on people's lives

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will be important to build consent and reduce the influence of the militias. All departments are looking critically at the public presentation of their activity and FCO and the PRT are looking to fund additional communication slots, ideally filling them with Arabic speakers, to increase our overall capacity.

Cabinet Office
13 June 2006

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Annex A

Activity to Deliver a Step-Change in Basra

The work plan for Basra has been broken down into four strands. The non-exhaustive lists below indicate where action is now in hand, and those areas ★ where further work is needed before costed proposals can be put to ministers. DFID are also looking at where we can leverage in other donor funds, including through mixed funding arrangements.

Political Framework

- Increased Iraqi central government engagement with Basra, including in support of targeted operations.
- Engagement with those close to Muqtada Al Sadr on the malign role of the Jaish Al Madhi in Basra.
- Intensified contacts by both the Consul General and the GOC with local Iraqi politicians.
- An up-graded communications effort to draw together all lines of operation and publicise HMG's objectives and the outcomes of our activities in Basra.
- The PRT to provide further support to provincial council structures, including bolstering their capacity to deliver quick wins. ★

Security

- A revised Basra security plan, now agreed by Casey and due to be presented to Maliki;
- Plans to reform, through mentoring and support, key specialist crime units to bolster the capacity and probity of the police. ★
- Boost the mentoring of police by increasing the current number of police advisers and by increasing their mobility. ★
- Improved intelligence on the situation in Basra by closer co-operation with the Iraqi intelligence services, increased patrolling and an information hotline for public tip-offs.
- Increased training for middle level officers in the police to strengthen command skills. ★

Rule of Law and Governance

- Ensure that the US completes the Central Criminal Court Facility.
- Push forward the Basra Central Prison project (US funded) and retain the UK prison advisers.
- Push for further funding in the South from the EU Just Lex programme
- PRT to support the Provincial Government, including through its work to identify a baseline assessment of the situation in Basra and to develop medium-term work plans, to energise its Basra Provincial Development Strategy including by helping bring in a wider group of donors.
- consider the need for "pump-priming" funding to support the work of the provincial government in this area. ★

Economic Development and Reconstruction

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- The DFID governance programme in the south will continue to focus on helping Basra access central government resources. DFID has recently re-located a finance adviser to Baghdad to provide additional support.
- Refurbishing the Al Hartha water pumping station, which feeds the water main which will supply the water tower reservoirs in Al Hayaniyah which DFID is currently constructing.
- Pressure on the Iraqis to move ahead with a major programme on refuse collection and land-fill.
- Support for a tomato processing plant. ★
- Further support to up-grade Basra airport for commercial use ★
- DFID and MOD to work together to identify further quick impact projects (impact in 6-9 months) in the areas of water and power. ★
- Pressure on key oil companies (notably Shell and BP) to fully explore the opportunities in southern Iraq.
- Intensifying engagement with the Government of Iraq and other donors including pursuing:
 - Japanese interest in starting their lending program in the power and water sectors;
 - World Bank interest in providing loans for power infrastructure. DFID has already helped the Bank conduct feasibility studies in the south;
 - Australian Agency for International Development interest in spending money in southern Iraq, particularly on economic development, governance and agriculture.

There are also a number of longer-term reconstruction programmes which are due to come on stream this year, which need to be fed into the communication effort:

- June - Generator (Unit 4) at Khor-az-Zubayr re-bladed. 50 MW added to grid (equivalent of 24hr power to 100,000 people at peak demand)
- August - Work on Hartha power station chimney complete, which ensures it will continue to produce 170MW.
- September - Reverse osmosis unit at Az Zubair refurbished (co-funded by UNICEF). This will supply potable water for 250,000 people.
- November - Generator (Unit 2) at Khor-az-Zubayr re-bladed securing its previous production of 15 MW and adding a further 35MW added,
- December - Water towers and reservoirs in Al Hayaniyah complete. Improved quantity and quality of piped water supply for 250,000 people.
- December - Gas compressor unit installed and commissioned securing its previous production of 38MW and adding a further 20MW. Gas delivered for over 60MW of new capacity in future.

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Annex B

**CAPACITY BUILDING ASSISTANCE (EXCLUDING DIRECT SUPPORT
FROM UK MISSIONS IN IRAQ)**

**Central Government Institutions (Office of the Prime Minister, Council of
Ministers Secretariat and Government Communications Directorate)**

DFID: £13.5 million for Support to the Centre of Government (July 2005 to July 2007). 3 fulltime international consultants providing technical assistance to the three institutions (including 2 Arabic speakers). Activities include:

- Advice on the structure of PM's Office (key posts, reporting lines, duties)
- Training for staff in Government Communications Directorate (press conferences, releases, background briefings, working with international media)
- Advice to ComSec on management of Ministerial Committees, and running regular and effective meetings
- Mentoring for key staff in PM's Office on core civil service skills.

Ministry of Interior (a US lead)

DFID: £8.8 million (April 2005 to June 2007) through the Global Conflict Prevention Pool. Five international consultants working (in rotation) with the Ministry, focussing on management and administrative capacity building including:

- Strategic planning
- Improving administrative controls and accountability (e.g. procurement) to reduce scope for corruption
- Clarifying the legal and constitutional framework for operation of the Ministry
- Human resource management.

Additional support to justice and rule-of law:

- (planned) DFID funding to the Embassy for an Iraqi lawyer to coordinate the Rule of Law Sector Working Group in Baghdad. Should increase coherence of rule-of-law sector and encourage other donors to get involved.
- (Completed January 2006, £2.3 million DFID programme) International Legal Advisory Centre, trained 216 Iraqi judges, lawyers and prosecutors in human rights, international humanitarian law, and independence of the judiciary.

MoD: Contributing to a Training Team through provision of two UK military officers including the Team Leader (a Brigadier). The aim of the MoI TT is to assist the ministry in achieving its strategic goal. In addition, a further 3 UK military officers were deployed for a period of 3 months to support development of the MoI's Strategic Plan Aim.

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FCO: 38 serving police officers and 71 contracted police mentors serving in Southern Iraq and in Baghdad. They have provided:

- Basic management and technical training to Iraqi Police Service
- Mentoring and advice to officers in their stations.
- In Baghdad, UK police officers have led in developing national forensics and criminal intelligence strategies in the MOI.

Planned policing projects are estimated to cost £12 million. In line with the renewed effort in Basra, FCO are currently developing plans to increase levels of assistance to the police

Ministry of Defence

MoD: The Ministry of Defence Training Team (MOD TT) provides mentoring and advice to key officials and Ministers in the Iraqi MoD. The UK contribution to the team includes 7 fulltime advisors (seconded UK MoD staff) including the Team Leader/Senior Advisor who is responsible for directly advising the Minister and for implementing the MNSTC-I plan for capacity building in the MOD. Priorities include:

- establish a functional Secretariat
- establish robust Contracting Procedures
- develop a functional Inspector General group

Ministry of Justice

FCO: A team of 5 Prisons Advisers providing training and advice to the Iraqi Correctional Service Staff (ICS) in MND-SE. To date they have:

- Established a training school for Iraqi Prison Guards
- Built, commissioned and extended a new prison in Basra
- Significantly improved the infrastructure, welfare and treatment of prisoners.

The current project is due to be completed in September 2006. Cost for this financial year will be £1.6 million. Another large new prison is due to be built, and Camp Bucca, a US detention facility, is due to be handed over to ICS control in the second half of 2006. FCO hope to maintain three Prisons Advisers in post until the end of the financial year to support the ICS through these projects.

The FCO also have a UK lawyer working in southern Iraq, providing:

- Advice and assistance to the Iraqi Judiciary and Bar Association
- Co-ordination for International Rule of Law activity in the region
- Ad hoc legal advice to our police and prisons team.

This project is due to continue until at least the end of the financial year and will cost £750,000.

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Ministry of Human Rights

FCO: Helped develop and strengthen the Human Rights Ministry and the establishment of a Human Rights Training facility within the Ministry. The objective is to further strengthen this capacity by helping the Iraqis implement the work of the training facility (mentoring, further training and roll-out to regional offices).

Ministries of Finance and Planning

DFID: £13 million for second phase of Economic Reform Programme (December 2005 to October 2007). Supports macro-economic and budget reform. 3 fulltime international consultants based in the Embassy, working closely with both Ministries and the Deputy PM-Economic. Key areas of focus this year:

- 2007 budget preparation
- Policy advice on public expenditure, especially fuel subsidy reform
- Macro-economic forecasting

DFID plan to provide 2 additional consultants at the request of the Deputy PM-Economic, to work on structural economic reform (e.g. oil sector restructuring, financial market reforms) and the international compact.

Provincial level

Cross-departmental and PCRU: The Basra Provincial Reconstruction Team is likely to be operational for the next two years - it reached "Initial Operating Capability" on 14 May. It is pursuing three strands of activity:

- Governance
- Rule of Law.
- Infrastructure and Economy

It draws together relevant HMG sectoral experts as well as secondees from the US and Denmark. As it grows it will seek to develop strong links with both the Iraqi authorities and the donor community to support the delivery of a co-ordinated donor effort.

DFID: £20.5 million Governorates Capacity Building Programme (August 2004 to February 2007) covering all four provinces in the south. Includes 7 international consultants, 2 of whom are fulltime with the PRT, and £1.9 million in programme funds for use by the PRT. Activities:

- Support for Iraqi-led draft Strategic Development Plans for the four governorates. Prepared recently on a DFID-sponsored study tour to Lebanon. These provide a basis to produce 2007 provincial budgets, to unlock central funds and thereby establish a sustainable budgeting process. Approach endorsed by Ministries of Planning and Finance.
- Establishment of Provincial Development Committees in all four governorates.
- Improved co-ordination between the Provincial Council, the Governor's Office, and the technical Directorates.

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- Refurbishment of Governorate offices and resource centres.
- Training over 50 Southern Governorates officials in budgeting and planning processes.

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Annex C

BASRA SECURITY PLAN – KEY ELEMENTS

PURPOSE: to remove the immunity and impunity that Governor of Basra's patronage provides to assassination squads; target the rogue Jaish al Mahdi (JAM) leadership; and target and reform corrupt police agencies.

OBJECTIVE: Civil Authority successfully restored, an increasingly capable ISF in the lead and continuing to prosecute operations through a combination of reassurance, deterrence and attrition of insurgents, leading to Provincial Iraqi Control.

KEY TASKS:

- Reform corrupt police agencies through prosecution, replacement and retraining.
- Continue to develop the IPS.
- Arrest and detain the leadership of rogue Jaish Al Mahdi.
- Increasing use of the Iraqi Army (IA) on joint combined operations, leading to a partnership with the ISF increasingly taking the lead as institutions such as Department of Internal Affairs are reformed.
- Developing ISF leadership capabilities.

PROGRESS.

- An increase in targeted search and detention operations resulting in 23 detentions since 17 May and the seizure of weapons and military equipment.
- IA reinforcements (3 companies) from outside the 1 IA Brigade (Basra) area successfully absorbed into the security apparatus for operations in Basra and expected to remain until 2 Jul 06.
- Attacks on fixed MNF facilities slightly down, but there has been a marked increase in aggressive demonstrations and attacks against patrolling MNF forces.
- Governor Wahili continues to wield power and has reinforced his position by suspending the Provincial Security Committee.

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