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To: Nick Banner, No 10

**SUBJECT: IRAQ FORWARD PLAN**

1. On 13 November the Prime Minister commissioned an Iraq policy paper. I submit a draft which, as agreed at Sir N Sheinwald's Iraq Strategy meeting this morning, will go in parallel to the Foreign Secretary and Defence Secretary.
2. With more than 3,700 deaths in October and the multiple suicide bombs yesterday in Baghdad, the political and security backdrop in Iraq is increasingly difficult. So the plan is based on a series of assumptions that at once limit us and make it all the more important that we make a serious effort now:
  - First, that the tasks are enormous. While we can advise and help, only the Iraqi government can lead and implement essential work on reconciliation and public sector management.
  - That time is running out. As predicted when Maliki's government took office in May, our influence over events has diminished; it will continue to do so. The period in which we can make a significant difference politically and militarily is ending.
  - That the Iraqi government knows it needs the Coalition but increasingly sees the Coalition as the main obstacle to establishing its authority in the eyes of the Iraqi people. The Iraqi wish for the Coalition explicitly to commit to handing over security responsibility to Iraqi forces dominated the negotiation

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this autumn of the text of Maliki's letter to the President of the Security Council seeking an extension of MNF's mandate.

- That Maliki's analysis is right: if Iraqis are to accept his government they need to see that it has security responsibility, which as a consequence will be handed to the Iraqis ahead of a rigorous military assessment that they are fully capable of undertaking the task. The Coalition task will increasingly focus on achieving sufficient Iraq capability rather than complete Iraqi capability.
- That the break-up of Iraq would be a disaster for Iraq (vicious civil war), the region (sucking in the neighbours) and the international community (migration flows, irrefutable evidence of strategic failure).
- That the effort now underway in Basra represents our last big push in south eastern Iraq. The situation in the spring is likely to be as good as it gets. We should therefore capitalise on that by moving to PIC as quickly as possible.
- That the Baker/Hamilton report, and other reviews underway in the Administration, will not recommend a fundamental change in policy beyond advocating greater contact with regional powers (including Iran and Syria).
- That Maliki wants to remain Prime Minister, and recognises that in order to do so he needs the Coalition to stay at least until he has full operational control of the Iraqi army.
- That, despite the difficulties, it is essential to renew our efforts: it is vital that, when we go, the Iraqi government should be able to defend itself from internal and external threats and deliver basic services to all Iraqis. Without this effort Iraq is unlikely to achieve that.

3. Dominic Asquith has made initial soundings about the ideas in part I of the paper (Political Accommodation); Maliki, Talabani and Hashemi were positive, recognising the importance of some sort of implementing mechanism. Whatever ideas the Prime Minister agrees will first have to be sold in Washington. There would be advantage in doing this before President Bush's meeting with Maliki on 29/30 November in Amman.

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## IRAQ: FORWARD PLAN

### PURPOSE, CONTEXT AND HANDLING

1. The Prime Minister asked officials on 13 November rapidly to develop a new plan to address the key challenges facing Iraq. He set out in his Guildhall speech the same day the three priority areas for action. This draft plan takes its structure from those three priorities.
2. In parallel, President Bush has asked the US Administration to produce a similar plan. He has asked that this be ready by mid-December. The Baker/Hamilton-chaired Iraq Study Group is likely to issue its report around the same time.
3. We will plainly need to consult very closely with senior US officials as we and they develop these plans, to ensure that to the extent possible they match – or ideally, that they merge into a joint US/UK product.
4. Timing is critical. Maliki is planning for Iraq's political leaders to convene in Baghdad soon. The earlier we can share our ideas with the Iraqis the better.
5. The wider context for this plan is the growing reality of Iraqi sovereignty. The Iraqi Government and political class have their own priorities, which are not the same as ours. Maliki's highest priority now is accelerating the pace of security transition.
6. If this plan is to make any headway, the active engagement of the Prime Minister and other Ministers will be indispensable. Our ideas will need to be carefully presented and sold to the Iraqis. Without real Iraqi buy-in, our agenda will gain no traction. Regional support will be important too.

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## I. POLITICAL ACCOMMODATION

*How can we help broaden support for Maliki's Government? How can we encourage genuine power-sharing and non-sectarian behaviour by the key political actors? How can we help secure progress on the key issues?*

7. Maliki's Government has been hobbled by the narrowness of its political base. It is a National Unity Government in name and composition, but not in practice. Key Shia actors, notably SCIRI, are giving it only partial support. The senior Sunni Arabs in Government are at best ineffective.
8. Maliki himself attaches much less importance than we do to the need to broaden his Government's support base and reach out to other constituencies.
9. Despite all the commitments Iraq's politicians have made in the last year there is still insufficient commitment to genuine power-sharing, to non-sectarian behaviour and to dealing with the militias.
10. The key missing ingredient in Iraqi politics is a genuine political compact to provide a framework in which the violence can begin to be brought down, and progress on the substantive issues made possible.
11. Our focus should be on helping bring this about. We and the US should urge the political leaders to use an early meeting to sign up to a political agreement and implementing mechanisms along the lines outlined below.
12. One idea in circulation, including around Baker-Hamilton, is the holding of a UN/international conference on Iraq including key international and regional players. The involvement of these players is critical to the success of any new initiative in Iraq. The International Compact and the process below provide clear opportunities for increased regional and international involvement, including by the UN.
13. We should encourage Iraqi political leaders to sign up to:

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**a) A Declaration of Principles**

The right Iraqi labelling of this will be critical to promoting buy-in. The appropriate Arabic translation of 'National Compact' may work.

This could feature clear commitments to:

- (i) Strengthen the unity of Iraq and Iraqi sovereignty and reject all unlawful external interference in Iraqi affairs;
- (ii) A ceasefire; to renouncing violence and resolving disputes through peaceful means; and to doing everything possible to ensure that the government has a monopoly on the use of force [i.e. covering all illegal armed groups];
- (iii) Clean out and build up the Iraqi security forces to ensure that they are capable, trained and equipped, loyal to the Iraqi state and trusted by and committed to serving all Iraqis (including firm support for Maliki's stated agenda on MoI/MOD reform);
- (iv) Prevent the return of a Baathist government (it would be particularly valuable to have Sunni Arab leaders make such a pledge) while reviewing debaathification to allow all those who have not committed crimes to participate in building Iraqi stability and prosperity;
- (v) Prevent human rights abuses and ensure that any such abuses are investigated and those responsible held to account;
- (vi) Actively support national reconciliation and a serious and inclusive constitutional review;
- (vii) Give full support to the Prime Minister and the Government of National Unity.

**(b) Implementing Mechanisms**

If they were to stand any more chance of being implemented than previous such commitments, these would need to be accompanied by agreed follow-up mechanisms. Drawing on the experience of other peace processes, these could include establishment of the following Commissions. In each case the

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Commissions might be led by a prestigious international figure (ideally not from the US or UK) and senior Iraqi figures from each of the three main communities (Sunni, Shia, Kurd).

- (i) An overseeing Peace Commission. International figures with the right profile might include Ahtisaari, Terje Larsen, Ghassan Salama (UN/former Lebanese Foreign Minister) or John De Chastelain. Pachachi (for the Sunnis) might be an example of the right kind of statesman-like Iraqi. This would be the most public face of the follow up mechanism, reporting progress and compliance by political leaders and their militias with the commitments in the overall agreement.
- (ii) A Reconciliation/Rehabilitation Commission. This would receive reports/first hand descriptions from ordinary Iraqis subjected to violence, pre- and post-2003. Those identified as having carried out violence could appear to give their side of the story. Those still subject to the De-Baathification process would not be called to this Commission but would be dealt with by the existing De-Baathification Commission. The incentives for people to come to this Commission would be, for the victim, the possibility of receiving compensation and, for the perpetrator, an amnesty. This Commission could also help address the issue of detainees, a key Sunni grievance.

We should also include something on **accelerating transition/building ISF capacity** e.g. through a reference to work being taken forward on this by the recently established High-Level Working Group.

14. The above constitutes a process. It would not deliver instant change, but the hope is that it could help reduce violence fairly quickly and help delegitimise the militias. It is designed to respond to the key concerns:

Shia: return of Baathist Govt; not letting the crimes of previous regime being swept under carpet; compensation for injuries suffered

Sunni: a way back into society; abuses committed by "Shia Islamist" government not ignored

Both: get the weapons off the street; a credible hope that abuses will be investigated impartially.

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15. There is already much in this agenda for the **Kurds**, not least in terms of the improvement in their security success would offer. But alongside this we should explore what else might be needed to incentivise them to play their part in promoting the success of a unitary Iraq.

16. In parallel there will be a critical need for **wider political outreach**:

- to Iraqis who remain outside the political process, whether in Iraq or in neighbouring countries, to promote their inclusion;
- to key regional players, to promote their buy-in and support for our ideas on the way forward.

17. The process might be launched, or at least trailed, at Maliki's proposed political leaders' conference at the end of November/early December. The aim might be to achieve agreement on the declaration and mechanisms by the Muslim festival of Eid Al-Adha at the beginning of January; with establishment of the implementing mechanisms to be completed in January, beginning their work soon after.

**(c) Agreement on a date for Provincial Elections in 2007.**

18. These are due to take place sometime in 2007. We should consider what the best timing for these would be (i) in relation to security transition (ii) to exploit the opportunity they offer for use as a mechanism to promote progress on implementing a political agreement and on security more broadly. For example they could promote the emergence of legitimate local Sunni Arab leaders, be used as a tool to tackle militia influence and give Iraqi political groups a greater incentive to promote security in their areas to enable their supporters to get out and vote.

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## II. GOVERNANCE AND ECONOMIC DEVELOPMENT

*How can we build greater capacity in Iraqi Ministries; tackling bottlenecks to Iraqi spending and improving the delivery of basic services?*

1. The scope of the challenge is enormous. Iraq has considerable resources (\$37.6bn in 2006) at its disposal to improve the lives of Iraqis, but it suffers from weak internal systems, a risk-averse bureaucracy and an endemic level of corruption – all of which are hampering delivery. Iraq needs to pursue fundamental reforms across Government.
2. At a strategic level, the core problems are a lack of political will and leadership; and weak capacity across Government to drive forward the reform agenda and actually spend the budget. The International Compact already sets out much of this reform agenda and has some (limited but not enough) Iraqi buy-in.
3. We know much of what is wrong. The key is to generate more political commitment to address these issues. The immediate objective, thus, is to impress on Maliki - and senior Ministers and advisers - that economic management and reform requires their sustained attention and visible leadership, as a strategic and security issue. Maliki also needs to ensure that Provincial Governments are resourced properly and held to account, as part of the process of forging a sustainable political settlement.
4. There are a number of immediate actions that Maliki could take in order to maximise the chances of success. These include:
  - Striking a meaningful deal on **oil** revenue sharing and beginning restructuring the oil sector so that it behaves more like a business.
  - Striking a deal on **fiscal federalism** to promote national unity; enforcing accountability and transparency; and getting Iraqi resources flowing to the provinces to improve services;
  - By early 2007, adopting and using the **International Compact** as a key and visible part of the Government's reform agenda, and as a means to secure the commitment of the international community.



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5. In terms of demonstrating more energetic leadership, we should encourage Maliki to:

- (i) Establish an economic Task Force equivalent to the Ministerial Committee on National Security. This should be chaired by Maliki and include the key relevant Ministers and advisors. It should give strategic direction, review progress and hold Ministers and Provincial Governments to account. DPM Barham Saleh could help set the agenda and provide support. Communicating its work should be made a high priority.

We should also urge Maliki to implement the following:

- (ii) Promote positive Ministerial Change

We should press for the appointment of effective replacements for under-performing Ministers. We should argue for the replacement of the most egregiously partisan Minister<sup>c</sup> by experienced technocrats. We should be cautious about how much immediate improvement this will deliver.

- (iii) Take personal responsibility for ensuring broad international and Iraqi engagement in and support for the International Compact, with a particular focus on Gulf States.

- (iv) Get agreement on a Hydrocarbons Law which promotes national unity and which offers strong incentives for investment;

- (v) Push for a full and effective multilateral presence in Iraq, including a properly staffed World Bank office and a more pro-active UN;

- (vi) Begin reforming key Ministries

The GoI needs to overhaul the way it manages investment and budget execution, with a particular focus on the Ministries of Finance, Planning, Oil and Electricity.

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(vii) Get Iraqi resources to the Provinces to improve local services and create jobs

The GoI needs to get investment resources disbursed quickly to provincial governments, in order to improve service delivery. We can support this by continuing to build **provincial government** capacity, through our Basra PRT and Infrastructure programme. DFID investments in power and water will come online over the next 6 months. To date these projects have generated more than 90,000 work days for local people and transferred new skills to Iraqi contractors.

6. This is an ambitious and complex reform agenda. In close coordination with the World Bank, IMF, US and others actors, we are already providing support on key aspects of reform, as well as directly generating jobs. To date progress on reform has been limited and we should be realistic about the chances of widespread success in this agenda in the next 6 months. But traction is improving in some areas, as the quality of Ministers and political leadership improves. We are already in the process of reviewing many of our capacity building efforts to ensure they are well placed to deliver on priority issues. In addition, we will need to ensure that the Provincial Reconstruction Team in Basra is resourced to deliver tangible benefits in the near term.

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### III. SECURITY

*What are the key outstanding training and equipment needs for the ISF?  
What is our plan for progressively reposturing MNF, as required by Maliki?*

#### A Revised Approach

1. The Transition Bridging Strategy is an emerging concept from the coalition military command in Baghdad aimed at speeding up the hand over of security responsibility to the Iraqis. It represents the operational response to the potentially changing US strategy in Washington.
2. The revised coalition (US) plans have yet to be endorsed. However, the US approach is likely to see:
  - A move by coalition forces out of the urban areas and into consolidated bases on the outskirts.
  - An accelerated handover of security responsibility to Iraqi formations.
  - And potentially, larger US training teams embedded in Iraqi units – absorbing approximately a third of US combat power.
3. This approach acknowledges the fact that the current mechanistic and convoluted assessment process for transition is likely to be overtaken by a more pragmatic and subjective Iraqi-led approach. **This may mean that the conditions for transfer are relaxed thus accelerating the process of transition. The risk is that a less rigorous process may increase the chances of subsequent under performance by the Iraqis.** In practice, it places an increasing emphasis on the capability of the Iraqi Security Forces rather than the security situation on the ground, closely supported by efforts on the governance and economic front. We may, however, face a degree of pushback in the detailed execution of our plan from the US, despite prior agreement in principle. Therefore our approach must include bi-lateral consultation at all levels and stages of the transition process.

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#### Iraqi Weaknesses

4. In order to enhance the chances of successful transition, there are a number of weaknesses in the Iraqi Security Forces that need to be addressed, principally by the Iraqis, with support from the coalition:

- A lack of capacity and ineffective command and control arrangements, particularly at strategic and operational levels.
- Militia infiltration of the Iraqi Security Forces, in particular the Iraqi police force and other Ministry of Interior (MOI) forces.
- The inability of Iraqi Ministry of Defence (IMOD) to apportion and release funding.
- Strategic and tactical level intelligence capabilities.
- Lack of Iraqi Security Forces logistic capacity and protected mobility.
- Lack of some heavier weapons such as machine guns.

#### What more can we do?

4. (i) At the national level, we should focus on the following:

Within 3 months:

- Link the Government of Iraq's pursuit of Provincial Iraqi Control with the release of central funds for development and reconstruction (Coalition/US Lead).
- Provide subject matter experts to advise higher level HQs in Baghdad focusing, in particular, on equipment and logistics (US/UK lead).
- Ensure that the programme of training and mentoring for the Iraqi Army, Iraqi Police Service (Iraqi Police Service) and the Department of Border Enforcement (DBE) is focussed on the key areas of weakness identified above (US/UK).

Within 6 Months:

- Improve MOI capacity by attaching experienced civil police planners and HM Revenue & Customs officials to the MOI (UK / NATO lead) to provide advice in areas such as border security and anti smuggling.
- Increase UK efforts to assist the IMOD to disperse funds and equipment to enable the Iraqi Security Forces to take on security responsibility in the south and elsewhere (IMOD Advisory Team).

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Within 12 months:

- Encourage the Iraqi government to tackle sectarianism in the central security ministries.
- Enhance Iraqi executive capacity by increasing UK other government departments' engagement in Baghdad in key Ministries for example, the security ministries, Ministry of Finance, Justice, Human Rights, Oil etc.
- Both of the above are linked to and should be led by the broader proposals on political development and governance in Parts 1 and 2.

Where the UK cannot directly contribute, we should draw on our influence as a key coalition partner and press the US on a number of key messages:

- The critical importance of a robust strategic communications structure to support a fledgling chain of command and facilitate the timely and effective control of security forces.
- Prioritisation and allocation/release of equipment to key Iraqi Army formations. Critical weaknesses include heavy weapons, protected mobility and logistics.
- The key US entity in this is the Baghdad based Multinational Security and Transformation Command (Iraq) (MNSTC-I) where we should make use of our deputy commander slot and the senior civilian post to advise the IMOD and exert influence.

(ii) In the south we should focus on the following:

Within 3 months:

- Increase our efforts on capacity building for the Department of Border Enforcement, with emphasis on improving port and crossing point security.
- Complete reform of the Serious Crimes Unit within the Basra Police, which has been a centre of criminality and anti – coalition activity (Iraqi lead).
- Re-work the Iraq information strategy (already underway).
- Work up a proactive coalition engagement / handling plan.

Within 6 Months:

- Enhance our commitment to monitoring and mentoring 10 Iraqi Army Division, through leadership development, joint exercises, and collective training (in and out of country) - in particular with the provision of

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centralised training via a possible 'centre of excellence' at Basra Air Station.

- Provide niche equipment where gaps exist, e.g. medium and heavy machine guns, whilst ensuring that the Iraqi Security Forces is not saddled with a multiplicity of equipment types.
- Continue work on forming the Iraqi Police Service Department of Internal Affairs in Basra.

Within 12 months:

- Assist in recruiting and training an additional 1850 Iraqi Army recruits as part of the nationwide expansion plan recently agreed by Maliki.
- Retain sufficient situational awareness to allow coalition forces to continue to engage with the Iraqis and be able to re-intervene should it be necessary.

#### Progress to date

5. These plans should build on what has been achieved already, which has been considerable:
  - The beginning of Provincial transfer to Iraqi Control.
  - The Iraqi Ministry of Defence (IMOD) has taken over operational control of the Iraqi Navy and Air Force.
  - The Iraqi Ground Force Command has been stood up and has begun taking operational control of the Iraqi Army divisions (two so far).
  - 131,000 military personnel have been prepared for operations so far.
  - Implementation of significant Iraqi structures for increased Iraqi Command, Leadership and Management capacity via the NATO Training Mission.

The south, under UK lead, has also seen considerable progress:

- PIC in two provinces with successful transition re-posturing in a third.
- An increasingly capable Iraqi Army 10<sup>th</sup> Division.
- An operationally adept 10 Iraqi Army Division which has performed well on Op SINBAD and demonstrated the capacity for successful independent action during recent fighting in Al Amarah.

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Do our plans tie-in?

6. Our conditions based plans to reposture/drawdown in the south of Iraq in 2007 are generally consistent with the revised strategy. On completion of Op SINBAD in February 2007, we are likely to conclude that no further purpose can usefully be served by staying in our current posture in Basra. It is critical that we depart, at the end of Op SINBAD, in a deliberate well-thought out operation, and that we make as much mileage as possible of the presentational opportunity presented. We want to show that we are leaving in good order, with Op SINBAD a success, and with the Iraqi Security Forces firmly and successfully in the driving seat.
7. Fundamentally, we would seek to hand over ground to the Iraqis, particularly in the urban areas, reducing our profile and closing a number of bases and consolidating our forces at Basra Air Station. We would then focus on continuation of agreed coalition tasks, the opportunity to increase military support to other government department activity and a greater focus on our security sector reform efforts (army, police and border guards), through mentoring and training.
8. This could result in a force level reduction from approximately 7000 troops to about 4500 in accordance with the planning guidance in the DOP(I) approved 'Medium Term Prospects' paper. This would be focussed around 4 battlegroups (against the current 6) with a mix of responsibilities for training and mentoring, a re-intervention capability and coalition rear area security tasks. We believe there is sufficient flexibility within this force structure to cope with any increased or re-focussed demands for training and mentoring. Any proposals to go below this level (say, to 2 or 3 battlegroups) could carry significant risk across all extant tasks – further work is needed.
9. Whilst there may be a need for minor reposturing of our forces in Baghdad to support the proposals above, our military presence there will, in broad terms, remain unchanged. We will, however, want to keep under review and where necessary enhance our contribution to building the effectiveness of the central Iraqi security institutions, including the MOD and MOI.

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