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IRAQ: FIRST IMPRESSIONS FROM BASRA

From: CPA BASRA

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SUMMARY

Depressing picture misleading. Renewal of economic activity, air of excitement as Iraqis jostle to fill political vacuum. Local issues of greatest concern. Coalition will be judged on results. \$280 million allocation to over 1300 projects in South. Need to help Iraqis over transition. 5 preoccupations: security, employment, utilities, public services and corruption. Iraq's assets give grounds for guarded optimism.

Detail

1. I have been Coordinator of the Coalition Provisional Authority for Iraq's Southern Region (CPA South) for 23 days. I offer some impressions of Southern Iraq and our tasks in the remaining 127 days before we restore sovereignty to the Iraqis on 1 July.
2. Southern Iraq is a wasted landscape: ugly, featureless desert with few trees and littered with the wreckage of Saddam's follies. The high water table means that cities are awash with sewage and rubbish. The infrastructure is crumbling: power stations, factories and even petrol stations rely on antiquated, inefficient and barely functioning technology. Punished and neglected under Saddam, the four Southern governorates have high unemployment rates, especially in Dhi Qar. 80 per cent of the population depend on food rations. Without effective border security, the region is open to smugglers and organised crime as well as malign Iranian and Wahhabi influences.
3. This depressing picture is misleading. Jobs are being created in both public and private sectors at an accelerating rate. The results can be seen in markets full of goods, especially electrical appliances. The pay of doctors has risen from 3 to 350 dollars a month. Everywhere except in one dreadful town in Dhi Qar I have been warmly welcomed and thanked for the coalition's efforts. In Al Amarah I joined a lively debate among tribal elders about renewal of the local town Councils: I told them that in 35 years in the Arab world I had never witnessed such free discussion. There is a palpable feeling of pride and excitement as Iraqis for the first time accept responsibility at a local level for deciding the future of their districts instead of carrying out orders from Baghdad.
4. Understandably the debate about choices is confused. In most areas there are demands to hold makeshift direct local elections immediately. The political vacuum is filled with a fermenting brew of religious and secular parties jostling for power but uncertain what they want to do with it and without clear manifestos. Some have an extreme Islamist flavour, a few are associated with paramilitary militia or are on a criminal fringe. None, as far as we can see, pursue an overtly foreign or

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subversive agenda. People here are wary of Iranian intentions, but probably more concerned about extremist Sunni elements funded from Saudi Arabia and Kuwait. They do not see parties like SCIRI and Da'wa as Iranian stooges, although they view with concern the activities of the Badr organisation which has some Iranian patronage. Much of SCIRI's appeal arises from their skilful humanitarian assistance which fills the void of a barely functioning Iraqi bureaucracy. Local issues are of greater interest than debates about federalism and the national constitution. Security, new jobs and improvement in basic services are the priorities and therefore the yardstick by which the Coalition will be judged when we hand over in the South.

5. After 6 months of hard work by my predecessor CPA South now has almost a full house of specialist experts, working in close harmony with Multinational Division South East (MND SE), to help the Iraqi authorities meet these expectations. We have much less time than previously envisaged. By next week CPA South/MND SE will have committed \$280 million to more than 1300 projects, targeted to create jobs, make a quick and visible impact and be completed by 30 June. The programme covers emergency repair of the infrastructure and support for local authorities. Our capacity will be stretched to deliver on time: even if we had more funds and staff I doubt if we could complete many more projects by 30 June. Our expertise will supervise CPA projects to completion; advise and support where wanted the new programmes of other donors - notably the US Project Management Office (PMO) (with \$2.9 billion of Supplemental funds earmarked for the South, primarily for electricity and water) and Japan (\$1.5 billion all for the South in 2004/5); ease the return of the United Nations agencies and other donors where possible; and strengthen the capacity of Iraqi government officials to plan and execute their own reconstruction programme. This is the greatest - and longer term - challenge: to convert a public service used to receiving orders from the centre to a service delivery mechanism responsive to local needs. So it is essential that some of the experts now here in key areas should remain to support the difficult transition, whether under contract in a DFID team or a different umbrella: the PMO as the biggest spender may be suited for this and are looking for support for the long haul. Ironically from my first day my role has been to plan a painless dissolution of CPA South.

6. After one quick tour of the region and a few meetings with the emerging local leaders I hesitate to assess prospects or to forecast how our role will be viewed on 1 July. Instead I suggest that our concerns over the next 4 months will be in 5 main areas: security, employment, utilities, public services and corruption.

7. Security. For now the South is generally under control but I am sure Jeremy Greenstock is right to warn me that success here depends on success at the Centre despite the relative lack of interest in national politics. Ayatollah Sistani has impressed on us the extent of his influence in the streets of Basra. Admirable tactics by MND(SE) to win hearts and minds are clearly effective as I have seen on the street but there are parts, especially in Muthanna and the Cinderella province of Dhi Qar, where they do not reach. The military are increasingly successful at deterring and dealing with attacks against coalition targets. The public looks to us to deal with organised crime, looting, smuggling, illegal immigration and political assassinations. We are assisting the military in devising a strategy for separating, without unnecessary confrontation, political parties from their associated armed thugs. These difficult tasks require effective Iraqi security forces: much of the Coalition's combined effort is

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directed towards training and mentoring the Iraqis to assume responsibility. As Coalition forces inevitably step back there will be a testing transition. Sustainability is the crucial issue.

8. Employment. The coalition inherited a dire level of unemployment. Despite the progress made already in providing work, expectations one year on are higher than can be met. I am optimistic for 2 reasons. First, the projects managed by MND(SE) and CPA, now getting under way, will provide many thousands of jobs and opportunities for local companies over the next 4 months. The PMO will provide many more soon. Secondly, and given incremental stability, there is a steady trickle of interest from returning exiles in private investment opportunities.

9. Utilities. Sewage, water and electricity are the priority but one year is not enough to deliver what every Iraqi expects. There will be short term fixes in the most needy areas and a modest increase in electricity supply available to central Iraq, provided that saboteurs do not again bring down transmission lines to Baghdad. The best guess is that the increase will fall well short of peak demand this summer: the coalition will get the blame for the shortfall, victims of our success in stimulating economic activity and the market for electrical appliances. Massive investment in these basic services will show results in 2-3 more years.

10. Public services. Reform is a long term process. The problems of a supine public service dictated to from the top frustrates us all in our daily work, Iraqis and foreign advisers alike. It affects our mission most acutely in the late delivery of budgets and salaries; inability to pay budgets or stipends to the local councils we are trying to encourage as the accepted grass roots of the new Iraq; and strikes affecting key sectors (oil, port and transport workers) over leapfrogging pay rises in the absence of any credible trade unions to negotiate with management. Some Ministries are better than others but much CPA time is spent fighting fires on these internal matters which are potential threats to security.

11. Corruption. I highlight this because it pervades everything here and calls into question the sustainability of what the Coalition is trying to achieve across the board. It is difficult to see how ingrained habits can be changed in the short term. Yet if the security forces are able to get away with corruption there will be no stopping it after 1 July. Then the institutions of the new democracy would be at risk of becoming as discredited as they were when I was in

12. Despite this gloomy reservation I would like to be guardedly optimistic for Southern Iraq if the coalition can lay a basis for stability. The Iraqis have valuable assets: an abundance of oil and water of course but also dormant entrepreneurial and technical skills waiting to be leavened with the wealth of returning exiles. I hope that I remain as optimistic when I sign off on 30 June.

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