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From the Secretary of State

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2 July 2003

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Dear Prime Minister

I wrote to you on Friday with immediate impressions of my visit to Iraq last week. I now attach, as promised, a more detailed report with recommendations.

The overwhelming – and immediate – priority is security. This cannot be stressed enough. Since my visit attacks on Coalition troops have continued, and the situation appears to be worsening by the day. This affects the safety of our own troops and civilians, as well as that of the Iraqi people. It is a major impediment to our ability – and that of the Iraqis and the rest of the international community – to take forward the rehabilitation and reconstruction work that is so urgently needed. I have just heard that the UN is planning to scale back their international representation in Baghdad, from 300 to around 200 people, on security grounds. I am urgently looking into this. This will send an extremely negative signal to both Iraqis and the international community, and – if it takes effect for more than a few weeks – it will also have a major impact on our recovery and reconstruction effort. (In the short term the UN may be able to continue its work relatively unaffected through the efforts of local staff). We should look again at the number of troops in theatre and be prepared to put more Coalition (or other international) troops on the ground if that is required.

Following my visit I am clear that the UK focus on security in the South, leaving security in Baghdad largely to the US, is not good enough. Security country wide is the single most important factor in deciding the success or failure of political and reconstruction efforts in Iraq. And we are running out of time.

There are a number of recommendations in the report. But I would highlight here:

- the importance of Geoff Hoon's role in leading and co-ordinating our security effort. In the north this will require continued heavy influencing work with the US. We and others in Whitehall should give him every support in taking this forward as a matter of overriding priority;
- linked to security, the need to agree and communicate to the Iraqis, within days, a clear timetable for the political transition to Iraqi self-government. Until Iraqis can see that we are serious about handing authority back to them, and can see a defined process leading to the withdrawal of Coalition forces, they will continue to doubt our intent and the reasons for our continuing presence;

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- the need for urgent actions to effect palpable, significant and immediate improvements in the lives of the Iraqi people. My report sets out various suggestions.

I know that you will be speaking to President Bush tomorrow. It would be helpful to raise the following with him:

- the urgent need to get a grip on the security situation in Baghdad. The US – and we – need to look immediately for alternative ways to ensure that our people and Iraqi counterparts can work together safely. As an immediate measure, we should consider moving the Iraqi ministries into the secure area, or secure the area around and routes to Iraqi ministries. We should aim to co-locate CPA teams with their Iraqi ministries by the end of July;
- the need for a public and well communicated timetable for the political transition to Iraqi self-government. An immediate objective would be to transfer maximum authority to Iraqi "Ministers" appointed by the Governing Council — we should put Iraqis in charge of helping to sort out the problems that Iraq faces.

The senior officials' group supporting the Ad Hoc Ministerial group has been working on an action plan for Whitehall engagement in Iraq. I suggest my recommendations are taken up and actioned by that group.

I would be happy to report on my visit and conclusions at tomorrow's Cabinet meeting.

I am copying this to colleagues in the Ad Hoc Ministerial Group and to Sir Andrew Turnbull.

Yours sincerely,
Valerie Amos

VALERIE AMOS

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Iraq: Visit Report

A. Summary

Security remains the key concern, followed closely by political empowerment and public services. Without improved security, little else is possible. Iraqis are getting increasingly frustrated with the perceived lack of progress. Time is running out fast. We need to accelerate progress and to identify interventions that can shift Iraqi perceptions. Recommendations.

B. Report

1. I visited Basrah and Baghdad on 25 and 26 June. I met the UN Special Representative Sergio de Mello and other senior UN officials, CPA officials including Paul Bremer, UK officials including John Sawers, senior military commanders including Generals Wall and Viggers, ICRC representatives, and DFID staff in Basrah and Baghdad. In Basrah, I visited the UN House, a water treatment facility and a refurbished prison. In Baghdad, I also visited the British Office.

2. I set out my general impressions in a letter to you immediately on my return. This report sets out in more detail what I found and makes recommendations for next steps.

Context

3. In many respects, life is returning to normal in Basrah and Baghdad. In both cities bomb damage is visibly limited. Many more buildings have been affected by looting. In Basrah, shops, markets and restaurants are open. School buses, cars and people are out on the streets. The streets are being cleaned. I

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was able to see much less in Baghdad because of the security situation but there is a far more visible military presence on the streets, fewer people and cars but still a sense that life is returning to normal. When I visited the British Office there were people swimming in the river and the Paras guarding the Embassy building have built up a very good relationship with local children.

4. But security in and around Baghdad remains very fragile. US troops continue to be attacked on an almost daily basis. There have been three attacks on civilian white vehicles in recent days. UN workers report that increasingly Iraqis are beginning to lump all foreigners together. It is just a matter of time before international civilians are caught up in these attacks. While insecurity continues to hamper the movement of international staff, it will hold back reconstruction efforts. For example, USAID contractors are still not present in Iraq in full strength, and even in the South, continue to spend 4 hours a day commuting from Kuwait to Basrah. Security remains the key concern for Iraqis too. People continue to be afraid to leave their homes or send their children to school. Police are returning to the streets, the legal system is beginning to function and prisons are beginning to re-open. But the pace of progress is simply not fast enough to address people's concerns.

5. Whilst relieved that the Saddam regime has gone, Iraqis are not yet optimistic about the future – they continue to worry about the possible re-emergence of Saddam, and are deeply frustrated at the perceived failure of the Coalition to deliver real improvements in their daily lives. Security and public services remain at the top of the local agenda. People do not just expect services to be delivered at pre-war levels. Given the lack of investment, skewed political culture, lack of access and repression under Saddam, they expected the coalition to deliver more in all areas. In respect of political freedom and access to resources, they also expected to take charge of their own affairs. So whatever our successes, and there have been some in a difficult operating environment, it is not enough. I feel that if we had managed to get basic services up and running

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in a consistent way then there would have been more time to work on the political situation. However, the early administrative failures in the CPA, and ongoing security problems mean that we have lost goodwill and now have very limited time in which to make substantial progression getting basic services up and running, gaining and maintaining the good will of the Iraqi people and handing over power.

6. So what has been achieved to date? In Basrah, CPA South remains weak but our military have done an outstanding job in dealing with the security situation despite the tragic losses suffered by our troops last week. They have completed a range of quick impact projects, and staff from the Civil Military Operations Centre and the Commander Royal Artillery have moved across to CPA to bring some much needed order to its work. DFID is providing staff, support to office management and a project team for CPA South. In Basrah, for example:

- o Water and sanitation services have been restored to pre-war levels, and will be helped further by the early arrival of UNDP generators. The Umm Qasr pipeline and water trucking operations by international agencies have played a key role.
- o A possible cholera epidemic has been contained, and the public health surveillance system is being re-established. Hospitals and clinics are functioning again.
- o Police stations have been refurbished and, in the UK area of operation, some 5000 police are back at work.

7. In CPA Baghdad, the administration is clearly functioning more effectively. The excellent working relationship between Paul Bremer and John Sawers has contributed to this, as has the arrival of Andy Bearpark as Director of Operations. In Baghdad and nationally, for example:

- o Food imports are going well and the June ration has been distributed.

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- o Salaries have been paid, and increasing numbers of pensioners are being paid as more bank branches re-open.
- o Interim budget needs for the Iraqi ministries are being assessed and arrangements put in place.
- o The oil sector is recovering well. Production is rising and exports are about to begin. The infrastructure has been well protected during and after the conflict; and the CPA has been able to form effective relationships quickly with key Iraqi oil sector managers.
- o Bechtel has completed its assessment of immediate tasks and will begin a series of projects in the coming weeks (security permitting).

8. Good relations have been established between the Coalition and the UN agencies at an operational level in areas such as food, health, water and sanitation. Most success stories are underpinned by close cooperation between Coalition forces, international agencies (many DFID funded) and Iraqi technicians and administrators.

9. But in CPA itself, there are still too many people with the wrong skill set – policy focus rather than operational expertise, and insufficient experience of post-conflict developing country situations. The isolation of the CPA Palace from Iraqis does not help. We could do more with fewer people, if they are the right people and are able to spend sufficient time with Iraqi counterparts.

So what needs to be done?

10. Our priority has to be to sort out the security situation. The Americans undoubtedly have a difficult task. Iraqi suspicions of US forces run deep. Baghdad was always going to be a more difficult operating environment than Basrah, but the Coalition is losing public support fast. The situation is "chicken and egg". We need to build public confidence so that people feel able to lead normal lives, but whilst the military remain under threat, US forces cannot do

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what we did in Basrah, that is, take off their flak jackets and helmets and go out and meet people. UK efforts to train their US counterparts are very welcome, but it will take time before there is a visible impact on the ground. Threat to civilian/international staff – need to refer to this in body of text as well as recommendations.

11. Building a post-Saddam justice and security sector requires serious investment and training. CPA plans need to be accelerated, and a broad international effort – including the UN – needs to be put together urgently. In the meantime, Coalition military remain at the forefront of efforts, but this needs to change. There is frustration developing amongst military personnel who feel, rightly, that they have done their bit.

12. Work on the political transition is proceeding and will accelerate over the coming weeks. The Governing Council should be in place by mid July; and is likely to be followed by a Preparatory Constitutional Commission. The Governing Council will appoint Interim Ministers, though the scope of their authority remains unclear. The Governing Council needs to be sufficiently representative to win UN and wider international support. The Ministers will need sufficient real responsibility to win Iraqi respect and support for the Council. As yet there is no clear timetable for elections, other than a general intent to hold elections within two years. Elections sooner may be possible if there is faster progress on a constitution. But few expect the constitutional process to go smoothly – fundamental issues such as the structure of the state, and the degree of regional autonomy will be difficult to address. I suggested to Paul Bremer that publication of a timetable would help to clam Iraqi fears about a long-term Coalition presence in Iraq.

13. Most cities and towns now have a council, mostly appointed rather than elected. Basrah and Baghdad are the big exceptions. The political context in

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both cities in complex with a range of religions, ethnic and political tensions. However, both cities should have councils in place within the next two weeks.

14. On the economic front, (significantly increased) salaries have been paid, salary arrears are being cleared this month; and increasing numbers of pensioners are being paid as more bank branches are re-opened. However, currency continues to be a problem, and the banking system is not yet functioning. There is a need to look more broadly at ways of kick-starting the economy. At present, many public servants are absent from work despite collecting salaries – there is an urgent need to release operating budgets so that they are able to get back to work. Further, with the disbanding of the former security services, and with the transitional impact of the conflict, Iraqis are deeply worried about growing unemployment. Many argue that unemployment is feeding crime and looting.

15. Under the former regime, most enterprises were state owned, and most were over-manned. It is unclear how well these will fare in a market economy, or indeed, how many of them will survive the disruption of their supply chains in the transition from a planned to a market economy. There are strongly diverging views in CPA between those arguing for immediate closure of these state-owned enterprises, and others arguing for a more gradualist approach.

16. Iraqi border and customs points were looted, are still not functioning, and continue to hinder the movement of people and goods. Again, until the newly won freedom to travel and trade is translated into reality, Iraqis will see little different from the Saddam period. Whilst some limited progress is being made, there is a need for additional staff in CPA and extensive training needs for Iraqi public servants.

17. A better communications effort is required. Coalition successes are not being communicated well. Conspiracy theories and rumours abound. In

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consequence, expectations remain unduly high; and in turn, feed insecurity. With UK efforts, a proactive public information strategy is now being put in place in CPA. Bremer, Sawers and others are doing increasing amounts of local and regional media work – this is much needed. There needs to be an Arabic speaking spokesperson working on behalf of the Coalition, and getting our messages out. More broadly, there is a need for independent moderate voices to be heard. Too many Iraqis continue to depend on external news sources, some of which are deliberately propagandist. There is an urgent need to develop indigenous media. CPA plans are just beginning to be formulated. The UN is considering establishing an independent radio service drawing on their experience of other post-conflict situations.

18. Telecommunications remain a barrier. The telecommunication system is badly damaged. It is difficult to talk within the CPA, between CPA and its regional offices, and with Iraqis. Partly in consequence, CPA policy is being made with limited consultation, and is not being consistently applied across the country. US mobile phones have been introduced for CPA officials and selected Iraqi and international counterparts in Baghdad. And much of Basrah is now served by the Kuwaiti mobile system. But by and large, most Iraqis are continuing to have difficulty in communicating with each other. Again, this feeds the rumour mill and the sense of insecurity.

19. In many areas, CPA policy is not being applied consistently across the country. Apart from the communication difficulties, locally elected/appointed political representatives are keen to wrest power from Baghdad ministries. Lack of consultation is leading CPA regional offices and military-led governorate teams to (often deliberately) deviate from centrally issued CPA guidance. Hence, for example, in the South, Ambassador Olsen has instructed local directorates to ignore instructions issued from their parent ministries in Baghdad (even though in many cases this will reflect centrally agreed policy instructions issued by CPA). These issues need to be solved quickly. Andy Bearpark, as Director Operations,

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is working to define roles, and to resource the interface between the regional CPA offices and CPA Headquarters.

Conclusion

20. In conclusion, despite steady progress in the weeks since the end of major combat operations, much remains to be done. Time is running out fast. We need to shift Iraqi perceptions now. The first and foremost priority has to be to fix the immediate security situation – without this, little else will be possible.

21. My recommendations follow below. These will be taken up by the senior officials group that supports the Ad Hoc Ministerial and pursued under the Action Plan that has been developed there.

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Recommendations

Improving law and order

- The security climate for international civilians is deteriorating. We need urgently to consider options to improve security for CPA officials and their key Iraqi counterparts.
- Options for immediate 'tactical' security could include: bringing Iraqi ministries into the CPA cordon or expanding the secure area around Iraqi ministries; expanding and directing patrols and/or static guards to cover key sites necessary for reconstruction. We may need to re-consider the case for additional international (or Iraqi) troops. We should also look at the case for enhancing the direct security of UK (and key Iraqi) personnel by providing armoured vehicles and close protection.
- We need to revitalise our work on security and wider justice sector reform.

We need to urgently identify next steps for an integrated solution and to commit UK resources. In the South, we should collaborate with Danish plans; and, country-wide, look to get the UN and other international players involved in immediate policing and longer term reform.

Political

- Iraqis need to know that the Coalition will hand over authority. We need to push for a political timetable, even if that is conditional on establishing a constitution and electoral framework, and to make it public.
- We need more UK people with political skills on the ground. These should be Arabic speakers, with knowledge of the region, to strengthen capacity in CPA South and CPA Baghdad.

Enhance communication

- We need clear messages from the Coalition, with a clearly articulated vision for political transition and reconstruction, and identifiable benchmarks.
- We need Arabic speaking spokespersons.
- We need to build independent indigenous broadcasting capacity. We should encourage the UN to set up an independent radio station and broadcast training.

Make CPA-S region a model

- We need to replace Olsen. If that is not possible immediately, we should strengthen the senior management team around him; and provide other staff as required.
- We need to push security and justice sector plans, in partnership with the Danes. We need an agreed plan within the next two weeks setting out actions, timescale and resources.
- Iraq needs to open business and trade links with Kuwait and the region, including Basrah International Airport, providing support to customs and immigration services as necessary.

Strengthen CPA Baghdad

- Ministry teams in the CPA should fully co-locate with their Iraqi counterparts by end July. Security arrangements should be put in place to allow this to happen. The CPA Palace should house only the top CPA management team and the Coalition military command.
- Provide whatever additional staff are required with the right skill set to CPA. We should strengthen strategic human resource management in CPA; and begin capacity building support for Iraqi public administrators.

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- With the establishment of the Governing Council in mid July, transfer substantive authority to interim Iraqi "Ministers" – Iraqis need to start taking charge of problems that face them on a day to day basis.

Women

- Women need to be part of the political process if we are to be seen to be progressive. There must be a credible number of women in the Governing Council.
- Beyond the political process, we must mainstream gender issues into our wider reconstruction and security efforts.

Public services:

- Continue – accelerate – emergency rehabilitation efforts. In the South, resolve oxygen problems for hospitals, import LPG bottles if required.
- Electricity supply lies at the root of many of the public service problems facing Iraq at present. We need to monitor developments closely, and to clamp down on saboteurs. I stand ready to provide additional resources if they are required to support emergency rehabilitation.
- Work with the Iraqi Ministry of Public Works to attract private and public resources to begin longer term investment programmes.

Culture Change

- We need to focus on how best to bring about culture change in Ministries - particularly in the security sector.
- We need to focus on how to enable Ministries to function.
- And we need to give Iraqis confidence to make decisions.

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