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DFID Department for
International
Development

Minute

To: C...

From:

Ext:

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CC: Iraq Programme Team

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Progress with the Basra Economic Initiatives under TSI

This Minute provides a retrospective of progress with the Basra Economic Initiatives in the first year of Technical Support for Iraq (TSI) and a brief explanation of the plans for this work in the second year. More details are in the draft Annual Review and revised TSI Logframe (Basra components of which are completed). I have also added some lessons / observations which might be relevant to other post-conflict work.

Progress in Year 1 of TSI (July 2008-June 2009)

2. Overall this work has been much more successful than could have been expected, bearing in mind the exceptional difficulties of working in Basra. The investment promotion work stands out as a particular success. The Basra Development Commission and Basra Investment Commissions assisted with over twenty investor visits and organised several high profile conferences. While there is still work to be done, the BIC itself is now functioning with limited support from DFID. And this work greatly increased attention in Basra / Iraq on the benefits of attracting foreign investment.

3. We also made good progress with projects to set up a youth employment pilot programme (YEPP) and to promote finance for SMEs. Both have now reached a lift-off point. The first young people are shortly due to be enrolled in the YEPP, which is being led by the Ministry of Labour and Social Affairs (MoLSA). This will need strong support and oversight from DFID as it is a challenging programme to deliver, and a completely new approach for Iraq. We are supporting SME finance through an existing international NGO with a strong track record of working in Iraq. This is a relatively safe option which should require only limited monitoring by DFID. In addition to these two projects, the Basra Development Commission concluded some important work in developing economic strategies for the province of Basra and in promoting an improved investment climate and business enabling environment.

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Plans for Basra Economic Work in Year 2 of TSI (July 2009 to June 2010)

4. As was envisaged from the outset, the Basra economic work will be a much smaller component of TSI in its second year. The youth employment and SME finance work are being taken forward as separate programmes, not within TSI. The one exception is that the management of YEPP will be performed by a Coffey programme manager () funded by TSI and reporting to DFID Baghdad.

5. The only substantive Basra economic work which is being taken forward exclusively through TSI in year two is support for the Basra Investment Commission. This will be led by Trevor Killen (Coffey consultant), also reporting to DFID Baghdad. We have taken the pragmatic decision to employ Trevor on a full time basis, working partly on the National Investment Commission in Baghdad and partly on the Basra Investment Commission, thus making full use of his proven skills and building on Baghdad-Basra connections. Consultancy time devoted to BIC during the remainder of 2009 will consist of 50% of Trevor's time plus a maximum of 20% of time. In addition there is a budget of around £ 50,000 for BIC secondments to Northern Ireland and around £ 75,000 for training workshops and investor events.

is working to clarify how these funds will be used. It is also important that there are clear and stretching deliverables for the BIC work. We have proposed in the logframe that there should be an independent review of the BIC towards the end of this year, probably by the World Association of Investment Promotion Agencies. I recommend that we should move quickly to set this up as a useful tool to incentivise and measure Coffey's work.

6. All three remaining areas – investment promotion, youth employment and SME finance – are important for Basra's economic recovery and for DFID's reputation and legacy in Iraq. We have set up a management framework which should ensure that this potential is not wasted, but it will require continued attention from DFID management in London at a time when Whitehall attention has waned.

Possible Lessons from TSI

7. The intensive work on these initiatives during the past year has several lessons which might be relevant for other post-conflict situations, including:

i) There was a huge pay-off from genuinely involving other government departments in our work, ie the Ministry of Defence, Cabinet Office, FCO and later in the year UKTI. Their support was essential for logistics – transport and security – but was more important in communicating positively to other government departments the progress we were making. Working with OGDs involves taking on board some of their priorities. But the result overall was a stronger development outcome, more coherent HMG profile in Iraq, and greater respect for DFID's contribution within Whitehall.

ii) It was also useful to identify some highly visible projects for DFID to work on. Capacity building leaves DFID vulnerable to the criticism that we are making no progress, because there is little visible effect. Our investment promotion work demonstrated progress and was good for our reputation with Iraqi counterparts and in Whitehall. It was also very positive for morale, as DFID staff and consultants worked with Whitehall colleagues on key DFID-led deliverables, culminating in the highly successful London Investment Conference.

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iii) The use of a senior non-government figure as an envoy / ambassador for our work - businessman Michael Wareing – greatly raised its profile in Iraq and Whitehall. Michael had access to senior British, coalition and Iraqi figures in a way which no DFID official could emulate. (Note this might not be easy to duplicate because Michael's personality and commitment were a critical factor).

You suggested that these lessons might form part of a script for a session on cross-Whitehall working as part of the Martin Dinham's initiative on this subject.

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