



DECLASSIFIED

DFID

Department for  
International  
Development

711  
JP/0  
VNS.

1 Palace Street, London SW1E 5HE

*From the Secretary of State*

Rt Hon Tony Blair MP  
Prime Minister  
10 Downing Street  
London SW1A 2AA

Telephone: 020  
E-mail:

10<sup>th</sup> November 2004

De Tony

Thank you for your minute dated 26 October. I share many of your concerns about the pace of reconstruction and development in Iraq. However, we should take encouragement from the Iraqi Interim Government's National Development Strategy, the extra resources (about \$3bn) that the high oil price gives them, and the new arrangements that Allawi is making in his own office, with DFID advice, to lead reconstruction. This should help to co-ordinate donors and maintain pressure on the Trust Funds to deliver.

Security is much more difficult than we anticipated and is getting worse around Baghdad. Many contractors, including those that we regularly use to work in post-conflict environments such as Crown Agents, are unwilling to send staff outside Baghdad or Basra at present. This is affecting all donors. But we can do more. Our £6 million employment generation project will start to create jobs this month, initially in Basra and Al Muthanna provinces. I have also allocated £10 million to support essential services provision – water, sanitation and power – in south-eastern Iraq. We will top this up if necessary. We are working closely with UK forces: DFID's technical expertise is available to help them implement their Quick Impact Projects, and military liaison teams will help us to make our projects happen. We will talk to MoD about resources, as we look for other ways to maximise impact.

Successful elections are a priority for us. We have provided \$10 million through the UN to ensure the security of IECI officials. We are seconding two specialists to augment the UN team and we will provide life-support for three elections experts from the European Commission. We have projects to help with voter education, domestic election observation and training journalists in election reporting. All will start shortly. We have told the UN and the Iraqis that we are ready to provide further help with the elections.

The Trust Funds are a three-year programme, but the UN and World Bank could move faster, and we are pressing them to do so. The absence of Bank and UN international staff, and the process of gathering funds and agreeing programmes with the Iraqis have delayed implementation. The UN's attention is, understandably, focused on the elections, but getting a few development experts in Iraq would make

DECLASSIFIED

/ a big difference.

# DECLASSIFIED

a big difference. Two DFID secondees are liaising between the Iraqi Authorities and the World Bank and UN in Baghdad. I will not put further funds through the Trust Funds until the UN and World Bank show that they are capable of implementing projects already agreed, or there is a strong case for more election funding. My officials will monitor developments closely. I spoke to Kofi Annan about this on 19 October and we will follow up in New York and Washington.

We will get closer to the Project Contracting Office (PCO). Our Basra sector specialists are working with the PCO there, and the DFID office in Baghdad has close relations with PCO counterparts in Baghdad, including the new (good) head, Bill Taylor. He has declined our offer to second a senior reconstruction specialist, but we are offering technical help instead. This could help the PCO implement effective reconstruction projects in areas where the Iraqi Interim Government regains control from the insurgents. We are making arrangements through UK forces and a local Iraqi organisation to monitor progress in the south. My officials will work with FCO and MOD to provide more regular and in-depth reporting on progress by the PCO. The issue is less availability of information, more that too much of it is aspirational. I will discuss the issues frankly in my contacts with the Americans. The PCO reports through the US Ambassador to Colin Powell, so Jack or Edward Chaplin might be able to play a role here.

Prime Minister Allawi was in Amman last week discussing ways in which Iraq and Jordan can work together. We wait to hear what initiatives – including joint project proposals – emerge from that. Jordan can also approach the Paris Club about further debt rescheduling. If and when they do so we will look at their case positively.

A handwritten signature in black ink, consisting of a stylized 'H' followed by a flourish.

HILARY BENN

# DECLASSIFIED

CONFIDENTIAL