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**From: Matthew Rycroft**  
**Date: 23 June 2003**

**PRIME MINISTER**

**cc: Jonathan Powell**  
**Sally Morgan**  
**Alastair Campbell**  
**David Manning**  
**Pat McFadden**

**DFID'S PERFORMANCE ON IRAQ: LETTER FROM SALLY KEEBLE**

You should see the attached letter from Sally Keeble. In it she makes some serious allegation's about DfID's under-performance on Iraq under Clare Short. She says in particular that:

- There were disastrous consequences of Clare's political position, including the lack of pre-planning, difficulties in providing humanitarian supplies to troops, and refusal to engage fully with ORHA/CPA.
- DfID's internal organisation was weak and staff dealing with Iraq were inexperienced.
- Financial aid was mismanaged, with a large part of DfID's £210 million going unallocated.

She also says that even after Clare's departure DfID have been slow to reengage with the CPA.

From what DM and I have seen from here, Sally's letter is accurate in highlighting DfID's failure to pre-plan and to engage with CPA. But we cannot comment on the detail of her points on financial management.

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So, what next? In terms of Iraq policy, there has been a sea-change under Valerie, with DfID now playing a joined up role. They have a lot of ground to make up, but they are giving it a good effort. Valerie is reinstating her visit to Iraq this week. You have a further meeting with Valerie plus Jack and Geoff tomorrow.

The question is whether the allegations - particularly those on financial management - should be looked into more formally.

Do you want us to copy the letter to others, including the Cabinet Secretary, for them to pursue?

I think you should write Sally a short reply thanking her for her work in DfID and for her letter, and say that you are looking into the important points that she has made.

MATTHEW RYCROFT

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