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FROM: Alistair Fernie

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IRAQ: IRAQ RECONSTRUCTION PLANNING

1. I attach a revised version of _____'s paper on reconstruction planning which the Secretary of State saw an earlier draft of last Friday. We are now thinking how to take this forward as part of a more comprehensive DFID-led process across Whitehall, looking at the whole range of international activities needed to help Iraq recover from conflict, sanctions and years of misrule.
2. The reconstruction planning paper has been revised in the light of the Secretary of State's initial feedback on getting the multilateral system working to support Iraqi institutions, the importance of a sustainable debt and reparations strategy, and focusing on using and developing Iraqi talent rather than bringing in too many international consultants.
3. We have also revised the paper to take account of comments on the earlier draft from FCO, HMT and the Cabinet Office. Comments centred around:
 - i) What we would do if there were no UN SCR authorising reconstruction. This reflects increasingly pessimistic (and sometimes fudged) Whitehall thinking about how difficult it might be to get the US – and other UN SC members – to agree to a text proposing the rapid creation of a sovereign Iraqi interim body, a leading role for the UN.

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and a continuing coalition security presence. How justified this pessimism is should be clearer after reactions to Camp David and further discussions with European partners in the next week. But with the Attorney General's written advice on the illegality of reform without an SCR now in writing, we should stick to our position that without an SCR the UK can only support humanitarian relief and basic civil administration reform to ensure public security, in line with the Hague and Geneva conventions. The US is likely to go further without an SCR – we should make clear that we could not. We may need more detailed legal advice on exactly what we can do before an SCR – including planning reform activities which would be illegal without an SCR (eg supporting IMF fact-finding and possibly technical assistance missions on economic reforms which would ideally happen quickly but will take some research).

ii) Setting reconstruction planning within a wider post-conflict context.

We have addressed this to an extent in the revised paper, but a broader, more strategic paper is needed to set the overall approach. Suma has now agreed with Andrew Turnbull some new Whitehall structures to take this work forward, with DFID taking the lead. As a first step we will produce an overarching paper setting out a comprehensive vision for international assistance to Iraq, including what needs to be done across a range of sectors by various international actors and in what sequence. Adrian Wood and Richard Manning will be helping develop this approach – we are having a first discussion tomorrow afternoon.

4. We now propose to table the reconstruction planning paper tomorrow for a Cabinet Office committee. We will discuss the process for the more comprehensive paper tomorrow afternoon – it will be useful to show to No.10 and the Cabinet Office that DFID is not only the natural lead on this approach but also has the human resources and experience to dedicate to it.
5. We will need to staff ourselves at sufficiently senior levels to do this – which Carolyn is considering further with Dave Fish and chief advisers.

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