

DECLASSIFIED

ANNEX D: IRAQ - REHABILITATION IN ORHA REGION LOWER SOUTH

Summary

Though led by a Dane, the success of the Lower South ORHA office will depend on UK direction and capacity in a manner analogous to ORHA's central reliance on the US. The UK requires a plan to address immediate rehabilitation needs and to encourage greater long term investment and engagement in reconstruction activities. Given current capacity within ORHA South, a small dedicated project management team, in addition to the secondment of expert advisers, is required to support effective oversight of contracts let and implementation of priorities identified. In the very short term there are significant steps that can be taken to enhance the operating environment and demonstrate visible improvements to the lives of ordinary Iraqis thus prolonging the maintenance of Iraqi consent.

Detail

The UK role

1. The ORHA Lower South sector will be closely associated with the UK. Although the ORHA regional office is headed by a Dane (Olesun), the presence of a UK 2* regional military headquarters will make the UK's role in the area pre-eminent. The UK will have the greatest number of military personnel in the region and, as one of the two initial occupying powers, will be seen by other nations to have a leading responsibility for the Lower South Region. If there are difficulties in the Lower South region it will be the UK (and, immediately, the UK military) that will have to face them first.

Rehabilitation/Reconstruction progress in UK Area of Operations (AO)

2. It is in the UK's self interest (quite aside from, although coincident with, the interests of the Iraqis) that rehabilitation in this region proceeds smoothly and rapidly. Without rapid and visible rehabilitation and reconstruction it is possible that there will be an erosion of the consent to the presence of coalition forces.. This is a particular current concern of HQ 1 Div because reconstruction is off to a slow start. The UN and NGO community (and no doubt civilian contractors) still cite the precarious law and order situation to be a major impediment to rehabilitation activities.

ORHA Capacity

3. ORHA's central organisation is proving slow to mobilise (though this may change with the appointment of Bremer). We have concerns that their approach of conducting rehabilitation activities and reconstruction through large enabling contracts let to Bechtel and others may prove insufficiently flexible or responsive to meet needs. (But until the IFIs/World Bank etc engage there are no other realistic options). Much of the funding on which the implementation of ORHA's plans depend has to make its way through a US Government bureaucratic process that even senior members of the administration admit is frustratingly slow. (This difficulty that has been evident in the past, e.g. in Afghanistan).
4. There will be a time – sooner than for most post-conflict nations – when Iraq is fully able to fund its own reconstruction and rehabilitation through the sale of oil. However, there will also be a requirement for engagement by the IFIs, World

DECLASSIFIED

DECLASSIFIED

Bank and UN. But their engagement – and the practical impact of that engagement – will take time to appear.

Rehabilitation provision and funding

5. There is thus a near-term gap in the provision of rehabilitation and reconstruction assistance to Iraq. Inasmuch as the UK is responsible for the Lower South Region, the UK is responsible for filling that gap. Earlier in the year HM Treasury allocated funds to the UK military to address the UK's responsibilities under the Geneva and Hague conventions (£30 million) and to support the Division's hearts and minds quick impact activities (£10m). Of the former allocation it was initially anticipated that £20m of this funding would be required to provide assistance to IDPs and refugees – this proved not to be the case. Thus of the original allocation of money to be spent for humanitarian purposes (£30m) some £25 million remains unspent. There is now a need to apply greater flexibility to funds' expenditure in order to address needs more effectively in the region. However spending UK funds without a coherent plan to multiply their effect by attracting greater engagement by the UN, civilian contractors and the IFIs will render any improvements unsustainable in the long run. There is thus a requirement for the UK to engage in two ways:

- For immediate effect: allocate funding to projects which will contribute to an improved security environment.
- To support success in the medium term: enhance the operating capacity of ORHA Lower South; and

Assistance to ORHA Lower South

6. It is important that the ORHA South organisation, working particularly with the UK military, is able to identify priorities across the region and has the management capacity to design projects, manage contractors, attract and lobby for US (and other) funds and ensure implementation of recommended projects.
7. ORHA Lower South currently has no operating budget of its own and relies on the military for its accommodation, communications, office and logistics/security requirements. To be effective it is vital that ORHA South is provided with the living and working conditions and tools conducive to carrying out its tasks.

ORHA Support Recommendations

8. Thus ORHA Lower South lacks both capacity to identify and address immediate needs and the flexibility of funding to enable it to move forward. These are gaps that must now rapidly be filled if the ORHA Lower South office is not to suffer from similar problems of inertia and ineffectiveness affecting ORHA central. **It is thus recommended that the UK support Olesun's office as follows:**
- a. Help draw up a clear operational plan for rehabilitation in the region that is consistent with the wider ORHA plan. This plan can only be devised in theatre by ORHA Lower South in close consultation with 1 (or later 3) UK Division. It will need to set out MND(SE)¹'s role, identify the role of the

¹ Multi-National Division South East - the military formation that will be led in the Lower South region by the UK.

DECLASSIFIED

DECLASSIFIED

Governance Support Teams and establish how new Coalition members' efforts are integrated. Alongside it a mechanism for prioritising projects and identifying criteria for project identification, funding and accountability must be established. (Levels of delegated financial authority to the field should be discussed at officials level in London with advice from theatre.)

- b. Provide an Operations/Project manager and support team responsible for the management of the rehabilitation plan.
- c. Allocate an interim running costs budget for ORHA Lower South
- d. Establish sufficient capacity in the UK to manage our support to rehabilitation operations; along with secondees to ORHA central the UK's contribution will be equivalent to a small scale military operation and will require a UK support and management structure equivalent to a military Operations Team. The PJHQ would be able to offer advice to the FCO on how such a team should be structured.
- e. Engagement with other coalition partners who will be joining the UK in the Lower South region to persuade them to deploy resources in addition to the military (i.e. funds, implementing personnel, subject matter specialists) to support rehabilitation.

UK Funds' expenditure

Quick Impact Projects

9. In addition to supporting ORHA as outlined it is **recommended that UK funds allocated from the reserve to the military for supporting IDPs (£20M) also be released to effect changes that are immediately visible to the Iraqi people.** These funds should be used to support traditional hearts and minds quick impact activities (which by increasing ORHA's effectiveness will allow the military to devote more time to their identification and implementation) and to support other civil administration and rehabilitation projects. These funds should be managed through 3 UK Div.

10. Until now the majority of 1 UK Div's non-warfighting effort has been directed at the provision of humanitarian assistance (and thus their expenditure has been from the £2.5m per week allocated for humanitarian assistance). It is only now that they are starting to engage in Quick Impact Projects of any scale for "hearts & minds". These are, and will continue to be, funded from a £10M call on the reserve specifically allocated to GOC 1 Div for spending on QIPs for "hearts & minds" reasons. These will have some positive visible effect at a local level and will reinforce other actions already underway (such as measures to encourage local governance). However there is only so much that UK military forces can do; they are limited in both physical and technical capacity.

Wider Civil Administration and Rehabilitation Tasks

11. There is more that could be done which will both address the concerns of the UN agencies, NGOs and commercial contractors and encourage Iraqis to begin to take charge of their lives. UK military capacity is stretched and ORHA capacity is similarly limited. Iraqis are highly competent, resourceful and well able to undertake a number of project activities themselves but there is a need for professional oversight at least in the early stages. **It is thus recommended that UK funding is**

DECLASSIFIED

DECLASSIFIED

used not only to fund project activities but to provide through discrete and time limited projects, the expert management required to ensure funding accountability and rapid and effective implementation of selected projects.

12. Potential examples of such are: The hiring of private security management expertise to oversee the selection, hiring and oversight of guards for key premises; and the use of the BBC World Service Trust to train an independent media and set up a radio and TV facility to serve the people of the region so that they have access to information they require to allow them to take charge. Other project examples which could be managed by ORHA itself or with the assistance of the UK military is the provision of material assistance to enable the Umm Qasr – Baghdad railway service to operate more efficiently thus contributing to the timely restart of the Iraqi Public Distribution System (PDS) which is key to the Oil for Food (OFF) programme; and the refurbishment of Iraqi provincial government offices and buildings.
13. All of these are, compared to the QIPs currently in the 1 Div programme, big ticket items which will have to be thoroughly reviewed and prioritised by ORHA Lower South and UK 1 Div, not least to ensure they are congruent with any plans being developed in ORHA. This underlines the need for an effective project management capability in the ORHA Lower South office. To be effective the process of review and prioritisation will have to be completed, contracts let and projects started over the next month to six weeks.
14. Ministers are invited to approve the concept and recommendations for ORHA support and project implementation as outlined above. We will report on details of mechanisms established, project costings and ORHA support in due course.

MOD/DfID May 2003

DECLASSIFIED