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FROM:

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DATE: 10 May 2002

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IRAQ: PROPOSED HUMANITARIAN ACTIVITIES 2002/03

Issue

1. Priorities for DFID's humanitarian programme for Iraq for 2002/03.

Recommendations

2. Policy
 - (a) Track the benefits of the Goods Review List (GRL) from a humanitarian perspective, and offer support for improving procedures as appropriate or necessary.

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- (b) Seek to encourage more effective administration of the Oil for Food Programme (OFF) in Northern Iraq by the Office for the Iraq Programme (OIP) and UN agencies on the ground.

3. Programme

- (a) Review over the next three months the NGO activities supported by DFID since 1998 (principally in Northern Iraq where most funding has been channelled) to inform preparation of a programme strategy for the next three years. Meanwhile:
- (b) Progress efforts already underway to build the local planning and administrative capacity of the Kurdish authorities in Northern Iraq;
- (c) Contribute financially to the United Nations Guards Contingent in Northern Iraq;
- (d) Enhance support for multilateral organisations working in Central/Southern Iraq through annual programmed support for the ICRC and UNICEF;
- (e) Continue current support for NGO activities, but consider as part of the review the criteria for supporting NGO work in future, which should contribute towards meeting the objectives of the strategy.

Resources

4. The proposed activities can be financed from the planned aid framework allocation for the current and subsequent two financial years, assuming that: (i) £1 million is vired from other Middle East lines in 2002/03; and (ii) we cease to finance some NGO activities that have been previously supported on a recurrent (annual) basis. We are already working to dampen expectations and manage some disappointments.

Timing

5. Routine. The Secretary of State may wish to take a meeting, and a slot has been pencilled in on Wednesday 29th May at 09.30.

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Publicity

6. Limited publicity at this stage. (i) We should maintain a modest line on the humanitarian situation in Iraq and the impact of the OFF. The FCO will publicise a positive line (to which we have contributed) on the humanitarian benefits of the GRL when the Resolution is formally adopted by the Security Council (this is expected to be on 13th May). (ii) We will share the outcomes of the programme review and the draft strategy paper with key players, and the finalised strategy paper will be made publicly available.

Background

7. The note at **Flag A** has been prepared in the light of guidance from the Secretary of State at the office meeting held on 15th January (**Flag B**). The note sets out our work programme for 2002/03, and reflects continuing discussions at official level with FCO, UKMis New York, and in *ad hoc* Cabinet Office meetings on Iraq. There are specific issues on resources and commitments presented in the note to which we would wish to draw the Secretary of State's attention, in particular the request for DFID to support sensitive work on treating victims of Iraq's chemical and biological weapons attacks upon Kurdish villages in the late 1980s (paragraph 16 refers).

8. There remains a consensus among UN and NGO agencies operating in Iraq that human development trends have deteriorated in Iraq since 1990. Despite the introduction of the OFF in 1996, the humanitarian benefits have not been evenly distributed. The UN estimates around 4 million people in central/southern Iraq are now living below the poverty line with no significant reversal of declining humanitarian trends there, although human development indices are generally better in the north. The population is now highly dependent on the food ration and there is limited local economic activity.

9. The **Goods Review List** (GRL) should help to address these concerns by facilitating the flow of humanitarian good for Iraq, and by focusing UN controls on

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single items rather than on whole contracts. The delivery of humanitarian goods into Iraq should therefore be speeded up. However, it will be important to monitor the outcome of the GRL in improving both the administrative procedures of the OFF and impacting positively on the humanitarian situation in Iraq.

10. UNSCR 1284 (1999) introduced the concept of a cash component under the OFF which would allow OFF revenue to be used inside Iraq for operating and local purchase costs. Such a mechanism would substantially improve the ability of local networks to meet the recurrent costs (staff salaries, maintenance of equipment) of programme implementation. So far however, the GoI has refused to co-operate. We should continue to track progress on this issue and, if appropriate, support the implementation of a pilot initiative.

11. Within Northern Iraq, there are concerns that the **local administrative capacity of the Kurdish authorities** is too weak effectively to develop and use the networks which the OFF provides. The OIP has no mandate to focus on longer term strategic planning for the development of northern Iraq. It would be ideal to try and secure a "programme mandate" for the OIP in northern Iraq, to enable the OIP to underpin the administration of the OFF there with development goals and priorities. However, at the current time this would be unrealistic given the difficulties in negotiating such a resolution at the UN. The key sticking point would be getting Iraqi agreement to re-negotiate the MoU between the GoI and the UN. Nevertheless, it remains important to start building the local technical, administrative and planning capacity of the Kurdish administrations, and we are moving ahead with designing a project aimed at developing the local economic planning capacity of the authorities.

12. The Government of Iraq provides security for UN personnel working in the centre/south of Iraq. In the north, this is provided by the **United Nations Guards Contingent (UNGCI)**, made up of 89 guards from 8 countries and funded by donations from UN Security Council members. The UNGCI is currently facing such a serious funding crisis that it is threatened with total withdrawal. It is our view that without the UNGCI security apparatus in place, the operation of the OFF programme would be severely impaired. NGO personnel also benefit unofficially from the

UNGCI's presence. We recommend that DFID offers a contribution towards the work of the UNGCI, in line with contributions being pledged from other donors.

13. Both the **ICRC** and **UNICEF** have an annual humanitarian appeal. In UNICEF's case, this complements their observation role in central/southern Iraq for water and sanitation, nutrition, and primary education aspects of the OFF. Both the ICRC and UNICEF use their considerable understanding of the humanitarian situation to identify priority areas for additional support in central/southern Iraq. We recommend providing support for UNICEF's annual appeal over a specified period (perhaps 3 years), to complement the support we already offer the ICRC for their annual humanitarian appeal in central/southern Iraq.

14. Whilst recognising that the situation in Iraq remains fragile and politically highly charged, and that we need to be able to respond quickly to any changes in the situation, there is clearly benefit in being able to plan ahead. With this in mind, we are beginning a **review of our programme**, which will particularly look at the NGO activities supported by DFID since 1998 (principally in Northern Iraq where most funding has been channelled) to inform preparation of a more coherent programme strategy for Iraq. This will include establishing criteria for supporting NGO work so as to ensure the specific contribution of such activities in future towards meeting the objectives of the strategy.

15. We have substantial commitments for ongoing NGO activities in 2002/03. However, it will not be possible (within existing aid framework allocations) to maintain the large number of NGO projects currently being funded. In declining to fund further phases of some of these projects, we will need to handle the expectations of both NGOs and the Kurds that support for these from DFID would continue on an indefinite basis.

16. In addition, we have been asked to provide funding for a sensitive four year project that proposes to deal with the issue of certain severe health problems amongst the Kurdish population caused by the Gol's unprovoked attacks upon Kurdish villages using chemical and biological weapons in the late 1980s. We have concerns that the proposal is over ambitious, but the long preparation time (3 years)

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of the proposal has led to high expectations that we will fund it. Subject to the Secretary of State's views, we suggest that we seek to scale down and re-focus the project, although this would mean further lengthening the already substantial preparation time.

17. Paragraphs 30-33 of the attached note (**Flag C**) provide more detail on these ongoing and proposed NGO activities.

Other Issues

18. The Chairman of the International Development Committee (Tony Baldry, MP) recently wrote to the Secretary of State (**Flag D**) to relay concerns over possible military action against Iraq that had been raised with him by Kurdish Democratic Party representatives in London. In particular, they expressed concern that prior to any military action, thought be given as to how northern Iraq could be protected in regard to food and medicine for which the people fully rely on the OFF to provide. The Secretary of State may wish to consider replying to Mr Baldry, setting out our strategy for improving the humanitarian situation in Iraq. We would be happy to provide a draft.

Programme Manager – Iraq, Jordan & Yemen
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IRAQ – HUMANITARIAN ASSISTANCE PROGRAMME FOR 2002/03

1. This note describes the present humanitarian situation in Iraq (as far as this can be ascertained), the current state of the Oil for Food Programme (OFF), the potential positive impact upon the ability of the OFF to meet its humanitarian objectives through the introduction of the Goods Review List (GRL), and proposed activities for our programme during 2002/03. Our overall purpose is to improve the provision of effective humanitarian support by UN agencies and NGOs for the poor affected by internal and regional conflict in Iraq. (EEWH Division: PSA/SDA Objective)

Is the humanitarian situation improving in Iraq?

2. Although there is a lack of reliable survey evidence aimed at assessing the overall situation of human development in Iraq, there is a consensus in the international development community that trends have deteriorated severely since 1990. In addition, the long term impact of the Iran/Iraq war and the Gol's own policies have exacerbated these negative trends. UN agencies, together with the Government of Iraq (Gol), have conducted sector specific surveys in areas such as health, nutrition, and child and maternal mortality, which note a general deterioration across all sectors. However a formal UN (OCHA) assessment of the humanitarian impact of sanctions has not been undertaken, and the political considerations are such that this is not likely to be requested by the Office of the Iraq Programme (OIP).

3. The Gol's strict censorship policy of key data has inhibited comprehensive analyses from other sources, and in any case their sophisticated propaganda machine seeks to detract attention from available statistical evidence by focusing on the sensational and visual. UNICEF has access to data which disaggregates certain indicators to governorate level, to inform their own projects. However, the Gol will not permit these to be published and UNICEF has only been able to give us a general idea of the content of the data. Nevertheless, UN reports offer the most reliable means of reaching whatever information is available. On the basis of such evidence

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and informal consultations with UN agencies in New York, a basic sector-based humanitarian analysis is possible.

Centre/ South

- UN reports estimate a total of 4 million people are living below the poverty line; furthermore, rapidly declining GDP, rising unemployment, low wages (average income US\$3/month), and extreme high inflation indicate that poverty is reaching disastrous levels.
- Under-five mortality increased by up to 160% during the 1990s, according to UNICEF's *Child and Maternal Mortality Survey (1999)*. UNICEF has undoubted experience of conducting such surveys, and the results suggest that Iraq now ranks last among 188 countries, deteriorating ten times more than a cohort of African countries affected by HIV/AIDS over the last decade. Dehydration and acute respiratory infections (ARI) appear to account for 70% of child mortality.
- Nutritional problems remain a serious concern, and malnutrition is most severe outside Baghdad and in rural areas, reflecting the effects of drought and poverty. The *Multiple Indicator Cluster Survey (MICS 2000, UNICEF)* shows 19.6% are moderately or severely underweight (general malnutrition); 30.0% in the centre/south are moderately or severely stunted (chronic malnutrition); and 7.8% in the centre/south are severely wasted (acute malnutrition).
- Essential public services suffer from lack of maintenance and decreasing capacity. *Water quality* heavily deteriorated during the 1990s and water samples now show a high level of contamination. UNICEF notes that *per capita* shares of safe clean water decreased from 330 to 218 litres per day in Baghdad, while in rural areas the capita share dropped from 91 to 18 litres a day. Most treatment plants malfunction due to lack of spares, equipment, proper maintenance and skilled manpower. The impact of *power cuts* on the water and sanitation sector is considerable.

- The health service system has been badly eroded over the past decade and the number of health care centres was halved during the 1990s. UNICEF estimates that 50% of schools are physically unsafe and unfit for teaching or learning, and are considered a public health hazard for children. UNDP estimates that at least 32% of 6-year old children have no opportunity to receive basic education. The adult literacy rate, 89% in 1985, dropped to 57% in 1997 and is estimated to be continually declining.

North

4. Human development indices are generally better in the North. Acute malnutrition levels have virtually disappeared and chronic malnutrition has been reduced. Child mortality also modestly improved during the 1990s (baseline figures for mortality rates before 1990 are limited). However, there remains considerable cause for concern. A Save the Children (UK) report on the Household Economy (a study carried out in 10 settlements in Northern Iraq during 2001) estimates that 60% of the population is poor, and 20% is extremely poor. Most households have no assets. Local infrastructure is weak because the GoI does not pay salaries in the north (unlike the centre/south) so there is no assured local administrative income base, making it very difficult to plan and deliver even basic services effectively. Any external shock, such as drought or a reduction in the food ration, would have a disastrous effect on the population.

Is OFF relieving the humanitarian situation?

5. UNICEF, which has been collecting and monitoring data in Iraq for a decade, notes that the basic food basket has been assured as a result of the food ration and the implementation of the OFF has arrested the rate of decline in the humanitarian situation brought about by sanctions. However, UNICEF's data also indicates that there has been no substantial reversal of declining humanitarian trends in centre/south Iraq, and even in the north there has only been a moderate reversal in malnutrition figures.

6. Moreover, the humanitarian benefits of the OFF are not evenly distributed across Iraq. Anecdotal evidence from Baghdad (where the local

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economy is to some extent supported through the proceeds from oil smuggling) does not reflect the situation elsewhere in the country, especially in southern Iraq where there is significant repression by the Government, and the needs of the people are much greater.

7. Both UNICEF and Save the Children are concerned that there is now a high level of dependency by ordinary Iraqis on the food ration – and UNICEF reports that even if the food basket were distributed fully, the monthly food requirements of the majority of the population would not be met. Families generally have to buy additional food items to achieve a balanced intake of foods, which further compounds family hardship. However, there is no reason to suppose that the Iraqi regime would provide for the needs of the population if the food ration did not exist.
8. Dependency is intensified by the fact that there is limited local economic activity in Iraq. Currently all goods are externally procured by the Gov. UNSCR 1284 provided for the establishment of a local procurement system, but the Gov has so far refused to allow such a system to operate. This has substantial negative implications for income and employment generation activities within the local economy. Agricultural production is particularly affected and food security is extremely fragile – especially given an ongoing drought.
9. The absence of a local cash component undermines the ability of the OFF to achieve positive humanitarian outcomes. Under current arrangements, the OFF is not able to meet the recurrent costs of programme implementation (staff salaries, training, maintenance of equipment). Local networks therefore do not have the capacity to administer supplies effectively, and internal infrastructure (transport, health, education) is markedly deteriorating. UNSCR 1284 provides for a UN scoping mission to visit Iraq for discussions on setting up a local cash component system, but so far the Gov has not agreed to this going ahead.
10. There is also concern raised by a number of international development agencies that the real negative impact of sanctions on the humanitarian

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situation in Iraq may only be felt over the next decade, when the damage to the local economy, the brain drain as experts and professionals leave Iraq, and the demise of the health and education systems, are truly felt by the Iraqi people.

What can be done to improve the humanitarian situation and where can DFID assist?

Supporting the GRL

11. The most pressing factors which currently hinder the ability of the OFF to meet its humanitarian objectives relate mainly to the Gol's efforts to slow the contract process and manipulate the delivery of goods, but also in part to bureaucratic procedures within the UN system. On the Gol's side, the regime can choose which areas benefit most from the OFF, and thus tries to ensure that both southern Iraq and the northern governorates are subjected to protracted delays in procurement of goods or receive substandard supplies. Furthermore, resources are diverted away from humanitarian to military use. However, the UN Secretary General has made clear his concerns that the OFF is under-performing in part because of the high number of contracts for humanitarian supplies placed on hold by the 661 Sanctions Committee.

12. The Goods Review List (GRL), which now has the support of the permanent members of the Security Council, should go a long way towards addressing these concerns. Through its focus only on military-related material, the delivery of humanitarian goods into Iraq should be speeded up. Furthermore, the procedures for the GRL will significantly streamline and shorten the administrative procedures of the current system – UN handling of contracts to supply humanitarian goods will be much quicker. Only individual items on the GRL will be referred to the Sanctions Committee for decision. Technical experts from UNMOVIC and the IAEA will review the applications and make recommendations to the 661 Sanctions Committee, which will reduce the scope for disagreement in the Committee about the nature of dual-use goods. In addition, the approval process will be undertaken within a

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stricter timeline to decide whether contentious items can be sold or supplied to Iraq. Finally, once current contract holds are brought under the scrutiny of the GRL system, this should have additional positive implications for the humanitarian situation.

13. Negotiations in the Security Council are currently working towards a single technical resolution for the GRL and the OFF rollover. Agreement on the text of the Resolution and the composition of the GRL has been reached among the P5 members, and the text has now been shared with non-permanent members. It is anticipated that the Resolution and the GRL will be formally adopted on 13th May, to come into effect soon after the OFF rollover on 30th May.

14. Despite universal support in the Security Council on humanitarian grounds, it is not clear how quickly the GRL will enable Iraq to improve the humanitarian situation. Although the improvements introduced by the GRL deliberately do not rely on Iraqi co-operation, the Gol will still be able to undermine the OFF by continued manipulation of supplies, or unwillingness to sell sufficient oil through official channels to fund the programme. But it will now be quite clear that delays are the fault of the Gol rather than the sanctions regime, as the Gol has always assiduously sought to argue.

15. Therefore, whilst the GRL should make important gains in improving the capability of the Gol to improve the humanitarian situation through the OFF, a number of concerns may remain. Once the GRL is agreed, we should (in collaboration with the FCO and UKMis) assess the outcome of the GRL both for improving the administrative procedures of the OFF, and in impacting positively on the humanitarian situation in Iraq. This will demonstrate clearly what key problems are attributable to the Gol, or where, albeit to a lesser extent, these remain within the OFF programme and the UN system. We envisage pursuing this idea in discussion with the OIP, and would consider offering appropriate technical assistance to facilitate the efficiency and capacity of those institutions implementing the OFF (e.g. UNMOVIC or OIP) once the GRL is in place.

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Can a local cash component be injected into the system?

16. Following recent Iraqi agreement to the implementation of a local cash component for the oil sector only, proposals have been put forward by the OIP to the 661 Sanctions Committee on the mechanisms for doing so. The UK supports the idea of a local cash component and has repeatedly urged the GoI to allow discussion of cash components in other vital sectors as set out in UNSCR 1284. However, procedures for handling the large amounts of money for the OFF need to be watertight, particularly given the GoI's continued procurement of prohibited items. The UN is trying to clarify a number of issues including the choice of bank and exchange rate, the terms under which UN monitoring staff should operate, and the UN's capacity to monitor the component. Further consideration of this proposal will continue once the GRL is in place.

17. We understand that UNICEF has developed a proposal for a pilot initiative for the injection of a local cash component. This would use savings made from the 2.2% of the OFF revenues covering the UN administration costs of the programme as a cash component for a pilot malnutrition programme in central and southern Iraq. UNICEF has yet to clarify the modalities for disbursement and use of the component – and it has not yet been shared with the 661 Committee, which would be likely to have concerns over the accounting and use of the cash component.

18. We propose to track progress on these two proposals, and depending on progress consider when and how we could support UNICEF's capacity to implement a pilot initiative, or enhance the UN's capacity for monitoring a local cash component.

Supporting the OIP in Northern Iraq

19. The ability of the OFF to achieve its humanitarian objectives in Northern Iraq is complicated by a further set of factors. UN SCR 986

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established the OFF purely as a humanitarian programme with no remit for longer term strategic planning for the development of Northern Iraq. The OIP therefore has no mandate to focus on longer term considerations such as local administrative capacity, infrastructure or sector development. With this in mind, the UN has urged the Gol to lengthen the six-monthly phases of the OFF to allow longer-term projects, but so far it has refused to do so. In addition, the economic planning and revenue raising capacity of the local governments to administer the OFF is very weak. The OFF does not even recognise the local authorities as an entity, even though they are required to provide the revenues and networks to support basic social services provided through the OFF. This is a particular area of concern for OIP, which sees an increasing number of "white elephant" projects where the OIP has worked towards providing infrastructure and institutional frameworks, which the local authorities are not able to run.

20. These issues could be addressed if the UN agencies were able to work towards more strategic development goals in Northern Iraq. Such an approach would give the OIP the chance to provide a framework of objectives for the implementation of the OFF in Northern Iraq, and define its own roles and responsibilities in administering the OFF, as well as those of the UN implementing agencies. A development approach would also provide a clearer picture to the Kurdish Authorities as to the UN's longer-term objectives through the OFF, which the local authorities should have a role in influencing and complementing through building their own capacity. Until now, the Security Council has taken an ambivalent approach towards providing a framework of institutional responsibilities for implementing the OFF – resulting in confusion between the OIP, UNOCHI, the implementing agencies and the Kurdish authorities over who should own the programme, and decide and set priorities. This has not been helped by other members of the Security Council and the Gol itself resisting any attempts to expand the role of the OFF beyond a short-term humanitarian programme with a six monthly roll-over.

21. As the OFF moves into its 12th phase in June, the need for a development framework is becoming more urgent. It would be ideal to be

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able to secure a "programming mandate" for the OIP in Northern Iraq. This would enable the OIP to underpin the administration of the OFF in Northern Iraq with a more strategic vision of the development goals and priorities of the programme – for example, developing regional infrastructure where it is required and allocating expenditures based on a better assessment of the needs of the population. A programme mandate would also enable the OIP to clearly define a more systematic outline of the roles and responsibilities of the UN agencies and Kurdish authorities in implementing the OFF. This should not encroach on the local authorities' ability to influence the direction of the programme, but should provide a clearer framework of relations between local authorities and UN bodies.

22. At the current time this would be unrealistic given the reality of the difficulties in negotiating such a resolution at the UN. The sticking point on such a mandate would be getting Iraqi agreement to re-negotiate the MoU between the GoI and the UN. However, we understand the UN Secretary-General has informally indicated that, in the context of assessing the impact of the GRL and the utility of the Distribution Plan, he would wish to re-open discussion on aspects of the wording of the MoU with the GoI at the end of the 12th Phase of the OFF. This may present an opportunity to introduce the concept of a programme mandate, and we will keep in close touch with UKMis on this issue.

Build the administrative capacity of the local authorities in Northern Iraq

23. Although the authorities in Northern Iraq are not responsible for administering the OFF resources there (the UN is), it is of concern that their technical, administrative and planning capacity is weak for making use of the networks established by the OFF. At present, the Ministries lack even basic management structures and terms of reference for their employees. There is a strong case for building capacity in these institutions, both for relieving the current dependency on the UN to support the population in the North, and to equip the Kurdish authorities in planning for the eventual withdrawal of the

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OFF revenues (although this would clearly be only in relation to their local government role, not with a view to autonomy or independence).

24. We have recently contracted a consultancy firm, IMC, to design a project for building the local economic planning capacity of the Kurdish administrations (particularly the "Ministries" of health, education, public works and development, human rights, and municipalities). The project design will consider the scope and extent of the project's capacity building agenda, to cover economic and possibly administrative aspects.

Contribute financially to the United Nations Guards Contingent in Northern Iraq

25. The UNGCI exists to provide security for UN personnel in delivering the OFF humanitarian programme in Northern Iraq, and works under the terms of the MoU signed with the GoI in 1996 (the GoI is responsible for the security of UN personnel in the rest of Iraq, but the local Kurdish administrations do not have the capacity to offer the same level of security in Northern Iraq). It is principally made up of 89 guards from 8 countries, with support from local guards drawn from the local police. During 2001, there was a significant increase in the numbers of incidents involving explosives and other devices, which the UNGCI attended to. The UNGCI also takes responsibility for providing medical support for all UN staff, and gives weekly security briefings to UN personnel (which international NGO staff are unofficially welcome to attend). All NGOs living within a 1km radius of any UNGCI base (the limit of the VHF radio system used by the UN) are included in nightly radio checks, and if an evacuation becomes necessary, we have been assured that NGOs would be included as far as possible.

26. The UNGCI is now facing a funding crisis; but without the UNGCI, the OFF programme in Northern Iraq would be seriously impaired – at worse, UN staff could refuse to work there leading inevitably to the collapse of the humanitarian programme in Northern Iraq. The UNGCI is funded by donations from Member States. Given declining revenues from the sale of

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Iraqi oil, which has meant a short fall in available funds in the escrow account for the humanitarian programme, it would be difficult to request the UN to make use of the OFF funds for the UNGCI. Certain other donors are already contributing (notably Sweden, the Netherlands, Japan, and the US), and we recommend that DFID offer an immediate contribution towards the work of the UNGCI of £250,000 a year in the expectation that other Member States will also assume a share of the responsibility of supporting the UNGCI. If agreed, we should then ensure that international NGOs working in Northern Iraq receiving funding from DFID are aware of our support for UNGCI, and that the UNGCI will continue to include them in limited security cover.

Becoming more strategic through our programmes

Increasing support through UNICEF for Central/Southern Iraq

27. UNICEF is mandated with an "observation" (or end-use monitoring) role in Central and Southern Iraq for the water and sanitation, nutrition, and primary education aspects of the OFF. In addition, UNICEF has an annual humanitarian appeal for vulnerable children and women (in place of a normal country programme) which closely supports the OFF in Central and Southern Iraq. We see this as an excellent opportunity to increase our support for Central and Southern Iraq, complementing our support for the ICRC. We recommend a contribution of £500,000 annually, for a period of three years with annual reviews.

Review our assistance to date to inform preparation of a strategy for our future programme

28. We are beginning a review of our past financing of NGO activities supported by DFID since 1998 (principally in Northern Iraq where most funding has been channelled), to inform preparation of a more coherent programme strategy for Iraq. This will include establishing criteria for supporting NGO work so as to ensure the specific contribution of such activities in future towards meeting the objectives of the strategy. The review will also seek to improve our understanding and awareness of the current situation in both northern and central/southern Iraq, inform us of on-going

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contingency planning amongst key actors in the region, and enable us to engage with those actors in identifying potential gaps in sectoral and geographical coverage in Iraq. The review is being carried out by members of the CHAD Operations Team and WAsD.

Continue current support for ongoing NGO activities

29. We are funding a number of ongoing NGO projects, most of which are in northern Iraq. In general, past practice has been to fund these on an annual basis with an unwritten understanding that support would be renewed each year over a period of between three to five years. It will be important to share the recommendations of the review with current NGO partners through an informal meeting with them, particularly as these will undoubtedly lead to a reduction in the number of NGO projects we are able to fund in future.

30. Several of these NGOs have recently approached us to ask for funding for further phases of ongoing projects. Given past funding practice, it would be difficult to refuse these requests before the review is completed, although some are evidently more crucial than others. However, even with the virement of an additional £1 million to the 2002/03 programme allocation, funding and human resource constraints mean that we will have to take some hard decisions over which of these to support for a further short period of time. We will also need to handle the expectations of both NGOs and the Kurds that support for these projects from DFID would continue on an indefinite basis.

(a) The AMAR Appeal for Iraqi Refugees in Iran has been supported over the past three years and expectations are high that we will continue to do so. Aside from the fact that AMAR has a very active patron in Baroness Nicholson, we believe that this NGO is doing valuable work with Iraqi Shi'ite refugees in Iran and we have suggested to AMAR that they consider a two or three year programme in the region of £2.5 million. The current one-year programme is due to finish in June 2002.

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(b) 4RS: Displaced and Vulnerable Women project is seeking to address the high incidence of poverty and destitution among widows and vulnerable women-headed families caused by internal conflict, displacement and ethnic based expulsions in northern Iraq. 4RS have asked for a third and final phase of the project to be funded by us, which they have costed at £230,000 over one year.

(c) Kurdistan Children's Fund is a Kurdish NGO seeking to provide simple, basic housing for widows and orphans of the infamous *Anfal* (ethnic cleansing) campaigns carried out by the Iraqi army against the Kurds in the late 1980s and early 1990s. We have received a fourth proposal from KCF (for around £870,000), who have done good work in the previous projects and have an expectation of support for this one. However, given that this is clearly a separate proposal, it would not disrupt ongoing work if we declined to fund it.

(d) ACORN is an NGO working on the rehabilitation of children with physical disabilities. They operate in both parts of northern Iraq (KDP and PUK controlled regions), having built rehabilitation clinics in each region as well as offering mobile clinics to remote communities. DFID has supported ACORN for a number of years (since 1996 or earlier), and ACORN has now devised a withdrawal strategy over two years that would build Kurdish capacity to run the clinics themselves. This could cost up to £3 million starting in the middle of 2002. It would be difficult to turn this down, as it would bring to a conclusion the activities we have now been funding for nearly 8 years.

(e) CARE UK is the only NGO we are supporting in central/southern Iraq. We currently fund two activities – one funds CARE to support UNICEF's end-use monitoring role for the water and sanitation component of the OFF programme which is annually renewed; and the other is a project for rehabilitation of the water supply in three towns around Diyala in eastern Iraq (about £4 million over 3 years, which was identified through the ongoing monitoring of the water and sanitation work). We have suggested that for the

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WatSan work, a longer term funding commitment from DFID would be beneficial to both CARE and DFID, which they are keen on. The current WatSan activity ends in August, and CARE has estimated a further one year would cost around £150,000. They would also like to put another Diyala-type proposal to us for the start of next financial year, which we would see merit in funding.

(f) The ICRC Annual Humanitarian Appeal for Iraq has received support from us for a number of years, particularly for their work in central and southern Iraq. We have provided at least £1 million each year, often more depending on the resource position. We are working on establishing a more programmed footing, through a commitment of at least £2 million each year over a defined period (probably 3 years). We believe this commitment would give the ICRC scope to plan more reliably for each annual programme.

31. Victims of Weapons of Mass Destruction is a large and sensitive project proposal which has been submitted to us by
of the Medical Faculty.
became very concerned about the plight of the Kurdish people following Saddam Hussein's unprovoked attack using chemical and biological weapons upon a number of Kurdish villages in the late 1980s, and has carried out a large amount of research on the medical and psychological effects of these attacks amongst the communities affected (particularly in the Halabja area of north-eastern Iraq). This four year project proposal (costed at more than £5 million) describes a response to the health needs of the 4 million Kurdish population of northern Iraq, particularly addressing significantly increased incidences of cancer, suicide, heart failure, renal failure, haematological malignancies, neuropsychiatric disease, cardiopulmonary disease, and reproductive problems.

32. However, we have concerns that the proposal is over-ambitious, confuses a humanitarian response with major research and development work, relies too heavily in management terms on alone, lacks a strong management team, inadequately addresses risks, assumptions

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and economic or social development aspects, and is probably unsustainable. The long preparation time of the proposal (3 years) has led to hefty expectations that DFID will fund the project, but it deals with an extremely sensitive problem – albeit one which is causing great suffering and distress to a considerable portion of the Kurdish population.

33. Subject to the Secretary of State's views, we suggest that an appropriate way forward would be to seek to re-focus the project by scaling the current proposal down to a few critical outputs – appropriate preventive care, effective palliative care, and research. Even so, this would still be a hugely challenging project, and would need to identify appropriate ways of ensuring the population can access such services, and that systems are developed to allow their delivery. Given the funding constraints facing the programme this financial year, we would not be able to make funding available until April 2003 at the earliest.

Western Asia Department
Department for International Development
May 2002

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