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OF 021015Z SEPTEMBER 03

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SUBJECT: IRAQ: ASSESSMENT AND RECOMMENDATIONS

## SUMMARY

1. Two issues are sapping our ability to deliver a successful transition in Iraq: growing insecurity and the inadequate supply of essential services. There are no quick solutions. Much is already being done to improve matters, but we need continued determination, proper focus and more resources to turn the situation round. We also need to speed up the transfer of power and responsibility back to the Iraqis. The decision on the appointment of Ministers last Sunday was a vital step in this process. We now need the Iraqis to set out a clear timetable for the constitutional conference and the election of a sovereign government.

## DETAIL

## SECURITY

2. Our security problems have worsened. We were already having to deal with regular, low level attacks on US forces in Baghdad and the Sunni triangle and high crime rates including looting and smuggling. They have been joined by terrorist attacks, the most serious of which have been the bombings of the Jordanian Embassy and the UN headquarters and the assassination of Ayatollah al Hakim in Najaf, and the sabotage of key pipelines. The degree to which this terrorism is indigenous or the work of external elements (al Qaeda, Ansar al Islam) or Sunni fundamentalists (Wahabis, Salifis) is still unclear. But we are beginning to see a climate of instability which could start to erode the Coalitions political and moral authority and shake the confidence of the international community and the Iraqi people.

3. The key to improving security is better intelligence and greater Iraqi involvement. The two are closely linked because Iraqis have the best access to information about what is happening in their own country. It also matches the wish of the Governing Council to see an Iraqi face on security. Bremer, who has just returned from the US, has asked for the following steps to be taken:

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- accelerate the recruitment of Iraqi police. They are currently 37,000 strong but the aim is to increase this to 70,000.

- create a new Iraqi intelligence service based in the Ministry of Interior.

- build up the border police from the current level of 2,500 to 20,000. Border security is also likely to be a key task for any additional international troops.

- speed up the creation of the new Iraqi army; on present plans this should reach 30,000 men within two years. Bremer would like to achieve this within 12 months. The army is not intended to have a role in internal security, but it would be tasked to control Iraqs borders.

4. There are two constraints on doing this quickly: training and money. At present resources are available to equip these Iraqi forces with weapons and uniforms, but there is no money for training - a huge task - or equipment like vehicles and communications. Substantial new money and a small army of instructors will have to be found.

#### ESSENTIAL SERVICES

5. The riots in Basra last month were a sharp reminder that continuing shortages of electricity and fuel have a direct bearing on security and on how Iraqis judge the Coalitions performance. Iraqs worn out infrastructure has been further degraded by widespread looting, smuggling and sabotage. Yesterday Iraq produced 1.7 mbd of oil but 0.5 mbd had to be re-injected because a pipeline carrying oil to a refinery was sabotaged. Sabotage of the main oil pipeline to Turkey took two weeks to repair and cost Iraq (and the CPA) 10 million dollars a day in revenue.

6. Although the CPA was slow to recognise the scale of the infrastructure problems and put action in hand to deal with them, the conference in Tampa bringing together the military, CPA and civilian contractors has drawn up a programme of action. But this will mitigate rather than solve the problem. Bremers solution is simple: a massive injection of funds to kick start the renewal of Iraqs infrastructure. He has bid for up to 18 billion dollars (7 billion dollars for power sector, 4 billion for water and sanitation and 5 billion for security and the military). Whether the Administration submits or Congress approves funding on this scale is likely to have a decisive impact on Iraqs future.

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#### POLITICAL FRAMEWORK

7. Improving security and essential services are pre-requisites. But we also have to get real momentum behind the transfer of power to the Iraqis. Just as we want them to take greater responsibility for security so we need them to start the process of running their own country. The appointment of interim Ministers in Sunday was a vital step. The CPA will still need to be active behind the scenes, but the Iraqis should now take responsibility for policy and budgetary implementation. We also need the Iraqis to establish a clear timetable for the holding of a Constitutional Convention, the referendum to approve the results of the Convention and the elections which will establish a sovereign government and bring the occupation to an end. The absence of a timetable is undermining both the Governing Council and the Coalition.

#### RECOMMENDATION

8. Many of the problems we now face stem from inadequate planning before the war, a failure to stamp Coalition authority at the outset, and a slow and unfocussed start to the reconstruction. Mistakes have been put right, but we are going to need more resources. Much depends on the Americans and the commitment they are prepared to make. However costly getting Iraq right will be, the cost of failure will be greater. The UK cannot match US spending power, but it will have to commit more financial and human resources. There are a number of areas where we can make a real difference:

- more training for the police

The idea of training Iraqi police in Hungary appears to have been shelved, at least for now. The new plan, if the finances can be found, is to establish a police training school in a former military base to train up to 3,000 Iraqi police every 8 weeks. This will require up to 600 police instructors. Many more experienced policemen will be needed in the field to provide mentoring and support. The UK should aim to provide 100 plus serving or retired officers. I understand that security concerns have been a constraint on deployment but the police training school would provide a secure environment in which they could work. An effective police force is a key part of our exit strategy.

- more money for essential services, especially in the South

The UK cannot match US funding (some of which will need to flow to the South which is why we need to be careful about talking too loudly about a British Sector). But we should nevertheless focus additional resources on the South (Hilary Synnott has already made recommendation in Basra telno 10). We should also supply electrical

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engineers and technicians on which I have made separate recommendations.

- more diplomatic effort to unfreeze Iraqi funds

The CPA is likely to run out of money before the end of the year. Bremer estimates that there is more than two billion dollars worth of Iraqi funds in various overseas accounts. Some of this is encumbered but he is keen to see strenuous efforts to transfer as much money as possible to Iraq. We also need action in New York to ensure the rapid transfer of funds left over from the oil for food programme. This could bring in another billion.

- push for a clear political framework and timetable

We are already discussing a new UN resolution which would include a call on the Governing Council to produce such a timetable. We shall also need to step up pressure here to get the right outcome.

- provide proper support and funding for the new UK staff in Iraq

UK staffing in CPA Baghdad is about right. Hilary Synnott has made separate recommendations about staffing CPA South in Basra. Leaving aside Basra, the UK is about to lead governance teams in three other Iraqi provinces. The team leaders have been identified but we need to ensure that they have adequate supporting staff and funds immediately at their disposal for quick impact projects. In the first instance I recommend each of the team leaders be given 1 million pounds to spend at their discretion. This would parallel the funds already available to the military for quick impact projects. We also need to ensure that we have adequate funds to finance the security arrangements which are essential if staff throughout Iraq are able to do their jobs effectively.

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