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From: Stuart Jack, Director Iraq
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Private Secretary

GLOBAL CONFLICT PREVENTION POOL- IRAQ STRATEGY

ISSUE

1. The Foreign Secretary owes his GCPP Ministerial colleagues (Geoff Hoon and Hilary Benn) an update on the Iraq GCPP, including its revised Strategy (attached at A).
2. This is an opportunity to warn them that the GCPP Iraq Strategy budget is now over-committed for 04-05, and raise the potential consequences for the GCPP Reserve and other GCPP programmes.

RECOMMENDATION

3. That the Secretary of State send the attached draft letter to the Secretaries of State for Defence and International Development, enclosing with it the papers at A. Conflict Issues Group and Director Finance agree.

BACKGROUND

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GCPP Iraq funding

4. The Iraq Strategy has been agreed at official level by all 3 Pool Departments. Its key areas of activity are:
 - Building the capacity of the Iraqi government and civil society to carry out conflict prevention and resolution;
 - Preventing further polarisation and reducing underlying tensions between different elements of Iraqi society; and
 - Building the capacity of the security sector, with special emphasis on the police and prisons.
5. We are now in a critical period in Iraq. Demands from Ministers and from No 10 to respond to requests for assistance to the IIG and particularly the Iraqi Security Forces are likely to remain high. The security situation continues meantime to push up our costs and drive further demands for support. An Iraqi Police Service which is predicted to increase beyond 100,000 personnel will require significant training and advisory effort.
6. On top of planned programmes, Ministers have approved a £2.5 million MOD bid to purchase equipment for the Iraqi Security Forces (ISF) at the 16 September Ad Hoc Ministerial. The Prime Minister has subsequently asked that the GCPP fund a project costing up to £2m supporting the Iraqi Ministry of the Interior (MOI), currently a weak link in efforts to make the Iraqi police effective enough to operate without MNF support.
7. These projects serve our broader Iraq objectives, and the MOI project fits well with GCPP criteria – the ISF one less well, raising some questions of presentation which are addressed below. But taken together they raise a problem of funding. With these, the Iraq GCPP will have committed £21.7m to projects, £2.7m over budget.
8. Spend to date is £1.28m. It is hard to predict with certainty how much we will spend of our commitments by the end of the FY. The security situation can delay projects, reducing costs. But it can also lead to unexpected demands for extra funding which might take us further over budget. For example, in December funding ends for a project that seconded officers from the Police Service of Northern Ireland to mentor the provincial Chiefs of Police in southern Iraq. Ending the project brings to a halt a significant civil police mentoring and training programme. If we want to continue with it, there will be cost implications – especially as it is proving hard to recruit serving police officers, and recruiting from the private sector would cost up to £1 m p.a. extra.
9. We have therefore to address the risk that we will spend a large proportion of what we have committed. Conflict Issues Group, which lead the GCPP FCO/DFID/MOD Steering Team, say that there are adequate funds in the GCPP Reserve (currently at £15m) to meet

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an overspend if necessary. The Steering Team are however concerned about the effect on the GCPP budget as a whole if this level of pressure on the Iraq Strategy continues. Strategies under the GCPP are now operating better and a spend of 95% of current allocations is possible this FY. There may be other bids to the GCPP Reserve - so far India/Pakistan, Afghanistan and the Balkans have indicated they might seek additional funds.

10. The alternative is for the Iraq strategy to cut back some of its existing commitments. We have secured some GOF funding (£400,000) for human rights projects in Iraq, which can relieve the pressure on the Iraq GCPP - and we can look for more GOF funds for projects which meet its criteria. But with project proposals coming in at their current rate - £4.5 m agreed in the past fortnight - this can only be a small part of the solution. We are also examining which projects can be delayed or cancelled. We have significantly slowed down and in some areas cut our human rights awareness-raising programme (cancelling plans to second advisers to the Ministry of Human Rights, slowing down our humanitarian mass grave excavation support). We could, if we had to, stop our £1.7m prisons mentoring project and so recoup up to £800,000 in security costs - but it is an issue with a lot of public attention, interests strongly human rights campaigners like Ann Clwyd, and stopping it in order to fund ISF equipment supply would risk public criticism. We do not recommend it. There is in fact a cost to every project we cancel. We have to compensate contractors, we risk Parliamentary criticism for the resulting waste of public funds, and most importantly these projects themselves serve FCO objectives and Ministerial priorities.
11. GCPP Steering Team also advise that the more the Reserve is used this year, the more the allocations for 05-06 onwards will have to be reduced. These will be discussed at the GCPP Ministerial meeting on 28 October. Decisions will be difficult because the GCPP flatline settlement in SR04 means a drop in available funds of 20% in 05-06 and 30% in 06-07 and 07-08. Current strategies have bid for 160% of available funds for those years (including an increased bid for Iraq). There will have to be reductions all round, possibly some strategy closures (e.g. the extra funds for Iraq already under consideration are the equivalent of all current strategy allocations for Indonesia, Sri Lanka and Belize/Guatemala.) Iraq will have a high priority. But the bids also cover other important areas such as Afghanistan, the Middle East, the Balkans, Nepal, capacity building work with the UN, Security Sector Reform (SSR) and Small Arms and Light Weapons (SALW).

Upcoming Bids

12. The ISF and MOI projects, both of which have been proposed in the past few weeks, show the high demand for funds for projects in Iraq - especially from the MOD. We can expect this to continue. An MOD request for £1.5 m from the Op Telic reserve to purchase military type equipment for Syrian border guards, to help secure Iraq's western border, has been rejected by HMT. MOD may ask our help in pressing HMT for a

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change of mind; but if this fails, they may end up seeking GCPP funding. (See below for comments on presentational aspects of supplying military equipment from the GCPP.)

Presentation

13. The ISF project is presentationally problematic, the Syrian one (para 12) if it comes to the GCPP potentially more so. There has previously been Parliamentary criticism for using CPP funds for purchasing military equipment e.g. helicopters for Nepal. The ISF purchase just about fits the published eligibility criteria for supply of military equipment from the CPPs, which are that such supply must be taken at Ministerial level, form part of an integrated strategy and be crucial to ensuring the stability of a conflict area and to the success of the strategy. The GCPP has only in the past supplied "non-lethal" equipment such as body armour, radios, and Explosive Ordnance Devices, using the rationale of supporting a government or authority which does not have the means to build up its armed forces and where armed forces are needed to provide security for its people, as applies in Iraq. For example, the Africa Conflict Prevention Pool (ACPP) supplied weapons and ammunition to the Sierra Leone army in 2001/02.

Proposed Action

14. We are due to update DFID and MOD Ministers on the current status of the Iraq GCPP and its revised Strategy. We should take this opportunity to set out the position on funding, as well as to set on record the reasons why Ministers agreed to the ISF project (useful in case of Parliamentary criticism). The attached draft letter should enclose attachment A - an executive summary of the recently revised Iraq GCPP strategy and a summary of projects and expenditure agreed so far.
15. The Secretary of State may want also to be aware that we are seeking an increase of the GCPP Iraq allocation for the next three financial years, to £15 million for each of the financial years 2005-07 (instead of the current allocation of £8.5 million for 05-06). This bid will be considered at the forthcoming 28 October Inter-Ministerial GCPP Committee.



Stuart Jack
Director Iraq

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IRAQ GCPP STRATEGY

Executive Summary

Background

1. The 2003/2004 budget for the Iraq Global Conflict Prevention Pool (GCPP) was £7.5million. In line with a strategy drawn up in 2003, the majority of this allocation went to Security Sector Reform (SSR) and media development projects. The strategy has now been revised to reflect developments in Iraq and with the forthcoming Conflict Assessment, will continue to refine the focus of the GCPP in the years ahead. The Iraq GCPP budget for 2004/2005 is £16.5 million. The 2005/2006 budget is expected to be £8.5 million.

Objectives

The revised strategy aims to deliver three objectives:

1. Building the capacity of the Iraqi government and civil society to carry out conflict prevention and resolution.
2. Preventing further polarisation and reducing underlying tensions between different elements of Iraqi society.
3. Building the capacity of the security sector, with special emphasis on the police and prisons.

Conflict Drivers

Current insecurity, driven by die-hards of the former regime, foreign jihadists, religious militants or just nationalist opposition to perceived foreign domination, facilitated by Iraq's porous borders and a plethora of easily available arms and ammunition.

Pre-existing divides along ethnic, tribal and religious lines and between geographic areas. Increasing sectarianism, ethnic polarisation and tensions between Baghdad and the provinces could erupt into violence.

Economic hardship: low employment, dilapidated infrastructure, perceived lack of investment impact of the transition to a market economy, all compounded by current insecurity.

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The limited time-frame of the Iraqi Interim Government (IIG), which needs to deliver on security, public services, reconstruction and elections.

Weak Iraqi media and poor dissemination of official information, facilitating political manipulation by foreign media and political groups opposed to the IIG;

Weak government institutions, security services and civil society.

Resources

The GCPP allocation for this year, including an underspend from the last FY is £19 million. To date we have committed to projects totalling £17.2 m, although a further £1.2 m project package is due to be submitted shortly. 21% of funds have been committed against objective 1 (capacity building), 29% against objective 2 (peaceful coexistence), and 39 % against objective 3 (SSR).

The strategy and resources are managed on a day to day basis by a Strategy Manager based in the Iraq Policy Unit. A 2nd Secretary with responsibility for GCPP in Iraq, has been based in Baghdad since July. They are both supported by a Conflict Adviser (hired consultant) who divides her time between London and Baghdad.

Approach

The new strategy is designed to prevent piecemeal funding of projects and thus to ensure that our limited resources have maximum impact. A review to finalise the strategy and incorporate the findings of a planned conflict assessment is due in early 2005. The strategy will then be subject to 6-month reviews until January 07. It will cover high- profile, big-impact projects as well as low-key grass roots efforts. All projects funded by the GCPP will be evaluated against clear indicators (to be refined in the coming months).

The strategy will be interpreted flexibly in the immediate months ahead to take account of the UK's overarching objective to do all it can to support the Iraqi Interim Government. The implementation of the strategy will also be rooted in the promotion of human rights, including the participation of women in the political institutions and civil society of Iraq.

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Risks

The risks to implementation of the strategy are assessed to be medium to high. In its implementation, the strategy should not seek to be risk averse (all activities in Iraq carry a risk) or opportunities might be missed. However a 'risk to reward' assessment is essential at every stage, from project proposals to strategy reviews.

The risks are assessed as follows:

- i) Current security challenges prevent strategy implementation.
- ii) The political process founders and Iraq descends into chaos rendering our strategy irrelevant.
- iii) We cannot evaluate whether our strategy is effective because of the impact of other assistance to Iraq. To mitigate this, every attempt is made to co-ordinate activity with the IIG and other donors.
- iv) Iraqi rejection of UK assistance. Close co-ordination with Iraqi institutions at all levels is essential to ensure support is appropriate and useful.
- v) Changes in UK priorities in the medium term. The GCPP Iraq budget for 05/06 will be no more than half of 04/05 funding. Should this trend continue, the strategy will need to be tailored in support of less ambitious objectives.

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