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From:

Sent: 14 December 2007 13:45

To:

Cc: Sue Wardell; Nemat Shafik; 'Jonny.Baxter'; 'Kathleen.Richmond;

Subject: RESTRICTED: Follow-Up to SoS Iraq Visit

On the flight home, I had a detailed discussion with the SoS about follow-up to the visit. This email outlines the discussion and commissions specific actions for you to take forward with the team. I am setting this out in some detail, as I will be on leave (except for Christmas week) until mid-January.

## Summary

1. The SoS is keen to use the visit as an opportunity to have a more robust dialogue with fellow Secretaries of State about HMG's strategy in Iraq. My sense is that he believes, in the absence of clear Ministerial guidance about what HMG can and should be trying to achieve, DFID are being landed with pressure to deliver an enormous agenda on economic growth in southern Iraq which a) we are not necessarily best-suited for and in any case cannot be viewed as the responsibility of a single department, and b) cannot produce meaningful results in the context of a 'broken' politics at the centre in Baghdad and a highly problematic security environment. He plans to engage actively in the conversation about what HMG's ambitions on the economic front should be and the role of economic development in relation to security and political reconciliation. Drawing on the experience of Afghanistan, he feels the FCO-led Iraq strategy process should be informed by that SoS-level conversation. I think the SoS is also keen to ensure that DFID's role is realistically defined and justified on the basis of experience and evidence, not intra-departmental politics or the views of a few individuals. He also thinks we have a good story to tell, though we can do more to publicise our achievements.

## Letter to Colleagues

2. In terms of follow-up, most immediately the SoS will write to colleagues reporting progress on the PM's Economic Initiatives. This was an agreed action point arising from the 20 November NSID/OD. I will draft over the weekend based on points Douglas has given me – see below. (**Action:** to shepherd the submission through for the Monday box, via Sue and Minouche).

3. The letter will set out the following points:

- a. Reporting on the Economic Initiatives including the successful Forum, but also highlighting our exiting economic governance work (including stats about number of Provincial government projects, budget expenditure, etc.). Indicating that 'we've done our bit' and this is starting to produce results. Noting that we've made an offer of technical assistance to J9 which has yet to be taken up.
- b. Setting out that DFID is not the only instrument through which we should work to achieve our goals on the economic front, and that economic work is intimately related to political and security concerns. This requires an HMG wide effort. HMA/Baghdad Embassy have a huge role to play in lobbying the system to produce the necessary legislative and policy framework to enable spending at provincial level and in order to attract investment. J9 have a role in physical project contracting, UKTI have expertise to bring to bear, etc. We need a

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- conscious broadening of the effort, the mechanisms for which need to be discussed.
- c. But larger questions remain about HMG's civilian presence and role going forward. Any discussion of the DFID Iraq programme needs to be set in the larger context of that role and the broader set of HMG objectives. The SoS will say that he is looking forward to an early opportunity in the New Year to take forward this strategic conversation, in light of recent visits of all three Secretaries of State.
  - d. Finally, anticipating the trilateral discussion to come, the SoS will make a point about the fact that economic growth cannot be achieved in the context of (and is not a substitute for addressing) a broken politics at the centre which compromises the basic functionality of government, and a continued difficult and dangerous security environment.

#### Internal Note for the Trilateral

4. For a mid-January deadline (exact date to be determined; please check with Sue on this) Douglas would like the Iraq team to produce a detailed 'negotiating brief' for him in advance of the proposed trilateral. This should be an internal note but with the expectation that it may be shared with a very limited HMG circle outside DFID, and so written with that in mind. (**Action:** to lead on this with support from commissioning the necessary information from the team and assembling the draft, working closely with Sue).

5. The note should cover the following areas:

#### *What we're doing now and what we're achieving:*

- a. What we are doing already and what we've achieved, covering Economic Initiatives but also our broader economic governance work. Concrete information and illustration of what the Provincial government is achieving. Information which compares PC spending and internationally-supported project work in Basra with other provinces (especially Anbar) so the SoS can know where we are, and balance pressure on us to 'do more' against a sense of what is happening elsewhere.
- b. What J9 is doing. How much money is available through CERPs and what projects have been implemented. The level of J9 physical reconstruction work on-going.
- c. Information about our infrastructure projects including the water towers. We were briefed about the towers during the visit, and the SoS was impressed. Information should be included such as the fact they will be the biggest thing on the Basra skyline, that we have trained 15 Iraqi engineers in the course of construction, etc.. Similar information about the other projects would be useful.
- d. Robust and as far as possible, evidence-based arguments about why an Iraqi-led approach makes most sense; what are the specific downsides to 'doing it ourselves'. What we can say about why our approach is producing results.

#### *What we could, within reason, do more of:*

- e. Here the SoS wants to know what more we *could* do, if we (HMG) decided to raise our ambitions. This section should consider what is possible and sensible to do, what DFID's role would be, and what would be the role of others (UKTI and J9, for example). The idea is not to come up with a few gestures or projects that will 'take the pressure off' us, but to genuinely assess whether there is a further realistic HMG effort possible, and who would need to do what in which areas to make that happen (and what we could expect to achieve from it). Douglas mentioned specifically the port, the airport, and employment-generation where he would like some granularity about what steps would need to be taken by whom.
- f. What else? What else could we do that would produce a quick impact 'in the true sense' in that it helps establish the steps for a medium term and sustainable effect.

*What are our options going forward?*

- g. The SoS would like a menu of options for how DFID might work, depending on what we (and wider HMG) decide to do - and assuming there is cross-Whitehall agreement (so that others are doing their bit). This should include recommendations for what DFID needs to do now to support current efforts better; what we might do to boost efforts at the margins, and what we would require for a substantially increased effort. Issues such as pod accommodation and headcount will need to come into the mix.
- h. This section should also include consideration of the mechanism by which we manage and coordinate efforts going forward. (As aside, I suggested that DFID should **not** advocate for the establishment of a new coordinating mechanism to draw in, for example, UKTI. We would be expected to lead this and would inevitably then be held responsible for delivery. I said I thought the current Whitehall architecture including Strategy Group and Senior Officials was the best forum and could effectively perform the coordinating function *as long as* we have a clear steer and the right exam questions from Ministers).

#### BTOR

6. Finally, the SoS outlined key messages he wants to convey through a BTOR:
- Many thanks to the team for the visit. Grateful for all the hard work on delivering the programme.
  - That the SoS left impressed. The Development Forum was the culmination of hard work over time. An HMG success but accomplished through a clear DFID contribution.
  - We need to do more to publicise our work not just with the public but also with HMG colleagues. But the SoS is confident we have a strong story to tell.
  - The character of future work will be determined on the basis of conversations across all three Secretaries of State. The team should be assured that the SoS will engage in these conversations pro actively, with the visit as an invaluable backdrop.
7. I will draft this over the weekend, and send to you, Kathleen, Jonny and Sue in draft form, in case you want to tweak points.

Many thanks in advance,