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Reference

FROM: Michael Anderson

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To: Martin Dinham  
DFID Iraq staff  
DFID Iraq consultants

### Iraq Programme Management Issues

1. Martin Dinham has sent a note on the policy issues arising from our visit to Iraq 15-19 March. This note covers management issues for the DFID team.
2. Many thanks to the entire team in Iraq, plus key support staff in London, for making our visit so enjoyable and informative. We were impressed with the professionalism of the teams in Iraq, including both consultants and permanent staff. The amount that you have been able to achieve in very difficult circumstances is impressive, and worth celebrating.
3. Achievements. There is a sense in both offices that they are beginning to settle down into more 'normal' DFID programmes, with enough staff to and settled systems to deliver on a more routine basis despite the significant security issues. We were particularly impressed with the high level of staff morale, the good relationships with MOD and FCO, the strong management systems in place, and the ability of teams to deliver.

### Programme & Priorities

4. Importance of 2005/6. The next 12 months will be a critical period for the Iraq programme. In addition to the political and constitutional challenges, it is key window for donor impact. After 2006 donor spend from the US and UK is set to decrease. Also, the military presence gives a degree of security cover that may not be available once donor activities become more reliant on the Iraq Security Forces. This may be a critical issue in our southern programme.
5. Iraq as a fragile state. Two recent DFID policy papers are relevant to the Iraq programme. The **fragile states** paper emphasises that where state institutions are weak, it is important to ensure that the government is not overwhelmed with too many donor initiatives. Realistic expectations need to frame activities that are highly prioritised and carefully sequenced. Focusing down on the essential activities for building effective institutions is key, even if important poverty alleviation efforts have to be delayed. The **security and development paper** highlights the importance of personal safety and security for poor people and emphasises that activities to promote effective security systems are an integral part of development work. These papers have important consequences for

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DFID's programme in Iraq. We agreed to run a session on the main content of the papers for the Iraq team in April or May. [Action: LC/MA to organise]

6. Budget Our current commitments for programme spend in 2005/6 exceed available resources by several tens of millions sterling. Even allowing for prudent over-programming and US contributions to the Infrastructure Support Programme, we still need to redress the shortfall. This is due in part to the £20 million cut in framework for 2005/6, as well as increased security costs. But it is also due to the achievements of the Iraq team in getting programmes up and running, and should be seen as a sign of success. We will need to adopt a twin-track approach: first, we will need to identify cost savings in our current programme, while protecting high priority activities, and second, we will seek co-financing of some of the DFID programmes from other donors, including for example the Danes and the EC. The aim is to minimise disruption to existing programmes, particularly since everyone has worked so hard to get delivery on the ground. Yet careful financial management will be needed.
7. Priorities for 2005/6 A review of the Iraq Interim Country Assistance Plan is underway. It is unlikely to result in major changes, but our existing activities will need to be more focused in the context of HMG objectives. The 2005 priorities for HMG are: a) support to security services, b) support to sunni outreach through the constitution and other political processes, c) securing broader international engagement in Iraq, and d) reconstruction and development. For DFID, this is likely to mean a tighter focus on three key areas: i) governance engagement and government capacity building (both in Baghdad + 4 governorates in the South), ii) support to infrastructure, and iii) emphasis on wider donor engagement and donor coordination. Our other streams of committed activity will continue, but may need to be delayed or re-programmed. Close cooperation with MOD and FCO will continue to be a high priority, both in Iraq and in Whitehall.

## Staff & Management Issues

8. Baghdad-Basra integration Integrating the Baghdad and Basra offices into a single team will offer advantages in both policy and management. The DFID in Iraq joint in-day on 13<sup>th</sup> March was an important step forward, and achieved a lot in identifying issues and developing a common sense of purpose. The proposal to have a follow-up meeting in 2-3 months is a good one. We will need to ensure that reporting lines, communications, and programme management are set up to support the integration of the two offices.
9. Iraq-London working DFID staff in London and in Iraq are working together more closely, but both teams are very busy, so regular communication is sometimes interrupted. It is important to get the Basra video conference facility working again soon. The teams in Iraq feel the need for more advisory inputs, especially on governance and economics. One option is to ensure that advisors spend more time in Iraq on a regular

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basis, another option is to contract consultants in country to provide advisory input on a regular basis

10. Director and Head of Department roles. Many questions arose about the division of labour between Martin Dinham and Michael Anderson. We explained that there is no hard and fast rule about how work between us will be divided. Inevitably there will be a lot of overlap and covering for each other, along with David Hallam and Pauline Hayes. In general, Martin will lead on Whitehall engagement and Michael will lead on programme strategy.
11. Duration of Iraq posts and the cluster system. There is a need to ensure that staff coming out of Iraq posts are given adequate support to reintegrate into 'ordinary' DFID systems. One unresolved issue is timing. Someone coming out of an Iraq posting is normally entitled to take accumulated holiday which makes it difficult to fit into the normal cluster system. One option is to design postings to include the planned holiday component, as well as the Hostile Environment training. **[Action: LC to produce an options paper in consultation with DH]**
12. Staff Appointed in Country. We need to ensure that staff appointed in country have access to training opportunities. It may be best to organise this in the weeks immediately preceding or following the MENAD retreat (once the date is settled).
13. Internal audit. The internal audit of MENAD is currently scheduled for November 2005. It is expected that the team will visit both the Baghdad and Basra offices.

Michael Anderson  
Head of MENAD

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