

1 (4.30 pm)

2 RT HON DOUGLAS ALEXANDER MP

3 THE CHAIRMAN: Good afternoon.

4 RT HON DOUGLAS ALEXANDER MP: Good afternoon.

5 THE CHAIRMAN: Well, good afternoon to our witness and good  
6 afternoon to those of you in the room. We have finished  
7 our hearing from the Prime Minister about his period as  
8 Chancellor and Prime Minister and we are now going to  
9 hear from the Rt Hon Douglas Alexander MP. Welcome.

10 RT HON DOUGLAS ALEXANDER MP: Thank you.

11 THE CHAIRMAN: You have been Secretary of State for  
12 International Development since June 2007, I understand.

13 RT HON DOUGLAS ALEXANDER MP: That's correct.

14 THE CHAIRMAN: Our objectives in this session are to explore  
15 DFID policy, development and its implementation during  
16 the period from June 2007 until July 2009, which is the  
17 expiry of our period of terms of reference.

18 I say this on each occasion. We recognise that  
19 witnesses are giving evidence based on their  
20 recollection of events, and we, of course, cross-check  
21 what we hear against papers to which we have access.

22 I remind every witness that they will later be asked  
23 to sign a transcript of their evidence to the effect  
24 that the evidence they have given is truthful, fair and  
25 accurate.

1           With that beginning, Mr Alexander, can I go straight  
2           in? You took over as Secretary of State in June 2007  
3           and you had a programme at that time focused, as  
4           I understand it, at three levels: nationally in Baghdad,  
5           regionally in Basra province, but also international to  
6           try and leverage more effort and support from the IFIs  
7           and other donors.

8           Could you say a little about the strategic  
9           objectives of DFID when you arrived, and then we might come  
10          on to how they shifted after that?

11       RT HON DOUGLAS ALEXANDER MP: I think you have captured,  
12       Sir John, the main thrust of our work in Iraq at the  
13       time. It was a period of transition, when I arrived in  
14       the department, for Britain's engagement in Iraq. There  
15       were probably two central events in the immediate months  
16       that followed that defined the context in which we were  
17       working.

18               Firstly, of course, there was the transition to  
19       Provincial Iraqi Control of Basra itself which took  
20       place in December of 2007, when I actually visited Iraq,  
21       and, secondly, the Charge of the Knights, which  
22       significantly changed the security situation.

23               I think it would be fair to say that both of those  
24       events reflected, on the one hand, a changing security  
25       context, and, on the other hand, a greater degree of

1 control being assumed by the Iraqi Government itself.

2 Within that context we were keen to support those  
3 efforts to build the capacity of the Iraqi Government to  
4 manage its own affairs, working alongside our colleagues  
5 in the military, principally in the south, to try and  
6 support the infrastructure which had been badly damaged  
7 as a consequence of the 30 years of misrule that had  
8 preceded the conflict in 2003.

9 THE CHAIRMAN: There was a balance to be struck, wasn't  
10 there, between the national, regional and, indeed,  
11 international activity?

12 Was the balance, as you say, through this transition  
13 having to move from a greater emphasis on one or the  
14 other, more or less regional in Basra, I suppose?

15 RT HON DOUGLAS ALEXANDER MP: I think there was a change  
16 during my time as Secretary of State, which reflected  
17 those dynamics that I have described, both the  
18 increasing assumption of authority by the  
19 Iraqi Government and also the changing security context  
20 in the south.

21 We were, in the first instance, obviously supporting  
22 the international community's efforts in terms of  
23 humanitarian support, but actually the descent into  
24 sectarian violence that came around 2005 and 2006  
25 required a continuation of those humanitarian efforts,

1 but at the same time, in Basra itself we were, largely  
2 thanks to the initiative of the new Prime Minister  
3 Gordon Brown, focused on creating opportunities for work  
4 and for employment in particular and bringing investment  
5 into the south.

6 Over time, it became apparent that some of the  
7 biggest blockages to that economic development in the  
8 south was actually the relationship with the centre, and  
9 whether that was the capacity of departments in Baghdad  
10 to send money south in terms of reconstruction, whether  
11 it was in some cases legislative blockages in terms of  
12 barriers to investment, it was clear that the whole of  
13 Iraq strategy that we were pursuing was going to be a  
14 very necessary component even of meeting the part of our  
15 obligations that were particularly extended towards the  
16 south.

17 THE CHAIRMAN: You mentioned the Prime Minister's own sense  
18 of priority which needed to attach to a particular  
19 economic development, and in particular in Basra and the  
20 southeast.

21 This had been anyway part of DFID's existing  
22 strategy. Was it essentially a matter of injecting more  
23 political leadership and drive from the Prime Minister,  
24 and indeed yourself, or was it actually a shift of  
25 priority and balance as well?

1 RT HON DOUGLAS ALEXANDER MP: I think it was a combination of  
2 both. Of the Prime Minister's own experience, I know  
3 that he has addressed the Committee today, but my sense  
4 is he drew on his experience of the situation in  
5 Northern Ireland, where he had been involved in  
6 a post-conflict situation and himself recognised the  
7 importance of economic opportunity and transitioning  
8 people away from the path of violence towards more  
9 normal livelihoods.

10 He had been involved in his time in the Treasury in  
11 terms of a paper, you know, the Balls Cunliffe report on  
12 economic development within the Middle East, and I think  
13 that influenced his thinking as well, but we were also  
14 clear that, as part the transitioning that was taking  
15 place more generally in Iraq, we did need to make sure  
16 that there were real opportunities for legal livelihoods  
17 to be pursued at a time when the militias were still  
18 very active in the south as well.

19 THE CHAIRMAN: Yes. DFID was one of the main instruments  
20 for carrying forward the Prime Minister's sense of where  
21 the priority ought to lie with you, as Secretary of  
22 State, but there were other government departments as  
23 well. Did they, as it were, respond with the same speed  
24 and in the same direction? I'm thinking here of the  
25 role, which we haven't had much evidence about yet, of

1 UKTI, jointly owned I think by BIS and the FCO.

2 RT HON DOUGLAS ALEXANDER MP: I think there was a sequence.

3 I think the first point to acknowledge would be,  
4 preceding my arrival as Secretary of State in DFID, the  
5 Treasury had already been involved in the sense that  
6 I think one of the areas of real progress had been the  
7 transition in relation to the currency, the  
8 stabilisation of the economy and the writing off of  
9 debt, all of which preceded my time, but were  
10 significant in terms of the transition I have described,  
11 and, given the Treasury's lead in relation to IMF  
12 policy, that's a good example of another department  
13 taking a key role.

14 In terms of UKTI, I returned from one of my visits  
15 to Iraq convinced that actually there was both a need  
16 and an opportunity for the engagement of UKTI. We  
17 fulfilled our obligations, I feel, as DFID, working with  
18 Michael Wareing in particular, the former chief  
19 executive of KPMG at the Prime Minister's instigation to  
20 create opportunities for international investment.

21 At the same time, there was, I felt, real  
22 opportunities for UKTI to involve itself in a changing  
23 situation within Iraq, providing opportunities for  
24 British direct inward investment, and indeed, after  
25 conversations that I had with General David Petraeus on

1 my first visit to Iraq, which was in December 2007<sup>1</sup>,  
2 I returned and encouraged the then BERR, now  
3 BIS Ministry, to engage and I'm glad to say that, with  
4 the involvement of Peter Mandelson as the Secretary of  
5 State, we saw an uplift, indeed an engagement by UKTI  
6 which reflected the transition and the process that was  
7 underway.

8 THE CHAIRMAN: Thank you. Just one side point, our  
9 stenographer needs to keep up, and both of us actually  
10 could slow down. It would help, I think. Thank you.

11 I wanted to ask one thing about the balance and  
12 direction of priorities at the time you took office  
13 because DFID was, as part of its mandate, seeking to  
14 promote economic progress nationally across Iraq.  
15 A great push in Basra and the south-east itself. How  
16 does that reconcile? Because Michael Wareing's  
17 activities, for example, are specifically Basra-based.  
18 How did DFID pursue and promote its wider Iraq concern  
19 with investment?

20 RT HON DOUGLAS ALEXANDER MP: Iraq was a very distinctive  
21 environment in which DFID was working for a number of  
22 years. Of course, the service and the sacrifice of  
23 British troops, to which I pay tribute today, made it  
24 a very distinctive environment, but also it is important  
25 to recollect people often bracket Iraq and Afghanistan

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<sup>1</sup> The discussion with General Petraeus and subsequent follow up with Lord Mandelson actually took place during and immediately after Mr Alexander's second visit to Iraq in November 2008.

1       together. Afghanistan is one of the poorest countries  
2       on earth. Iraq, in fact, was a lower middle-income  
3       country in the Middle East, with a quite highly  
4       educated population that had been laid low by many  
5       decades of misrule. But it was a different and  
6       distinctive challenge to try and get a potentially  
7       petroleum-rich, middle-income country in the Middle East  
8       back on its feet than some of the more conventional  
9       development challenges that we have faced in other  
10      lower-income countries.

11       In that sense, we spent about £100 million, if  
12      I recollect, on infrastructure, essentially trying to  
13      make sure that some of the infrastructure that had been  
14      degraded during those years, principally in the south,  
15      the water supply, the electricity supply, got back to  
16      a more functional level, of which we made some progress.  
17      But in terms of the whole of Iraq approach, working out  
18      of Baghdad, that was not principally an issue of  
19      resource transfer, because, actually, the big challenge  
20      that we faced was assisting the Government of Iraq to be  
21      able to spend its own income. In that sense it was  
22      different from other countries where the principal focus  
23      is in direct resource transfer.

24       Now, of course, Iraq was the largest bilateral  
25      programme for DFID in 2003 - 2004. There was



1 a significant injection of resources to provide  
2 humanitarian support, but that tailed off quite quickly  
3 in recognition of the fact that the most pressing and  
4 urgent challenge was to facilitate the ability of the  
5 Government of Iraq to spend its own resources  
6 effectively.

7 THE CHAIRMAN: Thank you. I was going to ask, on taking  
8 office -- I imagine you would, as any Secretary of State  
9 would be minded to do, just stand back and look at the  
10 existing strategy and programmes and see where you  
11 wanted to shift them, and, indeed, to reflect the  
12 Prime Minister's sets of priorities.

13 You have got a rundown in DFID's Iraq programme in  
14 just the two numbered years I have got from 60 million,  
15 2006/2007, down to about half of that or a bit more in  
16 the following year, reflecting what you are saying.

17 Was this, as it were, simply the continuation -- as  
18 perhaps you have just implied -- of reflecting the  
19 reality of Iraq's position and potential, as an economy,  
20 as against DFID's, can I say, normal customers across  
21 the world, needing development on a much different and  
22 larger scale proportionately, or was this a decision you  
23 actually had to take or retake explicitly, bring down  
24 the level of spend, reflecting Iraq's place in the  
25 general table of need?

1 RT HON DOUGLAS ALEXANDER MP: No, I certainly wouldn't  
2 suggest the latter to the extent that the external  
3 resource transfer is not an accurate indication of the  
4 priority we attached to Iraq, in the sense that we  
5 continued to have a very strong focus. I think it would  
6 be an accurate reflection to say that I have spent more  
7 time, as Secretary of State, on Iraq and Afghanistan  
8 respectively than any other two countries within the  
9 DFID portfolio.

10 For example, after those conversations with  
11 David Petraeus in December 2007, we gave a lot of  
12 thought to how we could support an Iraqi civilian surge  
13 that needed to be taken forward in relation to the  
14 changing situation in the south.

15 So in that sense, the external resource transfer  
16 was, if you like, a reflection, as you suggest, of the  
17 fact that there were significant resources available  
18 within Iraq, but it wasn't an accurate reflection of the  
19 priority we attached to Iraq. That was very much  
20 a continuing focus of our work.

21 THE CHAIRMAN: Thank you. That's a helpful comment, indeed  
22 very helpful, because if we are looking at this UK  
23 strategic objectives towards Iraq for the whole of the  
24 latter part of our period, it would be a mistake for us  
25 to see the rundown in the numbers of external transfer

1       into Iraq as being an indicator of our priority in or  
2       activity about Iraq's needs. We should look instead  
3       elsewhere, which is the contribution made in, what,  
4       capacity building, in general support, in the investment  
5       initiatives? Is that right?

6       RT HON DOUGLAS ALEXANDER MP: I think that's exactly right.

7       I think a combination of the statement that the  
8       Prime Minister made in terms of the specific economic  
9       initiatives; and the three-legged strategy that we had set  
10      out, if you like, the engagement of the international  
11      community, working at a national level to build capacity  
12      and particularly engaging on the issue of infrastructure  
13      in the south, were a continuing focus of our work, even  
14      as the level of resources reflected the growing capacity  
15      of the Government of Iraq to spend its own resources.

16      Indeed one of the clearest metrics I think of the  
17      progress we were making, rather than downgrading our  
18      engagement, the success that the engagement was  
19      yielding, was that, in 2006, the Basra  
20      Provincial Council was actually able to programme only  
21      \$24 million. By 2008, that was up to \$300 million. By  
22      2008, they were running about 800 development projects  
23      themselves. That, for us was a metric of our progress  
24      rather than of our own disengagement.

25      THE CHAIRMAN: Just before I close and turn to Sir Lawrence,

1       that metric reflects things like fixing the capability  
2       of central government in Iraq to conduct a budgetary and  
3       an allocation set of processes, and to enable funds to  
4       be released down to the provincial level, and the  
5       capacity of the provinces to be able to absorb central  
6       funding?

7   RT HON DOUGLAS ALEXANDER MP:   That's correct.   One of the  
8       phrases that I struggled with on my arrival in DFID was  
9       "capacity building", and I have to say I cast  
10      a sceptical eye over any submission that said, "This  
11      money is going to capacity building".   I have to say  
12      I now have the zealotry of a convert in relation to  
13      capacity building, because, actually, it was the often  
14      unglamorous but vital work of supporting, in this case  
15      the Basra Provincial Council, and, at a Baghdad level, the  
16      Government of Iraq, whether the Finance Ministry,  
17      whether the Cabinet Office, which we continued to  
18      support, anticipating the elections in a couple of days'  
19      time in Iraq, that was itself critical to the progress  
20      that the Basrawis and the Iraqis more generally were  
21      actually making.

22   THE CHAIRMAN:   Thank you.   Sir Lawrence, over to you.

23   SIR LAWRENCE FREEDMAN:   Thanks very much.   I think in all  
24      the discussions the Charge of the Knights appears as  
25      a sort of turning point and I want to ask you about the

1 period before the Charge of the Knights.

2 I'm going to start by asking about the objective of  
3 DFID to internationalise the effort by encouraging other  
4 donors, particularly the international financial  
5 institutions to increase their engagement, and I would  
6 just be interested, to start with, in which  
7 international institution partners did you discuss Iraq  
8 with when you became Secretary of State?

9 RT HON DOUGLAS ALEXANDER MP: As I said, preceding my  
10 arrival there had been a great deal of work continued  
11 with the IMF. We had had a debt deal of approximately  
12 \$31 billion in debt relief. Macroeconomic stability had  
13 largely been secured by the time I arrived in June 2007  
14 and the transition to the currency was fairly effective.

15 There were continuing humanitarian challenges,  
16 indeed there are continuing humanitarian challenges,  
17 about 2 million internally displaced people, about  
18 2 million people displaced in external countries. So we  
19 were working very centrally also with the United Nations  
20 and about 4 million Iraqis were receiving humanitarian  
21 support.

22 We were also engaged with the World Bank, and,  
23 broadly, I think, if it is fair to acknowledge that while  
24 there was significant progress made with the  
25 International Monetary Fund and significant work

1       undertaken with the United Nations, it would be right to  
2       recognise that it was a more frustrating endeavour to  
3       work with the World Bank.

4           Now, I think there are very good reasons, in  
5       retrospect, to explain both the impatience we felt and  
6       the lack of progress that was evident. I think that is  
7       a combination of, first of all, the very difficult  
8       environment at the time. I think it is hard to  
9       overstate the significance of the Canal Hotel bombing  
10      in terms of the engagement of the international  
11      community generally, which preceded my time but the  
12      shadow of which was still cast over the international  
13      institutions.

14          Secondly, I think there was, notwithstanding the  
15      continued lobbying by our department of the World Bank,  
16      a degree of scepticism within other members of the  
17      World Bank as to the priority that should be attached to  
18      working in Iraq at this time.

19          Thirdly, I can -- and this is a broader lesson of  
20      the whole period -- it was never going to be an easy  
21      transition moving from an immediate post-conflict period  
22      into the long-term reconstruction at which the  
23      World Bank specialises, and actually, I think, to be  
24      fair to the World Bank, in part because of deterioration  
25      of the security situation and in part because of the

1 lack of capacity of the Iraqi Government itself at that  
2 stage to spend its money effectively, some of the more  
3 normal engagement of the World Bank in more benign and  
4 more peaceful working environments was made extremely  
5 difficult and extremely challenging.

6 In that sense the World Bank basically has two  
7 offers that it makes to countries such as this. One  
8 would be long-term infrastructure and investment and the  
9 second would be technical support. We have seen some  
10 real progress in relation to technical support in recent  
11 years, but I think it is fair to acknowledge there was  
12 a gap in those early years in terms of the capacity of  
13 the World Bank, representing the international community  
14 and the Government of Iraq, to be able to align their  
15 capacities to start delivering the longer-term  
16 investment that was undoubtedly needed.

17 SIR LAWRENCE FREEDMAN: So what were you able to do to  
18 overcome these sorts of limitations of the World Bank?

19 RT HON DOUGLAS ALEXANDER MP: Partly in relation to  
20 infrastructure, we had a somewhat different approach  
21 from the United States. They essentially had a capacity  
22 provision approach. We had a capacity building  
23 approach. Essentially, the distinction being that we  
24 were, from the outset, in the business of supporting the  
25 capacity of the Government of Iraq to be able to deliver

1       its own services.

2           In the immediate post-conflict period of 2003, the  
3       American approach was instead to provide that capacity  
4       directly rather than to try to generate it internally  
5       and my sense is, if you look, for example, at the many  
6       hundreds of pages of Hard Lessons, the report that has  
7       been produced within the United States itself, that  
8       there was over time a recognition that the approach that  
9       we had adopted at an earlier stage of partly saying,  
10      "How can we fix the infrastructure that's there?",  
11      rather than bring in very significant, and expensive at  
12      times, consultants to advise on longer-term  
13      infrastructure projects, both brought immediate support  
14      in relation to infrastructure, but also put in place the  
15      foundations on which capacity could be built, and in  
16      that sense I think there was a movement over time with  
17      the Americans, although there is still a distinctive  
18      approach.

19           If you take, for example, the investment conferences  
20      that we have been supportive of with UKTI, there was an  
21      investment conference held fairly recently in  
22      Washington, where the Americans laid on the whole  
23      conference themselves. Our approach has always been to  
24      say, "How can we support the Iraqis in building their  
25      own capability, for example, to welcome in investment?"



1 SIR LAWRENCE FREEDMAN: I was going to ask more questions  
2 about the Americans later, but maybe, as you have raised  
3 it, I'll ask a couple now. But I would like to come  
4 back to the World Bank as well.

5 Of course, the Americans are in a better position to  
6 provide capacity because they have a lot more of it  
7 themselves. So when you are talking about these  
8 different approaches, I'm just interested in the effect  
9 the disparity of resource makes in terms of our ability  
10 to influence the Americans.

11 RT HON DOUGLAS ALEXANDER MP: My recollection is that the  
12 ratio is approximately 20:1 in terms of civilian aid to  
13 Iraq, and in that sense I think that adds a degree of  
14 perspective to the relative contribution that was  
15 available financially.

16 I think there is a second point, though. It is not  
17 simply a difference of scale, the second point is that  
18 there has been a fairly diverse range of actors on the  
19 stage in the United States in terms of this work, while  
20 undoubtedly in Iraq there was a very strong lead taken  
21 by the Pentagon -- indeed, Condoleezza Rice observes in  
22 that "Hard Lessons" report that, in retrospect, they put  
23 an awful lot of eggs in that one particular basket --  
24 There was an engagement by USAID, there was an  
25 engagement by the State Department, there was an

1 engagement by the Department of Defence, there was an  
2 engagement, earlier on of course, by the coalition  
3 authorities and the White House as well.

4 One of the challenges that I know that -- from  
5 having seen the evidence that Hilary Benn, my  
6 predecessor, gave, and I would echo these sentiments, it  
7 wasn't always immediately apparent to us to whom we  
8 should liaise and act as interlocutors to within the  
9 American system.

10 As I say, I met David Petraeus on my first visit to  
11 Iraq. I met him on occasions subsequently. I have also  
12 dealt with Ryan Crocker, the US Ambassador in Baghdad.  
13 So in that sense we had no difficulty securing a high  
14 level of access on particular occasions, but on the  
15 other hand, it wasn't always immediately apparent to us  
16 as to who was holding the ball within the American  
17 system on this very large and significant reconstruction  
18 effort.

19 SIR LAWRENCE FREEDMAN: Also, in terms of the US/UK  
20 relationship, the Americans at this time when you have  
21 mentioned Petraeus are surging -- and you used the  
22 phrase "civilian surge" before -- but we are not,  
23 Britain is not surging, so the whole sense of British  
24 engagement and American engagement at this point is  
25 diverging.

1           Did you feel that that had an effect at all?

2   RT HON DOUGLAS ALEXANDER MP: I wouldn't recognise that  
3       description. We were very supportive of the need for  
4       a civilian surge following the military surge. We were,  
5       however, clearly of the view that that civilian surge  
6       should be an Iraqi civilian surge. In fact, if  
7       I recollect, if you look at the number of personnel  
8       supporting DFID's work in the south at that period,  
9       there actually was a spike, an increase, largely  
10      a number of consultants that we put in after those  
11      conversations that I had with David Petraeus in December  
12      of 2007.

13           But their task was really to support the efforts of  
14      the Basrawis and to build the kind of capacity that  
15      I was describing. We were also working very closely  
16      with Michael Wareing to try to support his efforts in  
17      terms of supporting the Basrawis.

18   SIR LAWRENCE FREEDMAN: I'm just wondering about the realism  
19      of a lot of this effort at this time. Obviously, I can  
20      see how now it may seem slightly different, but at the  
21      time you were trying to build up the capacity of the  
22      Iraqi Government at the central level to translate oil  
23      resources into positive progress for its citizens,  
24      services, jobs, energy, to try to deal locally as well.  
25      But the politics of the time in Baghdad and the

1 relationship between Baghdad and Basra, as you have  
2 already indicated, was against this. It was making it  
3 extremely difficult. So does the technical capacity for  
4 building work so well if you can't get the politics  
5 right?

6 RT HON DOUGLAS ALEXANDER MP: It is a question that  
7 reflected almost verbatim one of the questions I asked  
8 David Petraeus that evening when we had dinner in the  
9 British Residence in December 2007, because, from my  
10 point of view, it seemed that we needed both additional  
11 capacity within the Iraqi system and political  
12 leadership. It wasn't an either/or. If we had  
13 additional capacity without the political leadership, it  
14 would still be very problematic to deliver the kind of  
15 economic development to which we were committed.

16 It was a very useful conversation to me in  
17 reinforcing the sense that, while it was vital we do  
18 what we could in the south, that itself would not  
19 compensate for, at that stage, the extent to which  
20 politics in Baghdad were stuck.

21 In that sense it was necessary to have economic --  
22 we were at risk of a chicken and egg situation and I'm  
23 glad to say that we managed to make progress through it,  
24 as the results indicated, but we were in a position  
25 where it was easier to make the case for a different

1 kind of politics, if there was tangible economic  
2 benefits and a progress being made, but equally, that  
3 economic progress was itself contingent on a change in  
4 the politics, and in that sense that was one of the  
5 issues that I discussed with David Petraeus.

6 We certainly were keen to play our part in building  
7 the capacity within the Basra Provincial Council in  
8 particular, but at the same time it did in turn find  
9 reflection in the whole of Iraq approach that we were  
10 taking, because he was very clear in the second visit  
11 that I paid to Baghdad that one of the challenges by  
12 then was making sure that we were, if you like,  
13 man-marking individual ministries within Baghdad in  
14 terms of funds that should appropriately have been  
15 flowing to Basra, and in that sense we needed to take an  
16 approach that dealt with both ends of the line: that  
17 there was the capacity for the Basra Provincial Council  
18 to spend its money effectively, but, on the other hand,  
19 to make sure that, when resources were stuck in Baghdad,  
20 there was, working in this case very closely with our  
21 colleagues in the Foreign Office, the capacity to try  
22 and unlock those resources.

23 SIR LAWRENCE FREEDMAN: The unlocking process required  
24 political action -- you have just mentioned the  
25 Foreign Office there. Obviously, we will be seeing

1 David Miliband on Monday, but I'm just interested in how  
2 you and the Foreign Secretary worked together to get  
3 this sort of movement so you could live your objectives  
4 better.

5 RT HON DOUGLAS ALEXANDER MP: David and I, and, indeed, Des Browne,  
6 who was the Defence Secretary at the time  
7 that David and I were appointed -- because he and I were  
8 appointed at the same time at the end of June 2007 --  
9 worked very closely together and it might be helpful to  
10 the Committee if I shared with you how we sought to take  
11 forward that approach.

12 On our appointment, we resolved that we would meet  
13 regularly, partly because Iraq was very high up on all  
14 of our agendas.

15 THE CHAIRMAN: I'm sorry to interrupt. For my better  
16 understanding, this was the three of you?

17 RT HON DOUGLAS ALEXANDER MP: That's right. The three  
18 Secretaries of State: Defence, the FCO, and DFID.

19 As I say, David and I had just been appointed, Des  
20 had been in post for the preceding year under  
21 Tony Blair. Candidly, it helped that we were genuinely  
22 good friends and had known each other for many years.  
23 I had very few politicians at my wedding back in 2001,  
24 but amongst the congregation were Des Browne and  
25 David Miliband. In that sense, that doesn't guarantee

1       that you work well together, but it certainly helps, and  
2       in that sense the atmospherics from day one were  
3       extremely good.

4       We were, secondly, keen to send out a clear and  
5       unequivocal message to our civil servants that we were  
6       united in our commitment to the comprehensive approach,  
7       and in that sense there is no clearer means by which you  
8       can manifest that than by saying, on a very regular  
9       basis, "We are going to meet, both informally and in  
10      formal structures, to evidence our joint working."

11      That meant that in the case of myself I travelled  
12      in July of that year to Afghanistan and in December of  
13      that year to Iraq. I think David, it was about the same  
14      time, December, that he travelled to Iraq as well. That  
15      was because we both resolved to get there fairly quickly  
16      within the first few months, and to have the opportunity  
17      to assess for ourselves where we were, whether we were  
18      on track and how we were working well together.

19      I have to say that when I travelled, both to the PRT  
20      in the south, at that time the contingency operating  
21      base in Basra, and also worked with Christopher Prentice  
22      in Baghdad on that first visit, it was very obvious to  
23      me that the commitment at a ministerial level to work  
24      closely together was matched by the people who were  
25      actually on the ground, but I think on the basis of

1       several years as a minister and two and a half years as  
2       Development Secretary, the challenge in Whitehall  
3       working is usually not in theatre or, at the most,  
4       senior levels of ministers. It was actually the soggy  
5       centre, if you like.

6             That's why there was no single answer to that. It  
7       was making sure that on a relentless and routine basis  
8       we were meeting together, discussing together and making  
9       sure that we were aligned, and it was very much in that  
10      spirit that I worked first with David, and with Des, and  
11      then with both of Des's successors, with John Hutton  
12      and now with the new Secretary of State for Defence  
13      Bob Ainsworth.

14   SIR LAWRENCE FREEDMAN: Just out of interest, you described  
15      this as quite an effective working procedure. Do you  
16      think that in itself is a lesson that might be learned?  
17      Do you think it might have been better if a similar sort  
18      of regular meeting had been in place beforehand?

19   RT HON DOUGLAS ALEXANDER MP: My sense -- it would be for  
20      others to speak with more authority in terms of the  
21      period preceding my direct involvement -- was that the  
22      DOP(I) committee structure was the mechanism by which  
23      ministers came together. There was the Iraq Strategy  
24      Group, if I recollect, the official level grouping.

25             Very soon after our arrival, the establishment of



1 the National Security, International Relations and  
2 Development Committee gave a formal structure by which  
3 the informal relationships were also given expression,  
4 and I think -- again, it would be better to -- and I'm  
5 sure you have taken the mind of the Prime Minister on  
6 this, but I think there was a willingness on his part to  
7 ensure that there were formal mechanisms.

8 I think it is difficult in any government to  
9 legislate for that informal willingness to work  
10 together, but I can just assure you that, in the case of  
11 the Secretaries of State with whom I have worked, there  
12 was not simply formal engagement, which, of course, you  
13 would expect, but also an informal determination to work  
14 together to maximise the benefit.

15 SIR LAWRENCE FREEDMAN: While you are having all these  
16 meetings, going to Iraq, discussing with the World Bank,  
17 with the Americans, out of all of this, did you see  
18 a sense of an adjustment that needed to be made to the  
19 strategy of your department, were there changes that you  
20 would have wanted them to make as a result?

21 RT HON DOUGLAS ALEXANDER MP: There was that transition over  
22 a period of time from strong focus in the south to  
23 a greater whole of Iraq approach, and indeed that's  
24 reflected in our staffing in terms of what was a fairly  
25 early sense that, not least, given the security

1 challenges that we were facing, that at the conclusion  
2 of the British military presence in the south, we would  
3 more appropriately be deployed in Baghdad. That would  
4 better reflect both established practice elsewhere,  
5 where we tended to work out of capitals -- It is really only in a  
6 limited number of highly  
7 federalised countries such as India where we would have  
8 a significant presence outside of a country's capital --  
9 but also a recognition of the very real and practical  
10 security constraints that were still upon our staff in  
11 the south at that time. So whether it was in relation  
12 to staffing, whether it was the balance of our focus  
13 ensuring that we were working at the end of the line in  
14 Baghdad as well as in Basra, that was a transition that  
15 was taking place during this period.

16 SIR LAWRENCE FREEDMAN: As you have indicated, this was  
17 a pretty difficult time, security in Basra was at  
18 a pretty low point at this point. Staff couldn't get  
19 into Basra to meet with partners, develop programmes,  
20 promote them. At the same time, the Prime Minister was  
21 very keen on economic reconstruction.

22 Were you concerned that there was an expectation on  
23 DFID of being asked to deliver a rather, at the time,  
24 an unrealistically ambitious agenda, given the operating  
25 context in which your staff were working?

1 RT HON DOUGLAS ALEXANDER MP: It was certainly a challenging  
2 operating environment. I wouldn't for a moment deny  
3 that. But I had talked a lot to the Prime Minister  
4 about the economic initiatives that were then announced  
5 in terms of the Basra Development Commission, the  
6 Investment Promotion Authority and the other agencies  
7 and they recognised the challenges that were facing the  
8 Basrawi economy at that time. In that sense, they were  
9 consciously designed, given the immediate challenges  
10 that were facing us. In that sense, I did not have any  
11 difficulty with the Commission.

12 Security was a considerable  
13 constraint, but there was a very clear-eyed sense that  
14 we needed to get on with the job, and in that sense, on  
15 that first visit that I paid to the Contingency  
16 Operating Base, I literally stepped out of the aircraft  
17 and before I had had the chance to have my security  
18 briefing, the mortar alarm sounded and we were all  
19 thrown to the ground.

20 In that sense it was a very early indication of the  
21 kinds of risks that we were asking, not just our brave  
22 service personnel, but also civil servants operating  
23 within the Contingency Operating Base to endure on  
24 a day-and-daily basis. So in that sense the security  
25 considerations were real, but even at that stage there

1        was a great deal of ingenuity being applied to how to  
2        ensure, for example that, we could talk to Basrawis,  
3        bringing them into the contingency operating base and  
4        how investment conferences could be organised in Amman  
5        and take people outside of Iraq to look at those  
6        opportunities.

7            The contrast between the visit that I paid  
8        in December 2007 and November 2008 could hardly have  
9        been more stark. On the second visit, I was able to  
10       walk without body armour on the Corniche within  
11       Basra City itself. This reflected the very  
12       different security environment after Charge of the  
13       Knights, but we were able to open downtown headquarters.  
14       In the first visit that I had paid, while we were able  
15       to initiate economic development along with  
16       Prime Minister Maliki, that had taken place entirely  
17       within the Contingency Operating Base and the Airport  
18       complex.

19    SIR LAWRENCE FREEDMAN: How did your discussions with the  
20       Iraqi central government go on this first visit?  
21       Because obviously one of the issues is that Basra has  
22       historically been neglected by Baghdad. What sort of  
23       a sense did you get from Maliki about the overall  
24       approach that was adopted to the country as a whole, in  
25       particular, Basra?

1 RT HON DOUGLAS ALEXANDER MP: It was one of his earliest  
2 visits south when he came to Basra International Airport  
3 for that meeting. We had a brief but warm exchange in  
4 terms of what we were announcing that day and it was at  
5 that time taken as significant that both the local  
6 Governor, and, indeed, the Prime Minister of Iraq were  
7 putting their shoulder to the wheel in support of these  
8 investment initiatives.

9 As I understand it, our own Prime Minister had  
10 previously discussed these initiatives, the economic  
11 development initiatives, with Prime Minister Maliki and  
12 in that sense there was support from the government for  
13 these initiatives being taken forward.

14 THE CHAIRMAN: Could I just interject to ask: there had been  
15 a period of very poor relations between  
16 Prime Minister Maliki, on the one hand, and  
17 Governor Wa'ili on the other, a chronic one going back  
18 into the past, and yet the two were able to come  
19 together in, if you like, a common cause at that  
20 particular moment.

21 RT HON DOUGLAS ALEXANDER MP: As I say, I remember it being  
22 commented upon by our Ambassador at the time that this  
23 was indeed an historic occasion, not simply because we  
24 were launching this economic initiative, but actually  
25 there on television was Prime Minister Maliki advocating

1 the importance of economic development within Basra,  
2 and, indeed, Governor Wa'ili, alongside him in that  
3 endeavour.

4 In that sense it would be for others to comment on  
5 the period preceding my visit, but it was certainly  
6 commented upon at the time.

7 THE CHAIRMAN: I do not want to overinterpret, but does that  
8 imply that, as it were, real politics were beginning  
9 to displace factional and historic quarrels?

10 RT HON DOUGLAS ALEXANDER MP: I certainly recollect that we  
11 sensed we were on a journey, that that particular event  
12 was seen as being an important milestone, rather than it  
13 guaranteeing that a more normal politics would displace  
14 the previous difficulties. It was certainly seen as  
15 a hopeful sign. So I don't think we returned from that  
16 visit with a sense of any guarantees, but certainly with  
17 a sense of optimism.

18 THE CHAIRMAN: Thank you.

19 SIR LAWRENCE FREEDMAN: Just finally, you've talked about  
20 the principle of Iraqi capacity building and the core  
21 principle of DFID is that countries lead their own  
22 development. Yet this has been described as the British  
23 Prime Minister's economic initiatives. Shouldn't it  
24 have been Prime Minister Maliki's economic initiatives?

25 RT HON DOUGLAS ALEXANDER MP: As I say, these issues, were,

1 as I understand it, discussed prior to my arrival, but  
2 in the statement that he made there was no doubt that he  
3 was associating himself fully with this initiative.  
4 There were suggestions within our party that indeed he  
5 was benefiting politically from a clear recognition of  
6 the importance of the Basrawi economy, and in that sense  
7 there was no suggestion of either ambivalence or  
8 scepticism on the part of Prime Minister Maliki when  
9 I both met him at the airport, sat alongside him at  
10 lunch, or participated with him when he spoke at the  
11 press conference.

12 SIR LAWRENCE FREEDMAN: What about the Basra Provincial  
13 Government? You mentioned that they appeared together.  
14 Did you get the sense that the Provincial Government was  
15 up for this as well?

16 RT HON DOUGLAS ALEXANDER MP: It was taken as significant at  
17 the time, and I remember Christopher Prentice commenting  
18 on the fact that Governor Wa'ili was there and was  
19 participating in the ceremony at which the initiative  
20 was launched. I wouldn't claim to be an expert in the  
21 relationship between Prime Minister Maliki and  
22 Governor Wa'ili at the time. It would probably be  
23 better to seek the views of the Foreign Office on that  
24 issue, but I certainly recollect it was commented upon  
25 and seen, indeed, as a hopeful sign.

1 SIR LAWRENCE FREEDMAN: Thank you very much.

2 THE CHAIRMAN: Thanks. Usha?

3 BARONESS USHA PRASHAR: Thank you very much. Can we now

4 move on to the question of delivery after the Charge of

5 the Knights? What impact did that have on the

6 operations of DFID in Basra?

7 RT HON DOUGLAS ALEXANDER MP: Well, it certainly changed the

8 security context in which we were operating and in that

9 sense there was welcome alignment between the emphasis

10 that our own Prime Minister and Prime Minister Maliki

11 had placed upon economic development and a changing

12 context in which more of that economic development

13 became possible. That helps explain the interest and

14 engagement, for example, of the international investment

15 community.

16 Prior to my service in the Department for

17 International Development, I had served in the

18 Foreign Office as Minister for Trade, Investment and

19 Foreign Affairs, and I remember at the time there being

20 real interest amongst international investors in the

21 potential to invest in Iraq. But essentially, that

22 interest, if you like, ran into the sand because the

23 security environment was so difficult that, where there

24 was interest, that interest couldn't be translated into

25 investment proposals, or, indeed, the capacity to get



1       into the country.

2           At this time we were working closely with the  
3       British military in terms of facilitating inward  
4       investors coming and having a look. We were putting in  
5       place the capacity of an inward investment authority.  
6       We drew on the expertise, for example, of the  
7       Northern Ireland Development Agency who had some very  
8       relevant experience in drawing inward investment in  
9       post-conflict circumstances, and we were also working  
10      very closely with Michael Wareing to try to generate  
11      external investor interest.

12           I think it would have been inconceivable that that  
13      interest would have been as great but for the changing  
14      security situation that was apparent to investors in the  
15      months and years following the Charge of the Knights  
16      in March 2008.

17   BARONESS USHA PRASHAR: So what you are really saying is  
18      that it accelerated the economic progress, the Charge of  
19      the Knights?

20   RT HON DOUGLAS ALEXANDER MP: Yes, I think that would be  
21      fair.

22   BARONESS USHA PRASHAR: But were there other obstacles?  
23      Because, for example, Maliki has announced a 100 million dollar  
24      reconstruction fund for Basra, but he was reluctant to  
25      work through the Provincial Government structures which

1 DFID had been trying to develop.

2 RT HON DOUGLAS ALEXANDER MP: Yes, of course, there were  
3 many other barriers. I mean, this is a part of Iraq  
4 which, as you know, for many decades had suffered  
5 differentially even within a country that had suffered  
6 greatly. This was a part of Iraq in which the  
7 infrastructure had been badly degraded for many, many  
8 years. One of the most graphic images I carry with me  
9 after my visits was arriving at Basra Airport and seeing  
10 just countless flarings of gas from the gas fields  
11 around the airport, none of which had the provision  
12 either to capture the gas or to use it more effectively.  
13 It was simply that the infrastructure hadn't been there.

14 If you look at the capacity even of the  
15 Iraqi Government's own petroleum company to be able to  
16 invest -- to spend the money that had been committed to  
17 its own investment, it was still extremely constrained  
18 at this time. So you had great infrastructural  
19 constraints. There were still significant constraints  
20 in terms of the capacity of the both Basrawi  
21 Provincial Council and also the government at the centre  
22 in Baghdad. Thirdly, the business environment was far  
23 from benign, in terms of the ability to rely on  
24 contracts or even to be able to conduct business, given  
25 the security situation.

1           So while the security situation undoubtedly was  
2           improving, there were still very significant barriers in  
3           place, of which one continued to be the politics, and,  
4           ultimately, in one of the conversations I had with  
5           David Petraeus, he was at pains to emphasise that the  
6           approach the Americans were taking by this stage, and he  
7           was urging DFID and the FCO to take a similar approach,  
8           was he said he was essentially at this stage deputising  
9           one of his staff to be located within each of the  
10          relevant Iraqi ministries to try to chase progress,  
11          either on individual pieces of legislation or on  
12          individual contracts, and he said, "Frankly, unless we  
13          are both working at a regional level and making sure  
14          that we are there encouraging, imploring and trying to  
15          ensure that there is a flow of resources from the  
16          centre, we won't make the progress that we want to see."

17   BARONESS USHA PRASHAR:   So did you work with Maliki to  
18          engage with the Provincial Government?

19   RT HON DOUGLAS ALEXANDER MP:   Yes, I did, and, indeed, on  
20          the second visit that I paid to Iraq in November 2008  
21          I remember having an at times challenging conversation  
22          with Prime Minister Maliki where I was urging him to  
23          move forward some of the contracts which were at that  
24          stage sitting in Baghdad, but unapproved, which would  
25          have had a big impact in terms of economic development

1 in the south.

2 In that sense I was gently suggesting that the work  
3 of the Investment Authority had yielded very significant  
4 potential, but that the challenge of translating that  
5 potential into real investment and real contracts were  
6 often being blocked by political constraints that were  
7 still in place within the ministries.

8 BARONESS USHA PRASHAR: But you hinted that there was  
9 a great engagement from the USA as well as in Basra  
10 after Charge of the Knights. Did that sort of reinforce  
11 our existing efforts, or did that create more challenges  
12 for us?

13 RT HON DOUGLAS ALEXANDER MP: No, I have to say -- I think  
14 the hint I was dropping was that actually within  
15 ministries in Baghdad by that stage the Americans were  
16 working very closely with those ministries to try to  
17 encourage them in the flow of resources to Basra and to  
18 other locations, and in that sense we worked very  
19 closely.

20 There was, of course, ultimately a transition in  
21 terms of the provincial reconstruction team in Basra to  
22 the United States, but there have been comments given,  
23 for example, by General Odierno that he had looked at  
24 the experience of the British PRT in the south and seen  
25 that as a model, and in that sense we had very close and

1       effective working relationships with the Americans.  
2       I never had any sense that there was any particular  
3       difficulty during my period in terms of working  
4       relationships within Basra.

5   BARONESS USHA PRASHAR:   So your visits between 2007 and 2008  
6       when you went back, you saw a marked change in Basra?  
7       Were people in Basra more optimistic?

8   RT HON DOUGLAS ALEXANDER MP:   Yes, there were business  
9       surveys which I think the Permanent Secretary for DFID  
10      has already shared with you in terms of the changing  
11      business environment.   So there are quantitative metrics  
12      in terms of greater optimism, but anecdotally certainly  
13      it was transformed.

14         Firstly, I was able to get into the city of Basra  
15      which was simply not an avenue open to me the preceding  
16      year.   Secondly, there was a palpable sense of normality  
17      about the Corniche, which is the main area where  
18      Basrawis walk in the evening.   I was able to stroll,  
19      albeit with close protection, up to small traders who  
20      were able themselves to describe the differences that  
21      they had seen, even in recent months.

22         That was about six or seven months after the Charge  
23      of the Knights, that there was a palpable sense of  
24      a city returning to a very different way of life than  
25      had been the case prior to Charge of the Knights, where

1       certainly the reports that I was receiving indicated  
2       that it was a very challenging environment because of  
3       the militias.

4   BARONESS USHA PRASHAR: I mean, you already hinted that the  
5       progress in Basra to some extent was contingent on  
6       progress at the centre in terms of getting into the city  
7       and all the facilities. Did you get greater traction at  
8       the national level to help DFID investment in the south  
9       after Charge of the Knights?

10  RT HON DOUGLAS ALEXANDER MP: It was a continued process in  
11       the sense that that conversation that I have just  
12       referred to with Prime Minister Maliki took place  
13       towards the end of 2008, Charge of the Knights was in  
14       March, and at that stage, there were still a significant  
15       number of contracts that were sitting in Baghdad  
16       awaiting approval, but, on the other hand, we were by  
17       that stage putting more and more emphasis into the  
18       Baghdad end, given that we had built more and more  
19       capacity at the Basra end.

20       The first challenge, if you like, was to build the  
21       capacity of the Basrawi authorities to be able to spend  
22       resources once that capacity was put in place. The  
23       challenge was to ensure a flow of resources, and that's  
24       a continuing progress. But I'm glad to say that there  
25       has been real progress made.

1 BARONESS USHA PRASHAR: But did you sense that more progress  
2 was being made to forge a more united government?

3 RT HON DOUGLAS ALEXANDER MP: Well, well, Iraq continues to  
4 be a very challenging environment in which to provide  
5 government, and as we contemplate the elections that are  
6 taking place in a couple of days, we are still seeing  
7 episodes of appalling violence.

8 I think there was a recognition on the part of all  
9 of us involved in the British contribution to Iraq that  
10 this was a very difficult period for the  
11 Iraqi Government establishing itself after the first  
12 elections, seeking to be able to provide services while  
13 recognising the very wide competing range of interests  
14 that it was trying to address.

15 I think it was my predecessor Hilary Benn who said  
16 before this Committee that there had been a very tight  
17 lid screwed on to that country, and, suddenly, when that  
18 lid came off, there was a whole range of competing  
19 interests and a huge number of different grievances that  
20 were legitimately being expressed.

21 So I think we had a recognition as to quite how  
22 difficult an undertaking it was, governing Iraq in these  
23 circumstances, but we were doing whatever we could at  
24 a technical level to be able to provide the capacity for  
25 the political leadership that was also necessary.

1           As I said earlier, there was a requirement to build  
2           the capacity of the Iraqi government but that in itself is  
3           not a substitute for political leadership.

4   BARONESS USHA PRASHAR:   Given the fact that there was better  
5           security and you were beginning to see economic  
6           progress, did you manage to get other donors to engage  
7           in Iraq at that time?

8   RT HON DOUGLAS ALEXANDER MP:   Again, it was a continuing  
9           process. I was looking at the figures only recently in  
10          relation to the European Union for example, they didn't  
11          have at this stage a bilateral programme. They now have  
12          a presence within Iraq. If you look at the World Bank,  
13          we now effectively house the World Bank in the sense  
14          that they are based within our offices within Baghdad.

15          The security constraints were still very real.  
16          I wouldn't wish for a moment to diminish them, but there  
17          was a continuing effort made to ensure under the  
18          auspices of the United Nations that other donors were  
19          joining. There had been the International Compact on  
20          Iraq agreed, if I recollect, immediately before my  
21          arrival in DFID and that was really the framework under  
22          which the international donor community was working.

23   BARONESS USHA PRASHAR:   And continued to increase the  
24          investment?

25   RT HON DOUGLAS ALEXANDER MP:   Yes, there has been continued



1 investment.

2 BARONESS USHA PRASHAR: Thank you.

3 THE CHAIRMAN: Can I ask Sir Martin Gilbert to take up the  
4 questioning? Martin?

5 SIR MARTIN GILBERT: In 2008, UK ministerial discussion was  
6 focusing on achieving on military drawdown in 2009. The  
7 FCO was leading on producing a long-term strategy for  
8 Iraq, a transitioning towards a more normal bilateral  
9 relationship and focusing on all of Iraq rather than the  
10 south. Prime Minister Maliki had himself asked us to  
11 focus on all of Iraq.

12 Did you feel that your department was being asked to  
13 hurry progress artificially in the southeast in order to  
14 pursue the military drawdown timetable?

15 RT HON DOUGLAS ALEXANDER MP: No, and your question is, in  
16 fact, a reminder of something I should probably have  
17 added to my descriptions of those conversations with  
18 Prime Minister Maliki. In those conversations he was  
19 urging a whole of Iraq approach. In that sense it  
20 wasn't being driven either by a military timetable or by  
21 internal Whitehall conversations. The move towards  
22 a whole of Iraq approach was in part a recognition  
23 of a very direct request that was being put by the Iraqi  
24 government itself.

25 No, I think the economic initiatives that we were

1 putting in place benefited from being articulated and  
2 then advanced in what was a changing security situation.  
3 Had Charge of the Knights not changed the security  
4 situation in the south, then I think the timescale on  
5 which we could have seen the progress, whether in  
6 relation to inward investment or training or employment,  
7 or economic activity, would have been much more  
8 difficult.

9 SIR MARTIN GILBERT: You spoke to us about your visit  
10 in November 2008. You ultimately decided to close down  
11 the DFID office in Basra after that visit. With the UK  
12 military leaving, did you feel you had any other option  
13 but to withdraw? You mentioned how you were able to  
14 walk on the Corniche without body armour, but was  
15 security still an issue in that decision?

16 RT HON DOUGLAS ALEXANDER MP: Yes, security was very clearly  
17 an issue, but it was a combination of considerations,  
18 security being one. The direct request of  
19 Prime Minister Maliki being another and also a sense  
20 that, on the basis of the conversations that I had had  
21 and the advice I was receiving from officials, that the  
22 main focus of our work looking to transition to that  
23 more normal relationship would more appropriately be  
24 centred in Baghdad than centred within Basra.

25 SIR MARTIN GILBERT: Perhaps I could look at this from

1 a slightly different angle. You have spoken and we have  
2 heard from other DFID witnesses about the work done in  
3 capacity building, and I'm wondering, given the  
4 tremendous effort that was put in capacity building in  
5 the Basra provincial authorities, were they as keen as  
6 Prime Minister Maliki that DFID should shift away, that  
7 there should be this move?

8 RT HON DOUGLAS ALEXANDER MP: Well, in part, capacity  
9 building is designed to ensure your own exit as the  
10 donor. In that sense the capacity building that we were  
11 undertaking from day one with the Basrawi authorities  
12 were designed not to have a perpetual presence, but  
13 instead to be able to provide the capability, for  
14 example, to operate systems of financial accounting and  
15 public financial management, and the fact that we saw  
16 such a significant increase in the capacity of the  
17 Basrawi authorities to be able to spend their own money  
18 was evidence of the fact that that progress had been  
19 made.

20 But in that sense we were from day one working to  
21 design a system that was capable of being supported  
22 without the direct engagement of the Department for  
23 International Development.

24 SIR MARTIN GILBERT: So in that sense, were you satisfied  
25 that your programmes would and were completed in the

1           time before leaving?

2       RT HON DOUGLAS ALEXANDER MP: Yes, we were monitoring  
3           obviously all of the work that we were doing, both in  
4           relation to capacity building within the government,  
5           also in relation to the infrastructure that I spoke of  
6           about £100 million-worth of investment in relation to  
7           infrastructure, and we have procedures whereby there is  
8           formal handing over of that infrastructure and, indeed,  
9           completion of that work, and there are evaluations that  
10          take place so that we can draw lessons within our own  
11          department and within our own portfolio.

12                So in that sense I had no sense that we were working  
13          to an artificial timetable. We felt that there was an  
14          alignment between a sense of completion of the work that  
15          was being done and a reorientation towards that whole of  
16          Iraq approach.

17       SIR MARTIN GILBERT: How would you assess the impact of the  
18          projects?

19       RT HON DOUGLAS ALEXANDER MP: Well, there are evaluations,  
20          which I'm sure will be available to the Committee in  
21          terms of individual pieces of infrastructure, but  
22          whether it is in relation to the greater provision of  
23          electricity, whether it is in relation to the greater  
24          provision of water to the Basrawi population, those are  
25          gains that we are really proud to have contributed to.

1           Perhaps a less tangible, but nonetheless very  
2           important level, the changing business environment  
3           itself has helped contribute to the economic growth that  
4           has been secured, both in Basra and across Iraq, in  
5           recent years, and internally within government the  
6           capacity of the Basrawi authorities by 2008 to be  
7           running 800 development projects themselves we took as  
8           testament to the capacity building work having yielded  
9           results.

10           So there are technical assessments, but also the general  
11           sense, from speaking to our teams on the ground, and  
12           also reviewing the documentation in London, was that we  
13           had made a real and material contribution to the  
14           well-being of the Basrawi population.

15   SIR MARTIN GILBERT: What specific agreements were you able  
16           to secure with the provincial authorities to ensure that  
17           the investments would be sustained and maintained?

18   RT HON DOUGLAS ALEXANDER MP: Obviously it is inherent in  
19           the nature of the sovereignty of the Iraqi Government  
20           that we are not in a position to say, "We are going to  
21           build this road or build this water tower, and we will  
22           take this action or that action if you don't maintain it  
23           to a standard that we would wish", but there are  
24           procedures which we followed, and we followed in Basra,  
25           in relation to formally handing over authority, for

1       example, for the maintenance of projects on which we had  
2       worked. But, as I say, the fact that the Basrawi  
3       authorities set their own priorities thereafter is for  
4       us a necessary and welcome part of the re-establishment  
5       of authority by the Basrawis that we were working for  
6       from day one.

7       SIR MARTIN GILBERT: In April 2009, we handed over  
8       leadership of the southern Provincial Reconstruction  
9       Team, the PRT to the United States. What discussions  
10      did you have with the United States to ensure that the  
11      results of our efforts would be sustained during their  
12      period of involvement?

13     RT HON DOUGLAS ALEXANDER MP: We had anticipated for some  
14      time that the PRT would be handed over to the Americans,  
15      the expectation was that the Americans would come into  
16      the south militarily as well. In that sense there was  
17      a very orderly transition.

18      We should acknowledge of course that the PRT was  
19      essentially an American concept that had first been  
20      trialed in Afghanistan, and in that sense it was not an  
21      unfamiliar structure to them. Indeed, they had a lot of  
22      experience of it. I think what was distinctive in the  
23      approach that we had taken was the PRT was civilian-led  
24      and that's why, as I say, the comments that  
25      General Odierno, the commanding officer of the American

1 forces made when he visited Basra were as striking as  
2 they were generous in saying that essentially he had  
3 seen the future in what he had seen in terms of the PRT  
4 in Basra. That gave us confidence that the approach  
5 that we had taken would be reflected in the way that the  
6 Americans would continue the work -- if you will allow  
7 me, I have found the exact quote. It was the commander  
8 of US forces, General Odierno. He said:

9 "They [speaking of Basra] are completely integrated  
10 down there and that really is the future, if we are  
11 going to support the Iraqis in the right way next year.  
12 Basra is the way forward."

13 Now, from the senior commanding officer of the  
14 American forces, that's pretty much as good as you can  
15 get in terms of a clear sense that the American military  
16 were not suggesting a very different approach. Indeed,  
17 they were suggesting the approach that we had taken was  
18 the way forward.

19 SIR MARTIN GILBERT: There has been some discussion with you  
20 earlier about the problem of the relationship between  
21 Baghdad and Basra, and the Prime Minister some two hours  
22 ago also stressed that assessment. Given that Basra was  
23 historically neglected by Baghdad, what assurances were  
24 you able to obtain from Prime Minister Maliki and his  
25 government that Basra's development would be supported

1 by the central Iraqi Government after you closed?

2 RT HON DOUGLAS ALEXANDER MP: I think it would be to  
3 misunderstand how I saw my relationship with  
4 Prime Minister Maliki to suggest that I was in the  
5 business of extracting undertakings from the elected  
6 Prime Minister of Iraq in terms of public expenditure  
7 decisions that were likely to be taken.

8 I think, on the other hand, it is right to recognise  
9 that in those conversations I was very clear that the  
10 capacity building that we had undertaken in the south,  
11 or indeed the work we had undertaken to secure inward  
12 investment in the south, was itself conditional on  
13 decisions that were being taken at ministerial and  
14 Prime Ministerial level within Baghdad, and in that  
15 sense in particular that second visit that I paid  
16 towards the end of 2008 involved some very clear  
17 expressions on my part of some of the projects that were  
18 at that point awaiting approval in Baghdad on the basis  
19 of work to which we had contributed within Basra.

20 SIR MARTIN GILBERT: So you were satisfied in a way that the  
21 sovereign activities in Baghdad would sustain what had  
22 been done and that they understood what the importance  
23 of these Basra developments were?

24 RT HON DOUGLAS ALEXANDER MP: I think, as a minister of some  
25 years standing, I was aware that there would continue to



1 be competing pressures on Prime Minister Maliki, and  
2 indeed on his ministers, in terms of judgments that they  
3 were going to make on expenditure, or, indeed, on the  
4 priority of legislation, whether in relation to the  
5 hydrocarbons law or others, but that wasn't, for me, an  
6 inhibition to speaking up clearly about some of the  
7 decisions that could be taken that would bring very  
8 direct benefits to the Basrawis.

9 But I think it is important to recognise that the  
10 whole nature of the approach we were taking was to  
11 empower, not just the Basrawis but the Iraqis  
12 themselves, in the form of their government, to make  
13 those decisions for themselves.

14 SIR MARTIN GILBERT: Can I turn now to your national  
15 programme for Iraq? Improving Iraq's economic prospects  
16 generally was one of the top priorities of our long-term  
17 strategy for Iraq and that included, as we discussed  
18 earlier, in promoting investments into Iraq, the  
19 hydrocarbons legislation and tackling the persistent  
20 problem of Iraq not going able to translate its oil  
21 resources into tangible progress for its citizens.

22 What role did you see DFID playing in delivering  
23 these economic changes in the all Iraq strategy?

24 RT HON DOUGLAS ALEXANDER MP: Well, there have been a number  
25 of specific initiatives that we have taken, whether it

1 is in relation to technical support to Iraq, the TSI  
2 programme, which is in some ways reflected in the  
3 conversation we have just had, high level advice to the  
4 Government of Iraq on strategic policy development and  
5 on public financial management. How to ensure that  
6 money flows to those areas that are identified. It  
7 began in July 2008 and is currently still underway.

8 Secondly, looking at how we could support the  
9 implementation of public financial management, a lot of  
10 this was directed, as I say, towards capacity building.  
11 We weren't, however, simply working within the  
12 Finance Ministry, or indeed the Cabinet Office  
13 equivalent, within Baghdad. We were also seeking to  
14 strengthen the capacity of the Finance Committee of the  
15 Iraqi Parliament to ensure that there was an appropriate  
16 scrutiny function of the Executive's responsibility.  
17 Training the Finance Committee is something else that we  
18 have done.

19 At the same time, we were very keen to feed in the  
20 lessons that we had learned from the support for  
21 economic development in the south in terms of the Basra  
22 Investment Commission, directly into the National  
23 Investment Commission operating out of Baghdad. So  
24 whether it is in relation to the capacity of the  
25 government itself, whether it is in relation to the

1 business environment in which that work is being carried  
2 out, whether it is in supporting a youth employment  
3 pilot<sup>2</sup>, which, again, we drew experience from our  
4 economic development work in the south, all of those  
5 national programmes built on and learned from our  
6 experience in the south, but were trying to support the  
7 Government of Iraq in its development of an economic  
8 environment more conducive both to investment and to  
9 employment and to growth.

10 SIR MARTIN GILBERT: What role did you see for other  
11 Whitehall departments in this all Iraq strategy?

12 RT HON DOUGLAS ALEXANDER MP: Well, there is a continuing  
13 and vital role for the Foreign and Commonwealth Office,  
14 because if we are in a position where we are, if you  
15 like, seeking to work directly with line ministries  
16 within Baghdad, then the go-to department for Whitehall  
17 in terms of understanding and knowledge of Iraqi  
18 governments and Iraqi politics continues to be the  
19 Foreign and Commonwealth Office.

20 In that sense that's why, partly for security  
21 reasons, but for very good operational reasons, the fact  
22 that we are co-located in Baghdad I think is a positive  
23 and a good thing. As I say, the Treasury has engaged  
24 seriously on Iraq in relation to the IMF, and we continue  
25 to work with the World Bank on the issue of investment

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<sup>2</sup> National roll out of the Youth Employment Pilot Programme will be considered by the Government of Iraq once the Basra pilot is concluded.

1 in Iraq.

2 My recollection now is that there have been four  
3 World Bank loans that have been granted to Iraq, but  
4 there is already work that has already been taken  
5 forward with the World Bank in relation to technical  
6 assistance in Baghdad, and, as the lead department, it  
7 falls to DFID to manage that relationship with the  
8 World Bank.

9 We are also now working with colleagues in UKTI who  
10 are supporting inward investment into Iraq and looking  
11 for investment opportunity for British businesses and  
12 British companies and we were very keen, essentially  
13 coming off the back of the work that Michael Wareing was  
14 leading for us, that UKTI step up to the plate and put  
15 its shoulder to the wheel, and I'm glad to say that that  
16 happened with Peter Mandelson increasing the support  
17 that is there.

18 My recollection is UKTI now have three staff based  
19 in Baghdad and one in Basra<sup>3</sup> and that reflects the  
20 continuing commitment of UKTI to the Iraqi market.

21 SIR MARTIN GILBERT: Beyond the UK and the World Bank,  
22 finally the European Commission and the United Nations,  
23 how does your work dovetail in with theirs?

24 RT HON DOUGLAS ALEXANDER MP: We were working very closely  
25 with the European Union, as I say, for a number of years

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<sup>3</sup> UKTI currently have four staff in Baghdad and are recruiting for staff to be based in Basra.

1 after 2003. The European Union channelled its funding  
2 through the International Reconstruction Fund Facility for  
3 Iraq. They didn't have a bilateral programme. In the  
4 last couple of years the European Union has a presence  
5 in Iraq and we are continuing to work with them to  
6 support the funding that they provide to Iraq at this  
7 stage.

8 In relation to the United Nations, there is now  
9 a significant number of United Nations agencies who are  
10 working in Iraq, notwithstanding the terrible tragedy of  
11 the Canal Hotel bombing during an earlier period, and  
12 whether that is in support of the elections that will  
13 take place in a couple of days' time, whether that is  
14 a continuing humanitarian requirement, given the  
15 difficulties of IDPs, we work very closely with a range  
16 of UN agencies, given their continuing profile and work  
17 within the country.

18 SIR MARTIN GILBERT: Thank you.

19 THE CHAIRMAN: Before turning to Sir Roderic, can I pick up  
20 one point? You have made reference to the improving  
21 business environment both in the south and nationally,  
22 I think. This is a call for information which I do not  
23 have. Is part of that a reform of commercial law and  
24 within that of contracts and, indeed, the legal system  
25 to enforce and administer that?

1 RT HON DOUGLAS ALEXANDER MP: Judicial reform is one of  
2 the areas -- and legal reform, is one of the areas on  
3 which work continues and on which we have contributed  
4 but I wouldn't wish to overstate the progress that has  
5 been made, given that, if you still look at the ease of  
6 doing business survey that is conducted internationally,  
7 Iraq is lower down rather than higher up, but progress  
8 is being made and the general sense of optimism that was  
9 reflected in the most recent business attitudes survey  
10 towards Iraq reflects that with a significant  
11 proportion, I think, in the low 80s, 80 per cent or so  
12 of the business community that were surveyed saying that  
13 there had been an improvement in the business  
14 environment and about the same figures indicating that  
15 they were expecting continuing progress. So there has  
16 been a genuine upward curve in terms of business  
17 confidence.

18 THE CHAIRMAN: Thank you. Sir Roderic?

19 SIR RODERIC LYNE: I will resist the temptation to ask which  
20 other politicians were at your wedding and whether they  
21 included the current Prime Minister.

22 RT HON DOUGLAS ALEXANDER MP: He was, incidentally, yes.

23 SIR RODERIC LYNE: Thank you for volunteering that further  
24 bit of evidence.

25 RT HON DOUGLAS ALEXANDER MP: Nothing if not having

1 foresight.

2 SIR RODERIC LYNE: Foresight and continuity, and I'm sure it  
3 did no harm to your promotion chances, but let's not  
4 talk about that.

5 RT HON DOUGLAS ALEXANDER MP: That's for others to judge.

6 SIR RODERIC LYNE: As I understand it, over the last year  
7 you have reduced the DFID Iraq programme further as part  
8 of this downward continuum to something in the region of  
9 £30 million. But Iraq is still, as you said earlier on,  
10 a very challenging environment.

11 RT HON DOUGLAS ALEXANDER MP: Hm-mm.

12 SIR RODERIC LYNE: It has not made the quantum leap forward  
13 for which the US and British Governments hoped, indeed  
14 which they expected in 2003. It is potentially,  
15 obviously, a rich country, but seven years on it is  
16 still in a very bad condition with massive unemployment  
17 and poor quality education and health services, low  
18 levels of electricity supply and so on.

19 Now, given the bad state of Iraq, rather than its  
20 theoretical status as a low-middle-income country, is it  
21 actually right to continue reducing DFID's programmes,  
22 not just in money, but, indeed, in the input of effort  
23 that we are making into this country to which we have  
24 made a huge commitment of not only treasure but blood?

25 RT HON DOUGLAS ALEXANDER MP: For exactly that reason

1 I think it is right to recognise how distinctive and  
2 unique Iraq is. But the service and sacrifice that you  
3 describe, in no way detracts from the fact that Iraq is  
4 a potentially very wealthy country, with the third  
5 largest oil reserves anywhere on earth, the tenth  
6 largest gas reserves anywhere on earth, that is on an  
7 upward trajectory in terms of both business confidence  
8 and the capacity of those oil and gas reserves to be  
9 utilised to the benefit of the population.

10 There is a major concession that has just been  
11 granted towards Shell Oil, as you will know, and the  
12 very fact that there was an open and transparent  
13 international competition for those concessions is, in  
14 some ways, itself a metric of the progress that has been  
15 made.

16 In response, therefore, I think the right course,  
17 given the blood and treasure that has been expended, is  
18 to ask: how can we most effectively support the  
19 continued progress of Iraq?

20 Given the continuing challenges of spending its own  
21 resources, I'm not convinced that a large resource  
22 transfer programme into the future is necessarily the  
23 right approach. I do, however, think we need to  
24 continue to reflect what expertise we have and that we  
25 can bring to bear to support that progress that Iraq



1 continues to make.

2 There are other countries where we have established,  
3 or are looking to establish, a development partnership  
4 without a significant bilateral programme involving  
5 external resource transfer, and while we have  
6 expenditure decisions to make appropriately towards Iraq  
7 after 2011, I am very open-minded as to whether the  
8 right course would be to maintain a development  
9 partnership, albeit that I'm unconvinced that the best  
10 way we can support Iraq is to have continuing  
11 significant external transfers.

12 SIR RODERIC LYNE: So leaving transfers on one side, you are  
13 essentially recognising that we really do have an  
14 obligation, as the UK, to continue to do whatever we can  
15 to help Iraq unlock this potential wealth and use it?

16 RT HON DOUGLAS ALEXANDER MP: Well, there is an important  
17 caveat, which is Iraq is a sovereign country. It is  
18 about to have its second democratic elections in  
19 a couple of days' time, and, ultimately, what advice,  
20 support, guidance or expertise that should be provided  
21 should, in the first instance, be determined by the  
22 wishes of the sovereign government and duly elected  
23 government of the country.

24 In that sense as I say, I don't think I can state it  
25 more boldly: I'm open-minded as to whether it is right

1       that that programme is in place. I certainly am open to  
2       requests being made to us as to how we can take forward  
3       the kind of support that has been offered previously in  
4       a changing and changed context.

5           But I would also add that, for me, the evidence of  
6       our continuing commitment to Iraq is not necessarily  
7       a bilateral aid programme. One of the reasons we have  
8       worked so hard to secure the engagement of the  
9       World Bank, the European Union, the International  
10      Monetary Fund and other international bodies in Iraq is  
11      in recognition of a desire to move towards a more normal  
12      relationship for a middle-income country in the  
13      Middle East towards the international community, but  
14      in that sense there is not, on my part, any desire to  
15      arbitrarily stop engagement with Iraq for all the  
16      reasons you describe in terms of the commitment of  
17      British blood and British treasure.

18           There is a genuine willingness to engage in dialogue  
19      with the Government of Iraq as to how we can continue to  
20      work together to see the improvements that we have seen  
21      in recent years continuing in the years ahead.

22   SIR RODERIC LYNE: I would like to come back to that last  
23      point you make in a minute, but just before I do, one  
24      area in which, over the last two years, about  
25      50 per cent, I think, of DFID's programme has been spent

1 is in humanitarian support. Isn't that an area where we  
2 should have been able to persuade the Government of Iraq  
3 to use its own resources?

4 RT HON DOUGLAS ALEXANDER MP: Well, I think we have moved  
5 from a position where the general consensus is that Iraq  
6 is no longer in circumstances of humanitarian crisis,  
7 the kind of circumstances that you described previously,  
8 which accounted for the very significant resources that  
9 we committed, indeed the largest expenditure on any  
10 country in 2003/2004.

11 I think it would be a better description to  
12 recognise that there is continuing vulnerability in Iraq  
13 at the moment. The latest UNHCR survey cites shelter,  
14 employment and food as Iraq's three top priority needs,  
15 and that's why it is right to recognise that there is  
16 a key role for the Government of Iraq to play in these  
17 matters. But these kinds of issues are no doubt the  
18 issues that are being discussed and debated both in  
19 Baghdad and across the country as they look towards  
20 their elections on Sunday.

21 SIR RODERIC LYNE: In terms of our influence and impact,  
22 isn't one of our problems that the 500 million or so  
23 pounds that DFID has spend over six/seven years in Iraq  
24 is a relatively small sum when compared with the  
25 billions of dollars that the United States have spent

1       there, and, indeed, when compared with the oil income of  
2       Iraq, and, therefore, this doesn't give us as much  
3       leverage as one might hope for and as much impact as one  
4       might hope for from half a billion pounds?

5       RT HON DOUGLAS ALEXANDER MP: Well, if the question implies  
6       that it would be better for British influence if Iraq  
7       had less oil reserves on tap, I would respectfully  
8       disagree. I think the reason that we have committed  
9       those £500 million plus was not to secure influence, but  
10      to do the right thing as part of a comprehensive  
11      approach taken by the British Government. So in that  
12      sense, for me, my concern has been to ensure the  
13      effectiveness of that expenditure during my period as  
14      Secretary of State and to ensure that we are supporting  
15      the Iraqis in a period of transition.

16      There are some who would suggest that we would be  
17      better building a significant legacy project, say  
18      a hospital or a bridge, and put a large Union Jack on  
19      it. I think it is better to think of the legacy of the  
20      contribution that we have made on the civilian side as  
21      being the kind of figures I quoted earlier, the capacity  
22      of the Basrawis themselves and their authorities to  
23      decide how to spend their money, and then the technical  
24      capability to spend that money, a functioning and  
25      effective Basrawi Provincial Council, a government that

1 is capable, not simply of being elected, but then being  
2 able to spend its money in a transparent and accountable  
3 manner, are important contributions towards the kind of  
4 progress that we have wanted to see for many years.

5 SIR RODERIC LYNE: So when you survey this legacy, do you  
6 think we have had £500 million worth of useful, valuable  
7 impact from the money we have spent in Iraq.

8 RT HON DOUGLAS ALEXANDER MP: I think, if you take the  
9 largest single item of expenditure, it has been  
10 humanitarian expenditure. I think many people  
11 anticipated that there would be a more significant  
12 humanitarian crisis immediately after the action was  
13 taken in 2003, and in part the action that was taken by  
14 the international community avoided the scale of  
15 humanitarian problems that many people anticipated.

16 It is right, however, to acknowledge that the  
17 descent into sectarian violence that took place round  
18 about 2004/2005 precipitated humanitarian needs which  
19 required to be addressed as well, but my sense is that  
20 those resources on humanitarian needs have been well  
21 spent.

22 If you were to say to me, how have we spent the  
23 £100 million or so on infrastructure, I would cautiously  
24 advance that we have probably secured more bang for our  
25 buck than the equivalent American expenditures, much

1 larger though those have been, on external resource  
2 transfer and infrastructural investment at an early  
3 stage.

4 Essentially, we took an approach that said we will  
5 seek to mend the infrastructure that is present in the  
6 south, rather than try to pour many tens of millions or  
7 hundreds of millions of pounds into infrastructure at  
8 a point at which the capacity is not there to absorb  
9 that money effectively, and, as I say, I draw on the  
10 Hard Lessons report, that goes into this in some detail,  
11 and in relation to the capacity-building money that we  
12 have spent, which is a smaller share of the money, then  
13 I would look at the improvement in business confidence,  
14 I would look at the capacity of the Basrawi authorities  
15 to programme their own expenditure and I would look at  
16 the growing capability of the Iraqi Government to be  
17 able to spend its own resources as evidence of the fact  
18 that we have made a contribution towards the  
19 improvements that we have seen.

20 SIR RODERIC LYNE: You talked of the importance of moving  
21 into a normal commercial and economic relationship and  
22 you have referred to our efforts to promote investment.  
23 Indeed, we have heard from a number of witnesses about  
24 the 18 investor visits that have been organised to Iraq  
25 by DFID and the way that they have led to some

1       \$9 billion worth, I think, of proposals from investors  
2       for projects in Iraq.

3             How many of these proposals have so far been  
4       translated into actual investments and jobs?

5   RT HON DOUGLAS ALEXANDER MP:   In terms of the £10 billion,  
6       which are the figures that I have -- I'm sure it's --

7   SIR RODERIC LYNE:   £10 billion?

8   RT HON DOUGLAS ALEXANDER MP:   Sorry, \$10 billion of  
9       investment proposals that have been received,  
10       \$10 billion of proposals being submitted to the  
11       Government of Iraq. A proposal worth US\$4 billion --  
12       that's the proposal by Shell that I referred to  
13       earlier -- has been agreed.

14   SIR RODERIC LYNE:   That's not a bid for an oil exploration  
15       pro -- that's separate, is it?

16   RT HON DOUGLAS ALEXANDER MP:   That's one proposal for  
17       \$4 billion worth of investment has been agreed. The  
18       normal lag between proposals and agreements in full from  
19       international markets is estimated to be around  
20       five years, moving from proposals to projects  
21       actually beginning. So, as you can imagine, it's one of  
22       the questions that I have had asked fairly regularly  
23       after the investment conferences, to say while it is  
24       fine to have proposals, are we translating these  
25       proposals?

1           My understanding is that we are on track in terms of  
2           those proposals being moved forward, albeit that we  
3           would like to see them move forward even more quickly.  
4           But that in part explains why we secured the expertise  
5           of Invest Northern Ireland, to be able to track and  
6           monitor that process from initial proposal to  
7           commitments being made.

8   SIR RODERIC LYNE:   So essentially it is too soon to tell?  
9           It is too soon to make that judgment really?

10   RT HON DOUGLAS ALEXANDER MP:   Well, almost half of the  
11           investment proposals have now been translated into an  
12           agreement and let's hope the other half follows as well.

13   SIR RODERIC LYNE:   Yes, okay, one big proposal and others to  
14           come?

15   RT HON DOUGLAS ALEXANDER MP:   (Inaudible) 4 billion  
16           (inaudible).

17   SIR RODERIC LYNE:   Overall, are you looking at the sort of  
18           state of Iraq, the political state of Iraq, the  
19           sectarian tensions that still exist, all of which you  
20           refer to, and the weak, still weak, capacity in terms of  
21           governance? How confident are you that the investments  
22           made by DFID, by the British Government generally, can  
23           be protected and sustained so that they do leave a sort  
24           of lasting impact -- lead to a lasting impact in Iraq?

25   RT HON DOUGLAS ALEXANDER MP:   Well, it is inherent in the



1 investments that we made that they amplify and recognise  
2 the authority of the Iraqis themselves, and in that  
3 sense I'm not in a position today where I can anticipate  
4 what the result of the Iraqi elections on Sunday is  
5 going to be, and in some ways that should be a source of  
6 celebration, the fact that we have, in what are always  
7 very difficult second democratic elections, a genuinely  
8 unknown result. But in that sense the difficulty of  
9 giving guarantees in relation to a government that has  
10 not yet been appointed is that ultimately many of these  
11 decisions, in relation to investment, for example, or on  
12 what laws they will prioritise and pass, in relation to  
13 how they will relate to the provinces and regions within  
14 Iraq, are the very stuff of normal politics. But a big  
15 part of our endeavour from day one in relation to  
16 supporting our part of the comprehensive approach was to  
17 get to a position where we were explaining that actually  
18 these decisions are now in the hands of the Iraqis.  
19 That's where those decisions rest.

20 SIR RODERIC LYNE: Finally, if I can just go back to what  
21 you were saying earlier about the World Bank, you  
22 expressed some frustration with the difficulty of  
23 getting the International Bank for Reconstruction and  
24 Development, to give it its full title, into operation  
25 in Iraq, and, of course, the same applied to the several

1 UN agencies relevant to Iraq's needs.

2 To what extent were they held back, not only by  
3 concerns about security, which we have heard a lot of,  
4 but also by the lack of legitimacy for the coalition's  
5 operations, the lack of support that the coalition had  
6 in a very divided international community? I mean, if  
7 one recalls Colin Powell's famous phrase, his Pottery  
8 Barn maxim, "If you break it, you fix it," is it  
9 actually fair to expect these agencies to come in if in  
10 their view we were the ones who did the breaking?

11 RT HON DOUGLAS ALEXANDER MP: I think it is a matter of  
12 judgment rather than fact. Of course, there was UN  
13 support for the work that was being taken forward by the  
14 time I was appointed Secretary of State.

15 Let's take each in turn. In relation to the  
16 traditional division between the World Bank and the  
17 United Nations, the normal division of labour, if you  
18 like, in these circumstances would be that the  
19 World Bank would focus on infrastructure while the  
20 United Nations more traditionally has led on the  
21 political processes.

22 I think both the United Nations and the World Bank  
23 were constrained by the targeted killing of  
24 international civilians, both in the UN compound itself  
25 and also International Committee of the Red Cross staff,

1       who were also killed at an early stage, and in that  
2       sense I think security applies to both of them.

3           I think it is also fair to recognise that, given the  
4       cooperative nature of the World Bank, there were, as  
5       there was in the international community generally,  
6       a diverse range of views as to the action that was taken  
7       in 2003 within the governing body of the World Bank.

8           I think in the case of the World Bank, though, there  
9       were other factors at work. Firstly, the World Bank was  
10      not particularly experienced at working in fragile  
11      states, and I think one of the challenges for the  
12      World Bank is building the capacity and capability to  
13      work in conflict-affected and fragile states.

14          Secondly, I think the coincidence of leadership of  
15      the World Bank, with Paul Wolfowitz at the head of the  
16      World Bank as President of the World Bank, added to the  
17      complications and to exactly the dialogue that you  
18      describe, because we were in a position at that stage  
19      where his legitimacy within the institution was being  
20      questioned by some, and, given his past role within the  
21      administration in Washington, I think there was  
22      a concern that he would not be seen to be advancing the  
23      agenda of his previous employer rather than his present  
24      employer.

25          And I think also there is an important point in

1 terms of the balance between what was being asked for by  
2 the United States, by the United Kingdom and others  
3 within the international community and what the  
4 Government of Iraq itself was asking for from the  
5 World Bank, and I think that reflects the capacity  
6 constraints within the Iraqi Government at the time, in  
7 the sense that one of the responses that was being  
8 received by my officials and others at an earlier stage  
9 was, "Listen, we know that you think we should be  
10 involved in Iraq. Frankly, you are asking us to be  
11 involved in Iraq more than the Government of Iraq," and  
12 that reflects the fact that the Government of Iraq had  
13 a lot else on its agenda at that time.

14 But I think, to understand why the World Bank was  
15 slower requires an understanding of the politics in  
16 Baghdad, an understanding of the security situation  
17 across Iraq, an understanding certainly of the situation  
18 of the bank itself, but it is hard to offer a definitive  
19 view as to what the relative weight of each of those  
20 factors actually is.

21 SIR RODERIC LYNE: Should we draw the conclusion from this  
22 that we need a new international agency for  
23 stabilisation and reconstruction and would a different  
24 sort of agency of that kind be able to operate in  
25 a situation in which the international community was

1       divided over the politics of the issue, as it was in  
2       this case?

3     RT HON DOUGLAS ALEXANDER MP: My view is that we need to  
4       look at the work of the Peacebuilding Commission under  
5       the auspices of the United Nations, in the sense that,  
6       in the distinction that I have just drawn between the  
7       traditional division of labour between the United  
8       Nations and the World Bank, the World Bank's particular  
9       expertise is in long-term infrastructure, but actually  
10      I would respectfully suggest that the experience in Iraq  
11      should remind us all that, as you say, there is  
12      an important stage between immediate humanitarian  
13      response and the capacity of a country affected by  
14      conflict or great humanitarian need to be able to make  
15      the long-term investment decisions which is the day-and-  
16      daily business of the World Bank.

17      Now, in that sense the United Nations has great  
18      capability in relation to peacekeeping. One of the  
19      challenges is actually, I think, to upscale the  
20      international community's capability at peacebuilding.  
21      If you like, there is a blue helmet capability in  
22      relation to peacekeeping; it is less clear that there is  
23      a co-ordinated approach to peacebuilding.

24      Now, as a British government we have advanced this  
25      agenda, whether in relation to a Foreign

1 Secretary-initiated debate in the Security Council in  
2 2005; another debate that my former colleague,  
3 Mark Malloch Brown led from the Foreign Office on the  
4 issue of peacebuilding; and our desire that the  
5 United Nations pick up this baton and run with it more  
6 in the future, and I think that's an important issue.

7 But I think it is also right to recognise that this  
8 is not alone a task of the United Nations, and whether  
9 this capability should lie exclusively with the  
10 United Nations, of which it is asking a lot to have  
11 a reserve capability for stabilisation and  
12 peacebuilding, or whether actually there should be  
13 a strong and tighter co-ordination role for  
14 peacebuilding within the United Nations, but then able  
15 to draw on the capability of different countries,  
16 I think is an open question.

17 I find it interesting that we have undertaken  
18 a process here in the United Kingdom of moving from  
19 PCRU, as it was, which was a recognition on the part of  
20 my predecessor Hilary Benn and others of the --

21 SIR RODERIC LYNE: I think you should say for the record  
22 that's the Post-Conflict Reconstruction Unit.

23 RT HON DOUGLAS ALEXANDER MP: Which became the Stabilisation  
24 Unit. There was a need to draw together the expertise  
25 and capability within the British Government system.

1           In that journey we are not alone. If you look at  
2           the speech that was given by US Secretary of Defence  
3           Robert Gates in Kansas University at the time, if  
4           I recollect, in 2007 when there was discussions of these  
5           issues in the United States, he said, "I know it is very  
6           unusual, indeed counter-factual, for the  
7           Secretary of State for Defence to be arguing for greater  
8           expenditure for the State Department but we need to  
9           build up the civilian capability to do exactly this kind  
10          of stabilisation work out of the United States." There  
11          is a very live discussion within the United States as to  
12          whether that responsibility is best held by the State  
13          Department, whether it is best held by USAID, but  
14          nonetheless I think that there is a process underway  
15          within the United States which on some level parallels  
16          the discussion and progress that we have made here  
17          within the United Kingdom.

18          So I think there is an important task for the  
19          United Nations. My instinct is that that peacebuilding  
20          commission is the forum that is best equipped to both  
21          advance this agenda and draw together the standing  
22          capabilities that exist within countries, but that  
23          doesn't diminish the need for a number of countries to  
24          better develop a stabilisation capability as well, and  
25          I would argue that if you look at the progress the

1       Stabilisation Unit has made in recent years here in the  
2       United Kingdom, we really have developed a lot of  
3       expertise and a lot of capability in that regard, which  
4       is -- which explains why people like General Odierno in  
5       the United States has come to compliment us in terms of  
6       the work we were doing.

7   SIR RODERIC LYNE:   Thank you.

8   THE CHAIRMAN:   I had been going to ask you as my final  
9       question, and indeed the final question of the session,  
10      exactly the points that you have just addressed, so  
11      I won't trouble to repeat that, and thank you for your  
12      particularly interesting remark about other countries'  
13      attempts to construct within themselves a contribution  
14      to stabilisation and reconstruction in a more  
15      integrated, comprehensive way.  It is something I think  
16      we shall want to pursue as and when we visit the  
17      United States.

18         As a final question, I wanted to ask whether you had  
19      any further reflections or indeed lessons to share with  
20      us.  But perhaps just as an opening sentence, are you  
21      hopeful for the future of Iraq?  There are no  
22      certainties in this world.

23   RT HON DOUGLAS ALEXANDER MP:  You are right, Sir John, there  
24      certainly are no certainties, but I am hopeful, and that  
25      second visit, in particular, that I paid was very



1 significant in confirming in my mind the extent to which  
2 Iraq was leaving behind the scale of difficulties and  
3 troubles that had afflicted it and was making real  
4 progress. My hope would be that these coming elections  
5 represent the next stage in that continuing advance.

6 If I was to try to draw lessons from my perspective  
7 of having served as Secretary of State for International  
8 Development over the last two and a half years, I think  
9 the first point I would make would be it is hard to  
10 overstate the importance of the security environment for  
11 the work that we have been endeavouring to undertake in  
12 Iraq. That was drawn out in the questions that you  
13 asked me in relation to Charge of the Knights. But it  
14 is absolutely central, and part of the reason that,  
15 drawing in large measure on my experience leading the  
16 department during the time of Iraq, we place such  
17 emphasis in the White Paper that we published as  
18 a department last July on working in conflict-affected  
19 and fragile states is that security is not an add-on or  
20 a nice to have in these countries where there is very  
21 real evidence of a coincidence of poverty and conflict;  
22 security is vital. That is often a challenging message  
23 for the development community to hear, and I say that  
24 with some experience of having engaged in those debates  
25 and discussions.

1           But if you look at, for example, the survey  
2           by the World Bank called "The Voices of the Poor", which  
3           asked the poorest people on the earth what were their  
4           greatest needs, security is very high up there, personal  
5           security: the ability to be able to travel to the well  
6           or to get your child to school without the threat of  
7           physical violence, understandably, is pre-eminent, and  
8           in that sense that explains why, in terms of our own  
9           evolving thinking as a department, we have stated  
10          categorically in the White Paper that we see security as  
11          being a basic service, in the same way that provision of  
12          water and sanitation or education and health are  
13          central.

14          The second point that I would make would be: the  
15          comprehensive approach is vital. I believe it has made  
16          a material contribution to the progress that Iraq has  
17          made. But that relies on mutual respect of distinctive  
18          roles, and the effect of joint working, I would argue,  
19          that we have witnessed -- and that has been borne out in  
20          some of the evidence that you have seen from  
21          General Graham Binns and others -- between the military,  
22          the diplomats and the development experts I think has  
23          been central to the progress that we have made. That is  
24          in no way to diminish the extraordinary courage and  
25          sacrifice of British military personnel, to which I pay

1 due tribute today, but ensuring that we built on the  
2 progress that was made militarily has relied on a degree  
3 of effective joint working between the military and  
4 other bodies, the diplomats and development experts, and  
5 I have to say I'm clear that the leadership that the  
6 Provincial Reconstruction Team, in particular, has been  
7 able to bring to this area of work has relied on  
8 a multi-agency and multidisciplinary approach. If we  
9 hadn't been able to have development experts sitting  
10 alongside military experts, sitting alongside people who  
11 really understand the governance and political aspects  
12 of this challenge, I don't think we would have made the  
13 progress that we have made, and in that sense it has  
14 been a journey but I think that we have made significant  
15 progress.

16 A couple of other points that I would end by way of  
17 conclusion. Firstly, investing early in capacity yields  
18 very significant results, and I think the sequencing of  
19 your efforts as part of a comprehensive approach is  
20 vital. Of course it is necessary to ensure that there  
21 is security and that the ground is stabilised, but  
22 equally it is never too early to start building the  
23 capacity of the country itself and the structures of  
24 governance to be able to take responsibility for their  
25 own affairs, and I think again the capacity-building has

1       been absolutely vital.

2           The final point -- and it draws on the exchange that  
3       I have just had with Sir Roderic: the truth is we always  
4       have to recognise that countries have to devise their  
5       own solutions and while we can play an important role in  
6       supporting countries in developing the capability to  
7       make those judgments, I think the development principles  
8       that recognise country-led development are actually  
9       useful in post-conflict situations as well.

10           So I think the centrality of development experts,  
11       diplomats and military people sitting together as part  
12       of a comprehensive approach, the need to respect  
13       ultimately the sovereignty of the country in which you  
14       are working, but the underlying centrality of security  
15       are lessons that I have certainly drawn from this  
16       experience.

17   THE CHAIRMAN: I should like to thank warmly today's  
18       witness, Douglas Alexander, for his insights and  
19       reflections. Thank you.

20   RT HON DOUGLAS ALEXANDER MP: Thank you.

21   THE CHAIRMAN: And thanks to those who have been here to  
22       witness this session.

23           On Monday, at 9 o'clock in the morning, for those  
24       who may be intending to come -- 9 o'clock -- we shall be  
25       taking evidence from the Rt Hon David Miliband MP, who

1        became Secretary of State for Foreign and Commonwealth  
2        Affairs in June 2007, and we shall be asking him,  
3        obviously, about policy-making and its implementation  
4        from that date until July 2009, and after that in the  
5        morning, later we shall also be seeing Sir Bill Jeffrey,  
6        the current permanent secretary at the  
7        Ministry of Defence.

8                With that, I'll declare the hearing closed.

9        (6.05 pm)

10                (The Inquiry adjourned until Monday 8 March 2010)

FINAL