

SECTION 10.1

RECONSTRUCTION: MARCH 2003 TO JUNE 2004

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Introduction

1. Section 10 addresses the UK contribution to humanitarian assistance and reconstruction in Iraq between 2003 and 2009:

- This Section (10.1) covers the period between March 2003 and the end of the Occupation of Iraq in June 2004.
- Section 10.2 continues the story from July 2004 to 2009.

2. Sections 10.1 and 10.2 consider:

- humanitarian assistance;
- the development and implementation of UK reconstruction policy, strategy and plans;
- the UK's engagement with the US on reconstruction, including with the US-led Office of Reconstruction and Humanitarian Assistance (ORHA) and the Coalition Provisional Authority (CPA); and
- the UK's engagement with successive Iraqi governments on reconstruction.

3. Section 10.3 addresses five issues in more detail:

- UK policy on Iraq's oil and oil revenues;
- the Government's support for UK business in securing reconstruction contracts;
- debt relief;
- asylum; and
- reform of the Government's approach to post-conflict reconstruction and stabilisation.

4. Those issues are addressed separately from the main reconstruction narrative, in order to provide a clearer account of the development of the UK's engagement.

5. This Section does not consider:

- planning and preparing to provide humanitarian assistance and reconstruction, which is addressed in Sections 6.4 and 6.5;
- the financial and human resources available for post-conflict reconstruction, addressed in Sections 13 and 15 respectively;
- de-Ba'athification and Security Sector Reform (SSR), addressed in Sections 11 and 12 respectively; and
- wider UK policy towards Iraq in the post-conflict period, addressed in Section 9.

6. During the period covered by the Inquiry, the Government used a number of different terms to describe post-conflict activity in Iraq, including "reconstruction". It did not

generally define those terms. The Inquiry uses the term “reconstruction” in line with the Government’s common usage:

- to include work to repair and build infrastructure, deliver essential services and create jobs;
- to include work to build the capacity of Iraqi institutions and reform Iraq’s economic, legislative and governance structures; and
- to exclude SSR.

UK post-conflict objectives and planning assumption

7. Mr Jack Straw, the Foreign Secretary, issued a Written Ministerial Statement setting out the UK’s strategic objectives for Iraq on 7 January 2003.¹ The objectives included a definition of the UK’s desired end state for a post-Saddam Iraq:

“We would like Iraq to become a stable, united and law abiding state, within its present borders, co-operating with the international community, no longer posing a threat to its neighbours or to international security, abiding by all its international obligations and providing effective and representative government to its own people.”

8. The development of the UK’s objectives for post-conflict Iraq is addressed in detail in Sections 6.4 and 6.5.

9. The ‘Vision for Iraq and the Iraqi People’ issued by Mr Blair, President Bush and Mr José María Aznar, the Prime Minister of Spain, at the Azores Summit on 16 March, included a number of specific commitments on post-conflict reconstruction.² The three leaders declared:

“We will work to prevent and repair damage by Saddam Hussein’s regime to the natural resources of Iraq and pledge to protect them as a national asset of and for the Iraqi people. All Iraqis should share the wealth generated by their national economy ...

“In achieving this vision, we plan to work in close partnership with international institutions, including the United Nations ... If conflict occurs, we plan to seek the adoption, on an urgent basis, of new United Nations Security Council resolutions that would affirm Iraq’s territorial integrity, ensure rapid delivery of humanitarian relief, and endorse an appropriate post-conflict administration for Iraq. We will also propose that the Secretary-General be given authority, on an interim basis, to ensure that the humanitarian needs of the Iraqi people continue to be met through the Oil-for-Food program.

¹ House of Commons, *Official Report*, 7 January 2003, column 4WS.

² Statement of the Atlantic Summit, 16 March 2003, ‘A Vision for Iraq and the Iraqi People’.

“Any military presence, should it be necessary, will be temporary and intended to promote security and elimination of weapons of mass destruction; the delivery of humanitarian aid; and the conditions for the reconstruction of Iraq. Our commitment to support the people of Iraq will be for the long term.”

10. On 25 March, Mr Desmond Bowen, Deputy Head of the Cabinet Office Overseas and Defence Secretariat (OD Sec), sent a draft paper to senior officials in the Foreign and Commonwealth Office (FCO), the Ministry of Defence (MOD) and the Department for International Development (DFID) setting out “British Post-Conflict Objectives”.³

11. The draft included Mr Straw’s formulation of 7 January, adding:

“Our objective is to create conditions for a future Iraqi government which will act to make this aspiration a reality. We will work with the Iraqi people, the UN and other international organisations, and the wider international community to this end.”

12. The draft stated:

“British forces will continue to contribute, for no longer than is necessary at a sustainable level, to the US-led Coalition military presence in the interests of promoting a secure environment in Iraq ...

“We have made plans with our international partners to assist the Iraqi people in the process of transition. With others, we will assist in the return to full Iraqi sovereignty ...

“With others, we will help revive the Iraqi economy and assist reform by:

- working with the UN to manage Iraq’s oil revenues in order to achieve the maximum benefit for the Iraqi people in an accountable and transparent manner;
- supporting an international programme for the reconstruction and repair of Iraq’s infrastructure ...;
- fostering economic reform ...;
- agreeing a comprehensive financial framework of transitional support for Iraq ...;
- helping reform Iraq’s public administration ...;
- supporting the observance of human rights, and legal and judicial reform ...;
- helping Iraq generate reformed and accountable security forces acting in accordance with international human rights standards.”

13. There is no indication that the objectives were ever adopted formally.

³ [Letter Bowen to Chaplin, 25 March 2003, ‘Iraq: Post Conflict Objectives’ attaching Paper \[draft\], 25 March 2003, ‘Iraq: British Post-Conflict Objectives’.](#)

14. The transition from conflict (Phase III) to post-conflict (Phase IV) military operations in Iraq started as soon as Coalition troops began to occupy Iraqi territory.

15. Section 6.5 concludes that, when that transition began:

- The Government had not taken firm decisions on the nature or duration of the UK's military commitment in post-conflict Iraq or on the extent of the UK Area of Responsibility (AOR).
- There had been no systematic analysis of the UK's military or civilian capacity to fulfil its likely obligations in the South in a range of circumstances, including:
 - in the prolonged absence of an authorising Security Council resolution;
 - in the absence of additional Coalition partners;
 - in a hostile security environment with low levels of Iraqi consent; and
 - over different timescales, in particular the medium and long term.

16. Ministers, officials and the military continued to assume that:

- there would be early agreement on a post-conflict resolution;
- levels of consent would rise steadily across most of Iraq; and
- despite the scale of the undertaking, the international community would succeed in realising the Azores vision for Iraq's social, political and economic transformation of Iraq.

17. Above all, despite UK concerns that the US had not prepared a satisfactory plan for post-conflict Iraq and that ORHA, the body responsible for immediate post-conflict administration and reconstruction, was not up to the task, it was assumed that the US could act as guarantor of the UK's objectives in Iraq.

Definition and use of Area of Operations (AO) and Area of Responsibility (AOR)

Area of Operations (AO) refers to the UK military's area of combat operations during the invasion of Iraq (Phase III of operations). It is the term applied during conflict and, in terms of time, space and force, is the area in which lethal force can be applied for a designated period of time.

Area of Responsibility (AOR) is usually applied in peace support operations. In Iraq, it refers to the area of southern Iraq for which the UK military was responsible during the post-conflict Occupation of Iraq (Phase IV of operations).

The two terms were not used consistently within government and were sometimes applied interchangeably in the same document.

Humanitarian assistance

18. Section 6.5 addresses the UK's pre-invasion preparations, led by DFID and the military, for the provision of humanitarian assistance during and in the immediate aftermath of conflict.

19. Ms Clare Short, the International Development Secretary, described DFID's humanitarian contingency plan in a Written Ministerial Statement to Parliament on 13 March 2003.⁴

20. In the Statement, Ms Short stated that DFID would have two roles in the event of conflict:

- to help advise UK Armed Forces on their obligations under the Hague and Geneva Conventions; and
- to use the funds, expertise and influence available to it to support delivery of humanitarian assistance by the international community.

21. Ms Short advised that DFID was deploying staff to key locations in the region, had brought DFID's stockpile of non-food items, vehicles and equipment "to immediate readiness", was procuring additional supplies, and was positioning some of its stocks in Kuwait and elsewhere in the region.

22. On 17 March, at Ms Short's request, DFID's Conflict and Humanitarian Affairs Department (CHAD) prepared a paper on shortcomings in humanitarian preparations and steps needed to address them.⁵

23. Officials identified seven problems:

- "UN funding needs insufficiently met. Preparedness incomplete ...
- Red Cross Movement preparing but requires substantial funding support ...
- NGOs [Non-Governmental Organisations] beginning to establish presence but not fully prepared ...
- US preparedness for response lacks local experience and based on optimistic assumptions ...
- How to maintain the Oil-for-Food (OFF) programme ...
- How to support humanitarian agencies [to] gain early access to Iraq ...
- How Coalition Forces can provide effective humanitarian response ..."

⁴ House of Commons, *Official Report*, 13 March 2003, column 21WS.

⁵ [Minute DFID \[junior official\] to Private Secretary/Secretary of State \[DFID\], 17 March 2003, 'Iraq: Humanitarian Assistance' attaching Paper, \[undated\], 'Iraq: What is lacking in terms of being prepared for an effective humanitarian response and what would it take to address that?'](#)

24. The proposed solution for the first three problems was to provide “immediate additional funds to DFID”. The proposed solution for the fourth was continued liaison between DFID, the US Agency for International Development (USAID) and ORHA.

25. Ms Short sent the paper to Mr Blair with the comment: “This summarises what needs to be done to improve humanitarian preparedness. Perhaps we could really focus on this next week.”⁶

26. A No.10 official advised Mr Blair that the main problems identified by DFID were:

- underfunding of humanitarian agencies;
- agencies not ready to respond effectively and lacking experience outside northern Iraq;
- the need for Coalition Forces to provide humanitarian assistance until there was a permissive security environment; and
- the risk that the OFF programme might break down.⁷

27. DFID’s proposed solutions included:

- increased funding for DFID and the MOD;
- rapidly securing a permissive security environment; and
- a resolution transferring management of the OFF programme to the UN Secretary-General.

28. The official advised that DFID’s analysis was “probably about right”. The MOD had been pressing DFID to help for some weeks, so it was useful that DFID now recognised the need to help. DFID was seconding two people to work with the US and the Cabinet Office was working to broker a deal on additional funding with the Treasury. The funding made available to the MOD to provide humanitarian assistance in the UK’s AOR is described in Section 13.1.

29. The military role in providing humanitarian assistance was summarised in a joint minute from Mr Straw and Mr Geoff Hoon, the Defence Secretary, to Mr Blair on 19 March.⁸ The letter is described in more detail in Section 6.5. Mr Straw and Mr Hoon advised:

“The military task will be to facilitate a secure environment ... to enable immediate humanitarian relief to be conducted. To help UK forces win hearts and minds, HMT [the Treasury] have allocated them £30m for humanitarian purposes in the first month as well as £10m for quick win projects. (Clare [Short] has allocated £20m for

⁶ Manuscript comment Short on [Minute DFID \[junior official\] to Private Secretary/Secretary of State \[DFID\], 17 March 2003, ‘Iraq: Humanitarian Assistance’](#).

⁷ [Minute No.10 \[junior official\] to Prime Minister, 17 March 2003, ‘Iraq: Humanitarian Assistance: DFID Views’](#).

⁸ [Minute Straw and Hoon to Prime Minister, 19 March 2003, ‘Iraq: UK Military Contribution to Post-Conflict Iraq’](#).

UN agencies' preparations and earmarked another £60m from DFID's contingency reserve for humanitarian operations. But this is a drop in the ocean; in the worse case, if the Oil-for-Food programme ground to a halt, Iraq could need as much as a billion dollars a month for humanitarian aid)."

Extending the Oil-for-Food programme

Before the 2003 invasion, the UN Oil-for-Food (OFF) programme was the principal mechanism for Iraqi procurement of humanitarian goods.

The OFF programme was established by resolution 986 in April 1995. Implementation began in May 1996 after the signing of a Memorandum of Understanding between the UN and the Iraqi Government.⁹ The programme allowed for:

- the export of Iraqi oil;
- the deposit of oil revenues into a UN-controlled account; and
- the use of those revenues to procure food, medicine and other goods approved by the UN.

Section 6.5 describes how, in January 2003, the UK began discussions with the US on adapting the OFF programme to the circumstances of post-conflict Iraq.

The UK approach was set out in background papers for the Azores Summit, sent to No.10 by the FCO on 15 March:

"If the Iraqi regime falls, new arrangements will need to be put in place to enable the OFF [programme] to keep functioning. Our current plan is to table a resolution soon after conflict starts ... We are seeking to amend some of the procedures to speed up the process for humanitarian goods ..."¹⁰

Resolution 1472, adopted unanimously on 28 March, transferred authority for administering the OFF programme, including authority to purchase medical supplies and Iraqi goods and services, to the UN Secretary-General for a period of 45 days, with the possibility of further renewal by the Security Council.

30. Military operations against Iraq began on the night of 19/20 March. Military operations during the invasion are described in Section 8.

31. Ms Short visited New York and Washington on 19 and 20 March for talks with the UN, US, World Bank and the International Monetary Fund (IMF).¹¹

32. The British Embassy Washington reported that Ms Short had pressed the US Administration hard on the need for an early resolution to enable the OFF programme

⁹ Office of the Iraq Programme, *About the programme: Oil-for-Food*.

¹⁰ [Letter Owen to Rycroft, 15 March 2003, 'Azores Summit'](#) attaching Briefing FCO, 'Iraq – Oil for Food Programme (OFF) and Sanctions'.

¹¹ Telegram 501 UKMIS New York to FCO London, 21 March 2003, 'Iraq Humanitarian/Reconstruction: Clare Short's Visit to New York'.

to continue, on the grounds that any significant break in food distribution under the OFF programme could lead to “humanitarian catastrophe”.¹²

33. Ms Short wrote to Mr Paul Boateng, the Chief Secretary to the Treasury, on 21 March to request £120m from the Reserve for humanitarian assistance in Iraq.¹³ That amount would cover an initial contribution to the anticipated UN appeal, support the Red Cross and NGOs, and fund DFID’s bilateral contribution. Ms Short stated that her bid did not include any funds for reconstruction; those costs would need to be considered in the “longer term”.

34. On the same day, DFID produced its first internal update on the humanitarian situation in Iraq and neighbouring countries.¹⁴ Officials reported that DFID had deployed seven humanitarian and civil/military advisers:

- two to Kuwait City;
- two to join 1st (UK) Armoured Division (1 (UK) Div) in Kuwait;
- one to join ORHA in Kuwait; and
- one each to Amman and Tehran.

35. By the early hours of 23 March, 3 Commando Brigade had taken control of Umm Qasr, Iraq’s principal port.¹⁵

36. DFID’s internal update for 24 March reported that the two DFID advisers seconded to 1 (UK) Div were being included in all briefings, and that humanitarian assistance and civil-military issues were moving up the military’s agenda.¹⁶

37. The inter-departmental Iraq Planning Unit (IPU)¹⁷ sent a paper on UK humanitarian planning to Mr Straw’s Private Office on 24 March.¹⁸ The IPU advised that the major humanitarian agencies might begin operations in Iraq within 30 days, as the situation became secure. Until then, the “main humanitarian providers” would be the military, the Red Cross, and local staff working for the UN and NGOs. There was “some capability to respond to low intensity humanitarian needs”, but:

“... this will prove to be inadequate in the event of a protracted conflict (particularly around Baghdad or the North), significant damage to infrastructure and/or large-scale movements of people. The threat/use of CBW [chemical and biological weapons] could trigger a humanitarian disaster ... MOD and DFID are urgently

¹² Telegram 370 Washington to FCO London, 21 March 2003, ‘Iraq: Ms Short’s Visit’.

¹³ [Letter Short to Boateng, 21 March 2003, ‘Iraq Humanitarian Funding: Reserve Claim’](#).

¹⁴ Report DFID, 21 March 2003, ‘Iraq Humanitarian Situation Update: No 1 (internal)’.

¹⁵ Report MOD, 23 March 2003, ‘Iraq: Update for the Number 10 Sitrep, 0600Z 23 March 2003’.

¹⁶ Report DFID, 24 March 2003, ‘Iraq Humanitarian Situation Update: No 2 (internal)’.

¹⁷ The IPU was established in February 2003 to develop policy on issues relating to the administration of Iraq. The creation of the IPU is addressed in detail in Section 6.5.

¹⁸ [Minute IPU \[junior official\] to FCO \[junior official\], 24 March 2003, ‘HMG Humanitarian Planning’ attaching Paper IPU, \[undated\], ‘HMG Humanitarian Planning’](#).

assessing the scope to provide emergency medical provision and public information in this scenario.”

38. That assessment was repeated in an FCO paper on Phase IV (post-conflict) issues sent to Mr Blair by Mr Straw on 25 March, in advance of Mr Blair’s meeting with President Bush at Camp David.¹⁹

39. It was also repeated in a DFID paper on humanitarian assistance during and immediately after the conflict sent to No.10 on 25 March.²⁰

40. The DFID paper identified steps to address the capability gap, including:

- Securing and maintaining a permissive environment as soon as possible.
- Addressing funding and constraints for humanitarian agencies. DFID and the Treasury should conclude discussions on overall humanitarian funding.
- Addressing urgently the risks posed to Iraqi civilians by CBW and assessing the scope for UK support in the event of a CBW attack.
- Standing ready to protect and restore power and water supplies to prevent “a health-based disaster”.

41. Between 18 March and 22 April, COBR, the UK Government’s crisis management and co-ordination facility, sent twice-daily updates on key events relating to Iraq to senior officials and departments.²¹

42. The 25 March COBR round-up of key events in Iraq reported “some concern about the humanitarian situation in Basra where water and electricity supplies have been disrupted since Friday [21 March]”.²²

43. The MOD informed No.10 on 25 March that the Royal Engineers had started work on a water pipeline from Kuwait into Iraq, in order to restore supplies of drinking water to Basra.²³

44. Ms Short told the 27 March Ad Hoc Meeting²⁴ that the humanitarian situation in Basra was improving because of the efforts of the International Committee of the Red

¹⁹ Minute Straw to Blair, 25 March 2003, ‘Camp David: Post-Iraq Policies’ attaching Paper FCO, 25 March 2003, ‘Iraq: Phase IV Issues’.

²⁰ [Letter Bewes to Rycroft, 25 March 2003, ‘Iraq: humanitarian assistance during and immediately after the conflict’ attaching Paper DFID, 25 March 2003, ‘Iraq: humanitarian assistance during and immediately after the conflict’.](#)

²¹ Minute Cabinet Office [junior official] to Manning, ‘Iraq: COBR Round Up of Key Events – 18 March’; Minute Cabinet Office [junior official] to Manning, ‘Iraq: COBR Round Up of Key Events – 22 April’.

²² Minute Cabinet Office [junior official] to Manning, 25 March 2003, ‘Iraq: COBR Round Up of Key Events – 25 March’.

²³ Letter Watkins to Rycroft, 25 March 2003, ‘Iraq: Military Campaign’.

²⁴ The Ad Hoc Meeting (also known as the “War Cabinet”) took place daily from 19 March to 12 April, with the exception of Sundays 30 March and 6 April, and was chaired by Mr Blair.

Cross (ICRC).²⁵ Damage to the high voltage electricity supply by the Coalition had affected the water system. There were lessons to be learned.

45. Cabinet discussed the humanitarian situation later on 27 March.²⁶ Ms Short said that Iraq had been in a frail humanitarian state before the conflict. The big risks now were inadequate water supplies and failed sanitation systems. The military would have responsibility for providing humanitarian assistance once the shooting stopped.

46. A USAID Disaster Assistance Response Team (DART) crossed into Iraq for the first time on 27 March, visiting Umm Qasr to assess the humanitarian situation and the condition of the port, which was a major supply centre for the OFF programme.²⁷ The team reported that there were no major signs of humanitarian crisis, and that the port was in poor but working condition.

47. Also on 27 March, Mr Boateng agreed Ms Short's request for £120m from the Reserve.²⁸ Section 13.1 considers in more detail the resources that the Government made available for humanitarian assistance (and reconstruction).

48. The UN launched a Flash Appeal for Iraq on 28 March, requesting US\$2.22bn to provide six months' food and non-food aid for Iraq.²⁹

49. DFID committed £65m to support the Appeal.³⁰

50. The Royal Fleet Auxiliary (RFA) vessel Sir Galahad docked at Umm Qasr on 28 March and finished offloading its cargo of 200 tonnes of water, food and humanitarian stores the following day.³¹ It was the first shipment of humanitarian assistance into Umm Qasr since the start of the invasion.

51. The Kuwait-Umm Qasr pipeline became operational on 30 March.³² The pipeline filled three 24,000-litre tankers every 45 minutes.³³

52. DFID's internal update for 31 March reported that international ICRC staff had gained access to Basra from Kuwait; the first international staff from a humanitarian agency to do so since the beginning of military operations.³⁴

²⁵ Minutes, 27 March 2003, Ad Hoc Meeting on Iraq.

²⁶ Cabinet Conclusions, 27 March 2003.

²⁷ Bowen SW Jr. *Hard Lessons: The Iraq Reconstruction Experience*. U.S. Government Printing Office, 2009.

²⁸ Letter Boateng to Short, 27 March 2003, 'Iraq Humanitarian Funding: Reserve Claim'.

²⁹ United Nations, 28 March 2003, *Transcript of Press Conference by Deputy Secretary-General Louise Fréchet* at United Nations Headquarters, 28 March 2003.

³⁰ Report DFID, 1 April 2003, 'Iraq Humanitarian Situation Update No.8 (Internal)'.

³¹ Report MOD, 29 March 2003, 'Iraq: Update for the Number 10 Sitrep – as at 1630Z 29 March 2003'; *The Guardian*, 28 March 2003, *Aid being delivered by Sir Galahad*; *Daily Mail*, 28 March 2003, *'Sir Galahad docks with aid shipment'*.

³² Report MOD, 30 March 2003, 'Iraq: Update for the Number 10 Sitrep – as at 0730 30 March 2003'.

³³ Report DFID, 3 April 2003, 'Iraq Humanitarian Situation Update: No 10 (internal)'.

³⁴ Report DFID, 31 March 2003, 'Iraq Humanitarian Situation Update: No 7 (internal)'.

- 53.** The first ORHA personnel entered Iraq on 1 April, visiting Umm Qasr.³⁵ *Hard Lessons*, Mr Stuart Bowen’s account as US Inspector General for Iraq Reconstruction of the US experience of reconstruction between 2002 and 2008, recorded that the situation had deteriorated rapidly since the visit of the USAID DART team because of heavy looting.
- 54.** The MOD reported on 2 April that the UN had declared Umm Qasr a “permissive” environment, opening the way for UN agencies and NGOs to start work in the town.³⁶
- 55.** Mr Hoon raised humanitarian issues with Mr Donald Rumsfeld, US Secretary of Defense, on 3 April.³⁷ Mr Hoon proposed that ORHA (the majority of whose staff were still based in Kuwait), should focus on its humanitarian role as soon as it deployed to Iraq.
- 56.** A second USAID DART team visited Umm Qasr on 4 April and reported that “anything not nailed down” had gone.³⁸
- 57.** The MOD reported on 4 April that the Red Cross and the Red Crescent were the only humanitarian agencies working alongside the UK military.³⁹ Water and power provision in Basra were back at pre-war levels.
- 58.** On 6 April, the Cabinet Office informed No.10 that the ICRC and UK military assessed that improving the water supply remained a priority for Umm Qasr and Basra, but the situation was not a “humanitarian crisis”.⁴⁰
- 59.** RFA Sir Percivale docked at Umm Qasr on 7 April to deliver 300 tonnes of “MOD humanitarian supplies”.⁴¹
- 60.** Mr Hoon informed Parliament on 7 April that UK forces had “deployed in force into Basra”.⁴²
- 61.** The COBR evening round-up later that day reported that while no area in Basra was safe enough to call in humanitarian assistance, power and food were available to the majority of the population and the slight shortages of water were not significant.⁴³

³⁵ Bowen SW Jr. *Hard Lessons: The Iraq Reconstruction Experience*. U.S. Government Printing Office, 2009.

³⁶ Report MOD, 2 April 2003, ‘Iraq: Update for the Number 10 Sitrep – as at 1600 2 April 2003’.

³⁷ Minute Watkins to DG Op Pol, 3 April 2003, ‘Iraq: Conversation with Rumsfeld: 3 April 2003’.

³⁸ Bowen SW Jr. *Hard Lessons: The Iraq Reconstruction Experience*. U.S. Government Printing Office, 2009.

³⁹ Report MOD, 4 April 2003, ‘Iraq: Update for the Number 10 Sitrep – as at 0600 4 April 2003’.

⁴⁰ Minute Drummond to Manning, 6 April 2003, ‘Iraq: Update – Noon Sunday 6 April’.

⁴¹ Report Cabinet Office, 7 April 2003, ‘Iraq: Evening Round Up 7 April’.

⁴² House of Commons, *Official Report*, 7 April 2003, column 21.

⁴³ Report MOD, 7 April 2003, ‘Annex to Evening Sitrep 8 April 2003: Military’.

62. Ms Short informed Parliament on 10 April that food supplies were “not currently a major problem” in most of Iraq and there were not the large numbers of internally displaced people that had been feared.⁴⁴

63. In the past few days, there had been reports of an increasingly serious humanitarian situation in Baghdad; the ICRC had reported “violent looting” and warned of a breakdown in law and order there.

64. Ms Short continued that with 16m Iraqi citizens dependent on the OFF programme and most families at least partially dependent on it, it was “critical” to get the OFF programme and its distribution network working again as quickly as possible.

65. Ms Short told the 11 April Ad Hoc Meeting that the ICRC and UN agencies were concerned about lawlessness in Baghdad and elsewhere.⁴⁵ Hospitals in particular needed to be secured. The systems in place for the distribution of food and the restoration of the water supply were disabled by the lack of security.

66. Mr Blair concluded the meeting by saying that the security situation in the cities had to be stabilised, particularly for hospitals. Although a violent release of anger in response to the fall of the regime was inevitable, the humanitarian situation had to be improved. The three basics were food, water and healthcare; DFID should provide advice on both the current situation and the strategy for the future.

67. DFID sent a paper to No.10 later on 11 April, advising that:

- The Iraqi health system was functioning, but was under severe strain in Baghdad and other towns that had suffered heavy casualties. There were localised shortages of medical supplies.
- Water, sanitation and power systems were fragile. UK forces, the ICRC and the United Nations Children’s Fund (UNICEF) were working together to reinstate services in the South; services in Baghdad were under severe strain.
- Food supply remained a concern: stocks distributed before the conflict under the OFF programme were expected to last until the end of April.
- Population movements had so far been limited and managed adequately by the local authorities.
- Key concerns were the breakdown in law and order and the future of the OFF programme beyond 12 May, when the authority provided under resolution 1472 expired.
- In the South, the UK military, drawing on the £30m allocated to them to provide humanitarian assistance, had been distributing food, water and medical supplies. Looting and disorder in Basra had been halted, and work was under way to restore key elements of local public administration.

⁴⁴ House of Commons, *Official Report*, 10 April 2003, column 435.

⁴⁵ Minutes, 11 April 2003, Ad Hoc Meeting on Iraq.

- DFID maintained daily contact with the ICRC and UN agencies, but almost all other interventions, including deployment of DFID humanitarian advisers into Iraq, were awaiting an improvement in security. The ICRC was the only agency to have been in Iraq throughout the conflict: UN agencies and NGOs were awaiting their own security assessments before deploying widely. ORHA, which had “a very limited capability to deliver humanitarian assistance”, was similarly constrained.⁴⁶

68. The Cabinet Office round-up of events on 11 April reported that the ICRC was “profoundly alarmed by the chaos currently prevailing in Baghdad and other parts of Iraq”.⁴⁷

69. Sir David Manning, Mr Blair’s Foreign Policy Adviser, passed the Cabinet Office’s report to Mr Blair, highlighting the ICRC’s concern.⁴⁸

Publicising humanitarian assistance

The Government sought to generate positive publicity for the Coalition’s humanitarian assistance.

Mr Hoon proposed to Secretary Rumsfeld on 3 April that the Coalition needed to highlight its humanitarian work for as long as it remained engaged in a propaganda war with the Iraqi regime.⁴⁹

Sir David Manning discussed establishing a medical “air bridge” to Baghdad with Mr Hoon and, separately, with Dr Condoleezza Rice, US National Security Advisor, on 12 April.⁵⁰

Sir David reported that he had suggested to Dr Rice that “we” should bring planes into Baghdad packed with medical equipment and specialist medical teams.⁵¹ The initiative would have an immediate impact on local hospitals and on Iraqi and international public opinion. The flights should be undertaken with “much fanfare, and for the cameras”. In practice, the initiative might not amount to much more than giving a much higher profile to what was already happening.

Sir David suggested to Mr Simon McDonald, Mr Straw’s Principal Private Secretary, that, if the idea prospered, “we should try to ensure that the UK is clearly associated with it. We might send British equipment and personnel on the flights, and secure maximum publicity for our contribution.”

Later that day, Mr Peter Watkins, Mr Hoon’s Principal Private Secretary, informed Sir David that US and Australian aircraft loaded with medical supplies would land in

⁴⁶ Letter Bewes to Rycroft, 11 April 2003, [untitled] attaching Paper DFID, 11 April 2003, ‘Iraq: Humanitarian Needs and Response’.

⁴⁷ Report Cabinet Office, 11 April 2003, ‘Iraq: Evening Round Up 11 April’.

⁴⁸ Manuscript comment Manning to Prime Minister, 12 April 2003, on Report Cabinet Office, 11 April 2003, ‘Iraq: Evening Round Up 11 April’.

⁴⁹ Minute Watkins to DG Op Pol, 3 April 2003, ‘Iraq: Conversation with Rumsfeld: 3 April 2003’.

⁵⁰ Manuscript comment Manning to Prime Minister, 12 April 2003, on Letter Watkins to Manning, 12 April 2003, ‘Baghdad: Medical Support’; Letter Manning to McDonald, 12 April 2003, ‘Iraq: Conversation with Condi Rice’.

⁵¹ Letter Manning to McDonald, 12 April 2003, ‘Iraq: Conversation with Condi Rice’.

Baghdad on 12 April.⁵² Further flights were expected in the coming days and Coalition commanders would try to ensure flights were highlighted to the media.

The Inquiry has seen no evidence of further discussion of the air bridge.

70. The Cabinet Office reported on 13 April that “despite media reporting of widespread looting and disruption”, the humanitarian situation continued to show “signs of stabilisation”.⁵³ The ICRC had said that security remained the greatest concern in Baghdad. Liaison between Coalition Forces and Iraqi technicians and managers on restoring and maintaining utilities had begun.

71. In his conversation with President Bush on 14 April, Mr Blair identified the need to improve conditions in hospitals as the top humanitarian priority and the main focus of media interest.⁵⁴ Baghdad was still not a safe environment for humanitarian assistance.

72. By the middle of April, USAID and DFID were beginning to look beyond humanitarian assistance to longer-term recovery and reconstruction.

73. Mr Suma Chakrabarti, DFID Permanent Secretary, visited Washington on 14 April.⁵⁵

74. The UK Delegation to the IMF and the International Bank of Reconstruction and Development (UKDEL IMF/IBRD) reported that USAID officials had told Mr Chakrabarti that, in the absence of the expected refugee crisis, USAID would be able to divert some resources from humanitarian assistance to reconstruction.

75. UKDEL IMF/IBRD also reported that: “US reconstruction plans are comprehensive, and well advanced.”

76. A DFID team visited Kuwait from 14 to 16 April and reported on 22 April:

“Broadly, the humanitarian crisis that was feared in Iraq has not materialised. The need for acute *relief* operations has been limited. In the South, localised needs are being addressed by the military and International Committee of the Red Cross. As soon as security permits, UN agencies and NGOs are ready to begin operations on the ground – this is already happening in South and North Iraq. In Baghdad and other central towns, the humanitarian situation is more difficult.

“However, there is an urgent need for *recovery*. Key issues here include restoring law and order; restoring water, fuel and power supplies; re-opening schools, medical facilities and other public services; restoring the underlying public administration including payment of salaries ...

⁵² Letter Watkins to Manning, 12 April 2003, ‘Baghdad: Medical Support’.

⁵³ Paper Cabinet Office, 13 April 2003, ‘Iraq: Afternoon Round-Up, 13 April’.

⁵⁴ Letter Cannon to McDonald, 14 April 2003, ‘Iraq: Prime Minister’s Conversation with Bush, 14 April’.

⁵⁵ Telegram 33 UKDEL IMF/IBRD to FCO London, 14 April 2003, ‘Iraq: Post-Conflict – US Government Thinking, IFI and UNDP Preparations’.

“The UK military in the South are heavily focused on recovery issues ...

“Alongside recovery, there is an urgent need to begin planning for the reconstruction and reform process. A UN mandate will be required before the IFIs [International Financial Institutions] and other donors are able to fully support implementation.”⁵⁶

77. Copies of the report were sent to No.10, the Cabinet Office, the FCO, the MOD, the Treasury, the Department of Trade and Industry (DTI) and the Attorney General’s Office.

78. The UK’s AO in the South was declared “permissive” by UK forces on 22 April.⁵⁷

79. On 24 April, the UK military sought Mr Hoon’s approval for the first substantial withdrawal of ground troops from Iraq with effect from Sunday 27 April.⁵⁸

80. The Annotated Agenda for the 15 May meeting for the Ad Hoc Ministerial Group on Iraq Rehabilitation (AHMGIR) stated that, of the £30m available to the UK military for humanitarian relief operations in the UK’s AO, only £3m had been committed and £1m spent.⁵⁹ The remainder could be used for other purposes.

81. The UN launched its revised humanitarian appeal for Iraq on 23 June.⁶⁰ The UN reported that almost US\$2bn of the US\$2.22bn requested in its 28 March Flash Appeal had been made available to UN agencies; the revised appeal covered the remaining US\$259m.⁶¹ Of the US\$2bn, US\$1.1bn had been made available from the OFF programme and US\$870m had been pledged by donors. The largest donors were:

- the US (providing US\$483m, some 56 percent of total donor contributions);
- the UK (US\$108m, 12 percent); and
- Japan (US\$87m, 10 percent).

82. At the launch, Ms Louise Fréchette, UN Deputy Secretary-General, reported that a major humanitarian crisis had been avoided.⁶² UN pre-planning had led to the prompt restoration of the OFF food distribution system, and some of the “more dire” planning assumptions, such as large-scale population movements, had not occurred.

⁵⁶ [Letter DFID \[junior official\] to Rycroft, 22 April 2003, ‘Iraq: Engagement with ORHA’ attaching Paper DFID, 22 April 2003, ‘Iraq: ORHA – Visit Report’.](#)

⁵⁷ Report MOD, 23 April 2003, ‘Iraq: Update for the Number 10 Sitrep – As at 0630 on 23 April 2003’.

⁵⁸ Minute Wallace to PS/Secretary of State [MOD], 24 April 2003, ‘Op TELIC: Realignment of UK Forces’.

⁵⁹ Annotated Agenda, 15 May 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

⁶⁰ United Nations, Press Release, 23 June 2003, *United Nations Agencies Appeal for US\$259 Million in Emergency Assistance for Iraq*.

⁶¹ United Nations, June 2003, *Humanitarian Appeal for Iraq: Revised Inter-Agency Appeal 1 April – 31 December 2003*.

⁶² Telegram 1006 UKMIS New York to FCO London, 24 June 2003, ‘Iraq: Launch of the Revised UN Humanitarian Appeal, 23 June’.

83. DFID pledged a further £35m towards the UN appeal, bringing DFID's total contribution to £100m.⁶³

84. The Inquiry has not seen any assessment by the UK Government of the effectiveness of the UK's humanitarian assistance effort in the UK's AO/AOR.

85. Ms Short told the Inquiry that the efforts of the UN agencies and the Red Cross in particular had prevented a humanitarian crisis in Iraq:

“... the humanitarian thing worked because a lot of work was done by a lot of people and we played our part in that”.⁶⁴

Coalition-building

86. Between March and May 2003, the UK sought international partners to share the civilian and military burden in post-conflict Iraq.

87. Section 6.5 describes concerns expressed by UK civilian and military planners before the invasion that, in the absence of UN authorisation for Phase IV, it would prove difficult to attract international partners to share the post-conflict burden.

88. On 21 March, Mr Ian Lee, MOD Director General Operational Policy (DG Op Pol), sent a “Coalition Engagement Strategy for Phase IV” to the Chiefs of Staff.⁶⁵ Mr Lee advised: “We need to pursue this approach as a matter of urgency, since Phase IV may be almost upon us.”

89. The Engagement Strategy recommended that the UK inform the US of the UK's need for partners to fill Phase IV military and non-military capability gaps. Officials would then start bilateral discussions with potential partners, leading to a possible multilateral meeting “when we judge that nations feel comfortable with being openly identified”.

90. Mr Lee advised Mr Hoon on 26 March that initial discussions with some countries were under way, but could not be concluded without:

“... more clarity on the overall Phase IV framework ... and the legalities of our position in the absence of a UNSCR [T]hese high-level issues will, we hope, be clarified in forthcoming contact at Prime Minister/President level [at Camp David].”⁶⁶

⁶³ International Development Committee, Session 2002-2003, *Examination of Witnesses (Questions 49-59)*, 30 June 2003.

⁶⁴ Public hearing, 2 February 2010, page 13.

⁶⁵ [Minute Lee to COSSEC, 21 March 2003, 'Coalition Engagement Strategy for Phase IV'](#), attaching Paper, [undated], 'Coalition Engagement Strategy for Phase IV'.

⁶⁶ Minute Lee to PS/Secretary of State [MOD], 26 March 2003, 'Coalition-Building for Phase IV'.

91. On 27 March, the British Embassy Washington reported that the US had invited representatives of around 47 Embassies to attend an inter-agency briefing intended to generate military and civilian contributions to Phase IV.⁶⁷ The Embassy commented:

“Given that we have been thinking ourselves about an exercise to generate support for the UK sector in Phase IV, we will need to make sure that we deconflict this from the US effort.”

92. The Embassy also commented that this was separate from the US initiative to convene a small core group of countries to manage Iraq’s humanitarian and reconstruction needs. The UK, Spain, Australia, Japan and possibly a Gulf State would be approached to participate in the group.

93. Mr Peter Watkins, Mr Hoon’s Principal Private Secretary, advised Mr Lee on 28 March that Mr Hoon agreed that “given the likely scale of the Phase IV task, there are good practical as well as political reasons to engage early with potential partners” and that Mr Hoon had, after discussion with Sir Kevin Tebbit, MOD Permanent Under Secretary (PUS), written to the Defence Ministers of the “most willing” countries.⁶⁸

94. On the same day, Mr Hoon informed the Ad Hoc Meeting on Iraq that he had written to selected Defence Ministers asking them to consider a military contribution to the post-conflict phase.⁶⁹

95. On 1 April, the Cabinet Office reported that, during the core group’s first conference call, the UK, Spain, Australia and Japan had suggested that “reconstruction must go through the UN, with an early new UNSCR [resolution] and the IFIs engaged”.⁷⁰

96. On 10 April, the FCO issued instructions to overseas posts to seek military contributions from host governments to support Phase IV in the UK sector of Iraq.⁷¹ The FCO stated that the UK hoped to be able to reduce its military deployment by two-thirds during Phase IV, but advised posts to:

“... base your approaches on the need for widespread international support for consolidating security and stability and getting Iraq back on its feet, which should be a more powerful argument for potential contributors than offsetting the effects of a UK drawdown.

“We intend to continue to provide a discrete self-supporting military capability in the UK area of operation, allowing maximum flexibility to cope with whatever role we assume in Phase IV. From about September ... [w]e will be able to provide the

⁶⁷ Telegram 397 Washington to FCO London, 27 March 2003, ‘Iraq: Phase IV: US Coalition Building’.

⁶⁸ [Minute Watkins to DG Op Pol, 28 March 2003, ‘Iraq: Coalition-building for Phase IV’](#).

⁶⁹ Minutes, 28 March 2003, Ad Hoc Meeting on Iraq.

⁷⁰ Report Cabinet Office, 1 April 2003, ‘Iraq: Evening Round-Up 1 April’.

⁷¹ [Telegram 33 FCO London to Rome, 10 April 2003, ‘Phase IV Military Contributions: Lobbying Instructions’](#).

headquarters and one of the three brigades, and we would like to make up the remaining two brigades through contributions from other nations.”

97. The FCO instructions were sent to UK Defence Attachés along with detailed MOD instructions on the specific contributions sought.

98. The same day, the US Embassy London expressed concern to the FCO that the UK’s lobbying campaign had not been co-ordinated with the US.⁷² Countries would be offering the same assets to the US and UK.

99. On 11 April, Mr Peter Gooderham, Political Counsellor at the British Embassy Washington, reported that he had told the US that the UK had kept it informed at every stage and could not be expected “to wait around while they get their inter-agency act together”.⁷³ Mr Gooderham had declined a US request to “abort” the lobbying telegram.

100. Later that day, Mr Gooderham reported that while there was still “consternation” in the US State Department, he had managed to calm the situation.⁷⁴

101. Mr Watkins informed No.10 on 23 April that there were “encouraging signs of interest from potential Coalition partners”, including Italy, which had secured parliamentary approval for deployment of a brigade headquarters, one battalion, 400-500 Carabinieri and a number of specialist capabilities.⁷⁵

102. Taken together, offers of contributions provided a promising basis for a UK-led multilateral division and might produce some surplus capability. Multilateral meetings were scheduled on 30 April and 8 May to take things forward.

103. In parallel, senior FCO officials sought to engage the European Union (EU) and EU Member States on post-conflict issues.

104. The Presidency Conclusions of the European Council on 20 and 21 March stated that the EU was committed to being “actively involved” in addressing Iraq’s humanitarian needs and that it wanted effectively to “contribute to the conditions allowing all Iraqis to live in freedom, dignity and prosperity under a representative government”.⁷⁶ The European Council invited the European Commission and High Representative “to explore the means by which the EU might help the Iraqi people to achieve these objectives”.

105. Sir Nigel Sheinwald, UK Permanent Representative to the EU, interpreted the European Council Conclusions as evidence that the EU “was shaping up the right

⁷² Email FCO [junior official] to FCO Emergency Unit, 10 April 2003, ‘US Embassy Interest in Phase IV’.

⁷³ Email Gooderham to FCO Emergency Unit, 11 April 2003, ‘US Embassy Interest in Phase IV’.

⁷⁴ Email FCO Emergency Unit [junior official] to Ehrman, 11 April 2003, ‘Phase IV: Next Steps’.

⁷⁵ Letter Watkins to Cannon, 23 April 2003, ‘Iraq: Phase IV Contributions and Coalition-building’.

⁷⁶ European Commission, Press Release, 21 March 2003, *Brussels European Council 20 and 21 March 2003 Presidency Conclusions*.

way on humanitarian issues”.⁷⁷ Although reconstruction had not been explicitly mentioned, the EU had undertaken to contribute to a “post-Saddam Iraq”, and had directed the Commission and Council Secretariat to start planning for that. The UK needed to build on this in order to “start to heal EU divisions”, and make progress on post-conflict resolutions.

106. On 26 March, during the early stages of discussion in between the UK and US delegations in New York on the text of what was to become resolution 1483 (see Section 9.1), Sir Paul Lever, British Ambassador to Germany, raised concerns with Mr Peter Ricketts, FCO Political Director, about the UK’s failure to engage EU allies from the outset.⁷⁸ Sir Paul recalled that Mr Blair had stated in the House of Commons on 18 March, that, with the wisdom of hindsight, it would have been best if Europe had adopted a common position on Iraq, including with respect to the use of force provided the US acted through the UN and engaged seriously on Israel/Palestine. Sir Paul commented that Mr Blair’s advice had not been followed on reconstruction:

“... I hope that you [Mr Ricketts] and others will, before we get inextricably locked in to a common UK/US bilateral position on post-conflict Iraq, have the opportunity to consider whether, after our experience over the last six months, this is really where we want to be.”

107. Mr Ricketts relayed those views, together with those of Sir John Holmes (British Ambassador to France) and Sir Roderic Lyne (British Ambassador to the Russian Federation), to Mr Simon McDonald, Mr Straw’s Principal Private Secretary.⁷⁹ Mr Ricketts reported that a meeting of FCO officials earlier that day had agreed that it made sense to engage with European countries at the formative stage of the resolution, “both because we needed their support to get it through the Security Council, and because it was potentially an important part of re-establishing a good working relationship”.

108. On 27 March, Sir John Holmes added:

“... the bottom line is that we will need French (and German) support if a UN resolution is to pass. We are more likely to get it if we share our thinking with them at an early stage. They see the need, as we do, to save the Americans (or at least the Pentagon) from too much of a military administration which could go disastrously wrong ...”⁸⁰

109. Sir Jeremy Greenstock, the UK Permanent Representative to the UN, confirmed to Mr Ricketts that he was “entirely alive to the opportunity of getting the Europeans and

⁷⁷ Telegram 367 UKRep Brussels to FCO London, 25 March 2003, ‘Iraq: Phase IV: EU Handling’.

⁷⁸ Letter Lever to Ricketts, 26 March 2003, ‘Iraq Reconstruction: How to Influence the Americans’.

⁷⁹ Minute Ricketts to Private Secretary [FCO], 26 March 2003, ‘Iraq Reconstruction Resolution: Working the Europeans’.

⁸⁰ Letter Holmes to Ricketts, 27 March 2003, ‘Iraq Reconstruction: Working the Europeans’.

the [Security] Council to work together on Phase IV”.⁸¹ The prospects of that had been “mildly enhanced” by useful co-operation during negotiations on the resolution extending the OFF programme. Sir Jeremy added:

“The difficult calculation, of course, is how to take forward any thought of working closely with the Europeans when we have to be joined at the hip to the Americans as well.

“... we here in New York can in the end do no more than the Prime Minister manages to win in terms of flexibility from the President in Washington.”

110. Mr Blair spoke to President Bush by video link on the afternoon of 4 April.⁸² Mr Blair commented that reports from discussions with European partners indicated that they would like to “find a way back”. He thought that getting the right “framework of principles” for Phase IV should help.

111. Mr Blair’s subsequent discussions with Mr Jacques Chirac, the French President, and Mr Gerhard Schröder, the German Chancellor, are addressed in Section 9.1.

Post-conflict reconstruction and ORHA

112. Officials in the FCO, the MOD, DFID and the Cabinet Office continued to work on plans for the reconstruction of post-conflict Iraq after the start of the invasion.

113. UK efforts to secure a resolution authorising the post-conflict administration and reconstruction of Iraq are described in Section 9.1.

114. The UK’s military contribution to the combat phase (Phase III) of the military campaign in Iraq, the transition to post-conflict military operations (Phase IV) and the establishment of the UK military’s Area of Responsibility (AOR) in southern Iraq are described in Section 8.

Responsibility for reconstruction

115. Ms Short held a meeting with DFID officials on 26 March to discuss Iraq.⁸³ Reflecting on recent progress to secure a resolution authorising the post-conflict administration and reconstruction of Iraq, Ms Short stated: “The important thing was for the world to know that a resolution for a UN mandate was coming.”

116. Officials reported a sense among departments that a resolution on reconstruction might not be achieved. Ms Short stated that under the Geneva and Hague Conventions “no changes could be made to the [Iraqi] administration by the Occupying Powers, except ... to keep systems working for civilians”. The Attorney General had been clear

⁸¹ Letter Greenstock to Ricketts, 27 March 2003, ‘Iraq Reconstruction: Working the Europeans’.

⁸² Letter No.10 [junior official] to Owen, 4 April 2003, ‘Iraq: Prime Minister’s Video Conference with President Bush’.

⁸³ Minute Warren to Fernie, 26 March 2003, ‘Iraq: Meeting with Secretary of State’.

on that point at Mr Blair’s meeting that morning. Ms Short asked her Private Office to request that the Attorney General’s advice be committed to paper.

117. Ms Short reported that “the Prime Minister had given her responsibility for reconstruction in Iraq”. That role should be underpinned by a Cabinet Office Committee chaired by Mr Chakrabarti. Ms Short added: “This area was our lead in Whitehall and we needed to ensure that this was recognised.” Mr Chakrabarti said that he had already spoken to Sir Andrew Turnbull, the Cabinet Secretary.

118. Cabinet discussed Iraq on 27 March.⁸⁴ Looking ahead, the Iraqi economy had potential and the bureaucracy was competent. Iraq was not a failed state and should not be a burden on the international community. Mr Hoon said that securing Iraq’s essential economic infrastructure had been achieved through seizing the southern oilfields almost intact. The sooner the oil could flow again, the sooner the profits could be used for the Iraqi people.

119. DFID produced its first substantive paper on post-conflict reconstruction at the end of March.

120. On 27 March, Mr Alistair Fernie, Head of DFID’s Middle East and North Africa Department, sent a paper on reconstruction planning to Ms Short.⁸⁵ Ms Short had seen an earlier draft on 20 March.

121. Mr Fernie advised that officials were:

“... now thinking how to take this [the paper] forward as part of a more comprehensive DFID-led process across Whitehall, looking at the whole range of international activities needed to help Iraq recover from conflict, sanctions and years of misrule.”

122. Mr Fernie advised that the paper had been revised to take account of Ms Short’s comments on “getting the multilateral system working to support Iraqi institutions, the importance of sustainable debt and reparations strategy, and focusing on using and developing Iraqi talent rather than bringing in too many international consultants”.

123. Comments had been received from the FCO, Treasury and Cabinet Office, centring on:

- what the UK would do if there were no resolution authorising reconstruction; Mr Fernie advised that, with the Attorney General’s advice now in writing, “we should stick to our position that without an SCR the UK can only support humanitarian relief and basic civil administration reform to ensure public security”; and

⁸⁴ Cabinet Conclusions, 27 March 2003.

⁸⁵ [Minute Fernie to Private Secretary/Secretary of State \[DFID\], 27 March 2003, ‘Iraq: Iraq Reconstruction Planning’](#) attaching Paper DFID, 27 March 2003, ‘Iraq – Reconstruction Planning: Objectives and Approach’.

- setting reconstruction planning within a wider post-conflict context.

124. Mr Fernie advised that the paper would be tabled at a Cabinet Office meeting the next day, when:

“We will discuss the process for the more comprehensive paper ... it will be useful to show to No.10 and the Cabinet Office that DFID is not only the natural lead on this approach but also has the human resources and experience to dedicate to it.”

125. Mr Fernie sent the paper to the Cabinet Office the following day, describing it as a “work-in-progress” paper setting out some “preliminary ideas on reconstruction planning”.⁸⁶

126. Mr Fernie stated that the paper benefited from comments offered by FCO, MOD and Cabinet Office officials at a meeting chaired by DFID, which had raised wider issues about how reconstruction fitted with the UK’s overall approach to rebuilding Iraq and securing international consensus behind that approach. DFID’s view was that the UK needed to “start working now on a broader strategy which binds together the many bits of work going on across Whitehall”.

127. The paper stated that it was based on the assumption that “an adequate international mandate, agreed by the UN Security Council, will exist for the UK to play a full role in reforming and restructuring Iraq and its administration”.⁸⁷ It also stated that it was focused on DFID’s contribution to reconstruction, but had set that within a “broader context, which should be the subject of a further, more overarching UK Government strategy paper”.

128. While reconstruction planning needed to be informed by a long-term perspective of a country’s needs, decisions were likely to be taken soon on new governance structures and policies for Iraq, and the international community (in particular the IFIs, UN and US) were already considering what kind of reconstruction support should be provided. ORHA was likely to take decisions within a matter of days which would set the context for future reconstruction planning.

129. The paper adopted the (broad) objectives defined in the version of the UK’s ‘Vision for Iraq and the Iraqi People’ which had been produced for the 16 March Azores Summit.

130. DFID’s “core focus” in assisting Iraq’s reconstruction would be:

“... the elimination of poverty, and in particular ensuring the Iraqi Government was able to address its people’s poor health indicators and other social problems. After an initial period of continuing dependence on humanitarian assistance, Iraq’s status as a middle-income country will make it more appropriate for DFID to support

⁸⁶ [Letter Fernie to Drummond, 28 March 2003, ‘Iraq Reconstruction Planning’, attaching Paper DFID, 27 March 2003, ‘Iraq – Reconstruction Planning: Objectives and Approach’.](#)

⁸⁷ Paper DFID, 27 March 2003, ‘Iraq – Reconstruction Planning: Objectives and Approach’.

technical assistance for the economic and institutional reforms which will underpin the reconstruction process, and help the Iraqi Government to stimulate the private sector growth, foreign investment and international lending which will enable them to address poverty.”

131. In pursuing those objectives, DFID would:

- Work through multilateral channels. DFID’s “overriding aim” should be to ensure that Iraq received comprehensive and prompt support from international institutions and the wider international community. DFID would “wherever possible ... seek to channel the bulk of our financial contributions through multilateral arrangements ... and complement this with targeted technical assistance in areas where DFID has expertise”.
- Tackle dependence on humanitarian assistance. Emergency relief and rehabilitation should blend with immediate reconstruction priorities.
- Plan for a short-term engagement: “given its potential wealth, we should aim for Iraq to be self-sufficient as quickly as possible, perhaps within three years, though some continuing technical assistance may prove appropriate beyond that”.

132. The paper stated that experience in Afghanistan had shown that the international community was slow to create tangible benefits on the ground which might demonstrate the “dividends of peace” to communities during “politically and culturally unstable post-conflict times”. DFID had “a justified reputation for relatively speedy response”, and would consider whether its existing humanitarian programme in Iraq and the additional emergency work it might fund after the conflict might provide a useful base to support wider reform in the water/sanitation and health sectors, to ensure that tangible benefits were provided to the Iraqi people relatively quickly.

133. The UK would find itself in a “critically responsible role” in Iraq, having been involved from the start in the military campaign. As the main ally of the US, the UK would be in a unique position to influence its engagement.

134. The paper concluded:

“Iraq is different to many developing countries which face shortages of well-educated and technically competent people. Using Iraq’s existing talent pool (including, with some political caution, returning exiles) as far as possible, and ensuring its relatively young population is educated to replace that pool, will be an essential investment and reduce political tension.”

135. Eight days after the start of the invasion, officials recommended the creation of a Cabinet Committee to oversee the UK approach to reconstruction.

136. Sir Michael Jay, FCO Permanent Under Secretary (PUS), discussed the Whitehall machinery for overseeing reconstruction with Sir Andrew Turnbull on 27 March.⁸⁸

137. Sir Andrew Turnbull suggested “a Cabinet Committee chaired by the Foreign Secretary which would settle all the fundamental key questions about the reconstruction of Iraq (e.g. what sort of political system)”, with sub-committees looking at specific issues. He would ask Mr Bowen to come up with a proposal.

138. Sir Michael said that it was important that the Foreign Secretary was “clearly in the lead”, that DFID reconstruction activity was “restrained until the ‘big picture’ decisions” had been taken, and that the IPU was included in the architecture.

139. Sir Michael Jay wrote to Mr Straw later that day, proposing improvements to Whitehall co-ordination on reconstruction.⁸⁹ Sir Michael repeated his concern, prompted by a conversation with Mr Chakrabarti, that DFID was “still hankering after the leadership of the Iraq reconstruction agenda”. Sir Michael had discussed this concern with Sir Andrew Turnbull, who had agreed that “it was right that the FCO should take the overall Whitehall lead on reconstruction”. The “ideal structure” would be:

- a Cabinet Committee chaired by you [Mr Straw] to oversee the overall reconstruction effort in Iraq;
- a senior officials’ committee chaired by Desmond Bowen or David Manning, which would feed into the Ministerial Group; and oversee the work of a series of sub-groups, each dealing with specific aspects of the reconstruction agenda ...”

140. Sir Michael concluded:

“It would obviously be helpful if you could secure the Prime Minister’s endorsement for our approach in advance. We cannot guarantee that Clare Short will accept it without argument.”

141. Later on 27 March, Mr Bowen sent Sir Andrew Turnbull a draft minute addressed to Mr Blair, recommending the creation of an “Ad Hoc Ministerial Group on Iraq Reconstruction” chaired by Mr Straw.⁹⁰ Mr Bowen advised that he had opted for an ad hoc group because it was “inherently more flexible and less ponderous than a formal sub-group of DOP [the Ministerial Committee on Defence and Overseas Policy]”.

142. Mr Jim Drummond, Assistant Head (Foreign Affairs) OD Sec, sent Mr Bowen some first thoughts on the “reconstruction agenda” for the new Ministerial Group on 28 March:

- humanitarian assistance;
- role of ORHA: “competence and UK links with and involvement in”;

⁸⁸ Minute Warren, 27 March 2003, ‘Sir Michael Jay Bilateral, 27 March’.

⁸⁹ Minute Jay to Secretary of State [FCO], 27 March 2003, ‘Iraq: Reconstruction: Whitehall Co-ordination’.

⁹⁰ [Minute Bowen to Turnbull, 27 March 2003, ‘Iraq: Reconstruction’ attaching Minute \[draft\] Turnbull to Prime Minister, \[undated\], ‘Iraq Reconstruction’.](#)

- wider UN role on reconstruction;
- political process/fate of the Ba'ath Party: "Outline plan exists, not agreed with US";
- economy: "Good contacts with US";
- reconstruction of infrastructure: "Depends on damage. Beginning now. Disagreements with US on role of Iraqis";
- SSR: "Ideas offered to US, but no plan";
- public administration reform and service delivery: "No plan yet?"
- commercial opportunities: "Needs wider policy agreement with US";
- legal issues: "Some contact with US. No firm agreement. No plan";
- disarmament: "No agreement with US on extent of involvement of UN inspectors"; and
- reintegrating Iraq into the international community.⁹¹

143. Sir Andrew Turnbull wrote to Sir Kevin Tebbit on 31 March, seeking his and, among others, Sir David Manning's agreement on a slightly revised version of the draft minute produced by Mr Bowen on 27 March.⁹² Sir Andrew advised that the revised draft had already been agreed with Sir Michael Jay and Mr Chakrabarti.

144. The only change to Mr Bowen's draft was the substitution of the word "rehabilitation" for "reconstruction" in the name of the group.

145. Sir Andrew Turnbull's draft stated that as the UK moved towards the post-conflict phase, it needed "a coherent policy on an enormous range of issues, including the role of the UN, Iraqi political process, rehabilitation and reform, economic and financial issues (including debt and reparations), security sector reform and reducing our own military role".

146. Sir Andrew Turnbull therefore proposed:

"... a new Ad Hoc Ministerial Group on Iraq Rehabilitation reporting to you [Mr Blair]. The Foreign Secretary should chair ... Its terms of reference would be: 'to formulate policy for the rehabilitation, reform and development of Iraq'."

147. The new Ministerial Group would be supported by an officials group, led by the Cabinet Office and including the Head of the IPU.

148. The Inquiry has not seen a final version of Sir Andrew Turnbull's minute.

⁹¹ [Minute Drummond to Bowen, 28 March 2003, 'Iraq: Reconstruction Agenda'](#).

⁹² [Letter Turnbull to Tebbit, 31 March 2003, 'Iraq: Rehabilitation' attaching Minute \[draft\] Turnbull to Prime Minister, \[undated\], 'Iraq: Rehabilitation'](#).

149. Mr Chakrabarti wrote to Sir Andrew Turnbull on 1 April, confirming that the new groups proposed in Sir Andrew’s draft minute to Mr Blair:

“... seem the best way to take forward the detailed implications of any SCR’s content, and what can be done before its passing ... The key will be to agree very quickly on the work programme and to task those with the knowledge and experience in the subject areas to take the lead while consulting others with an interest in ensuring all the workstreams fit together into a coherent – and affordable – strategy. We must draw on the lessons learnt from other post-conflict situations such as Afghanistan, Kosovo, East Timor, Sierra Leone and Bosnia.”

150. Mr Chakrabarti attached a short note setting out some thoughts on how such a strategy might be developed and structured. He continued:

“The Cabinet Office will pull all this together, but DFID is already working on issues in our area of expertise under several of the workstreams listed. We are keen to work more closely with HMT [the Treasury], MOD and FCO on areas such as debt and reparations rescheduling, the use of oil revenues, security sector reform, and the diplomatic and financial strategy for building consensus around what needs to be done. Nicola Brewer will take the lead for DFID in the Cabinet Committee senior officials’ group. I hope there will be increased cross-membership of the various workstreams, and that we will use the interdepartmental machinery at our disposal (eg the Global Conflict Prevention Pool for security sector reform) to ensure joined up working.

“In looking at our areas of expertise, we are consulting the [World] Bank and [International Monetary] Fund, UN development agencies, the EC [European Commission] and other key bilateral donors as well as the US Administration ...”⁹³

151. Sir Andrew Turnbull informed Mr Straw on 7 April that Mr Blair had agreed a new committee should be established “to formulate policy for the rehabilitation, reform and development of Iraq”.⁹⁴ Mr Straw would chair; other members would be the Chancellor of the Exchequer, the Defence Secretary, the International Development Secretary and the Trade and Industry Secretary. The committee would be supported by a group of officials, chaired by Mr Bowen.

152. Mr Straw chaired the first meeting of the Ad Hoc Ministerial Group on Iraq Rehabilitation (AHMGIR) on 10 April.

UK concerns over participation in ORHA

153. Section 6.5 describes how, during March 2003, UK officials considered those rules of international law on belligerent occupation relevant to reconstruction and their implications for UK participation in ORHA.

⁹³ [Letter Chakrabarti to Turnbull, 1 April 2003, ‘Iraq: Rehabilitation, Reform and Development’.](#)

⁹⁴ Letter Turnbull to Straw, 7 April 2003, ‘Iraq: Rehabilitation’.

154. On 17 March, Mr Huw Llewellyn, an FCO Legal Counsellor, advised the IPU on the compatibility of various post-conflict activities with the rules of military occupation.⁹⁵

155. Mr Llewellyn explained that Security Council authorisation was not required for humanitarian assistance. The position was more complicated for “rehabilitation” and “reconstruction”:

“Rehabilitation

“As I understand it, this means essential repair work, (for example to schools, hospitals, government buildings, roads). It is closely connected with basic humanitarian assistance.

“... Article 55 of the Hague Regulations requires the Occupying Power to ‘safeguard’ the capital of public buildings etc. Repair work would be consistent with that obligation ...

“Reconstruction

“You list under this heading matters such as reform of the judiciary, security sector and police reform, demobilisation, reform of government and its institutions, the education system, and the banking system ... it might also include the building of new roads and other structures to assist the regeneration of Iraq.

“Construction of entirely new roads and buildings may in some circumstances be permissible – where this is necessary for the relief effort or, for example for maintaining security or public order. As you know, the scope for action on the other issues ... is limited. Any action going beyond these limits would require Security Council authorisation.”

156. Mr Llewellyn offered further observations on 18 March, in which he emphasised that “sweeping” institutional and personnel changes would not be permitted.⁹⁶

157. On 26 March, Lord Goldsmith, the Attorney General, sent Mr Blair advice requested at the Ad Hoc Meeting the previous day.⁹⁷ It covered:

“... the need for UN Security Council authorisation for the Coalition or the international community to establish an interim Iraqi administration to reform and restructure Iraq and its administration.”

⁹⁵ [Minute Llewellyn to IPU \[junior official\], 17 March 2003, ‘Potential Humanitarian and Reconstruction Activities in Iraq’.](#)

⁹⁶ Minute Llewellyn to IPU [junior official], 18 March 2003, ‘Potential Humanitarian and Reconstruction Activities in Iraq’.

⁹⁷ [Minute Attorney General to Prime Minister, 26 March 2003, ‘Iraq: Authorisation for an Interim Administration’.](#)

158. Lord Goldsmith's view was that:

“... a further Security Council resolution is needed to authorise imposing reform and restructuring of Iraq and its Government. In the absence of a further resolution, the UK (and US) would be bound by the provisions of international law governing belligerent Occupation ... the general principle is that an Occupying Power does not become the government of the occupied territory. Rather, it exercises temporary de facto control ...”

159. The principles of international law as they applied to the UK and US as Occupying Powers in Iraq before and after the adoption of resolution 1483 on 22 May 2003 are summarised in the Box ‘The legal framework for Occupation’ later in this Section.

160. Those principles are addressed in more detail in Section 9.1.

161. Section 9.1 also addresses UK efforts to agree with the US a Memorandum of Understanding (MOU) on a set of principles governing activity in post-conflict Iraq.

162. In advance of the meeting between Mr Blair and President Bush at Camp David on 26 and 27 March, Mr Straw's Private Office sent Mr Matthew Rycroft, Mr Blair's Private Secretary for Foreign Affairs, a negotiating brief for what was to become resolution 1483, the resolution defining the roles of the UN and the Coalition in post-conflict Iraq.⁹⁸

163. The negotiating brief, prepared by the IPU, described what was known about what would happen during the “first few weeks” after the combat phase of the military campaign:

“Immediately after the conflict, the Coalition will be in control of Iraq.

“As soon as it is safe to do so, [Lieutenant General (retired)] Jay Garner [the Head of ORHA] and his Office of Reconstruction and Humanitarian Assistance (ORHA) will arrive behind the military and become a transitional administration. Their aim will be to work with the existing Iraqi public administration, so far as possible. Garner will then take forward the reconstruction process. His people will be inserted into the top of the Iraqi ministries, with senior US officials being assigned to each ministry as ‘shadow ministers’ ...

“ORHA is understaffed and begun preparing for its task only a few weeks ago. There are now some ten or so UK secondees embedded in it. Garner would like to be out of Iraq within 90-120 days. Whether ORHA will be able to get any reform programme started in that time is moot. This period is likely to be dominated by humanitarian and security concerns.”

⁹⁸ [Letter Owen to Rycroft, 25 March 2003, ‘Prime Minister’s Visit to Washington: Iraq: UN Security Council Resolution on Phase IV’ attaching Paper Iraq Planning Unit, 25 March 2003, ‘Iraq: Phase IV: Authorising UNSCR’.](#)

164. ORHA and the Coalition might enjoy a “brief honeymoon”, but not if the Coalition seemed set on administering Iraq for more than a brief period. It was therefore necessary to put in place interim arrangements for post-conflict administration that would be accepted by the Iraqi people and the Arab and Islamic world.

165. A resolution would be required to authorise those interim arrangements, and to provide a legal basis for “reconstruction and reform”:

“Without a UNSCR, other countries, international organisations, the IFIs, UN agencies and NGOs will be comparatively limited in what they can do ... That would leave US/UK with no viable exit strategy from Iraq and a huge bill.”

166. The IPU negotiating brief stated that the task for Camp David was to build on five areas where there was already agreement between the UK and US:

- The Coalition, through ORHA, would be responsible for the administration of Iraq for the first few weeks.
- The UN should not be asked to run Iraq.
- The objective should be Security Council authorisation or endorsement for an international presence that would include the UN.
- Coalition, not UN troops would provide security on the ground.
- As soon as possible, Iraq should govern itself.

167. The IPU stated that differences between the UK and US positions remained significant. The IPU explained that the US approach amounted to:

“... asking the UNSC to endorse Coalition military control over Iraq’s transitional administration, its representative institutions and its revenues until such time as a fully-fledged Iraqi government is ready to take over. It would marginalise the role of a UN Special Co-ordinator. These ideas are a non-starter for the Security Council, would be denounced by the Iraqis and the wider Arab/Islamic world, and would not provide the stability needed to develop the new Iraq.”

168. The IPU stated that there was “still some distance to go if we are to agree a way forward to avoid an inchoate start to Phase IV”.

169. The IPU set out a number of “propositions” which it hoped Mr Blair and President Bush could agree. Those propositions and the progress of the negotiations on resolution 1483 are addressed in Section 9.1.

170. Mr Straw sent Mr Blair an FCO paper on Phase IV issues in advance of Camp David.⁹⁹ Mr Straw said that he hoped Mr Blair would counter any tendency by President Bush to conclude that the UN had failed over Iraq:

“... the US will need to go on working through the UN, both to authorise the post-conflict work in Iraq so that a wide range of countries can join the peacekeeping and reconstruction effort, and to provide an exit strategy for the US/UK and because the UN itself and its agencies have important expertise to offer.”

171. The FCO paper on Phase IV issues stated that, in addition to US agreement on a UN resolution, the UK needed US agreement on a number of other important political, humanitarian and economic issues, including:

- A Baghdad Conference. The US was still thinking of a Coalition conference with the UN in a supporting role. That was the wrong way round for international acceptability.
- The role of the Interim Iraqi Administration (IIA). An early statement of intent to hand over power to an IIA while helping the Iraqi people to build a democratic future “should go down well”. The UN Special Co-ordinator should have veto power over the IIA’s decisions.
- Humanitarian issues. UK and US efforts were substantial: “we should play them up in the media”.
- Economic issues. After several wars and 12 years of sanctions, Iraq’s oil revenues alone would not meet the “very heavy” cost of reconstruction, particularly in the short term. “We need to share the burden with other developed countries ... But contacts with them tell us they will make **their contribution conditional on there being an authorising UNSC resolution for Phase IV.**” The World Bank would need to prepare a rigorous needs assessment, but that too would probably need UN cover.¹⁰⁰

172. On the UK’s bilateral effort, the paper stated that Ms Short was considering where the UK might help with the longer-term contribution to “reform and reconstruction”. SSR and reform of the public service were two areas where the UK had a comparative advantage. UK public finances were “tight”. If the UK was to keep armed forces in Iraq, “the scope for a major effort on reform and reconstruction will be limited”.

173. Mr Blair and President Bush met at Camp David on 26 and 27 March. Their discussions are addressed in more detail in Section 9.1.

174. At dinner on the first evening, Mr Blair told President Bush that he did not want his visit to Camp David to focus primarily on a UN resolution to deal with post-conflict

⁹⁹ Minute Straw to Blair, 25 March 2003, ‘Camp David: Post-Iraq Policies’.

¹⁰⁰ [Paper FCO, 25 March 2003, ‘Iraq: Phase IV Issues’](#).

Iraq.¹⁰¹ The question about what sort of resolution was needed for the administration and reconstruction of Iraq should be parked. Mr Blair said:

“The time to debate this would come when we had secured victory, and were in a position of strength.”

175. Mr Blair raised Phase IV issues with President Bush the next day. They discussed the need to push for a quick agreement on the resolution to continue the OFF programme, and for a separate resolution that would free up financial and troop contributions from other nations, secure World Bank and IMF involvement and put reconstruction on the right footing.¹⁰²

176. Mr Rycroft recorded that Mr Blair had identified the main issue as being whether the UN formed the future Iraqi government or whether the Coalition did so with UN endorsement, but that he had said “it was not helpful to expose this distinction yet”.

177. On 31 March, Mr Llewellyn advised Mr Dominick Chilcott, Head of the IPU, that UK military lawyers based in Kuwait were becoming alarmed at ORHA's activities.¹⁰³ ORHA had issued three orders in relation to the port of Umm Qasr, including the application of US labour and customs laws, for which there was no clear legal authority. The position of UK forces, if asked to participate in related activities, was therefore uncertain.

178. Mr Llewellyn concluded: “If it cannot be sorted out, we may well need a decision from Ministers about whether UK forces should decline to take part in actions that we consider unauthorised or unlawful.”

179. The IPU sent recommendations on the UK's future engagement with ORHA to Mr Straw on 1 April.¹⁰⁴

180. The IPU advised that the UK objective of an IIA acting under UN authorisation was unlikely to be in place sooner than 90 days after the end of hostilities.¹⁰⁵ Until then, mechanisms were needed to deliver humanitarian assistance and, within the relevant legal constraints, civil administration. Without such mechanisms, those tasks would fall on the military, which had other priorities and limited resources.

181. The IPU listed three options:

- tasking and resourcing 1 (UK) Div to take on those tasks autonomously in areas of Iraq for which it was responsible;

¹⁰¹ Letter Manning to McDonald, 28 March 2003, Prime Minister's Meeting with President Bush at Camp David: Dinner on 26 March'.

¹⁰² Letter Rycroft to McDonald, 27 March 2003, 'Prime Minister's Meeting with President Bush at Camp David: Iraq Phase IV'.

¹⁰³ Minute Llewellyn to Chilcott, 31 March 2003, 'Iraq: ORHA: Current Activity'.

¹⁰⁴ Minute Iraq Planning Unit to Private Secretary [FCO], 1 April 2003, 'Iraq: ORHA'.

¹⁰⁵ [Paper IPU, 28 March 2003, 'Iraq: Office for Reconstruction and Humanitarian Assistance \(ORHA\)'](#).

- working through ORHA and doing what was possible to increase ORHA's institutional capacity; UK/US differences over legal issues would be likely to have an impact on the UK's ability to achieve that; and
- finding other ways to fulfil those tasks, for example through NGOs or international agencies.

182. The IPU noted that ORHA would administer the whole of Iraq as part of an integrated US-led approach and had large resources at its disposal, and concluded:

“We may wish to support 1 Div's capacity to carry out specific actions (eg repairing the water supply) in areas where we are responsible for maintaining security. But the logic of ORHA – a nation-wide approach to Phase IV – limits the UK's responsibilities and exposure. Carving out a separate approach in a UK sector would make no sense.

“The third option is not incompatible with this or with the second option. Indeed, DFID may well wish to go down this route as the primary means of delivering humanitarian and, in due course, reconstruction assistance. We shall need to keep under review where the balance of our overall effort lies.

“But ORHA remains the Coalition's transitional civil administration in waiting and is its primary means for delivering humanitarian assistance. And at least until the UN agencies and NGOs are present on the ground, only ORHA/Coalition Forces will be in a position to do this. This paper thus focuses exclusively on ORHA as the means for adding value and exerting UK influence in the immediate post-conflict environment.”

183. The IPU advised that ORHA, which was then in Kuwait, had approximately 200 staff, expected to rise to over 1,000 by the time it deployed to Iraq. The UK and Australia had each seconded six officers. Five more UK secondees were “in the pipeline” and one was working in ORHA's back office in the Pentagon. The UK secondees were “fully integrated” and “adding significant value”. At ORHA's request, the IPU was considering whether to strengthen UK representation, particularly in the areas of public relations, civil administration and humanitarian operations.

184. The IPU advised that Lt Gen Garner was reported to be expecting ORHA to act as the transitional administration for 30 to 90 days. The priority for the first 30 days was likely to be dealing with immediate humanitarian needs, including:

- restoration of food supplies;
- payment of public sector salaries;
- re-establishment and rehabilitation of essential public services; and
- working closely with UN staff to restart the OFF programme.

185. Depending on the circumstances, the UK could quite quickly be faced with “a grey area of possible activities which could move ORHA beyond the UK’s understanding of an Occupying Power’s rights and obligations”, perhaps including:

- initiation of a small business loan programme;
- abolition of Iraqi Government restrictions on private business;
- significant changes to the exchange or trade regimes;
- significant changes to the structure of the state budget; and
- SSR.

186. In addition, the US Department of Defense (DoD) continued to consider that the absence of a resolution need not prevent “thorough-going political and economic reform, including in areas the UK would consider to be clearly outside the UK’s understanding of an Occupying Power’s rights and responsibilities”.

187. The IPU concluded that, while ORHA was “in many ways a sub-optimal organisation for delivering the UK’s Phase IV objectives”, it was “the only game in town”. There was “ample scope” to use UK secondees to exert leverage over US Phase IV planning and implementation.

188. The IPU recommended that “the UK should continue to commit resources to ORHA where we can add real value and exert influence over emerging US perspectives and plans”. Only by “full, constructive engagement” could the UK “hope to shape the outcomes in ways that stay within UK red lines”.

189. The IPU also recommended that the UK should:

- continue to make clear to the US the limits within which the UK, including UK personnel within ORHA, could operate;
- seek close consultation on ORHA’s plans, to ensure that they did not cross UK “red lines”; and
- subject to those points, confirm Major General Tim Cross, the senior UK secondee to ORHA, as Deputy to Lt Gen Garner.

190. The Inquiry has seen no response to the IPU paper.

191. Mr Straw considered the question of UK support for ORHA at the first meeting of the AHMGIR on 10 April.

192. On 1 April, Mr Straw described the UK’s commitment to reconstruction in a speech to the Newspaper Society Annual Conference:

“Today our primary focus has to be the military campaign ... But we have given – and we are giving – a huge amount of thought to the post-conflict situation ...

“I don’t underestimate the scale of the task. Saddam has led his country to ruin ...

“Turning things round in a fully comprehensive way will not be the work of months. It is likely to take years ...

“Today I want to assure all the Iraqi people that our belief in their future prosperity is as strong as our belief in their liberation. In the short term, our approach to humanitarian relief and reconstruction will be founded on four key commitments ...

“First: there will be emergency relief over the coming days and weeks ...

The Ministry of Defence has been allocated £30m ... DFID has earmarked £210m ...

“Second: we will ensure that the United Nations oversees the medium and long-term international aid programme to Iraq ... A central role for the UN will also be crucial in attracting the expertise and funds from the major international financial institutions and aid donors ...

“Third: we will work with the United Nations and others on the long term redevelopment and rehabilitation of Iraq ...

“And fourth: we will ensure that Iraq’s oil wealth will be used for the benefit of the Iraqi people, to develop the infrastructure and services the country so desperately needs.”¹⁰⁶

193. Mr Llewellyn confirmed on 2 April that UK forces were now an Occupying Power in that part of Iraq in their physical control.¹⁰⁷

The legal framework for Occupation

It was widely understood by both the US and UK that once they had displaced the regime of Saddam Hussein, Coalition Forces would exercise authority over – and, under international law – be occupiers in Iraq.

The rules of international law on belligerent occupation relevant to reconstruction are set out principally in the 1907 Hague Regulations.

In Iraq in April 2003, the UK was considered, at a minimum, the Occupying Power in that part of South-East Iraq where its forces were physically present and exercised authority (see Section 9.1). The UK’s role alongside the US in ORHA (and then the Coalition Provisional Authority (CPA)) raised questions about whether the UK was also jointly responsible for the actions of those organisations throughout Iraq.

Article 43 of the Hague Regulations provides that the Occupying Power “shall take all the measures in his power to restore, and ensure, as far as possible, public order and safety while respecting, unless absolutely prevented, the laws in force in the country”.

Sir Michael Wood, the FCO Legal Adviser from 1999 to 2006, told the Inquiry:

“While some changes to the legislative and administrative structure may be permissible if they are necessary for public order and safety, more wide-reaching

¹⁰⁶ *The Guardian*, 1 April 2003, *Full text of Jack Straw’s speech*.

¹⁰⁷ Minute Llewellyn to Bristow, 2 April 2003, [untitled].

reforms of governmental and administrative structures are not lawful. That includes the imposition of major economic reforms.”¹⁰⁸

United Nations Security Council resolution 1483 (2003), which was adopted on 22 May 2003, changed the legal framework for the Occupation of Iraq.¹⁰⁹

Resolution 1483 confirmed that the administration of Iraq was the responsibility of “the Authority” (the Occupying Powers).¹¹⁰ It also specified the role of the UN, exercised through a Special Representative to the Secretary-General (SRSG).

In June, the Legal Secretariat to the Law Officers advised that the resolution clarified the legitimate scope of activity of the Occupying Powers and authorised them to undertake actions for the reform and reconstruction of Iraq going beyond the limitations of Geneva Convention IV and the Hague Regulations.¹¹¹ In some cases, such actions had to be carried out in co-ordination with the SRSG or in consultation with the Iraqi interim administration.

Particular actions that the resolution appeared to mandate were:

- promoting economic reconstruction and the conditions for sustainable development;
- promoting human rights; and
- encouraging international efforts to promote legal and judicial reform.

The content and implications of resolution 1483 are described later in this Section.

194. Mr Tony Brenton, Chargé d’Affaires at the British Embassy Washington, warned Sir David Manning on 3 April that the UK was “in danger of being left behind” on ORHA.¹¹² The list of senior officials to “shadow” ministries in Iraq was almost complete and those officials would start deploying soon. Australia had bid for a place. The UK had not, even though the US had said it would be open to such a bid. Mr Brenton advised that:

“Following our significant military efforts we surely have an interest in following through to the civilian phase. If so, given the advanced state of US preparations, it will be important that we vigorously pursue the point at next week’s talks [at Hillsborough].”

195. Sir David Manning commented: “We need to decide if we want a place. Do we?”¹¹³ He asked Mr Rycroft to discuss the issue with the FCO.

¹⁰⁸ Statement, 15 January 2010, pages 2 and 3.

¹⁰⁹ UN, Press Release SC/7765, 22 May 2003. *Security Council lifts sanctions on Iraq, approves UN role, calls for appointment of Secretary-General’s Special Representative.*

¹¹⁰ UN Security Council resolution 1483 (2003).

¹¹¹ [Letter Adams to Llewellyn, 9 June 2003, ‘Iraq: Effect of Security Council Resolution 1483 on the Authority of the Occupying Powers’.](#)

¹¹² Letter Brenton to Manning, 3 April 2003, ‘Post Conflict Iraq’.

¹¹³ Manuscript comment Manning, 4 April 2003, on Letter Brenton to Manning, 3 April 2003, ‘Post Conflict Iraq’.

196. As part of the preparation for his meeting with President Bush at Hillsborough on 7 and 8 April, Mr Blair requested information on six issues:

- the duration of each post-conflict phase;
- a summary of the tribes, regions and governorates of Iraq;
- a summary of exile groups and their credibility;
- the UK's "vision" of how the UN Special Co-ordinator might work with Coalition Forces;
- an assessment of "how ORHA and then the IIA will actually run Iraqi ministries"; and
- an assessment of the state of the Iraqi civil service and bureaucracy.¹¹⁴

197. The FCO sent papers on each of those issues to No.10 on 4 April.¹¹⁵ Three had been produced by the IPU and three by FCO Research Analysts.

198. The IPU paper on the post-conflict phases emphasised the timetable's dependence on a range of factors:

- the permissiveness of the security environment;
- the emergence of credible Iraqi leaders;
- Iraqi attitudes towards the Coalition; and
- the extent of Phase III damage to infrastructure.¹¹⁶

199. The IPU stated that the Iraqi people were likely to be more co-operative after a "swift and relatively clean collapse" of Saddam Hussein's regime. Lt Gen Garner's working assumption was that ORHA would fulfil its role for 30 to 90 days. Over time, its legitimacy in Iraqi eyes would decline and pressure would increase for it to get involved in reconstruction and reform work that exceeded what was legal for an Occupying Power. The UK would therefore want "a fairly rapid transition to an Iraqi Interim Authority – while allowing some time for credible leaders to emerge from within Iraq".

200. In a paper on "How ORHA and then the IIA will actually run the Iraqi ministries", the IPU stated that the UK's vision for Iraq was a transition from a command economy with a corrupt public administration to a democratic state with a liberal, market economy and a public sector that served the interests of its people, "something comparable to the transformations of central European countries after the fall of the Berlin wall".¹¹⁷

201. The IPU reported that Lt Gen Garner planned to deploy ORHA to Baghdad as soon as it was safe to do so and to establish, with the Coalition military, a "Coalition Provisional Administration" with control over the civil administration of Iraq.

¹¹⁴ [Letter Rycroft to Owen, 3 April 2003, 'Post-Conflict Iraq: UK/US'](#).

¹¹⁵ [Letter Owen to Rycroft, 4 April 2003, 'Post-Conflict Iraq: UK/US'](#).

¹¹⁶ Paper Iraq Planning Unit, 4 April 2003, 'Iraq: Post Conflict Phases: Timing'.

¹¹⁷ Paper Iraq Planning Unit, 4 April 2003, 'How ORHA and then the IIA will actually run the Iraqi ministries'.

202. The US intended to put a senior US official and a small group of Iraqi exiles into each ministry, having removed “undesirable elements”. US officials would work as advisers to Iraqi ministries, which would be “headed by Iraqi secretaries-general”. In practice, the advisers would oversee the work of the ministries and, in due course, begin their reform and restructuring. The US understood the importance of calling those officials “advisers”, rather than “shadow ministers”.

203. The IPU reported that there was “a bitter inter-agency dispute in Washington” over the list of US officials and Iraqi exiles. The UK had been invited to nominate British advisers, but had made clear the need to be sure of the legal basis for their activities.

204. Once the IIA had been established, there would be a phased transfer of “the direction” of Iraqi ministries. The US intended that the Coalition Provisional Administration should retain “considerable control” over the IIA’s handling of ministries. The UK considered that to be “politically unsellable” and “unlawful”.

205. The UK model for the IIA was based on the Supreme National Council for Cambodia (the model proposed in the FCO paper ‘Models for Administering a Post-Saddam Iraq’ in October 2002, see Section 6.4), which met regularly and took decisions that would be implemented provided the UN Special Representative did not object.

206. The IPU concluded:

“All the evidence suggests that the IIA will assert its independence vigorously from the outset. A stately transfer of ministries’ powers from the Coalition to it may not be politically possible. But a light supervisory role for a UN Special Co-ordinator may be acceptable as the price the Iraqis have to pay for the international community’s support to nation building. This might finally convince the US too.”

207. The IPU paper on the UN Special Co-ordinator envisaged the appointee co-ordinating humanitarian and reconstruction assistance, exercising “a light degree of supervision” over the IIA, and helping with preparations for the Central Iraq Conference (a consultative conference that took place in Baghdad on 28 April, described in Section 9.1).¹¹⁸ Direct UN administration of Iraq would cross “a red line for the US and, probably, the Iraqis themselves”.

208. The FCO Research Analysts’ paper on tribes, regions and governorates described the role of Iraq’s tribes as “a question for the future”.¹¹⁹ Too much autonomy and they could become a rival to the state. If they were ignored, “a potentially useful counterweight to religious leaderships with political ambitions could be lost in the period during which the new state will be forming”. Iraqi interlocutors maintained that, unlike in Afghanistan, because much of the country was flat, it was “relatively easy for control to be exercised over the whole country (the Kurdish mountains being the main exception)”.

¹¹⁸ Paper Iraq Planning Unit, 4 April 2003, ‘UN Special Co-ordinator’.

¹¹⁹ Paper Research Analysts, 4 April 2003, ‘Tribes, Regions and Governorates of Iraq’.

209. The Defence Intelligence Staff (DIS) produced a more detailed paper on tribal dynamics in Iraq and the UK AOR for the Chiefs of Staff on 11 April.¹²⁰

210. The FCO Research Analysts' paper on opposition groups distinguished between those that were credible in Iraq and those that had courted US support, with the two main Kurdish groups straddling the divide.¹²¹ The UK needed to balance the views of "external oppositionists who have experience of working in free democratic structures" with the need "immediately" to involve those in Iraq.

211. The third paper by FCO Research Analysts, on the state of the Iraqi civil service and bureaucracy, described "a very mixed picture".¹²² A large number of able technocrats had kept the country going in difficult circumstances, while corruption and nepotism had been given free rein at different levels. The UK had:

"... a fairly clear idea of how big the civil service is (about 1 million employees), how it is structured and how ... employees are paid. We do not have any deep knowledge about which levels of the administration are so highly politicised as to need immediate reform, nor which individuals might have to be retired or stood down. This in any case cannot realistically be assessed until after liberation.

"Once Saddam Hussein's regime has been ousted, it will certainly be necessary to remove those who effectively enabled the regime to stay in power. Others, even if members of the Ba'ath or guilty of minor transgressions, should probably be left in place if possible in order to keep the machinery of the state running. However, our (as yet limited) experience inside Iraq gives the warning that officials may in any case abandon their posts, possibly to seek sanctuary with relatives of their tribes ...

"Iraqis have reminded us that many competent people now in exile left the civil service, retired early, or were not promoted because they were not sufficiently Ba'athist. They may represent a pool who can be called upon if this can be done without causing resentments or new accusations of nepotism."

212. On 8 April, Mr Rycroft reported the outcome of Mr Blair's discussions with President Bush at Hillsborough to Mr Straw's Private Office.¹²³ Mr Blair had stressed to President Bush the importance of a "joint strategy for the next phase" and of ensuring "legitimacy at every stage"; keeping the UN representative involved would help to ensure UN endorsement.

213. Mr Blair emphasised the importance of having the UN involved, in order to engage IFIs and bilateral donors, and to "secure our own exit".

¹²⁰ [Minute SECCOS to PSO/CDS, 11 April 2003, 'OP COS Action: Tribal Factions in Iraq', attaching Paper, \[undated\], 'Tribal Dynamics in Iraq'.](#)

¹²¹ Paper Research Analysts, April 2004, 'Iraqi opposition groups'.

¹²² Paper Research Analysts, 4 April 2003, 'The state of the Iraqi civil service and bureaucracy'.

¹²³ Letter Rycroft to McDonald, 8 April 2003, 'Iraq: Prime Minister's Meeting with Bush, 7-8 April'.

214. A public statement made jointly by President Bush and Mr Blair after the meeting stated that the UN had “a vital role to play in the reconstruction of Iraq”.¹²⁴

215. Also on 8 April, Baroness Symons, joint FCO/DTI Minister of State for International Trade and Investment, met representatives of UK companies to discuss commercial opportunities in Iraq.¹²⁵ She made it clear that the UK was “not in this conflict for business opportunities”, but that UK companies had a great deal of expertise and knowledge to offer and should be involved in the redevelopment of Iraq, for the benefit of the Iraqi people.

The MOD’s Red Team

Section 6.5 describes the creation of a small “Red Team” in the MOD Defence Intelligence Staff (DIS) in February 2003. The Red Team was intended to give the Chiefs of Staff and key planners in the MOD and Whitehall an independent view of intelligence assumptions and key judgements, to challenge those if appropriate and to identify areas where more work was needed.¹²⁶

The Red Team produced two reports before the invasion (see Section 6.5). Three more were produced before the Red Team was disbanded on 18 April:

- ‘What will Happen in Baghdad?’;
- ‘The Future Governance of Iraq’;
- ‘The Strands of the Rope’ (an assessment of the steps needed to achieve an effective Iraqi Interim Administration and hand over to a representative government of Iraq).

On 7 April, the Red Team issued a report on the likely developments in Baghdad in the days, weeks and months ahead:

“The security apparatus works on fear, not professionalism. With the removal of fear there may well be a widespread law and order problem. The police are all Ba’ath members and cannot initially be trusted until the worst Ba’athists are identified and removed. According to one military interlocutor, the RA [regular army] is the only respected national institution and could be used for internal security duties, if better trained and equipped.

“Once Saddam is gone there is likely to be widespread and apparently random violence between Iraqis. Specific attacks against Coalition Forces are likely to come later (perhaps some months later) if particular individuals or groups feel they are being cut out of contracts, administration positions etc. They may then hire ‘submerged’ paramilitary thugs to redress their grievances.”¹²⁷

¹²⁴ US Department of State Archive, 8 April 2003, *Joint Statement by President George W Bush and Prime Minister Tony Blair*.

¹²⁵ Minute Allan to PS/Baroness Symons, 8 April 2003, ‘Iraq: Record of Meeting with UK companies’.

¹²⁶ Minute PS/CDI to various, 25 February 2003, ‘Iraq: Red Teaming in the DIS’.

¹²⁷ [Minute PS/CDI to APS2/SoS \[MOD\], 7 April 2003, ‘Iraq Red Team – What will Happen in Baghdad?’ attaching Paper DIS Red Team, \[undated\], ‘What will Happen in Baghdad?’](#)

On the role of the Ba'ath Party, the Red Team stated:

“To be a Ba'athist does not necessarily mean an individual is a hard core supporter of the regime. Most joined to advance their careers or under duress (mostly government employees). In every government department there is a hard-core ...

“It will require detailed inside knowledge to identify the ‘bad apples’ in any organisation; it may not necessarily be the head of the organisation, it could be the number two or three, or someone even further down the hierarchy. Outsiders, particularly Westerners – who lack detailed knowledge of pre-war political agendas which are unconnected with the Saddam regime – may need to exercise caution to ensure they do not become unwitting agents in any infighting in any existing Iraqi organisations that are kept in place.”

The Red Team concluded:

“Historically there is trouble in Iraq whenever central authority is weakened. It may therefore be advisable to maintain a Coalition military government longer than currently envisaged ...”

On 11 April, in a report on the future governance of Iraq, the Red Team listed five steps for the successful establishment of a long-term representative Iraqi government:

- Establishing a peaceful and secure environment.
- Answering immediate humanitarian needs.
- Establishing an effective Interim Administration.
- Re-establishing the rule of law ...
- A constitutional process leading to elections and the withdrawal of Coalition Forces.”¹²⁸

The Red Team concluded that the Coalition would have to make use of indigenous Iraqi security forces to establish and maintain law and order. The Iraqi Army was described as the “most trusted and least corrupt national security institution”. It was “Iraq’s oldest institution and a focus of national pride. Some senior officers and units have remained sufficiently detached from the regime to be of use.” The Iraqi Army could not be used everywhere. In the south-east “the Marsh Arabs have cause to hate them”, but they would be respected and preferred to Coalition Forces in many areas. In contrast, the civil police were “a largely discredited and demoralised force ... viewed as auxiliaries to the Ba'athist security apparatus”. However, the Red Team assessed that, in the short term, it might be worth “making use of them with appropriate direction and supervision from Coalition forces”.

In its final report, ‘The Strands of the Rope’, issued on 18 April, the Red Team emphasised the immediate need to re-institute the rule of law in Iraq, using ex-Ba'ath personnel (“accompanied by a well-publicised and effective screening process that will remove

¹²⁸ [Minute PS/CDI to APS2/SoS \[MOD\], 11 April 2003, ‘Iraq Red Team – the Future Governance of Iraq’ attaching Paper DIS Red Team, \[undated\], ‘Iraq Red Team: the Future Governance of Iraq’.](#)

the worst offenders”) and the existing Iraqi legal code, stripped of the more repressive elements introduced by Saddam Hussein’s regime.¹²⁹ The Red Team judged that:

“If the IIA can provide a secure environment (including the rule of law), resolve short-term economic problems and address immediate humanitarian needs, future Iraqi-led government structures and a process of justice and reconciliation will emerge naturally, given time.”

Decisions to increase UK support for ORHA

216. On 9 April, in his budget statement to the House of Commons, Mr Gordon Brown, the Chancellor of the Exchequer, announced that he had set aside “an additional US\$100m” to “back up the UN and the work of reconstruction and development” (see Section 13.1).¹³⁰

217. On 15 April, Mr Boateng advised Ms Short how those funds could be drawn down.¹³¹ He understood that DFID did not need access to additional funds immediately, given that humanitarian and reconstruction work was at a very early stage, and that DFID had £95m of uncommitted resources, but he fully expected DFID to bid for additional funding for Iraq “in the next few months”. Before DFID drew on the new allocation, Ms Short should write to him, setting out her proposals for how the additional money would be spent.

218. Mr Straw chaired the first meeting of the AHMGIR on 10 April.¹³² Mr Straw told the meeting:

“The prospects for further UN Security Council resolutions were uncertain and negotiations were very likely to take weeks.”

219. Lord Goldsmith said that he was content for ORHA to undertake humanitarian, security and public order duties and to restore civilian administration but “it must be careful not to impose reform and restructuring without further legal authority”. US and UK lawyers would try to agree a Memorandum of Understanding to define how the UK would be consulted.

220. Summing up the discussion, Mr Straw described the meeting’s agreement that “the UK should retain a right of veto in extremis” on ORHA activities. UK support should increase and be formalised through:

- confirmation of Maj Gen Cross’s position as one of Lt Gen Garner’s deputies;
- an increase in the number of UK secondees;

¹²⁹ [Minute PS/CDI to APS2/SoS \[MOD\], 18 April 2003, ‘Iraq Red Team – The Strands of the Rope’ attaching Paper DIS Red Team, \[undated\], ‘Iraq Red Team: The Strands of the Rope’.](#)

¹³⁰ House of Commons, *Official Report*, 9 April 2003, column 271.

¹³¹ Letter Boateng to Short, 15 April 2003, ‘Budget announcement on Iraq’.

¹³² Minutes, 10 April 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

- provision of a UK spokesman; and
- UK leadership of an ORHA group on “security sector management and planning for security sector reform”.

Mr Straw would write to Mr Blair on that point.

221. On 13 April, before Mr Straw had written, Mr Blair told his No.10 team that the UK “should put as many UK people in [ORHA] as possible to help”.¹³³

222. Mr Straw visited ORHA in Kuwait on 14 April. During his visit, Maj Gen Cross presented him with a “‘Must – Should – Could’ paper”, listing ORHA posts which the UK should consider filling if it were going “to play a full part in the post-war business, and if we wanted to ensure influence with the US”.¹³⁴

223. Mr Moazzam Malik, Head of DFID’s Iraq Humanitarian Response and Co-ordination Team, called Ms Short’s Private Office from Kuwait on 15 April.¹³⁵ Mr Malik reported:

“... ORHA is incredibly awful – badly conceived; badly managed; US driven; failing; and incapable of delivering to our timeframes. There may be things we could do to support it, but it would be a political judgement (and a big political risk).”

224. Mr Malik also reported that he was:

“... very, very impressed with the UK military. They are doing an extremely good job ... using the sort of language you would expect DFID people to use ...”

225. Mr Straw wrote to Mr Blair on 15 April, following his return from Kuwait, recommending that the UK should significantly increase its political and practical support to ORHA, including by seconding significant numbers of staff into priority areas.¹³⁶ In return, the UK wanted the US to commit to transparency and joint decision-making (see Section 9.1).

226. Mr Straw stated that the US’s intention was:

“... that ORHA will oversee the Phase IV humanitarian and reconstruction effort and restore normal functioning of Iraqi ministries and provinces, with the aim of phased restoration of full control of government to the Iraqis themselves. In doing so, the US intends that it will work as far as possible with and through existing ministries in Baghdad. A team within ORHA will work on constitutional issues including setting up the Iraqi Interim Authority (IIA). The US also envisage the establishment of ORHA ‘regional offices’ in the provinces.”

¹³³ [Note Blair to Powell, 13 April 2003, ‘Note’.](#)

¹³⁴ Statement Cross, 2009, pages 18 and 19.

¹³⁵ Minute Bewes to Secretary of State [DFID], 15 April 2003, [untitled].

¹³⁶ [Letter Straw to Prime Minister, 15 April 2003, ‘Iraq: Office for Reconstruction and Humanitarian Assistance \(ORHA\)’.](#)

227. Mr Straw reported that the UK’s approach to ORHA had been “cautious”. The UK would have preferred an organisation less closely tied to the Pentagon and less subject to US inter-agency politics. There were also significant legal questions. Against that background, the UK had seconded 12 military and civilian officers to ORHA in Kuwait and the Pentagon. Their role was to influence ORHA’s thinking on key Phase IV issues and to ensure that information flowed from theatre to the UK Government, including on commercial opportunities.

228. Mr Straw continued:

“... whatever its shortcomings, ORHA will be the essential element in the ability of the Coalition to carry its military successes into the post-conflict phase. The legal constraints are unlikely to be a problem in the first stage of ORHA’s work, which will be focused on immediate humanitarian and reconstruction needs, including the restoration of a functioning civil administration ...

“I therefore recommend a step change in the resources and personnel we offer ... We are working urgently to establish where we can best make a contribution and how this will be funded.

“We now need an immediate effort across Government and with the private sector to get UK experts into key Iraqi ministries quickly. Patricia [Hewitt] is particularly keen that we should appoint people to the economic ministries ...”

229. Sir David Manning commented to Mr Blair:

“J[ack] S[traw] rightly calling for a step change in our contribution to ORHA. But legal constraints/possible veto power may be problematic.”¹³⁷

230. Mr Straw described his visit to ORHA in Kuwait in his memoir:

“I could not believe the shambles before my eyes. There were around forty people in the room, who, somehow or other, were going to be the nucleus of the government of this large, disputatious and traumatised nation.”¹³⁸

231. Maj Gen Cross sent his “Must – Should – Could” paper to the MOD and the IPU on 15 April.¹³⁹

232. The “musts” included:

- a secondee to ORHA’s Leadership Group;
- three secondees to ORHA’s public affairs and media office;

¹³⁷ Manuscript comment Manning to Prime Minister, 16 April 2003, on Letter Straw to Prime Minister, 15 April 2003, ‘Iraq: Office for Reconstruction and Humanitarian Assistance (ORHA)’.

¹³⁸ Straw J. *Last Man Standing: Memoirs of a Political Survivor*, MacMillan, 2012.

¹³⁹ Minute Cross to MOD (MA/DCDS(C)), 15 April 2003, ‘ORHA posts UK manning: must/should/could’.

- three or four advisers to support Iraqi ministries involved in SSR (Defence, Interior and Justice); the UK had been asked to lead ORHA's "Internal Security" cross-cutting group; and
- UK secondees to strengthen each of the three (or possibly four) ORHA regional teams to ensure the UK remained "fully 'joined-up'" with all parts of ORHA.

233. The "shoulds" included a UK civilian to lead the ORHA regional office covering central Iraq, and advisers in the oil and finance sectors.

234. Maj Gen Cross advised that, if all the recommendations were accepted, the number of UK staff would rise from 19 to "about 100" within an ORHA total of 1,500 (including force protection and support staff).

235. On 15 April, the IPU informed Sir Michael Jay that the Cabinet Office was "clear" that the FCO should continue to lead on deployments to ORHA.¹⁴⁰ The IPU had requested extra staff to cover the "major surge of work" in managing the secondment of UK officials to ORHA, and was trying to identify funding. It estimated that the first UK secondees would be required by early May.

236. Section 15 addresses the recruitment of additional UK secondees to ORHA. It shows that there were no contingency preparations for the deployment of more than a handful of UK civilians to Iraq and that the UK's response was hampered by the absence of cross-Whitehall co-ordinating machinery and a lack of information about what ORHA needed.

237. On 16 April, at the request of the FCO, the JIC produced an Assessment, 'The initial landscape post-Saddam'.¹⁴¹ The JIC stated:

"The situation in Iraq is complex, fast-moving and confused ...

"There has been jubilation at the fall of Saddam Hussein's regime. But we judge that this is likely to dissipate quickly. Most of the Iraqi population is ambivalent about the role of the Coalition and uncertain about the future. Initial reporting shows that concerns arise quickly about the breakdown of law and order and the need for food and water. Some pre-war reports suggested that the Iraqi population has high, perhaps exaggerated, hopes that the Coalition will rapidly improve their lives by improving their access to clean drinking water, electricity and sanitation. However, even without any war damage, there are severe shortfalls in the infrastructure of these sectors, and in healthcare. Looting has made matters worse ...

"There is no sign yet of widespread popular support for opposition to the Coalition. We judge that, at least in the short term, the details of the post-Saddam political process will be less important for many Iraqis than a restoration of internal security

¹⁴⁰ Minute Chatterton Dickson to PS/PUS [FCO], 15 April 2003, 'Iraq: ORHA: PUS's meeting with Permanent Secretaries, 16 April'.

¹⁴¹ [JIC Assessment, 16 April 2003, 'Iraq: the initial landscape post-Saddam'](#).

and the start of reconstruction. But the Iraqi population will blame the Coalition if progress is slow.”

238. Also on 16 April, General Tommy Franks, Commander in Chief US Central Command (CENTCOM), issued his “Freedom Message to the Iraqi People”, which described the role of the Coalition Provisional Authority (CPA).¹⁴² Section 9.1 describes how the creation of the CPA signalled a major change in the US approach to Iraq, from a short military Occupation to an extended civil administration, and concludes that the UK was slow to recognise that change.

239. The question of whether the UK should take on general responsibility for a geographical area of Iraq in the post-conflict period had been put to Mr Blair’s meeting on post-conflict issues on 6 March 2003 (see Section 6.5).¹⁴³ No decision had been taken.

240. On 16 April, the AHMGIR, chaired in Mr Straw’s absence by Mr Hoon, commissioned advice on whether the UK should lead one of ORHA’s regional offices.¹⁴⁴

241. In response, later that day, Mr Drummond sent Sir David Manning an IPU paper recommending that the UK defer making a commitment to lead an ORHA regional office until a scoping study had been carried out to determine the practical implications of such a decision, including the costs.¹⁴⁵ The IPU paper was also sent to Mr Straw’s Private Office.

242. The IPU paper reported that the US had not yet decided on the number of ORHA regional offices. One possibility was a four region structure consisting of Baghdad, northern and eastern border provinces, central Iraq and southern Iraq.

243. The IPU stated that the UK remained concerned that US policy in Iraq would not be consistent with the UK’s understanding of the rights and responsibilities of an Occupying Power. If a UK-led ORHA region included within it areas occupied by US forces, the UK would have legal responsibility for their actions but no practical way to control them.

244. The IPU advised that the UK therefore needed to decide whether in principle it wanted to lead a regional office covering a region coterminous with that in which 1 (UK) Div was responsible for maintaining security. If Ministers wanted to pursue that option, a number of fundamental questions needed urgent answers, including how the UK-led regional office would relate to UK forces.

¹⁴² Statement Franks, 16 April 2003, ‘Freedom Message to the Iraqi People’.

¹⁴³ [Letter Cannon to Owen, 7 March 2003, ‘Iraq: Post-Conflict Issues’.](#)

¹⁴⁴ Minutes, 16 April 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

¹⁴⁵ [Minute Drummond to Manning, 16 April 2003, ‘Iraq: Support for ORHA Regional Office’ attaching Paper IPU, 16 April 2003, ‘Iraq: ORHA Regional Offices’.](#)

245. The paper set out arguments for and against taking on an ORHA regional office. The arguments in favour included:

- the opportunity to influence ORHA at the operational as well as policy level; and
- the possibility of promoting an “exemplary” approach to the relationship between the civil and military arms of the Coalition if the ORHA region matched the UK AOR.

246. The arguments against were:

- the reputational risks associated with creating a region where the UK had a high profile (“If the Coalition Provisional Authority ran into difficulty ... this would impact on the UK’s standing in Iraq to a greater degree than if we remained a (junior) partner in ORHA without a clear regional responsibility”);
- limited resources; and
- if ORHA/the US failed to provide resources for activities in the UK-led region, the UK could be faced with the choice of finding resources itself or “being seen to fail in the eyes of the local population and more widely”.

247. Sir David advised Mr Blair:

“I think you will have to give firm direction. My own view is that we should accept the risks and lead a regional office to cover area for which we have military responsibility.”¹⁴⁶

248. Mr Blair chaired the Ad Hoc Meeting on Iraq on 17 April.¹⁴⁷

249. Ms Short expressed reservations about suggestions that DFID should fund the extra staff for ORHA.

250. Mr Blair concluded that ORHA:

“... was important in getting Iraq back on its feet. We should have influence inside it. He was sympathetic to the British taking a regional lead in the Office, and wanted the scoping study completed quickly so that final decisions could be made on our participation. On the proposal for an additional contribution to the Office [ORHA], work should proceed quickly to identify posts and potential candidates. The issue of funding should be addressed ... before Ministers met on 24 April. There should be no bureaucratic hold up in sorting out this priority.”

251. Mr Rycroft wrote to Mr McDonald later that day, confirming that it was Mr Blair’s view that the UK should increase support for ORHA and that it should take on

¹⁴⁶ Manuscript comment Manning to Prime Minister on Letter Drummond to Manning, 16 April 2003, ‘Iraq: Support for ORHA Regional Office’, attaching Paper IPU, 16 April 2003, ‘Iraq: ORHA Regional Offices’.

¹⁴⁷ Minutes, 17 April 2003, ‘Ad Hoc Meeting on Iraq’.

responsibility for an ORHA regional office “unless the scoping study concludes that this is impossible”.¹⁴⁸

252. Mr Rycroft also recorded Mr Blair’s view that:

“As a general rule, our role in humanitarian aid and in the reconstruction of Iraq should be commensurate with our contribution to the military phase.”

253. Mr Rycroft advised that Mr Blair believed that the US\$100m made available to DFID in the 9 April Budget statement should be used to support ORHA, including funding secondees to ORHA from other UK Government departments.

254. Ms Short told DFID officials that she had outlined the conclusions of Mr Malik’s report at the Ad Hoc Meeting on Iraq.¹⁴⁹ DFID would not be able to pay for ORHA’s inefficiency. Putting in large numbers of people might make the situation even worse.

255. Lt Gen Garner, accompanied by Maj Gen Cross and other ORHA staff, left Kuwait to fly into Baghdad on 21 April.¹⁵⁰

256. In response to the decision at the Ad Hoc Meeting on Iraq on 17 April to increase and formalise UK support for ORHA, Sir Michael Jay wrote to Sir Andrew Turnbull on 22 April, inviting all Permanent Secretaries urgently to set in hand arrangements to identify volunteers for secondment to ORHA.¹⁵¹

257. Sir Michael attached an IPU list of initial priority areas for UK support to ORHA’s work on strengthening Iraqi ministries, “based on advice from UK secondees in ORHA”. Priority areas included:

- priority one (“must fill”): defence, SSR and intelligence; interior, policing, justice and prisons; the Oil Ministry; all ministries relevant to infrastructure; central banking;
- priority two (“should fill”): finance, foreign affairs, customs and health; and
- priority three (“could fill”): education, culture, local government; and labour and social affairs.

258. In his letter, Sir Michael described in broad terms the personal qualities and skills volunteers should possess:

“The key to a successful secondment will be enthusiasm, personal impact, resilience, flexibility and the ability to take a wide top-down view of policy and

¹⁴⁸ [Letter Rycroft to McDonald, 17 April 2003, ‘Iraq: ORHA’.](#)

¹⁴⁹ Minute PPS [DFID] to Miller, 17 April 2003, ‘Iraq Cabinet Readout: 17 April’.

¹⁵⁰ Bowen SW Jr. *Hard Lessons: The Iraq Reconstruction Experience*. U.S. Government Printing Office, 2009; Statement Cross, 2009, page 20.

¹⁵¹ [Letter Jay to Turnbull, 22 April 2003, ‘Iraq: UK Support for the Office for Reconstruction and Humanitarian Assistance \(ORHA\)’ attaching Paper IPU, April 2003, ‘Provisional Estimate of Priority Areas for UK Engagement in ORHA Assistance to Iraqi Ministries’.](#)

priorities. The ability to deploy quickly is also essential: ideally, we want the first volunteers to reach Baghdad on around 5 May, to allow them to shape ORHA's work and approach from the start ...

"In all cases, enthusiasm and personal qualities are likely to be just as important as specific expertise."

259. The IPU list attached to Sir Michael's letter drew heavily on Maj Gen Cross' earlier "must/should/could" list, but incorporated a number of changes including:

- upgrading the Oil Ministry to "must fill", citing UK commercial interests and the presence of major Iraqi oil installations in the UK's AOR; and
- upgrading infrastructure ministries to "must fill", citing the "important commercial dimension".

260. The IPU list only considered ORHA's work to strengthen Iraqi ministries. It did not identify staffing requirements for ORHA's regional offices or for ORHA's senior management team. Maj Gen Cross had listed UK support for ORHA regional offices as "must fill", the provision of a UK civilian to lead an ORHA regional office as a "should fill", and had identified a senior individual to join Garner's senior management team as a "must fill".

261. On the same day as Sir Michael Jay's request for volunteers, Ms Short's Private Office sent Mr Malik's report on his visit to ORHA in Kuwait to No.10, the Cabinet Secretary, the Cabinet Office, the FCO, the MOD, the Treasury, DFID, the DTI and the Attorney General's Office.¹⁵²

262. Mr Malik's report stated that ORHA was "simply not prepared" to meet the immediate recovery needs in Iraq; those would need to be addressed by the military and, security permitting, by UN agencies and NGOs.

263. Mr Malik assessed that ORHA was more focused on longer-term reconstruction and reform. A number of large USAID contracts had been let, and there was "some good thinking" in a number of reform areas, but it remained to be seen whether ORHA's plans and contracts were flexible enough to respond to conditions on the ground. ORHA's teams and pillars were not well co-ordinated and there was "little sense of a unifying strategy".

264. ORHA's plans for reconstruction and civil administration were broad and not obviously limited to those of an Occupying Power; UK collaboration would therefore require further legal advice.

¹⁵² [Letter DFID \[junior official\] to Rycroft, 22 April 2003, 'Iraq: Engagement with ORHA' attaching Paper DFID Humanitarian Response and Coordination Team, 22 April 2003, 'Iraq: ORHA – Visit Report'.](#)

265. The ORHA(South) team had, to date, proved largely ineffective. UK forces had now begun to plan on the basis that they would get little practical support from ORHA in the immediate recovery phase.

266. The covering letter from Ms Short's Private Office stated:

"The visit report ... has clear implications for the planned Ministerial discussion [at the Ad Hoc Ministerial Group on Iraq Rehabilitation on 25 April] regarding UK secondments to ORHA. Given the competing claims on scarce resources to support Iraq, Ministers will wish to prioritise any staff deployments carefully. Ministers and Accounting Officers will also wish to satisfy themselves that any UK secondments to ORHA meet the usual standards of effectiveness and cost efficiency."

267. Sir David Manning commented: "Very unhelpful. More than a whiff of 'not invented here' so won't support/try to improve."¹⁵³

268. An annex to Mr Malik's report, marked "Not for circulation outside DFID" and not sent to No.10 or other departments, added:

"Overall, engagement with ORHA is very high risk. Across the board, staffing is thin, management is weak, officials are frustrated, there is poor strategy/planning, weak internal communications and decision making. Equally, it could be argued that engagement would help address these weaknesses.

"Poorly worked out plans could do damage on the ground. Equally, there are areas in which good teams have been assembled and good planning is underway. In these areas, ORHA will set the agenda or reform for some years to come.

"The key judgement is whether UK policy makers can influence an ORHA that is and will remain dominated by US DoD."¹⁵⁴

269. The annex identified three options for DFID:

- No engagement. This would marginalise DFID within the UK Government and in ORHA. It would, however, "safeguard" DFID and leave it free to engage with the UN, IFIs and NGOs and pursue a "more normal DFID country operation".
- Full engagement "as proposed by the Foreign Secretary and General Tim Cross".
- Limited engagement in carefully chosen areas, in an "eyes and ears" role as directed by Ms Short. That would comprise three or four DFID secondees.

¹⁵³ Manuscript comment Manning on Letter DFID [junior official] to Rycroft, 22 April 2003, 'Iraq: Engagement with ORHA'.

¹⁵⁴ Paper DFID, [undated], 'Iraq: ORHA Visit Report – Annex'.

270. Ms Short chaired a meeting with Ms Sally Keeble, DFID Parliamentary Under Secretary of State, and DFID officials on 23 April, to discuss DFID planning and support for ORHA.¹⁵⁵

271. Ms Short agreed a suggestion from Mr Chakrabarti that other departments should be given access to the £60m announced by Mr Brown in his 9 April budget statement to pay for their secondments to ORHA. That would mean that they, rather than DFID, would have to pass the Treasury's tests on value for money and effectiveness.

272. A DFID official suggested that DFID needed to develop a "game plan for the coming weeks and months", to help DFID's planning, enable it to influence the wider international system and to help agree roles and responsibilities within the UK government. Ms Keeble agreed that such a plan could be useful, but stated that DFID "would need to be very clear that all parts of such a plan which related to DFID were owned and managed by us, and not by No.10 or a Cabinet Office structure we could not trust". Ms Short agreed, noting that aiming for a cross-Whitehall plan risked producing an end result that did not tally with DFID's view on its own or others' roles.

273. Ms Short stated that DFID "should not start from a presupposition that we would work with ORHA, but begin by looking at the tasks which needed to be achieved, and within that framework whether it made sense to engage with ORHA". The first priority was to establish law and order, which was a task for the military, not ORHA. Second was immediate assistance, a task for the ICRC rather than ORHA. The third priority, paying wages, was a task for ORHA and the UK needed to understand their plans, but key recovery issues, including financing needs, would emerge from the IFI needs assessment.

274. Ms Short concluded that DFID needed "one or two people" within ORHA to act as DFID's "eyes and ears". DFID "should not bow to external pressure to put people into ORHA for the sake of it", but test each proposal individually.

275. On 24 April, Admiral Sir Michael Boyce, Chief of the Defence Staff (CDS), advised the AHMGIR that the US planned to divide Iraq into five sectors.¹⁵⁶ The UK military would lead one sector, comprising four provinces in south-eastern Iraq. That was "manageable ... provided that other countries offered troops to work with us" and the UK could take on a fifth province "if others contributed the necessary forces for it". The southern region of ORHA would follow the boundaries of the UK's sector.

276. Ministers agreed that "the size of the UK military sector will depend on the permissiveness of the environment and the extent of other nations' contributions, but the current assumption was that it would comprise four, or possibly five provinces in the South". The MOD was instructed to report progress at the next meeting.

¹⁵⁵ Minute Bewes to Miller, 24 April 2003, 'Iraq: 23 April'.

¹⁵⁶ Minutes, 24 April 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

277. Ministers also agreed that departments should continue to recruit additional secondees to ORHA, “with a view to a significant increase by 5 May”, and that the UK should offer to play “a leading role in ORHA south-eastern regional HQ, provided that ORHA leaders confirm that it would be coterminous with the emerging UK-led security sector and that we will not pay programme costs”.

278. Mr Chilcott led the inter-departmental scoping visit to ORHA from 27 to 28 April.¹⁵⁷

279. Mr Chilcott reported to Mr Edward Chaplin, FCO Director Middle East and North Africa, that Maj Gen Cross was “a star act” but was “frustrated and angry at Whitehall’s slowness to support him”, particularly DFID and the MOD. Mr Chilcott hoped that the progress now being made would show Maj Gen Cross that “Ministers’ enthusiasm for ORHA is finally being translated into extra staff”.

280. Mr Chilcott also reported that security and communications were the biggest problems facing ORHA staff.

281. The FCO has not been able to provide the Inquiry with a copy of Mr Chilcott’s report on the case for reinforcing ORHA(South).

282. The impact of deteriorating security on the deployment of civilian personnel to Iraq is addressed in Section 15.1.

283. A Cabinet Office report to Ministers on 1 May 2003 stated that “the UK recce team” had confirmed the feasibility of “a leading UK regional role in the south east” and would be recommending a “substantial UK presence”.¹⁵⁸

284. In his statement to the Inquiry, Maj Gen Cross described both his time with ORHA in Kuwait and his initial experience in Baghdad:

“Garner had made it clear that he wanted me to be his ‘Coalition’ Deputy, notwithstanding the fact that the UK had still not confirmed publicly that we had anyone in his team. I was still a LO [liaison officer] with a very small team, and I was not receiving any clear direction from Whitehall, other than not to commit the UK to anything!

...

“My UK team was strengthened a little, including a very useful media team provided by Alistair Campbell, effectively from within No 10. But my attempts to get significant numbers of additional UK personnel were frustratingly slow ...

...

¹⁵⁷ Minute Chilcott to Chaplin, 30 April 2003, ‘Visit to Iraq’.

¹⁵⁸ Letter Drummond to Owen, 1 May 2003, ‘Iraq: Report to Ministers’ attaching Paper Cabinet Office, 1 May 2003, ‘Iraq: Update for Ministers’.

“We established good links into the UK Division. Garner wanted to establish an ORHA office/footprint in or around Basra as soon as events allowed, and he wanted it to be UK led – initially by me. Whitehall seemed to refuse to countenance the idea; it was never explained to me why this was so, but I sensed a fear that this would lead to [the] UK having to bear the brunt of reconstruction costs in the South/South West area. I was given fairly clear direction not to agree to this – just about the only clear direction I received on any issue!”¹⁵⁹

285. Maj Gen Cross told the Inquiry that, once in Baghdad, Lt Gen Garner’s authority became “brutally exposed”:

“The [ORHA] ministry teams fanned out and each reported back, initially quite positively. Most found Iraqis prepared to work with us, buildings standing and files etc available – many having been secured at the homes of various officials. But as the security situation began to deteriorate the US military commanders refused to provide sufficient escort vehicles, and then stopped anyone moving around without an escort. Meetings were disrupted and, most crucially, the Ministry buildings began to be targeted and burnt and looted – Garner repeatedly asked for crucial key points to be guarded but his pleas met with little response. Linked to this the contractual support from the USAID reconstruction effort failed to materialise. There were few resources to work with, and a vacuum of inactivity was created.

“... Garner realised that we couldn’t possibly run the country – we had nowhere near enough people to do that – so we had to enable them [the Iraqi people] to do it themselves. But his efforts were undermined and he got little support from Washington. I received no direction from the UK on our policy on this.”¹⁶⁰

286. Maj Gen Cross also told the Inquiry that, as security in Baghdad worsened, he secured equipment, vehicles and personal protection through personal contacts in the UK Armed Forces.¹⁶¹ He received little support from the UK Government:

“To be fair communications were difficult, but I was given little support – still no idea what our UK strategic intent was, no response to my ‘Must-Should-Could’ paper. If it had not been for my personal contacts within the UK military I would have had virtually no support ... my impression was that Whitehall was uncertain of where to go from here, and I sensed that the FCO felt it better not to be implicated too much in what was happening – rather let the MOD get it wrong!!”

287. At their 24 April meeting, the AHMGIR considered an IPU/FCO paper entitled ‘Oil/Energy Policy for Iraq’.¹⁶² The paper described itself as a “stock-take” which built on previous work by the IPU.¹⁶³

¹⁵⁹ Statement, 2009, pages 17-19.

¹⁶⁰ Statement, 2009, page 22.

¹⁶¹ Statement, 2009, pages 22-23.

¹⁶² Minutes, 24 April 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

¹⁶³ [Paper IPU, 22 April 2003, ‘Oil/Energy Policy for Iraq’.](#)

288. The paper stated that Iraq's oil fields had been undamaged by the fighting, although a few wells had been sabotaged. Those fires were now all extinguished. There had been some looting and damage to pipelines and oil refineries.

289. There was a growing shortage of gas (for power stations), fuel and cooking gas, particularly in the South.

290. The paper stated that, within the Security Council, oil remained a contentious issue. Council members had different motivations. The UK and US were keen to get Iraqi oil flowing again as soon as possible "to meet humanitarian/reconstruction needs". France and Russia wanted to protect the interests of their companies that had existing contracts under the OFF programme.

291. The UK was proposing a three-phase approach to dealing with Iraqi oil and the OFF programme:

- To extend resolution 1472 to 3 June (the end of the current OFF programme phase), and possibly extend the OFF programme itself beyond 3 June. If the OFF programme continued "for any length of time", the UN Secretary-General would need enhanced powers to sell Iraqi oil and buy the full range of humanitarian supplies.
- To pass control of Iraqi oil and gas revenues to a "credible interim administration" once one had been established, subject to certain checks to protect against mismanagement or "unfairness".
- To hand over full control over oil and oil revenues to a democratically elected Iraqi Government.

292. The UK and the US agreed that all strategic decisions on the development of the oil industry should be left to a "representative Iraqi government" and that, in the meantime, all oil business should be handled in as transparent a manner as possible.

293. Introducing the paper at the AHMGIR meeting, an FCO official said that Iraq's oil infrastructure was in a better state than had been feared when the conflict began.¹⁶⁴

294. Ms Patricia Hewitt, the Trade and Industry Secretary, said that UK companies wanted a future Iraqi Government to establish a "level playing field" for oil industry contracts.

295. The AHMGIR agreed that the UK should:

- encourage Iraqi oil exports to recommence as soon as possible, but only after an appropriate resolution had been adopted;
- offer UK oil expertise to ORHA and in the medium term to the IIA; and

¹⁶⁴ Minutes, 24 April 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

- leave future decisions on the shape of the Iraqi oil industry and the management of oil revenues to the new Iraqi Government, while advising on international best practice.

296. UK policy on Iraq's oil and oil revenues is addressed in Section 10.3.

297. On 24 April, Sir Michael Jay recommended to Mr Straw that the Iraq Planning Unit (IPU) should merge with the Iraq Section of the FCO's Middle East Department (MED) and be renamed the Iraq Policy Unit.¹⁶⁵ The mechanisms in place since mid-January¹⁶⁶ had worked well, but were not sustainable indefinitely. There was a need for "a stable structure which will enable us to sustain the considerable effort which will now be needed for quite a while yet".

298. Sir Michael proposed retaining the Iraq Planning Unit's Whitehall-wide character, in particular by recruiting a high proportion of staff on secondment from other departments. He concluded:

"This will be a high priority for the Office [FCO] over the next months at least. We shall find the necessary resources, though this will have to be at the expense of lower priority work elsewhere."

299. Mr Straw approved Sir Michael Jay's recommendation on 28 April.¹⁶⁷

300. At the Ad Hoc Meeting on Iraq on 28 April, Mr Hoon said that "efforts to improve the life of Iraqis in the South were bearing fruit".¹⁶⁸

301. Ms Short described the UK role in Basra as "exemplary, but life was still disrupted". In Baghdad, conditions were more difficult and residual anti-American feeling was evident.

302. In discussion, Ministers noted that ORHA was at an "embryonic" stage and "more urgency" should be given to UK engagement.

303. In late April, tension in Iraq between the UK military and DFID became increasingly apparent.

304. Mr Mike O'Brien, FCO Parliamentary Under Secretary of State, attended the Central Iraq Conference in Baghdad on 28 April (see Section 9.1). In the margins he had separate meetings with Maj Gen Cross and Lt Gen Garner.

¹⁶⁵ [Minute Jay to Secretary of State \[FCO\], 24 April 2003, 'Iraq: Future Handling'](#).

¹⁶⁶ The Iraq Planning Unit was established on 10 February 2003, see Section 6.5.

¹⁶⁷ [Minute McDonald to PS/PUS \[FCO\], 28 April 2003, 'Iraq: Future Handling'](#).

¹⁶⁸ Minutes, 28 March 2003, Ad Hoc Meeting on Iraq.

305. Maj Gen Cross told Mr O'Brien that Lt Gen Garner's plan was to create four ORHA regions, each with their own ORHA office.¹⁶⁹ Denmark was already looking to lead the southern office.

306. Lt Gen Garner asked Mr O'Brien if the UK would:

- consider assuming responsibility for one of the four ORHA regions;
- deploy "expert staff" to help with reconstruction at working level, ORHA already had enough "managers and administrators"; and
- provide up to five UK military officers to act as the senior ORHA officials in a number of Iraq's 18 Provinces.¹⁷⁰

307. On his way to Baghdad, Mr O'Brien met Air Marshal Brian Burrridge, UK National Contingent Commander, in Qatar.¹⁷¹

308. The British Embassy's record of the meeting reported that AM Burrridge had raised concerns about DFID.

309. Mr O'Brien reported those concerns to Mr Straw on 30 April.¹⁷² AM Burrridge had described DFID as "a disgrace, a bloody disgrace". He had been frustrated by DFID's reaction to military action from the outset:

"DFID's officials had attended planning meetings, apparently under instructions not to participate in discussions or make preparations for the humanitarian consequences of military action. As a result, DFID was unprepared when military action finally started. Since then they have been trying to catch up. Sometimes the inadequacy of preparations was hampering rather than helping aid distribution in the southern region. In Burrridge's view DFID needed to get involved – and quickly. The lack of co-operation with ORHA was of concern.

"Reconstruction was the key area where DFID could be involved in a highly visible way. But so far nothing seemed to be happening."

310. Copies of Mr O'Brien's minute were sent to Sir Michael Jay, Mr Ricketts, Mr Chaplin and Sir David Manning.

¹⁶⁹ Telegram 41 FCO London to Doha, 30 April 2003, 'Central Iraq Conference: Mr O'Brien's Discussions with General Tim Cross'.

¹⁷⁰ Telegram 42 FCO London to Doha, 30 April 2003, 'Central Iraq Conference: Mr O'Brien's Discussions with Jay Garner'.

¹⁷¹ Telegram 87 Doha to FCO London, 29 April 2003, 'Baghdad Conference: Mr O'Brien's Call on Air Marshall Burrridge'.

¹⁷² [Minute O'Brien to Foreign Secretary \[Straw\], 30 April 2003, 'Mr O'Brien's Call on Air Marshall Burrridge'](#).

311. In his evidence to the Inquiry, Lord Boyce echoed AM Burridge’s criticism of DFID.¹⁷³ Lord Boyce described DFID as “particularly un-co-operative, particularly as led by Clare Short”. He told the Inquiry:

“... you had people on the ground who were excellent operators for DFID, who were told to sit in a tent and not do anything because that’s the instruction they had received and I actually met them.”

312. Lord Boyce also told the Inquiry that the UK military “had hoped DFID would be showing up in force” to work alongside Major General Robin Brims, General Officer Commanding (GOC) 1 (UK) Div.¹⁷⁴

313. In response to a question about the steps taken by the MOD to ensure that sufficient civilian capacity would be available, Lord Boyce told the Inquiry:

“I don’t know is the short answer ... [T]his is an area ... where there was a breakdown, because ... we didn’t get the introduction of civilian aid in the way that we actually expected it, and General Brims who did have a DFID officer in his headquarters, and to whom I spoke on the ground in Iraq after the invasion or during the invasion, was frustrated by the fact that ... the person was not getting the sort of support from head office that they were expecting and I know that General Brims felt equally frustrated.”¹⁷⁵

314. Gen Brims, who left Basra in May 2003, told the Inquiry that, although the DFID adviser in his headquarters reported back to DFID as Phase IV began:

“I didn’t see a result coming back ... I don’t think during my time in Basra I received any UK finance to help the reconstruction at that stage. I think that the initial finance to help the reconstruction all came from Baghdad, ie it was American or it was Iraqi money from Baghdad coming down, for example, to pay policemen.”¹⁷⁶

315. Gen Brims said that what he “really needed” in his headquarters was a Consul General and “some people with experience of running large cities”.¹⁷⁷

316. Sir Suma Chakrabarti told the Inquiry that there had been “absolutely no instruction ... for anyone to sit in their tents and do nothing”.¹⁷⁸ He had spoken to the DFID advisers concerned, who had said that they had not told anyone that they had been instructed to sit in their tents and do nothing. Sir Suma suggested that Lord Boyce’s criticism related to the poor personal relationship between Lord Boyce and Clare Short.

¹⁷³ Public hearing, 3 December 2009, page 105.

¹⁷⁴ Public hearing, 27 January 2011, page 83.

¹⁷⁵ Public hearing, 27 January 2011, page 84.

¹⁷⁶ Public hearing, 8 December 2009, page 43.

¹⁷⁷ Public hearing, 8 December 2009, pages 35-36.

¹⁷⁸ Public hearing, 8 December 2009, pages 38-41.

317. On the wider question of the level of DFID advice to and support for the military, Sir Suma told the Inquiry that “the military were right to expect more DFID support than they perhaps got in terms of civil military advisers in the field”. Sir Suma suggested that:

“If you open up the operational security barrier on planning earlier, you engage more in joint planning earlier, I think ... the deployments would probably have happened earlier.”

318. On 1 May, Mr O’Brien sent Mr Straw a report of his visit, describing ORHA as “the only game in town”.¹⁷⁹ Mr O’Brien was “convinced that we either need to be fully involved with supporting ORHA, or get the UN into Iraq”. The former would be easier to achieve, and the UK could provide much-needed support.

319. Mr O’Brien highlighted the need to deploy a senior UK official to ORHA immediately to take an active role in policy formation.

320. Mr O’Brien also highlighted the need to strengthen the IPU:

“In tandem we need to ensure that we give the IPU the necessary manpower to be able to service ORHA properly. Too much is falling on Dominick Chilcott’s shoulders. He needs more support. Urgent policy decisions need to be taken at Ministerial level.”

321. In a statement to Parliament on 30 April, Mr Hoon announced that:

“Decisive combat operations in Iraq are now complete, and Coalition Forces are increasingly focusing upon stabilisation tasks. It will therefore be possible to make further force level adjustments over the coming weeks while continuing to meet our responsibilities to the Iraqi people.”¹⁸⁰

322. Mr Hoon concluded:

“While details continue to be clarified, we envisage that by mid-May 25,000-30,000 UK Service personnel will remain deployed in the Gulf region, continuing to fulfil our responsibilities towards the Iraqi people. The planned replacement of forces is clear evidence of our commitment to them.

“Our aim is to leave an Iraq that is confident, secure and fully integrated with the international community. The planning process to establish the precise level of the continuing UK presence needed to achieve this aim is a dynamic one, and is kept under review. We will also need to take account of the contributions of Coalition partners. We will continue to withdraw assets and personnel from the region where possible, but we will maintain an appropriate military presence for as long as necessary.”

¹⁷⁹ Minute O’Brien to Straw, 1 May 1003, ‘Central Iraq Conference: Are We Properly Engaged?’.

¹⁸⁰ House of Commons, *Official Report*, 30 April 2003, column 15-16WS.

323. On 1 May, after consultations between Mr Straw and Mr Per Stig Møller, the Danish Foreign Minister,¹⁸¹ the Danish Government announced the appointment of Mr Ole Olsen, Danish Ambassador to Syria, as Head of ORHA(South) for a term of six months.¹⁸²

324. The Inquiry has seen no record of those consultations. The Cabinet Office update for Ministers on 1 May stated only that the Danes had been told the UK was “happy that their candidate (Ole Olsen) should lead the office”.¹⁸³

325. Overnight on 1/2 May, the UK military’s AO was adjusted to be coterminous with the boundaries of Basra and Maysan Provinces.¹⁸⁴

326. On 2 May, Secretary Rumsfeld and Mr Hoon met at Heathrow, before the Defense Secretary flew back to the US.¹⁸⁵ Mr Hoon stressed the necessity for ORHA to make tangible progress. Secretary Rumsfeld was reported to have:

“... played down expectations somewhat, and cautioned against waiting for a fully formed organisation with a large pot of money. We should keep going pragmatically and keep scratching round for contributions where they were available. This could be done by the UK in their own area. Imposing order within the country would take time; it would take effort to get the ministries up and running and the people back to work.”

327. On 2 May, Mr Straw’s Private Secretary wrote to Mr Rycroft to propose that Mr John Sawers, then British Ambassador to Egypt, should be appointed as the Prime Minister’s Special Representative on Iraq to “take the lead for the UK in guiding the political processes leading to the establishment of an Iraqi Interim Authority”.¹⁸⁶ Mr Sawers’ appointment is addressed in Section 9.1.

Reconstruction strategy and funding

328. On 2 May, Ms Anna Bewes, Ms Short’s Principal Private Secretary, sent Mr Rycroft an “Interim DFID Strategy” for the next three to six months as Iraq transitioned from “relief/recovery to reconstruction”.¹⁸⁷

329. Ms Bewes advised that, while the strategy covered “tasks that principally fall to DFID”, there were “strong inter-linkages” with diplomatic and military activity. She stated

¹⁸¹ Minute Crompton to PS [FCO], 27 June 2003, ‘Iraq: Ambassador Olsen’.

¹⁸² *BBC News*, 1 May 2003, *Dane to run southern Iraq*.

¹⁸³ Letter Drummond to Owen, 1 May 2003, ‘Iraq: Report to Ministers’ attaching Paper Cabinet Office, 1 May 2003, ‘Iraq: Update for Ministers’.

¹⁸⁴ Report Burridge to CJO, 8 May 2003, ‘NCC Op TELIC Hauldown Report’.

¹⁸⁵ Minute Williams to Policy Director [MOD], [undated], ‘Visit of the US Secretary of Defense – 2 May 2003’.

¹⁸⁶ Letter Owen to Rycroft, 2 May 2003, ‘Iraq: Appointment of a Special Representative’.

¹⁸⁷ [Letter Bewes to Rycroft, 2 May 2003, ‘Iraq Rehabilitation’ attaching Paper DFID, \[undated\], ‘Iraq: Interim DFID Strategy’.](#)

that the Interim Strategy drew on the conclusions of the AHMGIR and discussions with other departments and development agencies.

330. The Interim Strategy stated that the pledge made to the Iraqi people in the ‘Vision for Iraq and the Iraqi People’ issued at the Azores Summit would:

“... require a full, democratically elected government with control over a unified and transparent budget, free from sanctions and integrated into the international economy, pursuing a programme of sustainable economic growth and poverty reduction.”

DFID’s aim was:

“... to help Iraq reach its development potential, to secure a stable future where the needs of the whole population are met equitably and sustainably.”

331. The Interim Strategy stated that, while the expected humanitarian crisis had not materialised, four “immediate recovery tasks” needed to be addressed in the next three months:

- getting public services running again, including by paying salaries;
- re-establishing law and order, with Coalition support and using Iraqi civilian police where available;
- meeting the needs of the vulnerable by maintaining the OFF food distribution system beyond 3 June (with or without the OFF programme itself); and
- restoring public infrastructure, including power and water supplies and sanitation and sewerage systems.

332. Drawing on DFID’s experience in other post-conflict and transition countries, and given Iraq’s characteristics as an oil-rich economy with a well-educated population, DFID would consider support (but did not anticipate playing the leading role) in four areas:

- economic management;
- SSR;
- public administration reform; and
- the political transition process.

333. DFID would also help to ensure effective co-ordination of international development assistance, including between ORHA, the IMF, the World Bank and the UN.

334. During the six-month transitional period, DFID would need to establish a small, temporary presence in Basra and a presence in Baghdad. Its presence thereafter would be determined by “emerging needs” and the UK’s relationship with the Government of Iraq. Given Iraq’s oil wealth and human capital, DFID’s engagement was likely to be limited to about five years and focused on “strategic technical assistance

inputs”. That longer-term presence would be considered in a strategy review scheduled for October 2003.

335. The Interim Strategy stated that DFID had earmarked £210m for “relief, recovery and reconstruction activities” during 2003/04.¹⁸⁸

336. Drawing on figures provided by DFID, the Inquiry calculates that DFID committed £117.8m to the humanitarian relief effort in the period up to May 2003, of which £89m had been disbursed:

- £78m to UN agencies (£64m disbursed);
- £32m to the ICRC and the Iraqi Red Crescent (£18m disbursed);
- £6.2m to NGOs (£5.4m disbursed); and
- £1.6m for DFID’s bilateral effort (all disbursed).¹⁸⁹

337. Approximately £90m therefore remained available for “recovery and reconstruction” and further contributions to the humanitarian relief effort.

338. The Inquiry has seen no indication of any assessment of whether that budget for recovery and reconstruction was sufficient to achieve the UK’s aspirations and objectives.

339. US funding for reconstruction was of a different magnitude.

340. In April 2003, the US Congress approved US\$2.4bn for the newly created Iraq Relief and Reconstruction Fund (IRRF1), to pay for “humanitarian assistance” and “rehabilitation and reconstruction in Iraq”.¹⁹⁰

341. Over 70 percent of the fund (US\$1.82bn) was allocated to USAID. By early May, USAID had awarded US\$1.5bn in contracts for projects to restore infrastructure and support initiatives for health, education, agriculture and economic reform. The largest contract, worth US\$680m, was secured by Bechtel to restore infrastructure.

Concerns over the scale of the reconstruction challenge and ORHA’s response

342. In early May, the UK Government became increasingly concerned about the scale of the reconstruction challenge and the adequacy of the ORHA response, particularly in the South.

¹⁸⁸ [Letter Bewes to Rycroft, 2 May 2003, ‘Iraq Rehabilitation’ attaching Paper DFID, \[undated\], ‘Iraq: Interim DFID Strategy’.](#)

¹⁸⁹ Letter Amos to Boateng, 10 September 2003, ‘Iraq Reconstruction Funding: Reserve Claim’; Paper DFID, 4 November 2009, ‘Iraq – DFID Timeline and Financial Commitments: 2003-2009’.

¹⁹⁰ Bowen SW Jr. *Hard Lessons: The Iraq Reconstruction Experience*. U.S. Government Printing Office, 2009.

343. Mr Rycroft sent Mr Blair the DFID Interim Strategy, Mr O'Brien's and Mr Chilcott's reports from Iraq, and an IPU update on ORHA on 2 May.¹⁹¹ Mr Rycroft commented:

"... ORHA is not yet up to the job. It has no effective management. There is no clear understanding of who is making policy ... A State Department Ambassador, Bremmer [sic], is due to take over from Jay Garner.

"UK input remains insufficient. But Whitehall has at last got your message that we need to send good people into all bits of ORHA ..."

344. Mr Rycroft identified some immediate points for Mr Blair's attention:

- The FCO was appointing Mr John Sawers to work "in or very closely with" ORHA.
- The UK would seek to persuade the US to keep ORHA for the short term, before handing over to the IIA and a UN-led mission to support the IIA.
- ORHA should "get the Iraqi ministries operating again, and improve their media work so that improvements in infrastructure are visible".
- ORHA should develop a plan for SSR.

345. Mr Blair indicated that he agreed with those points. He commented: "I want to hear from Tim Cross that his concerns are being met next week".¹⁹²

346. Mr Rycroft informed the FCO on 6 May that Mr Blair remained concerned that ORHA lacked proper management, but welcomed the increase in UK support.¹⁹³ Mr Rycroft asked for further advice by 9 May on the UK's contribution to ORHA, ORHA's internal management and priorities, and an assessment of whether Maj Gen Cross's concerns were now being met.

347. Mr Sawers arrived in Baghdad on 7 May.¹⁹⁴

348. The FCO advised No.10 on 9 May that good progress had been made in stepping up UK military and civilian support for ORHA.¹⁹⁵ So far, 34 public sector volunteers had completed pre-deployment training; 11 more would be trained the following week. A first batch of 22 was scheduled to leave for Iraq on 13 May with a similar-sized group to follow a week later. The key to ORHA's success would be achieving results with the Iraqi ministries in Baghdad; support for that work would be the UK's "main effort", although it would also provide 10 secondees to ORHA(South). The FCO reported that officials were in daily contact with Maj Gen Cross, who was content with "the current state of play".

¹⁹¹ [Minute Rycroft to Prime Minister, 2 May 2003, 'Iraq: ORHA'](#).

¹⁹² Manuscript comment Blair on Minute Rycroft to Prime Minister, 2 May 2003, 'Iraq: ORHA'.

¹⁹³ Letter Rycroft to Owen, 6 May 2003, 'Iraq: ORHA'.

¹⁹⁴ [Telegram 2 IraqRep to FCO London, 11 May 2003, 'Personal: Iraq: What's Going Wrong?'](#).

¹⁹⁵ [Letter Owen to Rycroft, 9 May 2003, 'Iraq: ORHA'](#).

349. The FCO also advised that ORHA's top priority was "restore what is left of Iraqi public administration, so that people can return to work and basic services can be delivered once again".

350. Mr Blair and President Bush spoke by telephone on 7 May on a broad range of foreign policy issues.¹⁹⁶ Mr Blair commented that ORHA "must grip the nuts and bolts of reconstruction, not just focus on politics".

351. On 9 May, the IPU informed Mr Straw's Private Office that it was now clear that negotiations between the US and UK for an MOU covering ORHA's operations were unlikely to succeed.¹⁹⁷ The implications for the UK of that situation are addressed in Section 9.1.

352. General Sir Mike Jackson, Chief of the General Staff (CGS), visited Iraq from 7 to 10 May. He reported his concerns about the pace of reconstruction, especially in the South, to General Sir Michael Walker, Adm Boyce's successor as CDS, on 13 May:

"Despite recovering some of the essential public utilities to pre-war standards, it is startlingly apparent that we are not delivering that which was deemed to be promised and is expected ... 1 (UK) Armoured Div have formulated a sound plan involving all the lines of operation and effect that are required to create a viable state. However, they have reached the limit of their technical capabilities and desperately need subject matter experts ... They have had an embedded DFID representative since initial deployment who has made all the right requests for some time, but no action follows ... This situation is compounded by a comprehensive stripping of the public sector infrastructure, an inability to pay public sector employees, a lack of NGO support and planning, and a complete lack of direction and effective action from ORHA."¹⁹⁸

353. Gen Jackson concluded:

"We must release the financial, personnel and infrastructure resources to effect a quicker delivery of reconstruction. If not we will lose the consent we have so successfully achieved."

354. The Inquiry has seen no indication that the report was sent outside the MOD.

355. On 11 May, Mr Sawers reported:

"Four days in Iraq has been enough to identify the main reasons why the reconstruction of Iraq is so slow. The Coalition are widely welcomed, but are gradually losing public support."

¹⁹⁶ Letter Cannon to McDonald, 7 May 2003, 'US Foreign Policy Issues: Prime Minister's Conversation with Bush, 7 May'.

¹⁹⁷ Minute Chatterton Dickson to FCO [junior official], 9 May 2003, 'Iraq: ORHA: MOU'.

¹⁹⁸ [Minute CGS to CDS, 13 May 2003, 'CGS Visit to OP TELIC 7-10 May 2003'](#).

“Garner’s outfit, ORHA, is an unbelievable mess. No leadership, no strategy, no co-ordination, no structure, and inaccessible to ordinary Iraqis ...

“I have not yet been out of the capital, but it is clear that Baghdad is the biggest problem ... Baghdad has the worst security, a poor level of essential services, and no information flow. I will recommend to Bremer a Baghdad First strategy. We can afford some of the regions to languish. But failure in Baghdad would fatally undermine our success in the conflict.”¹⁹⁹

356. Mr Sawers listed the main challenges:

- There would be no progress until security improved.
- There needed to be a clear and credible de-Ba’athification policy. ORHA had made mistakes by appointing “quite senior” Ba’ath Party figures as their main partners in the Trade and Health Ministries, and at Baghdad University.
- With security and credible de-Ba’athification would come the chance for “durable reconstruction”. Bechtel was moving far too slowly. It needed “to swamp Baghdad with engineers and skilled labour”. Quick impact projects were also needed to demonstrate that progress was being made. Those were not a substitute for long-term development, but would meet genuine needs and were a “political requirement”.
- The Coalition needed to do more to get out its messages.
- Money needed to be found to pay public sector workers. US\$740m in seized Iraqi funds that could be used was held up in Washington.

357. Ambassador Paul Bremer arrived in Baghdad on 12 May, to take up post as Head of the Coalition Provisional Authority (CPA).²⁰⁰ Lt Gen Garner was to leave Iraq on 1 June, at which point ORHA would be incorporated into the CPA.²⁰¹

358. The names ‘ORHA’ and ‘CPA’ continued to be used interchangeably in documents seen by the Inquiry for some time after Ambassador Bremer’s appointment.

359. Sir John Sawers told the Inquiry that, although he was “the senior Brit on the ground”, he was not Ambassador Bremer’s deputy nor was he in the line management chain of ORHA or the CPA.²⁰² Rather, he was a representative of the UK Government and so his role was one of “exerting influence rather than exercising power”.

¹⁹⁹ [Telegram 2 IraqRep to FCO London, 11 May 2003, ‘Personal: Iraq: What’s Going Wrong?’.](#)

²⁰⁰ Telegram 5 IraqRep to FCO London, 12 May 2003, ‘Bremer’s First Moves’.

²⁰¹ Telegram 027 Baghdad to London, 1 June 2003, ‘Iraq: Coalition Provisional Authority’.

²⁰² Public hearing, 10 December 2009, pages 56 and 58.

360. On 12 May, Ms Short resigned from the Government. In her letter of resignation to Mr Blair she said that she thought the run-up to the conflict had been mishandled, but had agreed to stay to support the reconstruction effort.²⁰³ However:

“... the assurances you gave me about the need for a UN mandate to establish a legitimate Iraqi government have been breached. The Security Council resolution that you and Jack [Straw] have so secretly negotiated contradicts the assurances I have given in the House of Commons and elsewhere about the legal authority of the Occupying Powers, and the need for a UN-led process to establish a legitimate Iraqi government. This makes my position impossible.”

361. Ms Short was succeeded by Baroness Amos, who had previously been Minister of State for International Development.

362. Mr Hilary Benn was appointed Minister of State.

363. Ms Short’s resignation and the Mr Blair’s response are addressed in more detail in Section 9.1.

364. Baroness Amos attended the 15 May meeting of the AHMGIR.²⁰⁴

365. The Annotated Agenda for the AHMGIR meeting stated that UK forces in southern Iraq generally enjoyed the goodwill of the local population and emerging political leaders, but that a continued permissive environment and, in the medium term, the withdrawal of UK forces “depends in part on the local population receiving real benefits from Coalition occupation”.²⁰⁵ The scale of the reconstruction challenge was “enormous”. Large projects would fall to ORHA and subsequently the Iraqi authorities. But there was a case now for “smaller refurbishment projects”. ORHA had plans for such projects but had been slow to implement them. “In the meantime, given the relatively benign security situation, UK forces have spare capacity to turn to reconstruction efforts.”

366. The Annotated Agenda also stated that, of the £10m allocated to the UK military for quick impact projects (QIPs), only £50,000 had been spent. Of the £30m allocated to the UK military for humanitarian relief operations in the UK’s AO, only £3m had been committed and £1m spent. The remainder could be used for other purposes.

367. In discussion, Mr Boateng agreed that the MOD could spend the balance of the £10m allocated for QIPs, but said that “other funds for reconstruction” had been allocated to DFID.²⁰⁶ The MOD and DFID needed to discuss the issue.

368. Baroness Amos said that ORHA needed some quick wins to establish its reputation. DFID would put ideas to Ministers the following week.

²⁰³ Short C. *An Honourable Deception: New Labour, Iraq and the Misuse of Power*. The Free Press, 2004.

²⁰⁴ Minutes, 15 May 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

²⁰⁵ Annotated Agenda, 15 May, Ad Hoc Group on Iraq Rehabilitation meeting.

²⁰⁶ Minutes, 15 May 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

369. Ministers agreed that DFID should discuss with the MOD, the Permanent Joint Headquarters (PJHQ), 1 (UK) Div, ORHA and the IPU “measures to achieve a step change in rehabilitation in the South”, before discussing funding with the Treasury and presenting a plan to the AHMGIR on 22 May.

370. On 16 May, Ambassador Bremer issued CPA Regulation No.1.²⁰⁷ It stated:

“The CPA shall exercise powers of government temporarily in order to provide for the effective administration of Iraq during the period of transitional administration, to restore conditions of security and stability, to create conditions in which the Iraqi people can freely determine their own political future, including by advancing efforts to restore and establish national and local institutions for representative governance and facilitating economic recovery and sustainable reconstruction and development.”

371. The DFID team in Basra sent DFID a stock-take of the situation in the South on 19 May.²⁰⁸ ORHA(South) was suffering from the lack of policy guidance, support and specialist staffing from ORHA(Baghdad). Danish staff in ORHA(South) had received US\$500,000 from the Danish Government; that appeared to be all of ORHA(South)’s “immediately accessible” funding. ORHA(South) barely had enough staff to cover the most urgent tasks, such as the payment of salaries; more support was required. There was a risk that neglect by ORHA(South) in these initial months would allow “alternative structures” to emerge.

372. The DFID team also reported that “many military units” had said that they did not have the capacity to implement QIPs to the extent that they would like. 1 (UK) Div was aware of the “disconnect” between their capacity and the need to implement £29m worth of QIPs. The DFID team recommended that military capacity should be augmented.

373. Sir David Manning visited Baghdad and Basra for the first time from 20 to 21 May. In his report to Mr Blair, he echoed Mr Sawers’ assessment that Baghdad was key, observing that Basra was “way ahead” of Baghdad. Joining the growing chorus of critics of ORHA, Sir David described it as a “shambles”.²⁰⁹

374. Sir David described Ambassador Bremer as “impressive”. One way of helping him would be to get DFID:

“... properly and energetically engaged. (There is a residue of bitterness about their lack of involvement: they have committed few people and have apparently just completed their third independent reconnaissance about security for staff before deploying more people). Valerie [Amos] will make things change. I hope she will get experts to ORHA very fast.”

²⁰⁷ Coalition Provisional Authority, Regulation Number 1, 16 May 2003, *The Coalition Provisional Authority*.

²⁰⁸ [Minute DFID \[junior officials\] to DFID \[junior official\], 19 May 2003, ‘DFID Basrah: Issues Paper’.](#)

²⁰⁹ [Letter Manning to Prime Minister, 22 May 2003, ‘Iraq: Visit to Baghdad and Basra’.](#)

375. Mr Blair replied: “Send a note from me to Val[erie] asking for this.”²¹⁰

376. The Annotated Agenda for the 22 May meeting of the AHMGIR stated that the arrival of Ambassador Bremer, who was “working closely” with Mr Sawers, had made a significant impact on ORHA’s efficiency, but not yet its performance on the ground.²¹¹ Officials were close to agreeing with Mr Andy Bearpark, UN Deputy Special Representative in Kosovo, that he should succeed Maj Gen Cross, who was due to leave ORHA in June. Mr Bearpark needed to be given the right job to “maximise UK influence in ORHA”.

377. The Annotated Agenda also stated that 24 UK secondees had arrived in Iraq on 16 May, making a total of 61 UK secondees to ORHA. 11 of those were based in the ORHA(South) office in Basra.

378. Ministers agreed that Maj Gen Cross should be replaced by “a senior UK civilian experienced in humanitarian and reconstruction work, placed in a senior position”.²¹²

379. Mr Bearpark was subsequently appointed CPA Director of Operations and Infrastructure. He arrived in Baghdad on 16 June.

380. Section 9.2 describes how, although UK officials in Whitehall regarded Mr Bearpark as the UK’s senior representative in the CPA, Mr Bearpark saw his primary loyalty as lying with the CPA and Ambassador Bremer.

381. The 22 May meeting of the AHMGIR also considered a joint DFID/MOD paper on achieving a “step change” in reconstruction in the South, requested by the AHMGIR the previous week.²¹³

382. The paper, entitled ‘Iraq: Rehabilitation in ORHA Region Lower South’, defined the UK’s role in the South:

“The ORHA Lower South sector will be closely associated with the UK. Although the ORHA regional office is headed by a Dane ... the presence of a UK two-star regional military headquarters will make the UK’s role in the area pre-eminent. The UK will have the greatest number of military personnel in the region and, as one of two initial Occupying Powers, will be seen by other nations to have leading responsibility for the Lower South Region. If there are difficulties in the Lower South region it will be the UK (and, immediately, the UK military) that will have to face them first.”²¹⁴

383. The paper also set out the rationale for UK assistance. ORHA’s “mobilisation” was proceeding slowly, and the UK was concerned that its use of large enabling contracts

²¹⁰ Manuscript comment Blair on Letter Manning to Prime Minister, 22 May 2003, ‘Iraq: Visit to Baghdad and Basra’.

²¹¹ Annotated Agenda, 22 May 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

²¹² Minutes, 22 May 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

²¹³ Minutes, 22 May 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

²¹⁴ [Paper MOD/DFID, May 2003, ‘Iraq – Rehabilitation in ORHA region lower south’](#).

would not prove sufficiently flexible or responsive, although there were no realistic options until the IFIs and World Bank engaged. Much of ORHA's funding had to come through a US bureaucratic process which even senior members of the US Administration described as "frustratingly slow".

384. The paper stated:

"It is in the UK's self-interest (quite aside from, although coincident with, the interests of the Iraqis) that rehabilitation and reconstruction proceed smoothly and rapidly. Without rapid and visible rehabilitation and reconstruction it is possible that there will be an erosion of the consent to the presence of the Coalition Forces. This is a particular concern to 1(UK) Div as reconstruction is off to a slow start ...

...

"There is thus a near-term gap in the provision of rehabilitation and reconstruction assistance to Iraq. Inasmuch as the UK is responsible for the Lower South Region, the UK is responsible for filling that gap."

385. The paper concluded that the success of the Lower South ORHA office would depend on UK direction and capacity in a manner analogous to ORHA's reliance on the US, and that the UK required a plan to address immediate rehabilitation needs and to encourage greater long-term investment and engagement in reconstruction activities. The plan should comprise:

- Support for the ORHA Lower South regional office, including help to draw up an operational plan for rehabilitation, additional staff to help manage projects, and running costs. The paper also proposed that the UK Government should establish sufficient capability in the UK to manage its support for rehabilitation; PJHQ would be able to offer advice to the FCO on how such a team should be structured.
- The reallocation of the £20m allocated to the military to support Internally Displaced People (IDPs), to fund QIPs.
- Funding for short, discrete projects to build the capacity of the Iraqi administration capacity in key areas.

386. Ministers were invited to agree the "concept" described in the paper.

387. The Annotated Agenda for the AHMGIR meeting invited Ministers to agree that the UK should step up the reconstruction effort in the "southern military sector" by:

- in the short term, encouraging UK forces, with the assistance of DFID advisers, to identify and implement QIPs;
- over the next month, building the capacity of ORHA(South) to identify and implement reconstruction projects, including by seconding additional staff where necessary and developing an operational reconstruction plan;

- tasking the MOD and DFID to discuss funding their plan with the Treasury, if necessary;
- encouraging international partners to support the regional reconstruction plan; and
- encouraging ORHA to accelerate its reconstruction efforts, including by devolving parts of its budget to its regional offices.²¹⁵

388. The AHMGIR agreed those recommendations.²¹⁶

389. A costed plan for rehabilitation in the South was submitted to the AHMGIR on 12 June.

390. On 23 May, Mr Malik briefed Baroness Amos's Office on recent negative reporting on DFID's role in southern Iraq.²¹⁷ Much of this appeared to have been inspired by UK military personnel in Iraq or Doha, although direct feedback from the UK military was that DFID's support was "highly valued".

391. Mr Malik commented:

"There is some frustration amongst military personnel in Basra that they have not been able to hand over the post conflict effort to civilian agencies quickly enough. However, to a large extent this reflects the security environment ... and the failure of ORHA to deliver. Over the coming days we will be reinforcing advisory support to the military and ORHA, and will be assessing what more we can do."

392. Mr Malik recommended that Baroness Amos speak to Mr Hoon before Mr Blair's visit to Iraq at the end of the month.

Resolution 1483

393. United Nations Security Council resolution 1483 (2003) was adopted on 22 May.²¹⁸

394. The resolution confirmed that the UN would not have the lead responsibility for the administration and reconstruction of Iraq, which would fall to the CPA. There would be a role for the UN, exercised through a Special Representative to the Secretary-General.²¹⁹

²¹⁵ Annotated Agenda, 22 May 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

²¹⁶ Minutes, 22 May 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

²¹⁷ Minute Malik to Private Secretary [DFID], 23 May 2003, 'Iraq: DFID Reputation in Southern Iraq'.

²¹⁸ UN, Press Release SC/7765, 22 May 2003, *Security Council lifts sanctions on Iraq, approves UN role, calls for appointment of Secretary-General's Special Representative*.

²¹⁹ UN Security Council resolution 1483 (2003).

Resolution 1483 (2003), 22 May 2003

The provisions of resolution 1483 are described in detail in Section 9.1.

In addressing reconstruction, the resolution:

- requested the Secretary-General to appoint a Special Representative for Iraq, with a co-ordinating role focused on reconstruction and humanitarian assistance, reporting regularly to the UN;
- supported “the formation, by the people of Iraq with the help of the Authority and working with the Special Representative, of an Iraqi interim administration as a transitional administration run by Iraqis, until an internationally recognized, representative government is established by the people of Iraq and assumes the responsibilities of the Authority”;
- lifted all sanctions on Iraq except those related to arms;
- noted the establishment of the Development Fund for Iraq (DFI), which would be audited by independent public accountants approved by an International Advisory and Monitoring Board (IAMB) comprising representatives of the UN Secretary-General, the IMF, the Arab Fund for Social and Economic Development, and the World Bank;
- noted that disbursements from the DFI would be “at the direction of the Authority, in consultation with the interim Iraqi administration”;
- underlined that the DFI should be used “in a transparent manner to meet the humanitarian needs of the Iraqi people, for the economic reconstruction and repair of Iraq’s infrastructure, for the continued disarmament of Iraq, and for the costs of Iraqi civilian administration, and for other purposes benefiting the people of Iraq”;
- requested the UN Secretary-General to continue operation of the OFF for up to six months from 22 May;
- decided that all export sales of Iraqi petroleum, petroleum products, and natural gas should be made “consistent with prevailing international market best practices”, and that 95 percent of the revenue should be deposited into the DFI (with 5 percent deposited into the UN Compensation Fund for victims of Saddam Hussein’s 1990 invasion of Kuwait).²²⁰

Section 10.3 describes in more detail the negotiations between the US and the UK over who should control disbursements from the DFI, which would hold Iraqi oil revenues and other funds.

395. On 27 May, Mr Kofi Annan, the UN Secretary-General, named Mr Sérgio Vieira de Mello as his Special Representative to “lead the United Nations effort in Iraq for the next four months”.²²¹

396. Mr Vieira de Mello arrived in Iraq on 2 June.²²²

²²⁰ UN Security Council Resolution 1483 (2003).

²²¹ UN, Press Release, 27 May 2003, *Transcript of Press Conference by Secretary-General Kofi Annan and Special Representative for Iraq, Sérgio Vieira de Mello, 27 May*.

²²² Letter Straw to Blair, 5 June 2003, ‘Iraq: Winning the Peace’ attaching Briefing FCO/UND, ‘Role of the UN Secretary-General’s Special Representative in Iraq’.

397. Sir Suma Chakrabarti told the Inquiry that Ms Short's resignation, the exchanges within the UK Government that had preceded it, and the adoption of resolution 1483 led to a significant shift in DFID's attitude to ORHA:

"... we [DFID] didn't think ORHA would be actually the lead in terms of post-conflict work. We thought the UN would take that role on. The UN was geared up to do so, putting more staff into Iraq at the time ...

"The penny dropped that ... ORHA was going to be the only game in town when 1483 was passed. It probably dropped actually with Clare Short's resignation ... because it was at that point we realised that perhaps there wasn't a shared objective on UN leadership in the British Government because the Prime Minister's conversation with Clare Short made that clear. From that point on, we had to try and make ORHA work better whether we liked it or not."²²³

The return to a 'war footing', June 2003

398. Mr Blair visited Basra and Umm Qasr on 29 May. DFID, the FCO and the MOD provided separate briefings for the visit.

399. DFID advised that the humanitarian situation was improving steadily, although security remained a key concern.²²⁴ Without security, it would be difficult to achieve progress in other areas. In many parts of Iraq, water and power services were "almost at pre-conflict levels". Looking ahead, rebuilding Iraqi public institutions would be the main challenge. ORHA had a central role to play; DFID had stepped up its "staff support" for ORHA in Baghdad and Basra and was looking at additional areas to support.

400. The FCO advised that Ambassador Bremer's arrival had yet to translate into improvements on the ground.²²⁵ The UK now had 61 secondees in ORHA (including in Basra), most of whom were working with Iraqi ministries.

401. Success in ORHA(South) was "crucial to achieving UK national objectives in Iraq". The UK had provided a Deputy to Ambassador Olsen and 10 other secondees, and planned to further reinforce ORHA(South) by:

- providing more secondees;
- providing an operational plan compatible with ORHA's national plan; and
- encouraging ORHA(Baghdad) to accelerate reconstruction efforts by delegating more of its budget to regional offices.

²²³ Public hearing, 8 December 2009, page 34.

²²⁴ Letter Bewes to Cannon, [undated], 'Iraq – Humanitarian Update'.

²²⁵ Letter Sinclair to Cannon, 27 May 2003, 'Prime Minister's Visit to Iraq'.

402. The MOD provided, as part of a larger briefing pack, briefs on “Reconstruction and the UN” and humanitarian assistance.²²⁶ The briefing on humanitarian assistance reported that there was no humanitarian crisis in southern Iraq:

“Food, water, power and other essentials are available in towns across the UK’s Area of Operations. Our priority is the provision of a safe and secure environment.

“UK forces will continue to deliver emergency relief where it is needed, and where they are able to do. However, as the security situation stabilises enough for civilian aid agencies to fully deploy, we are rightly handing some responsibilities over to them.”

403. Mr Nicholas Cannon, Mr Blair’s Assistant Private Secretary for Foreign Affairs, passed the briefings to Mr Blair on 27 May, with the comment: “you may encounter whinging [in Iraq] about electricity and water supplies (the military are clear that these are already better than pre-conflict levels) and about the law and order situation”.²²⁷

404. Mr Blair met Ambassador Bremer in Basra on 29 May.²²⁸ Ambassador Bremer told Mr Blair that the first phase of the CPA’s work would involve demonstrating that Saddam Hussein’s regime had definitively disappeared, by delivering improvements in basic services (which were already mostly up to pre-conflict levels) and maintaining law and order. The second phase would include the revival of the economy, the first stage of establishing a free Iraqi Government, and the revival of civil society. Ambassador Bremer’s “target economic end state” was a liberal, open market economy.

405. Mr Blair asked about resources. Ambassador Bremer confirmed that he had no resource constraints; the CPA had between US\$4bn and US\$5bn available to spend.

406. Ambassador Bremer discussed the inadequacy of ORHA’s strategic communications in a separate meeting with Mr Alastair Campbell, Mr Blair’s Director of Communications and Strategy.²²⁹ Mr Campbell suggested that Mr John Buck, Head of the UK’s Communication and Information Centre (CIC), who was due to arrive in Iraq shortly, should take on the task of drawing up a strategic communications plan. Ambassador Bremer agreed.

407. Mr Buck described the situation he faced on his arrival in Iraq in his evidence to the Inquiry:

“... there was no coherent communications operation. The US Army were doing one thing. The British Army were doing another. The CPA were doing another. My task largely focused on actually bringing these people together into one unit.”²³⁰

²²⁶ Letter Watkins to Cannon, 27 May 2003, ‘Prime Minister’s Visit to Iraq’ attaching Briefing, [undated], ‘Prime Minister’s Visit to Iraq: 29 May 2003’.

²²⁷ Minute Cannon to Blair, 27 May 2003, ‘Visit to Iraq, 29 May’.

²²⁸ Letter Cannon to Owen, 29 May 2003, ‘Iraq: Prime Minister’s Meeting with Bremer, 29 May’.

²²⁹ Minute Campbell to Sawers, 29 May 2003, ‘Meeting with Ambassador Bremer’.

²³⁰ Public hearing, 31 January 2011, pages 100-101.

408. A Cabinet Office update for Ministers on 29 May reported that (unspecified) recent initiatives by Ambassador Bremer and the DoD underlined the need to press the US to consult more systematically with the UK.²³¹ The UK was having some success at influencing US thinking, including through Mr Sawers, the British Embassy Washington, an FCO Legal Adviser seconded to the CPA, and regular contacts between US and UK lawyers (in the last few days, those contacts had persuaded the US to drop the death penalty from a CPA Penal Order), but consultation remained “haphazard”. Ministers should be prepared for “further abrupt changes in US policy”.

409. Mr Sawers reported by telegram on 1 June:

“ORHA is no more, replaced by the Coalition Provision Authority ...

“Jay Garner departed on 1 June ... ORHA, with its reputation as a failure, is being buried with him. Bremer’s brisk management style and additional powers have enabled him to impose a new structure with a new name that should lead to a more coherent approach to re-building Iraq.”²³²

410. Mr Sawers advised that Mr Andy Bearpark would be the CPA’s Director of Operations, with: “Across the board responsibility for policy implementation, leading on top priority tasks, managing the CPA’s regional structure, and operational co-ordination with the UN.” Mr Bearpark arrived in Baghdad on 16 June; his role is considered later in this Section.

411. *Hard Lessons* recorded that ORHA had 600 staff when it was absorbed by the CPA during May.²³³ That fell “far short of what it [the CPA] needed to manage its burgeoning relief and reconstruction program”.

412. Also on 1 June, the Deputy to Ambassador Olsen in ORHA(South), a UK official, sent two reports to Mr Chilcott. The first offered her first impressions:

- “Office infrastructure was (and still is) virtually non-existent, living conditions were (and still are) pretty miserable ...”
- ORHA(South) had no operating budget and was running, “sparsely”, on funding from the Danish Foreign Ministry and Ambassador Olsen’s own bank account.
- ORHA(South) had no security guards or caterers, and had been forbidden from contracting them directly. UK pressure on ORHA(Baghdad) to provide that support would be appreciated.
- ORHA(South) had 21 staff (eight UK civilians, five UK military officers, five Danish civilians, two US military officers, and one Japanese civilian). Additional staff were arriving “in trickles” but were predominately military officers and had

²³¹ Paper Cabinet Office, 29 May 2003, ‘Iraq: Update for Ministers’.

²³² Telegram 27 IraqRep to FCO London, 1 June 2003, ‘Iraq: Coalition Provisional Authority’.

²³³ Bowen SW Jr. *Hard Lessons: The Iraq Reconstruction Experience*. U.S. Government Printing Office, 2009.

been directed to ORHA(South) by 1(UK) Div and Maj Gen Cross. Those officers were useful as “stopgaps”, but ORHA(Baghdad) needed to provide expert staff.

- ORHA(Baghdad) was “dysfunctional and totally pre-occupied with Baghdad”. There had been no attempt to engage with ORHA(South), including on policy issues. Communication was virtually non-existent (it remained impossible to telephone anyone in Baghdad).
- Ambassador Olsen was “very unhappy” with the seeming indifference of ORHA(Baghdad) and the lack of resources. It was not out of the question that he would leave if things did not improve.
- ORHA(South)’s “concept of operations” was to work jointly with the military and, once it had built its knowledge base and secured the necessary resources, to move into the lead allowing the military to focus on security and their exit strategy. That would not happen until ORHA(South) had considerably more people.²³⁴

413. Her second report provided an assessment of ORHA(South)’s staffing requirement.²³⁵ Additional support was required in 15 areas; in most of those, three or four specialists would be required to make a discernible difference across the region. The areas included: electricity; water and sewerage; infrastructure/reconstruction; the judiciary; human rights; gender issues; the economy (two DFID advisers were due to arrive in Basra shortly); political analysis; and the media.

414. ORHA(South) itself needed an office manager, a logistics manager, a finance officer, an information manager and security staff (both for the office and to enable moves outside Basra).

415. After returning to the UK, Mr Blair sent a personal Note to President Bush.²³⁶ Mr Blair wrote:

“I met Jerry Bremer and others in Iraq. He is very impressive, got a real grip and is doing a great job. But the task is absolutely awesome and I’m not at all sure we’re geared for it. This is worse than re-building a country from scratch.

“We start from a really backward position. In time, it can be sorted. But time counts against us ...”

416. Mr Blair went on to suggest that:

- Security in Baghdad had to be dealt with at once.
- “Bechtel needs to move far more quickly in letting contracts for infrastructure reconstruction – patching up won’t do”.

²³⁴ [Minute UK \[junior official\] to Chilcott, 1 June 2003, ‘ORHA South – First Impressions’.](#)

²³⁵ Minute UK [junior official] to Chilcott, 1 June 2003, ‘Additional Staffing Requirements for ORHA South’.

²³⁶ Letter Manning to McDonald, 2 June 2003, ‘Iraq: Prime Minister’s Note’ attaching Note [Blair to Bush], [undated], ‘Note’.

- The Coalition’s communications strategy had to be put on a more energetic footing.
- The CPA needed greater administrative capacity. Mr Blair proposed a small US/UK team “with one of our people from our own circle” to act as a rapid conduit to President Bush and himself, enabling them to clear the bureaucratic obstacles immediately.

417. Mr Blair concluded his Note by stating that he would be “going back to almost a war footing” in order to ensure focus on issues in Iraq.

418. Mr Blair and President Bush discussed Iraq over breakfast on 2 June.²³⁷ Mr Blair emphasised the “huge scale” of the reconstruction task. Saddam Hussein had left an “appalling” legacy and reduced a potentially rich country to third world levels of poverty. Ambassador Bremer was being asked to take on “a shattered country with decrepit infrastructure and a population that had developed a dependency culture”. That was “a very tall order”. He should be given whatever he wanted for capacity building.

419. Mr Blair also argued that a clear political vision and timetable was needed, together with a media strategy to avoid “a dangerous information vacuum”.

420. On 3 June, Mr Blair chaired a meeting on Iraq attended by Mr Hoon, Baroness Amos, Sir Michael Jay (in Mr Straw’s absence) and No.10 officials.²³⁸ Mr Blair said that he had returned from Iraq convinced that “an enormous amount needed to be done”. He told the meeting:

- The CPA lacked grip and organisation, rather than money or staff.
- The UK should “beef up” its involvement in the CPA.
- There should be a White House/No.10 team to work alongside Mr Sawers and Ambassador Bremer.
- There should be a strong civilian team in the South.
- The CPA and US decision-making processes were too slow. Contracts needed to be processed faster.
- British companies needed to be energised to take up opportunities in Iraq.

421. Mr Blair also said that he believed that Whitehall should go back to “a war footing” for the next two to three months to avoid “losing the peace in Iraq”.

422. Following the meeting, Mr Cannon commissioned a number of papers to be ready before a further meeting on 6 June. Those included a list of 10 to 15 outstanding, practical issues for Mr Blair to raise with President Bush that would “make a big

²³⁷ Letter Manning to McDonald, 2 June 2003, ‘Breakfast Meeting Between The Prime Minister and President Bush: 2 June 2003’.

²³⁸ [Letter Cannon to McDonald, 3 June 2003, ‘Iraq: Prime Minister’s Meeting, 3 June’.](#)

difference to the people of Iraq if they are resolved”, and advice on how to improve the Iraqi media.

423. Mr Rycroft subsequently told Mr Chilcott, who had been tasked to produce that list of outstanding practical issues, that Mr Blair was “looking for some really big ticket items to push”, along the lines of:

- “1. Get x people in to sort out the police.
2. Move y US forces from a to b to improve security.
3. Get Bechtel to build by X date a new power station in place y.
4. Ask x big figure person to go to Iraq to sort out the TV.
5. currency.
6. CPA internal.
7. setting up IIA.
8. Basra – give CPA Basra \$x million, and ... etc etc.”²³⁹

424. Mr Rycroft added that Mr Blair did not need “lots of analysis of what’s going wrong ... he knows that”. He needed “things that are concrete and ambitious enough so that if/when they happen they really transform the place”.

425. Mr Chilcott replied that he could not produce a “serious paper” with the specific detail requested:

“To offer advice on where to build big infrastructure projects ... requires a lot more knowledge than we have in the IPU about local conditions ... and some sense of an overall development plan for Iraq – something the World Bank will presumably draw up once they have got themselves engaged. These judgements will have to be carefully considered by development experts.

“In my view, the two most important things the PM should raise with the President now are (a) security and (b) the functioning of the CPA. Until these are solved, there is little chance of any infrastructure work making much impact.”²⁴⁰

426. Baroness Amos saw Mr Blair’s direction as an opportunity for a substantive reassessment of DFID’s engagement on reconstruction in Iraq.

427. Baroness Amos gave Mr Benn and Mr Chakrabarti a read out from Mr Blair’s 3 June meeting later that day.²⁴¹ She reported that Mr Blair had made a number of specific proposals:

- There was a lack of administrative capacity in the CPA. The UK should increase its support for it.

²³⁹ Email Rycroft to Chilcott, 4 June 2003, ‘Draft Paper for the PM’.

²⁴⁰ Email Chilcott to Rycroft, 4 June 2003, ‘Draft Paper for PM’.

²⁴¹ Minute Bewes to DFID [junior official], 3 June 2003, ‘PM Iraq Meeting’.

- There should be a process to identify and resolve “logjams”.
- The UK needed “urgently to think through:
 - what are the key priorities? (Infrastructure? Water? Power?)
 - what are the blockages?
 - therefore, what needs to be done by whom and when? What large scale projects were needed?
 - and how much will that cost?
 - We should ‘think big’ – e.g., if a new power station was needed, identify where, how big, how much it would cost and let the contracts asap.”

428. Baroness Amos commented that “the Prime Minister’s thinking seemed to be that the UK would put in the people; US the money”, and that he did not seem to accept that President Bush might not be able to produce immediate funding.

429. Baroness Amos stated that DFID should think “carefully but urgently” about the concerns and proposals presented by Mr Blair. DFID should not simply “reflect back” Mr Blair’s proposals, if those were not exactly what were needed. This could be a very good opportunity to address (unspecified) difficult issues.

430. Baroness Amos added that she did not believe that the main problem with the CPA was a lack of people, or that it could be solved by putting more people in. It was more likely to be a lack of strategic thinking.

431. Baroness Amos also reported that, after the meeting with Mr Blair, she had agreed with Mr Hoon and Sir Michael Jay that a cross-departmental paper should be produced for the next meeting of the AHMGIR, addressing the points raised by Mr Blair.

432. Later on 3 June, Baroness Amos sent Mr Blair a report on her visit to Washington and New York the previous week.²⁴² She reported that:

“... US inter-agency conflicts are making for bad policy on Iraq, with negligible co-ordination and a potentially dangerous lack of leadership. There is no strategic direction, and no sense of what the US wants to achieve.”

433. The solution was for the UK “to set out a clear vision for Phase IV, sell it to President Bush (and hence Rumsfeld) and use it to build alliances beyond the Coalition”.

434. Baroness Amos also reported that the World Bank and the IMF had started work on a reconstruction needs assessment. Work was Washington-based, but experts were ready to visit Iraq “as soon as the security situation permits”.

435. Baroness Amos confirmed that she would visit Iraq shortly. To maintain the momentum on Iraq, she planned that Mr Benn would visit in July and Mr Chakrabarti in September.

²⁴² Letter Amos to Blair, 3 June 2003, ‘Iraq Reconstruction: Next Steps’.

436. A draft version of the list of 10 to 15 outstanding, practical issues requested by Mr Blair on 3 June, produced by the IPU, was considered by the 5 June meeting of the AHMGIR, chaired by Mr Straw.²⁴³

437. Mr Straw wrote to Mr Blair later that day:

“We [the AHMGIR] fully shared your view that an enormous amount of work remains to be done. We were concerned that the US was not showing the same energy, focus and drive in the reconstruction effort that they did in the military campaign.

“Colleagues also felt strongly that the US must not be allowed to take UK support for granted. Otherwise, as the US ultimately called the shots, we risked being caught in a position of sharing responsibility for events in Iraq without holding the corresponding power to influence them. In that context, the Treasury expressed worries about the provisional arrangements for disbursing oil revenues from the Development Fund for Iraq ...”²⁴⁴

438. Mr Straw attached a revised IPU paper, which he described as “setting out what needs to be done to make reconstruction work, containing ideas which would make a big difference to the people of Iraq”. He highlighted the importance of preventing looting and criminality and turning the CPA into an efficient, functioning organisation, adding:

“Unless we put these two foundation stones in place, reconstruction will continue to falter.”

439. The IPU paper, entitled ‘Iraq Reconstruction: 30 Day Priorities’, stated that the US and UK needed:

- a clear, coherent strategic plan;
- a timetable for delivering it; and
- regular contact between Mr Blair, President Bush and Ambassador Bremer to review progress and agree next steps.

440. The IPU proposed “some specific targets we [the US and UK] should now set ourselves, for delivery within 30 days”, in six areas:

“1. Restore security ...

2. Agree and implement a strategic plan for the CPA

- a) Agree specific targets for reconstruction direct with Bremer, and agree the resources needed to deliver them. And then let him get on with his job.

...

²⁴³ Minutes, 5 June 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

²⁴⁴ [Letter Straw to Blair, 5 June 2003, ‘Iraq: Winning the Peace’ attaching Paper IPU, 5 June 2003, ‘Iraq Reconstruction: 30 Day Priorities, 5 July 2003’.](#)

- c) Give Bremer and the CPA the means to do their job ... the right people with the right skills ...
 - d) Make the regional network of CPA offices function – with access to funds, good communications, inputs into central policy making ...
3. A clear, transparent Coalition decision-making process
- ...
- b) Development Fund for Iraq: we must get the decision-making right. We are jointly responsible for this, legally and politically ... Need transparent and accountable mechanisms for setting Iraq's budget, priorities for expenditure, and procedures for disbursement – not just post facto auditing.
4. Power, water and sewage
- Repairs to essential infrastructure, and provision of essential services, must be top of CPA's agenda. We need to speed up decision-making process and awarding of sub-contracts ...
5. Restoring normal economic life ...
6. Security sector reform ...”

441. In the paper, the IPU did not consider the resources that would be required to achieve those targets or the particular role of the UK.

442. Mr Straw also attached a list of projects “which urgently need to be taken forward in and around Basra”, and commented that he, Baroness Amos and Mr Hoon were “keen to get cracking” on them.

443. Mr Straw's letter was copied to Baroness Amos, Mr Hoon and other Ministers.

444. The Inquiry has seen no indications that a paper on the Iraqi media was produced for Mr Blair (as No.10 had requested on 3 June). The IPU paper listing “30-day priorities” identified the need to “communicate to the Iraqi population what we have already done and what we are trying to achieve”, but did not recommend any associated actions.

445. On the same day, Mr Straw sent a personal letter to Mr Blair asking him to raise a number of points “very forcefully” with President Bush, including:

“Contracts: As you know, the US are completely ruthless on favouring US companies, and will not help UK companies unless you play hardball with Bush.”²⁴⁵

446. Mr Straw offered as an example of this behaviour, a Bechtel sub-contract to install 170 megawatts (MW) of power capacity in Baghdad. Siemens UK had almost secured that contract, but it had now “gone cold”.

²⁴⁵ [Minute Straw to Blair, 5 June 2003, 'Iraq'](#).

447. The Government's support for UK businesses is described in Section 10.3.

448. Mr Rycroft passed the IPU paper and the list of projects in Basra to Mr Blair on 5 June, under a minute which suggested the "set of big picture but concrete points" that might come out of Mr Blair's meeting with Mr Straw, Mr Hoon and Baroness Amos the following day and which could then be put to President Bush.²⁴⁶ The minute was copied only within No.10. The points were:

- a. "Security. This is the top priority ...
- b. Sort out the CPA's Organisation. The only way to get round the ... problem is for you to raise directly with Bush.
 - Install proper phones and IT.
 - Delegate more decision-making to the CPA, to avoid ... wrangling.
 - Sort out the communications strategy.
- c. Infrastructure projects. This is where we will be judged by ordinary Iraqis.
 - Get Bechtel to conclude their sub-contract with Siemens UK asap, so Siemens can help restore power capacity.
 - Set up the national phone network.
 - Get UNDP [United Nations Development Programme] and UNICEF to sort out the power and water supplies.
- d. Restoring normal life.
 - Sort out the currency.
 - Open the airports to civil flights.
 - Appoint x to sort out the Iraqi media.
 - Press on with security sector reform.
- e. Basra: see separate list of things we can do in our own area ...
- f. US/UK contacts. ... Since we share legal responsibility as Occupying Powers, we (the UK) may also at times need to have a veto over CPA decisions ..."

449. Mr Blair held a further meeting on Iraq on 6 June, to agree the points to put to President Bush.²⁴⁷ It was attended by Mr Straw and Gen Walker, as well as those who had been present on 3 June.

²⁴⁶ [Minute Rycroft to Prime Minister, 5 June 2003, 'Iraq: Meeting at 0800 on Friday'](#).

²⁴⁷ [Letter Cannon to McDonald, 6 June 2003, 'Iraq: Prime Minister's Meeting 6th June'](#).

450. Mr Cannon reported the main points from the meeting to Mr McDonald. The meeting had identified “over-zealous” de-Ba’athification and the CPA’s failure to provide funding for the South as causes of insecurity there. It had agreed that:

- Mr Blair should tell President Bush that the UK needed “the decision-making process on a different footing, so that problems are rapidly referred to the highest level and obstacles short-cut”.
- Mr Blair should write to Ambassador Bremer listing specific projects in the Basra area needing immediate CPA funding.
- Baroness Amos would visit “the UK sector” to enhance DFID operations.
- Ms Hewitt should try to visit Iraq to promote the involvement of UK business.

451. Mr Blair spoke to President Bush later that day.²⁴⁸ In his report to Mr McDonald of the conversation, Mr Cannon wrote that Mr Blair had said his main concern was administration; Ambassador Bremer needed to be able to break through the bureaucratic obstacles that he faced.

452. Mr Blair raised the difficulty Ambassador Bremer was having accessing the funding he needed. UK projects in Basra had been affected. Mr Blair said that he would write to both Ambassador Bremer and President Bush setting out those projects.

453. Mr Blair raised delays in Bechtel’s operations, including unnecessary delays in agreeing a contract for Siemens UK. The US was chasing Bechtel.

454. Mr Blair also raised the need for action on replacing Iraq’s currency.

455. The Inquiry has seen no indications that Mr Blair wrote to Ambassador Bremer and President Bush, listing the projects requiring immediate CPA funding.

456. The Annotated Agenda for the 11 June meeting of the AHMGIR stated that the list of projects “which urgently need to be taken forward in and around Basra”, which Mr Straw had sent to Mr Blair on 5 June, would “for the most part be implemented as quick impact projects, once additional engineering staff are in place (DFID is undertaking urgent recruitment)”.²⁴⁹

457. The Cabinet Office produced a draft proposal for a new, DFID-led Iraq Rehabilitation Operations Group (IROG) on 10 June.²⁵⁰ The Cabinet Office proposal stated that, while current administrative structures were “satisfactory and worth keeping”, now that the UK was moving into an “increasingly operational phase” they were no longer sufficient. DFID should lead a new Group with a remit to oversee:

- priorities for expenditure from the Development Fund for Iraq (DFI), including the process of reaching decisions on such expenditures;

²⁴⁸ [Letter Cannon to McDonald, 6 June 2003, ‘Iraq: Prime Minister’s Conversation with Bush, 6th June’.](#)

²⁴⁹ Annotated Agenda, 12 June 2003 Ad Hoc Group on Iraq Rehabilitation meeting.

²⁵⁰ Minute Bowen to DFID, 10 June 2003, ‘Iraq: Management Arrangements’.

- co-ordination of UN, IFI, NGO, ICRC and CPA operational activity;
- implementation of UK-funded reconstruction projects; and
- preparation of regular progress reports to the AHMGIR.

458. The IPU would continue to have responsibility for administering UK secondments to the CPA and for SSR.

459. DFID sought the FCO's agreement to the draft proposal.²⁵¹ An IPU official advised Mr Straw's Private Secretary that, while there was a good case for setting up a DFID-led Group to co-ordinate and implement development activity in Iraq, the proposal as drafted risked fragmenting UK policy-making. It should explicitly state that the IPU remained the "policy lead for CPA issues as a whole" (and not just for administering UK secondments and SSR).

460. Sir Michael Jay agreed with that advice.²⁵²

461. Mr Straw agreed that DFID should set up the IROG but, to ensure a coherent UK interface with the CPA, stated that it should report to the AHMGIR through the IPU.²⁵³

462. The DFID-led IROG met for the first time on 15 June.²⁵⁴ The first IROG Action Plan would be put to the AHMGIR on 3 July.

Advice on the UK's responsibilities as an Occupying Power

463. A paper on the management of the DFI was submitted to the 5 June meeting of the AHMGIR (chaired by Mr Straw).²⁵⁵

464. The paper stated that while resolution 1483 made the UK jointly responsible (with the US) for disbursements from the DFI, it contained little detail on how the DFI should be managed. The UK needed to settle that issue quickly with the US; spending decisions could start being made in the next few weeks. The management arrangements needed to meet the UK's objectives in terms of transparency and accountability; in particular, the arrangements needed to meet the commitments in the resolution to use resources in the DFI "in a transparent manner" and to ensure that oil sales were "made consistent with international best practice".

465. The Annotated Agenda stated that the CPA had circulated a draft regulation which gave the US Administration "sole oversight" over DFI spending.²⁵⁶ Such an arrangement

²⁵¹ Minute IPU [junior official] to PS/Straw, 11 June 2003, 'Iraq: Management Arrangements'.

²⁵² Manuscript comment Jay on Minute IPU [junior official] to PS/Straw, 11 June 2003, 'Iraq: Management Arrangements'.

²⁵³ Minute Owen to IPU [junior official], 13 June 2003, 'Iraq: Management Arrangements'.

²⁵⁴ Minute Dodd to Manning, 18 June 2003, 'Iraq: Rehabilitation'.

²⁵⁵ [Annotated Agenda, 5 June 2003, Ad Hoc Group on Iraq Rehabilitation meeting attaching Paper, \[undated\], 'Implications of and Modalities for the Development Fund for Iraq'](#).

²⁵⁶ [Annotated Agenda, 5 June 2003, Ad Hoc Group on Iraq Rehabilitation meeting.](#)

would marginalise UK influence and risk presentational problems, but was not settled US policy. The UK was lobbying in Washington and Baghdad to amend the draft regulation.

466. Mr Jon Cunliffe, Treasury Managing Director for Macroeconomic Policy and International Finance, advised Mr Brown the following day that resolution 1483 made the US and UK jointly responsible, as Occupying Powers, for governing Iraq including, specifically, for disbursements from the DFI.²⁵⁷ The resolution changed the basis on which the UK engaged with the US, but the current framework for making and implementing decisions did not reflect that. As far as economic and financial policy was concerned, it was “a mess” because:

- It was not clear what decisions Ambassador Bremer could take without approval from Washington.
- Ambassador Bremer reported to Secretary Rumsfeld; there was no clear framework in Washington for involving other US departments.
- The UK had no clear involvement in decision-making; what UK-US consultation there was tended to be between No.10 and the White House.

467. Mr Cunliffe suggested that this mattered because:

- The UK had responsibility without power. If money was wasted on a large scale, or there was an economic policy failure, or the CPA acted in a way that cut across its mandate under resolution 1483, the UK would be accountable.
- The Treasury had no way to ensure that the right economic and financial policies for Iraq were pursued. Attempts to give the IMF and World Bank a direct role in the use of the DFI had failed.

468. Mr Cunliffe reported that he had raised his concerns at the AHMGIR meeting the previous day; Mr Straw and Baroness Amos had been sympathetic. Mr Cunliffe understood that No.10 was considering proposing a joint White House/No.10 group, to which the CPA would report.

469. On 9 June, Ms Cathy Adams from the Legal Secretariat to the Law Officers sent a reply to a letter of 21 May from FCO Legal Advisers seeking advice on resolution 1483.²⁵⁸ The advice relating to the formation of a representative government is described in Section 9.2.

470. Ms Adams advised that the resolution clarified the legitimate scope of activity of the Occupying Powers and authorised them to undertake actions for the reform and reconstruction of Iraq going beyond the limitations of Geneva Convention IV and the Hague Regulations. In some cases, such actions had to be carried out in co-ordination

²⁵⁷ [Minute Cunliffe to Chancellor, 6 June 2003, 'Iraq Reconstruction'](#).

²⁵⁸ [Letter Adams to Llewellyn, 9 June 2003, 'Iraq: Effect of Security Council Resolution 1483 on the Authority of the Occupying Powers'](#).

with the Special Representative of the Secretary-General (SRSG) or in consultation with the Iraqi interim administration.

471. Particular actions that the resolution appeared to mandate were:

- promoting economic reconstruction and the conditions for sustainable development;
- promoting human rights; and
- encouraging international efforts to promote legal and judicial reform.

472. To the extent that such actions were not otherwise authorised elsewhere in the resolution or under occupation law, then there was a clear requirement to act only in co-ordination with the SRSG.

473. Ms Adams also advised that the resolution clearly imposed joint US/UK responsibility for disbursements from the DFI, and that it was therefore important to ensure that the US Government did not take actions in relation to the DFI which were incompatible with the resolution. She continued:

“The fact that the resolution imposes joint responsibility gives the UK a locus to argue with the US that we should be fully involved in the decision-taking process. Anything less would be legally risky.”

474. Ms Adams concluded that the resolution did not grant the Coalition full legislative and executive authority in Iraq, so there was still a need to consider the legality of specific proposals against the requirements of occupation law and the terms of the resolution.

475. The following day, 10 June, the CPA issued a regulation that gave Ambassador Bremer, as “Administrator of the CPA”, authority to oversee and control the establishment, administration and use of the DFI and to direct disbursements from the DFI “for those purposes he determines to be for the benefit of the Iraqi people”.²⁵⁹

476. The regulation also established a Program Review Board (PRB) to develop funding plans and make recommendations to Ambassador Bremer on expenditures from the DFI, “in consultation with the Iraqi interim administration, when established”.

477. On 12 June, Mr Brenton wrote to Sir David Manning addressing the “considerable concern around Whitehall that our views are not being taken sufficiently into account in the formulation of policy on governing Iraq”.²⁶⁰ Mr Brenton described the CPA regulation on the DFI as “obviously flawed” from the UK’s perspective, and the latest and most serious example of that.

²⁵⁹ Coalition Provisional Authority, Regulation No.2, 10 June 2003, *Development Fund for Iraq*.

²⁶⁰ Letter Brenton to Manning, 12 June 2003, ‘Iraq: UK/US Cooperation’.

478. The CPA issued a further regulation on 18 June, detailing the operation of the PRB.²⁶¹ Voting members of the PRB included representatives of the Iraqi Ministry of Finance and the UK. Non-voting members included the representatives of the IMF, World Bank, UN SRSG and the International Advisory and Monitoring Board (IAMB).

479. An IPU update on reconstruction, which was sent to No.10 on 20 June, advised that the DFI Regulations “met some, but not all of our key requirements”.²⁶²

480. The FCO’s covering letter to that update cited the DFI Regulations as one example of the continuing lack of proper consultation with the UK by the US, but added that the Regulations did not cross the UK’s “legal red lines”.

481. The UK’s efforts to scrutinise disbursements from the DFI are considered in Section 10.3.

The first UK plan for reconstruction in the South, 12 June

482. Ministers agreed the UK’s first plan for reconstruction in CPA(South) on 12 June. Although the focus remained on securing US and CPA(Baghdad) resources, the plan provided limited, additional UK support for CPA(South) and QIPs. The plan identified a need to agree a source of UK funding to meet the costs of being an Occupying Power, until other (US or Iraqi) sources of funding became available.

483. A 12 June PJHQ briefing reported that there was “a trend of intelligence reporting from the UK AOR showing increasing dissatisfaction of the civil populace”.²⁶³ The briefing attributed that to a lack of food, failure to ensure essential services “such as water, electricity and security”, a general increase in anti-Coalition rhetoric from Shia clerics, a lack of accurate information/news reporting, and a lack of progress in the political process.

484. The 12 June meeting of the AHMGIR, which was attended by Baroness Amos, Mr Benn and senior DFID officials, considered a joint DFID/MOD paper entitled ‘UK Support to the CPA South Area – Next Steps’.²⁶⁴ The paper was the response to the commission from the 15 May and 22 May meetings of the AHMGIR for an operational plan for reconstruction in CPA(South).

485. The paper began by identifying key actions required to make progress in the South:

- clarifying CPA(South)’s remit, and making it fully operational;

²⁶¹ Coalition Provisional Authority, Regulation No.3, 18 June 2003, *Program Review Board*.

²⁶² Letter Owen to Rycroft, 20 June 2003, ‘Iraq: Reconstruction Priorities’ attaching Paper IPU, 20 June 2003, ‘Iraq Reconstruction: 30 Day Priorities, 5 June 2003’.

²⁶³ Minute DACOS J3(Ops Sp) and DACOS J2(Int) to MA/DCJO(Ops), 12 June 2003, ‘Relations with the Basrah Population’.

²⁶⁴ [Annotated Agenda, 12 June 2003, Ad Hoc Group on Iraq Rehabilitation meeting attaching Paper DFID/MOD, 11 June 2003, ‘UK Support to the CPA South Area – Next Steps’.](#)

- restoring Iraqi public administration;
- maintaining and improving law and order;
- improving public communications; and
- internationalising the Coalition effort.

486. This required urgent action by CPA(Baghdad), in particular to:

- clarify CPA(South)'s remit;
- ensure US companies delivered on their contracts to provide operational support to CPA(South) and repair essential infrastructure; and
- provide "operating/emergency" funding for Iraqi institutions.

487. The paper assessed:

"CPA(South) is unable to deliver in terms of determining priority needs, overseeing implementation, or supporting the political transition. There is a lack of vision; CPA(South) is severely undermanned; and has almost no systems or resources in place to deliver any tangible improvements soon. In consequence, 1 (UK) Div retains almost all executive authority in the UK area of operations (AO). In turn, locals look to the British military, not CPA(South), to address local problems. To the extent that these functions are being carried out at present, it is due to the unstinting efforts of 1 (UK) Div, the few UK secondees in the South, and, more importantly, the high quality of the Iraqi counterparts they are working with."

488. UK actions to strengthen CPA(South) included:

- Exploring the possibility of establishing a CPA(South) Liaison Team in CPA(Baghdad), to track policy development and champion the South.
- CPA(South) needed more senior staff. DFID/FCO would "look for" a "Director of Operations" to support Ambassador Olsen. The UK should provide at least one and ideally two of the CPA representatives in the Governorates.
- CPA(South) also needed more staff at working level. DFID would "look to recruit" additional specialist staff.
- The lack of an effective CPA(South) communications operation was a major constraint. 1 (UK) Div and DFID would complete a joint assessment of needs by 11 June.
- While discussions continued between CPA(South) and CPA(Baghdad) on securing operating funds for CPA(South), 1 (UK) Div would provide administrative support to CPA(South) and DFID would look to deploy an office management team as soon as possible. That team would have access to operating funds for up to three months, if required.

489. The paper assessed that a functioning Iraqi public administration was essential for “a return to normalcy”. UK actions to restore it included:

- CPA(South) and UK representatives would continue to press CPA(Baghdad) to release funds for the operating budget; this would also require a “high level political push”. There was a risk that those funds would not immediately be forthcoming: “We [the UK] therefore need to identify a line of funding that will – effectively – cover the costs of being an Occupying Power until other sources are freed up. Realistically, this might be for three months.”
- 1 (UK) Div would continue to focus QIPs on restoring public infrastructure, and DFID would continue to fund similar activity through UN agencies and NGOs.

490. The paper stated that the “total UK package” would be worth £26m over the six-month period to October, comprising:

- £5m from DFID for QIPs²⁶⁵ (in addition to the £10m already held by the UK military);
- up to £10m from DFID for additional senior and support staff, equipment and if necessary operating costs for CPA(South); and
- £1m from the Global Conflict Prevention Pool for police training.

491. The paper also stated that the UK’s AOR would expand to four Governorates to match the CPA(South) area.

492. The Annotated Agenda for the meeting stated:

- The UK had “a fluctuating contingent” of around 70 secondees in the CPA.
- Security in the South remained fragile. Iraqi frustration with the pace of progress could cause the situation to deteriorate. The UK’s ability to “push the pace” would be constrained by the reduction in UK military force strength following the transition to the 3rd (UK) Mechanised Division.

493. Ministers noted the main recommendations in the DFID/MOD paper and agreed the UK should:

- “press CPA headquarters to agree the mandate for CPA(South), to ensure US firms deliver on their contracts, and to provide budgets so that Iraqi public institutions are able to get back to work;
- seek to co-ordinate the UK and CPA reconstruction efforts in the South with the armies and development agencies of incoming military contingents;
- increase the number of DFID advisers and other staff in CPA(South), particularly in the area of project management;

²⁶⁵ The DFID/MOD paper also stated that DFID would provide £6m for QIPs. The Inquiry concludes that £5m is the correct figure.

- take forward measures to improve the synergies between the UK-led Division and CPA(South);
- strengthen CPA(South) information capacity and examine projects to foster regional media;
- take forward projects to improve law and order and re-establish local administration, including by increasing UK funding for quick impact projects from £10m to £16m, using DFID resources; and
- spread UK experience and best practice to the two new provinces in the UK-led military sector.”²⁶⁶

494. Closing the meeting, Mr Straw commissioned “a short Iraq strategy paper” for the next meeting, “agreed at UK official level prior to seeking agreement with the US”.

495. The Cabinet Office wrote to the IPU on 16 June to propose that work on that strategy paper should not continue because: “It now transpires that the CPA is in the process of drafting its own strategy/vision document.”²⁶⁷ It would be more sensible to feed UK views into that document.

496. The meeting of the AHMGIR officials’ group on the following day invited departments to send comments on the CPA’s strategy paper to the IPU.²⁶⁸ Comments should include the need to consider:

“... environmental and sustainable development issues, the role of women in the political process and reconstruction generally, the need for a more prominent reference to the role of UN and the IFIs, and more specific legal wording; UNSCR 1483 did not give the CPA carte blanche.”

497. The officials’ group agreed that the UK needed to impress on Ambassador Bremer and the US “our right to be consulted” on such a fundamental joint Coalition document.

498. The CPA’s strategy documents – ‘Vision for Iraq’ and ‘Achieving the Vision’ – were finalised in July and are described later in this Section.

499. Mr Andy Bearpark arrived in Baghdad on 16 June to take up the post of CPA Director of Operations.²⁶⁹ He was the most senior UK official within the CPA.

500. Mr Bearpark told the Inquiry that he had received “very straightforward” instructions during a meeting with Baroness Amos and Mr Chakrabarti before his deployment:

“‘Look, Andy, it is chaos out there. Nobody has the faintest idea of what’s going on ... We know you have got sharp elbows when you need to. Go out there and use them and see what happens’ ...”²⁷⁰

²⁶⁶ Minutes, 12 June 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

²⁶⁷ Minute Dodd to Crompton, 16 June 2003, ‘Iraq: Ad Hoc Ministerial’.

²⁶⁸ Letter Dodd to Manning, 18 June 2003, ‘Iraq: Rehabilitation’.

²⁶⁹ Paper Cabinet Office, 18 June 2003, ‘Update for Ministers’; Statement Bearpark, 25 June 2010, page 1.

²⁷⁰ Public hearing, 6 July 2010, page 13.

501. He had also been told that he should “owe his allegiance” to the CPA rather than the UK Government.²⁷¹ Ambassador Bremer had appreciated and welcomed that position.

502. Mr Bearpark told the Inquiry that Ambassador Bremer had described his role as “like a chief operations officer in a private company”.²⁷² That included responsibility for staffing, life support and the flow of funds to CPA regional offices.

503. Mr Bearpark also told the Inquiry that, shortly after arriving in Baghdad, Ambassador Bremer asked him to take on responsibility for all the Iraqi infrastructure ministries with the exception of the Ministry of Oil.²⁷³ At that point, his title had changed to Director of Operations and Infrastructure.

504. The Inquiry asked Mr Bearpark why the oil sector had not been included in his remit.²⁷⁴ He replied:

“It was never, ever said to me officially – and it was certainly never, ever put in writing, but every member of my staff ... said that it was perfectly obvious that I couldn’t be put in charge of oil because I really wasn’t American ... [and] oil would remain an American interest.

“So it was a very specific instruction from Bremer that I was not in charge of the Oil Ministry.”

505. The UK’s exclusion from oil sector policy during the CPA period is described in Section 10.3.

506. The UN Development Programme hosted technical consultations on Iraq’s reconstruction needs on 24 June.²⁷⁵

507. The UK Permanent Mission to the UN in New York (UKMIS New York) reported that Mr Cunliffe, the head of the UK delegation at the consultations, had set out four priorities including agreement on a multi-donor mechanism for channelling external resources to reconstruction projects. UKMIS New York commented that Japan, Australia and the European Commission in particular wanted “an alternative to the DFI”.

508. UKMIS New York reported that the event was “a positive first step towards the internationalisation of the reconstruction effort”, with the UN and IFIs now “proactively engaged”. There was agreement to hold a formal donor conference, probably in October 2003. Donor interventions were “upbeat”, reflecting a widespread commitment to reconstruction. But there were important caveats; donors wanted to see early progress

²⁷¹ Statement Bearpark, 25 June 2010, page 1.

²⁷² Public hearing, 6 July 2012, pages 5 and 7.

²⁷³ Public hearing, 6 July 2012, page 5.

²⁷⁴ Public hearing, 6 July 2012, page 71.

²⁷⁵ Telegram 1011 UKMIS New York to FCO London, 24 June 2003, ‘Iraq: Technical Consultations on Reconstruction Needs, New York, 24 June’.

in establishing a representative Iraqi Government and assurances from the CPA that there would be budgetary transparency and accountability.

509. On 24 June, Mr Blair held a meeting to discuss Iraq, attended by Mr Straw, Mr Hoon, Baroness Amos, CDS and officials.²⁷⁶

510. Mr Hoon reported that Ambassador Olsen, Head CPA(South), was considering resigning over the lack of funding provided for CPA(South) by CPA(Baghdad). This was an opportunity to replace him with a British official. Mr Cannon's record of the meeting, which was copied to Baroness Amos, asked the FCO for advice on that point.

511. A draft of the CPA's strategic plan was provided to the 26 June meeting of the AHMGIR.²⁷⁷ The Annotated Agenda described the draft as "a good basis for further work" but "still deficient"; it did not include dates for the restoration of a full sovereign Iraqi Government, lacked reference to macro-economic management and the environment, exaggerated the role of the free market, did not include proper linkage to resolution 1483, and was "not in a form digestible to Iraqi and regional audiences".

512. The AHMGIR agreed that officials should push for improvements to the CPA's strategic plan, particularly on macro-economic issues and linkage to resolution 1483.²⁷⁸

513. The AHMGIR also asked for a weekly assessment of progress in "each of the key areas" and a daily update. Reports should bring out what was being done in the South, what the MOD and DFID could do and what would need CPA intervention.

514. The first of those weekly assessments was produced for the next meeting of the AHMGIR, on 3 July.

515. Mr Blair spoke to President Bush on 26 June.²⁷⁹ Mr Blair set out the huge scale of the reconstruction task and suggested that he and President Bush should hold a video conference to work through all the reconstruction issues.

516. Dr Condoleezza Rice, US National Security Advisor, called on Mr Blair on the same day.²⁸⁰ Mr Blair emphasised the need for the CPA to be "empowered". Problems remained in moving funds from CPA(Baghdad) to CPA(South). Mr Blair hoped that, with some "easy wins" on infrastructure, the South could become a "showcase", since the situation was easier there.

517. Dr Rice called on Mr Hoon on 27 June.²⁸¹ Reflecting on Mr Blair's conversation with President Bush the previous day, she said that they had agreed that "we were

²⁷⁶ Letter Cannon to Owen, 25 June 2003, 'Iraq: Prime Minister's Meeting, 24 June'.

²⁷⁷ Annotated Agenda, 25 June 2003, Ad Hoc Group on Iraq Rehabilitation meeting attaching Paper CPA, [undated], 'OCPA Strategic Plan'.

²⁷⁸ Minutes, 26 June 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

²⁷⁹ Letter Rycroft to MacDonald, 26 June 2003, 'Prime Minister's Discussion with President Bush, 26 June'.

²⁸⁰ Letter Rycroft to MacDonald, 26 June 2003, 'Prime Minister's Meeting with Condi Rice, 26 June'.

²⁸¹ Letter Williams to MacDonald, 27 June 2003, 'Defence Secretary's Meeting with Condi Rice – 27 June 2003'.

‘doing alright’ so far, but this would soon not be good enough”. She undertook to raise the problem of moving funds from CPA(Baghdad) to CPA(South) in Washington.

518. Mr Hoon said that the South could be an example of progress for the whole of Iraq. Dr Rice responded that it was important that the South should be a success.

519. Dr Rice asked if the drawdown of UK forces in southern Iraq meant a lessening of UK commitment to the area. Mr Hoon replied that force levels were based on an assessment of the security situation. He added that it was important that “significant funds” for reconstruction flowed into the area if a successful outcome was to be achieved.

520. Dr Rice called on Sir David Manning on the same day. Sir David expressed concern about the lack of consultation by the US with the UK.²⁸² Dr Rice indicated that she had heard about the problems, and had “taken these on board”.

Making CPA(South) a model

521. Baroness Amos visited Iraq from 25 to 26 June, the first visit to Baghdad by a Cabinet Minister since the fall of Saddam Hussein’s regime.²⁸³ She met a range of Iraqi officials, a group of Iraqi women, Mr Vieira de Mello, Ambassador Bremer and UK officials.

522. In her initial report to Mr Blair on 27 June, Baroness Amos advised that life in Basra had regained an air of normality.²⁸⁴ However, Iraqi expectations were high; restoring services to pre-war levels would not be enough. CPA(South) was administratively very weak. The UK could make the South “a ‘model’”, but this would require a clear vision of what should be done and strong leadership. Baroness Amos recommended Ambassador Olsen’s immediate replacement.

523. Baroness Amos also highlighted the lack of communication between the CPA and the Iraqi people, both in Basra and Baghdad: “Rumours of our intent and motives feed insecurity. People still think we are in it for the oil.”

524. On the same day, the FCO advised No.10 that the UK should seek to replace Ambassador Olsen with a UK official, if he carried out his threat to resign.²⁸⁵ An effective UK official could improve CPA(South)’s performance and give a boost to reconstruction. The UK would in any case probably want to provide a successor to Ambassador Olsen when his tour ended in October. The FCO’s advice was not copied to other government departments.

²⁸² Letter Rycroft to McDonald, 27 June 2003, ‘Iraq: Meeting with Condi Rice, 27 June’.

²⁸³ Telegram 56 IraqRep to FCO London, 26 June 2003, ‘Iraq: Baroness Amos Visit’.

²⁸⁴ Letter Amos to Blair, 27 June 2003, ‘Iraq’.

²⁸⁵ Letter Owen to Rycroft, 27 June 2003, ‘Iraq: Ambassador Olsen’.

525. Baroness Amos appeared before the International Development Committee (IDC) on 30 June.²⁸⁶ Mr Tony Worthington invited Baroness Amos to clarify the Government's "aspirations" in Iraq, including "about having a sort of British zone", enabled by some devolution of powers from CPA(Baghdad). Baroness Amos replied:

"... we see the South very much as a European zone ... rather than just a British zone. The Italians are coming in soon. There is a Dane [Ambassador Olsen] who is running CPA(South) ... The Coalition effort is now very broad."

526. Baroness Amos sent a fuller report of her visit to Iraq to Mr Blair on 2 July.²⁸⁷ In her covering letter, she advised that security was the "overwhelming – and immediate – priority". The UN planned to scale back the number of international UN staff in Baghdad, from 300 to 200, on security grounds. Baroness Amos commented:

"This will send an extremely negative signal to both Iraqis and the international community and – if it takes effect for more than a few weeks – it will also have a major impact on our recovery and reconstruction effort ... We should look again at the number of troops in theatre and be prepared to put more Coalition (or other international) troops on the ground if that is required."

527. Baroness Amos stated that the UK's focus on security in the South (leaving security in Baghdad largely to the US) was not good enough. Security across Iraq was the single most important factor in determining the success or failure of political and reconstruction efforts. The Coalition was running out of time.

528. Baroness Amos highlighted three priorities from her report:

- security;
- agreeing a clear timetable for political transition and communicating it to the Iraqi people; and
- "urgent actions to effect palpable, significant and immediate improvements in the lives of the Iraqi people".

529. Baroness Amos concluded by asking that Mr Blair raise two issues with President Bush when they spoke the following day:

- the urgent need to grip security in Baghdad; and
- the need for a public and well-communicated timetable for the political transition.

530. Baroness Amos's report stated that, in many respects, life in Basra and Baghdad was "returning to normal". In Basra, water and sanitation services were back at pre-conflict levels, a possible cholera epidemic had been contained, the public health

²⁸⁶ International Development Committee, Session 2002-2003, *Examination of Witnesses (Questions 60-77)*, 30 June 2003.

²⁸⁷ [Letter Amos to Blair, 2 July 2003, \[untitled\], attaching Report, \[undated\], 'Iraq: Visit Report'](#).

surveillance system was being re-established, hospitals and clinics were functioning again, and police stations had been refurbished.

531. CPA(Baghdad) was functioning more effectively, helped by the good relationship between Mr Sawers and Ambassador Bremer and the arrival of Mr Bearpark. However, across the CPA, there were:

“... still too many people with the wrong skill set – policy focus rather than operational expertise, and insufficient experience of post-conflict developing country situations.”

532. Across Iraq, food distribution was going well, salaries had been paid, an interim budget was being developed, the oil sector was recovering well, and Bechtel had completed its assessment of immediate needs and would shortly begin a series of projects.

533. The report also identified a number of priorities, including:

- security;
- the justice and security sector;
- the political process;
- kick-starting the economy; and
- better communication with the Iraqi people, to manage expectations and address “conspiracy theories and rumours”.

534. The report concluded that “without improved security, little else is possible”. Iraqis were increasingly frustrated with the perceived lack of progress, and “time was running out fast”. The Coalition needed to accelerate progress.

535. Baroness Amos made a number of recommendations, including:

“Make CPA(South) a model

- We need to replace Olsen. If that is not possible immediately, we should strengthen the senior management team around him; and provide other staff as required.

...

“Strengthen CPA (Baghdad)

- Provide whatever additional staff are required with the right skill ...

...

“Public Services

- Electricity supply lies at the root of many of the public service problems ... I stand ready to provide additional resources if they are required to support emergency rehabilitation.”

536. Baroness Amos' meetings with Mr Vieira de Mello and Ambassador Bremer focused on the political process and are considered in Section 9.2.

537. Sir David Manning sent a note to Mr Blair on 2 July, in advance of a video conference between Mr Blair and President Bush, offering advice on the conversation.²⁸⁸ He stated:

“This is a key exchange.”

538. Of the messages that were vital to get across, Sir David identified security as the top priority and suggested (noting that the MOD would probably disagree) a surge of large numbers of troops into Iraq to get through the “security crisis”. This should be accompanied by an accelerated reconstruction programme and a “very vigorous political programme” plus an effective media strategy.

539. Cabinet met on 3 July, before the video conference.²⁸⁹ In the course of the meeting, Mr Straw, Baroness Amos and Mr Hoon all emphasised that security was the main issue. Mr Blair concluded that the UK should make CPA(South) “a model”.

540. The video conference took place later that day. In addition to the President and Mr Blair, Mr Hoon, Mr Rumsfeld, Vice President Cheney and senior UK and US officials joined the conference in London and Washington. Ambassador Bremer, Mr Sawers and General Ricardo Sanchez, Commander Combined Joint Task Force – 7, dialled in from Iraq.

541. Mr Blair began by congratulating Ambassador Bremer on the “remarkable performance” of the CPA.²⁹⁰

542. Mr Blair then listed areas of concern, including:

- Security. This was hampering CPA efforts at reconstruction; what more did the CPA need?
- Reconstruction. Mr Blair underlined the urgency of rebuilding power and water infrastructure and asked whether there were particular obstacles that needed to be removed. He observed that Iraqi public expectations were outrunning the CPA's capacity to respond.
- Communications. It was essential to improve the CPA's capacity to communicate with the people of Iraq and handle the local and international media.

543. Mr Blair concluded that the UK would do its “level best to meet any demand for additional resources. If there were any obstacles that needed clearing, Sawers/Bremer should tell him.”

²⁸⁸ [Minute Manning to Prime Minister, 2 July 2003, 'Iraq: Your Video Conference with President Bush'](#).

²⁸⁹ Cabinet Conclusions, 3 July 2003.

²⁹⁰ Letter Cannon to McDonald, 3 July 2003, 'Iraq: Prime Minister's Video-Conference with President Bush, 3 July'.

544. The AHMGIR met later on 3 July, chaired by Mr Hoon.

545. The Annotated Agenda for the meeting, prepared by the Cabinet Office, reported that the security situation was “constraining the reconstruction work of the CPA, the UN and other international actors”.²⁹¹ As a result of security concerns, UK CPA secondees were operating a night-time curfew.

546. On CPA(South), the Annotated Agenda stated that Ambassador Olsen was leaving soon; the UK was looking for a strong UK replacement. There had been some progress in resolving funding and other issues between CPA (South) and CPA(Baghdad), but operational funding had still not arrived.

547. In discussion, Ministers said that “there was no need, at present, to increase UK forces”.²⁹²

548. Mr Hoon, as Chair of the AHMGIR, summed up the discussion stating “real improvements [in security] would depend in part on progress on political reform and reconstruction”.

549. The AHMGIR was also provided with:

- a draft UK Action Plan covering “political reform, security, economic and physical reconstruction” for June to September 2003, which had been produced by the DFID-led IROG;
- the statement of progress on rehabilitation which they had requested at their previous meeting (on 26 June);
- a paper from the Department for Environment, Food and Rural Affairs (DEFRA) on environmental reconstruction; and
- a paper from the MOD on the clearance of unexploded ordnance (UXO) and depleted uranium (DU).²⁹³

550. The draft UK Action Plan listed existing and planned activities to the end of September 2003 which, taken together, and assuming continued engagement by the US, UN and IFIs, should lead to tangible progress towards the strategic objective of:

“A free Iraq at peace with its neighbours and governed by a Government representative of all strands of society.”²⁹⁴

²⁹¹ Annotated Agenda, 3 July 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

²⁹² Minutes, 3 July 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

²⁹³ Annotated Agenda, 3 July 2003, Ad Hoc Group on Iraq Rehabilitation meeting attaching Paper MOD, 2 July 2003, ‘Current policies and activities relating to clearance of unexploded ordnance (UXO) and depleted uranium (DU) in Iraq’ and Paper DEFRA, 1 July 2003, ‘Environmental Reconstruction in Iraq’.

²⁹⁴ Annotated Agenda, 3 July 2003, Ad Hoc Group on Iraq Rehabilitation Meeting attaching Paper [draft], 2 July 2003, ‘Iraq Rehabilitation Plan June – September 2003’.

551. The Action Plan defined objectives, indicators and activities (ranging from sending secondees to the CPA to joint UK-Iraqi patrolling in Basra) in nine areas:

- political process;
- strategic communications;
- public administration;
- law and order;
- needs of the vulnerable;
- repairs to public infrastructure;
- oil industry;
- economic management; and
- medium term needs assessment.

552. The statement of progress on rehabilitation, which had been produced by “officials in London, in liaison with colleagues in Iraq”, listed key issues, “current facts”, “UK inputs” and “next steps” in six areas:

- security;
- public infrastructure;
- public administration;
- humanitarian relief;
- macro-economic issues; and
- the political process.²⁹⁵

553. Ministers endorsed the draft Action Plan and agreed that they should receive weekly statements of progress, with baselines added.²⁹⁶

554. The Annotated Agenda for the AHMGIR stated that Iraq faced a range of environmental problems as a result of successive conflicts, poor environmental management under Saddam Hussein, and limited regional co-operation on natural resource management.²⁹⁷ Ministers were invited to agree that:

- Environmental reconstruction and sustainable development issues should be factored into UK, Coalition and international policy towards Iraq.
- The UK should support the work of the UN Environment Programme (UNEP), including by considering part-funding their post-conflict assessment.
- The UK should tackle UXO and DU on the basis of the scale of risk posed to the Iraqi population.

²⁹⁵ Minute Dodd to Cannon, 4 July 2003, ‘Iraq: Rehabilitation’.

²⁹⁶ Minutes, 3 July 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

²⁹⁷ Annotated Agenda, 3 July 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

- Notwithstanding the lack of legal obligation, the UK should mark and clear up expended surface but not sub-soil DU “on an opportunity basis”.

555. The Annotated Agenda stated that the UK was assisting explosive clearance by providing information, advice and £5m in DFID funding to UN agencies and NGOs. The MOD was providing information on sites where DU had been used to international agencies and local communities.

556. Ministers agreed that:

- Environmental issues should be factored into overall policy towards Iraq and that the UK should consider part-funding the UNEP assessment.
- The UK should tackle depleted uranium (and unexploded ordnance) “on the basis of the scale of risk posed to the Iraqi population, but clear up depleted uranium from the surface”.²⁹⁸

The focus of the CPA’s media operations

Mr John Buck deployed to Iraq at the end of May 2003, as the CPA’s interim Director of Strategic Communications.

He provided an assessment of the CPA’s communication effort on his departure from Baghdad at the end of June.²⁹⁹ Considerable progress had been made. A single structure had been established and a single information campaign (focusing on getting the Iraqi people accurate messages about key CPA policies on security, the economy, and infrastructure and salary payments) had been agreed. The major challenge was to ensure that this new structure was fully staffed; a successor to Mr Buck had not yet been nominated.

Mr Buck told the Inquiry that, at the time he left Iraq, there was an “embryo” of an effective CPA media operation.³⁰⁰ However, from his perspective as the new FCO Director Iraq, that operation subsequently became much less effective:

“... it was something we [the FCO] agonised over a lot, but it was never something that we had a great deal of control over, and I think part of the problem was that over time during the autumn, the focus of the US became very much the Presidential elections. So the whole focus of the media operation became far more domestic ... relaying back to the US what was happening [rather] than actually communicating with the Iraqi people.”

Mr Andy Bearpark, CPA Director of Operations and Infrastructure, echoed that assessment, and also set out the danger of not communicating effectively with the Iraqi people:

“At that stage ... the CPA strategic communications effort was entirely directed at the American people. So there was an enormous effort to explain back to the States what was happening, but zero effort to explain to the Iraqi people what was happening.

²⁹⁸ Minutes, 3 July 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

²⁹⁹ Telegram 53 IraqRep to FCO London, 25 June 2003, ‘Iraq: CPA: Getting the Message Across’.

³⁰⁰ Public hearing, 31 January 2011, page 101.

“ ... In that atmosphere, it means that myths can grow very, very quickly and in very dangerous ways. So one myth that grew, which is absolutely ludicrous ... was that the electricity was in fact being produced but it was being stolen by the Americans.”³⁰¹

557. On 7 July, Ambassador Bremer announced:

- He had approved the interim Iraqi budget for 2003.³⁰²
- The Coalition would print and distribute new banknotes for Iraq, to replace both the “Swiss Dinar” (used in the Kurdish North of Iraq) and the “Print Dinar” (used elsewhere) by mid-January 2004. The Print Dinar was inconvenient to use, coming in only two denominations, and easy to counterfeit. Swiss Dinar banknotes had been in circulation since at least 1990, and were falling apart.
- The Central Bank of Iraq was now independent.³⁰³

558. Mr Brown was briefed by a Treasury official the following day that UK officials had helped to develop the interim budget and the plan to print and distribute new banknotes.³⁰⁴ Both decisions should help to establish macroeconomic stability in Iraq. Earlier UK concerns over the legitimacy of printing a new currency had been met. The UK had not been consulted over the decision to make the Central Bank independent; the Treasury had not been expecting the announcement.

559. The Annotated Agenda for the 10 July meeting of the AHMGIR reported those changes:

“Bremer has also announced the independence of the Iraqi Central Bank ... the announcement has taken all by surprise. It is not clear if De Mello was fully consulted ... We are trying to clarify the situation.”³⁰⁵

Establishing a British Fiefdom in the South, July 2003

560. In July, the UK Government sought to replace Ambassador Olsen as Head of CPA(South) with a British official but did not address the implications, including the resource implications, of that decision.

561. Sir Michael Jay reported to FCO and IPU colleagues on 7 July that he had discussed Ambassador Olsen’s future with his Danish colleague, Mr Friis Petersen.³⁰⁶

³⁰¹ Public hearing, 6 July 2010, pages 23-24.

³⁰² Coalition Provisional Authority, Press Release, 7 July 2003, *Text of Ambassador Bremer’s Address to the Iraqi People: Budget and Banknotes*.

³⁰³ Coalition Provisional Authority, Order No. 18, 7 July 2003, *Measures to Ensure the Independence of the Central Bank of Iraq*.

³⁰⁴ Minute Treasury [junior official] to Chancellor, 8 July 2003, ‘Iraq: Announcements on Currency and Budget for 2003’.

³⁰⁵ Annotated Agenda, 10 July 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

³⁰⁶ Minute Jay to Chaplin, 7 July 2003, ‘Ambassador Olsen’.

562. Sir Michael asked colleagues for advice on possible successors to Ambassador Olsen. Sir Michael commented that, while he could “see the arguments” for a British replacement, the UK should “at least consider” appointing someone other than a US or UK citizen, to demonstrate the international dimension to Iraq’s reconstruction.

563. Mr Neil Crompton, Mr Chilcott’s successor as Head of the IPU, replied on 9 July.³⁰⁷ He recalled that Sir Michael had discussed the question of whether to seek a British or international replacement with Mr Chaplin and others, and had concluded that the FCO should seek a British replacement. That conclusion had strong support across Whitehall:

“... where there is desire for a leader with strong political and managerial skills, who can gain Bremer’s trust, and lead the whole operation in the British AOR.”

564. Mr Crompton identified a number of possible candidates for Ambassador Olsen’s successor, including Sir Hilary Synnott.

565. The Annotated Agenda for the 10 July meeting of the AHMGIR invited Ministers to note and agree that the UK should:

“... increase our effort in CPA (South) as required. This should include replacing Ambassador Olsen with a suitably strong UK figure.”³⁰⁸

566. The AHMGIR agreed:

- Secondments to the CPA should be maintained at “approximately the current level”, but matched more closely to requirements, with more specialist than policy staff.
- The UK effort in CPA(South) should be increased “as required”, including through the appointment of a “suitably strong UK figure” to replace Ambassador Olsen.³⁰⁹

567. Multi-National Division (South-East) (MND(SE)) was formally established on 12 July, coinciding with the handover from 1 (UK) Div to 3rd (UK) Mechanised Division.³¹⁰

568. The 16 July Chiefs of Staff meeting commented:

“Although mindful of the Prime Minister’s imperative for exemplar operations in the South, the strong advice from UK representatives in the CPA was for the UK to spread its influence and thus avoid being left to run the South without strong links to US resources.”³¹¹

³⁰⁷ Minute Crompton to FCO [junior official], 9 July 2003, ‘Iraq: Replacement for Ambassador Olsen’.

³⁰⁸ Annotated Agenda, 10 July 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

³⁰⁹ Minutes, 10 July 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

³¹⁰ Report Lamb, 30 January 2004, ‘Post Operational Tour Report – Version 1 Operation Telic 2/3 11 July to 28 December 2003’.

³¹¹ Minutes, 16 July 2003, Chiefs of Staff meeting.

569. The Annotated Agenda for the 17 July meeting of the AHMGIR stated that the CPA had decided to create Governorate Teams (GT) in each of Iraq's 18 governorates.³¹² The UK was likely to be asked to provide leaders for four of those GTs.

570. The Annotated Agenda reported that Mr Bearpark recommended against concentrating the UK contribution to GTs in the four southern governorates on the grounds that an all-UK sector might have more difficulty in accessing funds from Baghdad.³¹³ A spread of representation would also give the UK sight of developments across Iraq.

571. At the meeting, Ministers were informed that Sir Hilary Synnott, a former British High Commissioner to Pakistan, had been appointed as Head of CPA(South), to succeed Ambassador Olsen.³¹⁴

572. Ministers agreed that the UK should shift emphasis over time from regional areas of operation to governorates and should explore the possibility of leading two teams in CPA(South East) and one each in CPA(South) and CPA(North). Ministers requested firm recommendations for the following week.

573. The 24 July meeting of the AHMGIR agreed that the UK would offer to lead four GTs, two in the South East, one in the Kurdish area, and one elsewhere in the Sunni area "but not in the less stable central areas around Baghdad".³¹⁵

574. By 25 July, close to 100 UK personnel were seconded to the CPA, 30 of them in Basra. Section 15.1 describes UK staffing for the CPA in more detail.

CPA's 'Vision for Iraq' and 'Achieving the Vision' implementation plan

575. Officials had agreed in June that the UK should contribute to the development of the CPA's strategy, rather than develop a strategy of its own.

576. Mr Sawers reported on 6 July, as part of a general update of developments in the CPA, that the CPA's strategic plan was at an advanced stage of drafting and in "pretty good shape".³¹⁶ UK officials were feeding in concerns that it needed to be clearer about the scope for economic change, and to give a higher profile to the UN's "independent role".

577. The IPU welcomed the news, commenting that it had thought the strategic plan was "lost in the weeds".³¹⁷

³¹² Annotated Agenda, 17 July 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

³¹³ Annotated Agenda, 17 July 2003, Ad Hoc Group on Iraq Rehabilitation meeting attaching Paper Iraq Policy Unit, 14 July 2003, 'Ad Hoc Ministerial Meeting: 17 July, (Annex C) Future Staffing of the CPA'.

³¹⁴ Minutes, 17 July 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

³¹⁵ Minutes, 24 July 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

³¹⁶ Telegram 69 IraqRep Baghdad to FCO London, 6 July 2003, 'Iraq: CPA Activity'.

³¹⁷ Telegram 27 FCO London to IraqRep Baghdad, 7 July 2003, 'Iraq Priorities'.

578. The Iraqi Governing Council met for the first time on 13 July (see Section 9.2). The CPA and the Governing Council agreed that the CPA would be “required to consult” the Governing Council on “all major decisions and questions of policy”.

579. Mr Blair visited Washington on 17 July.³¹⁸ Mr Blair urged President Bush to focus on a media strategy for communicating with the Iraqi people, to ensure they understood that the US and UK were there to help and were improving basic services. It was those opposed to Coalition Forces who were responsible for the power shortages. Mr Blair proposed that UK and US media professionals should work out a media plan. If more resources were needed, they should be made available.

580. Mr Blair said that if security could be improved, the pace of reconstruction could quicken.

581. The Annotated Agenda for the 17 July meeting of the AHMGIR advised that the CPA’s ‘Vision for Iraq’ had been finalised.³¹⁹ Although not perfect, it met the UK’s (unspecified) “basic requirements”.

582. *Hard Lessons* recorded that senior Pentagon officials had approved the CPA’s ‘Vision for Iraq’, which had been drafted by the CPA’s Office of Strategic Planning, on 18 July.³²⁰

583. The ‘Vision for Iraq’ was underpinned by an implementation plan, ‘Achieving the Vision to Restore Full Sovereignty to the Iraqi People’, which was circulated to members of Congress on 23 July.³²¹

584. ‘Achieving the Vision’ defined the CPA’s “primary goal” as:

“... a unified and stable, democratic Iraq that provides effective and representative government for the Iraqi people; is underpinned by new and protected freedoms and a growing market economy; is able to defend itself but no longer poses a threat to its neighbours or international security.”³²²

585. It defined four “principal objectives or ‘core foundations’”:

- security – establishing a secure and safe environment;
- essential services – restoring essential services to an acceptable standard;
- economy – creating the conditions for economic growth;
- governance ...”

³¹⁸ Letter Rycroft to Adams, 18 July 2003, ‘Prime Minister’s Visit to Washington, 17 July’.

³¹⁹ Annotated Agenda, 16 July 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

³²⁰ Bowen SW Jr. *Hard Lessons: The Iraq Reconstruction Experience*. U.S. Government Printing Office, 2009.

³²¹ Bremer LP III & McConnell M. *My Year in Iraq: The Struggle to Build a Future of Hope*. Threshold, 2006.

³²² Paper CPA, 21 July 2003, ‘Achieving the Vision to Restore Full Sovereignty to the Iraqi People’.

586. *Achieving the Vision* also defined a large number of subsidiary objectives, and set targets for those objectives for October 2003, January 2004 and “February 2004 onwards”. The target for power generation was to generate 4,000MW by October 2003 and 5,000MW by January 2004 (from a base of 2,700MW in May 2003).

587. *Hard Lessons* assessed:

“The CPA’s *Achieving the Vision* suffered from some serious flaws. First, Iraqis were not sufficiently consulted on it. The Iraqi Governing Council ... was never given a chance to provide advice on it ... The CPA also had established overly ambitious infrastructure outcomes before ascertaining baseline conditions and before determining costs. Moreover, the outcomes had unrealistic completion dates, some by October 2003, just three months later.”³²³

588. The Inquiry asked Mr Bearpark if the CPA saw the ‘Vision for Iraq’ as a framework for delivering an international or just a Coalition reconstruction effort.³²⁴ He replied:

“Paradoxically, I think both of those things are true. I think in terms of designing of the strategy, that was – it was nothing to do with the Coalition. It was a purely American-led document. So this was the American vision of what should happen, what the objectives should be.

“There was, however, even at that stage, a recognition on the part of the CPA that the delivery of these objectives would, in some cases, be impossible without the wider involvement of the international community.

“So if you like, the CPA viewed the international community as having no role whatsoever in terms of setting the objectives, but as having a fairly useful role in terms of delivering some of the objectives, and the easiest way of expressing that would, as ever, be, in financial terms ...”

589. In his memoir, Sir Hilary Synnott, who would take up post as Head of CPA(South) on 30 July, recalled:

“My task was to do my best to manage the region according to Bremer’s plans. Bremer had the awful task of formulating the plan itself ... I forced myself to sit down and try to read the Vision’s electronic manifestation ... The trouble was it did not amount to an operational plan of action, only a list of subsidiary objectives under each of these headings. There were no indications about how in practice they would be achieved: no details of funding, of personnel involved, of support systems or of timing. It was particularly notable that the ultimate objective, of handing full sovereignty back to the Iraqi people, had no timing attached to it at all.”³²⁵

³²³ Bowen SW Jr. *Hard Lessons: The Iraq Reconstruction Experience*. U.S. Government Printing Office, 2009.

³²⁴ Public hearing, 6 July 2010, page 25.

³²⁵ Synnott H. *Bad Days in Basra: My Turbulent Time as Britain’s Man in Southern Iraq*. I B Tauris & Co Ltd., 2008.

590. Ms Emma Sky, CPA Governorate Co-ordinator in Kirkuk from June 2003 to February 2004, told the Inquiry that she had not been engaged in development of the ‘Vision for Iraq’ or ‘Achieving the Vision’:

“I recall ... in September 2003 going down to Baghdad [for Mr Bremer’s monthly meeting of commanders and Governorate Co-ordinators] ... and there was a CPA strategy that was, ‘This is what we are going to do’, but none of us had known about it before, weren’t involved in the development of it.”³²⁶

591. On 23 July, the DFID Office in Basra produced a ‘Review of the Humanitarian Situation and DFID-Funded Operations in the Lower South Area of Iraq’.³²⁷ The Review, which had been developed in consultation with CPA(South), the UK military, Iraqi government bodies, UN agencies, the ICRC and NGOs, described itself as:

“...the first comprehensive operational monitoring exercise undertaken by DFID in the lower South since the conflict.”

592. In the Review, DFID concluded that the humanitarian phase of operations had rapidly passed, although some elements of humanitarian vulnerability remained. Despite continuing insecurity, a tendency by some agencies to over-assess and under-implement, an over-emphasis on Basra at the expense of other provinces, and poor co-ordination within the South and between the South and Baghdad, significant progress had recently been made “in providing quick-fixes to immediate problems, and in finally gearing up the ... reconstruction process”.

593. DFID assessed that the new CPA model – whereby CPA(Baghdad) would deal directly with each governorate through CPA Governorate Teams (GTs), rather than indirectly through CPA regional offices such as CPA(South) – was more consistent with Iraq’s existing centralised model of government. CPA(South) would continue to exist, but as a “regional hub” providing expertise to the four governorates, and without explicit authority. DFID commented:

“Such a dramatic change in direction typifies the uncertain and ad hoc evolution of the CPA ... and whilst eminently sensible, poses an entirely new set of challenges in terms of establishing and staffing ... and ensuring that four offices rather than just one receive adequate support and guidance from Baghdad.”

594. Security remained the single most important factor in determining progress on reconstruction. The security situation remained “at best fragile, at worst anarchic”, fuelled by rising expectations, poor service provision and criminality. There had been some improvements in recent weeks, including the deployment of small numbers of Iraqi police onto the streets.

³²⁶ Public hearing, 14 January 2011, page 7.

³²⁷ [Paper DFID-Basrah, 23 July 2003, ‘Review of the Humanitarian Situation and DFID-Funded Operations in the Lower South Area of Iraq’.](#)

595. The Review also provided a detailed assessment of the state of health services, nutrition and food distribution, water supply, sanitation, power, infrastructure, education services, agriculture and livestock, Internally Displaced People (IDPs) and refugees, mines and unexploded ordnance, public information, and co-ordination.

596. On co-ordination in the South, DFID advised that the UN and CPA remained “at arms length” leading to a dysfunctional approach in the South and no real leadership:

“The elements of an effective strategy are distributed among the players and co-ordination is not yet sufficient to harness resources (primarily USAID contractors), and experience (UN) under the current authority (CPA).

...

“The shadow of Baghdad looms over all co-ordination issues, with local solutions regularly undermined by unilateral decisions or lack of direction from the centre.”

597. DFID assessed that the decision to establish GTs had further undermined CPA(South)’s ability to exert its authority.

598. The Inquiry has seen no indications that the Review was circulated to other departments.

599. Mr Sawers’ 28 July valedictory report from Baghdad offered a generally positive assessment of progress in the three months since the invasion.³²⁸ He commented:

“The Coalition didn’t exactly help itself. The needs of the post-conflict planning never received sufficient attention ... We wasted not only the first month after Saddam fell, but also the six months before that when we should have been planning realistically.”

600. There was real progress on security, the political process and the economy (salaries were being paid, food was being distributed, commerce on the street was lively, and there was a strong commitment to economic reform backed by the World Bank and the IMF). Although there was still a long way to go in all three areas:

“... the CPA under Jerry Bremer has plans in place on all fronts. ‘Drift’ isn’t a word in his vocabulary. We may only be at the five mile mark in this marathon, but the route ahead is mapped out, and the runners know what they have to do.”

601. Mr Sawers did not consider the progress in the South.

602. Mr David Richmond succeeded Mr Sawers as the Prime Minister’s Special Representative on Iraq on an interim basis, and remained in post until Sir Jeremy Greenstock arrived in September (see Section 9.2). Mr Richmond remained in Iraq as Sir Jeremy’s deputy.

³²⁸ Telegram 101 IraqRep to FCO London, 28 July 2003, ‘Iraq: How Far Have We Come?’.

603. Mr Blair and President Bush spoke by telephone on 31 July.³²⁹ The conversation turned to the media, and Mr Blair commented that better Iraqi media would make a difference in achieving accurate reporting of events in Iraq. They agreed that if there was no real improvement in a couple of weeks “top level US/UK media people” would be asked to work up and implement a plan.

604. Mr Hoon’s Private Secretary wrote to Mr Rycroft on 4 August to advise him that MOD Ministers had agreed that an additional (130-strong) infantry company and a small (30-strong) riverine capability were required in Iraq (see Section 9.2).³³⁰ The letter stated:

“Paradoxically we are having to deploy more personnel partly because our reconstruction efforts are being successful (there is more worth securing and more civil activity to safeguard).”

Sir Hilary Synnott arrives in Basra, 30 July

605. Ambassador Olsen resigned as Head of CPA(South) on 28 July.³³¹

606. Sir Hilary Synnott arrived in Basra on 30 July.³³²

607. At that time, the UK had approximately 100 officials seconded into the CPA, including 30 in CPA(South) (see Section 15.1).

608. Shortly before he deployed, Sir Hilary called on Mr Blair.³³³ In his evidence to the Inquiry, Sir Hilary recalled that during that meeting he had pointed out that he would have no secure communications in Basra. The Inquiry has not seen a record of that meeting.

609. Sir Hilary told the Inquiry that he had several Terms of Reference:

- formal Terms of Reference, agreed by Ambassador Bremer;
- “the British Government’s idea of what my responsibilities should be”, which were not shown to Ambassador Bremer and related to keeping London informed; and
- “some objectives” set personally by Mr Blair, which included the statement that “if I had any difficulties at all, I should let him know personally”.³³⁴

610. In his memoir, Sir Hilary described the first and second of those Terms of Reference:

“My mission statement ... entailed giving ‘leadership and direction’ to the work of the CPA in the four southern provinces; and it also required me to give a political context

³²⁹ Letter Rycroft to Adams, 31 July 2003, ‘Iraq: Prime Minister’s Conversation with Bush, 31 July’.

³³⁰ [Letter Latham to Rycroft, 4 August 2003, ‘Iraq: Force Level Review’.](#)

³³¹ *Iraq Report*, 1 August 2003, *Southern Iraq Administrator leaves post.*

³³² Synnott H. *Bad Days in Basra: My Turbulent Time as Britain’s Man in Southern Iraq.* I B Tauris & Co Ltd., 2008.

³³³ Public hearing, 9 December 2009, page 10.

³³⁴ Public hearing, 9 December 2009, pages 4-5.

to the work of the military commanders in the South. I would be ‘accountable directly to Ambassador Bremer’.

“But there was also a covering letter, marinated in subtleties. From a Whitehall perspective, it read, despite [Ambassador] Bremer’s decision to create 18 Provincial Co-ordinators who reported directly to him, ‘the UK Supremo in the South concept still holds.’”³³⁵

611. The Inquiry has not seen that covering letter.

612. Mr Blair told the Inquiry:

“I was always very clear with our people out there, ‘If you have got a real problem, pick up the phone, if necessary, and if you start to get messed around with bureaucracy, come to me directly’.”³³⁶

613. Sir Hilary told the Inquiry that he did not take up Mr Blair’s offer to call him, but said that his reporting telegrams were directed at No.10 and Ministers (rather than middle-ranking officials).³³⁷

614. On his third day in Iraq, Sir Hilary called on Ambassador Bremer in Baghdad:

“... he [Bremer] didn’t give me any instructions, so I offered him three priorities, which he agreed with. The first was I needed to find out what Baghdad’s priorities were, which we didn’t know in the South. The second was to make sure that our priorities ... in the South were consistent with Baghdad’s priorities, and the third was to change the location of where we worked, which was in every sense dangerous to health, and for that I got tremendous support from Baghdad.

“Ultimately, we continued really to have no direction from Baghdad, which was a pity in one sense but a blessing in another, because unless I had an instruction not to do something, I felt able to do whatever we were able to do.”³³⁸

615. In his memoir, Sir Hilary wrote:

“I was particularly surprised and dismayed in my first encounters in Baghdad with the lack of interest in the political and social situation in the four southern provinces, and by Bremer’s declared intention to concentrate exclusively on Baghdad.”³³⁹

³³⁵ Synnott H. *Bad Days in Basra: My Turbulent Time as Britain’s Man in Southern Iraq*. I B Tauris & Co Ltd., 2008.

³³⁶ Public hearing, 29 January 2010, page 189.

³³⁷ Public hearing, 9 December 2009, pages 14-15.

³³⁸ Public hearing, 19 December 2009, pages 44-45.

³³⁹ Synnott H. *Bad Days in Basra: My Turbulent Time as Britain’s Man in Southern Iraq*. I B Tauris & Co Ltd., 2008.

616. Sir Hilary reported his first impressions from Basra on 7 August.³⁴⁰ He wrote that CPA(South) was not well thought of in the CPA. Mr Bearpark had told him that it was the least effective of the CPA's regional offices "by a long way". Feelings in CPA(South) about CPA(Baghdad) were equally negative. Sir Hilary assessed that much of the problem stemmed from poor communication in both directions, leading to a high level of mutual misunderstanding.

617. In that context, Sir Hilary reported:

"I have no secure communication at all with Baghdad or London (both deficiencies are now on their way to being rectified, although I may yet call for a push from the FCO); e-mails are usually by means of free Yahoo or Hotmail ISPs; there are no telephone landlines; mobile coverage is sketchy, which leaves a few sat[ellite] phones. All of this should have improved by the end of the month."

618. Sir Hilary also reported that Ambassador Bremer had agreed his three "procedural priorities":

- to improve the information flow and consultation between Baghdad and Basra;
- to set priorities for work in the South, in line with wider CPA objectives; and
- to upgrade living and working conditions in CPA(South).

619. On the second point, Sir Hilary reported that he had agreed a proposal from Major General Graeme Lamb, GOC MND(SE), to establish a Joint Co-ordination Board comprising the UK Division, CPA(South) and the UN. The first meeting had revealed a "heartening commonality of approach and attitude".

620. Sir Hilary wrote in his memoir that his arrival, along with the British military command of MND(SE), established "some sort of British Fiefdom" in the South, but one which he saw as "still entirely dependent on American resources for its lifeblood".³⁴¹

621. Sir Hilary told the Inquiry that one major benefit of his appointment as Head of CPA(South) was that he and Maj Gen Lamb were able to work "formally very close together", increasing their influence with the CPA and London.³⁴² One difficulty was the tendency of some UK Cabinet Ministers to make public statements about the UK's exemplary approach in the South, which overlooked CPA(South)'s dependence on US financial resources:

"... I know that the Americans in Baghdad were pretty upset with this British ... boasting. As I was, because I was worried that this would freeze up the flow of resources."

³⁴⁰ [Telegram 42 FCO to UKRep Iraq, 7 August 2003, 'Iraq: Basra: First Impressions and Work in Hand'](#).

³⁴¹ Synnott H. *Bad Days in Basra: My Turbulent Time as Britain's Man in Southern Iraq*. I B Tauris & Co Ltd., 2008.

³⁴² Public hearing, 9 December 2009, pages 11-12.

622. The Inquiry asked Mr Bearpark if the UK’s assumption of “lead responsibility” for the South had given rise to an American assumption that the UK would provide a higher level of financing for CPA(South) than it did.³⁴³ Mr Bearpark said that at a senior level the US believed that the UK was making a “reasonable and fair contribution” in the South, in terms of both personnel and funding. There was a problem, however, at the “middle level”, which was exacerbated by repeated stories in the UK media that the US could learn from the exemplary job that the UK was doing in the South:

“A result of that was that ... there were certainly American officials within CPA(Baghdad) who would say to me, ‘Look, why are you coming whinging at us yet again ... to try to get some resources for CPA(South)? You Brits know how to do it so well, why don’t you fund it as well, if you are that clever about it?’”

623. Mr Bearpark also told the Inquiry that, while in theory his responsibilities included staffing, life support and the flow of funds to all CPA regional offices, in practice there was “a big difference between CPA(South) ... and the other CPA regional offices, because CPA(South) was British and run in a particular way ... as a British operation”.³⁴⁴

624. Sir Jeremy Greenstock told the Inquiry:

“... I think we did a good job in the early stages in Basra. But we [the UK] were very short of money, and we got virtually no American money because DFID concentrated on that. The Americans said let the Brits look after Basra.”³⁴⁵

Responding to deteriorating security

625. Security in Iraq deteriorated in August 2003. Concerns about progress on reconstruction in the South and the implications for the level of consent enjoyed by UK forces led the UK to develop the Essential Services Plan, which aimed to improve essential services rapidly and visibly.

626. On 10 and 11 August, Basra experienced severe rioting.³⁴⁶ Mr Richmond reported:

“The immediate cause of the disturbances is clear. Supplies of petrol and diesel in Basra’s service stations ran out on 9 August ... This was combined with a major blackout in Basra because of a failure in the transmission line which rippled through the entire system. (The system is so fragile that the only surprise is that it has not happened before.)

“There is no doubt that political elements ... exploited the situation ... There is also some evidence of pre-planning ... But without the fuel and electricity crisis agitators would not have found much purchase.”

³⁴³ Public hearing, 6 July 2010, page 75.

³⁴⁴ Public hearing, 6 July 2012, pages 5 and 7.

³⁴⁵ Private hearing, 26 May 2010, page 54.

³⁴⁶ Telegram 114 IraqRep to FCO London, 12 August 2003, ‘Situation in Basra’.

627. A Cabinet Office update for Ministers on 14 August reflected the same analysis:

“... the Basra demonstrations are evidence of increasing frustration with the Coalition’s failure to restore basic services. Attacks on MND(SE) are widening.”³⁴⁷

628. Sir Hilary Synnott wrote in his memoir:

“... Riots erupted outside our Electricity Accounts building. Instead of just stones and rocks, there was now gunfire ...

... Within a day, however, the Army had stepped in to organise the fuel distribution network ... The violence subsided to a normal level as quickly as it had blown up.”³⁴⁸

629. Lieutenant General Robert Fry, Deputy Chief of Defence Staff (Commitments), advised the Chiefs of Staff on 18 August:

“Iraqi consent to the Coalition presence in MND(SE) is declining because supplies of fuel, power and water are failing to meet expectations.”³⁴⁹

630. He reported that UK troops were being diverted to “fuel security” tasks; 19 Mechanised Brigade was now dedicating four patrols to fuel security tasks for every one patrol to general security tasks.

631. Lt Gen Fry identified three courses of action for the UK:

- accelerate reconstruction by the CPA;
- step in to lead the reconstruction effort in MND(SE); or
- step in temporarily to alleviate the situation, before handing over to the CPA/Iraqi ministries.

632. Lt Gen Fry concluded that if an acceleration of the CPA’s reconstruction effort did not check the deterioration, then a shift to the third course of action would be essential.

633. The Chiefs of Staff meeting on 20 August agreed that the first course of action should be pursued, although contingency planning should be undertaken for the third course of action.³⁵⁰

634. An update for the AHMGIR, produced on 20 August, advised that Basra was now calmer, although that calm might be “short-lived if the Coalition cannot maintain at least the current level of service delivery”.³⁵¹ Security across MND(SE) remained volatile, and security concerns had led to the withdrawal of Japanese staff in CPA(South).

³⁴⁷ Letter Drummond to Owen, 14 August 2003, ‘Iraq: Update for Ministers’ attaching Paper Cabinet Office, 14 August 2003, ‘Iraq: Update for Ministers, 14 August 2003’.

³⁴⁸ Synnott H. *Bad Days in Basra: My Turbulent Time as Britain’s Man in Southern Iraq*. I B Tauris & Co Ltd., 2008.

³⁴⁹ Minute DCDS(C) to COSSEC, 18 August 2003, ‘Essential services in MND(SE)’.

³⁵⁰ Minutes, 20 August 2003, Chiefs of Staff meeting.

³⁵¹ Paper Cabinet Office, 20 August 2003, ‘Iraq: Update for Ministers, 21 August 2003’.

635. Concern over the apparent failure of the CPA's plans to restore electricity prompted Mr Richmond to commission Mr Nick Horne, a UK consultant working in the CPA, to produce a report on electricity supply problems in the Basra area.³⁵²

636. Mr Horne's report identified the immediate causes of the blackout across the Basra area on 9 August, and made recommendations to address them.³⁵³ It also identified the medium- and long-term measures required to accelerate restoration of a reliable supply of electricity across Iraq.

637. Mr Richmond sent copies of the report to the FCO, the MOD, DFID, the DTI and the Cabinet Office on 20 August.³⁵⁴ He commented:

“Iraq’s electricity infrastructure suffered decades of neglect. Though little damaged by the war, subsequent looting and sabotage have caused massive damage to transmission lines. This goes some way to explain why electricity supplies have been so unreliable. But Coalition plans to restore power to pre-war levels were not properly staffed, funded or implemented. Two or three months have been largely wasted.”

638. Mr Richmond reported that the CPA's electricity team was small (eight people, of whom only three were specialists) and poorly managed. In contrast, a UN project in northern Iraq employed 80 international experts and several thousand Iraqis to run a small network that relied on a single hydro-electric power station.

639. The CPA had been working to a plan to achieve pre-war levels of generation (4,400MW) by the end of September. That plan comprised “a single sheet [of paper] with no activities, timescales, parts requirements etc”.

640. Mr Richmond suggested that the riots in Basra had drawn attention to the CPA's failure to meet electricity targets. Ambassador Bremer had been “horrified” by Mr Horne's report and had directed that a “proper plan” should be developed. A revised plan to generate 4,400MW by the end of September had now been agreed; a plan to generate 6,000MW (Iraq's estimated need) by May 2004 was being developed.

641. Mr Richmond recommended that the UK should support this effort by providing technical experts in a number of areas.

642. Mr Richmond also reported that a major conference would take place at CENTCOM Headquarters at the end of August to discuss electricity and oil.

643. On 19 August, the UN Headquarters at the Canal Hotel, Baghdad, was bombed; 22 UN staff and visitors including Mr Vieira de Mello were killed (see Section 9.2).

³⁵² Telegram 128 IraqRep to FCO London, 20 August 2003, ‘Iraq: Electricity: What Went Wrong and What is Being Done’.

³⁵³ Report Horne, 12 August 2003, ‘Report on the Electrical Problems in the Basrah Area’.

³⁵⁴ Telegram 128 IraqRep to FCO London, 20 August 2003, ‘Iraq: Electricity: What Went Wrong and What is Being Done’.

644. One member of DFID staff was slightly injured in the attack.³⁵⁵

645. The Annotated Agenda for the 28 August meeting of the AHMGIR reported that:

“World Bank and IMF Missions, which were working from the UN building, have been withdrawn. A number of NGOs are withdrawing their international staff. The ICRC is thinning out its staff. The UN is maintaining operations, but some staff have been withdrawn from Baghdad temporarily while decisions on future security arrangements are made.”³⁵⁶

646. The Annotated Agenda continued that, in the absence of some UN and NGO international staff, and with additional constraints on remaining staff:

“... local staff should be able to continue to implement most existing humanitarian and reconstruction programmes, including running the food distribution system, at least in the short-term. However, there will be an immediate impact on new programmes, which in many cases will not now go ahead.”

647. A report into the incident commissioned by the UN recorded that, at the time of the bombing, there were between 350 and 550 UN international staff in Baghdad.³⁵⁷ Although most of those staff were withdrawn following the bombing, the UN Secretary-General declined two recommendations from UN officials, on 2 and 22 September, to evacuate all UN international staff from Iraq. By early October, there were between 20 and 30 UN international staff in Baghdad and between 5 and 10 across the rest of Iraq.

648. Sir Hilary Synnott told the Inquiry:

“After the attack ... the Spanish and Japanese Governments ordered their civilians to leave. And on 30 August, of course, the UN ordered their expatriates to leave also. Everybody else stayed.”³⁵⁸

649. Mr Bearpark described the effect of the bombing in his evidence to the Inquiry:

“... on that day, an enormous body of knowledge, wisdom and ability was lost.

“But the other factors were even more important than that. The first one was that, for entirely understandable and probably correct reasons, the UN system ... [including] the World Bank and the IMF withdrew from Iraq. It is very difficult to overstate the chaos that caused for the CPA, because all your interlocutors suddenly vanished ...

“... that leads me on to the third factor .. which is that it recreated the animosity within the CPA to the UN system ... it did enable the UN-disliking elements of the CPA to feel justified in their original behaviour, even though very slowly, carefully and

³⁵⁵ Minutes, 28 August 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

³⁵⁶ Annotated Agenda, 28 August 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

³⁵⁷ The Independent Panel on the Safety and Security of UN Personnel in Iraq, 20 October 2003, *Report of The Independent Panel on the Safety and Security of UN Personnel in Iraq*.

³⁵⁸ Public hearing, 9 December 2009, page 111.

patiently during that period, June, July, August, the relationships had started coming together very well.”³⁵⁹

650. The Cabinet Office advised Ministers on 21 August that, conscious of growing public frustration in the South with living conditions and the underlying causes of the riots earlier in the month, the UK was taking action both in CPA(South) and with CPA(Baghdad) to improve the delivery of basic services.³⁶⁰ CPA(South) and MND(SE) were increasing fuel stocks, exploring ways to improve water supply, and working to improve the electricity supply to the Basra oil refinery.

651. There had been a series of meetings in CPA(Baghdad) on electricity and utilities. Ambassador Bremer had accepted “all recommendations related to the electricity problem in the South” and authorised US\$200m for immediate remedial work. Electricity generation and transmission were to have top priority. The UK was seeking further details.

652. On the same day, Mr Benn met informally with Mr Dennis McShane, FCO Minister for Europe, and Mr Adam Ingram, MOD Minister for Armed Forces.³⁶¹ The meeting agreed that:

- Sir Hilary Synnott needed “operations support”. DFID hoped to give Sir Hilary delegated authority to spend UK funds when CPA(South) was fully staffed.
- A strong UK delegation should attend the CENTCOM infrastructure Conference the following week, which would produce a strategy for improving Iraq’s infrastructure. In parallel, a team from engineering firm Mott MacDonald would visit Basra to prepare shorter-term proposals to improve power supply in the South.
- Thereafter, the UK “should decide fast on remedial action”. That might require more UK expenditure if the CPA could not respond fast enough.

653. The Ministers directed officials to report to the 28 August meeting of the AHMGIR on why so little of the funding allocated to CPA(South) had been spent.

654. An MOD official produced an informal record of the meeting for MOD colleagues only.³⁶² He commented:

“DFID (Benn/[DFID junior official]) v[ery] helpful and forward leaning, going so far as to identify fact that c. £30m of DFID allocation for Iraq remains unspent and that perhaps now, and on utilities in the South, is the time and place to spend it ...

“This prompted a sensible discussion (first I have heard at an Ad Hoc Group) of the consequences of the CPA actually not delivering in the medium term in the South ...

³⁵⁹ Public hearing, 6 July 2010, pages 28-29.

³⁶⁰ Paper Cabinet Office, 20 August 2003, ‘Update for Ministers 21 August 2003’.

³⁶¹ Letter Drummond to Owen, 21 August 2003, ‘Iraq: Informal Ministerial’.

³⁶² Email IRAQ-AD SEC-S to PJHQ-J9-HDPOLOPS3-S, 21 August 2003, ‘Not the Ad Hoc Ministerial’.

Again FCO line was that Synnott would sort it out. Min(AF) made the point about us expecting a lot from one man ...

“... there is no dispute that there is a problem, that something needs to be done and that it may well involve spending money – this is a significant step forward ... Most significant appears to be [the] developing DFID thaw on [its] doctrinaire approach to spending priorities.”

655. The CENTCOM Iraqi Power Generation and Distribution Conference took place in the US from 25 to 27 August.³⁶³ The objective of the Conference was to develop a practical response to the challenges in Iraq, and encourage co-ordination.

656. The Inquiry has not seen a record of the Conference.

657. The 27 August meeting of the Chiefs of Staff was advised that the estimated cost of the third course of action identified by Lt Gen Fry on 18 August – that the UK should step in to lead reconstruction in the South until the CPA could begin to deliver results – was US\$91m.³⁶⁴ A decision on whether to proceed would depend on the results of the CENTCOM Conference.

658. Mr Crompton advised Mr Straw in advance of the 28 August meeting of the AHMGIR:

“There is a head of steam within the MOD about the lack of progress on reconstruction. As the military see it, the CPA in general, and CPA(South) in particular, have failed to deliver. As a result, the Coalition is losing consent, the military are having to take on tasks which should be undertaken by civilians, and in the process the military are becoming over-stretched and vulnerable.”³⁶⁵

659. Mr Crompton offered four conclusions:

- “• We need to maintain pressure on DFID to deliver quick results. Their approach so far has been too theological ...
- Fixing these problems will require more staff (not less), particularly in the South. Hilary Synnott ... has just requested an additional 34 secondees to work on reconstruction issues. He should get many of these.
- Concerns about security argue against putting in more staff, but holding staff back ... will only compound the problem. The immediate solution is to strengthen security measures in CPA(South) ...
- All of this is going to cost a lot of money. I am not sure we will be able to do all we need to do within current budgets ... The Treasury may have to look again at the sums they are providing.”

³⁶³ Briefing DFID, 22 August 2003, ‘Information Note: Iraq: Critical Infrastructure in the South’.

³⁶⁴ Minutes, 27 August 2003 Chiefs of Staff meeting.

³⁶⁵ [Minute Crompton to PS/Straw, 28 August 2003, ‘Ad Hoc Ministerial’](#).

660. Sir Hilary Synnott told the Inquiry that he requested 37 additional staff (“not generalists but experts”) and 20 armoured vehicles.³⁶⁶

661. The Annotated Agenda for the 28 August meeting of the AHMGIR reported that the situation in southern Iraq remained “volatile”.³⁶⁷ There was no evidence of a “significant change in local consent to the UK-led military presence, but the time available before dissatisfaction with the pace of CPA delivery of services overflows is shrinking”.

662. Ministers agreed that, “subject to security concerns”:

- Officials should consider and implement measures to improve the power situation in south-eastern Iraq.
- Ministers should be advised on the impact on reconstruction of the withdrawal of international staff and measures to mitigate the impact.
- Sir Hilary Synnott should be given “such assistance and staff as he deemed necessary to improve the workings of CPA(South)”.³⁶⁸

663. Ministers were advised on 29 August that the MOD had commissioned and now received an action plan for immediate improvements to the power sector in the South.³⁶⁹ DFID expected to meet the cost (estimated at US\$30m), although that might exhaust their budget for Iraq for the year.

664. On the same day, Sir Nigel Sheinwald, Sir David Manning’s successor as the Prime Minister’s Foreign Policy Adviser, gave Mr Blair his view of immediate priorities for Iraq.³⁷⁰ They included:

- another surge in UK resources, both military (the MOD was undertaking a review which was likely to lead to a proposal to increase UK troop numbers) and for reconstruction (though UK numbers were dwarfed by the size of Ambassador Bremer’s request to Congress³⁷¹);
- improving utilities, most immediately electricity generation in the South;
- improving CPA media handling: a CPA media director (Mr Gary Thatcher, who had previously worked on *The Chicago Tribune*³⁷²) would arrive, “at last”, that day; and
- a new resolution “worth getting – to spread the military and reconstruction load”.

³⁶⁶ Public hearing, 9 December 2009, page 15.

³⁶⁷ Annotated Agenda, 28 August 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

³⁶⁸ Minutes, 28 August 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

³⁶⁹ Paper Cabinet Office, 29 August 2003, ‘Iraq: Update 29 August 2003’.

³⁷⁰ [Minute Sheinwald to Prime Minister, 29 August 2003, ‘Iraq’.](#)

³⁷¹ The US Administration submitted a request for US\$20.3bn for reconstruction in Iraq to Congress on 6 September.

³⁷² Annotated Agenda, 7 August 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

665. Mr Blair wrote on Sir Nigel's advice:

"This isn't really working at present. I will have to reflect on how we progress ... I need a meeting next week."³⁷³

666. On 1 September, Sir Hilary sent two telegrams from Basra, in response to a request from No.10 for an immediate report, in advance of the meeting requested by Mr Blair, on what he needed.

667. In the first telegram, Sir Hilary assessed that:

"The main immediate need is a vastly increased effort, well beyond the present capabilities of CPA(South) or MND(SE), to provide visible improvements in the provision of power, water and fuel in a short timescale."³⁷⁴

668. Under his direction, CPA(South) and MND(SE) had developed an Emergency Plan for Essential Services in Southern Iraq (the Essential Services Plan), costed at US\$127m. This would be discussed with DFID officials visiting Iraq and Mr Bearpark, and then submitted to the AHMGIR for approval. However:

"More generally, the scale and nature of the problem is well beyond CPA(South)'s present capabilities, if we are to truly act as an 'Authority' and provide direction to others. I have bid for more staff and ancillary back-up and will be bidding for more ..."

669. Sir Hilary reported that CPA(Baghdad) had "responded magnificently" to his request to bring forward the move to safer and larger premises from mid-November to mid-October but, until then, CPA(South) was unsafe and overcrowded, despite DFID holding back staff from returning after their breaks and the withdrawal of the Japanese.

670. Sir Hilary also reported that he had insufficient military protection vehicles to carry out essential tasks, and that MND(SE) was proving "most unwilling to the point of refusal, to dedicate more of their forces for this purpose".

671. Sir Hilary's comments on the provision of secure accommodation and transport for CPA(South) personnel are considered in Section 15.1.

672. Sir Hilary's second telegram contained a draft covering submission for the Essential Services Plan.³⁷⁵ Sir Hilary advised that the Plan was based on work undertaken by MND(SE) but had been "meshed with" a wider CPA(South) strategy for the medium and long term. It was "formally" for CPA(Baghdad) to own and resource the Plan "but that is not quite how things work in practice ... there is a certain expectation

³⁷³ [Manuscript comment Blair on Minute Sheinwald to Prime Minister, 29 August 2003, 'Iraq'](#).

³⁷⁴ Telegram 9 CPA(South) to FCO London, 1 September 2003, 'Southern Iraq: What Needs to be Done'.

³⁷⁵ Telegram 10 CPA(South) to FCO London, 1 September 2003, 'An Emergency Plan for Essential Services in Southern Iraq'.

that the regions should take a lead to sort out their own problems”. Sir Hilary stated that this was particularly true since his arrival.

673. Sir Hilary therefore requested:

- funding for the Essential Services Plan;
- immediate mobilisation of UK personnel to implement the Plan;
- “establishment of extraordinary financial and contractual arrangements to allow exceptionally rapid disbursement and effects”;
- the mobilisation of industry, in the UK and elsewhere, to participate in the Plan;
- creation of a high-level task force in Whitehall “to make this happen”; and
- “a start now”.

674. Mr Richmond offered a view from Baghdad on 2 September.³⁷⁶ He advised that, after a slow start, the CPA recognised the scale and urgency of the infrastructure problem. Ambassador Bremer had decided the answer was “simple: a massive injection of funds to kick start the renewal of Iraq’s infrastructure”, and had bid to the US Congress for up to US\$18bn for that purpose. Whether or not Congress approved that funding was likely to have a decisive impact on Iraq’s future.

675. Mr Richmond commented that, while the UK could not match US spending power, it would have to commit more financial and human resources, including:

- more money for essential services, especially in the South; and
- providing proper support and funding for the new UK staff in Iraq. Mr Richmond recommended that the newly-appointed Heads of the UK-led Governorate Teams should each be given £1m, to spend at their discretion.

676. The meeting that Mr Blair had requested in his note to Sir Nigel Sheinwald took place on 2 September.³⁷⁷ Mr Straw, Mr Hoon, Mr Benn, Gen Walker, Sir Richard Dearlove (C), Mr John Scarlett (the Chairman of the JIC), Sir Jeremy Greenstock (the Prime Minister’s Special Representative on Iraq), Mr Sawers and No.10 officials attended.

677. At the meeting, Mr Blair said that he wanted action on Iraq taken forward “with a heightened sense of urgency”. He asked for advice on eight issues, on the basis of which he would prepare a note for President Bush before a telephone call on 5 September, including:

- Infrastructure in the South. Mr Blair wanted “the maximum possible support given to Sir Hilary Synnott’s proposals for immediate infrastructure projects in the CPA(South) area, with appropriate military cover”.

³⁷⁶ [Telegram 147 IraqRep to FCO London, 2 September 2003, ‘Iraq: Assessment and Recommendations’.](#)

³⁷⁷ [Letter Cannon to Adams, 2 September 2003, ‘Iraq: Briefing for Prime Minister’.](#)

- CPA finances. What were the obstacles to funding? If there were delays, the UK should be prepared to finance new operations in the South itself, in advance of CPA funding.
- Oil and electricity. How could progress be accelerated, and how could UK industry be more involved?

678. In August, the UK reviewed its force levels in Iraq in the light of the deteriorating security situation (see Section 9.2).

679. Mr Hoon's Private Secretary wrote to Mr Rycroft on 4 September to report that:

"... in the light of the changing security situation in the South East of Iraq, and in view of likely next steps by the CPA, the Defence Secretary had concluded that there is an immediate requirement to deploy a further two infantry battalions and certain specialist capabilities to Iraq. Furthermore, we intend to identify and put on reduced notice to move a Brigade HQ, Infantry battalion and engineer capability as a contingency to support the implementation of the CPA(S) plan for emergency infrastructure work due to be delivered by Sir Hilary ..." ³⁷⁸

680. The Essential Services Plan was submitted to the AHMGIR on 4 September, with an implementation plan promised for the following week. ³⁷⁹

681. The Plan stated that CPA(South)'s intent was to improve essential services over the short, medium and long term as part of the "overall CPA reconstruction strategy". ³⁸⁰ However, "the imperative of securing rapid and visible improvements ... and forestalling erosion of Iraqi consent demands the urgent implementation of a short-term emergency plan".

682. The Plan aimed to:

- increase power supply, including by improving management, repairing transmission and distribution systems, providing generators, and providing spares and equipment;
- increase fuel supply, including by improving and constructing new fuel distribution and storage facilities, and improving gas distribution facilities; and
- increase water supply, including by improving maintenance and refurbishing and improving power supply to key water treatment plants.

683. The Plan was costed at US\$127m, comprising US\$90.5m for work to improve the power supply, US\$12m for fuel supply, US\$23m for water supply and US\$1.25m for general programme support. Funds were to be provided by the CPA, DFID or other sources.

³⁷⁸ [Letter Williams to Rycroft, 4 September 2003, 'Iraq: UK Forces and Resources Review'](#).

³⁷⁹ Annotated Agenda, 4 September 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

³⁸⁰ [Paper \[unattributed\], 2 September 2003, 'Annex B: Strategy for the Essential Services in Southern Iraq'](#).

684. To ensure a co-ordinated approach, CPA(South) would chair an “Essential Services Steering Group” made up of Iraqi Directors General, MND(SE), relevant UN agency Heads, NGOs and other relevant agencies. The Plan would be directed, at least initially, by the MND(SE) Chief Engineer on behalf of Sir Hilary Synnott, supported by the Mott MacDonald team.

685. The Plan stated that neither CPA(South) nor MND(SE) was staffed to manage the rehabilitation of essential services. “Staffing by generalists” had achieved “mixed results”; specialists were required to manage the work into the medium and long term.

686. At the AHMGIR meeting, Mr Benn announced that DFID had already approved £20m for the Essential Services Plan, and that a project team would go to Iraq by 12 September.³⁸¹ The UK should continue to seek money from the CPA, but must be prepared to act fast on its own if necessary.

687. The AHMGIR endorsed the Essential Services Plan and stated that it should be taken forward urgently.

688. Mr Benn wrote to Mr Blair later that day to confirm DFID’s commitment:

“You asked for immediate action to support Sir Hilary Synnott’s proposals for urgent infrastructure projects in the CPA(South) area. I have today approved funding of £20m for consulting services, equipment, spare parts and rehabilitation works ...

“It is expected to benefit over 5m people. The project will deliver over the next six months but with tangible benefits due within weeks.”³⁸²

689. The balance of funding for the Plan would need to come from the CPA:

“We have held back from committing to meet the full cost, to avoid giving the impression to the CPA that HMG [Her Majesty’s Government] wants to take on full responsibility for the South of the country including the future funding of all infrastructure. Such a commitment would be financially and logistically enormous, and well beyond DFID’s budget. We need to keep pressing Bremer to make more effective use of CPA resources, and in particular to transfer these funds and delegate responsibility to Sir Hilary Synnott now ...

“I hope this can be on your list of points to raise with President Bush.”

690. Mr Crompton visited Basra and Baghdad from 31 August to 3 September.³⁸³ He reported to Mr Chaplin on 5 September that “the Coalition as a whole is only just beginning to come to terms with the scale of the task we have taken on”. The “general feeling” was that the Coalition needed to “throw massive resources at the problem now, with a focus on accelerating the security work and essential services side”. The US were

³⁸¹ Minutes, 4 September 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

³⁸² Letter Benn to Blair, 4 September 2003, ‘Iraq: Restoring Essential Services in the South’.

³⁸³ [Minute Crompton to Chaplin, 5 September 2003, ‘Visit to Iraq: 31 August to 3 September’](#).

talking in terms of tens of billions of dollars; the UK needed to be thinking in terms of much larger figures than it had to date, “hundreds of millions of pounds, if not more, plus a significant increase in staffing in the South and Governorates”.

691. UK staffing in CPA(Baghdad) was “about right”, but CPA(South) and the other CPA regions were “woefully under-staffed”. The UK would have to staff CPA(South) itself. The Government should try to meet all of Sir Hilary’s requests for additional staff.

692. Sir Hilary Synnott described the genesis of the Essential Services Plan in his memoir.³⁸⁴ In early August, the UK military, spurred by security concerns and “deeply unimpressed” by the available civilian capability, had contracted Mott MacDonald to design a package of quick-impact, carefully targeted infrastructure projects, without consultation with CPA(South) or other partners. Sir Hilary commented that, while understandable, “the furtive manner in which the [military’s] plan was conceived amounted to a challenge to the civilian role in the South”.

693. Once the military’s plan was completed, it could no longer be kept hidden. Sir Hilary immediately realised that funding would have to come from CPA(Baghdad) or London, and that they would provide funding only if the package was perceived to be compatible with existing plans. He therefore convened a meeting between MND(SE) and CPA(South) to develop a joint Essential Services Plan.

694. Sir Hilary Synnott also realised that the CPA’s contracting and accounting procedures were unlikely to produce the funds within the necessary timescale and that CPA(Baghdad) might balk at providing additional funding for CPA(South), which it regarded as a “side-show”. DFID would not normally provide such a large amount of money. Sir Hilary therefore proposed that DFID should “kick-start” the project with a contribution of £20m, and then the UK should press the CPA to provide the balance. However, “if Baghdad proved obdurate, we could shame DFID into providing it”.

695. In his evidence to the Inquiry, Sir Hilary said that the Essential Services Plan was informed by his previous experience of reconstruction:

“When I went round Baghdad in the early days ... the view I got from USAID and others was that this place is broken ... and we have let out contracts to big American firms to put it all right. My heart sank at that point because ... I knew how long big projects took to get going, and I was also increasingly aware of the unpermissive security environment. That reinforced me in my view that we should be going for more of an emergency plan rather than big contracts, and I think, indeed, history shows that virtually none of the big contracts ever came to fruition.”³⁸⁵

³⁸⁴ Synnott H. *Bad Days in Basra: My Turbulent Time as Britain’s Man in Southern Iraq*. I B Tauris & Co Ltd., 2008.

³⁸⁵ Public hearing, 9 December 2009, page 29.

696. In early September, Ambassador Bremer published a “Seven Step Plan” for the restoration of Iraqi sovereignty (see Section 9.2).³⁸⁶ The Plan did not include a timescale, although to most observers it appeared to mean at least a two-year Occupation.

697. On 5 September, Sir Nigel Sheinwald sent Dr Rice a Note from Mr Blair for President Bush ahead of their video conference later that day.³⁸⁷

698. In the Note, Mr Blair proposed doubling the number of Iraqi police and speeding up the process of letting reconstruction contracts. In the South, he had “authorised” the CPA to “just spend the money and recoup later from CPA(Centre)”. Mr Blair expressed support for Ambassador Bremer, and queried whether he had all the administrative and technical support he needed.

699. On the media, Mr Blair wrote:

“Media: My obsession. I understand that Gary Thatcher is making a big difference. But there are five terrestrial channels to fill ... apparently, there is a fear that bringing in outside i.e. US/UK networks would be a problem for the Governing Council. That’s a pity, if true. Because the obvious solution is for us ... to task one of the big companies to sort it out. We need this fast. It is essential to keep building Iraqi consent and understanding.”³⁸⁸

700. Mr Blair concluded:

“So my basic point is: the problem is not complex to identify: it is security. The best solution is not us or at least us alone but the Iraqis. It is speed in building their capacity – security, intelligence, infrastructure, media – that we need.”

701. Mr Cannon reported to Mr Straw’s Private Office on 5 September that, during the video conference, Mr Blair had recommended to President Bush that “a new impetus should be given to infrastructure reconstruction, both short-term and longer-term projects”, and had expressed concern that there were problems in transferring funds for infrastructure projects from CPA(Baghdad) to CPA(South).³⁸⁹ Mr Blair had also asked whether Ambassador Bremer needed more administrative/technical support, including to reinforce the civil effort in the Provinces.

702. Mr Cannon also reported that Dr Rice and Sir Nigel would draw up a list of concrete measures that could be taken to improve the situation.

703. Sir Nigel and Dr Rice discussed those measures later that day, and on 11 September Sir Nigel sent Dr Rice a “UK/US Action Plan” which sought to “define

³⁸⁶ Dobbins J, Jones SG, Runkle B & Mohandas S. *Occupying Iraq: A History of the Coalition Provisional Authority*. RAND Corporation, 2009.

³⁸⁷ Letter Sheinwald to Rice, 5 September 2003, [untitled], attaching Note [Blair to Bush], [untitled].

³⁸⁸ Letter Sheinwald to Rice, 5 September 2003, [untitled], attaching Note [Blair to Bush], [untitled].

³⁸⁹ Letter Cannon to Adams, 5 September 2003, ‘Iraq: Prime Minister’s Video-Conference with Bush, 5 September’.

our objectives and specify ongoing and future actions”.³⁹⁰ It set out shared (US and UK) objectives and UK actions on security, intelligence, infrastructure, media and CPA personnel.

704. On infrastructure, the objective was a radical and rapid improvement in basic service provision (particularly water, electricity and fuel) to maintain Iraqi consent. The UK had contributed US\$30m to the US\$127m Essential Services Plan; the balance would come from the CPA. No other UK actions were identified.

705. On the media, the objective was to counter distorted reporting by Al Jazeera and other satellite channels. The UK would provide support to the Iraqi Media Network, the CPA, and for the longer-term development of indigenous Iraqi media.

706. On CPA personnel, the objective was to provide more specialist support for the CPA in Baghdad and the provinces. The UK was recruiting 37 specialists for CPA(South) and would provide more “as requested”, had selected four individuals to head CPA Governorate Teams, and would provide additional information and SSR specialists for CPA(Baghdad).

707. Sir Nigel and Dr Rice went through the Action Plan during Sir Nigel’s visit to Washington from 11 to 12 September.³⁹¹ Sir Nigel reported to Mr Blair:

“We [US and UK] share **objectives**; and there now appear to be detailed **plans** under development by the CPA in all the priority areas.”

708. Sir Nigel and Dr Rice agreed that there would be regular video conferences between London, Washington and Baghdad “to ensure we are all working from the same script”.

Pressure to provide additional funding for reconstruction

709. *Hard Lessons* described how, in July and August 2003, the CPA had developed a request for additional funding for reconstruction prompted by the projected US\$23bn financing gap in Iraq’s draft 2004 budget.³⁹² Ambassador Bremer sent a request for US\$20.3bn to Washington in early August; the request was formally submitted to Congress on 6 September.

710. The CPA advised Congress that Iraq required between US\$50bn and US\$75bn for reconstruction; it planned to present a “rich package of projects” to the forthcoming Madrid Donors Conference to attract funding from the international community.

³⁹⁰ [Letter Sheinwald to Rice, 11 September 2003, ‘Iraq’ attaching Note 10 Downing Street, 10 September 2003, ‘Iraq: UK/US Action Plan 10 September’.](#)

³⁹¹ Minute Sheinwald to Prime Minister, 14 September 2003, ‘Visit to Washington’.

³⁹² Bowen SW Jr. *Hard Lessons: The Iraq Reconstruction Experience*. U.S. Government Printing Office, 2009.

711. Treasury officials advised Mr Brown on 5 September that pressure was building for significant, additional UK contributions to reconstruction and security in Iraq, both from international partners and from within Whitehall.³⁹³ That pressure was generated by emerging reports on the substantial size of Iraq’s financing gap for 2004 (now estimated at between US\$1bn and, according to new figures from the CPA, US\$20bn) and Mr Blair’s emphasis on the need to deliver tangible and rapid progress through both additional military resources and reconstruction.

712. Treasury officials advised that DFID were developing a case for a substantial UK contribution to meeting the financing gap, which could be announced at the forthcoming Madrid Donors Conference. The US had approached the FCO to ascertain the UK’s position on additional financing for reconstruction, and discussions were beginning between international development ministries.

713. Treasury officials commented:

“There is a growing and costly perception in Whitehall (and potentially parts of the CPA and the US Administration) that if the UK wants to pull its weight, it should cover 10% of all costs ... In purely fiscal terms we cannot afford a contribution of this size without a very substantial re-prioritisation of existing spending allocations ...

“ ... [Sir] Jeremy Greenstock, UK Special Representative in Iraq [sic], has hinted that if we want to influence the outcome in Iraq and in particular the decision-making process at the centre of the CPA, we have to buy our way in. We refute this. Our military contribution was crucial to the success of the initial operation ... and our ability to influence through political leverage should not be diminished significantly.

“The main cause of agitation in the South, and in turn pressure on the UK to increase troop levels and to contribute additional resources, is the fact that resources are not arriving quick enough from CPA(Centre) to CPA(South). There is a danger that this is because the US controls CPA(Centre) and are allocating resources to their priority areas and are squeezing the areas where they perceive the UK to lead. This backs up the view that we do not have enough influence in CPA(Centre).”

714. Treasury officials also advised that they were increasingly concerned over the lack of a “comprehensive, long-term strategy” for Iraq, which led to continued ad hoc spending. DFID’s recent decision to provide £20m to fund the Essential Services Plan was an example of this. The decision left the UK exposed to providing further funding if CPA resources remained inaccessible and/or costs escalated. The UK should continue to push for CPA(Baghdad) to mobilise resources for use in the South rather than taking on more of the burden itself.

³⁹³ Minute Treasury [junior officials] to Chancellor, 5 September 2003, ‘Iraq: Financing Needs and Implications for UK’.

715. Mr Chaplin advised Sir Michael Jay on 9 September that the ideal way to meet Ministers' demands for quicker results in Iraq would be to put the new DFID Iraq Directorate into an FCO-based structure.³⁹⁴ There was, however, very little chance of DFID agreeing to that. The "next best thing" would be an enhanced FCO unit and strengthened liaison with other Whitehall departments. The FCO would have to "rely on the Sheinwald group [the Iraq Strategy Group] to crack the whip over DFID when necessary".

716. Later that day, Mr Straw approved the creation of a new FCO Iraq Directorate as the inter-departmental body responsible for co-ordinating the growing volume of Iraq-related work across Whitehall. The Directorate is described in more detail later in this Section.

717. Baroness Amos wrote to Mr Boateng on 10 September to request £6.5m from the Reserve to cover immediate further needs in Iraq, and that a further £33.5m should be "ear-marked" for anticipated requirements later in the financial year.³⁹⁵ Baroness Amos stated that DFID's budget for Iraq for 2003/04 was now fully committed. Of the £33.5m, £20m could be required for a further contribution to the Essential Services Plan if US funding proved insufficient.

718. Baroness Amos wrote to Mr Blair the following day to advise that DFID's immediate operational priorities were to ensure that the Essential Services Plan was fully funded and to help the UN return to Iraq.³⁹⁶ On the former, Baroness Amos advised:

"... our overall approach has been predicated on CPA delivering more than it has, and we have had negligible influence on them, or the Pentagon, to try and turn it around. Immediate measures are now needed to maintain the Iraqi population's consent."

719. The Essential Services Plan would help to improve essential services, but solving the underlying problems in infrastructure would require billions of dollars and an Iraqi Government to determine policy. Systemic problems within the CPA continued to delay the transfer of promised CPA resources to the South. Baroness Amos concluded:

"If CPA HQ and [the] US Government fail to get its act together quickly, then we can only plug the gap if my earlier Reserve claim ... is approved."

720. Baroness Amos also advised that the UK's objectives for the forthcoming Madrid Donors Conference in October were to get the Iraqi citizens in the driving seat, and to secure a "credible outcome on pledges", which required a credible Iraqi budget.

³⁹⁴ Minute Chaplin to PUS [FCO], 9 September 2003, 'Iraq: Restructuring IPU'.

³⁹⁵ Letter Amos to Boateng, 10 September 2003, 'Iraq Reconstruction Funding: Reserve Claim'.

³⁹⁶ [Telegram 1 DFID to IraqRep, 11 September 2003, 'Iraq Reconstruction: Cabinet Discussion on 11 September'](#).

721. Looking further ahead, Baroness Amos advised that DFID’s medium-term priorities were “self-evident”: robust macro-economic policy planning and budget management; reform of the public service; encouragement of civil society; and facilitation of private investment. Specific activities would be informed by sectoral assessments being undertaken by the World Bank, the IMF and UN agencies. As a leading member of the Coalition, the UK would be expected to play a substantial part in filling Iraq’s financing gap.

722. On 16 September, Mr Straw, Mr Hoon and Baroness Amos agreed that officials should review the UK’s approach to planning and preparation for post-conflict situations.³⁹⁷ That work led to the establishment of the Post-Conflict Reconstruction Unit (PCRU) at the end of 2004. Section 10.3 describes the development of the UK’s approach to planning and preparation for post-conflict reconstruction and the emergence of the broader concept of stabilisation.

723. Sir Hilary Synnott reported to the IPU on 17 September that, setting aside difficulties securing CPA funding for the Essential Services Plan, sources of funding for CPA(South), including the US Commanders Emergency Response Program (CERPs), were “starting to be unblocked” in Baghdad.³⁹⁸ Progress was largely because of better communications between Baghdad and Basra but CPA(South) had also “radically streamlined” its procedures.

724. The Annotated Agenda for the 18 September meeting of the AHMGIR reported that Mr Bearpark had confirmed that CPA(Baghdad) would provide the US\$97m required to fully fund the Essential Services Plan, although the exact source of those funds had not yet been identified.³⁹⁹

725. The Annotated Agenda also stated that the US had decided to establish a Program Management Office (PMO) to oversee CPA reconstruction funds. The decision was a response to the persistent problems in transferring funds from CPA(Baghdad) and CPA regional offices, however:

“Our initial response is sceptical: the PMO will manage predominantly US funds, which will require US contracting and procurement procedures to be followed. The prospect of developing Iraqi capacity, and of opening up contracts to include UK companies (in the interests of effectiveness and value for money) remains negligible. Nevertheless, without participating in some form in the PMO, we may lose a point of influence.”

³⁹⁷ [Minute \[unattributed\], 17 September 2003, ‘Meeting of the Secretaries of State for Foreign Affairs, Defence and International Development – 16 September 2003 at 2.15pm’.](#)

³⁹⁸ Email Synnott to Crompton, 17 September 2003, ‘Funding for CPA(S): Looking Better’.

³⁹⁹ Annotated Agenda, 18 September 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

726. The Annotated Agenda stated that if the US\$97m required to complete the Essential Services Plan were channelled through the PMO, that might delay or prevent disbursement.

727. At the AHMGIR meeting, FCO officials reported that the CPA had produced a coherent strategy for improving the quality of the Iraqi Media Network.⁴⁰⁰ Much could be funded by the CPA, but the UK should provide “niche assistance, including expertise, where best we could”.

728. Gen Walker said that there needed to be visible action on the Essential Services Plan before Ramadan.

729. Baroness Amos reported that Mr Benn and Mr Chakrabarti were in Iraq attempting to ease CPA funding. If that funding was not secured within four weeks, the Treasury would need to be approached.

730. Ministers asked officials to consider the UK’s involvement in the PMO further.

731. Ministers also agreed that officials should produce costed proposals for UK support on the media as soon as possible for discussion with the Treasury.

732. General Mike Jackson, Chief of the General Staff, visited Iraq from 12 to 15 September.⁴⁰¹ He reported to Gen Walker on 17 September:

“He [Maj Gen Lamb, GOC MND(SE)] does not require a third additional battalion or additional RE [Royal Engineers] squadron at the moment and is confident that he can meet any potential tasks that arise from the Essential Services Plan. There is therefore no requirement for an additional brigade HQ at this stage. This may change and we need to remain responsive to the needs of the GOC.”

733. Sir Hilary wrote in his memoir that he raised the need for additional support from the UK military with Gen Jackson during his visit:

“I explained that I had noted that the Army Headquarters judged that, despite the deteriorating security, their position was sustainable with their existing troop levels. In contrast, my organisation’s position was not ... If we were to travel to meet Iraqis and visit the other provinces ... our staff now needed to be escorted by military vehicles ...

“From then on, we had a steady and reliable system of escorts. They were inevitably never as much as we needed, so we had to cut back on our visits; but ... we sustained a reasonable level of activity.”⁴⁰²

⁴⁰⁰ Minutes, 18 September 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

⁴⁰¹ Minute CGS to CDS, 17 September 2003, ‘CGS Visit to Op.TELIC 12-15 Sep 03’.

⁴⁰² Synnott H. *Bad Days in Basra: My Turbulent Time as Britain’s Man in Southern Iraq*. I B Tauris & Co Ltd., 2008.

734. Gen Jackson called on Baroness Amos on 18 September.

735. Baroness Amos' briefing for the meeting advised that, while the relationship between the military and DFID was "strengthening", there had been a number of misunderstandings, many of which stemmed from the difference in approach between the Overseas Development Administration (ODA) and DFID:

"... the military could draw on ODA financing in support of UK political (and thus military) objectives. The International Development Act now ties DFID down to much more stringent conditions for funds disbursement ..."⁴⁰³

736. The briefing warned that Gen Jackson might draw unfavourable comparisons between the UK's reconstruction effort in Kosovo and Iraq:

"Without the CPA delivering ... There is a reasoned argument that HMG should have planned to support its military effort with a civilian 'colonial' effort, and [Gen] Jackson may be of the view that DFID should have mounted a bilateral UK operation similar to Kosovo, carrying out immediate infrastructure work, repairing schools, hospitals and so on. Not only was this not the strategy adopted by HMG [Her Majesty's Government], but a similar DFID effort would not have been possible. Kosovo's size, population, level of local consent, and interim governance arrangements were entirely different. A wider 'colonial' role is neither DFID's role nor our comparative advantage."

737. During the meeting, Gen Jackson said that the International Development Act (IDA) had created "conceptual and procedural difficulties which worked against a centralised HMG effort".⁴⁰⁴

738. Baroness Amos responded that, while the IDA had changed the way that DFID worked, it was still able to work with the military effectively. There was a need to prepare and plan better for post-conflict reconstruction "particularly in the very fragile transition stage".

739. Baroness Amos continued:

"We had all been failed by the CPA ... HMG's decision to put so much faith in the CPA was compounded by our failure to understand the US way of doing things ... DFID's £20m infrastructure project in the South in expectation of a further and larger funding allocation for infrastructure from CPA(Baghdad) was moving in the right direction – but we could not be complacent and had to make contingency arrangements in case CPA funding did not come through."

⁴⁰³ Minute DFID [junior official] to PPS/Secretary of State [DFID], 16 September 2003, 'Meeting with General Sir Michael Jackson, Chief of the General Staff – Thursday 18 September'.

⁴⁰⁴ Minute DFID [junior official] to PPS/Secretary of State [DFID], 23 September 2003, 'Meeting Note: General Sir Michael Jackson CGS'.

740. Mr Benn and Mr Chakrabarti visited Iraq from 17 to 19 September.⁴⁰⁵ On his return, Mr Benn wrote to Mr Blair:

“Security remains *the* concern. Provided we get this right alongside the politics, reconstructing Iraq is possible ... The Iraqis need to be helped to take charge. We need to support them ... and to persuade the Americans (who hold very fixed views) that this is both desirable and feasible.

“Improving life for ordinary Iraqis is the main priority. Electricity, water and jobs will maintain consent and therefore security. It is in the South that the UK can, and must, deliver. Expectations are high. There is progress now on the Essential Services Project ... and we are working on the right issues in the very short term – infrastructure, policing, and improving information to Iraqis ... In the medium term we should focus our support on helping key Iraqi ministries rather than CPA(Baghdad). Long term, we need to think about how we organise ourselves for this kind of operation.

“We have to recognise that our influence is limited with the CPA and Bremer, although the UK presence there, and in particular Jeremy Greenstock’s role in Baghdad, is vital in staying alongside both. Therefore it’s what we can do in the South that should occupy our practical, as opposed to our diplomatic, efforts.

“We are still not getting our achievements across back in the UK ...

“We must now turn our attention to the Madrid Donors Conference. We made the point forcefully to Bremer, and encouragingly to the Iraqis, that the Governing Council and the Minister of Finance should be on the top table ... We will need to lobby other donors hard, and have a credible pledge to make ourselves ...

“One major concern is the continuing problem with setting up the Independent Advisory and Monitoring Board for the Development Fund for Iraq (DFI). Bremer seems unconcerned, but it is going to make it very hard to get countries to put money in if the international guardian of the DFI can’t start work. It’s embarrassing, and someone will have to tell Bremer to sort it out, because he won’t do so on his own. In the light of the Conference, and our own pledge, we can then consider the next stage of the UK reconstruction effort.

“As we reflect on the Iraq experience, we do need to think about how HMG is geared up to respond to the reconstruction phase of such operations. We are beginning to do some thinking on this, but we need to learn lessons for the future.”

741. Sir Hilary Synnott reported from Basra on 22 September that, while in Basra, Mr Benn and Mr Chakrabarti had agreed “extraordinary procedures” for the disbursement of DFID’s £20m contribution to the Essential Services Plan, which meant

⁴⁰⁵ [Letter Benn to Blair, 20 September 2003, ‘My Visit to Iraq: 17-19 September’.](#)

that DFID's funds should be available that day.⁴⁰⁶ Implementation of the Plan would start at once. Sir Hilary reported:

“In front of the Minister [Mr Benn], Gen Lamb instructed his staff that the pins were to be removed from the DFID doll.”

742. Two days later, in the context of an update of developments in Baghdad, Sir Jeremy Greenstock, the Prime Minister's Special Representative on Iraq, reported:

“London will hate me for saying this, but it is something keenly felt by the best senior people in our military ... the UK has not yet put the intensity of resources into the civilian side of our operation, in terms of both personnel and project money, to convince the Americans that our analysis ... has to be listened to. If we watch our housekeeping too carefully in this respect, we may be forced down the wrong road ... I shall have to come back to this quite soon.”⁴⁰⁷

743. A Treasury official provided advice to Mr Boateng on 18 September on how the Treasury intended to deal with the expected surge in Iraq-related claims on the Reserve.⁴⁰⁸

744. Departments had seen Mr Blair's call for a step-change in the UK effort in Iraq (on 3 June) as “a legitimate invitation” to bid for more resources. Departments were developing or considering seven bids. The largest of those was a bid being prepared by DFID for around £250m, as the UK's additional contribution to Iraq's reconstruction. The UK would need to make a pledge at the forthcoming Madrid Donors Conference.

745. The official advised that it was vitally important to maintain pressure on departments, both at Ministerial and official level, not to submit claims in the first place. The Treasury would also continue to push for greater co-ordination between departments in funding Iraq programmes.

746. Treasury officials had concluded that the best course of action in the short-term would be to continue to scrutinise claims on a case-by-case basis, in terms of value-for-money, impact, robustness of the costing, and robustness of the risk management. Departments would also have to provide “clear evidence” on the extent to which they had reprioritised their existing resources to accommodate Iraq.

747. The availability of CPA funding was key. Some officials in CPA(South) had stated that it was easier to secure funding from London than from CPA(Baghdad). The Treasury should therefore continue to push for CPA(Baghdad) to fund initiatives in the South, rather than providing a significant increase in UK funding, which could create

⁴⁰⁶ Telegram 26 CPA(South) to FCO London, 22 September 2003, ‘South Iraq: Visit of Hilary Benn: Knots Untied’.

⁴⁰⁷ Teleletter Greenstock to Sheinwald, 24 September 2003, [untitled].

⁴⁰⁸ [Minute Treasury \[junior official\] to Chief Secretary, 18 September 2003, ‘Iraq Funding FY 2003-04: Dealing with Reserve Claims’.](#)

“expenditure overlaps” and alleviate the pressure on CPA(Baghdad) to resolve the problem of transferring resources to the regions.

748. Mr Boateng replied to Baroness Amos’ request for £40m from the Reserve on 25 September.⁴⁰⁹ He agreed to provide an additional £6.5m from the Reserve to cover immediate further needs in Iraq, but rejected the request to earmark £33.5m for DFID’s anticipated future needs, citing “recent reports that ... [US] sources of funding are now starting to be unblocked”.

749. In his evidence to the Inquiry, Sir Suma Chakrabarti suggested that the exchange had not occurred in isolation:

“We had discussions [with] the Treasury but it was quite obvious to us that they weren’t going to give any more than they already had ... They had put some money in upfront [in late March 2003, for humanitarian assistance], but, after that, they said it is time to reprioritise.”⁴¹⁰

750. Sir Nicholas Macpherson, Director General in charge of Public Expenditure from 2001 to 2005 and then Permanent Secretary at the Treasury, told the Inquiry that, although it was “totally open” to Baroness Amos to challenge that response, she did not.⁴¹¹ He pointed out that the US\$100m announced by Mr Brown in his 9 April budget statement was never fully claimed by departments.

751. In a video conference with President Bush on 16 September, Mr Blair commented that Mr Thatcher had now set out a “shopping list” for the Iraqi Media Network, costed at US\$40m.⁴¹² The question of funding would be pursued with the CPA. The record of the video conference was sent to the FCO.

752. Mr Straw wrote to Mr Boateng on 6 October, to bid for £13.9m from the Reserve as the UK’s contribution to improving the content and professionalism of the Iraqi Media Network.⁴¹³

753. Mr Boateng replied to Mr Straw on 16 October, rejecting the FCO’s bid on the grounds that he was not satisfied the proposal would deliver value for money and that the FCO had not fully exploited existing resources.⁴¹⁴

754. Mr Boateng’s decision on funding for the Iraqi Media Network was relayed to the Iraq Senior Officials Group (ISOG) the same day.⁴¹⁵ Sir Jeremy Greenstock, visiting

⁴⁰⁹ Letter Boateng to Amos, 25 September 2003, ‘Iraq: Reconstruction Funding: Reserve Claim’.

⁴¹⁰ Public hearing, 22 January 2010, page 39.

⁴¹¹ Public hearing, 22 January 2010, page 22.

⁴¹² Letter Cannon to Adams, 16 September 2003, ‘Iraq: Prime Minister’s Video Conference with Bush, 16 September 2003’.

⁴¹³ Letter Straw to Boateng, 6 October 2003, ‘Reconstructing the Iraqi Media Network: Claim on the Reserve’.

⁴¹⁴ [Letter Boateng to Straw, 16 October 2003, ‘Iraq Reserve Claim: Reconstructing the Media Network’](#).

⁴¹⁵ Minute Dodd to Sheinwald, 20 October 2003, ‘Iraq: Senior Officials Group’.

from Baghdad, said that it would be difficult for him to return to the CPA without any UK funding, and that more generally “the absence of financial flexibility was making our work harder in Baghdad”.

Staffing the CPA and new structures in London

755. The FCO sent an update on UK staffing in the CPA to Sir Nigel Sheinwald on 9 September.⁴¹⁶ Staffing in CPA(Baghdad) was “about right”, at 60 secondees. A major rotation of staff over the next two months would be an opportunity to increase the UK’s focus on “Ministerially-agreed priorities of Governance, Security Sector Reform, Reconstruction and the Economic/Oil Ministries”. There might also be a requirement to place a few additional staff in the CPA’s Information Directorate.

756. The FCO’s priority was staffing CPA(South) and the Governorate Teams. The 37 specialists for CPA (South) requested by Sir Hilary Synnott would be sourced through a DFID consultancy contract. The aim was to have them ready to deploy by mid-October.

757. Heads had been selected for the four UK-led Governorate Teams (Basra and Dhi Qar in the south, Wasit in central Iraq, and Kirkuk in the north). The first, Mr John Bourne, had deployed to Baghdad for a familiarisation briefing before taking up post in Dhi Qar (Nasiriyah). The other three would follow later in the month. The FCO had planned to fill just four slots in each team, but it was clear that “the CPA bank of staff is dry and that we should plan on filling our Governorates ourselves”. The objective was to have all staff in place by the end of September.

758. The remaining three Governorate Co-ordinators deployed to Iraq by the UK were:

- Mr Henry Hogger (Basra), deployed on 24 September;
- Mr Mark Etherington (Wasit), deployed on 29 September;
- Mr Paul Harvey (Kirkuk), deployed on 29 October.⁴¹⁷

759. The Inquiry has not seen terms of reference for the UK’s four Governorate Co-ordinators, but appointment letters sent to seven others by Ambassador Bremer on 25 September and published by the DoD, defined their role and lines of command within the CPA:

“You are the CPA’s principal representative to the local governments in [name of governorate]. You will lead a Governorate Team (GT) comprised of a CPA staff element, a military Governorate Support Team, a contracted Local Governance Team, and Iraqi advisors.

“The GT will provide local governance; identify, train, and mentor local Iraqi leaders for roles within future Iraqi government; monitor local contracts and provide

⁴¹⁶ Letter Adams to Sheinwald, 9 September 2003, ‘Staffing for CPA Iraq’.

⁴¹⁷ Contact list, 12 January 2004, ‘UK Personnel Deployed (As at 30 Dec 03)’.

program management; coordinate with Coalition military and non-governmental organizations; and advise local government ministry officials ...

“You will report to me through the [CPA] Director of Operations and Infrastructure for operational matters and through the [CPA] Director of Governance for political issues. You may draw on the Regional Coordinators and CPA staffs as needed for technical program and support.”⁴¹⁸

760. On 1 October, Sir Jeremy Greenstock commented to London that those lines of command were “complex”.⁴¹⁹ He also confirmed that his office had agreed with CPA officials that the UK would deploy personnel into the CPA’s GTs only when Sir Jeremy, the FCO and DFID were satisfied that appropriate security measures were in place. In practice, that meant that, until additional security measures were in place, all UK staff would be deployed to Wasit, Tamim and the four Governorates in CPA(South).

761. In a briefing note to all staff on the role and purpose of CPA(South), dated 12 November, Sir Hilary Synnott described the relationship between the Governorate Teams, Baghdad and CPA(South) as “complicated”, though he saw “no reason why they should not become workable and mutually advantageous”.⁴²⁰ He added that “difficulties in the relationship between the Governorate Teams and the regional centre pale into insignificance beside those in mastering what is going on in Baghdad”.

762. The UK Government has not been able to provide the Inquiry with precise figures for UK personnel deployed to the GTs. A contact list for UK personnel in Iraq on 30 December 2003 showed 48 UK personnel (including close protection teams) deployed to GTs across Iraq, 36 of them in the four southern governorates of Basra, Dhi Qar, Maysan and Muthanna, the others to Wasit and Kirkuk.⁴²¹ Figures for each Team were:

- Basra 22 (including a close protection team);
- Dhi Qar 4;
- Maysan 10 (including a close protection team and Deputy Governorate Co-ordinator, Mr Rory Stewart, who served as acting Governorate Co-ordinator between September and November);⁴²²
- Muthanna 1;
- Wasit 4;

⁴¹⁸ Minute Coalition Provisional Authority Baghdad, 25 September 2003, ‘Letters of Authorization for Governorate Coordinators’ attaching Letter Bremer, 25 September 2003, ‘Governorate Coordinator Appointment’.

⁴¹⁹ Telegram 191 IraqRep to FCO London, 1 October 2003, ‘UK Governorate Manning’.

⁴²⁰ Paper Synnott, 12 November 2003, ‘CPA (South): Its Role and Purpose’, reproduced in Synnott H. *Bad Days in Basra: My Turbulent Time as Britain’s Man in Southern Iraq*. I B Tauris & Co Ltd., 2008.

⁴²¹ Paper [unattributed], 12 January 2004, ‘UK Personnel Deployed (As at 30 Dec 03)’.

⁴²² Stewart R. *Occupational Hazards*. Picador, 2006.

- Kirkuk 7 (including Ms Emma Sky, who had been the senior CPA civilian in Kirkuk since June).⁴²³

763. The RAND history of the CPA, *Occupying Iraq*, stated that it took six months to get CPA officials into Iraq's 18 governorates and that "the small staffs were often overwhelmed by the scale of their responsibilities".⁴²⁴ Teams sent weekly reports to CPA(Baghdad), but "progress (or the lack thereof) at the provincial and local level depended largely on the initiative and improvisation of individual governorate coordinators and military commanders".

764. The new FCO Iraq Directorate, which Mr Straw had agreed the previous month, was established on 16 October.⁴²⁵ It was headed by Mr John Buck, reporting to Mr John Sawers, the FCO Political Director. Mr Chaplin remained "closely involved in the political process and regional aspects" as FCO Director Middle East and North Africa.

765. The Directorate comprised three units:

- the Iraq Policy Unit (IPU), headed by Mr Crompton, covering the political process, UN issues, fiscal and monetary policy, human rights, bilateral affairs and travel advice;
- the Iraq Security Sector Unit (ISSU), headed initially by Mr Robert Chatterton Dickson, to be replaced from 29 October by Ms Kate Smith, covering politico-military affairs, liaison with the MOD, reconstruction and training of the Iraqi army and police forces and co-ordination of security assessments; and
- the Iraq Operations Unit (IOU), headed by Mr Philip Parham, covering civil reconstruction, liaison with DFID, media development and deployment of and support for UK personnel in the CPA.

766. On 27 October, Sir Hilary Synnott requested a further 44 staff for CPA(South) to cover "political reporting, governance issues and CPA(S) internal support", in addition to the 37 specialist staff that he had requested at the end of August.⁴²⁶ Sir Hilary reported that DFID was arranging recruitment of the 37 specialists.

767. The 14 November meeting of the ISOG was advised that the first 10 to 15 specialists of the 37 requested by Sir Hilary at the end of August, would deploy that month.⁴²⁷ The "bulk" would follow in December.

⁴²³ Public hearing Sky, 14 January 2011, pages 9-10.

⁴²⁴ Dobbins J, Jones SG, Runkle B & Mohandas S. *Occupying Iraq: A History of the Coalition Provisional Authority*. RAND Corporation, 2009.

⁴²⁵ Minute Buck to All Departments, 16 October 2003, 'Creation of Iraq Directorate'.

⁴²⁶ [Telegram 38 Basra to FCO London, 27 October 2003, 'CPA\(South\): Staffing Requirements'](#).

⁴²⁷ Minutes, 14 November 2003, Iraq Senior Officials Group meeting.

First cross-Whitehall Strategy for Iraq

768. A draft 'UK Iraq Strategy' was circulated to members of the AHMGIR for comment on 26 September.⁴²⁸

769. The final version was issued to members of the AHMGIR by the Cabinet Office on 8 October after "those Private Offices who responded indicated their Ministers' endorsement".

770. Sir Nigel Sheinwald annotated his copy: "I don't see a need for PM [Mr Blair] to see this".⁴²⁹

771. The Strategy acknowledged the CPA Strategy published in July 2003 and stated that this was a longer-term UK Strategy for Iraq that was broadly consistent with the CPA Strategy, but which set the framework for specific UK activities towards a common objective.⁴³⁰

772. The Strategy identified the UK objective as:

"Iraq to become a stable, united and law-abiding state, within its present borders, co-operating within the international community, no longer posing a threat to its neighbours or to international security, abiding by all its international obligations and providing effective representative government, sustainable economic growth and rising living standards to its entire people."

773. The Strategy stated that:

- Successful reconstruction required the "widest possible" international support. Getting the UN and IFIs engaged would increase the chances of securing that support.
- The US had far greater resources than the UK, but UK influence over US policy was limited and the UK's approach would be "vulnerable to shifts in US thinking".
- The UK was active at a national level, but UK assets were concentrated in the South where the UK was most exposed to the consequences of failure.
- There were few quick fixes for essential services. Improvement would require multi-year projects "even beyond the scope of the CPA if it receives US\$20bn from Congress". Nevertheless, the UK needed to demonstrate some visible progress in improving living standards in order to maintain local consent. For the UK in CPA(South), that would require more funding and more skilled personnel.

⁴²⁸ [Minute Dodd to Sheinwald, 8 October 2003, 'UK Iraq Strategy' attaching Paper Cabinet Office, 7 October 2003, 'UK Iraq Strategy Paper'.](#)

⁴²⁹ [Manuscript comment Sheinwald on Minute Dodd to Sheinwald, 8 October 2003, 'UK Iraq Strategy'.](#)

⁴³⁰ Paper Cabinet Office, 7 October 2003, 'UK Iraq Strategy Paper'.

774. The Strategy stated that “to help planning”, Iraq’s recovery should be considered in three phases: stabilisation, to December 2003; recovery, to December 2004; and normalisation, from January 2005. The Strategy defined “UK objectives” for each phase in relation to security, the political process and reconstruction.

775. The UK’s over-arching reconstruction objective for the stabilisation phase (to December 2003) was that Iraq would reach pre-conflict levels of “development and order”.

776. The objective for the recovery phase, to December 2004, was that Iraq would exceed pre-conflict levels of development and order, and plans would be being implemented to develop Iraq’s own capacity to lead economic and physical reconstruction.

777. The objective for the normalisation phase, from January 2005, was that Iraq would be “largely self-supporting”, providing its own public services and with a growing market-based economy.

778. The Strategy acknowledged that this scenario was “ambitious”. Risks to progress included resistance to the Coalition and slow progress on the political process and reconstruction. A protracted occupation would be costly, increase anti-Western sentiment across the region and provide further reason for terrorist attacks in US and UK interests.

779. The UK would continue to be active in a number of areas but would, as Ministers had directed, focus its engagement on economic management, SSR and oil. An Action Plan covering the stabilisation phase was being developed.

780. On resources, the Strategy stated that the UK military occupation force would cost around £1bn in 2003/04 (and less in future years). The DFID programme for 2003/04 was £201m and was fully committed. Of the £60m provided by the Treasury in April, the FCO had been allocated £21m to cover CPA staff and security costs, and DFID had bid for the remaining £40m.⁴³¹

781. Looking ahead, the Strategy stated that departments’ bids for funding for Iraq for 2004/05 would be subject to negotiation with the Treasury. An “appropriate” level of UK contribution to reconstruction and development was being considered in the light of Iraq’s needs, Iraqi and international contributions, and the UK’s resource position.

782. Sir Suma Chakrabarti told the Inquiry that the UK Strategy was:

“Very important, but quite high-flown sort of stuff and not really linked to operational detail.”⁴³²

⁴³¹ The Treasury had agreed on 25 September to provide DFID with an additional £6.5m from the Reserve, but rejected its request to earmark £33.5m for anticipated future needs.

⁴³² Public hearing, 22 January 2010, page 4.

783. Sir Suma added that, as the UK Strategy did not satisfy DFID’s need for operational detail, DFID produced its own strategy (the Interim Country Assistance Plan) at the beginning of 2004.

Lobbying for a level playing field for UK businesses

784. The UK Government continued to lobby the US and the CPA for a level playing field for UK companies bidding for CPA contracts in Iraq (see Section 10.3).

785. Trade Partners UK (TPUK), the division of British Trade International (BTI) responsible for promoting UK exports, produced an update on commercial issues on Iraq for Mr Blair on 10 October.⁴³³

786. TPUK advised that their strategy was:

“... to position UK firms as best we can through the provision of information about contacts, procurements issues, etc, and to press the US authorities (and the CPA) to ensure a level playing field on which UK companies can compete.”

787. In response, the US had made it clear that, while it welcomed the participation of UK companies, there was “no ‘special deal’”.

788. The update concluded that UK firms were doing “quite well” given that most of the work so far had been US-funded.

789. UK Government lobbying on behalf of UK business intensified in early 2004, in anticipation of the contracts that would flow from the additional funding for reconstruction requested by the CPA and against a background of growing press and Parliamentary criticism that UK companies were at a disadvantage in bidding for US-funded contracts.

Madrid Donors Conference, 23 and 24 October 2003

790. The Annotated Agenda for the 2 October meeting of the AHMGIR stated that the UK’s primary objective for the Madrid Donors Conference, which would be held on 23 and 24 October, was to broaden international support for reconstruction in Iraq and secure the necessary funding for it.⁴³⁴ The Conference should also:

- demonstrate international support for Iraqi proposals for political and economic progress;
- recognise the Governing Council and Ministers as the principal interlocutors for donors;
- endorse the Iraqi budget for 2004 and the priorities identified by the IFI/UN needs assessments;

⁴³³ [Letter Zimmer to Rycroft, 10 October 2003, ‘Iraq: Update on Commercial Issues’ attaching Paper TPUK, 10 October 2003, ‘Iraq: Update on Commercial Issues’.](#)

⁴³⁴ Annotated Agenda, 2 October 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

- agree finance for Iraq's reconstruction, preferably using the Multi-Donor Trust Fund; and
- note the Paris Club process for addressing Iraq's external debt problems.

791. The Annotated Agenda stated that many donors felt excluded from the Madrid process, "disaffected by the lack of a clear political process and disinclined to pledge before it is sorted out". There were a number of issues to resolve before UK objectives could be achieved:

- clarity on financing needs;
- a clear timetable to Iraqi sovereignty;
- a clear financing mechanism;
- agreement on the role of the IAMB;
- engaging IFIs and "quality donors" to ensure reconstruction was effective;
- a more inclusive approach to managing the Conference; and
- a credible UK pledge to leverage others.

792. If the Conference did not deliver the necessary international support, the US might need to fund "the major requirements for 2004 with limited help from Coalition partners, including the UK".

793. The AHMGIR agreed that Ministers and Mr Blair should lobby their counterparts on the lines proposed.⁴³⁵

794. The AHMGIR also agreed that the CPA should be funding projects in CPA(South). UK funding was small compared with US funding, and the Reserve was already under pressure.

795. The UN and World Bank presented the main findings of their Joint Needs Assessment (JNA) to the Conference's Core Group (the United Arab Emirates, the US, the EU and Japan) on the same day.⁴³⁶ The JNA estimated that Iraq's "overall stock of reconstruction needs" over the period 2004 to 2007 was US\$36bn. In addition, the CPA had estimated that US\$20bn was needed in critical sectors not covered by the JNA, including security and oil. Iraqi oil and tax revenues and private sector financing would reduce the need for external financing.

796. Baroness Amos wrote to Mr Boateng on 3 October, to propose that DFID could provide up to £130m from its core budget for financial years 2004/05 and 2005/06, as part of a UK pledge at Madrid.⁴³⁷ That figure included £70m from DFID's contingency reserve, £50m from funds reallocated from other middle-income countries, and the existing planned provision for Iraq.

⁴³⁵ Minutes, 2 October 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

⁴³⁶ UN, Press Release, 2 October 2003, *UN/World Bank Present Iraq Reconstruction Needs To Core Group*.

⁴³⁷ Letter Amos to Boateng, 3 October 2003, 'Iraq Financing'.

797. Baroness Amos advised that this contribution reflected Iraq's needs and DFID's commitments, including its commitment to increase the proportion of bilateral spend allocated to low-income countries to 90 percent by 2005/06 and to establish a £1bn assistance programme for Africa by 2005/06.

798. Baroness Amos also advised that a "significant" amount of the pledge should be allocated to the Multi-Donor Trust Fund, which would focus on the social sectors and encourage similar contributions from other donors.

799. A Treasury official advised Mr Brown later that day that DFID could probably find £390m from its existing resources, and the Global Conflict Prevention Pool (GCPP) a further £30m, giving a UK pledge of £420m for 2004/05 and 2005/06.⁴³⁸ She recommended that the Treasury push DFID hard to find more from its existing resources.

800. No.10 responded to Baroness Amos's letter to Mr Boateng on 4 October.⁴³⁹ Mr Rycroft said that Mr Blair:

"... would like the UK to play a leading role within the international community in this area. So he thinks that the UK pledge should be significantly larger than Departments appear to be contemplating, in the order of £500m. This will need to include genuinely new money, not the result of creative accounting."

801. The JNA was published on 9 October.⁴⁴⁰

802. The FCO reported the following day that the Core Group had agreed three objectives for the Conference:

- to endorse the priorities for reconstruction in Iraq;
- to provide a forum for donors to make pledges of assistance; and
- to agree a multilateral framework for assistance, including a Multi-Donor Trust Fund administered by the UN and World Bank, separated from but co-ordinated with the DFI.⁴⁴¹

803. The 9 October meeting of the Defence and Overseas Policy (DOP) Sub-Committee of the Cabinet agreed that the UK should pledge US\$900m at the Conference.⁴⁴²

⁴³⁸ Minute Treasury [junior official] to Chancellor, 3 October 2003, 'Iraq: UK Contribution at Madrid Donors Conference'.

⁴³⁹ Letter Rycroft to Malik, 4 October 2003, 'Iraq: Madrid Donors Conference'.

⁴⁴⁰ UN/World Bank, Press Release, 9 October 2003, *Iraq: United Nations, World Bank Publish Needs Assessment*.

⁴⁴¹ Telegram 55 FCO London to Brussels, 3 October 2003, 'Iraq: Madrid Donors Conference'.

⁴⁴² Minutes, 9 October 2003, DOP meeting.

804. Treasury officials sent an analysis of “how we think this figure [US\$900m] can be achieved from within existing resources” to Mr Brown after the DOP meeting.⁴⁴³ Their analysis (which totalled £544m, some US\$908m) comprised:

- £201m already committed by DFID to Iraq for 2003/04;
- £115m from DFID’s contingency reserve (Departmental Unallocated Provision (DUP)) for 2004/05 and 2005/06;
- £12m from DFID’s Iraq programme for 2004/05 and 2005/06;
- £50m from DFID’s other programmes in middle-income countries for 2004/05 and 2005/06;
- £30m from the GCPP, comprising the existing £15m allocation for Iraq for 2003/04 and 2004/05 and a further £15m in planned allocations for 2004/05 and 2005/06;
- £7.5m from the FCO’s Global Opportunities Fund, representing possible future allocations for 2004/05 and 2005/06;
- £30m from MOD allocations for Quick Impact Projects (QIPs), comprising the existing £20m allocation for 2003/04 and the estimated future allocation of £10m for 2004/05;
- £60m announced in the 9 April 2003 Budget statement for humanitarian and reconstruction activities in Iraq; and
- £38.5m as the UK’s assessed share of European Commission aid to Iraq in 2003/04 and 2004/05.

805. Mr Blair and other Ministers lobbied donors, including the US, the IMF, the World Bank, and European and regional partners in the run-up to the Madrid Conference.⁴⁴⁴

806. The Annotated Agenda for the 16 October meeting of the AHMGIR reported that the European Commission would pledge €200m (including the UK’s assessed share of £38.5m); apart from the UK, no EU Member State had yet declared a pledge.⁴⁴⁵ Germany and France had “stonewalled” when lobbied by Mr Straw, but the UK expected significant pledges from Italy (as a Coalition partner) and Spain (as Conference hosts). Officials recommended that the UK focus its lobbying on Italy, Spain, Germany and the Gulf states, all of which might contribute substantially.

807. The Annotated Agenda also reported that IFIs and the CPA had agreed terms of reference for the IAMB, which should help preparations for Madrid.

808. In discussion, Ministers described the European Commission pledge as “shameful” and agreed that they, Mr Blair and officials should intensify their lobbying efforts.⁴⁴⁶

⁴⁴³ Minute Treasury [junior officials] to Chancellor, 9 October 2003, ‘Iraq: Agreeing UK Contribution at Madrid Donors Conference’.

⁴⁴⁴ Minute Cabinet Office [junior official] to Sheinwald, 13 October 2003, ‘Iraq: Senior Officials Group’.

⁴⁴⁵ Annotated Agenda, 16 October 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

⁴⁴⁶ Minutes, 16 October 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

809. The UN Security Council adopted resolution 1511 on 16 October (see Section 9.2).⁴⁴⁷ The resolution urged Member States and international and regional organisations to support Iraq's reconstruction, including by making substantial pledges at the Madrid Donors Conference.

810. The IAMB was formally established on 24 October.⁴⁴⁸ It would not hold its first meeting until early December.

811. Representatives from 73 countries, 20 international organisations and 13 non-governmental organisations and associations attended the Madrid Donors Conference on 23 and 24 October.⁴⁴⁹

812. Donors pledged a total of between US\$32.2bn and US\$35.9bn, including:

- The US, the largest contributor, pledged US\$18.649bn.⁴⁵⁰
- Japan pledged US\$4.914bn, US\$1.414bn on grant terms and up to US\$3.5bn on concessional loan terms, with the amount dependent on security, political progress and progress on reconstruction and resolution of Iraq's debt issue.
- The World Bank pledged between US\$3bn and US\$5bn.
- The IMF pledged between US\$2.55bn and US\$4.25bn.
- Saudi Arabia and Kuwait each pledged US\$500m; the UK US\$452m, Italy US\$236m, the European Commission US\$235m, Spain US\$220m, the United Arab Emirates US\$215m and South Korea US\$200m.
- A number of countries, including Germany, offered assistance in kind.
- France did not make a pledge.⁴⁵¹

813. The recorded UK pledge of US\$452m excluded the UK's allocations for humanitarian assistance, amounts that had previously been pledged, and the UK's attributed share of European Commission development expenditure.

814. The Conference noted that an International Reconstruction Fund Facility for Iraq (IRFFI) was being established, to help co-ordinate and channel funding from the international community.⁴⁵² The IRFFI would be administered by the World Bank and UN in close co-ordination with the Iraqi authorities.

⁴⁴⁷ UN Security Council Resolution 1511 (2003).

⁴⁴⁸ IAMB for Iraq, Press Release, 24 October 2003, *Establishment of International Advisory and Monitoring Board*.

⁴⁴⁹ International Reconstruction Fund Facility for Iraq, [undated], *Conclusions by the Chair International Donors Conference for the Reconstruction of Iraq Madrid, 23-24 October 2003*.

⁴⁵⁰ The US pledged US\$20.3bn at the Conference subject to Congressional approval. The pledge was subsequently revised to US\$18.649bn.

⁴⁵¹ International Reconstruction Fund Facility for Iraq, [undated], *International Donors' Conference for Iraq Madrid, 23-24 October 2003: Summary Table by Donor*.

⁴⁵² International Reconstruction Fund Facility for Iraq, [undated], *Conclusions by the Chair International Donors Conference for the Reconstruction of Iraq Madrid, 23-24 October 2003*.

815. The Inquiry considers and refers to the IRFFI in terms of its two component parts – the World Bank Trust Fund and the UN Trust Fund.

816. The Annotated Agenda for the 6 November meeting of the AHMGIR reported that the Conference had been “more successful than first imagined”, not least because of the “political commitment” shown by the international community.⁴⁵³ The JNA and increased certainty over the scale of resources available for reconstruction would enable DFID to begin drafting a Country Assistance Plan.

817. Sir Nicholas Macpherson told the Inquiry that the Conference was “probably the key milestone in financing the reconstruction effort” and had “galvanised international support for reconstruction”.⁴⁵⁴

818. Mr Jim Drummond, DFID Director Iraq from September 2003 to December 2004,⁴⁵⁵ identified the Conference as one of DFID’s successes in the CPA period:

“I think we [DFID] had helped to galvanise the international donor community to contribute in Madrid. I think that was quite a success. Delivering after Madrid became more of a challenge because of security, but in terms of bringing the international community back together after what had been a fairly controversial phase, then Madrid was a good point.”⁴⁵⁶

819. Mr Drummond also told the Inquiry that the proportion of the Madrid pledges to reach Iraq “varied quite a lot from country to country. With a lot of countries finding it – because they didn’t have the capacity to spend – difficult to deliver.”⁴⁵⁷

Priorities for the last six months of Occupation

820. Section 9.2 describes:

- the growing insurgency from October 2003 in Baghdad and the Sunni Triangle; and
- the increasing US and UK concerns that Ambassador Bremer’s Seven Step Plan for the restoration of Iraqi sovereignty would not lead to credible elections on the basis of a legitimate constitution sufficiently quickly to retain the consent of the Iraqi people.

821. Baroness Amos was appointed Leader of the House of Lords on 6 October. Mr Benn succeeded her as International Development Secretary.

⁴⁵³ Annotated Agenda, 6 November 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

⁴⁵⁴ Statement, 15 January 2010, page 4.

⁴⁵⁵ Mr Drummond had previously been Assistant Head of OD Sec in the Cabinet Office.

⁴⁵⁶ Public hearing, 17 December 2009, page 31.

⁴⁵⁷ Public hearing, 17 December 2009, pages 33-34.

822. Sir Jeremy Greenstock reported to Mr Blair on 15 October that, in contrast to Baghdad and the Sunni Triangle:

“... a virtuous circle seemed to be building up in the South, with locals supporting the reconstruction process and turning in to the Coalition outsiders who disrupted it.”⁴⁵⁸

823. Sir Jeremy advised that, despite the success of British efforts in the South, the success or failure of the Coalition project would be decided in Baghdad. It was vital that the UK took a strong policy interest there. Limited UK funding (which Sir Jeremy estimated at two percent of the US contribution) curtailed UK influence.

824. Sir Jeremy reported on 24 October that Gen Sanchez had ordered a “comprehensive review of security to try to regain operational momentum”.⁴⁵⁹ Sir Jeremy commented that the review represented “a clear move from stabilisation towards counter-insurgency operations”.

825. On 26 October, the al-Rashid Hotel in the Green Zone of Baghdad, used as a Coalition military base, was hit by a number of rockets.⁴⁶⁰ The attack killed a US soldier and injured 15 other people, including a UK Treasury secondee to the CPA.

826. Mr Bearpark told the Inquiry that he viewed the attack as a turning point:

“We [the CPA] were very, very clearly on an upward slope until then ... We believed that the CPA was getting better at what it was meant to do and we were all optimistic ... From [that point] onwards, then the graph just went sharply down.”⁴⁶¹

827. Sir Nicholas Macpherson told the Inquiry that the attack prompted the withdrawal of all Treasury officials from Iraq.⁴⁶² Some would return in January 2004, once secure accommodation had been provided.

828. A 5 November JIC assessment advised that, by attacking a wider set of targets, extremists aimed to undermine the Coalition’s political objectives.⁴⁶³ Those targets included international organisations:

“Many NGOs have already withdrawn from Iraq and the International Committee of the Red Cross (ICRC), like the UN, intends to pull out most international staff. Medecins Sans Frontieres has already decided to do so and others may follow.”

⁴⁵⁸ [Letter Cannon to Owen, 16 October 2003, ‘Iraq: Sir Jeremy Greenstock’s Call on the Prime Minister’.](#)

⁴⁵⁹ Telegram 230 IraqRep to FCO London, 24 October 2003, ‘Iraq: Security Update’.

⁴⁶⁰ *BBC News*, 26 October 2003, *US shocked at Iraq hotel attack*; Annotated Agenda, 6 November 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

⁴⁶¹ Public hearing, 6 July 2010, pages 43-44.

⁴⁶² Statement, 15 January 2010, page 6.

⁴⁶³ [JIC Assessment, 5 November 2003, ‘Iraq Security’.](#)

829. When Mr Blair spoke to President Bush by video conference on 6 November, he commented that the question was “how quickly could we move to elections”.⁴⁶⁴ Mr Blair thought the quicker the better, “but both the Iraqis and we needed to be able to handle it”.

830. Mr Blair commented that “with progress on infrastructure etc, we were now down to a specific problem of how to deal with a small group of terrorists”. Mr Blair suggested that some Sunni were “desperate to be on our side” and that infrastructure projects that would benefit the Sunni community should be completed.

831. Mr Richmond attended a meeting with Ambassador Bremer, General John Abizaid, Commander US Central Command (CENTCOM), and Gen Sanchez to discuss “Sunni strategy” the following day.⁴⁶⁵

832. At Ambassador Bremer’s request, Mr Richmond summarised the CPA’s work so far. Sunnis felt economically and politically excluded. The CPA was seeking to address this by allocating more money for job creation and quick impact projects, and by stepping up recruitment efforts for the Iraqi Civil Defence Corps (ICDC), police and army in Sunni communities. There were “no quick fixes”. The CPA had to reassure Sunni communities that their interests would be safeguarded, but that was difficult without clarity on the political and constitutional process.

833. Gen Abizaid agreed that there needed to be a long-term strategy, but said that he was more concerned with “the next few weeks – how to prevent the insurgency from growing”. He had met Sunni leaders in Mosul, and had come away with a clear message: “jobs and money”. There also needed to be more flexibility on de-Ba’athification.

834. Gen Abizaid went on to outline the “tough” military plans to tackle the insurgency, including in Fallujah. Mr Richmond warned that any military action had to be carefully targeted; “a carrot and stick approach had to leave room for the carrot”.

835. The AHMGIR agreed on 6 November that officials should continue to oppose the CPA’s privatisation policy.⁴⁶⁶

Challenging the CPA’s privatisation plans

In mid-October, the CPA shared with the UK an early draft of an Order on Iraqi Ownership Transformation, which covered the privatisation of Iraqi State-Owned Enterprises (SOEs).⁴⁶⁷ The Inquiry has not seen a copy of that draft.

⁴⁶⁴ Letter Rycroft to Adams, 6 November 2003, ‘Iraq: Prime Minister’s Conversation with President Bush, 6 November’.

⁴⁶⁵ Telegram 258 IraqRep to FCO London, 9 November 2003, ‘Iraq: Sunni Strategy Meeting with Bremer and Abizaid’.

⁴⁶⁶ Minutes, 6 November 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

⁴⁶⁷ Telegram 108 FCO London to IraqRep, 24 October 2003, ‘Iraq: Privatisation Order’.

Mr Huw Llewellyn, an FCO Legal Counsellor, advised the IPU on 22 October that he did not consider that there was a basis either under occupation law or resolution 1483 for the proposed Order.⁴⁶⁸

On 24 October, the IPU instructed UK officials in Baghdad and Washington to raise the UK's concerns on the draft Order with US interlocutors.⁴⁶⁹ The IPU advised that privatisation was "the most fundamental economic policy difference we have with the US". The UK shared the US interest in building the Iraqi private sector, "but not to the extent of supporting privatisation of Iraqi state assets by the CPA". US enthusiasm for privatisation was not shared in Iraq. The UK believed:

- There were significant risks in privatising SOEs before a functioning private sector had been established. SOEs were unlikely to flourish, the Iraqi Government was unlikely to secure a good return, and unemployment could increase.
- Economic reform on the scale proposed had to be led by a representative Iraqi Government.

The UK also had significant legal concerns about the legitimacy of the draft Order and the CPA's authority to transfer ownership of Iraq state assets.

Sir Jeremy Greenstock, the Prime Minister's Special Representative on Iraq, called on Mr Tom Foley, CPA Director for Private Sector Development, on 29 October to pass on the UK's concerns.⁴⁷⁰ Sir Jeremy reported to the FCO that Mr Foley had repeated that all privatisations would take place under a sovereign Iraqi Government. Sir Jeremy commented that Mr Foley's assurances contrasted with "other analysis" that UK officials had seen.

836. On 6 November, Congress approved the CPA's request for additional funds, allocating US\$18.4bn to the Iraq Relief and Reconstruction Fund (IRRF2).⁴⁷¹ The funds were available for two years. Congress had allocated US\$2.4bn to the Iraq Relief and Reconstruction Fund (IRRF1) in April 2003.

837. *Hard Lessons* recorded that Congress imposed greater controls on IRRF2 that it had on IRRF1.⁴⁷² Those included a requirement to provide, by 5 January 2004, a complete list of proposed projects. *Hard Lessons* highlighted the scale of the task facing the CPA:

"The CPA now had less than two months to compile a list of projects, develop a spend plan, and build an office [the PMO] to manage ... the largest foreign reconstruction program ... in US history."

⁴⁶⁸ Minute Llewellyn to Crompton, 22 October 2003, 'CPA Draft Order on Iraqi Ownership Transformation (Privatisation)'.
⁴⁶⁹ Telegram 108 FCO London to IraqRep, 24 October 2003, 'Iraq: Privatisation Order'.
⁴⁷⁰ Telegram 239 IraqRep to FCO London, 30 October 2003, 'FCO Telo 108 to IraqRep'.
⁴⁷¹ Emergency Wartime Supplemental Appropriations Act, 2003.
⁴⁷² Bowen SW Jr. *Hard Lessons: The Iraq Reconstruction Experience*. U.S. Government Printing Office, 2009.

838. By 6 November, the PMO consisted of a Director, Rear Admiral (retired) David Nash, two US Government employees and 13 contractors. Of the 100 US Government employees that Adm Nash requested, only eight arrived by January 2004.

839. Sir Nigel Sheinwald visited Iraq from 7 to 9 November.⁴⁷³ He reported to Mr Blair on his return, describing two major problems in the political arena:

- the failure of the Governing Council to “get a grip” and “develop a political profile”; and
- continued CPA civilian weaknesses; strategic communications in particular remained a serious problem.

840. Sir Nigel also advised that he had “put down some markers” with Ambassador Bremer on the pace of privatisation, which Ambassador Bremer had accepted.

841. Sir Nigel separately reported that Ambassador Bremer had told him that he did not envisage any “major” privatisations under the CPA.⁴⁷⁴

Responding to the new, shorter timetable for the transfer of sovereignty

842. A DFID team visited Iraq at the end of October to draw up plans for short-term support for public administration and the Governing Council.⁴⁷⁵

843. On 15 November, the Governing Council unveiled a timetable for the transfer of power to a transitional administration by 30 June 2004, at which point the CPA would be dissolved (see Section 9.2).⁴⁷⁶

844. The decision to transfer sovereignty to an Iraqi government earlier than had been expected had significant implications for the reconstruction effort. The UK identified the importance of reconstruction and in particular job creation programmes, in supporting reconciliation and the political transition process.

845. *Hard Lessons* described the effect of the new timetable on the CPA’s reconstruction effort:

“Reconstruction plans that had just been devised on a two-year timetable now had to shift, and the rush began to prepare Iraq’s Government to stand on its own in seven months.”⁴⁷⁷

⁴⁷³ [Minute Sheinwald to Prime Minister, 10 November 2003, ‘Visit to Iraq’.](#)

⁴⁷⁴ Minute Cannon to Owen, 12 November 2003, ‘Iraq: Economic Issues: Sir Nigel Sheinwald’s Visit to Baghdad’.

⁴⁷⁵ Letter Malik to Rycroft, 20 October 2003, ‘Iraq: Public Administration’.

⁴⁷⁶ Minute Figgures to CDS, 16 November 2003, ‘SBMR(IRAQ) Report 047 of 16 November 2003’.

⁴⁷⁷ Bowen SW Jr. *Hard Lessons: The Iraq Reconstruction Experience*. U.S. Government Printing Office, 2009.

846. The two-year timetable was a reference to the period covered by IRRF2, which Congress had approved just over a week earlier.

847. Sir Hilary Synnott told the Inquiry that the whole idea of an early transfer to a transitional Iraqi Government came as a surprise to him:

“In the middle of November, much to our surprise, and in many – well, in some senses disappointment, it was decided that the CPA should wind up at the end of June, and I was due to leave ... [at] the end of January. It became clear to me a couple of months before that that the entire focus of Baghdad’s attention had shifted from trying to make something work into, ‘What are we going to do to run down?’”⁴⁷⁸

848. Mr Etherington described the effect of the decision in Wasit:

“The November 15 agreement abruptly turned [our] plans upside down. It arrived without warning ...

“... We understood the political reasons behind it all, but my overwhelming feeling at the time was of professional shame. Gone were our projections about training and capacity-building, our carefully thought-through project work, and our plans to nurture each of the Councils and steadily reform the branch ministries. We would run out of time ...”⁴⁷⁹

849. Mr Bearpark told the Inquiry:

“... most decisions were being made by default, what was possible and what wasn’t possible. But to the extent that decisions were being taken, my view was that they didn’t look particularly stupid and that some of the sillier parts of these strategic visions were just being quietly forgotten about ...

“I don’t think that the truncated timetable was an issue. I think the real issue was just that, by then, security was spiralling out of control ... The only aspect where the truncation had an impact ... was that it reopened the battle between the Department of Defense and the State Department, and ... the final three months of the CPA’s existence were just one permanent battleground as to who would handle the [US\$]18.4bn, and in what way, after the CPA was abolished.”⁴⁸⁰

850. Ambassador Bremer wrote in his memoir that he had discussed the implications of the new timetable for reconstruction with senior CPA staff on 16 November, the day after the announcement.⁴⁸¹ He had asked each CPA Senior Adviser to identify the most urgent tasks which had to be completed before the transfer of sovereignty, and advised them

⁴⁷⁸ Public hearing, 9 December 2009, page 47.

⁴⁷⁹ Etherington M. *Revolt of the Tigris: The Al Sadr Uprising and the Governing of Iraq*. Hurst & Company, 2006.

⁴⁸⁰ Public hearing, 6 July 2010, pages 86-87.

⁴⁸¹ Bremer LP III & McConnell M. *My Year in Iraq: The Struggle to Build a Future of Hope*. Threshold, 2006.

that the CPA would have to “move fast if ... projects were to have a useful impact in the short time left”.

851. Ambassador Bremer also wrote that, in a separate meeting on the same day, he had advised colleagues that the transfer of sovereignty meant that the CPA’s work to phase out subsidies would need to slow down.

852. Maj Gen Andrew Figgures, Senior British Military Representative, Iraq, considered the effect of the decision in his 16 November weekly report to Gen Walker:

“From a planning perspective, the acceleration of the political process has shifted the logic here from a position whereby the political process was dictated by achieving the necessary conditions (security, economy etc) to enable sovereignty transfer, to one where we will now be fighting to achieve the right conditions according to a political timetable. All lines of operation (CPA and CJTF7) will now require revision.”⁴⁸²

853. Mr Jim Drummond, DFID Director Iraq, visited Iraq from 16 to 20 November.⁴⁸³ He reported to Mr Chakrabarti that there were opportunities for DFID to help with budget management, the Public Distribution System (the successor to the OFF programme), statistics, the political process, donor co-ordination and public administration. On public administration, Mr Drummond advised:

“All agree on the need to build the capacity of central Government. CPA advisers praise the competence and qualifications of individual Ministry staff, but there is a culture of central direction, outdated paper-based processes, and de-Ba’athification has left inexperienced staff in senior positions.

“With the 30 June deadline looming, Bremer wants to professionalise the Civil Service fast. He is keen to have UK help.”

854. Mr Drummond also reported that progress was being made with resolving the outstanding procedural issues on the World Bank and UN Trust Funds, and that he would discuss with the World Bank and UN “the prospects for spending, which will depend on [Iraqi] ministries’ capacity to put forward fundable proposals”.

The closure of the Oil-for-Food (OFF) programme

The OFF programme closed on 21 November, in accordance with resolution 1483.⁴⁸⁴

Ministers were advised that responsibility for remaining activity had passed to the CPA and the Iraqi Ministry of Trade. It was not expected that there would be a threat to food supply.

⁴⁸² Minute Figgures to CDS, 16 November 2003, ‘SBMR(IRAQ) report 047 of 16 November 2003’.

⁴⁸³ Letter Drummond to Chakrabarti, 24 November 2003, ‘Visit to Iraq’.

⁴⁸⁴ Annotated Agenda, 27 November 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

855. Sir Hilary Synnott told the 25 November Iraq Strategy Group (ISG) that the compression of the political timetable “made other parts of the process, including consultation, capacity building and infrastructure development, more difficult”.⁴⁸⁵ He also advised that increased consent in the South could not be taken for granted.

856. President Bush visited the UK from 18 to 22 November.⁴⁸⁶

857. Before the visit, Mr Rycroft gave Mr Blair a copy of a paper by Sir Jeremy Greenstock entitled ‘Iraq: Security’, for discussion with President Bush (see Section 9.2).⁴⁸⁷

858. In the paper, Sir Jeremy argued that security must be the Coalition’s highest priority until the transition.⁴⁸⁸ He then set out a number of areas that needed to be addressed, including:

“Sunni strategy

- *Sunni outreach remains critical even while pursuing crackdown on FRE [Former Regime Elements] activities in these areas.* Civic and economic development projects must be a priority. And we must help the IGC to sell the new political process in the Sunni heartlands.

Economics

- Absolute priority must be given to job creation ...

Managing the transition/drawdown

- On civilian side, *must not adopt mindset that June represents a cut off point.* Will have to stay engaged to assist the Iraqi Transitional Government find its feet. Need to start thinking now about how this should best be done.”

859. Mr Blair gave President Bush a slightly revised version of the paper.⁴⁸⁹

860. On 19 November, the Cabinet Office informed Ministers that a combination of effective lobbying by the UK in Washington and with the CPA, and similarly strong reservations from the US Treasury, had led the CPA’s plans to privatise SOEs to be “taken off the policy agenda”.⁴⁹⁰ The UK would press for similar proposals with the potential for social upheaval to be postponed beyond the formation of the transitional government.

861. Dr Rice told Sir Nigel Sheinwald on 21 November that the US was reviewing the CPA’s reconstruction projects and that some aspects of economic policy, including

⁴⁸⁵ Minute Fergusson to Sheinwald, 26 November 2003, ‘Iraq Strategy Group’.

⁴⁸⁶ *BBC News*, 18 November 2003, *Bush arrives for state visit*.

⁴⁸⁷ Minute Rycroft to Prime Minister, 18 November 2003, ‘Bush Visit – Private Talks’.

⁴⁸⁸ Paper Greenstock, 18 November 2003, ‘Iraq: Security’.

⁴⁸⁹ [Paper \[Greenstock\], 20 November 2003, ‘Iraq: Security’](#).

⁴⁹⁰ Minute Dodd to Owen, 19 November 2003, ‘Iraq: Update for Ministers’ attaching Paper Cabinet Office, 19 November 2003, ‘Iraq: Update for Ministers’.

privatisation and monetising the food basket, would not be taken forward, to avoid handing the incoming transitional administration an unemployment problem.⁴⁹¹

862. The Annotated Agenda for the 27 November meeting of the AHMGIR invited Ministers formally to reject the suggestion that the CPA should pursue radical economic reform.⁴⁹²

863. The AHMGIR agreed that the UK should advocate a CPA economic policy of capacity building and advice to Iraqi institutions rather than radical economic reform.⁴⁹³

864. The British Office in Baghdad offered an assessment of the state of Iraq's public administration on 4 December.⁴⁹⁴ The "reconstruction" of Iraqi ministries appeared to be "progressing only slowly". Major problems included:

- Ministers' authority was unclear.
- Patchy de-Ba'athification had left many staff uncertain of their future and ministers uncertain of their staff's loyalty.
- Rationalisation of staffing and pay scales had been "slow to non-existent", leaving officials hanging around ministries with no real job.

865. The British Office in Baghdad commented that the new political timetable had only added to the uncertainty.

866. A second DFID team visited Iraq in early December, to develop longer-term programmes of support for public administration.⁴⁹⁵

867. Ambassador Bremer convened a "Commanders and Leaders" conference on 8 December, at which he instructed CPA staff "to come up with a minimum of US\$500m in 'quick-dispersing projects' that we could have under way by spring".⁴⁹⁶ There was a political imperative in implementing projects as quickly as possible, so that the Iraqi people could see progress on the ground before the transfer of sovereignty.

868. Mr Etherington, who attended the conference, recorded in his memoir that Ambassador Bremer announced that the CPA would triple spending over the next three months to create jobs and cement political engagement.⁴⁹⁷

869. On 13 December, US forces captured former President Saddam Hussein.⁴⁹⁸

⁴⁹¹ Letter Rycroft to Adams, 21 November 2003, 'Iraq: Meeting with Condi Rice, 21 November'.

⁴⁹² Annotated Agenda, 27 November 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

⁴⁹³ Minutes, 27 November 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

⁴⁹⁴ Telegram 187 Baghdad to FCO London, 4 December 2003, 'Iraq/Ministry Reconstruction'.

⁴⁹⁵ Letter Drummond to Chakrabarti, 24 November 2003, 'Visit to Iraq'.

⁴⁹⁶ Bremer LP III & McConnell M. *My Year in Iraq: The Struggle to Build a Future of Hope*. Threshold, 2006.

⁴⁹⁷ Etherington M, *Revolt of the Tigris: The Al Sadr Uprising and the Governing of Iraq*. Hurst & Company, 2006.

⁴⁹⁸ *BBC News*, 14 December 2003, *Bremer's statement in full*.

870. The Annotated Agenda for the 15 December meeting of the AHMGIR reported that signals from the CPA on the desired pace and scope of economic reform before transition were “mixed”.⁴⁹⁹ Some in the CPA had seen the accelerated political timetable as a reason to accelerate the pace of economic reform. The UK believed that reform over the next six months should be limited, but that did not mean inaction. The Coalition should focus on:

- building Iraqi capacity including in the budgeting system;
- encouraging the IFIs to engage; and
- preparatory work on “removing barriers and stimulating growth”, including debt relief, fuel price liberalisation and SOE reform.

871. Ministers agreed that approach.⁵⁰⁰

872. *Hard Lessons* recorded that the CPA’s progress towards free-market reforms stalled in the face of “disagreement within the Coalition’s ranks”, concern in the IMF and opposition from Iraqis.⁵⁰¹

873. In his statement to the Inquiry, Sir Nicholas Macpherson highlighted the role that Treasury secondees to the CPA had played in successfully challenging “some proposed [CPA] policies that were not thought to be the right course of action – notably negotiating a wind-down on the policy of mass privatisation of Iraqi state assets”.⁵⁰²

874. Ambassador Bremer hosted a Campaign Review meeting in Baghdad on 18 December attended by senior US and UK civilian and military representatives including Sir Jeremy Greenstock.

875. Ambassador Bremer opened the meeting by stating that the capture of Saddam Hussein provided a huge opportunity.⁵⁰³ He outlined the military, political and reconstruction action that was needed to exploit it. On reconstruction, the CPA would spend US\$400m over the next six months – three times the amount for the previous six-month period. Some 40 to 50 percent of that would be directed to Sunni areas.

⁴⁹⁹ Annotated Agenda, 18 December 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

⁵⁰⁰ Minutes, 18 December 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

⁵⁰¹ Bowen SW Jr. *Hard Lessons: The Iraq Reconstruction Experience*. U.S. Government Printing Office, 2009.

⁵⁰² Statement, 15 January 2010, page 6.

⁵⁰³ Minute MA1/DCDS(C) to D/DCDS(C), 19 December 2003, ‘Record of Iraq Strategy Review Meeting – Baghdad 18 Dec 03’.

876. The Annotated Agenda for the 18 December meeting of the AHMGIR stated that the CPA was taking forward ideas for a National Reconciliation Strategy.⁵⁰⁴ Following the capture of Saddam Hussein, this was:

“... a determined effort by the CPA and the Iraqi Interim Administration to engage Sunni leaders, alongside establishment of targeted job creation schemes and more flexible implementation of the de-Ba’athification policy.”

877. Also on 18 December, Mr James T Baker III, former US Secretary of State, and President Bush’s personal envoy on Iraqi debt, called on Mr Blair as part of a series of meetings with major creditors.⁵⁰⁵ Mr Baker told Mr Blair that the US objective was to get up to 80 percent debt reduction for Iraq, though that might be “overly optimistic”. He agreed with Mr Blair’s proposal that debt reduction should be handled through the Paris Club (rather than bilaterally).

878. Section 10.3 describes the UK’s efforts to secure generous debt relief for Iraq through the Paris Club, based on its analysis that debt relief would:

- increase Iraq’s ability to fund its own reconstruction (and hence reduce the pressure on the UK to contribute to reconstruction);
- provide a means of sharing the burden of financing Iraq’s recovery (as most of Iraq’s debt was owed to non-combatant countries including Russia and France); and
- clear the way for multilateral lending to Iraq.

879. DFID approved the £3m Emergency Public Administration Project (EPAP) in late December.⁵⁰⁶ The project aimed to improve policy-making, public administration and public financial management by providing technical support to key institutions at the centre of the Iraqi Government, including the Prime Minister’s Office and the Council of Ministers Secretariat (comparable to the UK Cabinet Office).⁵⁰⁷ Technical support was provided by consultants from Adam Smith International Ltd.

880. The EPAP was the first of three DFID projects during the period covered by the Inquiry which aimed to improve Iraqi public administration.

881. Sir Jeremy Greenstock issued two reports at the turn of the year, a review of 2003 and a look ahead at the challenges for the final six months of Occupation.

⁵⁰⁴ Annotated Agenda, 18 December 2003, Ad Hoc Group on Iraq Rehabilitation meeting.

⁵⁰⁵ Minute Cannon to Bowman, 18 December 2003, ‘Iraqi Debt: Call on the Prime Minister by James Baker’.

⁵⁰⁶ Paper DFID, 4 November 2009, ‘Iraq – DFID Timeline and Financial Commitments: 2003-2009’.

⁵⁰⁷ Project Completion Report DFID, September 2005, ‘Emergency Public Administration Project (EPAP)’.

882. His review of 2003 assessed that the post-conflict administration had started badly, but that Ambassador Bremer had “picked it up”.⁵⁰⁸ While political violence pervaded everything, and reconciliation should have been pursued earlier:

“... in stimulating the supply of essential services, in improving community law and order, in organising the remarkable currency exchange and in generating economic activity which is livelier than the statistics or the media show, Bremer has returned many of the components of a semi-normal life to most Iraqis. The majority can at least perceive that the opportunity to create a new life, and a new Iraq, might be worth investing in.”

883. On the CPA’s media effort, Sir Jeremy assessed that:

“... the prize for CPA ineptness ... has to go to the Iraqi Media Network, now re-christened Al Iraqiya. With billions to spend and the world’s most powerful media industry to draw from, the CPA has ... produced a mouse, then another mouse and finally, at end-year, a mouse. Subservience to Washington’s ... requirements and sheer dysfunctionality seem to have been the causes.”

884. In his look ahead to the end of Occupation, Sir Jeremy wrote that the Coalition faced a significant challenge as it prepared to transfer sovereignty.⁵⁰⁹ In addition to the “violent opposition” and the fragility of the political process, the principal hurdles included:

- the very slow flow of donor money, including US money, for reconstruction;
- essential utilities and services being below target, leading to a loss of support and consent for the Coalition; and
- an unemployment rate close to 50 percent.

885. Sir Jeremy concluded that the situation was “poised”. To come out well, the Coalition needed “one more heavy investment of effort” in three areas: military forces; donor funding; and civilian staffing.

UK concern over the CPA’s media operation

Mr Blair’s concern over the performance of the CPA’s media operation reached its peak at the end of 2003.

Mr Blair and President Bush spoke by video conference on 4 December 2003.⁵¹⁰ Mr Blair suggested that “those responsible” for slow progress on the media should be given until January to improve things. If there was no improvement, an outside media figure should

⁵⁰⁸ [Telegram 332 IraqRep to FCO London, 29 December 2003, ‘Post-Conflict Iraq: 2003 Review’.](#)

⁵⁰⁹ [Telegram 337 IraqRep to FCO London, 1 January 2004, ‘Iraq: Six Final Months of Occupation’.](#)

⁵¹⁰ Letter Cannon to Adams, 4 December 2003, ‘Iraq: Prime Minister’s Video-Conference with President Bush, 4 December’.

be brought in to take charge. The US would give up and hand over to the UK if this was not fixed by February.

Sir Jeremy Greenstock reported on 4 January 2003 that the CPA was making “yet another fresh start” on its media office.⁵¹¹ Given those changes, there was currently no place for a senior British secondee.

Mr Blair and President Bush discussed progress on the media on 6 January.⁵¹² Dr Rice had now taken over responsibility for Iraqi media from Secretary Rumsfeld and there was a bridging strategy to take the media through the next couple of months, while building up media capacity in Baghdad. Mr Blair regretted the low media profile of Governing Council members and Ministers, which meant that the public received information through religious and tribal leaders.

The meeting of the ISOG on the same day concluded that given the US lead in the media sector there was little scope for UK involvement.⁵¹³ The US was resisting the secondment of senior UK staff.

886. Mr Blair visited Basra to meet Coalition troops and staff in CPA(South) on 4 January. In advance of the visit, CPA(South) advised that:

“News in the South generally good, on security, politics and economy. But no room for complacency on any of these and much remains to be done if we are to play our part in securing an effective transition.”⁵¹⁴

887. CPA(South) reported that delays caused by the CPA’s complex contracting procedures made it harder to “secure the level of visibility” for CPA activity that the UK and Iraqis wanted. Local expectations were high and the UK, boosted by steadily increasing numbers of professional staff in CPA(South), would need to work hard to meet them.

888. Mr Blair met Ambassador Bremer in Basra.⁵¹⁵ Ambassador Bremer said that he had re-examined economic priorities and intended to focus on job creation and essential services, in particular electricity. The CPA already planned to deliver 6,000MW of capacity by June 2004; he wanted to deliver 7,000MW. He confirmed that he would not liberalise energy prices, monetarise the food ration (polls showed that 90 percent of the public were opposed) or privatise SOEs, other than some small-scale management buy-outs. Those would be hard decisions for the next Government to take.

⁵¹¹ Telegram 2 IraqRep to FCO London, 4 January 2004, ‘Iraq: Strategic Communications Office’.

⁵¹² Letter Cannon to Adams, 6 January 2004, ‘Iraq: Prime Minister’s Video-Conference with President Bush, 6 January’.

⁵¹³ Letter Cabinet Office [junior official] to Sheinwald, 8 January 2004, ‘Iraq: Senior Officials Group’.

⁵¹⁴ Telegram 1 CPA Basra to FCO London, 2 January 2004, ‘Prime Minister’s Visit to Basra: Scenesetter’.

⁵¹⁵ Letter Cannon to Owen, 5 January 2004, ‘Iraq: Prime Minister’s Meeting with Bremer, 4 January’.

889. Ambassador Bremer also said that Mr Richmond had been put in charge of the operational aspects of the CPA's "Sunni strategy". That included up to US\$250m in project funding.

890. Mr Cannon's record of the meeting asked for a note for Mr Blair on how the political process would develop through the transition, how and when the UN could best be involved, and what civil and military structures the UK envisaged being in place after the June transition.

891. The Annotated Agenda for the 22 January meeting of the AHMGIR stated that the introduction of a single, more secure and more conveniently denominated currency had been completed on 15 January:

"The exchange has been a success for Coalition economic reconstruction, and for the UK. There was significant UK input at all stages, from policy-making, to logistics and the information campaign, which underpinned a smooth process."⁵¹⁶

892. On 22 January, Mr Straw's Private Secretary sent a paper to Mr Rycroft on how the political process would develop through the transition.⁵¹⁷ No.10 had requested the paper on 5 January.

893. The paper, entitled 'Iraq: The Next Six Months', identified four key UK objectives:

- a smooth transition of executive power on 1 July to a sovereign Iraqi transitional Government ...
- a security agreement which allows Multinational Forces the freedom they need to operate ...
- UN Security Council endorsement of the above and an expanded UN role;
- an improving economy and infrastructure that will maximise the prospects of a successful transition."

894. The paper stated that the CPA's Sunni outreach programme was gaining momentum, underpinned by job creation.

895. The paper briefly considered civilian structures after the transition. Following the "Afghanistan model", the FCO envisaged a "small but growing" UN office to co-ordinate international assistance and "underpin/lead" the constitutional process. Officials were developing costed options for British representation after transition; they anticipated the need for a large British Embassy in Baghdad and a smaller British Embassy Office in Basra, both with "significant DFID elements".

896. On economic reconstruction, the paper stated that the new timetable for the transfer of sovereignty had led to programmes with the potential for political unrest ("mass privatisation, removal of subsidies on food and energy") being dropped. The

⁵¹⁶ Annotated Agenda, 22 January 2004, Ad Hoc Group on Iraq Rehabilitation meeting.

⁵¹⁷ [Letter Owen to Rycroft, 22 January 2004, 'Iraq' attaching Paper, \[undated\], 'Iraq: The Next Six Months'.](#)

UK's priorities over the next six months were to keep the CPA focused on job creation schemes and to build capacity in Iraqi ministries and institutions. The Treasury and DFID were providing support on budget execution and financial management.

897. The paper concluded that the UK's work in all areas "must be supported by continued progress on reconstruction". DFID were producing a paper on the links between the political process and reconstruction over the next year.

898. Mr Blair annotated the paper: "This is excellent and seems the right strategy".⁵¹⁸

899. Also on 22 January, Sir Hilary offered proposals from Basra on a "post-30 June strategy" to maintain the benefits and momentum of CPA(South)'s work.⁵¹⁹ In his view, the priority was to manage CPA(South)'s US\$212m programme of work to completion (it had never been intended to complete by 30 June), using broadly the same management structures and (predominately British) personnel. The US would need to be persuaded to continue to provide accommodation and security, and to agree to a single international "Co-ordinator" for the South, "ideally but not essentially British". The UK would need to continue to provide broadly the same level of staffing in the South.

900. A bilateral UK programme should complement rather than "diminish" that priority effort.

901. An early decision on how the UK intended to work in the South after transition would enable the UK to influence US planning. Sir Hilary warned that the US might be planning to take over CPA(South)'s existing programme of the work. The US would be unlikely to be able to find replacement staff quickly and would have no experience of operating in the South; there was therefore a risk that the "majority of effort" would fail. A clear UK proposal might head off any such planning.

902. Sir Hilary advised that he had discussed the options with Sir Michael Jay and Gen Jackson during their recent visits.

903. The DFID paper on the links between the political process and reconstruction was tabled at the 30 January meeting of the ISG.⁵²⁰

904. The paper, which drew on comments from Sir Hilary Synnott, Mr Bearpark, the FCO and the Treasury, identified three potential flashpoints:

- Unemployment. 90 percent of demonstrations were about jobs or salaries. Estimates of unemployment ranged from 20 to 50 percent. Structural problems

⁵¹⁸ [Manuscript comment Blair on Paper, \[undated\], 'Iraq: The Next Six Months'](#).

⁵¹⁹ Telegram 9 CPA(South) to FCO London, 22 January 2004, 'South Iraq after 30 June'.

⁵²⁰ [Letter Drummond to Dodd, 29 January 2004, 'Iraq: Reconstruction and the Political Process' attaching Paper DFID, 'Iraq: Reconstruction and the Political Process'; Minute Dodd to Sheinwald, 2 February 2004, 'Iraq Strategy Group'](#).

meant it would be difficult to increase employment significantly by the end of the year, but donors and the CPA should:

- a. maximise use of local labour, as already stipulated in US reconstruction contracts; DFID would aim to do the same;
 - b. provide finance for small business;
 - c. fund employment creation schemes; USAID programmes should be targeted at “higher risk” locations; DFID would consider options for the south with CPA (South) in February;
 - d. ensure pension payments were up to date.
- Disruption to the supply of cheap (subsidised) fuel.
 - Electricity supply. Demand was estimated at 5,700MW and rising rapidly, supply at about 4,000MW. It was likely the US would not meet its target of 6,000MW by June 2004. Outside the South there was little the UK could do to help. In the South, the Essential Services Plan would help to ensure demand was met. The priority should be to implement US-funded programmes and encourage Japanese investment in the power sector, recognising that little would be delivered by the middle of 2004. DFID would consider in February whether further UK investment was needed in the South.

905. The paper proposed that, in the run-up to transition, the UK should give priority to improving Iraqi economic policy making, preparing Iraqi ministries for the decisions they would need to make on subsidies and state-owned enterprises, and determining the structure that would succeed the CPA. It warned that the UK should be prepared for three or four months of Iraqi Government inaction after 30 June, which might produce rising levels of discontent.

906. The paper was endorsed by the ISG.⁵²¹

DFID’s Interim Country Assistance Plan

907. DFID circulated a first draft of its Interim Country Assistance Plan (I-CAP) for Iraq to members of ISOG for comment on 19 December 2003.⁵²²

908. A “final draft” was discussed at the 20 January 2004 meeting of ISOG, before being submitted to the 22 January meeting of the AHMGIR.⁵²³ At the ISOG meeting, an FCO official expressed concern about the apparent exclusion of Kurdish areas from DFID’s plans.

909. ISOG agreed that, on the assumption that the AHMGIR agreed to the publication of the I-CAP, the FCO and the Cabinet Office would “help sanitise the paper”.

⁵²¹ Minute Dodd to Sheinwald, 2 February 2004, ‘Iraq Strategy Group’.

⁵²² Letter Drummond to Bowen, 19 December 2004, ‘Iraq: DFID Country Assistance Plan’.

⁵²³ Minute Dodd to Buck, 21 January 2004, ‘Iraq: Senior Officials Group’.

910. Before the AHMGIR meeting, Mr Drummond advised Mr Benn that discussion at ISOG had focused on concerns about benefits for communities outside the “Shia South” and cautiousness about DFID’s intention to publish the I-CAP.⁵²⁴ MOD officials had endorsed the draft I-CAP “but for the wrong reasons”.

911. Mr Drummond suggested that at the AHMGIR meeting, Mr Benn should highlight the need for DFID to focus its effort:

“We have listened and as a result of consultation are willing to engage in oil sector governance to help ensure transparency in the use of oil revenues. But we will lose effectiveness if we spread ourselves too thinly. Our poverty agenda directs us to the South. Other communities can benefit through [the UN and World Bank Trust Funds] ... and the political and NGO funds.”

912. Mr Hoon’s briefing for the AHMGIR meeting recommended that he should endorse DFID’s draft I-CAP.⁵²⁵ Because of DFID’s focus on poverty reduction, the draft I-CAP was heavily directed towards the South: “This is welcome in terms of the additional force protection benefits for UK military, although they [DFID] may not thank us for pointing this out.”

913. The draft I-CAP defined the UK’s “development goal” as “an inclusive, Iraqi led reconstruction process that brings sustained benefits to all citizens, particularly the poor and vulnerable”.⁵²⁶ It set out three “strategic objectives”:

- to promote rapid, sustainable and equitable economic growth;
- to encourage effective and accountable governance; and
- to promote social and political cohesion and stability.

914. To achieve those objectives, DFID would work at three levels:

- internationally, to improve the effectiveness of aid, including by disbursing a “significant amount” through the UN and World Bank Trust Funds and encouraging others to do the same, and by helping multilateral organisations, including the IMF and World Bank, to engage;
- nationally, to support policies and reforms which benefited the poor, promoted economic reform, strengthened public administration capacity and justice, and promoted social cohesion and stability; and
- in southern Iraq, to help reduce poverty and restore the South’s links with the centre so that it could benefit from national programmes; this would include work on infrastructure and job creation, regional media and political participation.

⁵²⁴ Minute Drummond to Malik, 21 January 2004, ‘Iraq: Ministerial’.

⁵²⁵ Minute [MOD junior official] to APS/Secretary of State [MOD], 21 January 2004, ‘Ad Hoc Ministerial Group on Iraq Rehabilitation: 22 January meeting’.

⁵²⁶ [Paper DFID, \[undated\], ‘Iraq: Interim Country Assistance Plan’](#).

915. The draft I-CAP stated that the UK had pledged £544m at the Madrid Donors Conference. Channelling DFID resources through the World Bank and UN Trust Funds, which had proved effective in Afghanistan, should reduce administrative costs and promote donor co-ordination. The (unspecified) “remainder” of DFID’s funds would be used for bilateral programmes.

916. The I-CAP re-stated DFID guidance that progress against a CAP should be assessed annually, and that a CAP should be subject to a “major review” every three or four years. It also stated that, given the rapidly changing situation in Iraq, it would need a “substantial” review after one year.

917. The draft I-CAP did not offer an annual budget for DFID’s Iraq programme, for the three strategic objectives, or for the three levels of activity.

918. The I-CAP was published in February.⁵²⁷ Three changes had been made from the final draft submitted to the 22 January meeting of the AHMGIR:

- Risks were recast as assumptions. For example, the risk that the security situation would not improve become an assumption that it would.
- The section on security included the statement that there were signs that security was improving.
- The section on lessons no longer included the caveat that DFID’s knowledge of Iraq was limited.

919. Sir Hilary Synnott’s posting as Head of CPA(South) ended at the end of January 2004. He was succeeded by Mr Patrick Nixon, former British Ambassador in Abu Dhabi.

920. Sir Hilary sent his valedictory telegram to the FCO on 26 January.⁵²⁸ His comments on the political process and overall progress in Iraq are described in Section 9.2. Sir Hilary also reflected on the state of CPA(South) when he arrived in July 2003, and his efforts to secure additional staff and resources:

“The UK’s pre-planning fell short of making practical dispositions, and political direction of resources was complicated by deep differences at Cabinet level.

...

“We borrowed computers from the Americans and scrounged Kuwaiti mobiles from where we could. None were available through the FCO. DFID were generous with sat phones and laptops to their contracted staff ... London asked for frequent reporting. I sent it over an unclassified and temperamental Yahoo link ... All this was several months after the end of the conflict and remained like this for several months more ...

⁵²⁷ Department for International Development, *Iraq: Interim Country Assistance Plan*, February 2004.

⁵²⁸ [Telegram 10 Basra to FCO London, 26 January 2004, ‘Basra Valedictory’](#).

“A bid for 37 additional and expert staff ... was endorsed by Ministers immediately ... but staff on the ground were saddened by the absence of replacements for staff whose contracts expired after three or six months, and because by early January, 18 of the 37 new staff had still not arrived.

“It was fortunate that both the Danish and Italian Governments chose the South in which to concentrate their contributions to the Coalition’s efforts. For some months we had more officials here from these countries – 13 each – than from the UK.”

921. Sir Hilary commented on his request for 37 additional staff in his evidence to the Inquiry:

“I was sent the record of the Ad Hoc Ministerial Committee [of 28 August] ... and it was recorded there that Synnott should be provided with everything he thought was necessary. That, to my mind, clearly came from Number 10 ... The difficulty, however, was turning that political imperative into reality.

“To me, there was a distinct absence of machinery to make things happen, the translation from policy to practice. Otherwise it became hope.”⁵²⁹

922. The deployment of UK civilian personnel is considered in more detail in Section 15.1.

923. Sir Hilary paid a farewell call on Mr Straw on 11 February.⁵³⁰ Sir Hilary told Mr Straw that he had been frustrated at the length of time it had taken the FCO to deploy people and provide secure communications. The FCO’s response had compared unfavourably with that of other departments.

924. The FCO’s response to that criticism is described in Section 15.1.

925. Sir Hilary described progress on the Essential Services Plan (which had been agreed in September) in his memoir:

“The [Plan] become one of the highlights of the Coalition’s reconstruction activity in the South. Its concentration on small-scale projects rendered it doable and allowed for flexibility if obstacles should arise, which of course they did. It proved feasible to proceed with and protect small projects, even in a deteriorating security environment. And, since local people could readily see that they would benefit from the projects’ completion, they actively helped maintain security ...”⁵³¹

⁵²⁹ Public hearing, 9 December 2009, pages 15 and 45.

⁵³⁰ Minute Owen to PS/PUS [FCO], 12 February 2004, ‘FCO Response to Iraq’.

⁵³¹ Synnott H. *Bad Days in Basra: My Turbulent Time as Britain’s Man in Southern Iraq*. I B Tauris & Co Ltd., 2008.

926. Sir Hilary contrasted progress on the Essential Services Plan with progress on larger infrastructure projects:

“By January ... the deteriorating security environment and the prospect that the CPA would be wound up in less than six months had all but destroyed the momentum of the bigger, Baghdad-led projects.”

Lobbying for US reconstruction contracts

UK Government lobbying on behalf of UK business intensified in early 2004, in anticipation of the US contracts that would be funded from the US\$18.4bn Iraq Relief and Reconstruction Fund (IRRF2) and against a background of growing press and Parliamentary criticism that UK companies were at a disadvantage in bidding for US-funded contracts. Section 10.3 describes the UK Government’s support for UK business in detail.

The 20 January 2004 meeting of the ISOG concluded that the UK needed a “proper campaign plan” involving Ministers and the British Embassy Washington, targeting the next tranche of US-funded contracts that would be awarded by the US Program Management Office (PMO) in March.⁵³²

UK Trade and Investment (UKTI) submitted a paper on UK access to US-funded reconstruction contracts to the 22 January meeting of the AHMGIR.⁵³³ UKTI assessed that UK companies had good access to most US-funded contracts, but had achieved only limited success so far. The recent award of two US-funded oil contracts to US companies (bids with significant UK components had not been successful, despite lobbying by Ministers) suggested that the UK needed to take a “stronger and more active political line” in Washington to lobby for UK commercial interests.

Mr Mike O’Brien, FCO Parliamentary Under Secretary of State circulated a core script for a lobbying campaign targeting the US to Mr Straw, Ms Hewitt, Mr Boateng, Mr Benn and senior officials on 9 February.⁵³⁴ The core script highlighted the strengths of UK industry and expressed the hope that UK companies would be given the opportunity to display those strengths in the reconstruction process.

In his covering note, Mr O’Brien stated that UK companies assessed that US procurement procedures were “essentially fair”, were not critical of the UK Government’s support, but were convinced that there was now a window of opportunity to press the US. Mr O’Brien stated that all Ministers needed to ensure that the US was “in no doubt about the political importance we attach to UK firms being seen to contribute actively to the reconstruction process”.

Mr Straw wrote to US Secretary of State Colin Powell on 17 February, expressing the UK’s disappointment that UK companies had not secured either of the oil infrastructure rehabilitation contracts, expressing the UK’s hope that UK companies would play a

⁵³² Record, 20 January 2004, Iraq Senior Officials Group meeting.

⁵³³ Annotated Agenda, 21 January 2004, Ad Hoc Group on Iraq Rehabilitation meeting attaching Paper UKTI, 20 January 2004, ‘Access to US-funded Reconstruction Contracts’.

⁵³⁴ Minute O’Brien to Foreign Secretary, 9 February 2004, [untitled] attaching Briefing, [undated], ‘UK Bids for CPA Program Management Office Prime Contracts’.

significant role in Iraq's reconstruction, and highlighting in general terms the capability of UK companies.⁵³⁵

Sir Nigel Sheinwald wrote to Dr Rice on 19 February, in similar terms.⁵³⁶

Mr Blair wrote to President Bush on 5 March, identifying some of the UK companies bidding for PMO contracts and highlighting in general terms the expertise of UK companies.⁵³⁷

The Annotated Agenda for the 18 March meeting of the AHMGIR reported that following a campaign of high-level lobbying, UK companies had "achieved success" in the latest round of US reconstruction contracting.⁵³⁸ Three project management contracts, with a total value of up to US\$80m, had been awarded to consortia with significant UK components and two design and build construction contracts, with a total value of up to US\$1.1bn, had been awarded to consortia with significant UK components. It was not possible at this stage to calculate the exact value to UK companies of those contracts.

Ministers were advised on 2 April that consortia with significant UK components had secured three further design and build contracts, with a total value of US\$1.6bn.⁵³⁹

927. The FCO sent No.10 an update on efforts to improve the CPA's media operation and the Iraqi Media Network (recently re-branded as Al Iraqiya) on 11 February.⁵⁴⁰

928. The FCO advised that the CPA still lacked a fully developed, overarching communications strategy but did have strategies for specific areas of activity including the political process. Mr Rob Tappan had been brought in from the US State Department to try to develop an overarching communications strategy and a further 30 US staff would arrive shortly, bringing the CPA's Strategic Communications team to around 100. However, little thought had been given to whether these additions were necessary or even desirable: "Manpower is flowing without a clear plan to harness it."

929. There were four UK press officers in CPA(Baghdad), two in CPA(South), and one each in Basra, Wasit and Kirkuk. The US had not responded to the UK's offer of a senior UK press officer.

930. The FCO concluded:

"IraqRep [Sir Jeremy Greenstock] advises that we will not achieve anything by adding further UK press officers to an already overpopulated, and undermanaged, operation. Nor does IraqRep believe there is any mileage in trying again to insert a senior British communications expert into the [CPA's] Strategic Communications team: this is Tappan's role and the Americans are likely to resist UK involvement in this area, which they see more and more narrowly in terms of US image and

⁵³⁵ Letter Straw to Powell, 17 February 2004, [untitled].

⁵³⁶ Letter Sheinwald to Rice, 19 February 2004, 'Iraq: Contracts'.

⁵³⁷ [Letter Blair to Bush, 5 March 2004, \[untitled\]](#).

⁵³⁸ Annotated Agenda, 17 March 2004, Cabinet Ad Hoc Group on Iraq Rehabilitation meeting.

⁵³⁹ Letter Dodd to Owen, 2 April 2004, 'Iraq: Update' attaching Paper Cabinet Office, 2 April 2004, 'Iraq: Update'.

⁵⁴⁰ Letter Owen to Cannon, 11 February 2004, 'Iraq: Media and Communications'.

domestic electoral politics. Despite Bush's throw away line to the Prime Minister in December (that he would hand over the communications operation to us if it had not been sorted out by now), Condi Rice will not admit failure; Bremer would resist strongly; and Bush will not in fact hand us a baton which could be of such political importance to him.

"So we must make the best of a bad job. The work our press officers are doing on the development and implementation of the different [CPA] sectoral strategies, and our assistance to IMN [Iraqi Media Network/Al Iraqiya], are the most valuable contributions we can make."

931. The FCO paper was passed to Mr Blair on 12 February, under a covering note from Mr Cannon.⁵⁴¹ Mr Cannon commented:

"... our resources cannot match those of the Americans. Things at last seem to be moving in the right direction ... So we recommend that we continue to support the US effort rather than taking over full responsibility for the media strategy. Do you agree?"

932. Mr Blair commented on this recommendation: "Yes but at the end of Feb I want an update and if necessary, will move in."⁵⁴²

933. The FCO provided No.10 with a further update on efforts to improve the CPA's media operation and Al Iraqiya on 1 March.⁵⁴³ The CPA now had a tighter grip, and was undertaking more strategic planning. The FCO concluded:

"There remains a lot of ground to make up, and the focus is still heavily on the domestic US audience. But things are moving in the right direction, and more systemic thought is being given to the Iraqi audience."

934. Mr Cannon wrote to the FCO on 10 March:

"As you know, the Prime Minister wants to improve the presentation of Iraq policy in the UK and international media. He would like us to work for more broad and positive coverage of Iraq ..."⁵⁴⁴

Mr Cannon listed a number of actions to improve the presentation of Iraq policy, and reported that Mr Blair considered that it could best be delivered by a short-term strengthening of the No.10 Press Office.

935. Mr Cannon's letter did not respond to the issues raised in the FCO's 1 March update regarding the CPA's media and communications effort.

⁵⁴¹ Minute Cannon to Blair, 12 February 2004, 'Iraq: Media and Communications'.

⁵⁴² Manuscript comment Blair to Cannon on Minute Cannon to Blair, 12 February 2004, 'Iraq: Media and Communications'.

⁵⁴³ Letter Owen to Cannon, 1 March 2004, 'Iraq: Media and Communication'.

⁵⁴⁴ Letter Cannon to Owen, 10 March 2004, 'Iraq: Media and Communications'.

Planning and preparing for the transfer of sovereignty

936. The 12 February meeting of the AHMGIR considered an FCO paper entitled ‘UK Representation in Iraq Post-Transition’.⁵⁴⁵

937. In the paper, the FCO set out proposals for an Embassy in Baghdad, a Consulate General in Basra and a representative in the North.⁵⁴⁶ The FCO also suggested that the UK needed to consider how international assistance in the South should be co-ordinated after CPA(South) closed on 30 June.

938. The AHMGIR agreed the shape of British representation and tasked officials to consider the practicalities, and requested a paper on co-ordination of the international effort in the South, for discussion at its next meeting.

939. Sir Hilary Synnott paid a farewell call on Mr Blair on 17 February.⁵⁴⁷ Sir Hilary told Mr Blair that reconstruction was the key to maintaining consent in the South. Reconstruction projects had a long lead-time but were now kicking in. Political transition and the dismantling of CPA(South) could lead to a loss of momentum and civil unrest. Sir Hilary’s particular worry was the portfolio of projects conceived and initiated by the UK but funded by the US. Those could suffer if the US focused on new projects and DFID on UK-funded projects. He hoped there would still be a “locally co-ordinated (and ideally UK-led) international effort” in the South. Mr Blair agreed on the need to maintain momentum on reconstruction.

940. Sir Hilary told the Inquiry that Mr Blair’s response to his concerns had been “non-committal”.⁵⁴⁸

941. Mr Blair told the Inquiry that, although anxiety and concern were occasionally flagged up very strongly in Sir Hilary’s reports from Basra, when Sir Hilary left Iraq he was, on balance, optimistic rather than pessimistic.⁵⁴⁹

942. Sir Hilary’s response to Mr Blair’s assessment is described later in this Section.

943. Mr Nixon offered his first impressions from Basra on 24 February (after some three weeks in post as Head of CPA(South)).⁵⁵⁰ He described himself as “guardedly optimistic”. Economic activity was increasing and there was an air of excitement around the political process.

944. CPA(South) now had “almost a full house of specialist experts” and was working closely with MND(SE). By the end of February, CPA(South) would have committed US\$280m to more than 1,300 projects designed to create jobs, make a quick and visible

⁵⁴⁵ Minutes, 12 February 2004, Ad Hoc Group on Iraq Rehabilitation meeting.

⁵⁴⁶ Paper FCO, [undated], ‘Future UK Representation in Iraq’.

⁵⁴⁷ Letter Cannon to Owen, 17 February 2004, ‘Iraq: Sir Hilary Synnott’.

⁵⁴⁸ Letter Synnott to Aldred, 24 January 2011, [untitled].

⁵⁴⁹ Public hearing, 21 January 2011, page 135.

⁵⁵⁰ [Telegram 19 CPA Basra to FCO London, 24 February 2004, ‘First Impressions from Basra’](#).

impact and be completed by 30 June. Even with more funds and more staff, CPA(South) could not complete many more.

945. CPA(South) was focusing on:

- completing its own portfolio of projects;
- advising and supporting (when requested) new programmes funded by other donors including the PMO (which had earmarked US\$2.9bn for the South) and Japan (which had earmarked US\$1.5bn for the South);
- easing the return of the UN and other donors to the South; and
- strengthening the capacity of the Iraqi Government.

946. Mr Nixon stated that it was essential that some CPA(South) experts stayed through the transition, to continue that work.

947. The report was passed to Mr Blair on 24 February.⁵⁵¹

UK contributions to the World Bank and UN Trust Funds

DFID contributed £65m (later increased to £70m) to the World Bank and UN Trust Funds at the end of February.

International donors met in the United Arab Emirates from 28 to 29 February for the first International Reconstruction Financing Facility for Iraq (IRFFI) Donor Committee Meeting.⁵⁵² One objective of the meeting was to agree contributions to the World Bank and UN Trust Funds, within the pledges announced at the Madrid Donors Conference in October 2003.

At the meeting, donors committed approximately US\$1bn to the two Funds, with the largest contributions from Japan (US\$500m) and the EU (US\$190m).⁵⁵³ DFID committed £65m (US\$120); it did not specify how that contribution was to be allocated between the World Bank and UN Funds.

On 12 March, Mr Drummond sought Mr Benn's agreement to increase that contribution to £70m.⁵⁵⁴ Mr Drummond advised that the original contribution of £65m represented the balance of funds that DFID had available for Iraq as the end of the UK financial year 2003/04 approached. It was now clear that a further £5m was available.

Mr Drummond advised that the UK's contribution should be transferred to the Trust Funds by the end of March:

"We cannot be certain how long it will take to disburse money from the Trust Funds, but both the [World] Bank and the UN need money up front before they can start programmes. Considering the security constraints both the World Bank and the

⁵⁵¹ Manuscript comment Rycroft on Telegram 19 CPA Basra to FCO London, 24 February 2004, 'First Impressions from Basra'.

⁵⁵² International Reconstruction Fund Facility for Iraq, 29 February 2004, *Chair's Statement for the Abu Dhabi Donor Committee Meeting of the International Reconstruction Fund Facility for Iraq (IRFFI) February 29, 2004*.

⁵⁵³ Minute Drummond to Malik, 12 March 2004, 'International Reconstruction Financing Facility For Iraq (IRFFI)'.

⁵⁵⁴ Minute Drummond to Malik, 12 March 2004, 'International Reconstruction Financing Facility For Iraq (IRFFI)'.

UN have moved fast to design programmes ... Although other donors have committed money, little has been paid in. We ought to show leadership by putting our money in soon.”

The UK transferred £40m to the World Bank Trust Fund and £30m to the UN Trust Fund at the end of March.⁵⁵⁵

948. The Annotated Agenda for the 1 March meeting of the AHMGIR stated that modified versions of the Development Fund for Iraq (DFI) and International Advisory and Monitoring Board (IAMB) should be retained after the transition, in order to “ensure accountability and transparency”.⁵⁵⁶ Otherwise, there was a substantial risk of mismanagement of oil revenues. The arrangement could also ensure that Iraqi assets remained immune from claims. The US supported the idea of a modified DFI.

949. Such an arrangement might be seen in Iraq as a constraint on sovereignty, but conversely many Iraqis might welcome arrangements which enhanced transparency and restricted the ability of transitional Ministers to mismanage oil revenues.

950. The Annotated Agenda also stated that the DFI currently held US\$8.8bn and paid for 95 percent of the Iraqi budget. In addition, “substantial DFI funds had been spent off-budget on the approval of the CPA with intermittent Iraqi representation”.

951. The Annotated Agenda did not contain any further detail on the “off-budget” disbursement of DFI funds.

952. The AHMGIR agreed that the UK should press for the establishment of transparent and accountable arrangements for the management of oil and other Iraqi revenues through the transition period.⁵⁵⁷

953. Sir Jon Cunliffe told the Inquiry that, although the US and the CPA were “very resistant to external monitoring and external accountability” undertaken by the IAMB:

“When the Iraqi Government itself arrived, I think both Occupying Powers decided there was joint interest in having transparency, accountability and control [over oil revenues] and, indeed, I think that the US were with us in pushing for the interim Iraqi Government to take on the DFI with all of its monitoring machinery.”⁵⁵⁸

954. Section 10.3 describes the operation of the DFI, and considers the UK’s scrutiny of disbursements from the DFI.

955. The Transitional Administrative Law (TAL), which defined the transition to a fully sovereign Iraqi Interim Government (IIG) by 30 June 2004 and an Iraqi Transitional

⁵⁵⁵ Paper DFID, 4 November 2009, ‘Iraq – DFID Timeline and Financial Commitments: 2003-2009’.

⁵⁵⁶ Annotated Agenda, 1 March 2004, Ad Hoc Group on Iraq Rehabilitation meeting.

⁵⁵⁷ Minutes, 1 March 2004, Ad Hoc Group on Iraq Rehabilitation meeting.

⁵⁵⁸ Public hearing, 9 July 2010, pages 38 and 39.

Government (ITG) by 31 January 2005, was agreed by Governing Council on 1 March (see Section 9.2).

956. The 8 March meeting of the ISOG was advised that the UK civilian presence in Basra after the transition could not yet be defined, pending PMO decisions.⁵⁵⁹

957. The ISOG was also advised that the UK was opposed to US plans for a “Transition Board”, reporting to the US Ambassador, to co-ordinate international advisers in Iraqi ministries after the transition. More broadly, the UK was against any “US-led post-Occupation structures whether they be in the political, security or development fields, whatever the extent of de facto US influence”.

958. Sir Jeremy Greenstock called on Mr Blair on 11 March.⁵⁶⁰ Sir Jeremy reported that the flow of US funds remained slow, even to the security forces. In the electricity sector, the gap between supply and demand would widen over the summer. Economic progress in poorer districts remained slow and unemployment was high. The South, starting from a lower baseline, was “more contented”, but managing expectations was crucial.

959. Sir Jeremy thought that presentation of policy to Iraqis had improved, although much ground had been lost to Al Arabiya and Al Jazeera. CPA communications remained fixated on the US audience.

UK Transition Plan for Iraq

960. The 12 March meeting of the ISG discussed a draft Transition Plan for Iraq produced by the FCO.⁵⁶¹ The ISG concluded that:

“One of our main concerns was what the CPA would turn into. A gap in programmes between the end of CPA and the formation of the interim Government would cause problems, not least for security. Continuity was therefore essential and capacity needed to be maintained. The answer was for [international] advisers to shift into [Iraqi] ministries ...”

961. The 18 March meeting of the AHMGIR considered a revised version of the Transition Plan.⁵⁶²

962. The Plan stated that the transition had to be seen as a clear transfer of power, although the new Iraqi Government would still need wide-ranging assistance. Issues included:

- Establishing a transparent and robust framework for managing Iraqi funds (including oil revenues). The CPA was drafting an organic Budget Law, which UK officials were lobbying to improve. Higher than expected oil revenues

⁵⁵⁹ Minute Dodd to Crompton, 8 March 2004, ‘Iraq: Senior Officials Meeting’.

⁵⁶⁰ Letter Cannon to Owen, 11 March 2004, ‘Iraq: Sir Jeremy Greenstock’s Call on the Prime Minister’.

⁵⁶¹ Minute Dodd to Sheinwald, 15 March 2003, ‘Iraq Strategy Group’.

⁵⁶² Annotated Agenda, 18 March 2004, Ad Hoc Group on Iraq Rehabilitation meeting attaching Paper FCO, 17 March 2004, ‘Iraq: Transition Plan’.

meant restrictions on funds reaching ministries would be the result of “imperfect procedures” rather than lack of money.

- Supporting Iraqi ministries. The US/CPA was still considering the form and extent of its support after 30 June. DFID programmes to build the capacity of the Ministries of Finance, Planning, and Municipalities and Public Works had begun. DFID might retain “a few” of the current CPA advisers in Baghdad, but most would be withdrawn by 30 June.
- CPA(South) transition. DFID would maintain a Development Section in the British Embassy Office Basra and a team of consultants working with the four southern governorates. A visit by DFID officials later in the month would:
 - develop recommendations for DFID staffing in the British Embassy Office Basra;
 - agree with the PMO any requirements for support from CPA(South) infrastructure specialists; and
 - assess whether any other CPA(South) staff should be retained, and if so in what organisation.

963. The Annotated Agenda for the AHMGIR meeting reported that the CPA envisaged that international advisers would become part of a new agency, run by a US national and reporting jointly to the Iraqi Prime Minister and the US Ambassador.⁵⁶³ The US saw this as a way of retaining US control after the transition. The UK would continue to argue against this; the Coalition needed to establish Iraqi authority and be seen to do so.

964. The AHMGIR agreed the Transition Plan but asked for a Transition Plan for the South, identifying where the UK needed to lobby the US.⁵⁶⁴

965. Mr Benn visited Baghdad and Basra from 22 to 23 March.⁵⁶⁵ He reported to Mr Blair:

“There is steady progress, but the challenges remain immense ...

“The economy is picking up well. Reconstruction is starting to produce visible results ...

“Success is bringing new challenges. Maintaining infrastructure will require difficult political decisions for the new Government such as charging more for electricity and fuel. Donor money may add to inflationary pressures ... I encouraged Bremer to promote transparency in the use of the oil revenues after 30 June. We need the IMF and World Bank to be fully involved in this, and other economic management issues, as soon as possible.”

⁵⁶³ Annotated Agenda, 17 March 2004, Ad Hoc Group on Iraq Rehabilitation meeting.

⁵⁶⁴ Minutes, 18 March 2004, Ad Hoc Group on Iraq Rehabilitation meeting.

⁵⁶⁵ Letter Benn to Blair, 24 March 2004, [untitled].

966. Mr Benn also reported that there were tensions within the US system over how much control they should try to retain after transition.

967. Mr Drummond, who accompanied Mr Benn, produced a separate report for DFID colleagues only.⁵⁶⁶ He reported that:

- Ambassador Bremer had not seen how, politically, the Coalition could retain control over Iraq's oil revenues after transition. The Ambassador had agreed with Mr Benn on the importance of managing those revenues transparently.
- Interlocutors in the Ministries of Finance, Development Co-operation and Industries had all favoured bilateral projects over the World Bank and UN Trust Funds, because of the high UN administration fee and the lack of UN and World Bank presence in Baghdad. Mr Benn and Mr Drummond had set out the merits of the Trust Funds, including low transaction costs.
- On the future of CPA(South), Mr Benn and Mr Drummond had been "pressed on the need for some continuity on the handover of authority, both by CPA(South) staff and Adm Nash. We said that from 1 July things had to be different with the Iraqis in the lead supported by well-targeted advice; the big money for reconstruction would come from the [US] Supplemental, the Japanese and the Trust Funds."
- Mr Benn and Mr Drummond had also been lobbied by MND(SE) on funding for QIPs. MND(SE) had said that their budget for QIPs would be almost exhausted by 30 June, but UK forces could still play a valuable role after transition. Mr Drummond reported: "We made no commitment ... It may be that MOD can resource this from elsewhere. QIPs are not high on my list of priorities."

Basra International Airport

Ministers first considered reopening Basra International Airport (BIA) to commercial traffic in December 2003.⁵⁶⁷ In a joint paper, the Cabinet Office and IPU advised that reopening the airport would signal a return to normality and help stimulate reconstruction. The threat to aviation in Iraq was severe, however, and as an Occupying Power the UK would have overall liability for commercial flights.

Ministers agreed in January 2004 that BIA should not be reopened to commercial flights before there was an Iraqi Government in place (at the end of June 2004), at which time the decision (and direct liability) would be theirs.⁵⁶⁸

Ministers revisited the question in April 2004, following a CPA request that CPA-chartered cargo and passenger aircraft should be allowed to use BIA, and agreed that CPA-

⁵⁶⁶ [Minute Drummond to DFID \[junior official\], 24 March 2004, 'Iraq Visit'](#).

⁵⁶⁷ Letter Dodd to Owen, 23 December 2003, 'Iraq: Basra Airport' attaching Paper Cabinet Office/IPU, 23 December 2004, 'Iraq: Commercial Passenger Flights into Basra Airport'.

⁵⁶⁸ Letter Dodd to Owen, 2 April 2004, 'Iraq: Opening of Basra Airport to Commercial Traffic' attaching Paper IPU/Cabinet Office, 2 April 2004, 'Iraq: Opening of Basra Airport to Commercial Traffic'.

chartered cargo flights but not passenger flights should be allowed to use BIA (as the liability arising from passenger flights was so much greater).⁵⁶⁹

Ministers also agreed that UK forces should continue to provide air traffic control and other services to cargo flights after the transition, when in direct support of reconstruction and humanitarian activities.

BIA reopened to commercial flights on 1 January 2005, following the agreement of a Memorandum of Understanding between the UK and Iraqi Governments indemnifying the UK Government and its agents against all claims arising from the provision of services by UK personnel at BIA (see Section 10.2).

968. Section 9.2 describes the deterioration in the security situation in Iraq from late March, as the Coalition faced Muqtada al-Sadr's Shia militia, Sunni insurgents in Fallujah and a growing threat from Al Qaida.

969. Sir Jeremy Greenstock concluded his six-month tour in Iraq at the end of March and was succeeded by Mr David Richmond. Sir Jeremy's valedictory telegram assessed that the Coalition might not deserve the "fragile state of semi-progress" in Iraq:

"The preparations for the post-conflict stage were abject; wrong analysis, wrong people ... And the volume of resources required on the ground, especially in military terms, was and continues to be misjudged."⁵⁷⁰

970. Sir Jeremy listed the Coalition's major failings, including "complacency and constant overselling of the true picture".

971. In early April, US forces began operations in Fallujah. Section 9.2 describes UK concerns about the operation and its effect on Sunni opinion.

972. On 7 April, Mr Blair received an (unattributed) report on media and communications in Iraq.⁵⁷¹ It assessed that the Iraqi media was "free, but also chaotic": 190 newspapers, 25 TV stations and 70 radio broadcasters operated with almost no regulation. Where satellite television was available, Iraqi citizens preferred it to terrestrial television or the print media; where it was not, Al Iraqiya dominated. The major satellite channels were Al Arabiya and Al Jazeera. Although Al Iraqiya was improving, "the abiding impression is too little, too late". It could not hope to rival regional satellite channels in the near future, but in the long term had the potential to become a credible public service broadcaster. Rumour and word of mouth remained disproportionately powerful.

973. Mr Blair commented: "This is simply inadequate. We must grip this."⁵⁷²

⁵⁶⁹ Letter Cabinet Office [junior official] to Owen, 9 August 2004, 'Iraq: Basra Airport'.

⁵⁷⁰ [Telegram 109 IraqRep to FCO London, 26 March 2004, 'Iraq Valedictory: Six Months in the Cauldron'](#).

⁵⁷¹ Report, [undated], 'Iraqi Media: Snapshot'.

⁵⁷² Manuscript comment Blair on Report, [undated], 'Iraqi Media: Snapshot'.

974. On 8 April, the FCO tightened their travel advice, to read: “Even the most essential travel to Iraq should be delayed, if possible.”⁵⁷³ Companies involved in reconstruction were encouraged to “ensure that they have made the appropriate security arrangements”.

975. On 14 April, the UK company Foster Wheeler Energy Ltd, which had been contracted by the PMO to provide oil and gas project management services in Iraq, informed the PMO that it intended to postpone the deployment of its staff to Iraq, citing the 8 April FCO travel advice.⁵⁷⁴

976. Section 10.3 describes the exchanges between Foster Wheeler, the PMO and the UK Government, leading to the (delayed) deployment of Foster Wheeler staff to Iraq from late May.

977. Also on 14 April, the JIC assessed that kidnapping was now being used as a tactic by anti-Coalition forces.⁵⁷⁵ The kidnappings, together with the rise in attacks on foreigners over the past month, were persuading “many” foreign contractors to leave Iraq. That could affect the Coalition’s reconstruction effort and, in the short term, precipitate power shortages and further public discontent.

978. On 15 April, Sir Nigel Sheinwald sent Dr Rice a “personal paper” from Mr Blair for President Bush, which Mr Blair hoped the President might read before their conversation the next day.⁵⁷⁶ Mr Blair summarised his strategy for Iraq as:

- local engagement by Iraqis to sort the Sunni and MAS [Muqtada al-Sadr] problems, with Fallujah critical;
- backed by a specific set of offers to deal with grievances;
- backed by an Iraq-wide campaign of communication, led and fronted by Iraqis”.

979. Mr Blair acknowledged Dr Rice’s “heroic efforts” and recent improvements in the CPA’s communications work. But:

“My point, simply, is that this issue [communications] is not just important; it is crucial. It is at the core of whether we succeed or fail ... We need a wholly more professional and organised response. We can’t leave the field to Al Jazeera and Al Arabiya as the satellite channels watched by the people; or fail to use the terrestrial channels adequately.”

980. Mr Blair and President Bush met in Washington on 16 April.⁵⁷⁷ Mr Blair stressed to President Bush the importance of standing firm, setting out a clear political vision and implementing it competently.

⁵⁷³ FCO Travel Advice for Iraq, 8 April 2004.

⁵⁷⁴ Letter O’Connell to CPA/PMO, 14 April 2004, ‘Oil Sector Program Management Contractor’.

⁵⁷⁵ [JIC Assessment, 14 April 2004, ‘Iraq Security’](#).

⁵⁷⁶ [Letter Sheinwald to Rice, 15 April 2004, \[untitled\], attaching Note \[Blair to Bush\], \[undated\], ‘Note’](#).

⁵⁷⁷ Letter Rycroft to Adams, 16 April 2004, ‘Iraq: Prime Minister’s Meeting with President Bush’.

981. Mr Blair said that there needed to be a clear strategy for addressing the grievances of both the Sunnis and the Al Sadr supporters, including tackling poverty in Sadr City. He added that “large amounts of money were available, but very little was being spent”.

982. Mr Blair again emphasised the importance of better communication with the Iraqi population. After the transition, the Iraqi Government would have increased responsibility in this area and would need real help from the US and UK.

983. No specific actions were agreed.

984. On 18 April, Mr Richmond reported from Baghdad on the challenges of “designing and executing post-conflict reconstruction in what effectively remains a conflict zone”.⁵⁷⁸ Drawing on discussions with Mr Bearpark, Adm Nash and USAID, Mr Richmond advised that there was:

“Probably less activity on the ground than CPA are prepared to admit, as aid agencies and contractors withdraw personnel to safer areas pending decisions to re-engage. Main foreign contractors operating at 50 – 75 percent staffing levels. Some NGOs well below that.”

985. Washington had directed the CPA to accelerate spending, and specifically to “ameliorate conditions in Fallujah”. Of the US\$18.4bn committed to IRRF2:

- US\$8.8bn was available now for construction projects, of which US\$1.5bn had been “obligated” (contracts issued); and
- US\$5.8bn was available for non-construction projects, of which US\$770m had been obligated.

986. The problem was translating those figures into work on the ground against the timetable required by the political process.

987. The PMO’s aim was to be in a position to deliver once security conditions allowed. Adm Nash was advising contractors to bring in the minimum necessary number of staff to “establish a bridgehead”. He had also created incentives for contractors to sub-contract to lower-profile and local companies.

988. Mr Richmond advised that the UK needed to consider the advice it gave to UK development partners and contractors regarding travel to Iraq, and in particular to consider the divergence of advice between the US and UK. The US Government issued stricter guidance on travel than the UK, but did not seem to enforce it. The UK’s travel advice gave him “no option but to counsel caution” to UK contractors. The problems experienced by Foster Wheeler encapsulated the dilemma: “Risk coming out or losing out.”

⁵⁷⁸ [Telegram 173 IraqRep to FCO London, 18 April 2004, ‘Iraq: Effects of the Recent Crisis on Reconstruction’.](#)

989. Sir Nigel Sheinwald wrote to the FCO on 19 April, advising that Mr Blair was concerned by the picture painted by the briefing he had received in advance of his meeting with President Bush.⁵⁷⁹ Mr Blair believed that a renewed effort was needed by the CPA and by departments in London. He had asked for 15 urgent reports, which should be:

“... unvarnished accounts of where things stand, with as much local colour as possible; and with clear recommendations, where appropriate, for how to improve things.”

990. The accounts included:

- the media;
- reconstruction, spending and disbursement;
- everyday life;
- women’s groups; and
- schools, universities and hospitals.

991. Sir Nigel advised that Mr Blair was prepared to put specific points directly to President Bush, and suggested that Mr Richmond might draw the reports together into a weekly or fortnightly “hit list of priorities”.

992. The 20 April meeting of the ISOG was advised that Mr Blair considered that progress needed to be accelerated in all areas of reconstruction in order to make transition a success.⁵⁸⁰ He had decided to follow developments more closely himself. Sir Nigel had therefore commissioned a number of reports and recommendations for improvements “to be written by the practitioners in Iraq themselves”.

993. On 21 April, Sir Kevin Tebbit, MOD Permanent Under Secretary, wrote to Sir Andrew Turnbull, the Cabinet Secretary, and Permanent Secretaries to set out the arrangements for looking after civilian personnel in Iraq.⁵⁸¹ Detailed contingency plans for the evacuation of UK staff in Bagdad were being drawn up, as “a matter of prudent planning: the security situation in Iraq is tense, but no worse in most places than it has been previously”.

994. Referring to concerns expressed by Permanent Secretaries at their recent Wednesday morning meeting, that the withdrawal of civilian contractors could undermine the reconstruction effort and hence exacerbate the security situation, Sir Kevin advised:

“The impact on reconstruction would indeed be serious if contractors began to withdraw, although there is little evidence that this is happening on a large scale ... You may have seen David Richmond’s telegram of 18 April which assess

⁵⁷⁹ [Letter Sheinwald to Adams, 19 April 2004, ‘Iraq’.](#)

⁵⁸⁰ Letter Cabinet Office [junior official] to Buck, 23 April 2004, ‘Iraq: Senior Officials Group’.

⁵⁸¹ [Letter Tebbit to Turnbull, 21 April 2004, \[untitled\].](#)

that most [companies] are operating at 75 percent of their capacity pending security developments. No UK or US funded contractor has withdrawn for Iraq.”

995. Sir Kevin outlined the actions the CPA was taking to enable contractors to operate.

UK Transition Plan for Southern Iraq

996. Mr Drummond circulated a report to members of ISOG on 16 April, setting out DFID’s plan to support Iraq after transition.⁵⁸² In Baghdad, DFID planned to maintain its support for key ministries (including the Ministries of Finance, Planning and Development Co-ordination, and Municipalities and Public Works) at around the same level, at up to 20 advisers.

997. The ‘UK Transition Plan for Southern Iraq’, which had been commissioned by the AHMGIR on 18 March, was submitted to the 22 April meeting of the AHMGIR.⁵⁸³

998. The Annotated Agenda for the meeting reported that security had deteriorated “markedly” over Easter (9-12 April) and the risks to UK civilian staff in Iraq were high.⁵⁸⁴ The deployment of civilians had been reviewed and, as a temporary measure, new deployments to Baghdad had been suspended and staff unable operate in the current security environment had been withdrawn.

999. The AHMGIR approved the recommendation that all other staff should remain in Iraq subject to continuing review.⁵⁸⁵

1000. The ‘UK Transition Plan for Southern Iraq’ considered the security, political, reconstruction and representational aspects of transition.⁵⁸⁶ It stated that the UK’s focus should on “helping the Iraqis to take responsibility for their own future.” The main challenges would be:

- maintaining security;
- helping Iraqi citizens in the four Southern governorates to participate in the national political process; and
- promoting economic recovery including job creation, and rebuilding Governorates and local institutions.

1001. The Plan was based on the explicit assumption that the security situation would “calm down”.

⁵⁸² Letter Drummond to Buck, 16 April 2004, ‘Iraq: The Transition’ attaching Report DFID, April 2004, ‘DFID Programme Requirements in Southern Iraq from July 2004’.

⁵⁸³ [Annotated Agenda, 21 April 2004, Ad Hoc Group on Iraq Rehabilitation meeting attaching Paper, \[undated\], ‘UK Transition Plan for Southern Iraq’.](#)

⁵⁸⁴ [Annotated Agenda, 21 April 2004, Ad Hoc Group on Iraq Rehabilitation meeting.](#)

⁵⁸⁵ [Minutes, 22 April 2003, Ad Hoc Group on Iraq Rehabilitation meeting.](#)

⁵⁸⁶ [Paper, \[undated\], ‘UK Transition Plan for Southern Iraq’.](#)

1002. The Plan stated that the UK hoped that the US would retain a strong presence in Basra, but the US had not yet finalised its plans.

1003. On reconstruction in the South, the Plan reported that good progress had been made “given the constraints”. Power production had improved sharply, the ports were operating above pre-war capacity and the private sector was active, particularly in Basra. The next phase would require major new capital investment, and the creation of more jobs.

1004. DFID’s projects to rehabilitate government buildings and restore power, fuel and water services in the South⁵⁸⁷ should be complete by 30 June, provided the security situation remained stable. A phased exit was planned for the 50 DFID-funded staff and contractors in CPA(South) and for the UK secondees supported by the FCO, beginning in mid-June.

1005. Other donors and the private sector would provide the main funds for infrastructure after the transition. The US, through its PMO, would be by far the largest donor and was likely to spend at least US\$3bn in the South over the next three years. The PMO was expected to take over the CPA(South) compound and base up to 300 staff there; those would almost all be “contractors with little or no knowledge of the local context”. The PMO had shared some reconstruction plans with the Iraqi Government, but “only briefly so far”. Japan, Denmark and Italy were the other major bilateral donors in the South. Unless security improved dramatically, it was unlikely that the UN would make a substantial impact.

1006. The capacity of Iraqi central and local authorities, which would assume full executive authority once CPA(South) was dissolved, was “mixed”. The PMO was not currently incorporating capacity-building elements into its programmes. RTI, a consultancy company funded by USAID to build local government capacity, was withdrawing most of its staff on security grounds.

1007. DFID had agreed in principle to provide up to £25m over two years for the Governorates Capacity Building Project (GCBP) to strengthen planning, financial management and other core functions in the four southern governorates. The project was scheduled to start in May.

1008. DFID would also fund an eight-person Transitional Advisory Team⁵⁸⁸ to work with the PMO, to help “bridge the local knowledge gap” between PMO contractors and Iraqi technical directorates. The team would be deployed for six months in the first instance.

1009. The Plan stated that the South would also benefit from DFID’s national programmes.

⁵⁸⁷ A reference to the Essential Services Plan.

⁵⁸⁸ Subsequently renamed the Technical Advisory Team.

1010. The possibility of a “reconstruction gap”, which had been identified by Sir Hilary Synnott on 22 January, was not explicitly acknowledged in the Plan.

1011. In a briefing for Mr Straw (as Chair of the AHMGIR), the Cabinet Office warned that DFID’s intended focus on capacity-building, leaving capital and large-scale rehabilitation projects to other donors, might be controversial:

“This formation is fine in principle but depends on other donor funds, particularly from the US Supplemental [IRRF2], being disbursed on time. US contracts are being let now but if there are delays in implementation due to security or bureaucracy there could be a reconstruction gap in the South this autumn.”⁵⁸⁹

1012. Ministers endorsed the Plan and agreed that the UK should press the US to reach decisions on its future support in southern Iraq.⁵⁹⁰

Reports from Iraq

1013. On 23 April, Mr Blair received the first edition of all 15 “unvarnished accounts” commissioned by Sir Nigel Sheinwald on 19 April, plus an additional four reports covering essential services, oil, next year’s budget and Ambassador Bremer’s recent speech in Tikrit.⁵⁹¹

1014. The reports relating to the political situation and security are described in Section 9.2; the account relating to Security Sector Reform is described in Section 12.1.

1015. The report on the Iraqi media identified three key challenges (tackling the pan-Arab satellite channels, improving Al Iraqiya, and strengthening the capacity of the Iraqi Government) and set out how the UK should address them.⁵⁹²

1016. The report on reconstruction was Mr Richmond’s 18 April report on the challenges of designing and executing reconstruction in a conflict zone.⁵⁹³

1017. The report on essential services stated that delivery of most services was poor.⁵⁹⁴ A reliable electricity supply remained key to the delivery of other services but the Coalition continued to fail to meet public expectations; widely publicised CPA targets for electricity generation for summer 2003 had not been met and it was unlikely that the CPA’s target of 6,000MW by 30 June 2004 would be achieved. Food, sanitation and fuel were less problematic. Food supplies had been temporarily interrupted by recent fighting, but there was no evidence of significant food shortages. There was some

⁵⁸⁹ [Annotated Agenda, 21 April 2004, Ad Hoc Group on Iraq Rehabilitation meeting.](#)

⁵⁹⁰ Minutes, 22 April 2004, Ad Hoc Group on Iraq Rehabilitation meeting.

⁵⁹¹ Minute Rycroft to Prime Minister, 23 April 2004, ‘15 Reports on Iraq’.

⁵⁹² Paper, [undated], ‘Media in Iraq’.

⁵⁹³ [Telegram 173 IraqRep to FCO London, 18 April 2004, ‘Iraq: Effects of the Recent Crisis on Reconstruction’.](#)

⁵⁹⁴ Telegram 180 IraqRep to FCO London, 20 April 2004, ‘Iraq: Essential Services (Excluding Oil)’.

confidence that water supply to major cities would not be interrupted even in times of peak demand.

1018. The report on gender issues stated that this was a “major emphasis” for the CPA and a “personal focus” for Ambassador Bremer.⁵⁹⁵ Civil society organisations were developing strongly, though political organisations were only now emerging. Women had taken on visible leadership roles in Iraq and the TAL set a goal of 25 percent representation in the Transitional Government. Funding was not an issue; the key challenges were security and opportunities in education and employment.

1019. The report on “schools, universities, hospitals” (from Mr Chris Segar, Head of the British Office Baghdad) stated that the Ministries of Health and Education were both regarded as having good political and strategic leadership and competent management staff, and had established “normal” relationships with international donors.⁵⁹⁶ US funds were available for infrastructure; UK support was provided through the World Bank and UN Trust Funds. Nearly all the 240 hospitals in Iraq were functioning, though many faced (unspecified) difficulties. Drug supply continued to fall below Iraqi expectations, but drugs were more widely available, especially to the poor, than before the conflict. 2,300 schools had re-opened in time for the new school year (on 1 October 2003), staffed and equipped with textbooks and materials.

1020. The report on oil sector development stated that production was rising ahead of schedule, but future capacity was threatened by an early, mistaken focus on repair rather than modernisation and development.⁵⁹⁷ Discussions between the Ministry of Oil and the CPA on raising gasoline prices continued, with the Ministry avoiding any commitment on a politically contentious issue. Discussions on restructuring the oil industry “remained mired in politics”. There were persistent but unconfirmed allegations of corruption in both the State Oil and Marketing Organisation and the Ministry of Oil. Ambassador Bremer had recently appointed a new Inspector General to the Ministry, but after 30 June his capacity to monitor financial flows would be tested. International oil companies were watching carefully, but wanted to see greater security and a stable regulatory and investment environment before investing.

1021. On 26 April, Mr Rycroft set out Mr Blair’s response to the reports in a letter to Mr Straw’s Private Secretary, copies of which were sent to DFID, the MOD, the Cabinet Office and UK officials in Iraq and the US:

“The conclusion the Prime Minister draws ... is that the problem we face is not multi-faceted. It is simple: security. It casts its shadow over everything from oil production to education to the political process.”⁵⁹⁸

⁵⁹⁵ Telegram 188 IraqRep to FCO London, 22 April 2004, ‘Iraq: Gender Issues’.

⁵⁹⁶ Telegram 035 IraqRep to FCO London, 22 April 2004, ‘Iraq: Health and Education’.

⁵⁹⁷ Telegram 183 IraqRep to FCO London, 21 April 2004, ‘Iraq: Oil Sector Development’.

⁵⁹⁸ [Letter Rycroft to Owen, 26 April 2004, ‘Iraq: 15 Reports for the Prime Minister’](#).

1022. Mr Rycroft outlined how Mr Blair thought existing activity could be improved, including by:

- “(a) Iraqi-isation. We must do whatever it takes to get the ICDC [Iraqi Civil Defence Corps] and Iraqi police into shape. Every main road has to be guarded, oil refineries rebuilt, electricity generation on target ...
- (b) Communications. There needs to be a concerted campaign in Iraq and abroad to explain what the security problem actually is, and how it is a deliberate attempt to prevent the Iraqi people from getting the benefit of what we are doing. We need to provide top security for Al Iraqiya’s reporters and staff; strengthen the Coalition’s Arabic media capability; improve the coordination between military and political to give real time information to spokesmen; and vastly improve the Iraqi Government’s communications capability.
- (c) Reconstruction spending. There is a damaging gap between ‘obligated’ funds and actual spending. Any suspension of ... projects must be temporary. We need urgent clarity and agreement on what will replace the CPA outside Baghdad after 30 June.”

1023. On the same day, Sir Nigel Sheinwald sent Dr Rice another Note from Mr Blair, and asked her to show it to President Bush before their video conference the next day.⁵⁹⁹ In his Note, Mr Blair set out the detailed analysis that Mr Rycroft had communicated across Whitehall, including the need for:

- “a vast uplift in the Iraqi Government’s capability to communicate”;
- “a massive, concerted campaign” to explain the security problem: Mr Blair said that he would “like to send a couple of people I really trust to give a proper sense of what could be done”; and
- “a ‘whatever it takes’ attitude to ensure that obligated funds were spent”.

1024. Mr Blair spoke to President Bush on 27 April.⁶⁰⁰ The discussion focused on security, the presence of Coalition Forces after the transition, and the political process. They discussed the need for the reconstruction process to continue while the Coalition resolved the security situation. Mr Blair also highlighted the importance of continuing to make progress on the Iraqi media.

1025. In mid-April, the US had requested that the UK send additional troops to Iraq (see Section 9.2).

⁵⁹⁹ Letter Sheinwald to Rice, 26 April 2004, [untitled], attaching Note [Blair to Bush], [undated], ‘Note’.

⁶⁰⁰ Letter Quarrey to Owen, 27 April 2004, ‘Prime Minister’s VTC with Bush, 27 April: Iraq’.

1026. Mr Hoon's Private Secretary wrote to Mr Rycroft with "initial advice" on the US proposal on 29 April.⁶⁰¹ The letter reflected Mr Hoon's view that:

"... any significant increase in our military commitment in Iraq would need to be considered in the context of the whole cross-Government effort ... if we were to take on Najaf and Qadisiyah we would need FCO and DFID to help ensure that acceptable arrangements are in place on the CPA (and post-CPA) side."

1027. In late April, allegations of abuse by Coalition soldiers in Abu Ghraib prison become public. Section 9.2 describes the effect of those and other allegations of abuse.

1028. Major General Andrew Stewart, GOC MND(SE) at that time, was one of several witnesses who told the Inquiry that the pictures of Abu Ghraib had had a "significant effect" on MND(SE), where the public began turning against Coalition Forces.⁶⁰²

1029. Mr Drummond and Mr Mark Lowcock, DFID Director General Corporate Performance and Knowledge Sharing, visited Iraq from 27 to 30 April.⁶⁰³ They reported that, while the security situation had deteriorated, there were encouraging signs of progress on the economy. The foundations of a market economy had been laid, including through the currency exchange, but the reforms were "only half done"; fuel and utility price subsidies had not been reduced and the Public Distribution System for food had not been reformed. They concluded that:

"... whether Iraq will remain a single resource (oil) economy with the potential for a small elite to recapture the revenue or broaden out into a modern market economy is still to play for."

1030. Mr Drummond and Mr Lowcock also reported that the DFID programme was focused on building the capacity of the Iraqi Government in Baghdad and the South. Most DFID funding for reconstruction was flowing through the World Bank and UN Trust Funds, "thereby encouraging both to engage fully in Iraq". Mr Drummond and Mr Lowcock commented that that seemed right.

1031. Mr Richmond reported by telegram on 30 April that security remained the "key threat" to development and reconstruction:

"The PMO remains optimistic about project implementation but others are sceptical. NGOs report many international staff out of the country; USAID are still below full strength, with few staff outside Baghdad, and the PMO reports at least some pull out/pull back by key construction companies including Bechtel, Siemens and possibly GE [General Electric]."⁶⁰⁴

⁶⁰¹ [Letter Baker to Rycroft, 29 April 2004, 'Iraq: UK Response to US Approaches'](#).

⁶⁰² Public hearing, 9 December 2009, page 72.

⁶⁰³ [Minute Drummond and Lowcock to Private Secretary \[Benn\], 30 April 2004, 'Iraq Visit Report'](#).

⁶⁰⁴ Telegram 205 IraqRep to FCO London, 30 April 2004, 'Iraq: Reconstruction, Development and Essential Services'.

1032. Mr Richmond reported that Mr Drummond and Mr Lowcock had pressed CPA and US officials on US transition plans, but key decisions had not yet been made. That lack of clarity was making it difficult for the UK and others to plan their reconstruction efforts beyond the transition, which was delaying implementation.

1033. Mr Richmond offered his view on 2 May, as part of a DFID/Treasury exercise, on whether unblocking funding streams would improve the security situation.⁶⁰⁵ He advised that his answer was:

“For now ... probably no – given absorptive capacity and the security conditions.”

1034. Mr Richmond continued:

“A disaffected, unemployed Tikriti can be bought for a few dollars to launch an attack on a member of the Coalition. It has passed no one by that project planning, fund disbursement and employment generation might help direct the Tikriti’s efforts to more productive ends. There was a physical cash flow problem in the first quarter of 2004 which meant that even monthly salaries were being delayed. Those have been largely unblocked.”

1035. Mr Richmond highlighted the recent approval by the CPA of a “seven cities” initiative, which would rapidly inject up to US\$30m into each of seven areas which posed significant security problems in order to increase employment. A “new but refreshing” condition of approval had been the existence of a robust monitoring and evaluation programme, on which DFID and USAID had provided advice.

1036. Mr Richmond concluded:

“In the immediate term, therefore, disbursing significant extra funds into projects is not the key issue. Indeed, to do so risks exacerbating a growing concern about inadequate quality control of proposals which can lead to wastage of resources and corruption. More thought must also be given to how to meet the additional running costs ... created by capital/project expenditure ...”

1037. Mr Richmond also reported that:

“CPA statistical analysis does not show a correlation between areas of highest unemployment and violence. Promoting employment in and directing projects to specific trouble spots will not produce immediate results. Longer-term, effective distribution of funding is therefore required.”

1038. Mr Richmond reported by telegram on 4 May that US intentions regarding international advisers had been misunderstood.⁶⁰⁶ Some 200, mainly US, advisers would remain after the transition. They would not be “running the Government” but providing

⁶⁰⁵ [Telegram 207 IraqRep to FCO London, 2 May 2004, ‘Iraqi Economy: Does Expenditure Need Unblocking?’](#).

⁶⁰⁶ Telegram 211 IraqRep to FCO London, 4 May 2004, ‘Iraq: What Should be Different After 30 June?’.

advice, and mainly on technical rather than policy issues. They would only serve as long as their Iraqi Minister wanted them to.

1039. The main conclusions of the US transition planning process were formalised on 11 May in US National Security Presidential Directive 36.⁶⁰⁷ *Hard Lessons* summarised those conclusions:

- After the dissolution of the CPA, the US Secretary of State would be responsible for all activities in Iraq, except for military operations and the development of the Iraqi Security Forces (ISF).
- Two new organisations would be established to manage the US reconstruction programme (taking over the mission of the PMO). The Iraq Reconstruction and Management Office (IRMO) would provide technical assistance to Iraqi ministries and the Project and Contracting Office (PCO) would provide procurement and project management support for the US Supplemental (IRRF2).
- 13 of the 17 CPA provincial offices would be closed. Basra was one of the four that would remain.

1040. The Inquiry has seen no indications that Ministers or senior officials were briefed on the Directive, or the key changes it described, until July.

1041. Mr Richmond and Mr Sawers met Ambassador Bremer in Baghdad on 6 May.⁶⁰⁸ Mr Richmond reported by telegram that Mr Sawers had expressed concern that the CPA would not meet its targets for basic services. Ambassador Bremer replied that it should get “within shouting distance” of its 6,000MW target for power generation. Sewage was a particular problem, “they were shovelling it off the streets in Sadr City”. Ambassador Bremer also commented:

“If we could even get security back to October/November 2003 levels, then effective reconstruction would be possible.”

1042. On the same day, the AHMGIR was advised that reconstruction had been delayed by the downturn in security, adding to Iraqi frustration with the Coalition’s performance.⁶⁰⁹ In Baghdad, UK reconstruction staff had only been able to move outside the Green Zone sporadically, and hardened accommodation was in short supply. Staff numbers had been “thinned slightly” as a result. CPA(South) staff had been unable to travel for nearly a week. Despite that, reconstruction was continuing. During April, 120 projects worth US\$37m had been contracted, including clearance of rubbish and road building. Those should provide employment for 17,000 people and many would have a quick and visible impact.

⁶⁰⁷ National Security Presidential Directive, 11 May 2004, ‘United States Government Operations in Iraq’.

⁶⁰⁸ Telegram 217 IraqRep to FCO London, 6 May 2004, ‘Iraq: Sawers’ Meeting with Bremer’.

⁶⁰⁹ Annotated Agenda, 6 May 2004, Ad Hoc Group on Iraq Rehabilitation meeting.

1043. The AHMGIR was also advised that the disbursement of reconstruction funds was “progressing steadily”, with security and absorptive capacity the key constraints. Work was “well advanced” to ensure rapid disbursement of US funds by the PMO, and through the World Bank and UN Trust Funds.

1044. Ministers were invited to, and did, note this “positive progress”.⁶¹⁰

1045. The 11 May meeting of the ISOG discussed Mr Nixon’s concern (first expressed in his first impressions report from Basra at the end of February) that there would be a gap in reconstruction activity in the South between the end of the CPA and the launch of major infrastructure projects in August.⁶¹¹ The number of UK reconstruction staff would also fall from 51 to seven after the transition.

1046. A DFID official said that DFID believed that PMO programmes would come on stream in time, and that DFID had programmes that bridged the transition period.

1047. Mr Richmond reported on 13 May that recent attacks on Iraq’s power infrastructure indicated that the “saboteurs” had a co-ordinated plan to squeeze fuel supplies to Baghdad’s power plants as summer approached.⁶¹² Parts of Baghdad had experienced a 48 hour blackout. MNF-I Commanders had been tasked to refocus patrolling on the most important infrastructure sites. The Iraqi Facilities Protection Service, which was just beginning to take shape, had also been retasked.

1048. The 19 May meeting of the ISOG considered a DFID paper on reconstruction funding and activity in the South after the transition.⁶¹³ The paper stated that the main external sources of funding for reconstruction in the South after the transition would be the PMO, the World Bank and UN Trust Funds, the Japanese, and DFID. Funding from these sources would:

“... take some time to begin to show real impact in terms of improved services (probably around 4-6 months), although some job creation should come sooner.”

1049. In the interim, although the CPA would be dissolved on 30 June, a significant number of CPA-administered/DFI-funded projects would continue beyond that date. DFID was recruiting a “residual’ CPA team” to ensure that those projects could continue (although it was not yet clear who would have legal authority to manage those projects after 30 June).

1050. DFID reported that the PMO had stated that, by the time those CPA/DFI projects completed in late August/early September, many of its contractors would have established themselves in Basra and new job opportunities should be starting to emerge.

⁶¹⁰ Annotated Agenda, 6 May 2004, Ad Hoc Group on Iraq Rehabilitation meeting; Minutes, 6 May 2004, Ad Hoc Group on Iraq Rehabilitation meeting.

⁶¹¹ Letter Cabinet Office [junior official] to Buck, 13 May 2004, ‘Iraq: Senior Officials Group’.

⁶¹² Telegram 232 IraqRep to FCO London, 13 May 2004, ‘Infrastructure Security and Reconstruction’.

⁶¹³ Paper DFID, May 2004, ‘Reconstruction funding and activity in Southern Iraq post transition’.

1051. The “residual’ CPA team” would become the Project Continuity Team (PCT). Their work is described later in this Section.

1052. The ISOG judged that the paper offered a “satisfactory account”, but asked DFID to liaise with Mr Nixon to ensure his concerns had been fully answered.⁶¹⁴

1053. On 18 May, Sir Nigel Sheinwald sent Dr Rice a Note from Mr Blair for President Bush, in advance of their regular video conference two days later.⁶¹⁵

1054. Mr Blair wrote that the coming few weeks were the last chance to move things into place before the new Iraqi Government took power, and proposed a timetable for the political process. He also proposed:

- better protection of oil and power installations; and
- more help for Al Iraqiya and high-quality media support for the new Iraqi Prime Minister.

1055. In their video conference on 20 May, Mr Blair and President Bush discussed the timetable for and sequence of events surrounding the transfer of sovereignty.⁶¹⁶

1056. Mr Blair was advised on 21 May that US and UK officials had met to discuss communications issues surrounding the transition.⁶¹⁷ The CPA was establishing a communications office for the incoming Iraqi Prime Minister. Staffing that office might be problematic; the incoming Prime Minister would probably not accept staff nominated by the US or UK but might have few of his own.

1057. Mr Richmond reported from Baghdad on the same day that the CPA was working “intensively” to establish the new administrative arrangements that the incoming Iraqi Prime Minister would need:

“Iraq no longer has anything we would recognise as a functioning centre of government; these structures require setting up from scratch.

“The straitjacket of a CPA Order has been rejected in favour of presenting an outline proposal to an incoming Prime Minister, allowing strong Iraqi ownership of all structures and staffing, though [Ambassador] Bremer has directed that some core staff be in place from the day the [Prime Minister] is appointed. It will be made clear that this is advice, not prescription.”⁶¹⁸

⁶¹⁴ Minutes, 18 May 2004, Iraq Senior Officials Group.

⁶¹⁵ Letter Sheinwald to Rice, 18 May 2004, [untitled], attaching Note [Blair to Bush], [undated], ‘Note on Iraq’.

⁶¹⁶ Letter Quarrey to Owen, 20 May 2004, ‘Prime Minister’s VTC with Bush, 20 May: Iraq’.

⁶¹⁷ Minute Heatly to Prime Minister, 21 May 2004, ‘Iraq: Communications Around the Transition’.

⁶¹⁸ Telegram 250 IraqRep to FCO London, 21 May 2004, ‘Iraq: Support to the New Prime Minister’.

1058. Mr David Quarrey, a Private Secretary in No.10, passed Mr Blair's comments on those reports to the FCO on 24 May.⁶¹⁹ Mr Blair thought that it was vitally important that the new Iraqi Prime Minister and President had "first-class support services and an immediate media plan". It was also vital that the Coalition had a plan to protect and repair Iraq's oil and electricity infrastructure, especially as the transition and summer approached.

1059. On 24 May, Mr Bob Morgan, an adviser to the Iraqi Oil Ministry employed by the FCO, and his bodyguard Mr Mark Carman, were killed in Baghdad.⁶²⁰

1060. Mr Blair held a video conference with President Bush on 26 May.⁶²¹ Mr Blair said that there had been a good meeting between the US and UK media teams, focused on getting the right support for the new Iraqi Prime Minister.

1061. Lt Gen John McColl, Senior British Military Representative, Iraq, advised the 28 May meeting of the ISG that there were "dangers of discontinuities" between the end of the CPA and the start of the IIG.⁶²² The CPA was ensuring co-ordination between Iraqi ministries and between Baghdad and the provinces; there could be problems after the dissolution of the CPA which could not be entirely overcome by the remaining international advisers. Separately, there was a risk that key Iraqi Government employees would not be paid during the transition.

1062. Lt Gen McColl also warned of the risk of a gap between the end of CPA reconstruction projects and the start of PMO projects, leading to a dip in employment during the summer which would impact on the security situation. He recommended that military commanders be given access to further, and larger scale, funding for QIPs to fill the gap.

1063. The ISG asked DFID to look again at the risk of a reconstruction gap, and MOD to approach the Treasury about further funding for QIPs.

1064. On 1 June the Iraqi Interim Government (IIG) was sworn in, with Dr Ayad Allawi as Prime Minister and Dr Barham Salih as Deputy Prime Minister.⁶²³

1065. Mr Alan Charlton, Chargé d'Affaires at the British Embassy Washington, reported US transition plans on 3 June.⁶²⁴ In addition to the Embassy in Baghdad, there would be four "Regional Hubs": Mosul, Kirkuk, Hillah and Basra. There was a growing realisation within the US Government that the mission after transition would be very different. Mr John Negroponte, US Ambassador-designate, had defined his mission as supporting, rather than directing, the IIG.

⁶¹⁹ Letter Quarrey to Owen, 24 May 2004, 'Iraq'.

⁶²⁰ Minutes, 25 May 2004, Iraq Senior Officials Group meeting; *BBC News*, 26 May 2004, *Oil expert killed in Iraq 'felt safe'*.

⁶²¹ Letter Quarrey to Owen, 26 May 2004, 'Iraq: Prime Minister's VTC with Bush, 26 May'.

⁶²² Letter Cabinet Office [junior official] to Sheinwald, 28 May 2004, 'Iraq Strategy Group'.

⁶²³ *BBC News*, 1 June 2004, *Iraq's interim cabinet sworn in*.

⁶²⁴ Telegram 684 Washington to FCO London, 3 June 2004, 'Iraq: US Mission Transition Planning'.

1066. Mr Charlton highlighted two potential problems:

- a funding gap as the CPA closed and the IIG took on responsibility for managing expenditure through the DFI; and
- local instability as CPA Governorate Teams left: Governors and Provincial Councils were mostly inexperienced with varying degrees of local legitimacy; some would fail without a Coalition presence.

1067. Mr Dominic Asquith, Deputy Chief Commissioner in the CPA, reported from Baghdad on 6 June that Prime Minister Allawi had accepted assistance from DFID's Emergency Public Administration Programme (EPAP) team to set up his office, and would welcome support from the FCO on media operations.⁶²⁵

1068. Mr Asquith reported on 11 June that DFID was significantly expanding the EPAP consultancy team in response to the Iraqi demand for the work, including on media and communications.⁶²⁶

The state of provincial administration in the South, June 2004

Maj Gen Stewart, GOC MND(SE), and Mr Nixon sought to meet the Governors in each of the four southern Provinces during June, to discuss the transition and help prepare them to assume "real and heavy administrative responsibilities".⁶²⁷

An MOD official reported on 4 June on their visits to Maysan and Dhi Qar:

"... the Provincial administrations have yet to understand the implications of the transfer of authority, i.e. that they will soon be fully responsible for Provincial government. Inexperienced and uninformed in governance, the assumption of administrative responsibility makes them uneasy. They are unhappy that the support and advice that they receive from the CPA over the past year will end. Central government in Baghdad is unreliable, and cannot be depended on to provide uninterrupted finance and other support in absence of the kind of mediation that CPA officials have provided. We are thinking of using MOD civil servants (policy advisers) to help fill the gap until FCO/DFID or US project personnel are available, as planned."

Maj Gen Stewart reported to No.10 on 10 June that, in contrast, the Governor of Muthanna, a "dominant figure in the Province", was eager to take on full responsibility after 30 June.⁶²⁸ He was, however, "likely to limit the emergence of genuinely effective representative political institutions".

The joint visit to Basra was delayed by ongoing attempts to reconstitute the Provincial Council and the need to appoint a new Governor.

⁶²⁵ Telegram 286 Asquith to FCO London, 6 June 2004, 'Iraq: Meeting with the Prime Minister'; Telegram 288 Asquith to FCO London, 6 June 2004, 'Reconstruction Development and Essential Services'.

⁶²⁶ Telegram 310 Asquith to FCO London, 11 June 2004, 'Iraq: Support to the Prime Minister and Cabinet'.

⁶²⁷ [Minute MOD \[junior official\] to CJO, 4 June 2004, 'GOC MND\(SE\) – Iraq Update'](#).

⁶²⁸ Minute Stewart to Rycroft, 10 June 2004, 'GOC MND(SE) – Iraq Update'.

Resolution 1546

1069. The UN Security Council adopted resolution 1546 (2004) on 8 June (see Section 9.2).⁶²⁹ The resolution:

- Endorsed the formation of a sovereign Interim Government of Iraq (generally known as the Iraqi Interim Government or IIG) which would assume full responsibility and authority for governing Iraq by 30 June 2004, while refraining from taking any actions “affecting Iraq’s destiny” beyond the limited interim period (until an elected Transitional Government of Iraq assumed office).
- Reaffirmed the right of the Iraqi people freely to determine their own political future and “to exercise full authority and control over their financial and natural resources”.
- Decided that the Special Representative to the Secretary-General (SRSG) and the United Nations Assistance Mission for Iraq (UNAMI), at the request of the Iraqi Government, should:
 - “○ advise the Government of Iraq in the development of effective civil and social services;
 - contribute to the co-ordination and delivery of reconstruction, development, and humanitarian assistance;
 - promote the protection of human rights, national reconciliation, and judicial and legal reform in order to strengthen the rule of law in Iraq; and
 - advise and assist the Government of Iraq on initial planning for the eventual conduct of a comprehensive census”.
- Recognised that the IIG would assume the primary role in co-ordinating international assistance to Iraq.
- Noted that, upon the dissolution of the CPA, funds in the Development Fund for Iraq (DFI) “shall be disbursed solely at the direction of the Government of Iraq, and *decides* that the Development Fund for Iraq shall be utilised in a transparent and equitable manner and through the Iraqi budget ... that the arrangements for the depositing of proceeds from export sales of petroleum, petroleum products, and natural gas established in paragraph 20 of resolution 1483 (2003) shall continue to apply, and that the International Advisory and Monitoring Board (IAMB) shall continue its activities”.
- Welcomed the commitment of many creditors, including those of the Paris Club, to identify ways to reduce substantially Iraq’s debt, called on Members States, international and regional organisations to support Iraq’s reconstruction effort, urged international financial institutions and bilateral donors to provide their full range of loans and other financial assistance and arrangements, and recognised that the IIG would have the authority “to conclude and implement such agreements and other arrangements as may be necessary in this regard”.

⁶²⁹ UN Security Council resolution 1546 (2004).

1070. The resolution also requested Member States, international financial institutions and other organisations to strengthen their efforts to support reconstruction and development.

1071. A Treasury official advised Mr Brown and Mr Boateng that the resolution had significant implications for Iraq's development.⁶³⁰ To maintain transparency in the management of oil revenues, the resolution provided for the continuation of the DFI under the control of the Iraqi Government. At the UK's request, the resolution explicitly mentioned transparency and provided that DFI funds could only be spent through Iraq's budget.

1072. The IAMB would continue to monitor oil sales and provide an external audit function, and would include an additional member designated by the Government of Iraq.

1073. Oil revenues held in the DFI would continue to enjoy immunity from attachment. The UK had pressed unsuccessfully to extend that immunity to foreign exchange reserves held in the Central Bank of Iraq.

1074. The resolution recognised the IIG's authority to conclude and implement loan agreements and other financial assistance and arrangements. That should enable the IGI to negotiate and agree an IMF programme and conclude a Paris Club debt deal.

1075. The resolution called for IFIs to engage fully in assisting reconstruction and development. Since the bombing of the UN Headquarters in Baghdad in August 2003, they had provided technical assistance through seminars outside Iraq and by commenting on draft economic legislation and the management of donor funds. That was no substitute for working in country; the UK would continue to press them to return as soon as possible.

1076. The official also advised that the Financial Management Law signed by Ambassador Bremer on 5 June was "a key piece of economic legislation" that regulated the preparation and execution of Iraq's budget. UK Treasury officials had been extensively involved in its drafting.

1077. The 17 June meeting of the AHMGIR considered DFID's second paper on funding reconstruction in the South after transition.⁶³¹ It was more detailed and less reassuring than the paper considered by ISOG on 19 May.

1078. In the paper, DFID assessed that the first few months after transition would be a critical period for establishing stability under new Iraqi structures, building credibility in the political process, and maintaining consent for multinational military forces after the end of Occupation.⁶³² The quality of the provision of basic services – particularly water,

⁶³⁰ Minute Treasury [junior official] to Chancellor, 10 June 2004, 'Iraq – UNSCR 1546 and Financial Management Law'.

⁶³¹ Minutes, 17 June 2004, Ad Hoc Group on Iraq Rehabilitation meeting.

⁶³² Paper DFID, June 2004, 'Southern Iraq: Reconstruction and Employment After 30 June'.

power and fuel – was likely to have a significant impact on those issues, particularly over the hot summer months. The level of employment would also be important.

1079. DFID reviewed the sources of reconstruction funding for southern Iraq. The last CPA(South) projects would be completed by 30 September. The PMO would become by far the largest source of funding (some US\$3.1bn of the US\$18.4bn IRRF2 was allocated for the four Southern provinces), but it remained unclear when it would deploy to the South and it was unlikely to have “substantial” activity under way before the autumn. The IIG would have responsibility for spending DFI and other Iraqi revenues from 30 June, but the UK should not expect the IIG to provide substantial funds for reconstruction “in the short-term”. The World Bank and UN Trust Funds were not expected to “become major players” until 2005.

1080. DFID concluded that there was “a risk of a lull in funding” between the beginning of the CPA wind-down in August and November, when it was “reasonable to hope” that both PMO funding and IIG activity would have picked up.

1081. DFID reported that actions being taken to mitigate the gap were:

- Deploying a seven-person Project Continuity Team (PCT) to work in the PMO to administer CPA projects beyond 30 June. DFID had filled most of the posts and Mr Nixon was attempting to secure the CPA’s agreement to deploy the team.
- Securing a “full share” of US CERPs funding.
- Helping the PMO become operational in the South as soon as possible, by deploying a Transitional Advisory Team to help PMO contractors adjust to local conditions and engage with Iraqi counterparts. The Team should be in place by late July, before most PMO contractors had arrived.
- Helping Iraqi institutions to become operational quickly by focusing the work of DFID’s £20m GCBP on directorates involved in basic service provision and job creation.
- Pressing the UN and World Bank Trust Funds to become operational quickly. DFID was continuing to lobby both organisations.

1082. DFID proposed that the UK could also consider:

- providing additional funding for QIPs;
- providing small-scale funding for Iraqi municipal councils, to enable them to fund reconstruction projects; and
- seeking to influence PMO expenditure plans in favour of the South, possibly by seconding a senior officer into the PMO.

1083. DFID also advised that:

“CPA’s limited data shows no direct relationship between reported levels of unemployment and violence. Likewise, there is no apparent correlation between lack

of basic services (e.g. water) and violence. But it is a widely accepted assumption that employment and economic well-being will increase support for the Government and a pool of un- and under-employed men will pose a security risk.”

1084. The Annotated Agenda for the AHMGIR meeting stated that delays to PMO mobilisation raised the risk of a shortfall in funding for reconstruction over the summer.⁶³³ The US remained confident that PMO contractors would deploy to Basra shortly; the UK believed that was optimistic.

1085. The AHMGIR noted the DFID paper, and agreed that the UK should lobby the US to ensure that IRRF2 funds flowed to the South and to agree additional funding for quick impact projects.⁶³⁴

The state of Iraq on the eve of transition

1086. Mr Richmond reported on 17 June that the threat to staff in Baghdad was at its highest level since April 2003.⁶³⁵ Journeys outside the Green Zone were only being approved under exceptional circumstances, seriously handicapping operational capacity (although work to support the Prime Minister’s Office and some other programmes were continuing). He had asked all staff who were not staying beyond 30 June to leave by 21 June.

1087. Mr Nixon reported on the same day that the security situation in the South had improved since April, and was generally quiet.⁶³⁶

1088. Mr Richmond reported separately, also on the same day, that attacks on oil pipelines continued despite enhanced security measures, with four major attacks in the past few days.⁶³⁷ There were simply not enough resources to protect Iraq’s oil infrastructure against determined insurgents with expertise.

1089. Mr Hoon told the 17 June meeting of the AHMGIR that UK forces in Maysan were sustaining 22 percent casualties.⁶³⁸ That could not continue indefinitely, and root causes such as unemployment needed to be examined.

1090. Mr Benn told the meeting that DFID continued to look at the scope for targeting factors that contributed to insecurity, such as unemployment. DFID was also looking flexibly at how it provided assistance. One option was to fund provincial authorities directly (although there were clearly risks, including that such funding might be diverted).

1091. On 21 June, Mr Richmond reported the headline results of a CPA-commissioned poll conducted by Oxford Research International between 19 May and 14 June.⁶³⁹ The

⁶³³ [Annotated Agenda, 17 June 2004, Ad Hoc Group on Iraq Rehabilitation meeting.](#)

⁶³⁴ Minutes, 17 June 2004, Ad Hoc Group on Iraq Rehabilitation meeting.

⁶³⁵ Telegram 328 IraqRep to FCO London, 17 June 2004, ‘Iraq: Security of Personnel’.

⁶³⁶ Telegram 67 Basra to FCO London, 17 June 2004, ‘Iraq: Security of Personnel in the South’.

⁶³⁷ Telegram 329 IraqRep to FCO London, 17 June 2004, ‘Iraq: Oil Infrastructure Attacks’.

⁶³⁸ Minutes, 17 June 2004, Ad Hoc Ministerial Group on Iraq Rehabilitation meeting.

⁶³⁹ Telegram 341 IraqRep to FCO London, 21 June 2004, ‘Iraq: New Polling Data’.

poll reported that 64 percent of Iraqi citizens said that their life was about the same or better than a year ago; the comparable figure from the March 2004 report was 81 percent. The availability of schools and basic goods were regarded as the most positive changes; the provision of electricity and jobs the least positive.

1092. Mr Quarrey advised Mr Blair on 22 June, in advance of a video conference with President Bush, that reconstruction was “still a worry”.⁶⁴⁰ The US and UK needed to make sure there was no dip in activity over the summer as CPA projects wound down and new projects under the PMO and IIG started up.

1093. The 25 June meeting of the ISG judged that preparations for transition were “on course”.⁶⁴¹ The risk of a dip in reconstruction activity through the summer remained. However, the Iraqi Ministry of Finance had now agreed that CPA projects funded by the DFI could be managed by the PMO through to their completion, and QIPs and CERPs were available to commanders for short-term projects when a specific business case was put forward.

1094. The Occupation of Iraq formally came to an end on 28 June, two days earlier than had been originally planned, in order to avoid disruption by insurgents.

1095. On the same day, as he prepared to leave Baghdad, Mr Richmond sent a valedictory telegram to the FCO in London in which he assessed the failures and achievements of the CPA:

“After security, services have been the CPA’s main failing. Baghdad presently has fewer than 12 hours per day of electricity – no different from a year ago. The Iraqis had inflated expectations of what CPA could deliver; the Coalition seriously underestimated the scale of the problem. Sabotage and increasing demand have compounded the problem but disorganisation and delays in securing funds have played their part.”⁶⁴²

1096. Mr Richmond also set out what had gone right, including establishing a political process and reforming the economy:

“... [a] new and stable currency has been introduced; an independent Central Bank, sound monetary policy and budgetary discipline and controls are in place. Higher wages have resulted in a mini consumer boom. New bank regulations and a new code of foreign direct investment will, once security improves, position the economy for rapid growth. The black spot is unemployment (on which estimates differ) but as the US supplemental [IRRF2] and other donor money kicks in this should be a diminishing problem.”

⁶⁴⁰ Minute Quarrey to Blair, 22 June 2004, ‘VTC with President Bush, 22 June’.

⁶⁴¹ Minute Cabinet Office [junior official] to Sheinwald, 29 June 2004, ‘Iraq: Strategy Group’.

⁶⁴² [Telegram 359 Richmond to FCO London, 28 June 2004, ‘Iraq: Valedictory: The End of Occupation Part 1 of 2’.](#)

1097. Mr Richmond reported that CPA advisers had made progress in re-establishing the machinery of government, reforming ministries, drawing up strategies and putting proper financial controls in place. There was still some way to go, but there was now a functioning system to hand on to the IIG.

1098. A Treasury official who had been seconded to the CPA told a July 2004 Treasury seminar on Iraq that the CPA's scorecard on economic reform was "pretty evenly balanced".⁶⁴³ Early, good progress (including establishing a single, stable currency) had been undermined by the CPA's loss of control over the fiscal situation over the last six months. Some CPA reforms, including "unfettered" foreign direct investment and full interest rate liberalisation, had been too ambitious and had irritated Iraqi counterparts.

1099. The same official provided advice to Mr Brown on 28 July on UK economic strategy in Iraq to the end of 2004.⁶⁴⁴ In that context, the official advised that the CPA had made substantial progress in establishing a new macroeconomic policy framework and in liberalising the economy. In particular, the introduction of a new currency and creation of an independent central bank had proved "more successful than expected". There had also been some substantial failures, including the unfinanced deficit in the 2005 budget and "ducking the subsidy issue".

1100. The official also reported that the CPA had missed its target for electricity generation of 6,000MW (generation was currently peaking at 5,000MW) and for oil production of 2.5m barrels per day (production was "several hundred thousand barrels" less).

1101. In June 2004, the CPA published a review of their accomplishments in helping the Iraqi authorities assume responsibility for security, establish effective representative governance, improve essential services, and build a market-based economy.⁶⁴⁵

1102. *Hard Lessons* described the review as "a glowing report card" which "missed the mark".⁶⁴⁶ *Hard Lessons* assessed that the Coalition's record was "very mixed". The most serious threat to continuing reconstruction was insecurity.

1103. In his statement to the Inquiry, Ambassador Bremer highlighted the difficulties created for the CPA by the Coalition military's inability to provide security, and continued:

"Despite these handicaps, and chronic understaffing [of the CPA], the historic record of the CPA's accomplishments is clear. When the CPA left, Iraq's economy was rebounding smartly, not just from post war levels, but well beyond the pre-war levels.

⁶⁴³ Paper, [undated], 'Transcript of Treasury Seminar held in London on Monday 19 July 2004'.

⁶⁴⁴ Minute Treasury [junior official] to Chancellor, 28 July 2004, 'Iraq'.

⁶⁴⁵ Coalition Provisional Authority, June 2004, *An Historic Review of CPA Accomplishments*.

⁶⁴⁶ Bowen SW Jr. *Hard Lessons: The Iraq Reconstruction Experience*. U.S. Government Printing Office, 2009.

And by helping Iraqis draft a modern, liberal constitution, the CPA gave the Iraqi people the political structure to define a path to representative government ...”⁶⁴⁷

Sir Hilary Synnott’s assessment

1104. Mr Blair told the Inquiry that, although anxiety and concern were occasionally flagged up very strongly in Sir Hilary’s reports from Basra, when Sir Hilary left Iraq at the end of January 2004, he was, on balance, optimistic rather than pessimistic.⁶⁴⁸

1105. In response, Sir Hilary wrote to the Inquiry to clarify that his judgement that “the balance of probability is positive” had referred only to southern Iraq, the region for which he had some responsibility, not to the country as a whole, about which he was in no position to make such an assessment.⁶⁴⁹

1106. Sir Hilary also emphasised that his judgement should be viewed in the context of the recommendation he put forward at the time, including at his meeting with Mr Blair in February 2004, that maintaining momentum in CPA(South) could best be achieved by retaining a multinational development presence in the South, able to draw on the expertise, contacts and trust built up during the CPA period. However:

“In the event, my strategy was not accepted. The international team, who included a large number of British specialists, was disbanded. While DFID managed a small number of British-owned projects, the vast majority of the projects which were being pursued by the CPA failed, as I had feared.

“I would not suggest that the alternative approach such as I had proposed would have prevented the subsequent build-up of violence. But it is possible that the attitudes of the people of the South would have been more positive if they had experienced the benefits of the projects as they came on stream ... Had I known that the civilian capital, experience and impetus built up over the previous year would be allowed to fall away ... I would no doubt have offered a different judgement.”

Resources available for reconstruction

1107. At least US\$19.4bn was spent on the relief and reconstruction of Iraq during the Occupation. Of that, US\$16.4bn – almost 85 percent – was Iraqi funding.

1108. The US General Accounting Office (GAO) estimated in June 2004 that as at the end of April 2004, approximately US\$58.3bn had been pledged “to the relief and reconstruction of Iraq”, of which at least US\$23.7bn had been obligated (subject to a binding agreement that would result in immediate or future outlay of funds)

⁶⁴⁷ Statement, 18 May 2010, page 5.

⁶⁴⁸ Public hearing, 21 January 2011, page 135.

⁶⁴⁹ Letter Synnott to Aldred, 24 January 2011, [untitled].

and US\$13.7bn disbursed.⁶⁵⁰ Table 1 shows the breakdown of those totals by funding source.

Table 1: Total funding for relief and reconstruction, as at April 2004 (US\$bn)

	US Appropriations	Development Fund for Iraq	Vested and seized assets	International funding	Total
Available funding	24.0	18.0	2.7	13.6	58.3
Of which obligated	8.2	13.0	2.5	n/a	23.7
Of which disbursed	3.0	8.3	2.4	n/a	13.7

1109. The GAO stated that they did not have complete and reliable information on obligations and disbursements by international donors.

1110. The GAO figure for international funding reflected the lower end of the range (US\$13.6bn – US\$17.3bn) pledged by international donors at the 23/24 October 2003 Madrid Donors Conference.

1111. A July 2005 GAO report updated the figures for the Development Fund for Iraq (DFI) only, to 28 June 2004.⁶⁵¹ Table 2 shows the updated breakdown by funding source.

Table 2: Total funding for relief and reconstruction (US\$bn)

	US Appropriations	Development Fund for Iraq	Vested and seized assets	International funding	Total
Available funding	24.0	21.0	2.7	13.6	61.3
Of which obligated	8.2	17.0	2.5	n/a	27.7
Of which disbursed	3.0	14.0	2.4	n/a	19.4

1112. The GAO reported that Iraqi funds (from the DFI and vested and seized assets) had been used primarily to pay the operating expenses of the Iraqi government, such as salary payments and ministry operations. Approximately US\$7bn had been used for relief and reconstruction projects.

⁶⁵⁰ US General Accounting Office, Report to Congressional Committees, June 2004, *Rebuilding Iraq. Resource, Security, Governance, Essential Services, and Oversight Issues*.

⁶⁵¹ US General Accounting Office, Report to Congressional Committees, July 2005, *Status of funding and reconstruction efforts*.

UK funding for humanitarian assistance and reconstruction

1113. Section 13.1 describes how the UK Government allocated funds for humanitarian assistance and reconstruction before and during the Occupation. The allocations were:

- In March 2003, the MOD ear-marked £10m for QIPs.
- In March 2003, the Treasury agreed that the MOD could spend up to £30m on humanitarian operations in the UK's AO.
- By the end of March 2003, DFID had allocated a total of £210m to humanitarian relief in Iraq in 2002/03 and 2003/04. In the event, the humanitarian crisis that had been feared did not materialise. By May, DFID had made available the uncommitted balance of that funding – some £90m – for “recovery and reconstruction”.
- On 9 April 2003, Mr Brown announced that he had set aside an additional US\$100m (£60m) to “back up the UN and the work of reconstruction and development”.⁶⁵²
- In August 2003, Ministers agreed an Iraq Strategy within the Global Conflict Prevention Pool (GCPP) with an allocation of £7.5m in 2003/04 and in 2004/05.

1114. Section 13.1 (Table 10) sets out UK expenditure on humanitarian assistance and development assistance (reconstruction) by UK financial year (1 April to 31 March). The UK spent:

- £110m on humanitarian assistance in 2003/04 (and £19m in 2002/03, to enable humanitarian agencies to prepare to respond to a humanitarian crisis in Iraq);
- £99m on development assistance in 2003/04; in addition, the UK's “imputed share” of development expenditure by multilateral organisations to which it contributed was £11m; and
- £5m from the GCPP.

UK support for the CPA

1115. Departments have been unable to disaggregate figures for their support for the ORHA and the CPA from their total expenditure in Iraq.

1116. The Inquiry estimates that the UK provided at least £60m, comprising:

- £29.2m secured by the FCO from the Treasury Reserve to support the CPA.⁶⁵³
The FCO cannot provide a figure for their (non-Reserve) support for ORHA/CPA.

⁶⁵² House of Commons, *Official Report*, 9 April 2003, columns 271-288.

⁶⁵³ Letter Cabinet Office [junior official] to Iraq Inquiry [junior official], 1 December 2011, ‘Iraq Inquiry: Funding’.

- DFID told the Inquiry that it spent “about £28m” on staff secondments to the CPA and associated security costs between mid-2003 and 28 June 2004.⁶⁵⁴
- Other departments will have incurred costs in relation to the salaries of their staff seconded to the CPA.

Reflections on the level of resources available for reconstruction

1117. A number of witnesses told the Inquiry that reconstruction during this period was not constrained by a lack of funds. Mr Andy Bearpark, the CPA’s Director of Operations, told the Inquiry:

“... we [the CPA] were not in any way resource-constrained in terms of amount of money. We may have been very constrained in terms of our ability to spend the money.”⁶⁵⁵

1118. Mr Blair echoed this view in his biography:

“We had enough money, effort and people to have rebuilt Iraq within a year of conflict’s end.

“What happened was that the security situation deteriorated ...”⁶⁵⁶

1119. Mr Blair continued:

“... a bigger pre-planned effort and a massive civilian reconstruction programme would have filled an early vacuum. It would have been an immediate jobs programme for unemployed Iraqis. But ... it would be naive in the extreme to believe that this in itself would have stopped the violence, the origins of which were profound and political.

“With a manageable security situation, any shortcomings [in the reconstruction effort] could quickly have been overcome ...”⁶⁵⁷

1120. Sir Suma Chakrabarti told the Inquiry that Iraq had been the “number one recipient” of British assistance in 2003/04.⁶⁵⁸ He agreed with the Inquiry suggestion that this was sufficient to do a “high-quality” job in southern Iraq:

“... so long as we had also got the money that the Coalition Provisional Authority was meant to allocate as well to the southern region. That was more of the problem.”

1121. Looking beyond the CPA period, Mr Benn told the Inquiry:

“... ultimately it wasn’t about the availability of money. There were very considerable sums that the Americans put in; this was in 2003/04 the biggest DFID bilateral

⁶⁵⁴ Paper DFID, 14 April 2005, ‘Development Assistance in Iraq’; Letter Cabinet Office to Aldred, 13 September 2011, ‘Iraq Inquiry: Request for Further Information on Funding’.

⁶⁵⁵ Public hearing, 6 July 2010, page 66.

⁶⁵⁶ Blair T. *A Journey*. Hutchinson, 2010.

⁶⁵⁷ Blair T. *A Journey*. Hutchinson, 2010.

⁶⁵⁸ Public hearing, 22 January 2012, pages 12-13.

programme in the world, which was a sign of the seriousness with which we took it; and then, of course, there were the resources that Iraq had ...

“The question was: could you actually move the money and apply it and make things happen on the ground?”⁶⁵⁹

1122. Mr Benn added that, in his view, the main obstacle to spending money effectively was insecurity.⁶⁶⁰

⁶⁵⁹ Public hearing, 2 February 2010, page 14.

⁶⁶⁰ Public hearing, 2 February 2010, page 21.

