

1 (4.30 pm)

2 RT HON DOUGLAS ALEXANDER MP

3 THE CHAIRMAN: Good afternoon.

4 RT HON DOUGLAS ALEXANDER MP: Good afternoon.

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

10 RT HON DOUGLAS ALEXANDER MP: Thank you.

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

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

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

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

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

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

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

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

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

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

1 control being assumed by the Iraqi Government itself.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 my first visit to Iraq, which was in December 2007¹,
2 I returned and encouraged the then BERR, now
3 BIS Ministry, to engage and I'm glad to say that, with
4 the involvement of Peter Mandelson as the Secretary of
5 State, we saw an uplift, indeed an engagement by UKTI
6 which reflected the transition and the process that was
7 underway.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 period before the Charge of the Knights.

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

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

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

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

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

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

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

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

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

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

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

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

1 its own services.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 Very soon after our arrival, the establishment of

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 THE CHAIRMAN: Thank you.

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

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

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

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

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

1 SIR LAWRENCE FREEDMAN: Thank you very much.

2 THE CHAIRMAN: Thanks. Usha?

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

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

5 the Knights? What impact did that have on the

6 operations of DFID in Basra?

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

8 security context in which we were operating and in that

9 sense there was welcome alignment between the emphasis

10 that our own Prime Minister and Prime Minister Maliki

11 had placed upon economic development and a changing

12 context in which more of that economic development

13 became possible. That helps explain the interest and

14 engagement, for example, of the international investment

15 community.

16 Prior to my service in the Department for

17 International Development, I had served in the

18 Foreign Office as Minister for Trade, Investment and

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

20 real interest amongst international investors in the

21 potential to invest in Iraq. But essentially, that

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

23 security environment was so difficult that, where there

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

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

1 into the country.

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

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

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

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

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

1 DFID had been trying to develop.

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

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

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

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

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

1 in the south.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 investment.

2 BARONESS USHA PRASHAR: Thank you.

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

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

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

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

25 No, I think the economic initiatives that we were

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

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

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

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

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

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

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

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

1 time before leaving?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 by the central Iraqi Government after you closed?

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

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

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

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

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

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

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

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

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

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

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

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

1 business environment in which that work is being carried
2 out, whether it is in supporting a youth employment
3 pilot², which, again, we drew experience from our
4 economic development work in the south, all of those
5 national programmes built on and learned from our
6 experience in the south, but were trying to support the
7 Government of Iraq in its development of an economic
8 environment more conducive both to investment and to
9 employment and to growth.

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

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

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

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

1 in Iraq.

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

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

18 My recollection is UKTI now have three staff based
19 in Baghdad and one in Basra³ and that reflects the
20 continuing commitment of UKTI to the Iraqi market.

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

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

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

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

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

18 SIR MARTIN GILBERT: Thank you.

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

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

18 THE CHAIRMAN: Thank you. Sir Roderic?

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

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

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

25 RT HON DOUGLAS ALEXANDER MP: Nothing if not having

1 foresight.

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

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

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

11 RT HON DOUGLAS ALEXANDER MP: Hm-mm.

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

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

25 RT HON DOUGLAS ALEXANDER MP: For exactly that reason

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

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

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

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

1 continues to make.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 SIR RODERIC LYNE: £10 billion?

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

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

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

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

8 SIR RODERIC LYNE: So essentially it is too soon to tell?

9 It is too soon to make that judgment really?

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

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

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

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

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

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

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

1 UN agencies relevant to Iraq's needs.

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

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

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

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

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

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

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

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

25 And I think also there is an important point in

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 SIR RODERIC LYNE: Thank you.

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

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

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

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

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

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

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

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

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

1 been absolutely vital.

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

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

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

20 RT HON DOUGLAS ALEXANDER MP: Thank you.

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

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

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

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

9 (6.05 pm)

10 (The Inquiry adjourned until Monday 8 March 2010)

FINAL