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RECONSTRUCTION

The United States are proposing two funds: one to administer oil revenues and unblocked assets; the second to administer donor funds. The first would be run via the IMF; the second by the World Bank. Using the IFIs is sensible but stated quite as baldly as that, we believe it will run into problems.

- (a) Channelling the oil revenues through the IFIs rather than them going straight to the Iraqi Interim Authority could easily be misrepresented. The proposal will need to be included in the UN Security Council Resolution.
- (b) Without recognition from the United Nations the strong likelihood is that the IMF and World Bank won't play ball – we'll just replicate UN problems inside those two organisations, whose effectiveness would be substantially undermined if they were politicised.
- (c) Most countries – not the United States but the UK, Japan and others – can only unblock frozen assets and transfer money with UN authority.
- (d) Our posture should be for the IIA to take on responsibility as soon as possible, ie Iraq for the Iraqis, not us or the UN.

Our Treasury have submitted an amended proposal. This envisages some of the oil revenues going into a gradually declining Oil for Food Programme, and the rest, together with unfrozen assets and donations, into the Reconstruction account which would be handled jointly by the IMF/World Bank. Funds from both accounts would be directed to the IIA.

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However, all of this will at some point raise the thorny issue of UN endorsement of the post-Saddam arrangements, including the creation of the IIA and the establishment of these funds. I do not think we can dodge this point. So we need to fashion our proposal in such a way as to get that endorsement, otherwise all these other things will be trickier. The key to this, in turn, is getting the right Special Co-ordinator. We need seriously to consider pushing Kofi to make this appointment sooner rather than later at least in outline form. Until that happens, we are at risk of being bogged down again in UN bureaucracy.

pm/reconstruction

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NOTE

COMMUNICATIONS

We need to set up on both sides of the Atlantic, a media and communications War Room. It should be split into the following components; each one run from the centre, and headed by someone sufficiently strong and good to take the initiative; and co-ordinated between US/UK. We have the outline of such an operation now but it's not nearly at a high enough grade; and the co-ordination is insufficient and outcomes not driven through. We should co-opt 2/3 US here and vice versa.

The components are:

(1) The Big Picture

Each day we need the big picture message devised with the military; and put across US/UK and Qatar. I favour using regular spokesmen who become recognised and authoritative not constantly changing.

Anyone else speaking - politician or military - should use the message; or not speak. We should discourage ad hoc interviews with the embedded media. Essentially the big picture message for the moment is: steady advance, doing it in a way to take people with us and not pound the civilian population; and continually going back to the nature of Saddam and why Iraq and the world is better off without him. He's bad; we're good; he's going to lose; we're going to win.

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(2) Rebuttal

Each negative story should be rebutted and the rebuttal immediately fed into the various briefings. This requires good people scouring the media as well as dealing with the large "Baghdad market" type stories. It also means thematic rebuttal - eg Saddam is popular with ordinary Iraqis; we have no support around the world etc.

(3) Anti-Saddam

This unit should be working up all the stories which show the nature of the regime as exhibited by what is happening now eg soldiers forced to fight; executions etc. This means trying to free up more intelligence material at both ends.

(4) Iraqi people

Of course they will be wary and some will even resent the invasion until they know Saddam's propaganda is wrong. But there will be enough instances of Iraqi people helping, welcoming. We need to get coverage of it (again a unit should be tasked with it) and step up our efforts to get messages into Iraq.

(5) Humanitarian

We need to show (a) what life was like eg Basra only ever had 3/4 hours electricity a day; and (b) what we are doing to improve the situation. This requires better story developments and pictures.

(6) Iraq: Before and After

For Iraqis and for the Arab people, they need basic information about life under Saddam; and our offer to them for the future ie human rights, representative government, economic prosperity. We should have constant eye witness accounts of life under Saddam, using Iraqi exiles and if possible liberated Iraqis inside Iraq.

We then need a series of political announcements that set the tone for the post Saddam era. Obvious things: like the Iraqi interim authority should be fully representative. As soon as we can achieve such an authority, there will be no military governor; the oil money will be in a fund administered by the Iraqis. There will be a human rights decree for political, religious and ethnic tolerance etc.

Really obvious they may seem to us; but each one, properly done, will be an announcement that will emphasise our intent.

(7) Arab media

We do have two units, US/UK, working on this. But we need them better equipped and we need Muslim/Arab advocates. Again exiles can help or Kurds or liberated Iraqis. But we need to be pushing them into Al-Jazeera in particular; and in Jordan, Egypt and Saudi Arabia.

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(8) Non US/UK media

We have enough to do with our own media. But we also need a unit pushing our line into other European and non US/UK media outlets. This is a battle for world opinion too.

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My point is that each of these units has a discrete task. They then need to pool it under the head; get a daily briefing out and give a real sense of strategic grip.

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