HOUSE OF COMMONS

International Development Committee

Oral evidence: Humanitarian crisis monitoring: coronavirus in developing countries: secondary impacts, HC 292

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Watch the meeting

Members present: Sarah Champion (Chair); Mrs Pauline Latham; Mr Ian Liddell-Grainger; Navendu Mishra; Kate Osamor; Dr Dan Poulter; Mr Virendra Sharma.

Questions 240 - 301

Witnesses

I: Dr Graham MacKay, Chief Operating Officer, Bond; Lamis Al-Iryani, Head of Monitoring and Evaluation, Social Fund for Development - Yemen; Tim Jones, Head of Policy, Jubilee Debt Campaign.

II: Donal Brown, Associate Vice-President, International Fund for Agricultural Development; Dr Louisa Cox, Director of Impact, Fairtrade Foundation; Sultana Begum, Advocacy Manager Yemen, Norwegian Refugee Council.

Examination of witnesses

Dr Graham MacKay, Lamis Al-Iryani and Tim Jones.

Q240 **Chair:** I would like to begin the panel session for the International Development Committee. This is our third oral evidence session on the secondary impact of Covid-19 on the Global South. We are going to have two separate panels today—the first one on the economy and the second one on food security—to see just how those secondary impacts of the pandemic are impacting.

I would like to start by asking the witnesses for the first session to introduce themselves and tell us a bit about their organisation, please. I will start with Dr Graham MacKay, and then move to Lamis, and then Tim.

Dr MacKay: Thank you. I am Graham MacKay, the Chief Operating Officer for Bond, the UK-based network for international development organisations. We have about 450 members that I suspect are reasonably well known to a number of you. The thing that I am specialising in today is talking about the economic impacts of the UK base of the sector of international development organisations.

Lamis Al-Iryani: My name is Lamis Al-Iryani and I work for Yemen Social Fund for Development. SFD is the largest national development agency. Currently SFD is working across Yemen, focusing on conditional cash transfers and including Cash for Work and Cash for Nutrition. SFD is also supporting access to basic services, such as water and education. SFD also supports small and micro businesses to continue their operations at this difficult time in Yemen.

Tim Jones: I am Tim Jones, Head of Policy at Jubilee Debt Campaign. Jubilee Debt Campaign is a UK charity coalition that campaigns for responsible lending and borrowing and measures to cancel and reduce unjust debts where they are undermining poverty.

Chair: Thank you very much for joining us, and thank you to the Committee members for being here today. I will start with Ian Liddell-Grainger.

Q241 **Mr Ian Liddell-Grainger:** Graham, specifically to start with you, when you are trying to protect and promote lockdown economic recovery in any developing country, can you expand on the role of microeconomic measures and more localised, community-level interventions?

Dr MacKay: This will not be my specialist subject, and you may be better off going to Tim or the others on that. What I can say straight off the bat is that a number of member organisations are dealing exactly with that problem of trying to find microeconomic interventions to support the communities they work with. They are very hard hit on the resources they have at their disposal to do that at the moment.

I am not going to talk more about what happens in country, because that is not a specialism that I feel I have.

Q242 **Mr Ian Liddell-Grainger:** Tim, could you perhaps answer?

Tim Jones: I am not sure specifically on that question. The starting point of thinking about lockdowns in countries might be the wrong place to begin. There has been a dramatic economic hit across the Global South, which would have happened regardless of the measures countries have taken themselves towards the virus. The impact of commodity price falls, the loss of tourism revenues and the loss of remittances mean that we have an unprecedented scale of economic collapse.

In Africa, the GDP in the region is expected by the IMF to fall 3% this year and to only grow by 3% next year, which means that by the end of 2021 GDP will be 7% smaller than was predicted by the IMF at the start of this year. That is unprecedented. Since the IMF records began in 1980, there has not been a fall in GDP across Africa as a whole region.

Q243 **Mr Ian Liddell-Grainger:** Just to follow on that, Tim, what you said is obviously fascinating, but if we were looking at the macroeconomics of those countries—let's just take some of the big ones, like Nigeria—what would then be the answer? The IMF is going to find it difficult to lend, so what is the answer? Presumably, home economics is going to be very difficult given that the growth is negative.

Tim Jones: Yes, the problem for so many countries is that they don't have the ability to bring in the same stimulus measures that we have in the West. Trying to do the same kind of quantitative easing or fiscal stimulus would have a risk in inflationary increases.

The response has been for the IMF to lend a lot more money, but that is on top of the debt crisis that already exists in many of the countries. So you are building up an even bigger debt bubble. A lot of those loans are being used to pay off debts this year, mainly to private lenders. It is effectively bailing out lenders who loan at high interest rates, supposedly because of the risk.

The alternative approach would be to cancel debt payments so that countries could keep resources in their countries now to help deal with the crisis.

Q244 **Mr Ian Liddell-Grainger:** Looking at the way that DfID, or the UK Government, responded to the economic development in the Global South, as it is grandly called, before the virus arrived, and what they need to do to adapt, following your thinking, now that we have a pandemic, what happens when the pandemic is over—say, in the second quarter of next year? Can you categorise what DfID, or the UK Government, need to be doing?

Tim Jones: Yes, this is specifically in the area of debt. The UK's particular role is on the contracts that are owed under English law. So of the poor risk countries, 90% of their international bond contracts are governed by English law, which means that if they try to restructure the debts, it is handled under English law. If they stop paying the debts, they get sued in UK courts.

The Head of the World Bank, David Malpass, has called on the UK and the US—the other key jurisdiction—to change the law so that it is easier for countries to restructure their debts, which can both help in the immediacy of the crisis, and help recovery, if their debt payments can be reduced.

It is important to look at all the ways that the UK is key in the world, and around debt, there is this centrality of the UK legal system and our financial system to the debt contracts, which is where the UK plays a key role.

Q245 **Mr Ian Liddell-Grainger:** Would the other two witnesses like to come in?

Lamis Al-Iryani: Thank you for having me on. When it comes to the support from DfID or the FCDO, it has been instrumental for Yemenis because it increased the resilience of people, and also it supported economic activities at the community level. When Covid-19 hit, Yemen was already vulnerable. We know that five years of war has left millions of Yemenis, 80% of the population, at risk of hunger and diseases, but also with Covid-19, the economic impact is huge.

Yemenis largely depend on imported food, and the price of food has increased, which increased the vulnerabilities of Yemenis, but there is also the issue of remittances from abroad, as a large number of Yemenis are depending on their relatives abroad. SFD has responded to mitigate the impact of Covid-19 by adopting a response, first using available resources we have, which include resources from DfID and FCDO. SFD has addressed the economic impact by increasing the number of beneficiaries from the Cash for Nutrition because this is the most vulnerable group in Yemen. It is mothers and children who are among the poorest segments in the society or malnourished. It has also provided recovery grants to microbusinesses. It is a one-time relief. These measures are also being funded, as I said, through a combination of the budget applications that we have.

FCDO also provided SFD with £6 million in August to respond to the impact of Covid-19. We supported 25,000 mothers for six months. We are also expecting additional funding this year from the FCDO and also from the World Bank and KfW, the German development bank, to respond to the increase in food insecurity in Yemen.

FCDO and DfID have been supporting Yemen Social Fund for Development with its institutional capacities and also assist in fundraising from other donors. I am not sure if you would like to hear more from me on this issue.

Q246 **Mr Ian Liddell-Grainger:** No, that has been incredibly fluid. Thank you so much. Graham, do you want to add to that?

Dr MacKay: I would add one thing. I cannot add anything on to the impacts globally—that has all been said—but the capability of the UK international development sector is being heavily reduced. With further reductions in its capacity expected over the next couple of years, the UK's capability to deal with many of these problems is going to be much reduced over the coming years.

Mr Ian Liddell-Grainger: I will call it a day at that.

Q247 **Navendu Mishra:** My first question is directed towards Mr Jones. It is regarding developing countries and international debt. Just thinking about that, which is the bigger problem: the impact of Covid-19 on the economy of developing countries, or the ongoing high levels of public debt of these countries? If you could give a specific example, that would be helpful.

Tim Jones: I don't think it is an either/or. Before the Covid crisis began we had already seen a very alarming build-up of debt levels. At the start of the year, the IMF said 34 countries out of 70 were in debt distress or at high risk, which is up from 17 in 2013.

Jubilee Debt Campaign calculate that the amount countries are spending on debt payments has more than doubled since 2010, and that for the countries with the highest debt payments, they are already seeing their public spending falling.

It is true that we already had a huge debt crisis, but then across the board Covid has had an impact on all economies, and so every country has been hit by that, whether in debt crisis already or not. That means that countries are less able to expand necessary spending now because of the debt payment burden. It could be an opportunity, if that debt payment burden could be reduced, to help countries out; in future they will find it harder to recover, because they will be held back by these debts.

Q248 **Navendu Mishra:** In your expert opinion, what is more important to economic recovery: capital forgiveness or interest relief?

Tim Jones: It could be one or the other; it depends on the particular circumstance. For the countries that tended to have the biggest problem before the crisis, it was mainly due to loans from private lenders at high interest rates. Even if the interest rates are low, it can still cause a big problem because loans are mostly given in foreign currencies, so when a country's currency devalues, that can suddenly increase the debt payments.

A country like Sierra Leone has very little debt to private lenders, and has mainly low-interest loans to organisations like the IMF and World Bank, but it still got into a debt crisis following Ebola, because they just are not able to pay the level of loans that were given during the crisis. That is a warning shot for how we are dealing with this Covid crisis, because more loans are being given as the main international support mechanism and that is just going to cause debt crises in the future. Both interest and the principal need to be dealt with in many cases.

Q249 **Navendu Mishra:** The data from your research comparing it to the figures from 2013 is quite concerning. If the Chair will allow, I think we have some time from brief contributions from Dr MacKay or Ms Al-Iryani, if you would like to contribute on the question around public debt and interest relief or capital forgiveness. You do not have to.

Lamis Al-Iryani: First of all, in Yemen, we are almost like a divided country. This is the last thing that Yemenis are thinking of, because they are thinking of their daily lives. Definitely it is a burden on the internationally recognised Government. In terms of debt, we have heard, for example, that support from some regional funds has been delayed because the Government have been in arrears and were not able to make the payment on time. After a while we heard that there was further delay to the payment because of the debt of the Government.

The situation in Yemen is very unique because of the current division, the current conflict and ongoing war. I am not sure if this is what you would also like to have from me, but 80% of Yemenis are depending on certain forms of international aid. But what I am thinking about now is whether international aid could be co-ordinated for Yemenis so that there is more encouragement for economic activities.

Q250 **Navendu Mishra:** Thank you. I am sure we will come back to you in a moment. My next question, if I could come to you again, Mr Jones, is: do you think the UK has effectively used its position in multilateral organisations to promote debt relief in response to the current coronavirus crisis and also the debt crisis?

Tim Jones: Not enough.

Q251 **Navendu Mishra:** You say not enough; I would be grateful if you could give a specific example of what more the UK could have done since the outbreak.

Tim Jones: Yes. The main response has been that the G20 has created a mechanism to suspend debt payments, but that only applies to debts to other Governments. It is useful—it has suspended about £5 million of debt payment this year—but it only addresses one of the three main groups of debt. The next main group is that owed to private lenders, and those have continued to be paid through the crisis. The G20 called on private lenders to voluntarily suspend their payments and they have not. This is the key thing for the UK, because although very little debt is owed to the UK Government—so it does not have much of a role to play there—most debt owed by these countries that the scheme applies to is governed by English law.

Of the debts owed to commercial banks, 30% of those are owed to banks based in the UK, which is by far the highest of any individual country. It is on the private debt, where the UK has both the most important moral voice and can take the practical action to take these measures so that the countries can suspend their debt payments to these private lenders. While the UK has supported this suspension of debt payments to other Governments, it has not taken any action on the private debt, or made any calls on the private lenders to take action.

Q252 **Navendu Mishra:** Thank you. The point about private lenders is very important. You talked in the first question about the use of English law, which governs these agreements. I know you made the point that the UK is owed a very little amount of debt if you look at the actual numbers, but could you give a specific example of what more the UK could have done since the outbreak? I note the point you make about commercial lenders and also the legislation.

Tim Jones: That is the number one area where the UK could take action. The next is on the third grouping of debt after other Governments and private lenders—debt owed to multilateral institutions like the IMF and the World Bank. The World Bank has refused to suspend any debt payments to it, and the UK has a key voice there; it is one of the main donors to the International Development Association part of the World Bank. Again, it pushed for suspension or cancellation of debt payments. We have worked up detail of how that could be paid for through funds the IMF and World Bank has.

One thing the UK did do is the IMF is now cancelling $500 million of debt payments for the grouping of the absolute poorest countries, which is again useful. Some of that is paid for by the UK, so the UK has played an important role in funding that and getting it agreed. But it is ultimately still a drop in the ocean.

This year, the 73 countries that are eligible for this debt suspension scheme have had $5 billion of debt suspended and $500 million cancelled to the IMF, and $33 billion is still being paid. It is only about 15% of the debt that has been suspended or cancelled. Most of it has continued to be paid through the crisis, and the UK's key role in that is that any of the debts are governed by English law.

Q253 **Navendu Mishra:** The $500 million figure is quite large, but if you compare it to the grand total, it is a drop in the ocean, absolutely. Thank you for that, Mr Jones.

If I could come to Ms Al-Iryani for the second part of my question, the UK contributed to the IMF's Catastrophe Containment and Relief Trust to provide the world's poorest countries—including Yemen, where you operate—with debt relief for the second half of this year. How does such a contribution impact on the frontline of development activity in a country like Yemen?

Lamis Al-Iryani: Maybe I am not the best person to ask about the impact of debt relief. I know right now that Yemen, since maybe 2010, 2011, is only entitled to grants from the World Bank, but definitely the support of the World Bank—and the UK, through the FCO or DfID—is instrumental for Yemenis to continue to survive. The support to Yemen should also be co-ordinated, with a link to development and livelihoods to mitigate the impact of aid dependency and the hand-out economy. We have been working with the World Bank, through the UN systems, on this front—on linking the aid to economic recovery and building the resilience of people.

Q254 **Navendu Mishra:** This is my final question for this panel. Dr MacKay, in the second part of this question, I do have a question directed towards you, so I will come back to you.

Mr Jones, the newly formed FCDO tells us that with UK support, the multilateral development banks are making over $200 billion available to developing countries and businesses over a 15-month time window. This money is aimed at strengthening the health response to limit impacts on vulnerable groups, supporting a sustainable recovery after the crisis, and keeping the private sector operating. What is this going to do to the debt burden on these developing countries?

Tim Jones: A lot of that support will be given as loans, and, crucially, as loans in foreign currency. Even though the interest rates can be quite low—between 0.5% and 2% for many of the countries we are talking about—it still creates a big risk because of the foreign currency burden.

The example I mentioned before was Sierra Leone, where the IMF and World Bank lent a very large amount, compared to the size of Sierra Leone's economy, to help deal with and recover from the Ebola crisis. Five years later, that has left Sierra Leone in a debt crisis. It was already cutting public spending before the Covid crisis began. Loans can be useful if they are able to be well invested, but loans in response to an economic shock of this magnitude, where you suddenly have completely revised growth projections and Government revenue projections, leave countries with much higher debt burdens, and so in a weaker position for the future. We only have 10 years left to meet the sustainable development goals. That is going to be very difficult if, for the next 10 years, we have a debt crisis. In the 1980s and 1990s, we had two lost decades of development, because of the scale of debt. It took far too long to deal with it, so this time we need to nip it in the bud and prevent it from becoming a drag on the next 10 years.

Q255 **Navendu Mishra:** If we had a lot more time, I would like to maybe dig a bit more about the countries with crushing debt. The loans possibly do not help them as much as people think they would. But we don't have the time, and the Chair is looking at me, so I will move on.

The second part of this question is towards Dr MacKay. The Government also say that the CDC has committed over $400 million to provide SMEs with liquidity to help them go through this crisis. Is this the same strategy, or something more effective?

Dr MacKay: I am sorry; I am not aware of the SME investment strategy, so I cannot answer that question.

Navendu Mishra: I understand—not a problem. I will move on, Chair, thank you.

Chair: Thank you very much, and I am sorry if some of our questions a little misdirected. I will now bring in Dr Dan Poulter.

Q256 **Dr Dan Poulter:** Ms Al-Iryani, what role did DfID play in your organisation before the merger with the FCO? Then I will follow up with perhaps a couple of questions after that.

Lamis Al-Iryani: Thank you for asking. DfID has been supporting the Social Fund for Development since 2004, and it has been instrumental not only in providing funding to the Social Fund for Development but also in shaping its policies and supporting its institutional capacities. It also supports the Social Fund to raise funds from other donors.

DfID has always been a main donor to the Social Fund, along with the World Bank and other international aid agencies. I were limited to 2018, I would say SFD has received a social protection grant to provide social protection, in terms of cash-free support to the most vulnerable population. We know that 80% of people in Yemen are in need of a form of support. But we have to even reprioritise among these segments of population. However, since 2016 we have supported up to 480,000 households in Yemen. This is about 10% or more of the households in Yemen. That has been done, in part, with the support of DfID, along with our lead donors, which are the World Bank and the German development bank, KfW. But with Covid-19, we have received £6 million to support 25,000 mothers and children, who are among the poorest segments in society or are malnourished, with support for six months.

Q257 **Dr Dan Poulter:** Was that £6 million from the UK Government?

Lamis Al-Iryani: Definitely, yes. It is from the UK Government and UK aid.

Q258 **Dr Dan Poulter:** Have you noticed any difference in approach since DfID has merged with the Foreign and Commonwealth Office?

Lamis Al-Iryani: It has been too recent to start noticing the differences. To now we have not seen that, because it is very recent, so it is difficult to assess the differences now.

Q259 **Dr Dan Poulter:** You mentioned the £6 million that came from the UK Government since the pandemic. Have you noticed anything else that has changed in the approach of the UK Government and how they interact with your organisation and operate since the pandemic began?

Lamis Al-Iryani: As I said, we still have the same team except for, of course, changing the logos—and maybe the £6 million has the logo of the Foreign and Commonwealth Office rather than DfID—and UK aid has been there always. As I said, it is difficult. We may now receive additional funding related to mitigating the increased food insecurity. We are more concerned now about more earmarked funding. DfID has always supported us with earmarked funding that we can allocate to areas where we think beneficiaries are in need, but it is within the package of social protection and development. It is too early to assess any differences. The logo of UK aid has always been there, even when we were working with DfID.

Q260 **Dr Dan Poulter:** Does anyone else have any comments generally on how things have changed with the UK Government's involvement and engagement since Covid? Ms Al-Iryani, you have given us quite a lot in your answers, so thank you very much.

Dr MacKay: It is probably too early to tell the difference between FCDO and DfID, but there are perhaps things to learn about the interaction of DfID as was, now FCDO, with the international development sector.

Q261 **Chair:** Lamis, our next panel is on food security and you mentioned the £6 million grant that you had for 25,000 mothers over six months. That works out to be £9 a week, which seems a very small amount of money. This Committee is very interested in the situation in Yemen. Could you give us a little bit of understanding of the food situation there?

Lamis Al-Iryani: I will give you an example of the continuing increase in food prices. Between January and July, the minimum basket of food required for a family of six has increased by 17%, and the price of food has continued to increase. As I said previously, 18 million of the population is in need of some form of assistance. We have about 6 million people in Yemen who are malnourished and more than 14 million who are at high risk of food insecurity and they don't know where their next meal is coming from. The food security situation has continued to deteriorate and there are multiple shocks.

Almost always in Yemen there is a cycle of shocks, whether it is natural disasters or diseases. We have had waves of cholera since 2017. We have natural disasters like floods and heavy rains, conflict, displacement. Now recently it is Covid-19 and the reduction in the amount of remittances coming from abroad, since a large number of Yemenis depend on remittances from their relatives who live in neighbouring countries. Yesterday I was reading a report about tracking the reductions between March and August, and in certain months it has been a 44% reduction.

Chair: Let me pause you there because we want to specifically focus on the economics in our next set of questions.

Q262 **Kate Osamor:** I have a question for Graham. Has the announced programme of £2.9 billion of cuts to UK ODA had an impact on the work of your members in protecting or supporting the economies of developing countries?

Dr MacKay: In a word, yes, but you have to add to that the collapse in a lot of public fundraising, and fundraising opportunities, which has impacted the sector. They were hit by a perfect storm of many negative trends that they are going to have to deal with for the next couple of years. We are expecting closures and those sorts of things to happen throughout the sector, and unfortunately there are going to be considerable knock-on impacts with the reduction of programming capacity in places like Yemen and others.

Q263 **Kate Osamor:** It sounds very bleak. Do you have any indicators from the FCDO about the financial position for next year?

Dr MacKay: No. We have been having a lot of discussions with FCDO to try to get clarity about what is happening for next year. My understanding is that it has achieved its goal of £2.9 billion of cuts, and I think it is now on a one-year spending round. I am sure you know more about this than I do. It is important that the FCDO takes a longer-term view, because a lot of the programmes we are talking about are multi-year programmes and that is where the impact comes from. It has said that it is going to try to continue taking a multi-year perspective, but the spending decisions will be made year by year. Unfortunately, we are not expecting an awful lot of good news for international development organisations in the coming year.

Q264 **Kate Osamor:** Would you say that it is worrying that a picture is emerging in relation to where cuts are happening? Do you think there is a trend in certain programmes and, if so, do you know which groups or countries may be impacted by that?

Dr MacKay: These are the questions that we were asking throughout the summer. The Secretary of State come out with sectoral guidelines on girls' education and things like that—there was a list of those—and you could not argue with any of those priorities, but there wasn't an awful lot more detail than that. Only recently we are getting a picture of which countries or regions will get more funding or less funding, but the picture at the moment is incredibly opaque; we just don't know.

Q265 **Kate Osamor:** Tim and Lamis, have you been affected by the 2020 UK aid cuts?

Tim Jones: We haven't. We don't get any funding from the UK Government.

Q266 **Kate Osamor:** Lamis, I am hoping that Yemen is high on the list of protected countries, protected nations, but have you heard anything through the grapevine?

Lamis Al-Iryani: No, not really, and I hope that funding to Yemen is going to increase.

Kate Osamor: So do I. Thank you.

Chair: Thank you very much. I share that sentiment.

Q267 **Mr Virendra Sharma:** My questions are to Lamis. You have already touched on these questions in your answers. Did Yemen go into lockdown in response to the pandemic? Have multilateral organisations acted effectively to respond to the secondary impact of Covid-19 on the remaining economic activity in Yemen?

Lamis Al-Iryani: The lockdown was brief, at the very beginning of the spread of Covid-19. This was back in April. To my knowledge, the response came at the very beginning from the World Bank, with $25 million of support through the WHO to mitigate the impact. We don't know the number of cases of Covid because of the limited testing capacities and the limited health facility capacities, as the war has affected Yemen over five years, and health facilities are functioning at less than 50% of their capacity.

I know that we are going to receive support from the World Bank to respond to Covid-19 and to increase social protection. As I mentioned previously, DfID, or the UK, is supporting us with additional funding this year, but also we are expecting a new business case next year, hopefully. What I have heard is that in Yemen as a whole there are more cuts in international aid to the UN agencies, and we know that a large number of Yemenis are depending on food distribution from the UN agencies. We have been hearing that there is a cut in aid to Yemen, because so many countries are concerned with their own pandemic crises, and they are trying to fix their own economies. I always hoped that the response would be even more than it is currently in Yemen, given the dire situation with the ongoing war and its impact on the population.

Q268 **Mr Virendra Sharma:** The UK allocated £160 million to the crisis in the June pledging conference. This contribution was stated to be for tackling the pandemic. Did your fund see any of that money? Could the funds have been better used?

Lamis Al-Iryani: I am not in a position to answer that question. I know that the UN agencies are continuing to operate in Yemen, even if they have announced several times that there are more cuts and fewer people to help with the distribution of food and other items. I don't have the whole picture to answer your question.

Q269 **Mr Virendra Sharma:** My last question is to you, and then Tim and Graham can join in. If you could ask the FCDO/UK Government for one change or further improvement to its approach on promoting economic recovery in Yemen, what would it be?

Lamis Al-Iryani: I would not say a change, per se, but I would like them to continue to support Yemen with both social protection and economic recovery, and I would also like the support to Yemen to continue to link humanitarian aid with the restoration of livelihoods, to mitigate the impact of aid dependency and the hand-out economy.

Mr Virendra Sharma: Thank you.

Chair: Thank you, witnesses, for the information you have supplied. If there is anything else that you want to add in writing, this inquiry will be going on for about another two weeks before we publish in December, so we would be grateful for any of your submissions. If you want to stay and observe the following session, you are most welcome to, but I know all of you are in different time zones, so it is entirely up to you.

Examination of witnesses

Donal Brown, Dr Louisa Cox and Sultana Begum.

Q270 **Chair:** I would now like to start our second panel, which is focusing on food security as a secondary concern from the pandemic. I will ask the witnesses to introduce themselves. As with the first panel, we will be directing questions to one of you, but you are more than welcome if you want to come in with supplementary points after that. Please either raise your hand and make it known, or just chip in. I will ask you to introduce yourselves and the organisations that you are representing, starting with Dr Louisa Cox from the Fairtrade Foundation, then Donal Brown from the International Fund for Agricultural Development, and finally Sultana Begum, who is here on behalf of the Norwegian Refugee Council, but with a particular focus on Yemen. Over to you, Louisa.

Dr Cox: Hi, I am Louisa. I am the Director of Impact at the Fairtrade Foundation. We work directly with about 1.7 million workers and farmers at the very last mile of global food chains across the world. We are also working very closely with the FCDO on the Vulnerable Supply Chains Facility, and we are focusing on building the resilience of flower farmers in Kenya and also cocoa farmers in Ghana.

Donal Brown: Thank you very much for having me today. I am Donal Brown. I am the Associate Vice President at the International Fund for Agricultural Development, which is a sort of hybrid between a UN specialised agency and an international financial institution. Basically, we provide loans and grants to countries, and our mission is focusing on the poorest—similarly, the last mile of rural communities—to try to improve their livelihoods. I was an ex-DfID senior civil servant. I worked for DfID for 25 years before coming to IFAD.

Q271 **Chair:** Thank you very much. Sultana, could you introduce yourself, please?

Sultana Begum: Hi, my name is Sultana Begum. I work as an advocacy manager for the Norwegian Refugee Council based in Sana'a, Yemen. The Norwegian Refugee Council is a Norwegian organisation, you will not be surprised to hear, but we also have a UK branch, and we are one of the biggest operational humanitarian NGOs in the world. In Yemen we are providing food, water and shelter, legal assistance and education to hundreds and thousands of people. We receive funding from the UK Government to support extremely food-insecure people, and also we have received funding to respond to Covid-19. We really welcome this inquiry.

Chair: Thank you all very much for being here today. I will hand over to Kate Osamor with the first section of questions.

Q272 **Kate Osamor:** Thank you, panel. I want to direct my first question to Sultana. How has Covid-19 affected the food security of the marginalised and vulnerable people you work with in Yemen?

Sultana Begum: Yemen was already labelled as the world's worst humanitarian crisis before Covid-19. What Covid-19 has done is made everything worse on every single front—those drivers of food insecurity and hunger in Yemen. There have been job losses, combined with disease outbreak, protection risk, and economic collapse. The health system was decimated and made worse, and on top of that, the public services were already finding it difficult to cope. Many civil servants have not been paid for many years, and it has accelerated the hunger. A quarter of the people we surveyed back in July said that they had entirely lost their incomes.

I would also like to emphasise that two years ago my boss, Jan Egeland, came to this Committee and stressed that this crisis is not an accident. It is not a natural disaster; it is a choice. While we have been hearing talks about Covid-19 ceasefires, the conflict has been going on throughout the country. What we have seen on top of Covid-19 is a weaponisation of food, fuel and the economy. These are the things that are really adding to the pressure for Yemeni people.

There is food in Yemen. We often think about food shortages; there is food in the markets, but people simply cannot afford to buy the food, and that is the challenge. What we would really like to ask this Committee for is your support to help push the UK Government in three areas. The first is ending the brutal conflict, but also funding food security and livelihoods destroyed by Covid-19. Also, we have heard a lot of talk about the economy, so how can we rescue the collapsing economy? These are the things that are affecting people's ability to access food.

Q273 **Kate Osamor:** Thank you, Sultana. You have been very eloquent in showing us the picture, but more importantly, you have your own requests and you have laid them out, so we have heard them. Thank you for that. You have made it very, very clear that the conflict is still going on, and there are already issues on the ground, but what innovations or adaptations have donors, in particular the UK, made to projects and programmes to help the situation in Yemen? As you rightfully said, the situation in Yemen was dire before Covid-19.

Sultana Begum: Yes. To give you a sense of how DfID—now known as FCDO—has supported us in terms of our Covid-19 response, the money that the UK gave us was very much about providing an emergency response to Covid-19. We were able to provide clean water, hygiene and soap for vulnerable, displaced people who live in very tough, difficult, overcrowded conditions where they do not have access to the very basics. We were also able to provide cash to people, so that families could buy food, and they could stay at home, rather than leave the camps that they live in to seek casual labour. Other organisations also received much-needed funding from DfID to support health facilities, to maintain existing health services for malnourished children and pregnant and lactating women. What I will say is that it was effective as a short-term emergency response.

However, the British Government, like many other donors, have not been so good at funding for mitigating the secondary impacts of Covid-19—these impacts on the economy and on people's livelihoods—and that is really where we need to get to. Lamis just talked about this. The UK has done a great job in funding social protection and the work of the social development fund, but what we really need to do is scale up. Yes, we need to meet the immediate needs, we need to provide the food, we need to provide the water, but we need much longer-term, sustainable programmes. For example, sometimes governments are reluctant to fund livelihoods, let us say. As I have said to you, many people have lost their jobs. In NRC's experience, we are still able to support people with jobs in some of the hardest, most conflict-affected areas.

For example, in some of the hotspot areas of the country, we are helping fishermen to rebuild their boats and are rehabilitating fishing markets. We are also helping farmers refarm again in the shadows of war. There are also microentrepreneurs out there as well, like Adel the electrician, who has managed to defy the odds during Covid-19 and is still making an income. This is possible, and this is what we need from the UK Government.

Q274 **Kate Osamor:** Thank you so much, Sultana. I want to ask a question to Donal and Louisa. What major impacts have anti-Covid-19 measures had on food security. Have you had any feedback, or have you seen countries where people have not believed that there is Covid-19, and has that had an effect on the ground? Louisa first.

Dr Cox: We have done a gap analysis in Ghana, where we are looking at how cocoa farmers understand the Covid crisis. Is the health message getting through, and do they have everything they need in terms of information to be able to produce effectively? I could certainly get back to you with some of the early findings of that gap analysis, but we literally completed that gap analysis a couple of weeks back, because the programme went live around August. That is certainly something that we could share.

Donal Brown: Maybe I could come in now, Kate. From IFAD's perspective, on anti-Covid measures and their impact, the first thing to say is that the majority of our target group are less concerned with

Covid, per se. The health crisis is not really what they worry about. They will often say, “We have been through Ebola. We have been through much worse things. We have malaria, and so on. Covid is just another issue for us, and in some ways not that big an issue”. What really concerns them is the impact on their livelihoods and the impact on, literally, their day-to-day survival. Remittances, for example, which are a major source of income for poor rural households, have gone down by 20%. Many, many of the jobs in urban areas have gone, so people have had to move back to the farms and the villages, so there are extra mouths to feed. A lot of them have lost their jobs. Rural areas depend very much on casual labour and casual employment, and they have all gone.

Early on, the movement restrictions put in place in many countries really affected rural areas, because they couldn’t get their produce out or the inputs in. Markets dried up overnight. Not only could they not sell their food, but they couldn’t access food, literally, because the market was shut down. The person that would come by on the motorbike to pick up your small amounts of produce was not allowed to move. Agricultural supplies were not seen as an essential commodity, so in countries like Bangladesh, for example, and in many countries, there were movement restrictions on agricultural inputs. They couldn’t get seeds, or fertilisers, or vaccines for their animals, or things for the planting season, because literally things had shut down. A lot of what we had to do was just make markets work again, make transport work again, get Government to change those policies and think a bit about the impact of these things on rural areas, just as some examples.

Dr Cox: Can I build on what I said? I am not sure that I understood the initial question very well, but now I do. We saw also massive disruptions across all of the markets that we work in. For example, flower plantations in Kenya were seeing losses of around €300,000 a day because their sales went down to about 20% of their pre-Covid levels almost overnight. They simply could not get the flowers out of the country. They were chucking out about 50 tonnes of flowers every day. Similarly, in cocoa, Cocobod has predicted something like £1 billion-worth of revenue loss because, just as Donal described, cocoa is a really labour-intensive crop, and they can’t get labour into the country because of the lockdown; they can’t get access to the pre-finance that they need; and they can’t get access to agricultural inputs. That is massive, because the workers and the farmers in our supply chains were already in a pretty serious state, even pre-Covid.

Your average cocoa farmer is earning about $1 a day, when living income is about $2.50 a day. This loss of livelihood and income is hitting people who are already very poor. It is absolutely catastrophic, to be frank. For the first time ever, they are a humanitarian priority, which is important because we actually rely on them for 10% to 15% of our imported food. Therefore if we do not address this as a serious resilience issue, not only is it a moral obligation, but our own food security is also at risk here.

Hopefully that is a helpful addition to what Donal just said.

Donal Brown: If I could come in with two more examples, Kate?

Kate Osamor: Of course, Donal.

Donal Brown: One is that rural finance dried up during the Covid crisis. As you know, many poor people rely on microfinance and rural financial institutions. Obviously, poor farmers could not repay micro loans or other loans, so the actual viability of the rural financial institutions was on a knife edge. One of the things we have been trying to do, for example, is trying to put some more capital back into rural financial institutions so they did not collapse. It is how you get distress loans out to farmers, so they can plant and do not miss a planting season, and the health crisis does not become a food crisis for them. It is about keeping the system going. Otherwise, as we have seen in many crises, there are distress sales of their livestock and assets, just to try to keep food on the table. Again, you have to keep the rural financial system going as well.

Q275 **Kate Osamor:** Thank you for that, Donal. I think you said you had to have conversations with Government. Were you referring to Government in country or the UK Government?

Donal Brown: No, it was Governments in country. I was trying to get them to understand the impact of some of their health measures, particularly on movement restrictions.

Q276 **Kate Osamor:** Would you say that was successful?

Donal Brown: Yes, I would say it has been generally relatively successful. It is providing the analysis, providing the direct feedback from the field, so they can see those impacts, and then helping them think about how to adjust some of those policies in a Covid-safe way.

Q277 **Kate Osamor:** Thank you for that. I have a question now for Louisa. What are donors doing bilaterally and multilaterally to adapt to the new situation, when it comes to protecting and promoting food security in country?

Dr Cox: I am not sure I can speak to bilateral and multilateral donors. I can mention what we are specifically doing with the FCDO, if that is helpful.

Kate Osamor: Please do.

Dr Cox: We have a couple of grants with the FCDO. One is to build the resilience of Kenya flower workers, and we are doing that in both quite a pragmatic and a strategic way. Pragmatically, we are looking at kitchen gardens, so these workers actually have something to eat while they are on half-pay, or while the farms have skeleton workforces going. We are also looking at trading practices, building sustainability into the way you purchase to see how that buffers the resilience of those supply chains.

We are already seeing evidence that is really important in helping those farms be resilient to Covid and to the wider climate crisis.

On the cocoa side, again there has been quite pragmatic work to help those farmers be resilient, and to continue to trade through the crisis by looking at forms of income other than cocoa. While they cannot get their cocoa to port, for example, what other forms of livelihood might they build up?

We see this as a pilot. It is around £700,000. If you were to speak to the average cocoa farmer on the street, they would absolutely tell you that this is a drop in the ocean, and there is an urgent need to scale up dramatically. Through those grants, we are able to reach something like 25,000 cocoa farmers. There are 800,000 cocoa farmers in Ghana, and they are equally in need of our support. On the flowers front, we are able to reach 6,000 workers, and there are 150,000 food-insecure flower workers in Kenya. That gives you a sense of the need to scale up beyond that initial £700,000 investment within both of those supply chains.

Beyond that, there are obviously other supply chains that are just as badly hit, like tea in North Assam in India, bananas, and all the coffee smallholders in Africa that will eventually be hit with the demand collapse in Europe as the out-of-home sector has declined. There is an awful lot of work to do, and I cannot urge the Government strongly enough to urgently scale up the existing work, although obviously it is brilliant to be able to start this pilot.

Q278 **Kate Osamor:** Thank you for that, Louisa. It is very clear it is a drop in the ocean. It is a start, but it needs to be scaled up. Donal, could I ask you the same question?

Donal Brown: In terms of what donors, multilateral and bilateral, are doing, yes, I can speak in broad terms on that side of things. Probably the first thing to say is there has been far more focus from the multilateral and bilateral donors on the health crisis than on the growing food and livelihoods crisis. You can see why. Also Governments themselves that are affected—particularly in developing countries with a small amount of resources—have taken money out of things like food and agriculture and reprioritised it towards the health crisis, as have many, many donors. That is our worry, as a starting point; we address a health crisis, and then end up with a food crisis and a livelihoods crisis. It is trying to get that balance. It is bit of a forgotten area, yet in some ways, if you look at how people are going to be most affected, and probably how many people are going to die, they will die from the food and the livelihoods crisis, rather than the health crisis.

The things that have happened are at a macro and a micro level. At a macro level, there has been quite a lot of support to look at some of the impacts of reduced trade—the examples that Louisa has given of how you keep markets working and ensure that we do not see tariff and non-tariff barriers going up. A number of Asian countries, for example, have banned the export of rice and food things. If you look at it, there is not a shortage of food per se, but once you start getting export bans within, say, East Africa, you create one, so there are some macro trade issues.

Particularly on the micro level, the things that have been happening and the things we have been doing are obviously making additional resources available—emergency resources—not just for an emergency response per se but, as I say, to stop rural financial institutions collapsing, which would mean people had no access to short-term loans. For example, in IFAD we have repurposed about 200 million of our current portfolio of loans and grants that were existing projects and diverted that to short-term support for our target group—fertiliser, inputs and things like that, so farmers do not miss their planting seasons and there is money to hire additional labour, if necessary, to prepare land. There has been a repurposing. There is a number of Covid-specific response funds that have been set up by the World Bank and the African Development Bank. We, in IFAD, set up a rural stimulus response facility. We put about 40 million of IFAD's money in and have been trying to raise about 200 million of external resources from bilateral donors. We have had about 40 million in so far.

What we saw was that there were four specific areas that collectively came up, whichever country we were dealing with. First was input, seeds, fertilisers, and vaccines. Second was rural finance. Third was making markets work, which could have been things like basic infrastructure. If you cannot get your stuff out, can you store it without it going off, or can you consolidate it, to get that going? The last area, which is a real opportunity as well as a challenge, is traditional areas of information and services—extension services. Where do you get your normal agricultural advice on how to address some pest—locusts, or whatever? All of that has broken down because people cannot move.

Where there have been opportunities is that we have seen a real take-off of digital information platforms. We know most farmers have mobile phones. A simple text message saying, "The locusts are going to arrive in two days' time. Get your harvest in now" has transformed some of this side of things. There is quite a lot that we have all been doing in this area of repurposing and setting up specific facilities.

Kate Osamor: Thank you for your answers.

Q279 **Dr Dan Poulter:** I am going to come back first, before I open the question out to the other panellists, to Donal Brown. In respect of the £2.9 billion-worth of cuts to the UK ODA this year that has been announced, what impact will that have on your work in terms of protecting and supporting those at risk of food insecurity and, more broadly, malnutrition?

Donal Brown: The simple answer is we are waiting to see the impact. In IFAD, we have a three-year replenishment cycle, where donors pledge every three years, including the UK. The UK is the second biggest donor to IFAD traditionally. We are in a replenishment year now, which culminates in December with a pledging event. We are yet to see if the UK will pledge and when the UK will pledge; at this point in time, that is unclear. I would say: let us reconvene in January, and I will tell you the good or the bad news.

Q280 **Dr Dan Poulter:** Are you able to make any sort of projections at all about where you may be forced to change your plans, and how that may affect your work?

Donal Brown: As I say, the UK is our second-biggest donor and funds two areas particularly. It funds core funding to IFAD for the work I have been talking about, and obviously if we end up with a 10% cut in our budget, you will get 10% less results. However, it is probably bigger than that because the UK has been one of our more flexible funders in the past. Where crises arise, UK funding is slightly less earmarked and more able to respond. Therefore it could have an even bigger impact, because it might limit our room to manoeuvre.

The second big area, which the UK has the lead on in IFAD, is that IFAD has the largest single climate fund for adaptation for small farmers. It is the only real one globally for adaptation for small farmers. The UK has put in nearly $200 million into that fund over the period. Small farmers are some of the most vulnerable to the impact of climate and extreme weather. Therefore if we do not get any more funding into that side of things, there will be a significant increase in the vulnerability of farmers and our ability to help them adapt to climate change, and we know how important that is.

The last thing I would say is we should not underestimate how important the UK's political support is within, say, a pledging event. If the UK comes in, it gives confidence to many other donors that might be sitting on the fence to come in afterwards, because the UK has always been known to have one of the premier development programmes out there. If the UK is backing something, it gives confidence. Secondly, it often increases people's contributions; people will come in and match the UK, or go higher, because they see the confidence the UK has in it. Therefore it will not be just the direct financial impact if we do not see it; it will actually probably have a significant knock-on effect in a number of areas.

Q281 **Dr Dan Poulter:** Thank you. I will come to Dr Cox in a moment. Ms Begum, do you have an indication from the Foreign, Commonwealth and Development Office about what the funding position is looking like next year?

Sultana Begum: I am not sure about the funding position next year. What I will say about the UK Government's funding in Yemen is that the UK has shown a level of leadership in providing humanitarian financing to Yemen. However there is a £1 billion funding gap, which is a main lifeline for the country. What we are asking the Government to do is to continue to fund Yemen, but also to push the Gulf, the G20 and other countries to restore and step up funding, both in terms of humanitarian funding and funding for the economy. We know that the G20 is coming up and the UK Government are also going to chair the G7 shortly.

Arguably in Yemen's worst moment, with Covid-19 hitting the country, major donors have slashed their funding or have given nothing. Therefore we have had to cut a lot of life-saving assistance—healthcare, clean water and protection services for women and children. Up to 8.5 million people have seen their food aid cut. For example, my organisation receives funding from the World Food Programme, and we have had to cut food aid to 360,000 people. What does that mean for the person who receives that aid? It is disastrous. Mohammed told us he is skipping his meals to make sure that his children do not go hungry. He is having to buy food on credit, so he is getting into debt, and he is selling off any remaining assets that he has.

What we are saying is that the UK Government shouldn't be looking inwards at this time of crisis. When it comes to discussions about spending reviews and budgetary decisions, Yemen must not be forgotten. In terms of their role in the G20 and the G7, what we need the UK Government to do is to push the Gulf countries, the World Bank, the IMF and other development actors. You were talking about the economy before; Yemen's economy is on its knees, so we need money to stabilise the economy. We need money to subsidise the import of food and fuel at a time when there are famine warnings. We need money to pay salaries of public servants.

We were talking about remittances drying up. That is the major source of income to Yemen's economy at the moment. Therefore we need support to ensure that these migrant workers are protected and that remittances continue to flow to Yemen. The UK has a special role in pushing for these things on the global international agenda.

Q282 **Dr Dan Poulter:** Thank you. Dr Cox, do you have any comments or thoughts on this in general?

Dr Cox: Like Donal, it is a case of waiting to see. It raises questions as to where the FCDO would see its priority sitting. I would like to take phase 1 of the Vulnerable Supply Chains Facility as a signal of intent, because phasing that up, and phase 2, will be critical to the recovery from Covid of those global supply chains. If we make them resilient to Covid, then we are also showing up their resilience to the climate crisis. That will mean we still see products coming on to UK supermarket shelves from the Global South, which may not be the case if we do not urgently work on resilience issues.

Donal Brown: May I come in again, Dr Poulter, briefly? It is not all about the money either. I would not underestimate UK expertise and leadership on ideas and initiatives. For example, in a case like IFAD, obviously it would be a big loss if we did not have a replenishment, but equally a recent example of UK leadership has been we now have a significant mainstream initiative for disability throughout all our programmes, which came from a UK initiative pushing us and others to think more about what we should be doing on people with special needs and disabilities within the context of their projects. There are real opportunities in there. The UK has this incredible development expertise right across the board, and that is really important, as well as the money. It is unclear yet, obviously, with the priorities, how much of that will be focused, for example, in the areas we are working in.

Dr Dan Poulter: Thank you.

Chair: Thank you for that, Donal. I think we are all waiting. We have appreciated the leadership the UK has shown for the past decades, and we hope that very much continues.

Q283 **Navendu Mishra:** My next two questions are about the UK's role and response. Mr Brown, what role did DfID or other parts of UK Government play in respect to your organisation before coronavirus and the recent merger of FCO and DfID?

Donal Brown: Obviously we have not really seen the impact of the merger yet; as I say, we are waiting to see. We continue to engage with the UK representatives, particularly in Rome, because I think there are a lot of changes happening at the centre that are still playing out, whereas the faces in Rome are still the same faces, so we have had more opportunity to work with them.

Pre the merger, the UK could probably claim to have been—certainly in the last decade or two—one of the most influential, if not the most influential, stakeholder member of somewhere like IFAD. The climate fund I was talking about, the adaptation fund for small farmers, is really a flagship among international institutions and is recognised as that. I think the UK can basically take credit, working with IFAD, for this coming about in 2013; it was mainly its brain child. As I say, it is still the largest and the only fund filling that niche, such that other institutions the UK gives a lot of money to, like the green climate fund, are specifically coming to us to say, "Look, you have the expertise and understanding of the impacts on small farmers and the rural poor. How can we work and channel money through you to hit that target group with your expertise?" It is very influential like that.

I am sure you are all aware we used to do on a regular basis, every three or four years, the strange beast called the MAR, the multilateral aid reviews. We would look at the governance and impact of a range of international institutions the UK would fund every three or four years and make spending decisions based on those. They were incredibly influential. I think the last one was 2016. What it did was push agencies to not only strive for much better development impacts, because they knew their funding was tied to it as an outcome, but push on governance, value for money and improved performance management systems and result systems internally. Many other countries adopted the UK's approach and piggybacked on it.

For IFAD, the strength of the institution significantly improved over two or three multilateral aid reviews; you can chart that. It improved its governance and its management, as part of the UK's influence; it also pushed us much more on quantifying the results that we achieve. We are, for example, the only institution that does an independent impact assessment on our projects so we can tell you exactly how many people have been affected in terms of results, and which SDG they can be mapped immediately on to. Much of that came through that kind of UK encouragement, support and challenge for us and many institutions.

Q284 **Navendu Mishra:** Thank you, Mr Brown. I do not think it is a secret that all members of this Committee have strong views on the merger of DfID and FCO, but I will not get bogged down in that. Before I move on to my next question, are there any comments from Ms Begum or Dr Cox?

Sultana Begum: I would like to come in, if that is OK.

Navendu Mishra: Yes, of course.

Sultana Begum: I would like to say that we have worked very well with DfID, now known as the FCDO, particularly on the food security issue. DfID has provided millions of pounds in cash grants that we have supported extremely food-insecure people with, which has been really helpful. However, the simple fact—I have said this before—is that there are political drivers to this food crisis, and the UK needs to do more. I see the FCDO merger as an opportunity in some ways to use diplomatic support to achieve positive humanitarian outcomes, and Yemen is an important place to start.

For me, Yemen is a defining crisis for this Government on the international stage. The UK Government are supporting the Saudi-led coalition. A lot of the warring parties are attacking farms and attacking the fishing industry. This is a manmade crisis and that cannot be forgotten. Therefore the UK Government, as well as giving money—we often talk about money—can be doing other things. For example, we have a lot of challenges with humanitarian access in the country. What DfID has done in the past is apply pressure on the internationally recognised Government; it has applied pressure on the Saudi coalition. We want that continued advocacy from the Government at very high levels to help us secure quality humanitarian access.

We have also seen success in the past with the political support that we have received from both DfID and the FCO. For example, there is a fuel crisis in Yemen at the moment, a political tug of war between both the Government and the Ansar Allah authorities. This means fuel not getting into the country, food prices going up, hospitals going dark and water not being provided. What the UK Government have done in the past is advocate with the Saudi-led coalition and with the internationally recognised Government, so that the authorities stop this tug of war over fuel.

We need that continued engagement from FCDO to find long-term solutions to things like the fuel crisis in Yemen, and to support us, so that we have humanitarian access to provide aid in Yemen.

Q285 **Navendu Mishra:** Thank you, Ms Begum. Dr Cox, should I move on to the next question, or do you have any comments? My next question is for you.

Dr Cox: I would only add that it would be great to see, as a result of the merger, the private sector work that the FCDO does, which really focuses on the most vulnerable in the supply chain—that very last mile. That is where our efforts should be, because we are only as strong as the very weakest link in our supply chains. If we want resilient supply chains that continue to make sure our supermarkets receive products from the Global South, that is absolutely vital. I would like to see some shift in that area, and perhaps this is an opportunity to achieve that.

Q286 **Navendu Mishra:** Thank you. For my final question I will come first to you, Dr Cox. What, if anything, has been the effect of the merger between DfID and FCO on your work and effectiveness? Would you classify it as positive or negative?

Dr Cox: I would say neutral. We were working with both DfID and FCDO to update them on Covid and the impacts that we were seeing at the last mile of the supply chains from about March. We offered them a lot of advice, and they went out with an invitation for proposals around about May time. Given they were using a development mechanism for what really was relief and recovery work, things happened pretty smoothly, despite that merger going on at the time. I think that is all I can contribute to that, really.

Q287 **Navendu Mishra:** Thank you. If I come to you, Mr Brown, I know you have talked a lot about the UK's role in the international welfare sector in the previous questions. Would you say there has been a positive or negative impact from the merger on your organisation, if any?

Donal Brown: I think it is too early to tell. The only issue, as I have said, so far is I would have expected more clarity towards the replenishment, for example, and decision making around that. Obviously when you merge two organisations it slows things down. That is the only impact now. We don't know if we will get a replenishment or when that will be.

The second thing I would say is having worked very closely with the original Foreign Office—I used to be our Director for Africa in DfID, and also led the UK's Ebola Taskforce in Sierra Leone—UK plc has a hell of an offer; it is not just about what was DfID and the FCO. Things like Public Health England played an absolutely phenomenal role with the Department of Health in Ebola and, beyond that, in much of the work we do. There is our military capacity, and even things like Defra. I would hate the whole conversation to be dominated by an FCO-DfID merger into FCDO, rather than the capacity the UK has. The challenge is how you bring all that together, and we saw the best of it in something like Ebola: things you would never have dreamed of—1,000 UK soldiers manning command and control centres in district towns, sorting out Ebola quarantining and test and trace. Quite phenomenal. I would like to remember the whole of the UK effort, not just this bit of it, which is obviously key, and we have to get it right.

Q288 **Navendu Mishra:** Thank you, Mr Brown. Ms Begum? You do not have to contribute, but I think the Committee would be interested to hear if you think it has been positive or negative, and if there has been an impact on your organisation.

Sultana Begum: It is very early at the moment to see the impact of this merger on the country that I work on, but I would just like to reiterate that as Britain and the rest of the world grapples with this crisis, which has had such a huge impact on our economies and our societies, what is really important is that countries like Yemen are not forgotten. There are some opportunities in the FCDO merger, in terms of using all the tools available to us, both humanitarian and political, to find solutions. The UK, as I said, has a special responsibility on Yemen. It needs to use its power and its political leverage to avert what could be a catastrophe on top of a catastrophe—there are warnings of famine again. We welcome working with the new Special Envoy on Famine Prevention. We are still waiting for a meeting with Minister Cleverly. We would appreciate that, as NGOs.

Also, what we want to see is maximum political pressure ,so that the men with guns end this war and prevent the famine. The UK is the pen-holder at the UN Security Council on Yemen. They can do a lot more in terms of addressing the political drivers of this crisis. Something else we would very much like from the UK Government is that we think they must stand up to their allies and condemn attacks on civilians and civilian infrastructure, and the continual destruction of livelihoods and the little infrastructure that is left in Yemen. If there is an opportunity in this merger of trying to address the root causes of why these humanitarian crises like Yemen are happening, we welcome that.

Navendu Mishra: All three of you make the point that the timescales are too short and it is too early to tell, but regardless of what your view or what the Committee members' view might be on the merger, carrying out this merger in the middle of a pandemic, in my view, is not right. It is unwise. However, I will not get bogged down in that. Thank you, Chair, and thank you, panellists.

Chair: As one opportunist campaigner to another, Ms Begum, can I congratulate you on your hard lobbying of this Committee? We have heard, and your organisation and the people of Yemen should be proud, but going forwards let us focus on food security a little, if we may.

Q289 **Mr Virendra Sharma:** My question is directed to Sultana. Has DfID, the FCDO or the UK Government acted effectively to respond to the indirect impact of Covid-19 on Yemen's food security?

Sultana Begum: Thank you for your question. As I mentioned, primarily, DfID has responded to Covid-19 through the immediate emergency response, shoring up the existing health service and providing some cash to ensure that families can stay at home. However, like I said previously, these are just initial emergency responses.

In order to address the secondary impacts of Covid-19—we have touched on this before—we need an economic rescue package for Yemen. Every lifeline that Yemen depends on—the oil revenues, the remittances, the humanitarian aid—has dried up. Addressing the root causes of the food crisis—the fact that there are no jobs and people cannot afford to buy food—will require the UK Government to work on the economy, and ensure that money is there to stabilise the economy, and foreign reserves are there to subsidise food imports, and so on.

There is one area I would just like to emphasise in terms of good practice from the UK Government. I mentioned the cash support that we have been receiving to support food-insecure people. Now, that really has value because cash gives people dignity. It also gives freedom to people to access other support like medical care and education. What we have seen in our cash programme is that when people get that cash, it has significantly improved people's food security status. Some of these people we are supporting were some of the most vulnerable, and their food security situation did improve.

Having said that, these cash responses are short-term. Once we stop those cash injections, it just means that people's situation can change again. Just to reiterate what Lamis said, we need that longer-term support—cash, yes, but livelihoods and support to the economy.

Q290 **Mr Virendra Sharma:** I know that you have partly touched on it, but you might want to add further. Are there any risks and threats to food security being ignored due to Covid-19? For example, what has happened to the plague in Africa?

Sultana Begum: Again, other panellists have touched on this before. The primary focus, I think, of the UK Government and also other multilaterals and other donors has been, perhaps understandably, a public health response, but in a country like Yemen, all these things are interlinked.

We have had new data coming out of the country that says 1 million more people just in the south of the country are going to go into extreme levels of food insecurity. Covid-19 has made the food insecurity worse in Yemen. It has meant that people have lost their jobs. Yes, we need to ensure that people can access health—we need that health response—but at the same time, the hunger situation in Yemen was bad even before Covid-19. Millions of people—17 million people—were in very serious levels of hunger. We need that focus on the food security situation. Again, we really welcome Nick Dyer's role, and we would love to be able to work with him to look at how we can prevent famine. This is what we are talking about in Yemen right now.

Q291 **Mr Virendra Sharma:** You partly touched on my next question, but I still want to put it. Have you had any exchanges with Nick Dyer, the new Special Envoy for Famine Prevention and Humanitarian Affairs? Donal first, then the others can join in. You already mentioned him, Sultana. Donal, have you had any exchanges with him?

Donal Brown: Yes. One of Nick Dyer's early visits, despite the problems with Covid, was to Rome, to the three Rome-based agencies, as we call them. You will probably be aware that the UN health architecture and associated stuff all sits in Geneva; the food architecture sits in Rome. The Food and Agricultural Organisation, the World Food Programme and IFAD are the three Rome-based agencies focused on food and food security.

Nick Dyer made an early visit here. He was obviously very familiar, given his past role as Permanent Secretary and DG of the agencies, but in his specific role as humanitarian envoy he came here in October to engage with the three agencies and look at what we were doing, how we were responding to Covid and what more we should be doing. I have had a couple of follow-up conversations with him since then. He met the president of IFAD and had conversations with the other two agencies, and also had conversations with the Italian Government as to how he could work more closely together with them on these issues.

Dr Cox: Our CEO has had exchanges with Nick Dyer as part of the meeting he attends with civil society that Baroness Sugg chairs.

I just wanted to build on the other point around food security. What we are seeing as Fairtrade is that food security in this crisis is really tied up with jobs and market disruptions. Therefore, what we really need is a resilient strategy that looks at what alternative markets might look like, and what alternative forms of livelihoods might look like for those who have been impacted.

Q292 **Mr Virendra Sharma:** Sultana, you indicated earlier that you had met him.

Sultana Begum: I have not met him. I am based in Sana'a. He has not made it to Sana'a yet. My appeal to Nick Dyer would be, "Come and visit us in Sana'a. We are waiting for you".

Q293 **Mr Virendra Sharma:** Just briefly, do you know anything about this role? Do you want to add further to what you have already said about its objectives, or the value it might add to the protection and promotion of food security?

Donal Brown: My understanding of the role and the importance of the role is that not only is there a specific high-level focal point in the UK Government on these issues, but there are links between the humanitarian and the broader issues of food security. Coming to Rome, he was able to talk to agencies like WFP directly about the immediate humanitarian response in a number of crises, but also link that back to, for example, how IFAD is looking at the recovery and the rebuilding phase on Covid and what we can do. It bridges that humanitarian through to development nexus, which is so important, because you have to be able to solve today's immediate problem and the longer-term issue at the same time, rather than see them as separate. It is valuable having someone spanning that gap.

Mr Virendra Sharma: Anything, Ms Cox, that you want to add?

Dr Cox: Just that I think the meetings that Baroness Sugg has chaired have been very much focused on the public health situation, rather than necessarily food security. The important thing is to think about not just the immediate relief efforts that are needed, but also resilience alongside that. All the time we do not focus on resilience; we just look at relief, and they are not coupled and integrated. The relief issues extend into infinity. It is really important to think about both at the same time, which is what we are trying to do as part of the Vulnerable Supply Chains Facility.

Sultana Begum: I would just like to say that I have to be honest, I am not 100% with Nick Dyer's TOR, but coming from the perspective of Yemen, I would like to stress again that what we have is conflict-induced hunger. We have policies that are in place that are starving a population. We have attacks against food infrastructure. As well as looking at all the other things that panellists have pointed out—that linkage between the humanitarian and development work—we also need to be looking at IHL and other issues, and this particular focus on how conflict creates hunger and how we address that through political solutions.

Q294 **Mrs Pauline Latham:** What or where are the urgent priorities for mitigation of the secondary impacts of Covid-19, and what is the most impactful thing that the UK Government could be doing? Perhaps if we start with Donal and then go on to the other two.

Donal Brown: Let me just check I got the question. What are the most immediate priorities and what could the UK do? Is that right?

Mrs Pauline Latham: Basically, yes.

Donal Brown: Thank you. Obviously, apart from the health side, if I am looking at the rural poor, the most important priorities are the four I set out.

It is first to ensure that the planting seasons are not missed. For example, with the rains coming to the Sahel, if they were not able to get season fertiliser, they miss a planting season. If they miss a planting season, they will all go hungry and probably have to migrate next year. Trying to ensure timely supply of agricultural inputs would probably be my number one priority.

My number two priority would be ensuring that markets work and that farmers can sell their produce because so many of them depend on that as a source of livelihood. We have seen real problems. Of course, if they cannot get their produce out every day, they do not have the storage facilities to store it, and the stuff will go off within a day or two. Be it fresh produce like milk, or be it just some stored harvest, it will go off. It would be making sure that works and functions.

Thirdly, it is finance. It is making sure that they have money. If they can't sell their products, they have no money to buy the seeds. Yet the planting season is there, and they need money to buy the seeds. Just ensuring that financial institutions continue to work through this process—that would be my number three.

The last one, as I said, is access to information. Poor rural farmers were not served well by traditional extension anyway, but when that is cut off—say, "My poultry are all dying and they look like this. What is the disease and how do I treat it?" It can be a matter of life or death for a farmer. If they do not have an agricultural extension worker or a paravet that they can visit, or that can visit to tell them that, you have to look at other forms of information. It is so easy now with a mobile phone to take a picture of your chicken, send it to somebody, and they will say, "Yes, that is Newcastle disease, it is obvious. You need to do X". It is keeping that flow of information going.

It is not just information; it is services. Going back to that financial services side of things, we all know about the M-PESA examples and so on, but it is also being able to even crowdsource funding. We are doing a lot of crowdsourcing of funding to support rural farmers through Covid. There is a lot of interest in the diaspora, for example, in that. Access to information and services where they have broken down physically would be my fourth one.

What can the UK do? Obviously, we have heard a few examples beyond the health side of things here. It is to continue to support those organisations that are trying to avert the immediate crises—hunger and so on. As Louisa was saying, we just have to be able to build more resilience into the system. We all focus too much on resilience to climate change but we are now seeing pandemics and economic shocks. There is an immediate "How do you build a recovery?" rebuilding phase. What is the longer term? For me, the UK has significant opportunities with the G7 presidency next year and particularly with COP26. It is not only about the money. How do you take that agenda, keep it alive and run through the system?

The last area, which you may know about, is that the Secretary-General is going to have a Food System Summit next year to look at food systems in their entirety—sustainable food systems. Again, how can the UK play into that side of things? It is the policy and advocacy agenda I would ask for, as well as the financial backing.

Sultana Begum: I would just reiterate some of the things that I have said before. For us in Yemen, we believe the UK has power and leverage to avert a catastrophe, to prevent potentially what may be a famine. There are three things that we would like from the UK Government, which we would like you to support.

The first is that this is a manmade crisis. We want maximum political pressure, so that the men with guns end this war. That would be the first thing, and the FCDO-DfID merger is an opportunity to use diplomatic support to this end.

We need funding for food security and livelihoods destroyed by Covid-19. The two major economies outside of oil—fishing and farming—have been destroyed by this war, and it has been further exacerbated by Covid-19. We are saying to the Government: do not just fund Covid-19 emergency response like healthcare or live-saving food assistance; we should provide multi-year flexible funding that supports sustainable livelihoods if we really want to ease the secondary impacts of Covid-19.

Then I have to say again and again—this goes back to that first panel—it is the economy. We need to mobilise an economic rescue package to stabilise Yemen's economy and to make sure people can have their salaries paid, and that there is money to subsidise food and fuel.

Dr Cox: In the markets that we work in, what we are seeing at the moment is an acute state of need. There is, as I said earlier, that real need to work on building resilience, keeping rural economies moving, keeping farmers able to earn a living, and furloughing workers like we have here in the UK. That is absolutely critical. Otherwise, what we will see is people falling into distress strategies, which we absolutely do not want, because fixing that would be far more lengthy and far more expensive, potentially.

That leads me to my second point, which is that we have almost a perfect storm for human rights abuses at the moment. As people lose their jobs and they cannot make money in the way they normally do, they are likely to be forced into even more precarious forms of employment, and with lockdowns happening, the sorts of NGOs that would normally monitor that situation cannot even get in. That also is a big priority.

Thirdly, I would add to that the enabling environment. The UK Government could really think about increased business regulation, potentially, so that the playing field is levelled for companies that are making impressive sustainability investments, through things like mandatory human rights due diligence and making sure that companies that receive funding from the Government do pay their suppliers properly and do not walk away from contracts. The flipside of that is incentivising those leaders in the sustainability space to step up through the sorts of mechanisms that the FCDO is already thinking about, such as the Vulnerable Supply Chains Facility. Incentivising that cohort of sustainability leaders while making sure that the playing field is level so that they are not at a competitive disadvantage when they do invest, I think, will be critical in driving momentum from companies, as well as making Government think about what those crucial resilience efforts must look like.

Q295 **Mrs Pauline Latham:** Thank you. Louisa, could you comment on what new programmes or adaptations you are managing that are designed to tackle the negative impacts of the pandemic on the food security of developing countries?

Dr Cox: That would be the Vulnerable Supply Chain Facility work that I have already mentioned. We are working in Kenya on flowers and in Ghana in cocoa, but, as I have also said, the need is huge and the scale of work that is needed is massive. We are very much hoping for a phase 2 so that we can take that work to scale and reach other sectors, but also other farmers and other workers in the flower and cocoa supply chains.

Q296 **Mrs Pauline Latham:** What about Sultana? What programmes and adaptations are you managing, designed to tackle the negative impacts of the pandemic on the food security of Yemen?

Sultana Begum: We use cash very often, which, as I said, gives people a lot of freedom and so on during the pandemic, but sometimes we are using a combination of cash and also livelihood support. I talked about supporting fishermen. In some areas we give fishermen fishing nets and tools, but we also give them cash. The cash is provided so that they can meet their immediate food security needs, but at the same time, they are able to get back on their feet and eventually, hopefully, when we are no longer able to provide the cash, they have livelihoods that they can rely on. Similarly, we are working with women and electricians. We are setting up women in their own businesses, providing them with business training, and training in how to make business plans—things like that, so that they can run small businesses. Those are the longer-term approaches that we are using.

Q297 **Mrs Pauline Latham:** Donal, do you want to comment? Do you have any new programmes or adaptations?

Donal Brown: As I said, we have been repurposing money in projects to focus not just on inputs but even on things like school feeding. We are working with people like WFP, for example, in Tunisia to help out on that. That is about 200 million of repurposing. We have this rural stimulus facility that responds to the four specific impacts that we are seeing of Covid; we are trying to raise funding for that and are repurposing. Obviously, we have been engaging in about 40 countries and ensuring that the policy response is better.

Last and not least, this is not going to go away in three or six months' time. The impact of Covid, particularly on poor people's lives, will be felt for ages, because they are often on the edge, and a thing like this will knock them way back over. How do you rebuild, and how do you get that stronger resilience? As I was saying, we are in a replenishment year. The next replenishment cycle, which we call IFAD 12, our twelfth replenishment, runs from 2022 to 2025. The strapline for that is all about rebuilding post-Covid—trying to protect and rebuild a lot of those things, and, in that awful phrase, building back better. We have the adaptation fund. We have been tweaking it to have a much stronger focus on building wider resilience for Covid.

We expect to be working on the impact of Covid for another three to five years, and that is why for us, in my final plug, having a UK contribution will be quite important, not just for the direct size, but the signalling to so many donors on that.

Q298 **Mrs Pauline Latham:** I think the whole world wants to build back better, even if you do not like the phrase. Sultana, could I just come back to you? You talked about some of the programmes that you are doing. What specifically would you say that you have done on marginalised or particularly vulnerable groups? You talked about training programmes. Is there anything specific for those marginalised and very vulnerable groups?

Sultana Begum: Most of the groups that we work with are very marginalised and vulnerable, because obviously we are a displacement agency, and we tend to work with families who have been displaced by the war. We also work with women, obviously, who have suffered disproportionately during this crisis, and also there are certain ethnic groups in Yemen—one particularly called the Muhamasheen—who face discrimination and a lot of difficulties in accessing services in Yemen.

I just wanted to tell you about another programme that we have. We have a legal assistance programme in Yemen. One of the things that our programme does is help people who have been displaced, including these marginalised groups like the Muhamasheen, who do not have ID cards or documents. Our legal assistance programme provides them with these ID cards, or negotiates with the authorities, and provides legal advice and money so that people can get these cards and access food assistance and other forms of assistance.

A lot of these displaced people in Yemen are on private land, living in very insecure environments where there is the threat of eviction. We found in a survey that we did that 42% of people that we spoke to said that they did not feel safe in their locations—that they were worried about being evicted because they did not have the money to pay the rent. Our legal assistance programme negotiates with these landlords. Recently we negotiated so that people could stay on that land for another five years, I think. That is the way we are working with displaced and marginalised people.

Q299 **Mrs Pauline Latham:** Finally, Sultana, if you could ask FCDO for one change or an improvement to its approach or strategy in Yemen, what would it be?

Sultana Begum: You have flummoxed me there. Look, FCDO is a recent entity, and we are in an unprecedented situation right now. I am from the UK, and I was locked down for four months before I could come back to Yemen. I can see the massive impact that this crisis has had on our populations, on our jobs and our economies, and I can see how that makes us inward-looking—we are dealing with so much as a country ourselves—but please, within that discussion, do not cut humanitarian aid, do not cut people's lifelines. Please, please, please continue to think about countries like Yemen.

Q300 **Mrs Pauline Latham:** Louisa, not regarding Yemen but in your sphere, what would you ask them?

Dr Cox: I am going to come up with a slightly adapted strapline, which is to encourage companies to build back not just better but fairer. Without blowing Fairtrade's trumpet, we have seen that where sustainability is built into purchasing practices, as it is with Fairtrade sourcing, the producers get a premium and they get a minimum price point. That additional bit of safety enables them to be resilient against crises like Covid, and it also enables them to be resilient against the climate crisis. Really thinking about how we can change that broader enabling environment so that companies do build back not just better but fairer, I think, is absolutely imperative to long-term resilience and the future of the UK's food security as well.

Mrs Pauline Latham: Thank you. I would like to wish you well with the flower trade because I believe 90% of our roses in this country are from Kenya. If you are not producing them and not getting them out there, we are not able to buy them. Good luck with that.

Dr Cox: Yes, absolutely. Thank you.

Q301 **Mrs Pauline Latham:** Donal, what would your one ask be?

Donal Brown: It is a difficult one because after 25 years in the civil service I spend my time trying to avoid those things. Obviously, while you are merging two organisations, one of which was a very large-spending organisation, there is a lot of work to go through, in putting in new structures and responsibilities and so on, but the world goes on, and it will not wait for that merger. The UK needs to continue to be at the forefront of the leadership in the development and diplomatic space now, and not wait for six or 12 months until the merger's done. It needs to make sure that decisions are being made on the timescales that are necessary now, because they have a real impact if they are put off.

Mrs Pauline Latham: Yes, I completely agree with that. I think one of the things that needs to happen with the merger, alongside it, is a committee that scrutinises every aspect of the spending to make sure it is spent correctly, which is what we are hoping to continue to do in the future.

Chair: I thank all Committee members and witnesses for this session today. It has been incredibly informative, and the evidence that you have given us will really help us in our inquiry into the secondary impact of Covid-19.

From the first session, where we looked at the economic impacts, debt relief obviously needs to be front and centre of the world's response, but it was interesting how we then shifted to look at the immediate effects of the lockdown on the economy and how that then buffered up into and impacted on food security.

I was very interested when you were talking about the direct impact of lockdown on movement of people and their goods. You gave the example in Bangladesh of how for farmers it meant that they could not get seeds or fertilisers or vaccinate their animals, which obviously is going to have a long-term impact on the delivery of food, but also in Kenya there was the example given about flower production; that country is incredibly dependent on those flowers, which were just rotting.

It has been a priority of the Committee to focus on Yemen, as was said early on. Before the pandemic hit, it was probably the worst humanitarian disaster on the planet, and largely a manmade crisis. It was quite a profound moment when we were told that there is food in the market, but because the economy has collapsed to such an extent, people cannot afford to buy it. It was heartening to hear some good examples of projects that the UK was funding—for example, nets for fishermen; the microbusinesses; and trying to support women to set up their own businesses. But it is very clear that we need global leadership going forwards to not just build back better, but fairer, to use the witnesses' expression. I think that is something that we all want to see going forwards.

I want to end on perhaps a slightly selfish note. UK aid tends to get knocked quite a bit, but if ever there was a reason to be supporting the Global South and combating the secondary impacts of Covid-19, it is the sharp reminder that 15% of our food comes from those countries. We really do have a vested interest in working as one world to resolve this. That was a very clear message for me. Thank you, all of you, for your time.