

International Development Sub-Committee on the Work of the Independent Commission for Aid Impact

Oral evidence: UK's approach to tackling corruption and illicit financial flows, HC 993

Monday 7 December 2020

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Members present: Theo Clarke (Chair); Kate Osamor; Mr Virendra Sharma.

Questions 29 - 41

Witnesses

I: Lord Ahmad of Wimbledon, Minister for South Asia and the Commonwealth, Foreign, Commonwealth and Development Office; Charlotte Biswas, Head of Governance, Open Societies and Anti-Corruption, Foreign, Commonwealth and Development Office; John Penrose MP, Prime Minister's Anti-Corruption Champion; Andrew Preston, Head of Joint Anti-Corruption Unit, Home Office.

Examination of witnesses

Witnesses: Lord Ahmad of Wimbledon, Charlotte Biswas, John Penrose MP and Andrew Preston.

Q29 **Chair:** Welcome to our witnesses for today's Sub-Committee on the Work of ICAI's evidence session about the ICAI note on anti-corruption. I will turn to Lord Ahmad for my first question. Does the Government's anti-corruption strategy place sufficient emphasis on reducing corruption in developing countries?

Lord Ahmad of Wimbledon: Thank you for inviting me here. I look forward to working with the Committee on this important priority for the Government. In the interests of time, I will get straight to it. The short answer is that we work very much to ensure that the developing part of the world benefits from the expertise, insight and technical support we can bring to bear on this important priority. Corruption deters foreign investment, robs countries of the revenue they need to develop and enables authoritarian leaders to buy loyalty rather than delivering for their citizens. We are working very closely with Government.

To give you a few examples, we have had success on asset recovery and return of stolen funds for use in development in places such as Nigeria, Angola, Kenya and, indeed, Pakistan. We have also worked on issues of tax evasion in places such as Bosnia, tackling bribery in Sierra Leone and an international partnership on asset return in Kenya. There is a wide range of activities, but this is central to the Government's work, working on not only what we can do within country but also, importantly, in lending support to others around the world.

Q30 **Chair:** Has the move of the Joint Anti-Corruption Unit to the Home Office, from the Cabinet Office, made the strategy's support by officials too focused on the priorities of one Government Department to the detriment of development priorities?

Lord Ahmad of Wimbledon: We work very closely with Home Office colleagues on a range of priorities and this is one such example, whether we are talking about wider challenges on countering extremism or cybercrime. It is right that there is a domestic focus, because undoubtedly there is an overlap. The short answer is that it aids and assists when you have a lead Department. We work very closely with our colleagues in the Home Office on this important priority. It has allowed us to bring the work we are doing domestically in line with the support we can extend internationally.

John Penrose: On that last point, I am always slightly nervous of anybody assuming, either inside or outside Government, that, if you allocate something from one Whitehall Department to another Whitehall Department, that magically fixes it or makes it less good. I was always taught, and I am sure other people had the same lesson, that form should follow function. Ultimately, where the Joint Anti-Corruption Unit



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sits mostly depends on whether the people in it and across the rest of Government are willing to work with it. You can make arguments for why it should sit in either the Home Office or the Cabinet Office. You could probably make quite a good case for why it should sit in FCDO as well. Ultimately, that is secondary to whether people are willing to work with it correctly. That is a question of culture and commitment to the cause, rather than machinery of government and boxes on an org chart.

Charlotte Biswas: I am head of governance, open societies and anti-corruption. We are very happy with the relationship with the Joint Anti-Corruption Unit. We have funded two posts that sit in that unit and have daily contact with them. It feels very much like joined-up work. Initially, some of the staff going over there were ex-DFID staff, so we are very happy that it has development interests at heart, as well as the broader agenda.

Andrew Preston: I would agree with what has been said previously. I should flag that I spent most of my career working as a DFID staff member. I am now a Home Office person, so I hope that I bring that international development perspective to the leadership of the Joint Anti-Corruption Unit. I would stress that corruption is a global challenge. It needs addressing at home, here in the UK, as well as abroad and with the linkages between those. I support the points previously made.

Q31 **Chair:** The mapping in the ICAI note shows the complexity of both the organisation and the governance of the UK's work on combating corruption. Would it help to have a single anti-corruption agency such as they have in France and I understand are soon to have in Australia?

Lord Ahmad of Wimbledon: To reiterate that important point, it is about inputs rather than just governance. We work internationally with a lot of partners to see what their approach is, and what the dividends and returns from their approach are. Our cross-Government working is an example of how we bring our different expertise and insights together. There is a wide range of expertise across Government.

Coming back, in a way this is an overlap to your earlier point. We have seen that, whether it is development expertise, governance expertise within the Cabinet Office or, indeed, the current work we do alongside Home Office colleagues, a cross-Government approach is more beneficial. As I said also in my first answer, we are seeing benefits of that, in terms of return from our policies, in the positive work we are seeing. There is a lot still to do. I fully accept and take that on board, but we are seeing positive return.

As to the future governance issue, as a Minister who has been in government for a while, one should never become overly wedded with our way of working as the perfect system. It should be evolving to see where we can get the greatest return. If there are things that need to evolve and change from our approach, we should consider it.



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John Penrose: I broadly agree with that. The difficulty of putting all your eggs in one organisational structural basket is that, for example, if you go for a single anti-corruption unit, you end up with just a different set of problems if you are not careful. You can end up with that unit saying, "Everything that is even vaguely to do with corruption must be under our banner," whereupon it starts grabbing things from all round the rest of Whitehall. It does not necessarily make those bits work any better. It just means they are all having to move office.

Ultimately, it is more a function of whether people can work together effectively. You heard from Charlotte earlier about how different Departments at the moment have sponsored people who work inside the Joint Anti-Corruption Unit. You could make the same point for police investigation units, too. You could equally well argue that you start to pull in people from other different parts of the law enforcement community and end up denuding the places they come from. I am not a huge fan of boxes on an organisation chart. It is much more about having effective ways of interdepartmental and inter-unit working. If you get that right, the organisation chart stuff is less important, one way or another.

Charlotte Biswas: To reiterate, this works best when it is a strong network of relationships. The fact that we have that strong network across the domestic Departments, as well as the international-focused Departments, makes it much stronger. If you pulled them all together, not only would it possibly deplete those Departments, but it would also mean that you were not bringing the expertise and experience from the domestic side into the international questions. We need everyone to be sitting in their home camp in order to feed in really effectively to the overall.

Andrew Preston: I agree with all those points. One area where we made good progress in recent years is thinking about corruption and the relationship both to broader economic crimes and to organised crime. Those connections are really important. The current organisational structure we have facilitates us in addressing that join-up.

Q32 **Mr Sharma:** My question is to Mr Penrose. Robert Barrington said, "The position of the UK anti-corruption champion sounds very grand, but it does not really have much remit or power. Indeed, the terms of reference are pretty vague about it". How do you achieve impact and exert influence? Can you give examples?

John Penrose: That is a really fair question. The position of anti-corruption champion has been around for a long time. I think it was first begun under Tony Blair when he was Prime Minister, and it has been held by a whole succession of people, including John, now Lord, Hutton, Ken Clarke and Eric Pickles. I am sure that they have all done it in different ways. Ultimately, I have found that your ability to make a difference depends on whether you can grab Ministers or whoever it may be by the elbow, either in the voting Lobby or in the corridors here, bend their ear and know you are being listened to, one way or another. That is not least



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because—it is not a card you want to play very often—you are the Prime Minister’s anti-corruption tsar or champion.

You are right: it is not something that is overburdened with formal executive power. You are not a Minister, or you may be a Minister, but you are a Minister for something else, where previous incumbents have been Ministers. An awful lot of it depends on the power of your arguments, your ability to persuade, and people knowing that, at the end of the day, you carry the Prime Minister of the day’s hunting licence, if you like. You are right: it is unofficial. It is somewhat difficult to pin down therefore, but it is real and things happen if you start to shake the bushes and beat the trees.

Q33 Mr Sharma: My next question is for Lord Ahmad to lead and the others to join. Robert Barrington warned us that, in global anti-corruption policy, the UK and USA have left “a vacuum that is starting to be filled by powers that are not friendly towards the UK”, like Russia and China. Is there a clear, joined-up UK influencing approach that makes full use of all our various international memberships, partnerships and special relationships?

Lord Ahmad of Wimbledon: If I may, I will refer back to the first question for a moment. Having a champion is extremely important. It is not about agreeing with Government; it is also providing a challenge within Government. Personalities are also important. I totally endorse what John has just said. That is also the way you can handle a situation but engage with each other as well. That is why the relationship is important. I hope John does not immediately contradict me. As the Minister, from an FCDO perspective, who leads on this, I welcome the nature of the fluid relationship and that individuals matter. That is what I am getting at.

On your question about this vacuum, I take the view, and that is why I started with certain examples, that this is a massive challenge. Looking at our development spend and the issues of anti-corruption, including the challenges within the City of London—I spent 20 years in the City of London before Government—I recognise that there is an enormous amount still to do. Equally, you can see the leadership we have given to organisations such as FATF, for example, which is looking at transparency and issues of corruption. It is also notable that our own systems here in the UK are widely recognised as being among the best.

Through the expertise of this joined-up working through Government, we are able to deploy people and individuals internationally from different teams across Government. The Treasury, for example, fully recognises that. While we have not yet, and we may, come on to funding, we should acknowledge the important role that we work with the Treasury. That is not just in the funding they provide but, for example, we work very closely with Treasury colleagues on the FATF issue and ensuring that people are held to account for the assurances we get from international



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Governments. We work with partner Governments to ensure accountability in that respect.

That said, I come back to a point I made to Theo earlier that there is a lot of work still to be done. When you see some of the figures, they are pretty challenging. That shows that this has to remain a Government priority and an international priority.

John Penrose: I have a very small point. I would like to thank Tariq for his kind remarks about me and the champion position. To this point about whether Robert Barrington is right that there is a vacuum, I do not think that is quite fair. Right from the Cameron instigation of the anti-corruption conference in London several years ago, the UK has been one of the leading lights. I do not think it is fair to describe it as a vacuum at all. Nonetheless, Robert Barrington is absolutely right to say that there is an enormous amount more to do.

This is an agenda that was not really on the international state-to-state priority list, if you go back a couple of decades, to any huge extent at all. It has come roaring up the priority list, with the anti-bribery convention and everything else. It means that, compared with some other international issues that have been around for, in some cases, centuries, we are starting from a lower base and there is an enormous amount more to do. It is fair to say that we are only halfway up the mountain. There is an enormous amount that still has to be done.

To give you one example, we have just introduced the sanctions regime for people who are human rights abusers, but we need to extend it to cover people who are corrupt, not just human rights abusers who are corrupt but all people who are corrupt, whether they have abused human rights or not. That is still to come and that is just one example. There are dozens of other things that we can and should be doing. Yes, there is an awful lot more to do, but I would cavil a little at the idea that there is a vacuum.

Charlotte Biswas: As Lord Ahmad and John Penrose have said, this is a fast-moving environment. In a sense, there is always going to be a vacuum that we need to catch up and fill. We would expect that the integrated review will give us some extra heft on this, on closing some of that gap, but we wait to see that in the new year, we hope. We have made really good progress. It is just that this is a really tricky area to stay ahead.

Andrew Preston: There may be some opportunities going forward. I think 2021 will be a really interesting year. We are hearing that the incoming US Administration have a real interest in anti-kleptocracy, linking to a summit of democracies that is being talked about. There may be real opportunities for the UK to partner with the US. It is obviously too soon to say on that, but that will be interesting going forwards. We also have a UN General Assembly Special Session in June next year, which is very unusual. That is focused on anti-corruption, so there will be



leadership opportunities in relation to that. At the present time, the UK is looking at its G7 priorities going forward. I am optimistic, looking forward, that there may be real scope for international leadership.

Q34 Kate Osamor: Welcome, Lord Ahmad. I would like to ask Lord Ahmad some questions on human resources to combat corruption. What is the strategy to mobilise and retain the human resources required to implement the Government's strategy at home and abroad?

Lord Ahmad of Wimbledon: That is a very valid and important question. As people change and systems evolve, institutional knowledge is key. If you are going to lead on an agenda, you need to have not just headcount in terms of the numbers. You have to have the expertise as well. I assure you that, working cross-Government, for example, notwithstanding the challenges we have had, as part of the spending settlement we were able to secure significant increases in funding to progress key elements, for example on the economic crime plan, with a further £63 million on economic crime and resilience.

Some of this is non-ODA related. We have secured areas of reform for Companies House as well as support for the Serious Fraud Office. I say all that because part of that is also about retention, training and supporting expert staff, who can then help us with not only the challenges we still have domestically but, equally important, how we can extend our support, working with key partners internationally as well.

To come back again on a point John raised, it is this issue of things being ever evolving. He was right to mention the Human Rights Act. We brought that in. I am the Human Rights Minister. I can assure and share with the Committee that we are already working on this. We wanted a narrow focus to get it off the ground, but we are looking at anti-corruption and illicit finance. That comes back to partnership working and expertise. We are looking at the UN recommendations in this respect. We are looking at Canada and the US, coming back to international partners. It is expertise that we have within the UK but also how we can work in tandem with key partners that have the same focus on this important agenda internationally.

Charlotte Biswas: It is quite a struggle to maintain the level of expert staff that we need on this agenda, people like financial investigators to both work in the UK and respond to requests from developing countries. For that reason, in FCDO we have protected funding to the international corruption unit in NCA. We were asked to make quite significant cuts to ODA this year, as you know, but we ring-fenced funding for them. We know that they did not have to lose any of their investigators as a result of that.

This coming year, ODA is going to be very tough. We will need to look quite carefully at the capacity that is retained if there is a pressure on ODA. It would be important for us to make sure that we retain that capacity across Government.



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Andrew Preston: To reflect on the non-ODA side of things, Lord Ahmad mentioned the £63 million that the Chancellor recently announced to support the Government's economic crime work. That is in the context of a really tough fiscal situation, so it is a really welcome announcement. That covers things like, on the money laundering side, suspicious activity reporting, strengthening the reform of the suspicious activity reporting system, the continued expansion of the National Economic Crime Centre and starting to work on Action Fraud, so a broad range of issues. To secure that funding in such a tough fiscal environment is really encouraging.

Q35 **Kate Osamor:** Thank you for your answer. I would like to ask a question to John Penrose. The Government's economic crime plan notes that worldwide law enforcement efforts against corruption are inadequate. What are the actual barriers? Is it simply resources, political will and prioritisation, or the culture of corruption itself?

John Penrose: The simple answer is that it depends on which country you are looking at. In some countries, there is a deeply embedded culture of corruption. Then you will find, if you get a new Government coming in, who want to be a fresh broom sweeping clean, they try to clear it up. You can have high-level political commitment towards changing the culture, but you can have something that is deeply embedded throughout different parts of Government agencies or different parts of societies.

Conversely, in some cases, you can have it the other way round. You can have the town square, civil society, being incredibly outraged about corruption by what they see as a kleptocratic criminal elite and therefore wanting to hold them to account. All those are possible and it depends on which country you are looking at. There are examples of all of those.

The point about the enforcement agencies is that, by definition, they tend to report to whoever is in charge in the government—local or national—in the society or country concerned. If they are not behind it, the law enforcement agencies tend to be paralysed and in some cases actively complicit. That requires then that you are much more reliant on civil society and transparency. One of the advantages of digitisation is that that is now a far more powerful weapon than it perhaps was even 10 years ago, but it means that it is much harder to make progress, other than through demonstrations, getting people out on the street or getting people active online in order to make that happen.

I am afraid the answer is, depending on which country you are talking about, potentially all of the above and certainly most of the above, depending on the particular pathologies in any one society that you are looking at.

Charlotte Biswas: To add to John's point, he is absolutely right: it varies from country to country. You need to have a politically sensitive lens to this. We think that there is a huge risk of state capture in many



countries, and we are seeing that growing more during Covid-19 as well, so there are additional challenges that those polarisations are increasing. I would add the importance of civil society's media freedom and strengthening civil society to make sure that, wherever that is happening, there is a pushback and the opportunity to stand against that within the country. The barriers are multiple but the answers are usually in common.

Andrew Preston: I have one addition to those two points. One of the things that DFID, as was, and HMG more generally should be acknowledged for is the recognition that, if you want to tackle corruption in developing countries, you need action in those countries, to understand the political drivers and to have a live approach to the governance in individual countries. You then need to work transnationally. You need to work with the other major financial institutions. You need to work in the UK and make sure that the UK is hostile to dirty money and the proceeds of corruption, but also that the UK is investigating that. DFID funding to the international corruption unit of the National Crime Agency has been critical to that and hugely successful over a sustained period in making progress.

Q36 **Kate Osamor:** Lord Ahmad, in view of all these barriers, what extra resources may be needed to put all this right? What proportion might reasonably come from ODA?

Lord Ahmad of Wimbledon: Going back to an earlier point, the fact that, testament to the team but also thanks to our Treasury colleagues, we secured non-ODA funding demonstrates the importance of how we see this across the piece in Government, and it is also supporting internationally. Yes, we have international projects. We are going through the current review of our ODA spend and we will be announcing details of that. The Foreign Secretary himself is overseeing the process within the FCDO but also, importantly, cross-Government. Let me assure you—Charlotte alluded to this as well—that, in the discussions we have had to date, and particularly with the key priorities on ODA spend, the protection on the agenda covering human rights and open societies is one of the key priorities of not just the FCDO but the Government, going forward.

Equally, addressing some of your points, Kate, and picking up what was said previously by a couple of the others, it is important to look at horses for courses. By that I mean that, if you are dealing with country X, it is not just always about money. It comes back to your earlier point about having the experts and the expertise to deploy. I will give you a practical example. We are looking at issues of illicit finance in Mauritius. Mauritius is a partner in many ways. To address that particular issue, their primary objective is how they can move on what they have been on, which is the grey list at FATF, how they can see what measures they can take systematically and how we can address the gaps in-country.



It is not just about having a list of things and saying, “They have done it”. We have to have the processes in place to make sure that they deliver upon it. It is identifying what the key barriers and key gaps are internationally and how we can best lend, at times, through financing. As has been said already, in a time of great challenge on recent announcements that have been made, it is a recognition cross-Government, including by the Chancellor, that we have had a positive outcome on the recent spending round in protecting key areas of focus and including a settlement when it comes to non-ODA funding as well.

Q37 Kate Osamor: I want to ask you a question on filling the evidence gaps. The ICAI note says that the current international evidence base for selecting approaches and prioritising interventions to tackle corruption has limitations for all donors. How do the UK Government know what works most effectively to combat corruption? What programmes are aimed at finding this out and scaling up or replicating success?

Lord Ahmad of Wimbledon: Charlotte will come in on this, but there is a range of initiatives we look at in terms of funding research and the evidence base for what works best. This means looking at the detailed evidence and the analysis that is done on that. We have funded a raft of projects to give us the basis of what works as an effective intervention or does not work so effectively.

That said, I am also cognisant that what works in one country may not be the solution in the next country. The other thing to put on your agenda—it certainly crosses my mind, not just on this important agenda but on other learnings we have had from the evidence we have had on a raft of key priorities—is how we can build support with regional partners. If I can take a particular part, south Asia, which I look after, where are we getting successes from working with key partners? What were the things they implemented domestically and what was the level of support we gave to them?

That comes back to an earlier point that sometimes the cultural barriers or the challenges within country are actually not just within country; they are slightly more regionally applicable as well. How can we work more medium term with key partners within regions to fill that gap? There are specific programmes and projects we fund in support of the evidence base, which helps us direct our support.

Charlotte Biswas: One of the programmes we fund is the ACE programme that Robert Barrington is involved with. That is an academically focused programme looking at what actually works in anti-corruption and illicit finance activity. It needs to be restated that this is a really new area of work and illicit finance, by its very nature, is hidden and so quite difficult to research. There is limited global understanding about what works in anti-corruption and illicit finance. That is true, but we have some developed programmes about that. We are one of the lead commissioners on that work, so we take those lessons very seriously as we work on different anti-corruption programmes.



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As you will be aware, DFID has always had a very strong focus on learning from its programmes. For example, some of the lessons we learned from the Ebola crisis and corruption around that have been fed into the Covid-19 delivery to make sure that there is a clearer line and more accountability and transparency around access to healthcare and medicine as we go forward in the crisis globally.

Andrew Preston: I have three quick points. Charlotte mentioned the anti-corruption evidence programme that DFID funds, which is focused on bringing out what works—experience. One particular strand of work being done on that relates to procurement. That work has been picked up by the World Bank and this year it won an IMF 2020 innovation in anti-corruption challenge, so it is award winning, internationally leading practice. That is the first point.

Secondly, DFID is also one of a number of donors that funds the U4 Anti-Corruption Resource Centre, which is essentially what it says on the lid: a resource centre that provides advice and support to donor agencies. It summarises leading international research. It provides training. It also provides helpdesk functions for people wanting to know the leading international research.

Finally, on my multilateral representation side of the house, we attend the G20 and UN meetings. We are regularly promoting efforts to strengthen evidence and research within that. The Italians are going to be chairing the G20 anti-corruption working group next year. They will have a focus on measurement, which is something that the UK is going to be very strongly engaging with.

John Penrose: Most of the points have already been covered. I would only add that it is a perennial frustration for me, and I think for many others, partly because corruption by definition is hidden and therefore hard to spot, that the way we measure whether there is corruption is always indirect. There are not very many, and certainly not enough, direct measurements, and therefore it is all about perceptions. We have just come up with a basket of our own measures to try to track whether what we are doing in the UK, both domestically and in our efforts abroad, is moving the dial. There is also the Transparency International perceptions index, which is slightly narrower but a similar idea.

The trouble with both of those is that it is perceptions. Direct, hard, quantifiable evidence is really hard to come by. As a result, you get some really weird answers and trends appearing in the data because it is a bit soft and squishy. It is a perennial problem and frustration. It also means that, whenever you see any reports on this stuff, you have to read it knowing what the limitations of the fact base inherently are. I wish we could do better than this. It makes me grind my teeth on a regular basis. We are not alone. This is not something where we are behind and everybody else is better than we are. Nobody knows how to do it better, sadly.



Q38 **Kate Osamor:** Charlotte, you said in your answers that gathering evidence in an area that we are still finding our way through means there will be gaps in how we collect and collate the evidence. Is there a comprehensive plan to address these gaps?

Charlotte Biswas: Thank you for coming back to me, because that was something I missed saying, which is that we are developing a centre of excellence for international illicit finance. The plan is to develop a centre that will focus on that, will be the best of our understanding across HMG, and will provide as much analysis and understanding as possible to countries, to our missions overseas in particular, but also to other parts of Government as they need it. We recognise that there is a gap. We have been asked to try to fill that gap and we have some plans to develop that.

Q39 **Kate Osamor:** We would appreciate you coming back to the actual Committee and telling us more about that. My last question is for Lord Ahmad to lead. Is the UK clear where it is experimenting and what the plan for evaluation and lesson learning was? How will the impact of these experimental programmes be measured?

Lord Ahmad of Wimbledon: Yes, it is evolving. As I said right at the outset, there is no magic bullet that would resolve every issue of corruption. We have to be very sensitive to the base in each country of the programme we are working to. Everyone alluded to how we are learning from different programmes. There are other solutions, even looking at issues of procurement and increased transparency, for example, but also selling the narrative behind it that the more transparent you are, the more competitive you are, the better return and yield you will get on your investment. We have seen the success of that in countries such as Ukraine.

Coming to your question specifically, from that learning we are looking at, whether it is working with international partners or through an international organisation, how we can strengthen our own approach but also learn from others. I wanted to share with you that, while we look at this issue, and the challenge remains immense, I asked in preparation to see where our successes had been specifically on particular issues. Since 2006, 31 people and companies have been convicted of corruption offences. The important step behind this is that almost £1 billion of assets stolen from developing countries have been frozen, confiscated or returned to developing countries.

There was a particular private sector example that I was involved with, where we worked in an area of Pakistan. Because of the work we undertook, particularly with the agencies on the ground there and the NCA here, that resulted in a substantial sum being returned to the country, which can then be spent on a development focus as well. Our support of the International Centre for Asset Recovery, for example, provided another £100 million of stolen assets being returned from 2017 to 2020. The international corruption unit at the NCA was, as I said,



involved with the Pakistan example specifically. There are others, which we can share with you.

With each success, we say, "Okay, that has worked specifically." That has then returned, importantly, something on attacking the issue of corruption, also resulting in assets being returned, like the Pakistan example, where £190 million of assets were returned to the state of Pakistan. As a country that supports countries in the developing sphere, that kind of return of funds that legitimately belong to the citizens or Government of a country is equally important. It is not just about the return; it is how that money is then utilised within country as well.

There is still a lot more to do. There are projects and programmes in various parts of the world, including in my patch, which, quite specifically, we have now put in place key deliverables. When contracts are procured, whether it is building schools or lending support through tackling these issues domestically, there are measures set up that allow us to ensure that they are being delivered in line not just with the timeline but with agreed budgets, and that there is transparency in process. There is still a lot of work to be done. That said, I hope you feel, from some of the examples I have quoted, that we are achieving success.

Q40 Kate Osamor: When the money is returned to the country, is it ring-fenced so that civil society can use that money to support the citizens?

Lord Ahmad of Wimbledon: If it is the country's by right and we are returning it, it would be wrong for us to set preconditions: "We will only give you this money back if you spend it on X, Y or Z." That said, through our diplomatic effort, which should not be understated here, and the engagement we have with Governments at a very senior level, we ensure that this money being returned is transparent to the citizens of that country. Equally, the country in question is also held to account by its own citizens and communities to make sure that funding is directed in a way that benefits the country. If we were to set preconditions, I think we would be quite severely challenged.

Kate Osamor: I appreciate that. Thank you.

Charlotte Biswas: We are increasingly building on our ability to learn from evaluation and that is an important part of the ODA strategic framework. We would expect that to continue to improve. One thing we have been learning is the importance of being able to learn at speed and scale at a local level as and when things happen. There is also the importance of grabbing those moments of opportunity. We find in many countries that there are moments when things can turn to the good or the bad, so we work out those particular moments and then use a range of levers. That means that the FCDO merger is very helpful in bringing together a range of levers, programmatic, diplomatic etc, in order to do something at those moments.



Andrew Preston: The only brief refection I would make on this point is that, within FCDO, we have good systems for review, monitoring and evaluation. The challenge is to maximise those and of course there is more that we need to do.

If I could take this opportunity, I realise in my last answer on research I referred to DFID and FCO. I was wrong in that. Could I correct that and say FCDO? It was an FCDO research programme that I was referring to.

Q41 **Chair:** ICAI also heard from a number of civil society groups that the UK was seen as “a global leader in the anti-corruption field and it is championing new international law”. However, the group also said that the UK can play a “harmful global citizen, enabling all sorts of corruption in the world”, particularly in relation to tax havens. Lord Ahmad, how do you intend to make a reality of Britain’s claim to be a good global citizen?

Lord Ahmad of Wimbledon: We are a good global citizen. We are a force for good. There are always things to do. You can never be sat on your laurels and say, “We have achieved the pinnacle of being the best.” Of course you strive to do more. Equally, as we raise the issues of fighting corruption and illicit finance, it is important that we are also seen to act. Therefore, in our own assessments that are made around issues of money laundering, while challenges remain to the UK, particularly the City of London, repeatedly we have seen the United Kingdom come out, in all health checks and reviews that are done, among the best.

However, there is still work to be done. You referred to other areas or tax havens. As the former Minister for the British Overseas Territories—and, after Liz Sugg stepping down recently, I am now acting OTs Minister—I would say that we have seen some real progress with the overseas territories. When you look at the progress that has been made, we have the Sanctions and Anti-Money Laundering Act and the implications for the overseas territories, including the need for public registers. I would add here that public registers are not the be-all and end-all. To those outside the industry it may appear that we need to have transparency, so we have public registers. Yes, but, at the same time, there has been some really good progress.

Ultimately, when we are looking at issues of illicit finance, we need to see whether law authorities and tax authorities have access. Over a number of years, with our own British Overseas Territories, we have some very successful examples of the proceeds of the exchange of notes, with agreements within a short space of time. In hours, you would have the appropriate authorities having access to the information they required within our British Overseas Territories. That was incremental progress but positive progress.

We have also worked constructively with our overseas territories and they have all now committed to having operational public registers. Of course there are some who say it should have happened more quickly and sooner, but, equally, I would defend the rights of the overseas territories



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to work in a way that is progressive and reflects their nature of effecting the change. We are not seeking to disable the economies altogether. There is totally appropriate business that takes place within these financial centres and we need to protect that legitimate business. At the same time, where we need to show greater commitment on greater openness and transparency, we should be seen to act. We have acted from a legislative point of view and we are now acting in conjunction and in partnership with the overseas territories to ensure we show leadership on that within our own territories as well.

John Penrose: I would like to pick up on that point, because there has been huge progress here. We needed to make it. It was one of those things where we were going to find it hard to show leadership internationally if people could point at British Overseas Territories and say, "Hang on a second; you are not so brilliant yourselves." It is hugely to the credit of not just FCDO but the OTs themselves for having come so far. People can argue about how quickly it is going to happen, but it is going to happen

The crucial thing from my point of view is that we are now getting to the point where they are committing to open, public registers. That is enormously important. To the question that I think Kate Osamor was asking earlier on, if you have a society somewhere in the world where the law enforcement agencies have been captured by a corrupt elite, they are not going to go looking for evidence of illicit finance in a closed register. The only way you are going to be able to follow up the evidence of illicit finance is with an open register, where civil society and the public square can do that armchair sleuthing for themselves, then start to make those details public, and stoke public outrage among society in those countries concerned. That is why public registers are even better and why they are so important.

I am a huge fan of this. The steps being taken are tremendously important. The final step on that is that we can now start to argue with even more force that other countries need to do the same thing. They need to set up public registers, too. It would be much harder for us to make that argument if we and the overseas territories were not doing that ourselves. When you start to create an international network of open registers, you really are making it very difficult indeed for dirty money to hide anywhere. You get network effects. It suddenly becomes much more powerful, so I am a huge fan of what is happening. The overseas territories need everybody's applause for getting there, in spite of the difficulties.

Andrew Preston: I have nothing to add from my side. They both said it well.

Charlotte Biswas: The UK being a global financial centre that is a bit close to home but connected means that, because we have that openness to overseas investment and are embracing new technologies etc, we are



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particularly vulnerable. Since we are also considered to be a world leader in our response to economic crime, we need to get that balance. We also need to partner with the private sector here. We are going to need to work really closely with the private sector to make sure that we close those loops and that it is not just a Government effort.

Chair: Thank you very much to all our witnesses today and to the Minister for joining us.