

International Development Committee

Oral evidence: The Philosophy and Culture of Aid, HC 1192

Tuesday 9 March 2021

Ordered by the House of Commons to be published on 9 March 2021.

Watch the meeting

Members present: Sarah Champion (Chair); Mr Richard Bacon; Brendan Clarke-Smith; Mrs Pauline Latham; Chris Law; Navendu Mishra.

Questions 18 - 78

Witnesses

I: Dr Dhananjayan Sriskandarajah, Chief Executive Officer, Oxfam GB; Gloria Soma, Executive Director, Titi Foundation; Kam Morshed, Senior Director, BRAC.

II: Colin Buckley, General Counsel and Head of External Affairs, CDC Group; Dolika Banda, Non-Executive Director, CDC Group; Paul Wafer, Chief Strategy Officer, Crown Agents; Kate Hargreaves, Delivery Team Leader, ASCEND Programme, Crown Agents.

Written evidence from witnesses:

– [Add names of witnesses and hyperlink to submissions]



Examination of Witnesses

Witnesses: Dr Dhananjayan Sriskandarajah, Gloria Soma and Kam Morshed.

Chair: I would like to start this session on the philosophy and culture of aid by the International Development Select Committee. Today we have two panels: the first has representatives from BRAC, Oxfam and the Titi Foundation, and the second has representatives from Crown Agents and CDC.

Q18 **Mrs Latham:** Could all three of you tell us what your experience is of working with aid donors? Who sets the agenda?

Chair: I should have asked you to introduce yourself and your organisation—I do apologise.

Kam Morshed: I am Morshed. I represent BRAC, which was established in 1972. It is probably the first southern NGO that went international. We started as an NGO looking into the rehabilitation of the refugees who went to India during our war of liberation. We resettled them in Bangladesh and then we moved into development. We are now one of the largest development agencies, working in Bangladesh and 10 other countries.

Dr Sriskandarajah: Good afternoon. I am Danny Sriskandarajah, chief executive of Oxfam Great Britain. I have been at Oxfam Great Britain for the last two years; Oxfam itself has been around for almost 80 years.

To your question, Pauline, the fact that this country has organisations like Oxfam—there are others like Save the Children, which has been around longer, and Amnesty International, which has had such global prominence—is a testament to the fact that it has internationalism at its core, as part of those core British values.

Oxfam's own history predates the aid system as we know it. Oxfam was founded 20 or 30 years before ODA was even defined, but it has the same notion of compassion, solidarity and indignation that there was still such gross inequality when it came to global development. In recent years, Oxfam has become a confederation: we are a confederated international NGO network that has a presence in 80-odd countries and legal registration in 20 or so. Just over half of our combined income as a network will come from official donors of one form or another, of course including the Government of the United Kingdom. We have a long and relatively large set of relationships with institutional donors.

On the whole, organisations like ours have a large individual supporter base. Over the last few years, it has been incredibly important for us to be able to leverage other resources, particularly aid resources, to be able to get on with the work that we are working on. Prior to the aid system and the growth of aid budgets, organisations like us had to rely on donated income; in our case, we also had shops and enterprise income, but the fact that we have been able to scale up our interventions,



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particularly in the most fragile contexts in the world, has been enabled by institutional donors like the UK Government. That has been really important because we would not be able to achieve the scale that we now operate at without those resources.

I wanted to say at the outset how welcome this inquiry is, because this feels like a really timely moment to think about the philosophy and the culture of aid. We as a nation need to work out what global Britain really means and, within that, what the role of aid is and what aid is for, so in that sense it is very timely, but it is also timely for another set of reasons to do with a very live set of issues around power, around decolonisation and around the how—whichever way you want to refer to it, it is a really important point for us to look at and reflect on the structures and culture of the aid system.

I just wanted to share with you, if I could, one of the most powerful quotes I have ever heard about the aid system. It is from an indigenous Australian activist called Lilla Watson and it is many decades old. When it came to the approach of others who came to help indigenous Australians or aboriginal Australians in the '60s and '70s, she said, "If you are here to help me, then you are wasting your time. But if you are here because your liberation is bound up with my liberation, let us work together." A sentiment like that feels very apt for the aid system today, in several ways.

First, there are some really important questions being asked about who the aid system is really there to help. Many of my colleagues in the global south remain angry about the fact that so much of aid expenditure remains in the global north. It is there to serve the narrow national interests of the donor, they claim, rather than the long-term interests of those people being left behind. This notion of our liberation being bound up with the people we want to serve is also important. Many organisations, particularly those that have a faith-based approach to development, really have a sense of that mutuality in this transaction, and I think it is a good time for us to reflect on that mutuality.

Finally, on the bit about working together, it is a really important time to think about how we can make sure that all the different bits of this system work together more effectively. I have the privilege of working at one of the oldest and largest international NGOs, but sometimes, to be frank, it feels like we are not a particularly important or influential partner in the aid system and that at best we are a subcontractor and cannot bring all that we could bring, given our global networks, our networks here in the UK and our know-how and expertise. Sometimes it does not feel like we are given the ability to bring that together and to genuinely work together.

Q19 **Mrs Latham:** Can you tell me who sets the agenda? Do you, does the country or does the donor?



Dr Sriskandarajah: When it comes to the allocation of resource and all the important decisions, like what budgets or programmes get funded, I think it is the donor who still calls the shots. There are good examples of where that is done in a more participatory way that involves lots of other partners, and there are good examples of collaborations that bring in other stakeholders like philanthropic organisations or big NGOs, but when it comes to official aid, it still remains the case that donors set the agenda.

Gloria Soma: Good evening or good afternoon to all of you, wherever you are. My name is Gloria Modong and I am executive director of the Titi Foundation. We are a women-led organisation based in South Sudan. We implement a number of humanitarian activities, from food security and livelihoods to WASH, health, NFIs and most especially protection, given the context of South Sudan. We have one of the highest protection-related scenarios in the country, and we all understand the reasons behind that: the ongoing conflict that has not come to an end for a very long time. We also sit on the South Sudan Humanitarian Fund board, to contribute to some of the decisions that are made and ensure that there is consistent inclusion not just of women-led organisations, but also of local voices within the funding stream in the country.

To dive directly into the question that you have asked about our experience of working with donors, we believe that donors play a critical role in promoting and supporting partnerships, not just as a tool or a method but as a value, whether to achieve the SDGs, enable sustainability or combat climate change or in any number of local, regional or transnational initiatives across the globe.

However, the experience that we would suggest here is that we think many donors struggle to understand the issues around partnerships and how best to support them in terms of design and delivery mechanisms. This means that they may sometimes unintentionally hinder rather than assist beneficiaries, stakeholders or partners in their attempts to optimise multi-stakeholder collaboration and to achieve greater impacts in any kind of intervention.

On who calls the shots or sets the agenda, from where we sit as local actors, the donor usually sets the agenda, based on their own priorities or interests, which could range across a number of dynamics, including counter-terrorism, counter-migration issues or even promoting trade deals. This is already a clear indication that decisions on how to prioritise or deliver resources for a particular response are not consistently being made from where the crisis happens, but from outside that context.

Q20 **Mrs Latham:** Is there anything that you would like to change about the way you work with donors or the way that funding is allocated to the individual programmes?

Gloria Soma: If I were given an opportunity to change the scenario, I would highly advocate for open conversations. Allowing us to have these



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conversations enables us to gather the right information from the grassroots right up to the utmost decision maker. In that manner, we are able to bring context-specific ways we want aid delivered in a particular region or context in South Sudan, because we understand what our needs are, instead of it always being the reverse—a top-down approach. With a top-down approach, we have seen that most of the time it is more about the donors imposing what they deem is right for the population, which is actually not true most of the time.

For us to have these conversations, we also push back to the donors that we require an open scenario whereby you do not need to use a lot of intermediaries. When we look at the context right now, in South Sudan particularly—I am not so sure about other contexts—the majority of donors go through intermediaries like the UN agencies most of the time. There is a gap between that and what I, the local individual, would want to bring to the table to shape the design of how I want assistance or aid delivered within my context.

The other thing is that donors need to start diversifying their funding channels. In South Sudan, we have a lot of donor funds going through the UN agencies. To some degree, particular sets of donors fund what we call the South Sudan Humanitarian Fund. When you look at our context, the majority of local actors have access to funding mainly through the pooled funds, compared with the UN agencies, because there are also difficulties in the bureaucratic tendencies that are involved with accessing UN agency premises. I would highly encourage diversification: for example, in South Sudan at the moment there are ongoing conversations on the establishment of the start hub. Those are some of the channels that we could also look into for the formation of NGO consortia that could access funding directly from the UK. I would look at that kind of diversification.

Lastly, when we deliver aid, we totally understand the fact that at most times it is an emergency response, especially in our context, but what next? Over the last 20 years or more, South Sudan has been dependent on emergency aid, and it has become the norm that without aid we cannot do something beyond that. Unfortunately, that is where most populations are left. The question is, what if aid is no longer there? At the moment we are actually battling, because the UK is going to be cutting about 59% of its aid to South Sudan, which is something that is already causing panic with everybody in the sector.

How do we then transition? This is coming in at a time when populations and the NGOs themselves are not well positioned or have not planned to transition out of these kinds of interventions. Our advocacy would be on the need for us to be looking out at the triple nexus approach, whereby we have aid but transition it into something more developmental, which would then lead communities to be more resilient, even when we no longer have aid happening.



Dr Sriskandarajah: I will say two things, if I may.

One is around funding. Gloria talks very powerfully about the frustrations that many of us feel about how few funds come meaningfully to civil society. It is almost like the closer you are to the community you work with, the less power you have in the system. Money may well trickle down, but power does not. According to the latest DAC review that I saw, 13% of all bilateral aid goes to or through civil society. I would argue that that is a relatively low amount if you really want to build strong civic institutions like the ones that Gloria describes.

We are also seeing that of that 13%, an increasing share now goes out in the form of contracts, not grants. I would argue that contracting civil society partners misses out on the role that civil society could play that goes well beyond the delivery of particular contracts. Arguably the most frustrating bit of that is that it is a 12-to-one split between resources that go through northern NGOs and those that go directly to southern actors.

If I could wave a funding wand, it would be to look again at those allocations, particularly in the UK context at the moment, because all of us in the sector are so worried that as this Government reduces aid at the moment, it seems that the easiest places to cut are likely to be in those programmes that support frontline relief work that supports civil society, in order to protect longer-term multilateral spend, for example. This is going to be a particularly difficult period for global civil society, not just in the UK.

The second point, briefly, is around partnership. DFID in particular, in its first 10 or 15 years, had a really strong track record of meaningful partnership with civil society, perhaps embodied best by the programme partnership arrangements—the PPAs—that existed for a period, but also through the UK Aid Connect programme that was launched a few years ago. These were attempts to bring in a meaningful partnership with civil society or non-state actors, and I worry that some of that is slipping away in this rush towards seeing us increasingly as subcontractors. If we are to get the most impact and leverage the true diversity of roles that civil society can play, a reset on that partnership approach would be good.

Again, this goes back to a particular strength of Britain in this arena, which is that, as it happens, we are home to some of the most important and most effective players when it comes to international civil society. I worry that instead of being seen as assets of projecting a global Britain and of Britain being a force for good, we are being sidelined or subcontracted, if you will, and not being allowed to play our rightful part in that joint endeavour.

Q21 **Mrs Latham:** I was going to ask Morshed to answer, but it is 2.53 pm and we are still on the first question. Morshed, would you like to very briefly answer it? Is there anything that you would like to change about the way it works and the way funding is allocated?



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Kam Morshed: If you will allow me, I will also answer the first question, because I was introducing myself and I thought that I would have a chance to answer the first one. I would paint a slightly different picture, but validate the point that Danny and Gloria have made.

First, at BRAC we have an interesting funding mechanism. Of BRAC's programme funding, 20% comes from its own income. Danny talked about enterprises, and we have a lot in Bangladesh right now—social enterprises and so on. Of our development funding, 33% comes from a very interesting arrangement that we call an SPA—a strategic partnership arrangement—whereby the FCDO, or DFID, and the Australian DFAT put money in for outcomes rather than projects. I do not know of any other southern NGO that is lucky enough to have this arrangement.

The rest comes from various donors, private entities and even high-net-worth individuals who give us money. This is an interesting arrangement; as you can see, it reduces the use of the "one programme, one funder" arrangement and the influence of the negativity that Danny and Gloria talked about, where the donors call all the shots. That is quite reduced.

If you ask BRAC who calls the shots, it is really BRAC. We have a five-year strategy, which is approved by the Government and based on the Government's five-year plan. Of course we take the community in the design phase of the strategy. We also look into BRAC's competitive advantage, some pragmatic consideration comes into play, and then we design our programme. Part of the programme is signed by the FCDO and part by DFAT. This time around, we are happy to report that Global Affairs Canada joined the SPA, so it has also signed up to part of it.

We have quite a bit of leeway in deciding what we are going to do, since we can put in 20% of the funding on our own. There are areas that we are passionate about but where there is not enough donor funding, such as human rights, where we put in resources, because that is important and you cannot really develop a country if you completely ignore that part.

You also asked whether there is anything that can be changed. I agree with both Gloria and Danny about the additional intermediation of multilaterals. Whenever you add a multilateral, you add not only cost, but time. We enjoy a level of flexibility when we work directly with the FCDO. By the way, FCDO Bangladesh has a large office, which is a huge advantage: we can talk to them and they see things in the same context and in the same light, so there is a lot of synergy between us.

That flexibility is gone when it comes through the FCDO to an agency and to BRAC. We have found that to be an interesting consideration. If we can change that somehow, and if resources can flow directly to a southern operation like ours, more money can come through that channel. I think that that would increase our flexibility and the whole discussion around value for money would take on a different connotation, because then you would be bringing in innovation and the right targeting and reaching the



hard to reach. The whole discussion changes if you remove some of the intermediation that is there in the form of multilaterals.

Q22 Mr Bacon: I am fascinated by what Morshed says about the whole discussion changing when you remove levels of mediation, because it directly conforms with my own prejudices. I must say that I have always been suspicious about multilateral spending, simply because of the necessary layers that you have to go through. It seems to me that it ought to be quite easy for multilateral donors, or for donors who act multilaterally, to decide between them who does what so that they do not tread on each other's toes.

I would like to ask Morshed a little more about how you design programmes. In particular, how do you decide which countries to work in outside Bangladesh and which issues to address?

Kam Morshed: Let me start with Bangladesh, because BRAC started there—we ventured out only in 2002, to Afghanistan to start with. In Bangladesh, we work in a five-year programme, which involves all sorts of stakeholders from the Government at the top to local government at the bottom and the communities where we work. At some point, I can talk about the community-led development approach that BRAC is so known for. That is the programme design.

What type of targeting and what type of programming do we do? Of course, data and evidence play a role; for example, we do geographic targeting based on the statistical data that is available. Also, the community has a lot to say about how a programme is designed. All our programmes are designed locally: a programme in Uganda, for example, is designed in Uganda. It can be inspired by a programme that we have done in Bangladesh, Pakistan or Afghanistan, but the design is completely local.

Which countries do we go into? Initially, this was almost a pragmatic approach. We went to Afghanistan because there was a particular donor that wanted some models from Bangladesh to be replicated there, and from there we went to other countries. We generally start with microfinance. Within four to five years, they reach break-even and start making money, and that gets into our programme development. If we do not get a lot of other donor money, the microfinance surplus can propel some of our development programmes.

We have now developed—this was at the end of 2019, unfortunately—an Asia strategy and an Africa strategy. Intentionally, through consultation with the Governments of the respective countries and with development partners like the FCDO, we decided on a set of countries in Africa and Asia to move into. But 2020 was really the worst time for all of us, so in 2021, in the post-covid scenario, we are re-evaluating the countries where we might expand and re-evaluating various models. For example, instead of our physical presence, can we have a hub-and-spoke model or work with a partner NGO in a country where we wanted to go?



Q23 **Mr Bacon:** Gloria, I would like to ask you a question about the intended outcomes, because I think I heard you saying that quite often they are driven by the donors rather than locally. Last year, I got to talk to some of our witnesses outside in the corridor—this was when we were still sitting in reality rather than virtually; it might even have been longer than a few months ago. I asked, “If I were to read one book, what would you recommend?” They both said *Navigation by Judgment* by Dan Honig, which, in a nutshell, says that “high-quality implementation of foreign aid programmes often requires contextual information that cannot be seen by those in distant headquarters.”

That goes to the point that Gloria was making about the outcomes being defined too much by those who are distant from what is going on. The conclusion of the book is that aid agencies—*[Inaudible.]*

Chair: Richard, we are losing you.

Mr Bacon: I am asking Gloria, if she can still hear me, how you put into practice a methodology that has more—*[Inaudible]*—definition of what the intended outcomes are locally by those who know more about what is going on on the ground. How do you actually do that in practice?

Gloria Soma: Richard, maybe you should summarise the question, because you kept breaking up.

Mr Bacon: I will start again. I was talking about Dan Honig’s book *Navigation by Judgment*, in which he says that delivering “high-quality implementation...often requires contextual information that cannot be seen by those in distant headquarters.” Therefore, quite often the best thing to do, if aid agencies want to deliver the full benefit, is to give local autonomy—to give field agents the authority to use their own judgment. That is the essence of the thesis in his book.

You were referring to the fact that intended outcomes are often decided far away. In answer to the question of who decides the outcomes, you were implying that it is often not you on the ground. My question is how you change that in practice.

Gloria Soma: Thank you so much for the question. I will give the South Sudan experience, because it is still something that we battle with. In previous years, we on the ground would do assessments because we are next to the people, so we are able to gather that information and try to share it out with our multilateral partners, which have taken on huge roles in terms of leadership when it comes to the humanitarian sector.

When that information came through from a local organisation, it was never recognised—mostly it just went under the table—but if it was an INGO or a multilateral that went for that kind of assessment with the same information and data, it would be passed on to the next level so that people could hear about it. Most times, we found that as local actors we would just wait to be subcontracted for a particular project to deliver in a certain location, without knowing how that came about. That is why we are now asking that we need to be involved.



With platforms such as the South Sudan NGO Forum, where we have over 400 local members participating in the process, we have come to some level of consensus in that we are given a particular space within the humanitarian architecture decision-making bodies, so that local actors are able to bring their expertise or their local knowledge to the table. When we have conversations at the moment through platforms such as the advisory board, where all donors sit in South Sudan, we are able to bring that and discuss it. We can tell them, "This is how we want things to be done, this is where we think there are high priorities in a particular location and these are the numbers we will be targeting." That information is all coming out from local actors who are frontline partners, together with their community leaders and community members, bringing that conversation finally to the table.

Q24 Mr Bacon: When you say that you have sat there, effectively being seen as a subcontractor, and been asked to do things without knowing how that decision came about, are you saying that you are looking slightly askance, on the basis that if you had had more say you would have said, "I would not do that if I were you; I would do something else"?

Gloria Soma: Yes. The trend of changes has taken place just recently. From 2019 and going backwards, it was a different story—it was something else. But with a lot of advocacy and with a lot of people coming to understand that local actors are important and key, which was clearly noted during the pandemic last year when the majority of local actors were on the frontline of interventions, the reality started to hit everybody within the sector: that it is key that we have these people involved in every decision we make and in every conversation regarding how we want aid delivered. Previously, that was not the case.

Q25 Mr Bacon: Can I bring in Danny? You said earlier that sometimes you feel, "At best we are a subcontractor," which is what we are talking about at the moment. You also mentioned that a proportion of your income comes from your fundraising activities. For many years, a significant proportion for Oxfam has come from Government. Can you just remind us what proportion you get from Government through contracts and what proportion you get through your fundraising activities?

Dr Sriskandarajah: It is roughly half-half at the moment.

Q26 Mr Bacon: Yes, I thought you said 50:50. So an obvious thought is that if you were not dependent on Government at all, let us say for the sake of argument that you would be half the size, but instead of feeling like a subcontractor you would be making all the decisions, wouldn't you? Has no one had that discussion? Presumably you have had this philosophical discussion that it might be better to be half the size but have 100% of the say, rather than be twice the size, have almost no say and feel like a subcontractor. Is that a conversation you have internally all the time?

Dr Sriskandarajah: It is a question that all civil society organisations, domestic and international, that have any form of relationship with



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Government ask themselves regularly. You will see that spectrum play itself out. There are large multilateral NGOs like Médecins Sans Frontières that take no Government money, largely, and there are others that are almost entirely dependent on Government income of one form or another.

We have had a growth in the proportion of our income at Oxfam Great Britain that comes from Government in the last 15 years or so. That has gone alongside rising aid budgets, particularly as we have headed towards 0.7%. For us, that has been really important because a vast amount of our restricted income goes to places like Iraq, DRC, Syria or Yemen, where the scale of the challenge—the scale of the need, if you will—is so immense that if we were just to deliver on our own, we would struggle to meet that need. Also, you almost have to have a minimum viable product in order to have the security operations, the transport infrastructure and the logistical capability to deliver in those sorts of places. Achieving that at the scale necessary would be more difficult with just our own income.

But you are right in the premise of the question, which I think every single civil society organisation that interacts with official income of any sort regularly asks itself. The point that I was trying to make earlier is that there have been really important partnerships, not just with the UK Government but with other bilateral and multilateral donors, that we and our peers have had that have allowed us to do amazing things—test out innovations in the humanitarian sector or invest in safeguarding approaches, to take a more recent example.

These are joint ventures where many governmental and non-governmental parties are coming together to pool resources, know-how and effort for shared endeavour. Where that happens, we get the best of both worlds, but the problem is that if we are simply treated as subcontractors, we do not get the pay-off that Gloria is talking about, where local actors really are in the lead, but nor do we get the other value-add that I think civil society actors can bring.

Q27 Mr Bacon: Do you think that the aim of aid should be to make itself irrelevant and unnecessary?

Dr Sriskandarajah: I think that the aim of international development at the moment should be about extreme poverty, and as I hope we all know, that aim is possible and achievable. I think that that should be the narrow and in some ways pure aim of much of ODA, and in that sense, yes, I think we can do ourselves out of business. But if you take a wider lens and say that aid at its best is about those who are at risk of being left behind, championing unpopular causes, tackling marginalisation and amplifying the voice of people and communities who are not being heard, the chances are that those are universal issues that are going to be with humanity for a long time. Having progressive resources available to support those issues is going to be needed for decades to come. So yes and no, depending on which frame you take.



Mr Bacon: I think we still have something like 790 million people who do not have access to clean water every day, so I take your point.

Q28 **Brendan Clarke-Smith:** How are NGOs held accountable to the communities in which they work? Do you seek feedback from the local communities in which you work? If so, how do you act on it?

Dr Sriskandarajah: This is critical. I have written and spoken in recent years about the need for an accountability revolution in international development. We really do need to put the last first and rebuild our structures and systems—or the philosophy and culture, to use the language you are using in this inquiry. To put the last first, we need to think about building an accountability infrastructure that supports that.

At Oxfam, we are trying to do several things to improve our approach to that. It started with our strategic planning processes. We have a new strategy that we launched a few months ago, but the creation of that involved community participation across the world, including in this country, where we ran a process called Open Oxfam in which we engaged supporters and stakeholders to help shape our agenda. The idea is that we have a common agenda.

We have also been investing in new tools and mechanisms that tap into the potential of tech platforms in particular to give better feedback loops. Gone are the days when you can make the excuse, “Well, it is very difficult and costly for us to really take into account community views or perceptions,” because those tools are plentiful and, if done well, can really give you powerful feedback loops that can improve accountability.

Finally, you may have seen that Oxfam is fundamentally reforming its own governance and institutional structure. We have created several new affiliates in the global south, and our plan is to democratise our own governance system so that we feel less like an international NGO that is headquartered in the global north and are instead a much more democratic, globally balanced network so that even the decisions that we take as a confederation are grounded in a broader set of participants. At every level, we are trying to support that accountability revolution.

Brendan Clarke-Smith: I can see Kam Morshed nodding along. Is this your perspective as well?

Kam Morshed: Accountability starts with the design perspective. At BRAC, we talk about community-led development. What does that mean? Let me give you an example: WASH—water, sanitation and hygiene. BRAC starts with a WASH committee. We go to every community, find out who the stakeholders are and form a WASH committee. You have the local headmaster and influential local people, as well as the people who need WASH support, and they play a role in designing the intervention. The community has a big role in designing what needs to be done, and these WASH committees meet regularly.



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We have an independent monitoring wing that keeps in touch with the WASH committee to regularly take a pulse on what is happening and whether they are happy or not. This is part of the design, not a separate function. If something is not working, the committee can decide how things can be changed. For example, when we do our education programme, we also have an education committee involving the parents, teachers and local stakeholders. We regularly take a pulse from the community, small societies and civil society or community-based organisations that we meet. They act as both the designer and our sounding board all the time.

As Danny said, technologies play an important role nowadays. We have mobile tools such as TaroWorks that we extensively use so that now committees can give their feedback quickly and we can respond quickly. This is not about complaints, but about suggestions: "Next time, why don't you do things differently?" The programme is now re-evaluating quickly, new innovations are added quickly and we get feedback quickly. We also have independent evaluation, an audit system and an independent monitoring system and so on to do regular feedback, but most of the feedback comes from the communities themselves.

Gloria Soma: From a Titi perspective, right from the programme design, we have the engagement of community members on how they want us to shape the programme. For every project that we conduct in the different locations, we also have committees that are there specifically to receive complaints or any kind of feedback from the communities. We also have channels or particular tools that we have put in place to ensure that the information or flow of communication from community members to head office at Juba level is as quick as possible through the use of hotlines and suggestion boxes.

The different committees are well stationed in different areas so that people feel safe. Looking at the protection concerns in the country, we intentionally ensure that we take our different committees through training sessions on sexual exploitation and abuse so that that bit of protection is a little bit mainstreamed and they are aware of what to look out for. Most times it is not just about the project, but about going beyond it to look at issues around protection, because it impacts greatly how we do our programming

That is at Titi Foundation level, but at a national level, through the different clusters that we sit in, it has become compulsory for people who want to access the South Sudan Humanitarian Fund to have these procedures that we expect every organisation to put in place. We want to ensure that every project that is going to be funded through the humanitarian fund marches hand in hand with feedback mechanisms, where complaints are easily passed back and there are regular conversations between the implementing organisation and the communities that it serves.



Q29 **Brendan Clarke-Smith:** Danny and Gloria, do you think that the aid sector has become overly competitive and commercialised now? If so, what evidence is there to support this view?

Dr Sriskandarajah: No, not necessarily. Certainly, from the civil society point of view, there is great collaboration. We are regularly in consortia with our peers, playing to each of our respective strengths. There is a competitive element when bids go out there, which is a welcome discipline for us, so I do not think that that is the root of the problem, if you will.

Gloria Soma: In terms of competition, no, not really, but given the trend in global funding, we could be heading there at some point. We have seen a lot of aid cuts from donor countries, which could ultimately have a hand in promoting some level of competition. In South Sudan, in 2018 we had over \$80 million being channelled through the pooled fund. In 2019, we had around \$66 million, and last year around \$40 million, so we have seen a dwindling trend in funding through the pooled fund mechanism, which in the long run could promote unhealthy competition around who gets to implement and who does not.

From the perspective of the localisation agenda, I think that there has been a great move in how best INGOs and local actors complement each other in most of the work that they do by ensuring that there are also formulations when it comes to issues around consortia and how to access other donors apart from the pooled fund mechanism.

Brendan Clarke-Smith: That is very helpful.

Q30 **Navendu Mishra:** Welcome to all the panellists. When you receive UK aid funding, to what extent are you conscious of accountability to the British taxpayer?

Kam Morshed: Not just with FCDO funding, but with all the foreign funding that we receive, we are acutely conscious that it is taxpayer money from a country. To us, that basically means that we need to do our best to achieve the mutually agreed outcome; it also means that we need to report back to meet the requirements of the donor country, and it includes visibility of the work that the aid is attributed to. In BRAC's case, the FCDO is a huge donor. We have BRAC UK—a subsidiary, a sister concern in the UK—so that we can have the accountability of responding to any queries and reporting back quickly. We also have BRAC USA, as the USA is another centre where we receive a lot of funding. That is critical for our work. We work closely with the FCDO when it comes to managing visibility and other branding. Our organisations' communication and advocacy units work very closely, even designing joint strategies and stances on various issues.

Navendu Mishra: Before Danny gives his answer, I would just like to mention to the Chair that I had a brief interaction with him last year during an industrial relations dispute at Oxfam—but that is not relevant



to the question today.

Dr Sriskandarajah: Thank you, Navendu. Our accountability to the taxpayer is really important—in some ways as important for us as it is for the hundreds of thousands of British people who regularly donate to Oxfam and the millions of people who donate items or buy things from Oxfam shops up and down the country. All those people, in one way or another, directly or indirectly, rightly have very high expectations of us. Particularly for Oxfam, given the lessons we have been learning about our failings in Haiti, we are trying to put greater transparency at the heart of what we do, so we publish and share a lot more about who we are and what we do. We have greater honesty about our impact and some humility as well, so that we do not over-claim. A lot of the public research suggests that the aid sector is sometimes accused of over-claiming on our impact, but underachieving.

An incredibly important part is also being systematic and almost laser-like in our focus on impact. At Oxfam we have just restructured, as you know, and created a new impact division. Every single person who works in that impact division and, I hope, lots of other people across the organisation are now focusing on making a transformative impact on the issues we work on and the places we work in, because we owe that to the people who support us directly or indirectly.

Finally, I talked about working through Open Oxfam to understand why people support an organisation like Oxfam. For me, one of the insights there was that our supporters want radical systemic change, not just incremental change with a project here or a project there; they want us to take on the structures that drive gender inequality or that lead to climate injustice. Part of our accountability to the British taxpayer and to our other supporters is to keep a focus on that bold systemic change. From my reading of Oxfam's history, we have been at our best when we have been prepared to take on apartheid or to intervene on fair trade in the ways that we did.

In my answers to previous questions, I was saying that when civil society is at its best, it is when we can play to that bold, radical spirit that is often behind many of these institutions. If you start to put us in a narrow contract, incremental delivery box, that limits our power. I link it also to the accountability to our supporters, because I know many of them expect that from organisations like ours.

Q31 **Navendu Mishra:** Building on my previous question, the Committee has heard that programmes that focus on poverty reduction tend to be more popular with the British public than those that focus on economic empowerment. Does this have an impact upon the work you undertake?

Dr Sriskandarajah: We have our own research from when we did our strategy, but I have also seen public opinion research. The latest survey from the British Foreign Policy Group just last week showed that something like two thirds of the British population, from a poll done in



February, support aid and international development. What is interesting, though, is that those two thirds support aid for slightly different reasons: something like 20% thought about aid as part of our moral duty to the world, and another 15% thought about it as helping improve the global economy and so on. We have to acknowledge that people are interested in international development for different reasons, but the core of that surely has to be about tackling extreme poverty and vulnerability, because, sadly, that still exists in the world. As I think Richard was saying earlier, these are—

Q32 Navendu Mishra: Forgive me, Danny; I completely accept what you are saying, but my question is whether the notion that poverty reduction is more popular with the public than economic empowerment perhaps is directly translates into the work you undertake. You have mentioned that you were perhaps put into a subcontractor box in the past, but how does that translate into the work that Oxfam undertakes?

Dr Sriskandarajah: Our new strategy, I suppose, has a clear focus on some of the most fragile contexts in the world, where extreme poverty is in fact on the rise, especially as a result of this pandemic. So the heart of our strategy is to focus on extreme poverty, but what our supporters say and have said for a long time is that delivering that aid to those people is important, but it is not enough; we also have to challenge the structures that drive injustice and inequality. The second pillar of our strategy at OGB goes beyond those interventions and taking action: it is also about speaking out, standing together and doing all that influencing and advocacy work that organisations like ours have been at their best when they have been willing to do it.

Q33 Navendu Mishra: Gloria, how does the notion of poverty reduction compared with economic empowerment impact your work?

Gloria Soma: For our particular context in the case of South Sudan, where we know that we are one of the poorest countries around the globe, with a lot of changing dynamics on a daily basis, for now, it differs between one location in the country and another. An area like the Equatorias will be looking more at interventions that work best around empowerment or something more resilient, but in another context like in Lakes State or Upper Nile, we will be looking at other emergency responses and how quickly we are able to intervene and save lives immediately. For our context particularly, it differs between one region and another, depending on what we are talking about.

Navendu Mishra: We are quite pressed for time so, Morshed, could we have a brief contribution from you, please?

Kam Morshed: I will take the same line. If you look at BRAC's strategy, extreme poverty is one pillar, but we have gender, resilience and investing in the future as pillars as well. Poverty is the result of a complex set of things, so addressing all these things is equally important. You do not just address poverty; you address disempowerment, structural issues



and a lack of resources or access to resources. There can be various ways of addressing the whole issue of poverty, which can be multisectoral and can be defined in multiple ways.

Q34 Navendu Mishra: I will keep my next question brief. The Committee has heard that power in the aid sector is concentrated in donors and large NGOs. We have Oxfam here, one of the largest NGOs in the world. Danny, how can you disseminate power most effectively towards local communities where aid is delivered, so that it is not concentrated with large NGOs and donors with deep pockets, perhaps?

Dr Sriskandarajah: Shifting power and resources closer to the ground—or to the people and communities we serve, if you want to use that framing—is critical. INGOs like ours have a role to play, because I think within our own structures we should be democratising and achieving a better global balance, or at least closing the accountability loop, as I was saying earlier. Where international donors, particularly bilateral donors, want to support open societies or civic freedoms, more should be done to rebalance the funding and the quality of funding that goes to southern actors so that we can support those.

We should not forget that this is not only about giving away power. Part of what rightly needs to happen is activists and organisations across the world taking power, in some ways. Our obligation is to not stand in the way and, where we can and where it is appropriate, to support and nurture a resilient, vocal, independent set of actors, particularly in the global south. That was always the project for international development; we have just not been as good at it as we should have been.

Q35 Navendu Mishra: Morshed, how can large NGOs help foster links and build capacity in a country? We have heard that you operate in 10 countries.

Kam Morshed: In Bangladesh we are a national NGO, and in other countries we are an international NGO, but in every case we work with partners. For example, in our education partnership, at the height of it we have more than 300 NGOs working with us because they have a particular advantage.

For example, we now have a programme in the Chittagong Hill Tracts, which is a remote area where BRAC does not have any competitive advantage; we are a national NGO, but based in Dhaka. In Chittagong, we have NGOs from the Chittagong Hill Tracts that run the programme. We do the capacity development and help them with the linkages and the resources. The same is true for almost all the programmes that we do: based on the advantages they have, they do the implementation.

I repeat that we take a community-based approach. The WASH committees are not a complaints box; they design and own the programme. Those committees are not an organisation, but they are an entity. They field, own and exercise a good bit of power on designing and



implementing programmes. I think that this is a good model that can flourish even further.

Q36 **Navendu Mishra:** Gloria, what can be done to ensure that voices of marginalised communities are heard in deciding where and how aid is delivered? Your NGO is quite special, so I will come to you first.

Gloria Soma: As I hinted in some of the points that I discussed earlier, we need to have a bottom-up approach in the way we design our programmes. In that manner, we are able to take in the exact opinions of how the beneficiaries will want a programme delivered at the end of it all, instead of having a top-to-bottom approach whereby beneficiaries in most cases feel that things are being imposed on them and that they may not have much say, especially with regard to being flexible in the way things should be done. For that to happen, we would definitely not need a lot of intermediaries. As much as possible, we need to allow space for local actors to bring forward these kinds of opinions to the table, so that we are able to holistically shift these conversations.

Q37 **Navendu Mishra:** That just builds on the fact that power tends to be quite concentrated in the sector. What else can be done to build a more diverse and inclusive aid sector?

Dr Sriskandarajah: One thing would be a philosophical shift to looking at building and strengthening a resilient civil society as an end in itself and not just a means, seeing civil society actors or wonderful organisations like Gloria's not just as implementing partners but as long-term bits of a good, functioning democratic society that we want to build or strengthen in different parts of the world. That will then, I hope, lead to a different mindset about aid and support longer-term investments.

Secondly, it is about some of these behaviours and cultures. Some of you will remember that in December 2019 the UN convened the first Global Refugee Forum. Several thousand people descended on Geneva to talk, for the first time in a UN context, about refugee matters, but only about 1% of the accredited delegates were actually refugees. Here were the world and leaders talking about refugees without involving them in a meaningful way.

One thing that Oxfam did, which I am really proud of—it was my colleagues' doing, not mine—was to say, "Let's use our own accredited passes to support refugees from partner organisations we work with." We brought them to Geneva. I was the official delegate from Oxfam, but we gave almost all the speaking opportunities to our colleagues from refugee-led organisations. That was a relatively straightforward and simple thing to do, but it felt like a powerful way to make the point that we need to diversify the voices we often hear from and to empower the actors we claim to be serving, even in these set-piece moments.

Kam Morshed: Right now in Bangladesh, the aid sector is shrinking, as Gloria was talking about. Bangladesh has just recently graduated from



the LDC list and we expect overall aid to shrink. This is where we have worked with all NGOs in Bangladesh and developed something called the CSO Alliance, which incorporates almost all NGOs, small and big, local and national. There are a few NGOs that are larger in size, and we are working with them to create the voice and the capacity, because often smaller NGOs lack capacity—not in implementation, but in reporting and accounting practices. They cannot hire qualified chartered accountants to do their audits, so we are looking into that and trying to create the CSO Alliance, in which we can all help each other and build an alliance on specific themes. This is one attempt that we have made to bring all NGOs together and see whether as a platform we can work better and remove these power imbalances that might become acute as the funding goes a little dry.

Gloria Soma: The stakeholders within the sector need to move away from the old methodologies of doing business. We need to ensure that it is not just emergency responses, go beyond that and do something more developmental that is resilient, so that when the time comes and we are no longer able to provide these services, the communities are left much stronger than they were before. At the same time, in the case of South Sudan today, we are trying to diversify the mechanisms in which different institutions or organisations, especially local, women-led organisations, are brought into the spaces of decision making.

At the moment, we are in the early stages of establishing the start hubs in South Sudan. When you look at the composition that is already there, we have decided, as an intentional consideration from our side because a lot of women-led organisations have not been given an opportunity to participate in these spaces, that we need to have them included. A lot of the time we find out that in the different programmes that we conduct, issues around gender may sometimes be left out, because they are not included in the voice and we are not able to design things in the way that they would expect them to be articulated. That is what we are doing in terms of inclusion, especially for local women-led organisations within South Sudan at the moment.

Q38 **Mr Bacon:** I would like to follow up on something that Morshed said about Bangladesh moving away from being an LDC and therefore expecting its aid packages to decline. If there were one area—I am sure there are many—where Bangladesh has a big comparative advantage and you would like to see economic barriers and non-tariff barriers lowered with the United Kingdom in particular, what would it be?

Kam Morshed: The challenge that Bangladesh has is that our export basket is mostly around ready-made garments. Beyond that, there are two areas in which Bangladesh is flourishing: pharmaceuticals and lighting. These three sectors can be looked into in terms not only of tariff barriers but also of what type of aid or assistance can come, so that they can become more competitive for exports.

Mr Bacon: Is there a Prime Minister's trade envoy—



Chair: Sorry, Richard; the final question goes to Chris Law.

Q39 **Chris Law:** I have listened to a lot of what has been said today by each and every witness, which has been fantastic, about the need for more partnership and less of a top-down approach. Given the fact that the cuts are so severe in aid, the merger of DFID and the potential to lose expertise, and the priorities that have been set for and by the FCDO, how do you see which topics are so important in this inquiry that will enable it to foster a more impactful aid sector? I will begin with Gloria, given that you are in South Sudan and that recent reports have shown that cuts could be as high as 59%. How is that done practically?

Gloria Soma: For us, the news comes at a time when South Sudan has just received the IPC report, with a number of counties being in catastrophe phase, which means that there is a high chance of a looming famine occurring in these particular locations. When you look at this trend, the UK has been one of our biggest donors, especially to the SSHF. That definitely means that there are going to be losses of lives, because we will not be able to intervene in a timely manner or even to assist as many people as we could in previous years. That is the worry that is looming in South Sudan, not just for the Titi Foundation particularly but for the entire aid sector.

Q40 **Chris Law:** Morshed, could you give us a short response to that as well? What topics should we be looking at, given the straitened circumstances we are in?

Kam Morshed: Let me describe a brief scenario. Because of covid, the Government's ability to spend in the development sector has reduced, whereas the need for development intervention has gone up. Poverty has gone up; school drop-outs are going to go up. All the progress we have made in the last 10 years will probably be wiped out because of covid and the stoppage of schools. This is really a challenge for the entire development sector in Bangladesh: how to get more resources, maybe directly so that we get a bigger bang for the buck. If it comes through multilateral or other channels, it reduces the money in the hands of southern organisations like ours. We hope that the resources we get this time will come directly so that we can use them more flexibly and really address the urgent problems that poverty and especially covid-19 have created in countries like Bangladesh.

Dr Sriskandarajah: The current round of cuts could not have come at a worse time, given that we are facing such a humanitarian crisis around the world. It also could not have come at a worse time for projecting global Britain as a force for good, with all the major summits that we are about to host.

There are two things that come straight to mind. One is around the humanitarian focus. We and the rest of the development sector welcome the Foreign Secretary's commitment to humanitarian aid being a priority going forward; that is why the decision on Yemen and what is reported to



be coming down the line in countries like South Sudan are so distressing for those of us who work in places like Yemen and are seeing the human cost that even these temporary cuts will have. That would be worth looking at.

Secondly, there is not much transparency about how these decisions are being made, but what we are being told is that a lot of these cuts are being made because of protecting long-term obligations, particularly to multilateral agencies. It is incredibly important that Britain supports multilateral agencies, but if that is being done at the cost of humanitarian and other emergency funding, it feels timely to look at what those obligations really are.

Coming back to the intermediation question, there are several hundred international organisations that are now ODA-eligible. Perhaps it is time to do another thorough multilateral aid review to look at the value-add of each of those actors in these complex funding chains, if we are trying to get more effective delivery of tighter resources.

Chair: Thank you very much, witnesses. We have taken up more of your time than we intended, but that is your own fault for being too interesting. You have given us lots to think about and consider—we really appreciate it. Please do follow up in writing if there are points that we have not asked and that you would like to get into our inquiry on the philosophy and culture of aid.

Examination of Witnesses

Witnesses: Colin Buckley, Dolika Banda, Kate Hargreaves and Paul Wafer.

Q41 **Chair:** I would now like to turn to our second panel. We have four witnesses from two organisations: Colin Buckley and Dolika Banda from CDC Group, and Kate Hargreaves and Paul Wafer from Crown Agents. These are two very different organisations, but both working in the aid sector.

Dolika and Kate, could you introduce your organisations very briefly? This whole session is now going to be quick-fire because of the time, so if you could be very mindful to keep your answers brief and to the question, I would be grateful.

Dolika Banda: As you are all well aware, CDC is the UK Government's development finance institution arm. We use this platform to finance and develop countries that are of particular interest for the UK, both in south Asia and in sub-Saharan Africa and Africa in general. We are doing that through several pillars, including sectors such as health, education, infrastructure and financial services intermediation. We are also focusing on other sectors that are important to the SDGs, including diversity, inclusion, gender and climate in particular. There are different platforms



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but they generally develop or deliver on the UK's platform globally in these two institutions, working with other DFIs.

Kate Hargreaves: If I may, I will ask Paul Wafer to do the introduction for Crown Agents; I am here to speak about the ASCEND programme.

Paul Wafer: My name is Paul Wafer. I am the chief strategy officer at Crown Agents. For those of you who do not know us, Crown Agents is a not-for-profit international development company based in the UK. We operate in about 60 countries around the world and, through our programmes, are currently reaching about 36 million people. We operate in the sector delivering programmes and technical assistance to international development partners. Sometimes we have donors like the FCDO, the World Bank or the Government of Japan, but we also work directly for Governments, for example of Ukraine or Ghana, and that makes us a little unusual in the sector.

Q42 **Mr Bacon:** Mr Buckley, can you explain the role of investment specifically in international development? We were talking earlier about poverty reduction in comparison with economic empowerment. How does an investment approach fit in with international development?

Colin Buckley: To start out, when we think about investment, we have to think about it as coming hand in hand with other tools of traditional aid. There is very little chance of investment being successful if you do not have a healthy population that is educated and relatively secure, or if you do not have social, legal or governance institutions. We cannot think about investment as distinct from traditional aid. They work together.

That being said, academics would agree that investment is a relatively powerful tool for economic growth and poverty reduction. That is not surprising: about 90% of the employment in the developing world is through the private sector. We could go through a lot of the economics behind that, but the easiest way of summing it up is through a macroeconomic survey by the Overseas Development Institute, which concluded that DFI investment leads to higher income. It does so on a scale that is the same as or higher than traditional grant aid, the only difference being—and this is a special attribute of DFIs—that you get the money back and you get to do it all again. You get to do another investment.

How investment leads to poverty reduction is an endlessly fascinating and complex question. We spend increasing time picking apart the development impact theses, as we would describe them—the multiple paths that an investment can have to poverty reduction. It can be everything from building jobs or creating power to reinforcing a supply chain or dealing with foreign exchange issues. There are multiple pathways. One message that I hope comes through in the testimony from me and Dolika today is that we have gotten a lot more sophisticated in being able to identify that narrative and tell that story about how we lead to poverty reduction.



Q43 Mr Bacon: There is still a fundamental confliction, is there not? I would like to play devil's advocate slightly. You said that we cannot think about investment without thinking about aid. Most of the invested assets in the world are invested without thinking at all about aid. What investors most think about is the return; in fact, you alluded to that yourself when you said that the one special difference is that you get the money back. That is what most investors expect most of the time.

Indeed, when CDC was criticised many years ago now by the Public Accounts Committee, it was because it was doing essentially what other emerging market investors were doing: going aggressively for the most obvious and easy returns, the low-hanging fruit, which produced very handsome returns and startling salaries for the bosses in CDC. You will remember all that; if you were not around at the time, you can certainly look it up. Now that CDC is focusing more carefully on poverty reduction—at least, we hope it is—it is commensurately more difficult to get a return, is it not? How do you go about dealing with that tension?

Colin Buckley: You are right that most investment is effected without giving any thought to institutions and so forth, but that really is a reflection of the fact that most investment does not happen in developing countries. That is one of the particular challenges of Africa, for example. It does not take very much for what investment there is to essentially abandon a country, which is what we have been seeing with covid-19. It is a special toolset that is required to be able to invest in these types of environments.

There is a bit of a false dichotomy in the sense of how you balance profit and development. To be clear, we invest for development. We recognise that we have to husband our financial resources carefully, but we exist for development. That is not necessarily a difficult challenge for us, because the types of businesses we invest in are ones that seek to grow. When a business grows, it hires more people, buys more in the supply chain and creates products that are usually cheaper because they replace expensive imports. At the same time, the business makes profits. That alignment of profit and development impact is not true of all businesses, obviously, but we are very careful that the businesses that we choose to invest in are those where that alignment exists, so we really do not see that tension between profit and development. For us, it is all about development.

Q44 Mr Bacon: Can you talk us through the criteria you use in deciding which investments to make?

Colin Buckley: I will come back to the statement that really there is one criterion: what is the development impact that our investment will have? That is really what we care about.

Q45 Mr Bacon: Everything that you have just said in your description of why there is no dichotomy—that it is a false dichotomy and a false choice—is a classic description that someone at the Chicago school or at the IEA



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would have recognised about how investment takes place and why. There was nothing about what you said inconsistent with an Austrian school view of the world. Presumably if you are investing for development, you are looking at different criteria.

How do you balance the requirement for profit with the need for poverty reduction? You are trying to allocate your investment decisions in order to achieve not the maximal returns in terms of pounds, shillings and pence, but something else that is broader and that, net-net-net, may in the long term produce bigger returns or may not, but will produce a bigger “development return”, which is not the same thing as the maximum financial return, is it?

Colin Buckley: That is correct: we do not seek to maximise financial return. Before I give a little more colour on that, I also want to give Dolika a chance to speak on this issue, if I can reserve a little time for her.

We do not maximise financial return. What we have been asked to do by the UK Government is basically to preserve our capital, to cover our expenses and to husband our financial resources. We look for businesses that will create a development impact and can do so in a sustainable fashion; that is, we are looking for businesses that can grow and that will continue to create that development impact. That necessarily means that if we get the development impact story right, we have gotten the profit story right. I am not going to suggest that this is true of every business. For every 100 proposals we see, we invest in about eight, so we are investing in a small universe of businesses where this development impact and profit can both happen at the same time—but I want to give Dolika the chance to talk on this as well.

Dolika Banda: Thank you so much, Colin. First, I would like to emphasise that when we look at CDC and the UK Government’s support of it, we must look at the history of CDC in three phases. The initial phase of CDC in its very beginnings was where we are today: aid or financing that is supposed to develop economies and provide economic growth and, through that economic growth, have impact in today’s language and uplift the societies and countries in which we work.

We then went into the second phase, where the portfolio was literally handed over to Actis, and the reference to a few individuals who made a lot of gain out of this was during that period. We have now come back since 2012 with a new strategy, which is extremely appropriate for where we are today. Nobody could have anticipated covid, but the new strategy that CDC has gone into since 2012 of being a developer of markets and a partner in local markets is so apropos at the moment.

Having said that, we should not lose sight of the fact that CDC has built industries and economies. In some cases, it has not put money in its own pocket but has been the founder of certain critical industries that have ended up being extremely developmental and impactful in the world in



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Africa and India that we are looking to today. I will just mention four: one is the private equity—

Chair: Dolika, I am sorry, but if you could write to us with those, that would be great. It is turning into a sales pitch.

Q46 **Mr Bacon:** I am interested in all of this, Dolika, so I look forward to your written comment, but could you just say how you go about supporting capacity building in-country to ensure that local people and staff benefit from the job creation? What proportion of the jobs created go to local staff?

Dolika Banda: The jobs that are created through our investee companies go largely to local staff. We sit on boards, we are advisers and, even as we sit now, we work very closely with not just our investee companies but the FCDO and the local regulators, in order that whatever we do is in the best interests of the strategy of that country. Basically, our fundamental analysis of any investments we do is to ask, "What is our role in quality job creation?" We monitor and evaluate that, and I think Colin can speak to that.

Mr Bacon: Paul Wafer, is there anything you wanted to add before I cede the floor?

Paul Wafer: We do not play a role in investment per se. We are a commercially oriented company and we operate commercially, but that is by bidding for a commercially let contract, either from FCDO or from other organisations.

Q47 **Brendan Clarke-Smith:** Good afternoon, everyone. I will try to be quick; I know we are pushed for time. This is a question for Paul. What is the role of private sector delivery organisations in international development? Why are private sector organisations important for aid programme delivery?

Paul Wafer: It is a really good question. My perspective on this would be that the number of types of organisations that have been involved in the international development sector in recent years has diversified. We often think about Governments, the UN and NGOs, but actually there are quite a lot of different players on the ground now operating in different ways, and they all bring different strengths and opportunities.

When it comes to UK aid, for example, and the money that is spent by FCDO, it has a variety of channels that it can use to spend that aid budget: it can go through UN agencies, it can go to NGOs, or it can put it out through commercial tendering, which is the way that we tend to enter that market. One of the advantages of that commercial tendering route is that you get organisations that are very agile because they are commercially operating. They are very concerned about costs and keeping costs down; they do not have a source of unrestricted income in order to pay for their overheads, et cetera, so there is a pressure down on costs, which is quite important.



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It is worth remembering that the part of the overall aid budget that is spent through commercially let contracts is very small: it is about 10%, or £1.4 billion. That is not how most of the money is spent.

Kate Hargreaves: A lot of these very complex programmes, development projects and problems that we are looking at need the diversity you get from those sorts of consortia and a mixed economy of response. In the ASCEND programme that I run, which is about neglected tropical diseases, for every £1 of UK aid that is put in, there is £15-worth of donated drugs from the pharmaceutical sector. It is a really good example of a global partnership, and it is one of the reasons why Crown Agents was very keen to support that programme. It was very much a joint enterprise.

Q48 **Chris Law:** Colin and Paul, could you talk us through the criteria that you use to decide which investments you make and contracts you bid for? Where within that do you take mobilising tax as being key to meeting development targets set by the UN?

Colin Buckley: When we look at every investment, we are essentially assessing the development impact that it would have. The core way we do that is to look at its alignment with the SDGs, because it is really the SDGs that everyone has agreed as the path for development, but we break it down into different workstreams and we look at particular sectors. We have some expert deep dives on how we should look at sectoral priorities in infrastructure, power, health and so forth.

For every investment, we also have a structure—the investment management project that was founded here in the UK—that really breaks down who benefits from the investment. We look through and try to find out exactly who the beneficiaries are and how much they benefit. How much poverty reduction is there? Those are the principal tools that we will look at in assessing an investment.

Paul Wafer: For Crown Agents, our expertise falls into three broad areas. We have an expertise in supply chain management around logistics, procurement and inspections. We also have technical assistance expertise in terms of how you build and strengthen Government systems. Then we do programme and fund management, particularly around health and humanitarian.

The decisions we make about what programmes to get involved in and bid for, and what contracts to position for, are largely shaped by the areas where we think we have a capability, where we have experience on the ground from previous programmes that we have done and where we think we have something that would add value. That is the sort of thematic focus.

The other aspect that is really important for us is where, geographically, we have a good, strong track record of having worked for many years, where we may have a very strong in-country office with a strong local



staff and where we therefore know the context very well, which means that we think we will be in a good position not only to understand what the donor wants but to know the partners in government and the other actors and use that local context knowledge to deliver effective programmes. So there is a thematic perspective to what we think about and then a geographic one.

To some extent, because we are going for contracts that are made available by different players in the international development sector, the way that we position ourselves is very demand-driven as to what people are looking for.

Q49 Chris Law: How do you balance your requirement for profit with the need for poverty reduction? As I touched on earlier in terms of mobilising tax to help reduce aid that we are going to have in developing countries in the future, particularly with the cuts that we have, what is CDC doing specifically to stop using the profit-filtering system that it has been using up to now in tax havens in different parts of the world?

Colin Buckley: I have already spoken a bit about our notion of profit and impact, so let me speak a little more on tax. We recognise that, if we are going to get out of aid, tax revenues are the road out. We are very proud that our investments last year paid around £3.3 billion in taxes.

We are coming at the notion of how we use offshore intermediaries in a number of ways. First, we are absolutely aligned behind the OECD to make sure that there is clear transparency in any jurisdiction in which we invest, so that taxing African Governments can access the information about investments made through that jurisdiction. We will not invest through any jurisdiction that does not comply with the OECD requirements designed to let Governments, like African Governments, get the taxes that they are entitled to. Secondly, we will not invest in any investment structure that is designed solely to avoid tax or reduce taxes.

But we know that there is more that we can do. We want to invest directly into the countries where our money ultimately lands. At the moment, we use offshore financial centres because you have to choose some jurisdiction for various nationalities to put their money together—we have had this conversation before, Chris.

One big step that we have been taking recently is that we have been working with Rwanda, to try to make it into a financial centre where it can start operating in this way in Africa. Again, that would capture not really the taxes, but all the professional services that now exist outside Africa. We are very proud of the work that we have been doing, working with the Rwanda Government, to get this legal reform in place. We are looking forward to, hopefully, being able to launch this with Rwanda at the upcoming Commonwealth summit. That is a way we are trying to find a different way of attacking this tax issue.

Q50 Chris Law: Dolika and Paul, do you support capacity building in-country



to ensure that local staff benefit from job creation in the long term? What proportion of jobs actually go to local staff?

Dolika Banda: It is a very important aspect of what we do at CDC. We are doing this through our investments themselves, but we are also doing it through an advisory technical assistance capacity. For example, we were the seed funders of a group called TheBoardroom Africa. TheBoardroom Africa is specifically designed, working in conjunction with the UK IoD, to ready women to participate in leadership positions on boards, investment committees and so on. That has been going very well; it has actually graduated from CDC and is now getting funding from other areas.

We also work with an organisation that we seeded called The Africa List. The Africa List is a network across the region in various countries of professionals, both male and female, coming together to exchange ideas and to grow the leadership capacity of people.

I am the CDC board champion for safeguarding issues. We look very closely through that lens as well at how we are transferring skills, making sure that we protect certain unprotected individuals within organisations and working with our investee companies to make sure that succession plans include skills transfer. We have within CDC a team that is working just on the pure human capacity building aspects, led at the director level. This is extremely important for CDC.

Q51 **Chris Law:** I was just about to ask specifically about the proportion of jobs that actually go to local staff.

Dolika Banda: At the moment, I would say that 90% of our jobs are local staff, because we operate very leanly in terms of our own operations out in the countries and our investee companies are local companies, all around. The management team may be 10% or 15%, but local staff being empowered is close to 75% or 80%.

Paul Wafer: Fundamentally, from a Crown Agents perspective, we do technical assistance programmes that are all about building capability. They tend to be focused, working with Governments, on a lot of those reform processes or changes that are often quite unglamorous and behind the scenes. To pick up on your last question, they are about things like revenue and tax systems and how Governments do their public procurement. Fundamentally, that is what we are in the business to do: build that capacity. As Crown Agents is a global business, we have offices all around the world. In the countries in which we have offices where we operate and deliver programmes, they are almost exclusively staffed by locals. That is a really important aspect.

I want to add another dimension to this that is often not understood in the sector. There is an increasing amount of horizontal movement and sharing and exchange of ideas and capability happening in the sector as well. To give one example—maybe Kate can come in with some too—we



have a programme in Sierra Leone that is looking to strengthen the health supply chain around the way that medicines operate in that country. There are a lot of international technical experts working on that programme, but they are from Zambia, Zimbabwe, Rwanda, Uganda and South Africa. It is not this traditional view of a bunch of Brit experts working in a foreign country; it is a much more international model than that. Kate, maybe you could say something about capacity building.

Chair: Sorry—could I just say to all our witnesses that if you want to write in with examples, that is great, but the inquiry is around the philosophy and culture of aid? If we could focus more on the underlying principles that you are working to, rather than giving a shopping list of projects, I would be really grateful.

Q52 **Mrs Latham:** This is a question for Dolika and probably Kate. How much do you work with Governments and partners in the countries where you invest to ensure that the projects align with their priorities and development strategies? How do you make sure that the work you are doing is ethically based, or does that not come into it?

Kate Hargreaves: In terms of the alignment with national priorities, for NTDs there is a global movement to eradicate and eliminate those diseases, spearheaded by the UK in terms of the London declaration on NTDs. In Crown Agents we are working in 11 countries, and in each case we are explicitly working with the Government to make sure that they can advocate more strongly their own local position. A key part of our health system strengthening efforts is about helping Governments to build an NTD masterplan and making sure that it is costed and that we are providing support to the Ministry of Health so that it can advocate to the Ministry of Finance in their own country to raise up domestic resources so that they can be more self-sufficient. We are very much being led by what their needs are in terms of owning the agenda for NTD programmes.

Dolika Banda: I will let Colin have the last word, but I want to be very clear that in everything we do our strategy is a bottom-up strategy. We are not relevant as CDC in any market in economic development if we are not actually working to the strategy, the business environment and the vision of the countries with which we work. Colin, let me leave the detail to you.

Chair: Sorry, but could we have the detail in writing?

Colin Buckley: Absolutely.

Q53 **Mrs Latham:** I have a follow-up question about that, particularly to CDC. If you are working with Governments, and Governments are deciding that they would like to grow palm oil and therefore some of the rainforest could come down, how do you work with Governments to invest in that and develop and make money for them?



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Colin Buckley: I think we have a number of tools at our disposal to make ethical choices. The first is the SDGs. Governments, through the UN, have decided that this is what the focus should be, so if a Government would like to focus on some sector that is not aligned with the SDGs, that is not the type of investment that we would make.

We have also signed up to the UN principles on human rights, the UK Modern Slavery Act, IFC performance standards, ILO conventions and so forth, which all express a certain ethical structure that we hold ourselves to. An investment that does not comply with all those requirements is one that we can easily excuse ourselves from. Most Governments understand that; they know that DFIs are there because we are long-term ethical investors that are also defending the reputation not only of ourselves as an institution, but of the UK as our shareholder.

Q54 **Mrs Latham:** So you would never take down rainforests to drill for oil, plant palm oil plants or breed enormous cattle for the farmers to make more money?

Colin Buckley: We certainly would not cut down a rainforest or invest in oil, both of those being outside our investment policy. I cannot imagine that we would ever invest in planting a new palm oil plantation. We have invested in historic palm oil plantations, but all within the structure of the IFC performance standards.

Q55 **Mrs Latham:** Could you perhaps send us your ethical investment policy, if you have one?

Colin Buckley: Sure. We would be happy to do so.

Q56 **Mrs Latham:** Could you cover how many country offices you have opened to date and what impact that has had on local engagement in the countries where you have done that?

Colin Buckley: Over the last five years, we have opened three regional offices in Africa: in South Africa, Kenya and Egypt. We also have a presence in Ethiopia. In south Asia, we have offices in Myanmar, Nepal, Pakistan, Bangladesh and India. At the moment, I think we have about 62 staff overseas. The importance of a local connection was discussed at length in the previous session, which I listened to with interest. All those NGOs made it very clear why it is vital to have that local presence, and that has been borne out with us. We have better relations not only with national Governments but with FCDO offices, so that we are more joined up in what we are doing as the UK offer.

Q57 **Navendu Mishra:** Kate, do you have any accountability to the countries and communities in which you work or invest?

Kate Hargreaves: Yes, that is very much at the heart of how we operate and how we work, because we depend on them and we are working with them. A key part of the model that Crown Agents established in our delivery of health services for NTDs is that we work within Governments'



health systems; we do not create parallel supply chains and we do not work separately from them.

For example, we might do some capacity building with them to build up their skills to deliver things, or we might contract with them using UK aid money so that they can deliver the services and we would work alongside them to build their capacity as we go. That is quite distinct from previous NTD programming, where you might get a larger INGO that would just deliver it itself and would be led by the need to get very large numbers of treatments, for example. It is less sexy in terms of the media—the tabloid media in particular, which is looking for numbers and wanting to show the bang for buck of the UK aid budget—but we are actually doing something that is much more likely to lead to sustainable outcomes.

Q58 Navendu Mishra: On that, do you actively go and seek feedback from the communities where the projects have been delivered or is that not done?

Kate Hargreaves: It is embedded in our processes. We have something called a beneficiary feedback mechanism—in fact, FCDO is quite good at holding us to account for that. Some of our key performance indicators on which our fees depend are around our ability to work with Government and feedback from Government. With the beneficiaries, that is done in the field during the drug administration campaigns, for example.

Q59 Navendu Mishra: You mentioned Governments, but more broadly, is actively seeking feedback from the communities rather than just the Government something that you pay attention to?

Kate Hargreaves: Yes, some of the members we work with are community drug distributors. We do training with them and that gives us an opportunity to get feedback and to discuss with them as we are working. It is definitely something that we can improve on. It is not an easy thing to do, especially during covid, but it is very important to us.

Q60 Navendu Mishra: Colin, do you want to make a brief contribution to that with regards to accountability to the countries and communities, and seeking feedback?

Colin Buckley: Accountability is a key part of the IFC performance standards. For example, if we are doing any type of infrastructure project, there is an entire process that we follow to ensure that we have the full buy-in of the community, and that will continue throughout the entire life of the project.

Outside that, we also do a lot of informal things. iMerit was an investment where a lot of the development impact had to do with making sure that we were improving salaries and employment. We had a whole series of employee surveys where we went out and made sure that we were delivering the kind of impact that we had hoped for. You will have a whole level of monitoring and evaluation tools that you will use—social



baselines, surveys, lean data—to make sure that you are getting that feedback loop from the local beneficiaries.

Q61 **Navendu Mishra:** I know that there has been some coverage in *The Times* and other media about CDC investments, specifically in private healthcare, and I believe that the Committee will be writing to you separately.

Colin Buckley: I welcome the chance to respond to that. Thank you.

Navendu Mishra: We raised it with the Foreign Secretary on his virtual visit to the Committee a couple of weeks ago—but I am sure the Chair and the Committee will write to you.

Q62 **Mr Bacon:** This is for Dolika and possibly for Mr Buckley as well. You published a gender strategy three years ago in which you pointed out that you would “identify and support ‘gender-smart’ opportunities” in your investments. Can you set out how your gender strategy influences your investments? How far have you got since you launched the strategy?

Dolika Banda: This is an extremely important aspect of what we do at CDC, almost on a daily basis. Starting from the top, because the messaging starts from the top, our board is now 50:50—almost 60:40, I think—female-led. Of those board members, all three are involved, in some way, shape or form, on global gender lens investing and gender facilities.

Secondly, at the exco level and within exco, we now have a member who is directly responsible for gender lens investing and making sure, as an institution and an investor and in our underlying investments, that we have those gender aspects covered. We are also, as you may know, one of the founding members, and a real champion, of the 2X Challenge, which was initially set up to raise \$3 billion. As of last year, commitments from other DFIs and like-minded investors are at \$4.7 billion.

Those are the sorts of numbers and areas of intervention that we are talking about. We are also now a platform investor and roundtable for gender-smart investing. The first committee just happened last week or two weeks ago. CDC is taking a lead in all those areas. Through these different interventions, we have been able to convene and bring billions of dollars in commitments to our platform as a centre point investor, with Nick, our CEO, quite frankly as a champion in all these areas.

Q63 **Mr Bacon:** What proportion of your investments since you launched the strategy in May 2018 would you now say qualify as gender-smart?

Colin Buckley: I do not know if I can give you a number for that quite yet. We are in the midst of coming up with some targets around gender-smart investing. I would be happy to respond to that in a follow-up submission.

Q64 **Mr Bacon:** What is the total salary bill for CDC Group? How much of it is



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spent on employing women and how much on employing men?

Colin Buckley: Let me see if I have that.

Q65 **Mr Bacon:** If you do not, write to us. I have been trying to find it on the web, but please write to us, if you would not mind; I know that the Chair is very pressed for time.

Colin Buckley: Okay.

Q66 **Mr Bacon:** You mentioned there were 62 members of staff who work overseas. What is the total number of staff that CDC Group has? Presumably the rest are in London, are they?

Colin Buckley: That is correct.

Q67 **Mr Bacon:** How many are there altogether?

Colin Buckley: We have approximately 500 employees now.

Q68 **Mr Bacon:** So roughly 440 of them are in London.

Colin Buckley: Absolutely.

Q69 **Mr Bacon:** Have you ever thought of switching that around so that 440 are out in the field and 60 are in London?

Colin Buckley: We have thought about that often, as has every DFI.

Q70 **Mr Bacon:** Would you not get a better bang for your buck if you did that rather than having all those expensive people in London?

Colin Buckley: No. If we thought we would get better bang for our buck, we would do it. The reason why—

Mr Bacon: Well, there are many reasons why people might prefer to work in London that have nothing to do with your bang for your buck, but rather with the preferences of the employees, because London is a rather nice place to live. I am asking about the effectiveness in terms of the spend for taxpayers.

Colin Buckley: The reason we have a central office in London is that that is the most efficient way of delivering investment. The African Development Bank has a central place in Abidjan. It is not choosing it because it is a wonderful place to live; it is choosing it because the central model is the most effective way of delivering investment.

Mr Bacon: I am playing devil's advocate. I know London is probably the world's most important financial centre. Finally, if you were able to write to us with a breakdown of the 62, where they are, how many are men and how many are women, and the same for the 440 in London, again with how many are women and how many are men, and how much you spend on men and on women, that would be very insightful and helpful.

Colin Buckley: I would be happy to share that.



Dolika Banda: With the nationalities, please, Colin—because even the London team is representative of the number of different countries.

Mr Bacon: Thank you, Dolika. I should have said that.

Q71 **Chris Law:** I welcome the new climate change strategy that was published last year—I think it is a positive step forward—but can I ask a really blunt question? Why has it taken until CDC has been forced to do this, given the Paris climate agreement in 2015? Across Parliament, there has been heavy criticism of the fossil fuel investments over the last decade and even in the last five years. The report that came out from CAFOD last year still showed that more than 50% of your funding was in fossil fuel investments, which ties nation states into this for generations to come, including with fuels such as heavy oil. Why is it so late? Why has it taken until now to really listen when it has been said now for years, particularly by this Committee?

Colin Buckley: Climate change was central to our strategy, starting in 2017, but I think it is fair to say that there was a significant step up in 2020 when we launched the new climate strategy that commits us to Paris alignment.

There is much in that question and I do not want to dodge it. Part of it has to do with investment decisions that were made over a decade ago; part of it has to do with the importance of natural gas as a transition power with availability in countries that simply do not have the renewable structure yet. What I can tell you is that at the moment we have a fossil fuel strategy that is highly respected. We had a conversation with a US DFI; they asked us if we would share it with them and discuss it with them, and they are thinking about using it for their model under the new Government there.

We only use fossil fuel where it is a transition fuel to renewables. We will only use it if it is in line with a country's road map to net zero. We will only use it if there are no renewable options. We will only use it if there is no other option that has less emission. We respect the individual country road maps to net zero. Along with the Paris conference, we recognise that developing countries will all have slightly different paths to get to net zero by 2030.

I will take the criticism that perhaps we should have done it earlier. I would say, yes, I would like to have done it five years earlier. At least what I can tell you is that I think we have got to the right place now and climate change will continue to be a growing focus for CDC going forward.

Q72 **Chris Law:** Putting it bluntly, Colin, I really appreciate your being candid about this—I know that it is very difficult and CDC has taken quite some time to get to where we are now—but can I ask you and Dolika what the target is for when all investment in fossil fuels will cease?

Colin Buckley: I have described the strategy and, at the moment, the strategy does not have any overall time when fossil fuels would cease,



because it would depend on the individual country's Paris path to net zero. Obviously net zero is 2030 so, yes, by 2030, but one would expect that in most countries it would be much more rapid than that.

Q73 Chris Law: Given that you have a new climate change strategy, how has that impacted the make-up of your investments? How do you see changes in the profitability of your portfolio since adopting this strategy?

Colin Buckley: We have made a commitment now that 30% of our investing from 2021 onwards will be climate financing, so that has a direct impact on our portfolio. Secondly, we have adopted the TCFD framework and other metrics of climate change. We now insist that every one of our investments be assessed along those metrics. The last time I was in front of this Committee and talking about climate change, I told you that we assess climate change in every one of our investments. That was true then, but the tools that we have to assess climate change for individual investments are now much more developed. There is a portfolio target and then there is an individual investment framework for thinking about climate change.

Q74 Chris Law: I have one last question. In terms of the investments that we have made in countries where we are going to be into the long term before we see a transition into net zero renewable projects, is CDC planning to invest in those where it has invested previously in fossil fuels, so that those countries that have become increasingly dependent on fossil fuels can transition as well?

Colin Buckley: It is a key point of the new strategy that we are highly attuned to this captive asset issue. If we were going to do a natural gas investment, it would have to be a transitional asset, meaning one that can either be converted into renewables or easily phased out. We do not want to have Governments that have made huge investments in these types of power projects and then cannot wean themselves from them.

In the Ivory Coast, our investments in natural gas are really to use old legacy assets and simply improve them so that they are far more efficient. We do not want to build a new power plant; we just take the old one and make it better. That is one of the perfect ways of making a fossil fuel investment that makes sense.

Q75 Mr Bacon: Mr Buckley, I am trying to find your annual report. I can find something called the annual review for 2019. Do you have such a thing as a hard-copy annual report that contains all your reports and accounts, the basic financial information, the balance sheet and everything else?

Colin Buckley: Yes.

Q76 Mr Bacon: Does that come out in hard copy?

Colin Buckley: No, we do not print it. It is available as a PDF online.

Q77 Mr Bacon: When is the 2020 one going to be available?



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Colin Buckley: The 2020 one will probably be available in April or early May.

Q78 **Mr Bacon:** I am very interested in the question of how many of your 500 or so employees work in London and how many overseas. We should pursue this further, because I remember that UNESCO used to spend 80% of its budget in Paris, which surprised some people but not others. It seems to me that there is possibly room for rebalancing, but before I form a firm view on that, I would like a few more facts on what these 440 people do. Is it possible that you could write to the Committee with more of that information, and indeed with what the 62 people who work overseas do, so that we have a more accurate picture of what is going on?

Colin Buckley: We would be delighted to do that.

Mr Bacon: Thank you very much indeed.

Chair: Thank you, Committee members. Thank you, witnesses—we really appreciate your time. Also, thank you to Emily in broadcast, who stayed on to allow us to ask these last few questions.

This is all helping us to shape our inquiry into the philosophy and culture of aid, so thank you for sharing your thoughts so generously with us. Please do feel free to write in. You have identified some specific areas that you will write in about, but if you would like to give us more general information about the inquiry and how we should be shaping it going forward, we would appreciate that.