



Select Committee on International Relations and Defence

Uncorrected oral evidence: VSO International

Wednesday 24 March 2021

10 am

Watch the meeting

Members present: Baroness Anelay of St Johns (The Chair); Lord Alton of Liverpool; Lord Anderson of Swansea; Baroness Blackstone; Lord Boateng; Lord Campbell of Pittenweem; Lord Mendelsohn; Baroness Rawlings; Lord Stirrup; Baroness Sugg.

Evidence Session No. 1

Virtual Proceeding

Questions 1 - 11

Witnesses

I: Philip Goodwin, Chief Executive, VSO International; Tim Newman, Global Head of Business Pursuit, VSO International.

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Examination of witnesses

Philip Goodwin and Tim Newman.

Q1 The Chair: Good morning. I welcome to the meeting of the International Relations and Defence Select Committee in the House of Lords Philip Goodwin, Chief Executive, Voluntary Service Overseas International, and Tim Newman, Global Head of Business Pursuit, VSO International. Thank you for joining us today to share your expertise in our inquiry into the potential impact on VSO International of a reduction in the UK's allocation of overseas development assistance.

I remind Members and our witnesses at this point that the session is on the record, transcribed and broadcast. I also remind Members to declare any relevant interests before asking their questions. I will begin as usual by asking the first question, which will be general in nature, and then I shall turn to my colleagues to put more detailed questions. If there is time for supplementaries before the end of our session at 11 am today, I will give priority to those Members who have not already been able to ask a question in the formal run.

Could you please introduce the work of VSO and how it contributes to international development and to UK aid policy priorities in particular? I will start with Philip Goodwin.

Philip Goodwin: Thank you, Chair, and thank you for the invitation to be with the Committee this morning.

VSO is an international development agency that works specifically through a volunteering for development method. We have been around for 60 years and our focus is on addressing issues of poverty and marginalisation. Over the last year we have worked in about 33 countries across Africa and Asia, of which 24 are countries where our work is funded by the UK Government. We deliver programmes primarily in education, health and livelihoods but we have a particular focus, as an organisation, on issues of social inclusion and gender, issues of social accountability and issues of resilience. We see those three issues as fundamental causes of marginalisation and vulnerability and hence the attention we spend on them.

Since being founded 60 years ago, we have evolved from being an organisation that primarily sends British volunteers overseas to becoming a development agency that works through a whole range of volunteers, the majority of whom now are national and community volunteers. Those volunteers work with the support of specialist international volunteers, many of whom are British. A key part of how we work is what we call our volunteering for development method. I will try to avoid jargon as best I can, but please ask me to clarify if I am slipping into jargon.

Underpinning the volunteering for development method is something called the relational approach and this was developed out of research that was done by the Institute of Development Studies, which was looking at how volunteering delivers sustainable impact and development. That

research identified five dimensions of change and these are the dimensions of change that volunteering specifically contributes towards a permanent impact.

The first dimension is inclusion. Volunteers are embedded in communities or in institutions or within systems of education, health or livelihood, so they can extend the reach of basic services by spotting who is excluded and making sure they are included in the programme. The second dimension of change is innovation. Volunteers are normally from outside the community or the institution and so they bring an outsider perspective and that generates innovation, new ideas and new forms of collaboration. There is a dimension of inspiration; the exposure to new cultural norms and thinking generates change. There is also the issue of ownership. Volunteers ensure that development processes are owned by those whom we are serving. Finally, volunteering also generates active citizenship, citizens making demands for services but also contributing towards long-term change. That is very much how our work is underpinned.

VSO delivers against a good number of the seven priorities that FCDO¹ has identified recently. You could argue it delivers against all but I do not want to overreach myself. Our work is very much focused on girls' education, particularly those who are most likely to be excluded or most vulnerable. We have a specific focus on health and over the last year we have been focusing a large portion of the UK Government funding on the COVID response. The other area is humanitarian preparedness. Over the lifetime of the Volunteering for Development grant² we have had a specific focus on making sure that there is national and local capacity to respond to emergencies. I can comment a bit more on that later if someone wants to follow up on it. We also work on issues of climate change, making sure that communities and systems are resilient to the impact of climate.

There is perhaps less obvious crossover in tech, although VSO has a strong history of working on tech solutions. We have a big initiative on numeracy and literacy working with a partner on tablet technology. That work won the Elon Musk XPRIZE, a \$1 million prize for the most innovative solution to the challenge of numeracy and literacy globally. We have been working on that for the last five years. We also apply tech into a whole range of health solutions, and I can say a bit more about that. I think that trade is less obvious but we have a specific focus on women's economic livelihoods and the development of SMEs and the economic sectors in places around the world.

On the other bit of the crossover with UK aid and UK development, certainly with the Government's current objectives for integrating diplomacy and development, VSO's very specific approach is that we take what we call a systems approach. We work within communities, institutions and government departments and we try to work up and

¹ The Foreign, Commonwealth and Development Office

² V4D

down those systems. The policy environment and the experience of those that we serve in remote communities across the countries where we work are linked. We try to make sure that there is a link up and down that system. It means that we develop networks in the countries where we work.

We have a lot of work in developing youth networks, which are influencers and ambassadors for the UK and important networks for UK's future relationships. As some of the Committee may have experienced when you travel overseas and go into government departments or institutions, it is very common to meet people in positions of authority who have been taught by, trained by or worked alongside VSO volunteers. Let me stop there because it was a rather long answer.

The Chair: Thank you. It set the scene very well. I am going to turn to Tim Newman. As Global Head of Business Pursuit, is there anything you would like to add to that from your perspective, before I move on to the next question, which will be asked by Baroness Blackstone?

Tim Newman: Thank you, Chair. The United Nations recognises volunteering as a key mechanism for contributing to the achievement of the SDGs.³ That has been recognised by the UN and within that the ability of volunteering to reach the hardest-to-reach populations around the achievement of the SDGs, including people with disabilities, so really the last mile of development.

The Chair: Thank you. I am going to turn to Baroness Blackstone. Mr Newman, we have a little problem with the sound. I think sometimes it is because of the use of the in-ear pods, so we will try to make sure we can all hear. We will see how it goes.

Q2 **Baroness Blackstone:** Could you please explain the background to the Volunteering for Development grant that VSO receives from the Government, and tell us a bit about what projects and activities it supports? I should have declared an interest before I started. I have been a VSO parliamentary volunteer in Ethiopia and Tanzania, and many years ago I was one of quite a large number of vice-presidents of VSO.

Philip Goodwin: The Volunteering for Development grant was signed in April 2017. It was a follow-on from the strategic grant. At that time DfID⁴ gave a strategic grant to VSO and this accountable grant replaced that strategic grant. I will quote from the original project document from DfID: "The aim of the grant is to drive strong impact through volunteering and to develop Britain's reputation as a global leader to deliver improved health, education and livelihood outcomes over 2 million of the poorest and most marginalised people across 24 developing countries".

Essentially the grant was set up around three streams. The first one was to extend the reach of basic services in education, health and livelihood

³ The Sustainable Development Goals

⁴ The (former) Department for International Development

but it was with a particular focus on the three core approaches that I mentioned earlier—social inclusion and gender, social accountability and resilience. That was the first strand. The second strand was to build volunteering capacity around the world and active citizenship to deliver the sustainable development goals. This built on what Tim mentioned earlier. When the SDGs were launched by the UN, the Secretary-General said very clearly that the SDGs would not be delivered without very significant volunteering contribution from around the world. The UK Government and ourselves were focusing on developing and building that capacity for volunteering and active citizenship. That was really to mobilise a volunteer network with a particular focus on youth.

The third strand was to develop a global standard for volunteering for development. There was a recognition that volunteering was really important to deliver the SDGs and yet volunteering was still very unregulated around the world, so how do we increase standards for design of programmes, for how volunteers are deployed, for how the volunteering programmes deliver impact and for how volunteers are kept safe—the duty of care and safeguarding, which is an issue that has become so important? There are these three strands: extend the reach of basic services, mobilise global volunteering and develop active citizenship and make sure there is a global standard in place.

That was the background and we have delivered that grant over three years. It was originally a three-year grant. It was supposed to end at the end of March last year and during that time, because of the success of the grant—and I will say a little bit about what it has achieved—DfID asked us to develop a second phase of the grant. It was excited at the results and it was proposing an expanded programme over four years. For various reasons, and it was not just COVID, a decision was not able to be finalised before 31 March and since then the Volunteering for Development grant has been extended three times. It was extended for four months initially to allow the Government to make a decision and we were told a decision would be made after four months. We got to the end of that period and they said they could not make a decision then but they would extend the grant for eight weeks and make a decision then. At the end of that eight weeks we were told the Government could not make a decision and they would extend the grant for six months and they would make a decision then, and that is where we are.

The programme uses British, international and national expertise to extend basic services and essentially the programme has exceeded all its targets. We were supposed to reach 2 million vulnerable people. Over the lifetime of the programme we have reached 4.6 million, so it is over twice the reach through the programme. We have mobilised over 5,500 skilled volunteers plus many thousands more community volunteers to deliver volunteering. We launched the global standard for volunteering for development in Kigali in 2019 and we are now supporting the rollout and adoption of that standard around the world. For example, we have just signed an agreement with the African Union to roll out the standard across Sub-Saharan Africa and to establish a platform for volunteering in

Africa. That has just been established and is ready to go. A lot of the work on the ground is focused on the core approaches about making sure that the most vulnerable are included, for example working with deaf youth in Rwanda and Kenya to increase their access to sexual and reproductive rights and health.

On the resilience side, we have been doing a lot of work in preparing national networks to respond to disasters and that has been really effective. This was built out of work that we did in Nepal in 2015 post the earthquake when it was very clear that volunteers on the ground—we can all understand this intuitively—who understood the context and were embedded within communities and institutions were best placed to co-ordinate the response and to make sure that those who were most vulnerable were included in the emergency response. Out of that work we were asked to design a national disaster co-ordination secretariat in Nepal. We took the specific local experience and turned it into a systems response for Nepal.

We have done something similar in Mozambique and other countries. The work that we did in Mozambique was really effective in subsequently responding to Cyclone Idai. We have developed a national network of volunteers who are able to respond extremely effectively and without the need for lots of international humanitarian assistance into very remote parts of Mozambique. That has been seen by DfID, then FCDO, as very successful.

We have been doing a range of work on things like peacebuilding and conflict resolution. Ten days ago we completed the training of 10,000 youth peace builders in Ethiopia and under the next phase of the Volunteering for Development grant, we are supposed to extend that to 100,000 youth peace builders in Ethiopia. We have been working on issues of tackling gender-based violence in Pakistan, making sure that cases of rape and sexual assault are reported into the police system and the police are equipped to respond.

We have been working on education in emergencies in refugee camps. We have had a particular approach using volunteers in Cox's Bazar in the Rohingya camps. The focus there is on training mothers to be home educators. We are aware that the people who are in refugee camps are often there for many, many years, sadly, and often are displaced again. Making sure that mothers are able to provide home education and linking them up with other mothers ensures that there is continuity of education even if they are further displaced.

I could go on. I will not, but I hope you can get a flavour of the kind of work that is delivered under the Volunteering for Development programme. Let me stop there and take a breath.

The Chair: Thank you. That was very helpful indeed. To ensure that we are able to ask all the questions that I know Members are eager to ask, I am going to go straight on to Lord Anderson for his question.

Q3 Lord Anderson of Swansea: Good morning, gentlemen. My only interest is that many years ago I represented the Foreign Office on the selection board for VSO.

Clearly the effectiveness in the field will be multiplied by co-ordinating and working with others. You have already mentioned the African Union, the United Nations and the national representatives, presumably also with groups like your own sponsored by other Governments. What is the position for VSO, which partners does VSO work with most in delivering your objectives on the ground, and is there scope for an increase in such co-ordination in these hard times?

The Chair: Mr Goodwin, do you think it would be appropriate for Mr Newman to answer first on this? I am thinking of the reflection of his work and also the fact that I cut him out of the last one. If we can go to Mr Newman, please.

Tim Newman: VSO delivers its work through a whole range of partners and we have key strategic international partners that include currently the African Union, the Global Partnership for Education, ASEAN and the South Asian Association for Regional Cooperation, other UN agencies like UNICEF and UNV. We have memberships and partnerships with a range of other global groups including IAVE, which is the International Association for Volunteer Effort, and Global Partnership to End Violence Against Children. There is a very long list of international partners and groups, including a range of private sector groups like Randstad, which is one of the largest recruitment agencies in the world, and other commissions like the African Youth Commission and the International Civil Society Centre. On top of that we also work with over 180 local and community-based organisations to deliver those services and a huge range of local partners that help with the delivery of the day-to-day work of V4D.

I think one particularly interesting element is the mutuality of the partnerships that we try to set up. One example of that is how we try to make sure that the partnerships deliver not just a one-way street of benefits but that there are also benefits coming back to the UK. For example, with the partnership that we set up between the Lewisham and Greenwich NHS Trust and a district hospital in Rwanda, there is a mutual exchange of skills. The hospital in Rwanda is building up its technical laboratory skills and the NHS trust in the UK is able to bring back really important community outreach and community healthcare type skills that are very prevalent in African healthcare systems.

The Chair: Thank you. Mr Goodwin, is there anything you would like to add to that?

Philip Goodwin: I suppose it is just recognition of the historical shift since you represented the Foreign Office on the Committee. I think where we have shifted as an organisation is recognising that you can work across the system to do exactly as you say, trying to deliver at scale. These key strategic partners are really important for us in delivering the

kind of work that we want to deliver. We also have partnerships with bilateral governments. On the global standard, we have partnerships with JICA, the Japanese development agency, with KOICA, the Korean development agency, and we are consistently working across that to influence.

Importantly—and this connects back to the current Government's objectives—VSO, and by extension the UK, is seen as a global strategic leader. We are driving the agenda for volunteering effort and that feeds directly back into the UN system. UN Volunteers, as a partner, relies on us as the thought leader to drive the agenda. That is an example of global leadership for the UK and we suggest that that leads into the “soft power superpower” strapline.

The Chair: Thank you. I now go to Lord Boateng.

Q4 Lord Boateng: Mr Goodwin, you mentioned earlier that the Committee when travelling abroad might from time to time find in places of influence people who had been taught by VSO teachers. I can share with you that the Committee does not have to travel abroad to find such a person, because I was taught by VSO teachers as a boy growing up in Ghana. That was, believe it or not, some time ago. More recently as Minister for volunteering and as head of mission in South Africa, I found that one of the strengths of the VSO was your capacity to move quickly in response to emergencies and rapidly evolving situations.

Could you tell us how you have responded to the COVID-19 pandemic and whether or not it is true that if your funding were to be reduced you would have to withdraw from 18 countries and that would affect some 4.5 million people who are directly benefiting from your COVID-19 work? Could you give a sense of that, please?

Philip Goodwin: I think the Minister in the House of Lords mentioned last week that in the COVID response we adapted 85% of our programme under the Volunteering for Development grant within 10 days to respond to the COVID-19 challenge. We pride ourselves on our ability to adapt very quickly indeed and it is a great source of pride for me as Chief Executive of the organisation that our team could do that.

In those 10 days we worked out five areas in which we could respond and deliver: the first was raising awareness on COVID-19; the second was continuing to support health systems to respond to the challenge of COVID-19; the third was to make sure that children had continuity of education; the fourth was to make sure that vulnerable people, particularly women, were able to maintain their livelihoods during the COVID-19 pandemic; and the last one was to continue to strengthen overall systems of disaster preparedness. We identified those as the five pillars where we would work.

Over that period, we did a lot of work on raising awareness, building out of our experience on the Ebola response. Through the youth networks that we have developed—and we have youth networks across 18 countries—we were working particularly with young people to make sure

we were spreading the message around COVID-19 and hygiene and all of the other things related to it. We reached around 17 million people through that awareness campaign this year, so it is very significant. That is largely through radio and broadcast.

In health we were focusing particularly on issues of supervision in hospitals to make sure that Covid-19 protocols were being followed. We trained lab technicians, for example, in COVID-19 standard operating procedures. In Rwanda, Uganda and Ethiopia we used our youth networks to support local quarantine centres, making sure that social distance was maintained, taking body temperatures and so on. In Myanmar, we provided psychosocial first aid training for people who were particularly worried and concerned or affected by COVID-19.

We have had a programme on livelihood. In Tanzania and the Philippines, for example, we have been supporting microenterprises, particularly those with disability and women, training them to make soap, sanitisers, masks and so on. In education we have been finding multifaceted ways of providing remote access to education. Building out of some of our historic experience in designing radio programmes but also extending our work on this tablet, in countries around sub-Saharan Africa we have also been providing radios, making sure that parents have materials so that if they needed to continue education they could do it at home. In disaster preparedness, we have been supporting the establishment of emergency operating centres for disease response in nine countries. That is all on top of other things that we have continued to do.

Lord Boateng: What is the impact if the funding is cut?

Philip Goodwin: All of that work would have to stop because it is funded under the V4D grant. If the V4D grant does not continue on 1 April, all of that would stop and we would have to stop it immediately.

The Chair: Thank you and thank you to Lord Boateng for getting that clarification. Mr Newman, is there anything you would like to add to the points made?

Tim Newman: I have nothing to add on that point, thank you.

The Chair: In that case, I am going to turn to Lord Stirrup now.

Q5 **Lord Stirrup:** Good morning, gentlemen. Could you provide some context for us? The Volunteering for Development grant is clearly important to you but how does it relate to your budget as a whole? How does it compare to your other sources of funding?

Philip Goodwin: At the end of the financial year 2019-20, on 31 March, the Volunteering for Development grant represented 27% of our funding at that point. We then had a further 26% of our budget to run the International Citizen Service, which ended four weeks ago, so that programme has now ended. At the end of this financial year, so in a week's time, the V4D grant still represents about 27% of our income. On other income, institutional grants from a whole range of donors make up

a further 30%. Our work is funded by the Americans, the Canadians, the Germans, the Norwegians and the Dutch, so there is a lot of bilateral funding. We also receive some UN funding and about 11% of our budget is from public fundraising—individual giving. That is how funding is made up.

At the end of the last financial year you could say that the UK Government were a majority stakeholder—just over 50%. In our view, that represents the close strategic relationship we have with the UK Government. It also means that we are not entirely dependent on the UK Government and it recognises the value of our work by other donors who are prepared to invest in VSO's approach to deliver work at scale. To give you an example, the German government are funding us to deliver education reform across the whole of Malawi. I suppose that is a validation of who we are and what we represent. Again, for us that is very much the best of British into those contexts but recognised by the Germans. Similarly, the Americans are funding us to do a whole programme in Pakistan on women's economic empowerment. It is a very large programme. That extends our reach in Pakistan, but it is about us as a global organisation but a UK asset, if I can say that.

The volunteering for development piece is interesting. The UK Government have been extremely innovative in funding the volunteering for development approach. They have invested in that and it is a big investment but it is shown to work. If you look at what other countries invest into volunteering, the UK is increasingly going down the scale. At the end of two years ago the UK Government funded Volunteering for Development to the tune of £47 million. At the end of last year, it was £31 million, so it had gone down by £16 million already. At this point right now we are talking about £11 million and we do not know where it is going to.

If you compare that with other countries, the Americans are way out there. The Americans spend £286 million a year on their volunteering programme. The Japanese spend £73 million; the South Koreans spend £73.5 million; the Canadians spend £34 million. Even the French spend £15 million on it and that is the only bit we can find out—it is not entirely transparent but we think they spend quite a considerable bit more. Where we are going to now on the volunteering for development approach is somewhere around the Norwegians and New Zealand, who currently spend £6 million each. It is interesting to see the benchmark, and yet the UK and VSO is seen as the global leader in volunteering for development.

Those countries quite rightly see volunteering as an important part of their development impact and of their soft power and they are prepared to invest in it. What they are not so strong on, if I can be so bold, is getting development impact out of their volunteering programmes. The UK can be really proud that we can demonstrate high value development impact alongside the soft power networks and the learning back to Britain.

The Chair: Thank you. Mr Newman, is there something you would like to add to that?

Tim Newman: It is to emphasise the role of VSO in positioning the UK as the global leader in volunteering and the role that the development of the global standard has played in that in trying to set the benchmark for the practice of volunteering in the international space. It is creating benchmarks to ensure the duty of care responsibilities that we have to volunteers but also the people that they work with and to make sure that the activities that are undertaken by volunteers are genuinely contributing to an impact that will make sustainable change in the communities that they work with. That has led the sector over the last few years and set the benchmark for a whole range of different volunteering programmes.

The Chair: Thank you. May I turn now to Baroness Sugg, please?

Q6 **Baroness Sugg:** Good morning and thanks for joining us today. I should declare that, as a Minister at the FCDO, the Minister for Civil Society, the VSO sat within my portfolio then. What have you been told by the Government about the prospects for the renewal of the Volunteering for Development grant? You have explained about the timeline issue. Have they given you any indication about when they might be able to talk to you about the funding decision? Generally, how has communication been with the department over this period?

Philip Goodwin: As I said earlier, the Volunteering for Development grant originally was a £50 million grant over three years. It was due to run from 2017 to March 2020 and through that period it has been rated A+, at the top scale of performance. There have been three extensions since 31 March: one of four months, one of eight weeks, essentially, and one of six months. What was being talked about before those extensions was an expansion of the Volunteering for Development grant.

The business case that was proposed was for £80 million over four years because of the success of the programme. Throughout that period, we were told that that business case is still on the table and that we were expecting a decision to be made. At each point that decision was not made and we were given short-term extensions through that period. We have been in discussions or negotiations with DfID then and FCDO since August 2018. That has been in place for almost three years. It was originally signed off by Ministers in October 2019. There has been a full business case in place since November 2019. We have been asked to revise that case and various bits of it over that period but there have not been significant changes on it. Our understanding of what we were told is that this was in line with Government direction, that it aligned and they were positive about it.

All through that period we have been asked to keep infrastructure in place to deliver this new grant. Last month when we had the first extension we were told to hold the infrastructure in place for the expansion and at no point throughout that period were we ever told, "No,

change your infrastructure, everything is changed". We have been told to hold the infrastructure to deliver this new grant.

Over the last six months we were getting very little information, if I can be blunt, from FCDO and it became very quiet since Christmas, so we were getting no information. We have now just been spoken to by FCDO on Friday evening and told that Ministers would be making decisions on all development funding around Easter and offering us a bridging extension—a fourth one—of eight weeks but on reduced finance. We have now been given essentially 10 days' notice for a smaller budget, awaiting a decision that will come at Easter, hopefully, but with no indication of which way that will go. That is where we are, I think.

The Chair: Thank you. Mr Newman, is there something you would like to add to that?

Tim Newman: Obviously that stop-start lack of clarity puts us in quite a difficult position. Given the strength of our strategic relationship with the FCDO, we want to be in a position to deliver a new grant for the UK Government and to help to achieve the development objectives that the Government have. But we also have to safeguard the financial well-being of the wider organisation and we have to fulfil our commitments and responsibilities to our other donors, the other 50%, the other governments that we work with and, more importantly, the people that we work with, our primary actors. We are in a very difficult position of trying to balance those different responsibilities and needs.

The Chair: Thank you. I think Members are trying to absorb the uncertainty of the position that has further developed since last Friday. Thanks to both of you for your explanation in answer to Baroness Sugg's question. I am now passing to Lord Alton for the next question.

Q7 Lord Alton of Liverpool: I might say in parenthesis that, despite all the wonderful things that have been outlined to us, one of the things that struck me most is the way in which volunteering changes the volunteers as well. I think that that can have a radical effect on the individuals involved.

If the Volunteering for Development grant is not renewed, what would be the consequences for VSO and your programmes? Delving deeper into the replies you have just given, the Government have indicated that the cuts to ODA will be temporary and they plan to return to 0.7% when the fiscal situation allows. Would it be possible for you to scale back your work temporarily, or would the stop-start erratic cuts have serious long-term, irreparable damage and impact on VSO's work?

Philip Goodwin: On your first comment, there is a lot of evidence on the impact on volunteers. The youth programme, the International Citizen Service, is hugely successful. The research shows that over 75% of the people on the programme are better equipped to go into the workplace for employment and have more personal resilience and confidence. Normally for our skilled volunteer population the majority come back and

take on promotions for more skilled work. It is very clear that it has a very positive impact on volunteers.

On your substantive question, it will have a significant impact because the Volunteering for Development grant, as I hope I have outlined, underpins quite a bit of our work encroaching on issues around inclusion, resilience and accountability. If the budget is cut, we will lose a significant portion of our funding this year at no notice. I think it is also important to note that the Volunteering for Development funding has already been cut over this year by 30%—it is about 28% actually, so our budget has already been cut by 28%. The Volunteering for Development investment by the UK Government has gone down 75% since two years ago.

This is all pre-COVID and pre-budgetary constraint. If you go back two years, the budget for Volunteering for Development more broadly was around £47 million and now it is closer to £11 million. This is outside of everything else that has been going on over the last year. We have sought to adjust over that period, so we have not sat still. We have adjusted and looked at our cost base. The challenge for us is these very short-term, no-notice cuts where we are asked to maintain a structure and a cost base.

If the budget does not go forward, we will be stopping all the COVID-19 activities in 18 countries. That is paid for by the Volunteering for Development grant. Essentially, in one fell swoop that would end the 60-year strategic relationship with the UK Government. There would no longer be a strategic relationship because all our funding would come from non-UK sources. It would mean we would probably have to close up to 14 of our country programmes. The V4D grant allows us to extend our work. A lot of our other funding is into a relatively small group of countries at this point, but the V4D grant allows us to extend our network and extend the reach for the UK. So 18 countries would not have a Covid-19 response and up to 14 countries stopped, and that would undermine the reach of our programmes. We estimate at this point that it would not enable us to reach about 4 million what we call primary actors, which some other people call beneficiaries.

On whether we scale back and come back, the short answer is not very easily. To be given no notice to make that kind of change—and we have had to try to do that three times already this year, with significant cut upon significant cut upon significant cut, with no notice—any organisation or business would struggle to do that. We have proven to be very adaptable in trying to shift things around, but if you stop that—like the International Citizen Service programme, which has been stopped—it does not represent value for money. I very much hope that the UK Government reinvest in a youth volunteering for development programme. It has a huge impact for the UK and a huge development impact. The Minister in the House of Lords the other day—I cannot remember the exact phrase he used—described it as something along the lines of the jewel in the crown, such is the amazing impact of that

programme. It has been stopped and all of the structure has now gone. We can restart it, but that does not represent value for money for the taxpayer and that is the same thing with the V4D grant.

I cannot believe that the UK Government, as the global leader in volunteering for development, want to cut core capability to be a global leader even temporarily. If they temporarily cut it, what is it going to cost to restart it? That does not represent value for money for the taxpayers and the Government are concerned with value for money. I think the short answer is that it will not be easy and it will have a significant impact.

The Chair: Thank you. I go next to Mr Newman.

Tim Newman: I do not have anything to add on that point. Thank you.

The Chair: I now go to our last question in the formal run of questions, which is from Baroness Rawlings.

Q8 Baroness Rawlings: Following Lord Stirrup's question, have you explored potential alternative funding sources to replace the UK Government and institutional grants funding, especially with the insecurity that has come as mentioned in your answer to Lady Sugg, which is a very worrying situation? Have you considered more joint ventures—you mentioned one with Elon Musk of \$1 million—with the private sector and commercial projects in partnerships? We looked into this when I was with DfID with Andrew Mitchell.

Tim Newman: Yes, we are always exploring alternative sources of funding and, as Philip has said, we have significantly diversified our funding streams over the last few years. We have secured funding from a wide range of bilateral, multilateral and private institutions. To give you a flavour of that, there are awards from the governments of Norway, Germany, the Netherlands and Canada, USAID, intergovernmental organisations such as the EU and the UN and some private foundations like the Gates Foundation, the Lego Foundation and the Hempel Foundation. Hempel is a Danish philanthropic organisation. To give you an idea of the volumes of that, in the financial year 2019-20 we raised from those other sources just a bit less than £40 million and this financial year it has been around £26 million and that has all been from non-UK sources.

We continue to seek—and a large part of my job is continuing to seek—and apply for those multiple funding awards, but I think it is important to recognise that often those awards are a culmination of a long process, several months, sometimes years of work of positioning and conversation and co-creation, co-development with international development partners. Also it is a hugely competitive field. Replacing it very quickly is very difficult. Even when we are awarded a project, it sometimes takes another six months to negotiate the contract and for the project to get started and for the funds to start flowing. It is a hugely competitive field. We have been reasonably successful in navigating that field over the last

few years, but replacing a large chunk of funding like that provided by the UK Government through V4D is incredibly difficult over a very short period without any money.

The Chair: Thank you. Mr Goodwin, is there anything you would like to add to that analysis?

Philip Goodwin: We are very proud that our work is validated by other countries and that they and the private foundations are prepared to invest. It validates the value of our work. Ultimately, VSO is a British institution and we have a partnership with the UK Government that goes back 60 years. It is not something we lead on but it is part of the UK soft power network and diplomats around the world know that VSO is part of that soft power network. As has been mentioned, it provides life-changing opportunities for British professionals, and until recently young people as well, to volunteer overseas to get, as the *Sunday Times* said, a window on the world and develop themselves personally and professionally. I know parliamentarians—and that has been mentioned—have also been on VSO volunteering programmes and they have been a huge part of understanding the challenges in the world but also in building networks.

We can continue to function without the UK Government. We will be very different but we will not be a UK institution and we will not align with UK Government priorities for aid, and that just seems staggering. Why would any Government want to walk away? When they want to be a soft power superpower, why would they walk away from those years of value? I do not think that the VSO has ever spoken publicly about issues and how we work with UK Government, so we find ourselves in a very unusual position in talking in this way about it, but it seems a huge shame to me that at this point that is what we are talking about, that we would like VSO to not be a British institution going forward.

The Chair: Thank you. As you say, you are not usually in the position of talking about these matters. We are certainly grateful to you for doing so today. I said earlier that if there was time, as there is, I would make sure that I enabled my colleagues to ask supplementaries, going first to those who have not already asked a question. I am going to go first to Lord Campbell.

Q9

Lord Campbell of Pittenweem: Thank you very much for what you have said. I think you have shown a degree of restraint, which I am not sure I could muster if I found myself in similar circumstances. You used, for example, the expression “stop-start”; I might use the word “procrastination”. You have told us that you had recently, or perhaps currently, an arrangement with the German government and the United States government. Have either of these governments dealt with you in the manner that you have described about our Government? What impact has there been on morale from the stop-start nature of the Government’s approach?

Philip Goodwin: I will start with morale, and it does have an impact because we are facing a double storm. We are dealing with COVID-19 and I am very proud of my organisation's response to COVID-19. I am very proud that VSO volunteers and staff are focused on the mission. The phrase we use—and I apologise for the jargon—is primary actors. The people we work with are called primary actors: primary because they sit at the centre of our world—that is what we do—and actors because we believe they are active agents in their own development. Our work is to make sure that they are able to do that, take their place in the world and their opportunity to have their voice heard. My team, despite the fact that we had cuts at no notice last year, immediately set to work on adapting our programme to respond to the challenge in hand, responding to the needs of primary actors in the circumstances of COVID-19. They are having to do that with uncertain resources. They were doing that with a timeline of four months and then a timeline of eight weeks and then a timeline of six months and now a timeline of eight weeks. I am very proud of my team, but it is a difficult job.

On other donors, we have always had a close relationship with the UK Government. I want to honour the fact that they chose to invest in the Volunteering for Development programme. We have a proud history, cross-party, of investing into volunteering for development because it works. I want to acknowledge the fact that the UK Government invested into Volunteering for Development. Perhaps I will leave it there, I think.

The Chair: In the interests of trying to get in more supplementaries, I am going straight to Baroness Sugg.

Q10 **Baroness Sugg:** I hope our appreciation of the work of VSO and all of your team and all of your staff around the world is clear. You talked earlier about VSO being a proud British institution and that has come through very strongly. One of my deep concerns about the aid cuts is that we are the only country doing this in the middle of a global pandemic and, as far as we can see, G7 partners are all going in the opposite direction to reducing funding. Is that your experience as well? You talked about your international funding partners. Is their funding feeling stable and have you had any experience of any other international governments doing what the UK Government are doing and reducing funding at the moment?

The Chair: Mr Goodwin, would you like to go first on this or should I go to Mr Newman?

Philip Goodwin: Let me start, if I may, Chair, and I will hand over to Tim. The evidence is that all of our income last year was from other non-UK governments and so there still seems to be the commitment into development. It is very strange for us to be in a year where, apart from the short bridging funding, the UK Government did not invest and were making no decisions on development. I suppose that is the evidence I can give you. Anecdotally people seem to be holding a position and trying to fill gaps.

I think the other stark piece is that the UK Government have their eye off the ball on volunteering for development. If you look at the figures I quoted earlier on what other Governments are investing into their programmes on volunteering for development, I guarantee none of them is as effective as UK's volunteering for development programme on development impact. They are high on soft power, low on development impact; we are high on development impact and I would say high on soft power. I think we can be higher on soft power but it is for the Government to work out how they want to harvest that. It feels very wrong to compare ourselves with the Japanese, the Canadians, the Americans. The Americans are way out there; it is difficult to compare with an outlier. But for volunteering for development to be at the level of Norway, with no disrespect to Norway, and at the level of New Zealand, I think is where the Government have taken their eye off the ball.

The UN recognises that volunteering is essential for delivering the SDGs and we have seen the impact that volunteering has had in COVID-19, so we know what it is like in the UK, how important the voluntary sector and volunteering is. It is high impact, it brings social cohesion and well-being, all of those things, and active citizenship. Now is not the moment to pull back from that and that is what the Government seem to be doing and have done over the last three years.

The Chair: Mr Newman, is there anything you would like to add to that?

Tim Newman: On the wider funding landscape, we have seen a squeezing of international development funds over the last few years and particularly in the last year. There definitely has been a slowdown in the rate of funding being disbursed by many of the main donors, including the FCDO, and also the US has had its own issues over the last couple of years or so. Other donors, including the EU, have managed to find a way to keep the flow of funding going, keeping that flow of programming, to keep what we call calls for proposal flowing out, which is something that the FCDO, either through COVID or through the merger that has taken place, has really struggled to do over the last six to nine months.

The Chair: Thank you. I would like to squeeze in another question from Lord Stirrup.

- Q11 **Lord Stirrup:** I would have thought that, given the current Government's stated policies and priorities, the most powerful argument you have in your arsenal is the one about your contribution to the UK's soft power. I suspect from the comments you have made in this very helpful session that you would agree with that. To what extent has that been the basis of the argument up to this point and, if so, what have the responses been to it? Unsurprisingly, this aspect does not appear in your very good annual report, and nor would one expect it to, but it seems to me that it is probably the key argument with this Government at this time. How far has that been taken up to now and what have the responses been?

Philip Goodwin: It is a really interesting question. I think the UK Government have underappreciated the soft power of VSO. If you go back to the business case that I wrote for the UK Government in 2016, the heading of that says "VSO—a global asset, a UK asset" and it outlines in the front of that the possibility for soft power. The Government did not really take it up explicitly. I think there is an opportunity to be more explicit and certainly it is much more explicit in the business case for the next phase of the Volunteering for Development grant. There is an opportunity for the merged FCDO to be much more explicit in how they harvest that.

The Chair: Thank you. Mr Newman, would you like to add to that?

Tim Newman: That soft power element is mentioned very centrally in the Integrated Review that was issued just the other day. It talks about the UK being a "soft power superpower". We recognise that as well and following the merger of DfID and the FCO a lot of the correspondence and a lot of the conversations we had with senior figures at the FCDO centred around VSO's contribution to that soft power environment. The response that we got to it was very positive, recognising the role that we play in that space. However, that has not led to any substantive decisions being made, unfortunately.

The Chair: I thank both our guest contributors today for giving us such a breadth and depth of information. You have left us with so much to consider as we move shortly to our discussions about the conclusions that we can draw from all the evidence you have provided to us today. I know that I can speak on behalf of all my colleagues in thanking you very strongly indeed for your assistance today, for being able to discuss what is such an important issue to all of us. In doing so, I will now formally close the public meeting and remind my colleagues that we will move to a Microsoft Teams meeting separately. Thank you.