

# International Development Committee

## Oral evidence: Effectiveness of UK Aid, HC 215

Tuesday 17 March 2020

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Members present: Sarah Champion (Chair); Mr Richard Bacon; Theo Clarke; Brendan Clarke-Smith; Mr Ian Liddell-Grainger; Navendu Mishra.

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### Witnesses

I: Dr Emma Mawdsley, Vice-Principal, Fellow, Newnham College, University of Cambridge, James Rogers, Henry Jackson Society, Director of the Society's Global Britain Programme, and Ian Mitchell, Senior Policy Fellow, Center for Global Development (CGD)

II: Dr Tamsyn Barton, Chief Commissioner, Independent Commission for Aid Impact (ICAI)



## Examination of witnesses

Witnesses: Dr Emma Mawdsley, James Rogers and Ian Mitchell.

**Q1 Chair:** Thank you very much, witnesses. You have seamlessly now magicked before us, as though a theatre curtain has been revealed. My name is Sarah Champion. It is my pleasure to chair the Committee and this session. Thank you so much for coming. We appreciate that things are quite trying at the moment and you turning up is really appreciated.

We are looking for this session to be about 45 minutes long. We will all be asking you different questions. If there are additional things that you want to bring in that you do not feel that our questions have elicited from you, we want to hear the evidence from you to help us with our decision-making. Could each member of the panel introduce yourself and give a one or two-line background?

**Dr Mawdsley:** I am a Reader in Geography at the University of Cambridge and the Director of the Margaret Anstee Centre for Global Studies, which is located in Newnham College. I am also currently the recipient of some DfID research funding.

**James Rogers:** I am James Rogers, the Director of the Global Britain Programme at the Henry Jackson Society. My background is in strategic studies. I taught for many years in Estonia at the Baltic Defence College.

**Ian Mitchell:** I am Ian Mitchell. I am a Senior Fellow at the Center for Global Development, where I look at donor performance and in particular the UK's performance as a development actor.

**Q2 Mr Liddell-Grainger:** The recent launch of the Government's integrated review has reaffirmed that we are going to spend 0.7% of our GDP. Should we put in more safeguards to protect that? You are talking to Parliament here. Can we start with you, Emma? Should there be more safeguards protecting our foreign policy?

**Dr Mawdsley:** Do you mean legal safeguards?

**Mr Liddell-Grainger:** Legal and parliamentary.

**Dr Mawdsley:** There is a question over whether the sort of target of 0.7% is useful, regardless of whether it was 0.2% or 2%. A DfID staff member described it to me as trying to land a Boeing 747 on a postage stamp each year. As a result, it is very demotivating, creates extraordinary waste of time and it is inefficient. Therefore, regardless of if you do not mind that 0.7%, any target has accountancy problems that face civil servants. The 0.7% is so political and they cannot afford to get it wrong and they are held to a very tight account.

In defending it, the definition of ODA is spectacularly capacious. What we are seeing at the moment is the hollowing out from the inside. Australia chose to slash its ODA budget, really detrimentally to its own national interests in soft power. The UK is sticking with it and is held to it. Legally



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it would be very difficult to rewrite that legislation, but not impossible. Unfortunately, the process has been to hollow it out from within.

**James Rogers:** I largely agree. For me the issue is not so much the quantity of money that is spent, the 0.7% of gross national income, but rather what the money is spent on and, more importantly insofar as this is supposed to be an integrated strategic review, how it is spent in relation to the changing global conditions into which we are beginning to move. Those are conditions that are structured less by the conditions that we have experienced over the last 20 to 30 years and more by great power competition, which is what our previous reviews in 2018, the National Security Capacity Review and the Modernising Defence Programme, both outlined. In those circumstances and in those conditions where the likes of China or Russia are seeking to fundamentally revise the international order or the regional orders surrounding them, we need to think more about how we can push back against them to prevent them from corrupting the very order that we all depend on for our peace and security and wellbeing.

**Ian Mitchell:** It is good that the integrated review is broader than just spending. Development is a lot more than just the money we spend overseas. In safeguarding the UK, the degree of hollowing out, as Emma puts it, is relatively limited. The reason we know that is because it is relatively transparent. We have good oversight from the Development Select Committee, and we have ICAI. The UK Government are transparent with IATI and the aid programmes they publish. We are all clear about the balance that Ministers are choosing between poverty reduction, commercial interest or global public good, so I think it is there to see.

The definition is quite forgiving. It allows you to do quite a lot, which is why I am sometimes surprised that the Government think they want to broaden the definition even further. I do not think there is much you would want to do that could not fall under the target. I think it is reasonably transparent and clear. The judgments that Ministers are making on the balance between national interests and poverty reduction are not necessarily the ones that we would all take but I do not think the safeguards are the problem. The judgment is being made and we can see it.

Q3 **Mr Liddell-Grainger:** Can I come back to James? At the beginning you talked about the targeting. Do you think that we have targeted enough through the Act to make sure that money we put aside—Ian, you mentioned it as well—goes to the poorest and most vulnerable? Do we need to do more of a guarantee? We are talking about targeting. Do we need to go further?

**James Rogers:** I do not think necessarily we do. My understanding of international development is perhaps broader than some other people's. I think that the attention that we give to trying to alleviate extreme poverty in a material sense needs to be rethought. In the changing global



conditions that I identified earlier, we will increasingly see countries like Russia and China seeking to completely rewrite and completely transform the rules of the game within their respective regions. I am not sure under those circumstances that the spread of authoritarian government is in anyone's interests, even those who are potentially the poorest and most vulnerable people in the world. It certainly is not in our interests either.

We need to focus more on the impact that those countries are going to have and are already having through their own programmes, which are very different from ours. Instead we need to think about how we can push back against them. I would like to see much more attention given to the promotion of democracy and good governance rather than focus on extreme poverty in a limited material sense. I think we need to do that, understanding that this is an increasingly competitive international environment. Unless we understand that, we are at a structural disadvantage.

**Q4 Richard Bacon:** Dr Mawdsley, I would like to go back to something you said at the beginning. The problem of landing your departmental budget, whether or not you have the legal protection or incubus, depending on your point of view, of a statutory percentage of GNI, exists anyway. It was Patricia Hewitt who said that landing a jumbo jet on a postage stamp was like running the NHS budget. Can I be clear about what you are saying and what you are not saying? You mentioned targets and how they can cause problems. There are a lot of people who think targets cause problems in lots of different domains. I have a particular concern about the absorption capacity in many countries. If we have a growing economy—which does not look like it is going to be a problem in the near future—you have a need to spend extra all of a sudden within a specified time. I can see that being a big problem.

What are you saying generally? I noticed that your CV refers to your interest in donor exit and also in the private-sector-led growth agenda. I do not want to put words into your mouth. Are you saying that by definition having this kind of structural target embedded in the legislation makes things worse, or are you saying it is a good thing, but we need special thought and safeguards around it?

**Dr Mawdsley:** Thanks for the correct attribution. It is a generic accountancy issue within Government, full stop. It would be interesting, in a very big Government project, to try to find a different way of doing that sort of accountancy project and budgeting. You are quite right that it is across Government and not just ODA. Of course, ODA is very physical. You have *The Daily Mail*, seriously and still to this day, breathing down one's neck and, quite properly, ICAI and NAO holding up reaching 0.7% on the other hand. That is one set of issues.

The other set of issues is what we do within it. Ian is right and DfID has done very well, supported by ICAI, this Committee and other institutions around British development, to hold to the principles of poverty reduction. I am less sanguine than Ian about the hollowing out. I do think



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that is happening and I would be very happy to say more about that. I particularly do not think we just need to frame this as being bad for poor people in poor countries. The real danger is that we do neither thing well. For example, if we are doing security strategy, it can work very well. It has worked very well in some places like Sierra Leone. It has worked terribly in other places. For other donors this is true too, in Afghanistan and elsewhere.

I work a lot in India where there is a very strong dimension of economic diplomacy. Basically, we want to look a lot more like Japan. The Indian central government welcomes Japan's ODA with open arms. Japan is a welcome visitor to the door. The British turn up with a hodgepodge of trying to make a fairly inert, not very malleable thing called ODA. We are neither doing economic diplomacy very well, nor are we particularly doing the dangerous poverty reduction very well.

It seems to me that if we want to do both those things well in the current global landscape—I disagree very strongly with James. If James wants to do defence, that is fantastic, and he should do it with defence money and intelligence and all the other things. Of course there is overlap, but I am more interested in doing poverty reduction and development well. There is a growing world of economic diplomacy and I am not sure that we are turning our ODA very well to it.

**Q5 Richard Bacon:** I have two quick follow-ups in reverse order. Are you saying that Japan treats India as an investment, with a long-term development investment approach? What is the "it" that is working well in Sierra Leone but is not working in Afghanistan? Until recently, Afghanistan was by far the biggest DfID office, so it was not for lack of resources going in, was it?

**Dr Mawdsley:** There is a whole lot of experts who have looked at the DfID defence role, and not just DfID, of course, but the Canadians and the Americans. I supervised a captain in the Royal Artillery who was one of the key people in the army dealing with DfID. We all agree that Afghanistan is not in a particularly great position. There is a lot of work on that precise relationship and how it worked out on the ground, with people on all sides—the MoD, intelligence, DfID—trying to do their best. But instrumentalising ODA to serve security purposes is not so much that it is pulling it away from doing poverty reduction, it is just that it is not necessarily always doing security very well either.

I am on more comfortable ground with the Japanese, who do things with ODA that no one else seems to manage to do. If I can give you an example from India, it has helped massively with low repayment and core development technical expertise. The UK is struggling. It is trying very hard. There are a lot of great people in India who are trying to make this relationship work within the framework they have.

Something that is working really well, interestingly, is the Green Growth Equity Fund. It is co-designed with the Indians and co-financed. They



love it. It is doing interesting investment in small-scale renewables, but it has stretched the definition of ODA to the very limit of what we might think ODA is. We could probably do more innovative and more interesting things if we thought of it as economic diplomacy and funded it. I have a bigger thesis that you might not want to hear right now. We need to step up our ODA for a new environment without losing the poverty reduction and developmental goals. I do not think we can do everything under that definition.

**Q6 Mr Liddell-Grainger:** Following on from that, the proportion of money that is spent outside DfID is growing. Is it more effective that way, from what you have said? You were just talking about trying to be more innovative. Would it be better to spend it outside the control of DfID?

**Dr Mawdsley:** It is not more effective at poverty reduction or development, and those are, of course, two different things. I am not convinced—and Tamsyn Barton from ICAI may be able to tell you more—it is all that much better at fostering economic diplomacy relations with middle-income countries and so on. ODA is a very restrictive tool. It lets you do some things and not others. I know that the danger of my argument is that it will be jumped on by the Henry Jackson Society, which is desperate to snatch ODA and reduce it and all the rest of it. Forgive me, James.

**James Rogers:** That is not actually true.

**Dr Mawdsley:** All right, but do different things with it, or by the opponents who think this is not spending in the national interests and think we should be spending it on people in Sunderland and so on. It is not that. If we are going to do poverty and international development well, we need to focus our efforts on it. At the moment we are trying to do so many other things with ODA as well. We are trying to grab it for this, grab it for that, make it serve these purposes. We would be better to do what we do brilliantly and well through DfID, with enormous soft power, with enormous reputational brilliance, and then do this new, growing, booming world of economic diplomacy and development financing that is really pushing ODA to its limits.

Britain could lead this. Ian and I were talking. We do not quite see eye to eye, but he was saying this has to be a global effort. Britain could lead this at the OECD DAC. The world is changing. All donors are becoming more mercantilist, more narrowly oriented, and coronavirus shows us the dangers of that. We are going to enter into another period if we are not careful of narrowly defined national self-interest.

**Q7 Mr Liddell-Grainger:** James, would you come in on that?

**James Rogers:** On which part?

**Mr Liddell-Grainger:** The ODA using its ability—to carry on Emma's argument, is it doing it the right way, is it being effective?



**James Rogers:** The issue here is we should not be focusing on trying to allocate specific amounts of ODA through different Departments. We need to decide instead what we want to achieve with that money in the new changing global environment and then allocate that accordingly. My preference would be through a single source. If it is to be allocated through multiple sources, it needs better oversight to ensure that it is being given with maximum effectiveness and in such a way that is more strategically targeted in the way Japan is seeking to achieve.

Remember, Japan is now seeing the Belt and Road initiative that China has embarked on. Some people have described this as an international development effort, and in some ways it is, but it is a very specific one. It is geared towards a very specific objective, which is to empower China, to put China at the centre of the global economy and to capture a number of different states surrounding China and make them serve the Chinese national interests. In some ways it is a bid for world power.

The Japanese and the Indians are acutely aware of this because they are the neighbours of China. They understand that they need to co-ordinate more effectively to provide quality investment to overcome China's sheer quantity and to ensure that there is a degree of co-ordination between the strategic and more altruistic purposes, that is to say to improve the situation of numerous countries in that region in which they are located, the Indo-Pacific.

Therefore, you have to understand that international development is not just about alleviating extreme poverty, it is also intrinsically connected to the changing global order. We are going to see increasingly in the years ahead countries such as Japan and India and other partners of the UK seeking to pursue this kind of agenda. I would agree that there is a great opportunity here for the UK to play a leadership role and to use its resources, which are not inconsiderable. Remember that the UK is spending on ODA around 70% per year of what China spends on its Belt and Road initiative. Under those circumstances we are not without capacity. What we lack is strategic direction and, more importantly, a more joined-up approach with our most important democratic allies.

Q8 **Chair:** James, for clarity, what you are saying is that you would still support the funding, probably through DfID or something like it, to alleviate the extreme poverty around the world, but you are seeing international development as needing to be looked at with fresh eyes and maybe a fresh strategy and, therefore, fresh funding as we go forward?

**James Rogers:** Exactly. My preference would be for a centralised source for British Official Development Assistance efforts. I do not support the idea of syphoning off little amounts here, there and everywhere. Around 30% now goes through Departments other than DfID. That does not seem to be the most beneficial approach. However, it could potentially be done like that if there were greater oversight as to how that money is spent through those different Departments for a common objective. From my perspective, we need to focus more on what that common objective is



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in the changing global conditions. We cannot allow this to take place in a vacuum because it would be ineffective.

**Ian Mitchell:** I want to follow up on a couple of points that Emma made. I agree with James that the idea of top-down allocations of departmental budgets is not sensible. The last strategy and spending review was designed specifically to do that. The Treasury had a specific idea that 30% would be spent outside of DfID. I was a DEFRA official at the time. Treasury was telling us to find more things that could be classified as ODA, to spread the money around. We need to look at the evidence on that, and we have reviewed all of ICAI's eight years of studies and we found that even for the objectives that the aid money was given out for, some Departments do better than others. The FCO has had six reviews and five of them have given an amber/red. That is not in relation to poverty reduction. That is in relation to the objectives that it sets out for its programme, which were less focused on poverty reduction.

Other parts, like the Ross Fund for example, have come back very well as a good use of the money. It is easy to say now, but measures on the spread of preventable disease and anticorruption programmes have been successful. It is that top-down allocation and who has responsibility. The NAO concluded that no one has responsibility for that. No one has taken responsibility for the decision to spread the ODA and what that strategy achieved. That is a lesson from last time about the effectiveness.

Sometimes we do, understandably after 10 years of austerity, have this discussion in a UK-orientated context. Your question was hinting at what does the world need. Donors got together in Istanbul a few years ago and decided the least developed countries should get between 0.15% of GNI and 0.2% of GNI. Very few donors met that. The UK made it for one year and now it has fallen back to 0.12% or 0.13% for the UK, so we are not meeting that commitment on least-developed countries. That is a function, in a sense, of the strategy. The money went elsewhere rather than into DfID or into the least-developed countries.

Looking globally at what the UK does as a development actor, it is the only G7 country that meets the 0.7% and it is a champion of poverty reduction and it gets a lot of credit for that in the international community. If it went down a road like Japan, it would lose reputation because of that and would lose a lot of its influence in many countries. Japan is recognised as a quasi-commercial development actor and its reputation suffers accordingly.

**Dr Mawdsley:** It isn't Japan for everyone, including, let's say, Burundi, but the Japan model for India—not in total. Of course, it is much more to Japan and to us, but I think we need to redefine our strategies for middle-income countries and to look at what India wants and what we can do best and where we can promote local goals working in partnership with India. At the moment, Japan looks more like what it wants than we





are giving. However, we have to be careful. There is always a bundle of activities funded within ODA.

**Q9** **Richard Bacon:** Mr Mitchell, you described the centrifugal force away from the least-developed countries, and while we might have done that for a bit it is tending back towards the nearer to middle-income countries. Is that not because it is easier? I remember when the Commonwealth Development Corporation was spending a huge amount of money in middle-income countries. The National Audit Office did a study and it was basically replicating what a lot of emerging-market banks were doing, and the chief executive decided to replicate their salaries as well by paying himself nearly £1 million a year. It was because it was easier to do it than to tackle the really entrenched problems in really poor places. That leads on to the underlying question I want to ask. When does poverty reduction become economic development?

**Ian Mitchell:** You are right that it is easier to do aid projects or development in countries that are better off and to have those partnerships. The last strategy had a fragility focus, or at least it said it did, but the amount of effort the UK made in fragile states went down as a proportion of its aid budget during the period of the last strategy that said it would prioritise it. Also you need more than just aid in fragile states and the very poorest. You need technical assistance and partnering with the Government. That requires an investment that is difficult to make. It requires staff to take risk, it may involve the involvement of security and so on.

It is reasonably clear that once countries get to the top of middle-income status they are in a position to fund their own poverty reduction if they wish to. There is some nice work by ODI and Marcus Manuel on the self-sufficiency pathway. I think until then there is a role for aid in both economic development and poverty alleviation. Those things interact.

**Richard Bacon:** Yes, that is my point. When does one become the other?

**Q10** **Theo Clarke:** That is very interesting. I want to pick up on Ian's points about what proportion of the 0.7% should be spent by DfID versus other Government Departments. I know that in 2018 75% of UK Aid was spent by DfID. I would be interested to know if each of you have a specific view on what proportion you think should be spent. I am particularly interested because obviously DIT was not previously a spending ODA Department but now is and there are a number of cross-departmental funds like CSSF and the Prosperity Fund. What do you think should be spent by other Departments or do you think it should be spent mainly by DfID?

**Ian Mitchell:** I started by saying I do not think you should set an arbitrary number at the start. It probably would be closer to 80% for DfID if you looked at the value and the return and what is being done.



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One of the things to flag in relation to middle-income country spending in general is that a lot of people have missed that most of the money we give the EU—not aid, the £9 billion net money that we give to the EU that will stop at the end of this year—ended up in southern and eastern Europe on economic development projects. It is not aid, those are not poor countries, but the UK was giving £9 billion to the EU, and £5 billion a year was ending up in economic development in mostly eastern European countries. That is a huge amount, something like 0.5% of GNI. When James is talking about having a more economically focused diplomacy programme and spending for it, that has gone under the radar as money that we used to spend that bought us a seat at the table in the EU and that now will not be spent. A slice of that on FCO diplomatic staff, which would be a tiny slice, along with a bigger slice for economic diplomacy, could still save relative to what we gave to the EU but give us both. If the global Britain strategy is genuine and we are going to set up our presence and our spending, I would see that as a big part of it.

The idea that there are not enough projects to spend 0.7% on is mad. If you ever go to a developing country and you say to the ambassador, to Kenya or Tanzania or Sierra Leone, “If we double your budget, could you spend it?” they would bite your hand off for developing projects. I was in Kenya recently and there were 50 kilometres between basic health centres providing nutrition and pregnancy support for children and mothers. The World Health Organization’s recommendation is a 5-kilometre gap. These are sparsely populated areas, so maybe not 5 kilometres but you could double the frequency of those with UK Aid money and you would be literally saving lives. You can see the handwritten charts showing the number of people that were admitted and you hear the stories of people who have walked 20 kilometres to get in.

We obviously have to make a decision on how much we provide in overseas aid. It is not limitless, but there is a notion that we are trying to find ways to spend the 0.7%. If you go out and talk to the multilateral agencies and our partner countries, there is absolutely a need. You will see it from the number of people who die from COVID because their basic health systems just are not there.

**James Rogers:** I do not know, because the issue is what do we want to achieve. That is the issue that should set the amount of money that we allocate through specific Departments, if indeed we set that money through specific Departments at all or whether we try to focus it through a single Department with a more integrated approach. We need to look at the objectives rather than the amount that we allocate through specific Departments or avenues.

**Dr Mawdsley:** I agree. It is much more important to look at what we want to achieve and then think which Departments are best able to deliver it, rather than put top-down targets where we get Departments desperately trying to find things that might be ODA eligible. That said, some of DfID’s international credibility and weight and ideational



leadership comes from its size and the fact it is extremely well used to doing what it does well, and we know that other Departments draw very strongly on DfID. As ICAI reports have shown again and again, DfID has stood up and been able to defend, with other institutions, the poverty-reduction targets and principles.

James is right that it is the objectives of what we want to do that count. We need to rethink some of those objectives, in which case DfID might be better continuing to harbour and harness the poverty reduction in international development. International development is a bigger concept than poverty reduction. Global public goods, antimicrobial resistance, climate change and governance are all part of international development. In that regard, the idea of pushing it out to different Departments and having that as a goal is the wrong way around.

**Q11 Theo Clarke:** My concern is that I see over the previous Governments there has been a trend to increasingly spend money outside of DfID. Dr Mawdsley made a very important point that DfID is seen as spending the money well. I was looking at a previous report called the Aid Transparency Index. It said DfID is considered to spend taxpayer money effectively and gets value for money, but I am not convinced that some of the other projects by other Departments do. My concern would be if we continue to dilute DfID's budget and hand it out to other Departments. Is that something the panel is worried about?

Ian, for example on other Departments spending the money, like having more of these cross-departmental funds where it is shared between the Foreign Office and DfID, or maybe there will be a planet fund that is spending money on the environment, are you concerned that we are starting to dilute the aid budget by giving it to other Government Departments outside of DfID?

**Ian Mitchell:** The evidence tells us that some of those projects have been successful and some have not. The Aid Transparency Index is one of those that suggests that DfID is able to make large parts of its portfolio transparent whereas other Departments struggle. As part of the spending review that will go alongside the integrated review, the Treasury should look at the value and the evidence around the projects that can be undertaken and review them on their merits.

Someone said previously that if contractors had the record of some Departments, if we had a contractor that was performing the way that some Departments were, we would have no hesitation in pulling that budget back and saying, "You are spending this money poorly, it is taking you too long, let's review this project and do it differently". We have applied a different standard to some Departments in relation to their aid spending and we have allowed them to build their capacity over time rather than insisting that they spend it well from day one.

**James Rogers:** The other issue is I do not necessarily agree that the amount of money that has been allocated to other Departments has



continued to go up, because I think DfID saw a small increase in the percentage of money that it was allocated in 2018. It went up from something like 72% to 75%, so it is a dynamic situation. The point for me is not what Department should get most or what Department should get what percentage but rather what we are seeking to achieve with our integrated Official Development Assistance effort in comparison to or in the context of our broader foreign policy agenda.

**Q12 Richard Bacon:** I would like to ask about multilateral spending, the money that is committed right from the start to be spent by UK Aid but through multilateral agencies, which I believe is about 36% of the total. Do you think that is a good use of UK Aid money?

**Ian Mitchell:** I absolutely do. It is harder to give multilateral support. It does not get your badge on it, it does not buy you bilateral favours in UN voting, and so it is harder to do. The evidence on multilateral spending on the whole is that it tends to be less fragmented and there are economies of scale. Sometimes if you go to a development project you can see five badges on the wall, from USAID, Italian aid, UK Aid and Commission aid. I think it is much easier for a recipient country to work with a multilateral donor over a period of time. It varies, it is not uniform, but on the whole when you look at indicators of aid quality on fragmentation, efficiency and transparency, multilaterals score very well.

The UK is also very good at driving reform of multilaterals and using its stake in those multilaterals to do that. They are obviously not perfect. The UK has been successful in driving reform in humanitarian, for example, in the use of cash. It is a big plus for the UK in both its effectiveness as a donor and its global leadership role that it takes a big stake in multilaterals and supports the multilateral system when other countries are standing back from it.

**James Rogers:** My view is that we should consider the degree to which we provide this kind of assistance and provide money to various multilateral organisations. There is a great opportunity here for significant reform in the context that I was explaining earlier. We have heard or we have discovered in some areas and in some organisations that the UK has allocated significant amounts of money to those organisations and they have not been spending it in ways that we would perhaps agree with.

For example, my organisation undertook a study of the United Nations Relief and Works Agency for Palestinian Refugees last year. We discovered from this research that a significant amount of the money that was allocated to this was being used to promote extremist literature through the Palestinian organisation's educational programmes. This does not seem to be the kind of allocation that we would wish to see.

We need to think about reforming the money that we provide to multilateral organisations or multilateral forums and think more about how we can co-ordinate our efforts with likeminded allies—whether it is Japan or various European countries and also our partners in the



developing world—to maximise our impact. In some respects, we have an opportunity to simply wipe the slate clean or in fact make significant reforms to what has already been achieved and to ensure that we have the means to push back against those countries that seek to use international development—such as China’s Belt and Road initiative—to capture elites in developing countries and to transform those countries in service of China’s national interests.

**Chair:** For clarity and for the record, UNRWA has pushed back quite robustly about the comments that you made about the refugee literature.

Q13 **Richard Bacon:** Dr Mawdsley, should we be pushing multilateral aid, or should we be doing it more unilaterally or bilaterally?

**Dr Mawdsley:** Absolutely pushing it, with British leadership. The idea of simply allying up is to beckon the new cold war even faster as we approach the global apocalypse. Multilateralism could not be needed more than ever before. The coronavirus makes that absolutely clear, so does pretty well every other existential threat facing the world. Who would not be without the WHO right now? They are not perfect institutions, of course they are not. There is too much earmarking and too much national interest.

Here is a bigger question about what the national interest is. It is the national interest that we have a strong multilateral system in which all nations, regardless of their political orientation, can come together to try to deal with things like the coronavirus, which we need to do. We cannot do it without them. We cannot hive ourselves off from that.

To bring it back to the very poorest of countries, we are about to see the most terrible things happen in sub-Saharan Africa and the poorest Latin American countries, and indeed India and other countries, which may be middle income but that have massive reservoirs of poverty. It is in British interests that we try to put in healthcare centres and assist Kenyans to provide technical expertise on pharmaceuticals and antimicrobial-resistance practices in India, which are very poorly used.

Therefore, I am 100% in agreement with Ian. We must get away from the idea that there is a bifurcation between national interests and multilateralism.

Q14 **Richard Bacon:** Would you prefer to see more of the available aid money going multilaterally rather than directly?

**Dr Mawdsley:** Content matters and which bit of the system and so on. I would like us to step up our leadership within the system. One way of using the system would also be to mop up the end of the budget, so instead of trying to push it into unsuitable projects, if we were to use UNDP and WHO as a way of getting around our accountancy, with the inevitable problems of accounting, that is a particular route of supporting the system.



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Q15 **Richard Bacon:** You would like to see it go up?

**Dr Mawdsley:** Certainly not fall at all.

Q16 **Richard Bacon:** Mr Mitchell, you referenced cash, among other things. You also said things have improved a lot. I remember very clearly Suma Chakrabarti, when he was Permanent Secretary, talking about the problem of multilateral aid, because the National Audit Office had done a number of studies that demonstrated very clearly that the money that went multilaterally was less well spent. Are you saying there has been a transformation and it is now much better than it was?

**Ian Mitchell:** I do not think we have a good understanding of effectiveness. You would have to go organisation by organisation if you took the multilateral system as a whole and asked has it become more or less effective. You would say there have been helpful reforms that have moved it in the right direction. James has given us a potential example of where there might be ineffectiveness. If the UK is at the table in those organisations, it can make more difference to improving the effectiveness of them than just its own money.

Q17 **Richard Bacon:** Does it need to go through multilateral organisations? I will give you an example. I was working in Sierra Leone with the National Audit Office some years ago and I discovered from talking to the embassy there that essentially the French had almost no representation there. They relied on us and we did the same in reverse in Mali. It is also true that country officers of various different individual government aid offices can co-operate on the ground quite easily to say, "We will do this over here and you do that over there". They are talking all the time anyway, are they not?

**Ian Mitchell:** There is donor co-ordination, definitely. I think that problem has been overstated in the past. Having too many donors is a nice problem to have and it is not hugely problematic. I am thinking particularly of the World Bank and the depth of expertise it has in the countries and the long-term relationships that it has enable it to be a very effective in-country partner if you contrast it with other donors like the US, who tend to come into countries in certain priorities and then come out again and it is quite difficult to deal with for the partner country. If the aid is going through those multilateral agencies it can be more effective in that way.

DfID is an excellent bilateral donor. I can see why Suma Chakrabarti would contrast the effectiveness of some multilaterals in some settings with that of DfID, but there is a wider benefit to the engagement with the multilaterals. By definition, contributing to the multilateral system means that things will happen that you have not necessarily completely bought into. That is what working through multilaterals means and reaching a collective position is the value of it. That is the price you pay.

I would also draw a brief distinction between using multilateral agencies to deliver so-called bilateral aid through multilateral delivery channels.



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They are effective delivery agencies, so I am not criticising that necessarily, but what I am arguing for is the core contributions that give the certainty to those organisations to develop international norms. WHO is the easy example, but also climate change. We need a multilateral response to that, and the bilateral approach is not going to work.

**Q18 Navendu Mishra:** What is your view about aligning aid spending more closely with British foreign policy interests?

**James Rogers:** It depends what you mean by that. The case of the Pergau Dam incident from the 1980s is raised. That is often held up to explain why we should not align our aid delivery with our foreign policy interests. However, of course, that is only a very specific type of alignment and probably a form of alignment that is not particularly beneficial either to yourselves or to the countries concerned. You might describe this as a form of transactional aid, and I think that would be deeply disadvantageous to us. That is the kind of thing that the Chinese do when they provide their so-called foreign aid. What we should be considering is the fact that providing foreign aid is not necessarily out of alignment with our national interests. It is the way in which we try to target that aid and what we are trying to target it for.

Already we have a national aid strategy that states that our four primary objectives are: "To strengthen global peace, security, and governance; to strengthen resilience and response to crises; to promote global prosperity; and to tackle extreme poverty" around the world. Therefore, we already recognise that there is not necessarily some kind of strict distinction between those two things.

What I would draw the Committee back to, a thing I discussed earlier, is that as other countries, particularly China and Russia, provide so-called foreign aid—which is very different to how we envisage it—as they provide this more transactional aid in order to try to capture developing countries and make them work to their own national interests, we cannot be unaware of it and we cannot do nothing about it, because in time what will happen is quite simple. The likes of China and Russia will grow in power and we will grow weaker. More importantly, the countries within the developing world that are subjected to this kind of competition, particularly on the part of the revisionist states, will suffer many different consequences, such as seen in the Ukraine and Syria, of the complete dislocation of the state, the complete destruction of the way of life, and conflict and war. We have to be aware of this.

I would argue that we need to target our assistance in a more strategically defined way. Therefore, you get a greater synergy between the two components, the altruistic component on the one hand and the strategic component on the other. Those should not be seen to be mutually exclusive. They are, in the new era, increasingly drawn together.

**Q19 Navendu Mishra:** Do you not think that the pursuit of British national



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interests creates tension, maybe conflicts, with UK Aid's other targets? You mentioned tackling extreme poverty. Do you not think there is a tension created?

**James Rogers:** It could produce tension. Again, it is the way in which you deliver it and define it and what you are seeking to achieve. If you want to give aid in the way that China does, in this transactional way, of course it will create huge problems, and we are already aware of them from our own history and experience. However, if you want to target the aid in such a way that it has quality of synergies and feedbacks for our own security—which to some extent we say that we are already doing but we might want to consider further in the context of the rise of major power competition in the world, particularly over the next 20 to 30 years—that is not necessarily the case. We need to think about this in the context of a broader and more holistic understanding of what we are trying to achieve in the context of international development.

**Dr Mawdsley:** It is perfectly possible to align the principles and goals of international development, if we count those as peace, prosperity, sustainability, poverty reduction and, I would add, less inequality between nations, with foreign policy agendas. British foreign policy would surely want a world that looked more like that. Where it is harder is where you come down to operational alignment. Once you put the FCO in charge of ODA money, it can do some good work in places.

Britain has national interests that extend in many directions and with many principles and outcomes and it is not reducible to one small set of goals, so the principles of international development, which are quite high, are entirely aligned. That is not a problem. It is how do we best achieve them. Operationally there can be more tension in particular places with budgets, staff, tools and so on.

I agree in some ways with James about our objectives. I think we probably have very different objectives, but I agree that we should not separate out international development from national interest as if the two were in opposition in any way. Of course, the classic problematic binary is to see British poverty in competition with British ODA spending. This is a very understandable question. Some of my colleagues think it is an illegitimate question because *The Daily Mail* asks it. I do not think it is an illegitimate question at all, but Britain is—

**Richard Bacon:** And politicians are asking.

**Dr Mawdsley:** Indeed, and so they should in the context of too many young people now going to food banks. The answer is that we are, by some counts, the fifth richest country in the world. Poverty in Britain is not because we use 0.7% of our GNI to go overseas. That argument is utterly false. Poverty in Britain is because, in my view, of choices we have made about the allocation of taxation and spend.





Of course, much of the ODA budget comes back into the UK, legitimately or illegitimately. Where once we had Pergau Dam, we now have universities. The ICAI and the National Audit Office pointed out that the most egregious example of tied aid is the Newton Fund. This too is quite interesting in terms of, while formally not tied, who benefits. If we tied aid, as the Chinese do, to external spending, bearing in mind that China is still a much poorer country than we are, it is no longer, rightly or wrongly, the arms manufacturers, the workers on the assembly lines of tanks and helicopters, who get the benefit. It is PwC and universities and researchers like me. Even in thinking of the Pergau Dam and where the benefits of aid come back into the national economy, I would say it is not a particularly inclusive picture. Not every last part of it is wrong.

We need perhaps to move away from the 1980s idea. I think the Pergau Dam haunts us in a way that is quite unhelpful for the situation we are in now. Funnily enough, for a leftist intellectual, I would also say there is a transactional dimension to ODA. It is what is really happening with British aid as much as everything else. We are not that much different in some ways from the Chinese. We give and we expect to receive. We are haunted by the idea that aid is altruistic. It can be altruistic, but it is always political, and we always get things back in return, including global public good, so that is fine.

India is another one. The Indians want a more transactional experience. They do not want to be treated like starving waifs who need a handout. It is a powerful country and a dignified country, problematic in some regards. That more transactionality is in some regards a culture and an exchange of equals around technical expertise and projects and programmes that could be more desirable in some contexts but not every context.

**Q20 Theo Clarke:** Can I pick up on the point you just made about the challenge operationally of aligning with, say, the Foreign Office and DfID? There was a very important Government announcement in the last two weeks about how DfID officials in-country will now report to the ambassador. I would be interested to know, particularly Ian, what your views are on that, because that is quite a fundamental shift in how we are aligning our objectives. Obviously you will notice that every single Minister, with the exception of the Secretary of State, is now a joint Minister. What are your views on those two things?

**Ian Mitchell:** I want to agree with Emma on the point about national interests. We have not really seen any examples of aid that is purely designed to benefit UK commercial interest yet. I think that we need to be watchful for that. I would guess that some officials have had to challenge some of those ideas. We should do the international commercial tie-ups if they are worthwhile for the UK taxpayer but not with ODA. If they are in our own interests and the money has a return, let's spend that money. That is great, but it is not mainly in the interests of developing countries. That is something we have not seen yet.



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I agree with Emma on the national interest point but it is much broader. I thought she made an important point—and one I wanted to mention—about research and development. Research and development is a great example of a global public good and something that we all benefit from. The UK is doing much more on ODA R&D than any other country, by an order of magnitude. Ours is something like £1 billion a year on R&D. The way that that has been handed out and the way that it is contracted—there are phrases like, “Awards will normally be made to a UK research organisation” in the tender documents. There is effective tie-in there. We are not picking the best researchers or the ones in developing countries that could transfer the knowledge best, we are targeting it towards UK institutions. We should be unwinding that and making the most of that money and focusing it on developing country problems. That would be a useful focus that has not had enough attention.

On Theo’s point on the new arrangement, some people have asked is this a de facto merger of DfID and FCO, both with the ministerial mergers and with the reporting to ambassadors. I think that DfID heads of country officers should have already an extremely close working relationship with the ambassador. I am very comfortable with the idea of a dotted-line reporting arrangement that means that they have a dual-line management. For the sake of parliamentary accountability and responsibility for ODA budgets in particular, their responsibilities need to be into their accounting officers who have responsibility for the money. That responsibility, it seems to me, stays with DfID officials for the ODA budget and they should be supported and empowered to challenge the ambassador where that is not the case. I am somewhat comfortable with that. I think time will tell whether there is unreasonable pressure being placed on officials and potential risk of waste.

I think the joint ministerial portfolios seems a sensible move to joint working. That is a much better solution to how do you get a joined-up approach for the UK in-country than, for example, merging the two Departments. Time will tell how well that works. Both sets of officials will see each other’s briefings. The Foreign Office will see DfID briefings and vice versa. That does not always automatically happen and that is useful to see. A Minister who has responsibility for a region will have absolute clarity about both sides of the house, so there are some promising things.

The problem is it is all under a cloud of what is the motivation for this. If the motivation was to increase the UK’s development impact, it could be very positive. Whether that is the case or whether it—

**Chair:** Ian, we are straying into speculation. While it is very interesting, in the interests of time, we need to move on.

Q21 **Brendan Clarke-Smith:** Good afternoon. What do you think are the opportunities and risks of merging development with foreign affairs?

**James Rogers:** I have written a little bit about that, saying that I support it. I am assuming you mean here the idea of merging the



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Department of International Development with the Foreign and Commonwealth Office. My understanding is that if this were to occur in the future it would be advantageous for the Department for International Development to be rendered an agency with some degree of autonomy within the context of the Foreign and Commonwealth Office.

The countries that have done this recently, being Australia and Canada, which merged their respective independent departments for international development into their foreign offices or foreign ministries from 2013, led to an increase in inefficiency in the context of the delivery of aid. The Aid Transparency Index has already been mentioned in that context.

This is, of course, a possibility but again the issue is about how it is undertaken and for what purpose. You can see it in other contexts, such as in Norway or Denmark—where those respective countries have both held their departments for international development as agencies within their foreign ministries since the 1960s when they were formed—that have among the highest degree of international development assistance provision in the world.

The Australian and the Canadian examples should not be held up as reasons why this should not be undertaken. The issue goes back to where we started, which is what are we trying to achieve and how are we trying to achieve it in relation to our other objectives. As I said, I think it is increasingly important, as we face major power competitors that mean us harm and potentially developing countries harm as well, that we think about we can create greater alignment between our foreign and development policy to achieve common objectives with those countries and our likeminded allies and partners around the world.

**Q22** **Brendan Clarke-Smith:** Thank you. Dr Mawdsley, what do you think?

**Dr Mawdsley:** With a broader view of what our foreign policy goals are, we can say it is entirely achievable and to recognise that international development is an enormous foreign policy agenda that we should have, very much in our own interests as well as those of others.

James is right on merging. You can get greater administrative efficiency but at tremendous losses. Canada is described as having sabotaged its soft power achievements, and Canada did have an incredible soft power through CIDA, and it sabotaged those with the merger. There have been tremendous frictions. Canada has kept up its budget, so too did Norway, which at least was better than Australia, which squandered a huge amount in its move from—you have probably heard this—AusAid to WasAid.

It is different from Denmark and countries where they have long been merged in a rather different consensual political system and so forth and with a particular form of political leadership. From what I have read—I did a bit of extra reading this morning—it matters more having political leadership, having a clear sense of what it should achieve. It would be



possible to bring in an effective DfID if it retained independent agency status, perhaps under the umbrella of the FCO. I personally do not think that is particularly desirable for the FCO or for DfID. The FCO is traditionally not an implementing Department and it would potentially, in the worst outcome, reduce some of the soft power, the effectiveness, the achievements of DfID and it would distract the FCO from its diplomatic goals.

We are right to think about alignment, about talking to each other, and there are possibilities about how ambassadors and heads of DfID in-country talk to each other, but there are tremendous risks. I think an absolute merger would be a disaster. Bringing DfID in as an agency under the FCO would have a lot of risk for both.

**Ian Mitchell:** I agree with that analysis. It would not help FCO and does not give it the budget that it craves. It just gives it an extra huge amount of budget to manage and it damages the UK's standing and destroys the goodwill and relationships that DfID has built up. There is quite a separate cadre of professionals; DfID is all civil servants and most of the Foreign Office are diplomats. Bringing those systems together is costly, time consuming and a distraction.

I agree with James's analysis of the other examples. Canada and Australia did it as a deliberate step back from their international development roles. Denmark did it and made a success of it. It kept a cabinet-level post on development in doing it. In some ways, all of those agencies are relatively small compared to the UK. The US, Germany and France, which are more comparable to us, all have a separate agency for development. In the case of France and the US it is for delivery and in Germany there is one agency for policy and one for delivery.

We need to compare ourselves with the major donors, so I certainly see we should keep a separate agency, and even merging the policy is not a good idea, for the reason that Emma has outlined.

**Q23 Richard Bacon:** One quick question before we finish this session, which is on an answer you gave earlier about research funding. You said you sometimes see the rubric in saying, "This money will normally go towards the spending on research with British universities". You made it sound as if you thought that was a bad thing and that should be removed from the equation. I have seen examples of research that is jointly funded. I was thinking specifically of the Ifakara Health Institute in Tanzania, which is a joint project of the Swiss Government and the Tanzanian Government that has been going very successfully for many years. There is plainly a case for knowledge transfer over a long-term period. We have some of the best universities in the world; I do not think there is any controversy about that. We are disproportionately well endowed with top universities.

However, there is a separate point, if I can put perhaps some words into Mr Rogers's mouth. Would you be content to see British taxpayers' money being used to fund research that was done in other world science



centres, namely Russia and China—both are world science centres—with other strings attached, perhaps under the bonnet, which we might not like?

**Ian Mitchell:** In those particular cases you would need to consider the risks that came with doing that research through them. Imagine it was not development research, but it was research for a flu vaccine or something that was in the national interest. Would we give it to a UK institute rather than a German one just because they are British and not because they are more effective?

Q24 **Richard Bacon:** Would you give it to an American one rather than a German one? While walking here, I was talking to a colleague of mine who is a medical doctor. We were talking about the current matter of the moment and he was saying we have to restore vaccination manufacturing capacity in this country, and we cannot rely on the Americans because once they produce one they will have an “America First” policy. We know that. We have to restore our own capacity here.

I am making a slightly different point about the way we use our research funds that we are spending on aid. Are you really saying the taxpayer should have no interest in where that goes, other than it is a good university somewhere?

**Ian Mitchell:** As you say, the case you have made about vaccination capability is a national security ability to produce at home point. Knowledge is completely transferrable, so it is not competed for in the way that laboratory capacity is. I think it should be done where the—

Q25 **Richard Bacon:** That is quite true. It is called intellectual property and then we have a fight about who pays for it. We saw that with the sequencing of the genome, did we not?

**Ian Mitchell:** That is right, but I think the principle of research is that it is open knowledge, it is publicly funded, and it is publicly usable. You get a flavour of this with the EU budget going the other way, where some of the EU budget is tied and we are no longer eligible. The EU is cutting off its nose to spite its face by saying, “We will only use EU-based people” even though there are people in the UK who are more effective.

I think the UK’s values are that we should do things where they are most efficient. The Russia and China cases are particular examples, but I would absolutely say to the UK taxpayer, “Yes, let us fund UK-focused research where it is most effectively done”, subject to the risks around the partner and capacity. If that is in the US, that is great. We would expect the same of the US in tendering its research projects that they would be done in the UK, and we would push for and argue for that.

I think we would apply the same to developmental research. You would want to take into account the point you made, which is the ability to transfer the knowledge is greater when you partner with an organisation in the country. There are some issues with the R&D budget, which could



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make that much easier. However, in general I think we should be doing it where it is best.

Q26 **Chair:** Thank you. This inquiry is about the effectiveness of DfID. Could each of you give me one thing, if you had your magic wand, that you would change now to make DfID more effective, in your opinion?

**Dr Mawdsley:** Can I read an email I received, and this will be my comment?

**Chair:** You can read me the top line.

**Dr Mawdsley:** This is after an article came out on Devex in which were some comments I made about separating out economic diplomacy. This is from somebody working in Tanzania for DfID, "The comment about the pretence that private sector projects are poverty reduction initiatives while friction caused by trying to achieve goals in both areas mean that in the end we might do both poorly ring true and I grapple with it daily". She finishes, "As we know, economic transformation often generates many losers and does not equate to poverty reduction, yet we are expected to design programmes that achieve these dual objectives. It can be quite depressing." This is her daily reality.

I think geopolitically strategically, geopolitically commercially and developmentally, we need to stop pushing DfID to do all things and recognise that we get a huge amount of benefit when it can do all of those things, but it cannot do everything with the same pot of money at the same time. We need to be clear that those are all different legitimate goals for DfID to achieve, but not every project can be economically productive and reduce poverty and be geopolitically strategic.

Q27 **Chair:** Thank you very much. James, specifically on DfID what change would you make?

**James Rogers:** I would want to make sure that it is far more integrated into our broader foreign and defence policy and I would like to see it funding more research, particularly into green technologies that can help mitigate against catastrophic climate change, but not in authoritarian regimes like Russia or China.

Q28 **Chair:** Thank you very much. Ian, you get the last word.

**Ian Mitchell:** Mine is not a million miles from James's, but I would ask DfID to expect more from its departmental colleagues in their wider policy contribution to development. We are very focused on aid spending but there are policies, as we have discussed, on intellectual property, trade and climate that are really going to matter to development. DfID should take the leadership role there in expecting Departments to consider the development impacts of their policies.

**Chair:** Thank you. On behalf of the Committee, I thank all three of you. You have been incredibly generous with your time. If you would like to stay for the next session you are most welcome to. If not, then thank you



very much.

## Examination of Witness

Witness: Dr Tamsyn Barton.

Q29 **Chair:** Dr Tamsyn Barton, thank you so much for coming and thank you for waiting patiently. I know we have run over time, but the last panel was so interesting that we had to keep going for a little bit longer. I am also sorry that you are the entire panel, but things are changing and quite fast moving at the moment, so thank you for being tolerant with us. Please introduce yourself. I believe you have an opening statement you would like to make.

**Dr Barton:** Thank you very much, I am very grateful to be invited today. I wanted to open with introducing myself and ICAI, so thank you for giving me that opportunity.

I am the Chief Commissioner of ICAI, and I have been in post since January of last year. I think I need to explain to those of you who are new to this that ICAI has a vital role to play in relation to the subject of this inquiry, the effectiveness of Official Development Assistance. Since 2011 it has been our job to scrutinise aid spend, whichever Department or fund is spending it, to ensure it is spent effectively for those who need it the most while maintaining value for money for the taxpayer. Of course, we do that in support of your job. We produce robust, rigorous, evidence-based reports that are heard in your sub-Committee and we also make our findings publicly available in order to encourage the uptake of our recommendations in addition to the pressure that you put on Departments. We then follow up each of our reviews to ensure progress has been made. We publish nine to 10 reports a year to do this. We have seen those reports contribute to improvements and we see that, as we are at the moment, in doing our follow-up process. I can tell you a bit more about that, as it is relevant, as examples that we have seen.

Of course, our work has changed a lot since it was set up in 2011. Now most of our reviews are going to involve Departments in addition to DfID or separately from DfID, which was not the case when we started. In fact, in the first review of phase 3 we set out one-page explanations of what each of the 18 Departments and funds now spending aid money are doing, with the aim of making that transparent for the public so you can see how much is spent on what and how many staff are involved. It is going to be our job to continue to scrutinise as things develop, which they will do under the process underway with the integrated review of the international development strategy and, indeed, the changing world around us.

In my evidence today I am going to try my best to draw primarily on the reports that we have published. I cannot range quite as widely as the experts you have just heard. I might occasionally be forced to speak from my personal experience because I do not have such detailed knowledge



of the reports before I arrived. Occasionally I might know that the National Audit Office has relevant evidence and, of course, they are the ones to contribute that later in written form. We co-ordinate closely. We will miss them today, but I am sure their evidence will come in in due course.

**Chair:** Thank you.

Q30 **Navendu Mishra:** Do you think that the ODA spending administered outside of DfID adequately targets poverty reduction?

**Dr Barton:** Thank you for that question. Of course it is a rather complicated one to answer, as you were just discovering in the discussions that you were having.

It is perhaps important to say first that there is a lot of debate about what is meant by poverty reduction. I think in the case of its use in the International Development Act it was deliberately defined quite broadly. As far as ICAI is concerned, we consider that there are important indirect approaches to poverty reduction. You need to look at who is poor now, but you also need to consider poverty in the future. That leads one to focus on poverty reduction that may be achieved, for example through measures to tackle climate change on the one hand or, indeed, measures to ensure economic transformation. If there is no economic development transformation, we are going to continue to see large pockets of extreme poverty. However, when we are looking at those indirect methods of reducing poverty, we need to check at each stage what the impact is on poor people now and consider the trade-offs, so to that extent we always need to consider it. Therefore, it is quite useful to have a framing that applies to most Official Development Assistance that comes under the International Development Act, which is not the case for the Global Challenges Research Fund.

For the Departments and funds where these trade-offs have come to the fore a little bit more, I would take first of all the Prosperity Fund. That was the first fund that was set up explicitly with a dual purpose. It was set up with a primary purpose, which is required for all ODA, of poverty reduction.

Q31 **Navendu Mishra:** I was going to come to that. I was going to ask you a supplementary question about programmes with dual objectives, such as CSSF and Prosperity Fund. Do you think they risk delivering neither?

**Dr Barton:** Yes, please do stop me if I am starting to get into your next question. The examples I was going to mention where the trade-offs come up were the Prosperity Fund and research funds in particular.

The Prosperity Fund is very carefully designed to qualify as Official Development Assistance. We reviewed this recently in the case of looking at mutual prosperity, and we could see that it was clearly focused on poverty reduction as the primary objective. Having said that, there is a clear secondary objective that is short-term UK national interest,





commercial interests. At the time when ICAI reviewed the Prosperity Fund—a couple of years ago now—the method by which it designed the projects in relation to those objectives raised a lot of questions for us. It appeared that there was not sufficient attention being given to ensure that there was not the risk of putting too much focus on what was a new thing in Official Development Assistance, which is the UK interest, or of it falling between two stools, which is probably a more likely risk.

I will give you an example. The Prosperity Fund, rather than trying to tie its aid to a particular UK company, which was the practice in the past, would instead focus on sectors where the UK has a comparative advantage. In that way it hoped to achieve win-wins, and to an extent that is possible. However, the literature on what works well in development will tell you that starting from country-driven programmes is usually the best way to go for economic development in that country, so there may be compromises there.

**Q32 Navendu Mishra:** Do you think that increasing the proportion of ODA delivered by other Departments has created new opportunities to tackle poverty?

**Dr Barton:** I think there have been new opportunities that have been taken up. We saw this in the review we did of “How UK Aid learns”. Those primarily have come in the areas of global public goods, like tackling climate change and global health threats where we did a review. There is no doubt that by distributing some Official Development Assistance directly to Departments responsible for those objectives has mobilised their expertise in a way that would not have happened, or did not happen, before when they did not directly manage it. That is the nature of departmental incentives. However, that is not to say that it is not possible in principle to mobilise that expertise without distributing the funds across Departments.

**Q33 Richard Bacon:** Dr Barton, is the spending by the Government on aid, whether through DfID or through other Departments, leading to transformative change that is helping developing nations and their people pull themselves out of poverty?

**Dr Barton:** You have set a huge and ambitious task there. I think working for transformative development is a very challenging enterprise. Necessarily, as a watchdog, I have to be quite measured in my language about what has been achieved by UK Aid as we have seen it in our reports.

We felt safe to say in our synthesis report, looking back over the last four years, that at times UK Aid has been world leading. We have a system with ICAI reports where we score in the case of the most in-depth reviews, where we have usually spent about a year looking at these topics. There was one review during that period that scored the coveted green score, which was the programme on violence against women and girls. We felt that had the potential to be transformative. Of course, it



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was early days for that programme but there was no one else focusing on it in the same way. What was remarkable about it was that it set the model for how you should work based on evidence so that you are continually improving your impact, which is more likely to make it transformative.

That was, indeed, an unusual score. Out of the total number, there were 16 that were satisfactory or better, to which we would give a green/amber or green score, and the remaining eight were less than satisfactory. That gives you a broad picture of how the UK Aid programme is doing in general terms.

Q34 **Richard Bacon:** Do you think the 0.7% target prioritises spending over results?

**Dr Barton:** It is hard for us to say whether the target prioritises spending over results. I think the question is, of course, how the UK Government have treated it.

Q35 **Richard Bacon:** What I mean is does the target lead to the prioritising of spending over results?

**Dr Barton:** You heard from the previous panel, and again we mentioned it in our report, that unmet needs are enormous. There has been a useful bit of work done by the Overseas Development Institute that looks at relatively rational burden sharing between richer countries and poorer countries by varying grades as to how much you can expect them to mobilise their own resources and what would be an appropriate level of commitment; 0.7% is a number you can make work and give a rational justification for. As you rightly heard from Ian, if you are visiting a developing country you can certainly see many examples where it appears we could do just a bit more and it would make an enormous positive difference. I have certainly seen many good examples of where that difference has been made.

It has not been my impression in our reviews, interviewing and visiting projects that people are dominated by spend. What you can see very clearly is that the Department that has been spending aid and focusing on it the longest, which is DfID, has been the most focused on results. It is constantly working on its methodologies for deciding—and it is usually under encouragement from us to improve them—what results they hope to achieve. From the way the programmes are designed, you can see a clear logic between the inputs of money, what it hopes to achieve and its annual process of reviewing them.

Having said that, when we did the Ghana review we found some reviews where it was not up to the high standards required. However, that is a failing in the system, where the system itself is fundamentally sound and forces them to focus on the outcomes. That has not always been the case with other Departments with less of a history of spending aid money.

Q36 **Richard Bacon:** You alluded to the fact that small amounts of money



can make a big difference. I have no doubt that is true. I once saw a children's refuge in Tanzania with 57 kids living in it, who were going to school but their first task every day was to carry water because there was no piped water to the building and \$10,000 would have got them on to the electricity grid. These are tiny sums of money and yet we do not seem very good at making sure that these relatively tiny sums of money get really effectively spent. The fact there is unmet need is not an index of success. It is very easy to spend lots of money badly.

Given it is much easier for a small number of large organisations to handle budgets than a large number of small organisations, how do you try to create an architecture that optimises every piece of spend and ensures that the scrutiny over it is good enough to make sure that you do not get waste or inappropriate spending?

**Dr Barton:** I certainly recognise the challenge of managing small programmes. It is really important that the fragmentation does not proceed further than it need do, because it makes that management challenge greater. A donor as large as DfID will need to organise itself only in some areas to be able to deliver through partners that can allow those kind of small-scale levels of spend.

I do not know whether we are going to get on to the topic of multilaterals, but you certainly raised it earlier. If you do not have the option of saving some of your management resources by working through multilaterals, it is going to be hard to do those really small specialist areas well. I think ultimately there needs to be a balance and there needs to be a very strategic division of labour between UK Aid and others involved.

Q37 **Mr Liddell-Grainger:** There has been speculation that DfID is going to be subsumed into the Foreign Office. That is possible, maybe not and maybe it is. What do you think the pros and cons of that are?

**Dr Barton:** That is a difficult question for me to answer only on the basis of our reports.

**Mr Liddell-Grainger:** Have a go.

**Dr Barton:** I will try to focus on points that are specific to ICAI rather than pick up the points that the previous panel produced. I will pick up one that I think will be dear to you all, which is the potential risk of a reduction in scrutiny that could happen depending on whether a merger were to happen.

You all know much better than me how parliamentary standing orders work. Normally speaking, there is an automatic Committee equivalent to a Department. If there were to be a merger that created one Department, it might create only one Committee. That would be a loss of scrutiny—and in the days when ODA was underneath the Foreign Office this is how it worked—because it would be only a sub-committee of Foreign Affairs that would not be so focused on scrutinising aid. That



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matters particularly to us in ICAI because at the moment we report to a sub-Committee within your Committee, and between us that allows for pretty detailed scrutiny compared to most other Departments. There is potentially a risk there, depending on what choices are made.

The other area where we can speak on the basis of our reports is that we have seen that generally the FCO's strengths are not in programme management. Its strengths are clearly in diplomacy. When we reviewed the Prosperity Fund we picked out specifically that the financial systems are really not set up to have any proper tracking of expenditure, for example. It is basically set up for small procurements.

We have just completed a review on preventing sexual violence. There I was disappointed to see that the FCO is still using these one-year funding cycles that are a major constraint on effectively managing aid programmes. Where it has been able to escape those limitations to an extent is that when it is doing projects under the CSSF, because there are some better minimum standards introduced, that helps with monitoring, evaluation and learning. I do not know to what extent it is able to go on longer than one-year cycles, but I think it is still the prisoner of its systems.

Those are challenges that would inevitably be faced if any merger were to decide that more aid should be administered by the FCO than currently is.

**Chair:** Can I pause you there? I am very mindful of time.

Q38 **Theo Clarke:** Thank you, that was very helpful. ICAI has now been scrutinising aid spending for eight years. I am interested to know what examples you point to of aid spending delivering best value for the taxpayer. Do you have any examples you would like to share with the Committee where you see the best bang for our buck of spending taxpayer money on aid?

**Dr Barton:** I am afraid there is never a simple answer from ICAI on most areas. I already mentioned the simplest way in which we make our judgments is that we have the very difficult task with each review of deciding in the end whether it comes above or below the line. I mentioned that we considered the violence against women and girls programme was green on all the criteria that we were assessing, so that was obviously an exceptionally good example.

It might seem as if I have been making a simple contrast between DfID and other Departments, as if DfID is always the better at spending, but in our review of international climate finance we pointed to a very good example of value for money for the taxpayer. Those funds are split between DfID and BEIS and are going through multilateral channels to a considerable extent. There we were more critical of DfID than we were of BEIS, although overall it was a green/amber review.



There is no doubt in the case of climate finance that the UK has been able to play a really important leadership role. Of course, it was the first to set up climate investment funds. It shaped the Green Climate Fund and it has also been able to contribute a lot of its own world-leading climate science. That is an example of good value for the taxpayer that involves more than one Department.

It is really hard for me to pick out an example of the absolute best value for money, but I hope those two will do.

**Q39** **Theo Clarke:** You do so many reports over the year, some of which have been country-specific, and some have been thematic. I know there have been a couple that you have given a red rating; I am particularly thinking of sexual violence. We had that huge summit with William Hague and Angelina Jolie. All the world's attention was on PSVI and the UK was a great leader. However, I think it is fair to say that over the last couple of years that attention has waned because of a change in Minister. Are there any other examples like that where you think that was not a good use of taxpayer money, because that helps us direct what is a good use?

**Chair:** A brief answer, I am afraid.

**Dr Barton:** I should pay tribute to the importance of the initial investment, which was very important in galvanising the international system. We pointed to one specific achievement, being the protocols of investigation that had been promulgated. There has been a benefit in an area where no one else was doing anything. What was disappointing, in view of the expectations raised and the pledges, was the lack of follow through. As you know, I am sure, our report suggested improving the management rather than giving up on it. We did not consider it a waste of money in itself, just lost opportunities and the risk of letting survivors down.

**Q40** **Brendan Clarke-Smith:** Dr Barton, part 2 of your synthesis review painted quite a bleak picture of progress towards the global SDG pledge of eradicating extreme poverty. Against that background, do you think UK Aid and DfID are tackling the root causes of poverty?

**Dr Barton:** We had to look at it widely and look at a very challenging world, which is why I was explaining that it is no easy task to expect the UK on its own to deliver transformation. What our report pointed to is that the progress we saw in relation to the millennium development goals up to 2015 has slowed and we see extreme poverty even more deeply rooted than before. That is why the UK, among others, adopted the pledge of leaving no one behind, which is in effect the inequality sustainable development goal. That does make enormous demands of the UK. It is much more difficult to ensure that the last come first. We have seen that DfID has made some strides in that direction over the period since it was adopted. We give it credit for that. For example, it has done it by looking at the regions that are most in need and then particularly needy groups. Disability has been a big focus and there we have seen



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some progress. It is an area where it has been notable that non-DfID Departments have not made that specific commitment to leaving no one behind.

As I explained, that is one aspect of poverty reduction. There are important contributions to be made by looking longer term.

Q41 **Brendan Clarke-Smith:** Thank you. Do you think we are spending the right things in the right places generally?

**Dr Barton:** Again that is a tough question to answer on the basis of our reports. The fact that the split between multilateral and bilateral is still roughly in the area that it has been in the past is important. That allows the UK to reach all those parts of the world that it cannot intervene in directly. It can intervene at scale and it can intervene in places where the UK would not have the mandate. I think that is creditable in that case.

It is important that DfID has kept the focus more on low income and least developed countries. If you look at the OECD DAC, which sets best practice, those are the countries where donors are not sufficiently concentrated, so it is more needed. It is important that continues. We express some concern that it might not, although at the moment there has not been an increase in the balance of middle income versus low income except in relation to humanitarian need, which is understandable, or climate mitigation, which again has a good justification. Nevertheless that trend, which you see for non-DfID Departments, to focus on middle income countries and rich countries might suggest that could be a concern.

**Chair:** Thank you very much. We really appreciate you coming today and for being so open in all of your answers. That concludes this Committee session.