

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

Oral evidence: ICAI's review on UK aid's approach to youth employment in the Middle East and north Africa, HC 824

Wednesday 26 January 2022

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Members present: Theo Clarke (Chair); Nigel Mills, Mr Virendra Sharma.

Questions 42 - 62

## Witnesses

I: Rt Hon James Cleverly MP, Minister for Middle East and North Africa, Foreign, Commonwealth and Development Office; Dr Robin Milton, Head of MENA Regional Department, Foreign, Commonwealth and Development Office.



## Examination of Witnesses

Witnesses: Rt Hon James Cleverly MP and Dr Robin Milton.

Q42 **Chair:** Welcome to our witnesses for the second of our oral evidence sessions on the Independent Commission for Aid Impact's review into UK aid's approach to youth unemployment in the Middle East and north Africa. I am delighted today that we are joined by the Minister for the Middle East and North Africa and the head of the regional department at the FCDO.

Minister, if I could ask you first, was the ICAI review suitable, given that there is no dedicated programme for youth unemployment in the Middle East and north Africa?

**James Cleverly:** I have always said that scrutiny, to Government Departments, is a bit like a trip to the dentist. Ultimately, you know it is good for you but it is never something that you would volunteer for.

On the most general point, the work that ICAI does is something that we value. On this particular report—and you touched on it in your question—the Department's view is that there was a bit of a misalignment between what the report was seeking to investigate and the FCDO's approach. As a Department, we do not have a specific workstream or programme stream aimed at youth unemployment—or the converse, youth employment—in the Middle East and north Africa. We do, of course, have programmes that support broader economic development. By nature of the region, things that generate economic development and jobs are going to have a significant impact on youth populations, because these are countries with disproportionately young societies.

We do not specifically tailor much of our work around this and, therefore our feeling is that, while we welcome the report, we do not think that its scope really matched how we present or orientate ourselves in the region.

Q43 **Chair:** ICAI identified 115 programmes with a total value of £2.4 billion that were relevant to youth unemployment. Is it possible to determine how much of that sum is being spent specifically on youth unemployment?

**James Cleverly:** This is where it genuinely gets quite difficult for us. When we programme work and allocate funding, we make sure that we embed criteria within that assessment to make sure that we are getting good value for money and that any lessons learned can be applied to future programmes. The yardstick against which we measure the work is defined by the primary function of that expenditure. There are always secondary functions and, as I said, any economic development work in the Middle East and north Africa will have an impact on youth employment, just as night follows day.



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Because that is not the primary focus, that is not necessarily the yardstick that we measure that against. The short answer to your question is that we cannot quantify it in the way that the report or the Committee might wish us to.

Q44 **Chair:** I take that point. Would the FCDO consider separate reporting in its accounts and expenditure on this issue in the future?

**James Cleverly:** I am uncomfortable making that commitment, because form follows function. It is the old McKinsey consultancy “If you want to change it, you measure it.” If we start measuring it, there is a risk that it would—I do not want to say “distort”—steer programmes towards an outcome that is not necessarily the primary outcome of that work.

All scrutiny, whether external or internal, comes with a financial and staffing overhead. Measuring something that we are not primarily seeking to achieve runs the risk, particularly in an area of constrained resources, both human and financial, of potentially diverting resource away from things that are our primary goals. I would not want to give you an absolute hard no but, as I say, I am uncomfortable making a full commitment.

**Dr Milton:** Building on that, I would underline that ICAI itself acknowledges that only three out of the 19 programmes that it surveyed had a primary objective of promoting youth employment. There were other programmes in that sample that had broader employment and economic development objectives. Given that very narrow focus, we do not track, as the Minister says, specific expenditure targets on youth employment. As a rule, we do not, in FCDO, publish thematic breakdowns. As you are aware, on our development tracker, which is out there in the public domain, all this expenditure data can be accessed on a project-by-project basis.

Q45 **Chair:** Minister, ICAI’s review gave an amber/red score, meaning that improvements were required in a number of areas. Why did the Government only partially accept recommendations 2, 4 and 5?

**James Cleverly:** This brings us back to the point I was making and our concern about a misalignment between what we were doing and how we are measured. From the outset, we were saying that this is not directly something that we are trying to achieve through these programmes. We tend to focus on the macro-level economic reforms.

If successful, they will, inevitably, have a positive impact on youth employment because of the disproportionately young populations, but because they are not the primary focus, if we are measured against something that we are not primarily seeking to achieve, in our view, it is unsurprising that we are not necessarily going to score terribly highly on that.

That said, I do not want to give the impression that we are disregarding the feedback, because we are not. There absolutely are elements that we



can take on board, which are more broadly applicable. On a number of areas, we just felt that we were being measured on something that we said we were not trying to achieve and, unsurprisingly, thought it was a bit unfair if we are marked down for not achieving something that we were not trying to achieve.

**Q46 Chair:** Will you commit to closer engagement and co-operation with ICAI in its review processes, including access to all documents, where necessary, in order to enable it and us, as a Committee, to scrutinise ODA expenditure more transparently and effectively?

**James Cleverly:** We aim to be as transparent as possible, always with that caveat “as possible”, because there are, on limited occasions, areas where we might want to maintain a degree of discretion for the safety and security of delivery partners, for example, in a relatively small number of cases, and sometimes because the cost to get a level of granularity that others might desire becomes disproportionate. We do absolutely aspire to being open and transparent, and score well on that.

I joked about it at the beginning, but scrutiny is always a little painful. If it is done right, it should be a little uncomfortable, but we do recognise that it very much adds value to what we do. Even in areas where we have felt that there was a misalignment, we absolutely will take on board recommendations, or parts of recommendations, that we genuinely believe are relevant and useful. That is why we are saying “partially”, and we certainly do not want to give the impression that we are disregarding this in its entirety.

**Dr Milton:** The partiality comes to the fore for us. As the Minister said, to some extent, it goes back to the scope of work. On a number of recommendations, it is whether you are glass half-full or glass half-empty. For example, on youth consultation, ICAI acknowledges that we did consult in 50% of those programmes. Where we did not consult was in the set of programmes that did not have a direct youth employment objective.

Generally, we follow good practice in FCDO to consult with all stakeholder groups that are likely to benefit across all programmes, but those gaps were there, which account for the partiality, for example, in that particular recommendation.

Just to give another quick example, which we might come on to, on the issue of how we manage our multilateral partnerships, we did not fully recognise some of the findings that it came up with in terms of our sense of how we engage at both an operational and a strategic level with multilateral partners.

**Q47 Nigel Mills:** Just drilling down a bit more—if you will pardon the dentist reference—into where youth employment is as a priority, you are writing a new strategy for the Middle East and north Africa. Would trying to reduce youth unemployment and contribute to measures that achieve



that not be quite a key part of a strategy for a region where there are increasing amounts of young people newly entering the workforce? Would you recognise that that is a priority for stability and prosperity in those countries?

**James Cleverly:** I will invite Robin to speak in a moment, but I completely get that point of view. Also, in this region, it is almost the case that the opposite is just as true. I know it is a bit of a cliché, but a rising tide lifts all ships. In this region, we know that, if we can get economic stability and growth, and employment growth in general, there will be, because of the disproportionately young populations, an increase in youth employment by default.

It is almost impossible to have an increase in overall employment in some of the countries in the region that have large amounts of youth unemployment—it is almost impossible to grow employment in general—and it not benefit the young people of that region, just because of the demographic breakdown.

To specifically target youth unemployment, or to increase youth employment, as a more positive way of looking at it, would require an additional degree of focus and targeting, which would come with an administrative and cost overhead by default, for something that you can achieve more straightforwardly.

Take Jordan, for example. It has a significant youth unemployment challenge—it is certainly not the only country in the region to have one—and it recognises that. If we can get the Jordanian economy firing on all cylinders, young people will benefit enormously. Others will too, but they will disproportionately benefit, because it is a young population.

If you are saying, “We are going to focus just on the young people,” it is perhaps a trickier project to do that, so you are using a potentially more expensive, more targeted and more difficult project to achieve largely the same thing as a simpler and cheaper method. That is where we come at it from.

Q48 **Nigel Mills:** No one is suggesting that we exclusively do this. What we are asking you is that, when you are developing and planning projects, you have in there, as one of the objectives or questions, “How will this help tackle youth unemployment?” It is one of the key things that we know we need to tackle in these areas. In order to know whether you are being successful, you would want to measure what the impact would be and to make sure that those projects at least had some eye on how all this worked for young people, so that we get as many people in the net as possible. That is all we are saying. We are not saying, “Ignore anybody over 25.” We are just saying, “Have this in there from the start as something that you are planning and then follow up on.”

**Dr Milton:** I would just stress that we are going through a process, post spending review, of working out future priorities and use of ODA. It would



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be premature to pinpoint exactly what the mix of those would be in the MENA context. Having said that, the Minister and the Foreign Secretary have been very clear that economic development, trade and investment are going to be critical FCDO priorities going forward.

The answer to your question is that, of course, it is and will remain important to us. The question is how best to tackle it, and the Minister has touched on different approaches to that. We would maintain that a broad-based approach of promoting economic growth, noting that more than 50% of the population across many middle eastern countries are youth under 25, is appropriate.

We can come on and talk about the issue of how one sets and reports on specific targets. There are a lot of complex issues around that, but the main response is that we will be actively considering employment as a priority in the mix of others going forward.

Q49 **Nigel Mills:** Do you know when your new Middle East and north Africa strategy will be published? Will it be published? Will we get to see this?

**Dr Milton:** We have no plans to publish it at this stage.

Q50 **Nigel Mills:** Turning to a couple of the recommendations from ICAI that you did not fully accept, number 4 was that you should routinely consult young people who are expected to benefit from your programmes and use their feedback to shape programme design and implementation. It does not sound all that controversial to me, but you partially accepted that and said you were committed to engaging with young people. Is that implying that you are committed to engage but then not to use their feedback? Is that the difference between the two statements—that you will speak to them but ignore what they say?

**James Cleverly:** No. If that was the implication of our phraseology, I apologise to the Committee that that is how it came across. We do have pre-existing programmes. It is going to sound as if I am picking on Jordan, but, in this way, we step towards where the Committee's questions are directed. In Jordan, we are setting up an advisory board with youth representatives to help guide our programming in that country. We absolutely recognise that youth voices are important. When I have been on trips to the region, I have ensured that I have spoken to young voices, women's voices, and young women's voices particularly, to ensure that we listen to and embed their views in our thinking when we set up programming.

On this one, where it talks about routine youth consultation, it goes back to that broader point. You sometimes need something with laser-point targeting, and sometimes something more universal, more straightforward and easier to implement. Where, in this region, the demographics mean that universal economic development programmes are going to disproportionately benefit young people, because they are



disproportionately members of the population, we can achieve it more simply.

Q51 **Nigel Mills:** You would accept, though, that, where young people are targeted to be a beneficiary of one of your programmes, you should consult them and then use their feedback to shape the programme's design and implementation. That is not controversial.

**Dr Milton:** ICAI has acknowledged that, in 50% of the programmes, we have included consultation with youth.

Q52 **Nigel Mills:** I just wonder why you did not accept the recommendation. If you are quibbling about whether the programme is designed for young people, that is fine and I can understand that caveat. You accept the principle where you think it is relevant.

**Dr Milton:** We certainly accept the principle but we do not accept that there was a complete absence of consultation with youth in those programmes, as you said yourself, where they were expected to be a beneficiary.

Q53 **Nigel Mills:** This is the future for recommendations, isn't it?

The fifth recommendation was that you should strengthen your "in-country partnerships with multilateral organisations by ensuring consistent strategic-level engagement". That all sounds pretty motherhood and apple pie. Who would not want to strengthen partnerships and have consistent engagement? What was the reason why you only partially accepted that?

**James Cleverly:** In our view, if we were to accept it in full, the implication would be that we do not engage with multilaterals, but we do. We have a lot of evidence to reinforce that point. Multilaterals are, in many instances, either funding or delivery partners, which inevitably means close working.

Q54 **Nigel Mills:** Your engagement across the whole region is perfect, with no room for improvement, and that is the reason you did not accept that recommendation.

**James Cleverly:** No, it is not, and this is why we partially agree with the recommendation.

Q55 **Nigel Mills:** So there is scope to strengthen, then.

**James Cleverly:** There is always scope to strengthen.

Q56 **Nigel Mills:** So there is no reason to reject it on that basis.

**James Cleverly:** We did not reject it. We partially agreed with the recommendation.

Q57 **Nigel Mills:** It is not accepting it, is it?



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**Dr Milton:** If I could just elaborate, there were two main criticisms here. One was that, based on a limited set of interviews, we were treating the bank not as a strategic partner but only as an implementing partner. The second was that we were not sufficiently engaged with them in a joint way in analysing and designing programmes.

On the first one, we always need to manage a tension in holding partners that are stewarding UK taxpayers' money to account, so we apply our important programme management considerations, managing the money well and setting the risks etc. We would not be doing our job properly if we did not do that. There is always a dynamic tension between that and then partnering with the bank in relation to the Government on seeing a set of productive policy reforms.

We partially accepted this, because we do not recognise, from ambassadors downwards, that we do not engage consistently in a strategic dialogue with the World Bank and other multilateral partners. To some extent, we have not accepted this because we felt that the evidence base that ICAI was putting forward for this was quite limited.

On the second point, about partnering on analysis and diagnostics, there is an issue here that, if you empower a partner to deliver a programme for you but then sit on their shoulder and second-guess everything that they do and impose your own view on things, there is a bit of a contradiction there. We have to manage these tensions in the way that we can work most productively with partners. We do not necessarily always get it right across all countries and areas.

Finally, I would just like to note that part of the criticism is about not having sufficient strategic dialogue on youth employment issues. We have also been very clear that most of these programmes did not have youth employment issues as the primary objective. All our advisers, staff and ambassadors need to prioritise their external engagements. We cannot be spending all of our time across every single donor interface or group in the countries where we work.

What you will find is that we were found lacking in dialogue specifically on youth employment issues, but we would argue that, in many of those programmes, that was not the primary objective. It does not mean that strategic dialogue on the broader economic issues was not going on.

Q58 **Mr Sharma:** Dr Milton, what steps will the Government take to ensure that gender and social inclusion are at the heart of programmes geared towards equal employment opportunities in the region? The Minister touched on this briefly, but you can elaborate.

**James Cleverly:** Actually, this is an important issue. For example, in a number of our programmes, we are much more explicitly focused on women's economic empowerment and women's employment than we are, necessarily, on youth employment. Again, it is one of the by-products of demographics that, when you are talking about women's social and



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economic empowerment, you are inevitably, because of the age splits within these countries, talking about young women as well.

This is an example of where closer targeting is more useful in this sphere than in the youth unemployment sphere. One of the things that you see a lot of in the Middle East and north Africa as a region is a pretty good level of women's education, so girls are being taught and are pretty well educated, but you do not see those good levels of educational attainment translate into employment levels. That is where there is a gap. In gender-related economic empowerment, we are more targeted because we can see that a rising tide would not necessarily lift all boats.

Your question is a valid one and one that highlights the examples of where a more universal versus a more targeted approach might be appropriate.

Q59 **Mr Sharma:** We heard last week that ICAI found a number of examples where there was poor institutional knowledge in Government due to lack of documentation and staffing changes. What steps is the FCDO taking to mitigate these factors?

**James Cleverly:** I will begin with a more general point. We are blessed as a Government with some incredibly knowledgeable and experienced development professionals who were previously at DFID and have come across to the FCDO. Through that merger process, as with all mergers, we inevitably lost some people, many of whom we would have preferred to stick with us. Sadly, it is one of the inevitabilities of organisational change. We absolutely value our people and want to keep that knowledge in-house, where possible.

On the documentation, I will ask Robin to comment on the specifics. Again, there are some examples of where looking at what we have done through a particular prism has given something of a distorted impression. I do not want to imply that we dismissed the recommendation or the criticism, because every big organisation could probably do better in making sure it captures, codifies and then uses knowledge better.

**Dr Milton:** Just to reinforce what the Minister said, we are aware of a very particular gap in recordkeeping, particularly in relation to one programme, and ICAI struggling to get full access to a full set of papers. We regret that, and we have already acted on and spoken about that with the relevant development team in that particular post.

There can occasionally be gaps in recordkeeping. Across 19 very complex programmes that were surveyed, this happened only in one quite small programme. It is not acceptable, of course, but we endeavour, where possible, to ensure good handover processes and good continuity around recordkeeping.

Just to add on the staff turnover issue as well, we do recognise the challenge there, but I would say that churn and changeover of staff is



also good. It brings fresh thinking and fresh eyes. Of course, we do strive to ensure good continuity and handover between advisers and are maintaining good expertise in-country at the forefront of those relationships. Our local staff, of course, are critical to us in terms of bridging that institutional memory on particular projects where UK-based staff change.

**Q60 Mr Sharma:** The Government fell short of their targets on work permits for Syrian refugees. What are the reasons for this?

**James Cleverly:** I will ask Robin to come in with some detail. Some of the issues are with regard to the scale of this challenge, with 5.6 million registered Syrian refugees. Sometimes we underestimate the devastating impact that the conflict in Syria has had. We see Syrian refugees come to Europe but, as we know, the vast bulk of the 5.6 million have stayed in the region, in neighbouring countries.

Some of it is with regard to scale. There is a degree of complexity with regard to documentation about people. Those are some of it. I would put those forward as mitigations rather than excuses. Robin, I do not know if there is anything that you want to add to that.

**Dr Milton:** This is a hugely political issue in the countries of relevance in terms of the right to work for refugees, which jobs they can and cannot access, and how that plays out also in terms of host populations. For Jordan, arising from the London conference, there were quite ambitious targets set to deliver on work permits to Syrian refugees. By October 2021, the Government had reached 250,000, which is somewhat nearer to the original 300,000 target.

This is a flexible learning-by-doing approach. What we and others worked with the Jordanians to achieve is to introduce a more flexible approach to the work permits, so the occupational category and types of jobs that they are allowed to access have evolved over time, which also helped with catching up on that particular target. It has fallen short and is not where we had hoped to be in 2019, but it has accelerated quite significantly since the review was completed.

**Q61 Chair:** As a final question to you, Minister, you said to my colleague that you have no plans to publish the FCDO's MENA strategy. What can you tell us about what the strategy will cover in terms of youth unemployment?

**James Cleverly:** The strategy is an internal document for the regional delivery of the integrated review. Much of what our prioritisation will be can be easily derived from the references to the region in the integrated review. Of course, we completely understand the interrelationship between peace and security, and economic development and prosperity.

As I say, while I do not envisage us shifting to have a specific focus on youth employment, we want to make sure that stable economies provide jobs for their own populations and, where possible, for refugee



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populations too. That will help in the security situation, reducing the chances of people drifting or being tempted towards extremism. We will utilise our relationships with international partners—both host nations and potential donor nations—and leverage money from the private sector to try to support sustainable economic development.

There will be more to it but, in a couple of minutes, that is probably as quick an overview as I can provide for you.

**Q62 Chair:** Dr Milton, ICAI found that a substantial proportion of unemployed young people already had a university education, so we saw that there was a mismatch between this and the skills level of available jobs. What is the FCDO doing to create higher-skilled jobs?

**Dr Milton:** It is a very good question. At the point where a number of these programmes were already under way, some of the evaluation of the evidence of skills training programmes was under way. The evidence base on skills programmes is not strong. Skills programmes tend to improve productivity within jobs rather than overall levels of employment. It is a complicated area and something that we will take away and look at.

One thing that we have not touched on is the work to create a job measurement framework, which has happened at the central level in FCDO. That will provide a basis for us to better evaluate and assess the many parts that, mixed together, can have some impact on creating jobs for young people or otherwise. Skills training for those coming out of tertiary education or vocational training will be looked at in that light.

**Chair:** I thank our witnesses for joining us this afternoon. I call this meeting to an end.