



International Development Committee

Oral evidence: [The UK's Development Work in the Middle East](#), HC 948

Thursday 8 May 2014

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Written evidence from witnesses:

- [Department for International Development](#)

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Members present: Rt Hon Sir Malcolm Bruce (Chair); Hugh Bayley; Fiona Bruce; Sir Tony Cunningham; Fabian Hamilton; Pauline Latham; Sir Peter Luff; Mr Michael McCann; Fiona O'Donnell; Chris White

Questions 117-207

Witnesses: Rt Hon Alan Duncan MP, Minister of State, Department for International Development, Matthew Wyatt, Head of Syria Crisis Unit, DFID, Lindy Cameron, Director, Middle East, Humanitarian and Conflict, DFID, Jonathan Hargreaves, Head of Palestinian Programme, DFID, and Cathy Ward, Deputy Head of Near East Department, Foreign & Commonwealth Office, gave evidence

Q117 Chair: Thank you very much indeed for coming in. I just wonder, for the record, if you could introduce your team.

Mr Duncan: Chairman, thank you. On my immediate right is Lindy Cameron, who is DFID's Director for the Middle East, Humanitarian and Conflict. Therefore, she covers the whole of the Middle East, of course including Syria and the OPTs. To her right is Matthew Wyatt, who is Head of DFID's Syria Crisis Unit, and to my left Cathy Ward from the Foreign Office is Deputy Head of their Near East Department, with a focus of course on the OPTs and Israel. Also in the room, Mr Chairman, are many of those who helped organise the Committee's trip when they went there.

Sir Tony Cunningham: It was very successful.

Chair: We see some familiar faces.

Mr Duncan: Thank you. They enjoyed having you there and hope they did you proud.

Q118 Chair: Can I just put on the record our thanks to the team, both the Foreign Office team and the DFID team, who supported our trip? Everybody agreed it was a very

good visit and people put themselves out to a very high degree to ensure that we got what we needed and got where we needed. To everybody who was involved in that, we very much appreciated it, and we would like to put that on the record.

Obviously this is a real crisis area at the moment. The UK, as we understand it, is currently spending on an annual basis £300 million on the Syrian crisis and, at the moment, there does not seem any prospect of this coming to an end or of peace breaking out. The first question is: do you expect, and are you planning on this basis, this level of expenditure to continue for the foreseeable future?

Mr Duncan: Three years ago, nobody forecast that we would be where we are now, and we have had to be extremely flexible, do a hand-brake turn and find many hundreds of millions to address what has been a humanitarian crisis that has overshadowed all others, in terms of both its scale and its length. As you say, Mr Chairman, we are up there at £600 million, of which we are proud. We are of course expecting to have to continue to make sizeable contributions to the humanitarian demands of the area. We are currently going through our resource application process, so you will forgive me if I do not put an exact figure on it, but in terms of magnitude we are going to have to continue for the foreseeable future very much along the same sorts of lines as we have over the last year or two.

Q119 Chair: My next question is almost rhetorical, I suppose, but it is still necessary. Are there any chinks of hope for peace? Increasingly people outside us are observing that, if there is a ceasefire and a peace, it will probably involve recognising that Mr Assad might still be there as part of it.

Mr Duncan: As DFID, we like to consider ourselves a full part of cross-Whitehall opinion and activity, but this is primarily a diplomatic challenge rather than a DFID one, although we would like to think that our efforts in underpinning human need assist any possible future peace agreement there might be. Obviously the Geneva II process has stalled at the moment, but this will only be solved through political dialogue. There are very few chinks of light at the moment, so I am afraid I suspect that we all have to remain far more pessimistic than optimistic, but we are always there to underpin any kind of diplomatic effort that might lead to some kind of progress.

Q120 Chair: The thing that was said to us—and I see today's news about Homs reinforces that—was that the forces of Assad, of the President, seem to be strengthening rather than weakening their position. Any suggestions that he is about to be toppled or removed, which was what was expected a year or two ago, do not seem to be there. The chances are it is going to be some kind of compromise, when we are talking about a political solution.

Mr Duncan: Personally, Mr Chairman, I share your analysis. I was discussing with Matthew Wyatt earlier the implications of the agreement, if you can call it that, which has been reached in Homs. At least it means some people have got out of Homs, but as you say, it suggests a further advance by the regime rather than by those who oppose the regime.

Q121 Chair: You have said that this was unexpected and you have had to, as you put it, do a hand-brake turn on resources. You will not be surprised to hear this from the Committee, because we have expressed it before: can you give us an assurance that our bilateral programmes in poor and low-income countries will not be compromised by this crisis? In other words, is this money going into an area we would not have previously budgeted for, at the expense of development priorities in sub-Saharan Africa and South Asia?

Mr Duncan: I can say, so far that we have not had to rob Peter to pay Paul in that way, but I also have to be very honest with you and the Committee that, in the coming financial year, we are going to have to make some very difficult choices. As our budget has plateaued and other lumps of money have been put into things such as the renamed Conflict Pool, we are not as flush as we have been over the last two or three years. Whereas I am not saying that the Syrian crisis is necessarily going to have a detrimental impact on bilateral agreements—maybe you can take some from the multilateral alternatives—there are going to be some difficult choices anyway, even if there were not a Syrian humanitarian problem.

Q122 Chair: That brings me on to the contribution of other donors. On our table, certainly if we are talking about Europe, the UK has contributed, we are told, \$757 million altogether. Germany, it should be acknowledged, has contributed just under \$500 million, but what is interesting is that you then go through Denmark, Netherlands and Sweden before you come to France at \$59 million, Italy at \$47 million and Spain at \$14 million. I am talking about larger countries. What is being done to really challenge them to step up to the plate and share the burden, rather than leaving the UK in that rather exposed position? I make it clear that the Committee does support what the Government has done and is proud of it; nevertheless, we do look at other people and say, “Why should the UK be shouldering this amount of responsibility?”

Mr Duncan: It is an historic duty of all British Ministers, every now and then, to embarrass the French. On this occasion, we are entitled to be quite tough in what we say. I can adjust your figure slightly, Mr Chairman, in that our pledges so far have totalled \$996 million. My latest understanding of an equivalent figure from the French is \$75 million, so we are 13 times more.

There are a number of things here. Firstly, you are right that the difference is very stark. That does not, in any way, persuade any of us that we, the British, should be doing less. The argument is that certain others should be doing more. If you look at the state of the UN appeal, it is seriously under-funded. It is also the biggest appeal that has ever been, at \$6.5 billion. We are looking at needing \$0.5 billion a month to sustain basic humanitarian need for those affected by the Syrian crisis.

I have to say, I am seriously worried about the rise of donor fatigue. At the last meeting I was at, which was an officials’ meeting about donor co-ordination, I sensed that this is going to be the real challenge of the next year or so, which is that the willingness of people to contribute is likely to peter out a bit. That makes it essential to argue that those who have not stepped up to the plate so far should now do so. We do everything we can at the pledging conferences. We have been quite a good ringmaster at the Kuwait pledging conferences. We are up there with the EU and the United States, but any political voice that can urge others to contribute as much would be welcome, from our point of view.

Q123 Chair: It does seem extraordinary that, given France's historical interest in the region, they have contributed so little.

Mr Duncan: I say of Sykes-Picot, this is more Picot than Sykes, and we are spending the money.

Q124 Hugh Bayley: Just to get it into perspective, the £600 million or, by the sound of it, slightly more than £600 million has been pledged over a number of years. How much was committed last year up to April and how much is in the budget for this year?

Mr Duncan: This has risen over two years, as the need has been apparent. I can turn to Matthew, but we spent £292 million last year, so call that \$420 million or something. So far, our contribution to the entire crisis is reaching \$1 billion—I am sorry; I am flitting between dollars and pounds.

Q125 Hugh Bayley: How much do you expect to spend this year?

Mr Duncan: Sorry; if I may, I will just turn to Matthew, so I am clear about which budget year we are talking.

Matthew Wyatt: As the Minister said earlier, we are going through our budget cycle now within DFID, so I do not think you are in a position, Minister, to give a figure for what it will be this year. That will partly depend on how the needs evolve.

Mr Duncan: We are looking at many tens of millions, running into the hundreds, but I cannot put an exact figure on it at the moment.

Q126 Hugh Bayley: You talk, Minister, about having to make some difficult choices this year. Do the difficult choices include the possibility that this year's spend on Syria could be less than £292 million?

Mr Duncan: It is possible. I would not like to think it would be much less, but take that figure and we are in the give-or-take range, I would think, of what I would expect to be committed.

Q127 Fiona O'Donnell: On the budget, Minister, you said it had plateaued, but surely with the forecast for economic growth, the budget will actually increase.

Mr Duncan: Sure, but you are looking at an increase of maybe—do not take this as a forecast for economic growth—let us say 2% or 3%, whereas over the last two or three years we have been going up 25% or 30%. The magnitude of that difference is marginal, rather than massive.

Q128 Hugh Bayley: The Committee is very pleased to see the UK committing so much aid to the Syrian crisis, but what worries us is whether we are committing disproportionately to this humanitarian crisis in comparison with others. We would like to see the Department set an annual budget for humanitarian relief. Can you tell us how much was spent on humanitarian relief last year in total and are you committed to setting a budget for humanitarian relief across the piece?

Mr Duncan: It was about 10% last year, but I would urge a bit of caution here, because humanitarian relief takes in a number of things. You have got your earthquakes and your cyclones. These are unpredictable and we have to respond to them according to need, and that would come within the 10% figure. Budgets need a measure of predictability and continuity, and we are at risk in DFID of having various blocks of money being committed: 10% here, 3% here, 5% here. You end up committing 120% and have no flexibility. The thing about humanitarian need is, it is often sudden and it can be small or large.

Whereas it is logical to perhaps ring-fence or commit a percentage to what are predictable continuous programme objectives, humanitarian spending is less susceptible to that certainty. We are already of course asked to commit 30% of our budget towards fragility and stability. We are in danger of ending up with a lot of overlapping, slightly illogical, incoherent percentages all bumping into each other. We understand what you are saying and we have a contingency for the unexpected earthquake or cyclone. I am pretty confident that, by and large, particularly if the Syrian problem remains—and heaven knows there is enough going on in Africa—we will probably end up spending something like 10% on humanitarian. However, to plan for it and demand it is a slightly different way of approaching the issue.

Q129 Hugh Bayley: We know that UN organisations are variable in their effectiveness. In relation to the Syrian crisis, which UN organisations do you think are doing a particularly good job and which are doing less well? What concerns do you have about co-ordination and will you say something about the statement yesterday, reported in *The Times*, that the Department is going to reallocate some of the resources for within Syria work from UN agencies to other bodies?

Mr Duncan: I think this is split a little bit in two: inside Syria and outside Syria. Obviously inside Syria—hence the announcement—the difficulties are, in some cases, insuperable; it is much more mountainous than the likes of Lebanon and Jordan. We support the UN agencies that specialise in large-scale activity, which is required to address the Syrian problem—so, WFP, UNICEF, UNHCR, UNRWA and all of those. They are critical to the whole process and, because we have this serious long-term relationship with them, we can provide multi-year predictable funding, which also enhances the way they are able to do their job. We also play a leading role in co-ordinating or helping co-ordinate all these activities. All of those organisations, by and large, have done a very good job.

Actually, what you have said about the article in *The Times* is something we would say is pretty true. We have signalled a shift in emphasis from working through these UN organisations, which we think over the last few weeks and months have not quite pushed the frontiers in order to deliver cross-border. Their penetration into the very difficult areas of Syria is not as acute as we would like to see.

We are not critical of them, because they have to deal with many disciplines and pressures. Let me highlight one thing that is important above all: all of the people who are delivering aid inside Syria are in serious danger and over 40 have been killed. These are the heroes of the hour, who go on to the front line and across it in order to deliver aid. I do not want to knock them or criticise them in any way, but we have signalled that we want to try

another way of delivering aid cross border, by trying NGOs that may have different local links and things like that. About half of our UK aid delivered inside Syria will go to organisations delivering from across the border, so we just want to try a new approach to see if we can be more effective in cross-border delivery.

Q130 Hugh Bayley: The World Food Programme gave us evidence to say that simply delivering food to hungry people in Syria is not good enough. You need to get people in to do a needs survey to make sure that the food that you deliver goes to the needy. Is there a danger, if you work with smaller organisations, that you will perhaps get more food through but maybe feed fewer needy people with some of the food? In other words, will our British taxpayer get as good value for money under the new approach and how will you test whether that is the case or not?

Mr Duncan: We get the dilemma. We understand it, but let's be realistic: the regime blocks surveys. You are not going to get Ipsos MORI popping into downtown Damascus saying, "Excuse me, where should the food go?" This is very mucky. It is a slightly unrealistic view that there is this easy alternative to just delivering food. The situation we are at is: for God's sake, get something through the line and hope that it gets to the people in need. If they are eating cats, dogs and grass, that is better than surveys.

Q131 Hugh Bayley: You could airdrop if that was your only concern.

Mr Duncan: We do not control the air. This is the problem with humanitarian corridors and airdrops: we do not control the air. You are into a military dimension. It is easy to want it, but it is very difficult to deliver. Much as I share your view that we would like to do air drops, the notion that it is practically possible is a bit fanciful at the moment.

Lindy Cameron: Our policy is about delivering to those in greatest need and, therefore, there are some tough choices, not just about how many people you get to but about those who need it most. Some of the shift we are looking at is about ensuring we are really making sure that, in a situation where there is not enough aid to meet all of the needs, our aid is targeted at those who are in greatest need and hardest to reach.

Matthew Wyatt: If I may, Minister, just supplement that, the NGOs with whom we are working across the border are all very experienced at working in these kinds of situations. While, as the Minister said, the regime is blocking surveys in all parts of Syria at different times, the agencies that we are working with are doing their own surveys to make sure that those who are being identified are indeed in need. Of course, they do monitoring of the support to make sure that it actually gets to them.

Q132 Hugh Bayley: Which are the NGOs you are thinking about, how do they report to you and how do they publish more widely material about their work and its effectiveness?

Mr Duncan: If you will forgive me, Mr Chairman, we are very cautious about putting names in the public domain when they are doing this, the most difficult of activities. Maybe if we can discuss it privately—we could perhaps furnish you with them for the private understanding of the Committee. To put them in the public domain would risk endangering them and it would be irresponsible on our part.

Q133 Hugh Bayley: We understand that, but you understand that we also need to be able to follow where the money is going.

Mr Duncan: You have every right to do that and we would wish to make every effort to give you all the information we possibly can, on the understanding of confidence where appropriate.

Q134 Fiona O'Donnell: To continue with our work within Syria, Minister, do you think the UN Resolution has made any difference to getting aid through, and is humanitarian aid getting into opposition, jihadist-controlled areas? Could you comment in particular on the situation in besieged areas such as Homs, please?

Mr Duncan: Perhaps this is an appropriate moment just to start by getting a little update on Homs, because Matthew was fully briefed on this yesterday evening. If you would like to inform the Committee, that might be helpful.

Matthew Wyatt: Just very briefly on Homs, our understanding of what has happened—and, of course, exactly what has happened is still emerging—is that the rebel groups within Homs, under enormous pressure, had reached an agreement with the regime that they would leave Homs. They would then go to rebel-held territory themselves and the regime will then retake the old city of Homs. There is still another part of Homs where there are still some rebels who are holding out. That is my understanding of the latest situation in Homs itself.

Mr Duncan: In answer to your broader question, our support is reaching people in all of the 14 governorates in Syria, including in opposition-held and contested areas. The problem is that the Syrian regime is using siege, starvation and surrender tactics to advance its military aims. This is of course the main problem for us helping people in need.

The Security Council Resolution has not really made that much difference so far, and the UN reported back to the Security Council members on 30 April on the implementation of Security Council Resolution 2139. The regime is continuing to obstruct, hence our earlier discussion about how we can adjust and adapt in order to overcome the problems that remain. The UN Resolution is absolutely the right thing to do. It is great that the UK was pushing it and clinched it, in many ways, but put it this way: it has not made enough of a difference, so we are still struggling.

Lindy Cameron: The WFP reached a record 4.1 million people last month, so there has been some progress, but one of our concerns is that fewer than 10% of the 3.5 million people who are hardest to reach have received aid recently. There are still 242,000 people who are in besieged areas and who are getting very little support. Those are the ones we are most worried about.

Q135 Fiona O'Donnell: Even if you had the support of the regime for delivery, do you think the security situation would be stable enough to do that?

Mr Duncan: It would be better, but there would still be conflict. I am afraid the regime is not of a mind to give any such decent support, so it is almost a contradiction in terms, unfortunately, hence the problem.

Q136 Pauline Latham: Detailed needs assessments are being produced for the stability of Jordan and Lebanon, setting out precisely what support they need from donors. Do you think DFID should use these plans as a basis for their assistance, and how serious do you think the threats to them are?

Mr Duncan: The two are quite markedly different, but they are both facing a far degree of peril, if you like. The Jordanian Government's national resilience plan is a very good starting point for assessing needs in Jordan, but they are slightly different. Jordan's economy remains fragile. It has faced the influx of refugees. It is facing a reduction of its gas supplies from Egypt. It is facing enormous pressure and it is also a critical country in the east-west dynamics of West Bank politics within the Middle East peace process. Yes, it has difficulty and it relies very heavily on donor support. However, in a way it is steadier than Lebanon.

Lebanon in some ways is a contradiction, some would say. Some would say that, with middle-income status, it cannot be that bad, but in fact there is enormous economic inequality. That is made worse by the influx of refugees. We know how many there are; the equivalent of a quarter of their population have come in from Syria. They, unlike Jordan, were still recovering from their own civil war and they also have external players like Hezbollah. They have sectarian divisions, external actors, civil war overflow, a massive influx of population, inequality and a very, let us say, unstable Government. I think the infrastructure and societal challenges in Lebanon are deeper and more severe than those in Jordan. Your question was: "Are their plans a good basis for what we might do?" They are only a starting point for what, particularly in Lebanon, is a deep and multi-faceted problem.

Q137 Sir Tony Cunningham: I just wonder, given the needs in other parts of the world and limited funds—and we have already talked about this—should DFID scale back its activities in Jordan, which is in essence a middle-income country, once the humanitarian crisis is over or should we establish a bilateral development programme to help maintain stability in Jordan? Under no circumstances am I under-valuing the work that Jordan is doing, because they are doing an incredible job in a very difficult situation.

Mr Duncan: I think the past views of the Committee might present us with a little paradox. You have urged us not to do too much in what are obviously middle-income countries and focus on poverty, and yet implicit in your question is a recognition of the fact that there is obvious need in the likes of Jordan and Lebanon, which, if we neglect them, could lead to serious need later. Through being a full part of the building stability overseas strategy and having a really joined-up approach in Whitehall, foresight is the call of the day. We are trying to exercise foresight in looking at the dangers now, before they smack us in the face later.

We did close our bilateral programme in Jordan in 2005, and I think that was right. Given the severity and the longevity of the Syrian crisis, and the fact that, although we would like to see people go back to Syria, there is not much of a country to go back to, what we need to plan for in Jordan is a medium-term stability programme. I would shy away from calling it a bilateral programme, because it would not be a classic bilateral programme, but some kind of DFID involvement to underpin the stability of the country would be sensible and responsible. Quite what degree of funding it might require is as yet un-designed. It

may be that it is not an enormous amount, but a smaller amount focused in the right way—public financial management, designing an education system or whatever it might be. That is our thinking at the moment. Call it a medium-term stability programme, rather than a classic bilateral programme.

Q138 Chair: Can I just add a supplementary? Some of us met the Jordanian Ambassador yesterday and he was making the case that an influx of refugees means we have to provide more teachers and more nurses—that is temporary and crisis. That would seem to be a legitimate area where DFID could provide support, but it would be temporary in the sense that, as the crisis eased and demands eased, refugees went back.

Sir Tony Cunningham: That is as well as water and other issues.

Mr Duncan: We are to some extent doing that, but not quite specifically in those areas, with our support to their municipalities. With the influx of so many people, you have to be able to empty the bins and all that kind of stuff. We are sort of doing that in a comparable way in response to the influx of Syrian refugees.

Q139 Sir Tony Cunningham: Could I thank you for that answer, Minister? We touched on Lebanon, which has a population of 4 million and has 1 million refugees. I wonder if you could say a little bit about DFID's development programme in Lebanon.

Mr Duncan: Primarily it is all about needs. We are looking at this primarily through the humanitarian prism and then secondarily through the development prism. As I said, the main thing is to address needs, and the World Bank completed a needs assessment in September of last year, which we have fully taken on board and are trying to feed in to. There are deeper problems in Lebanon than just the influx of refugees. It is about social implications—communities are competing over jobs; there are rents, rising crime and things like that. There is also, by the way, a danger of disease—the word that I can never pronounce: leishmaniasis. There are high rates of that now and there is a very severe risk that polio might return to Lebanon; it was eradicated 15 years ago. We have to keep a watchful eye on these more global issues within the context of Lebanon.

Also, our focus on Lebanon is really on education, where we are working—dare I say it—quite closely with Gordon Brown.

Mr McCann: A friend of mine.

Mr Duncan: We have one member of the Committee who is on side on this one. Our likely assistance goes beyond the mere focus on the immediate needs of refugees. We have to focus on children. There are so many children who are just missing out totally on any education. All they see in life is murder and mayhem. Their children and their children's children will not be happy if we do not address that now.

Q140 Chris White: Good morning, Minister. As I am sure you know, 85% of refugees have moved out of the formal refugee camps into urban centres in towns and villages. Do you think aid is getting through to these people and are donors focusing too much on the camps at the expense of the refugees living in the host communities?

Mr Duncan: That is a very good question and a very difficult one to address, because you know where they are when they are in camps. They are more difficult to disentangle from the communities if they are in the community. I think the answer to your question is yes. There are camps in Jordan. They are stopping new entrants into Zaatari, but Azraq is opening up and expanding. There are no similar such camps in Lebanon so, once again, the two countries are slightly different.

There is the basic problem that mere shelter in Lebanon is a problem, so we are talking to the Government about trying to find places where you might have quasi-camps, but there is a lot of local resistance to such things. It is not about finding a space and filling it; you have to get community support, otherwise you create problems. Through our municipal programmes we are doing much more than just focusing on camps, but the benefit of them being in communities is they get a lot of natural community and extended family support through other means. You are right: most have gone to urban centres and that creates a call on the demands of the host country. We are trying to balance, as much as we can, our efforts between camps and host communities. The host communities focus is rising within our portfolio of activity.

Q141 Chris White: Going on a bit further, how do you deal with the resentment that poor members of the host communities may feel when they see refugees receiving money and services, putting up rents and lowering wages?

Mr Duncan: With enormous difficulty and little power over such events. We have been really wrestling with the wider social impact of these problems and thinking about whether we can design different interventions to have a greater impact—perhaps I can always turn when stuck to officials to supplement what I have said.

Matthew Wyatt: It is a real problem for many of these host communities. Through the agencies that we are working with in providing humanitarian support, much of that support is going to host communities as well as to the refugees. There have certainly been cases where host communities have felt that there has been too much for the refugees and not enough for them. That is something that the agencies are looking at and it is something that we take very seriously too.

As the Committee knows, we provided £4 million for text books in Lebanon. That very explicitly was for all those people going to state schools in Lebanon, who by definition tend to be the poorest, because only a third of Lebanese children go to state schools. The others are in private education. All the children in school will benefit from that—both the refugees and the host communities. That is increasingly the way in which we are trying to shape the programme to make sure that we are reaching people on the basis of need, rather than on the basis of their status as a refugee or not.

Mr Duncan: It is fair to say that we are also trying to design more such activity in the next year, because we very much appreciate that the focus of need has shifted somewhat or grown in this area. We are doing basic things like water supply and waste collection, supporting those services that are strained in any municipality when you have a sudden influx of extra people.

Q142 Chris White: Finally, to what degree is the fear that Syrian refugees are taking away jobs from Jordanians real or perceived?

Mr Duncan: I think it probably is real, but as in any economy, it is difficult to just control or stop. It is the inevitable economic impact of an influx of such people. To a lesser degree, we have the same arguments in our own constituencies up and down this country. In some cases, those are allowed to work; in some cases, they are not, but still they work. We should not just look at the state of the law and think that it is clean-cut.

Lindy Cameron: It is rational. The World Bank assesses that there is both a higher rate of unemployment in Lebanon as a result of this crisis and a risk that there could be further unemployment, so I think it is a rational fear.

Q143 Mr McCann: Good morning, Minister. I suppose this is a continuation of that conundrum, but we have already mentioned some of the short, medium and potentially longer-term challenges that we face in this region. Syrian refugees are generally allowed to work in Lebanon but not in Jordan. We know it is a sensitive issue, because in the UK we do not allow refugees to work. Given the potential longevity of this conflict, should Jordan allow refugees to work? Is it an option being considered with the Jordanians, and how do we balance that with the danger of permanent displacement?

Mr Duncan: The Jordanian Government is looking at this, but I think they are reluctant. We only really have anecdotal evidence of how many Jordanians might have lost their job because of the influx, but in Lebanon the World Bank has estimated that, because of the crisis, perhaps an additional 220,000 to 230,000 Lebanese could become unemployed. It is an estimate and you know what these reports are like, but it is a negative impact. That is really the truth of this for some.

On the other hand, an influx of refugees does bring with it a large degree of economic activity and need, so it is not entirely negative. Although they may be poor and dispossessed, they still need to buy things and find a way of doing so, so it generates economic activity as well as displaces some economic activity. It is not wholly negative. I do not think there is an easy answer; I do not think we can pretend that there is. This is primarily a matter for the Jordanians. I do not think that one should ever miss the opportunity to say that both countries have been amazing in opening their doors to so many hundreds of thousands. Therefore, we should not be too quick to pass judgment on them wrestling with the difficulties of having done so.

Q144 Mr McCann: There was an analogy made that what has happened in Lebanon is the equivalent of the whole of the Scottish population moving into the Yorkshire Dales.

Mr Duncan: I wonder what the Foreign Secretary would say about that.

Mr McCann: It is quite interesting in terms of the dynamics, just to demonstrate the sheer length, breadth and size of this whole problem. What would the UK Government do then?

Mr Duncan: It is the equivalent of another figure earlier, which was the whole of Romania coming to the UK, which some parties have predicted, but it has not happened. Take whichever analogy you want; the sheer magnitude is mind-boggling. They are much smaller countries than us. Lebanon does not have much space, and of course they do not

have that much water and all that kind of thing. The strain on basic resources and infrastructure in Jordan is massive. The only upside, in one sense, is that a lot of them have extended families there, they have the same cultural affinity and a lot of them have moved around in the past. However, it is an enormous problem to contend with, and the way Lebanon and Jordan have coped with this is just one of history's admirable moments.

Q145 Sir Peter Luff: Minister, you have already alluded to the seriousness of the educational crisis amid this refugee crisis. Inside Syria itself nearly half of the Syrian children are not going to school. Of the refugee children, some two-thirds are not in school, about 0.5 million. This has very serious long-term developmental consequences. What can we do about this?

Mr Duncan: The UK Government and my Secretary of State have really tried to focus on this as a top priority. We have, with relish and determination, embraced UNICEF's No Lost Generation initiative. One of the things I have made as a pet project is working with UNICEF to provide education and psychosocial support for children in the UAE refugee camp just over the border into Jordan from Daraa, which we co-operate with the UAE on. It is a sort of joint venture thing: they built it and we are helping to run it.

The crucial argument is that there are probably over 4 million children in need inside Syria. There are 1.3 million children who are refugees outside Syria. Over 2.5 million kids are out of school altogether inside Syria, and 0.5 million more out of school in the region. Getting these children into education is absolutely crucial, so we have allocated £50 million specifically to provide protection, trauma care and education for children affected by it. We are working with UNICEF, Islamic Relief, UNHCR and so on, amongst our partners.

Let me just try to look at Lebanon and Jordan in particular. There are 320,000 school-age refugee children in Lebanon and 200,000 school-age refugee children in Jordan. In Lebanon, we will run as far as we can with the programme owned by the Lebanese Government called Reaching All Children with Education in Lebanon, which is the scheme championed by Gordon Brown. We will do everything we can to try to make that work. It is difficult. The plan says, "Let's have double shifts." Could MPs do double shifts? Teachers cannot easily do double shifts. It is asking a lot of the infrastructure, which is already at busting point.

Q146 Fabian Hamilton: You could do with another set of teachers, though, couldn't you?

Mr Duncan: Exactly, but you cannot just pluck them out of the sky. That is exactly the point. It is not as straightforward as we would like.

Q147 Sir Tony Cunningham: There must be teachers who are not allowed to work.

Fabian Hamilton: Among the refugee population.

Mr Duncan: That is a very good point. Of course, they would speak the language and know the mentality of the children they are trying to teach. Yes, I would urge you to explore that concept a bit further and see if there is not a recommendation you could put to us.

Q148 Chair: That was actually raised not just in the context of teachers, but nurses and others. There are quite a lot of people with skills who have arrived.

Mr Duncan: I was going to say that I am thinking on my feet, but I am sitting down.

Lindy Cameron: Obviously we are in a situation where many of these people left their countries expecting not to be away for perhaps more than a whole school year. We are now in a situation where many of them have been out of school for one or more, in some cases up to three, years. Clearly with Geneva II not having achieved a resolution to the conflict at this stage, we are having to look at longer-term approaches, as are the host communities. Many of our priorities and processes are shifting from thinking about what the short-term approaches are to thinking about what the longer term approaches are that will actually help children who might miss their whole high-school education, for example. We have done a lot of work recently and we have had an education expert out in the region looking at what we can do and which partners we can work with. Matthew might want to explain that in a bit more detail.

Matthew Wyatt: Yes, absolutely. There is a proposal in Lebanon that was issued by UNICEF and championed by Gordon Brown, as the Minister has mentioned, under the previous Government within Lebanon. Our ambassador was speaking with the new Education Minister earlier this week to confirm that the new government is broadly behind the plan. The plan itself does address some of these difficult issues, but many of them will need be worked out, such as double-shifting: how you do it and where you get the teachers from, the questions about accreditation of teachers, and the question about language, because in Lebanon, as you know, education is often in English and French, whereas in Syria education is in Arabic.

There are a lot of very difficult issues to address in this, but there is a considerable amount of political will—partly generated by our Secretary of State and by the Minister—to bring the international community together to address it. We are hoping that we will be able to have something in place certainly for the start of the school year in September to get some of these children back into education.

Q149 Sir Peter Luff: Mr Wyatt has mentioned the difficulty with language in Lebanon in particular. Is this an example of assimilation being very difficult indeed? Do we need separate systems or is the way forward assimilation into the host communities' educational systems?

Mr Duncan: Assimilation sort of implies permanent residence and permanent status. It has its own difficult connotations and insinuations, so we have to be very cautious about that. Arabic is the common language, but there is French as well, and English in Lebanon. All the Syrian teaching is in Arabic. There should be enough commonality to teach Syrian children in Lebanon broadly in Arabic.

Lindy Cameron: It also depends what stage of their education they are at. For example, younger primary school children are still at a stage where, much like Arabic-speaking Lebanese children, they can learn a second language of English or French in order to assimilate into that system. For older children, who have gone through their whole education in Arabic, it is much harder to integrate and it requires a different set of

approaches to make sure they can finish their education and end up with the kinds of qualifications that allow them to have jobs.

Q150 Sir Peter Luff: We saw some of the less formal education processes that DFID is funding—child-friendly spaces—as part of a really impressive and moving visit. What role do you think those kinds of activities have? Should you be increasing resource in that area? Is it an important part of the work?

Mr Duncan: More resource? Look, they matter. Child-friendly spaces are easy to dismiss as trendy development speak, but far from it: they are an example of where DFID has embraced an intellectual issue and is trying to lead on it and persuade people that they really do matter, and we are implementing them. Some of these kids have seen some of the worst things you could ever imagine, and they are very frightened and traumatised. To have areas where they know they are safe is a very simple concept, but has enormous impact on their psychological well-being.

Sir Peter Luff: There is informal education within those spaces as well.

Mr Duncan: Yes, exactly. In other different sorts of conflict, the same applies to women. You need the space; you need a little bit of administration around it, but do not knock it—you are not knocking it, but no one should knock it, because it is a very important essential part of the comprehensive approach we are taking to this conflict.

Q151 Sir Peter Luff: Technology, the internet and new systems of teaching: do they offer a way forward?

Lindy Cameron: We are looking at a wide range of options, to be honest. If we thought there was a good technological option, we would certainly consider it as part of that package of support, but to be frank, lots of these kids are living in a space where they do not have access to the internet—in camps, etc. While that would help some of the more sophisticated end of the options, perhaps in the public school system, it is not going to help the kids in the camps who need basic primary education.

Mr Duncan: They hardly have a chair and a roof, let alone a laptop. The issue is walking before you run. In the modern world, there is always a role for this sort of thing, but I do not think we can necessarily equip them or they do not necessarily have the equipment to be able to derive benefit from that sort of thing at the moment.

Q152 Fiona O'Donnell: I just want to ask about another aspect of the impact on family life. We heard that there was increasing reporting of domestic violence among the refugee population. In a refugee situation, it must be more difficult for a woman to consider options to leave an abusive relationship. What is DFID doing? Has any assessment been made of this? Are there safe spaces for women, too?

Mr Duncan: We acknowledge the problem. We acknowledge the importance of the problem, and preventing sexual violence against women has been the Foreign Secretary's main theme all year. Likewise, the importance of women and girls in development is going to be the theme of the Prime Minister's major thematic conference in June, next month.

Lindy Cameron: Our Secretary of State announced £9.6 million of support primarily for UNFPA, if I am right, last November. It particularly focused on the issues of women and girls, because it is not just domestic violence; it is also things like early forced marriage, where younger women in the camps are at much greater risk of being married off early. There is a range of issues. It is almost a spectrum—from the child protection issues to some of the teenage and younger adult protection issues—that we are worried about, but that support to UNFPA should help to address some of those issues. It is something we are extremely concerned about and it goes back to some of the earlier questions you asked about camps. In some ways, our general policy is that refugees are better off integrating into host communities where that is possible—and we understand how incredibly politically sensitive that is—because sometimes it helps to try to lessen the risk of some of those issues. It is a huge issue.

Fiona O'Donnell: As long as they are not isolated. In the family we met, the women never left the home or the children at all.

Chair: We also heard in the camp in Jordan that traffickers were coming from Saudi Arabia and buying girls for \$200, which is pretty shocking.

Q153 Fabian Hamilton: Minister, I believe 20 countries have agreed to participate in the UNHCR's global resettlement programme for Syrian refugees, but we have not. The UK has accepted 500 refugees so far and we have provided much more funding to help refugees than all those 20 countries, I believe. Our spending in the region is seen rightly as a key priority, but do you think we should participate in the UNHCR programme and, if not, why not?

Mr Duncan: Firstly, the context is, as you say, that we are by far one of the largest donors. That is the way we have channelled our major effort, because we think that keeping people in the region is better and one day we would like to think they have a country to go back to.

The UNHCR programme came slightly out of the blue and, if I can be brutal, it is a slightly simplistic numbers game. You can work out the ratio of 20,000 out of a displaced population getting on for 10 million. It is not a programme as such; it is a quota scheme. We have tried—and, dare I say it, the Prime Minister is absolutely right on this—to pick some of the most really vulnerable and design a specialist approach to their acute needs. Instead of just saying, “We’ll take a few hundred,” and tick the box on the UNHCR scheme, we are going to go one better.

Q154 Fabian Hamilton: Sorry to interrupt you. Are you thinking of medical issues, mental health issues or trauma issues?

Mr Duncan: Yes, or sexual violence or people who have been subject to torture. It is something like that. It will run to several hundred, I guess, of the most acute victims of this conflict. In my view, that is one up on the UNHCR scheme, rather than just an easy “Thank you very much; we will go along with it.” I think we are UNHCR-plus in many ways. We call it the Vulnerable Persons Relocation scheme and, as you say, some of the first few have arrived. I think we are on the right side of this argument and are handling it in the right way, in addition to being one of the biggest donors—nearly \$1 billion.

Q155 Fabian Hamilton: There are many people of good will in all our constituencies who would love to take families in, maybe into their own homes. I certainly supported that view before we went to the region, but I have to say that, having seen what I have seen and what we have all seen, perhaps many of those refugees are better off where they are, as long as they get the right support and as long as they have the hope that they can one day go back to their own country, their own villages, their own towns. I am supporting your view.

Mr Duncan: Clearly, which is very welcome. We have also, by the way, taken getting on for 4,000 asylum seekers, which we do not hear much about. I think you are right: transplanting someone from a completely different cultural context, particularly when they are the most acute victims, is not necessarily always the very best and easiest way of putting them into a happy setting, but I think we are doing the right thing.

Q156 Fabian Hamilton: Would you agree that our opinion actually comes from a position of great strength, because after all we are the biggest donor apart from the US?

Mr Duncan: I certainly think that and I would think that, wouldn't I? We are all in this country—not just DFID and the Government, but the whole country—entitled to take that view and we should be proud of it. They should see the whole argument about our budget and 0.7% in that context.

Chair: We have a couple of supplementaries from Hugh and Pauline.

Mr Duncan: They are always the dangerous ones, especially Mr Bayley.

Q157 Hugh Bayley: If a few hundred severely traumatised children were let into the UK, there would be rather more parents and siblings and, within a fairly short space of time, you will have a community of a few thousand in the UK. I see that as inevitable. I remember very early on in the Bosnia conflict, with the previous Conservative Government, a convent in York took in 200 refugees, but some were able to return. There is now a sizeable Bosnian community in York. Does the Government accept that if you accept extremely vulnerable children, you have to accept other family members, including their parents?

Mr Duncan: I hope you will accept that I do not think I am the Minister equipped to answer that. That is primarily a matter for the Home Office Ministers and, indeed, their select committee. I can obviously see the logic of the question.

Lindy Cameron: It is perhaps worth saying that not all the vulnerable people we are accepting are children. Some of them are women and some the sort of people who have experienced torture, for example. It is a spectrum of those who have either the greatest needs or are most helped by coming to the UK. Some of them will be children.

Q158 Hugh Bayley: In respect of the children, will carers be admitted too and will parents be admitted too?

Matthew Wyatt: I do not know our precise rules on the scheme. I do know, as Lindy Cameron has said, that many of the people coming will not be children themselves. Where there are children, their parents may be accompanying, but we can find out from our colleagues.

Mr Duncan: If I may, Chairman, we will consult the Home Office, compare notes and write to you as appropriate, if that would satisfy.

Q159 Pauline Latham: I just really wanted to agree with you in many ways about the issue of lifting people out of an area that they know, away from people they are culturally the same as, with language they understand. We would bring them here, they will not speak English, and our whole system is completely different—our education system is different; everything is so different. Is it really appropriate to do that? There are large communities, displaced, yes, and in awful situations—nobody wants to be in a refugee camp—but given that they will be surrounded by people who can understand them and can work with them, apart from the extremely vulnerable people, is it not better that they stay there, amongst their peers?

Mr Duncan: I look forward to reading the recommendations of your report.

Q160 Chair: It might be a note, but you obviously have had to re-orientate the Department's activities in the region. It would be useful to know exactly what the staffing arrangements are at the moment and also what is planned, both in London and the region. I know there is some sort of dynamic about that.

Mr Duncan: I can give you a very brief thumbnail sketch now. We have dedicated people in Jordan and Lebanon from DFID, and of course we have the Syria Crisis team, of which Matthew is the head. DFID has been extremely adept at building up an apparatus to cope with this sudden and enduring crisis. It is the largest and longest humanitarian intervention that we have ever dealt with. Do you want to add something just on the administrative structure, Lindy?

Lindy Cameron: The issue for us is that this is a very dynamic situation, so we cannot easily look ahead and tell you what next year's figures will look like. We have tried to keep the Syria Crisis Unit within the broad wrapper of our Middle East department to make sure that we have the flexibility to respond to changing needs. We are now beginning to look a little bit longer term; with the lower likelihood that refugees will be able to return imminently, we are going to have to deal with a slightly longer-term refugee crisis at this scale in the region. We will need to think about what that looks like. We do not have definitive figures yet, but I would expect, therefore, that the Syria Crisis team will continue to exist for the foreseeable future.

Q161 Chair: Finally, Minister, of course we share the dilemma that we want to deliver development to poor countries in Africa and Asia, but we also want to respond to that. That is a dilemma we share, but you will understand that we are anxious to ensure that we do the best here, but not at the expense of our commitments elsewhere.

Mr Duncan: I quite understand. The challenge of being a Minister is to assess these choices, make them and try to make them in the best possible way.

Chair: Thank you. Before we move on to the next session, I think you would appreciate a break, so we are going to take five minutes.

Sitting suspended.

On resuming—

Q162 Chair: Welcome back to part two, which is focusing specifically on the Occupied Palestinian Territories, where we spent several days. While we were there, the peace process was drifting towards whatever it was drifting towards—I think that is the answer to that. Obviously it has now hit problems; it has effectively stalled. Certainly that is what it would appear to be. Do you have any view on whether there is any hope of any solution in this context? Is it stalled for some significant time? Given the application of John Kerry, it has kind of come to an end. Who is going to take it forward?

Mr Duncan: It is the same process with the same people. I cannot praise, in my own view, Secretary Kerry more highly for the effort he has made and the grasp he has on this subject. I do not want to put it in the past tense by saying “have done”; he could not be doing more. I think that his efforts have been quite remarkable. I heard him at a UN meeting on this—a very small meeting with Foreign Minister Lavrov and others. It was like a master class on the issue.

I just hope that there is yet life in this, because if it collapses—what is probably the last chance there is for a two-state solution—the potential permanent conflict that would ensue is very frightening, and I would just urge everybody to get around the table, respect each other and get the two-state solution that we need, with a recognised Israel—by everybody—safe and secure, and a viable Palestine, without continuing occupation, able to live alongside each other. That is my vision, it is the Government’s vision and I hope it would be everybody’s vision.

Q163 Chair: There are clearly plenty of people living within the communities who want it to happen, though it does not appear to be happening. What are the implications for that? Does it have implications for our programme? One of our witnesses basically said that what we are doing is to create the capacity for a two-state solution. He said that if there is not going to be a two-state solution—if we ever came to that conclusion—then what we are doing is basically paying Israel for their occupation.

Mr Duncan: I understand that logic, but do not share it, because the implications are slightly perverse. We are not paying Israel for the occupation. We are, as you say, trying to underpin the Palestinian Authority as a future government of a recognised Palestine. If the situation collapses, there may still be need for us. We were talking about stability in Lebanon and Jordan earlier; it may be more pressing in the Palestinian Territories. Whether we change our stated objective or the way we approach it is unclear at this stage. I really am reluctant to go down that path too far for fear of saying that it has failed, but in terms of the prospects for yet reaching some kind of conclusive outcome, it is only fair that I should just turn to Cathy as the representative of the Foreign Office.

Cathy Ward: Thank you, Minister. I should just say that what the US has said to us and publicly is that there is a pause in the negotiations, in a sense an opportunity for the parties to reflect and think about where they would like to take it next. We know that US National Security Advisor Rice was in Israel yesterday. She is in the OPTs today; she is seeing Abbas this evening and she is obviously engaging in talks with the parties about what is possible going forward.

Just so the Committee is aware, the Foreign Secretary is obviously in very close and constant touch with Secretary Kerry about Secretary Kerry's thinking and what we can do to support that. We know that the US negotiation team on the 6th had a retreat, where they were considering lessons learned and next steps. The latest messaging we have had from them is that they are not thinking of packing up shop at all. Kerry is not intending to give up any time soon; he remains committed.

Our ambassador in Washington is seeing the head of the negotiation team this morning, who is going to be telling him about the next steps, and the Foreign Secretary has been very clear that the UK's focus currently is in urging the parties to get back into a serious process as soon as possible. He has personally spoken to Abbas to that end. The Prime Minister has recently spoken to Netanyahu to that end. The Committee is probably aware that there is a Foreign Affairs Council meeting in Brussels on 12 May. We are currently agreeing at European level language that is going to focus on that message. Our sense in the Foreign Office is that we do not believe that all hope is lost. We believe that the US does not think that either; those are the latest indications—we will know more later today. We are all working to try to get a serious process back on track.

Q164 Chair: Thank you; that is very helpful. I would deduce from that and from what you said before, Minister, that as things stand at the moment you would anticipate continuing the programme in a similar vein, in terms of supporting the Palestinian Authority and UNRWA in a similar way to what we currently are doing.

Mr Duncan: Yes, Chairman. That is exactly our position.

Q165 Pauline Latham: I just want to say that all sounds very encouraging, but the longer this goes on, the more illegal settlements are being built and the less land available for the Palestinians. Their crops are being torn up. How long does everybody talk for before they say, "Well, we can't do anything now, because all the land has gone"?

Sir Tony Cunningham: That's the big question.

Pauline Latham: I ask both the Minister and—

Mr Duncan: That's very unhelpful; I was turning to the Foreign Office.

Cathy Ward: As I am sure the Committee is aware, the Foreign Office has not put a timeline on this process, but you will have seen that the Foreign Secretary's statements have talked about the last chance for a two-state solution. There is very much a sense in the international community that the window is closing, and closing very fast, because of settlement expansion.

Pauline Latham: Yes, very fast.

Cathy Ward: That is why there has been such an international well of support behind Secretary Kerry's efforts. In particular, we have been working really hard in Europe as well to ensure that Europe gets behind it and offers a big package of support in the event of a deal, because we realise the urgency of the situation, but we have not set a timeline.

Mr Duncan: Perhaps I can answer Pauline Latham's question slightly obliquely: we do have a role in this process that is constructive in that, by keeping the PA alive as a

potential administration and a government, that is helpful. UNRWA trying to keep the refugee population catered for is equally helpful. If one were to desert either, it would be a highly counterproductive step, I think.

Q166 Mr McCann: The visit to the West Bank and the OPTs was by far the largest part of the trip and many of us who had visited the region before had seen different aspects of the geography and the layout, which were very helpful. We learned a lot about the programme, which—if I can repeat it once again—was very well organised by the excellent DFID staff. We know that the main focus of the Palestinian programme is the provision of funding to UNRWA and to the Palestinian Authority in roughly equal amounts. Which parts of the programme are you happiest with, Minister, and are there any parts that you feel could be improved?

Mr Duncan: The first point to make, which we were touching on a moment ago, is that the state-building support for the PA has actually been remarkably successful. They have proven themselves to be competent. They are managing the money well, we think. From almost nothing, they really are quite impressive in delivering the services, being accountable, recognising and supporting rule of law, and all that kind of thing. We can be proud of having worked with that.

Likewise with UNRWA, I have worked very closely with UNRWA for the four years I have been a Minister, during which time I have seen lots of ups and downs, and a lot of funding difficulties. Through them, however, we have built 12 schools in Gaza. Things like that are tangible and significant contributions to the well-being of people who live in very difficult circumstances. On both those things, we can be very proud. Anything can be improved of course, and we are also doing our best to generate economic activity elsewhere across the West Bank, particularly in the more rural areas. We are doing our best to try to support and develop the private sector but, frankly, that would happen naturally if they were not occupied. If they were not occupied as they are, they would not need anyone's aid, we think.

Lindy Cameron: Perhaps if I can, Minister, we continue to press both UNRWA and the Palestinian Authority hard to make sure they are doing everything they can to improve value for money from both the money we give them and also others. We continue to look for reform improvements in both and part of the way we have structured our support to UNRWA has been to incentivise that kind of improvement in performance. The one area that we would like to see more progress on is the economy, where we would like to see the support we are giving being able to be more effective, but that does require movement on some of the restrictions issues there that make that difficult.

Q167 Mr McCann: There have been a number of allegations made about the programme—for example, that British aid money funds incitement and that some of the funds have been corrupted. We were assured when we were there that every step is being made to ensure that all British taxpayers' money is being spent properly, but one aspect of the OPTs' funding has ignited some controversy and—as you will know, Minister—has been the subject of other debates in the House at question time and various other times, from both sides of the Chamber. That is the Palestinian Authority's payments to Palestinian prisoners, with higher

sums of money and a tariff system that effectively gives more money to people spending more time in jail with longer sentences.

Now, this is an aspect where I take the view that there is a contradiction in the programme, because DFID intends to spend £122 million with the Palestinian Authority on the basis of shared principles of poverty reduction, human rights, sound financial management and accountability. We saw great examples of that and heard back from, for example, people working in the security services, who said that they are really taking great bounds forward there. The general purpose is to prepare for statehood, and we are providing the support to prepare for that statehood—and let us all hope that is not just a pipe dream and it actually comes to pass. However, when Ministers are challenged—and you have been challenged in the Chamber—on the fact we are giving money to the Palestinian Authority to build an accountability mechanism and to demonstrate that they can actually operate, we always then say that our money goes directly to pay for civil servants. We on the one hand say it is about being accountable and we are giving them the money to demonstrate that they can be a state, and then we suggest that there is this artificial and—in my opinion—unrealistic shield being put up to effectively say that if you have a wallet, there is a particular section for British aid money and it is nothing to do with us in terms of the Palestinian prisoner issue.

When we met the Palestinian Finance Minister, he freely accepted that the payments are made and he also freely accepted that they could not afford them, and it was something that he was not happy with. Why can we not accept, as a British Government, that reality? Why are we not working with the Palestinian Authority to make the payments based on need? The point that I made to the Finance Minister was that if I went to jail—I am giving you a hypothetical here—and I have two children, my wife and my two children would be supported by the state. If I had 10 children, my wife and my 10 children would be supported by the state. There is nothing wrong with that and that alleviation of poverty; what is wrong is that the Palestinian Authority is paying individual families whose main breadwinner is in jail based on the length of service they have given, which clearly is an incentive for people to do bad things. Therefore, is there any chance that there will be a different take on this from the Government that will enable us to move forward in helping the PA approach this very sensitive subject, I accept, with a different viewpoint?

Mr Duncan: Mr Chairman, there is far more common ground between us than perhaps past exchanges have suggested.

Mr McCann: They are always shorter in the Chamber.

Mr Duncan: Of course, in written and oral questions it is very difficult to talk with an extended argument. They have to be very succinct, factual and almost antiseptic. I welcome this opportunity to explain at greater length. Broadly, there is common ground between us.

Firstly, we are entitled and it is accurate to say that the money we spend is directed specifically to salaries and goes to the World Bank trust fund, so that none of our money does go to these purposes. I understand exactly what Mr McCann is saying, which is that he is concerned about this payment process, alongside anything that we might be doing to pay the civil servants' salaries. Although it is not our money, it is nonetheless the PA's money.

I am delighted that, in his conversation with Finance Minister Bishara, he was saying the same sort of thing—that we would like it to be more transparent and needs-based. That is what we say to them. Mr McCann would also appreciate anything in the context of the two-sided arguments in this longstanding dispute is fraught with anger and difficulty, and used by the other side. I am perfectly prepared to say to this Committee and to Mr McCann that we will continue to say to the Palestinian Authority that this would be so much better and would be less of a problem for them if it were based on an affordable needs-based welfare process, rather than anything that could be taken as an apparent reward for going into prison. We have great common ground.

Chairman, you kindly let Jonathan Hargreaves, who is the head of our DFID office, as you know well, join, but I do not know if he wants to add anything there.

Jonathan Hargreaves: Thank you, Minister. I think you have put it very well. Our overall objective, as you know, is to keep on supporting the Palestinian Authority to be able to continually strengthen. We have seen a lot of progress in that over the years and we want to accompany that, as we have been doing, with a very robust and frank dialogue on a number of difficult issues, some of which are very sensitive. That is what we do. As the Minister says, we have consistently raised, and will continue to raise, this particular issue as one of those that we have an open and honest dialogue with the PA about.

Q168 Mr McCann: Can I just place on record that I welcome the comments that you have made, Minister, and the comments that Jonathan has made as well? There is an element of dancing on a pinhead here in terms of descriptions, but the important thing for me is that there is a recognition that the issue that has taken place is extremely sensitive, and you will always hear the position that one person's terrorist is another person's freedom fighter. All those types of connotations come into it.

The point I have great difficulty with—and I just have to place it on record—is that we have asked questions about this concept that this money is somehow hypothecated for a single purpose. It just does not sit and it is a complete contradiction to the concept that we are trying to build statehood and allow the Palestinian Authority to make its own decisions, and then to suggest that we just direct money to a certain point of their budget, when they are making all the decisions. I do not want to dwell on that point; I want to dwell on the positive, which is that I believe that, with Finance Minister Bishara, who we met, there is a genuine willingness to take this matter forward and to actually take it out of that sensitive arena and put it into a place that we would all agree with: to ensure that people who are in poverty and need support of the Palestinian Authority, and hopefully in the future a Palestinian state, get that support based on their welfare needs. If we could all move forward on that basis, it would be extremely helpful.

Mr Duncan: In which case, Mr Chairman, I think we agree and we have found common cause. We on the DFID side undertake to make similar such representations continuously.

Chair: Thank you; I think we should let it rest there.

Q169 Chris White: DFID's new Palestinian market development programme, which I am sure you are familiar with, aims to support 480 Palestinian firms by 2019. How confident are you that it will be able to achieve this?

Mr Duncan: I am very confident about this programme. It is quite ambitious and we believe, philosophically and intellectually, that the private sector is the best engine for development. In the poorest countries, you have to get off first base in order to get some kind of private sector activity going. In the Palestinian Territories, you have a natural private sector environment, if only it were freer to flourish.

The market development programme is giving businesses matching grants and technical assistance to improve their annual sales and potentially to export. I saw some of these myself when I visited. There are some very flourishing chambers of commerce there. They are little businesses that, if they can move around and get their products about, can really do quite well. About 600 businesses will get grant funding to enter perhaps 450 new markets with 300 new products. There is quite a lot going on. Put it this way: it would be wrong of us to neglect this economic part of our development activity in the OPTs. The freer they are to go about their business, the more successful this will be.

Q170 Chris White: The Portland Trust has made a number of suggestions as to how the UK could support the Palestinian private sector, including by launching a private sector grant facility, offering development impact bonds and providing training in public-private partnerships. Are you willing to consider any of these recommendations?

Mr Duncan: The great thing about DFID is we are willing to consider anything. What works is what we like. We are not dogmatic, nor do we in any way go about these things with a closed mind. I have enormous admiration for the Portland Trust. I have known them for years. I think Sir Ronald Cohen, who inspires it and runs it, is admirable and enlightened in his approach to business in the OPTs. We have not specifically looked at this proposal because it is quite new to us, but we are very happy to do so.

Jonathan Hargreaves: I can maybe just add that, yes, we have been discussing this with the Portland Trust recently—indeed, our team in Jerusalem met them yesterday. I am going to meet Nicola Cobbold, who I know gives evidence next week. We are very actively having this conversation with them. We think these are really interesting ideas, and as we take forward our further work on economic development, they will definitely be things that we will think about, particularly initially the public-private partnerships suggestion, which they have put to us. We are having quite an advanced conversation on that.

Q171 Chris White: What are your thoughts on the Initiative for the Palestinian Economy and its impact? It is being led by the Office of the Quartet.

Mr Duncan: The Quartet's office is above ours in Jerusalem. We work very closely with them. I have a regular dialogue with Tony Blair—I seem to be collecting lots of former Labour leaders these days and working very closely with them; I am very ecumenical. He is a very important figurehead for the Quartet and they are designing some serious economic activity in Area C. I know that Tony Blair has perhaps a vision for a slightly different approach on Gaza that can loosen up a lot of the restrictions there. They are focusing on energy, electricity, tourism, basic manufacturing, ICT, agriculture, construction and also, crucially, building materials and water, not just in the West Bank but getting such things into Gaza wherever possible. They are a very important component, not just in developing the economy but also in doing it through having a

high-level diplomatic dialogue with the Israelis, without which none of this is really going to get off the ground. They are important oil in the works and we work with them as closely as we can. What have I missed?

Lindy Cameron: The answer is yes; we are ready to support this plan. We are particularly interested in the ongoing negotiations on Gaza Marine, the gas field and the Area C work.

Q172 Chris White: On a slightly different tack, in Area A of the West Bank most Palestinian professionals are unregistered for tax. Do you think DFID could assist the Palestinian Authorities in revenue collection?

Mr Duncan: Yes is the answer; we are. Seventy per cent of the PA's revenues come from taxes that are collected by Israel, so that is the bulk of the tax revenue flow. It is collected on behalf of the PA by Israel. The PA itself is making progress on managing its finances. Domestic revenues from VAT and from customs income tax increased by over 10% last year. They are making progress, but of course it is a pretty restricted economy and there are limitations to what they can do. We are working with them to increase their domestic tax base.

Lindy Cameron: Our policy and governance facility helped to develop a revenue action plan, which will help them to prioritise this issue.

Q173 Hugh Bayley: At the moment the Palestinian economy is held back considerably by the restrictions on development, particularly the restrictions on development of economic premises within Area C. Perhaps something like a third of Palestinian West Bank GDP is forgone as a result of these restrictions. To what extent can they be justified on security grounds or to what degree might security be used more out of habit or as a political consideration by the Israeli authorities, rather than based on evidence?

Mr Duncan: I will turn to Cathy Ward in a moment, but let us be clear that settlements are illegal under international law. It is as simple as that, in terms of fact. We regret that the number of demolitions has risen and both are an impediment to an effective outcome to the peace process. We do fund the Norwegian Refugee Council to give legal assistance to those who are being displaced. We are very deeply concerned by the continuing and growing displacement of the Bedouin in Area C and around E1. I do not know if, when you visited, you saw the Bedouin—"housing" is a generous description—living quarters just near E1, which are at risk, including the school there.

Chair: Some of the Committee did.

Mr Duncan: Some of you saw that. Of course, if E1 is built upon—all the infrastructure is already there—that would complete the encirclement of Jerusalem. Cathy, I do not know if you want to add, perhaps on demolitions in particular.

Q174 Hugh Bayley: I know my colleague Peter Luff is going to ask some specific questions on demolitions. Could I go back to the other side of the coin? Of 1,640 applications for development in Area C by Palestinians, only some 37 were approved. We are not talking about the settlements here, although I agree with everything the Minister has said about the lack of restriction on settlements in Area C. If it was easier for Palestinian

businesses to construct premises in Area C, the Palestinian economy would thrive, donors would need to subsidise Palestinian livelihoods less and you would begin to create a more sustainable basis for a Palestinian state, so what can Britain do to persuade Israel to allow Palestinians to open businesses and develop premises in Area C, where it is possible to give permission without there being a security risk?

Lindy Cameron: We do see movement and access restrictions as being the biggest impediment to growth of the Palestinian economy. We are working on master planning, which we think is one of the key areas that will allow us to support the Palestinians to negotiate on what is possible.

Jonathan Hargreaves: We want to see good co-operation between the Palestinians and the Government of Israel in order to be able to develop Area C. We would like to see the participation of Palestinian communities in that process. We think that the impact of work that we can do in Area C is likely to be more sustainable and greater if that is done in a way that does not put what is built at risk of demolition. Our current strategy is to try to engage as constructively as we possibly can with the Government of Israel in order to allow planning and development in Area C, and to base our development support on that planning and development.

Q175 Hugh Bayley: Jonathan Hargreaves will be aware that a group of us, during our visit, went to see a factory in Hebron turning steel wire into welding rods. It was a business with export potential, but it was hampered because the cramped premises in Hebron were more costly than building a new, more modern factory, which could only take place on new land in Area C. By restricting Palestinian development to tightly controlled areas, you are inevitably driving up rents and costs. What further can the UK do to make Israel realise that if they want decent livelihoods for their neighbours in the West Bank, they have to make it possible for private sector businesses to flourish?

Lindy Cameron: We continue to have a dialogue about these issues. We do believe that movement and access restrictions are the biggest impediment to growth in the West Bank and that everybody in the region should want a flourishing Palestinian economy as the basis for peace and security. That is why we support these issues through the Palestinian market development programme. The Minister launched that in Hebron last year, in fact.

Mr Duncan: Do you want to say something about master plans, Jonathan?

Jonathan Hargreaves: I mentioned master plans as we were talking about Area C. We talk across Government all the time with Israel about these issues, on a day-to-day basis in the context of the Initiative for the Palestinian Economy. Twice a year we meet more formally at the ad hoc liaison committee, where these issues are discussed. Absolutely these are things that are constantly on our agenda to discuss with our Israeli colleagues.

Chair: Also on that visit—and I told the Minister about this—we watched a piece of land in Area C that a 73-year-old man said he had been working on since he was 10, growing olives and planting things. He, his family and his brother were still occupying it. A British-made JCB was in the process of digging up the olive trees and the recently sown wheat, supervised by the Israeli Defence Forces, on land that they maintain they had effectively been farming for 60 years. When we raised it with the Ministry, they said they are not very keen on people moving along that road. The implication, therefore, was that you cannot farm in that area, even if you have been doing it for 60 years, because it is beside a

road. That clearly is negative: it is not only not allowing development to take place, but disrupting existing developments.

Pauline Latham: The other group that I was with saw exactly the same thing. It was crops being destroyed and it was the defence forces that were supervising and making sure it happened.

Q176 Chair: The question arises out of that: in that environment, what chance does your master plan have of getting that agreement?

Mr Duncan: We will nobly continue with our efforts.

Q177 Sir Peter Luff: My mind buzzes with so many thoughts. What frustrated me is I saw Israeli and Palestinian businesspeople anxious to make this work—a real deep sense of pragmatism. If only we put the two places in control of the business community rather than politicians, how much better life might be. I want to see that Palestinian business community really thrive, and I saw obstacle after obstacle after obstacle put in their way on security grounds, allegedly, for which I could see no security justification. I saw Israel taking decisions that frustrate the development of the Palestinian economy and that actually make their own security worse.

Let us take one very specific example: 3G phone services. Why on earth is this a problem? 3G services are not available with a Palestinian SIM card, but they are available throughout the OPTs with an Israeli SIM card, which most Palestinians have, so there is no security issue at all. It is just a monopoly rent from an Israeli phone provider.

Mr Duncan: I can sense the energy of the Committee in addressing these issues and I know Tony Blair actually raises the 3G issue regularly. I would also add that, when I was last in Hebron, I went to the chamber of commerce, which was a thriving chamber of commerce in terms of the enthusiasm and enterprise of the Palestinians within it. That is not to say that their enthusiasm and enterprise did not feel frustrated by the restrictions imposed on them. What it does mean is that there is the kernel there of really significant economic activity, if only it were free to flourish. We will try to encourage it to blossom where it can and use our political clout to try to loosen the restrictions in the areas in which they wish to work and, indeed, build factories.

Q178 Sir Peter Luff: By the way, any concession by the Israelis now on 3G is an easy one to make, because 4G is now the preferred technology, so they should move straight to 4G in Palestine. What about things like the movement of cash around the banking system?

Mr Duncan: I think the same applies.

Lindy Cameron: These are all issues. You are hitting on exactly the right issues that basically we think are key to the restrictions.

Q179 Sir Peter Luff: I can see no security gains here. I support Israeli's right to exist emphatically.

Mr Duncan: We all do. I hope everyone in this room does.

Sir Peter Luff: If there were real reasons to resist these things, of course I would listen to them very carefully, but I see issue after issue with no security justification, which makes our development spend less effective in Palestine than it might otherwise be.

Lindy Cameron: We understand there are real security concerns, but we do ask them to be proportionate in the way they apply them and understand the restrictions they place on movement and access, which have an impact on the economy, which undermines the ability of the Palestinian economy to grow and flourish.

Q180 Sir Peter Luff: We saw Palestinian farmers above a water supply, which they could not access, that was piped to an Israeli illegal settlement and used to grow Israeli products. Why can they not access it at least on equal terms?

Jonathan Hargreaves: These are exactly the issues that the Office of the Quartet Representative provides secondees to work on day in, day out. They already were before the Initiative for the Palestinian Economy came out and that has been even more energised since that initiative came. Also we work with our colleagues in the UN, who daily liaise with Israeli counterparts in trying to resolve some of these issues. We give that support to the UN and OQR, and lots of our energy.

Q181 Sir Peter Luff: I think we are in such profound agreement that I will not labour the point, but there are other examples I could cite. Demolitions: I am told that in Area C and East Jerusalem last year 122 donor-funded structures were demolished. Have you made attempts to gain compensation, perhaps, for any DFID structures involved in these demolitions?

Mr Duncan: We do not currently fund infrastructure projects in Area C, so these structures that have been demolished—I am sure your statistics are correct—are not ones that have been funded directly with our money, but it does not make the demolition any less wrong. In terms of demolitions generally, 664 Palestinian properties were demolished last year, which displaced about 1,100 people. That was a 25% increase on the year before. The number of structures demolished in the Jordan Valley, which is particularly politically sensitive, more than doubled, so there has been a dramatic increase in the number of demolitions over the last couple of years.

Q182 Sir Peter Luff: It would be easier to get planning permission for the structures in Area C if the Palestinian side was more sympathetic to the Israeli position.

Mr Duncan: I do not quite get the logic of that, because you can rebuild them, it is okay to knock them down in the first place, but I sort of see what you are saying.

Q183 Sir Peter Luff: I am saying that you could get legal construction permits in Area C more easily. Could you just remind me of the work that DFID is doing in this area to encourage local planning?

Lindy Cameron: We are supporting the International Peace and Cooperation Center to support long-term planning in East Jerusalem and the West Bank. The IPCC has reported that no demolitions have taken place in any of the 32 areas where they have prepared UK plans. That is one of the reasons we think this kind of master planning process is a way to allow dialogue and debate, which then provides a sensible basis for going forward.

Mr Duncan: Can I just check that this Committee happily understands what master plans are?

Sir Peter Luff: Some of us saw one.

Mr Duncan: We do not need to explain; you are familiar.

Q184 Sir Peter Luff: You said DFID does not actually construct in Area C, so the question I was going to ask is probably a technical question that does not really apply, but I am encouraged to ask it so I will. It has been suggested that if donors receive no response to their applications for permits, or if applications are rejected for reasons not connected to “minimal technical standards or legitimate security concerns”, donors should proceed with their aid projects without permits. Is that something DFID would encourage?

Mr Duncan: Would we encourage building without permits? We are seriously looking at what our next steps should be in Area C, in terms of infrastructure and working with other donors. Jonathan, would you like to just bring us up to date on that?

Jonathan Hargreaves: Yes. We are hoping to do two things in the immediate future. One is to work with the Food and Agriculture Organisation to redevelop some wells in Area C. When we get the go-ahead from the Joint Water Committee, we will be able to do that very quickly. Beyond that, as we have discussed, we are also helping to develop further master plans. Once those master plans have been agreed and officially endorsed, we hope that will enable us to support the EU in using those master plans as the basis for supporting the Palestinian Ministries in developing in them. We would consider it to be wiser, more sustainable and more engaging with Israeli colleagues if we do that within the context of trying to have an ongoing conversation about some sustainable planning in those master plan areas.

Q185 Sir Peter Luff: You expect the master plan process to accelerate. Is that right?

Jonathan Hargreaves: It was accelerating well and a number of master plans were approved earlier this year. As with other things, there is a slight pause in that, but we hope that will continue, and we will certainly continue to talk to the Israeli authorities about accelerating that.

Cathy Ward: Maybe I should just add from the Foreign Office’s perspective that these arguments that you made, the fundamental ones about the security justifications, etc, and the importance of lifting restrictions, are made very regularly at the most senior levels. Our ambassador raises these issues very regularly with the Israeli authorities and also in support of DFID’s work.

In terms of your question about what we can actually do about it, in the Foreign Office we think we should be putting the most focus on negotiations. We know it has also been on the US’s agenda in recent months to try to do more about this. There have been some very active high-level conversations going on about this and whether there could be more focus on Area C in the coming months. It is one of the reasons why we hope the negotiations will get back on track, because there is a lot of focus on this now, including through the Palestinian Economic Initiative that Tony Blair has been working on.

Q186 Chair: One of the problems that rural communities were telling us was the reason they were being moved off land they had been on for decades was that a settlement had been established. The Israeli authorities said that they were a threat to the illegal settlement and, consequently, that justified action to remove or displace them, or otherwise divert resources. This is a kind of convoluted argument that makes the illegal activity of the Israeli Government justified as a response to the economic activity of the previously established Palestinian community. That really does not look like a recipe even for constructive development, let alone whether there is a peace process or not.

Cathy Ward: I do not know whether the Committee would like a quick update about what the Foreign Office is doing on the whole question of settlements and recent activity by the Foreign Office or whether you feel you have all the information you need.

Q187 Chair: Are you able to give us a note?

Sir Peter Luff: Chairman, I think the significance of E1 in particular to the whole development agenda is so important.

Mr Duncan: Would a little verbal summary, followed by a note, make sense?

Cathy Ward: We would obviously be very happy to provide a note, but just so that the Committee is aware, the UK is one of the most vocal countries in Europe on the issue of settlements and has long been so. We monitor the situation very carefully. Every time there are significant developments, we work very closely, in particular with Quint partners, to compare notes and to assess what the developments mean and what stage of the process they are. The Foreign Secretary issues statements on a very regular basis when we are alarmed by developments. We raise them in advance with the Israeli authorities. We try to see things coming, spot things coming, and raise them with the Israeli authorities.

Just to give you some idea of recent activity, on 17 April, the Foreign Secretary condemned decisions taken by Israel to change the status of significant amounts of land around the illegal settler outpost of Netiv Ha'avot and to create a new settlement in Hebron. We believe that, as a result of some of the lobbying we have done, the majority of longstanding demolition orders over the 2,000-plus Bedouin in Area C have yet to be enforced, because of a combination of international and UK lobbying.

Also in terms of other longstanding UK activities, you know we were one of the first countries in Europe to introduce voluntary labelling guidelines for settlement produce in 2009. We were one of the key movers behind the introduction of EU guidelines on the territorial application of EU funding, which came out in July 2013. In December of last year, the UK introduced guidance for businesses on human rights. It includes guidance, which is published online in the UK now, about the activity of businesses in settlements. It is an issue that we are very active on within Europe as well and we keep the focus on it. We would like to be able to do more.

Q188 Pauline Latham: It has not stopped any illegal settlements though, has it?

Cathy Ward: It is difficult to judge that. Our assessment is that international pressure has actually had an impact.

Pauline Latham: It would be even worse.

Q189 Sir Peter Luff: Could we just ask that that note being sent, Chairman, includes a note on the effectiveness of the labelling procedures for Israeli settlement products, please? We have heard evidence that it is not effective and a total ban should be implemented by the international community on products from the settlements—only from the settlements.

Mr Duncan: On this topic, I should add that we were, as a Government, very supportive of the introduction of the EU guidelines, which essentially forbid any EU investment in settlements themselves.

Q190 Hugh Bayley: Can I raise just one issue? In a former report from this Committee, we took the view that, because there was an inability for Palestinians to trade on equal terms with Israelis, the EU trade preference or trade agreement given equal-handedly to Israel and Palestine should be suspended. We raised that subsequently with the European Commission, which was not inclined to do so, but what is the British Government or Foreign Office's view on imposing some sanction for the failure of Israel to observe the rule of law on these economic development questions in the Occupied Territories?

Cathy Ward: In general on the question of sanctions perhaps the most recent statement—

Hugh Bayley: Not sanctions, just not extending a trade preference. We are not talking about sanctions here; we are talking about suspending a benefit to the state of Israel until such time as there is fair treatment of Palestinians, who are supposed, under the same agreement, to get benefits, but they are not available to them because of Israeli actions.

Cathy Ward: On the particular agreement you refer to, it might be better if I revert to the Committee with a formal note from the Foreign Office. I do know that in terms of, for example, the association agreement with Israel, there was a desire on Israel's part for what is described as advanced status, so to progress the agreement under the association agreement. That was frozen within the EU because of lack of progress on the peace process. There has been movement within the EU, supported by the UK, to put a brake on certain forms of advancing relations with Israel, because of the lack of progress on the peace process.

With regard to the other trade agreement that you refer to, it is better if I consult experts and come back to you with a properly considered response.

Q191 Pauline Latham: Whilst we were over there, we visited the divided city of Hebron. Subsequently, I have actually met the Palestinian mayor of Hebron in Derby. I think you could say that we were all pretty shocked by the division. You can go through one area that is like a ghost town, where Palestinians are not allowed to walk along certain roads. They cannot even come out of their front doors because they have been welded shut. They have to climb out of windows at the back to go into the area they are allowed to walk in, which clearly is not safe. Many of the shops have been welded shut so that they cannot use them, with their products inside, for a long time. Then you go through the gate and it is like a bustling normal city. I think you could say that we were pretty shocked about that situation.

What can the UK do to encourage the lifting of those restrictions and to encourage peaceful co-existence? For instance, they can see their own cemetery, but they cannot cross

the road to go to it. They have to go miles around to get to it. That is complete nonsense. We did hear from a former Israeli soldier, who was shocked by what he did and the things he was told to do, like harassing lots of families all the time. He regrets having done that now.

Chair: He has also been banned from Hebron as a result, following our visit.

Pauline Latham: Has he? He was very honest and I thought very brave—obviously braver than we thought. What can we do?

Mr Duncan: I know Hebron very well. I have been there a number of times and, indeed, I referred to the chamber of commerce earlier. That was where I deliberately chose to launch the Palestinian market development programme. I recognise entirely the description Pauline Latham has given the Committee, but in a way this speaks for itself, and it may be judicious of me to let your own eyes and ears be the best witness for this, rather than come through a third party like me. If you like, it is an illustration and a microcosm—very vividly obvious when you are there—of the whole problem. I hope you will not think it improper of me to leave it to you to form your views, having been there and seen it for yourselves.

Q192 Pauline Latham: For instance, when you go through into the bustling Palestinian side, where the Israelis have built on top of their buildings and therefore will not allow them out, they are throwing their rubbish on top of them into the streets. They have had to put netting up to stop it.

Mr Duncan: Into the souk.

Q193 Pauline Latham: It stops people being injured. That is not, in my view, the activity a civilised nation should do on top of people who are just trying to go about their own business. I just wonder if the Foreign and Commonwealth Office in Tel Aviv, together with other European countries, could not make stronger representations to the Israeli Government about this situation—about the demolitions that are happening there, but also more generally about expansion of illegal settlements and the completely dreadful behaviour of people living there.

Mr Duncan: You asked the FCO. I am not sure we have much to add beyond your wish to convey that.

Chair: There was the additional provocation in that, in the area that was closed off, there were banners up on the wall saying, “Palestine never existed and never will.”

Fiona O’Donnell: They were actually on the railings of the Muslim cemetery.

Chair: They were left up by the Israeli authorities. They were very provocative, aimed for people to see and they were left up. We did ask the Israeli ministry and they said, “We believe in freedom of speech.” I said, “Do you not think that that kind of provocation should just be taken down by the Israeli authorities?”, but apparently not.

Q194 Fiona O’Donnell: Pauline spoke about our tour of the old city with Yehuda. I was also concerned to learn that the FCO has withdrawn funding from Breaking the Silence,

the organisation that he is part of, which seems to me to have a very credible and unique voice for both Israelis and Palestinians to hear. A number of the Committee have signed a letter to the Foreign Secretary raising concerns about this and also the issue that Yehuda now, I am sure as a direct result of having given us that tour, has been banned from Hebron.

Cathy Ward: I do not know whether you would like me to respond to a couple of those points. On the question about whether we could be stronger on Hebron specifically, I will look into that and I think we could write back to the Committee on exactly what we have done in terms of statements and pressure, etc.

On the question just generally in terms of representations about demolitions and settlements, I can assure you that we do raise them on a very regular basis. In terms of the degree of intensity of that, just to give you one example, in January of this year the Israeli ambassador was summoned by the Permanent Under-Secretary of the Foreign Office with a formal expression of Government disapproval for the increase in settlements during the negotiation process. We do actually monitor this very carefully and have very robust conversations with the Israelis about it. We do what we can.

You also mentioned the question of Israeli Defence Force activities in the Occupied Territories—you touched on it. As you know, there has been a lot of parliamentary interest in this particular issue, particularly because of an Amnesty International report that has recently been published, and also because of the Prime Minister's visit. There is quite a lot of parliamentary interest in the wake of that and various cases have been raised in Parliament. What we have done about that is our ambassador raised it with the Israeli National Security Advisor, who said, "Give us instances that you in the UK and the British Parliament are particularly concerned about." He visited the UK last month and our Director for the Middle East in the Foreign Office gave him a list, which had been taken from cases raised in Parliament, to say, "We are particularly concerned about these issues; could you please give us more information about them?" We do raise these types of issues with them and press to the best of our ability.

The question of incitement was raised as well. Again, there is very regular high-level messaging both to the Israelis and the Palestinians about this issue. On the Palestinian side, recently for example, our consul general offered and had technical assistance accepted by the Palestinian Authority with regard to providing to the Fatah website, etc. It is an issue that we raise regularly. One of the issues we have been talking to them about during the negotiations is the importance of positive public messaging. We have seen Abbas recently made a very positive statement, a helpful statement about the Holocaust, but we are also saying to them how negative it is to the process when they make detrimental statements about the other side.

On the question of Breaking the Silence's funding, it sounds as though a letter has already gone to the Foreign Secretary, so we will obviously consider that carefully in terms of our response.

Chair: The point that we would make is that these are people who are not unsympathetic at all to Israel's security concerns, welfare and everything else trying to impress upon them that their relationship and things would be much better if they could find some accommodation here. People who understand a lot of their concerns nevertheless feel frustrated that they seem unable to find a better way to deliver them. That is just a general comment that may be reflected in our report.

Q195 Pauline Latham: Minister, you will understand that many of us went with one view and came back with another view of the situation over there. Much of the land in the OPTs is unregistered and therefore deemed to be state land, facilitating the expansion of the settlements. The Palestinian Authority is now working on land registration. Could DFID help with this, as we have done in other countries, in Africa for instance in Rwanda?

Mr Duncan: This is complicated by occupation, but in principle you are absolutely right. We go around the world preaching the virtues of land ownership and its proper registration, because it is a fundamental foundation block of the rule of law. We have not focussed on this specifically for various reasons, but again, do you want to just comment, Jonathan?

Jonathan Hargreaves: There is an existing World Bank programme supporting land registration, and we are having some very active conversations with them about whether we can support them and also with the Office of the Quartet Representative. It is something that we will look at extremely carefully when we come to our new programming from next year onwards. You have identified an extremely important issue and it is certainly something that we are already actively engaged in conversations about.

Q196 Chris White: Prior to the blockade, many Gazans worked in Israel and crossed the border every day—somewhere in the region of 26,000. Now, ordinary Gazans are not allowed to do this. What can we do to change this situation?

Mr Duncan: Gaza is a world apart. It is a contained strip smaller than the Isle of Wight. The United Nations, if I am to paraphrase them, has described it as being on the verge of being uninhabitable. When I was last there, I became seriously concerned by the prospect that UNRWA, which underpins so much that happens in Gaza, will run out of money in the autumn, and we are left with a Gaza with no water, no power and no food. The prospects for Gaza, towards the end of this calendar year, are very grim indeed. If the peace process stalls further and is run further into the sand, the dangers for Gaza, in my view, increase—particularly the anger that might emanate from Gaza. We do everything we can of course to support UNRWA. As I say, we have built 12 schools. I do not think that anyone should underestimate the good work that UNRWA has done over the years. Filippo Grandi, who ran it, was an excellent official, just recently succeeded by Pierre Krähenbühl, who was with the International Red Cross. They are really good people doing their best, which we support.

With that said, of course we understand Israel's security concerns. It is not acceptable for rockets to be lobbed out of Gaza. Every time they do it, they undermine their own position. No one can condone that and I condemn them as much as anybody else. We have to look at the humanitarian need in Gaza, and I am deeply concerned that it is going steadily downhill.

Q197 Chris White: On to one of the specific points you just made, electricity generation is a major problem. Last autumn, the power plant was closed for six weeks due to lack of fuel. Gaza has to import much of their electricity from Israel. What can the UK Government do in terms of political pressure to improve the situation?

Mr Duncan: I lobbied very hard on this when I was last there. I spoke indeed to the head of the Gaza supply plant, and essentially they have half the generating capacity they need at the best of times and half the feedstock they need for half the capacity. What you end up with is constant power cuts, which make manufacturing, general living, and indeed the pumping and cleaning of water nigh on impossible. There is an immediate health and disease problem. Just before I was there, the electricity went off and all the sewage pumping stations ground to a halt, so the streets were running with sewage, which is not a pretty sight.

There is a serious power crisis and there is a tentative plan to have pylons coming in from the southern corner, from Israel, but the planning for that is essentially blocked. We are trying to champion, where we can, the BG project—a longstanding licence they have held, as yet inoperative—to produce gas just offshore Gaza, but they are not in control of course, without Israeli permission, of their own resource. There is a long-term prospect of a really good energy source from Gaza Marine, which will be of broader economic benefit, because it would produce more gas than Gaza needs, so they would have an export potential. That so far has not come off the ground. Tony Blair and the Quartet are doing their best to advance it, and it would be a very good solution to their energy problems and to much of their economic plight.

Q198 Sir Tony Cunningham: Since 2008, I understand the health sector has not been a strategic priority for DFID's Palestinian programme. I wonder why not.

Mr Duncan: Sir Tony, the answer is that we had to choose between certain areas on which to focus, and our judgment at the time was that we did not have a comparative advantage in the health sector and that there were other players in it. There is no doubt that the health sector could be better, and they could always do with more support, more money and more resources. We are of course major funders of UNRWA, and 17% of their core funding is spent on health service so, through that conduit, we do make a difference to the health sector in the broader Palestinian Territories. Through ICRC, which we fund, we give indirect support to eight hospitals in Gaza and strengthens their emergency medical services. We are in the mix but we do not, as you say, have a direct bilateral health programme.

Q199 Sir Tony Cunningham: Are you prepared to review that situation?

Mr Duncan: We are always open-minded. Yes, go ahead about where we are in our assessment of future possible priorities.

Lindy Cameron: One of the reasons for not deciding to fund that in the last period was that we did not think we had a comparative advantage and there was a large number of other donors active in the sector. Those factors would need to change for us to seriously reconsider entering it. We are satisfied at the moment that there are many others involved. We do not see ourselves as having a specific advantage. We are quite focused on, for example, the economy and, with our reasonably small office in Jerusalem, the key thing is to make sure that we do not just have the right financial resources but also the right human resources targeted on areas where we can make a big difference.

Q200 Sir Tony Cunningham: A specific question in the same area: Medical Aid for Palestinians argues that donors should step in to provide essential drugs in Gaza. I just wonder whether you would be willing to do that.

Mr Duncan: Is this Mustafa Barghouti, who runs that organisation? Would that be right?

Jonathan Hargreaves: Tony Laurance.

Mr Duncan: Okay, Tony Laurance—who we also meet with. They are a great organisation doing great things. It is part of the same sort of decision-making process that we have not done that directly.

Lindy Cameron: We do support the UN Access Coordination Unit, which works with the WHO, Israel, the PA and aid agencies to facilitate the transfer of medical equipment and patients in and out of Gaza. We are providing some support through them.

Q201 Mr McCann: Minister, one of the many problems in this complex area is that tactical decisions to overcome short-term problems have become either permanent or semi-permanent solutions, or institutions. In turn, they could arguably be further obstacles to peace. One of those is perhaps UNRWA. We know the great work that it does, but the 1951 Convention Relating to the Status of Refugees states that persons who have acquired a new nationality shall no longer be considered as refugees, yet UNRWA's definition of Palestinian refugees includes those who have acquired new nationalities. We met with young Palestinian refugees in Jordan and one of the things that disturbed me was that when the question was put to them, "Would you want to return to Palestine?", they said yes. That creates for me a problem in my mind, in that these types of numbers could never be incorporated into that small piece of land. I just wonder how we can continue justifying that definition that UNRWA holds.

Mr Duncan: Refugees is a final status issue for peace negotiations, and UNRWA has to work under the mandate given to it by UN resolutions dating back to 1948. What was perhaps a short-term issue, as you describe it, is a long-term position of statelessness. You can be a Palestinian in another country and not have citizenship, hence the need to continue to pay for refugee camps. They are seriously disadvantaged in many places in the Near and Middle East. There is a need for this and I understand what you are saying. Of course, if someone has gone to Canada and they become a Canadian, they are not going to benefit from UNRWA funding, but they might still champion the cause of a Palestinian state. One can understand the historical origins of that sentiment. I do not think we should deride it in any way.

We want a solution, and the solution is the two-state solution, which we have been discussing in the course of this morning's witness. Those sorts of problems would evaporate with a proper solution and a proper agreement between Israel and Palestine. That is what we must aim for. You also need to realise that, in the mentality of the Palestinian, if they concede that, they are basically conceding that it was okay for them to be displaced. There is a deep taproot of historic and generational concern contained in that issue.

Q202 Mr McCann: That would cover my immediate supplementary—that individuals born in the OPTs, in the West Bank, are also considered to be refugees. The same answer would hold.

Mr Duncan: They have no state of which to be a citizen. That is the problem.

Lindy Cameron: UNRWA works with the definition they were given and, of course, their existence predates the UN Refugee Convention.

Q203 Mr McCann: There is a growing problem—that we have close to 5 million refugees with, in inverted commas, “right to return”. We all genuinely hope that there is going to be peace here in our lifetimes, but I would not put a pound on it. Those short-term problems that we hoped would be overcome—whether it be their status or whether it be Area A, B and C—were meant to be the precursors of a final destination of peace. Does there ever come a point when you need to redefine an organisation’s mandate to recognise that we are in a different territory than where we would hope to be?

Mr Duncan: In the context of this issue, this morning’s discussions may not be the place for these very deep waters, because it is asking them to give up on, essentially, their hopes for their own country, which they believe they should have already and they believe is their legitimate home. You are really asking them to throw that away.

Mr McCann: Or draw a line under it.

Lindy Cameron: If I can perhaps, Minister, this is consistent with practice in other very long-term protracted refugee crises—so, ones like Burma and Thailand, for example, and, actually, some of the longer-term Afghan/Pakistan refugee issues. Long-term refugee issues where the political situation does not allow people to return home are very different from short-term issues, where it is a much more practical solution. This is a fundamentally political issue for the peace process.

Mr McCann: I know your talents are vast, Minister. I was not expecting to get a definitive answer, but I was interested to hear your thoughts.

Mr Duncan: Do not worry; I could.

Q204 Chair: We did hear some degree of pragmatism when we spoke to the PLO and indeed the Palestinian Authority. They understand the issue. As you say, if there is a peace process resolved, then these issues can be addressed. We have a strange legal situation.

Mr Duncan: Of course, and that is what we want.

Q205 Fiona O’Donnell: Coming to the end, Minister and your team, do you think that DFID should be supporting opportunities for Palestinians and Israelis to work together? We certainly were very impressed when, on our visit, we met the CHERISH project. I realise that maybe touches only a few people’s lives, but more people could hear about this kind of co-operation and how it breeds understanding and changes prejudices. Would you be interested in funding more of that kind of work?

Mr Duncan: Again, I can turn to Jonathan about what we do in this field. Again, it is down to choices. Football is probably the best route: get young people playing football, liking each other and realising that they do not need to fight each other.

Fiona O'Donnell: Not always; it can be quite tribal.

Mr Duncan: It can be. Fundamentally, we would like to do anything that encourages two sides to get together and realise that, as decent human beings, they can live alongside each other in peace, rather than conflict. In terms of actually having systematised processes for bringing people together, I am not sure this is an area we are particularly focused on at a social level.

Q206 Fiona O'Donnell: Can I just mention that some of this springs from a visit to Bethlehem Bible College? They were offering to facilitate that kind of work.

Lindy Cameron: The Conflict Pool, which will become the Conflict, Stability and Security Fund next year, is opportunity for us, together with our partners in the Foreign Office and the MOD, to fund some of these smaller scale projects. There was quite a lot of donor experience of this kind of work back in the 1990s but quite a lot of disillusionment about the impact it produced at scale. Particularly in a situation where communities are living in a more separate way than they have been before in previous generations, we would need to assess the impact of those projects to make sure that they were worth the funding. I completely empathise and understand why they work at a tactical level, but we are looking for a more scalable impact with our larger funding.

Q207 Fiona O'Donnell: I can certainly understand that. In terms of knowledge exchange, with the CHERISH project, it was very much about children suffering trauma on both sides and sharing knowledge and resources. Minister, in your written evidence you stated you were due to meet Mashav, the Israeli development co-operation agency. Any news from that?

Mr Duncan: I did not meet them on my last visit, because my programme got rather thrown into turmoil, but Jonathan has.

Jonathan Hargreaves: I met the head of Mashav shortly before your visit, and I would have met them again, but unfortunately the Ministry of Foreign Affairs was on strike, as you know, while you were there. You would have met them too, which would have been ideal. We are due to meet them again very soon and we have been corresponding over the last week, actually, about when we are going to do that. It is a very interesting conversation. They do some interesting things throughout the world. They were particularly interested in partnership with DFID on wider global development issues—my impression was perhaps a little bit more even than about co-operation specifically within the OPTs. It is a conversation we will gladly have with them about whether we can co-operate on development issues everywhere in the world.

Chair: On that last point, the fact that movement between the two communities has become much more restricted is troublesome, because whenever you do meet Israelis and Palestinians who have contact with each other, they tend to have a positive rather than negative view. It does seem to be something that is worth doing.

Can I thank you, Minister, and your team? I think you will have seen from the way this evidence session has gone that the Committee has been really very impressed by what we have seen and heard. We are very appreciative of what our own Government is doing. Obviously we are frustrated, as anybody who gets into this issue is, about intransigencies that common sense tells you should be solvable, but just do not seem to be. I hope, when we do come up with recommendations, they will be ones that you find helpful and constructive. I just want to reiterate that we will make it abundantly clear that this Committee is not taking sides. We recognise the legitimacy of both Palestine and Israel in every sense of the word. What we are looking for is a solution but also, while that solution is not actually in place, a better living arrangement that gives people, particularly in the Occupied Territories, a better quality and standard of life while we try to resolve all these other issues.

Sir Peter Luff: Chairman, would it be in order, while Jonathan Hargreaves is at the table, to express our gratitude to DFID in Jerusalem?

Chair: I have done so, but yes; I am happy to repeat it. I repeat, individually as well as collectively, the Committee has expressed to me and through me how much they appreciated the programme, the work and what we did and heard. It is the only visit in this Parliament in which every member of the Committee has participated, and it has been absolutely first-class. I hope that as a result of that visit—letting loose 11 MPs across the region—what we have gathered and what we do will be of value to the Department. We will try to get our report together as soon as we can.

Mr Duncan: Thank you very much.