



International Development Committee

Oral evidence: [Beyond Aid: The Future UK Approach to Development](#), HC 663

Tuesday 14 October 2014

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Written evidence from witnesses:

- [Institute of Development Studies](#)
- [BOND](#)

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Members present: Sir Malcolm Bruce (Chair); Jeremy Lefroy; Sir Peter Luff; Mr Michael McCann; Fiona O'Donnell

Questions 1-74

Witnesses: Professor Ngaire Woods, University of Oxford, Professor Melissa Leach, Director, Institute of Development Studies, University of Sussex, and Ben Jackson, Director, BOND, gave evidence

Q1 Chair: Good morning. Thank you very much indeed for coming to the first evidence session we are having in our inquiry on beyond aid, which I hope you will appreciate gives us an opportunity to look much more widely than we normally do in our inquiries. I hope you will feel able to do that as well. For the record, could you introduce yourselves?

Professor Woods: I am Ngaire Woods, dean of the Blavatnik School of Government at Oxford University.

Ben Jackson: I am Ben Jackson, chief executive of BOND, the membership network for British NGOs.

Professor Leach: I am Melissa Leach, director of the Institute of Development Studies at Sussex.

Q2 Chair: Can I congratulate you on that? We have seen your predecessor many times, and no doubt we will see you too. This is an opportunity to look at the wider issues. If we are looking at beyond aid, what is your understanding of what we mean by that? We have had a couple of decades of aid focus. We are now moving into a different era. If you are looking beyond aid, what examples would you have in mind that make the difference? In the end, we want to see how the UK Government should structure its capacity to deliver for the

next generation as the world changes. In that context, perhaps I can crunch two questions into one. How do you feel the landscape is changing and, therefore, how should the UK's approach be adapted and changed? One of the questions we have asked is whether or not we need a separate Ministry for Development.

Professor Leach: I would be happy to offer a starter. There are many ways in which the international landscape is changing. The crisis preoccupying the newspapers, politicians and public this week around Ebola in West Africa perhaps epitomises several of these. It shows that we are living in a thoroughly interconnected world where we can no longer separate what happens in the global south from the north; where people and, in this case, microbes move across places; and where we have to think about the challenges of human prosperity, survival, sustainability and progressive change in far more integrated ways.

We are now in a world where, if the conventional north-south model of development being given through aid from richer northern countries to the south held, it certainly does not any more. We have interconnected challenges, a changed geopolitical set of relations with the rising powers and the BRICs, and shocks and stresses are affecting everybody everywhere. We also have growing evidence that problems of inequality, poverty and non-sustainability are not confined to so-called developing countries; they are also in our own backyard. They are in Brighton as well as Brazil; they are in Greece as well as Ghana. As we move to the sustainable development goals next year the sense of universalism is very much on the agenda.

This is absolutely not an argument for doing away with development, development studies or development aid, but it is an argument for a reframing that is more global and recognises interdependencies, mutual interests and the need for joined-upness at several levels. In the short term, there are many ways in which what happens in richer countries affects what happens in poorer ones, and vice versa. Therefore, there are benefits in getting things right around global health, taxation and climate change that will be in the short-term interest of the public in our country too.

Over the longer term we have to think about mutual interest as well. If we do not invest in the kinds of global systems and development that will pre-empt future crises like Ebola, we are in bad shape.

A third set of arguments, which you could see as more altruistic and in a sense moral, is that development is about ensuring a universal view of progressive change for all everywhere. This means our development agendas need to shift. Aid still needs to be focused on the poorest, the lowest income and the most fragile states in many settings. That is what we are seeing in the vital humanitarian response around Ebola, but it needs to be coupled with an emphasis on supporting those countries to stand on their own two feet and build state capacity in the long term. This is not what happened over the past couple of decades in Sierra Leone, Liberia and Guinea. As a result, the mix of public and private sector and rather fragmented NGO efforts has created a health system that has proved very vulnerable in the face of crisis.

We need aid that is supporting the building of state and local capacities, but vitally this needs to be connected to a real contribution to global public goods. The Ebola crisis highlights the need for real, long-term investments in global health as a public good—not an unseemly last-minute struggle for bilateral resources—that could have enabled the World Health Organization to be in a position to mount the early rapid response we

needed. There are similar examples around climate change, finance and taxation where we badly need investment in stable global funds.

This also needs to be coupled with an agenda that is about joined-upness within UK Government. I believe that, more than ever, DFID needs to exist as a stand-alone Department with ministerial credibility and political clout across Whitehall and in the world, but it needs to be working much more closely in a leadership role with other Departments across Whitehall. We are seeing this in Ebola in discussions with DFID leading the way around the response in relation to the MOD and FCO.

Q3 Chair: Can I stop you there and ask others to pick that up? The particular point is about whether the International Development Act should still apply and the role of the Department.

Ben Jackson: I agree with all that Melissa said and I will not repeat it. The slight complication is that we are, hopefully, moving to a very different world. We are in transition, and that is the complication that our strategy and government policy and instruments will have to deal with. Exactly as Melissa says, a country like Sierra Leone has those long-term endemic problems. It has many of the same issues that poor and developing countries have struggled with for decades and longer, so it is not as though that is done—there is unfinished business. That is also why aid in a traditional but smarter way needs to continue to exist while we also develop the new strategy. That is what we have to smart about.

There is a huge opportunity next year. In this place we are thinking about a certain event half-way through next year in the UK, but the Committee know that not only will the world come together—which it does not very often—to think about what these goals are and how we change them in terms of the new development goals, but there are also big meetings on climate. There is also—perhaps less high profile—the critical meeting in Addis in July around the financing of development. That provides a real opportunity, in which I know the UK is engaged very strongly, to reframe what those objectives are. The question then is: how will we as a nation contribute to making sure that new agenda gets delivered? That is where we will need rethinking and change. In particular, we need a clear sense of strategy, objectives and how we are going to contribute. We need new skills and approaches, and in particular not just DFID but the Government as a whole need to get better at strategies like partnership, new funding mechanisms and so on. It is all about how we deal with that complexity of transition.

The last big headline I highlight in terms of the world out there is around the Middle East. Looking at the Arab spring, which preceded all of this—it is massively complicated, and many factors are involved—and the issues around more middle-income countries, the complexities of greater prosperity, whether it is the protests in Brazil or the Arab spring, and inequality and unequal prosperity, the transition will be just as complicated. They are not areas in which traditionally we have done so much in our development programmes. That will also be a critical part of what we need to do. It needs to be a whole-government, not just a DFID, approach. Aid will be critical in underpinning that, but it does need to be a whole-government approach.

Professor Woods: Your first question is: what has changed in the past 10 years? To me, what has changed is that we have seen emerge two parallel, sometimes clashing, aid

systems in the world. We have the status quo, in which Britain has always been involved and is comfortable with, and there is a system emerging alongside that, with China in the lead but other emerging powers powerfully behind it. This is really important. There are two reasons why the BRICs and emerging powers are forging their own system. The first is the slowness and unresponsiveness, as they see it, of the existing system, and the second is the failure of Britain, the United States and its other partners to concede a greater voice and more formal role for them in the selection of leadership on the boards of these organisations and in their governance.

What does that produce? Let me give you just a couple of facts to support this. Just in the last week you will have seen at the Washington IMF and World Bank annual meetings a huge behind-the-scenes row has been going on as the United States tries to stop China's Asian Infrastructure Development Bank happening. This is a direct competitor to the World Bank, but it would be run in Asia by Asians for Asians. The rationale that Asians give for it is that it takes so long to get a loan from the Asian Development Bank or the World Bank. It takes about five years to get a loan from the Asian Development Bank. Of course, if you are an elected government, as members of this Committee know, that is pretty useless, isn't it? You get your proposal in and then there is another election. Slowness is one reason for the Asian Infrastructure Development Bank. The BRICs Bank, which was created in July of this year, is two things: first, a development bank owned and run by the BRICs; and, secondly, a reserve currency fund owned and run by the BRICs. This is a direct competitor to the IMF. If the IMF and World Bank were functioning well, we would not need these new organisations, but they are emerging fast. In the last month the ASEAN Plus Three countries announced their Asian macro-economic research office. This is their attempt to take yet another step with their own Chiang Mai reserve system initiative—their own mini-IMF in the region—and strengthen it. We have a system where we are busy rowing our boat across one ocean but there is another ocean alongside us that we have to be thinking about.

You have asked for our thoughts on beyond aid. Last summer we have been seeing, if you want to dramatise it, emerging powers begin a new revisionism of borders and security, whether it is Russia and Ukraine, or new forces emerging in the Middle East, or China starting to look at territories of which it sees itself having been illegitimately dispossessed in previous centuries. That new revisionism and the security challenges the world faces will require a place for multilateral discussion. Do we have the capacity multilaterally to respond to Ebola or these new security challenges? Where is it that the world will have discussions on that? Last week the G20 Finance Ministers did discuss Russia and Ukraine to a limited degree, but to me there is a case for thinking about how to ensure the world does not become two parallel systems, but somewhere in the middle there is a multilateral system that works and that China, South Korea, Brazil and India, as much as Britain, feel they can trust. That is the question we have to ask. Do we have organisations? What would it mean to make the IMF, World Bank or the World Trade Organization into an organisation where Indians could say, "We trust that organisation as much as the British do"—it might not be a whole lot—and there is a parity of trust and distrust and ownership of those international organisations? We should have been doing it 10 years ago. We did not. The parallel system has now emerged, but it is not too late. We can do it with resolve. I think DFID and Britain have done a pretty good job at trying to push for some of the changes.

The case for keeping DFID as a full agency of the British Government is that what all Governments find very difficult to do is co-ordinate across government on these big multilateral issues. The Treasury in Britain looks after the IMF; DFID looks after the World Bank. In all countries there is a certain chaos. What Britain has done better than most is co-ordinate a whole-of-government approach. If we compare the DFID era with the pre-DFID era, it has really helped to co-ordinate across government, but it needs to do better now. I am not suggesting that Britain should unilaterally give up its seats in these organisations, but that it should use its capacity to present a co-ordinated across-government role and its diplomacy, including aid diplomacy, to push its partners to change these institutions faster. If we do not, they will simply be left by the side of the road.

Q4 Jeremy Lefroy: The US Congress is currently blocking the change of the IMF capital and the deadline for that will be reached shortly. What do you think are the consequences if Congress, which is now the only body that has not approved it, does not do so?

Professor Woods: The consequences are serious. The 2010 package was the result of careful negotiations after the financial crisis in 2008 where the emerging powers were asked to contribute more than they would otherwise in return for giving them more voice in recognition of the fact that they were contributing more. They have paid for their second-hand car but have not got it yet. It is really important to understand the antagonism about this. If it does not get congressional approval, we need plan B. Plan B needs to be a really robust plan, even if it risks sidelining, or a threat to sideline, the United States. If you wanted a really robust plan B, you would bring in the idea of a new and even larger contributor; you would even bring in whether the headquarters base of the institution should be shifted. The leadership selection has to change. It cannot be that Europe preserves its right to appoint a managing director of the IMF, particularly in a period where 89% of the IMF's loans have been made to Europe. That leaves the emerging countries saying, "What is this cosy arrangement where we are paying, Europe is borrowing and Europe gets to appoint the managing director?" The consequences are severe.

Q5 Jeremy Lefroy: Talking with the IMF last week, it was clear that they do not have a plan B, or at least they are not saying they have one.

Professor Woods: Correct. There has to be a plan B. To me, the moderate plan B is to take a package of reforms and split them up, which was taboo when it was negotiated, and talk to the BRICs about which parts of it matter most to them, and then try to take the package through in parts.

Q6 Chair: This is going to present a dilemma for me as the Chair. This is wonderfully discursive stuff that can take us all over the place, but we do not have an awful lot of time. I do not want to choke you off, but we will have to be brisk or we will not get to the end. I want to ask a question and just hold it there. You might deal with it in other answers. You talked about international institutions, but what about those countries where there is conflict and corruption? It does not make any difference whether it is a new Asian body or the existing bodies; it is still dysfunctional. How do we deal with that?

Q7 Mr McCann: I have some questions on where aid should be targeted and I am going to roll them all into one. First, we have received mixed evidence about aid to middle-income countries. Some people believe that the UK should be targeting the poorest people in those countries; others do not. Do you have a view on that? Secondly, some people regard the figures for middle income and upper middle income and when you reach the capacity to have no more aid as being, quite frankly, plucked out of the air. Is there a definitive point at which aid should stop, and do you have a view on that? Thirdly, how do we prioritise between our traditional partners and crises in the Middle East or the Philippines, and how do we divide up our resources to compete with those different problems?

Ben Jackson: On middle-income countries, our members are quite clear that the primary focus should be on poverty and need. That is not defined simply by whether the overall economy is low income. It is also an ability to make a difference. There has not been enough creative thinking by DFID and the UK about the different type of impact that could be made. We believe very strongly that in middle-income countries, where you have rising overall national wealth, a lot of that prosperity is not reaching those who need it in a moral sense but also a political sense, and it is not sustainable à la Brazil and so on. One critical area where Britain could make a real difference, and has in some areas but could do more—this could also be the case in India—is support of civil society and other institutions and mechanisms of accountability, not necessarily just parliamentary. Doing that in a smart way with relatively modest amounts of investment can help those forces who are pushing to ensure that, as the cake grows, a decent amount of it goes to those at the bottom. We have not done enough thinking around that. There is a lot we could do either through the bilateral programme or creative multilateral programmes, but there has not been that intention. For example, we think that was a huge missed opportunity for strategic investment in India. If you want to phase out aid, phase it out over a period with investment in other players such as civil society.

What follows from that is that we need a more sophisticated approach to your point about the level. Taking simply GDP per capita is not the right approach in answering that. The implications of some of this do take us in directions, whether it is bilateral or multilateral, slightly away from some of our notions of traditional partners. Of course, the strength of knowing a country, its people and institutions—Commonwealth countries and so on—should not be dismissed; those are important issues, but, for example, in the Middle East it does beg those questions. Those are issues that directly affect us in terms of our foreign policy and our people. I think this applies to Governments and also to civil society. British civil society with a lot of strength in areas like media and so on has been pretty absent from many of those countries. That is now changing since the crisis, but it would have been good to be in there before that. It probably means not being so driven on the point about traditional partners, though not to dismiss that, but thinking about where we can make a difference and where the need is, particularly the needs of accountability, whether through civil society, parliaments, other institutions, media and so on. That is quite a big shift, and it is definitely part of the new strategy we need.

A good thing is that, at least at the moment, in the conversations around the new goals after 2015 the piece around governance has been kept in play. We fear very much that many Governments would want to squeeze it out. Maybe in the UN process it will be squeezed out, but it is still there. Credit goes to the Prime Minister through the high-level panel and so on, and other work DFID and the British Government have done, which has helped to keep that issue in there. That is a critical part of the picture.

Professor Leach: I would echo those points. As well as thinking about poverty, which is often rife in middle-income countries, there are other kinds of serious inequality that the UK and our aid programme need to care about. If we take, for instance, initiatives around gender and Global Girls, some of the most severe questions one might want to tackle around inequalities and discrimination are going to be happening in those middle-income countries—India, China and countries of the Middle East—so that would be further endorsement of the need to focus on poverty and inequality wherever it may be found.

I would add to the point about seeking out unusual partners. There are huge roles for a new phase of public-private partnership in our aid programme that are not about those conventional win-wins where we can get the private and public sectors together; it is about what one could call a new era of state developmentalism supported by aid, which is beginning to look at the ways businesses can do very good things for the poor but often do not do it on their own. They need to be supported by the right kinds of partnerships with civil society and governance in order to deliver on things like green transformations and renewable energy, or programmes that are delivering pro-poor social protection, social floors and so on. There is a lot of very valuable thinking about the ways one can get more bang for the aid buck by connecting up with some of these partners, which I would strongly agree with. However, there is also a balance to be struck between the targeting of aid directly to poor people and inequality questions in-country and delivering multilateral global public goods agendas. That is where perhaps some rebalancing needs to happen. There are really important long-term wins for poverty, inequality and sustainability if one also works through contributing to sustainable forms of financing for development at those international levels.

Professor Woods: These are great questions, and to answer them there are four positive trajectories you need to be working towards. The first with middle-income countries is a more equal and humble partnership. Do not underestimate the extent to which the spectre of a colonial overlord overshadows some of these relationships. We have a lot to learn from emerging countries that could be applied to some of Britain's poorest communities. These should be partnerships to which the so-called traditional donors come with a little more humility and openness to it being a learning process.

The second is that the trajectory has to be towards more consistent longer-term aid programming. That is a constant call by people looking at the evidence. One of the first things people find when looking at aid is that they arrive at the airport of a poor country and see all these four-wheel-drive vehicles. Why? Because they have been given one-year budgets which they have to spend during that year and so they spend it on what they can, whereas in these countries we want see capacity for governments to hire teachers, which is a longer-term contingent liability. We have to keep pushing. I think Britain has done well on this, but the impulse to try to control aid by having short-term horizons has very perverse and negative effects.

The third trajectory is better global allocation. How should we choose new partners versus our traditional ones? A problem in the aid system as a whole is that we keep ending up with donor darlings. Everybody adores them, thinking of Rwanda 15 years ago. Everybody goes in and wants to give money to them because each development agency can show success, effectiveness and bring home great results. Then you have donor orphans: countries that could be doing really well but are hopelessly under-resourced. We

need to think about that. One of the solutions to that problem is to have a multilateral system that functions well. If there is a rationale for having a world bank, it has to be to even out those bilateral donor imperatives, because donors will want to support certain countries with whom they have particular links, but you need somebody to look after the global allocation because that is part of making aid effective.

Finally, the problem with the multilateral system is that the multilaterals themselves are starved of core funding. Let's not forget that more than 80% of the budget of the World Health Organization, trying to respond to Ebola, is now tagged for special projects, so less than 20% of its budget is core funding to keep an eye on all the global forthcoming issues that we need it to; likewise, the UNDP and the World Bank itself, more than half of whose funding is trust funding. I call it Trojan multilateralism. These are countries giving money but tagging it and reducing the possible multilateral core budget for multilaterals to do something that is different from what individual countries are doing on their own.

Q8 Jeremy Lefroy: We published a report very recently on health systems. As part of that we said DFID should work more closely with other UK institutions to make better use of UK skills in developing countries. Are there other areas, like education and science, where we could do more of that?

Professor Woods: Absolutely. Again, it is two-way learning. We should be learning from some of the experiments being tried among poor communities in emerging countries for our own communities where Government initiatives to try to reduce social exclusion, poverty and illiteracy in Britain have not been working so well.

Professor Leach: There is a particular example in the area of green sustainability. We have excellent examples of DFID working both across Whitehall and in other countries with other Departments. It also illustrates this sense of mutual learning with rising-power countries. For instance, in China where there has been enormous rapid investment in renewable energy, backed by the state, working through private companies, that is linked with a whole set of dialogues around international development in that country. It is conducted in a very humble way, with DFID playing a leading role with other UK-China offices of the Foreign and Commonwealth Office and DEFRA but also Chinese partners, in thinking through both the developmental implications for the poor of those changes in China but also bringing back lessons for the UK, which are now being pursued through the DEFRA-led UK-China sustainable development dialogue. I think that provides an excellent example of this kind of joined-up thinking across Whitehall.

This is not delivering just development; it is also soft power and diplomacy, but it very much runs on the point about humility and appreciation of mutual learning and tripartite learning, because it is also about shaping the ways that China engages in Africa and other countries, which is absolutely critical to the beyond aid agenda in this new era.

Q9 Chair: I agree with that. This Committee did a report in the last Parliament on China where we asked the UK to change but continue. The political decision was, "We cannot be seen to be doing development work in China, India or what have you." This cuts right across what you are saying. If I can be even more political, UKIP specifically say, "Why on earth are we giving any money to any of these rich countries, poverty or not?" How

are you going to tackle that? We are politicians; you are development specialists, but that is the political issue.

Professor Leach: There are two ways of tackling that politically. One is to make the argument that there are things happening in China that the UK need to learn from for its own development and sustainable development strategies, and the renewable energy area is a classic example of that. The second one, as Ngaire has been arguing very strongly, is that China is now a key international development donor through the BRICs Bank and its own bilateral programmes, particularly in poor and fragile states in Africa. Therefore, the UK diplomatic, study and dialogue role in China with DFID and other agencies is also about shaping the way Chinese development co-operation is operating in parts of the world that are UK priorities.

Q10 Chair: You are basically saying that we should be prepared to have some form of development spend in China and we should defend it on those grounds.

Professor Leach: I think so. Those would be the grounds on which to defend it.

Q11 Jeremy Lefroy: At least two of you have spoken about DFID learning for the UK as well. I have written on this previously, particularly in response to some of DFID's business programmes overseas, which I think have great relevance in this country. So far we have challenged DFID to the extent of learning from programmes around the world to apply elsewhere and we see some movement on that, but you are saying we should be learning in a much more global sense to improve both the advice that can be offered by DFID elsewhere but also advice that can be offered within the UK.

Professor Leach: Yes.

Ben Jackson: Linking that to your previous question, we often talk about partners and partnership. We do it in civil society. Looking at the nature of partnership and how that works, it being genuinely two way, I put my hands up and say it is also something development NGOs need to learn much more about and change our approach. Going back to the Chair's point, crucial to this will be the political and public space to allow us to do it, because you do some of those things and it is not to be dismissed. What certain newspapers might say works against innovation, being more adventurous and showing greater leadership.

For this newer approach to take place, all of us, including government, need to engage the public in making the argument and being more proactive. NGOs need to do that. We need to get out of the traditional fund-raising narrative of: "We take your money and do great things abroad." That will not change overnight, but we recognise that. I think government and other institutions need to do that. Otherwise, this partnership will always be stymied by the simplistic argument, "We don't give development aid to countries that don't need it", or, "We haven't got things to learn from them." The public engagement piece is very important. For our part, we are doing some work on how we can try to change that narrative, but it is also something governments need to consider.

Q12 Jeremy Lefroy: But do you think one of the reasons that perhaps DFID is a bit reluctant to do it is that some of the things it is doing and advocating quite successfully

overseas are political no-go areas in the UK, like education vouchers, private health insurance and so on?

Ben Jackson: That is definitely the case, and it goes back to the point about a more joined-up approach across government, because, if it is not seen as just aid and development, it is about a global strategy.

Q13 Jeremy Lefroy: As a result of this, you as development professionals would be quite happy to see—I am taking only a couple of examples—a role for different models of education finance and health finance that have been perhaps successfully deployed by DFID in co-operation with other governments being brought back to this country, saying, “Why don’t we try this? Why don’t we look at this?”

Ben Jackson: In principle, absolutely. The ins and outs of specific things like vouchers or not can be discussed objectively on their merits, but we should do a lot more of that in civil society, and we are trying to do a lot more of that.

Professor Woods: There is a very interesting question. If you take the example of Bolsa Família in Brazil, what would that look like in Britain? It should not be taboo to ask that and look at it. What I would import from DFID into other areas of policy in Britain is the notion that since the creation of DFID, aid has had this huge focus, with people like you giving it real scrutiny, which has put emphasis on developing quite robust evidence-based policies and looking for evaluation, learning and proof of results. I do not see that in all areas of British policy. It would be quite interesting to start subjecting some domestic policies to that same scrutiny and discipline. Is there really an evidence base for making this policy move, or is this what looks like a good idea but might prove to be an expensive failure?

Professor Leach: I think the other strength of the best of DFID aid programming has been that it has been very context-sensitive. Although we have sometimes seen cuts in personnel and budgets to limit this, where you have had long-term engagement of professionals in-country, so they understand the politics and the institutional setting, they can see why a particular kind of social protection programme is going to operate effectively in context and make it work. That is also an important lesson to bring back to the UK. I do not think we would be suggesting in any way one can immediately pick up something from Brazil, China or East Africa and implant it in the UK, but there is a sense in which one can examine the evidence and think about the context in which things might operate, so that sense of involvement, locating interventions in context and providing evidence for them in that context is vital.

Q14 Jeremy Lefroy: I am aware of time. Perhaps I may ask two more quick questions with a response from only one person, because colleagues will want to come in. Professor Leach, I think you mentioned looking at global funds as ways of doing more things. I would refer specifically to antibiotic resistance, which is a real issue for the developing and developed world. Is that the kind of thing you were thinking of?

Professor Leach: Absolutely. All of those areas where we have interconnected global problems, which play out in different ways in different places but ultimately come back to affect us all, need a more joined-up global approach, which can link to the kinds of multilateralism Ngaire has been talking about.

Q15 Jeremy Lefroy: That would also show people in this country why this kind of thing is extremely important and useful.

Professor Leach: Exactly. Another classic area would be the green climate fund. Finding stable finance for climate change mitigation is going to be absolutely on the agenda for next year.

Q16 Jeremy Lefroy: Finally, we have argued that DFID's spending in countries like Pakistan is being artificially boosted by the need to tackle extremism and is diverting funds from other poorer countries. Do you agree, or not, that UK security policy skews development priorities?

Professor Woods: Necessarily. I do not know whether I would use the word "skew", because development policy should sit with other Government policies pragmatically as a way to achieve a variety of goals and trade them off. I was in Delhi two weeks ago. There is a real fear about what is happening in Pakistan and a sense that what is occurring in the Middle East and Ukraine is taking the world's eyes off Pakistan: a nuclear-power state that looks as though it might be imploding. There is a powerful case for thinking through what we are doing in Pakistan and whether it is likely to make the country more stable.

Q17 Sir Peter Luff: In the interests of time, I will direct my questions to Ben, because it relates to his evidence to us, but I would be pleased to hear a reply from his colleagues, if they want to. As to policy co-ordination in the UK, DFID's evidence to us is Panglossian in its optimism: "These structures enable us to take a strategic and comprehensive approach to UK policymaking", the structures being the National Security Council and Cabinet sub-committees. Does it?

Ben Jackson: When you read that evidence, you see rightly a broad cross-section of initiatives.

Q18 Sir Peter Luff: It is a bewildering array of initiatives.

Ben Jackson: Indeed. They have served very useful purposes, for example around the G8 delivering some hard outcomes in terms of changes in tax policy and international commitment. I do not think we yet have the sum of the parts. That is the key thing we believe we need. With all that is going to happen in 2015 combined with an election, it is an absolutely ideal opportunity that early in, say, 2016 we bring all of that together and say, "We have these new goals and objectives. How as the UK across Government do we put in place a clear implementation strategy that different parts of government will work to?" I am aware of the National Security Strategy and the security council, but most objective observers would agree that, useful though that has been, it does not amount to a driven cross-government strategy. We need a strategy and action plan. We also need to put in place a champion.

Q19 Sir Peter Luff: Who would own that action plan?

Ben Jackson: It needs to sit outside one Department, whether it is the Cabinet Office sponsored by the Prime Minister. The Prime Minister, for example, played that crucial role

in the high-level panel and so on, but underneath that we need a champion who will drive this through Government, and not just push people but come up with solutions. Undeniably, as we have illustrated, these are complex issues but we need new mechanisms and approaches.

We feel what we have got in ICAI could be subsumed within that champion or unit and broadened. To have one institution looking only at aid instruments will seem increasingly outdated. It should be around the theme of new sustainable development goals. We would like to see accountability, which this and other Committees through Parliament exercise, beefed up with greater opportunities, which I know already happens, to have more joint committees or inquiries to look at this, with perhaps an annual accountability instrument with key Cabinet Ministers accounting not just for DFID and the Secretary of State but also the Treasury, DECC and so on.

Q20 Sir Peter Luff: You mean a parliamentary mechanism?

Ben Jackson: Yes. We have had a slight ambiguity with the institution of ICAI, which we think has done some useful work, but we need within Government more a driver of change and strategy, beefing up the accountability mechanisms and being more cross-government but rooting them in Parliament.

Q21 Sir Peter Luff: So the shortcomings of the National Security Council are, first, that aid is not just about security.

Ben Jackson: Absolutely.

Q22 Peter Luff: Secondly, does the National Security Council actually work?

Ben Jackson: It is exactly about that. It is a committee that brings together political leaders. Driving this new approach will take a day-in, day-out champion and a unit within government that can drive that.

Q23 Sir Peter Luff: It is not just that the NSC is not doing it well; it is not the right body anyhow.

Ben Jackson: No.

Professor Woods: This Committee could play a role in specific issues like Pakistan, asking each Department what it is doing and which bits are co-ordinated. That would be illuminating.

Q24 Sir Peter Luff: We would have some turf battles to worry about. Turning to impact statements and legislation, how important is that? Is it legislation or policy that is the real issue here?

Ben Jackson: Impact statements would provide a discipline within which other Government Departments beyond DFID are looking at development in the broadest sense of the new goals. What we could learn from Europe where there is that obligation—the policy coherence for development is instituted within the Lisbon treaty—is that it needs the other side. Once you have got those statements, somebody needs to grab that and say,

“What are you going to do about that?” They are a useful instrument, but they need to have somebody who will drive that through and force the change that is needed.

Q25 Sir Peter Luff: It is the new co-ordinating body that is more important than the impact statement.

Ben Jackson: Yes. I think impact statements are an aid to that, but the cross-government strategy and the champion are the key parts to bringing about change in approach and solutions.

Q26 Sir Peter Luff: You are a realist; you know the way the world works. Would other Government Departments accept a wider role for ICAI as a creature of DFID?

Ben Jackson: If it was not seen as aid and being within the Government machinery but outside it, perhaps under the Cabinet Office, we could look at that.

Q27 Sir Peter Luff: We need a national audit office for development.

Ben Jackson: Yes, but it is also about driving implementation, which is critical. That is not always just about the accountability piece; it is partly about pushing but also saying, “Look, there’s a knotty problem here that we need to do in financing or whatever. What is the practical solution to make this happen?”

Q28 Sir Peter Luff: It has to sit in the Cabinet Office at No. 10, does it not?

Ben Jackson: I think so under our system.

Q29 Jeremy Lefroy: To pick up something Peter was referring to, we have the National Security Council, which obviously brings together three different Departments. Do you think there is a role for Parliament to have a joint Committee for the three relevant Departments that would scrutinise their role? At the moment we have a Committee on the control of arms exports that joins up four different Departments. Would that be useful?

Ben Jackson: I think so, in light of my previous answer, not just in relation to the National Security Council but in terms of this new body within government, whatever we want to call it, say the independent commission for sustainable development—we have to work on the branding—and the bigger piece about what is going to be set out in the goals. Joint committee structures to look at that would be very welcome, perhaps combined directly with Cabinet Ministers also having to give an account. They have to get their story straight, as it were. That would be very strong and useful, the major accountability mechanism being Parliament.

Q30 Jeremy Lefroy: Some witnesses have told us that DFID used to excel at playing the role of global thought leader on agendas like climate change, trade and conflict, but since 2010 that role has diminished. I do not particularly recognise that, but what are your views?

Ben Jackson: I do not think that is fair. Looking at the list of initiatives set out in DFID’s evidence, from the Girl Summit through to the work around the G8 on tax and so on, there have been many ways in which Government has joined up and has influenced work. I do

not think that as a generalisation it is fair, but the piece that needs to improve—that would have been the case in the time of the previous Government—is the long-term strategy. That is critical. It also needs the buy-in of those other Departments that really need to be behind that. The trick is keeping the development voice in there through DFID in order to have essentially a cross-government global strategy at the centre of which are the new sustainable development goals.

Q31 Jeremy Lefroy: Would you say that perhaps one of the problems is that DFID remains a global thought leader in a number of areas but they tend to change depending on the priority of Ministers?

Ben Jackson: Yes.

Q32 Jeremy Lefroy: When we looked at health systems, for instance, there were people who argued that this was now less of a priority than perhaps it had been in the past and other things had taken over.

Ben Jackson: There is a danger of coming and going. We live in the real world. We are campaigners. As NGOs, we know the value of focusing energy on a particular issue. I do not think that in itself is a bad thing, but you are absolutely right that there is a danger. For example, around G8 we were quite involved in that and saw the power of No. 10 pushing that and getting all the Departments to work together. We got some good results from that in terms of both UK policy and internationally. There is an ongoing process in the G8, but the driver is not there. We need to get away from the situation where something is put in the limelight and we get forward progress but it falls away again. That needs to be more sustained.

Q33 Jeremy Lefroy: How can we do that?

Ben Jackson: It is around the piece of having a clear strategy. We have an ideal opportunity next year and probably into 2016 where the UK Government can say, “In the light of all the big decisions being made on climate and financing of the new goals, what are we as Britain going to do?” We recognise that some of that is about hard choices; it cannot be just a litany of everything on the Christmas tree. Where are we going to make a real difference? They know they would be held accountable for that. While we might focus on one or other of those issues at a particular time, it is not just whatever is the particular flavour of the month.

Professor Woods: Nowhere in the world lacks big new ideas; they are 10 a penny, but DFID has carved itself out as a government agency that takes seriously evidence and delivery, including its work on multilaterals. If you look across the world of development agencies, DFID is probably first in class. That does not mean it cannot do better. I am not saying that the class are all outstanding, but I would not underestimate the extent to which it is probably top of the class.

Professor Leach: I agree. I think there is a bigger role for DFID to step up in thought leadership around some of the larger beyond aid challenges, frankly. DFID could pave the way in getting countries and bilateral donors to think about mutual learning. It could use examples of the work it has done in China, thinking about the joined-upness of policies in

Brazil back to the UK, to push forward that what is needed is a new mutual learning agenda. It could lead the way on some of the global public goods questions we have been talking about.

Chair: I think they are terrified of doing that.

Professor Leach: A third one is around international regulation, in particular financial regulation.

Chair: They will not talk about Brazil and China. Every time they are challenged they say, “We’re closing the programme so we don’t do it there.” I am just expressing the difficulty we have. There is fear of a debate that says aid is going to the wrong people; it is going to rich countries. What I am asking—perhaps you could reflect on it and provide a follow-up submission or note rather than deal with it now—is how you think DFID could engage that debate in a way that might move it on. At the moment, if you try to get them to talk about China, they just won’t.

Q34 Sir Peter Luff: Perhaps I could ask Professor Leach a question just for information. Your submission was very critical of DFID’s new emphasis on economic development. Is it the fact of development or the way in which it is done and the conflicts with other areas of policy that you are concerned about?

Professor Leach: I do not think we were critical of DFID doing development. What we were arguing is that in the present era we need to reframe development as not being something that happens in other countries over there but is progressive economic, social and political change, wherever it may be found. It is a reframing of an agenda that is not defined by geography but by problems and the need to tackle those through more joined-up approaches globally.

Q35 Sir Peter Luff: You seem to be worried about coherence and trade-offs with other areas of development policy. You talk about “how trade-offs between development objectives and other economic or political interests are managed”. How are those other interests managed? You say that DFID’s efforts to create “more business and private sector activity have overshadowed attempts to steer it towards ‘better’ impacts ... While there is some attempt to ensure coherence in these policy areas, it is not clear how trade-offs between development objectives and other economic or political interests are managed”.

Professor Leach: This was specifically around the question of business and development. Under the current Government, DFID has promoted a very strong focus on the private sector and what it can do for development. We are concerned that sometimes the emphasis has been on more private sector activity without necessarily asking questions about what kind of private sector activity and to whom it is delivering. This is an area where we need the best of DFID’s experience in looking at evidence and impact, but also to examine where there are trade-offs. Business involvements might be very good for the UK, and it might be a question of UK businesses then operating in low-income countries, but they are not necessarily going to be delivering the impacts for poverty, sustainability and gender on the ground. Therefore, it is a closer look at those trade-offs.

Q36 Sir Peter Luff: Looking to all the panel, it is not just IDS that has been critical; ICAI has also been critical, and words like “non-strategic”, “incoherent” and “unrealistic” have been used about this area of DFID’s activities. How far do you agree?

Professor Woods: How you structure collaborations between Government and the private sector is difficult for all Governments. Britain has a mixed record of public-private partnerships which it should be learning from actively. It needs to learn from other countries about how to structure public-private partnerships better and think about that as it advocates a role for business in development. From the business sector I talk to, some things make working with Government very difficult, including this one, especially in challenging places. That has to be the deeper focus. DFID now needs to go one step further and think about how to enhance the capacity of government effectively to work with the private sector in these different countries.

Ben Jackson: The deeper thinking is now happening in terms of the strategy. It has suffered slightly from putting up the flag around this before the deep strategy was in there. The central point from our point of view is that the private sector is crucial for overall economic growth in developing countries and in terms of delivering economic development. The question is about the ways that can maximise benefits in terms of jobs, livelihoods and so on. The thinking through and detail is still to come of DFID’s strategy regarding where it is going to put its particular emphasis in ensuring that economic growth and development really deliver to the poor and marginalised. We need to avoid going back to the bad old days—I am not saying that is the intention—by default. In other European donors we see a resurgence of aid for trade and all of that nonsense, which we did away with in our aid programme a long time ago. We need to be careful not to be paranoid but also of slipping back into that as a default mode.

Q37 Sir Peter Luff: It is likely that DFID will have to work with others to achieve this outcome. With whom should it work: other Government Departments in the UK or the UK private sector? Who are its partners in achieving this very desirable objective?

Ben Jackson: Obviously, business. It needs to be a coherent strategy. It should also be thinking broadly not just about big trading companies and players but also small and medium-size enterprises and social enterprises. This is something NGOs are thinking about a lot.

Q38 Sir Peter Luff: In this country?

Ben Jackson: In this country and also developing countries themselves.

Q39 Sir Peter Luff: What role do other Government Departments in the UK have in helping DFID here?

Professor Woods: BIS and the Cabinet Office have a role in public-private partnerships.

Q40 Peter Luff: The Treasury?

Professor Woods: Yes, absolutely.

Professor Leach: I think there is a key role here in regulation and for DFID to be working with these other UK Departments in helping to put in place some areas where the UK has

been leading and where, because of the prominence globally of the City of London, there is an opportunity for the UK to play enormous leadership roles in things like transparency; reducing and regulating illicit tax transfers and business profits; encouraging companies operating in, say, the extractive sector to be transparent about their payments to Governments and politically connected influential people; and some of the regulatory activities to reduce money laundering and illicit financial flows, which are a major problem for the UK and low- and middle-income countries alike. This could be a key leadership role. The UK is already a world leader in some of the global initiatives that seek to reduce corruption and illicit financial transfers and business activities. DFID could play a key role with other organisations and the City in helping to push this further.

Q41 Peter Luff: How effective do you think DFID's current relationship with the City of London is?

Professor Woods: When we think about the partners on the other side of this equation, I am not sure the onus is quite there. What I hear major private sector firms saying is that they need Government partners in developing countries who are well informed, well co-ordinated, enjoy public support and have some modicum of stability. That is their wish list. Without those four things, they cannot do long-term investments. It comes right back to which bits of those four things DFID can help with and DFID's quite traditional governance agenda of trying to ensure that Governments have the capacity to be well informed and co-ordinated, to enjoy a certain degree of public support, and to be stable so that the private sector can go in and form a contract that is likely to stand up and permit them to add value over a period of time.

Q42 Chair: We have stretched the boundaries of the topic in ways that are very interesting. As we are running out of time, I wonder whether you might give some further written submissions on what skill-sets you think DFID needs and does not currently have. Your own views on that would be really helpful to the Committee, and also what geographical areas DFID should know about that they do not, because you have mentioned China; you have mentioned a number of places where DFID does not engage and where political sensitivity makes the Government unwilling to admit that they might engage, instead of telling us why they should. It would be really helpful to us if you felt able to expand upon that. Serendipitously, our Committee had been looking at health system strengthening, including our visit to Sierra Leone and Liberia, and advising that the Department of Health had to a role to play: the NHS, evaluated by the Commonwealth Association as the best health service in the world, ought to be part of developing health systems. That is what we asked for, when suddenly yesterday, Jeremy Hunt, a former member of this Committee, said precisely that: we are going to work with DFID, together, to tackle the crisis, but also to leave a legacy of stronger health systems in Sierra Leone than would otherwise be the case, turning something by serendipity into an outcome.

Also the Committee visited Brazil last year to try to find out the extent to which DFID could translate that learning, and we did not get a very clear answer. In fact, not only did we not get a very clear answer but we found out when we got back that the Foreign Office was spending £14 million of British ODA money, I think on sustainable forestry, something that DFID did not volunteer to us, and nor did the Foreign Office until we asked them a different set of questions. The point I am making is that, if we are to look at DFID being much more engaged in a variety of different areas, it needs to think differently, and it presumably needs

different skill-sets and expertise. If you are able to give us some help on that, I think the Committee would find it very interesting and would very much appreciate that. Having said that, in the meantime, thank you very much for the evidence you have given us, and for giving us some real food for thought about the whole idea of having this inquiry.

Examination of Witnesses

Witnesses: **Sir John Holmes**, Director, Ditchley Foundation, and **James de Waal**, Senior Fellow, Chatham House, gave evidence.

Q43 Chair: Good morning, gentlemen. Nice to see you. Thank you for coming in to see us and agreeing to give evidence on this inquiry. I think you will have both seen that we are testing the boundaries of this topic here. Could you introduce yourselves for the record?

James de Waal: I am James de Waal. I am a senior fellow in the International Security department at Chatham House. I am not a development expert.

Sir John Holmes: John Holmes. I was a British diplomat for many years, finishing up as Ambassador in Lisbon and then in Paris. Then I went to work for the United Nations as Emergency Relief Co-ordinator and Under-Secretary-General for Humanitarian Affairs, between 2007 and 2010. I currently run the Ditchley Foundation, which is a convenor of international conferences on big international issues. I also chair the UK end of the International Rescue Committee, an NGO, which is mainly humanitarian.

Q44 Chair: Thank you, and I have been glad to engage with you in both those capacities in the past. We look first of all at the humanitarian and conflict work, which is becoming an increasingly important part of what DFID is doing. First of all, how can the UK Government operate in this in ways that co-ordinate rather than create divisions within its own objectives? It appears that different branches of government have a different idea of what international security is, so how can you ensure that they operate in ways that are not contradictory? In other words, we may provoke a conflict and then we have to put in a whole load of support for the humanitarian fallout from it.

Sir John Holmes: I have maybe just two initial points. The first is that humanitarian needs in the world are rising, as we can all see, for a variety of reasons, both in terms of natural disasters, the effects of climate change, population rises and so on, which are long-term trends that are not going to go away, and, of course, particularly the humanitarian consequences of conflict, as we are seeing currently in Iraq and Syria and other fragile states. If we are looking at the role of DFID in the future—I would say this, wouldn't I, coming from a humanitarian NGO, but it is true—DFID should be explicitly suggesting, or projecting spending more on humanitarian aid in different ways than it does now. The traditional relationship between humanitarian and development spending has roughly been 10%. I think it is rather more than that now for DFID, but we are moving into a world where 20% is going to be more appropriate. That is just a reflection of the reality of the rising needs. It is true this is largely skewed by Syria, but I suspect that is a long-term issue that will not go away quickly, and similar issues may be arising. I think there is a need for an even greater focus on this in the future, and more money being spent on this.

This would also mean strengthening CHASE, which is the internal division within DFID that deals with this, and, of course, deals with conflict as well. I think this is happening to some extent, but it needs to be recognised more explicitly.

Secondly, the problem of how you deal with security and conflict is very difficult for DFID, or any aid ministry, because clearly, and we will need to accept this, if there is to be actual development, you have to have security—security for investment or whatever it might be. There has to be some stability and good governance in a country. Therefore, it is legitimate and right for DFID to be engaged in that, whether that be in terms of security sector reform or other forms of trying to build a functioning state. That is very important. The difficulty always is what you do not want is the aid portion of your government policy and your government expenditure to be instrumentalised by the security sector within government, and therefore just seen as another arm of stabilisation or some kind of security counter-terrorism agenda. This applies particularly to humanitarian aid but it can apply on the development side as well.

Spending that money, making that effort without it seeming to be just, as I say, subsumed under somebody else's security and political agenda is a very difficult balance to strike. I think actually DFID are not bad at striking it. I am not criticising them about this. I am just saying it is a very hard balance to strike and it is probably going to get harder. This is because we are again involved in a counter-terrorism, counter-extremism military action at the same time as we are mounting a humanitarian operation. These two things can co-exist but it is quite hard for them to co-exist sensibly, so we are going to have to manage those things very carefully.

Q45 Chair: Before you go on, James, I can perhaps add to that. The Committee was concerned that the consequence of the increasing humanitarian demands in the Middle East had led to a cut in the bilateral programmes in Africa, yet a lot of the bilateral programmes in Africa are helping those countries in post-conflict situations not fall back into conflict. I take your point that increasing humanitarian expenditure may undermine your capacity to stop other countries elsewhere falling back into conflict. Is that in itself a tension?

James de Waal: I think what I would say about this is that striking a balance, as Sir John put it, and making those sorts of balanced decisions between long-term and short-term investment is precisely what all this is about. One does have to be very realistic about the chances of having a high degree of coherence in Government policy on this, or avoiding the sort of chaos that we might be talking about. These are very difficult issues and it is quite natural also, it seems to me, that different branches of Government will have different aims relating to the different concerns they deal with.

It strikes me that particularly when one is thinking about structures we might want to create in order to manage this, these are structures basically for managing these disagreements. They are for brokering compromises and making sure that they are implemented and stuck to. They are also structures for providing one with a way of adapting that policy when it is proven not to be working or when the events have proved it wrong. I would say that it would be probably unrealistic to look for perfect coherence in this process. The British Government and the British way of approaching things is a lot better than a lot of Governments', in terms of the comparative lack of friction in the various policy directions and the different parts of Government. This is of course not to

say that it exists. However, I think in our focus on that friction we neglect first of all the comparatively good situation in the UK, and also the degree to which that friction in itself helps to develop policy, and helps to develop a policy that is compromise and accepted as consensus throughout Government.

Sir John Holmes: I agree with that general point. It is very easy to talk about policy coherence and we absolutely desperately need it, but joined up Government is easy to say and hard to achieve. Just listening to a bit of the last session you were having, there was an impression that DFID can solve every problem in the world. It cannot solve every problem in the world, even though it has a very large budget. It has got to focus on some priorities that it can make a difference in. Then it has got to work with the rest of the Government to address some of the other issues. I agree with James; I think HMG is probably rather better at this than some, but could still be a lot better. The NSC has made a difference. It probably is too security focused and not broad enough. That is probably a legitimate criticism. It is beginning to make a difference, and it is that kind of coherence when you are trying to approach a problem that is very important. There are issues like Syria, like Iraq today, where if there is a lack of coherence it is because the problem is so difficult, not because of necessarily too much infighting or people are being incompetent or stupid about it. It is just genuinely difficult to find a fully coherent, fully fledged policy that is really going to make the difference.

Q46 Jeremy Lefroy: I apologise; I will have to leave immediately after asking this question. The make-up of international donors is changing and there are rising powers that are increasingly engaged in conflict-affected states. How should the UK weigh up diplomatic priorities with principles of good donorship, such as protecting human rights, democracy and good governance, which may not necessarily be the priorities of these new donors?

Sir John Holmes: I think it is absolutely essential that we do stick to those principles. What we should be trying to do—which is again quite a difficult balancing act—is to make sure that other countries are stepping up. I mean the Chinas and the Brazils and the Indias of this world, which have very large poor populations of their own but they want to have some benefits through globalisation; they have some responsibilities that go with that. They should be contributing more, and countries like Turkey and Saudi Arabia and so on, which are also leaning towards playing this aid game, if you can call it that. We definitely need to encourage them to do that because those traditional donors are not going to have enough resources to deal with the problems we are facing in the future, I fear.

At the same time we need to be trying to draw them into the system of values and principles that the traditional aid donors have developed over the years. They may or may not want to be drawn in—some of them clearly do not—but I think we have to keep on trying to do that. I do not think the response is to start behaving like they behave. The answer is to try to make them behave more like we behave, and to make sure that we are sticking to our own principles.

Just to make a related point, the opportunity internally in the Government is not that the sort of principles that underlie DFID should be extended to the rest of Government, so the rest of Government takes a much more rights-based approach. The risk is, again, that DFID's policies and the development of humanitarian policies will again be sucked into a more security-focused agenda, and thereby discredited in the rest of the world. That is

the danger we have to guard against. Of course that is the value of having DFID as a stand-alone department.

Q47 Peter Luff: I enjoyed what you were saying about the elusiveness of joined-up government, which we all know is much more difficult to achieve than to say. However, we do have a National Security Council now—a new creation in Government. There is an SDSR coming up next year, an opportunity to rewrite the rules of the National Security Council and its roles. What could we learn from around the world that would make us still better at this job, if anything?

Sir John Holmes: By and large we probably do do it better than a lot of other countries, but there are countries where it may be easier than others. If you are Norway or Sweden or that sort of country, with a relatively small role in the security side of world governance, it is slightly easier to build a narrowly focused but rather coherent policy than it is if you are the UK. The UK is engaged across the board and still a major player in the military security side. It is just that much harder to balance all these competing demands and these competing things.

Many people were very critical of the last SDSR, and I think with good reason in some respects. The idea of having a National Security Strategy and then having an SDSR built on the back of that seems to me the right way round. I hope we can go through that again. We probably need to have a broader concept of national security than maybe the one that was being looked at at the time. The thing that has always struck me about it is if you put counter-terrorism at the top of your national security concerns, you are not really understanding the fundamental challenges of the role. It is a big issue but it is not an existential threat to us in the way that some other things are. One needs to look at those kinds of priorities again.

Funnily enough, if you are looking at that broad view of the challenges and the future challenges of the world, the Americans, who are criticised on all sorts of other grounds, have been quite good at producing papers from the Pentagon and the National Intelligence Council. They do take a very broad view and a very broad look at the trends, and take a very broad view of security, for example including the issue of climate change, which they went through a few years ago.

Q48 Peter Luff: Can I just challenge you? Do you think the National Security Strategy and the SDSR were really conducted separately last time?

Sir John Holmes: I was not involved, so I cannot speak from the inside. A lot of the same people must have been involved in both, unless the Government has changed a lot since I was last in it.

Q49 Peter Luff: They were done very much in parallel, if not simultaneously, and that was probably a weakness.

Sir John Holmes: Yes. You should be getting your National Security Strategy clear and trying to get some conclusions that flow from that, from your security. The problem is that, as we all know, money gets in the way. Therefore, you start from what you can afford rather than what you think you really need. That is a reality we are going to struggle to change.

James de Waal: For full disclosure I should say that I used to be a Foreign Service officer, Diplomatic Service officer, and also an MOD official. I think I have been involved in all of the National Security Strategies, the drafting, that we have had since 2006 or whenever it was. I was involved in the SDSR work as well, although in quite a minor, junior capacity. The only thing I will say about that is I think it has had quite a bad rap, although I would say that. Its reputation is a lot worse than it deserves.

Q50 Peter Luff: I was a Minister involved in the SDSR, so I agree with you obviously.

James de Waal: I think it was strategic in a number of important ways, which I will not go into now. On your question about the National Security Council, I have looked at this from the point of view of how it manages defence relationships, particularly the relationships between political leaders and the armed forces, and senior armed forces. It seems to me there are some ramifications that are applicable in other areas.

My particular concern is that you can have the structure but you do not necessarily have a similar coherent way of making sure how people use it. You have the hardware but you have not put the same effort into making sure the software works. You have a system where people approach using these structures often in quite different ways. The effectiveness of their input into this structure still depends on a lot of things like personal relationships, presentational skills, and how skilful you are at using the bureaucratic machinery. My concern really is I think that, although we have had this great focus on the hardware, there still needs to be a focus on the software. Elsewhere I have argued for the need for there to be a code of conduct that sets out what the precise roles of various important people in determining national security actually are, so how they should approach and use these structures.

One of the things one hears about the current National Security Council is that it seems to be being used very effectively in some respects as a crisis management organisation. It seems to be used quite effectively in ways of making sure that the political and military relationship is functioning. It seems to have a role in overseeing that in terms of, for example, how it supervised the Libya war. It seems to be less good at mixing the longer-term issues, which I think this Government has been quite good at identifying and grappling with, with the tactical level. There seems to be a gap in the middle. My instinct is that whether you are thinking about security, or whether you are thinking about development or some of the other issues that affect broader parts of Government, you do need a structure but also you need a set of directions about how people are to use that structure. It does seem to me this is applicable in this area as well as in security.

Q51 Mr McCann: The British Government spends significant sums of money in fragile and conflicted states because it knows that long-term security relies in part on genuine development for those facing poverty, conflict and insecurity overseas. You have touched upon this already, Sir John, in one of the answers you gave earlier. Can you explain how development issues are brought to the fore within the National Security Council? I think perhaps you have alluded to the fact that you do not think they are heard loud enough because they focus too much on security. In particular, do you think they have got the balance right

there? Is the Secretary of State a powerful voice for humanitarian and development issues within the NSC?

Sir John Holmes: I do not sit on the NSC and I do not attend their meetings. I can only comment as a general impression from the outside, rather than from any inside knowledge. As I say, it seems to me, just looking at the way they deliberate and the things they deliberate about and the conclusions they come up with, they tend to be sucked into the obvious temptation of getting into the military security issues: what troops should be deploying where and what we should be doing. They are going to be less focused, as James was saying, on some of the broader security issues, if I can put it that way, and the broader coherence of policies towards a particular country in terms of trade and regulation and all those other things. These can make a huge difference: remittances and so on. However, they are not alone in that; that is a very common failing.

Particularly when there is a military operation either under way or in prospect, then Governments very easily get fixated on all of that. It is always surprising to me that they take huge decisions involving vast sums of money rather lightly, it seems to me, when they debate pounds, shillings and pence rather more tightly in some other areas. I think that tendency is built into the way that the Government works and built into the way that the NSC works. Therefore, it needs something fairly deliberate, in terms of structure and maybe software, to try to counteract that. That is probably to do with the people who staff the National Security Council. There probably should be somebody at a higher level in the system whose job it is to integrate the development and humanitarian issues in there.

The Secretary of State for International Development should be a powerful voice in the NSC, because DFID is present on the ground in most of these places, one way or another. They are going to be committing very large sums to them, one way or another. They have a lot of experience. I think Ngaire Woods was saying earlier DFID is probably the best there is around the world at this, even if all the competition is not as good as you might like it to be, so they should be a really powerful voice. Are they at the moment? Again, from the outside, not so obvious that they are, but I cannot say that from inside knowledge. However they should be a powerful voice and they should be speaking with a lot of knowledge, a lot of experience and a lot of capacity to effect things on the ground through the things that they do. There is absolutely no reason why they should not be. Of course that is another reason why they should be a stand-alone department with their own cabinet minister, I think, because if they were not that, I think the risk of that voice being lost would be even greater than it is now.

James de Waal: The only thing I would add is that the NSC ought to be the forum where the Secretary of State for International Development can say, "I think the course of action that we are discussing to deal with this particular crisis will damage our long-term development aims and our longer-term aims for that country." They have a debate about it. The Secretary of State may get overruled, at which point then it is, "Okay. Therefore what is DFID's role in implementing this policy?" That is the forum. It is partly up to the Secretary of State to make that case.

The other thing I would add is that, again, structures and having a presence around the table is no good if the personal relationships are not good. Again, you can have the best structure in the world but if the Secretaries of State are not all getting on or they do not get on with the Prime Minister, that is really not going to help. There is a degree of political-

level atmosphere that is crucial, and the structure itself cannot compensate for that if it is missing.

Q52 Mr McCann: Can I ask a quick supplementary? It is widely recorded that, in terms of some of the military interventions that have been made over the last decade or so, the big gap has been the follow-up. That would be the humanitarian development work that would take place thereafter. I know that has been a huge criticism. Would the fact that it was not done at all well lead you to the conclusion that the voice of the Secretary of State for the Department for International Development has not been heard at all?

James de Waal: My immediate reaction is thinking about, of course, the Iraq experience. It helps there that you have got the inquiry where a lot of the evidence is now being brought to the public. What evidence there is tends to reinforce that view. In particular, there is a certain amount of testimony that says DFID or DFID officials, I think one of the witnesses said, could not conceal their disdain for what was being planned. Also the Secretary of State at the time was accused of setting up the provisional wing of the government. They would doubtless have perhaps an equal view of the military that they were dealing with.

It will be interesting to see what the inquiry concludes, but it does seem to be consensus that that sort of not only different culture but also different aims did hamper the post-conflict reconstruction. That is after all why the Post-Conflict Reconstruction Unit, later the Stabilisation Unit, was set up. It is now in the doctrine of military operations that what you do after you have done the striking phase is now integral in the thinking. This is partly because people have the disastrous experiences of Iraq and Afghanistan to look at. Again, performance probably has not yet come up to that aspiration.

Q53 Mr McCann: In terms of more imminent, perhaps, issues, do you think the same danger is going to be repeated in somewhere like Syria?

Sir John Holmes: The difficulty is that you can have this theory that you are going to have an integrated policy and you are going to put all of these things into place simultaneously. However, in the case of Libya you had a very hastily mounted and decided military operation, and then everything else has to fit in after that. You have set the parameter right at the beginning in a very military way, and then you are always struggling to catch up after that, frankly. Maybe the same is going to happen with this current military operation.

The one I have got a bit more experience of at first hand, from the humanitarian point of view, was Afghanistan, where my impression was that the conversation had always been dominated by the military political considerations. Then you bolted on a development part of it, and then you bolted on to that a humanitarian issue as well, although not very much—and in the Afghanistan case not enough. There were all sorts of issues there that were not being addressed because they were secondary, supposedly, to the military and political considerations. Therefore, you finished up in the end with not a very sound strategy, a very skewed strategy, badly affected by a lot of happy military talk over many years about how well it was all going. By the time you try to redress the balance it is too late; you have not got those issues about what you are actually trying to do with this

country and does it make any sense. They had not been factored in soon enough, so you never get it right.

You finish up with a lot of very flawed policies about trying to build a central state or trying to do it through PRTs and all sorts of other failed experiments. If they had been properly reflected on beforehand with a greater degree of local expertise and not, as I say, skewed by the absolute focus at the beginning on the military operation and the counter-terrorism and so on, you might have had a better chance of succeeding. However, I am absolutely sure we are in danger of making the same mistakes again.

Q54 Peter Luff: DFID has got a big budget: six times the Foreign Office budget—something like that—and more than a third of the MOD budget. In many countries it is the biggest spender by far. When you come to these issues around security, how do you ensure on the ground these three arms, FCO, DFID and MOD, are properly co-ordinated? Are there turf wars being fought about who should have the influence in practice? What do you do about resolving those, almost probably inevitable, conflicts?

Sir John Holmes: I think they are inevitable. They do not have to be conflicts, but there are always tensions in the system, which you are going to have to try to resolve. That has to start back in London with a coherent strategy to start with, which has to be run now by the NSC. That is an improvement from the days when I was in No. 10. I would have loved to have had an NSC. I wish I had suggested it but I did not. It probably does work a lot better than it did in those days, but it has to start with that so you have a coherent set of strategies on the ground to start with. Then it has got to involve co-ordination.

The problem on the ground is who actually does that: is it the Foreign Office, is it the MOD, is it DFID? That can be quite difficult to decide in a physical sense. Therefore, it is quite easy for the tensions to get out of hand and to play out in unhelpful ways. Most of the time, although they have quite a lot of money, DFID will be the junior partner in some of those discussions, I would say. I am not sure that is necessarily the right thing to be happening, but I think that is happening to a large extent. What you need above all if you are going to avoid that getting out of hand on the ground is clarity about: a) what the strategy is; and b) who is in control of it locally. If you do not have that, you are just opening the field for the kind of fighting you are talking about.

James de Waal: You need four things. You need a plan for the country that is, as Sir John says, agreed in Whitehall. You need a local representative—I would say the ambassador, who is accepted as being the co-ordinator in the country. That ambassador does not, it seems to me, have to be a Foreign Office diplomat. They could be a DFID official, they could be a politician, as long as they accept it that they are an ambassador who works for the whole of Government and not just for the Foreign Office or for DFID or for their home Department. That, it seems to me, is the job of an ambassador or a high commissioner. The third thing is that they work explicitly for the whole of Government, as I think the best ambassadors do. Fourthly, they need the personal credibility to keep these various different competing interests in line and accept that, although their interests may not be the top priority at this point, their interests are not being neglected. They need to be someone who is able to trade off those things, rather in the same way that the NSC or the Government system back here manages to do that.

I do think, though, you cannot really expect to have various different arms of the British Government operating in an independent way in another country. You need a sense that there is a leader there, even if they do not formally have control over all the activities. It is a leadership and a co-ordination role rather than a directive role, but it does need to be one person.

Q55 Peter Luff: I would just like to ask Sir John, as a former ambassador, about that proposal.

Sir John Holmes: Obviously I am sympathetic to it in a way. I am just not sure that would really work. I do not think the MOD, for example, if they are present in a significant way in a country, are simply going to accept the authority of the ambassador, even if he is not a diplomat. The Americans have tried to solve this in a different way by having special envoys, for example AfPak envoys and things like that. I have to say that has not really worked either. What tends to happen is it just becomes an extra element of confusion and competition in the system, rather than something that brings it all together. The idea of having someone who can be an overseer of all three, or however many departments are engaged, trying to bring it all together in a co-ordinated way, is an attractive one. However, you have got to find the right person and everybody has got to accept that person's authority. That person has got to avoid becoming bigger than the actors even back in London.

This is the problem you had, for example, in Afghanistan when Dick Holbrooke was appointed the special envoy. He wanted to run it—everything—and not only the ambassadors and the military but also the state department back in Washington said, “Hang on a minute, this man is getting too big for his boots.” It is quite a tricky thing to pull off. In some circumstances you can have the Secretary-General's Special Representative, for example, a sort of Paddy Ashdown kind of figure, who has been able to pull things together for a short period of time if the UN has a sufficiently large role so there is a degree of co-ordination. However, I am just not sure that an ambassador, with the best will in the world, is going to have the right amount of authority, because he is the one who controls least resources. Maybe that makes him more objective, but it also gives him less levers to pull himself.

Q56 Peter Luff: I am intrigued by this argument. To what extent do you think in Afghanistan there is an effective co-ordination of policies across the three departments? I ask because Oxfam in their evidence have been very critical. They say that Helmand is home to 3% of the population and has got 20% of the aid budget, which is contrary to good aid principles. When I went to Afghanistan as a Minister I was quite impressed by the way those three departments were working together. Was I right to be impressed?

Sir John Holmes: That goes to the problem I was mentioning at the beginning, which is if you are pursuing a security agenda—you are trying to stabilise Afghanistan and your particular troops are in Helmand—it seems logical for the British aid programme to follow that. Then you are giving the impression that the British aid programme is simply an instrument of your armed forces, rather than operating on the basis of need. In the area of development it is reasonable for the aid to follow. In the area of humanitarian aid, if you are not needs based, you are not credible. That is a very tricky balancing act to strike, I think. My impression is that nothing in Afghanistan was well co-ordinated actually, and

we are seeing the results of that. There was a failure of strategy as well, but there is lot of different countries, a lot of different organisations within governments and between governments, and the result is a pretty good mess.

Q57 Peter Luff: I saw a very good relationship between the armed services and DFID on the ground at a practical level. Was I wrong?

Sir John Holmes: I think they worked hard on it, but it is tricky and these are not, sometimes, easy bedfellows.

Q58 Chair: The perception also was that all of our aid was going to Helmand rather than just 20%, and there were complaints that we were not doing anything elsewhere because it was less visible. You cannot win really, I suspect.

Sir John Holmes: Then also you do have to address the question of public opinion. Public opinion may expect that, if you are struggling and you have got troops in the place, and if you can use your aid programme to help that stabilisation, why would you not do that. That is a perfectly understandable reaction. It is quite difficult to try to maintain that balance between, as I say, not allowing your aid programme just to be instrumentalised for a security agenda, without losing wider credibility and the consent of the people you are trying to help. That is the point: if you lose the consent of the people you are trying to help because they choose to think you are playing games, then it becomes too dangerous to operate. Then you build the school and they blow it up again later, which does not help anybody.

Q59 Peter Luff: Can I ask the bigger question about our overall budget? There are concerns that Pakistan gets too much of it. There is concern about extremism in Pakistan skewing all our aid objectives as a result. How should we deal with this issue? Africa loses out to Pakistan.

Sir John Holmes: As a general point I would say that I think it is a problem for DFID being so poverty focused, because I think some of the issues they are trying to address, and the Government is trying to address, are obviously not always in the poorest countries. There is a middle-income issue there, which has been there for a long time. It is not an exactly new issue, but I think they need to address that. Pakistan is a very poor country, so you can combine the two of your security wishes and your poverty action in the same country. Again, if you finished up with an aid programme that was not focused on trying to address the development and the poverty issues at all, but was simply focusing on those countries that are most dangerous from our security point of view, I think you would risk the credibility of the whole programme.

James de Waal: First of all, the basic point is that conflict often happens in middle-income countries. Likewise, dealing with conflict there is now a consensus that you cannot do this purely by military means: you need the political, economic and development means. If Britain is going to take part in the non-military aspects of preventing and resolving conflict, it needs to be active in the development area in these countries. If DFID is not going to do it, someone else needs to do it, but again I cannot see the case really for setting up an alternative aid structure to develop assistance in areas that are not the poorest.

The second thing is that we have a focus, naturally enough, on Iraq, Afghanistan and Syria. There have been some very successful examples of British conflict resolution and conflict prevention recently, I was thinking particularly of Northern Ireland. Also, perhaps the most successful of all, was the post-Cold War reconstruction of Europe: the dual enlargement of NATO and the EU, and, after a lot of difficulty, even extending that to the Balkans. That is a splendid example of where there were lines of development in all sorts of areas as well as the security area, some of which involved DFID, some of which did not. It strikes me that this is an obvious automatic thing that one ought to continue. One should not necessarily focus on the difficulties there were in Afghanistan and say, “We should be getting into that business or getting out of it.” This is what I meant at the start by saying this is always going to be an element of compromise. You do need the purists continuing to argue for the case, but at some point I think there does need to be a level of exchange and compromise.

Sir John Holmes: Can I just put in a bit of a plug also for UN peacekeeping operations? The UN has a poor reputation in general and sometimes deserves it. However, look at some of the peacekeeping operations where they have taken on the bulk of the nation-building role after a disaster or civil war. They are sometimes helped by western military intervention at the beginning, as in Sierra Leone with the British and Liberia with the Americans, and then the UN takes over the peacekeeping force. Of course we are now faced with Ebola, but, before that, these were countries that remained extremely fragile but were beginning to get their act together, with the UN peacekeeping force as a stabilising element. That seemed to work better actually, if we are realistic about it, than NATO peacekeeping forces. We need to keep in mind that the responsibility is not always a bilateral responsibility. There can be multilateral operations that work quite well, and maybe we should even be part of these peacekeeping operations in the future, giving them an even better chance of success.

Q60 Fiona O'Donnell: Good morning, gentlemen. I wonder if I could start maybe just with a comment on Peter's questioning, and feel free to respond to it. I am just keen, Sir John, that your comments were not taken out of context when you said perhaps DFID focuses too much on poverty and thinking, James, about what you said about conflict often occurring in middle-income countries. Is that not sometimes because when economic growth happens people are left behind, especially those living in extreme poverty? Therefore, in fact, tackling poverty is a really important part of improving security, particularly in middle-income countries.

Sir John Holmes: It is, but one of the issues is that DFID looks at whether a country is poor, not at whether the people in it are poor, or many of them. It is a trite thing to say but I think there are more poor people in India than there are in the whole of Africa, depending on how you measure it of course. However, we are no longer interested in those because we do not deal with India with an aid programme now, for reasons I can understand, by the way. However, let us just be clear that that is what we are doing when we exclude some middle-income countries from our aid programme.

Q61 Fiona O'Donnell: It makes it harder and harder then to meet millennium development goals and proposed 2015 framework in terms of tackling poverty if you are not working in the countries where most of the world's poor are. What I really wanted to ask

about was the Conflict Pool and how you see that working, because it is one example of FCO, MOD and DFID working together. I was interested in what you were saying, Sir John, about development needing a stronger voice on the National Security Council. We have had some criticism in written evidence of Conflict Pool, saying it is incoherent and opaque. There have also been claims that it has not even produced an annual report since 2010. I wondered how effective you think that joint working has been and if there is any joint working with the NSC as well in the Conflict Pool.

Sir John Holmes: Again, I am not in Government and I have not been for a long time, so I cannot comment from what I have seen personally. The first thing I would say is I think it is much better that there are things like Conflict Pools and Stabilisation Units and stabilisation task forces and joint strategies—BSOS, or Building Stability Overseas Strategy—than they do not exist. They did not exist at all for many years, so the fact that they are there does mean that there is a degree of interdepartmental working and co-operation that was not present in the past.

Whether those instruments have been as good as you might want them to be is another question. Usually they are dealing with very difficult problems where they are only one of many actors, so it is very hard to identify exactly what their degree of success is. They usually only get called in when it is such a mess already that it is very hard to find simple solutions. It seems to me that the voice of DFID in some of those areas should be very strong, because they are providing the resources very often. I think very often it is; I am not saying it is not. It does not always appear that it comes out in the end product as strongly as it might do. That is, again, only an impression from the outside. I have not been looking at these things from the inside. James, you might have been much closer to it. There is no reason why that should not work and no reason why the DFID voice should not be a very strong voice in it.

Q62 Fiona O'Donnell: James, is there any particular good practice in the BSOS that the Conflict Pool's successor could draw upon?

James de Waal: Like Sir John, I have not looked at this in any great detail, so take what I say with a high degree of scepticism. As documents, things like the BSOS and also the International Defence Engagement Strategy—that is another document that came out—leave a lot to be desired. In particular, they are largely statements of aspiration with a certain amount of general horizon-scanning of what is going on in the world. They contain very little about resources, and very little about the choices that are going to be made. They are not really strategies; they are statements of aspiration. I agree with Sir John that it helps to have these sorts of statements: that you say, “For the first time ever, the Government is going to have a view on this, and what is more it is a view that is the result of some co-ordinated effort across Government and will be implemented across Government.” Rather like the National Security Council, having that there helps with the profile of that, and establishes that as the normal way in which government works.

Whether that actually leads to any particular good outcome, I am just not so sure, particularly if there is no data or no report. The questions I would have would be: is the amount of money involved actually enough to make any significant difference, and is there a focus? Again, if you are scattering the resources over a wide variety of targets, how do you measure whether that is going to have the required impact? To conclude, as ways of establishing a new way of working—a new way of thinking about things in

Government—and the fact that the norm is now to co-ordinate this and you do not just wage your own separate wars, I think they are a good thing.

Q63 Fiona O'Donnell: That is very interesting, because one of the criticisms of the Conflict Pool was that it funds small groups and so then it is very difficult to monitor the impact. Is there any advice you would give to the successor, Sir John, the Conflict, Stability and Security Fund?

Sir John Holmes: It is good to have these funds there and being run jointly. They were very effective, for example, in Eastern Europe. I am going back a long way now, but nevertheless the Know How Fund and so on were very important instruments and there is no reason why these cannot be too. My proposition would be that where they do not succeed or appear not to make much difference is because the underlying strategy is not coherent, not because of any failures of the people involved in actually managing those relatively small funds. That is the problem. If you are not clear about what you are trying to achieve and how you are trying to achieve it and how you are going to graduate out of it, then you are always going to struggle. In so many of these places we have been struggling with that coherent strategy, in Iraq and Afghanistan and elsewhere, and therefore obviously the instruments you are using have struggled as well.

Q64 Mr McCann: Witnesses have told us that the UK's relatively high level of arms exports to poor and undemocratic Governments undermined its development work. How far would you agree with that suggestion?

Sir John Holmes: There are undoubtedly cases where there is giving money to stabilise with one hand and selling arms to destabilise, as it were, with the other. I cannot quote you the examples off hand, but I think it would be unwise to suggest that does not happen. In the ideal world we would not be exporting arms, perhaps. In the real world we are and we are going to go on doing so. There are all sorts of jobs involved and industrial know-how, and we are not going to simply abolish that branch of our industry. The only way you can square the circle is by having very coherent and strictly implemented export controls on arms. That, again, is a matter of compromises the whole time.

I remember—this is a long time ago—being a desk officer for a particular country, and you were getting arms export licences coming through. You are usually relatively junior. You are wondering if you know what you are doing, but you are trying to make judgments about, “Is this a sensible thing to be exporting?” if it is handcuffs or rubber bullets. Major weapons systems are relatively straightforward; it is all the stuff around the edges that gets very difficult.

The rules are much clearer than they used to be than when I was doing this 40 years ago as a young desk officer for various countries, but you are still going to find problems, as we have found in Syria and Iraq. You have been, in what appear to be good times, letting things through which were not really weapons but were on the edge, and then all of a sudden you find yourself in a completely different position and you wish you had not done it. I am not sure there is any way of avoiding that altogether except, as I say, by having the strictest possible export controls compatible with actually allowing industry to operate, and then making sure those rules are implemented coherently.

Q65 Mr McCann: Can I just give you an example? There was a 2012 report by the Committee on Arms Export Controls, and it said that the UK Government had approved more than 3,000 export licences for military equipment worth over £12.3 billion. If I was a constituent of any of the individual MPs that are here, I think I would be surprised to find that Zimbabwe was on that list, because, obviously, of its recent history. The Foreign Secretary said in January 2014 that all the checks and balances are in place to ensure that we do not make mistakes and sell weapons to countries that could misuse them, and use them against their own people, and so on and so forth. Do you think it was fair of him to say that? Even a lay person would know that giving weapons to a country like Zimbabwe does not really seem to make a lot of sense.

James de Waal: I cannot comment directly on this particular question, but I can draw a parallel from the defence and security world in that if you have an arms export programme that is used for political purposes, that can be quite helpful. What I mean by that is if you are using British arms exports to try to build a political relationship or to build a relationship with those armed forces, that can be quite helpful. It can work very well if you are trying to use those exports as a way to contribute to a programme of defence transformation in that country—for example, to democratise it, to modernise it, where it is a country that has been isolated for many years as a pariah state but is now trying to become a responsible member of the international community. As well as helping them with their doctrine for UN peacekeeping operations, you are exporting the equipment, the training processes and some of the soft elements of arms exports.

However, there is always, in my experience of this, a conflict between the people who just want to sell all the arms and to hell with the rest of the relationship, or where the exporting relationship becomes such a part in the relationship that it is the relationship. That means that the other aspects of the relationship get subordinated to it. That is rather a long way of agreeing with Sir John's point earlier on: the key here is what your plan is—what your strategy is for this country—and do the various things that you are doing with this country fit into that. It seems to me that applies as much for development relationships as it does for a political relationship.

I am a little bit sceptical about broad figures about arms exports themselves being a trigger for conflict. In many ways people buy weapons as a natural reaction to living in a dangerous part of the world. There may well be cases where arms exports increase the rate of conflict or the likelihood of conflict through an arms race, but I do not think the relationship is automatic.

Q66 Chair: The situation in Syria involves obviously a number of Government Departments. I think it is fair to say that DFID's role is probably the clearest and easiest to understand and has been pretty well praised. How coherent do you think the relationships are? For example, we talk about air strikes. To what extent do you think there is a discussion as to what the impact of those air strikes may be and what DFID is doing? Will it make it better or worse? There is also the discussion between DFID and the Home Office between taking refugees to the UK as opposed to supporting refugees in situ. I think this Committee has been reasonably persuaded, and the argument was put forward that the objective is to get those people back home. Therefore, to take them to a completely different environment may not be the right answer. Nevertheless, to what extent do you think these things are properly

co-ordinated and to what extent do you think DFID has an input into what the MOD, the FCO and the Home Office policies are?

Sir John Holmes: Clearly they should be discussed, and I assume they are—the relationships between these different parts of it. We are not actually taking military action in Syria at the moment, although I guess we may be in the future. You can maintain a military operation and a humanitarian operation at the same time in parallel and try to make sure they do not touch each other too closely, but the coherency gets quite difficult to maintain. From an NGO point of view, for example, the IRC is heavily engaged inside Syria in giving aid to people in the rebel-held areas. It is all done very quietly for obvious reasons, but it is happening quite a lot. A lot of those rebel-held areas are now held by people like ISIS or variants of it.

As I understand it, for the moment that has not been an issue, but it could become an issue when you are simply not allowed to operate anymore because they say you are US based or UK based or whatever you are. They say, “We are being bombed by the UK and the US, and therefore any organisation from that country is not allowed in to help the people in the area we are holding.” Of course even more alarming is when they start kidnapping your people, probably not expatriates in Syria or Iraq, but nevertheless local people, on the basis that they are working for you. That is when the rubber really hits the road in terms of whether there is an operational effect from the military operation into the humanitarian operation in particular. That needs to be factored in. It may not mean that you do not do what you think you need to do militarily, but you need to have thought about it before, not afterwards. My impression is that too often we think about it afterwards and not before. Therefore, the coherence that should be there is not there, and the humanitarian development broader strategy voice is not as loud as it should be when some of these decisions are taken.

Again, that is an impression from the outside. I am not saying that about this particular Syria point. I am not involved, obviously, in the Government’s deliberations on Syria. However, when I look at and read about it, that is the impression I would have: that it becomes very military focused, because that is the sharp end. It is the interesting bit, it is the sexy bit, and some of the other stuff gets rather downgraded. The consequences are not necessarily thought through. The same may be true, to some extent, on the asylum point.

Q67 Chair: In a way the military bit is the least sexy bit, isn’t it, given how limited it is? Actually, unless you can change the situation on the ground, the military engagement is not really going to solve the problem.

Sir John Holmes: Absolutely, but nevertheless it is the most visible. It is the one the media are most interested in and are focusing on. It is the easiest to understand for everybody, and therefore very quickly there is too much focus on that.

James de Waal: I would say quickly that in my experience the armed forces are very aware of humanitarian issues as an issue, not just for human reasons but also because of the presentational aspects, and also the way that humanitarian concerns can strongly affect the conduct of the operations they want to wage. Whether that actually translates into full understanding of all of the ramifications of that or the detail of it, I am not so sure. However, it seems to me that DFID has the opportunity at least to engage with the armed

forces or through the National Security Council with this sort of debate. Whether they are actually doing that, whether they are able to do that, I am not able to say, but the opportunity is there.

Q68 Chair: What about the Foreign Office-led Preventing Sexual Violence Initiative? It is, I think, commended, in the sense that there is a recognition that as soon as you have a conflict the biggest victims are women and girls. To what extent are you aware of how that is operating and, again, how a Foreign Office-led operation is integrating with DFID's activities? That would apply in a number of places, and that was also true in DRC and in Libya.

Sir John Holmes: I entirely applaud the PSVI, the Prevention of Sexual Violence Initiative. It has focused global attention on the issue in a way that was absolutely crucial. In places like the DRC one hopes that it will begin to make an impact. You can argue whether the ambition of eliminating this altogether is a bit over-ambitious, but I think it is absolutely admirable. We for example in the IRC have been working very closely with DFID to make sure that they, from their point of view, with their resources and their focuses, are putting more emphasis and more resources into preventing violence against women and girls in crisis-affected countries and conflict-affected situations. We have been extremely pleased by the way in which DFID and particularly Justine Greening has adopted this as a crucial element of any aid programme.

The argument has been, and I think we have discussed it here before, that you should assume this is happening in any conflict, not wait for the evidence, because the evidence is that it always is. You should be trying to do something about it, in terms of prevention and treatment, right at the beginning of any response, and fund and programme accordingly. That is beginning to happen. That is extremely good.

Both those departments are doing good things. Is there an element of competition between the two? Maybe, and there should not be, obviously. They have worked quite hard to make sure they are not directly competitive, but it is slightly odd to have two different initiatives from two different departments that are aimed very much at the same thing that are not completely joined up.

Q69 Chair: One final question from me, and then one from Michael McCann. You have already touched on this a little. We have increased our aid budget to 0.7%, and hopefully that will increase when we have an economy that increases, but not on the same scale as it has done. You have already made clear that you think we need to increase the amount going into humanitarian support. Do you accept that that can lead to a cut in some of the other programmes? It also raises the issue from the previous panel: if we are supposed to be looking at different areas and different levels of activity, how does DFID manage to increase its support for humanitarian relief whilst maintaining development in areas of conflict to stop them slipping back, and apparently engaging in lots of other parts of the world in other aspects of development that they currently do not engage in? That is asking an awful lot of DFID, isn't it?

Sir John Holmes: Obviously, if I am suggesting that they spend a bit more on humanitarian aid, they are going to have to cut something else. I accept that. It seems to me that they have a very large budget. They should be able to do that without making too

many sacrifices in terms of some of the other issues we have been talking about in some of the poorest countries, and the most conflict-affected countries. They will always need to prioritise. Even with a very large budget, you have to prioritise. They need to decide which priorities they are. Are they going to be the conflict-affected countries? Are they going to focus on particularly critical systems, like health systems? The Ebola virus crisis at the moment suggests that would be a very important priority for the future.

I think that the focus in the future is going to be less on classic forms of development aid, in the sense that you think development aid is what is going to make the difference for this country to suddenly transform itself into a successful, economically prosperous country. The focus will be more on directed interventions, which can be into the security sector, or it can be into the health or education sector, rather than trying to be the catalyst for economic development. That is what aid ministries in general are going to be moving towards, because there are so many other flows that are even bigger than the aid flows. It seems to me that within that context it is not unreasonable to imagine that you are going to devote more to humanitarian.

By the way, of course, we should be trying to make sure that there is not some kind of rigid division between humanitarian and development. They are completely blurred at the edges. For example, the number of refugees and IDPs in the world is rising very dramatically, partly because of the Middle East but there are other factors too. Those are dealt with as humanitarian issues, but the reality is that most refugees spend at least 10 years as refugees and probably longer. They become development issues very quickly and not just humanitarian issues. You need to make sure you are dealing with them in an integrated way.

Q70 Chair: James, before you answer, just to pick up on that, it is only a few years since we were told sub-Saharan Africa was the priority. We were going to focus more resources there. We have now found the Government is actually cutting its resources in terms of bilateral support and putting it into central programmes, and we have some question marks about how effective they are. More and more is going into the Middle East, which is middle-income countries, because of conflict. We are not saying we do not agree, but the strategy has already been dragged into a different direction, then suddenly the Philippines, which was certainly not a country that we had an engagement in. Again, how should DFID prioritise these things? Isn't there a danger that it just gets a bit blown around with the wind? Africa was the passion apparently five years ago, and then suddenly the Middle East explodes and we have got to do something there. Then there is a typhoon in the Philippines so we do something there. It may be a big budget, but it rather gives the impression that you can move it around at will. Somebody somewhere is finding their budget suddenly being cut, and the continuity and the predictability will be compromised.

Sir John Holmes: Yes, there are obviously long-term strategies and priorities you should have to certain countries or certain regions. Sub-Saharan Africa is the most obvious one. When you have a humanitarian budget, you have to accept that that is going to follow where the crisis is.

Q71 Chair: But they do not have a humanitarian budget. We have tried to ask them for that.

Sir John Holmes: They do. Whatever they say to you, they do. I think they should have a bigger one. That is inevitably going to have to respond to the hurricane in the Philippines or some other completely unexpected crisis, maybe again in a middle-income country if it is so big that it overwhelms the local capacity to cope. It does not seem to be impossible to marry some long-term strategies and a pot of money that is essentially quite flexible and is moved around depending on where the crisis is, the conflict is, the natural disaster is, because that is what the disaster funding is bound to be.

Q72 Chair: Our problem seems to be that long-term development funding is transferred to short-term humanitarian response. I do not know whether, James, you have a view.

Sir John Holmes: They are not always completely the opposite of each other. If you look at how you deal with refugees and long-term IDPs, that is humanitarian funding being used for very long-term purposes. There is a big question about how we handle that, particularly, for example, in urban settings, where most refugees and IDPs are. They are not in camps. They do still exist, somewhat sadly, in some places, but less and less. A smaller and smaller proportion of refugees and IDPs are now in camp settings. A bigger proportion are in non-camp settings, particularly in cities, where they are very difficult to find to deal with and to treat. There is a whole debate going on within the humanitarian community about how we reorient our activity to try to deal with it more effectively.

James de Waal: I will just make a quick comment. I am not qualified to talk on the development budget itself, but it does seem the broader picture has relevance, particularly if this increase in development spending is paralleled by a reduction in the budgets of the Foreign Office and the Ministry of Defence. It does look as if the spending outlook for them is by no means as rosy. This, it seems to me, is important for two reasons. One is that basically we are seeing rather a rebalancing of the way that Britain as a whole engages in the world. That seems to be one of the broader implications of this sort of spending pattern. The other is the degree to which the relationship between DFID and these other parts of Government is harmed by this.

You could say, if you were just going to be purist, that actually what DFID wants to focus on is not actually related to whether the MOD or the Foreign Office budget goes up or down or what they do. However, if we are going for a more holistic, joint approach, which I think is one of the concerns behind your inquiry, then it is wrong that these three budgets should be seen as competitive entities. There needs to be a degree of co-ordination there. DFID in fact, it seems to me, ought to have a view about whether the Foreign Office or MOD's budget goes up or down and what they ought to be spent on, and vice versa. I think there is a danger of falling back into the old days, as I say, of competition rather than co-ordination between these two. There is also the fact that the spending outlook after the election, if there is too much of a focus on one aspect of it, may bring unexpected consequences for the others.

Q73 Mr McCann: Chair, I think we have already touched on this question in response to the question about having an ambassador and one focal point in moving things forward. We have been told that in the Central African Republic the Foreign and Commonwealth Office was entirely absent on the ground, despite the scale of the crisis, and

that the Ministry of Defence contributed very little to that particular problem with that part of the world. When there is not any on-the-ground diplomatic capacity, what should we do in order to make a contribution, and should DFID play a role in that?

Sir John Holmes: DFID should play a role and they do play a role. I do not actually know this, but I assume they have an office in the Central African Republic now.

Chair: No.

Sir John Holmes: Have they still not set one up? They are still providing significant funds, I think, although not as much perhaps as other people to this particular crisis, because it is not in an area of our traditional influence maybe. However, they are still funding, I think, operations there, and if you are serious about being needs based, so they should, because CAR is a desperate country, in even more desperate straits. I went there in 2007 and it seemed pretty bad, but that was nothing compared with what it is now, in terms of conflict and disappearance of governance of any kind. It does not seem to me that DFID can stand aside from that just because there is no Foreign Office or MOD influence or presence on the ground, even if it is only a funder of people like IRC or others who are actually active on the ground, as we are.

Q74 Peter Luff: Can I just put a thought to you? CAR is a French responsibility and therefore it would be for France to lead. In Syria I know France are not stepping up to the plate, because again it is their fault that Syria has collapsed, you could argue; the colonial history is complex, and there is the issue of money. Why should Britain get into CAR when France has the lead colonial history in that country?

Sir John Holmes: France has taken the lead. France sent troops and they have taken the lead. I was saying the same thing. It is natural that they should do so, but I do not think DFID should stand aside completely just because it is a French lead. They should be ready to fund some humanitarian operations there, given the scale of the need and the scale of the crisis there, which will spread over into other countries in the area.

It is quite effective for countries to take a particular interest in the countries that they used to have an interest in, as it were, for example the UK with Sierra Leone in the past. Of course now with Ebola we have sort of taken back responsibility in a way, and the Americans with Liberia. There is a certain logic to that, in a certain sense, and it can be very helpful. In fact one of the problems there can be is if you are an African country that does not have an obvious benefactor or sponsor. It sounds very neo-colonial. DRC is a particular example of that. No one really feels any responsibility for it. Belgium sort of does, but they are not big enough. Therefore, it is a bit of an orphan in many respects. Even though it receives vast amounts of aid, no one has ever quite seen it as their responsibility to make sure it gets fixed.

Chair: Thank you. I do not want to set you any homework, but you might wish to reflect on some of the things that have been said, particularly whether or not better co-ordination just means people working harder together or there are new structures that might need to be considered. It is not just about DFID; there are lots and lots of discussions about joined-up Government, but not an awful lot of idea about how it does it. As Peter has said, turf wars still definitely exist, although there are some good examples of co-operation

emerging. I said before the health and DFID one in relation to Ebola might be a good example. If you have any thoughts, we would be more than happy to receive them. We have just started this inquiry and we have set some hares running, I think, which is, I guess, what we intended to do. Thank you very much indeed for coming in. We really appreciate the evidence you have given us. It has been really worthwhile and interesting.