



International Development Committee

Oral evidence: [DFID's work in Nepal](#), HC 854

Tuesday 3 March 2015

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Written evidence from witnesses:

- [Department for International Development](#)

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Members present: Rt Hon Sir Malcolm Bruce (Chair); Sir Hugh Bayley; Fiona Bruce; Sir Peter Luff

Questions 1-68

Witnesses: **Rt Hon Desmond Swayne MP**, Minister of State, Department for International Development, **Saul Walker**, Head of Director's Office, Asia, Caribbean, and Overseas Territories Directorate, DFID, and **Mark Smith**, Deputy Head, DFID Nepal, gave evidence

Q1 Chair: Can I say good morning and thank you very much for coming in? The Committee is slightly depleted this morning for clashing business, so I apologise for that, but the quality is here and the questions are very relevant. I just wonder, Minister, if you could introduce your team, just for the record.

Mr Swayne: I have on my left Mark Smith, who you may have met a couple of weeks ago in Nepal, who is the deputy to the DFID operation out there, and Saul Walker from our London team.

Q2 Chair: Thank you. Can I also say thank you to Mark and his team for all the work they did in organising our visit, not least when he was plunged into taking the lead unexpectedly? As we said at the time, we noticed no compromise or loss of quality, and we want to thank everybody for everything they did. It was a very good visit and a very interesting one. You were there the week after us, Minister, and followed something similar to the journey that we took. Perhaps we can start by saying that DFID's engagement in Nepal is substantial—the largest bilateral donor—but it is still a pretty broad portfolio, although it has been narrowed recently. Do you think you have got the balance right? Do you think you are trying to do too much? If that is the case, do you think you could still streamline and perhaps shed any of the programmes?

Mr Swayne: The strength of breadth is that you are spreading the risk. Clearly we are doing an awful lot, but then there is an awful lot to do. I wonder if your report, when you come to write it, will ask us to do more of anything because undoubtedly, as I say, we are doing an awful lot. We are working at capacity. I would not say we are doing too much,

but we have cut down over the last three years from some 30 programmes to 20 in order to be able to focus more particularly on the women and girls agenda and scale up there. What you do less of will be controversial. We have moved out of primary education, largely because we felt there were other donors there who are capable of stepping up to the plate, particularly the European Union. As I say, we are doing a lot, but we are working at capacity rather than trying to do too much, I would suggest.

Q3 Chair: We did not get the opportunity—either you or the Committee—to visit the far west, which we had hoped to do, although we saw some of the kinds of programmes. A lot of it is working with communities in a country that is not geographically large but, because of the terrain, has a lot of remote and relatively inaccessible places. When you are working with communities and trying to help them improve their livelihoods, how can you co-ordinate that and how can you improve the links given those connectivity difficulties?

Mr Swayne: We have invested a great deal in making those remote communities rather less remote through our roads programme. Mark would be more able to expand on that in terms of how the teams co-ordinate across that breadth.

Mark Smith: Thank you. A lot of the work that you saw with the community groups who are responsible for selecting and monitoring the delivery of their own development programmes is about trying to make sure there is coherence of delivery at the local level. DFID has invested a lot in making sure the structures exist to co-ordinate development in an environment where there are not locally elected officials and where Government capacity is weak. We recognise that, particularly in the livelihoods area, this is a risk—you are working with one bilateral programme, there are other donors working and there is a Government that lack the capacity at the local level to monitor delivery. We are doing a study at the moment; we have got a senior livelihoods adviser spending two months in Nepal looking at the coherence of our livelihoods work and making sure that the programmes fit well together and that they are not duplicating, and looking at what more we could do to build the capacity of district officials in Government so that Government can take the lead on ensuring that programmes are well matched and that there is not duplication of activities. We want to make sure that our programmes are not part of the problem, but we also want to build the capacity of Government to be the solution to duplication.

Q4 Chair: I think both parts of the Committee saw good examples of community engagement with your own DFID-placed community workers, but by definition you could only do that in some places. Indeed, we were asked by people who were not in that group why they are not getting the attention. Is that the point? Somehow or other you have got a model that might work where you can do the hands-on bit, but how can you replicate it or get the Government or local government to either adapt that model or turn it into a way that in the end becomes sustainable? As soon as you withdraw the DFID support, you hope that you have educated people to carry on without it but you have still had to intervene in quite a direct, hands-on way.

Mr Swayne: It is horses for courses to an extent. Not everything works everywhere. For example, if you take forestry in the Terai, it is rather different there, in that you have got less homogeneous communities that are further from the forest, and so there are different models of how the whole thing is going to fit together and work. I understand that a

learning exercise took place on that as to what works and it was discussed by the Cabinet last month. Am I right?

Mark Smith: Yes, in terms of the forestry policy, which reflects that learning.

Q5 Fiona Bruce: In drawing up your programme, how do you decide how much account to take of DFID's country poverty reduction diagnosis and how much account to take of the Government of Nepal's priorities?

Mr Swayne: First of all, we reinforce success. Clearly, there are programmes that are very successful because of the length of time—and commitment—that we have been involved in them, and we would not want to diminish that. Then we use the diagnostic to identify where we can make critical differences to those things that are holding back development. We identified jobs and water, the Investment Board, protection against climate change and the importance of women. With respect to the Government of Nepal and aligning with their priorities, it is essential that we do so if we are going to have the leverage and be able to work with the Government and through their systems. Happily, much of their concern with large infrastructure developments is shared with us. I would say that they are less inclined to share our commitment on inclusivity and social developments of that sort. What we cannot have is them picking and choosing and interfering, and I have made that clear.

My first stop was at the Ministry of Finance. We want a better quality of dialogue with that ministry. We have excellent access to ministries and we also have excellent access at the technical level, but there have been in recent history a number of delays in securing approval for our projects and that difference of emphasis with the ministry, which concentrates more on the big projects—big infrastructure—without concentrating as much on capacity to maintain afterwards, which we regard as vital, and all the social and inclusivity agendas that we bring with it. These are as important to us and we have to try to educate the Government to ensure that they become their priorities too.

Q6 Fiona Bruce: You touched on the issue of dialogue with Nepalese counterparts at ministerial level and it seems as though there is access, as you say, but—you clearly highlighted it with them on your visit—what more can be done to achieve a better dialogue at senior level?

Mr Swayne: We have got to work together collectively with the other donors. This is a joint enterprise, and I made that clear. I do not think we should over-emphasise the difference. We and the Government are working to the same end, with perhaps a slightly different emphasis, but we are on the same side. I am confident that with the access that we have and by the reinforcement of ministerial input from our side we can get to where we want. I believe that we are making significant improvements in terms of the dialogue that we are getting. Mark, do you want to add anything to that?

Mark Smith: Only to agree, Minister. We have been in some areas for a very long time and that has built some very, very good relationships with line ministries. Forestry would be an example and Health would be another example that you saw when you were in Nepal. The Ministry of Finance has a difficult role to play in terms of its role as a donor co-ordinator and pushing policy priorities in infrastructure and support on budget, and those do not always align with the needs as we see them. That is an area where we could

work to improve the relationships, but in terms of day-to-day relationships, we have great access and good working relationships, especially with line ministries.

Q7 Fiona Bruce: I just wanted to touch on this issue of a more co-ordinated approach from donors. We did have the impression that donor co-ordination in Nepal is perhaps not as good as in other places. I think, perhaps, of the meeting that we had with a UNICEF representative regarding the child marriage project, where, after questioning, it did not feel that there was that co-ordination. Bearing in mind the funding that has been put in, what could be done to improve that?

Mr Swayne: With respect, I have been briefed about that meeting, and clearly a ball was dropped by the executive with whom you spoke. Perhaps the question should have been parried to one of his gender experts. There is no question that there is available to UNICEF a whole range of experience and best practice on the issue, and it is our job to ensure that our partners attend to that. One of our principal roles is co-ordinating and ensuring that those lessons are learned and used.

Q8 Chair: One thing that was mentioned a few times was the rapid turnover of officials—and Ministers, for that matter—so that you build up a relationship with somebody and then they are off. Is that something that has any sort of awareness amongst the Nepalese Government—that it really is quite difficult to deliver programmes if you move people as often and as quickly as they do?

Mr Swayne: It happens here too, I am afraid, Mr Chairman.

Chair: This is officials as well as Ministers. The implication one got was that in some cases people were moved literally across the country after only six or eight months in post. I take your point here, but we have a rather better overall degree of continuity than that.

Mr Swayne: Yes. One of the things that quite impressed me about the Finance Minister was his longevity in Government and the fact that he had been doing a very similar job many years ago. It was perhaps depressing for him that he was now seeking to restore the infrastructure that he had previously put in place. So, there are elements of Government where that experience does persist. We have been doing work with the civil service college and I hope that over the longer term that will engender a greater professionalism.

Mark Smith: The long-term approach is about building relationships with a lot of people in a ministry, not just one contact who then moves. It is about seeking to really build a relationship between the DFID office as a whole and, say, the Ministry of Health and with technical assistants in key positions who can also be part of the mix. That is one way in which we address the problem of people changing, but people do change, and in every policy dialogue we have with the Government of Nepal we do raise this as an area of concern—critical people moving at critical times.

Q9 Sir Peter Luff: Turning to climate change, Minister, your written evidence quite helpfully reminds us that “Nepal’s emissions of greenhouse gases are negligible and yet its population is amongst the most vulnerable to climate change in the world” and also that “in the remote western regions alone, over 1 million people suffer severe consequences from climate-induced disasters every year”. This is a big issue for our activity in Nepal. ICAI has

said that the UK's International Climate Fund, from which Nepal receives funding, does not in general sufficiently involve governments. Is this the case in Nepal?

Mr Swayne: One of the contributions that we have made is by building the capacity of Government first of all to recognise the danger and, secondly, to be able to participate effectively through our work, together with the FCO, in international negotiations. As a consequence, it now chairs the LDC and we now have the situation where the transformative action that Nepal has taken in terms of the adaptation through local communities is seeking to be emulated by others. We have done a great deal working through Government in Nepal.

Q10 Sir Peter Luff: ICAI also said DFID should work closely with the private sector in its climate change work. How far has that been possible in Nepal?

Mr Swayne: In terms of adaptation or, indeed, mitigation, we have worked with the private sector to implement solar power schemes and to develop new cooking technologies—new cooking stoves—but principally what will be transformative in driving forward an agenda of green growth is hydropower, which is going to be private sector led.

Q11 Sir Peter Luff: We will come to that later in the questions. You talked about adaptation and mitigation. How do you strike the balance in your programme between the two aspects of climate change work?

Mr Swayne: It is about 50:50, but I am not sure that the distinction is relevant in Nepal, given that Nepal makes so little contribution to greenhouse gases. Clearly there are all sorts of things that they can and should do; whether we define them as mitigation or adaptation I do not think really matters in terms of the scenario in Nepal.

Q12 Sir Peter Luff: Climate change is clearly a massive issue for people in Nepal; it is posing huge challenges to their day-to-day existence. Do you feel we are doing enough in this area? Are you content with the programme? Is there anything you would like to change or are you happy with it?

Mr Swayne: We are working in terms of adaptation through agriculture and irrigation, and through our work with the private sector in clean energy and transformative hydropower. We are making sure that all our programmes are “climate smart”, to ensure that everything takes climate change into account. We are looking to do more. We are scoping even now a project to use clean power in productive processes—water mills—in alignment with a Government priority, and I am expecting a business case on that shortly. It is something that is central to everything that we are doing. Is there anything that we need to add to that?

Mark Smith: One of the areas that we are working on is community adaptation. We are really trying to work with communities in vulnerable areas, through the Government's approach of these local adaptation plans, to identify what practical changes can be made to local communities to protect them against the effects of climate change—to protect them against instances of extreme weather. We have been supporting, together with the European Union, this local adaptation plan approach. We are the largest bilateral donor to community adaptation in Nepal. We are in the process of evaluating the lessons to be

learnt from the first four years of that work and are now putting together a programme to continue that using ICF funding.

Q13 Sir Peter Luff: We will come back to transformative power and hydropower in a few questions' time, but you have mentioned local energy production. What about the possibilities for local solar power? Could we be doing more in that area? Load shedding is a huge problem in terms of generating economic growth in the country—there is a massive problem in terms of shortage of power. What are the possibilities for local resilience at that level?

Mr Swayne: Certainly. One of the greatest limitations on development in Nepal is the unreliability of the electricity supply. We have been driving forward solar power, not just for domestic use but for institutional use, for health posts, for village communities and the rest. At the moment, a solar panel on the roof of a health post is going to keep the lights on, but if you are requiring more sophisticated equipment it is still going to require a generator.

Sir Peter Luff: We will return to health later, but keeping the lights on would help in many remote health centres. It really would.

Q14 Sir Hugh Bayley: I understand you are supporting the Nepal climate change support programme with ICF funding, but you are also mainstreaming climate change in other programmes. What does that mean?

Mr Swayne: In the same way as with gender you have to consider how any programme that you do will affect and can be used to empower women and girls, mainstreaming with—I hate that word, Mr Chairman; there is no such verb as “to mainstream”.

Sir Hugh Bayley: Does that mean you are abandoning it, then?

Mr Swayne: Nevertheless, it requires us to think through every single thing that we do to proof it against climate change and to consider how it can have an effect on climate change. For example, we have a very extensive road building programme. We would be very foolish indeed were we not to put significant effort into ensuring that the roads we build are sustainable and will be sustained notwithstanding climate change.

Q15 Sir Hugh Bayley: Is there not a danger that if you start mainstreaming—you have mentioned two priorities now, women and climate change—you lose the focus on the core development job of poverty alleviation, education and basic health care?

Mr Swayne: There is always that danger. You can only have so many priorities, but I think we have chosen the right two. Equally, many of these things are relatively low cost. If you are building a road, making sure that that road is going to be sustainable in all weather conditions is a relatively small addition to the cost. I suppose we are asking: “Does climate-proofing hold back development?” I do not think it does. Every prospect, in Nepal's case, is going to be that attention to climate change is going to drive forward green growth. Certainly the potential of hydropower is an example there. Because we are placing a priority on this because it is a climate change issue, you are going to find that it is going to generate very significant investment and economic growth.

Q16 Sir Hugh Bayley: We as a Committee—or a group of us—visited a really impressive community forestry scheme, which seemed to have made a very considerable difference to the quality of life of women in particular, but women and men, in the community concerned. Before leaving, they made it clear they still wanted a lot of help on livelihoods. These people are still extremely poor. They need diversity in the local economy in order to provide the basic living standards that our development programmes should be going for. In a sense, there is a danger you put a tick in a box and say, “Great community forestry scheme; well done the UK,” but unless you follow that through with more traditional development work, you can still leave large numbers of people in dire need.

Mr Swayne: I do not think there is any danger of that happening. The fact is that we have been in forestry for a long time and it has been a tremendous success. We can build on that success. Because—as a consequence of the investment that we have put in in time and effort—those communities are now much more confident and capable of managing the forestry environment, we can now switch our effort to work on developing the marketing and production of forest products. That is the way the programme will change as a consequence of its development. I am confident that we are doing work to address the very issue that those people quite properly raise.

Q17 Chair: I can confirm that we did ask them that very direct question as to how they felt about their forestry management capacity without DFID support, and they said that they felt capable of carrying on. As Sir Hugh rightly says, they said, “What we do need help with is”—exactly what you say, Minister—“livelihoods, marketing, product development and that kind of thing”.

Mark Smith: Now, 33% of the funds from our forestry programme go into livelihood support. That is more than it used to be. As the forestry capacity of the communities has grown, we have been able to diversify our support. It is not just the forestry programme that does that. In our rural access programme, once a road has been put in, the focus shifts to maintenance and livelihood support, to give the communities that have been given access support in benefiting from that access. It is an integrated approach to development. Nepal is a rural country; the vast majority of the people live in poor rural areas and are dependent on subsistence agriculture, and you need an integrated approach in order to address their needs—especially those in the vulnerable parts of the community and in the harder to reach parts of the country.

Q18 Chair: We visited a number of disaster-resilience programmes, both in the Kathmandu valley in Kirtipur and around Pokhara. They were interesting in themselves. We could see that people had taken the points on board. We saw a community that was in an urban environment discussing how they were supposed to react and what was supposed to happen in the event of an earthquake. We also asked them about the building we were in, which they said was not earthquake-proof. Similarly, in Pokhara, we saw the consequences of flooding and an unofficial community trying its best to make itself more resilient in spite of a lack of support from the municipality. They are all very interesting and I am not saying they are not genuine, but is that not really just scratching the surface? What you are left with is, first of all, “How many of these are going on all over the country, given the whole country is vulnerable?” and, “What would the impact be of a major earthquake or disaster on DFID’s own programmes?” Is that not really the threat?

Mr Swayne: It is. Kathmandu is the most danger-prone city in the world in terms of earthquake risk. We do have programmes, particularly in the Kathmandu valley—Pokhara and Kathmandu—with respect to building code and pre-disposition of relief supplies, but you are right; there is a very significant problem. We are scoping, I believe, a project as to what more we can do to address the issue. Can you tell us a bit more about that?

Q19 Chair: Before you do, the point that was brought out to us was that an awful lot of building has gone on that was unofficial anyway—was not properly designed—and that what would likely happen is, first of all, there would be a massive collapse of buildings and consequent loss of life, and the communication systems are so unreliable that people would then be inaccessible for maybe a week or two weeks. Should DFID be doing something to try to work with the Nepal Government to try to get beyond that situation? In other words, if it happens next year they are in trouble, but in 10 years' time maybe it could be a better place—in the hope that it does not happen in the next 10 years.

Mr Swayne: So, this is not the issues that are raised about whether we should be in urban planning and all the rest; this is really reaction to the disaster once it has happened.

Chair: Yes.

Mr Swayne: I believe that all that planning has gone in in terms of the number of days that people will be cut off for and what needs to happen in that time. Certainly that is all rehearsed for our own protection. To what extent is it rehearsed in our co-ordination with the Government?

Mark Smith: We have supported the Government to run simulations. We have a long-term technical assistance person from CHASE OT working on support to the Government on disaster preparedness, so there have been simulation exercises that the Government has run. We also work on the policy level, which is trying to, for example, make sure the building code in the future is enforced and stops the buildings going up that are going to fall down when there is an earthquake. You saw a staging post when you were in Kathmandu; we are trying to identify large open areas where strategic stocks can be placed so that if there is an earthquake at least there is some capacity. The latest one we are working on is at the airport, with the World Food Programme, to try to ensure that as supplies come in post disaster they can be effectively managed and pushed out to the areas of need. As well as a lot of the community work that you saw, we are trying to work at the strategic level on the longer term preparedness. That is harder work and will take a longer time to yield real results, but we remain committed.

Mr Swayne: Looking at Kathmandu as you drive through it and the cables everywhere, one of the principal hazards, I understand, in Haiti was the electricity cables that came down, and it is going to be the same in Kathmandu. You see that complete spaghetti everywhere you go. Sorting that is going to take years.

Q20 Sir Peter Luff: Currently Nepal generates about 760 megawatts of hydropower. The World Bank thinks it could have 40,000 to 83,000 megawatts of potential hydropower, which is phenomenal and could be transformational not just for Nepal but for the whole of southern Asia—China and India too—and for the world's climate-change objectives for that matter as well. We were hugely impressed by the—I use this word carefully—courage of

DFID in backing the Investment Board Nepal. There is risk associated with it. It is a huge programme that, if it succeeds, will be transformational but, if it fails, will be a subject of ridicule. I am sure DFID has done the right thing. We have these two contracts now signed with Indian investors to deliver 4,000 megawatts of hydropower. How confident are you they will go ahead?

Mr Swayne: One of the strengths of DFID is its risk appetite. We were there investing and building the Investment Board in terms of getting those high-powered, well-educated, experienced young people to come back to Nepal and work for the board. There is many a slip between cup and lip, but, having been briefed by the board and seen how good they are, I am confident that these will go ahead. I am not a clairvoyant. I cannot see any reason now why they should not go ahead—put it that way.

Q21 Sir Peter Luff: I want to put on record my congratulations to DFID for this particular initiative, which could transform the Nepalese economy more than anything else we are doing in the country. Of course, success attracts others. The Americans are now coming on our coat tails wanting to be involved as well. We understand the CEO of the US Millennium Challenge Corporation arrived just as we were there; they are trying to involve themselves in the work of the Investment Board itself, potentially. We think President Obama might have stirred this up; he was in India recently as well. What are the implications for DFID in Nepal of the US's sudden enthusiasm to be associated with the success we have created?

Mr Swayne: I am in favour of it. I do not think we should be protective and say, “No; this is our patch”. This all builds confidence and credibility for the board. It attracts others; it attracts more investment. Remember we are there for the benefit of the people of Nepal as well as in our own national interest. The principal risk to the board is its independence from the political process and the danger that there always will be that, instead of these very bright young people who are there on merit, somebody's cousin gets the job because of their cousin's position, and the need to reinforce and change the law, therefore, in order to secure the independence of the Investment Board. I suggest to you that the Americans coming on board and other people building up builds the credibility of the board to the extent that the political establishment more properly recognises its strength and importance and pushes through the agenda that is now being driven to secure the independence of the board from the political process.

Q22 Sir Peter Luff: You heard concerns expressed in earlier questions from this Committee about co-ordination in aid in Nepal. You do not think there is a risk of making co-ordination worse in this particular case.

Mr Swayne: Co-ordination of aid in Nepal is a huge issue, with which we deal and from which we gain significant strength, but in this case I do not think there is a problem.

Q23 Sir Peter Luff: Excellent. On the subject of hydro schemes being for energy, we heard a lot of concern that they should also be for water storage to aid irrigation projects. Do you think sufficient attention is being paid to the role of water storage in hydroelectric schemes?

Mr Swayne: The board, now having signed the deals that they have, are doing detailed scoping and feasibility studies, and that is the proper place to attend to the other benefits

that might flow from these projects. There is a huge scoping exercise now taking place into how water storage and irrigation can piggy-back off the principal driver, which is hydropower.

Q24 Fiona Bruce: Can I ask you about tourism? When we went to Pokhara, we discussed this, and the local people saw this as an opportunity for inward investment. Looking around at the landscape, the opportunities did indeed seem enormous, but there is clearly also a need for improvements to attract more tourists. For example, the lake itself, on first impression when one arrives, does not look particularly clear. There are issues there that perhaps local people are not aware of in terms of the expectations of tourists in the 21st century. I have two questions, really. Firstly, the Commonwealth Development Corporation does not mention tourism in its submission to this inquiry. Is this perhaps an area where CDC could become involved? Also, we understand that the Nepal market development programme is supporting tourist infrastructure and improving marketing, but exactly what does that involve? Is this something that perhaps should be expanded and supported more?

Mr Swayne: I went to the same lake, I understand. I was told to bring my swimming trunks. It was gopping. If there is to be an expansion of tourism in Nepal, it must be preceded by very significant investment in waste management.

Fiona Bruce: I was being tactful, Minister.

Mr Swayne: The whole country is awash with litter and filth. I am glad that the Asian Development Bank has now produced a report on this, and I hope that we are going to see some action in that respect. With respect to the CDC, it would be impertinent of me to direct them. It certainly would not be impertinent to make suggestions to them. I know they are interested in hydropower; whether they should be interested in tourism, remember, is a matter for them and for their independent evaluation. Coming to your second question, of what we are actually doing, the market development programme builds on the work we have done earlier on the Himalayan trail. It enables local people to adapt their accommodation and catering to the standards that might be expected by tourists. It is really important where you have got poor people to educate them as to what tourists will expect. I recollect that I have just extended that programme with another £2.8 million. Am I right?

Mark Smith: £2.8 million, yes.

Q25 Fiona Bruce: Could Mark tell us a little bit more about what is planned there with that funding?

Mark Smith: Yes. The specific funding that goes to tourism goes, as the Minister said, to working with family-run businesses to raise their quality standards to meet the expectations of tourists; it goes to develop local tourist infrastructure—walking trails, for example—and it goes on encouraging private investment into tourism. The wider DFID Nepal portfolio of programmes also has an impact in this area. Our work on infrastructure creates infrastructure that tourists will use. You saw yourself the state of the roads in some of the areas that we visited. Having better infrastructure will enable tourists to explore more of the country. We have got an access to finance programme that is providing funds for small and medium-sized enterprises. Some of those will be in the tourist sector. We are working on the blockages that prevent economic development at the

policy level, and, again, they are as relevant in the tourist sector as they are in other sectors of the economy. Part of it is about enabling the broader economy and context to be suitable for tourism development and part of it is targeting very specific interventions within tourist areas.

Q26 Fiona Bruce: In your meetings with Government officials, are you challenging them to understand the impressions that visitors now expect when they go to a country as tourists? It is an education issue, is it not? Is there Government awareness of how important it is for everyone involved to be a little bit more thoughtful about the impact they have on their own landscape?

Mark Smith: Yes. The Nepal market development programme has this as a major component. With that, thinking about the expectations of tourists is a component. The Investment Board Nepal is aware of waste management. In their presentation to you, they raised their concerns that they would like to get greater investment into private sector waste management in the major cities in the country. It is a cross-cutting issue, but it is something that we are very aware of.

Q27 Fiona Bruce: Just on a very specific point, we saw the solar lights project in Pokhara. It is clearly quite small scale, but the local people have really worked very hard to ensure that those two streets were lit at night to extend the tourist engagement with the local community. Have you heard whether the Alternative Energy Promotion Centre in Nepal has decided to honour its commitment to contribute to that scheme? If not, can anything be done to urge that to happen?

Mr Swayne: I thought it had contributed; there was a question of whether it had contributed all that it had undertaken to. If I recollect, there was an issue as to whether the advertising that had been generated on the lampposts was regarded by the Alternative Energy Promotion Centre as having made up the difference. This is something we are going to have to revisit, and in extremis we might have to be more circumspect in any further dealings that we have with them if they do not meet their commitments.

Q28 Chair: Corruption is a major problem. It is not the only country where it is, but it is endemic. We did hear of a number of initiatives that had been taken, such as e-procurement and reducing the number of accounts, which both increase the efficiency of handling money and also reduce the capacity for corruption. Nevertheless, the general view is that it is pretty pervasive at all levels. What do you think can be done to improve the situation? I will perhaps just say that I know that DFID tends to say, “We will set up or we will support anti-corruption” but it is about changing the culture, is it not? You can set laws and set up mechanisms for prosecution, but if the system is fundamentally corrupt people get round it.

Mr Swayne: You are right, Mr Chairman. An anti-corruption agency is not going to have any impact unless there is a change throughout the culture of society, and I would say that that is the strength of our commitment. The ICAI report’s principal thrust was that DFID should be more ambitious in its attempts, in its programmes throughout the world, to address petty corruption. The irony is that in Nepal I would suggest the programme that drew so much of their criticism—the local government programme—is precisely such a model that drives forward change throughout society. Setting up these village committees

and empowering them—400,000 people trained to hold what passes for local government or Government to account, to ensure that the local priorities are dealt with and to publish the accounts at the village level to show everyone what it cost, what was spent and where the money went—is a huge strength in addressing specifically the agenda to which you have rightly drawn attention: changing society at all levels by changing the expectations of ordinary people that money will be spent properly and will not stick to people’s fingers all along the way.

Q29 Chair: We appreciate that you were somewhat unhappy with the ICAI report, or aspects of it. We did ask while we were there about the methodology. We have asked ICAI to give us more background as to how they selected the people and how they applied it. We have not had an answer yet. We also visited exactly the kind of community you are talking about. It is not evidence that there is not a problem, but we did ask more than once, “Have any of you felt you had to pay a bribe or what-have-you?” and they all categorically said “No”. The only thing I picked up was that there were communities that were not part of the programme who felt that they had been excluded from the programme, perhaps for dubious reasons. Do you think you should do more to do spot checks and to set up comparators so that you can not only do as you say, which is set up things that work and do, but also replicate it and, if you like, educate other parts of the society that DFID is not directly engaged in?

Mr Swayne: Coming back to what you have said, Mr Chairman, when you get the methodology from ICAI we would be most interested to see it, because we have been asking for it as well and we have not had an answer. I hope that you will fare better than we have. In addressing your point, yes, we do that all the time. With respect to all our projects and all the people we work through and the capacity-building we do in Government by having our own technical-assistance people in the ministries—everywhere we work—we do spot checks, we do audits; we do all the things that you say. Now you are asking us to expand the programme. It is a very successful programme; I am sure we would want to expand it beyond those communities where it is in place to those that have not got one, but all these things come with opportunity costs and we are working at capacity.

Q30 Sir Hugh Bayley: I agree it is important to understand the methodology and to understand how large the sample was of people that ICAI quizzed, but there are some qualitative rather than quantitative criticisms they made of DFID’s work to tackle corruption. They said, for instance, that DFID has “little understanding of what is working” in terms of your anti-corruption work and that you have “not sought sufficient evidence”. How do you reply to their criticism that you are not developing evidence and measuring impact on your anti-corruption policy?

Mr Swayne: The proof of the pudding is in the eating. I have already spoken of the transformative effect of the way that we have worked with the community development programmes and also with respect to health, another area where we work together with the Government. I will parry the question specifically on evidence-collecting, but there is an ideological issue here. The consultants came with an ideological prejudice, which, frankly, I share—namely that there is a preference for working with the private sector rather than with Government—but I would say that I am sufficiently open-minded to let the facts on the ground overcome my prejudice. Yes, we could go with their suggestion of working much more with NGOs rather than through Government systems, which, in a

corrupt society, are prone to corruption, but I would suggest to you that NGOs are as prone to corruption in a corrupt society as the Government are, and we have not got the management capability to manage programmes running through any number of non-governmental organisations, whereas if we put—as we have done—our people and our technical support into the ministries, we build the capacity and the strength of Government to create an infrastructure of development, health care and local government that will last. If you build up an alternative system through the private sector or through NGOs, it will not persist any longer than you are funding it.

Mark Smith: I would suggest that the local government programme provides a very good example of how we do learn. This is not the first phase of the programme. The first phase provided support to block grants to the district level and provided community facilitators supported through NGOs. We have learnt from that for this national programme. DFID's support now does not go to the block grants; it goes to support the structures that the Minister has spoken about, to ensure that they are there, while the Government provide the grant funding to the community level. We had some issues over the way in which the community facilitators were being employed by NGOs. We have now brought that into them being employed by the Government, so we have learnt about how to reduce corruption scope through there. The programme itself, through annual reviews and through impact studies by external individuals, is learning, is adapting, is focusing more on the prevention of corruption and the co-ordination of delivery, and is now in a second phase, and we will keep adapting and learning until we get it completely right.

Q31 Sir Hugh Bayley: If I may, Minister, I would like to ask a couple of follow-up questions to Mark Smith but then come back to the wider ideological question that you so rightly raised. In relation to these social mobilisers who you used to recruit from NGOs but then ceased to do so because you found the NGOs—if I recall rightly—were not paying them their full salaries, I understand that you are now planning to use NGOs again. How can you justify this if you have once had to sack the NGOs for not abiding by the rules—for corruption?

Mark Smith: The focus with NGOs at the moment is on the implementation of development programmes. The community mobilisers are now employed directly through Government.

Q32 Sir Hugh Bayley: And you are not proposing to go back to using an NGO or private sector employer.

Mark Smith: For those community mobilisers, not as far as I am aware.

Q33 Sir Hugh Bayley: Secondly, there was a specific criticism that ICAI made that some of the funds for this programme were released as late as 11 months into the fiscal year, when only one month of the monsoon season remained for citizens to undertake their projects. Are ICAI right in their criticism? If so, what went wrong and how will you avoid similar problems in the future?

Mark Smith: As I said, the DFID funds are no longer going into the block grant, so this is more of a larger challenge of public financial management in Nepal, which is a huge challenge. We have a public financial management programme specifically trying to

improve the way in which public funds are managed and disbursed. Budget disbursement is a challenge. Last year Nepal did not disburse its full budget during the financial year. We are working at that at the Ministry of Finance level as well as at the district level, trying to make sure that funds flow more quickly. There are also challenges over when the budget is agreed and how long that process takes so that funds can then be disbursed down to the national level.

Q34 Sir Hugh Bayley: To go back to the Minister, you made a strong argument that if you do not work with a Government you leave a corrupt Government in place and, although you may be able to deliver services in the short term through other private or voluntary sector bodies, you do not address the problem. Do you see any way of driving Government corruption out of a system if you do not work with the Government?

Mr Swayne: I do not, but it is not a field where I have particular expertise. I would say that the huge benefit of working with the Government through the Government system is best identified in health, where we have now rolled out these health posts—health care free at the point of delivery. Our engagement with the Government system by having our people in the ministry discussing and helping the formulation of policy and then its implementation has paid huge dividends, which we would never have been able to have achieved, I do not believe, had we attempted to work outside the Government system.

Q35 Sir Peter Luff: You have anticipated my next few questions, Minister. I shall ask them nonetheless. We should talk about health. Health is a huge success story in Nepal—it is one of the few countries on track to achieve most of its health and nutrition related MDG targets, which is phenomenal—but its budget for health is \$13 per capita, while the UK's is \$2,800, so it is a huge challenge to get decent levels of health care in this country. Will you continue to support the health system with sector budget support to the Government of Nepal, in line with the recommendations in our “Strengthening Health Systems” report?

Mr Swayne: I will parry that one, if I may.

Mark Smith: Yes. The way in which we support the health sector is through sector budget support linked to technical assistance. The technical assistance is financial as well as health policy assistance. That is in there to safeguard the funds. We work on not just what more can be done on maternal health but also how health procurement can be improved, which is a huge potential area for corruption. We are trying to take this twin-track approach of making sure the money is there on a scale to be able to make a difference to health care in Nepal and making sure there is technical assistance within the system to safeguard the money that is going in.

Saul Walker: If I might add, one of the focuses that DFID has in terms of health systems in general is looking at the agenda around universal health coverage and in particular increasing the level of domestic resource mobilisation. Most of the technical assistance that we will be doing with countries, particularly where we have a strong relationship with Government, is to look at issues like health financing strategies and so forth. This also links to the overall investment we are making in inclusive growth in Nepal and, as the economy grows and there is more fiscal space, there are also opportunities to increase the level of domestic resource that goes into the health sector. We would see that as part of a long-term strategy in growing the ability of Government on the one hand, through growth

and better revenue collection, but, as Mark said, also increasing the effectiveness of spending within the health sector so that we are making the maximum use of monies that are available to the Government. That is a long-term process. It is remarkable what results Nepal have been able to achieve with the financing they have, and we hope that they will be able to do more in the future.

Mr Swayne: But success brings its own problems. With the success of the millennium development goals and longevity, we are now getting a higher incidence of diseases presenting associated with older age, and that will be the challenge now. Given the success of the health posts, the challenge will increasingly be with hospitals and bringing them up to the capability to deal with these new challenges.

Q36 Sir Peter Luff: In your answer to Sir Hugh, you gave an indication of the influence we had in the health system because of our work with the Nepalese Government. Can you give us some practical examples of how we are making things work better—using that influence to good effect?

Mr Swayne: One example immediately comes to my mind. That is that we are able to use it for other programmes. Very often, violence against women and girls will present with someone going to hospital. We have been able through our influence in the health system to set up eight one-stop shops, effectively, in hospitals to deal with women and girls and domestic violence. You get the whole package presenting in hospitals. I would say that is one example of where we can make a practical difference because of our influence. Can you think of any others?

Mark Smith: On a health policy level, making sure that critical services are free at the primary health care level is an area where we worked in the past and managed to get real progress. That long-term engagement has helped us work on difficult areas. I just mentioned health procurement. To come into the health sector from outside having never worked with the Government and talk about health procurement might be quite difficult; you have got to have built up a track record, be in the system and be able to know how the system works in order to be able to help influence. We are now doing quite a lot on health procurement. The next issue we are hoping to move on to in the next phase of the programme is on drug stocks—out-of-date stocks and how we can improve the flow of stocks to some really quite hard to reach community health posts.

Q37 Sir Peter Luff: Fiona Bruce will ask some questions on that shortly. One challenge you might face in dealing with the Government of Nepal is high levels of absenteeism in the Ministry of Health. We heard one survey recently showed 73% of staff not at their desks. How much is that a problem in terms of strengthening the health system in Nepal?

Mr Swayne: That is a question not just for health; it is a question for the whole civil service. We have been working with the Administrative Staff College to try to engender a greater level of professionalism, and hopefully that will pay off in the long term. The difficulty is in a corrupt society: as I say, somebody's cousin gets appointed to the job rather than someone who can do it more effectively.

Sir Peter Luff: Or do it at all.

Mr Swayne: Indeed. That is one of the reasons why we want to get the Investment Board Nepal out of the Government system.

Q38 Fiona Bruce: Just continuing that for a moment, clearly the health posts' opening hours, of around 10 am to 2 pm, are a challenge. We heard a tragic case of a man who took his wife, who was about to give birth. It was closed, there was nobody there, they went back home and, sadly, she died. He is disabled and left with four children. Babies do not come to order, do they? What can be done to improve this?

Mr Swayne: The opening is 10 to 3, which is probably as good as I will get from my GP—perhaps a bit better—but my understanding is the health posts are open 24 hours on call. I certainly visited a health post the week before last where we arrived at around 11 in the morning and the two nurses had been attending a delivery that had taken place from 11 at night through to 9 that morning in that health post. They were on call. They rang them up and they came in and delivered the baby. That is my understanding of how the system works. We did discuss with them why one of them, if they were on call, could not sleep overnight, and their complaint was that it is a little bit remote, they were on their own and they would be a bit nervous about doing so, but, “Hey, we are only 20 minutes away if you give us a call”. That system was clearly working in that health post, but, clearly, the situation that you have drawn attention to raises, quite properly, that question.

Mark Smith: The district hospitals are open 24 hours a day; it is the health posts that have less opening hours. If they have more advanced facilities for midwifery then they will have the capacity to open after hours.

Q39 Fiona Bruce: Are you intending to press the Government of Nepal to ensure that they have health posts available and open on call where needed so that people are able to get the services that you are talking about? What more can you do to challenge the Government, bearing in mind the investment that has been put in?

Mark Smith: Our health experts suggest that the opening hours for the health posts should be sufficient for the size of the communities they service, given the resources that are available in the system. It is a real challenge. The health budget is not very large, and how resources are allocated between the district and the community posts is going to require some tough decisions. As the economy grows and there is greater funding available, these are the types of policy issues we would like to be in the Ministry of Health, with health experts, taking part in the debate about—

Q40 Fiona Bruce: I am glad to hear that. There is another issue that caused us concern. We visited a health post. You rather have the impression when you are invited for a visit that perhaps there will have been some thought put into presenting, but there were quite a number of the drugs on the shelves that were either near or after their expiry date. What can be done to review that system? There was talk of, perhaps, a barcode system being introduced. Is there some pressure being brought to bear to move that forward so that out-of-date drugs are not clearly as available as they were at the post that we visited?

Mr Swayne: Did we visit the same post?

Mark Smith: Yes.

Mr Swayne: Well, we checked. I remember looking at all the drugs to see. Perhaps as a consequence of your visit they cleaned up their act. But, yes, my understanding is that there is a project upcoming to deal specifically with that on the basis of barcodes. Am I right?

Mark Smith: Yes.

Q41 Fiona Bruce: Again, what can be done to perhaps increase the momentum to make that happen? What is the time frame?

Mr Swayne: That is the advantage of having our own people in the ministry. What is the time frame of that? Have I signed that project off?

Mark Smith: It is with Ministers at the moment for approval. It is a continuation of the existing health sector budget support, but increasing in difficulty. As we have achieved a lot of what we set out to five years ago, we are now moving into some harder areas. This is exactly the type of area where we want to be working now, and so we hope that we will be supporting—

Mr Swayne: That one is in my in-tray and therefore has to be signed by the 30th of this month.

Saul Walker: It is also an example of where we are working with partners. DFID has identified the problem and has been working with the ministry, but in supply chain the US has a considerable amount of experience and a number of technical advisers in-country, so it is an area that the US is beginning to look at as well. Where there is specific experience with other donors, we would help to ensure that that experience was being brought to bear.

Q42 Fiona Bruce: This comes back to improving co-ordination with donors again, does it not?

Saul Walker: Yes.

Q43 Sir Peter Luff: I have one supplementary to Fiona's points. Even on the current restricted hours of these health centres, load shedding is a real problem. Even on daytime hours, you lose power in the middle of the day and you cannot consult properly. Would increased use of solar panels at these health centres be a useful addition?

Mr Swayne: Yes. My understanding is that that is part of our programme, but, as I say, they still will need generators, because they have got fridges and various other things to operate.

Q44 Sir Peter Luff: Not enough fridges. Would it be a good idea to build better links between Nepalese hospitals and UK health institutions? If so, how?

Mr Swayne: I understand that there has been some work at building linkages, but what is the detail on that?

Mark Smith: Yes. We do support the Britain-Nepal Medical Trust to reach out for expertise from the UK to provide that support into the Nepalese health system. It is fairly small scale, but there is a component of our support that does that.

Q45 Sir Peter Luff: How high a priority should that be in our great scheme of things?

Mark Smith: A lot of the technical assistance that we put in, in the policy and PFM debates, is also drawn from British expertise, among other sources, so it does make a difference. Whether it is always the appropriate type of support is a question. Each case has to be judged on where Nepal can best learn from the experience of others.

Q46 Sir Peter Luff: Do you think it would help your own health adviser in Nepal if she had better links with the NHS, as we recommended ourselves in our report on health systems strengthening? We thought about secondments from the health service in the UK to do with current developments and thinking—that kind of thing.

Saul Walker: It is certainly an area that the health services team in the Policy Division is looking at much more generally—how to maximise the opportunities for learning from the NHS and from UK healthcare in terms of delivering health benefits in other countries. We have schemes like the Health Partnership Scheme, which directly links hospitals in the UK with institutions in developing countries. I am not sure whether Nepal is part of that, but that is certainly a programme that has been underway and is under review. We are forging links with the royal colleges, health institutions and professional associations in other countries, and we are looking at institutions such as the National Institute for Health and Care Excellence to see how they can provide expertise on evidence-based medicine and selection of cost-effective interventions in countries. Following on from the IDC report on health systems strengthening, this is an area that there has been a great deal of work done on by the health systems team in the UK. Certainly that was one of the things at the professional development conference for health advisers in Scotland in February, which had a whole afternoon that brought in institutions from the NHS and from the UK health system.

Q47 Sir Hugh Bayley: We were very impressed by the Rural Water and Sanitation Programme delivered by the Gurkha Welfare Scheme. We were told by the Gurkha Welfare Scheme that they were keen to do more work for you. Might that be possible? If so, on what conditions?

Mr Swayne: Yes. I have just upped the budget for the next five years.

Q48 Sir Hugh Bayley: Great. We were terribly impressed by Colonel Harris, but how much of the programme do you think depends on him? How confident are you that your relationship with GWS will be as effective after he leaves?

Mr Swayne: He is fantastic and I greatly appreciate what he has done, but this project has been running since 1989 and he has been there for the last two years. He will be difficult to replace, but I am confident there is talent out there that will be able to fill his shoes. I still pay great tribute to all that he has achieved. I hope that you had the benefit of a briefing from Captain Rai. He certainly briefed me at one of the water centres where we have delivered a project to a village. To have his military bearing up in front of the whiteboard showing exactly how this had all been done with military precision gives me great confidence that the project will roll on from strength to strength.

Q49 Sir Hugh Bayley: May I say slightly timorously to the hon. and gallant Gentleman that good water projects do not just need military bearing, although that probably helps; they also need engineering expertise? That was what impressed me most. Would you encourage Nepali Government engineers to spend time on secondment with the Gurkha Welfare Scheme?

Mr Swayne: Yes, undoubtedly. There is no question that the quality of what the Gurkha Welfare Scheme has been doing outshines what else is available. I am glad that the Government is now showing great interest in the standards that have been implemented by the Gurkhas, and other agencies are interested as well. Is there anything to add to that?

Mark Smith: Just that there have been great steps in integrating what the Gurkha Welfare Scheme is doing into the donor and Government discussions on water and sanitation. It really is the gold standard of local water schemes and there is a lot that can be learnt from it. Secondment of Government officers is something we are looking at; sharing lessons with other providers of water and sanitation is something that is already happening.

Q50 Sir Hugh Bayley: That is all great. I have just one remaining question. These are excellent skills and excellent schemes, but GWS has a preference for and experience of working in areas where there is a Gurkha presence—or Gurkha-veteran presence—and that may not map well with DFID's priority of helping the poorest. What safeguards will there be with this very welcome additional funding that they are getting to ensure that their work focuses on those rural communities that are poorest and have greatest need, irrespective of whether they are good recruiting grounds for the Gurkhas?

Mr Swayne: I asked specifically the question as to how villages were prioritised, and I was assured that they were the remoter ones and the ones with relatively smaller populations that therefore would not benefit from Government intervention. That was the standard, certainly as I understood it.

Mark Smith: Yes. The Gurkha Welfare Scheme operates in the hilly areas, which are some of the poorest areas in the country. There are other donors and the Government operating in the Terai. There is a £196 million water and sanitation project being implemented by six development partners and the Government. They are very complementary but they are different. These are working in small communities. They are not targeting Gurkhas; they are just in the areas where Gurkhas have traditionally been recruited, which are also some of the poorest areas in Nepal.

Q51 Sir Peter Luff: I was hugely impressed by the character of the Nepalese people we met. They are resilient; they are proud; they are determined to do things for themselves. It is not just building these water schemes that matters; it is maintaining them. In the village we went to, they were setting up a charging policy to sustain the scheme in the long term themselves as a community. How typical is that response?

Mr Swayne: It was certainly typical of the one that I visited. There was a charging scheme, there were a couple of people who had been trained on the maintenance, and there were other benefits that flowed from it in the use of the waste to generate—can you believe?—gas on which to cook.

Chair: We saw that too.

Mr Swayne: There were a number of things that fell out of it. I did ask who got the job of stirring it, because that was an essential part of the process.

Sir Hugh Bayley: Did you have a go yourself, Minister?

Mr Swayne: There was none in the vat at the time.

Chair: I have to tell you that last time we were in Nepal we were given a vigorous demonstration of how it was done, and then they asked to shake our hands.

Q52 Sir Peter Luff: But seriously, Minister, do we think that kind of experience is typical—sustaining the schemes in the long run, not just constructing them?

Mr Swayne: My understanding is that is an integral part of the Gurkha scheme. I would hope that that is an integral part for the other donors in the £196 million that is being spent in similar programmes, but there is no doubt about it—the Gurkha programme is the gold standard and I am glad that other people have been showing an interest in learning from it.

Mark Smith: There is lots of learning in this area that we are putting into practice. DFID funds were no longer being used for the flood protection in the community disaster risk reduction village that you went to in Pokhara down in the valley; that was the community themselves having learnt from the technologies that had been introduced to be able to improve and maintain the flood protection themselves. Yes, it is happening; yes, we are learning about how it happens and replicating that across other areas of the programme.

Q53 Fiona Bruce: I too, like other members of the Committee, was extremely impressed with the Gurkha sanitation project, particularly in terms of value for money. A crude mathematical calculation indicated that at the cost of about £30 per resident of a village a tap had been supplied to each house. You say that you have just signed off further funding. How much, please?

Mr Swayne: It was £1 million; it is now £2 million per year for the next five years.

Fiona Bruce: So it is very much equivalent to the £10 million between 2011 and 2015; you are saying you are going to repeat that investment. Thank you.

Q54 Chair: Nepal is not the worst country in the world to be a woman, but women and girls are exceptionally disadvantaged. There are a lot of fairly bald statistics about underemployment and poverty and also violence. You have a security and justice programme of £35.5 million, and within that you forecast that you will give 300,000 women and girls access to security and justice during the current year. You say that you want to give them access to justice but also work to change social norms, much the same as for corruption but, clearly, for different reasons. That is the fundamental, is it not? Unless you change the culture, you are only dealing with the outcomes. How do you get the balance between the two? How are they balanced within the programme?

Mr Swayne: If it is not the worst place to be a woman, it has got to be pretty close.

Chair: I think Afghanistan rates about the worst.

Mr Swayne: Yes. Some of the things that happen in Nepal are dreadful—disgraceful. You are right. I would say the principal thing has to be the empowerment of women, and that is going to be driven by economic opportunity, but it is not just what we do for women. We are doing a great deal for women in terms of water and sanitation, which we have just spoken of, that releases women for all sorts of things that they might otherwise not have been able to do. There is what we are doing on reproductive healthcare, what we are doing in terms of working with the police and what we are doing with respect to the skills programme—majoring on women in that—and financial management. All these things are very important, but you also have to work with men and boys to change attitudes.

Chair: You are anticipating my next question.

Mr Swayne: I would say that the strength of that is through the village and community programmes that we have built as part of the local government project. Those have got to be the engines of trying to raise people's awareness to these issues and change attitudes. It is going to take a long time, but it is vital that we do it.

Q55 Chair: Can you just elaborate slightly? I was going to ask you specifically that point. Also, women should not accept it, which is another problem. Women tend to accept it, so everything reinforces it.

Mr Swayne: Yes. They do not report because of the shame of signalling it. You are right.

Q56 Chair: Have you got specific programmes aimed at men and boys to try to start changing that attitude—with the support, I hope, of the Nepalese authorities, because, again, that is also required for it to work?

Mr Swayne: I would say yes, because every programme must now address the gender issue. We have to make sure we—this dreadful word you introduced earlier, Mr Chairman—mainstream this in everything that we do. Currently, we are going through a process of re-evaluating all our programmes to ensure that what we are doing is transformative in this respect. There is no place for complacency in what we are doing.

Mark Smith: The security and justice programme has this issue of changing social norms at its very heart, and it looks to support that through all of the work that it does through these paralegal committees at the community level, trying to support women and raise awareness—

Q57 Chair: And in the education system?

Mark Smith: I am not sure whether we are doing anything directly on the education system.

Chair: Maybe that is something to think about.

Mark Smith: Certainly in healthcare, we have one-stop crisis centres in hospitals, which look to be the first point of identification, for example, of domestic violence.

Q58 Fiona Bruce: With reference to the centrally managed programme that is aiming in particular to end child marriage—£35 million over four years—in several countries, including Nepal, we were concerned when we visited that there did not seem to be the communication and the cross-transfer of knowledge, or effective projects in other countries being transmitted into Nepal and being taken account of in their planning as to how to use the really very substantial funds that the UK Government are investing. What is being done about that?

Mr Swayne: My understanding is that that project is only just getting underway under the auspices of UNICEF and UNFPA. The learning mechanism has yet to be established, but we ourselves are building up what is, in the jargon, called a community of practice to ensure that that project is informed by the best practice and experience from the rest of the world. I acknowledge that you were given a duff answer, but we are on the case.

Saul Walker: It is also worth noting that DFID's research team has a significant hub in South Asia—the South Asia Research Hub. It is including work specifically where there are areas where we need to know more—for example, around suicide and issues like that, which are at the extremis of the violence agenda. We are also very regionally linked to bring in our best research from within DFID's own research programmes as well.

Q59 Fiona Bruce: Yes, I wanted to ask about that. We were really very concerned to hear of very high levels of suicide amongst women of childbearing age, depression and lack of any mental health services. We talked to the women in one of the groups that we visited in the Kaski district of Pokhara—in what is a very patriarchal society—who told us a woman will marry young and she will then leave her family home and go and live with the in-laws. It seemed to me that often she was treated as little more than an unpaid servant in many respects. What really concerned us was that we were told by these women that if you get pregnant, your in-laws will pay for a scan and if it is a girl then there is a high risk of an abortion. We asked about the statistics and the women there told those of us who were in that meeting—this is their estimate—for every 100 girls born there are now 150 boys being born in that district. It is all very concerning. Is DFID going to prioritise addressing all of these areas as well as the child-marriage issue and the violence issue? It is a whole spectrum, is it not? Not one of them can be left out. We were particularly concerned about these teenage girls who are being married at a very young age and whose lives are then extremely inhibited in this way.

Mr Swayne: First of all, with respect to suicide, one of the very important things we are doing with the police is upping their game on the correct collection of statistics. I wonder how many of the suicides are homicides.

Fiona Bruce: That made us even more concerned.

Mr Swayne: Indeed. I understand that much of the suicide is by burning. Is that a method one would choose to top oneself? Nevertheless, I acknowledge entirely the concern that you have raised. At the last census, which was 2011, there would appear not to be a concern—the statistics look normal in terms of male to female ratios—but clearly you have picked up on something that is not manufactured. I wonder the extent to which, perhaps in urban areas, a preference for boys is being masked by the rather greater population in the rural areas that maintain a normal balance. It is something we have got to be very much alive to and we may well need to address more actively. I wonder to

what extent the programme that we have now initiated with respect to USAID and Nike for adolescent girls will address awareness on issues like this, but it is certainly something I would hope that we can do more on.

Q60 Sir Hugh Bayley: The use of family planning since 2006 has been pretty well stagnant, and it looks as if Nepal will miss the Millennium Development Goal on reproductive health services. You in your evidence note that certain groups—youth, the poor, Muslims and Dalits—still have high fertility. Should we be doing more to address this?

Mr Swayne: We do have a reproductive healthcare programme. Clearly, we need to get better results. As to how much more we can do in that respect, I am not entirely sure.

Mark Smith: We have a programme specifically on family planning, which is targeting areas of high fertility and low use of contraception and trying to look at innovative ways in which contraception use can be increased. That particularly focuses on the Dalit and Muslim communities, where birth rates are very high.

Q61 Sir Hugh Bayley: Can you describe the programme a bit? The reason I ask is it is not just a matter of distributing contraceptive materials; it is a matter of changing attitudes within very traditional communities. What does this programme do and why do you think it may be more successful in the future than it has been in the past?

Mr Swayne: One of the strengths of the health post programme is the number of community volunteers—women—who have had training and who go out from the health posts visiting all the women in the district who are within that catchment area to explain these issues to them. They will have permission and the sensitivity to address those issues in a way that I am not sure other programmes might have. That is one of the ways in which we can do it.

Mark Smith: I completely recognise what you are saying—that traditional approaches will not work—so what we are doing, with USAID and the Government, is trying to pilot different approaches and build a body of evidence on what can work in this context. Once we have discovered more about that, we can look to scale up.

Mr Swayne: Certainly in the health post that I visited there was in your face a big diagram behind the reception desk drawing attention to the issue and what was available, in a way that might surprise people were they to walk into a health centre in the United Kingdom.

Saul Walker: It is also important to link to the other programmes that we heard about—women's empowerment and economic development. As women's opportunities change so choices around family size also change. One of the issues in the Terai and other areas is that expressed unmet need is relatively low—so people are having around the number of children they would like to have. We can work with women to make sure they do have an understanding of the choices they can have around birth spacing or limiting family size, but also the broader work on social change and social norms that we have talked about more generally in relation to gender relations will play into those choices and the size of families that people wish to have over the longer period.

Sir Hugh Bayley: Can I say—almost as an aide memoire to the Clerk when we come to write the report—I hear what you are saying. You are aware that you need to find new and

innovative ways of working. I do not quite sense that you know what those are. Maybe we should encourage some sort of review to be undertaken in some way in this field. Thank you for your answers.

Q62 Chair: You have had a programme to encourage participation in elections, with elections to the Constituent Assembly, which you set out as certainly having cost quite a lot of money and reached millions of people. First of all, I understand that this programme has now been dropped or finished—perhaps you can explain which. Another comment, which relates to our parliamentary strengthening report, is that DFID has a habit of spending quite a lot of money on supporting elections and doing a lot less to support those people who are then elected. You will know that that is an issue of interest and concern to the Committee. First of all, can you explain what has happened to that programme and, if it has been stopped, why?

Mr Swayne: We spent a lot of money on the elections, and they were a tremendous success. Would we do that again? I doubt it. You are quite right that we need to move our attention elsewhere. There is no control experiment, but I wonder if we had invested in parliamentary strengthening whether we might have made the constitutional target on 22 January.

Chair: It is good to hear you say that, Minister.

Mr Swayne: I share the Committee's prejudice in favour of parliaments, being a parliamentarian myself. I am not saying it was wrong to have invested in the electoral process, given the fragility and the importance of elections in Nepal, but it is right now to start thinking about how we can change the emphasis. We have been working with the public accounts committee; there are opportunities to work, I understand, with the agriculture select committee. I myself would say that given what we have done in health there would seem to me to be an obvious opening in terms of starting working with some of the sectoral committees for policy areas where we have had an interest and build on that, but before I make any commitments I would want to see some scoping work looking across the piece at how we can address parliamentary strengthening. It is very important. We are looking for Parliament to do all sorts of things. We want Parliament to change the law on domestic violence, because part of the problem is the current state of the law. One of the reasons why the police do not make the best fist of prosecuting is the ambiguities in the law. We want to change the law; Parliament will be required to do that. We will be looking for Parliament to legislate relatively soon on the Investment Board and its independence. Important parts of our agenda require parliamentary intervention, and we should be looking to help with Parliament.

Chair: Just to reinforce the point, certainly we do not dispute the value of supporting elections per se, although in some cases we think you need the institutions first—we accept that—or of working with ministries. That is a classic part of what DFID does. Our contention is that there is a lack of comfort among civil servants to work with politicians, but in the end a lot of these countries have problems that will only be resolved by political engagement, and that is one of the reasons we feel that that should be more part of the process than it is. I am going to ask Hugh Bayley to pursue that in more specific terms.

Q63 Sir Hugh Bayley: I am very encouraged by your offer to do a scoping exercise, to use your words. We as a Committee would suggest that one of the areas parliamentary strengthening work could usefully be used would be to improve the capacity of parliamentary committees overseeing the work of the Nepal Government in areas in which we have a strong interest—like health, for example. We were very impressed by some of the parliamentary chairs we met. I am glad you are doing that. If, as a result of your scoping exercise, you decide that there is a parliamentary strengthening programme that your budget could fund, what sort of amounts of money would you be able to commit?

Mr Swayne: The advantage of parliamentary strengthening is it does not cost very much. In other words, you can achieve a lot for a relatively small expenditure. I really would want to see what the scoping exercise suggests can be achieved before I started thinking in terms of sums of money. I accept entirely that there are opportunities to work with select committees.

Q64 Sir Hugh Bayley: But it would not be impossible to find a few hundred thousand pounds if you felt that that money could be usefully spent from within the budget. That is the question I am asking. I agree this is not a programme that is going to cost millions of pounds.

Mr Swayne: No, I agree, but remember it is not just what you spend; it is the management of the programme. We have a team in Nepal that is working at capacity, so there would be an opportunity cost, unless we take a strategic decision to put more into Nepal. Nevertheless, Parliament is one of my priorities.

Q65 Sir Hugh Bayley: Can I just say one last thing? DFID, where it has invested in parliamentary strengthening, has often done so by commissioning work from non-UK organisations with expertise in this field. Have you made any progress since our last conversation on this subject with trying to build a strategic capacity within the UK for delivering work on parliamentary strengthening, given that the Westminster model is one of the things that many countries elsewhere in the world find attractive and wish to learn from?

Mr Swayne: The progress I have made is that I have read your report and largely agreed with it. A further item of progress is that last week I signed off a commitment for significant expenditure on the Westminster Foundation for Democracy.

Q66 Chair: I raised this with the Prime Minister at the Liaison Committee last week and I am glad to say that he also asserted his view that he was strongly in favour of supporting parliamentary activity, so maybe it requires political leadership to direct it. You raise that point about staffing. Again, it was a point we made in our report. Our concern was because it was quite a small amount of money DFID farmed it out because it is easier to do big contracts. What we said is it may be a small amount of money but it is strategically very important; it does require the extra management. We have also indicated one or two other areas of activity that we might be suggesting that you take on within that framework. You can always say yes to this, but is there not a case for saying in some cases it is the staffing constraint rather than the financial constraint that inhibits what we do? Given that DFID is not a huge Department, is there a case for saying if we need a few more specialist staff or a few different governance advisers that should be possible?

Mr Swayne: Staff is money, but you are right; ultimately, it is the capacity to manage the programmes that we have got, and that I would say is certainly the case in Nepal. We have got a team that is working to capacity, so what more we will do has to be a question of whether we are prepared to put more staff into it or change the things that the staff are already doing.

Q67 Chair: At the reception we had, I had a conversation with the NDI, who were working with the Assembly and had been for some time, even though our governance adviser said that there was not a willingness to do it. It seemed to be that the Assembly was willing to work with the NDI but not with DFID. I just wonder whether that will change. The staff and money point, which we have made a lot of times in this Committee, is that what sometimes happens is staff constraints mean that you buy the services in and you finish up spending more money on administration by buying them in than you would by employing your own staff. It is glib in one sense, but if it is substantive then surely we should be prepared to do it the best way, not the one that just constrains the numbers.

Mr Swayne: I agree entirely, having experienced that management model myself. You have any number of problems on your desk; it is so easy to take that one and put it in a box and push it over there because PricewaterhouseCoopers or some group of consultants are going to deal with it. My experience, Mr Chairman, is that a consultant borrows your watch to tell you the time, and the principal duty of any consultant who comes through the door is to secure the employment of yet another consultant. I am deeply sceptical of that way of doing things, but sometimes a large organisation has a mandate to work in particular areas that we might not enjoy, or, indeed, has a capacity or a track record to deliver something. Therefore, there is a role for that, but my prejudice is, as with yours—after all, what is prejudice but based on the experience and wisdom of ages—that we have an expertise in these matters and we should use it wherever we can as a preference.

Q68 Chair: Thank you for that. You can probably gather from our line of questioning that the Committee was very impressed with our visit to Nepal. In particular, it is a country that is ripe to be a development partner and where the UK, as a major player, can have a significant effect, but with very substantial challenges. I suppose we are likely to say we need more of it. This is always very difficult, because we are always engaged with sovereign countries that have to invite you in, but if they do want partnership sometimes you have to be pretty frank and robust. Some of the things we have explored are surely absolute values, not relative values—whether it is the rights of women not to be beaten, eliminating poverty or stamping out corruption so that civil servants serve the population rather than themselves. Having said that, we also met some very good officials—maybe not enough of them—who did have a genuine commitment to engagement. Having visited a lot of countries, it seemed to me the partnership in Nepal had better prospects than some others—put it that way. I want to say thank you very much and again thank Mark Smith and his team for arranging the visit, which you would have had the benefit of the following week. I think we all agree that whilst the challenges are great, there is real potential for progress. If only they could have a functioning Parliament.

Mr Swayne: Can I say, Mr Chairman, that, having followed in your wake a week later, wherever I went I was told how magnificent you all were by the people who are running the health services or the Gurkhas or whatever? Can I share with you what I think was a measure of success when we visited the Investment Board Nepal? As I have said, we

recruited these bright young expats to come back to Nepal and bring the expertise that they had picked up and put it to use. I was sitting having something explained to me by the chief executive at the whiteboard and one of his thrusting young executives leant forward into view and said, “I think what he is trying to say is...” It was one of those hilarious what would have ordinarily been career-limiting moments, but this is exactly the attitude that the chief executive is trying to engender, to get out of those old hierarchical and deferential ways of thinking so that you have got a real think tank there with a buzz and people are not frightened to put in their ha’p’orth. Backing the Investment Board is one of the most encouraging things that we have done, and I am really hopeful that we can drive forward its independence.

Chair: I think the Committee would agree wholeheartedly with that. The proof will be whether or not these projects materialise in the next couple of years. Thank you very much indeed.