HOUSE OF COMMONS

# International Development Sub-Committee

## Oral evidence: Sub-Committee on the work of ICAI: (1) Global Challenges Research Fund (GCRF), (2) The Cross-Government Prosperity Fund, HC 636

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Watch the meeting

Members present: Paul Scully (Chair); Richard Burden; James Duddridge; Stephen Twigg.

Questions 1 - 47

## Witnesses

I: Dr Alison Evans, Chief Commissioner and Lead on Prosperity Fund Review, Independent Commission for Aid Impact; Tina Fahm, Commissioner and Lead on GCRF Review, Independent Commission for Aid Impact; Catherine Cameron, Team Leader on Prosperity Fund Review and GCRF Review, Independent Commission for Aid Impact.

II: Robert Chatterton Dickson, Director, SPINE (Secretariat, Programmes, Implementation, Network and Enablers), National Security Secretariat, Cabinet Office; Julius Court, Head, Prosperity Fund Management Office; Dr Sharon Ellis, Director of International Science and Innovation, Department for Business, Energy and Industrial Strategy.

## Examination of witnesses

Witnesses: Dr Alison Evans, Tina Fahm and Catherine Cameron.

Q1 **Chair:** Thank you so much for coming. Dr Evans, I know you are not particularly well, so thank you for soldiering on and coming before us. We have two reports to cover today: the Prosperity Fund and the Global Challenges Research Fund. We are going to be quite tight on time for both sessions, because a few of us have to leave early for business elsewhere, so can we crack on?

If we look at the Prosperity Fund first, in your review of the fund, did you conduct consultations with actors in partner countries where projects were approved, to ensure their views were taken into account during the programme process?

***Dr Evans:*** I would like to take the opportunity to say two things by way of opening and then directly address your question. There are a few things that are worth setting out about both of these funds and the reviews that we have undertaken. It is very appropriate that we can discuss them together in a number of ways.

First, both of these are new, large and ambitious funds. Here we see an attempt, possibly for the first time, certainly in recent history, of trying to combine a commitment to spending ODA with a commitment to deriving a secondary benefit or delivering on a secondary purpose. This is very much spending for mutual benefit and, in the case of the Prosperity Fund, it includes providing benefit to international business, including UK business; with the Global Challenges Research Fund, or GCRF, it is through providing an uplift of funding to UK research councils and funding councils. We are already in slightly different territory in terms of the aims and objectives of these funds.

Second, for both funds, decisions had to be made entirely pragmatically about the provisional allocation of funding, in advance of many of the structures and the scaffolding around governance, monitoring and reporting being put in place. Initial decisions were made about allocations that predated a lot of the hardware for managing these funds, and that happened in both cases. There have been a number of capacity challenges associated with them and there is an element of catch-up being played in putting together that scaffolding. Since time has elapsed between us producing the reports and now, I am sure you will hear how progress has been made on doing that.

Finally, both reviews, in their own way, express a certain degree of concern. While we see areas of good practice, we have expressed a certain amount of concern in relation to the interpretation of tied aid rules and, more specifically, in some aspects of the GCRF. An area at least to keep under a watching brief is the strict application of ODA eligibility rules in relation to both funds, so maybe that is something that can be returned to in discussion.

Specifically on your point about the Prosperity Fund, there had been some provisional spending in the very first year of the Prosperity Fund. Some spending was pushed out against a whole number of projects. This was a very minor part of the overall commitment of resource to the Prosperity Fund, so we took the decision to look at the set-up for the bulk of the Prosperity Fund's allocation and how that was going to be programmed and delivered. Therefore, it was simply too soon for us to go and speak to partners in country, to observe how the Prosperity Fund was being programmed in country, because they were in full set-up phase.

We did not do that, so we focused our energy on talking across Government, within FCO and the Prosperity Fund Management Office, and with other stakeholders who were familiar and knowledgeable about that set-up process. Catherine might want to fill you in with a couple of additional details about whom we spoke to.

***Catherine Cameron:*** We interviewed 19 staff across a range of Government Departments involved in the Prosperity Fund; that includes Departments that are new to spending ODA, including DIT and UK Export Finance, as well as DFID, BEIS, the FCO and the Treasury. We also consulted widely with civil society, including the UK Aid Network, British Overseas NGOs for Development, or BOND, and the trade body British Expertise. We also conducted a survey with 10 private sector organisations that were targeting the Prosperity Fund. Of those 10, seven were in DFID's top 11 strategic providers at the time, so these are large companies that are used to working with ODA and are very interested in the Prosperity Fund.

Q2 **Richard Burden:** Thank you for your opening remarks about the fact that this is new territory, the overall issues about what the strategic direction of these funds is or should be, and the existence of primary and secondary objectives. It is fair to say that you express some concern about how much effort was being put in to determining the strategic priorities in your report. In their response to what you said in the prosperity review, the Government indicated that they had put more effort into identifying strategic priorities than maybe you gave them credit for. Could you tell us a little more about what your concerns were there and what impact that might have on the strategic direction of the fund going forward?

***Dr Evans:*** Yes, we certainly can do that. It is worth noting that, in both of these reviews, we made some observations about the development of strategy; this is a bit of an ongoing theme for us. I am going to ask Catherine to fill in some of the detail about the specific issue on strategic priorities.

***Catherine Cameron:*** Our concern is that we feel the Government have yet to really grapple with this issue of ensuring that the Prosperity Fund is more strategic. It is a new, large and ambitious fund and, as Alison said, it has this dual purpose. The IPA, in September 2016, expressed concern about the strategic direction and coherence of the fund and we are aware that there is an ongoing National Security Council review, so we are interested to see what that might say about this. Of course, the Prosperity Fund itself is due shortly to undertake a proposed strategy and portfolio review. This is a common theme that we can see emerging across our reviews and others, both internal and external, about the need for the Prosperity Fund to try to shape this £1.3 billion in a more meaningful way.

At present, it has a range of seven or eight sectors, three themes and a list of priority countries. When you split those out across multi-country and multi-thematic programmes, it adds up to quite a lot of fairly small, scattered interventions, which may not look very strategic or coherent. Therefore, we are concerned that, given so much has already been provisionally allocated—and we must emphasise it is only provisional, through concept notes; these have not yet reached business case stage, but provisionally £1.1 billion of the £1.3 billion is already allocated—this will result in a portfolio that does not add up to a strategic and coherent set of interventions.

Q3 **Stephen Twigg:** I echo what Richard said in welcoming what you said, Alison, by way of introduction. As you will be aware, the Select Committee has decided to hold an inquiry into ODA, in terms of definition and issues relating to cross-Government funds and the involvement of other Government Departments than DFID in ODA. There is a strong sense that we want to ensure that there is both value for money and capacity in these funds in other Government Departments, while remaining true to the legislation on ODA and the sustainable development goals.

Can I ask you about the Government's response to the Prosperity Fund? In particular, have they given assurances in response to your concerns around three things: engagement with local firms and NGOs; potentially lengthy delivery chains; and issues around conflicts of interest? Do you think that the Government have given a sufficiently robust and clear response to those concerns?

***Catherine Cameron:*** I would suggest that the proof of the pudding on that is going to be in the eating. At the time of our review, two concept windows had closed; we understand now that three and four have also gone out and closed. When we undertook the review, there were four or five different delivery chains in play. Some of them involved paying into big funds—for example, the National Investment and Infrastructure Fund in India or the AIIB, which was announced as a result of a UK-China dialogue—or procuring directly in country, some working through commercial companies, some working through other channels. It seemed to us that there was quite an agnostic approach to delivery across that range. When we do our follow-up work we will be able to explore this in more detail, to see if that laissez faire approach to delivery has developed further since then.

Q4 **Chair:** Turning to the GCRF now, again on the methodology, how useful were the online surveys? Do you think that was a more effective tool than in-country visits on some occasions?

***Dr Evans:*** I am going to ask Tina, who was the lead commissioner on that, to respond.

***Tina Fahm:*** Mindful of time constraints, may I just give the briefest of introductions to the review?

**Chair:** Please do.

***Tina Fahm:*** You will be aware that the GCRF was announced in November 2015, and by March 2016 had begun making research awards. This triggered our interest and we carried out a rapid review. Overall, we were content that the fund has real potential to make an impact in terms of global challenges, but, as Alison has already attested to on the Prosperity Fund, we have found that the governance structures, procedures and so on were not strong enough.

We were also concerned about linkages with global partners and the ability to really enhance that engagement. We made recommendations regarding tied aid and clarity on funding around the GCRF, so that it is in line with the Government's commitment not to tie aid. Finally, we made an overall recommendation about these large cross-Government funds to ensure there is better co-ordination. There has been some movement on that. We have received a Government response to our review, so I am delighted to announce that.

Turning to your question now, we undertook a number of online surveys for this review, which enabled us to engage a much wider range of stakeholders than otherwise would have been the case. We worked alongside the University of Kent, which helped us to design the surveys. We sent these surveys to 440 lead applicants, from which we received 128 responses and 2,679 partner applicants, from which we received 169 responses. We also undertook our own survey of the delivery partners, which, you will be aware, consist of the seven research councils, four academies and the UK Space Agency.

Together, we were able to gather a very rich seam of responses from which we were able to do our own further analysis. It was a very efficient way of going about gathering information, because we were able to engage players from the global south. I believe it was cost efficient, cost effective, timely and gave us a good source of information for our review.

Q5 **Chair:** From the responses that you got back, you are happy that they were representative enough in each category.

***Tina Fahm:*** Absolutely, and may I turn your attention to page 21 of our report, where we provide a clear graphic breakdown of those responses? Interestingly, we were able to get responses from those applicants that had not been successful. At this very early stage of the fund, that is very useful information, so it was very wide-ranging in terms of that engagement.

Q6 **Stephen Twigg:** One of your recommendations, which you have already mentioned, Tina, was around the importance of co-ordination, recommending the formation of a co-ordination body. The Government have set up the Whitehall strategic co-ordination of research board. Are you satisfied that that fulfils your recommendation?

***Tina Fahm:*** It is a very good move in the right direction. I understand that the chair of that board only took office on 1 November, so it is early days. As the number of these funds increase—there is the Newton Fund, the Ross Fund, the CSSF—to ensure coherence, lack of duplication, shared learning, clarity on objectives, this is a step in the right direction and one we welcome.

Q7 **Chair:** I would certainly welcome it too and the chair is a very well respected figure. Would you have suggestions for us as the Sub-Committee, and indeed for the Select Committee as a whole, in terms of the kind of indicators we should be looking for in the work of that board, to ensure it is doing the sorts of things that you anticipated when you recommended setting up such a body?

***Tina Fahm:*** As I have stressed, it is about clarity in terms of co-ordination and recognition of roles, and the comparative advantage that each fund brings to the total across Government: the shared learning, the ability to avoid duplication, the ability to engage effectively. We would hope to see greater transparency across the whole, as these funds evolve and mature.

***Dr Evans:*** There is already an incredibly strong UK research sector in the area of addressing global challenges, but there is a real opportunity to amplify that effort to make a substantial difference. It has to be done, as Tina indicates, in a way that is highly transparent, is committed to all of the standards and principles of ODA-funded research and generally builds on the sum of its component parts around the funds.

***Catherine Cameron:*** To add to Tina and Alison, there are two elements that the GCRF is trying to reconcile. It is trying to achieve research excellence, but it is also spending ODA. In spending ODA, it needs to be not just ODA-eligible but, hopefully, meet a higher standard than that: to aspire to have excellence in ODA as it aspires to have excellence in research. These different funds that are now spending ODA and research money—GCRF and Newton, for example, which both come under BEIS, and other elements of the Ross Fund—should understand the need to meet that dual purpose and understand what they are trying to achieve when working with the global south.

Is this about meeting their research priorities and their needs? Is it about enabling capability and capacity? Is funding only for research that does not help with that capacity the right way to go? There are a number of interesting points raised in an article by Cheeseman and Dodsworth recently that highlight exactly this challenge. It would be really helpful, now that there is so much additional ODA funding flowing into research, for the SCOR to grapple with some of those issues.

**Stephen Twigg:** It strikes me that it might be good for us to invite Professor Piot to be a witness during our ODA inquiry.

Q8 **Richard Burden:** For both funds, you expressed some concern about outsourcing of monitoring and evaluation services, and whether that can lead to lost opportunities for learning. When the Government come back on that, are you happy with what they say? Have they adequately addressed the issues that you raised with them?

***Dr Evans:*** We have raised this issue. It has not only been raised by us; I have a feeling that, in relation to the Prosperity Fund in particular, IPA has been on the issue of monitoring and evaluation. While outsourcing, in principle, is certainly a way to do it and to build in the level of capacity and expertise you need, outsourcing at the point where you are not hardwiring the feedback and learning into your own management processes is, from our perspective, a problem and a potential for loss of value. We sense that that has been picked up. The question now is how we see that being actioned. In the context of our follow-up review for both of these reports, we will go and have a look at how they are thinking about dealing with those potential pitfalls. This is definitely an issue that they have taken on board.

***Tina Fahm:*** With regard to the Global Challenges Research Fund, we are aware that recently two contracts have been let for monitoring and evaluation, which is good news. As of now, the contracts have just been let. I hope that, in time, the details of these contracts will be made public, because it is about having sufficient assurance that an effective results framework, together with monitoring and evaluation, is in place. It is a step in the right direction, but there is a way to go yet.

Q9 **Richard Burden:** Would I be right in thinking that they are still being fairly unspecific about how they are picking it up? They say they take the point, but they have not said how.

***Dr Evans:*** Exactly. We are waiting to see what happens. To be fair, this review came at a time when all those things were about to happen, so we are moving in lock step with their own thinking. That is where our follow-up process is so valuable, because we will be able, in relatively short order, to come back and see what has happened since. We will be able to come back to you with that in the not-too-distant future.

Q10 **Chair:** Tina, with regard to the GCRF, can you give your view on the response about formalising learning and establishing the monitoring and evaluation strategy? You have a sense that it may be lost if you are outsourcing it.

***Tina Fahm:*** Yes. Our report points to learning as a weak area within the context of the GCRF, although we are aware that a contract has been let to facilitate learning across the fund. We point to missed opportunities for BEIS to familiarise itself better with what it takes to administer a fund of the size of the GCRF. In our report and during our review, we considered other international funds, such as the Swiss fund for development, and private foundations, such as the Bill and Melinda Gates Foundation and the Ford Foundation. All of these, we believe, have something to offer in terms of learning. Not to be overly negative, we are aware that the delivery partners themselves had, from time to time, met to share their own learning as the fund evolved.

***Catherine Cameron:*** This is a really interesting juncture for the GCRF, and indeed for the amount of research uplift funding that is coming in the broader context, the additional £7 billion, which is not ODA. UKRI, led by Sir Mark Walport, will formally begin in April 2018. In the interim, we need to give full credit to the incredible work that was done at delivery partner level for the GCRF by the two champions, one for the research councils, Andrew Thompson, and one for the academies, Nick Stern; by RCUK, which will be superseded by UKRI, and Mark Claydon-Smith; and by the chair of the strategic advisory group, Mike Aaronson. They worked very hard to try to put a framework around this and to learn on the hoof.

At the same time, as with the Prosperity Fund, in both cases we see funds where about 85% of that funding is provisionally allocated already, ahead of there being a results framework in place, ahead of there being common indicators, ahead of an understanding of what good looks like for these two funds. That is why we raise this concern in both instances. Yes, we are pleased to see that contracts have been awarded, but we are concerned about the timing of that and what that means going forward for the rest of the fund duration.

***Tina Fahm:*** The organisation I wanted to mention was the UK Collaborative on Development Sciences. We received that information from a third party, an NGO group, which attested to the benefits of that coming together and learning as the GCRF evolves.

Q11 **Chair:** You have talked about what has happened subsequently. BEIS has let out a contract to Itad Ltd.

***Tina Fahm:*** Yes, and OPM.

Q12 **Chair:** Do you believe what was put in that contract is the right approach?

***Tina Fahm:*** Monitoring and evaluation is certainly a step in the right direction and very welcome, but we have not seen any detail. As Alison has said, we conducted our review at a time when the fund was still at an early stage. It would have been great to have seen something then, with what good looks like, the results we are trying to achieve. That they have taken action now is good news and something that we will follow up on.

**Chair:** Fantastic, thank you so much. We really appreciate you coming and filling us in, after so many months of having done the report. We appreciate it.

## Examination of witnesses

Witnesses: Robert Chatterton Dickson, Julius Court and Dr Sharon Ellis.

Q13 **Chair:** Thank you very much. We are very grateful to you for coming in front of us today. We have quite a few questions, so we will try to rattle through to keep on time. By way of introduction, both reports were done some time ago, in particular the Prosperity Fund one. I am wondering if you can give us a little update on what has happened and any key developments in the nine months since the report was done.

***Robert Chatterton Dickson:*** Thank you very much, Chair, for having us here to explain what we are doing. Dr Evans gave you quite a good introduction to the Prosperity Fund. The point is that it is a large, ambitious project designed to do something that we were not doing before. It is a key part of the UK aid strategy to tackle primary benefit in the countries that are receiving the aid, but also in the national interest with a focus on secondary benefit as well, which we hope will flow to international business and particularly UK business. The fund was set up in 2015 and the political context has changed since then. In a sense, in a world where we are going to be looking to forge new partnerships with a wide range of countries, the Prosperity Fund becomes even more important in that context in the medium term.

We really welcome the guidance that we had from ICAI. The fund is new. We were very conscious that we were stepping into new territory and it is extremely helpful, when you are doing that, to have experienced guides to assess what you are doing, tell you where you are getting it right and suggest areas where you could do things differently. As our response to the report showed, we were very grateful for the work that was done by ICAI and have strived very hard since then to implement the recommendations.

A lot has happened in the nine months since the ICAI report, but, very briefly, we have now endorsed 24 multi-year projects, worth £1.2 billion, which are now in different stages of design and delivery. We can come on to talk later, if you would like, about how that is going, but we have been very careful to include the ICAI recommendations in that design and development process. We now have an innovative and ambitious portfolio of programmes in areas that we hope will help to unlock private sector development and trade, particularly around business climate, anti-corruption, access to finance and renewable energy, which will offer exciting opportunities for partner countries, as well as opportunities for secondary benefit.

We have done a lot on programme infrastructure. As I said, we were starting something new, so we have been very focused on capacity-building in our own organisation and have trained 190 staff in posts around the world to implement and develop the Prosperity Fund. I know there was some conversation a minute ago about monitoring and evaluation. Those service providers are now in place and we are about to launch our procurement framework, which will be the way in which the key programmes come to market.

We are conscious that we have not put very much into the public domain and we are about to publish an annual report on the first year of the fund, which has been signed off by Ministers and will be with Parliament before Christmas.

There was brief mention in the previous session about the national security capability review. No decisions have been taken. The NSC is going to be looking at this later this month, but we are trying to make sure that the governance of the Prosperity Fund is coherent with the governance of other funds in the ODA space across Whitehall.

Q14 **Stephen Twigg:** Thank you for that update. As I mentioned with the previous panel, the Committee has started our inquiry into ODA, which includes addressing what gets described as "non-DFID ODA", the cross-Government funds and ODA spend by other Government Departments, so we look forward to seeing the Prosperity Fund's annual report.

ICAI expressed concerns on a number of issues. Let me ask about the concerns it raised about governance, definition of roles and the potential for competition for resources between different Government Departments. Can you say a bit more about what steps you have undertaken to address those specific concerns?

***Robert Chatterton Dickson:*** We took advice on governance. I have been involved with the fund since the beginning, because I happened to arrive in the Cabinet Office at the time it was being set up, so I have been with it from the start. Early in the life of the fund, so in early 2016, we took advice from the Infrastructure and Projects Authority, because it is a very large amount of money and we wanted to make sure we got this right. With its advice, we have had a ministerial board, which reports to the NSC. The NSC is the ultimate arbiter, but there is a ministerial board of junior ministers, which has provided very helpful strategic guidance to the fund.

Below that, there is a cross-departmental portfolio board, which I chair and on which all the key Departments are represented. Below that, we have a management office, which sits centrally. It acts as a neutral assessor of bids that come in from the network and, at the same time, makes sure we are implementing the strategic guidance that comes down from the ministerial board. Competition is clearly a good thing in this space, because the good ideas are the ones that should be funded and the bad ideas should not. You need to have a degree of Darwinian competition to make it work properly, and we have had that. There are loads of ideas out there.

The Prosperity Fund Management Office, the PFMO, has played a critical part in making sure that the competition is properly managed; that there is proper assessment; that the criteria that Ministers put in for the fund from the start are being properly worked through; and that it is the good, well-worked out ideas that go forward for endorsement by the ministerial board. At the same time, it makes sure that the portfolio-level guidance and the portfolio matrix guidance on sectors and geographies, which Ministers laid out early on, are being fulfilled through the way in which the portfolio is developed. We have a mechanism that enables us to reconcile the top-down guidance with the bottom-up competition.

Q15 **Richard Burden:** ICAI said that it thought the Prosperity Fund had only articulated its overall objectives in very broad terms, and that itself can be quite complicated when you have both primary and secondary objectives. Do you agree with that observation and, if so, is there not a risk that the portfolio emerging from that could be quite fragmented?

***Robert Chatterton Dickson:*** That is a risk. The way I would prefer to describe the portfolio is "diverse", because the way in which you do these things in different places depends on the context. For example, a good way to develop an economic relationship through China is the AIIB, which was a decision taken by the Government that we were going to step into this. Since then, the Treasury has been leading on a contribution to the AIIB special fund, which both gives you the political benefit of the relationship with China and, through that, a relationship with a wide range of much poorer countries, with secondary benefit through UK design skills and financing. That was obviously a good mechanism for there.

For Colombia, a different sort of programme is now beginning to take shape, which addresses poverty alleviation in some of Colombia's provinces as its primary benefit, with secondary benefits that come through the infrastructure that will flow from that. One can take the example of the National Investment and Infrastructure Fund, which is a major priority for the Modi Government in India. The principle there is that the massive pool of capital available in the City will be channelled into the massive need for capital in India through a mechanism that, hopefully, will have secondary benefit to the UK financial sector, broadly speaking, and project designers.

I would describe the portfolio as diverse, because there are different mechanisms, but it addresses a wide geography. The Prosperity Fund is aimed at primary and secondary benefit, essentially, in India, China, south-east Asia and parts of Latin America, and obviously the contexts for those places are very different. It is the middle-income countries that are going to be our key economic partners as we go into the next phase of our economic life, and what you need is a portfolio that reflects the fact that the contexts are very different in those places.

I agree that fragmentation is a risk. If I can just say one more thing about how we are tackling that risk, we now have our monitoring and reporting and evaluation and learning contract set up, so we are going to be making sure, through that, that we are applying the right sort of critical analysis to the outcomes that are being obtained through the different types of intervention in the portfolio.

***Julius Court:*** I will add two quick points. First, we are setting all of this within a theory of change that is literally based on a synthesis of all the evidence and we have put that in the annual review. Every project is answering up into an overall fund theory of change, but the fund was specifically designed as a portfolio. It is a very niche fund. It is operating in these quite concentrated geographies, but they are also diverse. We just wanted to make sure that, for programmes, we did not have an unrealistic target we started with that we all then tried to shoehorn everything towards. We wanted to have some overall objectives. Then, for each project in the portfolio, we would work out exactly how they added up and iterate between our high-level objectives and what we were finding as we developed projects on the ground.

Q16 **Richard Burden:** Can you tell us what this overarching theory of change is? The question that occurs to me is that you have established various portfolio-level indicators, and you have described some of those, which hopefully show a diverse range of projects and investments. But, overall, it is important that the primary objective remains the primary objective and the secondary objective remains the secondary objective. The strategic objective of strengthening country-level economic and trade strategies presumably has to be absolutely central to that, so what is the theory of change that makes sure that happens?

***Julius Court:*** When you see the theory of change, you will see it adding up to, essentially, very high-level indicators around growth and what matters for growth. This is not our view, but we have taken the Commission on Growth and Development's growth report. Basically, that says it is about jobs, investment and trade. The kinds of things that add up to those are: you need access to finance if you are going to generate economic activity; you need a skilled workforce, so health, education and skills issues come in there; you need infrastructure; you need issues around international engagement, particularly trade.

From a very high level, we come down to these intermediate-type indicators. Then projects themselves are looking at those areas and saying, "How can the project and policy reform activity we do add up to particular work?", whether it is on trade, access to finance, jobs or skills. That is how the theory of change cascades down from our high-level objective to our particular project interventions. As I said before, we are not saying that we must hit a specific number of exports. We are trying to work out from those high-level objectives how these very important countries, and the sectors we work in, can craft projects that will add up to that, rather than have a blueprint from the start that is unrealistic. On that approach, we took a lot of advice from the World Bank and DFID, and that is exactly how they said we should approach it.

Q17 **Chair:** Your response to ICAI's recommendations showed that you have already taken steps towards adjusting the planned rate of expenditure of Prosperity Fund allocations and increasing support capacity to relevant Departments. Could you update the Committee on how those adjustments have worked in the last few months?

***Robert Chatterton Dickson:*** As I mentioned, we have had a big training effort. We have trained something like 190 people and, as we speak, the third day of a three-day training event is going on in the Foreign Office. There has been a huge effort to try to make sure that we have the skills across Government to do this, and DFID has been extremely helpful. It is the main centre for these skills and it has been very generous in making its skills available to the rest of Government as we go into the implementation phase.

We have not spent on the original targets. The targets were, we now recognise, probably unrealistic for years one and two of the fund. They were simply too high. The emphasis all the way through this has been on quality, so it would have been an option to have pushed money out of the door through various multilateral frameworks. We thought it was better, and the ministerial board has been consulted on this and been very clear in its guidance, to spend more slowly, so we would not hit the initial numbers that have been suggested for the first couple of years. Instead, we should put the effort into building capacity, applying the theory of change, putting together genuinely transformative, properly designed primary and secondary benefit-focused programmes.

We have spent more slowly than we had originally intended. The recommendation that ICAI made was that we should extend the funding into the future, so beyond the end of the spending review period, and we have an agreement with the Treasury that there is a provisional sixth year, so we have started to do that. That recommendation was taken into account and we are looking now at whether that is something we might want to do more of in the future.

Q18 **Chair:** To put it in simplistic terms, you are under-spending. Rather than overspending in that third year to match up to the target, you are looking to extend the period.

***Robert Chatterton Dickson:*** We have agreed with Ministers that is what we will do. It is all constrained by the spending review period, but there is a provisional ring-fence for us to continue to spend in the first year of the new spending review period. That took into account the ICAI recommendation. We are talking about long-term interventions, and to try to deliver those effectively in the three years after the programmes are fully set up is unrealistic. It is just not going to work. We have agreed that we will spend for longer and spend lower in the first couple of years while we develop the capacity.

Q19 **Chair:** Can you give us the current profile of approved business cases? What sort of profiles do you have? How many are there? What is the geographic spread and distribution among the Government Departments?

***Robert Chatterton Dickson:*** Twenty four have been endorsed by the ministerial board. Four have gone through the full business case process and are now starting to spend. For example, there is a disaster resilience programme that involves taking UK insurance expertise and building financial resilience in disaster-prone countries, which might include places like Kenya, Bangladesh and the Philippines. That programme is now actively in the set-up phase, seeking offices, looking at ways of funnelling capital from other countries through that programme, so that is happening.

On the AIIB, as I say, we are very confident that we will be making our contribution there this year. The Colombia programme is up and running. The programmes that were first through the gate, the ones where we have been able to move quickly on implementation, are now spending. We are confident that we will achieve something probably north of £50 million of programme spending during this year. That is less than we had originally intended, but we have sacrificed speed for quality. We are very confident about the quality of the spending that we will be doing. There has also been a major capacity-building effort to make sure that, in subsequent years, the capacity is there for us to get the programmes properly organised, up and running.

Q20 **Chair:** Do you think the profile that you have at the moment matches what you had expected at the beginning? You talked about the fact that you are putting in less money at the moment, for the reasons that you have explained, but does the overall profile match what your steer was at the beginning?

***Robert Chatterton Dickson:*** The overall profile will, yes. The overall amount of the fund has been adjusted, because the GNI figures have been adjusted since the fund was originally set up. Instead of being £1.3 billion in five years, it is now £1.22 billion over six years, so it is slightly lower and a bit longer. I am confident that we can spend the money in a way that will have impact, both in primary and secondary benefit, in a wide range of the geographies that really matter to us as we look at the economic future of the country.

Q21 **Stephen Twigg:** You talked about capacity. One of the concerns that ICAI raised was about the different levels of capacity of the UK diplomatic posts in different countries. You mentioned Colombia, and it highlighted Colombia as an example where it had some concern. Do you feel, in the subsequent period, you have been able to address that specific concern around capacity on the ground?

***Robert Chatterton Dickson:*** I think we have. There has been a major capacity-building effort in the places that I mentioned. There has been a complete revision of our embassy in Beijing, which had one model for delivering this sort of programme and now has a completely different one, which is fit for purpose for the very different delivery model that we have for the fund. The same thing has been happening in Delhi.

If you look across the key geographies—Bogotá, Mexico, Brasilia—posts have been very energetically engaging with the quite different delivery model that this Prosperity Fund has compared with the previous, quite different fund, which was also called the Prosperity Fund, slightly confusingly, and did things in a very different way. When I talk about capacity-building, some of it is in London; some of it is on departmental systems, because Departments are new to this, but a lot of it has been in posts.

Q22 **Stephen Twigg:** Would the training event that you described potentially involve people from posts?

***Robert Chatterton Dickson:*** Yes, absolutely. There have been regional training events taking place across the world. It is not just training; it is also making sure that we have staff with the right profile in the key jobs overseas.

One thing worth mentioning is that the fact of posts being involved is critical to this. Much of the Prosperity Fund is about technical assistance and programmes that accompany that. To get the political benefit, it needs to be wrapped in with the wider effort that posts make on the political side. I am from the Foreign Office myself. I came from two back-to-back overseas postings, so I am very conscious that the job of all of these programmes is to create a political effect with programme spending, but which is part of the overall delivery by HMG overseas, including through what the ambassador does, ministerial visits, contacts at Head of Government level. The whole toolbox gets used, but the programme is critical to put reality on the ground around the discussions and relationships that go on at the political level.

***Julius Court:*** I would add one additional point. It is not just about the capacity, but Departments are also improving their systems and processes for how they approve, assure and provide the diligence on these major projects.

Q23 **Richard Burden:** One of the concerns that ICAI expressed is conflicts of interest arising from potential suppliers of services providing advice. Sometimes that could be informally at embassy or high commission level, providing advice on things like programme design in ways that are not sufficiently transparent. Is that a fair comment by ICAI and, if so, can you reassure us that those concerns are being addressed?

***Robert Chatterton Dickson:*** It is right to flag it as a potential risk, but we are very careful, in the way that programmes are designed, to address this. Programmes are designed transparently. We go through the *Official Journal of the European Union*, so there is that degree of transparency in seeking bids. The procurement framework, which is about to launch, will specifically address this. I am confident that we have the system, but in this field there is always that potential risk and it is a good thing that, thanks to ICAI, we are even more aware of it than we were already.

***Julius Court:*** For a fund that is on prosperity and economic development, you have to talk to the private sector about your strategy, your programmes and how they are going to be delivered, and that happens at London and at post. ICAI flagged the risk, but we have been keen to flag to everybody what they can and cannot do, so people know the rules. There are very clear rules on this. For the framework, we have had two totally open and transparent market engagement events. Those are open to everybody. We also go out to organisations like the CBI, Asia House and British Expertise, so again it is a neutral forum where we can have that discussion.

Q24 **Richard Burden:** It also expressed some concern about lengthy delivery chains, with large contractors basically getting the contract and then subcontracting to smaller firms. Again, has it hit on a relevant point here?

***Julius Court:*** Again, the risk is a fair risk. When you look at the delivery of programmes, particularly the ones that are going to be global programmes, of course you want somebody who can give you assurance for the very large amounts of taxpayers' money that are going to be spent in these countries, where 70% of the world's poor live. It is a really important focus that we have. It is absolutely right that there is a risk there. The team from across our posts and across the Departments have been doing things like delivery chain mapping. They are trying to map exactly what the delivery chain will be and to look at risk. That is a very helpful and useful technical exercise so that you know exactly where the money is going and you can follow the risks in the delivery chain.

Q25 **Richard Burden:** Within that mapping exercise, which is an information system for you by the sound of it, how do you ensure that communication with suppliers, particularly those lower down the supply chain, is clear, effective and transparent? I accept you say you recognise it is a problem, but what are you doing to address the problem?

***Julius Court:*** Essentially, we will try to do two sets of things. We will give clear communications from above, and then we have independent monitoring advisers. The point about them is that they are not just expert; we are not just buying in expertise; we are also buying in independence. They are the ones who will be tasked to go and look at the delivery of the programme, what is happening and whether it is having an impact. They will be able to independently feed back to us exactly what is going on down through the different programmes.

Q26 **Chair:** You were here for the previous panel, so you will have heard the discussion that we had about monitoring and evaluation. I wanted to ask about the fact that you have outsourced that and how you are ensuring that learning is built in and developed into the Prosperity Fund.

***Robert Chatterton Dickson:*** I can address that from the big picture point of view. We have one contract for monitoring and reporting, and one contract for evaluation and learning. We have built into the terms of reference for them ensuring that best practice and learning are disseminated throughout the programmes. There has been extensive scrutiny of that contract as well, including by the IPA. We hope that it will work as intended and we will have a system that will do what we want it to do, which is to deliver learning throughout the portfolio, so it is systematic.

Q27 **Chair:** How will you evaluate that?

***Julius Court:*** The learning contract?

**Chair:** Yes.

***Julius Court:*** I guess it will be the PFMO, and Robert chairs a committee that oversees those two contracts.

***Robert Chatterton Dickson:*** At the moment, the monitoring and reporting bit is further advanced than the evaluation and learning bit. The contracts were signed in September. There were some delays, caused partly by the election and the need to ensure that we had the right institutional basis for all this. It was not as uncomplicated as it might have been, because the contracts needed to sit in the Cabinet Office, but they were signed in September. The monitoring and reporting bit has been pressing ahead very rapidly, so I have more confidence in the way that that is being carried forward.

We have a board that reflects the various interests involved and, as I said, we have scrutinised M&R more than we have E&L. The point that ICAI made about E&L and the need to make sure that we get the full portfolio benefit, not just as a monitoring tool but that the learning is disseminated through the portfolio, is something that we will be focusing on as that contract matures.

***Julius Court:*** It is a new, innovative fund and it is really important that we put a lot of effort into independently, expertly assessing what is going on. We have processes and the two organisations are linked up, so it is not just linked to us through the Prosperity Fund Management Office and through the committee Robert chairs, but then IPA is specifically focusing on this set of contracts, so the assessors are being assessed.

Q28 **Stephen Twigg:** Can I take us back to the issue of primary benefits and secondary benefits? The Prosperity Fund is the first major UK aid instrument to include the provision of benefits to international business, including British companies, as an explicit objective. You will understand that that raises concerns that we might see a loss of focus on poverty reduction. What is done to try to ensure that poverty reduction remains at the heart of the work of the Prosperity Fund?

***Robert Chatterton Dickson:*** I can give you two answers and then Julius, who is from DFID so has this baked into his soul, can give you more detail.

The first is that each programme is assessed by seven criteria, which were set out very early on by the ministerial board, and primary benefit is absolutely front and centre of that. In order to be legal under the IPA and to be consistent with the DAC rules on ODA, unless it has primary benefit it does not get anywhere. Earlier on, I briefly described the assessment process that happens in the PFMO against the criteria. We need to be absolutely clear that primary benefit is the very first hurdle at which these ideas can fall if we feel that they are insufficiently there.

The other thing is the expertise that we have been able to bring in for the fund. Julius, who is head of the Prosperity Fund Management Office, is from DFID. DFID is very prominently represented on the portfolio board, the ministerial board and on the NSC, to which all this reports. Given that, as we understand, the context around ODA is one that is not devoid of controversy, we are obviously extremely careful in looking at these interventions and looking at things that could kick the legs out from under the fund before it gets properly started. Failing this test is a key risk, and we are extremely conscious of it at every level of governance and in the PFMO, which, as I said, has a lot of expertise that has been drawn in from DFID.

I genuinely think that, structurally, we are in the right place. As we have said, 70% of the world's poor people live in middle-income countries, so although it might seem a bit counterintuitive, and I can see why people who were looking at this suspiciously might think that, it is more straightforward than one might think to come up with economic development ideas that clearly benefit poor people while also producing secondary benefit, because of the structure of poverty in the world as it exists today.

Q29 **Stephen Twigg:** Who chairs the ministerial board?

***Robert Chatterton Dickson:*** It is normally chaired by the Chief Secretary to the Treasury.

Q30 **Richard Burden:** You have said that projects do not reach first base unless they can first demonstrate ODA eligibility. Can I ask you what systems you have in place, and how tight they are, to ensure that there is not mission creep beyond that point, so that, having in theory established ODA eligibility at the start, the project remains meeting the primary objective as a primary objective, rather than getting mission creep whereby the secondary objective perhaps starts to take over.

***Robert Chatterton Dickson:*** Can I give you two quick answers and then Julius, who is the expert on this, will come in? First, this is going to be key to the monitoring and evaluation. The monitoring and evaluation contract will be looking at the performance of the fund against the criteria and, as we have said, criterion number one is ODA compliance and, therefore, primary benefit.

Secondly, the fund is 97% ODA, but it is 3% non-ODA. Therefore, if we find that we are creeping up to the line and there would clearly be a benefit to the secondary benefit part of it from going beyond the line, we have a small pot of money that enables us to do that. There is a 3% component of the fund that is non-ODA, which can do things that clearly are not acceptable but that have the effect of reinforcing what we are doing on the ODA side.

***Julius Court:*** That is right. We look at concept note stage; we look again at business case stage and that is before it goes into a Department. Then, if there are any major changes, we have a tolerance; if there is a big or a sensitive change, we would look at it again. The monitoring and reporting team will also be looking at this, to make sure that the projects have said what they are doing and are heading towards those targets.

The one other point I would mention, which links the two questions, is around gender. ICAI, rightly, flagged that it was not good enough just to be compliant; we should be ambitious on this, so that is what we have done. We have brought in specific gender expertise; we are supporting not just from the centre but each of the individual programmes to make this more gender progressive than it might otherwise have been.

Q31 **Richard Burden:** We might ask you something about that in a minute. Since ICAI's review was published, even if you are clear about what the ODA eligibility is that you are looking for, are you confident that you have made that clearer for those submitting concept notes, given that ICAI was saying often you have articulated the objectives of the fund in very broad terms?

***Julius Court:*** I am pretty confident on that. We have a very clear bar; we support them, and all Departments know that, if you do not meet the standards, it is not good development and you do not score highly on the ranking, there is no chance of your project getting through. It is not just a communications thing. They all know it is baked into the way that concept notes are assessed, so I am pretty confident on that one.

Q32 **Chair:** You talked about being gender progressive. ICAI expressed concern that most of the concept notes in the Prosperity Fund either did not make mention of gender equality or made a passing reference to it. How have you addressed that recommendation or point with your contractors? Do you think there has been change as a result?

***Julius Court:*** There has definitely been a step change. When ICAI looked, we had just been through two competitive windows. We have now been through an additional two, and we have made it very clear that the team submitting notes had to be much clearer about gender at that concept note stage. We have not just made the bar higher for business cases, when looking at it again; we have also provided teams with the additional, specific support, through gender advisers, so that they can improve their programmes, not just be held to a high bar without support.

Q33 **Stephen Twigg:** I am going to move on to the Global Challenges Research Fund, Dr Ellis. As you know, ICAI raised concerns about the fund's portfolio being scattered and said that there was a risk of a lack of strategic direction. I know that the strategy document was published in June of this year, but it remains the case that, across 12 pretty wide-ranging areas of challenge, it can be difficult to concert research efforts towards specific development challenges. Can you tell us a little, by way of introduction, about what steps you are taking to address that set of concerns?

***Dr Ellis*:** Thank you very much for the opportunity to come to the Committee and talk about the Global Challenges Research Fund. The report came at quite a good stage for us in the context that we were a year into the fund and we were already thinking about the improvements that we needed to make, so having some recommendations broadly in step with where we were going was very helpful.

First, in terms of the strategic direction of the fund, I should say it was very deliberately set up as quite a broad fund with a lot of opportunities for bottom-up thinking from our research community to drive at some of the problems that are faced by developing nations.

A second element to that is that this specific fund was set up to drive interdisciplinarity, so we wanted different research topics and disciplines to really work together, because that is where we felt the most advantage and better problem solving would emerge. We started off with quite a broad opportunity for people to bid in with their ideas. As we have gone through, we have recognised that there is a need for more strategic direction. The way we are going about that is that we are employing change leaders across portfolios to make it easier for somebody to take a very specific look across that wide portfolio, and start to steer and guide some of the programmes towards a particular goal.

We have also performed much more portfolio analysis ourselves, looking at the data that is coming through from the project-level systems and looking at where it is taking us. We will use that data to think about whether there are gaps or whether there are more steers that we should be putting into the system.

Lastly, we are letting contracts for specific research hubs to focus in on particular topics where we feel we should be making progress and particularly focusing on issues. All those things are in train. We will start to see the emerging thinking coming from those new interventions over the course of 2018 and we will continue to bring those outcomes back to the board, so that the board takes a look at the strategic coherence of the programme.

Q34 **Stephen Twigg:** Thank you. That is really helpful. Are you able to tell us a bit more about the specific areas where the fund might focus and where, for example, UK research might have greater experience or greater expertise, and, therefore, a particular opportunity for focus?

***Dr Ellis*:** As part of the portfolio analysis—and we are looking not just across GCRF in this context but across the Newton Fund as well, to see what the coherence is between those two funds—we are starting to look at thematic analysis, particularly at where UK research can make the biggest difference. The things that are coming forward in that regard are around some of the health work that is being done. Clearly, we need to be working through the new board that Peter Piot has set up to make sure that we are linking in with the Ross Fund and other things in this context.

Health, poverty alleviation and new digital technologies to make diagnosis earlier and to monitor flood levels are the areas where UK research is starting to come through as being really beneficial to addressing some of the issues in developing countries. Those are the early themes that we are seeing as emerging, and we are getting feedback that those things are particularly helpful.

Q35 **Stephen Twigg:** That is very encouraging and plays to the strengths of the UK. What about on education? We have just published a report on education and, clearly, availability of data is critical for countries when they are seeking to improve their school systems as well as their broader education systems. Might that potentially be a priority as well?

***Dr Ellis*:** We are starting to see more of that particular kind of resilience and sustainable development through either economic development or social development, which is the education element that we are picking up. Our Royal Academy of Engineering is doing quite a lot of work in a number of African countries, understanding the prevalence of STEM teaching and how many women are coming through that system. It is using its large experience of working with developing countries to generate more data for individual Governments to work with and share best practice on how to get groups of people interested in STEM subjects, for example. It is very active in Africa in particular on that.

Q36 **Richard Burden:** ICAI expressed some concern about sustainability of the GCRF initiatives, particularly the impact of longer-term research investments, particularly if there is a cliff edge at the end of the GCRF funding cycle in 2021. How are you going to manage those risks?

***Dr Ellis*:** This is a risk faced by all our research portfolios, so GCRF is not new in that regard. We are having conversations with the Treasury—and

I think we have had fairly successful conversations with the Treasury—about long-term research funding. In the industrial strategy that was published last Monday, you will have seen that there is a commitment by the Government to increasing R&D funding to 2.4%, which is the average OECD level. There is a strong recognition within Government that funding of research and development is critical to our knowledge economy. We will continue to have the conversations with Treasury about what commitments we can make into the next Parliament. We have not finalised those conversations yet, but those are conversations that we will have pretty much every year, a couple of months before the end of the spending review.

Q37 **Chair:** Notwithstanding what was said earlier about the percentage of poor people living in middle-income countries, at the moment GCRF seems to have tended to partner with more established research institutions in middle-income countries. What steps are you taking to make sure that GCRF has a reach that can be expanded to institutions in poorer countries where it may be needed?

***Dr Ellis*:** That is a function of a fund that has had to hit the ground running. It is normal for researchers to work with people they understand and who have the capacity to reciprocate and work with the research outcomes. Recognising that the ambition of this fund is broader, there are a number of steps that we are taking to do more work with the global south, as it is described in the report.

This very day, there are more workshops being held in South Africa, but with a range of African participants, to share more detail as to what this fund is, to explore what other problems this fund could address, and to think about the capacity that exists in areas that are not the normal partners. That is happening, not only in Africa, but we have run similar programmes in south Asia; I forget exactly where else they are, but there are definitely three or four areas that we are concentrating on.

We will bring that knowledge back into the official board that considers the future of the fund. We will ask our delivery partners to explain what new problems and what new partnerships have come through. We will certainly want to see those engagements leading to a broadening of the partnership. That will not mean that we will try to alter the objectives of the scheme. I feel very strongly that wanting to have excellent research and research outcomes is central to this theme because, if we do a bit of work that is not going to be very good or lead to particular outcomes, that is not where we want to be in value-for-money terms.

That is happening and we would be very interested to hear what comes out of all this engagement. We will feed that into the thinking for the future programmes that are let under this fund.

Q38 **Stephen Twigg:** Can I move us on to monitoring and evaluation? ICAI raised concerns about lost opportunities for learning within the fund. Can you tell us how you have addressed that set of issues?

***Dr Ellis*:** ICAI recognised that a lot of informal learning has gone on between the delivery partners. My experience of the research environment is that they are very happy to tell each other what is going on and to learn best practice. Recognising that that is not enough, we are doing a process evaluation of how the physical process of letting contracts and inputting the data has been done across our delivery partners. From that, we will distil best practice and feed that out into all delivery partners.

You talked to our colleagues in ICAI about the contract that we have let on monitoring and evaluation. One way to make sure that learning is spread as that contract delivers that work is that a steering group sits to oversee that work, which includes representatives from DFID. We are very keen to keep talking to our DFID colleagues, so that they can continue to help us as we develop this, as well as our delivery partners. All the people who you need to learn and pick up best practice will be involved as we go through our monitoring and evaluation contract. When we get to seeing some results from that contract, we will start to put in place the systems and data flows to make sure that we pick up all the best practice that we can.

Q39 **Stephen Twigg:** One of the specific concerns raised by ICAI was around the need for GCRF to have a theory of change. What is your response to that?

***Dr Ellis*:** I find theories of change quite helpful in guiding thinking, and we certainly have gone through our internal process on what we think the theory of change should be. I am not a development expert and I would like that sort of support from the community to help me finalise what that should be. Theories of change are quite helpful in following through the questions to help you get to an understanding of whether you have delivered the particular outcome. From a research perspective, are we targeting the projects and programmes at areas where we feel they can have a distinct benefit? We will use the sustainable development goals to guide that. Are we seeing tangible impacts on the ground?

In research, that could be quite long and quite hard to see, but the interim measures that you can see are around whether we are building capacity, whether there are more researchers coming through in particular areas to address problems in country, and whether we are seeing increased PhDs and fellowships in that sense. We are building the knowledge that can then help address the development issues we are tackling. That is our theory of change. We have our own internal thinking but we want this contract to really help us nail the detail.

Q40 **Stephen Twigg:** I welcome the fact that you mentioned the sustainable development goals. Can you tell us more about how, in practice, the SDGs might have been reflected in your work on this?

***Dr Ellis*:** In terms of the theory of change?

Q41 **Stephen Twigg:** Yes, but, more broadly, in terms of setting your priorities and your focus. In my previous question, we talked about some of the areas that you have identified as UK strengths, and they made sense to me. Were the SDGs a factor in deciding where within the health portfolio there might be a focus, for example?

***Dr Ellis*:** They have certainly been useful guiding principles, and this is the Government, in a sense, trying to set the framework to give the researchers the space in which to come up with their ideas. We very consciously used the sustainable development goals, which, as we talked about earlier, are quite broad. But we took advice from a former head of the British Red Cross, who had used the sustainable development goals as a way of directing some of their research in the past. We have found the sustainable development goals quite helpful to have conversations with other Government funders, so we have had conversations with the Swiss and we are starting to have conversations with the Swedes. It gives you a framework to have a common language and provide some guidance to researchers as to what outcomes and impacts we are seeking.

Q42 **Chair:** On the multi-layered financial reporting work required of the delivery partners, BEIS promised to streamline its reporting requirements. I just wondered if you could explain your plans on that.

***Dr Ellis*:** There are quite a lot of reporting requirements placed on our delivery partners, not just for ODA spending but for the other areas. We are trying to come to one particular system that they have to input the data to, as opposed to the three that they currently have to use for various different purposes. We have a project team working with them to define what that system is. It is working also with DFID to ensure the smoothest data flow from the project level up into the ODA reporting. That is its primary focus.

Q43 **Chair:** The GCRF delivery partners stated that screening applications for ODA compliance absorbs a considerable amount of time and effort, which takes away from project time and affects value for money. Are you developing internal capacity to take that load off delivery partners?

***Dr Ellis*:** The funding we provide to delivery partners enables them to recruit, if they have particular pressures. As to the projects that we are looking to do now, as well as the IT element in terms of having one sense of reporting, a lot of this is about building the capacity for learning. I do not want them to stop screening. That is a very important step to make sure that this money is spent on ODA purposes. But some of our delivery partners probably have better systems and have got a bit slicker at it, because they are a bit more experienced. We will continue to work with them to just spread that practice. It is really important that they do the screening and, hopefully, the reporting system will give them a bit more time back to focus on the project element.

Q44 **Chair:** The strategic co-ordination of research board, SCOR, has been introduced to co-ordinate ODA research funded from different sources. What will it do to ensure effective co-ordination of ODA research programmes?

***Dr Ellis***: That is going to be one of the primary benefits that we will see. It will be represented by BEIS, where I am a representative, and DFID, DH and our delivery partners. This is where we will share the thinking in terms of the strategic next steps for the programme. We will have the opportunity to sense if there is a way to amplify because, in some areas, if we joined forces to do different aspects of the same work, we might have a better impact on the ground, or to stop duplication. This is a mechanism that works quite well for us and the Department of Health in our research portfolios. There is another board that, essentially, does this, which helps co-ordinate and amplify impacts of our health research. We are building from experience, and it is great that Peter Piot is the chair. I have already had a couple of conversations and he will, undoubtedly, challenge us to be more joined up.

Q45 **Chair:** Most research councils need a UK research institution to be the primary applicant for the funds. With that in mind, how can you ensure that UK aid is 100% untied?

***Dr Ellis***: This is something that we are very focused on. We have done a lot of work and we believe that this aid is untied. The thing that gives me confidence is that we are not the only country that reports its research as untied aid: Australia, Canada, Belgium, Denmark and Norway. The HEIs are not-for-profit organisations. They are non-governmental organisations. By convention, the aid is untied. In the way the delivery partners look at the projects, part of the project is around working with partners in country as well. The primary benefit is that the development goal is being addressed. Given it is a not-for-profit organisation, we are confident that this is untied aid.

Q46 **Chair:** They still get a sheer cash benefit from receiving funds, even if it is not for profit. Are you confident that that fits within—

***Dr Ellis***: It fits with the UK aid strategy.

Q47 **Chair:** But not necessarily other countries'—is that what you are saying?

***Dr Ellis***: Quite a lot of other countries report their research funding as untied aid to the OECD definitions.

**Chair:** Can I thank you so much for coming? We are very grateful to you for being succinct to keep us on time, so that is really kind. We have a private session after this, so we can bring the public session to a close. Thank you very much.