

International Development Committee

Oral evidence: Definition and administration of ODA, HC 547

Tuesday 13 March 2018

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Members present: Stephen Twigg (Chair); Richard Burden; Chris Law; Mr Ivan Lewis; Lloyd Russell-Moyle; Paul Scully; Mr Virendra Sharma; Henry Smith.

Questions 44 - 102

Witnesses

I: Keith Davis, Director, National Audit Office; Terry Caulfield, Audit Manager, National Audit Office.

II: Professor Diana Mitlin, Managing Director, Global Development Institute, University of Manchester; Dr Emma Mawdsley, Fellow, Newnham College, University of Cambridge.

III: Dr Christian Dennys, Acting Head of the Joint Programme Hub, Conflict Stability and Security Fund, National Security Secretariat; Melinda Simmons, Director of Implementation, Cross Government Funds, National Security Secretariat.

Examination of witnesses

Witnesses: Keith Davis and Terry Caulfield.

Q44 Chair: Good morning, everyone. This is an oral evidence session as part of our inquiry into the definition and administration of overseas development assistance. We have three panels and are going to spend about half an hour with each.

Can I welcome Keith and Terry from the National Audit Office and thank you for coming today? In particular, I put on record my thanks to the NAO for the report that you published on this subject last year, as part of the predecessor International Development Committee's inquiry that we had to not pursue because of the general election, but it has been picked up by us now in this new inquiry.

We go straight into questions, but please when you first answer a question introduce yourself. Let me start. Does the bidding process as it exists encourage Departments other than DFID to badge as much of their spend as possible, or as much as they can get away with, as overseas development assistance?

Keith Davis: It is really good to have an opportunity to come here and talk about the report. As you say, we did it for your predecessor Committee as part of the wider support the NAO aims to provide to Select Committees across the House. In my case, I have taken up post since we published our report. Terry is the person who led the report, but hopefully between us we can deal with any questions you have.

On the bidding process, we had a few comments on that in our report talking about how Treasury goes about assessing the bids from different Departments. The key issues we were trying to highlight were around how Treasury is assessing whether these other Departments have capability and capacity. We felt perhaps a little more could be done around that. We were very interested in how Treasury was making that assessment: "This Department is bidding for funds. What is its plan for then monitoring the expenditure? How is it going to assess the effectiveness?" We would have liked to see a little more around that as part of making the assessment, alongside the work that Treasury was already doing, to understand how the bid was intended to contribute to the objectives of the aid strategy. We were raising an issue about the emphasis there within that assessment process. That was the key point for us.

Q45 Chair: Was there a sense from your work that existing projects that those Departments were doing anyway are simply being badged as ODA rather than it being a new opportunity for poverty reduction?

Terry Caulfield: I am Terry Caulfield. I led this report. I was the manager responsible for the report. Departments in the first part of the



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bidding process were encouraged to look at existing expenditure to see if it could qualify as ODA. There are ODA-eligibility rules out there, so you cannot just put stuff forward and say it is ODA. There was a check on that in that regard. In our report, we set out that there were bids of around £18 billion, around £7 billion of which was accepted. There was a process in place. There are rules in place that allow Treasury to make a judgment as to what should go forward, and not all of those went forward because of various processes it went through.

Q46 Chris Law: Does it not strike you as a bit shocking that £18 billion was put forward when clearly only £7 billion was going to fit within the criteria? Were the Government pushing it a bit there, to say the least?

Terry Caulfield: I am afraid that I would find that quite hard to argue based on the detail that we had for this report. We go in at quite a high level, so we just have those high-level numbers rather than the detail supporting them. I would prefer to make that judgment if I saw the detail underpinning it for all of those: the A plus B plus C that got you to the £18 billion.

Keith Davis: In a sense, it is quite helpful that there is a lot to choose from. We would perhaps be more worried if there was £7 million to £7 million. It is good to have some choice, so you can really push to make sure you are getting the things that are best value for money and that make the best contribution to the outcomes.

Terry Caulfield: We talk in other parts in the report about the pipeline of projects that DFID and other Government Departments have, and creating that tension by having projects in excess of the budget, so that you have something to consider, as opposed to just paying out up to that amount.

Q47 Paul Scully: Thank you very much for coming. Do you feel that the current bidding process ensures that ODA is always spent by the most relevant Department?

Terry Caulfield: The UK aid strategy emphasised that other Government Departments would now have an increased responsibility for spending ODA. The UK aid strategy at the same time set out four strategic objectives. Departments were encouraged as part of the bidding process to bid against those objectives. As part of that process, so an assessment could be made, there was a challenge panel, which involved Treasury, DFID and the Major Projects Authority.

Within the context of the UK aid strategy and strategic objectives within that, there was a process that allowed that assessment to be made. Side by side with that, the Department for International Development, as we say in the report, also provided a lot of support to Departments that had more of an uplift in their ODA spending, in terms of consideration of ODA eligibility and how you might manage programmes in an international development environment.



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Taken in the round, there was support there for Departments, some of which already had ODA spending. Some Departments already had that spending in place. It was just a bit more of an increase for them. There were structures in place to provide support to those Departments that traditionally did not have as much as they now have and were encouraged to have by the UK aid strategy.

Q48 Mr Sharma: There is a general concern expressed in the report that the Treasury did not ask for details of the departmental capacity or capability as part of the bidding process. Do you feel the quality of ODA has suffered as a consequence?

Keith Davis: The point we are making there is not so much that we had direct evidence of quality suffering. We are pointing out a risk and an area that is important. At the point that you are making the decision to award funds in any situation across Government, we would expect there to be a proper assessment of the ability of the people bidding for the funds to implement the thing they say they are going to implement. As a general point, across Government, we sometimes find that that is not thought about quite as much as it ought to be at that policy-making, decision-making point. It is a wider point of highlighting a risk rather than necessarily saying, "Look, we can see that there was a failure over here as a direct consequence". It is not quite such direct cause and effect as that, but it is a really important area and one of the key points that we have highlighted in our report.

Q49 Richard Burden: You have said that DFID provides assistance to other Departments in their spend of ODA, but what comes through is that there is not a single Department of Government that is responsible overall for implementing the UK aid strategy or checking on its progress. How could that be changed and how can Government ensure that there is one HMG when it comes to the UK aid strategy?

Keith Davis: Our report talks about gaps in the coherence, and that is in two senses. One is at the level of who is accountable for what, and then the other is at the level of drawing together the story about what has been achieved.

On the accountability side, we can draw a parallel. Across Government now, there are departmental accountability system statements. For each departmental accounting officer, there should be a clear description of what they are accountable for and how that then cascades into their organisation or the different delivery bodies that they are responsible for.

There is a parallel with the aid strategy that there should be, in a single place, a clear statement of all relevant accountabilities. That means that, going down to individual other Government Departments that are spending ODA, it should be clearly articulated what they are accountable for in relation to the aid strategy, so when that is brought together in a single place, you have in a single place a complete statement of all the



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parties that are contributing and what they are responsible for delivering. That would provide a lot of clarity.

It is really the same principle around coherence. It is about a single view and a single point of responsibility for bringing together Government's story about what has been achieved and delivered through this ODA spend, rather than a more diffuse approach where individual Departments are telling their own stories separately about what they have delivered in return for ODA. It is about bringing things together in both senses.

Q50 Richard Burden: There are these cross-departmental groups, aren't there? There is a senior officials group and a cross-ministerial group. How quick are they in trying to pull stuff together, and are there improvements that could be made there?

Terry Caulfield: I could not talk to what is in the report here, because we have not moved it on since we published it in July 2017. We see having an officials group across Government as a positive, given that there is more ODA going out through other Government Departments. The focus of that group, as you might imagine, in the early stages was around achievement of the 0.7% target. In our report, we allude to the fact that the next stage should be focusing on the sorts of effectiveness and coherence issues that Keith mentioned just now. Given that more money was going through other Government Departments, we rightly say in the conclusion that that was a good focus to have on the mechanical side of things. The next stage may be a focus on the overall effectiveness and coherence, and a cross-Whitehall group may be a mechanism for achieving that.

Q51 Richard Burden: How often has the inter-ministerial group met?

Terry Caulfield: I do not know how often it has met since we last reported. Up to the point that we reported, it was three or four times. We had not identified an issue with a group being established and then not meeting. It had met.

Q52 Chair: Is that the cross-ministerial group?

Terry Caulfield: That is the officials group. I do not have any detail on the ministerial group.

Richard Burden: We were under the impression that that has met twice since 2016.

Terry Caulfield: Okay. Apologies, I do not have that detail.

Q53 Mr Lewis: Good morning. Are we confident that the other Departments charged with administering ODA—for many of them it would be a new concept or a much greater amount of money than they have spent in the past—know what they are doing both in terms of spending that money efficiently, and, as Richard was saying, contributing towards the wider UK Government aid strategy? Has there been any assessment done of



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variable performance from Department to Department?

Keith Davis: We also did a report in 2014, which was about the management of ODA and, starting with just DFID, talked about the elements of the management of ODA that could be improved. That is where we talked about issues such as transparency, having the pipeline of projects and having a smoother flow of spend through a financial year. Those issues absolutely prevail across the other Government Departments, perhaps not surprisingly on transparency, for example. As our report shows, in terms of transparency reporting, DFID is further ahead than some of the other Departments. It has been at this game longer, so in a sense that is perhaps not surprising.

We have seen progress over time between our two reports on some of the key measures, within DFID around the pipeline, for example. Other Departments are at an earlier stage and there are certainly areas where our report was arguing that more attention needs to be given; that is for sure. They have made early progress around setting up the right governance processes, but on transparency, for example, a decision needs to be made about how we are going to assess where other Departments are on transparency. There is progress to be made.

Q54 **Mr Lewis:** Can you not address the issue of variable performance at this stage, in terms of other Departments than DFID?

Terry Caulfield: We set out in the report some detail on individual Departments around the rather detailed way of looking at things, for example, how good they are at forecasting expenditure and whether they have a pipeline of projects. Coalescing that together, putting Departments in order and saying, "A is better than B, is better than C" is not something we either set out to do or could do. We found that Departments overall were finding the same sorts of issues and challenges that DFID found when it got its increase in the ODA budget to achieve the ODA target in 2013: forecasting issues, pipeline issues, the spread of expenditure across the year rather than at year-end and that sort of thing. There are analogous concerns or challenges within those Departments.

Q55 **Chair:** In evidence to us, the Overseas Development Institute said that there should be emphasis on the role of central agencies, i.e. Treasury and Cabinet Office, in ensuring coherence across other Government Departments in achievement of the aid strategy. It highlighted the example of Canada where, in terms of the aid strategy, the equivalents of Treasury and Cabinet Office play a real role in monitoring policy achievements, overseeing resource allocation and ensuring coherence and co-ordination of development policy. Would you agree with that?

Keith Davis: I am not sure that we would necessarily specify which bit of Government should perform the role. The key thing is that the roles you just listed in terms of bringing things together are clearly performed by someone. It is clearly an organisation within Government's job to do that.



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We would not necessarily have a view in the UK case on whether that should be done by DFID, Treasury or somebody else. The important thing for us is that the role is performed and it is understood in Government that that is the case.

- Q56 **Chair:** The logic is either, “DFID, because it is the specialist”, and we are going to come on to a bit more about that in a later question, or, “Treasury or Cabinet Office, because they are do not have skin in the game”. They are not directly responsible for any of the particular programmes in the way that BEIS, the Foreign Office or defence might be.

Keith Davis: As you say, you could argue it either way and it is for people to weigh that up. The important thing for us is that there is a clear decision.

- Q57 **Chris Law:** With the expansion of ODA into other Government Departments, has the level of staffing kept up pace or is it lagging behind?

Terry Caulfield: We found generally across other Government Departments that they were very positive in terms of recognising that they needed not only additional numbers, but additional capability to deliver the programmes that were being funded, whether that is in terms of understanding the ODA eligibility rules or just managing the programmes that this additional money is purchasing. We do not have numbers, but we have a sense that they worked actively to identify the staffing and additional skills that they needed.

In terms of the skills side of things, in some instances they are helped out by DFID, which provided guidance on eligibility and help in terms of its approach to project management of programmes overseas. We are quite positive about DFID taking a lead in that regard and offering support to Departments to build their, for example, project management capacity.

- Q58 **Chris Law:** In terms of both the capacity and the staffing numbers, is there still more needed to be done in that area?

Terry Caulfield: I cannot answer that, given that we reported back in July 2017. I am afraid that we have not done any work since then and it would not be fair on us or the Departments to give a response to that. Apologies.

- Q59 **Chris Law:** I also wanted to ask about internal processes and systems in Government Departments, and whether or not they are sufficient to be able to deliver the ODA programmes effectively, especially with regard to transparency. I know you touched on it earlier with Ivan’s question. If assessments are to be made, what kind of assessments are to be made and when can they be made?



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Terry Caulfield: In terms of transparency, there is a definite link back to the UK aid strategy. There was an ambition in there that all Government Departments would reach a certain standard, IATI standard, by 2020. DFID again has provided support to try to get the Departments up to speed in that regard. We know, however, that DFID is the only Department that features in that standard at the moment.

Based on the discussions we had with Departments, they are very positive about what they were looking to do, whether it is to be part of the IATI standard, or just to publish more information about particular projects and their performance generally. You do not have to be just part of the international aid standard; you could publish information about how a particular programme is progressing, in the same way that DFID does on its DevTracker website.

When we reported last year, Departments were cognisant of the need to do more in that area, but over here in the UK aid strategy we have a firm date, the 2020 date, by which Government have said that they would like to achieve the ambition for everybody, all Government Departments, to be on the registry. There were positive signs when we reported that other Government Departments got it and wanted to do something about it on the transparency side of things.

Q60 **Henry Smith:** What capability and capacity can DFID bring in its role and is it adequately resourced in that respect?

Terry Caulfield: We say in the report that DFID made a very positive response to the fact that other Government Departments were now spending ODA. It provided support in a number of ways, whether that was through support on the eligibility of particular items of spending and if they counted as ODA, or through running workshops, for example, around project management and how to run a programme overseas when you have never had experience of doing so before. DFID definitely made a very active response to supporting other Government Departments, by giving its experience over the years of managing programmes overseas, funded by ODA money. In response, Government Departments, as we say in the report, were very pleased with the support that they got.

The other thing to mention is, on the policy side of things, to make sure there is a cohesion around the policy development and implementation side of things. We found examples of the Department of Health and HMRC working together with counterparts in DFID to make sure that there was a cohesion at the policy level, as well as cohesion, understanding and expertise filtering through to the implementation side of things. DFID took its capacity and understanding, and tried to inveigle them into the work of other Government Departments.

Q61 **Henry Smith:** To follow up on the second point, is there enough resource there to achieve that?



Terry Caulfield: From what we saw, yes. There was resource. We did not pick up anything to suggest that there were any struggles in that regard.

Keith Davis: Just to emphasise this, we did our work pre summer 2017, so we have not been in the Department very recently trying to probe that question. That is the only limitation around the answer we give here.

Q62 **Chair:** Is there any consideration of follow-up? Obviously it was not your fault that an election was called, but our inquiry is at a slightly later stage than it would have been.

Keith Davis: No, not at this stage. It is an issue that we will continue to keep a close eye on. At this stage, we do not have any specific plans to publish further outputs in the way that we did with this last summer, but it is an issue that we will continue to watch closely.

Chair: Thank you very much indeed. That completes our questions.

Examination of witnesses

Witnesses: Professor Diana Mitlin and Dr Emma Mawdsley.

Chair: Welcome and thank you both for joining us and for your evidence to us. We will go straight into questions but, when you first get to answer a question, please introduce yourself.

Q63 **Mr Lewis:** Good morning. Thinking about your experiences and looking at the past five years particularly, have you seen significant changes in the types of projects and interventions that the UK has funded? Is there a noticeable shift?

Professor Mitlin: Let me start, around one particular aspect. My name is Diana Mitlin. I am professor of global urbanism at the University of Manchester. I am head of Department for the Global Development Institute. I also sit on the ESRC's research committee and am part of its expert group on international development. I also have an appointment with an organisation called the International Institute for Environment and Development, which is a little similar to ODI, and which presented evidence at your last session.

From where I sit the biggest change has been the Global Challenges Research Fund, the GCRF, which as you probably know has put funding through to a number of research bodies, including the ESRC and other research councils. That certainly changed the nature of engagement in the universities, which previously engaged with a particular programme, the ESRC DFID programme; DFID was funding research and collaboration with the ESRC. This has certainly increased the scale of money coming through to do work that fits within the definition of ODA.



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Dr Mawdsley: I am Emma Mawdsley, a reader in human geography at the University of Cambridge and a fellow of Newnham College. I am going to be director of the Margaret Anstee Centre for Global Studies, which starts up later this year at Newnham.

The four big headliners are, it appears, increased ODA being directed through private sector-led instruments and vehicles, the fragile states expansion, more talk and discussion around infrastructure, and the changes in middle-income countries. India is the place I know best, and that of course has seen some massive changes.

Q64 **Mr Lewis:** How do you feel about the maintenance of a primary focus on poverty reduction? With the scale of those changes, have they significantly changed that focus or not necessarily?

Dr Mawdsley: They have changed it to some extent. It has got weaker. There is nothing inherently problematic about any of these things in relation to poverty reduction. They can all proceed and achieve poverty reduction goals, but the connector fabric between, for example, the growth and jobs agenda is sometimes not strongly enough connected to the poverty reduction agenda. We know from around the world and the early decades of development that growth is not the same as development, and in some ways, I feel, we are taking a slightly regressive step back to treating growth as the goal in and of itself. It is a necessary, but not sufficient, condition, in my view, to achieve developmental outcomes including poverty reduction.

Professor Mitlin: If I might expand, I would agree with Emma. You can see that across a range of UK ODA programming. It is probably true within DFID as well as beyond. It is inherently complex. In many cases these efforts are to try to push countries on to a higher level of economic growth. There is often an assumption that the lowest-income people can be brought along. One reason why the development community has engaged so strongly with the "leave no one behind" agenda is that, for many of us who have observed what is going on in the global south, it has a real need and resonance. It is simply too easy for the lowest-income groups to be left behind.

Q65 **Mr Lewis:** To explore that a little, are you saying that, for example, there may be a focus on the creation or stimulation of jobs, but they may not be with high labour standards, may not guarantee people decent levels of income and may not create jobs for the people who are the furthest away from the labour market? Is that what you are saying?

Dr Mawdsley: In some contexts, if you take the example of India, you can invest in very high-end jobs, and in the context of the sheer numbers in India you are looking at as good as jobless growth. We have to say not just that we need to create jobs, but which jobs and under what circumstances. For example, reading the 2015 aid strategy, the amount of policy work around private sector-led development is very noticeable, but there is almost nothing on labour terms and conditions. As we know



through the multilateral aid review, there was a retreat from the ILO and that was a great shame.

On the issue of work and worklessness, given the changing nature of work globally, this focus on jobs is a very important one, but it has to be propped up with some of these other considerations around the nature of work, jobs and labour.

Professor Mitlin: Again, to expand on that point, absolutely, there is an effort to create jobs. One of my colleagues at Manchester has been drawn into a programme on women opportunities at work, which DFID is heading. DFID and other agencies have been trying to do that, but the devil is really in the detail.

For example, you might have an aid programme that seeks to expand energy to an area that has not previously had energy. That is very beneficial for businesses. You try running a business in an informal settlement without energy and you realise the problems. What is the cost at which people are accessing energy? These kinds of issues are beginning to really drill down. I can see nodding, but the risk is that, if it is not priced at a level that the lowest-income people can buy into, you create a context in which some of the enterprises in that area or those outside in higher-income areas benefit from the expansion of services, but you leave some of the most vulnerable behind.

Q66 **Mr Lewis:** You are very clear in your responses. Are you familiar with ODA guidelines in terms of poverty reduction?

Dr Mawdsley: Yes.

Q67 **Mr Lewis:** Do those guidelines need to be clearer or stronger than they are currently, or is it more about the implementation and delivery?

Dr Mawdsley: I am not sure that it is about the guidelines. It is about the experience, the cultures and the narrative surrounding the nature of development and its primary goals. There has been a very strong swing back from poverty reduction to economic growth to achieve poverty reduction, not least stimulated by the challenge and opportunities provided by China, India and elsewhere. The DAC has been observing south-south co-operation and some of its very significant successes in driving infrastructure-led development, and so on. It is perhaps less about the specific guidelines and more maintaining a commitment to poverty reduction at the heart of development efforts.

Professor Mitlin: Consistent with that—I would very much agree with Emma—you can go so far on guidelines and specificities. We both feel comfortable that DFID is making efforts to do that, and has staff who are clearly committed to the processes of poverty reduction. But what is important is that they exist in a culture of learning that invests in identifying very clear targets, that reports on those targets and that takes staff development very seriously. That is a culture in which people can say, “This is working for this group. This is a vulnerable group. What



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are we particularly trying to do here? What can we try? Are we succeeding? Are we not succeeding? Do we need to try harder?" Those kinds of cultural practices, for both Emma and me—we were chatting about this a bit earlier—need to be inculcated into agencies that are responsible for ODA.

Q68 Chair: Diana, you said earlier that this is not just an issue about other Government Departments, and that this is a shift in DFID itself. I am interested in hearing a bit more from you about that, and in particular what you have just said, where you talked about the cultural practices in Departments. My instinct, based partly on experience and partly on the evidence, is that those cultural practices are more there in DFID than they are in the other Government Departments. Are you saying something different to that?

Professor Mitlin: No, I would agree with that. DFID has been at pains to identify and invest in good staff. Generally, perhaps reflecting over a slightly longer time period, in the area in which I have worked we have been concerned that DFID had not invested sufficiently in staff. It has tended to subcontract out or contract out increasingly large programmes. That creates a challenge if the lessons of those programmes are not brought back to DFID, but I would generally agree with you. DFID is closer to achieving a cycle of lessons for considered and improved programming.

It will take other Government Departments time to get up to speed around this. For example, universities are excited by the opportunities represented by the Global Challenges Research Fund, but perhaps in too many cases meeting ODA is a threshold. They do not necessarily reflect on the way in which they can maximise their contribution to improving economic growth and well-being in the global south. Rather, they ask, "Can we get this project above the ODA threshold? Does it look strong? Therefore, we can submit it".

That is a reasonable place to begin, but the challenge is this. If the UK Government continue with a desire to allocate ODA moneys beyond DFID, which has a specialism, how can we ensure that those other Departments build up their capability as quickly as possible, and are held to account for what they do, how they allocate those funds, and what indeed their contribution to poverty reduction is?

Chair: That is brilliant. That exact challenge that you have just set is the core of this inquiry. Thank you very much.

Q69 Richard Burden: Have the trends that you have been identifying there also led to a shift in emphasis away from the poorest countries towards middle-income countries?

Dr Mawdsley: I do not think there is enough evidence for that. I would need to look at the data trends. It seems that it is perhaps not the quantum of ODA that is the issue, but how it is allocated and to whom.



I am quite supportive of the idea of engaging through ODA and DFID with middle-income countries with substantial levels of poverty. We need to do different things and be smarter. For example, while it is quite reasonable and very much in line with what the federal Government of India desires that those big DFID programmes were closed down in the poorer states, DFID was doing some fantastic work with the governments of poorer states to help them unlock federal money. That was smart work and partnership that had very significant consequences for poverty reduction and governance by those states.

On the other hand, where I have seen the Prosperity Fund unfolding in India, the staff on the ground are doing a heroic job to try to work out what to do, but it seems to me that it has been a difficult process. It has been premature and launched in a way that needed a bit more planning and insight to think about what that money can do. The theory of change is very weak, at least in what I have seen in India. It is changing quickly and I know it is evolving. Working to turn Varanasi into a smart station has benefits for lots of people, but it is not directly and primarily impacting on poverty reduction.

There is another side to this. We look at the Prosperity Fund and others, and I share the primary concern: "Is it achieving poverty reduction?" There is another side to it and it seems that here it is: "Are we actually achieving the other thing that it is meant to achieve, the secondary benefits of supporting UK or international trade and businesses?" It seems to me that it is neither fish nor fowl. We are tying one hand behind our backs, and it is perhaps a suboptimal use of taxpayers' money in both directions. One of my concerns about the Prosperity Fund is that it is trying to use ODA to do something it has historically not done, so it may improve, but, certainly in the case of India, some of the decision-making processes were not particularly timely or agile. There were problems with the way it then worked in terms of ministerial sign-off with Indian partners.

For the Prosperity Fund, the real danger if the worst comes to the worst is that it falls between two stalls and does not do either as well as it might.

Q70 Richard Burden: That is very interesting. There are more poor people in middle-income countries than there are in the poorest countries, so if there is any kind of shift in emphasis, of itself, that does not necessarily mean anything. It depends on, as you say, how the money is used and what the strategy is there.

You mention the Prosperity Fund. Would you agree with Oxfam UK? One of the concerns that it put forward on the Prosperity Fund is that, in relation to middle-income countries, many of the poorest people are those living in rural areas who get their livelihoods from agriculture. There is very limited emphasis on the Prosperity Fund on rural development and agriculture, and that limited emphasis reflects the confusion in perspective that you are talking about and, in turn, the



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ability of those programmes to reach the poorest people.

Dr Mawdsley: Absolutely. If we want to cultivate soft power and support trade, British exports and industry, we should do that. If we want to support poverty reduction, the Prosperity Fund does not seem to me the best tool, at least in the context of somewhere like India. The Prosperity Fund, for as far as I can see—it is early days, and it is very hard to access information—is not reaching out to those poorest people.

The other thing, which Diana and I were talking about before, is that the complexity of development means that some forms of growth create poverty. The displacement through creating smart cities, slum demolitions and removing people can be growth projects done in the interests of growth, and yet produce poverty.

Given the complexities of how growth is stimulated, trade, business and jobs, it is not a simple and linear process of good things happening one after the other. Historically, DFID has been very aware of and dealt with that complexity, and I am not sure whether some private sector partners are quite in that mind-set.

Q71 **Chair:** Private sector partners and potentially other Government Departments as well?

Dr Mawdsley: Perhaps, yes.

Professor Mitlin: The conditionalities, as Emma has said, are key. For example, if you happen to live in an informal settlement and you are going to be resettled, you really want the money to come from the World Bank because the World Bank is the most likely to insist as a conditionality of the loan that you are compensated for being pushed out of your home. It may also in some cases, I understand, compensate informal traders, who are given trading spaces. There is a continuum of what you get.

An agency needs to understand the complexities: that when you make those kinds of investments you may risk pushing away people who are the most vulnerable. You need to think about how you do it and negotiate in quite a sophisticated and subtle way with the Government. You potentially need to engage with some of the people who are being displaced, and the organisations that they have to represent them, and begin to negotiate solutions. There are the skills and capacities both within the UK and beyond to resolve some of these tensions, but it takes time for agencies to build up that knowledge.

Q72 **Lloyd Russell-Moyle:** You said that it was “neither fish nor fowl”, describing the Prosperity Fund. Would it be better that one Department took a stronger lead in not just the Prosperity Fund, but maybe all ODA, in terms of ensuring that it is at least fulfilling the goal of poverty reduction?



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Dr Mawdsley: My instinct, which I recognise is at odds with the current direction of travel, is that it would be better if DFID was in charge of all ODA, but of course partnered with the Department of Health, trade and other Government Departments, precisely to draw on their strengths and build on potential synergies. DFID has evolved extremely strongly around its poverty reduction mission. If we want to maintain what makes Britain an extremely well-respected player in the international development field, DFID's expertise, size, research capacity and leadership have really served the UK well in those international realms. I am concerned about cutting away ODA, partly because of some of the problems that have been discussed in this Committee, but we might lose some of those other things that DFID brings to UK ODA.

Professor Mitlin: There is some value in having expertise from other Departments. There is value sometimes—in fact, often—in having different approaches. I am something of a pluralist about that.

Having a common transparent reporting framework that says, "This is the money; this is what we have contributed; this is how we have contributed, for example, to the sustainable development goals, which have resonated as an international reporting framework; this is what we have done to the 'leave no one behind' agenda", and a very clear process by which ODA spending is seen to be accountable to fairly simple but powerful metrics, becomes very important in terms of catalysing a discussion about what worked, what did not work and why it worked and did not work. I would be more comfortable if that was very clear.

Lloyd Russell-Moyle: DFID would set the framework for reporting and accountability that other Departments would have to abide by. Are the Departments reformable, if you are saying that there is a problem, or is it just that we need to cut them loose and have DFID running the roost?

Professor Mitlin: I have limited knowledge of other Departments. I have some knowledge of the research councils and the Global Challenges Research Fund. For me, it is not even a question of being reformable. They are keen to contribute. Universities are full of people who would love to contribute, who would go the extra mile, but they probably need a clearer framework against which they can report. DFID developed this itself over some decades. It takes time to develop it. You do not wake up one morning and have the perfect reporting framework.

I would suspect that they are reformable. I suspect that there are people who are genuinely enthusiastic about this opportunity, but they need a structure against which they can learn more quickly.

Q73 **Chair:** Emma, you have written about a trend of the financialisation of aid. Can you elaborate on what you mean by that?

Dr Mawdsley: Yes. Of course it is not new. We can think of microfinance as a form of household financialisation. There are many, many good things to be said about financial inclusion at various levels.



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One of the things that I have observed is a great deal more discussion about how UK aid can now expand financial deepening, not just at the household level but in terms of things such as the London Stock Exchange Group working in partnership with the Tanzanian stock exchange, and other ways in which financialised companies' financial interests are being supported.

My concern here is primarily that, in all the discussions of risk I have seen, every single document is about risk to investors. We know that the financial sector is inherently risky. We can mitigate some of those risks, but we need to think about them.

I had a very interesting conversation with a senior man in the Bank of England, who was responsible for its international development policy and portfolio. I said, "Am I just reading the wrong stuff? Am I reading public-facing documents where you do not get into detail? Am I in the wrong room when the risk of, for example, expanding the capitalisation of Tanzania's stock market is discussed?" He said, "No. I sit in the Finance Ministers' meetings at the G20. I sit right at the heart of these meetings and the risk to countries and financial systems in poorer countries is not being discussed".

There is a huge pressure to use ODA to push financial inclusion not just at the personal level, but up into the structures of economies, to do the work of creating asset classes and make more things tradeable. This is, it seems to me, accompanied by a very Pollyanna-ish narrative: "Financial inclusion is good. Tip-top, off we go". We need to be much, much more careful about what greater financialisation brings, both good and bad, and how we mitigate those risks.

Q74 **Chair:** Diana, do you broadly share that analysis?

Professor Mitlin: Yes, I do. I work quite closely with a movement called SDI, Slum Dwellers International, which has about 2 million savers across sub-Saharan Africa and south Asia particularly. It is a bit like the economic growth story: you absolutely need access to finance, but debt is extraordinarily risky for the lowest-income households. Many of the women fear to take loans because they can see the crisis that their household would face. Many of them want somewhere safe to save, because if they live in a family where essentially finance is controlled by the man of the family they have no opportunity even to mitigate the risk that they will not be able to feed their children tomorrow. Providing savings facilities is more important, but it just seems to be less interesting and exciting than recapitalising the stock market.

Q75 **Chris Law:** The UK aid strategy underlines the importance of the Conflict, Stability and Security Fund as "underpinning our security objectives". How do you feel this sits with the primary aim of poverty reduction?



Professor Mitlin: I am far from having this expertise. I consulted with some of my colleagues. GDI in Manchester sits alongside another institute, the Humanitarian Conflict Response Institute. Some of my academic colleagues work more closely with this agenda. I am not relating this response so much to your fund, but more to the complexity of what goes on.

There is a longstanding concern that, because of investment in securitisation, in part because of the shift to countries where they have ongoing conflict—fragile states—and DFID's attempt to bring greater stability to those contexts, humanitarian aid, security and the military can sit side-by-side. This has been a concern to many.

One of my colleagues has done research in Afghanistan and found that there is no simple answer to this. For NGOs that had worked along with the military, they did not feel that they were at greater risk and were not threatened in the same way as those who stood back from that.

In a way, it really goes to the heart of the complexity of aid delivery, because if DFID wants to invest more in bringing stability to countries it will be delivering humanitarian development assistance in countries where there is ongoing war, and therefore it is more likely that that delivery will require the military, in order for workers to be safe. You end up with a very complex situation.

Going back to Emma's earlier point, in order for aid to be delivered successfully, the objectives have to be very clear. Where there are multiple objectives, they have to be identified, and the conflicts between those objectives have to be at least engaged with, even if they cannot be fully resolved.

That is not quite an answer to your question about the fund, but for me it goes back to the complexity of identifying what the objectives are, identifying how to learn if those objectives have been achieved and, where there appear to be objectives that have a tension with one another, being honest about that tension and how that tension is being resolved.

Q76 **Chris Law:** I turn particular attention to what has been in the news in the last week, which is the Government announcing £100 million to go from DFID to Saudi Arabia for its Saudi Fund for Development, followed the next day by a deal for 84 fighter jets worth £65 billion. There has been huge criticism across the UK, not least from the public, and it was described as a national disgrace, particularly because of the bombing in Yemen and the blocking of aid, which is threatening millions of lives in Yemen. I wondered what your views are on this. Please expand. Also, would you suggest this is aid for trade and security, or ODA for poverty reduction?

Dr Mawdsley: It is deeply problematic. In a context in which we have sections of extremely hostile media, even if it was not a dubious decision,



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it was dubious timing and there is a political responsibility to think about that.

I am very supportive of the idea of trilateral development co-operation and working with non-DAC partners in various ways. The Saudi Fund for Development could be an example of that, but is not a good example. While it is appropriate for the UK to be exploring these trilateral partnerships, this is not the right one. Under the circumstances, it is hard to see it as anything other than a deeply politically compromised decision.

Professor Mitlin: I have very little expertise in this field, but as a citizen of the UK I am also deeply disturbed. It looks extremely strange. There are situations in which careful negotiations go on about ensuring that aid is spent on a more progressive agenda, but if that is the case here we would expect to see something that demonstrates that.

Q77 **Chris Law:** Is your concern going forward that this is the beginning of a new trend?

Professor Mitlin: It is very difficult to say if it is the beginning of a new trend. It is not the only example where these things sit side by side. I am conscious that there are a lot of things changing in the world. It is kind of the Brexit question.

For my part, I think Britain has had an extremely good reputation in terms of its ODA commitment. My colleagues outside of the UK are admiring of our commitment to 0.7%. The more that we can work to ensure that the 0.7% is measured against metrics that demonstrate contribution to poverty reduction, the more we will maintain our reputation. I would argue we would maintain our soft power, because we will be seen as credible, committed and really engaged around the poverty reduction agenda. Hopefully, the more we can shift the discourse on to that, the more it is likely to be popular with the British public, and the more difficult it will be to make the deals that appear to be moving very significantly away from that.

Q78 **Chair:** Emma, you said that the Saudi Fund for Development is not a good example of the trilateral approach that might make sense in other circumstances. Are you basing that on the controversy around actual or perceived links with trade in Yemen and those issues, or is it based on something else in terms of the Saudi development approach?

Dr Mawdsley: Sorry, I should say, "In this particular moment and place". The Gulf states have a range of very interesting national development funds and agencies, and cross-national groupings. I am not a particular expert on Gulf state development co-operation, but some of these partnerships could be a good idea, and so too with India, Brazil, China and others. They have to be carefully handled, not least in the spirit of listening and genuine partnership rather than swinging in with the rather hubristic idea of what we can always provide. All international



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relations and partnerships are incremental. We might not get them right the first time around. For example, UK DFID specifically is partnering with India in some very interesting ways to assist in its implementation of lines of credit, and some agricultural projects in Uganda and elsewhere.

This is a new world opening up in front of us that moves a long way from the traditional, and always problematic, binaries of north and south. I know this is what academics say, but it is complex. We cannot always work out what the precise complexity will be, but what we can almost always say is that we should be careful not to fool ourselves through some sort of cognitive smoothing process that all interests always align, whether it is private-sector growth, jobs, Indian constituencies, federal governments, state governments. We should think in terms of the politics of what is going on.

Q79 Paul Scully: To clarify, the criticism of KSRelief comes from the perception of what is going on at the moment rather than an implicit criticism of Saudi relief itself.

Dr Mawdsley: Yes. I do not have any particular insight into the Saudi Fund for Development. It may be doing lots of great work.

Q80 Mr Sharma: Is there risk that activities are being badged as ODA when their primary aim is not poverty reduction?

Professor Mitlin: There is a risk, because many of these actions have multiple aims. You could introduce an energy programme, going back to our previous example, that was really intended to reach out to the lowest-income groups, and you could have one that was intended to catalyse an energy-intensive industry. There is always a risk, because actions can be represented in different ways and targeted at different agendas. To repeat something I said earlier, the only way to resolve that risk is to be really clear about what the objectives are and measure if they have been achieved or not.

Dr Mawdsley: Yes, but we have to be a bit clever about what poverty reduction is. We all know that growth can lead to poverty reduction. Good governance can lead to poverty reduction. I have concerns about inequality as a very, very major global problem, in some ways as debilitating and erosive as poverty. We also need to not always see poverty as income poverty and not simply prioritise material growth as a desirable end state.

In a way, we cannot fetishise poverty reduction and narrow it down to simply shifting very poor people up to being poor people, which is the danger. It is more about the sense of whether the ODA budget is simply being pillaged to serve other purposes. Those things can align, and when they align that is great, but if there is the sense that ODA is simply being pillaged—and DFID's problem in a way is the 0.7%, because that maintains a rather attractive sum of money in an austerity era—that may do more harm than good. I am certainly not advocating that we fall



behind our 0.7% commitment, but we need to be careful at this particular juncture that the UK's international development efforts are seen to be motivated first and foremost for the right reasons and in the right interests. We should not fetishise poverty reduction in a very narrow way.

Q81 **Chair:** Thank you very much indeed to both of you for your evidence. That has been incredibly useful.

Examination of witnesses

Witnesses: Dr Christian Dennys and Melinda Simmons.

Q82 **Chair:** Hello and welcome. Similar to the previous two panels, we will go straight to questions. We have six questions that we want to cover with you over the next half-an-hour. When you first answer, please introduce yourself.

Can one of you clarify for us whether the International Development Act applies to the CSSF and Prosperity Fund programmes?

Melinda Simmons: My name is Melinda Simmons and I am the director of funds implementation, which means that I am overseeing the transition of the Prosperity Fund and the Conflict, Stability and Security Fund into one merged unit. Christian Dennys, who sits next to me, is the acting head of the CSSF. He is effectively doing the job that I was doing until I took over this transition role.

By way of answering, it might be quite helpful to spend half-a-minute summarising what these funds do. The CSSF does what it says on the tin. This is a fund that focuses on conflict, stability and security. It operates in over 70 countries. It is, along with the Prosperity Fund, which focuses on economic development and economic reform, a cross-Whitehall fund, which means that it is characterised by the fact that several Government Departments, including DFID, are involved in delivering it. It reports to the National Security Council through a system of ministerial oversight, in which all NSC Departments and DFID Ministers are involved.

The quite important features of them are that they incentivise Departments to work together, recognising that you need the full range of that capability and those areas of work that each of those Departments brings to tackle the issues. The CSSF, in particular, blends ODA with non-ODA, which is important when you are working on conflict and security.

Most importantly, because neither of them in the scheme of the total allocation of ODA are very big funds, they are complementary; they work very closely alongside other Government programmes in those countries where they operate. They are either filling gaps where, say, DFID is not, piloting activity using non-ODA, which DFID does not have, or filling a piece of work where DFID goes so far in humanitarian delivery and the



CSSF will pick up the stabilisation element, so that the UK can do all it wants to do, rather than potentially forcing it through a Department's priorities and not being able to do things that are not ODA-eligible.

Thank you for your question on IDA. Both funds are IDA-compliant. The question of how Government Departments spend ODA and how they use the International Development Act is for them. The CSSF does not set those parameters for them. CSSF has set systems to ensure that all ODA spent by Departments is IDA-compliant. Both funds deliver on the SDGs. Both funds feature very clearly in the Strategic Defence and Security Review, where poverty reduction is highlighted as a priority. Both funds, alongside DFID ODA, as well as other departmental ODA, deliver on all four pillars of the aid strategy, so they are working together on crisis response, on conflict, on prosperity and on poverty reduction.

Q83 Chair: Do you accept that there is a potential conflict, and maybe even an inherent tension, between the primary objective of poverty reduction and the secondary objective around national interests?

Melinda Simmons: I do not, actually, because I think poverty reduction is in the national interest. Poverty reduction is part of the aid strategy, alongside the components of it. I see the work that the CSSF does on conflict reduction as being a vital part of what you need to do to reduce poverty. That has already been set out very clearly by the World Bank and others. Similarly, there is a reason why economic development features in two of the SDGs. I do not see an inherent tension between the two.

Chair: In a sense, you are defining that "national interest" as simply being that the primary objective is in our national interest. There is no other national interest here that is relevant.

Melinda Simmons: Exactly. I do not see a political issue of whether there is a tension between poverty reduction and other ways in which ODA is used.

Q84 Chair: You do not see any risk, for the CSSF or the Prosperity Fund, that a decision might be made to go to a particular country because that is in our broader economic interest, for example in the context of Brexit, which might not be the country that you would go to if you were solely looking at poverty reduction.

Melinda Simmons: In the context of the CSSF, you blend ODA with non-ODA, which enables you to make those kinds of decisions anyway.

Q85 Chair: It might all be ODA, but it might still not be where the poverty reduction needs to be greatest.

Melinda Simmons: Both the CSSF and the Prosperity Fund require business cases, and indeed the strategies that define them, to pass the test of poverty diagnostics. If they do not pass that first test, they are not getting ODA. The first discussion around how you use the funds in both



cases needs to show that it will comply with the terms of reference for using ODA. There have been cases in the CSSF in the last couple of years where we have been asked that question and the answer has been, "If it is ODA that you want to use, no".

Dr Dennys: You need to bear in mind the global context. The context of ongoing conflict and civil war will affect economic growth in a particular country by, on average, 2.3%. That is the World Bank's consideration and conclusion in its 2017 World Development Report. That is quite important because it provides a rubric, a touchstone, for you to consider how to engage, ultimately, in poverty reduction in those countries. I accept the point from one of the previous speakers that economic growth is not the be all and end all of poverty reduction—it is complex—but it is an important marker. That is much more to do with the Conflict, Stability and Security Fund. From the Prosperity Fund's perspective, if 70% of the world's poorest live in middle-income countries, there is also a clear poverty reduction case and a clear national interest case to say, "We should engage in those countries".

Q86 Chair: What about the point that was raised in the previous panel? The example of India was given, in terms of where the Prosperity Fund's focus is within a country. A lot of the greatest levels of poverty are in the rural areas, where the fund will be less focused.

Melinda Simmons: There are a few things on that. The first is a reminder about how small the Prosperity Fund is. The work that it will be doing in India is quite niche compared to other efforts. Secondly, as I said before, all business cases for India, for its global work or for activities elsewhere have to go through that poverty diagnostic, so it is being tested. Frankly, at least half of these programmes are only in their first year of operation, so it is really early to assess whether it is going to hit that or not. All feedback, though, is useful. All Prosperity Fund programmes are subject to risk management. They are looking at this through the monitoring contract and they take that on board.

Q87 Lloyd Russell-Moyle: In the last panel, we heard that sometimes it was just about a bar being set and that, once that bar was met, there was no worry about quality above it. Is that what you are saying in the diagnostics: that you are just meeting the bar but you do not really push yourselves to do better ODA? You just care about whether it is ODA—yes or no.

Dr Dennys: No, there are further tests to interrogate the quality of that delivery as well. As Melinda outlined, there is the primary test: does this qualify as being IDA-compliant and meeting the ODA criteria? Then, in particular with the Prosperity Fund, there are a number of other criteria once you get into the development of business cases, and one of those is poverty reduction. There is an ongoing process to ensure that that aspect is continued throughout the life of the design, delivery and eventual evaluation of the programme.



Q88 Henry Smith: Some concerns have been raised in evidence received, both oral and written, by this Committee about the transparency of CSSF funding. Is that something that you would acknowledge?

Melinda Simmons: This is an issue that was raised in the Joint Committee on the National Security Strategy, when it did its review of the CSSF last year. We have come an awfully long way in the last year. When the JCNSS was conducting its inquiry, we had not yet begun to publish. In the last year, the CSSF has published its first annual report. It has put out project documents. It has put out annual summaries. It has a live webpage on gov.uk. Sitting where we are now, compared to a year ago, it feels like a really different place.

In all these things—including, by the way, our programme design—we work very closely alongside DFID. We have the same commitments to achieve levels of transparency according to the IATI target, and we are going to continue to work on that this year. One of the ways in which we are going to work on it in the CSSF is by evaluating our projects against strategic impacts. We are going to be looking at outcomes and publishing that information for the first time this year.

One issue or challenge that we have, which proportionately is a bigger issue for the CSSF than, for example, for DFID, is that we apply two tests to our transparency that we really have to deal with. One is national security and the other is the safety of citizens. Because the CSSF funds sensitive activity—sensitive in being classified activity, but also in terms of the level of risk in the countries where we are—we may find it harder to achieve full transparency in publishing the complete range of what we do.

Dr Dennys: To look forward a little, you can already see, through what is called the development portal, that our data that is published on the .gov website is being pulled through the IATI system and is published, so you can analyse all aid spending in Algeria, for example, and you will be taken to the CSSF-relevant page. The next stage is working with DFID to enable us to publish on DevTracker itself, and that is something that DFID is looking to offer across Government.

Q89 Henry Smith: We have already discussed a little some of the blended funds of ODA and non-ODA. Why is that information redacted in ODA reporting?

Dr Dennys: To reiterate what Melinda said, there are two grounds, and they are, frankly, based on the standards for freedom of information. They are national security, and the safety and security of the beneficiaries, partners and partner Governments. ICAI has been conducting a review of the CSSF over the last nine to 12 months and agrees that there are elements that should not be put in the public domain. It would, of course, want us to be as transparent as possible and we will aim to meet that.



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Q90 **Henry Smith:** CSOs have suggested that redaction should only take place where there is a compelling reason for that, so that there is a presumption to publish and only redact in extreme circumstances. What would your view be on that approach?

Dr Dennys: There is a presumption to publish. That is the starting point and then we go back from there.

Q91 **Paul Scully:** You talked about the IATI standards. Are you on track to meet them by 2020?

Dr Dennys: Yes, that is what we have committed to.

Q92 **Paul Scully:** Are you on track at the moment?

Dr Dennys: Yes. The very specific issue that we have at the moment is that the data we have published thus far meets the types of data that IATI requires, but a significant proportion of the IATI requirement is about the usability and the flexibility of the data, for the public to be able to use it and analyse it. There are limitations with the .gov platform as a website, and that is one of the reasons why we are working with DFID to ensure that our data appears there as well as on .gov. DFID set those standards in line with what IATI has set out in terms of usability of data, so that should resolve the last major piece of the puzzle.

Q93 **Paul Scully:** Regarding the flexibility and usability, are you intending to improve or increase the detail of information in future annual reports?

Dr Dennys: Yes.

Q94 **Paul Scully:** How might you do that?

Dr Dennys: We are already in an ongoing cycle of publishing programme document summaries and annual review summaries. There will be an annual report. We will also have continued engagement with civil society actors, the private sector and other interested parties in academia to engage them on much more of the subject matter expertise elements.

Q95 **Richard Burden:** Could I ask you a bit about the Joint Programmes Hub? The CSSF annual report says that it provides extensive support and guidance to CSSF programmes across Whitehall. Can you tell us a bit more about what that actually means? What practical assistance does it give?

Melinda Simmons: Yes, we do, and this is one of the defining differences between the team that runs the CSSF and the team that oversaw its predecessor, the conflict pool. The team that oversaw the conflict pool was largely a reactive team that would receive reports from the three Departments. The CSSF offers technical advice, so we have technical advisers in the team. We offer training and, until now, the CSSF has trained over 400 people from across Government Departments and posts overseas. The Prosperity Fund, by the way, has also been doing training but the CSSF has reached out to over 400. It is informal three-day training on the programme management cycle. Those trainings



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are really popular. They are generally oversubscribed. We also run bespoke training in Departments, including for financial management. We are quite forward leaning, both on teaching people about ODA eligibility and on how to forecast, manage and spend ODA. It also offers programme design help in partnership with the Stabilisation Unit. The Stabilisation Unit is funded from the CSSF and we draw on it quite extensively. There is access to expertise for assistance throughout the cycle.

Remember, the tension here, or the challenge we have, is that the CSSF is delivered by 12 Government Departments. That is a lot of Departments requiring that expertise, so we have to be quite agile in how we make sure we can do that. Yesterday morning, I had two finance people spending the morning in the Crown Prosecution Service, for example, working through accounts. That capability assistance that we give takes several forms. There is a huge appetite for it.

Dr Dennys: Of course, we manage and oversee the totality of the budget of the Conflict, Stability and Security Fund. That is delivered across 12 different spending Departments and agencies in 70 countries. Our outturn last financial year was 99.4% against our budget of £1.2 billion. We also provide a function to share advice and expertise across Government, quite often drawing in expertise and input from DFID itself, as well as other Departments such as the Home Office or the Foreign Office, and we share that out through our programme management network. We run a global lessons workshop once a year to bring everybody across the network together, and then all our regions come together at a regional level and we engage in those processes.

Q96 **Richard Burden:** Could you say something about the Prosperity Fund? You said that is a bit different. What are the levels of support offered in relation to the Prosperity Fund?

Melinda Simmons: I should have said at the beginning that, before joining the Foreign Office to set up the CSSF, I had a DFID background. I was there for 12 years and served overseas. Christian also has a development background. DFID staff moved in to help build both funds at the beginning. Now it is much more of a balance of cross-Whitehall staff.

The Prosperity Fund is not different in terms of the advice that it offers to Departments and to posts. The only difference is that it is a newer fund than the CSSF, so it is a bit behind. The Prosperity Fund has trained over 200 people in programme delivery. One of the reasons for bringing the two funds together is to create joint products where we can, for ease of time and efficiency, frankly. Some of that training inevitably overlaps, but we still need to be giving the technical advice that Christian is talking about, which the Prosperity Fund provides on governance and economic development, and the CSSF provides on conflict and stabilisation. There is a mirroring of the capability that the Prosperity Fund makes available and the capability that the CSSF provides.



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Q97 Mr Sharma: I think that you will be able to elaborate further on this question from your previous answers. How does the Joint Programme Hub perform oversight of CSSF programmes? Is the same approach used for the Prosperity Fund?

Melinda Simmons: This is part of the servicing and advising that Christian and I were talking about before. We run an annual review process in which Joint Programme Hub staff, alongside Stabilisation Unit staff and others, will look at the whole range of our programmes. Whether they are ring-fenced or discretionary, they all get reviewed. As I said before, those annual reviews were published for the first time on gov.uk.

We train people up in doing those annual reviews. We train them on results frameworks. We train them on theories of change. We take DFID best practice to do that and work alongside DFID, making sure people's knowledge on that is updated. The annual reviews are the main tool for it but the funds, particularly the CSSF, report through regional and thematic boards, which take quarterly updates both on their business cases, so on the programmes and how they are doing, and on the money. The Joint Programme Hub sits on all those boards, so it is a partnership between the hub, which oversees the fund, and the regional boards, which have the SRO relationship for the regional and thematic allocations. The strategy at the level of the portfolio and at the level of spend are regularly reviewed throughout the year. They are reviewed at senior level as well as at desk officer level.

Q98 Lloyd Russell-Moyle: Going back to the transparency issue, is it the Joint Programme Hub that will have an oversight of what is redacted or not, or is that just a choice that you make personally to scrawl some stuff out?

Dr Dennys: Because we are a cross-departmental fund and the publications reflect material from multiple different Departments depending on who is participating in our programme, there needs to be a central checkpoint, and that is the Joint Programme Hub. It is the posts and the Departments that produce those documents in the first instance, so they will decide initially whether they think that there are grounds for redactions. We ask them all to justify that, and then we review those justifications.

For some of them, we say, "Actually, we think you are being overly cautious". Sometimes we have picked out elements where they have not considered some of the sensitivities in partner Governments, particularly the domestic Departments and agencies, which, being quite UK-focused, do not necessarily fully understand the implications of explaining what types of training we provide to certain sensitive areas of other partner Governments, which those partner Governments may not want put in the public domain. We are the final checkpoint before publication.

Q99 Lloyd Russell-Moyle: DFID might say, "We want the ODA element



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redacted". That goes into you, and then the Joint Programme Hub is the one that signs off those redactions. Does it go anywhere else for a check to make sure that there are security concerns, rather than it being whimsical?

Dr Dennys: The authority to sign off the redactions is with the directors in the regional boards. We provide a final check through our director-level reporting line into the National Security Secretariat. To be honest, in the last round of publications, there were a couple of sentences that we thought may be reaching into areas we did not want to put into the public domain.

Q100 **Chair:** In terms of the oversight that the Joint Programme Hub is now performing, what is the timescale for that to be fully functioning across the funds, i.e. the CSSF and the Prosperity Fund? Is it now fully operational or will it take some time to bed in fully?

Melinda Simmons: Do you mean the merger of the two funds?

Chair: Yes.

Melinda Simmons: The transition process has been working alongside the NSCR, the review of the national security strategy. That set of outcomes, which included a review of the funds, is due to publish shortly. As referenced earlier, the JCNSS inquiry had already raised these questions. There was extensive feedback from embassies and Departments as part of the three funds review, which was incredibly helpful, to suggest that we would achieve economy of scale and much better streamlining if we, for practical reasons, put these funds together as much as we could. From April, next month, that is what we will be doing in a new unit, which will be called the Joint Funds Unit.

Q101 **Chair:** Can you tell us a bit more about the Joint Funds Unit and how it might address some of the issues that have come up today in terms of both coherence and transparency?

Dr Dennys: We are already holding joint senior management meetings across the two units. Some of the priorities that we are already looking at prior to the operationalisation of the joint fund are issues around transparency, making sure that our own internal resource is being most efficiently used to run the processes of what we publish, where we publish and how we publish. We are also looking at driving some further efficiencies in the training offer we provide across our staff and network.

Melinda Simmons: It will not change the model of delivery for either fund. It will streamline the administering of them.

Q102 **Chair:** Is it simply an administrative advantage or is there some policy coherence advantage to it as well?

Melinda Simmons: That is to be seen in the NSCR. Of course, the two funds, as I have said, are not that big in the scheme of what the NSC mandates. The broad coherence between the economic development



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issues and the security issues will be set out in the NSCR. The review that the funds went through and the transition that we are going through now are designed, for now, to make sure that the two funds can service that in as efficient a way as possible.

Chair: Thank you very much indeed. That completes our questioning. Thank you.