

International Development Committee

Oral evidence: New Secretary of State's priorities, HC 2364

Wednesday 26 June 2019

Ordered by the House of Commons to be published on 26 June 2019.

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

Questions 1 - 14

Witnesses

I: Rt Hon Rory Stewart OBE MP, Secretary of State for International Development; Nick Dyer, Director General, Economic Development and International, Department for International Development.

Examination of Witnesses

Witnesses: Rt Hon Rory Stewart OBE MP and Nick Dyer.

Q1 Chair: Good afternoon, everyone. Welcome, Secretary of State and Nick Dyer; thank you both for coming. I know, Rory, this is your second appearance before us, but in the first we focused on the sexual exploitation, abuse and harassment issues. We want to spend the first part of today's session on some broad general issues, and then move on to look specifically at the voluntary national review and the sustainable development goals. I will ask you, really briefly, what you see as the vision now for the UK development and aid strategy, and in particular your priorities as Secretary of State.

Rory Stewart: First, I am very, very happy to be here. Secondly, to try to frame the conversation in a realistic framework, I have been in this role now for a matter of weeks, and there is a non-trivial possibility that I will not be in the role in four weeks' time, so I am approaching that question from the point of view of what I can achieve in a relatively short period. If I am lucky enough to be reappointed when the new Prime Minister comes in in July, I will then be able to lay out what I think would be a more realistic strategy for a two-year tenure, but at the moment I am trying to think about what I can achieve in a relatively short period.

Within a relatively short period, my two main priorities are to, first, put climate and the environment at the heart of what DfID does. I have set out an objective to double the amount that we spend on climate and the environment within our budget. That is because I think the distinction between development, climate and the environment is a false distinction, and that will become increasingly clear over the next few years. We need to get that in there. That is not just about money; it is also about the expertise and the skills within our Department. We probably had more people working on the environment 15 years ago than we do today, ironically. Many of those people went off to work for environmental NGOs, so there is also a question about building up expertise.

The second major change I want to bring in is a change to the way that we do business, the sort of "how" of development rather than the "what". That is about making sure we have much more expertise in the field, so that we have health advisers and education advisers out there, able to ensure the programmes we are delivering are much more about quality than quantity. My biggest concern, coming on from when I was a junior Minister in this Department, related to my anxiety that we, for example, would boast that we would get enrolment of up to 90% of girls in Malawi, but at the end of seven years they would be unable to read or write. So those would be my two, which I would characterise as, I suppose, climate and environment, and people and quality.

Q2 Chair: You mentioned the possibility that, I guess, this could be your second and final appearance before us as Secretary of State, and you have said that you would not serve in a Cabinet led by Boris Johnson. Is



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that something you would reconsider?

Rory Stewart: No.

Q3 **Chair:** Okay. Can I ask about the CSR? What is your sense of going into a comprehensive spending review, and what would the Department be seeking from a CSR?

Rory Stewart: We are in an unusual position, having come from the Ministry of Justice into DfID, that we are not bidding around the overall envelope spent on overseas development, although it is important that GNI continues to rise. A lot of our planning assumptions have been predicated on the assumption that our economy grows. If we were to end up in a situation where our economy grew significantly more slowly, if the medium worst-case predictions of the Bank of England or the OECD proved to be correct, that would pose a problem for us.

However, that said, that really means we are talking about two types of allocation within an overall envelope: the proportion of overseas development assistance that is spent by this Department as opposed to other Departments, and the proportion within the envelope that we get, whether it is 70%, 75% or 78% of the overall envelope we end up receiving, that we spend on separate programmes, and, from my point of view, the amount that we spend on people. We currently spend between 2% and 3% of our overall budget on our people, which is very, very, very low. At the other extreme, the Foreign Office probably spends 85% or 90% of its budget on people.

If you look at other development agencies, the US would probably spend 5% or 5.5%, the Germans even more than that. In order to really do what we need to do, whether it is value for money in the field or decreasing our reliance on consultants—another thing I want to do—a lot of this requires having simply more full-time staff. That is a good thing to do, because a lot of the countries we operate in, particularly the fragile, conflict-affected states, require an enormous amount of knowledge of that context. If we do not have the right people on the ground, that will not work.

Within the CSR framework, the two things that I, if I were lucky enough still to be here, would be pushing for are doubling the amount of the budget within our allocation that is spent on climate and the environment, and, secondly, increasing the amount we spend on people.

Q4 **Chair:** That is music to my ears. We will pursue climate in a moment but, on the other matter, this Committee has recommended precisely that a larger amount of the Department's budget should go on your own staff. There is just one more from me. How confident are you that, whatever happens in this leadership context, there will still be a Department for International Development, and we will still be committed to 0.7% as a country?



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Rory Stewart: I am very confident about the latter. It seems to me that both Boris Johnson and Jeremy Hunt have remained committed to the 0.7%. There has been talk from both the candidates about reorganisation. My assumption is that that is a reorganisation in which there would remain a Department and a Secretary of State, but with more influence perhaps exercised by the Foreign Secretary. I would imagine that neither of them is up for changing the primary legislation that creates this Department and secures the GNI expenditure.

Q5 Chris Law: That is quite troubling to hear, actually. Last month, you said that you would double aid for climate change to £2.2 billion annually. I have said on the Floor of the House today that I welcome that. I want to know, though, where that money is coming from. Where is it going to be drawn from?

Rory Stewart: Well, the money would have to come out of our ODA allocation, so it is not additional money. It becomes much easier to find that money if our GNI continues to increase. If the overall size of the economy continues at the projected rate, we can find over a five-year period an additional £1 billion without having to cut anything, but, if the economy did not continue to grow at that rate, we would have to find it from elsewhere.

Q6 Chris Law: Where would that be, because that is the main concern here? Would it be within the existing budget? Would projects get cancelled or withdrawn?

Rory Stewart: Let us try to think this through. Even under the worst-case scenarios of a no-deal Brexit, the assumption is that the economy would continue to grow; it would just grow more slowly. The figure that we would lose 8% of GDP over 15 years is not an assumption that we are going into negative growth. Even if we were not able to secure the full amount of money out of growth, many hundreds of millions of it would come out of the growth of the economy, even in a bad economic scenario. You are looking at some range, I guess, between zero and potentially £300 million or £400 million, in the worst-case scenario, that you would need to find.

That would have to be a discussion for my successors, but, if I were in the post, I would probably be looking at reducing our allocation to some of our multilateral partners. The question of whether you give, for the sake of argument, £1.4 billion to the World Bank, or £1.2 billion to the World Bank, is probably an easier conversation to have than a conversation about cutting individual health and education programmes within our bilateral budget.

Q7 Chris Law: If we are going to continue this increasing bilateral approach, I want to know what you are going to spend this additional money on and how it is going to reach the poorest and most vulnerable in the countries that are most impacted by climate change.



Rory Stewart: There, it is important to understand that, if we do not tackle climate change, there will be 100 million more poor people than we currently have. In other words, it has been very tempting for this Department to think, in the short term, that we cannot spend money on climate, because there are all these poor people out there, and that, if we spend money on trying to ensure that China is not building another 300 gigawatts of coal-fired power stations, that is at the expense of poor people.

The harsh reality is that, if we do not start tackling climate and the environment, we are going to be going backwards, not forwards; we will end up with more poor people. The challenge I would make to the Department is that, broadly speaking, the risk is that we have tended to think about these two circles of environment and poverty in this fashion. The risk is that you end up functioning only in the overlap, and that overlap sometimes turns out not to be a very good place to be, either for poverty or for the environment.

In other words, to take an extreme example, if you were trying to deal with poverty in Indonesia you might be focusing on—I do not know—the peri-urban population in Surabaya. If you were worried about environment in Indonesia, you might be thinking about sustainable forestry projects in Kalimantan. The risk of trying to operate in the overlap is that you end up being tempted to pick a poor community on the edge of a forest in Kalimantan, believing that, by doing so, you are providing alternative livelihoods to take them away from forestry, but you end up targeting relatively few people. That may not be the most effective way of tackling poverty in Indonesia or the most effective way of tackling climate change.

Sometimes, I believe, we are going to have to make the choice of saying, “If this is a really good project on climate or the environment, and if we believe very strongly and have the evidence that, in the end, that project is going to have a real effect on poverty, we may actually have to target our money directly”. For example, on the trees, we might have to plant trees, and that might be because we have an argument about what that means for carbon, an argument about what it means for ecosystems or flooding, or an argument about what it means for sustainable incomes for those communities. That is quite a shift in the way that we think, because we have tended to assume that the best way to deal with humans is to target your money to humans. Sometimes, in the long run, the best way to help humans is to target your money on non-humans.

Q8 **Chris Law:** In terms of targeting money, the money so far has been more or less split between adaptation and mitigation.

Rory Stewart: Yes.

Chris Law: Do you see it continuing like that? You have just mentioned moving away from adaptation and mitigation for humans, and looking at nature, but also loss and damage, particularly with increasing crises



happening around the world as a result of extreme weather that we have seen in, for example, Mozambique, the Caribbean and elsewhere.

Rory Stewart: I hope that my successor, or indeed I, if I am lucky enough to stay in this role, would try to address crises such as Mozambique out of our humanitarian allocations. You are right that the driving factor behind a lot of these humanitarian crises—and that may be true of tsunamis and flooding, but will also be true of desertification and malnutrition in Somalia caused by loss of harvest and sun—is almost certainly climate, but I anticipate that we would try to address that through a separate humanitarian budget. I do not want to be perpetually double counting. If you made it too broad, almost everything we do could be badged as climate, and I want to have a significant shift towards more climate work.

Q9 **Lloyd Russell-Moyle:** I was interested in what you said earlier, Rory, about freeing up the money by moving from multilateral to bilateral. Your predecessor talked about spending aid where it could not be spent any better. In terms of spending on bilateral for climate change action, do you think that is the best way to tackle this, or could we leverage more by using that £1.4 billion—or whatever the figure was that you quoted—in the World Bank to say, “We are going to put conditionality on this that we are giving to the World Bank. We are going to require you to leverage more of this money”? Is the better option to withdraw and spend bilaterally, or can we leverage to spend money better within the system? Have you had a conscious thought about the balance of that?

Rory Stewart: No, I have not had a conscious thought and I think that needs to be driven by evidence. There are definitely cases where our multilateral partners do better than we do, and we need to be very hard-headed about that. This need not be an issue of pride; it is simply a question of who can do it best in which places. I am completely non-ideological about this. I feel very strongly that UNICEF was the right partner for us in education in Lebanon, where I might have felt Save the Children was in Afghanistan. I signed off on a big World Bank education grant in Ethiopia. If the multilateral agencies are the best way of delivering this, they will be.

I was just trying to deal with Chris’s question. First, I do not think we are going to have to cut into existing programmes. I am hoping that this is well within the framework of what we would expect to generate from normal economic growth. There is also potentially a Brexit dividend, which is that, depending on the decisions that are made on the amount of money that we are currently allocating through European mechanisms, that money might be made available to DfID for us to spend.

All I was trying to say is that, in terms of where I would be most likely to go for the money, to take a very large example of this, we occasionally make allocations to some of our big partners, such as the bank, of well over £1 billion. If I am looking for another £100 million or £200 million, it



is probably easier to do that than to go to our Malawi country programme, which might be only a £65 million programme.

- Q10 **Lloyd Russell-Moyle:** I get that totally. You talk about doing this analysis and you have only a short amount of time left, but might you instruct officials to do an analysis of where best climate change money is spent multilaterally?

Rory Stewart: Yes, absolutely, but to do it really well, to return to my other point, we need to have more stuff who are really focused on climate and the environment. That is recruiting people in; it is also training up our staff. Are staff are very, very sophisticated experts on poverty, on specific issues such as health and education, as economists, but if we are going to green the whole Department, which is what I am keen to do, we need to make sure everybody has at least the beginnings of an awareness of the issues around climate and environment. That means, in making the judgment on whether to give the money to the bank or through a particular UN fund, we have people who are very, very confident about the field and understand what these choices mean.

- Q11 **Mr Sharma:** Given the recent changes in leadership in DfID, does disability inclusion remain a priority for DfID?

Rory Stewart: Yes, disability inclusion is a very, very large priority. It is true that, if my predecessor or, indeed, Priti Patel had been sitting here, I suspect they would have mentioned disability as probably their top priority, and I happen to be focusing on climate and the environment. I was a junior Minister in DfID when Priti decided to make disability a priority. I thought that was a very, very good decision. It was a place where the UK could really show leadership. It was something where, three years ago, very few other actors were really doing very much.

It builds into a bigger principle, which is going to be important to us going forward, which is that, in many ways, we do not control the major levers for how fast a country grows, but we can get engaged in a values conversation, particularly about vulnerable and marginalised communities and protecting them. Disability is a very good example of that. Gender is another good example of that. Human rights is another good lens through which to think about the role that DfID can play.

Our role is not just whether we can make, for the sake of argument, Myanmar, Jordan, Ghana or Zambia grow 0.2% faster in GDP, but whether we can go with them on a journey where we are respectfully questioning and challenging them to shift attention to some things, such as disability, that might not otherwise get attention.

- Q12 **Mr Sharma:** As Secretary of State, what steps have you taken to ensure that continued leadership and commitment to the disability portfolio is communicated across DfID?

Rory Stewart: There are probably two things. One of them is making it very clear when I took over the role that disability continued to be, as did



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gender, as did protection, a huge priority for me. My message to the Permanent Secretary, and to Nick and the other directors-general, was to say that I am not intending them to deprioritise their other activities. I did not come into the Department saying that, because I want to put a focus on climate and the environment, I want them to stop the work they are doing on the other things. I tried to use an 85%/15% model, in which I said, "Look, please believe you can continue doing these things that you believe in and have invested in. I am not going to try to stop any of that work". Disability would be a strong example of that. We have now built up a really strong team on it. We are taking strong leadership on that.

This is also true on other issues. The Department is in a much stronger place now on information technology, communication and artificial intelligence than it was when I was in the Department two and a half years ago. That is something that I am very keen to let them keep going.

Q13 Richard Burden: There have been some pretty horrific scenes in Sudan in the last few weeks. Can you give us an idea about how DfID is responding to the unrest and the crackdown on the unrest?

Rory Stewart: Yes, although I have not actually been to Sudan this time, and I have not been to South Sudan now for 14 months, so I am out of date in terms of my own direct view. Our Permanent Secretary has just been in Ethiopia, and has been dealing with refugees from Sudan in Ethiopia, talking to them. Most of the focus from HMG has been on the political track, trying to get some sort of undertakings from the regime, trying to support the African Union in its attempt to engage, providing humanitarian assistance, as we continue to do.

We are of course anxious, as you would be, about what seems to be happening now in Darfur as well. I am worried about the consequences of this for South Sudan itself, but this is also taking place in a situation in which we have had to evacuate staff and take families out. This is after many years of a regime, a very authoritarian, unpleasant regime, but which was there for decades. For it to suddenly come down puts us not quite in the situation we were in in Libya or in Iraq, but certainly in a situation where we are trying to adjust.

Q14 Richard Burden: The UK does not provide any direct assistance to the Government of Sudan. There is technical assistance there. One of the things that this Committee has expressed some concern about in the past is, because of Sudan's strategic location in relation to migration, the danger that we may have been a bit too close there and that our concern to manage migration, particularly migration that ends up over here, has started to outpace enough concern for the human rights situation in Sudan itself, including the position of refugees in Sudan. How would you respond to that? Is it time to be perhaps a little more robust as far as Sudan is concerned?

Rory Stewart: The experience in Sudan has been very salutary. As Britain, if you go back to 1980, we had a period where we were close to



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Sudan during the Cold War. We had a period where Sudan was an enemy during the Cold War, for Cold War reasons. We had a period where we had a very antagonistic relationship to the Government of Sudan, because it was providing a safe haven to al-Qaeda. We had a period of detente. We had a period of horror in relation to Darfur, through the late 1990s and early 2000s. We had what felt like a breakthrough from 2005 to 2011, in relation to South Sudan, where nobody, four years before 2011, would probably have believed that the President of Sudan would grant independence to South Sudan. There was a moment in 2011 when we began to feel that Sudan was possibly moving in a positive direction, but we had the International Criminal Court also issuing an indictment.

We were in a position, two and a half or three years ago, where we were beginning to wonder whether we should not be cautiously engaging more with the Government of Sudan. Then, of course, we had these recent events, in which all the horror, which was always there in this authoritarian regime, was revealed very directly, both in the public protests and then in the reaction of the military court. The caution this Committee has expressed in the past was correct, and we will inevitably be more cautious over the next few months as we watch what is going on. Certainly nobody is now rushing to engage with this particular regime.

Chair: Thank you. We are going to move on to the voluntary national review, which you have published today.