

International Development Committee

House of Commons, London, SW1A 0AA

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From: Theo Clarke MP
Chair
Sub-Committee on the Work of ICAI

To: The Rt Hon. Dominic Raab MP
Secretary of State for Foreign, Commonwealth and Development Affairs
Foreign, Commonwealth and Development Office

21st October 2020

How UK aid learns and FCDO review of ICAI

Dear Dominic,

Thank you for your letter dated 8 October 2020 and for the response you provided to some of our questions regarding our inquiry into How UK aid learns, which covers ICAI's reviews on *The current state of UK aid: A synthesis of ICAI findings from 2015 to 2019* ('The Synthesis review'), *ICAI follow-up review of 2017-18 reports* ('The Follow-up review') and *How UK Aid Learns*.

We would be most grateful if you would kindly answer our remaining questions outlined in this letter. We look forward to receiving an updated reply to questions 3 and 4 from our original letter (reproduced in Annex) as soon as the findings of these reviews are known. We would also appreciate a more detailed answer to questions 2 a) and b) (reproduced in Annex) as these may also be influenced by both reviews. The government's response to these questions will help us conclude scrutiny of the three aforementioned ICAI reviews.

I also wrote to you on 24 June about preserving the role and status of ICAI and parliamentary scrutiny of aid in light of the merger of DFID and the FCO. Thank you for your response dated 25 September in which you reiterated your commitment to maintaining ICAI. The Sub-Committee warmly welcomes this announcement and the government's commitment to maintaining scrutiny of the aid budget. I appreciate your offer to hear our views as the review develops. We feel it is important for us to be involved in this process from inception as the

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outcome of the review will affect our ability to scrutinise future ODA expenditure.

The Sub-Committee looks forward to receiving your response by 6 November.

Yours ever,

A handwritten signature in grey ink that reads "Theo Clarke". The signature is written in a cursive, flowing style.

Theo Clarke MP,
Sub-Committee Chair

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Annex - Questions to be answered:

Question 2. According to ICAI in their ‘How UK aid learns’ report, “*While DFID is given the role under the UK aid strategy of supporting other departments with their aid spending, it has no mandate to oversee their work or to enforce good practice standards. Nor was it provided with any additional staffing resources for this support function.*” (para. 4.49) Nevertheless, in ICAI’s view “*Most departments have welcomed DFID’s support, recognising its important role as a repository of expertise on aid management.*” (para. 4.52)

- a) Following the merger, will the FCDO take on the role previously undertaken by DFID to support other departments with their aid expenditure and learning on best aid management practice?
- b) Will the FCDO be given additional resources and formal powers to oversee other departments’ performance against good practice standards?

Question 3. Since the 2015 ‘UK aid: tackling global challenges in the national interest’ and the 2018 ‘National Security Capability Review’, UK aid has been increasingly spent by departments other than DFID and with other priorities as well as poverty reduction (see Synthesis review, para. 2.29-2.35).

According to ICAI, “*In recent policy statements, the UK government has signalled its intention to use UK aid to generate economic and commercial benefits both for recipient countries and for the UK – in short, “enhancing mutual prosperity by building the foundations for UK trade and commercial opportunities in horizon markets.”* (ICAI, ‘The use of UK aid to enhance mutual prosperity, Information Note’, October 2019, p. i)

- a) What will the balance of priorities be within the new Department’s aid programmes between poverty reduction in lower income countries and fostering mutual prosperity with middle-income countries?
- b) Will the FCDO be allocated a fixed or target proportion of available ODA and will this amount correspond to the sum of the previous DFID (c. 75%) and FCO shares (c. 4.4%)?

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Question 4. In the Synthesis review, ICAI listed a number of pressing global challenges for development, such as man-made conflict and crises, as key drivers of an increasing proportion of global aid being spent on humanitarian assistance.

- a) How will FCDO balance priorities between longer term development (including its mutual prosperity agenda in middle-income countries) and increasing demands for humanitarian assistance in fragile states?
- b) How will the new FCDO use UK aid to address the root causes of conflict and instability in the most challenging contexts?
- c) How will the FCDO deploy the government's Global Britain vision to make progress towards political solutions in these challenging humanitarian contexts?