

Written evidence submitted by Adam Smith International (ISD0040)

1.Introduction

1.1 Adam Smith International (ASI) is a global advisory company that works locally to transform lives by making economies stronger, societies more stable, and governments more effective.

1.2 Our clients are governments, international organisations, companies, and foundations. They come to us to develop strategies and to design, deliver and evaluate programmes that address the big challenges facing the world. As a company with experience of delivering lasting results, including in fragile states and where there is conflict, we are prepared to manage a high level of risk.

1.3 For nearly three decades in almost 100 countries, we have been working in partnership with governments, the private sector and civil society in countries at all stages of development.

1.4 Since 2015, ASI has been an Employee Owned Trust, owned by its employees and overseen by professional Trustees who are responsible for shareholder decisions. The EOT was established under model documentation recommended by the UK Government to advance employee-ownership of British businesses.

1.5 Following extensive consultation across the company and with key external stakeholders, in 2018 ASI staff defined the values and behaviours that most clearly articulate their motivation and beliefs:

- Partnership: Bringing together people from diverse backgrounds and adopting an inclusive approach to work
- Resourcefulness: Working in complex, challenging situation and using resources wisely to achieve high quality outcomes
- Creativity: Finding new ways to create value through innovative thinking, technology, and better ways of working

1.6 These values have been integrated into our staff performance management framework and now guide goal setting and performance evaluations of all our staff.

1.7 In 2019 Adam Smith International was certified as a B Corporation, proving its credentials as a company that demonstrates a balance of profit and purpose by meeting the highest standards of social and environmental performance, transparency, and legal accountability.

1.8 ASI have worked with multiple UK Government departments over the past 3 decades to deliver on their foreign policy, defence and security objectives around the world. It is for this reason that we are interested in contributing to the Defence Committee inquiry into the UK Government Integrated Review.

2.ASI and the Ministry of Defence

2.1 We have been a partner to the MoD at many points in the past decades, from South Sudan to Palestine, and even Eastern Europe in the post-Cold War era. The classified nature of much of this work means we have included information on specific projects in a not-for-publication appendix to this written submission.

2.2 It is our firm belief that our experience working with the MoD, alongside our experience working in related fields for other UK Government departments, provides us with insights that can be of use to both this committee's inquiry and the UK Government's review.

3.Inquiry Response:

4. What is the purpose of a security, defence and foreign policy review?

4.1 While it has been traditional to review Ministry of Defence expenditure and objectives in isolation from those of the other global facing departments of the UK Government, in reality this does not adequately prepare the UK Government to address the challenges the modern world now faces.

4.2 It is our hope that no longer reviewing these departments in isolation will result in a more streamlined approach to policy making, less silo working and duplicating of objectives, and more rational expenditure decisions across the board.

5. How often should a review be scheduled and how should different aspects be sequenced?

5.1 It would be advisable to schedule the full review for every five years, with accountability provided through annual reporting to all relevant Parliamentary outlets on achievements against the objectives within the review.

5.2 This would preferably be compiled by a standing secretariat provided by a neutral central department, such as the Cabinet Office, but with staff seconded from all relevant departments.

5.3 This timeline would allow sufficient time and space for long term objectives to be met, while also providing adequate monitoring to allow Parliamentarians, the private sector, and the charitable and NGO sectors, to contribute to and lead public debate on the efforts of the UK Government to implement the review's findings and recommendations, on a regular basis.

6. What leadership, personnel and decision-making structures are required to ensure a review is effective?

6.1 We believe it is important for this review to be administered by no one department within its oversight, and as such resting a standing secretariat for its compilation and implementation within the Cabinet Office would seem to make the most sense. It is a

comfort that the Cabinet Office are leading this current review, but our recommendation would be that this remain the case for the future as well. Sufficient checks and balances should be provided to make sure this secretariat can never be subject to the whims of individual Ministers or senior civil servants.

6.2 To ensure political oversight as well as civil service, there should be twin leaders of this effort, one a Minister, and one the Cabinet Secretary (or National Security Adviser, should the position ever be split again). This leadership should, however, be ultimately responsible to the Prime Minister.

6.3 This review will only truly be effective, however, with external support and contributions. The UK Government does not work alone internationally, and so far in this process not enough engagement with the private and charitable sector has been undertaken to ensure our views are adequately fed into the review process.

6.4 There is no published timeline for submissions, no guide for drafting, no indication of what manner and format of engagement in the process the UK Government wishes to receive from its external partners. This is insufficient, and it is our hope that the inquiries being run by the Defence, International Development, and Foreign Affairs Committees of the House of Commons will address this lack of external engagement in their final reports.

6.5 In the longer term, it may also be advisable to open up opportunities for external, possibly temporary recruitment from the private, charitable and academic sectors to staff the secretariat, or indeed to be appointed as special advisers to relevant Ministers with specific responsibility for the design and long term implementation of these reviews. This would allow, from the outset, for a wide variety of expertise to be employed by this outfit, which in turn will encourage innovation and discourage stagnation and group think.

6.6 It is possible that, following its outcomes, it may also make sense for the UK Government to allow the appointment of Special Advisers to Number 10 or the Cabinet Office with regional specialism, to provide a form of internal political council on foreign relations and defence.

6.7 At present Special Advisers in the relevant departments are, too often, not afforded enough time (by virtue of their relatively small number and comms/wider government policy roles) to give adequate attention and political oversight to region by region issues that span multiple departments.

6.8 A Special Adviser for Africa, for example, would be able to serve the policy requirements of the regional specific ministers in the FCO and DFID, while also working across the MoD, Home Office and other departments, and reporting to an overall structure in the very heart of Government. This would assist not only in greater cross government political oversight on regional policy making, but also in greater expenditure oversight, which may reduce siloed expenditure decisions and improve government efficiency.

7. What is the purpose, and appropriate scope, for cross-Government collaboration in the review process? What is the best way to ensure it is effective?

7.1 An integrated review across the whole expanse of government into the areas of defence, security, foreign policy and international development requires buy in and support from departments beyond the MoD, FCO and DFID. For example we work on national security projects in the countering violent extremism overseas space with the Home Office and DCMS.

7.2 Cross Government collaboration will only come from civil servants being encouraged to work across the traditional work flows they will be more accustomed to working within, and in reality this will only come with Ministerial and Cabinet guidance.

7.3 It would therefore be advisable to create a standing Cabinet Sub-Committee to mirror the Cabinet Office secretariat, to meet regularly throughout not only the review's drafting stages but also throughout its implementation and external scrutiny submission stages as well.

7.4 It is in this way that Ministers will remain well briefed enough to be accountable to multiple Parliamentary committees on this subject, even if these are on occasion outside of their own Ministries usual channel of scrutiny.

7.5 As outlined above, it may also be of benefit to consider the creation of a network of region specific government special advisers, who could sit across multiple departments and form an internal council on foreign relations to report to No10 and the Cabinet Office. Special Advisers traditionally work well with their counterparts across multiple government departments.

8. What methodology and analytical capability is required to ensure that assessments of threats and risks to the UK are future-proofed?

8.1 It is clear that the threats we will face in the next decade will be different to those we have faced in the past. The advancement of state sponsored cyber warfare, as well as cyber terrorism from non-state actors but with state based implications (an attack on critical national infrastructure by a non-state actor, for example), has been such that traditional multilateral approaches to policy making have so far failed to bring these state and non-state actors to heel. As such it is of paramount importance that our own, national structures are future proofed accordingly.

8.2 From our own point of view, it is increasingly apparent that humanitarian and diplomatic developments should form a larger part in assessing threats and risks to the UK.

8.3 An example of this is the UK Government's cross Whitehall approach to dealing with the Ebola outbreak in West Africa. The Military and the MoD provided support to a DFID and Civilian led response for the first time, and the immediate, physical response was both impressive and impactful.

8.4 But in the wake of a crisis of that magnitude, instances of corruption in the region skyrocketed, leading to increased state destabilisation. That this came at exactly the moment when our national security requirements to partner effectively with the region to combat non-state religious fundamentalism and terrorism were ever increasing was particularly unfortunate.

8.5 Our UK Government funded work in the region after the Ebola outbreak helped to stem the tide of corruption, and provided a good example of how our national interest is served by working with developing nations to create and maintain robust state structures after a devastating epidemic.

8.6 The lack of internal analysis of this, however, has resulted in very few lessons being learned for our current situation. We have seen anti-corruption projects cancelled by DFID across several countries to move funding instead in to immediate COVID-19 health response work.

8.7 While this work is obviously of immediate necessity and in our national interest, the lack of sufficient analysis of the benefits of maintaining anti-corruption project spend during times of crisis creates a risk to our national security partnerships in the region, crucial for the fight against Boko Haram, among others, as well as to our own financial centres of the City of London and the UK's Overseas Territories and Crown Dependencies, who so often find themselves in the middle of illicit financial flows from corruption in the developing world.

8.8 Future proofing the UK assessment of threats and risks to the UK should, in our view, involve a more cross-government approach to analysing the national security implications of the humanitarian and international development work the UK undertakes overseas, otherwise lessons like this will not be learned sufficiently well to protect our long term national interest.

9. How should such an assessment be communicated and to whom?

9.1 Communicating such an assessment must involve both multiple government departments, as well as the private, charitable, and academic bodies who work with those departments and provide external public policy scrutiny and analysis.

9.2 As we have previously mentioned, the current UK Government review does not sufficiently propose to bring in external views and submissions, and we believe this will be to the detriment of the overall review.

9.3 In this area, however, the Ministry of Defence does have, in our view, lessons to provide to the rest of the UK Government on communicating with external partners for the purposes of assessment and oversight.

9.4 Currently, institutions and companies that the UK Government procures from in the defence industry have an ability to pay for security clearances for their staff to allow them to work more seamlessly with their UK Government counterparts.

9.5 It would be useful if this service was extended to external parties working on matters relating to national security and the national interest across other government departments, to allow external personnel the best possible chance to adequately engage and feed back to their internal UK Government counterparts, on the basis of sufficient and well communicated information of relevance.

10. How should existing and in-development defence capabilities be reviewed? Do assessments of equipment, non-equipment and personnel require different approaches?

10.1 We believe that the best, future-proofed approach to assessing capabilities will require unique criteria for each of the equipment, non-equipment and personnel categories of assessment, but that these assessments must also cross individual departmental boundaries.

10.2 The UK Government review having committed to expenditure levels in the MoD at 2% and in DFID at 0.7%, while not committing to a minimum spend on other international staffing and obligations, places a new importance on assessing capabilities across multiple government departments, to guarantee value for money in both short and long term asset purchasing as well as adequate room for expenditure on both civilian and non-civilian overseas personnel.

10.3 We further believe that these assessments should include more lateral thinking about the uses of equipment, non-equipment and personnel from the MoD in matters relating to the UK government's humanitarian spend.

10.4 The UK is increasingly moving its forces to support capacity development and training missions, particularly as it is less engaged in active conflicts than it was 10 years ago.

10.5 While the UK has an exceptional reputation and track record in capacity development, as exemplified by the international brand of Sandhurst, it should also consider where it is best placed to deliver capacity development or institutional change and where it can learn from or partner with the private and third sectors.

10.6 There is a wealth of experience and knowledge about security sector reform and institutional change in DFID and within its supply chain, but as with the FCO it is not always clear that the MOD is applying and building on this knowledge and experience.

11. What evidence base is required to determine future capabilities?

11.1 It is our experience that the best evidence base for an assessment of this kind is one that encompasses both internal and external views and experience, while balancing this with a more metaphysical, academic approach to assessing global threats and risks. Above all, a broad evidence base is required.

12. To what extent should defence reviews address defence procurement?

12.1 We believe that a defence review is a useful avenue to address defence procurement, as an assessment of threats and risks is nothing if not coupled with an assessment on our capacity to respond to them.

13. How can Government ensure capability decisions reflect financial realities?

13.1 The world is a very different place to when this review was launched, and the UK Government will naturally have different expenditure priorities in both the foreign and domestic spheres.

13.2 That being said, we hope that any capability decisions are taken with a lateral view to how international expenditure can have a knock on impact to domestic security, as in the example we laid out previously.

14. Which external stakeholders should be engaged in the review process? How?

14.1 We have raised this several times in this evidence, but to summarise, we believe that the private, charitable, and academic sectors need to be better engaged with by the UK Government in the work of this review.

14.2 In order to effectively contribute, external parties need clarity from the government on timelines, on areas of interest where they would particularly like contribution, on how Ministers will engage with external parties who engage with the process beyond initial written submissions, and on how the UK Government intends to feed back to us and engage with us on the outcomes of the review.

14.3 We work in partnership with the UK Government across the globe, and as such we are witness to both good and bad practice in multiple areas of the UK Government's international facing work.

14.4 The UK Government approach to this review indicates that they do not wish to have external feedback, which will not result in a review that will be of use to either the UK government's long term policy and expenditure decision making, or to their future relations with their external partners, suppliers, and critical thinkers.

15. What role should international allies and multinational alliances play?

15.1 We work with several allied governments on similar projects to those we undertake for the UK Government. We believe that constructive and private engagement across FCO, DFID and MoD partnerships with allied nations such as Australia and New Zealand can only be a benefit to long term capability, threat, and risk assessments across all three departments.

15.2 It would probably be sufficient for those departments to lead on engagement of this kind on behalf of other UK Government departments with more minor international and national security facing work, to streamline feedback channels and reduce the risk of crossed wires.

16. What level of detail should be provided to Parliament and the public once the review is completed?

16.1 It is important that sufficient non-classified information is provided to Parliament, not only to ensure proper scrutiny on behalf of taxpayers, but also to provide a further avenue for private, charitable and academic sector feedback on UK Government work in this area.

17. How can the results of the review best be reflected in a spending review?

17.1 While we are happy to see the UK Government's commitment to the 0.7% aid expenditure figure (and indeed the 2% MoD expenditure figure) form the backbone of the review, we have concerns that this should not reduce Foreign Office expenditure further.

17.2 We are also concerned that these spending level commitments could, if not checked, lead to siloed expenditure at a time when everything points to a need to view expenditure in these areas in a cross government fashion.

17.3 The results of this review would be best reflected in a spending review that adequately addresses these concerns.

18. What is required to ensure that the findings and outcomes of a review are implemented?

18.1 We have covered this in a previous response.

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