



House of Commons
International Development
Committee

UK Aid to Rwanda

Seventh Report of Session 2012–13

Volume I: Report, together with formal minutes, oral and written evidence

Additional written evidence is contained in Volume II, available on the Committee website at www.parliament.uk/lindcom

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The International Development Committee

The International Development Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Office of the Secretary of State for International Development.

Current membership

Sir Malcolm Bruce MP (*Liberal Democrat, Gordon*) (Chairman)
Hugh Bayley MP (*Labour, York Central*)
Fiona Bruce MP (*Conservative, Congleton*)
Richard Burden MP (*Labour, Birmingham, Northfield*)
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The following members were also members of the Committee during the parliament:

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Mr Sam Gyimah MP (*Conservative, East Surrey*)
Richard Harrington MP (*Conservative, Watford*)
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Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via www.parliament.uk.

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the internet at www.parliament.uk/parliament.uk/indcom. A list of Reports of the Committee in the present Parliament is at the back of this volume.

The Reports of the Committee, the formal minutes relating to that report, oral evidence taken and some or all written evidence are available in a printed volume.

Additional written evidence may be published on the internet only.

Committee staff

The current staff of the Committee are Dr David Harrison (Clerk), Dr Anna Dickson (Senior Adviser), Louise Whitley (Inquiry Manager), Rob Page (Committee Specialist), Anita Fuki (Senior Committee Assistant), Annabel Goddard (Committee Assistant), Paul Hampson (Committee Support Assistant) and Nicholas Davies (Media Officer).

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Contents

Report	<i>Page</i>
Summary	3
1 Introduction	4
The context for the inquiry	4
Our Report	4
2 Aid to Rwanda and the UN Reports	6
DFID's aid programme in Rwanda	6
The interim UN Report and donor responses	7
The decision to reinstate budget support	8
The decision in December	10
The future: Regional peace processes	12
The future: Renewed emphasis on human rights	12
Conclusions and recommendations	14
Formal Minutes	16
Witnesses	17
List of printed written evidence	17
List of additional written evidence	17
List of Reports from the Committee during the current Parliament	18

Summary

In July 2012 the former Secretary of State for International Development, the Rt Hon Andrew Mitchell MP, delayed the payment of £16 million of general budget support to the Government of Rwanda in the light of concerns about the role of Rwanda in the M23 rebellion in the Democratic Republic of the Congo (DRC). In September he re-instated half the aid as general budget support, and paid the other half directly to the education and agricultural sectors. This sparked some controversy—about the decision-making process and about whether the decision was the right one.

Mr Mitchell has assured us that he carried out extensive consultations within the UK Government and with the Government of Rwanda before making his decision. The new Secretary of State agreed that the decision-making process had been robust.

As part of this process, the Prime Minister set out three conditions for the restoration of aid which we believe to be reasonable and consistent with the aid agreement between the UK Government and the Government of Rwanda. These were that 1) Rwanda should engage constructively in the peace process, 2) it should publicly condemn the M23 Group and 3) there should be continuing ceasefire in the Kivus and practical support to the M23 should end.

We did not receive any evidence to back up claims that the former Secretary of State was a “rogue” minister acting without the knowledge of the Foreign Secretary or the approval of the Prime Minister. However the former Secretary of State said that Rwanda had moved significantly against two of the three conditions set by the Prime Minister. We are not privy to all the information and advice upon which he made this assessment, but, on the basis of the other evidence we received, we do not understand how he reached the conclusion that support for the M23 had ceased.

Our main conclusions are:

In the light of Rwanda’s progress towards the Millennium Development Goal targets and its poverty reduction efforts, DFID should continue to provide aid to Rwanda;

However, as the Prime Minister’s conditions have not been met, general budget support cannot continue;

The Government of Rwanda should unambiguously comply with all three of the Prime Minister’s conditions before further general budget support is disbursed;

Until then, DFID should consider alternative channels to deliver its aid;

DFID should consider the wider implications for its aid programmes of continuing unrest in the region and the UK Government should give a higher priority to the regional peace process; and

DFID should place greater emphasis on the human rights aspect of its partnership with Rwanda.

1 Introduction

The context for the inquiry

1. In July 2012 the former Secretary of State for International Development, the Rt Hon Andrew Mitchell MP, delayed the payment of £16 million of general budget support¹ to the Government of Rwanda as a result of “concerns about what was happening in the Kivus in the DRC”.² This followed allegations in the addendum to the interim report of the UN Group of Experts on the Democratic Republic of the Congo (DRC) that the Rwandan Government had violated the UN arms embargo and sanctions regime through its provision of both direct and indirect assistance to the insurgent group known as the M23 in the DRC.³

2. The M23 group consists of soldiers who participated in a mutiny from the Congolese national army in April and May 2012. Fighting between the M23 and Government forces has displaced 320,000 people in North Kivu, many of whom have fled to neighbouring Rwanda and Uganda.⁴ The ongoing violence, including mass rapes, murder and pillaging, has led to an alarming humanitarian situation.⁵

3. On 4 September 2012, as he left office, Mr Mitchell announced that the delayed budget support would be partially restored, and the remaining £8 million would be reallocated directly to education and agricultural programmes. Because of new arrangements to provide budget support in two tranches, there would be an opportunity to take stock again before the next payment was due in December.⁶ The decision prompted much media criticism about the process as well as about the UK’s relationship with the Government of Rwanda in the light of the allegations.

Our Report

4. We decided to undertake a short inquiry into this series of events and the implications of it for future development assistance to Rwanda with the intention to focus our recommendations to the UK Government on the decision to be taken in December 2012. We held two evidence sessions, the first with the former Secretary of State Rt Hon Andrew Mitchell MP, and the second with the current Secretary of State Rt Hon Justine Greening MP. We received written evidence from 15 individuals and organisations, some from Rwanda, and some from Rwandans and Congolese living abroad. We are grateful to all those who contributed to our inquiry.

1 General budget support is aid which is channelled directly to the Government of Rwanda’s central budget. See para 8.

2 Q 1

3 The soldiers claimed their mutiny was to protest against the Congolese government’s failure to implement in full the March 23, 2009, peace agreement (hence the name M23), which had integrated them into the Congolese army. Many were previously members of the National Congress for the Defense of the People (CNDP), a former Rwanda-backed rebel group that integrated into the Congolese army in January 2009. The group’s senior commanders have a history of serious abuses against civilians. Ev w5. See also Ev w21

4 UN Security Council, Statement by the President, 19 October 2012

5 HC Deb, 23 October 2012, col 214 WH

6 Qqs 1, 40

5. In 2011 the Committee produced a report on *Working Effectively in Fragile and Conflict-Affected States: DRC and Rwanda*.⁷ As part of the inquiry process the Committee visited the region and noted, among other things, the progress Rwanda had made in reducing poverty. Our conclusions here reflect and build on that experience.

6. Subsequent to our evidence sessions, on 20 November, the M23 entered and took charge of the regional capital of North Kivu, Goma.⁸ The UN Security Council has passed a resolution condemning the takeover⁹ and Rwanda, DRC and Uganda have had discussions, under the auspices of the International Conference on the Great Lakes, to consider how best to restore the government to Goma and produce a long-term regional solution to the violence.

7 International Development Committee, Twelfth Report of Session 2010-12, *Working Effectively in Fragile and Conflict-Affected States: DRC and Rwanda*, HC 1133

8 DRC Rebels in streets of Goma, *The Telegraph*, 20 November 2012

9 UN Security Council, Resolution 2076, 20 November 2012

2 Aid to Rwanda and the UN Reports

DFID's aid programme in Rwanda

7. Rwanda is dependent on donors for approximately 40% of its budget. The UK is the second largest bilateral donor after the USA. Over the period 2011-2015, UK aid to Rwanda will increase by 24%, relative to the previous four-year period, to reach £97 million in 2015.¹⁰

8. General budget support is the provision of funds directly to the Exchequer of the recipient country. The funds can be distributed according to the priorities of the recipient government. Sector budget support, in contrast, is the provision of funds directly to a specific ministry in the recipient country. In Rwanda budget support represents 65% of the UK's programme over the four year period, with 45% of funds provided through general budget support and 20% through sector budget support in health, education and agriculture.¹¹

9. Mr Mitchell emphasised to us the importance, for development objectives, of ensuring continuity in the provision of general budget support:

In changing the conditions of budget support, you endanger very important poverty programmes. I think that 6.5% of the budget support goes to support the Rwandan Public Accounts Committee and the Auditor General's office. That is very important work and it shows the extent to which a large chunk of budget support is being used to build systems in Rwanda that are very important indeed in tackling corruption and promoting accountability. If you change budget support, you have to recognise the danger that you will not have an impact on the elite but you will degrade or damage very important poverty programmes.¹²

10. Rwanda has made significant progress in poverty reduction since 1994. DFID says:

Rwanda has achieved tremendous progress since the devastating genocide of 1994. By 2020, the Government of Rwanda aims to complete the country's transformation from a poor, post-conflict nation to a thriving, middle income, regional trade and investment hub. Rwanda uses aid very well, both in terms of the results it achieves and accounting for its use.¹³

And, Mr Mitchell told us that Rwanda was a reliable aid partner:

In terms of development and doing what they say with our taxpayers' money, and enabling us to follow the money and ensure that for a pound of British taxpayers' money we are getting 100 pence of development, Rwanda is probably one of the best in the world. Over the last five years Rwanda has lifted more than 1 million people

10 DFID, *Operational Plan 2011-15, DFID Rwanda*, June 2012

11 DFID, *Operational Plan 2011-15, DFID Rwanda*, June 2012

12 Q 47

13 DFID, *Operational Plan 2011-15, DFID Rwanda*, June 2012

out of poverty. There is no question about that. Budget support is the best way if you trust the systems. We can trust the systems in Rwanda: Rwanda does exactly what they say they will do with our taxpayers' money.¹⁴

11. Underpinning DFID's programme in Rwanda is a Memorandum of Understanding (MoU) signed in 1999, and updated in September 2012. The MoU sets out, among other things, the commitments the Government of Rwanda must make in order for the UK to provide budget support to the country—the partnership principles. These are:

- A focus on poverty reduction and the MDGs;
- respecting human rights and other international obligations;
- improving public financial management, promoting good governance and transparency and fighting corruption; and
- strengthening domestic accountability.

Both Mr Mitchell and the Secretary of State stressed the important role these principles played in the relationship between the UK and Rwanda.¹⁵

The interim UN Report and donor responses

12. The interim UN Report raised questions about whether Rwanda had breached the partnership principles. The interim Report says:

Since the outset of its current mandate, the Group has gathered evidence of arms embargo and sanctions regime violations committed by the Rwandan Government. These violations consist of the provision of material and financial support to armed groups operating in the eastern Democratic Republic of the Congo, including the recently established M23, in contravention of paragraph 1 of Security Council resolution 1807 (2008). The arms embargo and sanctions regimes violations include the following:

- Direct assistance in the creation of M23 through the transport of weapons and soldiers through Rwandan territory;
- Recruitment of Rwandan youth and demobilized ex-combatants as well as Congolese refugees for M23;
- Provision of weapons and ammunition to M23;
- Mobilization and lobbying of Congolese political and financial leaders for the benefit of M23;
- Direct Rwandan Defence Forces (RDF) interventions into Congolese territory to reinforce M23;

14 Q 2

15 Qqs 35,47,59, 86

- Support to several other armed groups as well as *Forces armées de la République Démocratique du Congo* (FARDC) mutinies in the eastern Congo;
- Violation of the assets freeze and travel ban through supporting sanctioned individuals.¹⁶

The Government of Rwanda has denied these claims.¹⁷ Dr Phil Clark, from the University of London, has raised concerns about the methodology of the research.¹⁸

13. As noted, the UK delayed making a decision about its £16 million general budget support payment due in July, but continued other aspects of its aid programme. Some other donors also responded to the allegations by withholding or delaying decisions on aid disbursements to Rwanda. For example, the USA suspended \$200,000 in military aid, but continued its \$160 million development aid programme; Germany suspended €18 million in budget support; the Netherlands suspended €5 million in aid; Sweden froze aid pending further details; and the African Development Bank and the World Bank both delayed decisions about aid funding.

14. Mr Mitchell told the Committee that his decision to delay £16 million in general budget support due in July was based, in part, on the Government's assessment that Rwanda had not met two of the four partnership principles. These were respecting human rights and other international obligations, and strengthening domestic accountability in relation to political space. Mr Mitchell told us:

Those were the four conditions that we set, against which we judged whether or not budget support should be disbursed in Rwanda. The judgment of officials, with which I completely concurred, was that on two of those principles Rwanda was doing very well and on two of them they were standing still and not doing so well. It was because of that judgment against those principles, which we published—again as a result of the changes the Coalition Government have made to budget support—that the decision was made.¹⁹

The decision to reinstate budget support

15. While the decision to delay the payment was not controversial, the decision in September, as Mr Mitchell left office, to reinstate £8 million in general budget support to Rwanda, was. The media, and some NGOs, accused Mr Mitchell of ignoring the advice of officials in DFID and the FCO and of breaking ranks with other donors because of his relationship with President Kagame.²⁰

16 Addendum to the interim report of the Group of Experts on the DRC concerning violations of the arms embargo and sanctions regime by the Government of Rwanda, S/2012/348/Add.1

17 Qqs 13-14

18 Ev w23-24

19 Q 7

20 Ev w5, and, for example, "He put friendship and connections before his country", *The Times*, 20 October 2012; Why did Andrew Mitchell reinstate aid to Rwanda on his last day at DFID? *New Statesman*, 27 September, 2012

16. We asked Mr Mitchell about the process: what consultations he had had and whether he was acting as a “rogue” minister? He said there had been extensive consultation with officials in DFID, and the FCO, and with the Prime Minister and that both himself and the Foreign Secretary had had discussions with the President, members and officials of the Government of Rwanda before the decision was made.²¹ We also asked about discussions with other donors. Mr Mitchell assured us that officials talked all the time, but that this was a UK decision reflecting UK positions.²² Mr Mitchell was clear that he had followed due process, and the new Secretary of State confirmed this in her evidence to us.²³

The Prime Minister’s conditions

17. Mr Mitchell explained that as part of his discussions with Number 10, the Prime Minister had set down three conditions which must be met before budget support could be reinstated.²⁴ The conditions, which are consistent with the partnership principles, were:

- the Government of Rwanda should engage constructively in the International Conference on the Great Lakes Region (ICGLR) peace talks chaired by President Museveni of Uganda;
- the Government of Rwanda should publicly condemn the M23 Group; and,
- there should be continuing ceasefire in the Kivus and practical support to the M23 should end.²⁵

18. In August, following consultation with the Foreign Secretary, and taking into account reports from the region, Mr Mitchell judged that “two of the three conditions the Prime Minister had set had seen progress”.²⁶ He added, “The British Government’s judgement was that they [the Government of Rwanda] met conditions one and three in part, but they had not met condition two”.²⁷ On the basis of this assessment, the decision was made to provide half of the due funding in direct budget support and the other half in sector budget support for the education and agricultural sectors.

19. This judgement has been questioned by some NGOs. Christian Aid, for example, said:

There has been no evidence of the Government of Rwanda ceasing support to M23 and other armed groups; regional discussions at the International Conference on the Great Lakes Region have failed to provide tangible results; and local reports indicate increasing concerns about the protection of civilians in conflict affected region.²⁸

21 Q 1

22 Qqs 41-43, 49

23 Q 99

24 Q 1

25 Ev 25

26 Q 2

27 Q 12

28 Eww9

Human Rights Watch concurs, saying:

On the basis of on the ground events in Rwanda and eastern DRC, there appears to have been no objective rationale for the decision to resume UK aid to Rwanda in the absence of progress on the very criterion which had triggered the decision to delay the aid in the first place.²⁹

20. Both Andrew Mitchell, and subsequently the new Secretary of State, said in relation to the second condition, that they could not comment on whether or not Rwanda had been involved in funding or backing M23 and that the final UN Report due to be made public at the end of November, would shed light on this.³⁰

21. Nevertheless it is clear that elements of the UK Government did consider the allegations to be credible. For example, on 13 November the Senior Minister of State, Department for Communities and Local Government and Foreign and Commonwealth Office, Baroness Warsi said:

We are aware that the embargoed report by the UN Group of Experts has been leaked. It is not government policy to comment on leaked documents. However, we have consistently made it clear to the Rwandan Government, at the most senior levels, that we find the existing body of evidence for Rwandan involvement with the M23 credible and compelling. And that all such support must stop.³¹

22. None of the above appears to back up the claims that the former Secretary of State was a “rogue” minister acting without the knowledge of the Foreign Secretary or the approval of the Prime Minister. However, the former Secretary of State told us he judged that Rwanda had moved significantly against two of the three conditions set down by the Prime Minister. We are not privy to all the information and advice upon which he made this judgement. However, on the basis of the other evidence which we received, we do not understand how he concluded that Rwandan support for M23 had ceased.

The decision in December

23. The total amount of aid withheld by donors from Rwanda since July is approximately £19.6 million (excluding US military aid) with £92 million delayed. We were told that the impact of the decision to re-allocate £8 million of general budget support to sector budget support was twofold. On the one hand the education and agricultural sectors had received additional funding and DFID set out the results it expected from this.³² On the other hand the cumulative impact of reduced general budget support has reduced the Government of Rwanda’s flexibility to focus on its own priorities and funding gaps, including for rural infrastructure and justice programmes.³³

29 Ev w6

30 Qqs 14, 39-40, 45,93,98,127.The final report was leaked in October 2012.

31 HL Deb, 13 November 2012, col 286WA

32 Ev 24

33 Ev 26

24. The new Secretary of State has said she will consider all options, and “very carefully reflect on the partnership principles” when she comes to make her decision in December.³⁴ She also told us that the Prime Minister’s three conditions were still relevant,³⁵ and that she would “wait to see the conclusion of the UN Group of Experts’ final report, and the whole process of the UN Sanctions Committee and the UN Security Council” before making her decision.³⁶

25. Subsequent to our evidence session, the final UN Group of Experts report has been published. It confirms, unambiguously, earlier findings of the interim report about direct and indirect support to the M23 rebels by the Government of Rwanda, including its Defence Minister:

The Government of Rwanda continues to violate the arms embargo by providing direct military support to the M23 rebels, facilitating recruitment, encouraging and facilitating desertions from the armed forces of the Democratic Republic of the Congo, and providing arms, ammunition, intelligence and political advice. The de facto chain of command of M23 includes Gen. Bosco Ntaganda and culminates with the Minister of Defence of Rwanda, Gen. James Kabarebe. Following the publication of the addendum to its interim report, the Group met the Government of Rwanda and took into consideration its written response. The Group has, however, found no substantive element of its previous findings that it wishes to alter.³⁷

26. Rwanda is making significant progress towards the Millennium Development Goal targets and is lifting people out of poverty. We have seen for ourselves the tremendous improvements that Rwanda has made since 1994 and consider that general budget support has proved effective in reducing poverty in Rwanda. For this reason, we think that UK aid should continue to benefit the people of Rwanda. However questions arise about the best method to deliver it.

27. We do not believe that Rwanda has met the Prime Minister’s conditions and we recommend that the second tranche of general budget support should not be provided in December.

28. In the light of the Memorandum of Understanding, and the partnership principles contained therein, the conditions the Prime Minister set for the resumption of general budget support—the Rwanda should 1) engage constructively in the peace process, 2) publicly condemn the M23 group and 3) there should be a continuing ceasefire in the Kivus and practical support to the M23 should end—are not unreasonable. We recommend that the before further general budget support is disbursed the Government must ensure Rwanda unambiguously complies with all three of the Prime Minister’s conditions—general budget support should not be provided if Rwanda is

34 Q 89

35 Q 90

36 Q 93

37 UN Security Council, Letter dated 12 November 2012 from the chair of the Security Council Committee established pursuant to resolution 1533 (2004) concerning the DRC, addressed to the President of the Security Council, 15 November 2012

providing support to the M23 rebels. Until these conditions are met in full, DFID should deliver its aid through alternative channels.

29. We also recommend that DFID consult formally, at ministerial level, with other donors before making a decision to reinstate general budget support. While we understand that the UK Government will make its own decision, it is important that there is some donor coordination of response, even if those responses differ. Donors will need to consider the impact of their individual and cumulative decisions on different sectors. DFID has committed to work with other development partners to improve alignment and harmonisation of development assistance in the Memorandum of Understanding and we expect to see evidence of this.

The future: Regional peace processes

30. DFID will provide £1,510 million in bilateral aid to Rwanda, DRC and Uganda over the period 2011-15,³⁸ in addition to its contributions to the UN agencies and the UN Stabilisation Mission in the DRC (MONUSCO). We are concerned about the effectiveness of this aid in the context of continuing regional conflicts. These undermine poverty reduction efforts and greatly reduce the results our aid can achieve. There is a regional peace process which the UK is involved in. However it has made limited progress despite the presence of MONUSCO, the world's largest peacekeeping force. **Continuing unrest in the region threatens to undermine DFID's large aid programmes there. The UK Government should give a higher priority to the regional peace process.**

The future: Renewed emphasis on human rights

31. When we visited Rwanda in 2011 we discussed with human rights organisations and lawyers the difficulties they faced in operating in Rwanda. Some of the submissions we received commented on the limited democratic freedoms in Rwanda,³⁹ and on illegal detention and torture by military intelligence.⁴⁰ Some people expressed a desire to remain anonymous, or for their submissions not to be published. We therefore asked the new Secretary of State whether she intended to place a greater emphasis on human rights as set out in the partnership principles.

32. The Secretary of State told us she intended to consider this in making her decision about future funding:

My plan is that I will have a more structured engagement with human rights organisations, so that I can understand what their views are about this situation, and indeed more broadly in relation to DFID programmes. I will aim to be more formally part of the human rights assessment process that the FCO has set up, which I think is a very good one, and involves a twice yearly meeting of the key human rights organisations. I will also seek, in a more structured way, to have those

38 Although we note that aid to Uganda is currently suspended.

39 Ev w7

40 Amnesty International, *Rwanda: shrouded in Secrecy: illegal detention and torture by military intelligence*, 2012

organisations brief me on key issues—for example this issue—when I am forming a decision, because I think it is important that I hear from relevant partners.⁴¹

33. We welcome the Secretary of State’s plan to have a more structured dialogue with international and local human rights organisations with experience and knowledge of the situation in Rwanda, and to engage formally with the FCO’s human rights process. We look forward to receiving regular updates from the Secretary of State on these issues. DFID is the second largest bilateral donor in Rwanda and, consistent with the Memorandum of Understanding, it can, and should, play a leadership role in encouraging human rights reforms.

Conclusions and recommendations

The decision to reinstate budget support

1. None of the above appears to back up the claims that the former Secretary of State was a “rogue” minister acting without the knowledge of the Foreign Secretary or the approval of the Prime Minister. However, the former Secretary of State told us he judged that Rwanda had moved significantly against two of the three conditions set down by the Prime Minister. We are not privy to all the information and advice upon which he made this judgement. However, on the basis of the other evidence which we received, we do not understand how he concluded that Rwandan support for M23 had ceased. (Paragraph 22)

The decision in December

2. Rwanda is making significant progress towards the Millennium Development Goal targets and is lifting people out of poverty. We have seen for ourselves the tremendous improvements that Rwanda has made since 1994 and consider that general budget support has proved effective in reducing poverty in Rwanda. For this reason, we think that UK aid should continue to benefit the people of Rwanda. However questions arise about the best method to deliver it. (Paragraph 26)
3. We do not believe that Rwanda has met the Prime Minister’s conditions and we recommend that the second tranche of general budget support should not be provided in December. (Paragraph 27)
4. In the light of the Memorandum of Understanding, and the partnership principles contained therein, the conditions the Prime Minister set for the resumption of general budget support—the Rwanda should 1) engage constructively in the peace process, 2) publicly condemn the M23 group and 3) there should be a continuing ceasefire in the Kivus and practical support to the M23 should end—are not unreasonable. We recommend that the before further general budget support is disbursed the Government must ensure Rwanda unambiguously complies with all three of the Prime Minister’s conditions—general budget support should not be provided if Rwanda is providing support to the M23 rebels. Until these conditions are met in full, DFID should deliver its aid through alternative channels. (Paragraph 28)
5. We also recommend that DFID consult formally, at ministerial level, with other donors before making a decision to reinstate general budget support. While we understand that the UK Government will make its own decision, it is important that there is some donor coordination of response, even if those responses differ. Donors will need to consider the impact of their individual and cumulative decisions on different sectors. DFID has committed to work with other development partners to improve alignment and harmonisation of development assistance in the Memorandum of Understanding and we expect to see evidence of this. (Paragraph 29)

The future: Regional peace processes

6. Continuing unrest in the region threatens to undermine DFID's large aid programmes there. The UK Government should give a higher priority to the regional peace process. (Paragraph 30)

The future: Renewed emphasis on human rights

7. We welcome the Secretary of State's plan to have a more structured dialogue with international and local human rights organisations with experience and knowledge of the situation in Rwanda, and to engage formally with the FCO's human rights process. We look forward to receiving regular updates from the Secretary of State on these issues. DFID is the second largest bilateral donor in Rwanda and, consistent with the Memorandum of Understanding, it can, and should, play a leadership role in encouraging human rights reforms. (Paragraph 33)

Formal Minutes

Wednesday 28 November 2012

Members present:

Sir Malcolm Bruce, in the Chair

Fiona Bruce

Richard Burden

Jeremy Lefroy

Fiona O'Donnell

Draft Report (*UK Aid to Rwanda*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 33 read and agreed to.

Annex and Summary agreed to.

Resolved, That the Report be the Seventh Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence was ordered to be reported to the House for printing with the Report (in addition to that ordered to be reported for publishing on 8 and 13 November.

[Adjourned till Tuesday 11 December at 9.00 am

Witnesses

Thursday 8 November 2012

Page

Rt Hon Andrew Mitchell MP, Former Secretary of State for International Development

Ev 1

Tuesday 13 November 2012

Rt Hon Justine Greening MP, Secretary of State for International Development, Department for International Development

Ev 12

List of printed written evidence

1 Department for International Development Ev 23: Ev 24: Ev 25: Ev 26

List of additional written evidence

(published in Volume II on the Committee's website www.parliament.uk/indcom)

1	Professor Linda Melvern, Investigative Journalist	Ev w1
2	Rutembesa Didier, Pretoria, South Africa	Ev w3
3	Population Matters	Ev w4
4	Human Rights Watch	Ev w4
5	Christian Aid	Ev w8
6	Ambrose Nzeyimana	Ev w10
7	Rene C Mugenzu	Ev w12
8	Congolese Diaspora Forum (CDF) UK	Ev w14
9	Aegis Trust	Ev w17
10	Andrew Wallis	Ev w20
11	Dr Phil Clark, SOAS, University of London	Ev w23
12	UK Rwanda Diaspora Community	Ev w25
13	Ann Garrison	Ev w28

List of Reports from the Committee during the current Parliament

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2012–13

First Report	DFID's contribution to the Global Fund to Fight AIDS, Tuberculosis and Malaria	HC 126 (609)
Second Report	Scrutiny of Arms Exports (2012): UK Strategic Export Controls Annual Report 2010, Quarterly Reports for July to December 2010 and January to September 2011, The Government's Review of arms exports to the Middle East and North Africa, and wider arms control issues	HC 419
Third Report	The Development Situation in Malawi	HC 118 (641)
Fourth Report	Tax in Developing Countries: Increasing Resources for Development	HC 130 (708)
Fifth Report	DFID's programme in Zambia	HC 119 (759)
Sixth Report	Afghanistan: Development progress and prospects after 2014	HC 403

Oral evidence

Taken before the International Development Committee on Thursday 8 November 2012

Members present:

Rt Hon Sir Malcolm Bruce (Chair)

Fiona Bruce
Richard Burden
Pauline Latham
Jeremy Lefroy

Alison McGovern
Fiona O'Donnell
Mark Pritchard

Examination of Witness

Witness: **Rt Hon Mr Andrew Mitchell MP**, former Secretary of State for International Development, gave evidence.

Q1 Chair: Good morning, Mr Mitchell, and thank you very much indeed for coming in to give us evidence on this short inquiry we are holding on the specific issue of budget support for Rwanda, its suspension and reinstatement, and the circumstances surrounding it. You will not be surprised to know we have had some fairly strong, contradictory written evidence on the issue. We would like to explore how these decisions were taken on your watch as Secretary of State. I would start with a very simple question: why did you decide to suspend £16 million of budget support to Rwanda when you did?

Mr Mitchell: Thank you very much indeed, Sir Malcolm, for extending this opportunity. I am very grateful for that, not least because there have been some somewhat overheated and ill-informed comments in the British press about both the decision and the process by which the decision was made. I want to demonstrate today the absolute propriety and proper way in which the decision was made. I will seek to persuade the Committee, if you give me the chance, that it was the right decision.

Of course, in circumstances like this it is possible for people of good will to disagree about the final decision the British Government made. I will seek to demonstrate that we made it for the right reasons, and I hope the Committee will accept that we got it right. In answering your question, I wonder whether it would be helpful if I were to give a timeline for how the decisions were made?

Chair: Briefly, yes.

Mr Mitchell: I should start by making it clear that budget support, which the Committee will be very familiar with, is the best way of doing development if you can trust the Government with which you are working and if the Government has the systems to ensure real accountability. When the Coalition Government came into office, we looked very carefully at budget support on that basis. We decided that the rules governing budget support were not sufficiently tough and the Coalition Government toughened them up very significantly. As a result of the much clearer focus on value for money, ensuring the money was really well spent and ensuring we could account to Parliament, the amount of budget

support is set to fall in the programme by about a half over the Parliament. So the rules are much tighter.

As part of those rules we said we would tranche budget support, so some countries would get budget support on a six-monthly basis and others on a quarterly basis. Under the last Government, Rwanda would have received the money at the beginning of the year in full for budget support. We said we wanted to tranche it. The first tranche was due in July and the second tranche would be due in December. That was a way of tightening the rules.

We also made very clear that we would govern whether budget support should be given on the basis of four principles. They are called the partnership principles and are very clear. We also said we would publish the summary of our judgment on the partnership principles. So there is much greater transparency and much greater control.

Given the changed nature of budget support, I would like to go back to the London Summit on Family Planning, which took place on 11 July. On that day the Prime Minister and I saw President Kagame and had a discussion with him. We told him we were concerned about what was happening in the Kivus in the DRC, which affected the British Government's relationship with Rwanda, and that Rwanda was losing support across the international community because of allegations about activities in the DRC. Later on that day I also had a discussion with President Museveni, who was the Chairman of the International Conference on the Great Lakes Region and had been asked by the African Union to look at what he could do to try to bring Rwanda and the DRC together.

On 13 July I went to see for myself what was happening on the ground. I went into the eastern DRC and into the Kivus. I had the considerable benefit of travelling with Neil Wigan, the British Ambassador in Kinshasa, who has an excellent understanding of what is happening in the Kivus but has also been briefed extensively by the British High Commissioner to Rwanda. When I went into the DRC, I visited Ntoto, at the foot of the mountains where the FDLR, that genocidal rump, had been based. I had the opportunity to see a camp for displaced people. I was able to talk to people who had been caught up in the violence and

8 November 2012 Rt Hon Mr Andrew Mitchell MP

struggles in the DRC and the Kivus. I also had the opportunity to meet community leaders who were able to tell me what was actually happening on the ground. I also had the opportunity of travelling with a British general, Major General Foster, who was the second in command of MONUSCO, the United Nations forces there.

Two days later I had the opportunity of having meetings in Rwanda with the Minister of Finance, the Minister of Defence and others. I was able to tell them what I had seen in the DRC and say that the British Government was dissatisfied with the account from the Rwandans and, therefore, I had decided we would delay this first disbursement—the July disbursement—for at least a month. When we got back we issued a statement, and I have brought copies, if it would be helpful for the Committee. This is the statement of those two visits.

In mid-August, having reported back, had discussions with the Foreign Office and discussions with Number 10, the Prime Minister set down some conditions, where he said budget support should be disbursed only after the August bank holiday and only if three conditions were met. He asked to be kept informed about that. There were submissions on 24 August about whether the Prime Minister's conditions had been met and what we should do. The conclusion of those submissions was that the Prime Minister's conditions had been partially met. On 30 August there was a submission to me on three options, all of which involved re-programming part or all of the budget support. We took a decision on those three options, and I accepted one.

On 31 August I wrote to the Prime Minister. The letter summarised the discussion we had had across Government. As it is not a restricted document, and as it is my letter to the Prime Minister, I am very happy to give it to the Committee.

That set out the basis of the decision. On the same day I spoke to the Foreign Secretary, and he agreed that two of the three conditions the Prime Minister had set had seen progress. He agreed with my decision on reducing by half the level of budget support we dispensed. He noted in his conversation with me that the tranching the Coalition Government had set up gave us the opportunity to take stock again in November, in respect of the second annual disbursement of budget support. Then, on the first available occasion—on 4 September—I reported in a written statement to Parliament on what we had decided. That is the third document I want to give to the Committee.

That is the timeline of the way in which the decisions were made. As I say, decisions were made entirely properly, through cross-Government consultation, with all relevant departments and Ministers being consulted. That was how we reached our decision.

Q2 Chair: I appreciate that, and I understand that it was important from your point of view to put that on the record, given what has been said. You are anxious to say this was a cross-Government decision and a proper process. The Committee, as you know, has visited Rwanda and the DRC. Nobody on the Committee had any doubt whatsoever about the

effectiveness of aid support to Rwanda in terms of delivering poverty reduction and contributing towards the MDGs. That is not the point of issue. Indeed, Rwanda is almost certainly better than any other recipient country in that capacity. The question that arises is to what extent that support gives cover to practices that are much more disreputable, whether that is interfering with a neighbouring state or suppression of the rights of its own citizens. That is what this concern is all about.

You have explained why it was withheld. You have explained the process by which you partially reinstated it and subdivided it. But at the moment Britain stands alone on that decision. Are you comfortable with the fact that other donors have taken the view that the process of investigation of these allegations is not complete? In your letter you say that you made your conditions, you are satisfied, and on that basis you made your recommendations. Meanwhile, there is an ongoing international process that has not been completed. The question to you is: why did you not wait until that process has been completed?

Mr Mitchell: On the first point about budget support for Rwanda, you are entirely right that, in terms of development and doing what they say with our taxpayers' money, and enabling us to follow the money and ensure that for a pound of British taxpayers' money we are getting 100 pence of development, Rwanda is probably one of the best in the world. Over the last five years Rwanda has lifted more than 1 million people out of poverty. There is no question about that. Budget support is the best way if you trust the systems. We can trust the systems in Rwanda: Rwanda does exactly what they say they will do with our taxpayers' money. That is a way of securing the poverty reduction development objectives of the British Government and of Rwanda. Taking away budget support would have no effect on the elite in Kigali but, bluntly, it would take girls out of school elsewhere in the country. It might make us feel better to remove budget support and avoid taking these difficult decisions, but it would not affect the people who make the decisions to which you have referred in Kigali. It would have the effect of damaging the poverty programme.

Britain's relationship is with the country of Rwanda. Both parties have had a candid but warm relationship with Rwanda when in Government. Tony Blair, Clare Short, I and the Prime Minister all have, but it is a candid relationship. In the conversations I have had with the President and others there, I have been very blunt about what was going on in the DRC.

Regarding your specific point: the Group of Experts has produced an interim report, which, at the end of November, will be judged by the United Nations. This is not a complete report. There were issues with that report. The Rwandans had a chance to have their say. When the Rwandans went to New York to have their say, I took the opportunity to talk to the Deputy Ambassador to the UN, Mr Parham, after they had given their evidence in order to hear for myself, before we made this decision, what had come out of that interim meeting. The final report of the Group of Experts is not expected until November. That will

8 November 2012 Rt Hon Mr Andrew Mitchell MP

enable my successor to decide, on the basis of that, whether or not the second disbursement of budget support should go ahead. Having already delayed the first payment by a month, on the basis of the conditions laid down by the Prime Minister, the British Government decided—not some rogue Minister but the British Government—what the right response was. We made that response very much on the understanding that there would be a second tranche, thanks to the reforms we had made, to be discussed in November or December in the light of the Group of Experts' report. That was why we took the decision we did.

Q3 Fiona O'Donnell: I apologise, Mr Mitchell, if I missed this in an earlier answer but I was trying to read these documents we have just received. When you took the decision, were you under pressure from other donor countries who had taken the decision to withhold aid and thought that the British Government should also withhold aid?

Mr Mitchell: We talk to the other donors all the time, and the officials talk to the other donors. In terms of donors, Britain is very much in the middle of the pack. There is a suggestion that Britain has gone out on a limb here, and it is not true. Let me give you some of the details: the European Union made no change at all to their programmes; they released budget support as planned in September. The position that payments under existing programmes should be made was agreed on 18 September at the EU Political and Security Committee. We reduced budget support by a half; the EU made no change. The press have pointed out that the American Government cut \$200,000 off their military aid, which is correct, but what was not reported was that the development programme, which is \$160 million a year—so it is a huge development programme—has not been affected. While I was there, the Belgian Ministers spoke out against aid being withheld or cut.

Q4 Fiona O'Donnell: That does not answer my question, Mr Mitchell, which is: did you come under pressure from other countries to withhold aid?

Mr Mitchell: No, there was no pressure as such. You are correct in saying that the Netherlands and Germany suspended budget support, as indeed they did in 2001 when Britain again, under a Labour Government, did not decide to suspend budget support. Others continued unchanged. Sweden does not do budget support. Other donor programmes have not been affected at all. All those from the United Nations have continued, I am advised. Do not think that Britain went out on a limb; we are pretty much in the middle of the pack.

Q5 Mark Pritchard: Mr Mitchell, you used the term "rogue Minister". From what you are saying it seems that there was a collective decision within Government that went to the very highest level, the Prime Minister, and was also agreed by the Foreign Secretary. Is that a correct interpretation of what you have said or have I missed something out?

Mr Mitchell: Yes. I gave you the words that are recorded in a note of the conversation I had with the

Foreign Secretary, so you are entirely right. My point is that the press have suggested that a rogue Minister can sign cheques under the bedclothes and bung them out to dubious leaders. That is completely untrue. It is very insulting: I take deep offence at the suggestion that I would ever behave in such a way. It is also a tremendous insult to the British Civil Service, who would never allow a Minister to behave in that way.

Q6 Mark Pritchard: On the point of the United Nations, my view is—and it is more important what your view is—that the United Kingdom Government and DFID should not have the timing of giving or withholding money as leverage to see changes within a particular donor Government set by a foreign Government, whether it be the Netherlands or Belgium, or the United Nations, which clearly has an issue with not keeping its reports watertight. We have had various leaks of UN reports, so the process, in a sense, was flux. How do you think you could have done things differently given those external factors?

Mr Mitchell: You are right that there were complaints that the Group of Experts' report had leaked. I do not know whether that is true or not. That is certainly an allegation the Rwandans make in their submission to the Group of Experts. I have no knowledge of that. When I was Secretary of State, we talked to my counterparts all the time about decisions. But Britain has a leadership role in development in Rwanda. This Committee has pointed out that we have a leadership role around the world in development. We make our own decisions. Britain made the decision to do the Multilateral Aid Review, to do the Bilateral Aid Review and to set up independent evaluations to champion transparency. Many others have followed the lead we gave. On Rwanda we took our own decisions. We did what we thought was right, bearing in mind our central aim of helping alleviate poverty in a country to which Britain has become a close but candid friend under both political parties in the years since the genocide in 1994. The decision we made, I think, was the right decision.

Q7 Mark Pritchard: What consultations took place within DFID before decisions were taken?

Mr Mitchell: There was a huge amount of consultation, which then comes up to the Secretary of State in a submission. I referred to the submissions when I was taking the Committee through the timeline of the way in which the decision was made. I should just say what the partnership principles on budget support that we, the Coalition Government, set down are. The first is poverty reduction and achieving the MDGs. The second is respecting human rights and other international obligations. The third is improving public financial management, promoting good governance, transparency and fighting corruption. The fourth is strengthening domestic accountability. Those were the four conditions that we set, against which we judged whether or not budget support should be disbursed in Rwanda. The judgment of officials, with which I completely concurred, was that on two of those principles Rwanda was doing very well and on two of them they were standing still and not doing so well. It was because of that judgment against those

8 November 2012 Rt Hon Mr Andrew Mitchell MP

principles, which we published—again as a result of the changes the Coalition Government have made to budget support—that the decision was made.

Q8 Richard Burden: I would like to ask you one or two things about the conditions the Prime Minister set down. However, I would like to check something you said after that, in relation to whether Britain was or was not out on a limb in reinstating budget support. You mentioned that the United States cut its military aid but went ahead with its other programmes. They were not budget support, though, were they?

Mr Mitchell: America does not really do budget support.

Q9 Richard Burden: Exactly, so it was not.

Mr Mitchell: On their development programmes, they made no changes. My point is that Britain did make changes because of what was happening—the wider issues in the DRC.

Q10 Richard Burden: There was a \$5 million agriculture programme that they decided to deliver via the World Bank rather than directly.

Mr Mitchell: Yes, but that is a technical point because you will appreciate that the \$5 million was still delivered; it was just delivered through a different mechanism. The people who make these decisions often decide that there are better ways of ensuring they get value for money for their taxpayers in the way the programmes are delivered.

Q11 Richard Burden: You put the three conditions the Prime Minister laid down in the letter you wrote to him. Did the Prime Minister publish those three conditions anywhere before that?

Mr Mitchell: No, I do not think so, but I stand to be corrected. But they are conditions that I think the Committee would feel are the right conditions.

Q12 Richard Burden: I just wanted to make sure I had not missed them somewhere. The first of those, in your letter, is that the Rwandan Government should engage constructively with the peace talks chaired by President Museveni. Condition two was the need for public condemnation by Rwanda of M23. Condition three was continuing the ceasefire in the Kivus and practical support for M23 ending. On the first one, you said they did engage constructively with the peace talks. In relation to the second one, you said they had not publicly condemned M23. It is the third one that I have some problems with: continuing ceasefire in the Kivus and practical support for M23 ending. Did practical support for M23 end?

Mr Mitchell: The British Government's judgment was that they met conditions one and three in part, but they had not met condition two. In terms of co-operation with the Museveni group, the ICGLR, progress had been made. Meetings had taken place between Kabila and Kagame under the aegis of the Museveni group, so we were happy that progress had been made. Having delayed the whole of the budget support, we only paid out half of the first tranche. We made it clear that the issue of the second tranche was on the table. It is for my successor to decide, in light of

circumstances today, what to do about the second tranche in December. In terms of the conditions the Prime Minister had set down for disbursement after the August bank holiday, progress had been made on one and three, and on two it had not. That was also the judgment of the Foreign Secretary.

Q13 Richard Burden: Condition three, which you said had been met either in whole or in part, included that practical support for the guerrilla group M23 should end. Did it and what evidence did you have for it?

Mr Mitchell: The Rwandan Government denies it has given anything.

Q14 Richard Burden: They have said that all along.

Mr Mitchell: They deny any support at all, and they contest the points made in the Group of Experts' report. We will all have an opportunity, when the Group of Experts publishes its final report in November, to take a view on that. The view of the British Government, through various consultations and various ways, was that, in part, that third condition had been partially adhered to.

Q15 Richard Burden: What was the basis of that belief, given that lots of organisations were saying, ceasefire or not, Rwanda was always involved with M23 and remains involved in supporting M23?

Mr Mitchell: That is contested but the fact was that the ceasefire had held.

Q16 Richard Burden: I know, but you are saying that the Prime Minister's condition three—and the only place we have it written down is in your letter—has two components. One is a ceasefire and the other is the question of practical support for the guerrilla group M23. My question is: why did the UK Government, apparently uniquely, apart from the Government of Rwanda, believe that practical support for M23 had ended?

Mr Mitchell: We did not say it had ended: we were not in a position to say that. The ceasefire had held.

Q17 Richard Burden: I am sorry, but it does say in your letter to the Prime Minister, in paragraph two, "There has been a continuing ceasefire in the Kivus and reporting shows that practical support for the M23 has now ended (condition three)". That is your letter.

Mr Mitchell: Yes, that was the judgment that the British Government, through its different agencies and parts, had reached. That is why it was in the letter to the Prime Minister.

Q18 Chair: "Reporting" means reporting by British Government officials, does it?

Mr Mitchell: That was the judgment that the British Government made.

Q19 Richard Burden: Is that from reporting by British Government officials?

Mr Mitchell: That is the judgment from the reports we had made on that issue.

8 November 2012 Rt Hon Mr Andrew Mitchell MP

Q20 Richard Burden: When you made the decision to suspend budget support, did you think there was practical support for M23 at that stage?

Mr Mitchell: From the Government of Rwanda?

Q21 Richard Burden: The Government all the way through were saying, “We are not doing this.” Did you reach a conclusion at the point you suspended budget support that there was practical support for M23?

Mr Mitchell: When we delayed making the payment of the budget support in July, following the visit I made to the Kivus, I thought there was sufficient evidence on the ground not necessarily of Rwandan Government involvement but of cross-border involvement. Bear in mind that this is a colonial border, and families and relationships across that border can be very strong and deep. On the basis of that visit and what had been reported, I did not feel that it was in Britain or Rwanda’s interest to make the payment at that point. We then put in place a process, which I have set out in some detail to the Committee, for how a decision should be made after the August bank holiday. Regarding the conditions the Prime Minister set, the view we took across Government was that those conditions had been met partially, not in total. That was why we made half the first payment but not the second half. The second half was then channelled into education to the tune of £5 million and agriculture to the tune of £3 million.

Q22 Pauline Latham: I would like to put on record that I have been out to Rwanda four times with the Conservative Party’s Project Umubano, where I believe we have done some very good work. I would like that on the record. It is not a pecuniary interest; it is just the fact I have been out there. We talked about the UN report and the leakages. How credible do you think the UN report is, which alleges the involvement of the Governments of Rwanda and Uganda in arming and training the M23 rebels?

Mr Mitchell: I cannot second-guess the report. It is for those countries to defend themselves against the allegations from the UN Group of Experts and for the United Nations to reach a conclusion. So far we only have the interim report. The Rwandans would point out that the Group of Experts identifying munitions from Rwanda in the Kivus is not necessarily evidence of illicit Rwandan activity because, as a result of the agreements between Kabila and Kagame—the DRC and Rwanda—two companies of Rwandan special forces have been under Congolese command in the Kivus. So the fact they had ammunition, the Rwandans would argue, is not conclusive evidence of illicit activity by the Rwandan Government. All of us are in the same position on this. We will all no doubt read the report of the Group of Experts and come to our own conclusions.

The point for me as Secretary of State at the time, on the basis of a contested interim report, was about the impact that should have on the four principles and the disbursement of budget support. That was why I called the British lead in New York to find out what happened at that interim meeting: I thought I needed to have that information in order to reach a decision.

As I say, that informed the decision we made to restore or pay out half of the first tranche.

Q23 Pauline Latham: Can you tell us what role the interim report had in your decision when you decided to suspend and then reinstate budget support?

Mr Mitchell: It was part of the mix that led to that decision.

Q24 Pauline Latham: So it did not have a high weight in your decision making or a lower weight than anything else?

Mr Mitchell: It was not just my view. It was part of the mix that led to officials and Ministers working out what to do. Officials advise, Ministers decide, and it was one of the pieces on the board.

Q25 Alison McGovern: Thank you for providing us with the letter you wrote to the Prime Minister. I have a couple of brief questions on that. What non-formal contact did you have with people in Downing Street around this letter?

Mr Mitchell: What non-formal contact?

Alison McGovern: Yes. What discussions did you have with the Prime Minister’s advisers?

Mr Mitchell: We are a very joined-up Government. Relations are harmonious in the Coalition. It is a highly functional Government; we talk all the time both informally and formally. The Foreign Secretary and I, when I was Secretary of State for International Development, had done these jobs for five years while we were in opposition together, so we know each other’s thinking very well. The letter sets out very clearly the position of the Government and the decisions we made. Formal and informal contact, as I am sure you know, takes place all the time in Government.

Q26 Alison McGovern: So did you speak to somebody in Downing Street about the preparation of the letter?

Mr Mitchell: I would always keep the Prime Minister’s Chief of Staff, Ed Llewellyn, in the loop on any decisions that I thought were important and Number 10 would need to know about. I certainly did that on this occasion.

Q27 Alison McGovern: You mentioned the Foreign Secretary; is that also true of the Foreign Secretary or one of his team?

Mr Mitchell: The Foreign Secretary and I discussed Rwanda on a number of occasions. In my timeline I have given details of the discussion with him that took place on the day we tied these decisions together.

Q28 Alison McGovern: You gave a timeline of the events earlier. Within that timeline, was there contact with the Rwandan Government?

Mr Mitchell: Yes, there was. There was contact, which I explained and which is in the note I have given you, when I was in Rwanda and the DRC. From memory there were three calls with President Kagame. The first was a meeting with the Prime Minister on 11 July, to which I referred. I subsequently saw him again later in the day to

8 November 2012 Rt Hon Mr Andrew Mitchell MP

reinforce the messages the Prime Minister and I had given him at the London Summit on Family Planning. I spoke to him again on 28 July in a conversation where I set out the concerns the British Government had on the Kivus. I urged him to avoid any steps that would cause further deterioration of stability in the Kivus. I stressed that the UN must be able to operate unhindered and any attack on MONUSCO would be completely unacceptable: there had been suggestions that there might be an attack on the United Nations. I urged him to condemn, unambiguously, the indicted ICC war criminal Bosco, who had been rampaging and destabilising across the Kivus. I also urged him to respond to the Group of Experts' report. That was the basis of that conversation. Then on 1 September I called him and the Minister of Finance to tell them the decision the Government had made in respect of the disbursement of the first tranche of general budget support.

Q29 Alison McGovern: During those conversations did you ask about practical support to M23?

Mr Mitchell: I have given you the note I made. I urged Rwanda to avoid allowing the situation to deteriorate further in the Kivus. I think that is the answer to your question.

Q30 Alison McGovern: Did you ask for factual information during that conversation?

Mr Mitchell: The Prime Minister and I both asked him in detail what was going on and what was the extent of Rwanda's involvement in the DRC.

Q31 Alison McGovern: So when did the Prime Minister speak to President Kagame?

Mr Mitchell: He and I had a meeting with Kagame on 11 July, in the margins of the London Summit on Family Planning.

Q32 Alison McGovern: To your awareness, did the Prime Minister speak to President Kagame between 28 July and 1 September?

Mr Mitchell: I am not aware that he did, no. The Foreign Secretary certainly spoke to him in the margins of the Olympics. The Prime Minister saw him on 11 July. I was at the meeting and the Prime Minister made Britain's views on what was happening in the Kivus very clear. He asked the President directly about Rwandan involvement.

Q33 Alison McGovern: Turning to the submission officials gave to you, you mentioned earlier that there were three options and you chose one. What were the other options you did not choose?

Mr Mitchell: That is official advice that I am not making available in the way I made my own stuff available to the Committee. That would be improper. I can tell you that the three options were alternatives, which I had asked for, to disbursing in full the general budget support, which we had decided not to do. They were: partial disbursement, disbursement through other means, and other forms of partial disbursement. We took one of those three options.

Q34 Alison McGovern: Did you have reason to think that taking that decision was time sensitive?

Mr Mitchell: It was a delay; it was not an advance of a decision, because the first tranche should have been in July. We put it back following the Prime Minister's injunction that disbursement should only take place after the August bank holiday. This was the week after the August bank holiday.

Q35 Alison McGovern: Were there other decisions you made on that day? Can you recall taking other decisions that were put to you?

Mr Mitchell: Secretaries of State make decisions every day. I am not quite sure where your question is going. When I left DFID, it was very unusual, because normally when there is a reshuffle you are in and out very fast; you have to clear your desk and off you go. I had known for more than a week that I would be moving to be the Government Chief Whip. So I made sure, in the interests of my successor, that all the decisions on my desk should be made so she had a clear desk when she arrived and could get up to speed on the various issues. All the decisions that were pending and needed to be made, I was able to make in an orderly way in that week.

Having said that, this particular decision, following the Prime Minister's injunction, was set to be made in that week anyway. For us to have delayed it further would itself have been a breach of the partnership principles with the Government of Rwanda. With budget support you do not want to mess around with the timing, which then makes it much more difficult for them to budget. Budgets are often on a shoestring anyway in very poor countries. You want to try, if you can—it is part of the deal on budget support—to stand by the commitments and timing unless there are serious infractions of the principles that mean you cannot. That was the case in this situation.

Q36 Alison McGovern: So on that day you had evidence that you were looking at from across Government about practical support to M23.

Mr Mitchell: I did not have evidence about practical support to M23.

Q37 Alison McGovern: My apologies: you had evidence that condition three was partially or wholly met.

Mr Mitchell: The judgment of officials was as I have set out. Two of the three conditions had been partially met and one had not. The one that had not been met was the second condition about condemning M23 and condemning violence. The Rwandans would probably argue that they had made it implicitly clear, but we did not feel they had made it as explicit as the Prime Minister would want.

Q38 Mark Pritchard: It is clear that, on condition three, you had your own field visit experience, direct discussions with President Kagame and a collective discussion with the Government here at the very highest level. You just mentioned also the "judgment of officials". Earlier you mentioned, to paraphrase, "following advice from British agencies". Whilst you may not want to, or be in a position to, show the

8 November 2012 Rt Hon Mr Andrew Mitchell MP

advice or judgment of officials on this point, I wonder whether it is easier for you or those agencies to make available the advice they gave with regard to condition three being met?

Mr Mitchell: I have gone as far as I feel I can, and I think I have been very open with the Committee on the way these decisions were made. Ministers receive advice from officials and then make decisions for which they are accountable in Parliament. Although by the time the Parliament came back I had moved to a new position, I immediately honoured that principle by issuing a written statement at the first available occasion, which set out the decision we had made. Ministers must be accountable to Parliament for their decisions. The advice Ministers get from across Government, rightly, should remain confidential.

Q39 Fiona O'Donnell: Mr Mitchell, I have two quite short questions. To put this on record: is it your belief that the Rwandan Government has, at some point, been involved in practical support to M23?

Mr Mitchell: I am not in a position to say that. It will be necessary for us to read the report of the Group of Experts when it is completed for the United Nations in November. The Rwandan Government specifically deny it. The Group of Experts, in their interim report, suggest that those denials are not credible. I am not omniscient. You will have to read the Group of Experts' report and make your own judgment.

Q40 Fiona O'Donnell: Given that you acknowledge you are not able to make a judgment before you see that final report, do you not think you should have waited for the final report before reinstating budget support? That is not support to NGOs or local charities, but do you not think you should have waited for that final report?

Mr Mitchell: No. Because of the way we have tightened the making of general budget support, because it is now tranching and the second tranche was due in December, it was right, in my judgment, on the basis of the principles laid down by the Prime Minister and agreed across Government, to release half the first tranche. It will be for my successor and the British Government to take a view about the second tranche on the back of the Group of Experts' report. That could not have been done before. Under the last Government, all the money would be made available at the beginning of their financial year. It is only because of the changes we have made that we have been able to have a much tighter grip on the payment of general budget support.

Q41 Fiona O'Donnell: You said you did not receive any advice or pressure from other Governments when you took the decision to withhold budget support. Did you consult with any other donor countries before taking the decision to reinstate it?

Mr Mitchell: Officials did. We told a number of other countries what we were planning to do.

Q42 Fiona O'Donnell: What was their response?

Mr Mitchell: These are discussions that take place all the time. In terms of budget support, I spent much more time this year on the issue of Malawi, where

there was a change of Government. These were counterparts I had known for up to seven years in some cases. We talk about these things all the time. We respect each other's judgments and we do not always reach a collective view.

Q43 Fiona O'Donnell: What was their response? Did they support it or did they try to convince you otherwise?

Mr Mitchell: No other donor country tried to convince us. Officials talk all the time as well, and they were able to gauge reactions too.

Q44 Jeremy Lefroy: I would also like to place on the record that I have been helping to lead the small business project in Project Umubano for the last three years. I would like to talk about the sentence in your letter of 31 August where it says, "Reporting shows that practical support for the M23 has now ended." I realise that you cannot give details of where such reports would have from. Given the fact that MONUSCO is the biggest UN peacekeeping mission in the world and the UK is a permanent member of the Security Council and it comes under a Security Council mandate, I would imagine that the UK is privy to information on that mandate through its position on the Security Council. You also mentioned that the Deputy Commander is a UK General. We also have a strong DFID representation locally and the UK High Commission. Would I be right in thinking the reporting you received would have come from a mixture of those sources?

Mr Mitchell: You would be absolutely right, yes.

Jeremy Lefroy: So we are talking about sources that are, by all accounts, very credible.

Mr Mitchell: It is the combined wisdom of officials in the British Government.

Q45 Jeremy Lefroy: The statement that "practical support has now ended" implies that it had begun, was continuing, but has now ended. What practical support was being provided that you or the Government were aware of?

Mr Mitchell: I cannot answer that question. We were aware of allegations of practical support, which were being widely ventilated. As I say, there is a huge amount of allegation and counter allegation. That is why, it seems to me, that the sensible thing to do is wait for the interim report of the Group of Experts to turn into a final report that is accepted by the United Nations. That will give us the best view of questions like that.

Q46 Jeremy Lefroy: So in terms of the decision the UK Government came to at the end of August—that practical support had ended—was that based on very solid evidence from sources the UK Government at the time believed to be reliable?

Mr Mitchell: Yes.

Q47 Fiona Bruce: Could I also put on record that I have been involved in helping to lead the Project Umubano business project?

Could I just ask you why you made the decision, when you reinstated the £16 million aid, to split it between

8 November 2012 Rt Hon Mr Andrew Mitchell MP

general and sector support? Did you consider, pending looking into the issue further, applying it all to sector support? Could you assist us by explaining what the position on the ground in Rwanda would have been had you removed the £8 million you decided to continue as general support? What would the impact have been if you had not applied that to the general budget support at that time?

Mr Mitchell: This goes back to my earlier point that, in changing the conditions of budget support, you endanger very important poverty programmes. I think that 6.5% of the budget support goes to support the Rwandan PAC and the Auditor General's office. That is very important work and it shows the extent to which a large chunk of budget support is being used to build systems in Rwanda that are very important indeed in tackling corruption and promoting accountability. If you change budget support, you have to recognise the danger that you will not have an impact on the elite but you will degrade or damage very important poverty programmes. That is the balance. I remember Clare Short making the same point about Ethiopia after the 2005 election; there had been specific problems in the aftermath of the elections that Britain felt were intolerable.

You have to work out what you do to support, within the partnership principles, the pro-poor, poverty elimination programmes, but you also have to take account of the wider situation. In this circumstance that involves the wider situation in the DRC and the Kivus. That is the metric through which these decisions are made. As I say, they are profoundly consultative and are the decisions of the British Government.

Q48 Fiona Bruce: Clearly the sector support you have described, which would have been food security or education through targeted DFID programmes, would have involved a considerable degree of accountability and reporting back.

Mr Mitchell: There is a considerable degree of accountability in budget support. In any of these programmes, we have to be satisfied that we can follow the money.

Q49 Richard Burden: I just wanted to go back on the timeline a little bit. A number of other donors have either suspended or delayed their support to Rwanda in different forms. The European Union, as you said, released their budget support in September, but they have deferred two new programmes. The World Bank delayed seeking a board decision on its policy loan. The African Development Bank delayed a decision on a policy loan until after the World Bank board meets. The USA cut its military aid. The Netherlands and Germany have suspended budget support. Sweden does not provide budget support anyway but froze any projects they were providing to the Government. Those decisions have all been reported as a reaction to the leaked UN interim report. Is that your understanding of those decisions?

Mr Mitchell: Which decision?

Richard Burden: Those other donors deciding to delay or suspend their arrangements.

Mr Mitchell: I am not in a position to answer that; you must ask the other donors.

Q50 Richard Burden: I am asking for your understanding.

Mr Mitchell: I have no idea. The important point is that the EU and the US, which are two of the biggest, made no effective changes as a result of that.

Q51 Richard Burden: Well, Mr Mitchell, that is not true, is it? The USA suspended military—

Mr Mitchell: The EU made no change. It released budget support, as planned, in September. The US suspended military aid of \$200,000.

Richard Burden: Yes, absolutely.

Mr Mitchell: That did not affect a \$160 million programme on development. You have to get these things in proportion.

Q52 Richard Burden: I am not talking about the effectiveness of it.

Mr Mitchell: No, it is about the scale.

Q53 Richard Burden: They did delay the programme.

Mr Mitchell: Let's be absolutely clear about this; let's not have any unnecessary misunderstanding: \$200,000 of military aid was suspended and cut by the US; the development programme of \$160 million per annum has not been affected.

Q54 Richard Burden: That is not budget support.

Mr Mitchell: No, that is a huge development programme and much bigger than the \$200,000 that was tied to military aid. Given the situation in the Kivus, it would have been surprising if they had not done something about the military aid.

Q55 Richard Burden: There are a lot of things that are surprising about this whole story. Is it your understanding that they made those decisions—I am not asking you to speak for them but I am asking about your understanding—in light of the leaked interim UN report? Did they make the decisions before you made your decision?

Mr Mitchell: The leaked UN report is a fact, so they would have been aware of that. The US then decided not to change their \$160 million development programme. So I have no doubt that on the one hand they knew about it, but on the other hand they decided not to make a change. Perhaps the two things informed each other.

Q56 Richard Burden: Were those other decisions—World Bank, African Development Bank, USA on military aid, the Netherlands and Germany—made before or after your decision to suspend budget support?

Mr Mitchell: I cannot recall. As Mr Burden will be aware, the World Bank and the African Development Bank do not apply political conditionality to loans. That too is a factor in this. As to whether I knew about that decision when I helped make the decision for Britain, I cannot recall.

8 November 2012 Rt Hon Mr Andrew Mitchell MP

Q57 Richard Burden: The conditions the Prime Minister laid down were conditions imposed after the suspension; they were not there before.

Mr Mitchell: The delay in making the first of the two tranche payments was made in the way I described. The issue then was for how long to delay it and what to do. The Prime Minister's three conditions and the decision on the timing point were made in respect of what to do with that delayed disbursement.

Q58 Richard Burden: So you made the decision to delay in July, after your discussions at the UN and your visit. Then, having delayed, two or three weeks after that the Prime Minister laid down conditions for what needed to happen in order for the delay to come to an end.

Mr Mitchell: Yes.

Q59 Richard Burden: So did anybody, either you or the Prime Minister, when you delayed in the first place, say to the Rwandan Government, "We are delaying this money because you are not doing this and this is what you have to do to get it reinstated," or was that an afterthought?

Mr Mitchell: If you recall, I mentioned the conversation I had with President Kagame on 28 July. It would be pretty clear from that conversation and from conversations the British High Commissioner in Kigali had with the Government of Rwanda that the British Government was concerned on the basis of the partnership principles. The partnership principles are the agreement we signed up to with Rwandans to govern general budget support. They were very clear about what our concerns were and what needed to happen for those concerns to be addressed. The three points the Prime Minister made in mid-August underlined that.

Q60 Richard Burden: So, essentially, were you saying to Kagame in July, "If you do not co-operate with the peace talks, we are going to suspend your budget support"? That is the only thing that really changed, wasn't it?

Mr Mitchell: On behalf of the British Government, I was expressing concern about what was happening in the Kivus, the extent to which Rwanda may or may not have been involved, and making clear that we were looking for co-operation with the Museveni group and the other things I hope I have set out very clearly.

Q61 Richard Burden: The thing I just do not get about this is, if what you are saying is right about your reasons for reinstating the budget support and reallocating it, why did you suspend it in the first place?

Mr Mitchell: We were trying to discover what was actually happening and we had to go through these processes ourselves to reach a conclusion on what we should do. As I have explained on a number of occasions, the decision we came up with was an alteration of making the first tranche payment in full. So we delayed until we worked out the right thing to do. All the relevant parts of Government engaged to

reach a conclusion on what was the best thing to do in these circumstances.

Q62 Richard Burden: So you suspended because you had worries and suspicions that were reinforced by your own visit to the Kivus. As a result of that, whilst things were being clarified, you delayed.

Mr Mitchell: Delayed, yes. Then when they were clarified, we made our decision.

Q63 Richard Burden: The picture you were looking at, which led you to have that concern about not knowing quite what was going on, was partly the discussion you had with the Rwandan Government, partly the evidence of your own eyes when you visited the Kivus, partly the discussions you had with other agencies and partly the leaked UN report. Those are the things that led to the delays.

Mr Mitchell: All of those things were part of it. Then I and officials in other parts of Government looked at all those things during the period in which the first tranche was suspended, reached our own evaluation, reached our conclusions, and made our decisions accordingly.

Q64 Richard Burden: This is the thing I do not get. When we have been asking you about a really key part of that, which is alleged support, before and ongoing, for M23 by the Government of Rwanda, what you appear to have said, unless I have misunderstood you, is that there were allegations there, Rwanda was denying it all the way through, and it looked like there was something there but it was difficult to put your finger on exactly what it was, and we will only know the result of that when the second UN report comes out—the final report.

Mr Mitchell: That will be the UN report, because the first one was an interim one. That will then enable my successor to make a decision on the second tranche.

Q65 Richard Burden: The question is: if you are only going to know the answer to that question then, and if not knowing the answer to that question before led you to delay aid, why did you reinstate aid before that second report had come out?

Mr Mitchell: I think I have been pretty clear about that, Mr Burden. The reason is that budget support enables the Government to fund pro-poor poverty programmes, which deliver value for money to the British taxpayer in terms of objectives we are seeking to pursue.

Q66 Richard Burden: But that was the case when you delayed it.

Mr Mitchell: Hang on. That is one of the factors determining whether and when you make budget support payments. Ideally, if we had not had these concerns, we would have been able to stick to the agreement and ensure we were able to make the payment on time. Unfortunately, that was not possible in the wider circumstances.

Chair: I think the difference of opinion is clear.

Q67 Mark Pritchard: Mr Mitchell, do you stand by your decision?

8 November 2012 Rt Hon Mr Andrew Mitchell MP

Mr Mitchell: Absolutely.

Q68 Jeremy Lefroy: As far as I can see, the reason for suspending budget support in the first place is to put pressure on a Government to change its ways. It is the same with sanctions on Iran: you want to make a change. By 31 August the Government believed from reports from reliable sources that there had been some changes, which enabled it to make some movement towards restoring partly direct budget support and partly sectoral budget support. Do you think the partial reward for having done this has led to any improvements since the end of August or beginning of September in the situation in Rwanda and the Kivus? Do you think this partial reward has had a positive effect on the situation? We are talking about people's lives. The M23 is a terrible organisation that has been conducting—and probably continues to conduct—some pretty awful things in the Kivus. That is what we want to see stopped. Whatever support has been given to it should be stopped. In your assessment, has the decision made by the British Government had an influence on that?

Mr Mitchell: You are entirely right: the M23 is a mutiny and Britain and other countries take a very tough line on mutineers, particularly Rwanda. I have not seen the reports but my understanding is that the ceasefire has held, which is incredibly important for promoting security, particularly for women and children in this very troubled area. There are a myriad of lawless groups there, which, as a result of the M23, have proliferated. They have been recruiting, they have involvement with arming children, and there is deep instability across large parts of the Kivus as a result of this mutiny. If the ceasefire has held, that will have improved the security situation for some very vulnerable people there. The answer to your question will inform the British Government's approach to the second tranche of budget support in December. In my judgment it is the right question and I am sure that will be at the heart of that decision.

Q69 Fiona O'Donnell: Mr Mitchell, you are appearing before the Committee this morning at your request.

Mr Mitchell: At my request? I was asked whether I would like to come and I willingly assented.

Fiona O'Donnell: That was not the account we were given.

Chair: He is here willingly, if that is what you are saying.

Fiona O'Donnell: Yes, so you have not been dragged here.

Mr Mitchell: No. You might have read that in the press but it was not correct.

Q70 Fiona O'Donnell: No, I did not; the Chair told the meeting that.

Mr Mitchell: I mean about my being dragged in front of the Committee.

Q71 Fiona O'Donnell: No, I did not see that. I have read some accounts but not that one.

I am sure you agree that it is right this Committee should take an interest in the process around how the

decision was made and its transparency. However, also, at a time other Departments are facing cuts, this is an issue that the public increasingly takes an interest in. In defending some of the accusations that have been made against you as a "rogue Minister", you said that officials would never allow a Minister to behave in that way. There were 53 days between the issuing of the statement saying you were withdrawing aid and aid being reinstated.

Mr Mitchell: Not withdrawing: delaying.

Fiona O'Donnell: Yes, delaying—suspended. Thank you for correcting me. During those 53 days, did you have any conversations with President Kagame or any other Ministers or officials in the Rwandan Government that your civil servants were not party to? Were there any telephone conversations, text messages or emails that did not go through official routes?

Mr Mitchell: The conversations with Kagame are always listened in to and recorded by officials. That was the case then. The meetings I had in Rwanda are included in the note I gave you. The decisions we made on this were made with complete propriety. There is no question of any of what is behind your question taking place. Everything I have done in making this decision I did in consultation with my colleagues, with total propriety and in a way the Committee would expect.

On your point about the Committee taking an interest in this, I have always had an immense respect for the International Development Committee. The Chairman will confirm that I have always appeared when invited. I have certainly appeared in front of the Committee during my time as Secretary of State more than most secretaries of state would have done. I have nothing but respect for the work this Committee has done.

Q72 Fiona O'Donnell: So there is a clear audit trail over those 53 days of all communications between you and your officials and those in Rwanda should we wish to see it.

Mr Mitchell: Do you mean with Rwandan Government officials, so Ministers and officials?

Fiona O'Donnell: Yes.

Mr Mitchell: Yes, absolutely.

Q73 Fiona O'Donnell: That is reassuring. It is unfortunate that some of the allegations have been made at a time when we are all out trying to convince our constituents that aid is something that should be protected in this country and indeed increase. Why did you not register some of your personal interests in voluntary organisations and development work in Rwanda?

Mr Mitchell: Which organisations?

Fiona O'Donnell: The Conservative charity that has been referred to.

Mr Mitchell: Project Umubano? I was a volunteer.

Q74 Fiona O'Donnell: Just in terms of making sure you absolutely could not be said to have any personal favour, do you not think that would have been wise?

Mr Mitchell: Absolutely not. I had no involvement in the organisation of Project Umubano once I became

8 November 2012 Rt Hon Mr Andrew Mitchell MP

the Secretary of State. Before I was the Secretary of State, since it started in 2007, every donation that Project Umubano received—not as a charity but as a political donation—was properly recorded.

Q75 Chair: Secretary of State, you were Shadow Minister for five years. You and the Prime Minister perfectly properly and honourably have invested a lot of commitment to Rwanda and personal engagement with the President. You will be aware that some of the press comments are suggesting not that it coloured your judgment but that you had such an investment in the country, in terms of the rapport and the engagement, that you clearly wanted to maintain that, and that other donors take a slightly more detached view. How do you respond to those kinds of allegations?

Mr Mitchell: Britain has a close relationship with Rwanda. That was very clear in Tony Blair's relationship with Rwanda. The Tony Blair Africa Governance Initiative started in Rwanda. Clare Short, when she was Secretary of State for International Development, gave priority to helping Rwanda following the appalling events of 1994 after she came into office in 1997. This is a close relationship between Britain and Rwanda. It is a relationship that is candid but has been pursued by the Labour Party and the Conservative Party when in Government.

Q76 Chair: So your view, as you have asserted very clearly, is that you have taken these decisions objectively, on the basis of information and with full consultation. All of that is on the record and understood. Why do you think, in those circumstances, all the other donors who took the decision to suspend it are still suspending it, at least pending the conclusion of the United Nations report?

Mr Mitchell: As I said, if you look at the donor position, we are pretty much in the middle of the pack. We have gone through what the EU and the US have done. Belgium has spoken out against the cutting or withholding of aid. The Netherlands and Germany suspended budget support. Sweden does not do any budget support. Other donor programmes have not been affected, including those of the United Nations, which are a very powerful part of that donor support. Britain is very much in the middle of the pack on that.

Q77 Chair: This was a specific allegation, but let's be clear: it is against a background that goes back many years, with cross-border disputes, engagements and movements. When the Committee was in the

DRC, there was a general view that Rwanda was always interfering. Of course, with the family links, it is a very fluid and porous border. On a more positive note: do you think this episode will have any material effect on the Rwandan Government's recognition that they have to be seen to be much more proper and disengaged, or otherwise this very good relationship they have with donors will ultimately become prejudiced and prejudicial?

Mr Mitchell: That is correct. This year Rwanda has seen a much more difficult relationship with donors, including Britain, as these events make clear. I very much hope that will influence their thinking.

Q78 Chair: Thank you very much on behalf of the Committee.

Mr Mitchell: Could I just draw the Committee's attention to the evidence the Permanent Secretary at DFID gave to the Public Accounts Committee on 24 October? I am sure the Committee will want to see the evidence, but I would just like to quote two pieces of what he said. He said, "What happened was that we were due in July to make a decision on the budget support release, and Andrew Mitchell delayed that decision until August. In July, having consulted across Government—this was not a decision just made in DFID; it was a shared decision—he told the Rwandan authorities a bunch of things that he wanted to happen before he made the release in August. August arrived—he was still in post—and he consulted his colleagues again, and he decided that he would release half the money and use half of it in another way. He said to the Rwandan authorities, 'There is a bunch of other things that we think you need to do to normalise this situation.'"

In answer to a question on the reinstatement of budget support and whether it might be irregular or improper he said, "I was not concerned about that ... I was satisfied that officials provided balanced, honest, objective advice, that there was cross-Government discussion, and that Ministers reached a decision and communicated the decision. I had no regularity or propriety concerns."

Chair: That is on the record. Again, thank you very much for helping us with this inquiry. As you know, we will have the Secretary of State in front of us next week, so she will have the opportunity to comment on what you have said and give us some indication of how she is approaching the next tranche. Thank you very much indeed.

Mr Mitchell: Thank you very much, Sir Malcolm.

Tuesday 13 November 2012

Members present:

Sir Malcolm Bruce (Chair)

Fiona Bruce
Richard Burden
Pauline Latham
Jeremy Lefroy

Fiona O'Donnell
Mark Pritchard
Chris White

Examination of Witness

Witness: **Right Hon Justine Greening MP**, Secretary of State for International Development, gave evidence.

Q79 Chair: Good morning, Secretary of State, and welcome to what is your first appearance formally in front of the Committee, although we have met informally. Thank you very much for agreeing to come to give us evidence in our short inquiry on the suspension of budget support to Rwanda. I wondered if we could ask you briefly about the announcement you made last week about India. I think we are seeing you next week, so we could explore it a little more fully then, but it would help the Committee if you could give us a little bit of context. While you think about that, the Committee obviously did our own Report on aid to India earlier in the Parliament. We concluded that aid was effective, but we also recognised that by 2015 the relationship should change, without determining how it should change. We would be interested to know what you have concluded and what the practical implications are, both between now and 2015 and thereafter? Obviously this is not the main point of our being here, but it seemed appropriate, given the timing.

Justine Greening: Thank you. Given that it is my first formal appearance at the Committee, I wanted to say that I am obviously delighted to have this job, and as part of it I am very much looking forward to working with the Committee. I know it is a very active Committee, and having looked at the Reports that have been produced by the Committee in recent months and years, it rightly plays a very constructive role in working with the Department. I can assure the Committee that I will pay very close attention to the work you will do, and the conclusions that you reach. In relation to aid to India, I think the Committee is absolutely right to look into this matter. It is certainly one that has been questioned by the British public. The outcome that we reached was a process that began under my predecessor. He had initiated discussions with the Indian Government, but it was finished, obviously, by me when I came into this role. Where we got to was that we, alongside the Indian Government, want to see a transition of our role on to one that is essentially based around technical skills and helping the Indian Government to grow its economy so that we can create more jobs in the private sector. It very much reflects the fact that India itself has evolved dramatically and is successfully developing; our development programme needs to match that change.

Between now and 2015, we will therefore not sign off, as of now, any new financial aid grants. However, for any programmes that are already running or had

already been approved, we will absolutely honour those commitments to the Indian Government. Those programmes will continue as planned. Essentially we will see a gradual run-off of those programmes and a gradual shift of this relationship towards one that is predominantly based on technical assistance and skill sharing.

If I had to put it in a nutshell, the issue is this: we have an aid budget for India that currently stands at £280 million. In 2011, the Indian Government themselves spent £40 billion on health and education. What they really want assistance on is the value added that the UK Government can bring in helping them to get the most out of their budget, and that is essentially the relationship to which we will be transitioning. We have done some excellent work with India in the past. We very much value our relationship with that Government, and we will continue that relationship. It will simply take a different form.

Q80 Chair: So will we continue to have a DFID office in India post-2015?

Justine Greening: We will have a DFID office that is essentially co-located with the Foreign Office, and I think that very much reflects the fact that the kind of technical assistance we will be giving the Indian Government—and indeed at the state level, too—will increasingly see British experts from both the Foreign Office and DFID working together in one team.

Q81 Chair: Secondly, would some of the money used for technical assistance support, or however it is described, be classed as Official Development Assistance?

Justine Greening: Where appropriate, yes. We think that just under £30 million of technical assistance will be spent in around 2015 and onwards. The remainder of the financial relationship with India, as it were, will be in the form of so-called “returnable capital”. This will be seed investment, which sees us working with venture capital and investment funds in order to try to drive private sector growth in some of the poorest parts of India, where the communities can really benefit from that.

Q82 Chair: Where we are operating in India, it is in the poorest states. The point is often made that if those poorer states were sovereign countries, they would be some of the poorest in the world. They have tens of millions of people. Some of us have been to Bihar and some to Madhya Pradesh. Would not those state

13 November 2012 Right Hon Justine Greening MP

governments feel somewhat abandoned if we do not continue the programme post-2015, given the challenges they face?

Justine Greening: I did have the chance to go to Bihar, which as you point out is a state of over 100 million people. There is some incredibly effective work being done there on the ground, not just through national programmes but also through state programmes, some of which has had technical assistance from DFID. I had a chance last week to meet a range of state and national key politicians, and the overwhelming message that we got from both state level and national level is that they want our advice and our support. They have their budget. We understand that there are clearly issues around transitioning relationships from more of a money and aid base to a technical assistance and trade base.

However, the outcome we reached has been reached with the Indian Government, and I think we are all happy that this is the right time to make that transition, and that we are doing it over the right time period. Also, as you point out, these are large states, but India itself is a democracy. They have their elections and, as a country, they make decisions on their priorities.

Q83 Richard Burden: Welcome to the Committee. When we produced our Report, I remember there was a lot of press comment on it. I cannot remember the exact quotes, but some newspapers ran with headlines saying, “Committee says, ‘End Aid to India’”, and other papers ran with headlines saying, “Committee Defends Aid to India”. Essentially what we were saying was that the nature of the relationship with India was changing. There are still huge needs there. It will transition up to and beyond 2015, but we did not think that those people who were saying at that time, “Just chop it,” made a lot of sense. You need to transition, and you need to be fairly pragmatic about how you do that—where you employ grants, where you employ loans, where you employ a technical relationship. It is about what works.

Again, very broadly, that appeared at that stage to be the path the Government was taking. There was a lot of press comment on your announcement last week, and I am interested to know whether you were saying that it is the next stage of that same strategy but actually there is no particular change in what is going on, or whether you were saying there was a change. I would rather know that from you than from the newspapers.

Justine Greening: It was the end of a process that had been started by my predecessor. In the same way that we are about to go on and talk about Rwanda, whenever there is a changeover of a person in a role, there are some decisions that the predecessor takes and some decisions that the successor gets to take. As it turns out, I was the person in the role for the end of the process that my predecessor began, so it is difficult to say whether we have ended up in a different place from where he would have ended up. I think it is broadly the right place. I think it does reflect exactly your point, which is that we needed to have a very thoughtful and structured approach to how you transition from where we are today, which is perhaps more aid-based, to where we want to be, which is

more technical assistance and trade-based. I think that is better for India and what the Indian Government wants.

I think it is right to be able to say that, as of now, we will not be signing off any new financial aid grants to India, and, as the Committee knows, I am very keen to make sure that we get the very most out of this budget in terms of its development impact. Therefore, I think it is important that as countries successfully develop, and indeed as issues and themes that we are concerned about in relation to poverty are gradually tackled—such as the Millennium Development Goals—that we use them as a catalyst to keep challenging ourselves to get the most out of what is a substantial budget.

Chair: I will only allow two more questions, because I think we can return to this next week. We need to go on to discuss Rwanda.

Q84 Fiona O’Donnell: Secretary of State, this is the first opportunity I have had to welcome you to your new role. You talked about the development of the private sector in India, and you may have seen our Report on tax in developing countries. I do not expect a full answer to this, because I would like to talk to you about it next week, but I wondered whether you thought that companies listed on the London Stock Exchange that operate in India declaring what taxes they are paying in that country would be helpful to the Indian economy and this gradual process of aid being withdrawn.

Justine Greening: DFID’s involvement in countries to help them build up a sustainable tax base is one of the areas where I am keen to see whether we can do more work. To take another example, look at Afghanistan: the work that has been done with the Afghanistan Government to increase the tax base has been incredibly effective. I think it has gone up from something like \$200 million in 2004 to \$2 billion now. If you look at the Indian papers, they are having a debate about what is a fair share of tax that ought to be paid by wealthy people in industry and by companies. In many respects one of the things that struck me going to India is that, as ever, people are people the world over. Wherever they are in the world, they want to see tax being paid fairly. I am sure we can talk about this in more detail when I come back to the Committee. It is absolutely fundamental, and DFID has been engaged in what I think have been very worthwhile projects in giving advice, particularly to state governments in India, on how they can broaden their tax base. It is one of the ways in which we can continue to provide very beneficial help.

Q85 Mark Pritchard: Secretary of State, you mentioned a structured transition. In your discussions with the Indian Government, what assurances did you seek, and what assurances did you obtain, with regard to the Indian Government ensuring that they have their own transition plans, so that they backfilled their own aid and support for those communities that will be directly affected by our decision?

Justine Greening: We have talked it through with them. Obviously they understand what programmes are currently ongoing and those that have been signed

13 November 2012 Right Hon Justine Greening MP

off and will happen, and they can then match that against what is a sizeable and growing investment that they make themselves. As I said, in health and education alone, in 2011 they spent £40 billion. I think the other role for DFID, increasingly, is to focus on technical assistance and to use our influence to ensure, where we can, that budget has the biggest impact in terms of poverty reduction. As you point out, our role will change over time, and I think we are keen to continue to work with the Indian Government.

I met the Cabinet Minister responsible for rural development, Minister Ramesh, last week. He is very clear about how he sees his role and how committed he is to making sure he can continue to lift Indians out of poverty. I think it is worth pointing out that in recent years we have seen 50 million Indians lifted out of extreme poverty. Clearly there are a significant number of people in India who still live in extreme poverty, but it is a country that is moving in the right direction, and Britain wants to continue being a partner with India to help lift more and more people out of poverty. The difference in the future is that, rather than using our budget, we will be helping the Indians get the most out of their budget to do that.

Q86 Chair: Thank you very much, Secretary of State. I think we will want to return to this, because it is a significant change, perhaps, in the relationship we will have with development, particularly in middle-income countries, in the future. Those members of the Committee who have not asked questions today may want to come back to it next week. Thank you for that. Perhaps we could now move to the evidence on Rwanda. As you know, we had Andrew Mitchell here last week, who explained how he took the decision, and the circumstances in which he took it.

Obviously we want to discuss with you what happens next, and what the process is likely to be. On the memorandum of understanding, there are four partnership principles. For the record I should just say that they are: poverty reduction and the MDGs; respecting human rights and other international obligations; improving public financial management, promoting good governance and transparency, and fighting corruption; and strengthening domestic accountability. That is mutually agreed. In relation to those, what progress do you think Rwanda has made since the decision to resume budget support in September was announced? There are four principles there, and I think the question that arises is, "Is it really committed to all four of them?"

Justine Greening: That is a question we are in the process of establishing the answer to. When Andrew Mitchell, my predecessor, was here last week, he gave his perspective on the partnership principles. It is probably too early, Mr Chairman, for me to conclude on where I feel Rwanda has and has not made progress on the partnership principles in the last month. Clearly there is a lot of debate and evidence-gathering happening at the UN level but also at donor country level. What I would say, though, is that the partnership principles are very important. I think they matter. They are very clearly set out in the memorandum of understanding. The challenge for me

will be to look at progress but also, where there is less progress or indeed no progress, whether I believe that is something that is temporary in nature and therefore is not necessarily fundamental, or whether I believe it is more permanent in nature, in which case it may be something that I want to consider more carefully before we make any decisions on future general budget support. Obviously it sits alongside a range of other pieces of evidence that I will look at.

Q87 Chair: Can I just clarify the decision you will be making? Under the current agreement, there is another tranche of budget support due to be paid in December. Are you deciding whether to withhold it or whether to apply it differently?

Justine Greening: I guess it is both of those things.

Q88 Chair: You could withhold it, or you could spend it differently?

Justine Greening: There is a range of options, from the ultimate option, which is to withhold it entirely, to maybe concluding that I want further evidence before I am happy to disburse anything further.

Q89 Chair: You could delay it, yes.

Justine Greening: That is possible, if I feel that I have not reached the end of a satisfactory process in the level of detail I believe I need to be able to make a decision. As I think my predecessor concluded when you met him, alternatively there are other ways in which we could end up with a more refined decision on providing support but perhaps in a different form from what had originally been intended. One thing is clear: I will be prepared to look across the piece at what my options are, and I will very carefully reflect on progress against partnership principles.

Q90 Chair: Thank you for that. Andrew Mitchell also gave us his letter to the Prime Minister, which I think is now published or available to be published. He set three separate conditions in that letter, which were partially met. That was his basis for signing off the £16 million in two different tranches. Where do they fit in? Are you still using those tests agreed between Andrew Mitchell and the Prime Minister as part of the determinant?

The first condition was that the Rwandan Government engage constructively in the peace talks, and presumably that they continue to do so would be the condition that Andrew Mitchell said had been met. The second was that there be a continuing ceasefire in the Kivus, and that practical support to the M23 end. There was some debate about what the evidence was for that. The third was that there be public condemnation by Rwanda of the M23 group, and there had been none. In other words, are you seeking evidence, either directly or through the UN process, as to whether or not Rwanda has withdrawn any practical support for the M23, and are you still asking them publicly to condemn the M23?

Justine Greening: I think, as far as I am concerned, those conditions are still relevant, and therefore I will want to look at whether they have been met.

13 November 2012 Right Hon Justine Greening MP

Q91 Fiona O'Donnell: I have a quick question, Secretary of State. Can I ask when and how the Prime Minister set out these three conditions?

Justine Greening: Maybe that would have been a question better directed to Andrew Mitchell, but I believe it was part and parcel of the British Government discussions around how best to take a decision on financial support for Rwanda at the time that my predecessor was initially looking at this. I think that was absolutely a sensible approach. The overriding issue for me is action, and what action is happening on the ground.

Q92 Fiona O'Donnell: That probably was not fair of me, but would it be possible to write to the Committee just to confirm where and how the Prime Minister set those out?

Justine Greening: I am sure we can provide details of at what stage those principles were assessed.

Chair: For the record, it says in Andrew Mitchell's letter to the Prime Minister on 31 August, "You recently set three conditions," so we are looking for the context of where that happened, whether it was in a Cabinet discussion, or a Sub-Committee, whenever it was.

Mark Pritchard: Chairman, just on that point, I thought in the last Committee meeting we saw a letter from the Prime Minister, which set out the three conditions.

Chair: There is a letter to him.

Q93 Mark Pritchard: Yes, but it was in response to a conversation with the Prime Minister, obviously. Secretary of State, on M23, where do you think we are today? You have obviously mugged up and read all your briefings. Your predecessor took a view, and you have obviously taken soundings from the ground—from various Government agencies, non-Government agencies, and other external agencies. You perhaps have more information than anybody else in this room, and certainly your predecessor. How would you judge the activities of the M23 today?

Justine Greening: Clearly at the moment there seems to be a continued lull in the fighting, which is very welcome, but I think there is no doubt the lull is possibly temporary. It seems to be an ongoing situation that remains very fragile. The M23 is essentially the result of a mutiny that happened earlier this year. When you look at some of the reports of what has happened in relation to the M23—child soldiers, sexual violence against women—it is incredibly disturbing. That is why it formed a clear part of the Prime Minister's conditions that we set as part of our general budget support assessment. I think that is absolutely right. Obviously, in terms of M23, we will also have to wait and see the conclusion of the UN Group of Experts' final report, and the whole process of the UN Sanctions Committee and the UN Security Council.

Q94 Mark Pritchard: You mentioned a lull. As you have set out, the Prime Minister has set those three conditions for the resumption of budget support. Turning it around, what progress do you think the

Rwandan Government is making itself, either proactively or just as a matter of fact as it is the Government?

Justine Greening: It has been involved in the Ugandan-led discussions. Ultimately it will need to be a DRC-led solution to this conflict. Rwanda has been part of those regional peace talks, but in terms of what we are discussing today, I recognise that things can change. I will be looking at the situation as we get to December to say what is happening then. I have talked about this issue of assessing whether something is temporary or permanent, and I will want to see an ongoing engagement of Rwanda in those regional peace talks. That is an incredibly important part of reaching any sustainable solution.

Q95 Mark Pritchard: Indeed. Finally, a lot of the focus, for a variety of reasons, has been on President Kagame. I wonder what your view is on President Kabila, and whether he has a proactive role to play in all of this.

Justine Greening: All regional leaders have an important role to play, but ultimately, as in any military conflict, it will be diplomacy and talks around a table that reach a conclusion. That is why it is important we make sure we see groups like the M23 cease their military activities.

Q96 Fiona O'Donnell: I just wondered what discussions you had had with the Foreign and Commonwealth Office, given that last month one of the Ministers of State called on the Rwandan Government to stop all support. They clearly believe it has been ongoing.

Justine Greening: I have had discussions with the Foreign Secretary. As I am sure you can imagine, our officials have ongoing discussions with both the Foreign Office and, of course, Number 10, and a range of other stakeholders, whether it is multilateral organisations or other donor countries. We will all get a sense of our different perspectives on what is happening on the ground and share that knowledge wherever we can.

Q97 Richard Burden: I would like to ask you a little bit about the baseline from which you will measure what progress is being made. Have you reached any conclusions about whether the Government of Rwanda has been funding and providing practical support to M23 this year at all?

Justine Greening: The short answer to that is, in terms of the situation on the ground at the moment, we are at a stage in our process where we are gathering evidence. We will have the evidence from the UN Group of Experts' report. I am aware of the evidence that suggests there has been external involvement regarding the M23. I cannot conclude on that at the moment, because we continue to look at what evidence there is. Clearly, however, it has been concerning.

Q98 Richard Burden: We can come on to what they are doing now and what they may do in the future, but in terms of what has happened so far, have you reached any conclusion about whether they have been,

13 November 2012 Right Hon Justine Greening MP

or do you see the allegation that there has been practical support provided by Rwanda to the M23 as unsubstantiated?

Justine Greening: That is what we are looking into right now. Clearly there was a piece of work done by the Group of Experts in order to inform a UN view of this, and we as a Government will look at that final report when it is published, and look at what the UN's assessment of it is, and indeed the implications in terms of any sanctions. That will be one of the pieces of evidence that we consider as I reach my conclusions. I do not think it would be right of me now to conclude on an overall question like that when I have not finished going through the process of gathering all the evidence. I am not trying at all to avoid answering your question, but I recognise that this is an incredibly serious question you have asked, and it would not be right of me to conclude on answering it until I have gone through the whole process and satisfied myself that I can give you a fulsome response based on all the evidence I think I should have.

We can talk about this perhaps later in the evidence session, but the other key part of this is the impact of any UK Government decision in relation to budget support on poverty reduction. Of course we can have a discussion about what is a deeply concerning question on a regional issue, and indeed an involvement in a military conflict within the Democratic Republic of Congo, but ultimately what I am seeking to do is take a sensible decision on what the appropriate involvement of our UK development budget can be to lift people in Rwanda out of poverty. I will look at things through that lens as well.

Q99 Richard Burden: Last week, when your predecessor gave evidence to us, he said that he had seen reports that had led him to conclude that the resumption of budget support, on the terms that he decided, was justified. Have you asked about and have you yet seen all the reports that your predecessor saw and based his decision on?

Justine Greening: I have been fully briefed on the process and the evidence base that my predecessor used to reach his decision. Obviously it is also fair to say, after the event, that what I did not have were those conversations that my predecessor had with particular stakeholders. I can be briefed on the black and white content of what they concluded. I am aware of the nuts and bolts of the processes that have been gone through to date. My job, obviously, is to make sure that I have a similarly robust process going forward to reach a conclusion.

Q100 Richard Burden: Annexe 8 of the revised memorandum of understanding lists indicative sources for informing partnership principle reviews. It is a list of bodies and organisations, and things like that, that both Governments will look at when working out whether the partnership principles have been followed. Are those organisations a pretty good description of the sources that, from what you have seen so far, you will be looking to, or your predecessor has looked to, in order to make decisions

about the appropriateness or non-appropriateness of the resumption of budget support?

Justine Greening: I think it is part of the fact base. In addition to this, we need to take account of other processes that will produce further evidence, not least the UN Group of Experts' report and the UN process to conclude on a) what that report says, and b) what the implications of it are. However, I will myself no doubt want to have my officials and make my own calls and have meetings with other donor stakeholders. Also my plan is that I will have a more structured engagement with human rights organisations, so that I can understand what their views are about this situation, and indeed more broadly in relation to DFID programmes. I will aim to be more formally part of the human rights assessment process that the FCO has set up, which I think is a very good one, and involves a twice-yearly meeting of the key human rights organisations. I will also seek, in a more structured way, to have those organisations brief me on key issues—for example this issue—when I am forming a decision, because I think it is important that I hear from relevant partners.

Q101 Pauline Latham: How credible do you think the interim UN report is, which alleges the involvement of the Governments of Rwanda and Uganda in arming and training the M23 rebels and any other armed groups?

Justine Greening: Clearly any reports of that sort of external involvement are deeply concerning. We are closely monitoring what we think is happening on the ground ourselves. As the Committee knows, there was a meeting of the UN Sanctions Committee last night, I think, in New York. It is not clear what the outcome of that meeting is, and whether there will need to be further meetings, or what their recommendations will ultimately be over the next few weeks to the UN Security Council. Clearly, we take all those reports extremely seriously, and we will be keen to see the outcome of that UN assessment.

Q102 Pauline Latham: That will affect where you go from here, presumably.

Justine Greening: It will obviously be an important part of my consideration, alongside our own criteria and the partnership principles that we have set out ourselves as a Government in terms of being clear about the kind of collaborative relationship we want and expect to have with the Rwandan Government. Obviously it is a Government that has been very successful in tackling what have been very difficult development issues in Rwanda. Therefore, we are keen to ensure we build on that huge progress that has been made, but clearly we also have some principles on which we want that development relationship to be based.

Q103 Pauline Latham: I should have prefaced that by declaring an interest: the fact that I have been four times on Project Umubano, as I mentioned last week, which in my view has been successful in helping the poorest people in the area. I would just like to put that on the record. Have you found any other reports like the UN report that you would consider credible?

13 November 2012 Right Hon Justine Greening MP

Justine Greening: We are always keen to look at any information from sources we can rely on that gives us more detail about what is happening on the ground. I do not think it would be sensible of me to go into any details with the Committee on what form those reports have taken. Suffice it to say, there are a number of donor countries involved, working alongside us and indeed with the Rwandan Government. There is obviously this Group of Experts, and I think we are all keen to share our own views and information that we have on what is happening on the ground.

I should also point out that I did Project Umubano in 2008 and spent two weeks training teachers to teach English, and I felt it was an extremely worthwhile project.

Q104 Pauline Latham: Yes. I have done that one three times. In terms of recent evidence, I do not know if you saw *The Sunday Times* at the weekend, but you talked about working with Governments. Do you feel it is right that you should work with a President who allegedly spent £10,000 a night on a room in New York? When we are trying to make cutbacks here on our Government expenditure, that seems to me rather excessive.

Justine Greening: I think our relationship, in terms of the development partnership work that we have done with the Rwandan Government, has been very successful in its results. We have been very explicit about what we think those results need to be, and what we can achieve. We believe that there are clear accountability and audit trails in place, so that when we work through the Rwandan Government budget support systems, if you like, we are confident that money is getting to the right people on the ground.

Obviously in Rwanda, as a democracy, that question is probably one as much for the electorate of Rwanda as anyone else, in terms of what they think is appropriate for their President, but of course different countries may take different views on what they think is appropriate. As I know from being a Minister, some Ministers have no ministerial cars. In some countries, some Ministers have cavalcades. I myself have a Prius. It is all relative.

Q105 Jeremy Lefroy: Two questions: the interim UN report also alleges involvement from Uganda. Will you be taking the same critical look at the situation with Uganda as with Rwanda?

Justine Greening: As you know, I have already suspended our budget to the Office of the Prime Minister in Uganda because of our concerns, and there is a forensic audit that has been instructed and is already under way from DFID. Also, I think the Auditor-General in Uganda himself is carrying out work to understand exactly what has happened, and therefore we will continue to look at that situation, as to whether there is any further action that is appropriate to take.

Q106 Jeremy Lefroy: We have received evidence from a Dr Phil Clarke, who questions the accuracy of the Group of Experts' research. I wondered if you had any views on the methodology of obtaining the information in particular.

Justine Greening: We will look carefully at some of the points that have been made about the way in which that work was carried out. It is important to understand how much weight you can place on any report you look at. Nevertheless, there is no doubt that the Group of Experts' report, when it comes out in its final form, will be an important document to which we will want to pay very close attention.

Q107 Jeremy Lefroy: I should also declare that I have worked with Umubano three times, as I said last Thursday. On the timing of this, when is the final report due from the UN, and will it be made public, as far as you are aware?

Justine Greening: My understanding is that the UN Sanctions Committee had their meeting last night to look at the Group of Experts' report. It is not clear whether they will think that one meeting is sufficient in order to be able to make recommendations to the Security Council, or whether they will feel they need one or indeed further meetings to reach a series of recommendations. However, my understanding is that we would expect those recommendations to come in the next month. I do not believe we are talking about many weeks. It is an important part of the process that I am going through.

Q108 Fiona O'Donnell: You have already really answered the first part of my question, Secretary of State, in that you have confirmed that when you come to make the decision about the tranche of budget support in December, the UN report will form an important part of that. Your baseline, where you are starting from, is an important part of that decision-making process. In his letter to the Prime Minister, your predecessor said that "reports show that practical support to the M23 has now ended", which therefore implies it had started at some point. Also, in a Westminster Hall debate, the Minister of State at the Foreign and Commonwealth Office has called upon the Rwandan Government to cease supporting M23. That is clearly the view of the FCO. Is it also your view that there has been support from the Rwandan Government for M23 in the past?

Justine Greening: I think Andrew Mitchell's letter sets it out—that it was his assessment that support had ended, and, as you say, by implication that suggests that there had been support there in the first place. I know you have asked me about my baseline, and I think that is important, but the most important thing for me is where I finish up on my assessment of what is happening in relation to the M23 and the other partnership principles and criteria that we are looking at. I think it is a key plank of how I will take the decision.

Q109 Fiona O'Donnell: Do you agree with Mr Mitchell? That was the substance of the question.

Justine Greening: I will not disagree with Andrew Mitchell. I think it is very difficult for me to agree or disagree with him. I read through the transcript of the evidence he gave to the Committee. I think he was very clear-cut about the basis on which he had taken his decisions. I think he had clearly been through a very robust process. I think that was absolutely the

13 November 2012 Right Hon Justine Greening MP

right thing to do, and I do not think it is appropriate for me to second-guess whether he got it right or wrong. Ultimately, my job is to take over from now and make sure the process going forward is one that I am happy with.

However, I believe he did a full and sound and proper job in his role, in taking what I think was a very, very difficult decision, and that is symptomatic of why getting the development agenda to change people's lives on the ground is often complicated and needs to be handled with real care. It does not always have black and white situations, and it does present decision-makers, as he was at that time, with difficult decisions to make. I believe he approached it in a completely responsible way.

Q110 Fiona O'Donnell: It would not have been just Mr Mitchell who would have got it wrong; it would have been the Prime Minister and the FCO. However, you rightly mentioned that we should not lose sight of the fact that there are people living in poverty in Rwanda, and the impact that will have on your decision. But there are also hundreds of thousands of people in the DRC who I hope are part of your decision-making process, who have been displaced as a result of the conflict. Do you have any plans to visit the DRC to see the situation on the ground before you make your decision?

Justine Greening: We are just looking at what my travel plans will be for 2013. I hope I will get a chance to go to that part of Africa. I have had the chance already to visit one part of East Africa. Having said that, there are a lot of country programmes next year that I want to manage to get to see. There are lots of places where I think it is important for me to see for myself the work we are doing. I hope that I will get a chance to go to the DRC, but we need to see how I can fit that in to my travel arrangements while also, of course, being here in the UK an appropriate amount of time as well.

Q111 Chair: I think to back that up, Secretary of State, the spillover of eastern DRC into Rwanda, Burundi and Uganda is such that the Committee would take the view that you really, really should go.

Justine Greening: You are right to point out that this is a regional matter we are discussing. As I said, I have no doubt we will try to find the time to make sure that I have the chance to travel to that part of Africa.

Q112 Fiona O'Donnell: Finally, Secretary of State, can I ask what conversations you have had with other donor countries, and with President Kagame, to help you to come to a decision in December?

Justine Greening: A lot of the conversations at the moment have happened at official level, although I was in Luxembourg, and I think increasingly Development Ministers themselves, when they have the chance to see each other, are taking the opportunity to discuss this situation. I believe that once we are at a stage in the process where we have far more of the evidence base gathered and assessed, those conversations will become incredibly important. They will help me to understand what other donors' impressions are of the situation, and essentially

compare, contrast and understand them in relation to the UK Government's view.

Q113 Fiona O'Donnell: Have you spoken to President Kagame since taking—?

Justine Greening: I have not spoken to President Kagame.

Q114 Fiona Bruce: May I also declare that I have been on Project Umubano. Secretary of State, in September your predecessor, when he restored the budget support for Rwanda, divided it into £8 million for general budget support and then £8 million for sector support for education and agriculture. I wonder if you could tell us how you have reviewed the impact of that decision, particularly on what you have called the priority: lifting people out of poverty in Rwanda. I understand you are part-way through a process; we appreciate that.

Justine Greening: Obviously DFID in Rwanda have worked on the basis of the reprogrammed amounts, and hopefully we will continue to deliver the maximum that we can but through different channels from the ones we had originally planned at the beginning of the year. I do not think there is a dramatic change as a result of that. I am happy to write to the Committee with more information if we can provide it.

Q115 Fiona Bruce: I think that would be of interest. We are also interested to know, for example, your thinking looking forward to the next tranche, and how you are considering the impact on lifting people out of poverty of any decision to disburse funds differently.

Justine Greening: I think it is twofold. One is whether general budget support is appropriate. A lot of the questions have so far focused on that backdrop of whether that is appropriate. If you then get over that hurdle and say, "It can be," then the next question is, "In what form? Is it general budget support or more sector budget support, for example?" The question is, as ever, "Which is the best mechanism for achieving the results we want on the ground? What is the most appropriate mechanism?" I will go through that process alongside this evidence-gathering process that we are engaged in at the moment.

Q116 Fiona Bruce: I think your predecessor said to us in his evidence last time that you follow the money, even in general budget support. I would be interested to know how that process works.

Justine Greening: I think he was very clear that generally, in any instance where we provide general budget support, we will want to see some strong fiduciary arrangements in place—in fact, that is one of our partnership principles—so that we can track the money.

Q117 Fiona Bruce: If you withhold, say, general budget support in the next tranche, will you at least be considering disbursing the same amount to Rwanda, if through different delivery channels?

Justine Greening: All of those options are on the table to me. I will take a pragmatic look at what I think is the right thing to do in terms of making sure

13 November 2012 Right Hon Justine Greening MP

our partnership principles have been reviewed and all the criteria of understanding what is happening and the assessment of what is happening in relation to the DRC, but of course then understanding what the best thing to do is in terms of reducing poverty. They are sequential decisions, but absolutely we will look at what we think the best mix of investment is.

Q118 Fiona Bruce: Within this process that you are going through now, how much have you talked to other donors about funding they have withheld and withdrawn? Do you have any further information to what we have already had on the kinds of amounts we are speaking of, in terms of withheld or withdrawn funding from other donors since July?

Justine Greening: Having looked at the briefing you had from Andrew Mitchell last week, there is no further information. I think it is very transparent who has taken what decisions in which countries. I asked officials for an update about whether we had any further news, as it were. There is no further news at the moment. I think all countries, similar to the UK in many respects, and indeed organisations like the World Bank, are looking at what the UN process comes out with, and no doubt they will take decisions that in part reflect that process. Of course, they will also have their own broader decision-making process to go through.

Q119 Fiona Bruce: A last question on the timing: how long do you think this process will take before you reach a conclusion?

Justine Greening: We have always said that our next decision point comes in December, and I would hold to that. I think at the same time, though, as I flagged up to the Committee earlier, I am determined to make sure I get this decision right. Therefore, if I feel I do not have the right amount of fact base and that actually with a bit more time I can get those facts that give me the information I want to be able to take a decision, I will do that. However, my intention would be to try to reach a decision in December, as planned.

Q120 Chair: Is there a working date? “No decision” is a decision because it is a decision to delay, isn’t it? Do you have a date whereby you need to tell the Government of Rwanda that either you are delaying, implementing, or changing the basis of it?

Justine Greening: If we are going to get funding by the end of year—and obviously the MoU talks about calendar years in terms of what we are committed to—you would probably have to take a decision by sometime in mid-December or so. I do not believe there is ultimately a hard and fast date.

Q121 Chair: Thank you for that. The trigger for suspending the budget support was the allegation or accusation that Rwanda was interfering in the DRC and supporting M23. That was what prompted it. However, on the back of that, a lot more issues have come out about human rights abuses within Rwanda, and indeed the nature of the current regime. As you rightly say, it is a very complicated situation. When you are in Rwanda, they will tell you that there are elements in the DRC who are seeking to overthrow

the Rwandan Government. When you are in the DRC, they say that these Rwandans are destabilising the DRC and causing trouble. It is a very fluid border, and there is the same mix of people on both side, etc.

Do you accept that the dilemma in Rwanda is that it is absolutely fantastic at delivering poverty reduction with the development assistance given to it—probably the best in the world, as Andrew Mitchell said—but there are serious questions about the lack of pluralism, lack of freedom, abuse of human rights, and even accusations of torture? To what extent is this situation that we are now in an opportunity, and indeed a condition, to open up discussions with the Rwandan Government about how they might start to give the regime more political space, or give Rwanda itself more political space, and indeed to respect human rights more fundamentally?

Justine Greening: Human rights are one of the partnership principles for a reason, because they are incredibly important. Therefore, to the extent that significant progress can be made by Rwanda and the Rwandan Government on human rights, we will always want to push to make sure that partnership principle is adhered to. I think you are right that there is an opportunity to have that debate and that discussion. It certainly is one that, in my role, I want to be able to play a part in helping to move it forward. It is why, as I said, my plan is to have a more structured approach within DFID, and working with the Foreign Office, to assessing human rights, but critically also to getting the views of key human rights organisations as to what they think is happening in particular parts of the world where we have particular concerns, and where those concerns are relevant to our decisions on funding.

Q122 Chair: Do you have any plans to meet President Kagame yourself?

Justine Greening: Not at the moment, but this is an important decision and I have no doubt that whatever the outcome of this process, and whatever my ultimate decision, we will want to have those discussions with the Rwandan Government. I am sure that at some point I will have those discussions face to face.

Q123 Richard Burden: You have not yet reached a decision; you have said that the range of options before you in December will range from suspension of budget support right the way through to starting it up again full whack, and all options in between. Given the fact that everybody wants to keep the focus on poverty reduction and helping poor people in Rwanda, is the Department preparing contingency plans to ensure that the poor of Rwanda do not suffer in the event of budget support being suspended or modified again?

Justine Greening: We are looking at what our alternatives are, and what the implications are of all the options that we are faced with. The short answer is yes; we are looking at what we can do.

Q124 Richard Burden: Again, just to clarify, because there was some discussion last time as to exactly what criteria were being looked at, and what the basis would be on which decisions were made, am

13 November 2012 Right Hon Justine Greening MP

I right in thinking you are saying that when you make a decision, it will be on the basis of both the partnership principles and the three conditions laid down by the Prime Minister in August of this year?

Justine Greening: Yes, and of course a range of other sources, for example the UN process. That is a core part of it, and it will sit alongside other key assessments that flow in.

Q125 Richard Burden: I was going to ask in a minute about the sources on which you base that, but the issues would be both partnership principles and the conditions. They include a range of issues, but on the question of human rights, would it include both a consideration of the human rights situation inside Rwanda and the question about whether there is or is not support for the M23 in the DRC?

Justine Greening: Yes. Clearly they are covered by the things you have already mentioned, which are the partnership principles and then, as you have said, the additional criteria set out in Andrew Mitchell's letter to the PM.

Q126 Richard Burden: You have also said, if I understand you correctly, that the sources you will rely on will include those listed in the memorandum of understanding but also others, including independent human rights organisations. Would you have any plans to meet with human rights organisations, for example, Human Rights Watch, before making those decisions?

Justine Greening: We are discussing right now how I can make sure that I have had the relevant engagement that I would like with some of those stakeholders. Whether it is a face-to-face meeting or a discussion, it is something I am keen to do.

Q127 Richard Burden: On the Group of Experts' report, the leaked interim report was part of the picture, we were told last week, on the basis of which the decision to delay or suspend budget support was taken. It was not the only part of the picture, but it was part of the picture. Andrew Mitchell said last week that in terms of December decisions, "It seems to me that the sensible thing to do is to wait for the interim report of the Group of Experts to turn into a final report that is accepted by the United Nations. That will give us the best view of questions like that." The question he is referring to is the question of practical support for the M23.

We also know that some say the Group of Experts' report is itself unreliable. Dr Phil Clarke, for example, says there are "significant methodological and substantive problems". Surely we do not want to reach December and go through exactly the same process. We do not want to wait for a report, and when it comes out, say, "The methodology is all wrong." Do you have concerns about the methodology of the process the Group of Experts is now going through? If the answer to that is yes, what are we doing to ensure the methodology is okay? If the answer to that is no, then it is fine.

Justine Greening: Essentially that is a question that needs to be resolved by the UN Sanctions Committee and the UN Security Council. They need to conclude

on whether they feel the evidence base provided by this Group of Experts is a sound one or not. It will be important, but it will be one of a number of sources of evidence that we hopefully will be able to look at in concluding whether or not we feel external support for the M23 is ongoing or has ceased. I do not think we would look at it totally in isolation from anything else.

Q128 Richard Burden: You have been very clear that it will be an important part of the evidence you look at but it will not be the only source you will look at.

Justine Greening: At the end of the day, we will look at the UN's conclusion on that report, including their conclusion on whether they feel that methodologically it had any weaknesses. That will be what I take into account once I reach a decision in the round.

Q129 Richard Burden: We have already had a leaked interim report. There is now a leaked final report. They are out there; people have read them. Do you, or does the Department, have concerns about the methodology? Have you heard that the UN has concerns? If there are those concerns, it is important we know it now. If there are not, at least we can put that one to bed and say, "We will look at that as a thought-through report, although we will look at other things as well."

Justine Greening: I do not think it is fair for me to say that we especially have concerns with the report. It is difficult for me to comment on something that is leaked and not finalised, and is going through the UN itself. You are asking me to comment on a report that technically does not exist in its final form at the moment and has not been finalised. I do not really think I can say whether or not I think the approach in the report that has not been finalised is appropriate or not. What I am saying is that I believe the UN is well placed to make that assessment themselves when they look at it, which they have now begun doing as of last night.

Q130 Richard Burden: My last question is in relation to other donors. Clearly the UK will make its own decision, but will you be consulting with other donors before making your decision?

Justine Greening: Our officials—and indeed I—will no doubt want to understand what other countries' opinions and views are on the current state of play as I make my decision. However, ultimately I will be guided by what I think is the right thing to do, and no doubt a decision will be reached across the British Government about what the Government feels is the right thing to do. That will be something that we decide ultimately on our own.

Q131 Richard Burden: I suppose what I am asking is whether you talk to them before you make the decision, or whether you talk to them after you make the decision.

Justine Greening: Discussions continue at official level at the moment. I think everybody is keen to get an understanding of what the UN process is likely to conclude, and to understand when other Governments

13 November 2012 Right Hon Justine Greening MP

are likely to be taking decisions, as well. However, ultimately I will do and propose what I think is appropriate for the UK; it will be of interest to me to see other Governments' assessments, but it will be our Government that makes our assessment and reaches our decision.

Q132 Fiona O'Donnell: I should perhaps put on record my declaration that I am a member of Amnesty International. I do not know, Secretary of State, if you have seen the report—not leaked—that they issued in October. It is about torture and illegal detention. They tried to engage and get a response to some of the accusations in this report before publishing, and indeed wrote to the Minister of Defence and the Director of Military Intelligence back in March of this year. They have still not had a response. Have you or your officials had any discussions with these agents of the Rwandan Government about the serious accusations in this Amnesty International report?

Justine Greening: The short answer to that is that I cannot say whether or not they have raised the specific report accusations. I have not had a chance to see that report. I would be quite happy to look at it, but I know that whenever we receive reports and accusations of human rights abuses, they are raised with the Rwandan Government, and we will continue to do that.

Q133 Chris White: I have a couple of broader questions to finish off with. In your new post, have you had the opportunity to think yet about whether there should be changes more generally to the way that aid and budget support is delivered? I think there is a view held by previous Secretaries of State that the poor should not be punished for the sins of their masters. Specifically, do you think that the political conditions for budget support should be made stricter?

Justine Greening: One of the things this Government did on coming into office, and my predecessor did, that I think was very valuable was to strengthen those partnership principles as an approach to sit alongside decisions to give general budget support. The original memorandum of understanding with Rwanda was originally set up, of course, in 1999. One of the things Andrew Mitchell did that was quite appropriate was to strengthen that partnership principles approach to general budget support.

However, I think he was also right to recognise that overall, we see general budget support as a declining part of our portfolio of spend within DFID. It has declined, I think, by 38% in the two years since we came into power. As a Government we have wanted to channel our investment more directly, and less through general budget support—and indeed sector budget support—than we have done in the past. It is fair to say that around about 15% of our budget goes in some kind of budget support direct to Governments, and of that 15% the majority of it is sector budget support, so even that is earmarked for particular aspects of Government spend.

Q134 Chris White: My final question is: in terms of bilateral aid programmes, do you think DFID should

take greater account of the human rights record of recipient countries?

Justine Greening: I would like to see human rights become perhaps a more important part of our consideration. I think it matters; I think it is an important building block for countries to be able to develop successfully. I also recognise some of the challenges of seeing that change happen on the ground. It is very easy for me to say here that that is what I think should happen. Delivering it is something far more difficult. I can do a number of things. First of all, I can publicly, as I am doing now, state that I think it matters hugely. Secondly, I can make sure that I reach out to organisations involved in this area to find out what they think is happening on the ground, and to make them understand that my door will be open to hearing from them, as Secretary of State for International Development, where they feel things are not working and where they want to see improvements made—and, indeed, where they think things are going well.

I will be prepared to look at how I can weave that into development policy going forward. To stress the point, I understand the complexities of doing this, and to go back to Rwanda, for example, this is a Government that has very successfully used development investment to lift people out of poverty, although 5 million still remain in extreme poverty. Clearly it is not a black and white picture, but the partnership principles approach that was solidified by Andrew Mitchell was absolutely right to include human rights, and that is something that the last Government was of course right to have as part of its agenda as well.

Q135 Chair: Do you see any risk that the Rwandan Government may turn the tables and say, "If you impose certain conditions on us, we would rather not have your development assistance"?

Justine Greening: Any development relationship with a country needs to be one that is trying to reach some common goals. Otherwise people are pulling in different directions, and that does not create the right ingredients for being successful. That is why the partnership principles are correct, because they essentially set out what those common goals are. We have set out what we think those common goals are. We have a memorandum of understanding with the Rwandan Government, and I think that is something we approach in good faith but also something that we take seriously. Our two Governments have signed a memorandum of understanding, and I think it is what it is; we certainly see it as something that needs to be adhered to.

Chair: That is a perfectly fair answer. Secretary of State, thank you very much indeed. I think it has been very interesting and worthwhile. It is an important issue, and it is not just about Rwanda but about the whole partnership relationship, as you said right at the end. We as a Committee have to make a decision about what we will do with this evidence—in other words, whether or not we produce a Report in advance of your decision or not. You might or might not find that helpful. We will make that decision next week. One other small point: I think in answer to Fiona Bruce you gave some indication of the impact you felt

13 November 2012 Right Hon Justine Greening MP

budget support had on poverty reduction. I do not know whether you are in a position to give us a short note on what that is in practical terms. It would be helpful.

It also reinforces the point, which has been made on numerous occasions, that Rwanda does a fantastically good job with the money. I do not think anybody should dispute that, and the Committee has seen for itself really excellent poverty reduction programmes and a remarkable land registration system, which is really very impressive. I do not think anybody should

be left in any doubt that the one thing about Rwanda is that when it gets development assistance, it uses it in ways that really do drive down poverty. There are many other countries that are much less effective than Rwanda in doing that. I think it is important that we balance our Report with that information.

Thank you very much indeed. We will see you next week.

Justine Greening: Thank you. I will write you the note as you just requested.

Written evidence

Written evidence from the Department for International Development

INTRODUCTION

1. The International Development Committee is to examine the decision by the Department for International Development (DFID) to withhold, and subsequently partially disburse, general budget support to the Government of Rwanda following allegations about its involvement with the M23 rebel group in eastern Democratic Republic of Congo (DRC).

2. On 5 January 2012, the Committee published a report entitled, “Working effectively in fragile and conflict-affected states: DRC and Rwanda.” This included thirteen clear recommendations on building improved resilience through aid and humanitarian programmes, ensuring the most vulnerable and hard to reach benefit and working with a broad range of partners to deliver as effectively as possible. DFID appreciates this report and is continuing to follow up on these recommendations, including in Rwanda.

3. The current reports on Rwanda’s involvement in eastern DRC are deeply concerning and the UK Government is looking carefully at the evidence whilst holding regular and frank conversations with the Government of Rwanda.

4. The UK Government remains committed to helping the people of Rwanda to lift themselves out of poverty. Rwanda is home to five million poor people and we know that delaying or suspending aid often only hurts the poorest. Through the DFID programme, it is planned that between 2011 and 2015 the UK Government will provide direct support for 135,200 of Rwanda’s poorest people each year, help register the land of 4 million men and women to give their families and businesses greater stability, distribute a million bed-nets, and help 45,000 children to complete basic education. For further information on what DFID is doing in Rwanda please see Annex B, which provides an excerpt from the DFID Rwanda Operational Plan.

5. The Government of Rwanda has a strong track record of using aid money effectively to lift its citizens out of poverty. The economic growth and development results that Rwanda has delivered over the last five years have been remarkable. For example, between 2005 and 2010 the proportion of the Rwandan population identified as poor reduced by 12 percentage points to 45%. On education, Rwanda is now recording net enrolment rates into primary education at 92% (compared with 76% across Sub-Saharan Africa) and on health under five mortality levels decreased to 54 deaths per 1000 live births¹ from 152 in 2005.

DECISIONS ON BUDGET SUPPORT DISBURSEMENT

6. Two disbursements of general budget support were planned to the Government of Rwanda for 2012–13. The first disbursement, originally planned for July, was cut in half in early September (from £16 million to £8 million) to reflect the UK Government’s concerns regarding the situation in the eastern DRC. The remaining £8 million was reallocated to programmes which seek to improve service delivery in the education and agriculture sectors. The Secretary of State will consider the matter of budget support very carefully ahead of the next decision point (on a further £21 million) in December.

7. The previous Secretary of State delayed the disbursement of the first tranche of General Budget Support in early July because, following the release of the draft Group of Experts report, the UK Government wanted assurances that Rwanda was adhering to our partnership principles. He visited the Kivus region of DRC and Rwanda in mid-July and underscored the need for dialogue—including between Presidents Kabila and Kagame—to resolve this crisis.

8. Over the remainder of July and August, the UK Government assessed that the Government of Rwanda had engaged constructively in the International Conference on the Great Lakes Region (ICGLR) peace talks chaired by President Museveni of Uganda. An informal ceasefire resulted in a significant lull in fighting for the four weeks prior to the decision to disburse at the beginning of September.

9. As a result of this progress, combined with the ongoing strong economic development and poverty reduction focus and results in Rwanda, the UK Government judged that the Government of Rwanda had partially met the DFID partnership principles. In particular, it had continued to demonstrate strong commitment to reducing poverty and improving its financial management.

10. The previous Secretary of State provided a written statement to Parliament on the 4th September to explain the decision to disburse half of the delayed general budget support and redirect the other £8 million to programmes in the education and agriculture sectors (see Box 1 for the results that will be delivered through the £8 million redirected to these sectors). The statement explained that “this decision reflects our responsibility to protect the poor, but also caution as concerns remain over Rwanda’s involvement with the M23 rebels.”

11. The UK remains concerned about the reports of Rwanda’s involvement with the M23 rebels. The UK Government has had several very frank conversations with the Rwandan Government underlining that Rwanda must do more to meet our joint partnership principles in full and play a constructive role in bringing about a

¹ Committing to Child Survival: A Promise Renewed—UNICEF 2012

peaceful resolution to the crisis in eastern DRC. It should work with others to seek long term resolution of the issues affecting the region.

Box 1: The additional money redirected to the education and agriculture sectors will deliver clear results for the people of Rwanda.

The Education Service Delivery Grant (£5 million) will deliver:

- The construction of about 800 classrooms which will support about 60,480 pupils in primary and lower secondary school.
- The procurement of 400,000 textbooks for use in primary and lower secondary school.

The Agriculture Service Delivery Grant (£3 million) will deliver:

- Provision of fertilizers to increase the production of key food security crops by about 250,000 metric tonnes.
- Protection of approximately 2,400 families from the destruction of crops and livestock through a land management programme.

COMMENT ON THE UN GROUP OF EXPERTS FINAL REPORT

12. The summary of UN Group of Experts' annual report on the situation in eastern DRC has been leaked. The next step is for the Group of Experts to brief the UN Sanctions Committee (expected 12 November). The report could remain confidential or be formally made public at a point thereafter. The full report will, however, form an important part of the evidence that the Secretary of State will consider in advance of her December decision on budget support to Rwanda.

November 2012

Further written evidence submitted by DFID

Annex B

EXCERPT FROM DFID RWANDA OPERATIONAL PLAN

OVERVIEW

The Government of Rwanda is pushing for, and achieving, exceptionally fast development. A post-genocide emphasis on reconstruction, state-building and basic services is now shifting to one of economic transformation and growth, requiring a vigorous private sector attracting strong investment and generating revenues to replace high levels of aid. DFID sees the need for four fundamental transformations: i) from an agricultural economy to private sector-led growth; ii) significantly improved education and health services that deliver the Millennium Development Goals; iii) increased accountability of the state to citizens and empowerment of women, girls and the extreme poor; and iv) transition to more open and inclusive politics and enhanced human rights. The UK development programme in Rwanda is designed to catalyse these transformations.

Rwanda's development progress is impressive, but it is also fragile. The tightly-controlled political system, coupled with fast-paced improvement of services and creation of wealth, are fundamental aspects of Rwanda's state-building strategy. The UK's political discussions with the Rwandan Government focus on ensuring this process becomes increasingly inclusive, so that Rwanda's development success can be sustained through the political transitions of 2017.

ALIGNMENT TO DFID AND WIDER UK GOVERNMENT PRIORITIES

In close partnership with the Foreign and Commonwealth Office (FCO) in Rwanda, DFID is:

- Scaling up UK support in Rwanda in recognition of Rwanda's excellent development performance. DFID will continue to provide a significant proportion of the UK's support through budget support (an average of 65% over the four years—[although this is now under review—see main text]) because this is spent well and accountably; delivers measurable results; and maintains the UK's influence over development expenditure and results and ability to engage in debate on governance/political issues;
- Increasing governance analysis and dialogue working with the FCO and other partners to ensure a more robust, constructive, evidence-based dialogue with the government which helps open political and economic space.
- Increasing citizens' ability to hold government to account, spending an amount equivalent to 6.5% of the UK's budget support on increasing accountability.
- Stepping up UK support to the private sector, including boosting regional trade, reflecting the need to harness the private sector for growth and address constraints to private-sector led growth, consistent with the UK's Africa Free Trade Initiative, and working cooperatively with the FCO on commercial diplomacy.

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- Supporting the Government of Rwanda to protect the poorest people and the economy from the effects of a changing climate, given Rwanda's particular vulnerability to its effects, and work with FCO to increase Rwanda's global voice on climate change.
 - Targeting the poor, though sector budget support in health, education and agriculture, and social protection for the most vulnerable.
 - Contributing to all four areas of DFID's strategic vision in support of girls and women: delay first pregnancy; direct assets for girls and women; get girls through secondary school and prevent violence against girls and women.
 - Supporting the Government of Rwanda further to cement its commitment to poverty reduction in the next Economic Development and Poverty Reduction Strategy (2013–17), drawing on lessons from the DFID programme in Rwanda, and DFID's technical skills in social, political and economic analysis.
 - Clearly describing the results DFID aims to achieve, and progress in doing so, emphasising value for money and transparency;
 - Continuing to work in closely with development partners in Rwanda to achieve greater aid effectiveness.

November 2012

Further written evidence submitted by DFID

Letter from Andrew Mitchell MP to the Prime Minister

Dear Prime Minister,

As you know in July I visited the Kivus region in eastern DRC to witness and discuss the impact of the conflict on civilians and MUNUSCO. Based on reports of Rwandan involvement in the M23 mutiny I decided to delay the first £16 million disbursement of General Budget Support (GBS) for the financial year 2012–13. I delivered tough messaging to the Rwandans, including the President, Defence and Finance Ministers, that any support to the mutiny must end. I also sought assurances that Rwanda was adhering to its strict partnership principles on GBS, which I strengthened in summer 2011.

You recently set three conditions against which any decision on disbursing GBS should be based. I judge that Rwanda has moved significantly against two of these: the Rwandan Government has engaged constructively in the ICGLR peace talks chaired by President Museveni of Uganda (condition one). There has been a continuing ceasefire in the Kivus and reporting shows that practical support to the M23 has now ended (condition three). However, there has been no public condemnation by Rwanda of the M23 group (condition two).

Given this reasonable progress, and recognising that the Government of Rwanda has continued to demonstrate its strong commitment to reducing poverty and improving its financial management, I have now decide to disburse half (£8 million) of the delayed £16 million as GBS and to re-allocate the other half to targeted DFID programmes in education and food security. The re-programmed money will put over 60,000 more Rwandan children into primary school, half of whom would be girls. And increase production of key food security crops by an estimated 5,130 metric tonnes.

As we have discussed, this balanced approach reflects my continued concern about the crisis in eastern DRC and Rwanda's part in that. At the same time it ensures that our response does not undermine Rwanda's progress in reducing poverty and delivering essential services. After all, cutting GBS entirely would only hurt ordinary Rwandans, denying children an education and damaging our efforts to bolster food security.

Looking ahead it is important that the UK, on concert with others, maintains pressure on the governments in both Rwanda and the DRC to fully resolve the chronic instability in the Kivus. In December I will take a further decision or whether or not to disburse the second GBS payment for 2012–13, including an additional performance payment. I will ensure that both you and the Foreign Secretary are closely consulted in that decision.

I am copying this letter to the Foreign Secretary with whom I have discussed and agreed this approach.

Andrew Mitchell

31 August 2012

Further written evidence submitted by the Department for International Development

RWANDA: FOLLOW UP QUESTIONS FROM INTERNATIONAL DEVELOPMENT COMMITTEE

The Committee asked how the PM and Mr Mitchell came to agree on the three conditions set out by the PM? What discussions, and with whom, informed these three conditions (for example were the conditions based on claims in the UN GoE Report?) And, what is the relationship between the PM's three conditions and the partnership principles?

Following the Prime Minister's meeting with President Kagame on 11 July, the Prime Minister requested further information from DFID and FCO on a number of issues related to UK aid to Rwanda and UK engagement with Rwanda in the context of the DRC crisis. Having considered this information, on 13 August Number 10 sent a letter to DFID and FCO setting out the Prime Minister's three conditions for disbursement of budget support to Rwanda (as reproduced in the letter that Andrew Mitchell shared with the IDC on 8 November).

An assessment against the PM's three conditions forms part of the overall assessment that DFID will make of the Government of Rwanda's commitment to the partnership principle on human rights and international obligations (in addition to assessing against the other three partnership principles).

The Committee asked about the impact, in terms of poverty reduction, of re-programming £8 million of budget support elsewhere. DFID evidence sets out what results it expects the £8 million provided to education and agriculture will achieve, but not what the impact for the Government of Rwanda of not having £8 in general budget support will be ie what difference does the decision make on the ground?

The Government of Rwanda (GoR) is fully committed to poverty reduction. We are, therefore, confident that our general budget support is spent on poverty reducing expenditure and is contributing to GOR's service delivery objectives across a wide range of sectors. By reprogramming half the general budget support disbursement to two specific sectors we are sure that our funds will be spent in these sectors. We worked with GoR to identify specific under-funded plans in the agriculture and education sectors against which we expect the funds to be spent.

On the other hand, our decision to reprogramme £8 million, along with the decisions of other donors to withhold budget support, means that funding has been taken away from other priority sectors. To date, we understand that GoR has accommodated the cuts by reducing funding for rural infrastructure and justice services. Reducing general budget support has, therefore, reduced somewhat GoR's flexibility to focus on its own priorities and funding gaps. The Government of Rwanda is continuing to adjust to the fiscal uncertainties it faces and we are continuing to monitor the impact of this.

What has been the total amount of aid, (whether budget support or not) withheld or withdrawn from Rwanda since July?

Total amount of aid withheld is approximately £19.6 million (Germany €7 million, Netherlands €5 million, Sweden SK114 million). The figures for Germany and Netherlands are related to budget support amounts which were pledged for this year but agreements have not been signed. Sweden's figure relates to project aid as it does not provide budget support in Rwanda.

In addition, decisions on whether to release World Bank and African Development Bank loans totalling £92 million (\$145.61) have been delayed.

Confirm whether both the interim and the final UN report were leaked and if so, when? When do you expect the final report to be made officially public? (a rough estimate if it is not possible to pin down a date)

Both reports of the Group of Experts were leaked shortly after being passed to the UN. The interim report was leaked in June and the final report in October. At present we anticipate that the final report may be made public at end of November.

November 2012
