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International Development
Committee

Implications for development in the event of Scotland becoming an independent country

Sixth Report of Session 2013–14

Volume I

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minutes, oral and written evidence*

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The Committee Name

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

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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.

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Summary

At present, as part of the UK, Scotland contributes significantly to the UK's aid programme: nearly half of the programme is delivered from DFID's office in East Kilbride, central Scotland. By agreement with DFID, the Scottish Government also has a very small International Development Fund of its own. If an independent Scottish development agency were to be launched, significant administration costs would be incurred during its setup.

From 2013 onwards, the UK Government plans to spend 0.7% of Gross National Income on Official Development Assistance. If Scotland were to become independent, we would expect the UK's GNI to be smaller, with the UK's ODA spending falling by around £1 billion. We would therefore expect some areas of DFID's work—either its bilateral programmes or its funding to multilateral organisations—to be subject to cuts.

In addition, it cannot be expected that DFID would retain an office in an independent Scotland in the long term: the consequent restructuring would require DFID management for a number of years to concentrate more on restructuring and less on running programmes that benefit the world's poor.

The UK is one of the top five countries with the largest number of shares in the World Bank, which gives it the power to appoint an Executive Director. It also has a full time director of the IMF. As a permanent member of the Security Council, the UK has considerable influence on the United Nations which also receives substantial contributions to its humanitarian and development work from the UK. The UK also contributes around £1 billion in development funding to the EU. Reinforced by the UK's extensive network of Embassies, High Commissions and Consulates, this makes DFID a highly influential organisation on the world stage, whose work is genuinely transformational. An independent Scottish development agency could not achieve the same level of transformation and influence.

DFID's office in East Kilbride is of fundamental importance to the area not only because of the quantity of jobs it provides, but also because of the quality of those jobs: the office has developed from an administrative base to a key operational centre. We would not expect the office to close immediately on the day Scotland became independent, but we do not believe the transitional period would last any longer than five years. East Kilbride-based staff are likely to have to relocate or face redundancy. Whilst some may be offered work with an independent Scottish development agency, the number of jobs available with such an agency is likely to be relatively few. We recommend that DFID consider what impact Scottish independence would have on the jobs of its East Kilbride-based staff.

Many Scotland-based NGOs think that the Scottish Government is more effective than DFID at engaging with them. It is understandable that the Scottish Government has greater capacity to engage with Scottish NGOs. International development is not a devolved issue; the Scottish Government Minister whose portfolio includes international development only has to administer an aid budget of £10 million and can devote considerable attention to engaging with Scottish NGOs, whereas DFID Ministers were

involved in administering an aid budget of £8.7bn in 2012/13. Nevertheless, we recommend that DFID increase its engagement with Scottish NGOs. We are also concerned that there is surprisingly little appreciation, within Scotland, of the level of influence which DFID has on the world stage. We recommend that the Department liaise with the editorial staff of the Scottish media, with a view to improving the Scottish public's awareness of the Department's work.

1 Introduction

1. Following the Scottish Parliament election in 2011, the Scottish National Party (SNP) formed a majority Government.¹ On 15 October 2012, representatives of the UK Government and the Scottish Government signed the Edinburgh Agreement, which states that a binding referendum on Scottish independence will take place.²

2. On 21 March 2013, the Scottish Government introduced its Scottish Independence Referendum Bill.³ This Bill provides that the referendum will take place on 18 September 2014, with voters in Scotland asked the following question: *Should Scotland be an independent country?*⁴ The Bill was passed by the Scottish Parliament on 14 November 2013.⁵

3. The Scottish Government's White Paper on independence, "Scotland's Future", was published on 26 November 2013.⁶ This document states that in the event of a yes vote on 18 September 2014, Scotland would become an independent country on 24 March 2016.⁷ The present Scottish Government would remain in office in an independent Scotland until 5 May 2016, when elections would be held.⁸

Our inquiry

4. In July 2013 we decided to undertake an inquiry into the implications for development in the event of Scotland becoming an independent country. We received five pieces of written evidence, including submissions from DFID and the Network of International Development Organisations in Scotland (NIDOS). We also held two oral evidence sessions: one in Edinburgh and one in London. Witnesses included the Secretary of State for International Development, Rt Hon Justine Greening MP, and the Scottish Government's Minister for External Affairs and International Development, Humza Yousaf MSP.

5. Our report begins (Chapter 2) with an assessment of the likely nature of an independent Scottish development agency. We then consider the likely impact of Scottish independence on DFID's own work in developing countries (Chapter 3). In Chapter 4, we consider the likely impact on jobs, the local economy and the Scottish economy if Scotland becomes independent. Finally, in Chapter 5, we comment on DFID's engagement with Scotland.

1 "Salmond completes SNP majority government", *BBC News Online*, 20 May 2011, www.bbc.co.uk

2 "Historic Edinburgh Agreement on referendum signed", *Scottish Government*, 26 November 2013, www.scotland.gov.uk

3 SP Bill 25 Scottish Independence Referendum Bill [as introduced] Session 4 (2013)

4 SP Bill 25B Scottish Independence Referendum Bill [as passed] Session 4 (2013)

5 "Scottish Independence Referendum Bill", *Scottish Parliament*, www.scottish.parliament.uk

6 "Scotland's Future", *Scottish Government*, www.scotland.gov.uk

7 *Scottish Government, Scotland's Future: your guide to an independent Scotland*, November 2013, p XIV

8 *Scottish Government, Scotland's Future: your guide to an independent Scotland*, November 2013, p XV

2 Likely nature of an independent Scottish development agency

6. At present, as part of the UK, Scotland contributes to the UK's main aid programme, which provided £8.7 billion of Official Development Assistance (ODA) in 2012/13.⁹ By agreement with DFID, the Scottish Government also has a small International Development Fund of its own, which provides £10 million of aid per annum.¹⁰ Of this, £3 million is allocated to Malawi,¹¹ but the Fund also works in Rwanda, Tanzania, Zambia, Pakistan, Bangladesh and India,¹² mostly through NGOs.¹³ In addition, the Scottish Government recently made a contribution of £600,000 to the humanitarian effort in the Philippines,¹⁴ complementing the UK's contribution of over £60 million.¹⁵ DFID's written evidence states:

The existing arrangement works well. Scotland contributes to and benefits from the UK Government's wider international development effort and expertise, but has scope to pursue complementary Scottish priorities where they fit within the agreed UK policy framework.¹⁶

7. There are already some indications as to what form an independent Scottish development agency would take, both from Mr Yousaf's evidence to us and from the Scottish Government's recent White Paper. The relevant sections of the White Paper are included as Annexes to this report.

Spending

8. If re-elected in an independent Scotland, the present Scottish Government is pledged to spend 0.7% of its Gross National Income (GNI) on Official Development Assistance (ODA); it intends to enshrine this commitment in law.¹⁷ It would aspire to move to a 1% ODA/GNI ratio in the longer-term,¹⁸ but Mr Yousaf told us: "There is not a date pencilled in the diary."¹⁹

9 DFID, *Statistics on International Development 2013*, October 2013, p 6

10 Ev 26

11 Ev 26

12 Q 18

13 Ev 26

14 "Hyslop announces £600,000 funding for Philippines", Scottish Government press release, 12 November 2013

15 "Typhoon Haiyan: Latest updates on UK aid", GOV.UK, 11 December 2013, www.gov.uk

16 Ev 26

17 Scottish Government, *Scotland's Future: your guide to an independent Scotland*, November 2013, p 468

18 Scottish Government, *Scotland's Future: your guide to an independent Scotland*, November 2013, p 468

19 Qq 16, 44

Working with NGOs and multilateral organisations

9. The White Paper states that in the view of the present Scottish Government, the provision of funding to NGOs “should remain a dominant feature of future Scottish development programmes;”²⁰ it also states that the Scottish Government would seek to work with multilateral organisations.²¹ In his evidence to us, Mr Yousaf was unable to provide specific details as to which multilateral organisations an independent Scottish development agency would work with, on the grounds that this would be a matter for future Scottish Governments,²² but he said that decisions would be based in part (though not exclusively) on DFID’s Multilateral Aid Review.²³

10. Mr Yousaf suggested that an independent Scottish development agency would be likely to focus more heavily on multilateral aid at the outset, with a greater focus on bilateral aid in due course.²⁴ He also suggested that the White Paper would provide details of the “delivery, setup and exact nature” of an independent Scottish development agency.²⁵ In practice, the relevant sections of the White Paper do not provide that detail.²⁶

Number of bilateral programmes

11. Mr Yousaf told us that:

‘the Scottish Government—if indeed the people of Scotland chose to become independent and we took over responsibility for international development—would not look to have a scattergun approach to bilateral aid. [...] We would look to be very concentrated, very targeted and very focused.’²⁷

He went on to say that: ‘We would look to the countries we already have a relationship with and perhaps expanding slightly, but not vastly.’²⁸ He was unable to specify the precise number of bilateral programmes, saying that this would be a matter for future Scottish Governments.²⁹ He did confirm, however, that Scotland would engage with significantly fewer countries than the UK’s current bilateral programme.³⁰

Sectors

12. In his evidence to us, Mr Yousaf stated that the key priorities which an independent Scottish development agency would seek to prioritise would include tackling gender

20 Scottish Government, *Scotland’s Future: your guide to an independent Scotland*, November 2013, p 470

21 Scottish Government, *Scotland’s Future: your guide to an independent Scotland*, November 2013, p 232

22 Q 11

23 Q 9

24 Q 9

25 Q 4

26 Scottish Government, *Scotland’s Future: your guide to an independent Scotland*, November 2013, p 468

27 Q 10

28 Q 18

29 Q 25

30 Q 18

inequality and reducing the maternal mortality rate. He also stated that such an agency would look to concentrate on sectors in which Scotland has particular expertise, such as education.³¹

13. Mr Yousaf told us that Scottish aid would be untied;³² and the White Paper states: “we will not allow commercial or other considerations, including military considerations, to influence our approach improperly.”³³ The White Paper also stresses that the Scottish Government would seek to ensure “policy coherence” for development: in other words, to ensure that its development policies are not undermined by its policies in other areas.³⁴

Setup costs

14. When we asked Mr Yousaf about the likely administration costs of an independent Scottish development agency, he said: “We would look towards the UK Government, because they have a fairly good example of how to reduce administration costs... The Scottish Government would look to be around about the same ballpark as the UK Government spends.”³⁵ However, it is our view that significant administration costs would be incurred in setting up such an independent Scottish development agency.

15. We welcome the Scottish Government’s assurance that—if re-elected in an independent Scotland—it would spend 0.7% of its Gross National Income (GNI) on Official Development Assistance (ODA). Its intention to enshrine this in law, and its aspiration to increase ODA spending to 1% of GNI in due course, are further signs of its commitment to international development. However, despite the Scottish Government’s stated desire to keep administration costs low, we are concerned that during the transitional period, the setup of an independent Scottish development agency would require a greater share of an independent Scotland’s ODA to be spent on administration rather than on frontline delivery.

31 Q 17

32 Q 45

33 Scottish Government, *Scotland’s Future: your guide to an independent Scotland*, November 2013, p 231

34 Scottish Government, *Scotland’s Future: your guide to an independent Scotland*, November 2013, p 231

35 Q 28

3 Impact on developing countries if Scotland becomes independent

Likely implications for DFID's budget

16. From 2013 onwards, the UK Government plans to spend 0.7% of Gross National Income on Official Development Assistance.³⁶ In 2015/16, the year during which Scotland will become independent if voters in Scotland so choose, this is expected to equate to £12.2 billion.³⁷ However, if Scotland were to become independent, we would expect the UK's GNI, and hence the amount of money spent on ODA by the UK, to be smaller. Since Scotland has 8.3% of the UK's population share (5.3 million people out of 63.7 million),³⁸ we estimate that the UK's ODA would fall by around 8.3%, or £1 billion. We would therefore expect some areas of DFID's work—either its bilateral programmes or its funding to multilateral organisations—to be subject to cuts. When we asked the Secretary of State about this, she did not specify which areas would be affected, but said: “Like every single Government Department, we have to cut our cloth according to the budget that we get given.”³⁹

17. The Scottish Government's White Paper states that in the event of Scottish independence: “There will be continued support, where appropriate, to those DFID programmes which span the independence period to avoid any sudden disruption to those programmes and their recipients.”⁴⁰ Mr Yousaf told us that the Scottish Government would be willing to work with the UK Government to ensure continuity of DFID projects.⁴¹ He raised the possibility of immediate talks between the Scottish and UK Governments about this, characterising such talks not as “pre-negotiations” but as “prudent planning”.⁴² By contrast, DFID states in its written evidence that: “The UK Government is confident that the people in Scotland will choose to remain part of the UK, and is not planning for any other outcome.”⁴³

18. If Scotland were to become independent, we would expect DFID's budget to fall by around £1 billion per annum. Some areas of the Department's work—whether its bilateral programmes, its funding to multilateral organisations, or both—would be at risk of cuts. In addition, as stated above, the setup of an independent Scottish development agency would require a greater share of an independent Scotland's ODA to be spent on administration rather than on frontline delivery.

36 DFID, *Annual Report and Accounts 2012-13*, HC 12, June 2013, p 122

37 HM Treasury, *Spending Round 2013*, Cm 8639, June 2013, p 46

38 “Release: Population Estimates for UK, England and Wales, Scotland and Northern Ireland, Mid-2011 and Mid-2012”, *Office for National Statistics*, 8 August 2013, www.ons.gov.uk

39 Q 63

40 Scottish Government, *Scotland's Future: your guide to an independent Scotland*, November 2013, p 232

41 Q 34

42 Q 13

43 Ev 26

Influence on the world stage

19. The UK is a leading donor on the global stage, whose development impact is genuinely transformational. The most recent OECD DAC (Development Assistance Committee) Peer Review of the UK stated: “It [the UK] has taken a lead in a number of critical areas such as aid effectiveness, engagement in fragile states, humanitarian assistance and the reform of the international aid system. As a result, the UK is in many ways seen as a model by other donors.”⁴⁴

20. In his evidence to us, Mr Yousaf said he was unconvinced that Scotland’s membership of the UK provided it with any significant influence on development policy. He told us: “although we may well differ up here in Scotland, in the Scottish Parliament and the Scottish Government, in our views on some aspects of international affairs, we will not often be consulted.”⁴⁵ However, people in Scotland have influence over the UK’s aid budget, which stood at £8.7 billion in 2012/13.⁴⁶ A former Secretary of State, Douglas Alexander, was a Scottish MP;⁴⁷ Lord Foulkes was a development minister when he was an MP.⁴⁸ The Shadow International Development Secretary is a Scottish MP⁴⁹ and three members of the International Development Committee, including the Chair, are Scottish MPs.

21. The Secretary of State for International Development has a seat on the National Security Council, alongside other key Government Departments including the Foreign & Commonwealth Office and the Ministry of Defence. Dave Fish, former Head of DFID Zimbabwe and DFID East Africa, stresses in his written evidence that this reinforces DFID’s position as a highly influential organisation.⁵⁰ Moreover, the UK is in the top five countries with the largest number of shares in the World Bank. This gives it the power to appoint an Executive Director.⁵¹ The UK also has a full time director of the IMF.⁵² As a permanent member of the Security Council,⁵³ the UK has considerable influence on the United Nations which also receives substantial contributions to its humanitarian and development work from the UK.⁵⁴ The UK also contributes around £1 billion in development funding to the EU.⁵⁵ Reinforced by the UK’s extensive network of Embassies, High Commissions and Consulates, this makes DFID a highly influential organisation on the world stage.

44 OECD, *The United Kingdom: Development Assistance Committee (DAC) Peer Review*, 2010, p 13

45 Q 34

46 DFID, *Statistics on International Development 2013*, October 2013, p 6

47 “Rt Hon Mr Douglas Alexander”, Parliament website, www.parliament.uk

48 “Lord Foulkes of Cumnock”, Parliament website, www.parliament.uk

49 “Rt Hon Mr Jim Murphy”, Parliament website, www.parliament.uk

50 Ev w7

51 “Boards of Directors”, World Bank, www.worldbank.org

52 “IMF Executive Directors and Voting Power”, IMF, www.imf.org

53 “Current Members”, United Nations Security Council, www.un.org

54 DFID, *Annual Report and Accounts 2012-13*, HC 12, June 2013, p 227

55 DFID, *Annual Report and Accounts 2012-13*, HC 12, June 2013, p 227

22. In his evidence to us, Mr Yousaf said: “a number of small countries are very influential in multilateral organisations and very important world bodies: Helen Clark, the former Prime Minister of New Zealand, is administrator of the UNDP programme.”⁵⁶ However, individuals such as Helen Clark are appointed for their skills and experience, and do not act on behalf of their own national Governments. The UK’s directors in the World Bank and IMF, by contrast, act on behalf of the UK Government.

23. DFID is a highly influential organisation on the world stage; as a consequence, its work is genuinely transformational. An independent Scottish development agency could not achieve the same level of influence.

Likely implications for DFID’s administration costs

24. DFID has a large office in central Scotland: Abercrombie House, located in East Kilbride.⁵⁷ Whilst DFID tells us in its written evidence that it is “not planning for any scenario that would involve relocating from Abercrombie House,” it also states that in the event of Scotland becoming an independent country, ‘DFID’s presence would have to be reviewed.’⁵⁸ In her evidence to us, the Secretary of State for International Development, Rt Hon Justine Greening MP, stated that the closure of the East Kilbride office would be the ‘logical outcome’ of such a review.⁵⁹ The consequent need to restructure the Department would lead to an increase in DFID’s administration costs.⁶⁰ **We believe it would be unrealistic for DFID to retain an office indefinitely in an independent Scotland. Scottish independence would therefore require the Department to devote some of its management attention to internal restructuring. It would also require a greater share of DFID’s ODA to be spent on administration during the transitional period, rather than on frontline delivery.**

56 Q 35

57 Ev 26

58 Ev 26

59 Q 56

60 Q 88

4 Impact on jobs, the local economy and the Scottish economy

25. A significant proportion of DFID's workforce is based at the East Kilbride office: of the 1,283 UK-based Home Civil Servants (HCS) employed by DFID, 553 are based in East Kilbride.⁶¹ This figure has increased by 103 in the last three years.⁶² The East Kilbride office also houses contractors working on security, maintenance and building services. As at March 2013, the total workforce in the East Kilbride office stood at 604.⁶³

26. The gross salary cost in 2012-13 for East Kilbride-based staff (including pension and National Insurance contributions) was £25.1 million excluding contractors.⁶⁴ 58% of DFID's East Kilbride-based staff live within 10 miles of the office, with a further 29% within 20 miles,⁶⁵ so much of this money is ploughed back into the local economy.

27. Whilst the East Kilbride office was historically an administrative base for the Department, it now houses a number of key policy functions.⁶⁶ Staff in the East Kilbride office now lead on Ministerial priorities, such as the Prime Minister's initiative to combat global hunger and malnutrition. East Kilbride-based staff also work on DFID's regional programmes in Africa and Asia.⁶⁷ Richard Calvert, DFID's Director General, Finance and Corporate Performance, told us: "If you go back 15 years, we had one Senior Civil Service job in the office; now there are somewhere between 12 and 15".⁶⁸ If the East Kilbride office were to close in the event of Scottish independence, this would clearly have an impact on jobs. It would also lead to an increase in administration costs, due to the need to restructure the Department.

28. The DFID office at Abercrombie House in East Kilbride makes a major contribution to the local economy. We are pleased to note that the number of jobs in Abercrombie House has increased, with the support of this Committee. Abercrombie House is of fundamental importance to the area not only because of the quantity of jobs it provides, but also because of the quality of those jobs: the office has developed from an administrative base to a key operational centre.

29. We would not expect DFID's East Kilbride office to close immediately on the day Scotland became independent, but we do not believe the transitional period would last any longer than five years. There is a risk that East Kilbride-based staff may have to relocate or face redundancy.

61 Ev 26

62 Ev 28

63 Ev 26

64 Ev 28

65 Ev 29

66 Q 54

67 Ev 26

68 Q 59

30. Since the Scottish independence referendum poses a risk to DFID's staffing structure, the Department should make an attempt to manage this risk. It should consider what impact Scottish independence would have on the jobs of its East Kilbride-based staff.

31. In respect of UK Government staff currently employed in Scotland, the Scottish Government's White Paper states that in the event of a yes vote: "The Scottish Government will work with Westminster to preserve continuity of employment for all staff either by way of transfer to the Scottish Government or through continued employment with the Westminster Government where it continues to require their skills."⁶⁹ Mr Yousaf argued that in the event of Scottish independence, DFID staff based in East Kilbride would have a choice between staying with DFID and joining an independent Scottish development agency.⁷⁰ He went on to say: "I give you that guarantee that there will be ample opportunity for those 604 staff between the Scottish and UK Government to continue their employment."⁷¹

32. However, assuming an independent Scottish development agency were to follow a similar approach to DFID in putting a relatively high percentage of funding through multilateral agencies and keeping administrative costs low, the number of jobs available with an independent Scottish development agency is likely to be relatively few (or the new Scottish development agency would be heavily overstaffed). If, as the SNP assert, an independent Scotland committed to spending 0.7% of its Gross National Income on Official Development Assistance, since Scotland has only 8.3% of the UK's population share⁷² we would expect an independent Scottish development agency to have only around 8.3% of the UK's budget. We would therefore expect an independent Scottish development agency to employ only 8.3% as many staff in its headquarters as DFID currently employs in London and East Kilbride. This would equate to no more than 110 staff, as opposed to the 604 staff and contractors currently working in Abercrombie House.

33. An independent Scottish development agency would need far fewer staff than the 553 staff currently employed by DFID in East Kilbride. For DFID, however, the loss of key staff to an independent Scottish development agency—even if only in relatively small numbers—could lead to major disruption. DFID could lose key senior staff engaged in delivering significant parts of the UK's aid and development priorities which would not replicated neither in scale nor kind within a Scottish development agency.

69 Scottish Government, *Scotland's Future: your guide to an independent Scotland*, November 2013, p 575

70 Q 3

71 Q 7

72 "Release: Population Estimates for UK, England and Wales, Scotland and Northern Ireland, Mid-2011 and Mid-2012", *Office for National Statistics*, 8 August 2013, www.ons.gov.uk

5 DFID's engagement with Scotland

Engagement with Scottish organisations

Scottish Government

34. The Scotland Malawi Partnership argues that: 'Too often there seem to be barriers of mutual suspicion between the Scottish and UK governments, and a political disinclination for shared learning, mutual support and an appreciation of different ways of working.'⁷³ In his evidence to us, Mr Yousaf suggested that some Ministerial-level contact between the Scottish Government and DFID would be useful.⁷⁴ He also suggested that the Scottish Government would welcome the opportunity to discuss the post-2015 development agenda with DFID.⁷⁵

Scotland-based NGOs

35. During our visit, we met representatives of a number of Scotland-based NGOs, who took the view that the Scottish Government was more effective than DFID at engaging with them. In her evidence to us, the Secretary of State said:

It is fair to say that we often deal with some very big NGOs, like Oxfam, Save the Children, Christian Aid and CAFOD, and they are often based in London. [...] we can improve our links into the Scottish civil society organisations. [...] We can improve our relationships and [...] that is something that I am keen to do. [...] We do meet regularly with the Network of International Development Organisations in Scotland, and we also in part fund their Scottish CSO effectiveness programmes as part of the grant that we provide to Bond. [...] I am signalling a real willingness to do more on that front.⁷⁶

Mature and successful development programmes do not simply involve working through NGOs: issues such as capacity building, and the provision of technical assistance, are critical. Nevertheless, the fact that Scotland-based NGOs are dissatisfied with DFID's level of engagement is cause for concern.

36. We are concerned that DFID does not engage sufficiently with Scottish organisations. *Engaging more thoroughly with Scottish organisations would help to make DFID more visible within Scotland. We are more than willing to be part of this process.*

37. The Secretary of State told us that DFID has funded significant research programmes including animal drugs and vaccines through the University of Edinburgh, pro-poor health systems through Queen Margaret University and drugs for neglected diseases at Dundee University. Civil society organisations in Scotland have also received £4 million worth of

73 Ev w6

74 Q 47

75 Q 48

76 Qq 91-93

grants.⁷⁷ *We recommend that DFID give higher priority to making its work known across Scotland.*

Communications

38. Each week the Department sends an average of three press releases to a minimum of fifteen print and broadcast outlets in Scotland.⁷⁸ During October 2013, DFID placed 28 stories in the Scottish media, of which—according to its own analysis—90% were reported positively or neutrally.⁷⁹ In her evidence to us, the Secretary of State said: “I can assure you that we are absolutely trying our best to get what we are doing into the Scottish media so that people understand why this development budget matters to Scotland.”⁸⁰ However, we are concerned that there is insufficient appreciation, within Scotland, of the level of influence which DFID has on the world stage.

39. Given that almost half of the Department’s UK-based staff are in Scotland, we believe there is surprisingly little appreciation within Scotland of the Department’s influence and reach. *We recommend that the Department liaise with the editorial staff of the Scottish media, with a view to improving the Scottish public’s awareness of the Department’s work. We also recommend that DFID set up a bespoke communications unit in East Kilbride to deal with all issues emanating from Abercrombie House, and that it launch an outreach programme for schools and NGOs.*

77 Ev 29-30

78 Q 95

79 Q 94

80 Q 95

Conclusions and recommendations

1. We welcome the Scottish Government's assurance that—if re-elected in an independent Scotland—it would spend 0.7% of its Gross National Income (GNI) on Official Development Assistance (ODA). Its intention to enshrine this in law, and its aspiration to increase ODA spending to 1% of GNI in due course, are further signs of its commitment to international development. However, despite the Scottish Government's stated desire to keep administration costs low, we are concerned that during the transitional period, the setup of an independent Scottish development agency would require a greater share of an independent Scotland's ODA to be spent on administration rather than on frontline delivery. (Paragraph 15)
2. If Scotland were to become independent, we would expect DFID's budget to fall by around £1 billion per annum. Some areas of the Department's work—whether its bilateral programmes, its funding to multilateral organisations, or both—would be at risk of cuts. In addition, as stated above, the setup of an independent Scottish development agency would require a greater share of an independent Scotland's ODA to be spent on administration rather than on frontline delivery. (Paragraph 18)
3. DFID is a highly influential organisation on the world stage; as a consequence, its work is genuinely transformational. An independent Scottish development agency could not achieve the same level of influence. (Paragraph 23)
4. We believe it would be unrealistic for DFID to retain an office indefinitely in an independent Scotland. Scottish independence would therefore require the Department to devote some of its management attention to internal restructuring. It would also require a greater share of DFID's ODA to be spent on administration during the transitional period, rather than on frontline delivery. (Paragraph 24)
5. The DFID office at Abercrombie House in East Kilbride makes a major contribution to the local economy. We are pleased to note that the number of jobs in Abercrombie House has increased, with the support of this Committee. Abercrombie House is of fundamental importance to the area not only because of the quantity of jobs it provides, but also because of the quality of those jobs: the office has developed from an administrative base to a key operational centre. (Paragraph 28)
6. We would not expect DFID's East Kilbride office to close immediately on the day Scotland became independent, but we do not believe the transitional period would last any longer than five years. There is a risk that East Kilbride-based staff may have to relocate or face redundancy. (Paragraph 29)
7. *Since the Scottish independence referendum poses a risk to DFID's staffing structure, the Department should make an attempt to manage this risk. It should consider what impact Scottish independence would have on the jobs of its East Kilbride-based staff.* (Paragraph 30)
8. An independent Scottish development agency would need far fewer staff than the 553 staff currently employed by DFID in East Kilbride. For DFID, however, the loss of key staff to an independent Scottish development agency—even if only in

relatively small numbers—could lead to major disruption. DFID could lose key senior staff engaged in delivering significant parts of the UK’s aid and development priorities which would not be replicated neither in scale nor kind within a Scottish development agency. (Paragraph 33)

9. We are concerned that DFID does not engage sufficiently with Scottish organisations. *Engaging more thoroughly with Scottish organisations would help to make DFID more visible within Scotland. We are more than willing to be part of this process.* (Paragraph 36)
10. *We recommend that DFID give higher priority to making its work known across Scotland.* (Paragraph 37)
11. Given that almost half of the Department’s UK-based staff are in Scotland, we believe there is surprisingly little appreciation within Scotland of the Department’s influence and reach. *We recommend that the Department liaise with the editorial staff of the Scottish media, with a view to improving the Scottish public’s awareness of the Department’s work. We also recommend that DFID set up a bespoke communications unit in East Kilbride to deal with all issues emanating from Abercrombie House, and that it launch an outreach programme for schools and NGOs.* (Paragraph 39)

Annex 1— Extract from Part 3 of Scottish Government White Paper

With a focus on working in partnership and achieving real and tangible outcomes on the ground, the Scottish Government’s international development policy seeks to build upon the historical and contemporary relationships that exist between Scotland and the developing world. Scotland will seek to be a global leader in the field of international development, championing best practice and innovation. Being a global leader in international development is not necessarily just about the size of aid given in absolute monetary terms, but the impact that can be made across government policy. The provision of aid is one tool within international development and an independent Scotland would enshrine a legislative commitment to spending 0.7 per cent of Gross National Income on Official Development Assistance.

Delivering a coherent approach to international development across all Scottish Government policies—crucially trade, environment, defence and finance—would be the key to success and global impact. The Scottish Government therefore has several key propositions that will guide our approach to development. They are:

- **More and better aid:** The Scottish Government would meet from the point of independence, and thereafter maintain, the 0.7 per cent target, with an aspiration towards one per cent over time and ensure Scotland’s aid is of high quality, including through appropriate geographical and thematic focus. The Government plans to introduce a legislative basis to ensure adherence to the 0.7 per cent target as a binding, statutory commitment
- **Debt relief:** The Scottish Government will give careful consideration to the question of “unjust” debts; will work to ensure that Scottish export policies do not create new unjust debts; and support moves to establish Scotland as an international centre for debt arbitration
- **Gender equality:** Gender equality and the empowerment of women are Millennium Development Goals in their own right. They are also critical to the delivery of other key development goals including in education and health. An independent Scotland will put gender equality at the heart of our development work
- **Do No Harm—ensuring policy coherence:** As an expression of the values driving our foreign policy, this Government will ensure that other Scottish Government policies do no harm to developing countries, do not undermine international development aims and ideally contribute to international development success—through a rigorous approach to policy coherence for development. A key example of this approach is that our Climate Justice Fund and our International Development Fund are being developed and implemented within and across Government, providing a streamlined approach to both international development and climate change

Scotland's international development programme will be delivered as part of an integrated approach to international relations. However, we will not allow commercial or other considerations, including military considerations, to influence our approach improperly.

Development sections within Scottish overseas offices will ensure effective delivery of programmes supported by the people of Scotland and will work closely with Scotland's private and third sectors, and our civil society partners, to maximise the impact of both governmental and non-governmental efforts.

The Scottish Government intends under independence to work with the UK's Department for International Development (DFID) to ensure that there is a smooth transition phase for programmes on the ground in developing countries. There will be continued support, where appropriate, to those DFID programmes which span the independence period to avoid any sudden disruption to those programmes and their recipients. International development is just one of the areas where future Scottish and Westminster governments can choose to work together to complement each other's activity. Scotland is also likely to be a significant donor to multilateral organisations reflecting similar priorities as the UK in this area.

Source: Scottish Government, *Scotland's Future: your guide to an independent Scotland*, November 2013, p 230-232

Annex 2— Extract from Part 5 of Scottish Government White Paper

296. How much will an independent Scotland spend on international development?

This is currently decided at Westminster and Scotland contributes to this spending through taxation. In an independent Scotland it will be decided by governments elected by the people of Scotland.

The current Scottish Government is committed to spending 0.7 per cent Gross National Income (GNI) on Official Development Assistance. The current Scottish Government also proposes to bring forward legislation to enshrine this as a binding target. Over the longer-term, we would work towards spending 1 per cent of GNI on aid.

297. How could an independent Scotland afford that level of funding for international development? Is this an affordable commitment?

This is one of the immediate priorities of the current Scottish Government for the first budget of an independent Scotland—the budget priorities of the current Government, and the proposed actions to raise revenue and reduce spending to support these priorities, are set out in Part 2 of this document. To put it in context, meeting our international aid obligation of 0.7 per cent of GNI will amount to just 70p out of every £100 of GNI. As well as the existing £9 million Scottish Government aid budget, Scottish taxes currently contribute to the UK international aid budget. The Westminster Government has committed to meet the target of 0.7 per cent of GNI within this financial year.

The 0.7 per cent target is calculated as a percentage of a country's GNI, therefore the size of the country is not relevant—the target is to spend an appropriate share of that GNI. As a country's economy becomes richer or poorer, so its contribution rises or falls.

298. What impact will independence have on existing Department for International Development programmes?

The Scottish Government intends to work with the UK's Department for International Development (DFID) to ensure that there is a smooth transition phase for programmes on the ground in developing countries. There will be continued funding support, where appropriate, to those DFID programmes which span the independence period to avoid any disruption to those programmes and their recipients. International Development is just one of the areas where future Scottish and Westminster governments can choose to work together to complement each other's activity. Scotland is likely to also be a significant donor to multilateral organisations reflecting similar priorities as the UK in this area.

299. How can the Scottish Government justify spending money on international development—why aren't we spending this money at home?

In 2012, an estimated 6.6 million children under the age of five—18,000 a day—died from mostly preventable diseases. This huge preventable loss of life remains an urgent global problem which must be taken seriously.

Scotland is one of the wealthiest nations in the world and one of the purposes of independence is to make sure that wealth works better for the people who live here. However, we also recognise our wider international responsibilities and believe that investment in development internationally is the right thing to do.

300. At the moment, the Scottish Government's international development funding goes directly to Scottish-based organisations and not directly to governments. Will this change if Scotland becomes independent?

It is the view of the current Scottish Government that funding through civil society should remain a dominant feature of future Scottish development programmes.

301. To which countries would an independent Scotland provide international development funding?

These would be decisions for governments elected by the people of Scotland.

The current Scottish Government would consider this as we approach independence, with the Human Development Index as a central criterion in that decision-making process. We expect a geographically focussed aid policy in line with developing best practice and will develop open and objective criteria for the selection of partner countries. Ultimately, these decisions will be for the government of the day, but we hope to secure a degree of consensus regarding the criteria used to select partner countries to ensure stable and effective long term partnerships with a small number of countries.

302. Will an independent Scotland focus on gender equality as part of international development?

Women and girls make up the majority of the world's poor and bear a disproportionate share of the burden of poverty and responsibility for caring for others. This Government is doing everything we can to promote equality in Scotland and we would want an independent Scotland's international policies to do the same.

303. How will the focus on gender equality work in practice?

Gender equality and the empowerment of women are United Nations Millennium Development Goals in their own right. They are also critical to the delivery of other key development goals including in education and health. It would therefore be right for an independent Scotland to put gender equality at the heart of its development work.

The present Scottish Government would ensure that policies put in place will be in line with international commitments and recognised good practice on gender equality.

304. How will Scottish people know that money being spent overseas by the Scottish Government is making an impact?

Scottish Governments will report to the Scottish Parliament regularly on Scotland's development impact.

305. How will we know that the 'Do No Harm' approach is being implemented?

To provide policy coherence and as an expression of the values driving our foreign policy, we propose that Scottish Government policies, on all issues, will do no harm to developing countries, will not undermine our international development aims and will ideally contribute to international development success.

This Government is committed to reporting to the Scottish Parliament on a regular basis on Scotland's development impact, including on our commitment to deliver a 'Do No Harm' approach.

Source: Scottish Government, Scotland's Future: your guide to an independent Scotland, November 2013, p 468-471

Formal Minutes

Wednesday 12 December 2013

Members present:

Rt Hon Sir Malcolm Bruce, in the Chair

Fiona Bruce
Jeremy Lefroy

Mr Michael McCann
Fiona O'Donnell

Draft Report (*Implications for development in the event of Scotland becoming an independent country*), proposed by the Chair, brought up and read.

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

Paragraphs 1 to 37 read and agreed to.

Annexes and Summary agreed to.

Resolved, That the Report be the Sixth 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 9 and 15 October and 10 December 2013).

[Adjourned till Tuesday 17 December at 9.30 a.m.]

Witnesses

Thursday 31 October 2013

Page

Humza Yousaf MSP, Minister for External Affairs and International Development, and **Heather Jones**, Deputy Director, Head of International Division, Scottish Government

Ev 1

Tuesday 12 December 2013

Rt Hon Justine Greening MP, Secretary of State for International Development, and **Richard Calvert**, Director General, Finance and Corporate Performance, Department for International Development

Ev 9

List of printed written evidence

1 The Department for International Development

Ev 25: Ev 27: Ev 30

List of additional written evidence

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

1	Network of International Development Organisations in Scotland (NIDOS)	Ev w1
2	Scottish Parliamentary Cross Party Group (CPG)	Ev w2
3	Scotland Malawi Partnership	Ev w4
4	David Fish	Ev w7

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 2013–14

First Report	Global Food Security	HC 176 (626)
Second Report	Violence Against Women and Girls	HC 107 (624)
Third Report	Scrutiny of Arms Exports and Arms Control (2013): Scrutiny of the Government's UK Strategic Export Controls Annual Report 2011 published in July 2012, the Government's Quarterly Reports from October 2011 to September 2012, and the government's policies on arms exports and international arms control issues	HC 205 (CM 8707)
Fourth Report	Multilateral Aid Review	HC 349 (694)
Fifth Report	ICAI's Annual Report 2012-13	HC 566

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 (CM 8441)
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 (862)
Seventh Report	UK Aid to Rwanda	HC 726 (949)
Eighth Report	Post-2015 Development Goals	HC 657 (1065)
Ninth Report	Department for International Development's Annual Report and Accounts 2011–12	HC 751(1098)
Tenth Report	Pakistan	HC 725

Session 2010–12

First Report	Appointment of the Chief Commissioner of the Independent Commission for Aid Impact	HC 551
Second Report	The 2010 Millennium Development Goals Review Summit	HC 534 (HC 959)
Third Report	Department For International Development Annual Report & Resource Accounts 2009–10	HC 605 (1043)
Fourth Report	The World Bank	HC 999 (1044)
Fifth Report	The Future of CDC	HC 607 (1045)
Sixth Report	Scrutiny of Arms Export Controls (2011): UK Strategic Export Controls Annual Report 2009, Quarterly Reports for 2010, licensing policy and review of export control legislation	HC 686 (CM 8079)
Seventh Report	The Humanitarian Response to the Pakistan Floods	HC 615 (1435)
Eighth Report	The Future of DFID's Programme in India	HC 616 (1486)
Ninth Report	DFID's Role in Building Infrastructure in Developing Countries	HC 848 (1721)
Tenth Report	The Closure of DFID's Bilateral Aid Programme in Burundi	HC 1134 (1730)
Eleventh Report	Financial Crime and Development	HC 847 (1859)
Twelfth Report	Working Effectively in Fragile and Conflict-Affected States: DRC and Rwanda	HC 1133 (1872)
Thirteenth Report	Private Foundations	HC1557 (1916)
Fourteenth Report	Department for International Development Annual Report and Resource Accounts 2010–11 and Business Plan 2011–15	HC 1569 (107)
Fifteenth Report	South Sudan: Prospects for Peace and Development	HC 1570 (426)
Sixteenth Report	EU Development Assistance	HC 1680 (427)

Oral evidence

Taken before the International Development Committee on Thursday 31 October 2013

Members present:

Sir Malcolm Bruce (Chair)

Fiona Bruce
Jeremy Lefroy

Mr Michael McCann
Fiona O'Donnell

Examination of Witnesses

Witnesses: **Humza Yousaf MSP**, Minister for External Affairs and International Development, and **Heather Jones**, Deputy Director, Head of International Division, Scottish Government, gave evidence.

Q1 Chair: Good morning, Minister. Thank you very much indeed for meeting us to discuss the future of development and development co-operation. I just wonder if you could introduce yourself and your colleague for the record.

Humza Yousaf: Thank you very much for the opportunity. My name is Humza Yousaf, Minister for External Affairs and International Development. With me is Heather Jones, Head of International Division in the Scottish Government.

Chair: Thank you for that. As you know, we are having an inquiry looking at the implications of Scottish independence and what that might mean for the delivery of development assistance. Members just wanted to introduce themselves. We do not normally do that.

Fiona O'Donnell: I am Fiona O'Donnell, the Labour Member of Parliament for East Lothian.

Mr McCann: Good morning. I am Michael McCann, the Labour Member of Parliament for East Kilbride, Strathaven and Lesmahagow, one of the longest titles in Parliament.

Chair: I am Malcolm Bruce, Member of Parliament for Gordon, which is one of the shortest titles in Parliament.

Fiona Bruce: I am Fiona Bruce; I am the Conservative Member of Parliament for Congleton in Cheshire.

Jeremy Lefroy: I am Jeremy Lefroy, Conservative Member of Parliament for Stafford.

Q2 Chair: David Harrison is our Committee Clerk. Given that you are currently operating the development brief within the Scottish Government, which of course is in agreement with the Department for International Development, what is your general impression of UK aid, working with DFID and what its achievements are?

Humza Yousaf: Once again, thank you for the opportunity to come up. Before we officially kicked off, Member of Parliament Fiona O'Donnell and I were saying that it absolutely should not take a referendum for us to have this discussion, so I welcome the opportunity from our side. To also be talking to people who have considerable experience in international development around the table is a great opportunity.

In terms of the brief, I have now been a Minister for External Affairs and International Development for just over 13 months. I would not confess to having great knowledge of international development beforehand. I was a bucket rattler; I was one of those guys who would hold the buckets for Islamic Relief, an NGO that is very close to my heart, and a number of other charities. It has been a great eye-opener and one of the best, most enjoyable parts of the role has been working with the UK Government. Everybody has a perception that tensions can run high because of the current debate that we are having, but actually the close working between my own Department and DFID is very important. The work that DFID does is incredibly commendable. I have been thoroughly impressed by the expertise of every DFID employee that I have met, but also their commitment to international development.

In the whole, I think the contribution the UK makes to international development is substantial. That does not mean that, just as this Committee does, there are not areas that we question and critique in terms of specific policies. That will continue to happen, but we hope we do that in a most constructive manner. That is the aim of this Government.

Q3 Mr McCann: You are right: it would take a hard heart not to recognise the contribution that DFID and its predecessors have made to alleviating poverty around the world. There are practicalities, though, and in terms of the review and investigation that we undertake, it is about the implications for international development post-referendum. Obviously if Scots wanted to stay in the United Kingdom, the issues that have to be addressed would be pretty straightforward. If they do not, there are significant issues that have to be addressed and the practicalities. You will appreciate that being an MP for East Kilbride, Strathaven and Lesmahagow, and a former employee of the Overseas Development Administration some years ago, I am very proud of the fact that we deliver the aid programme from Scotland, with half of the corporate headquarters around East Kilbride, and £30 million is put into the local economy in terms of the 604 people that work there. We met with the PCS trade union yesterday and what they explained to us in terms of the local representatives was that the quality of the work over the last 30 plus years since

31 October 2013 Humza Yousaf MSP and Heather Jones

DFID has been there has improved greatly: we have the Civil Society Department; we have departments working in Africa and Asia; we have the corporate headquarters in terms of support for the whole operation; and we have other areas that link into the bilateral and multilateral aid programmes. They also advise that, in terms of the economy, the average salary is £37,000 a head, which is pretty significant. Minister, would you accept that if the Scots voted for independence next September those jobs would be lost?

Humza Yousaf: No, I do not accept that at all. Before I go onto that specific point, let me share with you absolutely the commitment and the hard work that those employees do at DFID. I understand the interest that you as the constituency MP and a number of people—not just those around the table and your other members who could not make it here—would have in this particular issue. No, I certainly do not accept it. We have committed; we have given this assurance previously and I commit to it again that we would work with the UK Government to preserve continuity of employment of all civil service jobs in Scotland. We have said that before in terms of defence, other jobs and other reserve functions, and we say it again up here. Those 604 jobs that we have in DFID in East Kilbride make a massive contribution, but their expertise is a great asset to a future Scottish international development and external affairs function. They would be a fantastic asset.

Of course, that discussion has to happen with the UK Government, where the Scottish Government sits down with the UK Government. We have called for discussions with the UK Government. Those are not pre-negotiations; we are talking about prudent planning and sitting down with the UK Government and having a discussion about that. It is also fair to say as well that Scottish taxpayers have contributed, and in fact more than contributed their population share to the setup costs of various Government Departments, including DFID. When it comes to the division of assets and liabilities, any reasonable person would say that actually Scotland should have its fair share.

I also agree with your opening remarks that this is not a choice between independence and the status quo. If Scots choose not to vote for independence, then that also has serious implications for jobs in East Kilbride. You have recognised that as a Member of the constituency you represent; you have alluded to it this morning. This is why we call for the enshrinement of the 0.7% target in legislation, because we think that would help in some respect to preserve and maintain those jobs. No, I do not believe the jobs would be lost. We would preserve continuity of employment and work with the UK Government to do that.

It should be said that the Scottish Government has a good record on public sector jobs. We have a policy of no compulsory redundancies. We would commit and urge the UK Government to commit to having a similar policy. Although these negotiations and discussions would happen between the Scottish Government and Westminster Government, they would also be done of course in consultation with those hardworking members of staff in DFID because

they will have a choice too. Will they want to work with an independent Scotland's international development policy or will they want to continue working with the opportunities that DFID may well have? That is a discussion that needs to take place between Governments, but also with the employees involved.

Q4 Mr McCann: The important point I got from your answer is the word “expertise”. In East Kilbride, the staff have particular expertise in particular niches of development: for example, the Civil Societies Department, which has a staff of 20 people. You can take this in analogue for the rest of the Department, but let me just give you it as an example. A Scottish international development agency would not need a department that size. As a former trade union official who negotiated deals and staffing levels and various other things, how can you give such a wide commitment in terms of the staff at East Kilbride when you know that a Scottish international development agency would not require the number of expert and skilled people in particular areas that are currently situated in East Kilbride?

Humza Yousaf: I disagree with your premise and would be interested in what you base it on. Actually, our ambition for international development is extraordinarily high. We have an ambition to be a global leader on international development. We have, as you have already met on your visit actually, a thriving civil society sector. NGOs, faith groups and a number of organisations make up a very robust, vibrant and really fantastic civil society setup here in Scotland. That ambition is very high, and so therefore it would be worthwhile looking at small independent European nations that also have a similarly high ambition, with regard to that 0.7% target, and looking at the members of staff they tend to have. Actually, it would suggest that although the delivery, setup and exact nature of an independent Scotland's development agency and development function will be detailed in the 26 November White Paper, it would be fair to assume that our ambition is very high. I do not agree with the premise that we would need fewer members in a civil society department, for example. As you say, though, there is a lot of technical expertise at the moment in DFID. It may well be that the UK Government would want to continue using that expertise post-independence. I have no aversion whatsoever to DFID, if they want, having a continued presence in Scotland post-independence for the continuation of projects. That is not an issue or a difficulty for me.

Q5 Mr McCann: It is an interesting concept for a state to have a major Government Department in a foreign country.

Humza Yousaf: They already have in terms of staff.

Q6 Mr McCann: But in terms of East Kilbride, can you give us a sneak preview of your White Paper? Can you guarantee to me today that the 604 jobs that are currently in East Kilbride will remain in East Kilbride in a Scottish international development agency post-referendum?

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Humza Yousaf: First of all, it is not a completely alien concept. DFID already has a number of staff in foreign countries.

Mr McCann: In developing countries delivering aid—surely you are not suggesting that.

Humza Yousaf: It also has in developed countries, such as Switzerland, in Geneva. It has it in New York of course as well. It has staff in developed countries, so it is not a completely alien concept. In fact, other aid agencies have similar setups in other countries so it is not a completely alien concept at all. I can reaffirm the commitment that we would look to preserve the continuity of employment and work with the UK Government to do that.

Q7 Mr McCann: That is not what I asked. With the greatest respect, Minister, I never asked that. We are always asking for honesty in this debate and I strongly believe that clarity and honesty is required so the Scottish people can make an informed choice. I will give you another chance: would you guarantee the 604 jobs that are in East Kilbride just now will remain there in a Scottish international development agency post September 2014?

Humza Yousaf: Again, I give you that guarantee that there will be ample opportunity for those 604 staff between the Scottish and UK Government to continue their employment. We have made that commitment. No civil service jobs in Scotland should be lost because of that discussion and negotiation that we will have with the UK Government. The exact setup of what an independent Scotland's international development policy function will look like is something that will be detailed in the White Paper on 26 November. I can give you a guarantee—and previous Ministers have continued to do that—that we will look to preserve the continuity of employment. We will do that with the UK Government and would expect them to take a pragmatic approach.

As I say, the potential threat to DFID jobs in East Kilbride comes without the preservation of that 0.7%. If that is not preserved then the question rightly should be asked: what will happen to those jobs? We would like the UK Government to give a no-compulsory-redundancy policy just as we have and we would also like them to enshrine the 0.7%, to guarantee those jobs. I give you a commitment, just as previous Ministers have done in front of a number of different Committees, that we would look to preserve employment in civil service jobs in Scotland. That will be in conjunction and negotiation with the UK Government. I urge once again that we are ready to sit down with the UK Government to have those discussions right now.

Q8 Chair: I asked you about UK aid and your working with DFID, and you were really positive. You said Scotland's aspiration is to be a global leader of international development. The UK is a global leader of international development and it is delivering that leadership substantially from the corporate headquarters shared between Scotland and London. What is the advantage of Scotland detaching itself from something that is so influential? Just on the issue of the work that people are doing in East Kilbride:

they are supporting the UK Government's development strategy; they are supporting our UN mission for development in East Kilbride; they are supporting our World Bank role; they are supporting our engagement elsewhere. These are priorities for a lead aid organisation of the UK's scale, which by definition would not be replicated in Scotland on the grounds that Scotland will have a budget—depending on what the GNI is—of between £1 billion and £1.5 billion as opposed to between £10 billion and £12 billion and a whole range of functions that go with that. Why do you believe that the poor people in the world will be better served by splitting what is probably the most respected aid organisation in the world into two unequal parts?

Humza Yousaf: Overall contribution to aid is an important issue and is an important matter. I know it is one that the Select Committee has looked at a number of times. I was looking at the Global Centre for Development's Contribution to Development Index—CDI—a very respected index that looks at the overall contribution that a country makes to aid. That does not just take the absolute monetary value, which is of course important but is not the only defining characteristic of effective aid; it takes everything in the Government's policy across the table. The UK Government actually does well; it is in the top 10—ninth. Of the eight countries above it in the CDI index, seven are small independent, European nations, the top three being Denmark, Norway and Sweden. The other country out of the eight is New Zealand, another small country with a population not too dissimilar to Scotland's.

Actually, being a global leader in international development is not necessarily just about the size in absolute monetary terms, but the impact that you can make across your Government policy. I agree with you. I think the UK Government is absolutely a world leader. The reason I believe in independence for Scotland is not because I think we are inherently better; it is because I think we are at least as good as any other country. I believe that Scotland could do at least as good a job, but I think we could do better in terms of international development. We could be the world leader on international development.

The reason I say that is because we could most certainly develop policies that will put us right up at the top in terms of that contribution: policies like “do no harm”—that idea that we should not undermine the good development work that we do through other Government policies such as arms trade deals and so on and so forth—and the idea of incorporating policy or coherence for development; again, that is about all Government Departments having some sort of development agenda or development aid, not undermining the efforts of our development agency. It is promoting certain niches like climate justice—Scotland is the only country in the world to have a climate justice fund, and is recognised by Ban Ki-moon, Secretary-General of the United Nations, by Desmond Tutu and by Mary Robinson as being a leader in climate justice.

It is not about competing, as such. It is about working collaboratively. I think the overall contribution is the important point that you touched on. You asked the

question about how this will affect those poor people in developing countries. That is precisely the point. The issue that we should be discussing is what the effect will be on the poorest people in the globe. Because we have enshrined that 0.7% target at the very least, the net amount going to the developing world will be exactly the same. Scotland's economy is projected to increase and strengthen under the powers of independence and that net sum going to the developing world will increase. That can only be a positive contribution in terms of the monetary value that is going to the developing world. I think we will work very closely with the UK Government, while at the same time promoting best practice in development.

Q9 Jeremy Lefroy: I would like to turn to the question of multilateral organisations. As you know, the UK Government did a multilateral aid review in 2010 and it has recently done a mid-term reassessment. The next UK Government would expect to do a multilateral aid review in 2015. Several of these multilateral aid organisations came out with quite positive results: the Global Fund to Fight AIDS, Tuberculosis and Malaria—and I will declare an interest as Chairman of the All-party Parliamentary Group on Malaria and Neglected Tropical Diseases—GAVI, the vaccines initiative, and the International Development Association, which as you know is the grant and soft loan part of the World Bank for the lowest-income countries. What is your view at the moment of the contribution that multilateral organisations such as these make? The UK Government puts a higher percentage of its international development through multilateral organisations than many others because in the UK we believe that many of these issues are better tackled together. For instance, our contribution as the UK to the Global Fund is going to be £1 billion over the next call. IDA is just looking for a 17th replenishment and I would hope the UK would, probably after the USA, be the second-largest contributor to the very important IDA. I just wondered, Minister, what your view of these multilateral funds is and how you would approach them.

Humza Yousaf: Again, we recognise the contribution that the UK Government makes to multilateral agencies. We looked at and examined very closely the multilateral aid review with great interest. If you have five development experts in a room you are going to get 10 different opinions on whether or not multilateral or bilateral aid is a better way to go. It is important for us to say from the offset that we have an international development policy in Scotland. It is limited and modest, but it works on that bilateral basis with seven countries: four in sub-Saharan Africa and three in the Subcontinent. It was started, to his credit, by Lord McConnell in 2005 with Malawi, but it has expanded since then. We see the value of that bilateral work and we see very much the impact. I was in India just a few weeks ago and saw first-hand some of that great impact that bilateral work is having.

In terms of multilateral institutions, I think you have to take them by institution. That is why the MAR was so welcomed. It gives a very good starting point

indeed and in terms of an independent Scotland's development policy in the future the MAR is certainly a document that we will examine closely and continue to do work on. By practicalities and logistics, I would imagine that initially a fair bit of an independent Scotland's aid would be through multilateral organisations, but we would no doubt look to even up and tilt that contribution slightly more evenly and equitably between multilateral and bilateral. It certainly depends on the organisation. For example, with the MAR there were some questions over the effectiveness of the International Labour Organization. I visited them when I was in Geneva not too long ago. We will therefore use the MAR as a starting point, but certainly not as a definitive document in its own right. I think there are merits and it certainly depends on the multilateral agency that we are dealing with.

Q10 Jeremy Lefroy: I will just come back specifically on the Global Fund. I make no apologies for the fact that I am very concerned about malaria. We have reached in my view a tipping point on malaria and the recent report of the all-party group points this out. Unless the global community continues to invest in research, development and implementation—particularly bed nets but also countering the resistance to insecticides and artemisinin—we face the risk and the danger that malaria will make a strong comeback. This depends on continued relatively strong levels of funding through, I would contend, some bilateral programmes—which the UK Government does—but also through the Global Fund, which has made a huge impact. If you look at the number of deaths from malaria since the Global Fund came into being just over a decade ago, it has gone down by 300,000 a year and it is continuing to decline. I believe that is substantially due to the international community working together through something like the Global Fund. We are worried, though, that particularly with countries like Germany, France and Italy not really stepping up to the plate on 0.7% and with concerns in other areas, actually these contributions to multilateral funds that are so key to developing global health outcomes, whether it is HIV/AIDS, TB or malaria, will be at risk. I just wondered if you recognised that and frankly, if Scotland were to become independent, whether it would attribute the same degree of importance to tackling these diseases on a multilateral basis that the UK Government does at the moment.

Humza Yousaf: Yes, I recognise the contribution the UK Government makes. For the Scottish Government, although I cannot bind future Governments in an independent Scotland, in terms of our own priorities, funding multilateral institutions and organisations will be important. The Global Fund is an example of a great multilateral organisation. I recently met with the Gates Foundation in Edinburgh and we had a very good discussion on vaccines and malaria in particular. I thank you also for a copy of the report and I will be sure to have a look through it. I can give you reassurances, certainly, that in an independent Scottish Government that is led by my party we will look very closely at funding multilateral institutions.

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I had a discussion recently, in fact just this week, with the Center for Global Development. It is their view that multilateral organisations can be more effective than bilateral. This is a debate that has been going on for a long time and there are merits in both. In terms of bilateral aid, the Scottish Government—if indeed the people of Scotland chose to become independent and we took over responsibility for international development—would not look to have a scattergun approach to bilateral aid. We would not look to work with as many countries as could possibly spread that aid thinly. We would look to be very concentrated, very targeted and very focused. That would then of course give us that leverage to be able to work with multilateral institutions, which we would look to do. The final point to make is one that you made very well. Research and development is incredibly important when it comes to fighting vaccines. Scotland and Scotland's institutions play a huge role when it comes to research and development. 1% of all world-class research is signed or co-signed by a Scottish author. For a country that has a population of 0.1% of the global population, that is pretty good going. Our universities receive more research funding than our population share would suggest—we are very much leaders in research and development.

Q11 Chair: You do receive it from UK Research Councils.

Humza Yousaf: Yes, indeed, and our university principals, including Tim O'Shea, Ian Diamond and many others have said that there should be no barrier, if Scotland becomes an independent country, to continuing to receive that funding in collaboration with the UK Government.

Chair: They would say that.

Humza Yousaf: I do not know why Tim O'Shea or Ian Diamond necessarily would say that, but perhaps you have more insight into that. Yes, I can give you that reassurance that we would look to continue multilateral aid, but I could not bind a future independent Scottish Government to exactly what multilateral institutions that would be. It would be wrong of me and inappropriate of me to try to do that.

Q12 Chair: If Scotland became independent and took over its 0.7%—by definition, as the UK has reached 0.7%, which you have been slightly reluctant to acknowledge, meaning we have hit the maximum budget at the moment—then DFID's budget would drop by around £1 billion. That would be the calculation. Do you accept that that would have a disruptive effect on DFID programmes and would you be aiding DFID to try and ensure that did not happen?

Humza Yousaf: I would not like to have characterised myself as begrudgingly accepting. I would say that actually I have welcomed it a number of times.

Q13 Chair: You actually said, "We will right that wrong". I think the UK Government has done it.

Humza Yousaf: Yes, it has done it, but in a number of public fora I have welcomed it. I think we should be very clear, though, that this is a target that has been missed for 43 years by successive Governments. That is £87.5 billion in missing aid. That is quite a sizeable

chunk. We should welcome it and I do welcome it of course. It is to the credit of the current UK coalition Government that it has reached that target. My point is very simple that successive Governments have missed that and that is a great shame. I saw in a newspaper article today DFID's comments in that regard were to make that point that this is the first Government that has ever reached that 0.7% target, but they also mentioned that successive Governments had not, so it is only fair to make that point.

In regards to budgets, I give that reassurance that we will work closely with DFID for the continuity of projects. For me, that is one of the most important issues. Preserving the continuity of employment is hugely important, and just up alongside that is the continuity of projects. I will absolutely give that reassurance that I will work closely with DFID. We will work closely with DFID. I am happy to engage in those conversations now. I reiterate and re-emphasise that I am happy to start those discussions now: if they think that certain projects will be disrupted, how we can continue to preserve them. As I say, the Scottish Government will look to collaborate with whomever we possibly can to have a positive impact.

It should be said that the threat to the continuity of projects and the threat to the disruption of projects really will be if that 0.7% target is not met. What happens if that 0.7% target is not met next year, the year after and is not met by successive Governments?

Q14 Chair: That is true in Scotland as well.

Humza Yousaf: Not if we enshrine that in legislation. It is not true. If we enshrine that in legislation, that commitment is preserved. If it is not preserved then it disrupts it.

Q15 Fiona O'Donnell: You, I and Michael will be in agreement on that. We would also like to see it enshrined in law, but you have gone further and given a commitment to 1% of GNI. Now, I am sure you would agree that the Labour Government setting the deadline of 2013 to reach 0.7% helped to build a political consensus and really made it toxic for any party to go into the last general election saying it would not honour that. Do you have a date that you are going to set, or will that be in the White Paper, for reaching 1%?

Humza Yousaf: The point was made by a DFID spokesperson and their exact quote was that in 13 years of a Labour Government that 0.7% target was never met. Those are not my words. That was from a DFID spokesperson this morning, as quoted in the *Guardian*. I do not doubt any previous party's commitment to the 0.7% and I am just pleased it has finally been achieved. My point is that it should be enshrined because—

Fiona O'Donnell: I agree.

Humza Yousaf:—let's face it, there are frankly many domestic political pressures that can make that a hostage to fortune.

Q16 Fiona O'Donnell: How are you going to ensure you make the 1% then, and that you do not make the mistakes you think we have made?

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Humza Yousaf: It should be very clear from the motion that was passed at our party conference, and therefore that informed our party policy, that the 1% is an aspiration. We aspirationally want to try to achieve that 1%. There is not a date pencilled in the diary. We want to enshrine that 0.7% and we think that puts us up there as a global leader when it comes to a 0.7% target. There are not many countries I can think of in the world that have enshrined that 0.7% target. That 1% target is an aspiration. Some countries have already reached it, as we know. Sweden and Norway have reached that target, so it can be achieved. Aspirationally, we would look to do that, but at the moment the priority is to enshrine that 0.7% and make sure we use that aid in the most impactful way possible.

Q17 Fiona Bruce: The UK Government is prioritising support for women and girls in terms of health and opportunities in developing countries as a way of raising living standards in whole communities. This Committee, for example, has seen the work they did in Pakistan for the education of girls and we have looked in Ethiopia at the work DFID is doing with regard to early marriage and trying to encourage communities to dissuade their young girls from this. Then, of course, we recently did quite a detailed report on preventing violence against women and girls. You talked earlier about the importance of developing policies. What policies have you developed regarding the prioritisation of support for women and girls in developing countries in the event of Scotland becoming independent?

Humza Yousaf: Let me also put on record the good work that the UK Government and DFID have done in terms of gender equality and gender parity. Any development study you look at shows very clearly that if you want more bang for your development buck then in trying to reduce that gap of inequality that exists between the genders you will go a lot further and have more of an impact. We very much believe in that.

When I first assumed this ministerial post I was asked about what the priorities of an independent Scotland's development policy would be. One of the clear markers we put down would be to tackle that gender inequality gap. For us it is important and it is imperative. We have shown and demonstrated, without having powers over international development, how we would do that. For example, we recently launched scholarship programmes in Pakistan inspired by the story of Malala Yousafzai to fund scholarships for 40 to 50 women in Pakistan. We have Dr David Livingstone scholarships in Malawi, which were also announced earlier this year. At least half of those will be for women. Women in education is very important for us.

Scotland's international development policy will also take cognisance of the fact of where Scotland has particular expertise and how we can help influence the developing world in that respect. Scotland has great expertise in education. We have five of the world's top 200 universities here in this country, for example—more than any other nation per capita—so education for us would be a key way. You mentioned

health and maternal health; we are already funding projects to do with reducing the maternal mortality rate in the developing world as well. We would look to ensure that we do that. Those are some of the ways that we would do that, but I have said since assuming this role that gender equity, gender parity and tackling that inequality gap will be incredibly important for us.

Q18 Fiona Bruce: Obviously, the advantage of Government aid programmes especially in bilateral work is that they can develop strategic priorities in partnership with other Governments. Do you have any specific plans to do this in the event of Scotland becoming independent?

Humza Yousaf: Let me demonstrate how we already do that, and we would look to continue that. I have said already that in Malawi and Pakistan, for example, we have a focus on maternal health and also on female education. We give examples of how we would do that, and as I have said, we would not look to vastly increase the amount of bilateral relationships that we have. We are on this similar model to the Irish overseas aid department. We would be quite targeted and focused. They have 14 countries they work in and nine of those are key relationships. We would look to the countries we already have a relationship with and perhaps expanding slightly, but not vastly. We have 40 projects already in Malawi, many in Rwanda, Tanzania, Zambia and a number in Pakistan, Bangladesh and the three poorest states in India. We are already focused, in India for example, towards supporting women entrepreneurs. Where we already have a starting point is probably where we would look to expand rather than starting from anew and reinventing the wheel.

Q19 Fiona O'Donnell: We also had a report recently on violence against women and girls. We did not just look at what was happening in developing countries, but also our own record. Of course, there was recent coverage of the incidents of female genital mutilation in Scotland. What work is being done between you and other Government Ministers to protect girls and women in Scotland?

Humza Yousaf: I know my colleague, Kenny MacAskill, has been particularly involved in this agenda. On FGM, again I absolutely agree that the UK Government has been vocal in terms of the efforts it has made, particularly the efforts the Foreign Secretary has made. I commend him and his Department on that. One issue that we are looking really closely at is human trafficking. Women greatly suffer a lot more in terms of human trafficking.

Also working with the UK Government, we have seen that these incidences tend to increase when there are big global events. Next year for us is important not just because of the referendum, which we were discussing, but also because of the Commonwealth Games coming to Glasgow and the Ryder Cup coming to Scotland. There are big events that are due. How do we ensure that those who look to exploit women for their own ends do not use that as an opportunity to line their own pockets and to continue the abuse? Already Kenny MacAskill, the Justice Secretary, is working closely with UK counterparts to learn the

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lessons of the Olympics on how to do that. As well as being vocal on FGM and as well as doing work on domestic violence, human trafficking and the moves against human trafficking are an important priority for us.

Q20 Fiona O'Donnell: You spoke earlier saying that you would want Scotland to do at least just as good a job as the UK does in delivering aid. In our meeting earlier this morning with the cross-party group, we had some discussion about what structures there would need to be to deliver and vastly increase the aid budget in Scotland. One of your Government colleagues, Maureen Watt, was there and she said that the structure is already in place to deliver 0.7%. Do you agree or do you think extra structures will be needed?

Humza Yousaf: Again, the delivery and the mechanism for delivery of an independent Scotland's development policy will really be detailed in the White Paper on 26 November. It would be premature for me to say exactly what the delivery structure of that will be. What we do have is great expertise, as the Member for East Kilbride, Strathaven and Lesmahagow said; we have fantastic assets in DFID. We have real international expertise.

Fiona O'Donnell: But those are UK assets.

Humza Yousaf: Sure, and the discussion would need to happen with the UK Government whether or not the continuity of that employment would happen through the skills that they wanted to retain, which would be absolutely fine—as you say, they are DFID jobs—or indeed, if the common-sense approach is therefore to transfer those functions and then transfer those individuals to a Scottish external affairs and development function, then that is what we will do. It would make sense to do that, but let us approach it in a constructive manner. The two Governments have shown how they can do that with the Edinburgh agreement, but we should not forget that although the Government will be having discussions with another Government, that should be also done in consultation with the people; there will be many employees in DFID who will want to continue working for DFID, which is, again, understandable. I imagine that many of them will be really excited by the opportunity of being able to help develop and create an independent Scotland development function.

Q21 Fiona O'Donnell: Do you think the structure would need to expand from what it is at present?

Humza Yousaf: We currently have a very vibrant NGO sector, as you know. We have a Government Department; of course that is limited, because we have a modest budget when it comes to international development. Yes, I think employment opportunities could be created with independence by assuming development functions.

Q22 Fiona O'Donnell: Sorry, I am slightly confused. You were saying, “Well, we have expertise”, and then you are saying there will be job opportunities. Are you saying then that the structure would need to increase in Scotland to deliver the aid?

Humza Yousaf: Yes. What I am saying is that, as you quite rightly pointed out, they are currently DFID jobs, so it would really be a matter of negotiation and discussion with the UK Government. These are assets, of course, that we have contributed to building up; these structures we built up over a period of time. We contribute 9.9% to the UK Government Exchequer; that is more than our population share of 8.4%, so we already contribute and we have contributed. It would be the most unreasonable person that would argue that we do not have an equitable share of those assets and of those structures.

Q23 Fiona O'Donnell: I am not arguing, but I am not asking questions about assets.

Humza Yousaf: No, so what I am saying is in terms of assets, in terms of structures, in terms of human capital, of course, we would have a share of that. In terms of our delivery of an independent Scotland's development policy, yes, we would certainly have expertise there in DFID, but it would be a matter of negotiation with the UK Government what services and expertise they would want to retain.

Q24 Fiona O'Donnell: You do acknowledge the structure needs to expand to support.

Humza Yousaf: Yes, from where it currently is at the moment.

Q25 Fiona O'Donnell: Yes. I was just concerned when we heard earlier this morning. How many country offices do you plan to have? I know the White Paper is coming, and it is really good to hear you giving us that assurance that there will be detail in terms of international development policy and structures and delivery within the White Paper. In terms of country offices, do you have a number in mind for how many? With all the special relationships that are already in place, would we have country offices in each of those?

Humza Yousaf: As I say, the White Paper, of course, will have that detail in terms of structures and delivery. I have given an indication already that should the Scottish Government in an independent Scotland assume development policy, then we will look to retain the bilateral relations that we currently have, but also if we were to expand that it would not be a vast expansion. I purposely have not given an exact number of countries that we would work in, because, as I said, there will be more detail as we go on, plus it is not right for me to bind necessarily future Governments if they would want to expand or retract that.

It would be fair to say, absolutely, that there would be country offices; a large portion, a third, of DFID staff is located overseas. DFID will often review how many staff they have in certain countries; they will reduce that; they will expand that, and a future independent Scottish Government would look to do the same. Would there be country offices; would we have staff overseas? I do not doubt that for a minute. It is fair to say, again going back to my previous point, that Scottish taxpayers have contributed more than their population share to those overseas offices that DFID

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has. Again, a discussion about how those assets are divided would be quite important.

It should be noted that all the seven countries that we work in are part of the 28 countries that DFID has as a priority as well. Co-location may well be something we could look at and discuss; three quarters of DFID's overseas staff are co-located in British embassies, etc, etc. The exact nature of that, of course, would depend on the structure and the delivery mechanism, but, as I say, the bilateral relationships that we already have give us a good starting point as to where we would look to potentially expand.

Q26 Chair: Just a couple of details on that: if you say we are setting up a Scottish aid agency and we are looking to the DFID staff to be a core part of that recruitment, that will have rather a disruptive effect on DFID's delivery capacity if suddenly a significant chunk of their staff, which are currently delivering UK policy, are diverted, plus the cost of setting up an agency is money that will not go into poverty reduction; it will go into administration. Is there a reality that this transition, apart from just being disruptive, will take money away from the actual development budget?

Humza Yousaf: No, because what we are looking at is the overall impact that we can have on the poorest in the world: how do we alleviate poverty amongst the poorest in the world? What I have said is, because of the commitments that we have made, for example, enshrining the 0.7% target in legislation, it is more than likely there will be a net increase of money that is going to the developing world from these islands. I am pleased that Scotland will play a contribution. That is the fundamental question: will we continue to have a contribution and make a contribution, and what will the size of that contribution be to the developing world? My estimation, my calculation is that there will be a net increase if Scotland becomes an independent country.

In terms of the costs of the set-up of agencies, and so on and so forth, that you allude to, again, we will of course have that negotiation with the UK Government. I urged that negotiation to begin, our discussion to begin, because we have contributed to DFID's setup; we have contributed to DFID's assets over the years, over the decades. Again, any reasonable person would say that we would then have an equitable share of those assets.

Q27 Chair: You have a disproportionate share of the jobs at the moment; Scotland has 40% of the home-based jobs.

Humza Yousaf: In terms of those jobs, as I said, and I continue to repeat, those discussions would happen with the UK Government. The most important criteria, and the commitment and the reassurance that I can give, and will continue to give, is that we would look to preserve continuity of employment. I think that is important, and that gives assurance to those hardworking members and employees of DFID. As I have said before, and I continue to say, for me the threat to DFID staff that has been mentioned by Members around this table previously is not with independence, but is if we do not enshrine that 0.7%

target, and also if the UK Government does not commit to no compulsory redundancies. We would urge them to commit to that policy, because it would give reassurance to members of staff in DFID.

Q28 Fiona O'Donnell: In terms of spend, then, on administration and structure, if we take the figure of £900 million, maybe as the annual budget from Scotland, would that seem like a reasonable figure? What estimate would you have as to what part of that budget would be spent on setting up and maintaining the structures to deliver Scottish aid?

Humza Yousaf: We would look towards the UK Government, because they have a fairly good example of how to reduce administration costs. In terms of various international development organisations across the world, and departments across the world, the UK is at the lower end of the spectrum when it comes to spending on administration costs. The Scottish Government would look to be around about the same ballpark as the UK Government spends, and we would always look to be as efficient as possible. The UK Government has a good model; I have a figure that is down the lower end of the spectrum, and the Scottish Government would look to replicate that. The administration costs are part and parcel of delivering effective aid policies. We have to accept that, but as the UK Government does, we would look to make sure that administration costs are relatively low.

Q29 Mr McCann: Minister, government is a tough business. I have not been fortunate enough to be part of that business at the UK level, and hopefully that will change some time in the future—I am sure you do not agree with that sentiment—but I have been in local government and I have had to make tough decisions about spending. The problem is, in terms of the reassurances and guarantees that you have offered today, there is not anything really behind them, because the guarantee you gave on potential job losses was you guaranteed to look at it. With the greatest respect, when the transcript of this is issued, and the members of staff look at it at DFID East Kilbride, they will not take reassurance from it, because they will realise that the reassurances that you are offering and the guarantee that you are offering is pretty weak. By the same token, in terms of the questions that have been raised this morning about multilateral aid and how the British programme fits in with that, and the billions of pounds that are invested in it, I will just put the bilateral programme, in terms of 28 countries, into perspective. In DRC, we will spend £1 billion over the next four years in one single country in a bilateral programme. Pakistan is fast approaching to be our biggest bilateral partner: £400 million a year. We have some NGOs salivating at the prospect of getting huge sums of money from the Scottish Government, because all money will be released through NGOs; we have a commitment from you and a reassurance that a Scottish aid programme would deliver on multilaterals. You mentioned the Irish model, and you were suggesting nine bilateral programmes. In terms of the costs of offices themselves that we have seen as a Committee when

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we have visited these countries, there are huge costs involved in running these elements of administration, and this is all going to be run out of a budget of £1 billion.

Can you tell me, in terms of the White Paper, will it set out a division of Scottish aid budget in terms of how much money will go potentially to NGOs in civil society, how much will go to bilaterals, and which bilateral countries will receive that money, and how much will be put into multilaterals and the other major projects that were mentioned by my colleague Mr Lefroy in relation to the Global Fund, GAVI and other issues like that? I am very conscious of the fact that there is a negotiation going to take place and we all understand that, and the division of assets you have mentioned many, many times; we understand that debate and argument, but surely you have to give the Scottish people more than just reassurance and guarantees, which I would suggest to you are limited. Surely you should give them some detail of your vision and spell it out in pounds—because it will be pounds according to their latest strategy—shillings and pence.

Humza Yousaf: I am not sure it will be shillings, but I agree with you in terms of pounds, and nor can I comment on your future aspirations of government, which you will understand. I think when the transcript is read there is an absolute reassurance, and I continue to give that reassurance, that commitment, whatever you wish to call it, that we will work with the UK Government to preserve continuity of jobs and all Civil Service jobs in Scotland. We will work with the unions, work with Governments, and we will work with those individuals, and I believe that gives absolute reassurance.

What you are asking me to do in terms of pounds and pence is to predict for 2016, two and a half years' time, what the GNI of a hypothetically independent Scotland will be. It would be ludicrous to suggest what the GNI of a future UK Government—

Q30 Mr McCann: When you were on Al Jazeera you committed to 1%; was that not ludicrous?

Humza Yousaf: No. Again, we aspirationally said, as our party policy, if you read it in black and white, we aspire towards 1%; that is what we aspire to do, and that was reflected in the Al Jazeera article. Pounds and pence of what an independent Scotland's GNI will be in 2016 nobody can prophesy.

Q31 Chair: Well, you have a ballpark; you have some idea.

Humza Yousaf: Yes, we can, as Fiona O'Donnell previously did, have a kind of ballpark figure. What we will do, not just in the White Paper, but in discussions as we move towards that date of 18 September 2014, and what we already have been doing, is continue to engage with civil society, with NGOs, and with the people of Scotland and the faith groups of Scotland, to spell out what our vision will be.

Q32 Mr McCann: That is a tiny part of it, Minister, with the greatest respect. You have issues about accountability of funds and how that would be

managed, because there is a very heavy influence in NGOs, and I know the fantastic job—we have seen it; we have witnessed it throughout the world—that we are doing as part of DFID. I really want you to spell out and answer, if you can—if you cannot, that is fine, because then people will have to make an informed decision based on the information they have—will you say 40% to multilaterals, 30% to bilaterals, it will cost us 2% or 3%, maybe a bit more in administration at the start, and we will spend potentially 17% on NGOs? Will you spell that out in the White Paper?

Humza Yousaf: As I have said throughout this discussion, actually in the beginning there will probably be a heavier tilt towards multilateral institutions; that would make sense, because of the setup in terms of the structure, and how we look to expand. We would look to probably even out that tilt, but it would always be dependent on various expertise that we have in terms of international development. If people think and the experts tell us it is more effective to go down bilateral routes then, of course, we would look to see what the experts say.

That point that is very important is when it comes to the UK Government's own spend on bilateral versus multilateral, we have contributed towards that. We have already helped the UK to achieve its target and to achieve its spend, so we know that it can be done from a Scottish aid budget, and we know that it can be done effectively. It is not just about the amount that you spend, but it is about how you spend it. I go back to that table from the Center for Global Development, the CDI index. The UK is in ninth place; it is good; it is in the top 10, but seven out of the eight countries above are small independent European nations, and that is about the overall contribution of aid.

Not only would we spell out and do that with civil society—you are quite right to say we will be judged on that; not only would we spell out in terms of our spend in regards to multilateral versus bilateral, but we will also say how we can do development in the round a lot better. We will not, for example—

Q33 Mr McCann: Forgive me for interrupting you, but can I just make this point? Take the smaller countries you mentioned. Can I just give you an example? They will not be able to do this: they will not be able to put 5.9 million girls and boys through primary school in the last three years; that is what the British aid programme did. They will not be able to give 19.6 million people access to clean water and sanitation; that is what the British aid programme did. They will not be able to prevent 12.9 million children and pregnant women from going hungry. Those countries do not have the capacity to deliver on that size. The British aid programme does, and you have to have a recognition of that in terms of your answer that you would be limited in the contribution you could make, not because Scotland is not a great nation and could not deliver and punch above its weight, but simply because money talks and makes a difference in alleviating poverty across the globe.

Humza Yousaf: What we can do is work collaboratively to achieve those same aims. Yes, we could look to work with DFID and look to work with Sida, Swedish aid, Irish aid and Norwegian aid

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agencies to have a bigger impact; that is where perhaps Mr Lefroy's examples of multilateral working make perfect sense. Yes, in Scotland, we can absolutely contribute to some of these fantastic aims, and being very focused and targeted, not just geographically, but thematically, to make a bigger impact in areas perhaps where the UK is not.

My point, and the central point I am trying to make and I was about to make, was that development must be measured in the round, and Scotland can, as an overall impact on aid, I think, make a very significant contribution, perhaps in ways that the UK Government has not been able to do. Take, for example, the good work that the UK Government has done; there is no doubt that some of that has been undermined by arms sales to General Suharto, to Saddam Hussein, to Hosni Mubarak, to the Argentinian military junta, and so on and so forth. That undermines undoubtedly some of the good work that you quite—

Q34 Chair: Most of these sales were about 20 years ago; it is very historical information. As I think Mr McCann is saying, this is a current UK aid programme that is delivering, and Scotland is a major part of the delivery mechanism. It is perfectly reasonable to say if we break that up, what consequences will flow, both positive and negative; what will be the negative implications for DFID, and what will be the positive, if you like, implications for Scotland? If I give you an example, the UK, because of its scale, size and importance is one of only five countries that has an executive director of both the World Bank and the IMF. This Committee visits both of those institutions a couple of times a Parliament, and we have seen the British Government in action there, helping to shape and direct the policies of the World Bank, in a way that just frankly Scotland, Norway, Luxembourg and Sweden do not.

It is fine; you are perfectly entitled to say, "We do not think that is important", but I think it is important the people of Scotland know that right now we are influencing those bodies—and regional development banks, and the UN, which we are also major contributors to in lots of ways—because we have that seat at the top table, because we are grands payeurs. Small is beautiful, you might argue, but the counter-argument is there are also economies and advantages of scale. We may just agree to differ here, but the question is, is the small is beautiful going to deliver more for poor people or are the economies of scale, which deliver in large impact, going to be better? Given that we have one model, and the other is only something that is to be created, you have to at least weaken the model we have and end our participation in it in favour of something that is aspirational, but not very clear.

Humza Yousaf: Let me try to take a couple of the points. The first is that I have given reassurance, and I will commit to it again, that there should not be any detrimental effect to UK projects, because we have committed to the continuity of projects, so we would work closely with DFID upon a "yes" vote to begin that transitional arrangement. We would be happy to see how we can continue to work with DFID, be that

in terms of budgetary support or otherwise, to make sure that no project suffers. Continuity of projects is important; the alleviation of poverty, helping the poorest people in the world, for us, is the most important issue, and the most important objective. There should not be anybody who is under threat.

I do take slight issue with this idea that Scotland is also represented at the top table. I commend the work that the UK Government does in the United Nations and various multilateral institutions, for example co-chairing the MDGs and the High-Level Panel report that came out of that. I welcomed that report, although there are still some critiques of it; there are some improvements that can be made to it, of that there is no doubt. We could argue here about how the Scottish voice was represented, or whether it was represented. Take NGOs, civil society here in Scotland, who you met; we have set up a working group as part of the Scottish Government, because we have been told that there needs to be a Scottish voice on the post-MDGs agenda.

Is Scotland represented and respected? I am not sure it entirely is when it comes to having a top seat even at the United Nations. We have mentioned at times, and I have said this before previously, although we may well differ up here in Scotland, in the Scottish Parliament and the Scottish Government, in our views on some aspects of international affairs, we will not often be consulted. That is the setup of devolution; that is understandable, but to say that Scotland has an input into all these programmes or multilateral institutions, be it the World Bank, be it the United Nations, I am not sure that would be entirely correct. What independence does is it gives you that voice in your own right and for your own priorities.

Q35 Chair: No, it does not.

Humza Yousaf: No, it does. The reason why I say that is because a number of small countries are very influential in multilateral organisations and very important world bodies; Helen Clark, the former Prime Minister of New Zealand, is administrator of the UNDP programme; Commissioner Piebalgs, coming from a country that has a smaller population than Scotland, is the Commissioner for Development in the European Commission. Small countries can have a big, big—

Chair: The point I was making is that Scotland will not have an executive director of the World Bank.

Q36 Mr McCann: Could I just point out that the people you have mentioned have applied for posts and they have got them, and there are Scots that apply for posts and are influential across the globe in many different areas, so therefore I do not necessarily recognise that—

Humza Yousaf: I would be astounded if you would suggest that an independent Scotland, if that was the choice of the people of course, could not play a role in some of these institutions, be it the World Bank, or be it indeed in the UN, in high-level reports. We have a great contribution that we could make, and already we make that contribution, but in certain niche areas, like climate justice, for example, we could certainly take a lead role.

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Q37 Mr McCann: Do you think Scotland would have the ability to have an executive director post at the World Bank?

Humza Yousaf: I cannot hypothesise in terms of what the World Bank structures will be in the future.

Q38 Mr McCann: Have any of the smaller countries got executive directorships of the World Bank?

Humza Yousaf: If you think that should be the standard bearer of whether or not Scotland should have—

Mr McCann: I am just asking you a question.

Humza Yousaf:—an independent development agency or not, then I do not think that is what we should be measuring. I think we should be measured on—

Q39 Mr McCann: You raised the point, not me.

Humza Yousaf: No, my point is very simple; I think we can make a contribution to a number of these world institutions in our own right.

Q40 Fiona O'Donnell: We have had a lot of questions at a very high level, but, Minister, for the individual Scot, many of whom are in this room and are passionate about international development—and you share that passion—just now as taxpayers our money helps eradicate poverty in 28 countries. How can we feel better about the fact we would be paying tax and only reaching out possibly to eight or nine countries? Why is that better for the international development community?

Humza Yousaf: It is quite simple, because it is not about necessarily how much you are spending; it is not always about how thin you are spreading yourself; it is about how much of an impact you are making. For example, when Lord McConnell first re-established Scotland's connection with Malawi, and credit to him for doing that in 2005, nobody criticised him for simply going for one country.

Q41 Fiona O'Donnell: Is that not the best of both worlds: that we get to make that very personal—

Humza Yousaf: No, the best position that we could be in is to be able to have control of our own resources to make the most impact. When I talk to the NGO sector and I talk to civil society, which I do on a very, very regular basis, they come back and their main concern is, "How do we make the most impact for the taxpayers for the money that we are going to spend?" By your definition, then, a better aid programme is one like USAID, which is over and above 28 countries, but that is not logical, and that is not the logic. As long as you are being targeted—

Q42 Fiona O'Donnell: I am not comparing UK and US; I am comparing Scotland and UK.

Humza Yousaf: What I am doing is having a logical extension of your argument.

Fiona O'Donnell: I think it is slightly distorted.

Humza Yousaf: By that, I think it would be incorrect.

Chair: The US model and the UK model are different models.

Humza Yousaf: The Scottish model would be equally different; that is right.

Q43 Jeremy Lefroy: I am chairman of the international Parliamentary Network on the World Bank and International Monetary Fund, and we believe it is very important for parliamentarians to be involved and to challenge, to support the World Bank. We have already referred to the International Development Association and the work it does, as well as the IBRD and International Finance Corporation, to challenge them and support them in the work they do. One thing that Dr Kim, the new President, has made quite clear, as has the World Development Report that they produced this year—and I and my board very much support this—is the vital importance of dealing with the bottom 40%, not just eliminating global poverty, which is one of the two aspirations of the World Bank by 2030, but really tackling this question of the bottom 40% and reducing inequality, as well as growing the cake.

One of the major ways, and possibly the most major way, in which this can be done is through job and employment creation. We calculate there are about 1 billion jobs needed, mainly for young people, for women and more disadvantaged groups over the next decade. What I would like to know is whether a focus on job creation, 90% of which tends to come from the private sector, is something that you would share, as a real commitment, alongside all the issues we have already spoken about: health, education, work particularly on women and girls and tackling violence against them, which are absolutely vital. Would you share the emphasis that perhaps the World Bank, the group that I chair, and also DFID are placing on the importance of developing employment and job creation around the world?

Humza Yousaf: You articulate the point very well. I absolutely agree that growing social enterprises and small and medium-sized enterprises to create local wealth, to create local jobs, is an important part of tackling and eliminating poverty. The international development policy of Scotland so far, because we have only been going since 2005–06, is fairly new, so it has relied on grant aid to NGOs, as you will be aware.

Certainly, we are looking as a complement to that—certainly not as a substitute by any stretch—at how we can look to develop capacity out of small and medium-sized enterprises. I will give you an example. When Her Excellency President Banda came to Scotland earlier this year, in regards to the bicentenary celebrations of Dr David Livingstone, incredibly important as this is to civil society organisation—at this point I reference the great role and work that is done by the Scottish Malawi Partnership, for example—we made sure that her visit also put her in front of Scottish investors, holding a meeting with those who may well look to do trade and investment in Malawi and telling them about the opportunities that exist there. We are following on from that discussion that was had earlier this year.

I agree that particularly small and medium-sized enterprises have a big role to play in the elimination of poverty, and we are looking at doing some more follow-up work from that particular visit, in Malawi. We have great entrepreneurs and philanthropists in Scotland, many of whom are known for that

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contribution: Sir Ian Wood, Ann Gloag and many others. “How can we collaboratively harness that potential to help the private sectors in the developing world?” is a point well made.

Q44 Fiona Bruce: Successive Prime Ministers have committed to the 0.7% target, and the current coalition Government has very strongly made a commitment to ring-fencing our international aid budget. Would you give the same commitment of ring-fencing, whatever your other demands and priorities are, for your aid budget, and when would you do it, and can you confirm the percentage?

Humza Yousaf: I am not sure exactly, and I would welcome some elaboration, what you mean by ring-fencing the budget. We have called for the UK Government to enshrine that budget and that commitment to legislation; it is something that was in party manifestos. That is a point that has been made already by Mr McCann. Yes, we would enshrine that commitment to legislation; we would do that upon independence. Now, obviously, it would have to wait for the elections of the first independent Scottish Government.

Once we were elected then we would commit to enshrine that. I do not know if the other parties would; I cannot speak on their behalf, and obviously it would have to go through the parliamentary process, because it would be a piece of legislation. I could not give you an exact date and time when that would happen, but it would certainly be a priority for us to enshrine that. I would welcome the UK Government doing the same. I do not believe that they have set out a parliamentary timetable to do so. For one reason or another—and I will not be cynical about it; I hope that they will look to commit to that—so far they have been found wanting in terms of enshrining that in legislation.

Fiona Bruce: David Cameron’s commitment as the leader of our Government is very, very clear on that, and he has made the statement on a number of occasions that this budget is protected. That is the way the UK Government—

Q45 Chair: I make a practical point. This Committee did in fact do a review of the draft legislation and it was not as simple as it looked; that is the first point. Secondly, I think only about two countries in the world who have delivered 0.7% or more have actually done it through legislation. It is a fair and valid point, but at the end of the day whether you are committed, whether you deliver and what you do with it is what really matters. The other thing is also our aid is untied, so it has to be put out to international tender. Would Scotland’s aid be similarly untied, and would non-Scottish organisations be free to bid for funding from the Scottish Government for aid budgets?

Humza Yousaf: Yes. Again, it is great that the UK Government at the time made that commitment to untie aid, and we were worried by some statements that were made previously that suggested we would be going back to tied aid, but I am pleased that they were clarified absolutely by the Government. Tied aid can do an enormous amount of harm to development efforts, so, yes, Scottish aid would be untied. I am happy to give that commitment.

Q46 Chair: There is a final question, but we have obviously concentrated on the implications of independence, and tried to tease out the detail and the thinking behind that. Can I turn the question the other way around? If the people of Scotland decide next September that they want to stay in the United Kingdom, what views do you have of how the development relationship that currently exists, given the fact that East Kilbride is located in Scotland, could improve? You have been complimentary about the collaboration between DFID and Scotland, the Scottish Government through their development programme, and how they have worked together.

What scope do you think there is for developing and improving the working relationship between DFID, the Scottish Government, Scottish NGOs, in the event that the people of Scotland decide to stay? I want to reassure you, this Committee is interested in that as well; we do not see it as a “yes/no” vote and we just carry on as we are. Issues have come out while we have been consulting on this, and we are very anxious and very willing to take them forward. Obviously, Minister, we want to hear your views on that.

Humza Yousaf: Chair, I never like to hypothecate on a loss, I must say, when it comes to the vote on independence.

Q47 Chair: Well, we have hypothecated the other way, so I think it is only fair.

Humza Yousaf: I take your point in the spirit that it absolutely is intended. Although the relationship with DFID and the UK Government in terms of development policy is good, it could be improved; of that there is no doubt. I have written to the Secretary of State for International Development before to request a meeting. Regrettably, she has been unavailable; I am sure her diary pressures are significant. Ministerial to ministerial contact would be quite useful; we would find that quite helpful, and so we would look to try to increase that. Scotland has particular expertise in terms of the international development policy we have currently; one area of expertise, for example, is in climate justice. As was mentioned, we are the only country in the world to have a climate justice fund; we are seen as global leaders in terms of climate justice.

Q48 Mr McCann: How much is that fund, sorry?

Humza Yousaf: Doubled to £6 million. The question is: how can we work with DFID with the priorities that they have in terms of climate adaptation, and how we can work closely to make a bigger impact for the work that we are doing? There are also significant relationships that Scotland has with other countries—Malawi—and, of course, the UK has some relationships. We have an historic relationship that goes back, as I say, up to 200 years with the birth of Dr David Livingstone and his exploration to that part of the world. How can we look to enhance that relationship with Scotland for development purposes through the work that the UK Government is doing? Probably the key area that I would like to see us work more closely in is with civil society and NGOs. They have a big role to play, actually, in international development—not just our NGOs like the big six,

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seven, eight, nine that we have up here, but also the smaller grassroots NGOs and civil society organisations, as Fiona O'Donnell was alluding to earlier; the faith groups, the churches, the mosques, the gurdwaras and so on. I would like to see ourselves work closer with DFID in that respect. Finally, when it comes to areas of influence that the UK Government has, it would be good if we could be consulted in regard to the post-MDGs agenda in the run-up to 2015, and have a little more consultation, not just with the Scottish Government, but, as I say, with those that have an interest such as our NGOs.

Q49 Fiona O'Donnell: The inquiry that this Committee had on the post-2015 climate would have been a great opportunity that the Scottish Government could have engaged in. You are saying that this is what you see as the most effective type of aid; you talk about civic society and working with faith groups, and I absolutely agree that you can do that in Scotland and Scotland does that well. Why, in that case, then, are you making a picture of aid in Scotland, an independent Scotland, which is so heavily weighted in terms of multilateral aid?

Humza Yousaf: That is not what I am doing. I said very clearly that we would look to rebalance that. I am just saying initially, because of the point that you made, structures and so on and so forth, we would look to work with civil society, with the bilateral relationships—

Q50 Fiona O'Donnell: You would agree that that was not really the direction you wanted.

Chair: Some of our members have a plane to catch.

Fiona O'Donnell: Right, sorry; I do not.

Humza Yousaf: There is always that debate between multilateral and bilateral; we would review that, most certainly. We would look to have a healthy balance between the two.

Q51 Chair: We are going to do an inquiry into the Climate Fund, and we would be interested to have an input on the climate justice system, because the UK has a £1 billion contribution, but there is an aspect there that we maybe should provide more. In that spirit, can we say we hope that the Scottish Government will feel able to contribute through this Committee? We would very much welcome the contribution, we look forward to the White Paper, and we may have some further exchanges after that. We will be producing a report hopefully before Christmas. Thank you very much indeed. We have had an enjoyable couple of days. Just for your information, we have undertaken to carry on the dialogue informally with Members of the Scottish Parliament, which we will do.

Humza Yousaf: Thank you very much for your time.

Tuesday 12 November 2013

Members present:

Sir Malcolm Bruce (Chair)

Fiona Bruce
Sir Tony Cunningham
Fabian Hamilton

Jeremy Lefroy
Mr Michael McCann
Fiona O'Donnell

Examination of Witnesses

Witnesses: **Rt Hon Justine Greening MP**, Secretary of State for International Development, and **Richard Calvert**, Director General, Finance and Corporate Performance, Department for International Development, gave evidence.

Q52 Chair: Good morning, Secretary of State. Welcome again and thank you for coming in. I know we have to finish at 12.30. I have just asked the Secretary of State whether we can have five minutes at the end on what is happening in the Philippines. As we are tight for time, I think we should get on. We know Richard Calvert, Secretary of State, but perhaps just for the record you could introduce him.

Justine Greening: Richard Calvert heads up the part of DFID that looks after all of our financial resourcing—HR, IT and core operations. As part of that, a lot of his staff are at Abercrombie House.

Q53 Chair: Indeed. That is where we start. As you know, we were in Scotland two weeks ago taking evidence. We visited Abercrombie House; we took evidence from a Scottish Minister; we met NGOs and we met a cross-party group. Quite a lot of issues came out of that, which I hope we can now pursue—some of them practical, some of them perhaps more strategic.

When we were taking evidence from Humza Yousaf, a Scottish Minister, he said that if Scotland were to become independent, DFID could nevertheless retain its share of the UK headquarters in East Kilbride. What would your view be of that?

Justine Greening: Ultimately, if Scotland was to become an independent country, it would end up leaving the UK institutions that we have in place. DFID is one of those. I do not think you should assume that that would be the case after a referendum “yes” vote took place.

Q54 Chair: Is it a reasonable assumption for the Scottish Government to make? The Minister says these are assets that the taxpayers of Scotland have contributed to and they should take them over.

Justine Greening: The question really is more one for the Scottish Government, as to how it would want to run its own development programme, whatever size it chose that to be, and whether it would choose to have an establishment in Scotland that was the size of Abercrombie House. We probably have around 600 staff there on average—just slightly less at the moment. We would have to decide whether it was realistic for us to have what is essentially a joint-headquartered organisation, with DFID at the moment headquartered here in London but then essentially a second headquarters in Abercrombie House, which has not just got back-office staff, as it

perhaps had in the past, but really has a strong cadre of development experts there driving policy. You mentioned the Philippines. Part of the effort of the response is being shaped by some of our staff in Scotland. It would be challenging to retain both headquarters in two different countries when one of those countries was not part of the UK anymore.

Q55 Chair: Effectively, you would have to consider relocating those headquarters to somewhere in the rest of the UK.

Justine Greening: I am raising the point that we do have teams based in other countries that are not developing countries—for example, in New York supporting the UN, and in Washington supporting our work on the World Bank—but they are there for a particular reason. It would be quite unusual for us to have a joint headquarters that was not based in our country.

Q56 Chair: Yes. It was a point that the Committee took. The Minister actually made that last point, so just to reinforce it, what you are saying is, yes, we have offices supporting the World Bank or in Geneva, but there would be no logistical or logical reason for 600 people to be based outside the UK in what is effectively a departmental headquarters. One could logically assume the departmental headquarters would be in the same country as the Government.

Justine Greening: You would probably assume that. Ultimately, we would have to undergo a review of our operating model if there was a “yes” vote in the referendum. As you say, that is a logical outcome of that.

Q57 Mr McCann: Good morning, Secretary of State. Even before the proceedings started this morning, nationalists would dismiss a Select Committee hearing like this on the basis that, “They are all unionist MPs, so they would say that, would they not?” As you will appreciate, not only being a Member of the Committee but being the constituency MP in East Kilbride and having a long-term relationship with DFID, having worked there some time ago now as a young man when it was the Overseas Development Administration, I hold the Department for International Development very close to my heart and I know how important it is to the local community and the economy of my constituency. One of the things that I have attempted to be, albeit that,

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on the record, I support the United Kingdom, is practical in terms of the potential outcomes if the Scottish people chose to go down the independence route. We were told a couple of weeks ago by Humza Yousaf that, in the event of independence, the Scottish Government would work with the UK Government to ensure continuity of employment for DFID staff in East Kilbride. Given that we have 553 people working directly on programmes, plus 51 contractors working in the building—a total of 604 people—contributing something close to £30 million to the local economy, how practical would it be for an independent Scottish Government to negotiate with the UK Government to ensure the continuity of employment of people working on UK DFID business?

Justine Greening: It is hard for me to get into speculation about the sorts of discussions and debates that would take place after a referendum “yes” vote. Richard Calvert can probably clarify, but I think I am right in saying that there is no basis under law by which staff could be co-opted per se into any kind of Scottish development agency. The case I would prefer to make is why having a broader-based, bigger-impact and broader-reach UK development agency like DFID is not just in England’s, Northern Ireland’s and Wales’s interests, but is in Scotland’s interests as well. We have been able to do some amazing work as a development Department over the years since its creation. It has a Secretary of State that sits on the NSC within the UK Government and therefore can be part of that much bigger strategic discussion within Government about security. As I said, we have got broader reach into more countries. We have much greater impact sitting, as we do, on the board of things like the World Bank. For our staff—this is why I mention it—that is a really very compelling job offer and career offer. They have got huge opportunities working in our East Kilbride office, not just in terms of what they can do there but in the way they can develop their careers going forward. You are right, Michael, to point out the impact in the immediate area. Just under 60% of the people who work in the East Kilbride office live within about five to 10 miles of the office itself. It is a local office that really does have a lot of local people working in it and does a very effective job within DFID in terms of the skills and resources that it provides for us.

Q58 Mr McCann: We heard from the local trade unions just how important that contribution was and how people’s careers have had the opportunity to be enhanced over the years when more high-quality jobs have been moved up from London. Forgive me for using an employment law term, but are you not concerned at all that DFID has a duty of care to the employees in East Kilbride to make them aware of the potential issues that would arise with a positive result from the independence referendum and how it could affect their employment with a UK Government Department?

Justine Greening: The inquiry that you are undergoing at the moment is a good way of helping to present the facts and the implications. What I can do today is talk through the benefits, above all, of having a much broader, UK-based programme. I can

also point out just how important I think that East Kilbride office is, not just for DFID but for that local area. The wages and salaries bill, for example, by the time you add in pensions and National Insurance, is around £25 million a year. That is money flowing into the local economy as well.

Q59 Chair: I just wonder if Richard Calvert can briefly tell us the high-level jobs that are there. We did get some figures last week that it might be useful to have on the record.

Richard Calvert: It is certainly the case that staff who work in the DFID office in East Kilbride could not be co-opted into a new Scottish international development body. It is also very much the case that the range and quality of jobs there have grown. Just in the last three years, we have put 100 or so new jobs into that office. If you go back 15 years, we had one Senior Civil Service job in the office; now there are somewhere between 12 and 15, depending on the exact structure of the organisation. We have got staff now doing country programme work and policy work, managing relations with civil society—a whole range of jobs. What we see increasingly is that one of the things that is very attractive is the opportunity for people to have a career that goes abroad—and DFID has got a very wide range of country offices abroad—and to work in international institutions, in London and in Abercrombie House. The employment offer that DFID can make, both in the UK and overseas, is extremely broad.

Q60 Mr McCann: It is extremely pertinent, Chairman, if I can ask a final question in this section, to reverse that around. In the event of a positive vote, given that DFID has got UK expertise based in East Kilbride, have you got any concerns about the impact it would have on DFID under a rest-of-the-UK model if people were headhunted to move into a new Scottish international development agency and there was, effectively, a brain drain from DFID into a SIDA, for want of a better term? Has any thought been given to that? What immediate concerns would you have if that happened?

Richard Calvert: One of the things that we have been very clear about, with lots of evidence on this in recent years, is that DFID is a very attractive employer. We have very strong pulling power across the whole range of our functions in Scotland, in the London office and overseas. We are confident of the employment offer that DFID is making.

Q61 Jeremy Lefroy: Secretary of State, if Scotland were to vote to be independent of the United Kingdom, DFID’s budget, based on the 0.7% of GNI, would be expected to fall perhaps by £1 billion a year. Given that that would be a fairly rapid fall, what consequences would there be for DFID projects and funding of multilateral agencies? What would be cut?

Justine Greening: That is a fair question to raise. Our budget does have the ability to flex both up and down. It is a portfolio of programmes, of which, at any time, some are beginning, some are under way and some are coming to an end. Any organisation has to plan around some level of potential uncertainty. We are no

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different to that. We would have to work our way financially through any new situation that arose, but I believe we could do that.

Q62 Jeremy Lefroy: For instance, you are about to decide on how much the UK will contribute to IDA17, which will go right to the end of 2016. Are you a bit concerned that committing a fairly substantial amount to a multilateral programme such as IDA17 up until the end of 2016, which, if there was a vote for independence, would be post any kind of independence settlement, would have an impact on bilateral programmes?

Justine Greening: I do not see it like that, because even within our bilateral programme we have a range of programmes that will extend into several years. I do not think it is right to characterise our commitments to multilateral organisations as somehow longer-term whereas our country programmes are not. As I say, we are not doing that contingency planning. However, if there was a referendum and a “yes” vote, at that stage we would have to sit down and forward-plan our financial resourcing within whatever budget we had at the time and make our numbers work. I am confident that we can do that. Every organisation operates in an environment of some uncertainty, and you always have to be able to deal with that. DFID is no different in that respect.

Q63 Chair: Just to clarify that, given that you have hit 0.7% and therefore the budget has hit the ceiling, if Scotland was to leave the United Kingdom, presumably the GNI would drop by Scotland’s share, which we reckon is somewhere around £900 million, so you would have to shed £900 million of expenditure. You say you are confident you can do it, but it would require you to revisit some of your programmes and priorities.

Justine Greening: Like every single Government Department, we have to cut our cloth according to the budget that we get given. We would continue to do that, and we would continue to do it in a way that maximised value for money and development impact in relation to the budget that we had.

Q64 Fiona O’Donnell: Good morning, Secretary of State and Mr Calvert. The White Paper will be published later this month by the Scottish Government, and Mr Yousaf told us that we will see the detail then of their plans for international development should Scotland vote to leave the rest of the UK. It is not just about jobs in East Kilbride in the event of a “yes” vote; it is about people’s lives. We heard evidence from the Scotland-Malawi Partnership, and they said it would be important that DFID should co-operate closely with any new Scottish development agency. I wonder if you have any thoughts about how that co-operation might work. Maybe you can talk in general and specific terms, because Mr Yousaf suggested that an independent Scottish development agency might consider co-locating its country offices with DFID offices. I just wondered whether the Scottish Government has made any approaches to you about the possibility, in the countries where Scotland operates, that they would be working out of DFID

offices. Is there any example you can draw upon of that working well for other foreign countries working together? He also referred to what are shared assets between DFID and Scotland in the event that Scotland became a foreign country and how those would be divvied up—which is a Scottish term for how you agree, as in a divorce, to share the marital assets. Do you have any idea how all of that process might work?

Justine Greening: It is fair to say that we are starting from a point where we do, I believe, work effectively with the Scottish Government. Development is a reserved matter, so their development approach needs to fit within our overall UK Government policy, but we have managed to work with the Scottish Government effectively. Our officials meet with theirs around twice a year. I and other of my development ministerial colleagues head up regularly to Abercrombie House; I was there only last month.

We have not had any meetings or discussions on the practicalities of what a “yes” vote for independence would mean. Your question raises some of the really thorny issues of practically how you would get things to work on the ground, but our view is that we will look at those issues as and when we know we need to put some resources into getting an outcome on them. We have all been clear that any vote for independence is the beginning of the process of discussing how that is actually delivered on the ground. You set out some of the elements that may feature in that discussion. At the end of the day, though, it will be for an independent Scotland to decide how it wants to use its Scottish development agency budget and, indeed, how big that budget will be, and then for it to look at how it wants to operate.

Q65 Fiona O’Donnell: I appreciate, Secretary of State, that you do not want at this time to commit resources that could be saving lives in the Philippines to conjecture because if Scotland votes “no” that would be a wasted resource, but have you had a direct approach from the Scottish Government to request co-location in DFID country offices?

Justine Greening: We have not, no, to be absolutely clear. Nevertheless, on the ground in places like Malawi where we have AIDS programmes running, there is a real complementarity between what we are doing as a much bigger project and some of the work that the Scottish Government’s development budget does with Tearfund, for example.

Q66 Fiona O’Donnell: So you would portray that relationship just now as working well—DFID is working with the Scottish Government when it spends its development money.

Justine Greening: Yes. What it shows is that together we really can be greater than the sum of the parts if you were to split them apart.

Q67 Chair: I did see a letter that the Minister put out to Members of the Scottish Parliament last week about the update on the Scottish Government development programme, which you point out is agreed with DFID. Nowhere in that letter did any relationship with DFID feature at all; it was simply a presentation of the Scottish Government’s development programme as if

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it were a standalone programme. It would be nice, would it not, if it was shown to be a joint operation?

Justine Greening: I would characterise it as some work the Scottish Government does with their limited development budget that does very much align with DFID's approach in a country like Malawi. When Scottish officials have been over in Malawi, we have given them access to our DFID officials as well because that has been helpful. We try to work as one on the same sorts of areas.

Chair: To be fair, the evidence we got was complimentary all the way round—that it was working extremely well—but obviously there is a difference between a £9 million budget and a £900 million budget.

Q68 Mr McCann: Again, Secretary of State, in our evidence session in Edinburgh, I asked the Minister for External Affairs what his plans were in terms of the budget that they could potentially have. I was interested to learn that they plan to have a multilateral budget and a bilateral budget. Ireland was mentioned in particular, and its work in nine countries. The NGOs are positively salivating over the prospect of getting huge sums of money. We are still going to be involved at the World Bank; we are still going to be involved with banks such as the IADB. I asked the Minister the specific question: "Will all this detail be in the White Paper?" I think I can safely say that the answer was not a firm guarantee of that level of detail, but if that level of detail is in the White Paper, will DFID comment on it?

Justine Greening: I am not sure we necessarily will. At the end of the day, it will be up to an independent Scottish Government to decide which multilaterals it wants to try to develop a relationship with and to which ones it wants to apply to join. I am sure we will cast an eye over that White Paper to get a sense of whether we think it is realistic, but ultimately it is for the SNP and those people who are favouring independence to make their argument about that paper to people in Scotland so that they can make an informed choice.

Q69 Mr McCann: But if you looked at that White Paper and you saw glaring inaccuracies or positives within it, would you, as the British Government, make any comment?

Justine Greening: If we felt there were significant inaccuracies that went beyond simply a different point of view or interpretation of what could be done to something that was just going to be factually incorrect, I am sure we would consider pointing that out. However, there is a very vibrant debate happening in Scotland right now about independence and the implications, and I have every anticipation that largely it will be for Scottish people, Scottish media and Scottish politicians to go through those proposals in detail and properly interrogate them to see whether they stack up.

Q70 Mr McCann: That leads me on to the next point. Under the Scotland Act 1998, international development policy is reserved to the United Kingdom Parliament. There has been a suggestion that

if Scotland remains as part of the United Kingdom post-referendum, there would be another look at the powers that the Scottish Government has. The Committee were wondering whether or not there would be any suggestion that an influence over international development policy would be one of the additional powers that could be conferred upon Scotland post-referendum if it remained in the UK. I wonder if you have any thoughts on that particular issue, or whether you think that it would dilute the work that DFID does by putting another layer of political bureaucracy within the system.

Justine Greening: I would say that the current situation of working, as DFID does, with a UK budget and are co-headquartered here in Whitehall and in Scotland works very well. You have got to get through that independence vote first before you can talk about what any other proposals on devolution could be in the future. That is the big question facing Scotland over the coming year: is it a yes or no on independence? Once you get beyond that, you will be able to understand more clearly what the way forward post that vote looks like. Whether it is yes or no, it is impossible for me to speculate at the moment about what will be happening the day after. We will have to wait and see what the result is.

Q71 Chair: At the moment, is the £9 million Scottish budget counted as part of UK official development assistance?

Justine Greening: Yes.

Q72 Chair: If the Scottish Government chose to increase that unilaterally, subject to agreement from you, is that the net effect? In other words, if it went up to £20 million, what the Scottish Government spends effectively reduces what the UK Government spends, so it does not actually add to the total; it just spends it differently.

Justine Greening: Our commitment is to meet the 0.7% of GNI level of spend, and the Scottish Government have a very small budget compared to the rest of the UK development budget. In theory, it could no doubt take some choices around whether it wanted to increase—or, indeed, decrease—the current level, but the changes would have to be pretty dramatic before it would significantly affect whether or not we were able to meet 0.7% by essentially retaining our current strategy within DFID. I do not think it is at a level where it particularly impacts it, but, as Richard Calvert has just said, it is part of our overall UK ODA.

Q73 Chair: Given that you, the Scottish Government and the NGOs in Scotland have all said that you feel there are aspects of this partnership that have added value—we did get information to that effect, from the Scotland-Malawi Partnership—would there be at least a case for saying there are specific aspects of things that Scotland does that complement what DFID is doing and that, in the event of a continuing United Kingdom, there is scope to explore that further?

Justine Greening: I am not going to get into the discussions that may or may not take place after the vote has happened, whether the result is yes or no.

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Q74 Chair: I will put it the other way round. There is no reason in principle why you could not explore developing that co-operation as long as it was mutually beneficial.

Justine Greening: Whilst it remains a reserved matter, ultimately overall policy is a matter for the UK Government. I would like to see how we can work even more effectively with the Scottish Government over time than we are now. One of the issues that seems to have come out in your evidence to date is DFID improving its ongoing relations with some of the Scottish NGOs that do some fantastic work in this area. I am looking at what we can do, particularly within a ministerial portfolio, to make sure that we do a better job on that in the future than we have in the past.

Chair: I would like to pursue that in a minute.

Q75 Fiona O'Donnell: I just want to check, Secretary of State, that there is not going to be complacency on the part of DFID about this issue. The Prime Minister and the Chancellor have both engaged in the debate, commenting about the Scottish Government's proposals. The Department for Business, Innovation and Skills and the Department for Work and Pensions are both contributing and holding the Scottish Government to account, and I am sure will do the same when the White Paper is published. Would you not agree that it is really important that your Department also engages in that debate?

Justine Greening: I can reassure you we are not in any way complacent. As much as any Department that is facing a challenge because it has a lot of headcount in Scotland—and these are jobs that matter, not only to the people themselves and their local community, but to my Department in terms of its functions—it is absolutely in our interest to look at that White Paper carefully. I can assure you we do not have any complacency around it.

Q76 Fabian Hamilton: Under the Multilateral Aid Review, Secretary of State, the European Development Fund was found to be very good value for money. I am concerned, because the Prime Minister is proposing a referendum that could potentially lead to the UK leaving the European Union. Worryingly, Scots who wish to continue contributing to the EDF might just conclude that they have to leave the UK in order to stay in the EU. Do you agree that the Prime Minister has, perhaps inadvertently, played into the hands of the nationalists by advocating this EU referendum?

Justine Greening: It is a very interesting hypothesis, but no, I do not agree.

Fabian Hamilton: I am not surprised.

Justine Greening: The debate about whether or not Scotland's future should be as an independent country or remaining part of the UK will be one that is about a much broader range of issues than simply whether people want to stay part of the European Development Fund, although that is an important part of the institutions we use to deliver aid on the ground. Indeed, as part of the Multiannual Financial Framework, the Government worked really hard to

make sure that the next seven-year approach to the EDF was better targeted and more results-focused than it was in the last seven years, so hopefully we should see its performance over time improve further.

Q77 Fabian Hamilton: I accept the average Scottish voter is not going to say, "We must make sure that we leave the United Kingdom in order to remain part of the EDF", but I just wonder whether the debate on European Union membership will influence the referendum in some way. It seems to me that there is more enthusiasm for the EU in Scotland than in the rest of the United Kingdom. I do not know if you want to comment on that.

Justine Greening: There have been contrary views in the Scottish Government and our own Government about the role of an independent Scotland within the European Union and on what basis Scotland would be part of the EU. It is a really important element of the debate. I know the Scottish Government has its particular view. It seems to me to be saying that it thinks it would be somewhat straightforward for an independent Scotland to continue as part of the EU. Our Government's view has been that that is not such a straightforward process as has been portrayed, and it could be relatively complex. What it shows is that the vote we will have next year is really the beginning of a very complex and wide-ranging series of discussions that will need to happen if there is a yes vote. That is a choice, ultimately, for Scottish people to make. That is why it is such an important decision that people are taking in Scotland over the next 12 months.

Q78 Chair: You lead for the Government on the EDF and European development and humanitarian response. Do you feel that UK leadership is in any way compromised by the fact that there is a possibility, with a referendum coming down the track, that the UK could leave? Does that have any impact on your ability to influence? Indeed, how much influence do you feel the UK has in shaping European development policy?

Justine Greening: I do not think it weighs significantly on the agenda that we have pursued within the EU, because that agenda is a sensible one that is supported by many countries. It is about making sure we target that fund on extreme poverty, that it is well spent and that we have clear processes for monitoring and evaluation and then tracking results. I do not see it as particularly a political agenda that we have pursued in relation to getting a better outcome from the EDF. I do not think uncertainty can generally ever help, though, in this regard, so it is fair to say that, but, as I have just said, I did not see it as a major contributing part of how much weight was put on UK points that we wanted to make.

Fiona O'Donnell: We also hope that in the White Paper we will get some clarity as to whether or not there will be a referendum on Scotland's membership of the EU should it become an independent country and should there be a major renegotiation of those terms and conditions. There is uncertainty on several levels in terms of our contribution to development.

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Q79 Fiona Bruce: As part of the United Kingdom, the Scottish people have a wide range of influences in international development, including, as you say, the second largest bilateral aid programme in the world. Do you think the Scottish people will sacrifice that influence if they vote for independence?

Justine Greening: When you look at the work that my Department for International Development does, we are way better off together. We have a unique ability as a country to have influence on the aid agenda. The fact that our aid is not tied; the fact that we are able to work hand-in-hand with not only other countries but with NGOs and with the private sector in a range of different countries around the world; and the fact that we can respond quickly when there is a humanitarian crisis like we have just seen over the weekend happen in the Philippines is all achievable because of the scale of operation that we have got. From my perspective, the office in East Kilbride is a core part of how we deliver that on a day-to-day basis. It is absolutely integral. To my mind, when you have got something that works effectively like that, you think twice before trying to remould it and break it apart and then trying to put it back together and expecting as effective a result as you had before. We are absolutely better off staying together from a development perspective.

Q80 Chair: That is a key issue. One of the things that came across to us last week when we were taking evidence from a number of people was that the debate in Scotland tends to focus on working with NGOs and delivering projects and that sort of engagement. Those are worthwhile and good things, which people are very enthusiastic about, and which possibly the Scottish programme has raised awareness about. That was all positive, but there seemed to be very little engagement on the scale of the UK's impact globally and Scotland's part of it. In particular—you have mentioned it in passing—there are only five countries that have an executive director at the World Bank and the IMF, and the UK is one of those five. This Committee takes some credit for ensuring that we have two separate full-time directors, compared with the shared directorship we had up until a few years ago. Can you explain, from your point of view, the extent to which the people of Scotland benefit from the reach that having, for example, an executive director at the World Bank and the IMF has?

Justine Greening: Absolutely. We have worked on making our working relationship with the World Bank better and putting it on a more strategic footing. For the first time in January Jim Kim, who heads up the World Bank, will be coming to the UK to have a full session purely with the UK on what we want the common agenda to be between UK DFID and the World Bank. A lot of our interests are fully aligned around, for example, inclusive growth; the women and girls agenda; the work that we do as a country on climate change; and this desire we have all got to tackle extreme poverty. There is only one other country that the World Bank would have that kind of much broader-based strategic relationship with, and that is the US. We do have, because of our credibility and the fact we have met our commitment to 0.7%, a

much more elevated strategic ability to influence major multilateral institutions like the World Bank for the better as a country. I believe the UK could hope to continue that, but clearly an independent Scotland would not be part of that if it was to happen.

Q81 Chair: Let us take a smaller country that has quite a lot of impact, like Norway. How often will they have a Norwegian sitting on the board of the World Bank?

Justine Greening: I would have to write to you with that information, Chair, if that is okay. I am sure we could provide that after this session, if it was helpful.

Chair: The point is it would not be very often, I take it.

Richard Calvert: No. What you often find with smaller countries is they will sit in a constituency in a multilateral organisation, so they may rotate. One of the things for the UK is the combination of the financial scale and also the policy expertise and political leadership. All of those things reinforce each other. The impact we have had on the multilateral system is partly down to our resources, but it is partly down to the fact that we have been able to develop the Multilateral Aid Review and follow that through and bring intellectual leadership as well as financial.

Q82 Chair: Perhaps testament to that is that Jim Kim had a working breakfast in London, to which various people were invited, very shortly after he was appointed. He also diverted on the way back from the G20 simply to meet this Committee, which I would argue reinforces the case that the UK is a very significant player and is very high on the awareness of the World Bank and is influencing policy. I suppose what I am teasing out of you, Secretary of State, is that that really is something that your office in East Kilbride is part of, which would no longer be accessible in that way to Scotland, the Scottish Government and the people of Scotland.

Justine Greening: That is a real risk, yes. As you have set out, we have a very strong relationship with the World Bank. It is as strong as it has ever been. That is not something, to my mind, that you would want to put at risk.

Q83 Mr McCann: One of the things that disturbed me when we were in Scotland speaking to NGOs and people who have an interest in international development was that when we started speaking about multilateral and bilateral aid and then talking about institutions like the World Bank, there was little understanding of what they did. It was not in a formal session, but at one point people said, "We are not interested in that". People seem to have this thing in their minds that aid is only about delivering a small hospital or building a clinic here or drilling a water hole there. Secretary of State, could you expand in terms of what exactly our contribution to the World Bank is and what projects infrastructurally they deliver for development? Placing it on the record might be useful to get some sort of context about what DFID does. There is a gap there in terms of international development agencies in Scotland and what DFID does.

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Justine Greening: We partner with the World Bank on a range of its projects in a number of countries, not just around health and education. Let us also be clear they are not the only multilateral institution. You have key institutions like the African Development Bank and the Asian Development Bank that can also pull in resourcing at scale to deliver some of these big infrastructure projects that are absolutely critical, particularly for African countries, in getting their economies on track and kick-starting the growth that is already taking place. I will also write to the Committee with more details, because it would be helpful to set out some of the specific sorts of areas that the World Bank works in, how we partner with them and just how broad that relationship is.

As I have said, the key thing is that the World Bank is not the only multilateral organisation. We have talked about the European Union and our participation in the EDF. We work very closely with the African Development Bank; we have just had a replenishment on that. The UK role within the World Bank can be to try to provide consensus. For example, one thing we have tried—I think successfully—to do as part of the latest replenishment negotiations is to do more thinking with the World Bank on how countries like India should transition from their previous terms, which they had in the past as far poorer nations in terms of income per capita, to a more modern relationship with the World Bank. The UK has worked hand-in-hand with countries like India to try to make sure that as they transition through what become less generous terms as their countries go higher up the per capita income scale, they do so in a way that is structured and has a gradual run-off from core World Bank funding that can be managed financially, so you do not end up with countries essentially being penalised for developing too quickly by losing all the very low-concession—often zero-finance—loans that they are able to raise from the World Bank. That is the sort of influence that the UK can very positively bring to bear working with the World Bank and working with other countries. It is a good example of what some people might call soft power. It is a good example of us playing a really positive, constructive role, not just on behalf of what we think is our agenda, but hopefully working with other countries to help them pursue their agendas of development too.

Chair: I am going to go on to Sir Tony Cunningham, who has just joined our Committee. A very welcome new Member he is, with experience of development.

Q84 Sir Tony Cunningham: Welcome to you, Secretary of State, as well.

Justine Greening: Thank you.

Sir Tony Cunningham: DFID is an incredibly influential organisation on the world stage, and I have seen that in so many parts of the world. I have a very simple question. Would this influence be diminished by the break-up of the UK? I will mention two things. The Global Fund, which we have not mentioned, is an example of the influence that the United Kingdom has. It sets a tremendous example because of its contribution to the Global Fund. It has also got a huge influence in ECHO, the European humanitarian organisation, which is relevant in terms of the

Philippines, which is on all our minds at the moment. Would this influence be diminished by the break-up of the UK, in your view?

Justine Greening: It is hard for me to speculate on what the future might look like and what it might mean if DFID had 0.7% of a GNI that did not include Scotland anymore. DFID has played an influential role in development for some time now. We are at a level of development investment that is material and was material before we got to 0.7%, although we have committed to getting to 0.7%, and that is what we are doing for the first time. Our influence has also come from the quality of how we have approached value for money, the agenda of understanding what works, and the way we participate constructively in multilateral institutions like the World Bank. It goes beyond just the spend, although, looking ahead, while I have said I do not think we failed to have an influence prior to committing to get to 0.7%, getting to 0.7% enhances our credibility even further. We would retain that ability to stay at 0.7% in a rest-of-UK version of the UK.

Q85 Sir Tony Cunningham: But the 0.7% would be a smaller sum. That is the point I am making.

Justine Greening: It would still be significant under any estimation. Therefore, to my mind, we would still have huge influence. As I have said, a lot of it is not just in relation to the amount that we are prepared to invest in international development; it is also the way in which we collaborate and the quality in which we try to invest our spend as well.

Q86 Chair: But of course Scotland would not be part of it.

Justine Greening: At present, the UK includes Scotland. Scotland is part of all of that, yes, and a very important part, including our joint headquarters in East Kilbride.

Q87 Chair: The point I think Mr McCann has been making that they are anxious to get across—because I felt with our dialogue with people in Scotland it was not there—is just how substantial the UK reach is in the development community across the world. An enormous number of Scots participate—not just through East Kilbride—both within the Foreign Office and DFID itself. This is something that the people of Scotland perhaps do not fully appreciate and would really miss if they were not part of it.

Justine Greening: The relationship works effectively. The level of our investment in international development is of a scale and a nature that gives us huge influence. That is in everybody's interests, including Scotland's. There is no doubt that it would be for an independent Scottish Government to set up a Scottish development agency. That would take time. They would have to decide how to do it. Presumably they would go through a process of building their relationships with whichever multilateral institutions they wanted to become part of, and with other development agencies, including DFID and some of the other European ones in particular. That would take time and it would be up to the Scottish Government to, I have no doubt, aim high in terms of their

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aspirations. What I can emphasise, as you have been saying, Chair, is that at present we have an International Development Department that has that level of influence already, and that uses it wisely on behalf of our mandate of tackling extreme poverty and in a way that is recognised not just by NGOs but internationally too, which is why we are able to have such good, positive strategic working relationships with an institution like the World Bank.

Q88 Chair: Is it not a fact that if the Scottish Government was building an agency and having to recruit staff and find a headquarters and possibly overseas offices, and at the same time the UK would be having to adjust to having 9% or 10% less budget and possibly to relocate its headquarters from East Kilbride, that is going to cost administrative money at the expense of the poor people of the world?

Justine Greening: If you are setting up a new agency, it will inevitably take some resource to get it established. It is hard for me to stray too much into hypothesising over what steps the Scottish Government would need to take, or would want to take, after any kind of “yes” vote. That ultimately is a matter for the Scottish Government, not for the UK Government.

Q89 Mr McCann: That just reminded me of a point that Humza Yousaf made at the evidence session. He gave an example—and this is an important point—of the difference between reach and clout, size and politics. He said—the Chair will correct me if I get this wrong—that Helen Clark, from a small country, was the head of UNDP. He was trying to suggest that someone from a small country could be the head of a large organisation. Scots have invented many things over the years and we have led huge organisations, but we have just confirmed that there is a difference between someone being appointed to carry out a role, irrespective of what their nationality is, and a Government taking forward a programme from a political perspective and extending that influence into the partners that it works with. I am placing that point on the record, but I hope that the Secretary of State would agree that there is a fundamental difference between appointing someone, irrespective of their nationality, to a post and extending political influence into the multilaterals and other sectors that we work within.

Justine Greening: I think that is right, essentially. I have no doubt that ability to perform in the job is another key thing that the UN would look at when they are appointing people. Of course, Helen Clark had massive experience as the Prime Minister of New Zealand for, I think, three Parliaments.

Q90 Mr McCann: But she does not represent New Zealand as the head of the UNDP; that is the crucial point.

Justine Greening: She has got a very broad skillset that can enable her to be effective in a role that involves her working internationally with a range of other countries and partners. I would agree with how you set that out.

Chair: You mentioned relationships with the NGOs. That is really quite an important issue we want to explore.

Q91 Jeremy Lefroy: Just pursuing that a little bit more, we met representatives of quite a number of Scottish NGOs who do excellent work in Scotland and around the world. Clearly, some of them are well known to us. They take the view that DFID has not been particularly good at engaging locally with the Scottish NGOs and Scottish civil society. I wondered what your response would be to that, and whether you, as a relatively new Secretary of State, are taking some steps to remedy that.

Justine Greening: It is fair to say that we often deal with some very big NGOs, like Oxfam, Save the Children, Christian Aid and CAFOD, and they are often based in London. I will regularly meet with them and with Bond, which is an umbrella organisation for a whole number of NGOs, not just large but often very small as well. We have good links into the NGO community, but, as I said earlier, we can improve our links into the Scottish civil society organisations. When I was up in Scotland just two or three weeks ago, I met with SCIAF, which is the Scottish Catholic International Aid Fund, and had a really interesting chance to hear from them about what they are doing, particularly, for example, in helping the Syrian refugees. We can improve our relationships and, as I said before, that is something that I am keen to do. It is a good challenge for us to do a better job of making sure we work closely with Scottish CSOs.

Q92 Jeremy Lefroy: Given that DFID’s joint headquarters is in East Kilbride in Scotland, there is a great role that DFID staff based there can play, is there not?

Justine Greening: That is probably one of the biggest advantages we have got in helping us to improve and deepen our relationship with Scottish civil society organisations. We do meet regularly with the Network of International Development Organisations in Scotland, and we also in part fund their Scottish CSO effectiveness programme as part of the grant that we provide to Bond, the organisation that I explained earlier. It is a good challenge to us to see how we can continue to develop that relationship further, and that is one that has been on my mind as something that would be really productive for us to do, which is why I was quite keen to meet with one of the leading organisations, SCIAF, when I was over in Scotland earlier.

Q93 Chair: There is a real issue there. The Scottish Government has a Minister who has nine civil servants and a budget of £9 million. He visits the programmes that they run and he no doubt visits DFID to agree them, but he spends most of his time engaging with the NGOs. They tend to look at the Scottish Government and say, “That is our friend. The British Government does not talk to us.” That is basically the message we got. As a consequence—the point that Michael McCann makes—they are looking at independence as a shower of resource. It is not about resource, but it does concern us that there is

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not the same level of engagement. If 40% of DFID's headquarters is based in Scotland, is it not quite important that there is a recognition that Scotland is a bit different from Yorkshire in this context? I know that is your home, but simply because, as a Government policy, you have located a major part of the headquarters in Scotland, it is really quite important that the people of Scotland understand that and get some sense of connection—not at the expense of the people of Yorkshire.

Justine Greening: I agree that, given in particular the fact that we have so many highly-qualified, fantastic staff in Abercrombie House in East Kilbride, and the fact that there is such a clear wealth of genuine development experience within the CSO community in Scotland—not least because of the links with Malawi, for a start, amongst other areas—that is something that we can make more of in the future than we have made in the past. I am signalling a real willingness for us to do more on that front. Reaching out through our East Kilbride office is a good way to start to improve that ongoing relationship with CSOs.

Q94 Chair: It is a very practical point, because the Department is reducing its communications budget across the piece. That may be part of the problem, but, in the context of Scotland, can we urge you not to contract but, indeed, to re-focus it? I have used the example, which has been topical over the last few months, of Syria and the Middle East. The Scottish Government announced that it was putting £100,000 out of its budget towards supporting Syrian refugees, no doubt by agreement with you. The week they announced it was the week the UK Government confirmed that it was increasing its spending to £400 million, which is now £500 million, yet the Scottish media and Scottish public awareness was very focused on what the Scottish Government had done and totally unaware of what the British Government had done. I would suggest that that is a simple communications point: to make jolly sure, looking nowhere in particular, that the Scottish media are fully aware of this and get direct communication from DFID, particularly when it is quite often being delivered either in full or in part from East Kilbride.

Justine Greening: I will hand over to Richard in a second. We do push out a significant number of stories on what we are doing, particularly when there is an interest from a Scottish perspective—for example, on some of the work that we do in Malawi. We do push those stories out very actively to the Scottish media to try to get some publicity for them, but also to help people understand the positive things that we are doing. In October, there were 28 stories that we placed across the Scottish media. The analysis is that 90% of them were either positively or neutrally reported. We will continue to work hard on that.

Q95 Chair: It is not the policy that is the point of concern; it is the impact. If you talk about Malawi, public opinion in Scotland is that this is a great Scottish Government initiative; the connection with DFID and the UK is almost nil. It is the same in lots of other areas. It is the understanding that this is the UK Government, with a big reach and a lot of it being

delivered through people based in East Kilbride. I am just saying, as a matter of interpretive fact, that awareness in Scotland just is not there. I would suggest it is a communications issue for the UK Government.

Justine Greening: I can assure you that we will continue our efforts to make sure that we get what we are doing in the Scottish media. We send an average of three press notices per week to at least 15 Scottish print and broadcast outlets.

Chair: I suggest you make a tour of some of the Scottish editors, or call them in.

Justine Greening: However, I cannot force them to print them or report them. I can assure you that we are absolutely trying our best to get what we are doing into the Scottish media so that people understand why this development budget matters to Scotland.

Q96 Mr McCann: I praise DFID everywhere I go, not just because it is in my constituency, but that is a big part of it, and I know how the office has changed over the years, so I have to be quite honed in my criticism here. As politicians, we can sit across from people at meetings and we can get a feel in terms of their body language and the way they say things about whether they are taking things on board or whether they are not. I have to tell you that when we visited Abercrombie House and we met—without naming names—individuals working for various departments, I was impressed by all of them, but when we made this point I just got the impression that it was not being absorbed. I do not doubt the statistics that you are offering in terms of how many press releases are being put out. I myself have used the letters provided by your office in relation to the schools competitions and getting them more involved and have issued those locally.

But let me give you an example. The Scottish Government gets a huge amount of publicity about a £9 million budget. In one single project, we are funding Edinburgh University to the tune of £7 million. As a local MP and as a Member of this Select Committee, I knew absolutely nothing about that. That is wrong. We have to look at the communications strategy to find out if we are getting it right. Scotland has got a much larger cadre of press compared to its population than any other part of the UK, and you would think that that would give you ample opportunities to get a message across and get it out. I hear what you say, but I would hope, Secretary of State, that you could take away the perspective that I have just offered. There is something wrong with the strategy when a £9 million aid budget, as it is described by the Scottish Government, is getting more success in the media than a £10.7 billion aid budget is getting, particularly when we have got a huge chunk of the staff delivering that budget and delivering that positive news about alleviating poverty across the globe from East Kilbride, Scotland's largest and most successful new town.

Justine Greening: I will absolutely take that on board, Michael. One of the other things that is coming out of this evidence session is the fact that we can probably work more effectively with some of the local MPs on the ground and have you help and be in a position to

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talk about what we are doing, particularly, for example, in East Kilbride. I cannot ask any questions, because that is not the way this Committee works, but I can reassure you that you have given me some good prompts and pushes, and we will seek to take those on board.

Chair: We had a meeting with a cross-party group of MSPs in Edinburgh. The time really was too short, particularly as they brought in some of the NGOs. On a voluntary basis, Members of this Committee have offered to go back and have a longer engagement. As Michael McCann said, we in this Committee are engaged with your Department, and whilst we do not agree about everything and we sometimes make—I hope—constructive criticisms, we are hugely proud of the reach, we know how significant it is, we know how good it is for the UK, and we genuinely want the people of Scotland to understand that. It is only one aspect of why you would vote one way or another, but we want to be sure that they do understand it. There have been simple assertions that you can break up the UK budget and set up a Scottish agency that has no cost to the poor people of the world, and that somehow or other you can continue to influence the world. Frankly, small countries can do niche stuff, but big countries leading the debate can be transformational. Anything you can do in factual terms to reinforce that—you have said you will give us some follow-up notes—would be extremely helpful. We want to publish a positive report that is really informed and helps inform the debate. We are not trying to take a position; we are trying to ensure that it is understood and informed. If we can fill some of these gaps up, it would really help.

Fiona O'Donnell: Chair, if I could just add, it is important to acknowledge that what Tony Blair once called “the politics of grievance” are very much part of this process. We, as a Committee, have learnt that there are opportunities for us to be more engaged with civic Scotland.

Q97 Chair: It is a two-way process. If they do not know what is going on, you cannot blame them for not understanding, so we have a responsibility to ensure that that is the case.

Thank you very much indeed for coming in. I hope it has been a useful and constructive engagement. We have about five minutes. We have mentioned the Philippines once or twice, and, indeed, the role that East Kilbride in Scotland has in responding to that. Even though we were warned this was happening, all of us have been shocked at the scale of the impact, the devastation and the distress and, indeed, are really concerned that after the event there are people who might be dying in front of our eyes because we cannot get there. I just wondered if you could briefly indicate where your Department is. We have heard your comments on the radio, but from the Committee's point of view, just exactly where are things at the moment?

Justine Greening: It is very fast-moving. We initially sent three experts over the weekend, in advance of all of the UN institutions and the hierarchy of dealing with this being set up. They are now able to be part of those discussions about logistics and what healthcare

needs there are. Quickly on the back of that, we sent a further four humanitarian experts, who were particularly experts in being out in the field, who would be able to be part of the field-based response, with the three others that we first sent being essentially based in Manila, which is where the UN-co-ordinated programme is being run from. We have now sent a further three experts out. Essentially, what we are trying to do is scale up as fast as we can in response to it becoming clearer how much we can do and when. Making sure that we do not swamp huge numbers of personnel on the ground when it is still taking time to get organised and to get supply routes open is quite important.

However, we have been on the front foot in providing as much support as soon as we can. We have already had 15,000 shelter kits, for example, flown out through Dubai. The Committee may be familiar with this rapid response facility, whereby we can have fast procurement from suppliers we have already liaised with in advance of humanitarian crises to procure quickly the sorts of supplies, stocks and kits that we know we will need. We have that pre-positioned in hubs like Dubai. It is Dubai that we have used to get kit out quickly to the Philippines.

We have, as of yesterday, been able to take a decision with the MOD that we will send HMS Daring, which was in the region. That can provide not only further air support for supplies, which is critical given that we know Tacloban Airport has been in part inoperative. It can also provide some medical expertise.

We look further to what other steps we can take to help get the supplies into some regions that have been quite inaccessible since the storm hit. As communications become more up-and-running hour-by-hour, and as we get clearer details about precisely what the help is that we can next provide, we are responding to that literally in a matter of hours. We have a team on the ground in the Philippines. We are working with our teams based out of Whitehall but also, as I said, some staff in Abercrombie House too, and to date, as the Prime Minister has said, we have held out to the Philippine Government every offer of assistance that we can. We have challenged ourselves, working with, for example, the MOD, to see what more we can do as a Government to offer more support that goes beyond the core, standard humanitarian response. I will continue to do that, Chair and Committee, over the coming hours, days and weeks, and you will continue to see fresh announcements from our Government to match that need as soon as we possibly can in a co-ordinated fashion with the international community. It is a huge humanitarian disaster. Over the coming days, we will continue to get a better picture of exactly what has happened, where, and the needs, and we will continue to respond in a real urgent fashion, helping to do what we can to meet those needs.

Q98 Chair: I do not know about other members of the Committee, but what has concerned me in some of the reports I have heard is that media people have managed to interview victims, if you like, who say they have not even got clean drinking water. I am not blaming the media people; it is important they are

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there to shine a light on it, but it is always very ironic that they are talking to people and people say, “We have not even got drinking water. People are drinking out of puddles.” That gives me real cause for concern.

Justine Greening: One of the first pieces of kit we sent, alongside the shelter kits, was water-purification equipment, precisely to respond to that need. We have procured several cargo flights over the course of this week. Those will not just be for our DFID kit; there will also be space available that we are now co-ordinating with NGOs so that they can fly out their supplies quickly too.

Just briefly on health care, we very rapidly sent out two NHS public health experts in that forward advance team of people that went to start working with the World Health Organisation. We are expecting to send out further NHS professionals, particularly surgical professionals, to join them over the coming days. As you will know, last year we launched essentially a list of NHS professionals who are now trained—by people like David Nott, who has done some sterling work in Syria—to do surgical operations in some of the most challenging circumstances. We are reaching out to that pre-approved, pre-volunteering group of people to try to make sure that, as a country, we supply some of our fantastic NHS professionals to go and help on the ground as well. It is a very fluid situation and we will continue to respond as fast as we can over the coming hours.

Q99 Chair: Thank you very much. We appreciate what is being done. The Disasters Emergency Committee has an appeal going out tonight, which no doubt will be responded to. Ironically, the Philippines are not normally a poor place where we would be

operating. It is important that people know that we have the capacity to respond for the immediate needs. That is something that DFID seems to do remarkably well.

Justine Greening: Yes. In fact, we had been doing work with the Philippine Government to help them be more resilient in advance of these sorts of natural disasters.

Sir Tony Cunningham: This is disaster risk reduction.

Justine Greening: Yes, disaster risk reduction. Clearly, this storm was probably the worst of its kind recorded.

Chair: I wonder whether it was worse than a tsunami because it went right across inland. The tsunami was restricted to the coast.

Justine Greening: It had a width of 300 miles, just to put it in context, which is pretty much the size of Wales. It was enormous in its proportion, which is why, although Tacloban was right in the middle of it, the devastation and some of the areas we are getting in contact with through agencies gradually are quite some way either side of that. Then, of course, the devastation spread from east to west as the storm passed through. It is significant, and I have no doubt that we as a Department will continue to be doing a huge amount of work on this on behalf of people and the Government.

Chair: I have no doubt the British public will respond in the way they usually do. I just wish the quiet ongoing work of development got the same enthusiastic support and public awareness.

Justine Greening: Thank you.

Chair: Thank you very much.

Written evidence

Written evidence submitted by the Department for International Development

INTRODUCTION

DFID welcomes the opportunity to submit a memorandum of evidence for your inquiry into the implications for development if Scotland were to become independent. The evidence below addresses the main areas of interest identified by the Committee in announcing the terms of reference on 16 July 2013.

The UK Government's position is clear: Scotland benefits from being part of the UK and the UK benefits from having Scotland within the UK. The UK Government is confident that the people in Scotland will choose to remain part of the UK, and is not planning for any other outcome. It is for those advocating independence to explain the nature and implications of an independent Scottish state; it is the policy of the UK Government to maintain the integrity of the existing UK and to support that position with evidence and analysis.

Question 1: How DFID's operations would be affected in the event of Scotland becoming an independent country

1. The UK is one of the world's leaders in the fight against poverty, with a large and influential programme, transforming millions of lives and playing a leading role in shaping the way the world tackles development challenges. On provisional data, in 2012 the UK provided £8.6 billion of Official Development Assistance (ODA).¹ The UK is second only to the USA for the amount of ODA it provides, just ahead of Germany and France.

2. The size and reach of UK Aid means that the UK has a huge impact across the world, changing the lives of many millions of people. For example, over the last three years UK support has

- supported 5.9 million girls and boys to go to primary school;
- given 19.6 million people access to clean water and sanitation; and
- prevented 12.9 million children and pregnant women from going hungry.

3. The UK is on target this year to achieve its commitment to meeting the global 0.7% ODA/Gross National Income (GNI) target from 2013. In doing so, the UK will become the first G8 country to reach 0.7% of national income on aid.

4. The UK uses the size and reputation of its development programme to shape international efforts in ways consistent with UK values. For example the Prime Minister recently co-chaired the High Level Panel to shape the framework that follows the Millennium Development Goals after 2015, setting out a vision welcomed by the Secretary General of the UN on how to eradicate extreme poverty from the world by 2030. Through her role on the World Bank Gender Advisory group and by putting gender at the heart of DFID's work, the Secretary of State is shifting the agenda globally to give women and girls more voice, choice and control over their own lives.

5. As a founder member of the G8, the UK has transformed the way that development issues are tackled by some of the most powerful countries in the world. One compelling example is the Prime Ministers Nutrition for Growth event in London in 2013, which is mobilising effort around eliminating world hunger.

6. The UK delivers major results through DFID's significant funding to multilateral organisations, helping to draw-in other donors to add their contributions to effective multilaterals. UK Aid typically accounts for 10–14% of donor contributions, making it one of the largest contributors and giving the UK a powerful voice in fund governance structures to help improve impact. In 2012, the multilaterals that DFID supported gave 97.2 million people food assistance and immunised 46 million children against preventable diseases.²

7. DFID supports a diverse range of UK based businesses, academic institutions and civil society groups working in development. Organisations from across the UK—including Scotland—compete for grants and contracts. One example is Mercy Corps Scotland, who partner DFID in providing rapid humanitarian assistance.

8. DFID operates in a dynamic and fast changing environment. As countries evolve, as in the case of India and South Africa, DFID and partner countries may agree to change the nature of the development relationship to put more emphasis on technical assistance and sharing skills and knowledge.

9. DFID's operating model would have to be reviewed in the event of a vote for independence. The UK Government believes that people in Scotland will choose to stay in the UK and DFID is not planning for any other outcome.

¹ Aid statistics—Organisation for Economic Co-operation and Development

² DFID Annual Report and Accounts 2012–13—Publications—GOV.UK

Question 2: *Whether DFID would have to relocate its office from East Kilbride in the event of Scotland becoming an independent country, the likely cost of doing so, and the effect on jobs in Scotland.*

10. DFID has a sizeable headquarters in Abercrombie House in East Kilbride. The building is energy efficient and cost effective. DFID's presence would have to be reviewed in the event of a vote for independence.

11. The current configuration of DFID premises and staff in the UK deliver value for money for all UK taxpayers and provides high quality job opportunities in Scotland.

12. DFID staff in Scotland form an intrinsic part of the team delivering the UK's entire international development effort. DFID attracts and retains talented people with strong technical and specialist skills who are able to build fulfilling careers in an organisation with such a wide scope.

Staff based in East Kilbride work on a wide range of areas including development policy and research, African and Asian regional programmes and lead on Ministerial priorities like the Prime Ministers push to end global hunger and malnutrition. Abercrombie House is also the base for many of DFID's key corporate departments that ensure efficient and professional oversight of the finance, procurement, HR and IT functions.

13. As of March 2013, DFID had 1,813 Home Civil Servants (HCS) (including fast stream) in its headcount, of which 530 were posted overseas alongside 915 Staff Appointed in Country (SAIC). The remaining 1,283 HCS (including fast stream) were split between the two UK Headquarter locations: 730 in London and 553 in East Kilbride. Abercrombie House also houses contracted staff to provide building services, maintenance and security, and almost half of DFID's fifty graduate programme placements. In March 2013, this brought the total number of staff and contractors utilising Abercrombie House to 604.

14. DFID is a UK Government Department, operating on behalf of the whole of the UK. If Scotland were to leave the UK, it would leave the institutions of the UK. Decisions about whether and how an independent Scottish state would replicate the functions of a UK public body like DFID would need to be taken by an independent Scottish state. If there were to be a vote in favour of independence UK public bodies would not automatically perform functions for an independent Scotland. As a consequence the Department's operating model would have to be reviewed.

Question 3: *What other plans DFID should put in place to prepare for the eventuality of Scotland becoming an independent country.*

15. The UK Government is confident that the people in Scotland will choose to remain part of the UK, and DFID is not planning for any other outcome.

Question 4: *The likely cost which would be incurred in setting up a separate Scottish development agency and reducing the UK's aid budget accordingly.*

16. The UK Government believes that DFID is currently delivering UK Aid effectively and efficiently on behalf of all taxpayers across the UK, including Scotland. It is for those who advocate independence to set out how an independent Scottish state would deliver an international development programme, including establishing and justifying the potential cost of setting up a new agency.

17. International development is reserved to the UK Parliament under the Scotland Act of 1998, and the vast majority of the multi-billion pound budget is administered by DFID as the lead Department in the UK Government's efforts to fight global poverty. However, with agreement from the Secretary of State for International Development, the Scottish Government has been developing a small programme since 2006 to complement UK Government action.

18. The Scottish Government's £10 million per year programme contributes to the UK's ODA. It is targeted on areas of particular interest to Scotland. £3 million is earmarked for Malawi, with whom Scotland has deep and broad links, with the remainder going primarily through NGOs to a small number of countries in Africa and South Asia. The Scottish Government programme is a small addition to the significant contribution Scottish taxpayers already make to Malawi through the UK Government's development budget. The UK Government is one of the largest donors to Malawi, spending around £95 million a year to improve the lives of its citizens—particularly in the areas of health and education. DFID in Malawi and the Scottish Government work closely together to ensure the Scottish Government programme is coherent with and complementary to UK policy.

19. The existing arrangement works well. Scotland contributes to and benefits from the UK Government's wider international development effort and expertise, but has scope to pursue complementary Scottish priorities where they fit within the agreed UK policy framework.

20. Compared to the role it has now as part of the UK, an independent Scottish state would have to establish a very different role for itself in international development. Assuming an independent Scottish state aimed for an aid budget of 0.7% (or more) of GNI, this is likely to be considerably smaller than the UK programme that it currently contributes to. However, the government of an independent Scottish state would need to develop the capacity to manage what would be a significantly larger programme than the small £10 million programme currently handled by the Scottish Government. This would have important implications for the speed and quality with which an independent Scottish state could reach, or exceed, the 0.7% ODA/GNI target.

Question 5: *The likely number of bilateral programmes which would be pursued by a separate Scottish development agency.*

21. In the event of a vote for independence, it would be for the government of an independent Scottish state to decide on the nature of its development programme.

Question 6: *The likely relationship of a separate Scottish development agency with multilateral organisations, and how this would differ from the UK's relationship with multilaterals.*

22. In the event of independence, it would be for the government of an independent Scottish state to decide on the type of relationship it would seek to build with which multilateral organisations, and how it would go about applying to join them. The UK Government position is that Scotland benefits from being part of the UK given the constructive and progressive relationship between the UK and the multilaterals, and the value for money that brings.

23. The UK delivers a significant proportion of its total programme expenditure through core funding from DFID to multilateral organisations: 43% or £3.25 billion in 2012–13. In addition, around a third of the bilateral programme is delivered through non-core funding to multilaterals. The most significant partners are the European Commission, the International financial Institutions (IFIs) including the World Bank and the African and Asian Development Banks and the UN and Commonwealth. Multilaterals play a key part in delivering DFID's international and humanitarian objectives globally, complementing our bilateral work particularly in Africa and Asia and often operating where DFID has no bilateral presence. As a major donor and shareholder, DFID plays an active role in the corporate governance of the major multilaterals, holding Executive Director roles in the banks for example. DFID is a global leader in holding multilateral agencies to account in delivering results and improving value for money through the Multilateral Aid Review (MAR) process.

Question 7: *How the overall impact on international development would be affected by the existence of two separate development agencies in Scotland and the rest of the UK.*

24. DFID is a world leader in the fight against poverty, with a large and influential programme, committed to continually improving the impact of development effectiveness, now and within a post 2015 framework. As co-chair of the Global Partnership for Effective Development Co-operation (GPEDC) alongside Ministers from Indonesia and Nigeria, the Secretary of State for International Development aims to make development co-operation have more impact per pound spent. The Partnership is backed up by the four core principles of transparency, focus on results, inclusive development partnerships, and country ownership.

25. To date, over 160 countries and 45 organisations are members of the Partnership, recognising the different and complementary roles of all actors including business, civil society, foundations and emerging economies and the subsequent need to forge new and inclusive partnerships.

26. We believe that delivering well on this Global Partnership globally, is the key to maximising the overall impact on development. For the UK, we have demonstrated that the UK delivers major results through both bilateral and multilateral programmes, delivering value for money for the taxpayer. We are on track to deliver through a significant budget of 0.7% of UK GNI. We assert rare influence over international development efforts, shaping thinking and action in ways consistent with UK values.

27. It is not for the UK Government to speculate on how a separate Scottish development agency would operate. The UK Government believes the UK can have the biggest impact per pound spent by everyone working together as part of the UK. Scottish taxpayers—like all UK taxpayers—can be proud of the contribution they make to the UK's Official Development Assistance.

October 2013

Further written evidence submitted by the Department for International Development

I am writing to you in response to questions which were raised by the International Development Committee when I appeared at the Oral Evidence Session on 12 November 2013. The Committee also requested some follow up information on staff (numbers, costs, demographics) as well as DFID support and funding to Scottish organisations.

The Committee asked about representation for smaller countries like Norway on the World Bank Board. Small countries join a constituency. Norway is in a constituency arrangement, known as the Nordic-Baltic constituency, alongside Denmark, Estonia, Finland, Iceland, Latvia, Lithuania and Sweden. Each of the 25 constituencies in the Bank is represented by an Executive Director (ED). Each constituency with more than one member has its own system for negotiating the positions it takes on issues, and how they rotate the post of ED. The UK currently has its own Executive Director and holds a single seat at the Executive Board.

In case of a vote in favour of independence, an independent Scotland would become a non-member country and would be required to apply to become a member of the IMF first and then become a member of the WB. An independent Scotland would be unlikely to be represented as a single seat, and would be required to join a constituency.

I also undertook to provide the Committee with more detailed information about the World Bank and how DFID partners with them. The World Bank is the largest provider of concessional development finance to low income countries. The World Bank operates in both low income and middle income countries and engages with both the private and public sector to deliver development impact.

The UK is an important partner to the Bank, as a major shareholder and donor. The UK holds £250 million of paid-in capital and has committed £2.66 billion to IDA over the period 2012–15. The UK seeks to maximise its influence through our role on the Board, working closely with other shareholders to support and drive reform and through close cooperation with our country offices in borrowing countries.

At the country level, in addition to our direct contribution to IDA, we partner and co-finance with the Bank in large-scale complex programmes and rely on it for technical inputs and fiduciary oversight. Elsewhere, we entrust the Bank to manage trust funds on behalf of ourselves and other donors in fragile and conflict-affected states (FCAS). For example the \$1 billion plus Afghanistan reconstruction trust fund, which co-ordinates donor support and builds government capacity across a number of sectors. We also use this country-level engagement to support and inform our oversight at the Board. This helps us ensure that Bank operations are designed and implemented to maximise their impact on reducing poverty and in compliance with safeguards and consultation policies.

I enclose a copy of our report “UK Engagement with the World Bank 2013–14” published earlier in the year. You can access this report on DFID’s external website at the following address:

<https://www.gov.uk/government/publications/uk-engagement-with-the-world-bank-2013-14>

The Committee requested information on staff and DFID funding to Scottish organisations. Please see Annex 1. Staffing figures are detailed in Table 1 which shows the annual costs of £25 million for staff salaries, pensions and NI contributions in Abercrombie House (AH). The table also highlights the changing profile of jobs in AH over the last 10 years. In Table 2 we have provided examples and funding figures where they are readily available to give the Committee a flavour of the scale and variety of funding opportunities. I will also be writing to you shortly with details of what Scottish suppliers have benefitted from DFID funding over the last three financial years.

Justine Greening MP

Secretary of State for International Development

Annex 1

DATA ON STAFF AND COSTS

STAFF NUMBERS AND PROFILE

- 1,813 Home Civil Servants (HCS) (including fast stream) in its headcount:
 - of which 530 were posted overseas alongside 915 Staff Appointed in Country (SAIC).
 - the remaining 1,283 HCS (including fast stream) were split between the two UK Headquarter locations: 730 in London and 553 (home civil servants) in East Kilbride.
- Abercrombie House had almost half of our 50 graduate programme placements.
- Abercrombie House also houses agency workers and contracted staff to provide building services, maintenance and security.
- In March 2013, this brought the total number of staff and contractors utilising Abercrombie House to over 600.

DFID has a strong professional presence overseas, including in 28 focus countries and is a world leader in development. More than 600 staff in Scotland form an intrinsic part of the team that delivers the UK’s entire international development impact. Our size and ambition allows us to attract and retain the best talent, and our staff are able to build fulfilling careers in an organisation with a wide scope

The number of staff based in AH continues to increase: there has been a net increase of 103 staff in the last 3 years, and still increasing. The nature of roles performed in Abercrombie House and the career opportunities now available have shifted significantly over the past 10 years.

AH is now truly a second UK HQ for all of DFID’s work, with more senior roles, for example an **88%** increase in the number of SCS posts in AH.

SALARY COSTS

The total salary costs of staff in AH for the financial year 2012–13 was £19,641,260.27.

The total cost of pension and NI contributions for the same period were £5,451,595.04.

A total gross amount, therefore, of £25,092,855.31.

ANNUAL RUNNING COSTS OF AH

The normal running costs of AH are £1.17m per annum.

We have had additional external works carried out on the building this year which means the total forecast maintenance costs for AH for 2013–14 are £1.39m.

DEMOGRAPHICS OF AH STAFF

<i>Distance from AH</i>	<i>% of staff</i>	<i>Number of staff</i>
Less than 5 miles	35%	198
5–10 miles	23%	131
10–20 miles	29%	166
21–30 miles	4%	23
31–40 miles	3%	15
41–50 miles	4%	21
More than 50 miles	2%	10

DFID FUNDING TO SCOTTISH ORGANISATIONS

FUNDING TO SCHOOLS

Connecting Classrooms: £17m 2012–15

The Connecting Classrooms programme supports partnerships between schools across the UK and in developing countries to strengthen students' knowledge, understanding and critical thinking skills in relation to poverty and development.

Global Learning Programme (GLP): £1.5m 2013–17

The GLP in Scotland will support teaching and learning about global development across the Scottish education system. This programme will implement a number of quality-focused initiatives, including the provision of professional development to teachers and support for schools to develop cross-curricular approaches to learning around global themes.

The International Citizen Service: £67m between 2012 and 2015

The ICS gives young people between the ages of 18 and 25 the chance to contribute to development through international volunteering placements (approximately 7000) in developing countries. The ICS is open to all young people across the UK and should be representative of the UK population.

No Scottish NGOs receive funding under UK Aid Match.

FUNDING FOR SCOTTISH CSOs

Five Scottish based CSOs currently receive funding from DFID's Civil Society Department managed programmes with a total value of approximately £4m:

- GPAF grantees are: Mercy Corps Scotland (3 grants), Scottish Catholic International Aid Fund (SCIAF), Link Community Development (LCD) Scotland, Water Witness International BioClimate Research & Development Ltd. (BioClimate); and
- SCIAF also have a Civil Society Challenge Fund (CSCF) grant;

Volume and value of current & historical funding is presented in the table below:

	<i>Global Poverty Action Fund</i>	<i>Civil Society Challenge Fund (fund now closed for applications)</i>
Number of Scottish applicants	108 (from 3,132 total)	Data not held
Number of grants to Scottish NGOs	Live: 7 (from 141 total)*	Live: 1 (historic: 18 projects with 5 CSOs)
Total value of grants	Live: £3.4m	Live: £470k (historic: £5.3m)

* (Scottish GPAF success rate is 6.5% compared to overall success rate of 4.5%)

CASE STUDIES: FUNDING TO RESEARCH INSTITUTIONS

- In 2005 DFID created GALVmed (Global Alliance for Veterinary Medicines). DFID's funding to GALVmed is £11.7m (2008–17). GALVmed is a public-private partnership, based in Edinburgh to deliver animal drugs and vaccines in Africa and Asia. GALVmed works closely with the University of Edinburgh. GALVmed has also attracted significant funding from the Bill and Melinda Gates Foundation and the European Commission.

- Managed jointly by Queen Margaret University, Edinburgh and the Liverpool School of Tropical Medicine, DFID is providing £6 million to the ReBUILD programme from 2011—2017 to generate high quality research evidence to inform the development and implementation of pro-poor health systems in countries recovering from political and social conflict.
- As part of its funding for public-private Product Development Partnerships, DFID funds the Drugs for Neglected Diseases Initiative (DNDi), based in Geneva, Switzerland. DNDi has awarded several drug development contracts to the Drug Discovery Unit at the University of Dundee.

December 2013

Further written evidence submitted by the Department for International Development

Justine Greening's letter to you of 26 November 2013 agreed to provide more detailed information on Scottish suppliers who have benefited from DFID funding over the last three financial years.

Scottish suppliers benefited from DFID funding over the last three financial years as follows:

- 2010–11: £9.07 million
- 2011–12: £11.6 million
- 2012–13: £7.17 million

DFID SCOTTISH SUPPLIER INFORMATION NOTE TO IDC.

DFID have 919 registered suppliers in Scotland, though a number of these are individuals rather than companies or institutions. This does not cover companies with a Scottish presence who have registered their HQ address outside of Scotland. Therefore, the figures below may not pick up those companies who have an office in Scotland with staff based in Scotland undertaking DFID contracts, but whose main HQ address is not in Scotland.

DFID's UK procurement spend is recorded in financial years, and split by broad sector and by supplier. This spend includes—but is not limited to—technical assistance, facilities management, IT, travel, and research. The tables below provide further detail of the breakdown of annual spend benefiting Scottish suppliers. The categories are self-explanatory with the exception of "non-sector allocable". Spend in this category tends to relate to the running costs and maintenance of the building and non-salary staff related costs such as training.

2010–11 SPEND IS SPLIT ACROSS 139 SCOTTISH SUPPLIERS

Row Labels	Sum of Spend
Non-Sector Allocable	£4,005,335.08
Research	£3,251,737.21
Production Sector	£1,059,576.53
Government and State Building	£354,605.18
Environment Protection	£261,440.35
Economic Infrastructure	£95,056.21
Health	£19,076.80
Developing Planning	£14,867.22
Social Services and Infrastructure	£9,330.44
Education	£1,200.00
Grand Total	£9,066,819.03

2011–12 SPEND IS SPLIT ACROSS 112 SCOTTISH SUPPLIERS

Row Labels	Sum of Spend
Research	£ 3,550,700.82
Production Sector	£ 2,508,389.36
Government and State Building	£ 1,613,594.87
Environment Protection	£ 958,571.58
Non-Sector Allocable	£ 681,244.50
Economic Infrastructure	£ 127,600.14
Social Services and Infrastructure	£ 119,086.96
Education	£ 18,361.86
Health	£ 9,013.88
Grand Total	£ 11,596,704.05

2012–13 SPEND SPLIT ACROSS 124 SCOTTISH SUPPLIERS

Row Labels	Sum of Spend
Non-Sector Allocable	£ 2,613,670.91
Government and State Building	£ 2,491,903.35
Research	£ 916,346.09
Production Sector	£ 508,153.01
Environment Protection	£ 345,433.05
Social Services and Infrastructure	£ 156,748.76
Developing Planning	£ 61,668.87
Education	£ 36,564.80
Health	£ 23,091.90
Economic Infrastructure	£ 16,625.80
Grand Total	£ 7,170,206.34

The top three Scottish suppliers over the last three years are Research into Results Ltd, The Halo Trust and Trustmarque Solutions Ltd. Research into Results Ltd is a wholly owned subsidiary company of the University of Edinburgh which aims to enhance the impact of academic research on international development. The Halo Trust is a registered British charity specialising in de-mining. Trustmarque Solutions Ltd is a technology services provider to multinational companies and the Scottish and UK public sector.

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