



House of Commons  
International Development  
Committee

---

# Conduct of Adam Smith International

---

Seventh Special Report  
of Session 2016–17





House of Commons  
International Development  
Committee

---

# Conduct of Adam Smith International

---

**Seventh Special Report  
of Session 2016–17**

*Special Report, together with formal minutes  
relating to the Special Report*

*Ordered by the House of Commons to be printed  
7 February 2017*

## The International Development Committee

The International Development Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Department for International Development and its associated public bodies.

### Current membership

[Stephen Twigg MP](#) (*Labour (Co-op), Liverpool, West Derby*) (Chair)

[Fiona Bruce MP](#) (*Conservative, Congleton*)

[Dr Lisa Cameron MP](#) (*Scottish National Party, East Kilbride, Strathaven and Lesmahagow*)

[Stephen Doughty MP](#) (*Labour (Co-op), Cardiff South and Penarth*)

[Mr Nigel Evans MP](#) (*Conservative, Ribble Valley*)

[Pauline Latham OBE MP](#) (*Conservative, Mid Derbyshire*)

[Jeremy Lefroy MP](#) (*Conservative, Stafford*)

[Wendy Morton MP](#) (*Conservative, Aldridge-Brownhills*)

[Albert Owen MP](#) (*Labour, Ynys Môn*)

[Paul Scully MP](#) (*Conservative, Sutton and Cheam*)

[Mr Virendra Sharma MP](#) (*Labour, Ealing Southall*)

The following Members were also members of the Committee during the Parliament:

[Fabian Hamilton MP](#) (*Labour, Leeds North East*)

[Mrs Helen Grant MP](#) (*Conservative, Maidstone and The Weald*)

### Powers

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

### Publication

Committee reports are published on the [Committee's website](#) and in print by Order of the House. Evidence relating to this Special Report is published on the relevant [inquiry page](#) of the Committee's website.

### Committee staff

The current staff of the Committee are Sarah Hartwell-Naguib (Clerk), Daniel Whitford (Second Clerk), Steven Ayres, Rachael Cox and Louise Whitley (Committee Specialists), Anthony Fenton (Inquiry Manager), Zac Mead (Senior Committee Assistant), Rowena Macdonald (Committee Assistant), Paul Hampson (Committee Support Assistant), and Estelle Currie (Media Officer).

### Contacts

All correspondence should be addressed to the Clerk of the International Development Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 1223; the Committee's email address is [indcom@parliament.uk](mailto:indcom@parliament.uk).

# Contents

---

<b>1</b>	<b>Introduction</b>	<b>3</b>
<b>2</b>	<b>Our investigation</b>	<b>4</b>
	ASI's response	4
<b>3</b>	<b>ASI's conduct</b>	<b>8</b>
	<b>Appendix: Correspondence with DFID</b>	<b>10</b>
	<b>Conclusions and recommendations</b>	<b>15</b>
	<b>Formal Minutes</b>	<b>16</b>
	<b>List of Reports from the Committee during the current Parliament</b>	<b>17</b>



# 1 Introduction

---

1. On 27 April 2016, we launched an inquiry into the Department for International Development's (DFID) use of contractors in delivering its aid programmes. In May 2016 we received a number of submissions of written evidence to the inquiry, 24 of which did not address the terms of reference, but instead expressed the appreciation of beneficiaries to DFID and Adam Smith International (ASI) for their work (which we refer to as "the submissions"). We rejected the submissions as evidence on grounds of lack of relevance, but later accepted a compilation of beneficiary testimonials as an Annex to ASI's own submission.<sup>1</sup> On 3 December 2016, the Mail on Sunday (MoS) published an article entitled "*Exposed, the foreign aid giant which conned MPs with fake glowing testimonials about overseas work to snaffle £329million of taxpayers' cash*", featuring allegations of improper behaviour by ASI relating to the 24 submissions.<sup>2</sup> The article used leaked internal ASI emails to claim that ASI had aimed to "deceive MPs and protect their lucrative business by faking glowing testimonials about their work overseas".

2. We take these allegations very seriously and made it an immediate priority to investigate. We wrote letters to ASI and DFID on 12 December 2016 requesting specific information by 9 January. This Special Report summarises the processes, findings and conclusions of our investigation.

---

1 Adam Smith International (Annex A) (CON 42)

2 The Mail on Sunday, *Exposed, the foreign aid giant which conned MPs with fake glowing testimonials about overseas work to snaffle £329million of taxpayers' cash* (3 December 2016)

## 2 Our investigation

---

3. In letter of 12th December 2016, we asked ASI to provide specific information, namely:

- Copies of all of the emails referred to in the Mail on Sunday's article;
- The correspondence with beneficiaries relating to the preparation of written evidence to the Committee's inquiry;
- Contemporaneous written approval from each beneficiary for each submission, as well as any contextual correspondence which made clear to each beneficiary the purpose of the submission as being evidence to a parliamentary inquiry; and
- Where this was not possible or did not exist, the Committee requested independent verification from each beneficiary that they approved the submission coming from them, and were aware of its purpose.

ASI were also asked to provide answers to the following questions:

- i) What was the extent of ASI's involvement in the preparation of each item of written evidence?
- ii) To what extent was it made clear to those writing or signing off submissions that the purpose of these submissions was as written evidence to an inquiry by the UK House of Commons International Development Committee?
- iii) What involvement, if any, did DFID have in the solicitation and preparation of these submissions?
- iv) How many of the submissions were submitted through the online portal by ASI staff?
- v) Why was authorship data altered or removed from the Word document submissions?

4. We also wrote to the Secretary of State for International Development, Rt Hon Priti Patel MP, to request that DFID inform us what involvement, if any, it had in the preparation of the submissions. We also asked the Department to share any further information on this matter, including any correspondence between it and ASI relating to the preparation of evidence for our inquiry into *DFID's use of contractors*. It responded with a letter to us on 10 January 2017, stating that it was undertaking a forensic investigation into all of the MoS' allegations. Following the conclusion of that investigation DFID sent us a further letter on 2 February laying out its conclusions on the points we asked about.

### ASI's response

5. Following the MoS article and our request for information on the allegations, ASI launched an investigation into the circumstances surrounding the collection of the submissions. The investigation was led by a team of ASI staff (who were not involved in preparing evidence for the contractors inquiry), supported by professional advice from Forensic Risk Alliance (FRA) to advise on the appropriate processes to put in place.<sup>3</sup> Email

---

<sup>3</sup> FRA is a specialist consultancy that provides expertise on financial and electronic forensics.

data from all relevant staff was quarantined to guarantee its veracity and transferred to FRA for processing. ASI reported its findings to us on 9 January 2017 in the form of a 17-page report (published alongside this report), supported by 126 pages of annexes containing supporting evidence. We are publishing the main body of ASI's report to us alongside this Special Report.

**6. Based on the available evidence, it is our view that the investigation undertaken by ASI was thorough. It provided the detailed information and supporting evidence that we requested, and employed safeguards to guarantee the veracity of that information. It is clear from ASI's approach to our investigation that it recognises the seriousness of the allegations and has been transparent about the methodology and findings of its own internal investigation.**

### *ASI's involvement in producing 'letters of appreciation'*

7. ASI's submission to us suggests that, following a request from DFID for "assistance with both the provision of information for its own submission [to our inquiry] and in the solicitation of other submissions from beneficiaries",<sup>4</sup> Peter Young, Director of ASI, emailed the organisation's project managers requesting that they solicit written evidence from beneficiaries of DFID-funded, ASI-implemented projects. ASI recognises that it: "[...] supported a number of those beneficiaries in the submission of their testimonials." ASI insists that any support in preparing the submission was provided "in good faith with the intent of obtaining professional and appropriate submissions."<sup>5</sup>

8. According to ASI's investigation, of the 24 submissions in total, it assisted in the preparation of 11 submissions, commented on drafts of a further 6 submissions and offered no support in the case of 7 submissions. This is corroborated by the supporting evidence. In many cases, having been contacted by ASI, beneficiaries requested drafting support, something which is confirmed by emails from the beneficiary. For example one email asked the ASI Project Manager: "[...] could you help us with a draft to expedite the process?"<sup>6</sup>

9. However, ASI's role in soliciting the testimonials went beyond simply advertising our inquiry and offering assistance if the beneficiaries wished to submit to it. One of Peter Young's initial emails to project managers emphasised that "Frankly, this is a time for beneficiaries to step up and be helpful. They are getting free, high quality advice and should be prepared to chip in." A small number of ASI's approaches to beneficiaries referenced possible funding implications. In the most egregious example, a project manager told an official in a beneficiary organisation that "I'm sure you are very busy but there is a very real chance that the UK Government may change its focus on financing technical assistance from contractors due to media pressure. Given that [the beneficiary organisation] is expecting another DFID programme in 2017, such move will be to the detriment of [the beneficiary organisation]." In another example, ASI wrote in its initial approach that "It will certainly have an effect on UK's support for [the beneficiary country]"<sup>7</sup>.

4 Adam Smith International, [Response to the International Development Committee's request for information regarding beneficiary evidence for its inquiry into DFID's use of contractors](#) (January 2017), p 8

5 Adam Smith International, [Response to the International Development Committee's request for information regarding beneficiary evidence for its inquiry into DFID's use of contractors](#) (January 2017), p 2

6 Emails supplied to the International Development Committee

7 Ibid

10. In some cases, ASI took an active role in influencing the content of the submissions. In one example of correspondence with a project beneficiary, the ASI Manager requested a re-draft of a submission, saying: “We have received two letters [ ... ] Unfortunately both of them are generic and missed the real points.” In a follow-up email on the content, he writes: “Anything to really highlight how Adam Smith International/SSF<sup>8</sup> has been exceptional and surpassed other programmes would be great.”

11. In many cases, ASI also submitted the evidence through the Committee’s online evidence portal as opposed to the beneficiaries themselves submitting it. 18 of the 24 submissions were uploaded to the portal by ASI staff. The reason for this provided by ASI was “to eliminate this administrative burden on them.”<sup>9</sup> In the correspondence provided in the ASI Annexes, time or capacity constraints are specifically cited in the majority of cases.

### *DFID’s role in producing the ‘letters of appreciation’*

12. ASI’s own investigation shows no involvement of DFID in the correspondence which solicited testimonials between ASI and beneficiaries. However, in one case, emails reveal that the relevant DFID country office was aware of ASI’s approach to beneficiaries, but ASI reported to us that DFID specifically asked to be kept out of communications with the beneficiary. In her letter to us of 10 January 2017, the Secretary of State told us that DFID’s Internal Audit Department was conducting a forensic investigation into a number of issues, including any role that DFID staff may have played in the preparation of the ‘letters of appreciation’.

13. We have attempted to establish whether ASI’s involvement in the soliciting of evidence was at its own initiative or at DFID’s request. ASI makes it very clear throughout its report to us that it took action in response to a request from DFID, specifically in a phone call on 4 May 2016 between ASI Director Peter Young and “a senior official in DFID requesting help to prepare for the upcoming IDC inquiry”.<sup>10</sup> DFID itself has come to the conclusion that this was the result of a misunderstanding between DFID and ASI as to what it was asking for—DFID’s submission did contain case studies from contractors themselves—although there is a difference in the accounts of the 4 May phone call.<sup>11</sup> There is evidence that DFID had, at least internally, discussed the idea of inviting beneficiaries to submit to the inquiry. While we do not believe that DFID explicitly requested that ASI solicit testimonials from beneficiaries, we think it is likely, on the balance of probabilities, that DFID mentioned the idea to ASI, which ASI interpreted as a request.

8 Somalia Stability Fund (SSF) is an ASI managed programme in Somalia.

9 Adam Smith International, [Response to the International Development Committee’s request for information regarding beneficiary evidence for its inquiry into DFID’s use of contractors](#) (January 2017), p 3

10 Adam Smith International, [Response to the International Development Committee’s request for information regarding beneficiary evidence for its inquiry into DFID’s use of contractors](#) (January 2017), p 8

11 See Appendix: Correspondence with DFID, Letter dated 3 February 2017 from Sir Mark Lowcock KCB, Permanent Secretary, Department for International Development, to the Chair of the International Development Committee

### *Removal of authorship metadata*

14. One issue raised by the Mail on Sunday’s article relates to the alteration or removal of document metadata, including the names of authors who worked on the document.<sup>12</sup> We asked ASI to explain why such data was altered or removed in the submissions. The report from ASI suggested that the metadata was removed: “to protect staff privacy and avoid misunderstanding over the ownership of the testimonials being submitted and made publicly available online.”<sup>13</sup> We accept that, in principle, this is a justifiable reason for editing metadata, as contractors such as ASI may want to withhold the identity of staff working in insecure locations.

15. However, the instructions provided to staff raise questions about whether the purpose of the editing of metadata was actually primarily to protect the personal anonymity of ASI staff. In an email to his staff, supplied to us, Peter Young wrote: “We need to take care that an ASI employee is not identified as the creator or amender of the document in the properties field.” The referral to ‘an ASI employee’ implies that the intention was to distance the organisation from the submissions as opposed to the identity of the individual authors. Despite ASI’s assertion that it is standard practice to remove metadata from documents to be published on third party websites, it is not clear that this is actually the case. ASI regularly submits evidence to our inquiries and, while in certain cases it does remove the metadata, in others it does not.<sup>14</sup>

---

12 Word processing software often saves hidden metadata including the names of authors and when the document was created.

13 Adam Smith International, [Response to the International Development Committee’s request for information regarding beneficiary evidence for its inquiry into DFID’s use of contractors](#) (January 2017), p 8

14 For example, in ASI’s evidence to our recent inquiry into *Fragility and development in the Democratic Republic of Congo (DRC0009)* the metadata was edited/removed. In evidence to our inquiry into *DFID’s programme in Nigeria (NIG0009)* it was not.

### 3 ASI's conduct

---

16. The International Development Committee is keen to hear from as wide a range of people and organisations as possible, and we frequently encourage those who would not normally submit written evidence to do so. The advertisement of our inquiries to those who would otherwise not know about them, and encouragement to those who would not normally submit written evidence, is something which we welcome. However, in this instance ASI went beyond mere advertising and an appropriate level of encouragement. Directions to staff from a senior level included a clear expectation on the part of ASI that beneficiaries should be prepared to help due to the support that they were receiving. In multiple cases, the approach to the beneficiary included explicit reference to an effect on funding and support. Considering that these beneficiaries were receiving support through ASI, this was a completely inappropriate use of its influence. Furthermore, for many of the submissions, ASI proactively offered draft text. Together, these factors suggest that many of the submissions were not the freely offered and impartial views of the beneficiaries, but rather were ASI's views to which the beneficiaries simply assented.

17. Written evidence is a formal part of Select Committee proceedings (and by extension the proceedings of the House of Commons). The reporting of written evidence by a Committee to the House grants that evidence the protections of parliamentary privilege (meaning that no civil or criminal proceedings can be founded on it). Furthermore, deliberately attempting to mislead a Committee, including through written evidence, is a contempt of Parliament. For these reasons, it is important for those submitting written evidence to understand the purpose and nature of their submissions. It is also important that it is clear which person or organisation is responsible for a submission of written evidence, as we rely heavily on written evidence in our inquiries and need to make judgements as to the weight and partiality of individual pieces of evidence.

18. There may be circumstances in which it is appropriate for an organisation or person to assist a witness with the preparation and submission of written evidence, and even to submit it on their behalf. In such circumstances, the role of the person submitting the evidence, and their relation to the witness, should be made absolutely clear to us (for example in the comments box while submitting), so that no misleading impression is created. Apart from one submission,<sup>15</sup> the extent of ASI's involvement in the preparation and submission of the testimonials from beneficiaries was not made clear to us by ASI. However, we formally rejected the submissions<sup>16</sup> due to their lack of relevance to our inquiry, and with a strong suspicion that ASI had been involved in co-ordinating them.

19. Had we accepted the submissions as evidence, a misleading impression would have been created that all of the beneficiaries involved had written and submitted the testimonials themselves. Months later, it emerged that metadata had been amended in the submitted Word documents. At the very least this created an impression that ASI sought to obscure its involvement. Due to ASI's assertion that this is standard practice for documents being published on a third party website, in order to protect privacy, we have reviewed previous submissions of evidence from ASI. The authorship data of a document was edited in one previous case which we could identify. We note that all of the submissions

---

15 This submission was from a young beneficiary of UK aid, who otherwise would have been unable to produce and submit written evidence, and represented an example of ASI assisting appropriately with the submission and making its involvement clear.

16 Formal minutes of the International Development Committee of 6 June 2016

were ultimately signed off by the relevant beneficiary. However, we remain concerned that the lack of clarity around ASI's involvement would have distorted our understanding of, and the weight we attached to, each piece of evidence, had we accepted them.

20. Our online evidence portal, through which written evidence is submitted, includes clear guidance on making a submission to a select committee inquiry, and requires that any witness submitting evidence confirms that they have read this. In the unusual circumstances where evidence is being submitted on behalf of another, it is therefore crucial that the submitter makes sure that the witness is aware of exactly what submitting evidence to a select committee inquiry means and what is being done on their behalf. We have now determined that this was not done for at least three of the rejected submissions, for which the witnesses were not completely aware that the evidence that they had signed off was being submitted to a select committee inquiry. Many of the issues which have arisen in this case could have been easily avoided if ASI had contacted the Committee to discuss the handling of beneficiary testimonials. This would have enabled complete transparency, and we would have been able to advise that its proposed course of action was, in any event, unhelpful to our inquiry.

**21. Through the course of these events, Adam Smith International has acted improperly in the following ways:**

- **It overstepped the mark in soliciting the submissions of written evidence, including, as set out in paragraph 9, applying pressure to beneficiaries to submit evidence with implied or explicit references to continuation of funding,**
- **It failed to make clear the extent of its involvement in the submissions of evidence, and**
- **It did not make sure that all of those on whose behalf it was submitting evidence were made aware that they were submitting evidence to a parliamentary committee, and of the importance and implications of doing so.**

22. ASI sought to unduly influence the International Development Committee by engineering the submission of what at first sight appeared to be independent evidence of its value and effectiveness as a mechanism of development delivery. We are very concerned at the serious lack of judgement displayed by ASI. This is not a case where a committee has been misled about facts or told untruths but, taken together, the actions of ASI went well beyond what was appropriate. That we did not accept the material in question as evidence meant that we were not misled or influenced. This reduces the seriousness of the impact and therefore we are not seeking a referral of this matter to the Committee on Privileges. Nevertheless, we deplore the sort of inappropriate conduct that ASI staff have engaged in—particularly the attempts to conceal ASI's involvement in collecting the beneficiary testimonials and the inappropriate pressure that was put on beneficiaries to provide testimonials.

23. We remain concerned about the culture within ASI, including how it operates and the methods it employs to secure contracts from DFID. We are looking further at these wider issues as part of our inquiry into DFID's use of contractors.

## Appendix: Correspondence with DFID

---

### *Letter dated 12 December 2016 from the Chair of the International Development Committee to Rt Hon Priti Patel MP, Secretary of State for International Development*

Dear Priti,

As you are aware, the Mail on Sunday raised serious allegations last Sunday about written submissions received by the Committee to our inquiry on *DFID's use of contractors*.

The Committee takes these allegations extremely seriously, and has formally agreed to investigate them further to determine if ASI sought to deliberately mislead the Committee. One of the allegations in the article relates to a claim in an ASI email that DFID requested the testimonies and would provide reassurance to beneficiaries if requested.

It would therefore assist with the Committee's investigation for DFID to state what involvement, if any, it had in the preparation of the 'letters of appreciation' submitted to the Committee. We would also be grateful if the Department could share any further information it has on this matter, as well as all correspondence between it and ASI relating to the preparation of evidence for our inquiry into *DFID's use of contractors*.

The Committee will be considering this matter further in the New Year and so would appreciate a response by the close of play on Monday 9 January.

### *Letter dated 10 January 2017 from Rt Hon Priti Patel MP, Secretary of State for International Development, to the Chair of the International Development Committee*

Dear Stephen,

Thank you for your letter of 12 December about the written testimonials submitted to the Committee's inquiry into *DFID's Use of Contractors* by Adam Smith International (ASI). Further to my acknowledgement letter of 14 December, I am writing to provide a substantive response.

I am appalled by these allegations and you will know from the discussions we have had that I take them very seriously. My Department will co-operate fully with your inquiry. In light of the review that I have commissioned into DFID's supplier practices and the Department's relationships with key suppliers, officials would be happy to discuss all aspects of the Department's practices in light of the recent allegations during the course of your inquiry. My expectations of the review that I have commissioned could not be clearer. This review will examine the practices and conduct of DFID's suppliers and officials, with the full expectation of changing DFID's existing practices and relationships with all suppliers.

As I am seeking to reform DFID's supplier practices, I would welcome the opportunity to work with the Committee - both to learn the lessons from the ASI case, but also to look at the practical recommendations that will lead to greater transparency and a fundamental change in DFID's supplier engagement.

In response to the specific allegations around evidence to the Committee's inquiry, I have taken two immediate steps. Firstly, I have asked officials to undertake an internal review of the process by which they produced the evidence submitted to your enquiry and the involvement and interactions with ASI in that process.

Secondly, DFID's Internal Audit Department is conducting a forensic investigation into a number of the issues raised, including the alleged misuse of documents and the behaviour of ASI staff. This will look in more detail at the extent to which - if at all - DFID was involved in the preparation of the testimonials ASI submitted to the Committee. This work is underway and will review data, systems and communications in addition to interviewing the key individuals to establish what, if any, contact there was between ASI and DFID.

Following notification of your inquiry on 27 April 2016, the Department decided to provide a substantial and detailed submission which included an overview of DFID's approach to supplier management, together with additional supporting evidence such as case studies, internal guidance on supplier management, contractual terms and conditions, and other relevant reports such as ICAI's report on DFID's use of contractors.

The Department has established that in preparing for the inquiry, there were three areas of engagement with, or reference to, ASI:

- i) The set of case studies taken from the supplier perspective and included as an Annex in the DFID evidence was, in part, collated by ASI. This was agreed by DFID following an offer from ASI's Peter Young. Officials corresponded about the request over a number of days with ASI and other suppliers until the case studies were provided. ASI was asked to provide "day in the life" case studies from ASI staff working in difficult environments and provided two such case studies, which highlighted the experiences of their own staff in Somalia and South Sudan.
- ii) In early May, DFID officials volunteered to the Committee Clerk a list of possible witnesses who might provide a supplier perspective in the oral evidence hearing. The list had six suggestions, including ASI as one of DFID's key suppliers. These suggestions were based on internal discussions and were not discussed with ASI.
- iii) Peter Young told DFID officials that ASI planned to provide the Committee with additional beneficiary feedback and gave some examples.

DFID submitted evidence to the Committee, including the supplier case study annex (Annex T), on 24 May. All the material in Annex T represented the work of the different suppliers rather than DFID's views, including the two case studies referred to above from ASI staff in harsh environments. To date, DFID officials inform me that none of the material provided to the Committee by DFID has been called into question.

On ASI's beneficiary testimonials, the forensic review is looking in detail at both DFID's and ASI's emails and holding detailed interviews with the principals to establish if there was further involvement on ASI's testimonials.

On 12 June, according to DFID's records, DFID received from ASI another set of beneficiary and government testimonials purporting to have been included in ASI's supplementary evidence submitted to the IDC. The forensic review will determine the extent of any further correspondence on these with ASI.

There is clearly a major difference between seeking examples and case studies legitimately to inform debate, and manufacturing evidence, as alleged in the press coverage. I myself have not seen evidence of the latter involving DFID officials, but I do not want to draw conclusions at this stage either on that specific point or wider ASI engagement, pending the investigation by the auditors.

I will be happy to provide you a follow up letter on the findings of the auditors' investigation once it concludes. I have asked officials in the Department to provide the Committee with all the relevant background and information required for your inquiry. If you have any concerns with this, or intend to publish this communication in the short term, please do let me know.

*Letter dated 11 January 2017 from the Chair of the International Development Committee to Rt Hon Priti Patel MP, Secretary of State for International Development*

Dear Priti,

Thank you for your response of 10 January regarding the Committee's investigation into the conduct of Adam Smith International (ASI) during the Committee's inquiry into *DFID's use of contractors*.

It is disappointing that this response was received after the deadline which the Committee had set, as this hampered the ability of the Committee to consider DFID's response prior to its meeting this morning. Furthermore, it is disappointing that this response lacked complete detail and that DFID has not yet responded fully to the allegations made in the media, or to the questions which the Committee raised in our letter to you on 12 December.

To assist the Committee in coming to conclusions in its investigation, I am attaching ASI's response to our enquiries, including the results of its own internal investigation into this matter. On page 8 of the attached report, the ASI investigation found that:

“On 4th May 2016, ASI Director Peter Young received a phone call from a senior official in DFID requesting help to prepare for the upcoming IDC inquiry. In this phone call DFID sought assistance with both the provision of information for its own submission and in the solicitation of other submissions from beneficiaries by 23rd May 2016. ASI was asked in this phone call to convey these requests to other contractors.”

It is unclear from your response whether or not DFID agrees with this sequence of events. As a result, I am writing to ask that you respond to ASI's above finding and to clarify DFID's position.

To be absolutely clear, it is likely that any Report the Committee agrees on this matter will indicate that we are satisfied that DFID did not play a part in gathering or producing any specific case studies or beneficiary testimonials, as ASI's investigation concludes. We are

therefore concerned with the events which led to ASI soliciting, gathering and producing those submissions. Specifically we are interested in what specifically was said, and by whom, to Peter Young on 4th May 2016.

Due to the tight timeline to which the Committee is working, we require a response by 5pm tomorrow (Thursday 12 January). If DFID wishes to make any further comments in relation to this matter, we will also need to receive those by the same deadline.

*Letter dated 12 January 2017 from Rt Hon Priti Patel MP, Secretary of State for International Development, to the Chair of the International Development Committee*

Dear Stephen,

Thank you for your letter of 11 January on your inquiry into the conduct of Adam Smith International, and for supplying ASI's response to your questions.

I want to assure you that I take this issue very seriously indeed, and I share your determination to deal with it appropriately.

I note that the Committee is likely to conclude that DFID did not play a part in gathering or producing any specific case studies or beneficiary testimonials submitted by ASI.

Because of the importance of this issue, I have commissioned a Forensic Investigation to be carried out. DFID's Internal Audit Department is urgently undertaking that Investigation now. This is a detailed and complex process, involving scrutiny of a large amount of electronic data and a large number of interviews.

This Investigation is looking at the allegation that ASI obtained and misused internal DFID documentation, and the allegations concerning the submissions to the IDC.

As you know, the Department decided to gather full evidence for your inquiry, including material from suppliers. Their material was included at Annex T to our evidence.

I can confirm that it appears that there was a phone call between Mr Young and an official on 4 May. The Forensic Investigation is still underway and we therefore do not yet have the full picture regarding this issue. Some of the interviews which relate to discussions around 4 May are due to take place next week. As you will understand, it would not be appropriate to draw definitive conclusions while that process is underway. Given the importance of this issue, I will write to you with more information once the Forensic Investigation has been conducted and we have a fuller picture. I want to assure you that my Department is treating this issue as a matter of priority.

I look forward to further communication on this matter in the near future, and thank you for the Committee's engagement.

*Letter dated 2 February 2017 from Sir Mark Lowcock KCB, Permanent Secretary, Department for International Development, to the Chair of the International Development Committee*

Dear Stephen,

I am writing as agreed to confirm a few points coming out of the forensic investigation we commissioned. The Secretary of State's letters to you of 10 and 12 January refer.

The key findings of the forensic review include the following:

"We have identified no evidence that ASI falsified testimonials or witness statements that formed part of their evidence submitted to the IDC.

We have identified no evidence that DFID colluded with ASI to mislead the IDC.

We have identified no evidence that DFID commissioned, or was involved in, the preparation of the testimonials ASI submitted to the IDC".

You asked for clarification of a couple of other points.

We can confirm that there was an internal discussion in DFID on the desirability of getting beneficiaries to tell the IDC about good work done by private suppliers.

ASI has provided the Committee with Peter Young's account of a conversation he had with an official on 4 May. It is not consistent with other evidence we have on that conversation. The forensic review was unable to identify any written request from DFID to ASI to gather feedback from beneficiaries. On this point, the forensic review concluded "On the balance of probability it is clear that a misunderstanding has occurred between DFID and ASI".

# Conclusions and recommendations

---

## Our investigation

1. Based on the available evidence, it is our view that the investigation undertaken by ASI was thorough. It provided the detailed information and supporting evidence that we requested, and employed safeguards to guarantee the veracity of that information. It is clear from ASI's approach to our investigation that it recognises the seriousness of the allegations and has been transparent about the methodology and findings of its own internal investigation. (Paragraph 6)

## ASI's conduct

2. Through the course of these events, Adam Smith International has acted improperly in the following ways:
  - It overstepped the mark in soliciting the submissions of written evidence, including, as set out in paragraph 9, applying pressure to beneficiaries to submit evidence with implied or explicit references to continuation of funding,
  - It failed to make clear the extent of its involvement in the submissions of evidence, and
  - It did not make sure that all of those on whose behalf it was submitting evidence were made aware that they were submitting evidence to a parliamentary committee, and of the importance and implications of doing so. (Paragraph 21)
3. ASI sought to unduly influence the International Development Committee by engineering the submission of what at first sight appeared to be independent evidence of its value and effectiveness as a mechanism of development delivery. We are very concerned at the serious lack of judgement displayed by ASI. This is not a case where a committee has been misled about facts or told untruths but, taken together, the actions of ASI went well beyond what was appropriate. That we did not accept the material in question as evidence meant that we were not misled or influenced. This reduces the seriousness of the impact and therefore we are not seeking a referral of this matter to the Committee on Privileges. Nevertheless, we deplore the sort of inappropriate conduct that ASI staff have engaged in—particularly the attempts to conceal ASI's involvement in collecting the beneficiary testimonials and the inappropriate pressure that was put on beneficiaries to provide testimonials. (Paragraph 22)
4. We remain concerned about the culture within ASI, including how it operates and the methods it employs to secure contracts from DFID. We are looking further at these wider issues as part of our inquiry into DFID's use of contractors. (Paragraph 23)

# Formal Minutes

---

**Tuesday 7 February 2017**

Members present:

Stephen Twigg, in the Chair

Fiona Bruce

Wendy Morton

Dr Lisa Cameron

Paul Scully

Jeremy Lefroy

Mr Virendra Sharma

Draft Special Report (*Conduct of Adam Smith International*), proposed by the Chair, brought up and read.

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

Paragraphs 1 to 23 read and agreed to.

A Paper was appended to the Report.

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

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

*Ordered*, That embargoed copies of the Special Report be made available (Standing Order No. 134).

[Adjourned till Monday 20 February at a time to be fixed by the Chair.]

## List of Reports from the Committee during the current Parliament

---

All publications from the Committee are available on the [publications page](#) of the Committee's website.

### Session 2016–17

First Report	UK implementation of the Sustainable Development Goals	HC 103
Second Report	DFID's programme in Nigeria	HC 110
Third Report	The use of UK-manufactured arms in Yemen: First Joint Report of the Business, Innovation and Skills and International Development Committees of Session 2016–17	HC 679 (CM 9349)
Fourth Report	Tackling corruption overseas	HC 111
First Special Report	UK aid: allocation of resources: interim report: Government Response to the Committee's Third Report of Session 2015–16	HC 256
Second Special Report	Crisis in Yemen: Government Response to the Committee's Fourth Report of Session 2015–16	HC 557
Third Special Report	The World Humanitarian Summit: priorities for reform: Government Response to the Committee's Fifth Report of Session 2015–16	HC 556
Fourth Special Report	UK implementation of the Sustainable Development Goals: Government Response to the Committee's First Report of Session 2016–17	HC 673
Fifth Special Report	DFID's programme in Nigeria: Government Response to the Committee's Second Report of Session 2016–17	HC 735
Sixth Special Report	Tackling corruption overseas: Government Response to the Committee's Fourth Report of Session 2016–17	HC 911

### Session 2015–16

First Report	Syrian refugee crisis	HC 339
Second Report	Ebola: Responses to a public health emergency	HC 338
Third Report	UK aid: Allocation of resources: interim report	HC 927
Fourth Report	Crisis in Yemen	HC 532
Fifth Report	The World Humanitarian Summit: priorities for reform	HC 675

First Special Report	The Future of UK Development Co-operation: Phase 2: Beyond Aid: Government Response to the Committee's Tenth Report of Session 2014–15	HC 339
Second Special Report	Jobs and Livelihoods: Government Response to the Committee's Twelfth Report of Session 2014–15	HC 421
Third Special Report	DFID's bilateral programme in Nepal: Government Response to the Committee's Fourteenth Report of Session 2014–15	HC 422
Fourth Special Report	Department for International Development's Performance in 2013–14: the Departmental Annual Report 2013–14: Government Response to the Committee's Fourteenth Report of Session 2014–15	HC 420
Fifth Special Report	Syrian refugee crisis: Government Response to the Committee's First Report of Session 2015–16	HC 902
Sixth Special Report	Ebola: Responses to a public health emergency: Government Response to the Committee's Second Report of Session 2015–16	HC 946