

The Woolf Inquiry

An inquiry into
the LSE's links with
Libya and lessons
to be learned

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OCTOBER 2011

This Report has been prepared by the Woolf Inquiry, an independent inquiry appointed by the Council of the LSE to establish the full facts of the LSE's links with Libya. The Inquiry's Terms of Reference, and information on the approach it has taken are included in Appendix 1 of this Report.

The views and recommendations included in this Report are entirely those of Lord Woolf. It is for the LSE and it alone to decide whether, and if so how, to act on this Report.

The Inquiry accepts no legal responsibility or liability for the contents of, or any omissions from, this Report. The Inquiry was advertised publicly, and the Report is based solely on the information which was provided to the Inquiry prior to 5 October 2011, the date upon which this Report was finished.

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'AB'	Businessman; donor to Centre for Global Governance
Allen, Sir Mark	Member of the Advisory Board of LSE Ideas; BP Special Advisor
Barber, Professor Benjamin	Former member of the Board of the GICDF
Barclay, Stephen	LSE Enterprise, Director; LSE Council Member
Barker, Professor Rodney	LSE Department of Government; Research Student Tutor responsible for admissions to the MPhil/PhD Programme in the Department of Government for 2003-4
Battishill, Sir Anthony	LSE Council Member; Chair of October 2009 Council Meeting
Blair, Dr Mary	LSE Office of Development and Alumni Relations, Former Director
Bovens, Professor Luc	Head of LSE Philosophy Department, September 2009 – present
Bradley, Professor Richard	Head of LSE Philosophy Department, September 2006 – September 2009; Supervisor of Saif Gaddafi's MPhil/PhD
Brahimi, Dr Alia	Research Fellow, North Africa Programme, former LSE Centre for Global Governance
Brown, Professor Chris	LSE Department of International Relations; Vice-Chair of the LSE Academic Board and as such ex-officio member of the LSE Council
Bukhres, Omran	believed to be an assistant to Saif Gaddafi
Camber, Angela	LSE Council Member
Cartwright, Professor Nancy	LSE Philosophy Department; Supervisor of Saif Gaddafi's MPhil/PhD
Chakrabarti, Shami	LSE Council Member
Dahdaleh, Victor Phillip	Governor of the LSE; member of the LSE Development Committee
Dalton, Sir Richard	British Ambassador to Libya, 1999-2002
Davies, Sir Howard	Director of the LSE, 2003-2011
Desai, Professor Lord Meghnad	Emeritus Professor at the LSE Centre for Global Governance; internal examiner for the examination of Saif Gaddafi's PhD
Dorstewitz, Dr Philipp	Tutored Saif Gaddafi during his MSc and MPhil
EDB	Libyan Economic Development Board
Fean, Sir Vincent	British Ambassador to Libya, 2006-2010

Fisher, Aled Dilwyn	General Secretary of the LSE Student Union, 2008-2010
Flemington, Simon	LSE Enterprise, Chief Executive
Gaskell, Louise	LSE Conference and Events Office, Deputy Events Manager
Gaskell, Professor George	LSE Pro-Director for Planning and Resources, August 2007 - present
GICDF	Gaddafi International Charity and Development Foundation, "Saif's Foundation"
Giddens, Professor Lord Anthony	Director of the LSE 1996-2003; Emeritus Professor at the LSE Centre for Global Governance
Hall, Adrian	LSE Secretary and Director of Administration
Halliday, Professor Fred	LSE Professor of International Relations 1985-2008
Hartley, Professor Janet	LSE Pro-Director for Teaching and Learning, since August 2007
Held, Professor David	LSE Government Department; Co-Director, former Centre for Global Governance; commented on two chapters of Saif Gaddafi's PhD thesis
Joffé, Professor George	Affiliated lecturer at the Department of Politics and International Studies, University of Cambridge; formerly deputy director and acting director of the Royal Institute of International Affairs 1997-2000
Kaldor, Professor Mary	Professor in the LSE Department of International Development; Co-Director, former Centre for Global Governance; taught Saif Gaddafi on a course in "Global Civil Society" during his MSc
Kirk, Fiona	LSE Office of Development and Alumni Relations, Director, January 2009- present
LIA	Libyan Investment Authority, Libyan sovereign wealth fund
Mahmoud, Dr Jibril	Former Secretary of the Libyan Economic Development Board
Marsh, Simon	LSE Office of Development and Alumni Relations, member of staff
McClennen, Professor Edward ("Ned")	Centennial Professor in Philosophy at the LSE, 2000-2003; formerly Coordinator of the MSc in Philosophy, Policy and Social Value
McGrew, Professor Anthony	External examiner for the examination of Saif Gaddafi's PhD
Monitor Group	Global management consulting firm
Mountford, Roger	LSE Enterprise, Chairman

ODAR	LSE's Office of Development and Alumni Relations
Rees, Professor Judith	Acting Director of LSE, 2011 – present
Roberts, Sir Richard	Former member of the Board of the GICDF
Said, Yahia	Research Fellow 1999-2008, former LSE Centre for Global Governance; taught Saif Gaddafi on a course in “Global Civil Society” during his MSc
Seidmann, Dr Jeff	Formerly attached to the LSE Philosophy Department; taught Saif Gaddafi on MPhil course PH501
Stonex, Cato	LSE Development Committee, Chairman
Sutherland, Peter	Chairman of LSE's Council and Court of Governors, 2008 - present
Sutton, Professor John	LSE Economics Department; Chair of the Global Governance Review Committee, established by the LSE's Council on 3 March 2011
Voorhoeve, Dr Alex	LSE Philosophy Department; commented on one and a half chapters of Saif Gaddafi's PhD thesis
Wade, Professor Robert	LSE Development Studies Institute (“DESTIN”) (now renamed as the Department of International Development)
Worrall, Professor John	LSE Philosophy Department; Director of Graduate Studies for the Department during Saif Gaddafi's time as an MPhil/PhD student
Worthington, Professor Sarah	LSE Pro-Director for Research and External Relations 2004-2010

Chronology of key events

Date	Saif as a student	Donation	Incidental Links	LSE-E
24/11/2001	Saif Gaddafi applies for admission to the LSE for the academic year 2002-03. First choice course, full time MPhil/PhD in Management. Second choice course, full time MPhil/PhD in Government. Saif Gaddafi's application later amended by hand to read "now DESTIN".			
May - June 2002	Saif's application rejected by LSE Management Department, Government Department and DESTIN.			
17/07/2002	Unconditional offer of admission to the MPhil/PhD in Philosophy to commence in 2002-03 made to Saif Gaddafi.			
20/07/2002	Application form for the MSc in Philosophy, Policy and Social Value (for the year 2002-03) faxed by Saif Gaddafi to the LSE Philosophy Department.			
01/08/2002	Unconditional offer of admission to the LSE to take the MSc in Philosophy, Policy and Social Value in 2002-03 made to Saif Gaddafi. That offer is accepted.			
10/09/2003	Saif applies to commence an MPhil/PhD at the LSE in the year 2003-04. First choice course: full time MPhil/PhD in Government. Second choice course: full time MPhil/PhD in Philosophy.			

Date	Saif as a student	Donation	Incidental Links	LSE-E
Autumn 2003	Saif Gaddafi's application for admission to the MPhil/PhD rejected by the Government Department.			
01/11/2003	Saif awarded the MSc in Philosophy, Policy and Social Value.			
26/11/2003	Unconditional offer of admission to the MPhil/PhD in Philosophy to commence in 2003-04 made to Saif Gaddafi.			
Summer 2004	Annual Progress Meeting of the Philosophy Department. Saif Gaddafi is refused upgrade from MPhil to PhD registration status.			
19/11/2004			Professor McClennen accepts an invitation to serve on a committee to explore constitutional reform in Libya.	
Summer 2005	Annual Progress Meeting of the Philosophy Department. Saif Gaddafi is refused upgrade from MPhil to PhD registration status. Letter sent to Saif Gaddafi by the Director of Graduate Studies for the Philosophy Department, informing Saif of the outcome of the 2005 Progress Meeting, and expressing concern about <i>"the extent of the outside help [Saif] may be receiving."</i>			

Date	Saif as a student	Donation	Incidental Links	LSE-E
Summer 2006	Saif registered as a PhD student at the LSE.			
During 2006 and 2007			Lord Giddens, former Director of the LSE visits Libya twice under the auspices of the Monitor Group.	
May 2007			Sir Howard Davies travels to Libya as the Prime Minister's economic envoy.	
25/09/2007				British Embassy in Libya forwards a design brief for a training course from one of Saif's "lieutenants" to the LSE, so they can provide a costed offer for running the course.

Date	Saif as a student	Donation	Incidental Links	LSE-E
24/10/2007	Saif Gaddafi's PhD viva examination. Saif is not awarded his doctorate, but is given permission to revise and re-present the thesis within eighteen months.			
18/11/2007				LSE-E submits a proposal for the programme to train Libyan civil servants to the Libyan EDB for consideration.
27/11/2007			Sir Howard Davies accepts an invitation to become a member of the advisory board of the Libyan Investment Authority.	
03/12/2007				LSE-E's proposal for training course accepted by the Libyan EDB.

Date	Saif as a student	Donation	Incidental Links	LSE-E
28/07/2008			Professor Held emails Saif Gaddafi regarding a potential connection he would like to make for him with a businessman ("AB").	
31/10/2008	Saif Gaddafi awarded a PhD following resubmission of his thesis , entitled <i>"The role of civil society in the democratisation of global governing institutions: from soft power to collective decision making?"</i>			
Early December 2008		Professor Held travels to Libya with a businessman ("AB"). Saif is asked to give a donation to the Centre for Global Governance.		
02/03/2009		ODAR Note on GICDF prepared. (Not later presented to the Development Committee.)		
04/03/2009		Development Committee meeting at which the potential donation from Saif Gaddafi is discussed. The Development Committee refer the donation to LSE's Council, subject to a number of questions. Answers to those questions were to be obtained by Professor Held and reported to Sir Howard.		

Date	Saif as a student	Donation	Incidental Links	LSE-E
21/05/2009				Launch event for LSE-E's training course for the EDB, held in Libya. Saif Gaddafi and the British Ambassador make a speech at the event.
26/05/2009		Professor Held emails Sir Howard and Fiona Kirk of ODAR, saying Saif Gaddafi had told him the money for the donation would not come from the Libyan state, but from the private sector in form of donations to the GICDF. The companies involved as sponsors were said to be BP, Shell, and British Gas (later discovered to be incorrect).		
23/06/2009		LSE June 2009 Council meeting at which the donation from GICDF discussed and a decision made to accept the gift.		
28/06/2009			Professor Held joins the board of the GICDF.	
08/07/2009		Professor Halliday emails LSE Pro-Director for Research and External Relations, expressing concern that the Centre for Global Governance was receiving funding from Libyan sources.		

Date	Saif as a student	Donation	Incidental Links	LSE-E
17/07/2009	Saif Gaddafi graduates with a PhD in Philosophy from the LSE.	Gift Agreement between the LSE and GICDF relating to a donation of £1.5m to LSE Global Governance signed.		
20/08/2009		Abdelbeset al-Megrahi released from prison in Scotland. Following this, a decision is taken to bring the issue of the Libyan gift back to LSE's Council for discussion a second time.		
08/09/2009		Professor Halliday meets with Professor Held and ODAR to express concern about the donation from the GICDF.		
27/09/2009		Saif's assistant, Omran Bukhres, responds by email to Professor Held with a new list of company sponsors for the donation from the GICDF. Three different companies, one Turkish, one Italian and one Scottish ("the three companies") and all bidding for or engaged in work in Libya, are now said to be the sponsors of the donation.		
06/10/2009		ODAR Note on the three companies prepared. (Not later presented to Council.)		
20/10/2009		October 2009 Council meeting at which the donation from the GICDF is reconsidered. Acceptance of the donation is confirmed.		

Date	Saif as a student	Donation	Incidental Links	LSE-E
15/12/2009				Individualised tuition by LSE-E for an individual within the LIA.
25/05/2010			Saif gives a lecture at the LSE as part of the Ralph Miliband series.	
11/11/2010		Gift agreement between the LSE and the GICDF relating to a donation of a further £22,587 signed.		
02/12/2011			Colonel Gaddafi gives a lecture by videolink at the LSE.	
03/04/2011	Sir Howard Davies resigns as Director of the LSE.			

1 Introduction

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I. The background to the Inquiry

- 1.1 On 3 March 2011 the London School of Economics (“LSE”) with the approval of its Council asked me to conduct an Inquiry into its relations with Libya. The Inquiry’s terms of reference are as follows:

“An independent inquiry to establish the full facts of the School’s links with Libya, whether there have been errors made, and to establish clear guidelines for international donations to and links with the School. Lord Woolf is to make recommendations to the LSE Council as soon as possible. He is to have total discretion as to how he conducts the inquiry, and as to the matters on which he is to report.”

- 1.2 During the period November 2001 to February 2011 the LSE developed a considerable number of links with Libya. The links developed from the admission of Saif Al- Islam Alquadhafi (“Saif”), son of the then autocratic ruler of Libya Colonel Muammar al-Gaddafi, as an MSc student at the School. He later progressed to study for, and was awarded, a PhD.
- 1.3 The links became extensive. The antonym “Libyan School of Economics” followed one witness to this Inquiry to a conference in the United States. The extent of the links, at least as perceived, was such that the LSE had effectively tied part of its reputation to that of Libya, and more particularly, to Saif Gaddafi.
- 1.4 Many hoped that Saif would prove to be a reformer and an instrument of constructive change in Libya. He was being courted as such by foreign governments and businesses, keen to see change in Libya. The need for change in Libya at the time Saif became a student at the LSE is indisputable. This is demonstrated by the background report, which was prepared by Professor Michael Clarke, the Director of the Royal United Services Institute, at the request of the Inquiry (Appendix 3 to this Report).
- 1.5 However, when an uprising against Colonel Gaddafi’s regime began in February 2011 it became clear that Saif would not fulfil the expectations of those who saw him as a catalyst for change. As this became evident, progressively stronger criticisms were made of the LSE’s involvement with Libya. By March 2011 the criticism was so strident that the Director of the LSE, Sir Howard Davies, felt it was necessary for him to offer his resignation. Sir Howard considered himself responsible for the School’s reputation, which had suffered by association with Libya. With great reluctance his resignation was accepted by the LSE’s Council on 3 March 2011, the same day as this Inquiry was established.
- 1.6 It was the recognition that the links with Libya had damaged the LSE’s reputation which led the LSE’s Council to set up this Inquiry. The commissioning of a wholly independent inquiry was a way in which the LSE could demonstrate transparency about its involvement with Libya.
- 1.7 To achieve that, this Inquiry has:
- (1) Set out what it has discovered about that involvement;
 - (2) Made any criticism necessary about how the involvement came about and identified the questions which the LSE needs to address for the future; and

(3) Made recommendations designed to reduce the risk of repetition of similar damage to the LSE's reputation in the future.

1.8 This Report is based on the vast amount of documentation which has been provided to me by the LSE and on information which has been volunteered to me by numerous witnesses. An appendix to this Report (Appendix 1) summarises the approach taken by the Inquiry and the information received by it.

1.9 Understandably, in view of what has happened to Saif, he has not responded to a letter I sent him on 19 April 2011. Nor have I been able to contact other witnesses who are in Libya who I would have liked to interview. Delaying this Inquiry until it might be possible to interview those witnesses would not be justified.

1.10 The Inquiry team consisted of myself and Emily Neill, a barrister at Blackstone Chambers of which I am an external member, and our office manager Anju Still. An organisation of this size's power to carry out its own investigations clearly has limits. However, the substantial amount of information with which I have been provided has been sufficient for me to perform the task set out above in paragraph 1.7. The evidence has consisted of:

(1) A large volume of documents. They included a great body of emails which passed between the individuals involved during nearly a decade of the LSE's links with Libya. They give a vivid picture of what was being said at the actual time the events were happening. I am grateful to Adrian Hall, Secretary and Director of Administration of the LSE, and his team for organising the provision of the documentation.

(2) The testimony of a number of individuals from whom I wished to obtain evidence. I have interviewed 64 witnesses, in some cases on more than one occasion. Witnesses sent written statements to the Inquiry prior to interview.¹ I also received written evidence from a number of other individuals, who were not interviewed. A perusal of the list of interviews (contained within Appendix 1) makes clear that some of those who were interviewed are not attached to the LSE in any way. They are distinguished figures in their field who have helped to educate me as to best practice. I am grateful for their support, as I am sure is the LSE.

(3) The responses to the Inquiry's website, and advertisements placed in *The Times Higher Education Supplement*, *LSE Staff News*, *LSE Student News* and the LSE's student paper, *The Beaver*. Through those notices the Inquiry called for submissions of relevant information. The responses included not only information about what had happened in the past, but also suggestions which support the recommendations the Inquiry makes for the future. I am indebted to those who took the time to set out their views and to write to me. I received 54 such submissions in total.²

(4) The Inquiry held drop-in sessions at the LSE on 16 and 17 June 2011, which were not well attended, but those who did come to talk to me provided valuable information.

1 Referred to in the Report as a "Statement to the Woolf Inquiry".

2 Referred to in the Report as a "Submission to the Woolf Inquiry".

- 1.11 Read as a whole, the evidence provided a clear picture of what happened. However, despite all the help I received, because Saif's role was so central to the Inquiry I felt at times the Report is an example of staging Hamlet without the Prince.

II. The central conclusion of the Inquiry

- 1.12 I recognise that had Saif proved to be the reformer he was predicted to become, the LSE may well have been lauded as having contributed to a positive change on the world stage. Saif's admission as a student, described at the time by a professor as a "very risky gamble", and the relationship with Libya which flowed from it, would have been said to have paid off. This Inquiry would probably never have been appointed. However, that would have meant that the fact that the LSE had been exposed to a significant degree of risk, by reason of the extensive volume of links with Libya which flowed from Saif's admission, would have been missed.
- 1.13 The School established, in an incremental and piecemeal fashion, a relationship with Libya. Before a global company embarks upon a relationship with a foreign partner, a due diligence assessment should be conducted. No similar exercise took place in this case. The links were allowed to grow, unchecked and to a degree unnoticed, until their effect was overwhelming. In October 2009, the LSE's Council resolved that the links should be monitored carefully in future. That monitoring came too late. By October 2009 the relationship with Libya had been well established.
- 1.14 In addition, the history of the developing connection between the LSE and Libya has exposed a disconcerting number of failures in communication and governance within the School. The errors which I detail in the remaining chapters of this Report exceed those that should have occurred in an institution of the LSE's distinction. The pattern is such that I am driven to the central conclusion that there were shortcomings in the governance structure and management at the LSE.
- 1.15 This chapter is intended to provide a short introduction to the issues raised by the LSE's links with Libya and to place the findings of this Inquiry in the wider context of the world in which universities operate today. Chapter 6, entitled "Conclusions", offers a summary of the findings of this Inquiry and an introduction to the Inquiry's Recommendations which follow Chapter 6.

III. The LSE's links with Libya

- 1.16 As I set out above, the cornerstone of the links between the LSE and Libya was the admission of Saif as an MSc and later a PhD student. Saif was far from an ordinary student. He embarked on a challenging academic venture at the same time as he was playing a central role in Libyan, and indeed world, politics. At the time of his admission as a PhD student it was recognised that Saif would need extra help to achieve the requisite standard. Saif received a degree of assistance with his academic work far beyond that which would be available to most students. I emphasise that I reach no conclusions on whether any of the assistance received by Saif was improper or impermissible. I am not qualified to make such judgments and I do not do so. A Panel

appointed by the University of London³ is investigating Saif's academic work. Their remit is very different from mine. I am not concerned with precisely what assistance Saif received nor whether any assistance he received was permissible. I am concerned with how the LSE has acted and whether there are lessons to be learned for the future. Some of the assistance Saif received remained concealed from those who taught him. A number of academics who taught Saif had raised concerns about the degree of outside assistance he might be receiving with his work. However, a fuller picture of the extent of that help only emerged this year, upon an investigation of Saif's LSE student email account. LSE academics had also expressed concern about the amount of time Saif was spending outside of London, but aside from a suggestion that Saif study part-time rather than full time (which Saif declined) nothing was done to require Saif to remain in the UK.

1.17 I deal with the circumstances of Saif's admission to, and academic progress at the LSE in Chapter 2 of this Report. That history raises a number of questions of general academic importance to the LSE:

- (1) To what extent can criteria other than academic strength properly influence decisions as to PhD admissions?
- (2) For the future, what are the permissible forms and degrees of assistance which a doctoral student at the LSE can receive?
- (3) How can the LSE protect and enforce its academic standards rigorously while remaining fair to its students?

1.18 Approximately six weeks after Saif's doctorate was confirmed he was asked to give a donation to the Centre for Global Governance,⁴ a research centre at the School. A donation of £1.5 million was promised to the Centre by the Gaddafi International Charity and Development Foundation ("Saif's Foundation" or the "GICDF"), in July 2009, on the same day as the graduation ceremony at which Saif received his PhD. A donation from Saif was recognised as controversial. For that reason it went to the LSE's Council, the School's board of directors, so as they could consider whether it ought to be accepted. It in fact went to Council for consideration twice. The presentation of the donation to Council involved a chapter of errors. The true source of the money which the LSE agreed to accept has never been established. If the limited due diligence work which was carried out on the donation is taken at face value, there is a risk that the money was to come from payments made by private companies operating in Libya to gain Saif's favour and influence the award of contracts in Libya.

1.19 The donation was to be paid in five, yearly, instalments and was used to support a North Africa Research Programme at the Centre, the objective of which was to initially place Libya in the broader context of the North African region as a whole, and then to focus on specific issues and challenges facing Libya. The Progress Report for the year 2009-2010 had the stated intention of working with and consulting Saif's Foundation on all aspects of the Programme. I consider the acceptance and use of the donation from Saif's Foundation in Chapter 3.

3 The University which granted Saif's doctorate. At the relevant time doctorates at the LSE were awarded by the University of London.

4 In February 2010, the Centre for Global Governance re-launched itself as "LSE Global Governance". I have adopted the original name, or alternatively "the Centre" throughout this Report, for the purpose of consistency. The Centre closed as a formal research centre of the LSE on 31 July 2011.

1.20 The questions which arise from the facts of the donation from Saif's Foundation include the following questions of general importance for the LSE:

- (1) Should individual members of the academic staff solicit donations for the institution independently of any central guidance?
- (2) If a donation comes from a foundation, when is it necessary to look behind the legal entity and into the sources of its funds?
- (3) Who should be responsible for deciding to accept or reject a controversial donation? What information do they need to make that decision? Who should be responsible for giving it to them?
- (4) If a donation is accepted, what limits should there be on the donor's involvement in the use of the funds? What amounts to an unacceptable conflict of interest between a donor and the recipient of the donation?

1.21 From Saif's admission sprouted further ties between the School and Libya during the period Saif remained a student.

- (1) Sir Howard Davies, the Director of the LSE, was appointed as Prime Minister's economic envoy to Libya, which he recognises was in part because Saif's presence at the School had given the LSE a higher profile in Libya than it would otherwise have had. Saif, whilst a student, turned to Sir Howard for advice on the modernisation of Libya. Sir Howard also accepted a position on the Advisory Board of the Libyan Investment Authority ("LIA"), the country's sovereign wealth fund.
- (2) LSE Enterprise ("LSE-E"), the commercial subsidiary of the LSE was awarded a £2.2 million contract to train Libyan civil servants by the Libyan Economic Development Board ("EDB"), following a request for training made by an assistant to Saif (then still a student) and forwarded to the LSE by the British Embassy in Libya.⁵
- (3) A number of academics connected to the LSE developed links with Libya.

1.22 I deal with what I call these "incidental links" with Libya in Chapter 4 of this Report. The consideration of the activities of LSE-E has attracted such attention that it merited a chapter of its own (Chapter 5). The central questions raised by the facts set out in those chapters are:

- (1) In what circumstances can individuals or entities connected to the LSE accept something which might be perceived as a benefit from a current student?
- (2) How can the LSE ensure its central values are upheld by those connected to it, and whose acts could be perceived as those of the School?
- (3) Should the LSE have allowed a cumulative impression of closeness with a country with a highly controversial reputation to be created by links which grew in a piecemeal fashion or ought there to be some central scrutiny of such developments?

⁵ Although the eventual contract was with the Libyan EDB, the initial request for training was said to come from one of "Saif's lieutenants".

1.23 In the course of the development of the Libyan links a number of mistakes and errors of judgments were made. They contributed to the damage to the LSE's reputation. Some were individual errors. No system can prevent those occurring from time to time. However, as I said above, the mistakes and errors of judgment go beyond those that could be expected from an institution of the LSE's distinction. It seems clear to me that a factor in these failings must be the extent of the changes in the world in which universities now operate. The sphere of operations of the LSE has grown, seemingly without a parallel increase in, or formalisation of, the structures of governance designed to protect the School's ethical values or reputation.

IV. The wider context: the university as a global enterprise

1.24 To achieve and retain their present standing British universities have no alternative but to compete internationally for students, funding and academics from all over the world. The last twenty years have seen a picture of expansion in universities. The number of students has increased dramatically.⁶ That is only part of the picture of growth within UK universities. The increasing use of related companies enables a university to engage in commercial activities outside the structure of the university itself.⁷ Universities have to compete for resources for both core needs and to fund research. In the last decade the UK government encouraged universities to fundraise, using initiatives such as the matched funding scheme. Gifts to higher education institutions are now a significant landmark on the British philanthropic landscape⁸ and fundraising organisations within a university have become commonplace. British universities have had to embark on fundraising on the international plane on a scale which until relatively recently was unknown in this country. In the search for funding, students, and top academics, universities are now competing internationally.

1.25 This scale of global operation carries ethical and reputational risk, and requires an infrastructure to protect the core principles of any university which is operating on a more expansive and international market. These changes in the nature of the world in which universities operate and are resourced mean that some, including the LSE, are now operating on a scale comparable to that of a global company. Philippa Foster Back OBE, Director of the Institute of Business Ethics, has immense experience of reputational and ethical concerns in both the corporate and educational world. She sees commercial corporations and universities as today being on "very similar lines" with regard to the management of ethical and reputational risk.

1.26 As one of the finest universities, not only in the UK but on the world stage, how does the LSE's management compare? LSE's management is evidently behind the standard of many global companies. It falls at the first hurdle. It does not have an embedded code dealing with ethics and the management of reputational risk with which everyone involved in the LSE knows they must comply. The central recommendation of this Inquiry is that the LSE, as an institution, adopt such a Code and appoint an Ethics Committee mandated to deal with issues relating to the Code.

6 The total number of all students at UK Higher Education institutions has increased from 1,720,094 in the academic year 1995-1996 to 2,493,415 in 2009-2010 (Source: Higher Education Statistics Agency. Note there has been some change to population as used for published counts between these figures).

7 The use of such companies varies and can provide a range of advantages to Higher Education Institutions. See The Higher Education Funding Council for England, *Related companies: guidance for higher education institutions*, December 2005, HEFCE2005/48, paragraphs 1 and 2.

8 See the Coutts Million Pound Donors Report 2010, referred to in Chapter 3 paragraph 3.2.

- 1.27 In the changed, global, world in which they compete, universities should strive to keep their management of ethics and risks in line with what has become best practice in the corporate and much of the public sector. It has become commonplace for corporations to adopt an ethical code which applies across the institution. In 2005 the Institute of Business Ethics in conjunction with The Council for Industry and Higher Education produced a report *“Ethics Matters: Managing Ethical Issues in Higher Education.”*⁹ That report called for higher education institutions to adopt that same practice of producing an ethical code or framework. The report suggested that, at least at that time, there was no consistent or coherent approach by universities to documenting ethical policy. The Report found that the ethical policies applied by a university tended to be fragmented, with policies being produced by different departments, in an ad hoc fashion (and with a predominant focus on research ethics) rather than the university acting centrally and adopting an institution-wide ethical framework of which all were aware.
- 1.28 Universities, including the LSE, have a high commitment to ethical values, but that does not mean structures are not required to ensure that those values are understood and upheld throughout the institution’s sphere of operation. The *“Ethics Matters”* Report commented, for example, that merely defining the mission and values of a university was not enough. *“[S]tatements of commitment mean little without policies and procedures to translate aims into action. Moreover, it would be risky to assume that everyone shares and acts on the same values”*.¹⁰ An ethical framework is not intended to replace existing policies, such as the research ethics policies or donations policies which many institutions adopt. Specific policies are needed to deal with ethical issues which are complex and require a detailed level of consideration. Those more detailed policies and procedures should, however, fall under the umbrella of a wider institutional statement on, and coherent and formalised commitment to, ethical practice. Developing such a statement and ensuring it is widely publicised should encourage an institutional culture in which ethical and reputational issues are openly discussed. The development of a formal code is a tool towards embedding ethics within the day to day life of the modern university, and across its multifarious spheres of operation.
- 1.29 The LSE’s Strategic Plan 2009 – 2014 listed number of values and commitments for the School. The first of those was *“integrity – we will uphold the highest standards of ethics and conduct”*. Such a bold statement requires an ethical policy and suitable procedures to ensure it is put into practice. I have been encouraged by the efforts taken within the School during the course of this Inquiry to begin to develop the necessary procedures. My view that the structures of governance at the School have been somewhat lacking is shared by some inside the LSE. Work has begun on the consideration of what governance structures should be required for research centres at the School, and on the governance of donations for initiatives. An institutional ethical statement contained in an Ethics Code would provide an umbrella structure to the School’s commitment to ethics, good governance and risk management. It should make all those connected to the LSE aware of the School’s values. An institution-wide Ethics Committee should assist in ensuring that ethical and reputational risks to the School are considered by the institution before they are embarked upon, rather than growing, in a piecemeal fashion, into an overwhelming degree of connection.

9 ISBN 1 874223 51 3. Hereafter referred to as *“Ethics Matters”*. At the time of writing, the report was free to download at http://ibe.org.uk/userfiles/ibe_cihe_ethicsmatters.pdf. It contains practical suggestions for how Higher Education Institutions might choose to go about developing an ethical policy framework for their own organisation and how to put a framework into practice. The Report includes an illustrative framework for an ethical code.

10 *“Ethics Matters”*, paragraph 1.3.

2 Saif Gaddafi as a student at LSE

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I. Saif's admission: MSc and PhD

- 2.1 Today a university should have a transparent admission system that treats those who apply to study equally and fairly. To single out a postgraduate applicant for favourable treatment on grounds that have little to do with academic merit, even if not always unlawful, seems to me undesirable. A university would risk criticism for failing to provide a level playing field for every applicant.
- 2.2 However, the LSE has a long history of being concerned to improve the manner in which society operates both in this country and abroad. This is fully in accord with the ambition of the LSE's Fabian founders of 1895.
- 2.3 Saif benefited from a particular interpretation of this ambition when he applied for admission to the LSE. Saif initially applied, on 24 November 2001, for admission to the LSE as a PhD student. He was eventually admitted as a postgraduate student of the Philosophy Department in August 2002 to study for an MSc in Philosophy, Policy and Social Value ("PPSV"). He benefited most notably from the particular interpretation of this ambition when, the following year, he applied again for admission to the two-stage MPhil/PhD programme¹¹ and was admitted to the Philosophy Department. He was awarded a doctorate on 31 October 2008.

(A) Saif's admission to the LSE: MSc in Philosophy, Policy and Social Value

- 2.4 Saif had not originally intended to study for an MSc in philosophy.¹² From the outset of his application to the LSE in November 2001, Saif's preference was to study for an MPhil/PhD in the Management Department, with his second choice being to study in the Department for Government. Saif also applied to the Development Studies Institute ("DESTIN").¹³ However those Departments were not prepared to admit Saif. His application was too poor and no one was interested in supervising him.¹⁴
- 2.5 However, having been rejected by those Departments for the MPhil/PhD programme, Saif came to be admitted to the Philosophy Department as an MSc student. In early 2002, one of Saif's advisers telephoned Professor Richard Bradley, a Professor in the Department of Philosophy, and asked to meet him at a London hotel. At that meeting, Saif declared an interest in doing a PhD in political philosophy. Professor Bradley said

11 Research students in the Philosophy Department are registered in the first instance for the degree of MPhil. On making satisfactory progress, they will be retrospectively upgraded to PhD registration.

12 I am also told that Saif had been most keen to study at Oxford University. Dr Alia Brahimy described to me how he was interested to discuss Oxford with her, because he had hoped to study there, as she had. Professor FitzGerald, Head of Department of International Development, University of Oxford told the Inquiry that in the spring of 2002, he was contacted by a senior civil servant at the Foreign and Commonwealth Office ("FCO") to enquire if they could admit Saif to the MSc in Development Economics, or failing that, to the MPhil in Development Studies. It was made clear, he told me, that the FCO would appreciate help in this case since Libya was opening up to the West again. Professor FitzGerald tells me he told the FCO that the "bottom line was whether [Saif] had adequate prior academic qualifications for entry... this is not only an issue of professional ethics, but also that under-qualified students struggle to keep up with the intense pace of Oxford postgraduate study." The FCO provided information about Saif's prior academic qualifications (for which see paragraph 2.9 below). Professor FitzGerald told the FCO that an application by Saif to do an MSc at Oxford would be unlikely to prosper on their basis because Saif had no social science training, and his prior degree did not meet the requisite quality standard. He told the Inquiry the FCO accepted that and the matter was taken no further.

13 DESTIN has been renamed as the Department for International Development.

14 Email from Management Department to Louise Burton, Graduate Admissions, 7 June 2002. Writing at the time of Saif's second application to do a PhD, in 2003, Professor Held from the Government Department commented that he had rejected Saif the previous year because he thought that Saif needed the experience of an MSc.

their Department rarely admitted people to the Department without having done one of their MSc degrees or equivalent and that Saif should consider doing one of the MSc degrees instead.¹⁵ Saif was put in touch with Professor Edward ('Ned') McClennen, an American Centennial Professor at the LSE who had established and was Co-ordinator of the MSc course in PPSV.

- 2.6 Saif emailed Professor McClennen a research proposal on global governance.¹⁶ Professor McClennen suggested that they discuss Saif's enrolling in his PPSV course *"which runs for a year and can be used to qualify you for admission into a PhD programme here at LSE. I would say that at present, LSE would be far and away the best place to study global governance (we have a whole Centre devoted to just this subject), and it might be possible to work out, as part of your first year here in my program, a course by one of the persons in the global governance program here"*.¹⁷
- 2.7 Professor McClennen then met with Saif's representatives and suggested to Saif that taking the PPSV course was a route which, *"presuming [Saif] did reasonably well"*, was likely to enable him to study for an MPhil/PhD the following year.¹⁸ In addition, he wrote to Saif that the PPSV course had a *"great advantage"* because as course director, Professor McClennen could *"tailor [Saif's] first year [at the LSE] in a manner that is much more responsive to [Saif's] own interests"*. He could *"choose to grant ... permission to ease into some of the more formal courses in philosophy more gradually (i.e. defer one or both of these courses until the second year) and enrol in related courses in other Departments, e.g. a course in global governance"*.¹⁹ Professor McClennen told Saif that the relevant person in the Philosophy Department had approved his admission into either the PPSV course or the MPhil/PhD course and that the choice was up to him. If Saif chose to enrol in the MPhil/PhD course, a disadvantage was that Professor McClennen had no power to *"waive or defer [Saif's] taking certain courses in philosophy and the Department will require that [Saif] proceed as other students (sic) do"*.²⁰ Professor McClennen assisted Saif with his application form for the MSc, which was faxed to the Professor for review prior to being formally sent to the LSE on 20 July 2002.
- 2.8 Saif was made an unconditional offer to study the MPhil/PhD in Philosophy starting in 2002.²¹ However, Saif acted on Professor McClennen's guidance and was admitted to the LSE to do the MSc in PPSV.

15 Professor Richard Bradley, Statement to the Woolf Inquiry. He was unaware that Saif had been rejected by other Departments within the LSE by that time.

16 Email from Saif Gaddafi to Professor McClennen, 27 June 2002.

17 Email from Professor McClennen to Saif, 28 June 2002.

18 Professor McClennen told Saif *"you would have to score on average what is known as an 'upper second' in order to be guaranteed continuance in the Program beyond the Masters. That requirement is sometimes waived, however, if the average is only a lower second but close to an upper second. Moreover I am confident, after taking to you that this requirement is one you will be able to meet easily (the scores you got in Vienna, in the Executive MBA were roughly equivalent to what we call an upper second.)"* (Email from Professor McClennen to Saif 15 July 2002).

19 Email from Professor McClennen to Saif, 15 July 2002. I add for the purpose of clarifying that I do not consider that Saif received special treatment in being permitted to take two courses outside the Department of Philosophy for his MSc that the regulations for the MSc in PPSV permit this, and I am told the option is routinely exercised.

20 Email from Professor McClennen to Saif, 15 July 2002.

21 Offer letter dated 17 July 2002. There is considerable confusion over the offer made to Saif for admission to the MPhil/PhD to commence in 2002. I cannot resolve the confusion over the background to the offer, and it is not necessary for me to do so in order to make recommendations for the future. It has, however, become a matter of importance for the professors currently in the Philosophy Department who consider it would have been an error to admit Saif to the MPhil/PhD in Philosophy in 2002 because he had no background in the discipline. For their benefit I set out some of the detail at Appendix 4 to this Report.

- 2.9 At the time of his admission to the PPSV course, Saif had a BSc in Architecture from Al-Fatah University, Tripoli and an Executive Master of Business Administration from International Management Development Consulting, Vienna (which ran a joint programme with California State University at Hayward and on which Saif had a 3.447 Grade Point Average). I am told those qualifications were sufficient for his entry into the PPSV course. As Professor Bovens, current Head of the Philosophy Department put it to me: *"If you erase his name... he would be in"*.²²
- 2.10 Saif was awarded his MSc on 1 November 2003. He obtained merit marks of 66 and 65 in his two courses in Philosophy and a pass mark of 51 and 54 in his courses in *"Legitimation and Government"* and *"Global Civil Society"* (which were taken outside the Philosophy Department). His thesis was awarded a distinction mark of 71.

(B) Criteria and procedure for PhD admissions

- 2.11 The individual departments at the LSE have a considerable and fiercely defended autonomy as to admissions to postgraduate degrees. Admission to some departments is more competitive than to others. Equally, the amount of effort which a Department will be willing to expend on a candidate to enable them to complete a PhD will vary as between Departments and individual academics. What might be viewed as a disproportionate amount of effort necessary to enable a candidate to complete a PhD in one Department, excluding their admission, can be acceptable to another Department.
- 2.12 In the course of my Inquiry it has become clear that departments within the LSE can agree on the academic capability of a particular candidate but can disagree over their admission. That was the case with Saif's admission as a PhD student in 2003. It seemed to be agreed at the time of Saif's eventual admission as a PhD student in 2003 that *"Saif was still not in a secure position to write a good dissertation with the usual amount of supervision, but that he certainly can do so with extra teaching ..."*²³ and that *"he wasn't ready yet, he would need some help"*.²⁴ The *"disagreement was what one ought to do in those circumstances"*.²⁵
- 2.13 It has also become clear that departments within the LSE differ as to the relevance of a particular factor to the decision to admit for a PhD. The Philosophy Department ascribes to an *"element of idealism present in providing an education to appropriately qualified students who also came with a promise that they might do some good for the world..."*²⁶
- 2.14 I have spoken with a number of academics in the Philosophy Department, who have expanded on the nuances of this approach. *"It would be wrong to say [the Department] give[s] preference to students with big names"* but it would be relevant to an admission decision *"if one could say, 'look I think this student doing a PhD would do some good for the world' whether that student is a 'nobody' or a 'somebody'..."*²⁷ It is not a decisive

22 Professor Luc Bovens, Woolf Inquiry Interview.

23 Professor Nancy Cartwright, *Reference in Recommendation for Saif Alquadafi, PhD Programme in the LSE Government Department*, 13 September 2003.

24 Professor Rodney Barker, Government Department, Woolf Inquiry Interview.

25 Professor Rodney Barker, Government Department, Woolf Inquiry Interview.

26 Professor Luc Bovens.

27 Professor Luc Bovens, Woolf Inquiry Interview. Professor Bovens has also described to me two other cases where the *"idealism factor"* played a part in a decision to admit to PhD, neither of which involve individuals who played a political role. He tells me that the desire to train future leaders does not necessarily mean future *political* leaders, in that there are many ways in which one can have a leading role in society. He tells me the Philosophy Department aims to train people who are bound to have leadership roles in various shapes or forms.

factor but a “bonus”²⁸, a “rule of thumb”²⁹ which can compensate for less than stellar academic performance. A candidate who wants to do a PhD “purely out of interest” would not get the bonus factor, but could still of course be admitted if their academic qualifications were very high.³⁰ Professor Cartwright described to me how “at LSE there is an additional factor that I have felt is important, that LSE is part of an international economic and political community and it hopes to train future national leaders. That ‘something’ that someone might have coming to LSE that would be a plus, which wouldn’t necessarily be [a plus] in my much more straightforward Stanford department,³¹ is a background in political management and being part of a social policy programme. So I would think that if you had someone come in from a Greater London Authority with a lot of background in social policy and wanted to do philosophy that wouldn’t somehow cut much ice at UCSD³², but it should do at LSE as a factor.”³³ Professor Richard Bradley, described how “[a]lthough ... of course the PhD programme has a narrow academic function... I also think that that the process of doing a PhD can bring goods of various kinds ... and we need to take that into consideration”.³⁴

- 2.15 However, what I probably misname the “idealism factor” is not universal at the LSE. A number of Professors, whilst concerned to respect the academic views of their colleagues in other departments, told me that they and their departments took a different approach to PhD admissions, which did not espouse the “idealism factor”. Those included Professor Sutton of the Economics Department and Professor Rodney Barker of the Government Department. The last of those, Professor Barker, was involved in the history of Saif’s application to study for a PhD at the LSE, and these departmental differences came to the fore during that history.

(C) Saif’s admission as a PhD student in 2003

- 2.16 In September 2003, as he neared the end of his MSc, Saif applied again to do a PhD in the Government Department. Saif’s PhD built on his MSc thesis, and the Department in which it should have been located was “clearly Government”.³⁵
- 2.17 Saif’s application to be accepted for the PhD course did not proceed as smoothly as he could well have expected in view of what he had been told by Professor McClennen in 2002. Although he had received an “upper second” in his MSc, as Professor McClennen had said was required to continue at the LSE, he was rejected by the Government Department.
- 2.18 Professor McClennen wrote a Letter of Recommendation for Saif’s PhD application to the Government Department in September 2003, in which he said “A year ago, at my urging, Saif Alquadafi was admitted into LSE to pursue a Masters Degree in Philosophy

28 Professor Luc Bovens, Woolf Inquiry Interview

29 Professor Nancy Cartwright, Woolf Inquiry Interview.

30 Professor Luc Bovens, Woolf Inquiry Interview.

31 Professor Cartwright held a post at Stanford before coming to the LSE.

32 Professor Cartwright holds a part time position at UCSD.

33 Woolf Inquiry Interview. Professor Cartwright says that although many in the Philosophy Department do think they should provide philosophical training for those who may influence policy, and that that is an important part of the LSE’s role in general, the Philosophy Department also makes special effort to train those who influence practice in, say physics or economics. She ascribes to “philosophy in practice”.

34 Woolf Inquiry Interview. Professor Cartwright also emphasised to me the small size of the Philosophy Department, and the small number of PhD admissions each year. Those factors mean that the Department looks carefully at the full details of each case, reading writing samples and debating the merits in committee, often including the entire Department. She considers that this careful detailed review by the Department may not be feasible in Departments that admit far more students.

35 Professor McClennen, Letter of Recommendation for Saif Alislam Alqahdafi, 15 September 2003.

and Public Policy. That decision, it was agreed by all, was a very risky gamble. I write now to say that the gamble has paid off, and has done so very handsomely! There is no question that Mr Alquadafi started my program on very shaky grounds. His English was most imperfect, and his sense of how to think and reason analytically was extremely undeveloped".³⁶ Professor McClennen said in his reference that he had observed a "remarkable acceleration of learning". He relied on Saif's MSc thesis as best evidence of that.

- 2.19 He asked the Government Department to consider the following "further consideration" in making their decision. "We have witnessed this past year a most important change in the government of Libya... There is no question but that Saif... has played a key role in this most welcome change in Libya's stance, and I believe that LSE can take pride in the thought that the exposure we provided for him, to both the ideas and the ideals of Profs David Held and Mary Kaldor, had a real influence upon him. I think we are dealing here with someone who is likely to emerge as the new leader in Libya, and that we are in the position to contribute constructively to his education. This, it seems to me, is an opportunity that LSE would make a great mistake to miss".³⁷
- 2.20 That last consideration was a reflection of the "idealism factor" within the Philosophy Department.³⁸ It seemingly did not carry weight in the Government Department, even though Saif's application was supported by a further reference, from Professor Nancy Cartwright. She wrote "were [Saif's] central interests in Philosophy ... [she] would urge [her] own Department to admit him and... would be willing to supervise him" but said she would make his admission based upon a condition and urged the Government Department to do something similar.³⁹
- 2.21 Professor Cartwright wrote that it had become clear during Saif's MSc that he needed a lot of extra tuition to catch on to how an argument was set out and ordered, to the logical relation of ideas he was studying, "far more help than he could expect from the Department. So we recommended that he hire a tutor, which he did".⁴⁰ Her impression at the time of Saif's application in 2003 was that Saif was "still not in a secure position to write a good dissertation with the usual amount of supervision, but that he certainly can do so with extra teaching...".⁴¹ She would recommend that if he were admitted to do a PhD she would "ask him to agree to hiring a tutor again and to having lessons to improve his English".⁴²
- 2.22 That was not sufficient for the Government Department to allow Saif's admission for the year 2003-04. The supervisor who was willing to take Saif on if Government made an offer, Professor Held, was going to be away for that year. Professor Kaldor⁴³ was asked

36 Professor McClennen, *Letter of Recommendation for Saif Alislam Alqahdafi*, 15 September 2003.

37 Professor McClennen, *Letter of Recommendation for Saif Alislam Alqahdafi*, 15 September 2003.

38 Although perhaps an extreme reflection of the view. Professor Cartwright, for example, does not ascribe to Professor McClennen's view as phrased in his Letter of Recommendation. Professor Bovens would not wish the idealism within the Philosophy Department to be misunderstood as the Department training Saif to be the next dictator in Libya. In his view, in the case of its application to Saif, the hope of "training national leaders" should be understood as training persons with a positive and moderating influence on the regime.

39 Professor Nancy Cartwright, *Reference in Recommendation for Saif Alquadafi, PhD Programme in the LSE Government Department*, 13 September 2003.

40 Professor Nancy Cartwright, *Reference in Recommendation for Saif Alquadafi, PhD Programme in the LSE Government Department*, 13 September 2003.

41 In her *Reference in Recommendation* Professor Cartwright also commented that Saif's command of English was not nearly good enough at that stage.

42 Professor Nancy Cartwright, *Reference in Recommendation for Saif Alquadafi, PhD Programme in the LSE Government Department*, 13 September 2003.

43 A Professor in the Department of International Development, and a Co-Director of the Centre for Global Governance.

whether she might supervise for a year until Professor Held returned, but she refused, saying that she agreed with Professor Cartwright's assessment. Having taught Saif during his MSc, Professor Kaldor considered he had *"a long way to go before doing a PhD"*.⁴⁴ Having read Saif's MSc thesis and PhD proposal, Professor Kaldor was of the view that *"although they reflect his ideas, I suspect he has had a lot of help"*.⁴⁵

- 2.23 In light of Saif's references and Professor Kaldor's comments, the general view as it appeared to Professor Rodney Barker, Professor in the Government Department responsible for coordinating admissions to the MPhil/PhD, was that Saif was not yet ready for a research degree. The absence of Professor Held as a supervisor that year was merely *"a secondary problem, because we weren't convinced that he was ready to do a PhD, and his referees confirmed that view"*.⁴⁶
- 2.24 After the Government Department had decided to reject Saif, there followed a fairly substantial degree of correspondence between the Government Department and those who hoped to see Saif admitted to that Department that year. Professor Ned McClennen made efforts to find an academic to *"look after"* Saif for the year until Professor Held returned. A number of academics were contacted in this regard. The Government Department considered it irrelevant that there might be someone to take charge of Saif for a year, because it had already decided, having considered Saif's application in the same way as all other proposals, that it was unable to offer Saif a place. Professor McClennen proposed that, although he would have returned to the US by the autumn of 2003, he would be back in the UK from time to time and could arrange a programme of taught courses for Saif for the year 2003-04, so that he would be ready to pursue the research when Professor Held (who agreed with that proposal) returned. He urged the admission of Saif to the Government Department on that basis. Professor Barker refused, saying that they had considered Saif's admission on the normal criteria and he had not met those. Writing to Professor Held, he commented *"we don't have the kind of remedial course that Ned suggested, but if we did, it would of course have to be a proper course equally available to all applicants. The school couldn't offer... preferential treatment to a selected candidate"*. Offering such treatment, he thought, could be *"immensely damaging to the reputation of the school"*.⁴⁷
- 2.25 Professor Cartwright then wrote to the Government Department in November 2003. She understood that Saif had been told by Professor McClennen that if he wanted to be admitted as a PhD student at the LSE he ought to take an MSc. *"Since he did that (and in my Department) and his improvement was far far greater over the year than could have been hoped for, I feel I should make some effort to help him continue. Also I feel a small but very real part of the problem is that he has been badly misadvised by Professor McClennen... he was advised to wait until his results were in ... and ... to let McClennen try to organise some interdisciplinary programme for him... Moreover, McClennen never really took in the LSE rules and did not believe that there is no such thing as an interdisciplinary PhD that floats with no Dept home."*⁴⁸ She wrote that she

44 Email from Professor Kaldor to Professor Barker and Professor Held, 24 September 2003.

45 Email from Professor Kaldor to Professor Barker and Professor Held, 24 September 2003. Professor Kaldor tells me that she was asked by Professor Cartwright whether she might be Saif's PhD supervisor, because he wanted to work on global civil society, which was the subject of Professor Kaldor's MSc course. Professor Cartwright told Professor Kaldor that Saif had improved a lot as a result of extra coaching and sent Professor Kaldor Saif's thesis in order to convince her. As set out in this email, Professor Kaldor remained unconvinced.

46 Professor Rodney Barker, Woolf Inquiry Interview.

47 Email from Professor Rodney Barker to Professor David Held, 13 October 2003.

48 Email from Professor Cartwright to Professor Barker, 10 November 2003.

felt responsible for following up on the application because Professor McClennen, who had by then returned to the USA, had been acting as a member of their Department. Her proposal was that Saif could be helped to continue by spending a year in a Department other than Government, such as DESTIN. A Professor in that Department had said he could look after Saif, although only for one year.⁴⁹ The Government Department, however, maintained their position that they had rejected Saif for that year and that DESTIN ought not to accept Saif on the assumption they would make a different decision in future as to Saif's admissibility to their Department.⁵⁰

2.26 In interview with me Professor Barker described the situation of Saif's admission as follows. There was no disagreement between the academics about the standard Saif had reached, Saif *"wasn't ready yet, he would need some help ... the disagreement was about what to do in those circumstances... The view even of those who were pushing quite hard for his admission was that he wasn't up to it yet, but that if we could ... put on some special courses for him for a year, after that he might be... My feeling about that was ... if we had that provision as a general provision which any student can apply for that is one thing, but we didn't and compared with other students who we were admitting for 2003-2004 [Saif] didn't have a strong enough background."*⁵¹

2.27 Saif's rejection by the Government Department was described to me by Professor McClennen as having *"brought us into something of a quandary."*⁵² Real efforts were being made by those keen to see Saif admitted as a PhD student. For example, a Professor in another Department was asked to consider Saif's file presumably, they say, because of their work on civil society. That Professor declined to supervise for various reasons, although primarily because the proposal was not of intellectual interest to them. That Professor told me *"[w]hat happened after that was somewhat unusual. Usually, once you have declined to take on a PHD student, you do not receive the file again and the issue is not raised. However, in this case I was approached several weeks later on two occasions by different people, who were trying to persuade me to take him on as a PHD student. The first occasion was someone from the USA, who made a telephone appointment with me to discuss taking him on; on the second occasion, an academic from the LSE requested a telephone appointment with me to discuss supervising S. Gaddafi. In both instances I repeated that I was unwilling to take him on. Indeed, I was finding it quite odd that I was being asked in this way and had to engage in long discussions about his application when I had clearly declined his application, and wondered why so much attention was being given to Gaddafi's case."*⁵³ The Professor spoke with the Inquiry and described how they receive PhD files every week, and have never experienced anything like that situation before or since. A relationship with a PhD student is a long term commitment, and once an academic has decided that they do not want to take on a student, they are usually not asked about it again. After the conversation with the LSE academic (whose name is not recollected) the Professor received what they considered to be an abrupt email from that academic who said that they hoped the Professor would meet Saif if he had any questions. The Professor considered that there was something out of the ordinary going on with respect to Saif's admission. To their mind it was not being treated like other PhD admissions.

49 Email from Professor Cartwright to Professor Barker, 10 November 2003.

50 The Government Department commented in their response to Professor Cartwright that because admissions decisions in the Government Department were made by the Department and not by individual teachers, no individual teacher in their Department was in a position to promise a student that they would be admitted. The same admissions model was also adopted by the Philosophy Department at that time.

51 Woolf Inquiry Interview.

52 Woolf Inquiry Interview.

53 Submission to the Woolf Inquiry.

- 2.28 The correspondence throughout reflects what Professor McClennen himself described as “*the period when I was helping to try and negotiate some kind of admission into the PhD programme.*”⁵⁴
- 2.29 Given Saif’s failure to locate himself in any Department, he “*decided to rethink his plans and pursue the kind of programme and research that can be carried out in [the Philosophy] Department.*”⁵⁵ On that basis Saif was able to be admitted to the MPhil/PhD in Philosophy to begin in autumn 2003.⁵⁶ Saif was to pursue the heavily taught first year PhD requirements of the Philosophy Department and follow some MSc courses outside Philosophy⁵⁷. When it came to the thesis, the intention was that Saif was to be able to turn to others outside the Philosophy Department for supervision. It was envisaged that Professor Held, in the Government Department, and Professor McClennen, who had left the LSE but was to remain involved, would assist.⁵⁸
- 2.30 The Philosophy Department’s reasons for accepting Saif were that; “*firstly his degree results were sufficiently good to merit consideration*⁵⁹ (*though not good enough for him to have a clear case on academic merit alone*) and *secondly we felt a great deal of good might be done for Libya (and indeed more widely) if Saif Al-Qadhafi was given a prolonged exposure to liberal ideas and influences...*” (emphasis added).⁶⁰
- 2.31 That was a clear application of the idealism in the Philosophy Department. Professor McClennen described to me how, while trying to arrange Saif’s admission, he was “*aware of the tradition at the LSE ... to the effect that outreach work of this sort was done trying to bring children of national leaders of other countries to educate them ... to the values of the western political government and I thought Saif was an excellent candidate for that... we all thought there was a clear daylight between Saif and his father... it was a no brainer, to be inclined to reinforce that by having him study systematically and seriously the topics of these degrees here...*”⁶¹ Professor Cartwright put her view of the idealism factor as it applied to Saif as follows: Saif “*was a person who was in some position of being well known in authority and he wanted to work on a better system of global governance and ... so there is a rule of thumb, other things being equal it is good to train future leaders so that they will have these tools....*”; he was “*going to be involved in negotiating these things*”.⁶²

54 Professor McClennen, Woolf Inquiry Interview.

55 Professor Cartwright, email to various persons who had been involved in Saif Gaddafi’s PhD application, 12 December 2003. The title of Saif’s thesis as submitted was “*The role of civil society in the democratisation of global governing institutions: from soft power to collective decision making?*”

56 Saif was not admitted to any “remedial course” (and I am told none would be available under the Philosophy Department’s ordinary procedures), he was admitted to the MPhil/PhD course. Although all had agreed that Saif was not in a secure position to write a dissertation with the usual amount of supervision, the Philosophy Department judged him to be weak but to have reached a sufficient standard for admission to their PhD programme, which provided more teaching for their MPhil/PhD students than other Departments. That admission does not, the Philosophy Department have stressed, mean they apply lower “standards” than other departments. See footnote 110 below.

57 Which I am told is permitted under the regulations for the MPhil/PhD programme.

58 Professor Cartwright, email to various persons who had been involved in Saif Gaddafi’s PhD application, 12 December 2003.

59 Saif met the threshold requirements for admission at the time, but would not do so today. Now the Philosophy Department requires a “double distinction” for admission to the MPhil/PhD, i.e. a distinction in the overall designation plus a distinction in the thesis, but this was not the case in 2002. Saif’s marks in his MSc courses in the Philosophy Department were significantly higher than those studied in other Departments. Some witnesses have suggested to me that this might account for the fact that Saif was admitted to the Philosophy Department and not the Government Department. That does not emerge as a significant factor in the correspondence I have seen relating to Saif’s admission in 2003.

60 Professor Bradley, Statement to the Woolf Inquiry.

61 Professor McClennen, Woolf Inquiry Interview.

62 Professor Cartwright, Woolf Inquiry Interview.

2.32 However, Professor McClennen described Saif's admission to the Philosophy Department as *"the option which was least attractive to us... that meant he had to be back stopped, he had to be given additional help because it was not his field and he had to do certain courses and pass certain exams that had nothing to do with what he was working on, it was a very bad situation."*⁶³ Professor McClennen had envisaged that Saif ought to do an interdisciplinary PhD, given that his central interest was in governance but he had done an MSc in Philosophy (although it had been clear to Professor McClennen that Saif had only done that because he could get admitted to the Philosophy Department and couldn't get admitted elsewhere). The title of Saif's thesis as submitted was *"The role of civil society in the democratisation of global governing institutions: from soft power to collective decision making?"* Having been rejected by the Government Department, Saif had to do that PhD work in the Philosophy Department, but, as Professor Cartwright put it, Saif *"wasn't a particularly good philosopher and when he had to take pure philosophy courses he hated them. He wanted just the things in the political philosophy that would help him with his research and our Department makes you take some other things"*.⁶⁴

II. Assistance received by Saif during his academic career

2.33 A consequence of the idealism factor is that professors in the Philosophy Department, in working with *"policy people"* who may not have straight philosophy skills, recognise that they *"work more with our students than other departments"*.⁶⁵ Professor Cartwright is willing to go to great effort to assist students, particularly those she described to me as *"non standard... [who] offered different kind of challenges"*, one of which was Saif.⁶⁶

2.34 Saif did indeed need extra assistance. He had had considerable assistance during his MSc in PPSV. Given that Saif required *"far more help than he could expect from the Department"*⁶⁷ Dr Philipp Dorstewitz, then a PhD student, was assigned to Saif as an informal student mentor, who *"travel[led] with him while he jetted around Europe and while they were on the plane he would be briefing Saif"*⁶⁸ and tutoring him in Philosophy. I have interviewed Dr Dorstewitz. In an informal conversation about Saif at the beginning of his MSc, Professor McClennen told Dr Dorstewitz that he would appreciate it if he could offer Saif some help on his studies because the Department was at that point a little worried about his progress. Dr Dorstewitz told me he was then involved for two years with Saif *"very very intensively involved in basically all his academic processes. Especially his Masters, I coached him in I think all subjects that he had to pass his exams for and I made it, not a full time job, but a substantial amount of my time. I saw him about four times a week in the evenings or afternoons for tutorial sessions, sometimes during the weekend and I prepared all his courses which I was*

63 Woolf Inquiry Interview.

64 Professor Cartwright, Woolf Inquiry Interview.

65 Professor Cartwright, Woolf Inquiry Interview. She later commented that quotation should not be read as implying there is anything *"special about 'policy people'"*. She says the same would apply to those students with, say, a background in physics or economics and who may influence practice in those areas.

66 Woolf Inquiry Interview. Professor Cartwright set out to the Inquiry what she believes to be a supervisor's duty. *"The job of a supervisor"*, as she sees it, *"is to help the doctoral student write a thesis. How much help a student needs will vary in amount and in nature.... My department does not expect all students to need the same amount of attention, and does not plan to admit only those who will require some standard amount. What a student gets is what he or she needs, and that will vary and is expected to vary."* *"So the notion of 'special treatment' is shaky"*, in her view. As she puts it *"there will always and legitimately be students who get special treatment and were expected from the start to need it."*

67 Professor Cartwright, *Reference in Recommendation for Saif Alquadafi, PhD Programme in the LSE Government Department*, 13 September 2003.

68 Professor McClennen, Woolf Inquiry Interview.

*normally not entirely familiar with ... so it was a big chunk out of my time that I spent on him". Dr Dorstewitz tells me that he was very surprised at the progress Saif made during his first year: "it was really a problem in the beginning, to be quite frank" he said, "I mean, it was not only his English, it was, I think it had to do with his prior schooling, with his expectation that a university education is something about learning by heart, and not about really structuring your own thoughts. I was very impressed how fast he made progress and how dedicated he was as a student really. I mean he needed a lot of help and at times I was sitting next to him, it was always at his own terms, so it was him saying, 'I want to know this', and I had to spurt out an answer to that. I was very critical I really went many times over drafts of papers... I went many times over drafts before his exams and I proofed that minutely with him but I think I got him really to a point where he was able to write good English prose."*⁶⁹

- 2.35 Philipp Dorstewitz's tuition continued whilst Saif was an MPhil/PhD student in the period preceding the work which began on the thesis. Another student says he also provided Saif with tuition on his Logic course during his MPhil registration.⁷⁰
- 2.36 When it came to Saif's thesis, he commissioned a survey from the Monitor Group, an American consultancy firm, which was permitted by the Philosophy Department and acknowledged in Saif's thesis. That external assistance was additional to the work of the team of supervisors engaged in supervising Saif's interdisciplinary thesis. At the LSE it is necessary for a PhD to be housed in one particular Department, although it is not unusual for a student to be assisted by academics in another Department. Professors Bradley and Cartwright were formally listed as supervisors on the School's records.⁷¹ Professor Held, in the Government Department, commented on two chapters of the thesis, Dr Voorhoeve, in the Philosophy Department commented on one and a half chapters, and there was comment from Professor McClennen as envisaged from the time of admission. Those supervisors never became part of the official record, although their input was in certain cases substantial, and directed and requested by Professor Cartwright as lead supervisor. Professor Cartwright, as the main supervisor, recognised that she *"shouldn't have in the natural course of events, been directing it, [Professor McClennen] should have been directing it and then David [Held], so then my role was to get the arguments sort of straightened out."*⁷² She told me there is nothing objectionable about a situation where a main supervisor is an academic who confesses she is not an expert on the matters in the thesis. For an interdisciplinary degree, she told me, a supervisor is not always an expert in all of the areas covered by the thesis, although *"it would have been infinitely better"* if Professor McClennen had been the supervisor.⁷³ Professor McClennen, however, had left the School and returned to the United States prior to Saif's admission to the MPhil/PhD.

III. Unknown outside assistance received by Saif

- 2.37 In addition to the help received from and known to the Philosophy Department, Saif had outside assistance with his work which was unknown to his lead supervisor, Professor Cartwright. Concerns about this assistance have led to an investigation into

69 Woolf Inquiry Interview.

70 It seems as though Saif had two tutors for that course. Dr Dorstewitz also tutored Saif for the Logic course he had to take during his MPhil registration and was flown to Tripoli by Saif to spend a week doing so. Professor Cartwright was aware that Philipp Dorstewitz was providing tuition during Saif's MSc, but was not aware that he was still teaching Saif during his MPhil (although she considers there is nothing objectionable about that assistance).

71 The former had no real involvement with Saif after his MPhil registration.

72 Professor Cartwright, Woolf Inquiry Interview.

73 Professor Cartwright, Woolf Inquiry Interview.

allegations regarding the authenticity of Saif's work. This has been referred to a panel appointed under the *Procedure for the Consideration of the Allegations of Irregularity in Relation to University of London Awards*, which will determine whether the assistance received amounts to academic misconduct. It is not for me to determine whether the level of assistance received by Saif was improper and I make clear that I make no findings as to this. I set out a broad brush view of some of the assistance received by Saif below, and merely note that some of that assistance was unknown to Saif's departmental supervisors. I repeat that I make no finding as to the propriety of the assistance obtained. My interest is whether the concerns about the authenticity of Saif's work reveal issues which ought to be addressed by the LSE. The history of Saif's career at the LSE poses the question for the future, what does the LSE, as a world class university, consider to be an appropriate degree of assistance for a PhD student to receive?

- 2.38 Saif's career as an LSE student was dogged by disquiet over the amount of outside assistance he was given with his work. Throughout Saif's time at the LSE, academics who taught him expressed concern about the assistance which he might be receiving. Saif was warned on a number of occasions about the amount of outside assistance he was receiving and was told that his work must be his own. However, it was only at the beginning of 2011, when the media gave exposure to doubts about the academic authenticity of Saif's work, that a broader picture of the assistance received began to be revealed.

(A) Justification for concern whilst Saif was a student

- 2.39 During Saif's MSc in PPSV there was justification for concern about the degree of outside assistance Saif was receiving.
- 2.40 Mr Yahia Said, a research fellow at the LSE Centre for Global Governance taught Saif on his "*Global Civil Society*" course. He formed a very poor impression of Saif and described to me how he was approached by individuals who purported to work for Saif or the Libyan Embassy with questions about papers he needed to write for the course. These individuals stated freely that they were preparing the papers Saif was required to provide for his MSc and "*were speaking openly about it. I don't think they even realised it was wrong.*"⁷⁴ Mr Said refused to continue teaching Saif. He reported his concerns at the time to the Professor in charge of the "*Global Civil Society*" course, Professor Mary Kaldor. She removed Saif from Yahia Said's class and into hers. She considered the quality of Saif's work to be so poor that she did not attach much significance to the intervention by Saif's assistants, who appeared to her to be collating sources for Saif. In light of the quality of Saif's work for her, Professor Kaldor told me she had real doubts that Saif's MSc thesis (which she had read at the time of his second PhD application) had been produced without assistance.⁷⁵
- 2.41 The correspondence relating to Saif's PhD admission itself was peppered by an underlying sense of query whether Saif's MSc work was his own. Writing to encourage the admission of Saif in August 2003, Professor McClennen commented favourably

74 Yahia Said, Woolf Inquiry Interview.

75 Professor Kaldor says that she expressed doubts about the masters thesis, for two reasons. First, it was very well written and she did not believe that Saif's English could have improved so much in such a short time, even assuming that grammatical and spelling mistakes had been corrected. Secondly, the thesis was about global civil society, but it hardly cited any of the literature which Professor Kaldor knew Saif had read in her class. She tells me that she expressed her concerns to Professor Cartwright, who had sent her the thesis, but that Professor Cartwright was herself convinced that Saif had written the thesis.

on Saif's MSc thesis, saying *"I have [another Professor's] assurance that this is really Saif's work"*.⁷⁶ That seems to me an unusual comment to make in reference to a student hoping to proceed to a PhD. Professor Kaldor's comment on Saif's MSc thesis and PhD proposal at the time was *"although I think they reflect his ideas, I suspect he has had a lot of help"*.⁷⁷

- 2.42 The concerns continued during Saif's MPhil/PhD. Saif had been admitted by the Philosophy Department in the knowledge that he needed to make significant effort to obtain PhD standard, but his PhD was being done at a time when Saif was playing an increasing role on the world stage. He is reported to have been involved in important diplomatic negotiations, such as the Bulgarian nurse affair and the payment of compensation to victims of the Lockerbie bombing. Later Sir Howard was to cross his path at the Davos World Economic Forum. Saif was *"... extremely active... giving talks all over Europe and ... Libya. He was also running the Foundation ... I was impressed at the fact that despite all of that... he was right from the very beginning putting together a lot of material"*.⁷⁸ Dr Dorstewitz, the PhD student who tutored Saif during his first two years at the LSE told me how Saif's political activity was intensive even during his first year at the LSE. As he put it *"it was a continuous career that he was pursuing at the time of his masters already... when we were working together it was an attention span of several minutes and then there was an interruption and a telephone call in Arabic"*.⁷⁹ He told me a story about how the day before one of his MSc exams, Saif had to fly to meet a Head of State to discuss the payment of damages for the UTA bombings.⁸⁰ Dr Dorstewitz expressed concern from the perspective of Saif's MSc, but Saif told him that he really had to go. In the event Dr Dorstewitz flew with Saif on his private jet, and prepared him for the exam on the plane. He tells me that Saif had a *"very very hectic political career, there were many interviews that interrupted our work. I was quite amazed that he could do what he did given that he was so much involved in politics. I know he was amazingly capable of multitasking, so he would very briefly change the subject, and come right back to where we had stopped"*.⁸¹ Saif was also during this period involved in an international travelling exhibition of his art work *"The Desert is Not Silent"*. Sir Howard told me in interview that there was a point at which he wondered whether Saif would actually get his PhD *"since he was doing a lot of other things"*.
- 2.43 Those other activities required Saif to be away from London seemingly for significant periods of time. Indeed, when Saif emailed his supervisors to arrange thesis supervision sessions he would often do so telling them he was *"coming to London"* for the week, or for a number of (listed) days, and asking when they could see him in that window. Professor Cartwright in fact asked Saif on a number of occasions whether he would like to become registered as a part time PhD student, given his other commitments,⁸² but he declined. When it came to the time for Saif's registration to be upgraded to PhD level, the Philosophy Department refused to do so twice, first at their 2004 annual Progress Meeting and again at the 2005 Progress Meeting. At that 2005 meeting the decision was taken that, although there had been some progress, the Department could not yet guarantee that the work would eventually become of acceptable PhD

76 Email from Professor McClennen to Professor Kaldor, Professor Held, Professor Barker, and Professor Lord Desai, 10 August 2003.

77 Email from Professor Kaldor to Professor Barker and Professor Held, 24 September 2003.

78 Professor McClennen, Woolf Inquiry Interview.

79 Dr Dorstewitz, Woolf Inquiry Interview.

80 Dr Dorstewitz, Woolf Inquiry Interview.

81 Dr Dorstewitz, Woolf Inquiry Interview.

82 As Professor Cartwright put it in interview with me, *"given his declaration that he was interested in better international governance and reform in Libya ...[I thought] he ought probably to be spending some time on it."*

standard. Rather than being 'upgraded', Saif was held at MPhil registration for yet a further 12 months. At the Progress Meeting in 2005, concerns were expressed about Saif having too many other commitments and not being in London enough. However, because Saif's work then improved in the following academic year, Saif finally was allowed to become registered for the PhD in the summer of 2006.

- 2.44 Given Saif's high profile, the embarrassment of failure or withdrawal from the PhD would have been acute. The extra effort needed by Saif to achieve PhD standard combined with the other commitments he had abroad should have raised a red flag. There was a risk Saif might be tempted to use his resources to seek outside assistance with his work. That risk surely increased as Saif was successively refused upgrade to the status of PhD student in 2004 and again in 2005. There would have been a strong temptation to use those resources, or risk a public failure or withdrawal from the PhD which Saif had been persistently seeking since 2001. Throughout his PhD, there were real justifications for concern that this risk of outside assistance had in fact materialised. It became a matter of general comment.
- 2.45 During the MPhil stage of Saif's PhD, Dr Jeff Seidmann reported that Saif had read off a presentation mechanistically and was unable to engage with the material during a question and answer session. Dr Seidmann taught Saif on PH501, one of the compulsory taught courses which Saif took as part of his MPhil registration. That course was not tested by examination, but by the satisfactory completion of two essays. For the second of those essays, the Lent Term essay, Saif handed in an essay which was not on an assigned topic.⁸³
- 2.46 Dr Seidmann emailed Professor Worrall, Director of Graduate Studies for the Philosophy Department, to express his concern. He did not want to press too strongly how the matter ought to be handled since he was about to leave the Department, but wrote that he "*would not be at all comfortable giving a mark to this essay*". Professor Worrall wrote to Professors Cartwright and Bradley describing how "*[Saif] admitted to [Dr. Seidmann] on being gently questioned after the seminar that he had had some help (from professional philosophers in Libya)*". Following Professor Seidmann's expression of concern, Professor Cartwright met with Saif and asked him to write another paper for Professor Seidmann's course, this time on an assigned topic, in order to satisfy the course requirements. She insisted that the work had to be his own and that he should not even get any editorial help.
- 2.47 Saif resubmitted the Lent Term essay which was required for PH501 over the summer. Professor Cartwright and Professor Worrall marked the new paper jointly. Writing of the new essay, Professor Worrall came to the conclusion that "*it's not by any means clear that he couldn't have written the thing. So we clearly must give him the benefit of the doubt*". That paper satisfied the course requirement, and Saif passed PH501.
- 2.48 It seems nothing was done to establish whether the essay Saif had originally submitted had been written by Saif. Indeed Saif had admitted on being questioned that he had help for the paper he first handed in for the requirements of his MPhil PH501 course.
- 2.49 Saif also took an International Political Economy of Development course during his MPhil year. In June 2004 Professor Wade, who taught him, also discussed whether Saif might have received assistance with a paper he wrote for his course. He thought Saif "*probably did think and write it mostly himself... [during conversations] I could never get*

83 Saif achieved a mark of "satisfactory" on his Michaelmas Term essay.

clear exactly what he was arguing – but it does come across more clearly in this paper. As for the internal evidence, the style is mixed: some reads as though it came from somewhere/someone else, but quite a bit of it – and the major shaping parts – sound like him. I am inclined to take the paper at face value.”

- 2.50 Professor Worrall also went to the exam hall whilst Saif was sitting the Logic exam he took as part of his MPhil requirements, and confirmed Saif was sitting the paper himself.⁸⁴ He did so because there had been rumours that Saif had not been sitting his exams himself, although co-students had confirmed that Saif was sitting next to them during the MSc exams.
- 2.51 However, the doubts continued when, in April 2005, Dr Voorhoeve began working with Saif on his thesis. He was worried that there was a possibility that some of the work which he had read might not be Saif’s because Saif had not been able to recall the title of a source from which there were several quotes. He sent an email to Professor Worrall, in his capacity as Director of Graduate Studies for the Department, and to the Head of Department, Professor Bradley and Saif’s supervisor, Professor Cartwright. Following Dr Voorhoeve’s concern, Professor Cartwright had a frank discussion with Saif and impressed on him that the work should be his own. Dr Voorhoeve monitored Saif’s progress and the problem did not recur.
- 2.52 After the time when Saif ought to have moved forward from his MPhil status to become registered as a PhD student, the concerns remained about the level of outside assistance Saif was receiving. In the letter sent to Saif in July 2005, notifying him of the outcome of the 2005 Progress Meeting, at which it had been decided that Saif’s work was not yet of a standard to enable him to progress to PhD status, Saif was informed that there were some *“continuing concerns about the extent of the outside help which [Saif] may be receiving”*.⁸⁵ He was told in that letter *“It is of course very important that the thesis you write should be your own work (which does not however, of course preclude you from taking advice from others)”*.⁸⁶ Saif’s response was to deny vehemently that the work was anything other than his own. I quote him: *“I have heard more than one time the complain (sic) about “outside help” which seems strange to me. This complaint is really not clear to me. Personally, the expression “outside help” is like an offense (sic) to all the effort I have been doing alone. This rumour was probably created and expanded by those who are against my admission at the LSC (sic). But to me, it means a nonsense argument by the time I’m convinced to the contrary. That’s why I hope we put an end to it”*.⁸⁷
- 2.53 Professor Held reported a rumour in early 2008 that Saif had employed someone to help him with the thesis. Professors in the Philosophy Department conferred and decided not to investigate since it was no more than a rumour.⁸⁸ They considered that they had no evidence and that they would not have acted on a rumour were it about another student. They were clearly concerned to ensure that Saif was not treated differently because of his background.⁸⁹

84 Saif achieved a mark of 61%. This Logic exam was the other formally assessed element to Saif’s MPhil year, and the only element assessed by examination. The other assessed element was the PH501 course referred to at paragraphs 2.45 - 2.48 above.

85 Letter from Professor Worrall to Saif, 28 July 2005. It is thought this letter refers to Dr Seidmann’s concern.

86 Letter from Professor Worrall to Saif, 28 July 2005.

87 Email from Saif Gaddafi to Professor Cartwright, 28 July 2005. Emphasis in bold original.

88 The rumour has now been investigated (in 2011), and in the event amounted to nothing more than someone having claimed that there must have been a ghost writer.

89 As I set out at paragraph 2.62 below, that was laudable, but failed to take account of the fact that Saif’s background resulted in his having a large number of other demands on his time and was such that he could procure a level of assistance which would not be open to the ordinary PhD student.

(B) Investigation in 2011

- 2.54 The LSE has conducted an investigation of Saif's LSE email account. Its contents suggest a level of assistance was given to Saif which had not been known previously to Professor Cartwright, or others located within the Philosophy Department. He had help which would not have been available to the majority of his co-students at the LSE. However, the ability to discover precisely what happened, or how Saif worked is now hampered by the passage of time, the incomplete retention of emails, and the events in Libya at the beginning of 2011 which mean Saif is unable to provide any explanation. It would have been preferable from the perspective of both finding the full facts and allowing Saif to comment on the evidence, had some investigation of Saif's emails taken place earlier.⁹⁰
- 2.55 It appears as though Omran Bukhres, a Libyan national who had been an Associate Professor at Purdue University, Indianapolis, USA, was assisting Saif during his PhD. Omran Bukhres appears to have been Saif's personal assistant and speechwriter.
- 2.56 Professor McClennen, who came to know Omran Bukhres through work the Professor was doing on constitutional reform in Libya,⁹¹ informed me that Saif worked by a process of what was termed "dictation" to Omran Bukhres. Professor Barber describes how the dictations were in Arabic, which were then translated and transcribed. Another who knew Saif at the time suggests that the Arabic dictations related to a book on which Saif was later working.
- 2.57 These accounts of a form of dictation are confirmed by the contents of Saif's LSE email records. Omran Bukhres is seen to email Saif amended drafts of papers which were intended to become part of the PhD thesis. The amendments appear to have been made on the basis of recorded meetings or conversations between Omran Bukhres and Saif in which they would discuss the papers. Omran Bukhres would have a transcript of the conversations typed up. He would email the transcript (or a number of transcripts) to Saif at the same time as the draft paper, and he would mark in the transcript of the conversation where the requested amendments had been made to the paper. In one instance,⁹² the amendments are made in "track changes" so the extent of the changes can be seen and can be mapped against the extent of direction from Saif in the transcript of the conversation with Omran Bukhres. Entities other than Saif and Omran Bukhres appear in the background to the work. For example, in one transcript of the conversations between Omran Bukhres and Saif, where Saif commented that a particular topic needed a lot of work, Omran Bukhres responded that a memo on it was being prepared by the Research Department of the Monitor Group and gave a date by which that work would be ready.
- 2.58 The amendments were not only based on the taped conversations with Saif. The text would also be amended on the basis of comments made by supervisors about prior drafts. Omran Bukhres emailed Professor McClennen about those comments, asking the Professor for assistance for example, because "*at the moment my [Omran*

90 I am told such examination is permitted under the Conditions of Use of IT Facilities at LSE, in a number of strictly limited situations, including where an allegation has been made against a research student under the Regulations for Research Degrees. Whilst the right to investigate a student's LSE emails is an intrusive one, which is and must continue to be subject to extensive safeguards, it clearly can provide a useful tool in determining the full facts in a case where the suspected form of academic misconduct is otherwise hard to detect. I am told, for example, that it has been used in cases where an allegation of collusion on essays has been made against current students.

91 See Chapter 4 paragraph 4.24 - 4.27.

92 A chapter which had been intended to be placed in the thesis, but which was removed from the final version.

Bukhres'] understanding of this subject is very limited ... the author of these comments appears to favour the second option, but Saif has said in the latest dictation tape that he would like to argue for the third option. Either way, we need a little more information on what the argument for each of these options would be if we are to include either in the thesis".⁹³

- 2.59 Omran Bukhres would email Saif the amended paper and a copy of the transcript for approval before forwarding the draft paper (from Saif's email account and by email in Saif's name) to one of Saif's PhD supervisors for their consideration before a supervision session with Saif.⁹⁴
- 2.60 The above description sets out broadly a picture of how Saif appears to have worked in some cases. There are other, numerous, examples of assistance. They include Saif being sent an outline of the thesis by Omran Bukhres, and a "*an attempted' at the 3x3x3 matrix... needed for the master document [the thesis]*".⁹⁵ A consolidated "*first draft*" of the thesis was sent to Saif by Omran Bukhres, who wrote "*After your meeting with Professor Held I would like to work on it for another couple of weeks*".⁹⁶ The metadata of some of the relevant documents found as attachments in Saif's email account makes reference to a number of other individuals and suggests the computers of the Monitor Group were used to work on the thesis. The Monitor Group also appear to have prepared other memos, found in Saif's email account, on topics of interest to Saif. Omran Bukhres also sent Saif memos on topics seemingly of relevance to his studies,⁹⁷ and again the metadata in those suggests that a number of other individuals were involved in their preparation. Omran Bukhres would also assist Saif in formulating questions to ask of other academics, and would provide background research on the views of the academic before the final version of Saif's question was put to the academic.

(C) The adequacy of the LSE's response to concerns about outside assistance with Saif's work

- 2.61 The level of assistance Saif was receiving would have benefitted from an earlier examination in greater depth and a more vigorous response. Red flags were persistently raised that Saif was receiving outside help.
- 2.62 LSE staff were concerned to treat Saif in the same way they would any other student and were keen to protect him from what they thought might be a "witch hunt" against him. That might seem laudable, but failed to take into account the fact that Saif's background meant he could procure a level of assistance which would not be open to the ordinary PhD student. That ought to have been borne in mind. In Saif's case the concerns were persistent, and were not based on mere rumour but on the word of those who taught Saif and were marking his work.

93 Email from Omran Bukhres to Professor McClennen, 20 January 2006, forwarded to Saif on 25 February 2006.

94 Emails would be sent from Saif's account to the individual academics within the team involved in his supervision, to say he was coming to London on a particular date and requesting that they meet.

95 Email from Omran Bukhres to Saif, 25 February 2006.

96 Email from Omran Bukhres to Saif, 26 March 2006. The email continued "*I will also get feedback from Ned whom I am meeting later this week. Please remember this is the first draft. We still need to add the surveys and their detailed analysis. I will also be adding some more material from the Changing States booklet, as well as the Creating Global Governance report.*" This "*first draft*" came after work had begun on the individual chapters, which I am told were substantially in place by this time.

97 He seems to have done so as early as 2005, the earliest time from which Saif's email records remain.

- 2.63 That the one rumour which was easy to dispel (that Saif was not sitting his exams himself) was checked by a visit to the exam hall did not mean there was no basis in the other concerns of academic staff who taught Saif.
- 2.64 Professor Cartwright's view had been that Saif was *"close to the line but on the right side of it"*.⁹⁸ She and the others who supervised him took comfort in the fact that Saif's PhD progressed very gradually over time from what they refer to as a *"Saif-ese"* style to the finished product. He had to submit to formal courses, and his progress from MPhil to PhD status proved a genuinely difficult threshold. The same could be said of Saif's viva examination. I have interviewed both of Saif's PhD examiners. Professor McGrew was aware of the potential risks of ghost writing posed by high profile individuals (although was not aware that there had been actual concerns about this in Saif's case). He was conscious of that when studying the thesis, and constructed questions for the viva *"in some ways a bit like a legal cross examination ... trying to triangulate between different pieces of evidence to ensure that the phrases which were being used, the arguments that were put were well understood within the broader context... it wasn't simply a case of learning a brief"*.⁹⁹ Saif had intended to give a powerpoint presentation for his viva,¹⁰⁰ but was not permitted to do so by the examiners. Lord Desai, internal examiner, told me it would simply not be possible to do the viva which Saif undertook for over two hours unless he had done work himself.¹⁰¹ Professor McGrew told me he had no reservations by the end of the viva that the work was Saif's own. The outcome of the viva was that the PhD was referred for revision and resubmission within 18 months. Such an outcome was a *"(no doubt entirely justified but) harsh judgment"*¹⁰² and a relatively rare occurrence. The award of a PhD to Saif on 31 October 2008 following his resubmission¹⁰³ marked the end of what had been far from an easy process.
- 2.65 Saif's progressive development through a number of hurdles was seen by LSE staff as indicative that Saif was not receiving undue outside assistance. They were also comforted by the fact that *"on the surface"* he was an *"exemplary student... he organised supervisions, he came to the supervisions with material sent ahead"*¹⁰⁴ As Professor Cartwright wrote in her reference for Saif in 2003, *"he asked one question per seminar, showing that he had been grappling with the material. He took advantage of office hours and of the opportunity to write extra essays"*.
- 2.66 Another tutor at the LSE, however, described Saif as *"a decent politician... he was making diplomatic efforts, he was always in touch with Professors and teachers ... but*

98 Woolf Inquiry Interview.

99 Woolf Inquiry Interview.

100 On 9 August 2007, before his viva, Omran Bukhres had emailed Saif with two powerpoint presentations for his viva. One was said to be based exactly on Saif's dictation and *"last 13 phone calls"*. The other was one which had been edited by Professor McClennen and an individual who it is believed had worked for the Monitor Group and was serving as a subcontractor to Monitor at the time. Saif was urged to use the edited version, as the presentation based on Saif's dictation alone contained material which was no longer in the thesis and which Professor Cartwright had previously asked to be removed from the thesis.

101 Saif was heavily assisted as he prepared for his viva. He received an email from Omran Bukhres on 2 August 2007, with a list of a hundred sample questions, presumably for the viva, saying. *"This list is a draft. It may change as I get feedback from [a subcontractor to Monitor] and [Professor McClennen]. I think it would be a great idea if we can tape your answers so you can have them as notes. I will also develop answers to them in the next couple of weeks."* In addition to this assistance in preparing for the viva, Saif, like most PhD candidates in the Philosophy Department was given a mock viva within the LSE (in his case by Professor Held and Dr Voorhoeve).

102 Professor Bovens, Woolf Inquiry Interview.

103 This was done without a further viva, which I am informed is standard practice.

104 Professor Cartwright, Woolf Inquiry Interview.

he was not making academic effort".¹⁰⁵ It is clear now that Saif duped the supervisors who worked so hard to assist him with his PhD. Professor Cartwright did not know that Saif was working by a process of dictation. *"It was clear to him we were working hard for him and he was dishonest with us... it was disingenuous... he was clearly presenting himself in a different way"*.¹⁰⁶

- 2.67 Despite Saif's appearance as a diligent student, there had been persistent concerns about his method of working. The position is especially disturbing because at the time of Saif's admission to study for his MPhil/PhD, there was already disquiet about the assistance that Saif is alleged to have received. The transformation in Saif's abilities said to have been demonstrated by his MSc thesis, about which Professor McClennen was so excited, may also not be exclusively the result of Saif's solo efforts.
- 2.68 With the wisdom of hindsight, it can certainly be said that it would have been preferable had there been earlier and more vigorous action taken to respond to the continuing concerns that Saif was receiving undue assistance with his work. However, looking at the evidence as was available at the time, it is clear that the position with which the professors in the Philosophy Department were faced was less straightforward. The LSE has to deal fairly with its students and it would not be fair to commence wholesale investigative and disciplinary proceedings in the absence of sufficient grounds for doing so.
- 2.69 Professor Luc Bovens was not involved in Saif's academic studies at the LSE, but is now Head of Department. In that capacity, he commented to the Inquiry that people will *"want to say [to the Philosophy Department] something like: 'Come on, there was enough smoke to warrant expelling him from the programme!' I really disagree on this point. There was enough smoke to investigate. We did. But in the absence of finding hard evidence, one has to continue on the presumption of innocence. Furthermore, with people like Saif, there is bound to [be] smoke, considering that they have so many political enemies."*
- 2.70 This case highlights that there can be real difficulty for academic staff in detecting the level of outside assistance received by a candidate who does not voluntarily disclose that help, whilst remaining fair to the student and not triggering disciplinary proceedings at a premature stage. Two lessons in particular emerge from this difficult case.
- 2.71 First, it is necessary to gather and share all the available information which can give the clearest picture of any concerns about the amount or type of assistance a student is receiving (see paragraphs 2.89 to 2.101 below). Second, it is necessary that the LSE set out as precisely as possible what forms and degrees of assistance are impermissible (see paragraphs 2.102 to 2.108 below). A clear rule can act as a deterrent. The particular circumstances of Saif's case, and the wide range of assistance which was open to him mean that his is perhaps an example of a case where the guidance on what was permissible had to be tailored to the particular case.
- 2.72 I deal with these lessons in the section which follows. Although I recognise that the detection of the level of outside assistance received by Saif would have required invasive and serious investigative and disciplinary action, academic staff at the LSE

105 Yahia Said, Woolf Inquiry Interview.

106 Woolf Inquiry Interview.

benefit from a body of regulations governing a student's academic life at the LSE. In particular, there is a clear requirement (subject to waiver upon satisfaction of certain conditions) that a PhD student reside in London. There are a number of tools which exist to protect the student and the School and academics should be vigorous in using them, particularly when other action (such as disciplinary or investigative action) appears to be too drastic a measure in the particular case (see paragraphs 2.109 to 2.111 below).

IV. Lessons to be learned

2.73 I turn now to consider what lessons might be learned from the history of Saif's admission to and time at the LSE.

(A) Differing practices as to PhD admissions

2.74 Professor John Sutton, in his report on the Centre for Global Governance¹⁰⁷ recommends consideration be given to the diffusion of the School's best practice in respect of the admissions procedures for doctoral students. I agree.

2.75 Professor Sutton described to me a number of models for PhD admission. There has been a slow movement from the traditional model, Model B, to a new Model A. The traditional Model B depended on a single individual making the decision whether to admit a PhD student. Model A, which the Economics Department adopts, involves a sub-committee within the Department deciding upon the application based on whether the student's background and qualifications meet the required standard for a doctoral student within the Department. His view is that Model A, although it can be seen as throwing away the advantages of flexibility and individual judgment on other valuable information to an admissions decision, is rigid, transparent and minimises risk. Model B is said to allow a supervisor to say "*I will undertake the hard work of supervising that student, and if he needs extra help he will be given it*" whereas Model A admits of no "*special pleading*".¹⁰⁸ Although, as Professor Sutton told me, a more rigid model of admissions means "*we may lose the opportunity to educate great world leaders*" in his view "*that is a small price to pay for maintaining academic standards, because that is our business*". The LSE has not chosen, as an institution, whether it has adopted Model A or Model B. It is time for the LSE to decide which should be adopted as best practice.

2.76 No doubt individual departmental admissions practices, both in terms of the admission criteria they apply and the process for deciding whether to admit a student, possess variations. Professor Sutton's description does no more than identify extremes. The difference between Model A and Model B is not particularly in issue in the case of Saif's admission, because the Philosophy Department seems to have adopted Model A at least by 2003 when Saif applied for a second time to be admitted as an MPhil/

107 See chapter 3, paragraph 3.199. On the same day as this Inquiry was appointed, LSE's Council requested that a Review Committee be established to look into the Centre for Global Governance.

108 Professor John Sutton, Woolf Inquiry Interview.

PhD student.¹⁰⁹ However, the differing models described in paragraph 2.75 above are reflective of a wider lack of consistency between departments as to admissions practices and the criteria which departments apply when making decisions about admissions.

- 2.77 The admission practice within the Philosophy Department has certain features which enabled Saif to be admitted where other departments would not have him (in that it applies a criterion in admission decisions which is not applied by other departments). He was a candidate who benefitted from the idealism factor. A result of that factor is that “*non standard*” candidates who require a degree of work to enable them to achieve a PhD might be accepted to the Philosophy Department, but not elsewhere.¹¹⁰
- 2.78 When a university is faced with a PhD candidate who might be rejected on grounds of conventional reasons of insufficient academic strength, but who was accepted under influence of an idealism within one department, there is a risk that the candidate might not achieve the standard that the PhD requires. The PhD might continue for years, and eventually peter out. In such a case, the candidate might rightly complain they had not been treated fairly by the institution who ought not to have allowed them to embark on a project which was going nowhere.¹¹¹ The other risk is that a candidate such as Saif, who has access to assistance, will use it. It is in the candidate’s interest that the proper decision be made at the time of admission. The more the candidate has invested in the PhD, the harder it will be to cut the cord later.¹¹²
- 2.79 There was a real risk that Saif would be subject to inappropriate pressure to achieve a successful outcome because, in view of his ambitions, he could not afford the loss of face involved in his failing. It had been recognised at the time of his admission that Saif would need extra teaching to achieve a PhD. This could result in feelings among his contemporaries that far from Saif being prejudiced by being his father’s son, he was receiving favoured treatment.
- 2.80 Saif’s admission was a paradigm application of the idealist view. A number of questions arise as a result of the approach adopted. Were the members of staff qualified to venture an opinion as to whether Saif having a PhD would benefit Libya? If he was going to be a good influence on Libya would that not be almost equally possible without a PhD? While I agree Saif should not be treated adversely because of his father, does not the approach adopted implicitly involve treating him favourably

109 In that a committee within the Department, rather than an individual academic, makes the admission decision. In her response to a comment from the Government Department that no individual professor would be able to admit a student to their MPhil/PhD (see footnote 50 above) Professor Cartwright commented the same was true in her Department, the decision is made by a committee. See also Appendix 4 “*Offer of admission to the MPhil/PhD in Philosophy in 2002*” as to the desirability of Model A.

110 Professor Cartwright emphasised to me that this does not mean that the Philosophy Department has lower “standards” than other departments. Her view is that many of the students admitted to the MPhil/PhD programme in her Department will be weak in some significant aspect of their required skills because the Department specialises in the philosophy of the natural, social and decision sciences. That requires both philosophical training and knowledge and training in specific natural or social sciences. For that reason, the Philosophy Department invests more time in teaching their PhD students than other departments.

111 As Baroness Blackstone put it to me in interview, care has to be taken with the admission of overseas students to postgraduate degrees: “*They have to pay a lot of money to do this, sometimes they borrow money, which is quite hard for them to pay back and if they fail they are a disgrace to their families and they are a huge disappointment to themselves and it may take quite a long time for them to recover from it ... you should not admit people who are likely to fail.*”

112 A number of witnesses have suggested to me that the MPhil registration period provides a real safeguard to universities when they make decisions on admission to PhD programmes. See paragraph 2.109 below.

compared to others because of who his father is? Was this a case where the risks which were involved in his being accepted as a student were excessive? If they were, it was LSE's reputation that would suffer.

- 2.81 Professor Barker commented in interview that if a University says “...well the rules may be such and such but let's look at this application on its merits and on the likely benefits for the school... there is no fairness. I have always been in favour of having clear procedures... on what we ask of a candidate before we admit them to our degree. Of course every candidate is different, and you have to consider the many different ways in which a potential student may be considered to meet the standards we require. For instance at undergraduate entry a student from a family which has never had someone in a university, or from a school which tends to get poor examination results could be assessed with an eye to underlying quality and potential in order to accommodate the values of the School. But in the case of research students we have to be convinced that the student is ready for and capable of independent, albeit supervised, research, and that they have a viable proposal to which they have given serious consideration. If those pretty broad conditions are not met, then even if it may seem unfortunate for the candidate or that we are missing out on some opportunity for the School, to say that despite everything we'll admit this candidate even though others who similarly fail to meet our criteria are being rejected, you get into a situation both of unfairness and of reputational damage. It is very dangerous to set aside the rules in a way that favours a particular person, however beneficial to the school the individual case seems to be”.
- 2.82 In parallel with Professor Sutton, I consider the School ought to give consideration to the diffusion of best practice in respect of the admissions procedures for doctoral students.
- 2.83 I recommend that the LSE come to a considered view itself on the following two questions: (a) to what extent it is appropriate in the case of PhD admissions to take into account a student's potential ability to benefit society as a result of their attendance at the LSE; and (b) if this potential ability may be taken into account, should the circumstances and extent to which it can be taken into account be solely for individual professors or departments to determine, or should they be the subject of guidance issued and approved by the professorial body of the LSE as a whole?

(B) Departmental differences

- 2.84 Saif's case was an extreme one, but it indicates there can be ethical and reputational dangers when departments differ in their approach to a student or admissions. The difference of opinion between the Philosophy and Government Department in 2003 led to rumours and concerns about the propriety of Saif's admission to the LSE, with the result that the Director, Sir Howard, had to investigate the matter in June 2005, but considered there was no sound basis on which he could question Saif's status at the School.
- 2.85 There is currently no system for the resolution of differences of opinion between departments and it may be that no such system is desirable. Departments are independent academic units. At the LSE their independence is such that they each appear to act as their own sovereign authority. Past and present Directors and Pro-Directors of the LSE, including the Pro-Director for Teaching and Learning, say they would not become involved in admissions decisions or step in to resolve this form of conflict for fear of trespassing on academic independence. Adrian Hall confirmed to me that there is no formal structure for the escalation of concerns beyond the

department. I am informed that in the 1980s and early 1990s the School had a number of committees on which representatives from all or many departments sat. One example given was that of the Graduate School committee. Whilst such committees in certain instances led to the bureaucracy of the “worst sort”, for example allowing “committee bores to quibble about the placement of commas in specialist titles that they could not understand”, it was recognised that “reform has its draw backs”, one of which is that “many academic staff ... just don’t know what is going on outside their own department or centre”.¹¹³

- 2.86 Academic independence should be respected. However, a machinery which sits above departments is needed to avoid difficulties and conflicts which may emerge interdepartmentally. Professor Graham Zellick, who has considerable experience in a number of contexts in academia and whose opinion I value highly, told me that there is nothing in the notion of academic freedom which lends support to having no arrangements, or only casual arrangements at a higher level than the individual departments. As he put it, a degree of academic autonomy is important, but on the other hand there should not be academic anarchy. He saw as best practice that there be some form of academic committee, sitting at a level above the department, which should have oversight over PhD admissions; whether the student is qualified; whether a PhD student has been placed in the correct department; whether a supervisor is adequately qualified to act in a particular case; to rule on the scope of a thesis before the student spends three years researching it; and to check that the work is a feasible and plausible course of study. That was seen as necessary partly in the interests of the student, who ought not to end up in the wrong department or on a lengthy course of study which has a risk of no outcome, and as a protection for the university.
- 2.87 There should be an academic body staffed by appropriate professors from across the LSE, charged with oversight of the admission of postgraduate students and their continuing programme of work. One of the functions of that body might include offering sufficiently specific guidelines about the admission and monitoring of the progress of PhD students.¹¹⁴ However, it should also act as a body to which departments can escalate concerns or which can reconcile or mediate differences between departments over situations which have caused queries as to what is within acceptable or best practice within the School. Such situations should include those relating to decisions about admissions, as well as the programme of study and progress of a student.
- 2.88 How such a body would fit within the existing structure of the School is a matter for the LSE.¹¹⁵ I am told that it would reflect best practice were such a body to have a decision making power. However, if the LSE considers such a power would be undesirable, in certain circumstances the body should exist as an advisory one, acting as a sounding board for the departments.

113 Online submission from C. Fuller Emeritus Professor of Anthropology, 18 March 2011.

114 I hasten to make clear that by recommending that the body have “oversight” over the admission of PhD students and their continuing programme of work, I am not recommending that every single decision about the application or academic life of a PhD student be considered by the committee.

115 The LSE Research Degrees Subcommittee, a Subcommittee of the Teaching, Learning and Assessment Committee of the Academic Board, may already perform some of these tasks. I am also told that there is a recent innovation in the creation of a “Doctoral Directors’ Forum”. However, what is essential is that there is an academic body to which individual academics or departments can escalate a matter of concern for guidance or a decision, including guidance or a decision on matters of concern relating to admissions. That body should also guard against the situation, for example, where a student ends up following a course of study in the “wrong” department, because the department in which they should be located won’t admit them. Any such committee should be clearly visible to departments and staff as a point of reference for such situations.

(C) Communication and escalation of concerns

- 2.89 There were failures in the escalation of concerns and relevant information amongst the academics involved in Saif's education.
- 2.90 In April 2002, a number of months after Saif's application to the LSE, Professor Halliday sent an email to a number of staff at the LSE, including a Pro-Director and Adrian Hall who passed the email to the Graduate Office. Professor Halliday had seen an article in the British press in which Saif had made a statement that he was looking forward to studying at the LSE later that year. In his email Professor Halliday set out a number of unusual strands in the factual background to Saif's admission in 2002.
- 2.91 First, Professor Bradley was not the first LSE academic who had met with Saif prior to his admission. In February 2002, Professor Halliday had gone to Libya as part of a non-governmental visit sponsored by the Foreign Office.¹¹⁶ During that visit he was asked to meet Saif at his home, which he did. Saif informed him that he had great interest in studying at the LSE, had already applied to the Management Department and had great interest in the writings of the Director, then Professor Giddens.¹¹⁷ Later in the spring of 2002, Professor Halliday wrote, he received a message from the British Embassy in Libya saying that Saif was coming to London later in April and hoped to meet with Professor Giddens. That proved not possible because the Director was abroad. Professor Halliday was later approached by one of Saif's advisors who came to London and met with him. Professor Halliday described how Saif had also met with Professor Wade, and was going to submit a revised PhD proposal to DESTIN, the Department to which the Professor was attached.¹¹⁸ The introduction to Professor Wade, he said, was through a colleague in the School of Oriental and African Studies.
- 2.92 Further, Professor Halliday noted that an employee of LSE-E had been approached about Saif's application by "*a British Aerospace firm with trading interests in the Middle East*"¹¹⁹. BAE systems contacted me upon this Inquiry being announced. They told me that in 2002 they had sent an employee from their group marketing team to work at Saif's Foundation. The employee's salary was paid by BAE, although expenses were paid by the Foundation. The employee assisted Saif with the administration of his application to the LSE. Between 2004 and 2006, the employee was formally seconded to Saif's Foundation by BAE. It was no secret that that secondment arrangement had taken place, and BAE did not consider it unacceptable in line with their business practices at the time, although they are clear that they would not adopt this type of arrangement today.¹²⁰

116 I have spoken with Sir Richard Dalton, British Ambassador to Libya at the time, who confirmed to me that when Fred Halliday came to Libya at his invitation in 2002 for a "Non-Governmental Dialogue" that Sir Richard organised, Saif had already made his first approach to LSE and Professor Halliday appeared content with the prospect although he made clear that academic integrity came first: LSE did not give unmerited degrees.

117 Now Lord Giddens.

118 Which was eventually rejected, as set out in paragraph 2.4 above.

119 Email from Professor Halliday to a number of staff members and professors at the LSE, 19 April 2002.

120 BAE also stressed to me the context of this engagement with Saif. They told me that in 2002, Libya was seemingly coming into the fold, although a number of gateways remained to that transition. The British Government was, however, keen that British business would be poised to deal with Libya's requirements if and when they did so. A number of companies were said to have been approached in that regard. BAE were clear that they were not in the process of beginning to sell arms to Libya. They tell me the FCO made clear what BAE could and could not sell to that country. BAE was preparing to meet Libya's civil requirements, such as airport radar.

- 2.93 In his email, Professor Halliday expressed no opposition to Saif's admission to the School,¹²¹ but commented *"given this involves a matter now in the public domain, and given the interest of different external bodies in this application... it would be advisable for the different instances of LSE with knowledge of this matter to remain in touch. As with other instances of this kind ... our way forward would appear to be simple, to consider the candidate and the application on academic grounds"*¹²². It does not seem that the different instances of the LSE with knowledge of Saif's application did keep in touch. For example, Professor Richard Bradley, when he met with Saif to discuss his application to the Philosophy Department, had no idea that Saif had already been rejected by three other Departments.
- 2.94 A Pro-Director and a Director¹²³ had been aware of Saif's application to the School in 2002. However, Sir Howard Davies, who had arrived at the School after Saif's MSc and PhD admission, was not aware that Saif was at the LSE until he heard the name "Gaddafi" called, and handed Saif an MSc at his graduation ceremony.
- 2.95 The failure of different parts of the School to communicate with each other continued during Saif's time as a student. There was *"a lot concealed and a lot going on in different places... [the Philosophy Department] should have been in a position to look at it all because he was our student"*.¹²⁴
- 2.96 Professors Bradley and Cartwright, Saif's departmental supervisors for his PhD had had *"no word"*¹²⁵ about the complaints of Yahia Said made during Saif's MSc.¹²⁶ That complaint would have been *"a genuine cause of concern"*.¹²⁷
- 2.97 Further, Professor McClennen knew that Saif was working by a process of dictation to Omran Bukhres. Professor McClennen appears to have recognised that that method of working might account for the impression which Dr Seidmann had that Saif's work was not his own. In September 2005, Professor McClennen emailed Omran Bukhres.¹²⁸ The email appears to address concerns arising from Saif's receipt of the letter from Professor Worrall in July 2005 (informing Saif that he had again been refused upgrade from MPhil to PhD status and expressing concern about the level of outside assistance which Saif might be receiving).¹²⁹ Professor McClennen wrote: *"On the question of whether what Saif has submitted was his own work ... it was voiced as a*

121 It was only later, after Saif's admission that Professor Halliday expressed concerns about Saif's presence at the School and his academic work.

122 Email from Professor Halliday to a number of staff members and professors at the LSE, 19 April 2002.

123 Professor Giddens was made aware of Saif's application for the MSc in PPSV. Professor McClennen went to see him about it at the time of Saif's application. However, Professor Giddens did not consider it was for him to interfere in admissions decisions.

124 Professor Cartwright, Woolf Inquiry Interview.

125 Professor Bradley, Woolf Inquiry Interview.

126 Yahia Said recalls that he and Professor Kaldor mentioned his concern to Professor McClennen, who was Director of Saif's MSc. Professor McClennen told me in interview he had no inkling whatsoever that Saif was getting any extra help on his MSc, but stressed at the end of his second interview with me that his memory as to when he became aware of concerns about the level of assistance Saif was receiving is clouded by the passage of time.

127 Professor Cartwright, Woolf Inquiry Interview.

128 Professor McClennen had come to know Omran Bukhres through a project on constitutional reform in Libya on which he was working at the time. See Chapter 4, paragraphs 4.24 - 4.27.

129 The subject line of the email is *"Re: The situation"* and the email opens *"Omran: I have now made inquiries and this is where things stand. (1) After careful consultation with David Held, it was decided to wait on certifying Saif for the PhD program. Held said that he had seen some of Saif's work, but could not say, yet, that it was of PhD quality. The Philosophy Department expects that it will become of PhD quality (as, apparently, so does Held), and so they see this as merely a delay in certifying him. When you send me what Saif has done so far, you must tell me what Held saw, so I can try to understand his judgment. (2) On the question of whether what Saif has submitted was his own work, no such charge came from Held;..."*

concern by persons within philosophy who saw some of his work and the concern arose only because when they had conferences with Saif, and questioned him about things he said in the papers he submitted, he did not seem to understand what they were asking—that it was as if he was not familiar with his own work. This is what led them to be worried. ... Judging from the conversations we had in Tripoli, I wonder if perhaps you have been taking somewhat “raw” material that Saif has left on tapes for you, or on written drafts, and have tried to organize and even clarify that material for him. That could, after all, account for the impression he left with people in the Philosophy Department”(emphasis added).

- 2.98 Professor McClennen did warn Omran Bukhres: “There is a fine line here—and it is terribly important that Saif stay on the right side of the line. You are certainly entitled to make extensive suggestions about the organization of the material, the phrasing, and the like (as I am also entitled), so long as Saif takes those suggestions and incorporates them himself into his draft material. Can you and I go over this point between ourselves for now, and not immediately pull Saif himself into the loop? That is, I would like to have your own thoughts before we proceed”.¹³⁰ However, Professor McClennen did not inform the Philosophy Department that the possible explanation for the impression they had that Saif was obtaining outside assistance was that he was working by this method.
- 2.99 Professor Janet Hartley, the Pro-Director for Teaching and Learning from August 2007, was not made aware of any concerns of Saif’s tutors that he might be receiving outside assistance. Those concerns were not formally escalated beyond the Philosophy Department. Had an allegation of ghostwriting been made at an earlier stage it would have been looked at.
- 2.100 Colleagues within an institution need to be proactive in ensuring that the relevant department or supervisor is made alive to information relevant to their responsibilities. Both Saif’s MSc and PhD in Philosophy involved other LSE departments, and the PhD required the assistance of an academic who had left the LSE and was then based in America. Professor Bradley considers that “one of the things that didn’t go right [in Saif’s case] was that it was handled purely departmentally... by the department negotiating with individuals in other departments to arrange for him to take courses, and for Professor Held to supervise... but with hindsight it would have been better if there was a School structure...”¹³¹ Professor Bovens considers that one of the errors in this case was that, given the high profile of the applicant, all aspects of the official supervisory structure ought to have been well documented but they were not. For example, Professor Held ought to have been given a formalised role on his return from sabbatical.
- 2.101 I am told by Professor Rees, interim Director of the LSE that it is “increasingly common for students now to do theses which are of a more multidisciplinary nature”.¹³² It is essential that there be good lines of communication and responsibility in such cases. As Professor Rees said to me in interview, it may be that “the LSE will think about how to deal with this in a more official way... in some cases there is a completely formal arrangement of having two supervisors who are in different departments... in other cases... you don’t go through a formal central process, but there is a request that you mentor a student [in another department] and there is a feeling that you

130 Email from Professor McClennen to Omran Bukhres, 9 September 2005.

131 Woolf Inquiry Interview.

132 Woolf Inquiry Interview

should cooperate between departments if you can". The LSE should consider what structures or mechanisms might be introduced to ensure good lines of responsibility and communication amongst different departments and senior academic staff. That is particularly necessary when multiple departments are involved in the admission, education or research work of a student. As part of that work, the LSE should investigate whether a formal structure within the School is needed for doctoral work which is interdisciplinary.

(D) Guidance on the levels of permissible assistance for a PhD student and rigour in using existing regulations

- 2.102 Saif was told by his tutors that he could get some help. For example, Professor Cartwright told Saif she only wanted to see essays in "proper English" by which she intended that a native English speaker ought to correct his drafts. Saif was also told that he should get a tutor in philosophy to assist him. In the letter from Professor Worrall, refusing Saif's upgrade to PhD for the year 2005, Saif was told that his thesis had to be his own work but that he was not precluded from taking advice from others. At the very end of his work on the thesis Saif asked for permission to get an editor, which he was told was fine at that stage. He did not, however, reveal to Professor Cartwright the full extent of the assistance he was receiving.
- 2.103 One LSE Pro-Director commented to me that an LSE PhD is a "gold standard qualification" and it would be "unfortunate for the LSE ... if our PhDs were seen to be on offer to [those] who have an army of slaves to write the prose." Saif's case is an exceptional one. Nevertheless, the LSE ought to take this opportunity to clarify the parameters of assistance which they consider it is acceptable for a PhD student to receive. Even if Saif's method of working is not found to constitute academic misconduct, the LSE should ask itself whether the level of assistance he received reflects best (or even acceptable) practice within the School. A number of regulations already govern the requirements of a PhD thesis.¹³³ However, what might be in order is some guidance to students. Currently, PhD students are getting a message that some help is permissible, but that there is a line which cannot be crossed. The LSE should have guidelines which spell out that line.
- 2.104 The Office of the Independent Adjudicator ("OIA") is a body empowered under the Higher Education Act 2004 to adjudicate on student complaints once university procedures have been exhausted. I am told by Rob Behrens, the Independent Adjudicator for Higher Education in England and Wales, and the Chief Executive of

133 For example, the regulations which apply to Saif's thesis include the University of London Regulations for the Degrees of MPhil and PhD. Those require, for example that: "All work submitted as part of the requirements for any examination of the University of London must be expressed in the candidate's own words and incorporate his/her own ideas and judgements. Plagiarism is the presentation of another person's thought or words as though they were the candidate's own and is an examination offence." (Regulation 9.3) The LSE's Regulations for Research Degrees also apply and require for example, that "The part played by the candidate in any work done jointly with the supervisors(s) and /or fellow researchers must be clearly stated by the student and certified by the supervisor." (Regulation 29.2) and the LSE Regulations on Assessment Offences: Plagiarism, state that: "1. All work for classes and seminars as well as scripts (which include, for example, essays, dissertations and any other work, including computer programs) must be the student's own work. Quotations must be placed properly within quotation marks or indented and must be cited fully. All paraphrased material must be acknowledged. Infringing this requirement, whether deliberately or not, or passing off the work of others as the work of the student, whether deliberately or not, is plagiarism. 2. The definition of a student's own work includes work produced by collaboration expressly allowed by the department or institute concerned or, at MPhil/PhD level, allowed under the Regulations for Research Degrees. If the student has not been given permission, such work will be considered to be the product of unauthorised collusion and will be processed as plagiarism under these regulations."

the Office of the Independent Adjudicator, that he considers it “good practice ... that right at the beginning of a doctoral programme the university should set out what are the expectations of a postgraduate student undertaking research, what is acceptable and what is not acceptable”.¹³⁴ He told me that the OIA shares and exchanges good practice on an international level. For example, “Chinese colleagues comment ‘what you call plagiarism we call good practice’, so you have to explain to people that they can do x and they can’t do y. You can’t just assume it. I think it also applies to British students, as well.... I think the diversity of students now going to universities means that we can no longer have assumptions about what students know when they go to university and that may be sad or it may happy, but the university has to deal with it proactively.”¹³⁵

2.105 It has been made clear in the course of my Inquiry that certain clear principles do exist, albeit that they remain unwritten. For example, having a native English speaker correct the drafts of students for whom English is a second language seems to be generally accepted as permissible. It is recognised as impermissible in the Philosophy Department for a student not to write themselves. The PhD is seen by the Philosophy Department as requiring not only the generation of ideas, but also that the student learn the skills of academic writing. I am told that “particularly in Philosophy... developing skills of expression is an important part of the skills you are supposed to be acquiring. It is certainly not part of our attitude that as long as it is [a student’s] idea then it doesn’t matter how it ended up on paper. It is very important that the students write it out themselves and learn how to express themselves”.¹³⁶ There are other potential forms of assistance such as extra tuition in the subject, assistance in preparing for the viva, and research notes prepared by others on matters of relevance to the student’s work. If these forms of assistance are permissible, does there ever come a point at which the volume of assistance given to a PhD student goes beyond what the LSE would expect from one of their “gold standard” level students? If so then that should be clarified. Formulating hard and fast principles might be difficult. Guidance might need to be phrased by way of working examples.

2.106 However difficult to express, there are different parameters of permissible assistance, and they should not remain unwritten. The LSE has a high proportion of international students, who may come from academic backgrounds which have different practices to those expected at the LSE or in the UK. Even for UK students the position may require clarification.¹³⁷ The LSE ought to lay down as clearly as possible guidance as to what assistance it is and it is not appropriate for a postgraduate student to receive.¹³⁸ Even if the level of assistance which Saif received is not found to amount

134 Woolf Inquiry Interview.

135 OIA only becomes involved in issues of academic misconduct where action has been taken against a student under Academic Misconduct Regulations, and where, following an appeal and the completion of internal procedures, the student remains dissatisfied with the outcome. The OIA has no jurisdiction over academic judgments. In a presentation entitled “Learning from Student Plagiarism Complaints” given to the Conference on “Institutional Policies and Procedures for Managing Student Plagiarism” held at Oxford Brookes University by Assessment Standards Knowledge Exchange, on 25 May 2010, Rob Behrens set out the reasons why preventive action against plagiarism was necessary. “Cross cultural experiences of newly enrolled students coming from different countries, different schools, different labour markets” he said “requires pro-active educative strategies to level the playing field.”

136 Professor Richard Bradley, Woolf Inquiry Interview.

137 “Evidence that university staff are not immune from instances of plagiarism” was cited by Rob Behrens in the presentation referred to in footnote 135 above as showing that “assumptions cannot be easily made about what is known and who knows it.”

138 Making such guidance easily accessible is another point of good practice cited to me by Rob Behrens of the OIA. “The Pathway Report: Recommendations for the Development of the OIA Scheme” demonstrated that many students believe that university regulations are inaccessible and archaic.

to academic misconduct¹³⁹, the LSE will need to take a view on whether the practices he seems to have adopted are considered permissible for the future.

- 2.107 Clear guidelines are particularly important given that the policing of compliance can prove difficult. They can serve as a deterrent. A precise principle that a particular form or level of assistance is not allowed would be less likely to be transgressed than a woollier mandate that the student's "*work must be their own*" or that they "*write the thesis themselves*".
- 2.108 Saif was asked to write another essay, on an assigned topic, when he handed in one on an unassigned one for his PH501 assessment. He admitted that he had had help with the first one. He was given repeated warnings. It may be regrettable, but it has to be appreciated that unless a very firm line is taken the type of conduct suspected here may spread.¹⁴⁰ I appreciate the natural reluctance to challenge a student's integrity. The standard picture of the relationship between doctoral student and supervisor is one of trust. The further measures which could have been taken in Saif's case would have been invasive investigation of his emails or disciplinary action. As I set out in paragraph 2.68 above, the position with which the academics were faced in deciding what further action to take to investigate the concerns about outside assistance was not straightforward. Wholesale investigative and disciplinary measures are a serious matter. However, for the future, it should be noted that it is not only easier to establish guilt but also innocence if an investigation is not delayed. The knowledge that strong action will follow the receipt of impermissible assistance will assist in deterring repetition. Vigilance is a safeguard. An investigation of which Saif was aware could at least have been a real deterrent. More vigilant enforcement of the rules on academic misconduct is a protection not only for the reputation of the LSE, but it also protects the interests of the student.
- 2.109 Even if the use of disciplinary or investigative measures is seen as too invasive in a particular case, there are other tools available to academics to protect the School and the student. A number of witnesses, including those from outside the LSE have commented that the MPhil registration period is a real safeguard for both the student and the institution. Saif's registration as an MPhil student continued for a number of years. His upgrade to PhD status was refused in 2004 and 2005, but was finally achieved in 2006. The Regulations which governed Saif's time as an MPhil/PhD student imposed no timeframe within which upgrade to PhD status had to be achieved.¹⁴¹ However, the Regulations were amended in 2006-07 to specify a timeframe within which a student has to achieve upgrade to PhD status, after which

139 A matter on which, I repeat, I express no view.

140 Professor Onora O'Neill told me that she recalls how one of the institutions she has been attached to applied the following practice "*the penalty for an undergraduate being found plagiarising was a mandatory zero mark, first time, mandatory expulsion the second time. So that's how you build your reputation. And I think there has been quite a lot of complacency in the academic world: because you know your students, you can't imagine that they would do something like that.*" In this case, the LSE academics consider they applied the first penalty to Saif's PH501 essay but did not ever have enough evidence to apply the second.

141 This was a matter which was left to the individual departments under paragraph [39] of the Code of Practice for Research Students and their Supervisors appended to the 2003-2004 Regulations for Research Degrees, which I am informed governed Saif's registration with the School for the MPhil/PhD programme. Paragraph [39] reads "*Each department should communicate in writing to all its students what expectations it has for students' progress; the specific departmental review procedure ; and the timetable for upgrading to PhD where appropriate.*"

upgrade will be refused and the student entitled to sit for the lesser degree of MPhil.¹⁴² This timeframe adds significant vigour to the MPhil registration period. It narrows the discretion given to departments, perhaps out of sympathy or a desire to be fair to the student given the degree of progress they appear to have achieved, to allow a student to continue to PhD registration level when they are behind the standard which they ought to have achieved within the relevant time.

2.110 The Philosophy Department became increasingly concerned about the amount of other commitments which Saif had, and the fact that he was seemingly away from London regularly.¹⁴³ However, the Regulations which governed Saif's registration with the School for his MPhil/PhD programme contained a clear residency requirement.¹⁴⁴ Saif could have been required to have resided in London. Indeed that is the ordinary obligation imposed on a student at the LSE, and both permission and satisfaction of conditions are required if a student wants to live elsewhere during term time.

2.111 From the above it is clear that there are tools which exist to protect the School (and the student) in cases where a PhD candidate is struggling, such as the imposition of a strict timetable by which upgrade to PhD level has to be achieved and enforcement of the residency requirement. I am also told that PhD candidates can suspend their PhD in the event that external circumstances require them to be absent from their studies for a period of time. When faced with a candidate who has developed a significant and worrying number of external commitments, the LSE should consider whether, (as was the case with Saif), it is enough of a response to simply express concern about the amount of outside commitments and time spent abroad but merely suggest that the student switch to studying part time, and leave it entirely to that student's discretion to accept or refuse to do so and to continue to allow them to travel abroad during term time. The tools which exist to protect the School and the student should be used. Academics should be made actively aware of the School's Regulations and should be vigorous in enforcing them and using them as tools for regulation of a student's academic progress in cases of concern.

2.112 The experience in this case should be a wake up call for greater vigilance in the future. I have some sympathy for the academic staff who worked so hard to assist Saif to achieve his PhD. In some cases Saif did ask his departmental supervisor whether assistance with, for example, editing was permitted. However, he concealed the scale of assistance he was obtaining from Professor Cartwright and from others within the Philosophy Department. Those who supervised Saif saw his work improve as time passed, but that is only relevant if the improvement was achieved without impermissible assistance behind the scenes. The main tool which academics have

142 The current LSE Regulations for Research Degrees (last updated June 2011) require the Department to take a decision on whether to upgrade a student from MPhil to PhD programme at the first formal review or within one year of it. If a student is not upgraded he/she is then entitled to resubmit work and be re-examined within a further six months for a final decision. Where a final upgrade attempt is unsuccessful then the student will normally be permitted to continue in registration and submit for the degree of MPhil if he/she wishes.

143 Indeed, when Saif emailed his supervisors to arrange tutorials he would often do so telling them he was "coming to London" for the week, or for a number of (listed) days, and asking when they could see him in that window.

144 "You must live within normal commuting distance of London in the UK; not go away during term-time without first consulting the Student Services Centre and your supervisor..." For MPhil/PhD students the Regulations provided that "[subject to the approval of your supervisor, the Doctoral Programme Director and the Dean, you may continue registration outside the London area and/or outside the UK for employment purposes, if the minimum period of registration [two years] has been completed and if your department is satisfied that you will remain regular communication and make satisfactory progress. Any re-registration will be part time." (2003-2004 Regulations for Research Degrees, which I am informed governed Saif's registration with the School for the MPhil/PhD programme).

to assess the authenticity of a student's work is to meet with students, discuss the materials with them in detail, give them feedback, listen to their arguments. In the ordinary case, I am told, this is a very good tool, even if it now can be seen that Saif was obtaining a level of assistance which was not detected by it. There were clear warning signs that outside assistance was being used, but this case was far from the ordinary.

2.113 It appears from the transcripts of the meetings between Saif and Omran Bukhres that Saif did see himself as having ultimate direction over what was in his thesis, but being the ballet master is not the same as performing the dance yourself. Saif was able to answer the questions of the viva examiners but that does not mean the text he had read and understood was prepared without assistance. There is a possibility that Saif might have taken advantage of those who had trust in him. That is why the investigation at the University of London is now proceeding. It has the task of deciding whether it is proved Saif did in fact engage in academic misconduct. This Report will probably be completed before I know the decision of the University of London. I repeat that this Report reaches no conclusions as to whether the assistance received by Saif was impermissible or improper.

2.114 The types of assistance that can be received but are difficult to detect are constantly evolving. In the case of applicants from highly privileged backgrounds who have a wealth of resources they can take quite unusual forms. A university which wishes to protect the gold standard represented by its PhD, and to ensure fairness to those students who work unassisted, must take all reasonable action open to it to avoid such practices succeeding.

3 The donation

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I. Introduction: universities and donations

- 3.1 Universities need gifts from private donors to support their activities. State support for the funding of universities has decreased. That, combined with strong encouragement to raise money from donors¹⁴⁵ has led to a significant increase in emphasis by UK universities on fundraising.
- 3.2 Universities currently attract the largest philanthropic gifts made in the UK. The *Coutts Million Pound Donors Report 2010*, which collated and analysed data on 201 donations of at least one million pounds that were made by UK donors or to UK charities in 2008-09 found that, for the first time, the collective value of donations to UK Higher Education Institutions exceeded the sums placed into charitable foundations, which had been the main destination of million pound donations in previous editions of the report.
- 3.3 Whilst the fundraising efforts of UK universities remain at a “kindergarten stage”¹⁴⁶ compared to those of American colleges, it cannot be ignored that they are becoming increasingly important. The gifts needed are not just for core requirements, such as buildings and teachers, but to fund research. As Dr Mary Blair, former Director of the LSE’s Office of Development and Alumni Relations (“ODAR”) commented, funding is needed not merely for general operating expenses such as “secretaries and lightbulbs... universities need money to buy those unique projects that make a university excellent.” Funding for research does not necessarily add to the financial health of the institution, and in cases where the funded project draws on other resources, can result in a net loss to the university. A new, competitive, world is said to exist in which academics are competing for sources of research funding when access to those sources has been profoundly weakened.¹⁴⁷
- 3.4 Locating a donor and soliciting a gift are difficult and sensitive tasks, in which the LSE has been particularly successful. Dr Mary Blair ran *The Campaign for the LSE* aimed at raising £100 million for the School. I am told by the current Director of ODAR that the LSE is happily in the black due to its fundraising efforts and careful financial management.
- 3.5 However, if a potential donor can be found, due diligence may have to be carried out to ensure that the gift is one which the university ought to accept. There can be number of reasons why a donation should not be accepted. First, a university must be on guard against being involved in money laundering, receiving money which could come from illegal activities,¹⁴⁸ and must avoid being used to give respectability to those whose reputation is doubtful.
- 3.6 Second, most universities are founded upon long standing core values. Those values need to be upheld across the institution, including in its fundraising activities. Students and academics align themselves with the values of their university and it

145 For example, the UK Government launched a matched funding scheme in 2008. It aimed to encourage private donations to universities by providing “top-ups” from the public purse. That included pound for pound matching for universities with minimal experience of fundraising. I am grateful for the analysis of this scheme set out in the Coutt’s Million Pound Donor’s Report 2010. That Report cites Joanna Motion of the Council for Advancement and Support of Education (CASE) as saying that the “Matched Funding scheme changed the conversation. With a cash incentive in front of them, universities professionalised their development operations... this has created a powerful legacy which should continue to pay dividends in the future, underpinning the future health of fundraising in this sector.”

146 As Cato Stonex, Chairman of the LSE Development Committee elegantly put it to me in interview.

147 Professor Joffé, Woolf Inquiry Interview.

148 It has been drawn to my attention that charities including universities are reviewing their ethical policies in light of changes in the law effected by the Bribery Act 2010.

would damage that relationship for the university to raise funds in a way which is inconsistent with its values.

- 3.7 Third, receipt of gifts which damage the university's reputation is likely to result in a reduction of donations from other sources. Siren voices which suggest universities cannot afford to be too fastidious about receiving money must be ignored in the long term interests of the university.
- 3.8 It is therefore vital that a university carefully analyses any potential donation. It should seek to obtain sufficient evidence to enable it to come to the right decision as to whether it should accept a gift or not. This will involve making a judgment. A university should not be criticised for deciding to lawfully accept a gift, so long as it makes proper investigations and then comes to one of the range of decisions which are appropriate in the circumstances.
- 3.9 While stressing the importance of a proper evaluation of the risks involved, care must be taken to avoid becoming excessively risk averse and refusing donations which could properly be accepted. Philanthropists may take exception to their offers of donations being spurned. The cases where this happens should be limited to the minority of situations where there are real grounds for doing so. In investigating a donation and deciding whether it is acceptable the university must have in mind both the benefits of acting proportionately and the problems that can arise if they take a risk and future events result in the foreseen dangers proving to be all too real.
- 3.10 To enable a university such as the LSE to properly consider the acceptability of a donation it is necessary that structures are in place to ensure the issues to which I have referred can be appropriately and efficiently considered. In the case of the donation to the LSE from Saif's Foundation, while ostensibly it appeared that the gift had been through a careful process of examination, on closer inspection that was not the case. The true source of the money has never been established. Whether this was a one off occurrence or a sign of a deeper fault within the LSE's structures of governance, I will consider later.

II. The source of the funding for the donation

- 3.11 It was Professor David Held who first approached Saif about the possibility of funding his Centre for Global Governance in December 2008 (after the award of Saif's PhD, but before the formal graduation ceremony).¹⁴⁹ The gift offered was of £1.5 million in tranches of £300,000 over a five year period. Periodic payments were to be made annually. This was not a one-off donation but the founding of a relationship between the School and the donor, which is not unusual. However, bearing in mind the volatility of the Gaddafi regime the gift involved a substantial risk because of the length of the relationship. This meant that there had to be added to the significant risk of receiving any gift associated with the Gaddafi regime, the substantial additional risk created by the length of the relationship this donation established.
- 3.12 Professor Held appreciated there were complications with this proposed donation. There would be objection to taking the gift if it were to consist of money attributed to

¹⁴⁹ Saif Gaddafi was formally awarded his PhD on 31 October 2008 (although his graduation ceremony did not take place until 17 July 2009). Saif was asked for a gift approximately six weeks later, in the first week of December 2008. The precise date of the request is unknown, but it was before 8 December 2008. See paragraph 3.169 - 3.173 below, and Chapter 4 paragraphs 4.29 - 4.35 for the background to the request of a donation from Saif.

the Libyan regime. He told me in interview that he would not have accepted money from Colonel Gaddafi's regime. It was decided first, that the gift would not come from Saif directly, but from his Foundation. Second, it was decided that the money itself would come from private sector sources. This second step became essential to Professor Held's presentation of the gift. Unless the money could be shown as coming to the Foundation from private sources it could have been seen as unacceptable money from the Libyan state. The private aspect to the gift became increasingly important as the question of its acceptance moved through the LSE's decision making process. However, the private aspect of this gift was particularly troublesome.

(A) The Development Committee's question: what is the source of the money?

3.13 Given the controversial nature of the proposed donation, Sir Howard decided it needed to go through the School's clearance process. The gift was first considered by the LSE's Development Committee at their meeting on 4 March 2009.¹⁵⁰ The Committee was in favour of the gift being referred to Council for further consideration, but their support was clearly conditional upon a suitable response to a number of questions they raised. Most notably, the Development Committee wanted to know: *"The exact vehicle through which the donation would be given – i.e. the source. If it were to be the Gaddafi International Foundation whether we could receive a copy of the articles of association, and details on the sources of the Foundation's income to provide comfort on the provenance of the possible gift"*.¹⁵¹ The acting chair of the Committee stressed it was *"important to ensure that any gifts to the School should be sourced from demonstrably 'legal' money"*.¹⁵² Professor Held was charged with asking these further questions, and was to report the responses to Sir Howard, the Director.¹⁵³

3.14 However, there was a difference of emphasis between those individuals then principally involved in the preparation of the issue of the Libyan gift for Council's decision. They were the Director, Sir Howard Davies, Professor David Held (a Co-Director of the Centre for Global Governance who had solicited the gift), Fiona Kirk (Director of ODAR) and Adrian Hall (the Secretary of the LSE). The difference of emphasis can be summarised as follows:

(1) As a matter of principle, should the LSE accept a donation from Libya in view of the conduct of the Gaddafi regime? This was the question on which Sir Howard and Adrian Hall thought the Council should focus. Although the donation was going to be channelled through Saif's Foundation, Sir Howard thought the perception of the public would be that the donation was from an entity controlled by Saif Gaddafi, who was clearly related to his father and the issue of principle had to be determined on that basis. In other words, would the Council approve of a donation from the Gaddafi family?¹⁵⁴

150 The precise role of the Development Committee is unclear. Its Terms of Reference and composition suggest it is a fundraising committee. The Development Committee views itself as a "supporters' club". However, the LSE was using the Development Committee as one for the scrutiny of gifts. See paragraphs 3.149 - 3.152 below.

151 Development Committee Minutes, 4 March 2009 (Appendix 5).

152 Development Committee Minutes, 4 March 2009 (Appendix 5). The acting chairman at that Development Committee meeting was Bill Bottrill. Cato Stonex, the Chairman of the Development Committee was unable to attend that meeting, although he had made clear his objection to the gift before the meeting. See paragraphs 3.130 - 3.133 below.

153 Development Committee Minutes, 4 March 2009 (Appendix 5).

154 As Sir Howard put it to me *"the key thing was the reputational thing to do with the name Gaddafi, that was the beginning and end of it. There was no way in which the Foundation or private donors was ever going to change that"*, although he considered the Foundation relevant to the extent that it offered some comfort in terms of academic independence in the use of the money. As he put it, an *"insulation from political influence was assisted by the fact that there was a Foundation with a constructed board."*

- (2) The position of Professor Held was that what needed to be clear to Council was that the donation was not provided by the Libyan state but came from private sources and the Council should focus on this, as it would mean that even if Council thought, as he did, that a donation from the Libyan state would be unacceptable the Council could still approve the donation. On this approach the source of the gift was of great importance.
- (3) The next approach was that of Fiona Kirk, who regarded the fact that the money was coming from a charitable foundation as most important. If the Foundation was a properly established charitable body, separate from the state then, based on her experience it would not be necessary to go behind the respectable façade of the Foundation.¹⁵⁵ The Council could decide the issue by asking themselves whether they would be agreeable to accepting the money from the Foundation.
- 3.15 On each approach there could be other reasons why the donation should not be accepted. An association with Libya might be acceptable, but the source of the money could be questionable. The Foundation could be merely a front for Saif and/or the state. The money could be coming from private sources but it still could be tainted and unacceptable. The question needed to be asked, if the money was being provided by private sources to the Foundation for the gift to the LSE, why were those sources giving money to the Foundation so that it could provide the money to the LSE? Bearing in mind the perceived influence Saif had over the placing of contracts in Libya, the real question should have been whether the donations were to be paid through the Foundation to curry Saif's favour in order to achieve his support for the commercial ambitions of the donor companies operating in Libya. If that was the situation it would have been inappropriate for the LSE to accept the donation.
- 3.16 The differences over the approach to the donation made the task of presenting the issues to Council a difficult one requiring careful consideration.
- 3.17 However, the gift was first brought before the LSE Council in June 2009 before proper answers to the Development Committee's questions had been found. In particular, there was no adequate answer to the Committee's concern about the source of the funds for the gift. Only a very limited amount of information about the gift had been obtained, all of which had been provided by email or orally from Saif Gaddafi. None of Saif's responses about the source of the money had been verified. He had provided brief answers to the Development Committee's questions in an email dated 22 March 2009, but did not address their question as to the sources of the Foundation's income. Saif had also written a letter to Professor Held, saying his Foundation *"funds its activities from the non-conditional donations and grants it receives from non-governmental bodies. These include: individuals, the corporate and private sector and other organisations"* and that the Foundation was *"directed by me and completely independent of the Libyan Government"* and that the funds *"as I have stressed, for this award will come from the private sector."*
- 3.18 Later, Saif told Professor Held in conversation that the funds were to come from BP, British Gas and Shell. That information was passed to Sir Howard, Fiona Kirk and

155 Fiona Kirk confirmed to me that, at the time the Libyan gift was being considered, if there were a foundation that registered its audited accounts there was an assumption on her part that it was a valid entity and that generally there was no need to look further than that. Her previous dealings had been with orthodox and long established foundations. She *"absolutely"* understands now that this is not necessarily correct. In the case of the gift from Saif's Foundation, the decision to investigate deeper than the Foundation itself was not an initiative requested by Fiona Kirk but by the Development Committee, when they asked about the source of the Foundation's money.

Adrian Hall by email on 26 May 2009.¹⁵⁶ No confirmation that those companies were in fact the sources of the gift was received. Saif's word alone was relied upon, when it was inherently unlikely that those companies would make a donation to Saif's Foundation so it could be donated by Saif's Foundation to the LSE. Anyone aware of how large British corporations operate in the Middle East would doubt they would make such payments, considering their ethical requirements and desire to avoid any perception of bribery.

3.19 Despite the incomplete information on the gift the matter proceeded to Council in June 2009.

3.20 Having asked Saif for a gift, there had been an embarrassing period of delay in formally accepting or rejecting it. In early 2009 Sir Howard had sent a memo to Professor Held and Fiona Kirk saying he had met Saif by chance at Davos and Saif had asked whether the gift had been approved and that he would like an announcement made quickly.¹⁵⁷ Sir Howard *"had to try to pull him back from that a little"*.¹⁵⁸ He had heard of reservations within the Centre for Global Governance about the gift and if so he *"would need to hear them soon. The worst thing"* he said *"would be to get ourselves into a false position with the Libyans"*.¹⁵⁹

3.21 Later, on 29 May 2009, having seen the letter from Saif outlining his Foundation, Sir Howard decided *"we need to get Council to make a decision now"*.¹⁶⁰ His view was that if Professor Held and Fiona Kirk went further in their discussions with Saif about the gift, and Council said no, then they would be in *"a worse position"*.¹⁶¹ Sir Howard's response was consistent with the way he saw the issue, namely as one of engagement with Libya. He also had Fiona Kirk's view that a letter from Saif was probably as much reassurance as the LSE could hope for about the independence of the Gaddafi Foundation. However, the decision to proceed to Council at this stage ignored the need for further due diligence on the Foundation and the *"private sources"* said to be funding it. Most notably, there was no further due diligence carried out to establish whether the companies which had been cited as the source of the gift on 26 May 2009 were in fact sponsors.

3.22 When I put this correspondence to Sir Howard in interview, he told me that the reason they needed to get Council to make a decision at that stage was *"because we had had a clear proposition put to us, and we couldn't carry on talking, we needed to say 'yes' or we needed to say 'no'... we were in a position where David and others were talking to Gaddafi and he was beginning to have an expectation that something was going to happen. The last thing I wanted was that there was some news we were taking money from Gaddafi which hadn't been approved... if we were going to say no, then we needed to know that quickly"*.¹⁶²

156 I hasten to emphasise that those companies were not the sponsors of the gift to the LSE. There is evidence that there was a request by Saif to a representative of BP for funding for the LSE, but that request was ignored because it was considered inappropriate (see paragraph 3.35 below). Shell was also approached to make a gift to Saif's Foundation (although the LSE was not mentioned) but refused. British Gas has also investigated and strongly refutes Saif's assertion that it was a sponsor of the gift. Saif later changed the information about the source of the money, and cited three different companies as sponsors (see paragraph 3.27 below). Again, it has not been established that any of the cited companies were sponsors of the gift. The information which was coming from Saif about the source of the money had proved unreliable. There is no concrete evidence as to where the money in fact did and was to come from, beyond that it was coming from Saif's Foundation.

157 Sir Howard also reported Saif's approach to him at Davos to the Development Committee (Development Committee Minutes, 4 March 2009, Appendix 5).

158 Memo from Sir Howard to Professor Held and Fiona Kirk.

159 Memo from Sir Howard to Professor Held and Fiona Kirk.

160 Email from Sir Howard Davies to Professor Held and Fiona Kirk, 29 May 2009.

161 Email from Sir Howard Davies to Professor Held and Fiona Kirk, 29 May 2009.

162 Woolf Inquiry Interview.

- 3.23 Rejecting any gift is very embarrassing but in the case of this gift certain factors could have made refusal or equivocation over acceptance particularly so. First, this donation had been asked for by an LSE academic, not proposed by the donor. Further, by the time of the donation, Sir Howard had developed a number of links with Libya, although he was adamant in interview that he would not have found it embarrassing to say no to this gift. He had been to the country as the Prime Minister's economic envoy and he was a member of the International Advisory Board of the Libyan Investment Authority, Libya's Sovereign Wealth Fund. Sir Howard's engagement with Libya was encouraged by the British Ambassador to Libya. Saif was a former student in a powerful position who had turned to Sir Howard for advice on modernising Libya. LSE-E's valuable contract for training Libyan civil servants had originated from a proposal by Saif.
- 3.24 It is a matter of real regret that the question of the Libyan gift proceeded to Council when due diligence remained, at best, embryonic.¹⁶³
- 3.25 The gift was approved at the June 2009 Council meeting. Council was not told which three companies were to support the gift. Peter Sutherland, at the time both Chairman of LSE's Council and Chairman of BP was not told that BP had been cited as a sponsor of the gift.¹⁶⁴ He was not aware BP had been cited by Saif as a source until I told him so in interview.¹⁶⁵ That is a matter of particular regret, since had Peter Sutherland known he could have told Council of the inherent unlikelihood that BP would ever make a donation to the LSE through the conduit of Saif Gaddafi's Foundation.
- 3.26 After the gift agreement was signed, the information about the source of the money changed. In September 2009, Professor Held asked Saif about the source of the money again. This was in advance of the October 2009 Council meeting at which the gift was to be reconsidered in light of reactions to the release of Abulhasan Ali Nadwi (‘‘Al-Megrahi’’) from prison in Scotland.
- 3.27 In an email of 27 September 2009, Saif's assistant Omran Bukhres cited as the sponsors of the gift three different companies, one Turkish, one Italian and one Scottish. They were all involved in or bidding for lucrative construction and engineering work in Libya.
- 3.28 It has never been established whether these three new companies were actually the donors. As Fiona Kirk put it to me whether any of the companies were sponsors never became ‘‘an auditable fact’’.
- 3.29 Nevertheless, ODAR carried out due diligence work on the three companies (‘‘ODAR Note on the Companies’’, see Appendix 9), which revealed that one of the companies

163 Sir Howard stressed to me in interview that he did not push ODAR into bringing the gift to Council before they had finished their enquiries. It is true that Fiona Kirk in her email of 29 May 2009, commented on the letter from Saif ‘‘Well I think that the letter (which by the way is quite heavily cut and paste from the website) is as much reassurance as we (or any other potential recipient institution) could hope for on issues such as mission, governance, independence of the [donating] charity. I guess it comes down to our judgment of the integrity of Saif's/his charity's intentions...’’ That was consistent with her view, set out in paragraph 3.14(3) above, that the status of the Foundation was the most important issue. Sir Howard's decision to bring the matter to Council for a decision now, ‘‘because there is no way of hiding the Gaddafi name and we should not try to do so’’ (email correspondence 29 May 2009) was consistent with his view that the decision for Council was whether they would approve a donation from the Libyan state. Both views ignored the need for proper due diligence on the sources of the Foundation's income.

164 At the beginning of the June Council meeting, Peter Sutherland indicated he had what might be considered a conflict of interest and did not actively participate in the discussion although he was present during the discussion. That was because BP had a commercial interest in Libya at the time, not because BP was a cited sponsor of the gift. Peter Sutherland was unaware of that until I informed him of the fact in interview.

165 Sir Howard, Fiona Kirk, Adrian Hall and Professor Held were all aware of the fact that BP was cited as a source.

had previously been found guilty of paying bribes to win contracts and had been on trial for fraud.

- 3.30 No Council member with whom I have spoken can remember being told that the three companies, Turkish, Italian and Scottish, were the sources of the gift. Nor is that reflected in the minutes of the October Council meeting. A handwritten note of the October Council meeting suggests the companies were named and that Council was informed that they were contractors in Libya. That no Council member with whom I have spoken, nor the Secretary Adrian Hall,¹⁶⁶ could recollect this suggests that even if Council were told which companies which were sponsors, that was not done in a way which properly drew the point to their attention.¹⁶⁷
- 3.31 Council was certainly not told of the chequered history of bribery of one of the alleged sponsors of the gift.¹⁶⁸
- 3.32 Knowledge that the gift was being funded by private companies which carried out work in Libya ought to have raised red flags. I ask again why would private companies choose to donate to the LSE through Saif Gaddafi's Foundation?

(B) The source of the donation: payments for contracts?

- 3.33 I am not satisfied (and it could not have been demonstrated to Council) that the money which was the source of the donation to the LSE from Saif's Foundation was not the result of payments to influence Saif to look upon private companies with favour. A former British Ambassador to Libya, Sir Richard Dalton, told me that in 2009 it was common knowledge that Saif was "*deep into acting as an intermediary for major business in interests in Libya*" (although he said he had no direct knowledge of any corrupt payments, and had always assumed, without direct knowledge, that Saif kept his private business deals separate from the Foundation).¹⁶⁹
- 3.34 The Inquiry has attempted to contact the companies cited by Saif as the source of the gift at the time of the October Council meeting. At my request ODAR has also now attempted to find out whether these companies were in fact to be the source of the gift. Only one company has responded, and has informed the Inquiry that it did not give any such gift, but that given the current climate in Libya, it is not able to investigate whether its Libyan subsidiary was in fact one of the sources of the LSE gift.
- 3.35 I have spoken with Sir Mark Allen, who at the time was working as a special advisor to BP, one of the companies originally cited by Saif as a sponsor of the gift. He was in fact approached by Saif on 17 March 2009 in Tripoli and asked to request BP give Saif money for the Centre for Global Governance at the LSE. Sir Mark ignored that appeal. He told me that BP has a very tight code of conduct, that such a payment would have been open to misinterpretation.¹⁷⁰

166 In his first interview with the Inquiry.

167 See paragraph 3.107 below.

168 As I set out below, there is an unresolved question as to whether Sir Howard or Adrian Hall ever received the due diligence documentation created by ODAR which revealed that chequered history. See paragraphs 3.78 - 3.81 below, and Appendix 8.

169 Woolf Inquiry Interview.

170 Incidentally, in June 2008 Sir Mark was invited by Sir Howard to become a member of the advisory board of LSE Ideas, an institute within the LSE which works on international politics and strategy. He had known Sir Howard at Oxford and tells me that the LSE connection has not involved him in dealings with Libya, save that he was once invited to address a reception of Libyan officials who were starting a course on government affairs at another part of the LSE.

- 3.36 Shell and British Gas have also investigated Saif's claim that they were to be sponsors of the gift to the LSE. Shell tell me that their representatives who were involved with Libya at that time were approached for a contribution to Saif's Foundation (although the LSE was not mentioned in that context) but that no contribution was made.¹⁷¹ British Gas have also made enquiries and make clear that they refute Saif's assertion that they were a sponsor of the gift to the LSE.
- 3.37 I have also spoken with two former members of the Board of Saif's Foundation, Professor Ben Barber and Sir Richard Roberts. They confirmed to me that Saif as Chairman, rather than the Board, was controlling all the funds.¹⁷² They were provided with very little information on how the Foundation accumulated its wealth, but both understood that it came either from the Libyan state (i.e. from Colonel Gaddafi), or had been given by private companies operating within Libya. Professor Barber assumed that corporations paid a fee for doing business in Libya which included making some contribution to the Foundation. He gave me an example scenario of how he thought the Foundation raised its money. "[Saif] had extensive business dealings... he was dealing with Russian companies, development companies who were building hotels, so he might say to somebody... let's say who wanted to build a hotel, 'Well that's nice you can do a hotel here, but why don't you also make a contribution to my Foundation?'" When I put to Professor Barber the proposition that the three companies said to be donating to the LSE might be doing so to obtain Saif's goodwill at his request, either with a view to thank him for the favours already done or for favours in future, he responded that was "from a purely speculative point of view, right on target. I can't imagine any other reason, I don't think it was love of the LSE..."
- 3.38 I hasten to add that it is simply unknown whether the three new companies had in fact agreed to sponsor the LSE gift. The word of Saif's assistant alone was relied upon, and no efforts were made to check with the companies whether they were sponsors.
- 3.39 However, if what was said about the source of the money is taken at face value, the limited due diligence which had been obtained on the gift should have raised real concerns. The LSE should never have been associated with funds which, on the information available, could have been payments made to gain Saif's favour. The very fact that foreign contractors operating in Libya were to fund the gift ought to have raised red flags about the money. When put in the context of the apparent prior history of bribery and corruption of one of the sponsors of the gift, the danger should have been obvious.
- 3.40 Had the Council had the full information available about the source of the funds before them I doubt they would have approved the donation.¹⁷³ They would likely have considered that Professor Halliday's first concern in his note which was presented to Council at the October 2009 meeting was exactly right. "Whilst it is formally the case that the [Foundation] is not part of the Libyan state...", he wrote, "this is, in all

171 Shell tells me that their company preferred to support local social causes and community projects by direct contributions, for example, assisting with road safety.

172 At the last meeting of the Advisory Board to the Gaddafi Foundation, on 14-15 December 2010, there had been real concern within the Board about some of the activities of the Foundation. The Board members asked Saif to hand over control over the funds to the Board so that they would become a properly functioning governing Board. As Professor Barber put it to me "we went at that meeting from being an advisory committee to being a controlling committee that would be in the future in a position to make decisions." Given the turn of events in Libya in early 2011, this change was never put into practice. Both Professor Barber and Sir Richard resigned from the Board of the Foundation in February 2011.

173 Even in the absence of the full information on the gift, Council was reluctant to reaffirm the acceptance of the gift, see paragraphs 3.98 - 3.99 below.

practical senses, a legal fiction. The monies paid into the [Foundation] come from foreign businesses wishing to do business, i.e. receive contracts, for work in Libya... These monies are, in effect, a form of down payment, indeed of taxation, paid to the Libyan state, in anticipation of the award of contracts. The funds of the [Foundation] are, to all intents and purposes, part of the Libyan state budget. 'NGO status' and recognition of such by UN bodies, means, in real terms, absolutely nothing".¹⁷⁴

(C) The Gaddafi International Charity and Development Foundation

- 3.41 It was misguided in this case to present the Foundation as a source of comfort to Council. It was wrong to dissociate the Foundation from the Libyan state at both Council meetings.
- 3.42 The Foundation was undoubtedly Saif's alter ego. Prior to the Development Committee meeting of March 2009 ODAR had prepared a memo on the Foundation ("*ODAR Note on the GICDF*", see Appendix 7), which set out that "*The Foundation's processes, operations and future is dependent only on the will of Saif Gaddafi and in this sense the LSE would not have a relationship with an organisation*".¹⁷⁵ Saif's complete control of the Foundation was confirmed to me by two members of the Foundation's Board.¹⁷⁶ Saif was an active element of the Libyan regime under Colonel Gaddafi, although he occupied no formal position and adopted the position of a reformer. He had brokered high profile diplomatic deals before, during and after his time as a student at the LSE.
- 3.43 The ODAR Note on the GICDF set out a number of perceived positives of the Foundation, but highlighted a number of real concerns which might have been influential in the decision to accept or refuse the gift. The note raised concerns about the motivation of the Foundation ("*is the foundation an attempt to disguise the past (motivated by rapprochement and succession)?*"). The political element to the Foundation was also cited as a matter causing potential disquiet. Most importantly, the note stressed that not enough was known about the sources of the Foundation's income. The finances in the yearly report did not appear to be independently audited. There was an unverified table of income sources.
- 3.44 Those sources might have called into question the claimed distinction between the Libyan state and the Foundation. The majority of the Foundation's income, around 25 million Libyan dinars from a total budget of around 27 million Libyan dinars, was derived from the Islamic Call Society, an institution which, as the note states, was set up by Colonel Gaddafi. The other major contributors included the Green Book Studies Centre. The listed sources of income certainly did not support any dissociation between Colonel Gaddafi's Libya and the Foundation. The valuable analysis contained in that note was not presented to the Development Committee or to Council.
- 3.45 Instead, at the Development Committee meeting and both Council meetings, the Foundation was presented as a "*United Nations accredited NGO*". That bold fact would provide a real comfort to Council members when they were deciding whether to take the money.

174 "*LSE and the Quaddafi Foundation: A Dissenting Note*", Professor Fred Halliday, 4 October 2009 (Appendix 11).

175 "*ODAR notes on: Proposed Donation of £1.5 million to the Centre for the Study of Global Governance from the Gaddafi International Charity, run by Saif Alqadhafi*", prepared by Simon Marsh on 2 March 2009 (Appendix 7).

176 They had in fact become increasingly concerned that Saif's political activities were getting in the way of the humanitarian work of the Foundation after it had funded a Libyan flotilla to attempt to break a siege in Gaza. At the last Board meeting of the Foundation, in December 2010, they had told Saif that if he were to continue to benefit from their association he would need to occupy an honorary position.

- 3.46 The status of “NGO accreditation” should not have been given the weight it was. Even a cursory read of the information collated by ODAR on the criteria for such accreditation made clear it was not sufficiently rigorous to provide decisive comfort about a potential donor. As Professor Gaskell, Pro-Director at the LSE put it in interview: *“I was on the Council, I was on the Development Committee, I heard that this Foundation was approved by the United Nations but it turns out that that just means that they submit accounts, I assumed because it was the United Nations that there had been some due diligence over the monies and so forth”*.
- 3.47 What was presented as “UN accredited” was the status of being an NGO “associated with the UN’s Department of Public Information (DPI)”. Such association appears to be aimed at helping NGOs disseminate information about the issues in which the United Nations is involved, *“so that the public can better understand the aims of the [UN] and support its work”*.¹⁷⁷ The essential requirement for association appears to be that the NGO has the *“commitment and means to conduct effective information programmes with their constituents”*.¹⁷⁸ The most exacting criterion is the requirement that the NGO present a copy of its most recent audited annual budget or financial statement, conducted by a qualified and independent accountant.
- 3.48 That the GICDF had obtained that status was not enough to enable the LSE to accept the gift without further investigation of the Foundation. Professor Baroness Onora O’Neill of the British Academy did not know the specifics of this case, but stressed to me that she would not regard the classification as ‘NGO’ as decisive. As she put it *“there is no decisive whitewash in this”*.¹⁷⁹
- 3.49 In the Introduction to this Report, I asked “when is it necessary to look behind the legal entity of a donating foundation and inquire into the sources of its funds?” The only clear answer to that question is that a common sense approach is required. In the case of well-known and long established foundations, such as the Wellcome Trust, there will usually be no need to do so. Inquiry into the source of a less well established foundation’s funds may be required if proper due diligence is to be carried out. I received a very useful online submission from an individual who had recently occupied an important position at a Middle Eastern foundation. He told me: *“entities that are springing up in the Arab World, such as the Foundation I worked at and the Gaddafi Foundation, are essentially politically motivated sovereign wealth funds that fund activities in places like the UK to gain political favour. These entities also have governance structures specifically created with wielding political influence”*.
- 3.50 The actual source of the money to be gifted to the LSE was never established. No-one made any effort to contact the supposed donors. Saif’s word alone was relied upon. The suggested donors gave rise to a worrying inference that the money was being paid to Saif by contractors for business favours. Further, sponsors had only been cited for the first three years (i.e. £900,000) of the gift. No information whatsoever had been obtained about the source of the £600,000 which represented the last two years of the gift agreement. Council was not told that the cited sources had changed since the gift agreement had been signed nor that the entirety of the money had yet to be accounted for.

177 “NGOs and the United Nations Department of Public Information: Some Questions and Answers”, version updated in November 2005, and passed to the Woolf Inquiry by ODAR as one of the documents they had obtained in their research prior to the first Council meeting.

178 Ibid.

179 Woolf Inquiry Interview.

III. The presentation of the donation to Council: a chapter of failures

- 3.51 The way in which the donation was considered within the LSE was inadequate and failed to address the queries raised by the Development Committee about the source of the money. Had the gift been properly presented it could not with principle have been accepted. I consider in this section the failures in the presentation of the donation.
- 3.52 Following the Development Committee's conditional referral to Council (and despite the fierce opposition of its Chairman, Cato Stonex, who was unable to attend the relevant Development Committee meeting¹⁸⁰) the matter was taken to Council in June 2009. This was the only time a donation went to the LSE Council for decision. The gift went back to Council a second time, for reconsideration in October 2009, in light of the release of Al-Megrahi. On neither occasion was the gift properly presented to Council.
- 3.53 Through its Council members, governance at the LSE benefits from a wealth of diverse perspectives from business, academic, legal and student life. LSE's Council members are committed to the School. They give their time on a goodwill basis to assist in the governance of an institution to which they are dedicated.
- 3.54 However, Council members have a heavy responsibility. They are the board of directors of the LSE. Council meetings are board meetings.
- 3.55 A number of Council members have described to me how they simply have to take the information they are given on trust. Council members feel they cannot act as *"auditors ... there is clearly a responsibility to try and get a feel for what is happening and developing in terms of the School's business, but we are not as board members or Council members of any institution, crawling through the undergrowth at any given time to work out what exactly has been happening. So you kind of hope that ... dilemmas ... might be raised ... proactively and ... openly"*.¹⁸¹
- 3.56 It is essential that Council members are presented with the information they need in a way which enables them to discharge fully their responsibilities and to draw on their expertise. Absent that, the LSE obtains no substantive benefit from having an illustrious Council. Individual Council members themselves have reputations of their own to protect. If the LSE does not deal with its Council in a responsible way, giving them full and frank information about a decision to which they will attach their names, then the LSE will fail to retain persons of standing on its Council.
- 3.57 The first step in enabling Council to fulfil its functions is providing it with a proper agenda, sufficient papers and other information to enable it to come to an informed decision. That was not done for either meeting at which the gift was considered. *"The bottom line is communication... for something like this there should have been a paper sent out for Council to read, consider, digest, so that any questions were ready... what happened was we were given the information on slightly a need to know basis, and we really were expected to have answers fairly quickly"*.¹⁸²

180 See paragraphs 3.130 - 3.133 below.

181 Shami Chakrabarti, Woolf Inquiry Interview.

182 Angela Camber, Woolf Inquiry Interview.

3.58 I consider there were six predominant failures in the presentation to Council, expanded upon below. These are:

- A) The failure to give prior notification to Council members of the decision they were required to make;
- B) The failure to present Council with sufficient material;
- C) Council's focus was drawn away from the essential issue;
- D) The decision to charge Professor Held with the presentation of the gift;
- E) The presentation of the views of Professor Fred Halliday;
- F) The presentation of the views of the Development Committee;

(A) The failure to give prior notification to Council members of the decision they were required to make

3.59 Council was not told in advance of the June Council meeting that it would be expected to decide whether to accept a gift from Saif's Foundation. The agenda for that meeting was entirely oblique, as follows:

“Report from the Director of the Centre for Global Governance

To receive an oral briefing from Professor David Held on proposed major donations”

3.60 Adrian Hall, who is responsible for preparing the agendas for Council, agreed that with hindsight, this gave insufficient notice.¹⁸³ There was nothing to highlight that this was an issue of particular importance. That is a matter of regret. Council members were not able to prepare themselves before the meeting. They had to be merely reactive, not proactive in the discussion.¹⁸⁴

3.61 Professor Chris Brown, as former Head of the LSE International Relations Department, must have been one of the Council members most qualified to have made an instant judgment on a gift from Libya. However, even with his knowledge of world affairs, he described to me that because he had not been notified he was to discuss a Libyan gift *“it was discussed from a position of ignorance on my part, I don't have in my head the kind of detail that would enable a proper discussion. I mean, I was saying things like, ‘I don't believe that the Foundation is independent of the Libyan state’, ‘I don't believe that Saif is not connected [to the state]’... but I was saying that from general principles...”* He describes how, had he known the issue would be discussed, he would have done his own research and would have called Professor Fred Halliday. If such an experienced Professor of International Relations considered he was not sufficiently knowledgeable to take a decision on the gift without research, then the ability of other Council members to do so sensibly without notice must be doubted. Professor Brown voted against the gift, and his view is that *“if a few of us had had a chance to actually look up the Gaddafi Foundation and talked to specialists, the conversations on the first occasion would have been different”*.

183 It is clear that the opaque wording was not adopted through any intention to mislead Council. See paragraph 3.64 below. Adrian Hall was acting in good faith. The wording adopted, albeit unfortunate, was used because of a genuine concern to avoid leaks of Council business.

184 Stephen Barclay and Angela Camber, Statement to the Woolf Inquiry.

- 3.62 That is crucial because, as I consider below,¹⁸⁵ the decision at the second Council meeting in October was determined by the fact that a decision had already been taken to accept the gift in June. The June meeting was decisive.
- 3.63 A further effect of the lack of notice was that Council members who were not able to attend were not given the opportunity to participate in the decision. Shami Chakrabarti, who was not at the June meeting, commented *"I don't know what I was doing on the evening of Tuesday 23 June 2009, but if I had known that this matter was going to be discussed I might well have put off the other thing, or if that was not possible, I would jolly well have written in or phoned Howard, or done something to exercise my duty as a member of Council"*.¹⁸⁶ Because there was nothing in the agenda to telegraph the fact that a particularly sensitive issue was to be discussed, Council members were not able to make a special effort to attend nor was there opportunity for their views to be canvassed.
- 3.64 Adrian Hall explained that the oblique wording of the agenda was due to a concern the matter would be leaked. He was trying to be discrete enough so that it did not appear in the newspapers prematurely. Having had numerous discussions with Adrian Hall over the course of the Inquiry, I am satisfied that his concern about leaks from Council is genuine and consistently held.¹⁸⁷ To my mind, if the issue of this gift was considered to be such a dilemma to warrant it going, exceptionally, to Council, it needed to be properly advertised. To put the agenda in such an anaemic way almost defeated the point of the matter being brought to Council. Those present weren't prepared and those absent were unable to express a view. If there is a concern about agenda items being leaked, Council members ought to be told that they are to decide a particular issue of principle in another way. They could be telephoned in advance of the meeting. A concern about leaks, however genuinely held, should not inhibit the business of Council in future.

(B) The failure to present Council with sufficient material

- 3.65 At the June meeting, the issue of the Libyan gift was presented with no accompanying papers whatsoever. I originally thought that might have been through a desire to avoid overburdening Council with paperwork and assumed it was house style at the LSE to rely on oral presentation. In fact, that is far from the case. One Council member brought a copy of the papers for the June meeting to the Inquiry. The paperwork for other items was substantial. It is anomalous that the issue of the Libyan gift was not accompanied by paperwork. Council was simply given an oral briefing on the gift by Professor Held.
- 3.66 The failure to present Council with sufficient, or with the pertinent papers at either the June or the October Council meeting stems from two central factors:
- 3.67 First, before both the June and the October Council meeting there was a decision taken by central management on how the issue of the Libyan gift ought to be presented to Council. That affected the papers thought necessary for Council to reach a decision.¹⁸⁸

185 See paragraphs 3.94 - 3.98 below.

186 Shami Chakrabarti, Woolf Inquiry Interview.

187 Although I am not sufficiently informed to say whether the concern about leaks is justified, I note that the workings of LSE Council are unusual in that there is no reserved business. At other universities, student representatives and some staff members are required to leave Council meetings for certain items.

188 See paragraphs 3.89 - 3.97 below.

3.68 Second, whilst some due diligence work was done by ODAR¹⁸⁹ it never reached the Council. There is a factual dispute about who received the due diligence papers, which I cannot resolve.¹⁹⁰ What is clear is that the key due diligence notes available were not shown to the Council, nor was the information they contained properly relayed to Council.

(1) The available documentation on the donation

3.69 A fairly substantial amount of paperwork on the proposed gift was generated and some of the documents existed even before the Development Committee meeting of 4 March 2009. For a list of the paperwork generated by ODAR on the donation before the first and second Council meetings (with which the Inquiry has been provided) see Appendix 8 (footnote 5 and paragraph 10).

3.70 Crucially, two key due diligence documents were produced by ODAR, neither of which were shown to Council (nor to the Development Committee): the “ODAR Note on the GICDF”, produced in March 2009 prior to the Development Committee meeting, and ODAR’s due diligence memo on the three companies said to be sponsoring the gift by the time of the October Council meeting (“ODAR Note on the Companies”).

– ODAR Note on the GICDF (Appendix 7)

3.71 This three page document is described at paragraphs 3.42 to 3.44 above. Although the proposed sponsors of the gift were eventually to be private companies it was clearly important that the Foundation with which the LSE would have a relationship was suitable. That was particularly so given the length of time for which the gift agreement tied the LSE to the Gaddafi Foundation, and given that the money for the last two years remained unaccounted for at the time of the October Council meeting. The Note on the GICDF presented certain concerns about the Foundation which might well have cast doubt on the suitability of the LSE’s establishing a relationship with it.

– ODAR Note on the Companies (Appendix 9)

3.72 This three page note was produced on 6 October 2009, between the two Council meetings. Professor Held asked ODAR to look into the three companies, one Turkish, one Italian and one Scottish, then cited as sponsors of the gift. It certainly ought to have gone to Council by the October meeting.

3.73 According to the note one of the cited sponsors had been found guilty of paying bribes to win contracts. The criminality was said to be of such a degree that the company had been not only fined but also prevented from taking part in projects financed by a particular funder for several years. The same company had been involved in two other sets of criminal proceedings in the previous two years.¹⁹¹

189 Although insufficient due diligence, in that the claimed sources of the money were never confirmed.

190 It is not important for my purposes who is right and who is wrong in their recollection of what happened to the ODAR paperwork in this case. What matters is that the failure to get the paperwork to Council reveals systemic failings in the way the LSE dealt with this matter. The detail has, however, become a matter of importance to the individuals involved. Accordingly, I have set out some of the detail in an appendix to this Report (Appendix 8).

191 Sir Howard told me in interview that he has now, in 2011, done his own research and considers there might be some error in ODAR’s due diligence work. This does not meet the point that the due diligence work available before the second occasion on which Council considered the gift indicated issues of real concern about the source of the money, and that information was never presented to Council. Sir Howard’s research was not intended to answer the point about whether the information ought to have gone to Council. He recognises that if there was information which cast doubt on one of the company sponsors, that was something which Council ought to have been given.

3.74 The note revealed the true extent and value of the commercial activities of the three companies in Libya. The contracts for work in Libya by two of the companies were said to be worth hundreds of millions of US dollars. One of companies was said to have decided to scale back work in its home country in order to concentrate on projects in Libya. The third company had set up a Libyan subsidiary in order to specialise in seeking commercial opportunity in Libya “especially in the military sphere”.¹⁹²

(2) Preparation of papers for the first Council meeting

3.75 Adrian Hall was clear in interview that it is his responsibility as Secretary and Director of Administration to ensure Council is provided with sufficient papers. However, he does not recall receiving some of the key documents. There is evidence that some of the more peripheral ODAR documents were emailed to him. Adrian Hall also was forwarded the information from Saif about the first three company sponsors, said to be BP, Shell and British Gas, but he has no recollection of having received either of the ODAR due diligence notes. ODAR are clear that they delivered those two notes to him in two bundles of papers, one before the June meeting and another before the October meeting.¹⁹³

3.76 Certainly ODAR offered the papers to Adrian Hall before the June meeting. In an email of 29 May 2009 Simon Marsh of ODAR emailed Adrian, saying that Fiona Kirk had asked him to liaise with Adrian to offer help and support as regards material for the June Council meeting. Simon Marsh asked Adrian how he would like the material and stated that he could offer a number of documents including ODAR's overview of the GICDF and the documentation ODAR had on the GICDF.

3.77 Adrian notified his Governance Team of that email, but tells me that by that time his team and the Director's Management Team had, in early May, already decided a more effective way to achieve a discussion at Council would be by oral presentation by Professor Held rather than detailed papers. That was an error of judgment, although one explicable by the way the Director and Adrian Hall viewed the issue Council had to decide, namely as an issue of engagement with Libya. However, this item was too important to have been the subject of an oral discussion alone. As the then Secretary General of the Students Union, present at the June meeting, put it “*The only information given to Council was verbal assurances by Prof. Held and the Director. Most Council members did not seem to know anything about the donation they were approving, or its source*”.¹⁹⁴

(3) Preparation of papers for the second Council meeting

3.78 Further due diligence documents were available before the October Council meeting, including the ODAR Note on the Companies. I cannot resolve whether Adrian Hall ever received that note. However, other senior individuals within the LSE had access to the ODAR Note on the Companies.

192 ODAR Note on the Companies (Appendix 9).

193 For the list of ODAR papers on the donation which are said to have been contained in those bundles, see Appendix 8, footnote 5 and paragraph 10.

194 Aled Dilywn Fisher, Statement to the Woolf Inquiry. Mr Fisher, as it appears from the minutes of the June Council meeting abstained from making a decision on the gift, “*having no prior knowledge of the Foundation*” because he “*wish[ed] to make enquiries before exercising judgment*”. He did express a (deferred) approval of the gift in an email of 24 June 2009 to Professor Held, Fiona Kirk and Sir Howard. That approval was, as emphasised in his email, not based on any “*forensic research exercise*”, was expressly made subject to new information coming to light on the Foundation, and was said to be based only on his websearch. He had conducted his own research because he had considered that the Council had not been given enough information to make a decision before the meeting.

- 3.79 Sir Howard cannot recollect having seen the ODAR Note on the Companies. That Note was prepared on 6 October 2009 and Fiona Kirk thinks she would have brought it to the meeting she had with *“Howard re Libya Council papers”*¹⁹⁵ on that same day.
- 3.80 However, I would have expected Sir Howard to have asked to see ODAR’s research on the companies, had he not in fact received it. As I set out in further detail at paragraph 3.103 below, Sir Howard had recognised that the three new companies cited as sponsors before the second Council meeting might present a complication. He knew that ODAR was doing more research on the three companies. I would have expected him to have asked to see the research when, by email on 8 October 2009 from Fiona Kirk, he was asked whether he was comfortable with the three sources that had *“signed up”* as sponsors so far. Sir Howard recognised in interview with me that had there been information showing that one of the companies was not the sort of company which the LSE would take money from, Council ought to have been given that information.¹⁹⁶
- 3.81 Sir Howard had a role in the preparation of the paperwork for Council for the October meeting. Because he was to be absent from the meeting, he was to prepare a note for Council. That note appended some papers for the Council, although, as I set out below they did not address the source of the money.
- 3.82 Professor Held acknowledges that he received both ODAR core due diligence documents.
- (1) Fiona Kirk emailed Professor Held the ODAR Note on the GICDF on 3 March 2009, in advance of the Development Committee meeting, saying that she was *“happy to table them or not at the meeting as you see fit. Let me know once you’ve read them”*.¹⁹⁷ An ODAR staff member recollects that Fiona Kirk was told not to circulate the note to the Development Committee. Professor Held thinks his response to that email would have been to tell ODAR *“if you think we should circulate it, we should circulate it”*.¹⁹⁸ The discussion at the Development Committee meeting would have indicated the state of knowledge of the Development Committee members, and that they had not been given the information contained in the note.
- (2) Professor Held received the ODAR Note on the Companies, but says he assumed all the papers must have gone to Council prior to the October Council meeting. However, it appears he took no effort to check whether they had in fact received the papers. The fact he was actually asked by Council to name the companies who were sponsors, as he tells me thinks he was,¹⁹⁹ would surely have indicated that they had not received the Note on the Companies. It was not Professor Held’s usual role to organise papers for Council, but, as set out in paragraphs 3.103 to

195 Fiona Kirk diary entry, 6 October 2009.

196 Albeit that he saw the issue as one of principle: “should the LSE accept money from Libya?”

197 Email from Fiona Kirk to Professor Held, 3 March 2009.

198 Woolf Inquiry Interview. Professor Held says he did not tell Fiona Kirk or anyone else not to circulate the note to the Development Committee. He cannot find any written response to Fiona Kirk’s email of 3 March 2009, but believes that this was his oral response. By that he says that he knew that it was not his decision to decide or otherwise whether they should or should not circulate the note. Professor Held did note to the Development Committee that the accounts of the GICDF were not audited (see Appendix 5).

199 Professor David Held, second interview with the Woolf Inquiry. Professor Held stressed to me that he had not been delegated the responsibility of following up which papers went to the Council and which did not. He had however, as set out below, been given the responsibility of updating Council on the *“little more”* found out about the sources of the funds for the LSE project. However, the information contained in the ODAR Note on the Companies was not conveyed to Council, orally or on paper.

3.104 below, he had been given the task of updating Council on what Sir Howard called the *"little more ... found out about the sources of funds for the LSE project"*.²⁰⁰

3.83 Of all the documents which were prepared by ODAR in advance of the second Council meeting, only a set of media clippings about the LSE's relationship with Libya was presented to Council at the October meeting. The core due diligence documents, namely ODAR's Note on the GICDF and ODAR's Note on the Companies were not given to Council. The papers presented to Council at the October meeting were:

(1) A note from Sir Howard Davies, setting out his view on the donation (Appendix 10).

(2) Appended to Sir Howard's note were the media clippings prepared by ODAR (with an additional article from the Financial Times on LSE-E's work in Libya).

(3) A note from Professor Halliday (see Appendix 11).²⁰¹

3.84 The media coverage of the LSE's relationship with Saif had become very important to those involved with the gift. Professor Held kept a regular watch on the media and emailed Fiona Kirk and Sir Howard on a number of occasions, describing how there had been no negative comment about the relationship. He had his *"best student"* trawl the blogosphere, and reported back to Sir Howard and Fiona Kirk that the results were *"encouraging"*. He forwarded Sir Howard a media clipping portraying LSE's relationship with Saif in a positive way. Sir Howard thought that it should go to Council.

3.85 I am unable to establish why the ODAR due diligence documents did not reach Council. It would have been much more valuable for the Council to have had documents relating to the source of the money which was to be received, rather than media clippings showing perceptions of the LSE's engagement with Libya.

3.86 The choice of the papers is indicative that, at least for Sir Howard, the question remained whether the LSE should accept a donation from Libya in view of the conduct of the Gaddafi regime in Libya, and whether the release of Al-Megrahi in August 2009 had altered the answer already reached by Council in June. That ignored, however, the fact the LSE Council would, as Fiona Kirk warned Sir Howard in her email of 8 October 2009, want to know that the companies which had signed up so far as sponsors of the gift were acceptable sources to the School.²⁰² Sir Howard was at the Development Committee meeting which had raised the question as to the source of the funds of the gift from Saif's Foundation. The Development Committee was clearly of the view that that had to be established before the gift could be accepted, irrespective of the general question of accepting money linked to the Gaddafi name.

3.87 Council was not given the documentation available on the source of the money, nor was it told the relevant information orally (see Section D below). It is clear that there was a central failure to ensure that Council received the information which was required to enable them to properly take a decision on the gift.

200 Sir Howard's Note to Council, October 2009 Council meeting (see Appendix 10).

201 See paragraphs 3.117 to 3.125 below.

202 Although it is clear that Sir Howard's view remained that the issue with the Libyan gift was the reputational risk of taking money from Libya. As he said to me, discussing the papers for the second Council meeting: *"but you see what we were focussing on at this point and what my issue was, was whether the Megrahi affair had materially altered the perception of Saif Gaddafi, that was the point at issue. And so what I did look very carefully at was the press cuttings about this and whether the general view was that he was still the person in the regime who people dealt with as the moderniser, the problem solver and whether that had been significantly affected by ... the Megrahi affair. That is what I was focussing on at that point. My recollection of the papers was about that issue."*

(C) Council's focus was drawn away from the essential issue

- 3.88 At both meetings Council's focus was drawn to issues which were not central to the decision whether to accept the gift.
- 3.89 Prior to the first Council meeting, Adrian Hall and his staff discussed with the Director's Management Team the way in which the matter ought to go to Council. Those discussions initially concentrated on *"what exactly Council should be asked to decide – the arguments in terms of LSE's role in engaging with serious global problems, versus the reputational risks"*.²⁰³
- 3.90 Confined in this way the focus was unfortunate. It reduced the amount of information which it was considered Council would need. Adrian Hall described to me how because of this initial phrasing of the question, it was decided that an oral presentation by Professor Held at the June 2009 meeting would be *"a more effective way of achieving a high level strategic debate at Council than detailed papers ... [what] I saw myself as doing was to manage the discussion in the sense of trying to get the best outcome in terms of a decision of principle"*. Sir Howard, when I asked him in interview about the lack of information which went to Council said that *"I don't honestly think that more and more paper about the specifics of the programme ... or the sorts of funding about the Foundation ... was particularly relevant to the decision. I think it was a risk decision as to whether this was a risk worth taking for this amount of engagement"*. This was consistent with his view that Council should decide an issue of principle but ignored the fact that, if the Council were in favour of engagement with Libya, the question remained what form the engagement should take.
- 3.91 A decision to engage with Libya and a decision to accept money from a particular Libyan source are very different things. The LSE has a long and honourable history of engagement with a wealth of countries. At one time, I am told, the LSE had students from more countries than there were UN members. Entirely different considerations come into play when a decision has to be taken whether to accept a particular gift.²⁰⁴ I set out three reasons why due diligence has to be carried out in relation to a specific gift at paragraph 3.5 to 3.7 of this chapter. Even if an institution makes the decision to engage with a particular regime, that does not negate the need to verify the source of a gift and the legality or ethics of its origins. When it comes to gifts, one has to consider not only symbolism, but also the substance of what is on offer.
- 3.92 One witness put it in this way: *"[t]he Gaddafi grant related very much in essence to what the LSE is about... the symbolism of accepting the grant became more important than the actual grant... or more important than what the relationship with this organisation might be, and I felt that was significant, because ... the Council ... they just got sidetracked"*.²⁰⁵
- 3.93 The June Council meeting considered the issue of engagement, not the issue of the source of the money. As Peter Sutherland recollected in interview with me *"the discussion ... was conducted on the basis that Libya at that time was being brought into the fold ... and every effort was being made to help Libya, so why should we resist and not take a donation, rather than it being a discussion about whether we received money*

203 Adrian Hall, Statement to the Woolf Inquiry, 11 May 2011.

204 One of those interviewees who agreed to educate me on best practice told me how it has been suggested to them a number of times that they apply for funds from a foundation run by a political figure with, as they put it, *"blood on his hands"* but who has changed, and in fact has become somewhat of a hero to the interviewee. They have, nevertheless, always refused to seek money from that foundation, stressing that however glad they are that the political figure has changed to achieve peace and reconciliation, *"why ask them for money?"*

205 Simon Marsh, Woolf Inquiry Interview.

in a fact through a conduit from companies who were relating to Libya at that time.” The conclusion of the June discussion was *“that there were dangers in not offering hope of rehabilitation and re-engagement to people in isolated states”*.²⁰⁶ That was clearly reflective of the issue which the Council had been asked to decide.

- 3.94 At the October Council meeting, Council was drawn away from the key question of the source of the money by two factors. First, because Council had previously reached a decision (even though it was flawed) the issue became *“have circumstances changed to warrant a change in decision”*.²⁰⁷ Second, Council’s focus was drawn away from the gift, to a concern that Professor Held had joined the Board of the Gaddafi Foundation which was making the donation.
- 3.95 Council ought to have been asked to consider afresh at the October meeting whether the money should be accepted. At the October meeting, having had the benefit of notice in the agenda and some papers, Council expressed real concerns about the Libyan gift.
- 3.96 Despite those concerns, Council was reluctant to overturn a decision they had already taken without evidence of any change in circumstances. I am told by Adrian Hall that there was a decision by Director’s Management Team that this was the way the issue should be handled at the October meeting. Further, Professor Held had framed the issue in that way in his presentation to Council. The speaking note which he had prepared to assist with his presentation to Council at the October meeting reads: *“We should just bear in mind that a positive decision was taken, a signing ceremony undertaken... I think we need to be very clear, if there is to be a change of position, of the grounds for this.”* Shami Chakrabarti described to me how she considered the June meeting *“the vital meeting”* and that in October *“there was a lot of nervousness in the room about second guessing the prior decision over the donation”*.²⁰⁸ Council was conscious *“that this issue had already been extensively debated once, all these fundamental questions had been addressed at the opportune meeting and Council had satisfied itself on whether it was appropriate to take this money. Our focus, if you like was on two things, whether Professor Halliday’s letter changed things materially²⁰⁹, and in a sense even more immediately whether the Al-Megrahi affair had changed opinions more towards rejection rather than acceptance. We were reviewing at that meeting, if you like, a decision that had already been examined in depth by Council under the chairmanship and a decision taken”*.²¹⁰
- 3.97 The chair of the October meeting is not to be blamed for the manner in which the meeting proceeded. He allowed a free-flowing debate. Council members themselves became reluctant to overturn a decision previously taken without an apparent change in circumstances. That is understandable when the issue had been presented to them in that way. Further, when the previous decision had had a different chair and the benefit of the presence of the Director it is comprehensible that Council members would be reluctant to second-guess its outcome, particularly in light of a memo from

206 Council Minutes, 23 June 2009, Appendix 6.

207 Handwritten note of October Council meeting. In the course of my Inquiry, the LSE located a comprehensive note of the discussion at the October Council meeting, prepared by a staff member within Adrian Hall’s governance team. That full note had been used to prepare the (more limited and succinct) official minutes of the meeting. This note is referred to as the *“handwritten note”* elsewhere in this Report.

208 Shami Chakrabarti, Woolf Inquiry Interview.

209 See Section E below.

210 Sir Anthony Battishill, Woolf Inquiry Interview.

the Director saying that “on balance” he would proceed.²¹¹ The overall consensus was to stick with the original decision, but to ensure they were better served in future. As Shami Chakrabarti put it to me “my feeling was that people... were beginning to articulate doubts about the relationship with Libya and about, frankly, whether they had been told everything they should be told. But there was no appetite for complete revolution or causing huge embarrassments at the School and there was no doubting anybody’s good faith...”²¹²

- 3.98 The gift was therefore “reluctantly confirmed”.²¹³ “A number of members of Council commented that although, after further reflection, they might not make the same decision today, the reputational risk associated with declining the gift after the fact was greater than that likely to arise from continuing with it”.²¹⁴ The handwritten note of the October Council²¹⁵ meeting suggests the debate concluded as follows: “There is a nervousness on the original decision. It was not a risk free decision. Council did accept it. The issue today is not should we ... but have circumstances sufficiently changed to warrant a change in decision – haven’t heard anything to suggest that. The reputational risk of backtracking is greater. Council reluctantly stands by the decision”.
- 3.99 Council’s discomfort with the position was evident. For the future, they requested more “time to weigh all of the arguments, and to have the opportunity to reflect before reaching a decision”²¹⁶ and most notably asked for the provision of documentation produced as background research on donors.²¹⁷
- 3.100 Council members who did feel strongly that it was not right to accept the gift ought to have been more vociferous in their objections. They are company board members and if they felt they had not enough information before them they could have abstained from taking a decision until the information was presented. They had Professor Halliday’s note in front of them. Indeed, the handwritten note of the October Council meeting suggests that a Council member picked up on the relevant point, saying “If wrong road, turn back. Para 2.1 (Fred) – Slush fund 4 getting contracts in Libya”.²¹⁸
- 3.101 However, a yet further hindrance to Council’s complete review of the decision in October was that their focus was drawn away from the gift, to a concern that Professor Held had joined the Board of the Gaddafi Foundation which was making the donation to his Centre. “There was a sense in the room that ‘oh the donation is a donation but we have dealt with the donation. Now we are dealing with whether [David Held]

211 Although with the qualification that “if Council members collectively took a different view, then [he] would regard that as an entirely reasonable viewpoint to take, and ... that the reputational consequences of changing our minds, while not trivial, are manageable.” (Note from Sir Howard Davies to Council, Appendix 10)

212 Shami Chakrabarti says this sentiment, and the “nervousness” she describes at paragraph 3.96 above were because: (1) Council was being told in no uncertain terms that the donation had been very publicly accepted; and (2) Council was still receiving very emphatic advice from Professor Held about Saif Gaddafi’s intentions and credentials on pro-democracy reform.

213 Email from Adrian Hall to Sir Howard Davies on 20 October 2009, describing the result of the October Council meeting.

214 Adrian Hall’s letter to Professor Fred Halliday, 29 October 2009, describing the result of the October Council meeting.

215 See footnote 207 above.

216 Council Minutes, 20 October 2009 (Appendix 12).

217 Adrian Hall’s letter to Professor Fred Halliday, 29 October 2009.

218 See Appendix 11. The handwritten note of the October Council meeting also suggests that another Council member may have picked up on the point, set out at paragraphs 3.45 to 3.48 above that the status of being “UN accredited” might not merit the weight it was being given, although the Council did not have enough information before them to make a judgment about that. The handwritten note reads: “NGO status and £ transparency. UN NGO – reporting categories. Only @ highest level do they have 2 report annually. Status. [Research] showed audited accounts. Kirk to report.”

should be on this Foundation and I have to say I was pretty horrified [about that]".²¹⁹ Council's discussion after Professor Held left the meeting appears to have focused almost exclusively on whether he ought to be allowed to continue on the Board of the Foundation.²²⁰ I am told by the then General Secretary of the Student's Union that the issue "*animated members considerably more than the question of the donation itself*".²²¹ Professor Held's continued membership of the Board was an obvious, yet distracting, conflict of interest. It could have been dealt with by senior management in advance of the Council meeting (or by a sensible policy on conflicts of interest or the relationship between donors and the School) rather than leaving Council to have to debate it and reach a decision that Professor Held should be asked to leave the Board of the Foundation.²²²

(D) Professor Held's presentation of the donation at the second Council meeting

3.102 At both first and second Council meetings Professor Held was given the task of presenting the gift to Council. He has been described to me as the live speaker who was advocating the School's advice at the meeting. That was inappropriate at the first Council meeting because Professor Held had solicited the gift and so, objectively, he was keen to receive it.²²³ It was doubly inappropriate at the second Council meeting, because on 28 June 2009, five days after the first Council meeting, Professor Held had joined the Board of Saif's Foundation. At the October meeting he formally represented both donor and recipient.²²⁴

3.103 Despite this, Sir Howard put a significant degree of trust in Professor Held to present the gift. Sir Howard was not able to attend the second Council meeting because he was at a board meeting in New York.

(1) Sir Howard knew that the information on the gift had changed after the first Council meeting and that money was now said to be coming from the Italian, Turkish and Scottish contractors. That information was sent to him in an email from Professor Held on 2 October 2009. Sir Howard recognised in his email response of the same day that that was "*potentially awkward in that we would need to discuss where the money came from for your centre. For example, funding from [a named contractor] would be a problem...*"²²⁵

(2) Professor Held responded to that email by telling Sir Howard that ODAR was doing research on the companies to find out more about them.

219 Shami Chakrabarti, Woolf Inquiry Interview.

220 Handwritten note of October Council meeting.

221 Aled Dilywn Fisher, Statement to the Woolf Inquiry.

222 My view as to whether Professor Held complied with the spirit of Council's concern to prevent the perception of a conflict of interest is set out in Chapter 4 below, paragraphs 4.36 to 4.39.

223 See paragraph 3.140 below. Sir Howard is clear that Professor Held did not ever try to push him into the gift, and involved him in the discussions about whether to accept the gift from the very beginning. Equally, Professor Held stressed to me that he was only keen to receive the donation if and when it was supported by the key bodies within the LSE.

224 Professor Held tells me that he had been continuously asked by Saif to join the Foundation and to make a limited contribution regarding the reform of Libya. Professor Held does not consider that his presentation in October was in any way prejudiced or biased by his position on that board. Professor Held stressed to me that Sir Howard knew his position but had no reservations in supporting the fact that Professor Held was presenting the gift.

225 Email from Howard Davies to David Held, Fiona Kirk and Simon Marsh, 2 October 2009. Sir Howard says his particular concern was that there ought not to be money taken from an arms company, because there was a balance of opinion in the School that that was not acceptable. That one of the companies was said in the ODAR Note on the Companies to specialise in "*seeking commercial opportunity in Libya, especially in the military sphere*" suggests that even on Sir Howard's narrower view of the relevance of information on the three companies, there was cause for concern.

- (3) Sir Howard's eventual note to Council (a draft of which was circulated to Fiona Kirk and Professor Held on 8 October 2009) told Council that *"we have found out a little more about the sources of the funds for the LSE project and David Held can update the Council on that dimension at the meeting"*. (See Appendix 10)
- (4) Fiona Kirk emailed comments on Sir Howard's draft note to him on 8 October 2009, saying: *"I think we should note that the issue of David updating Council on the sources of the funds is tricky because (a) they will ask about where the remaining funds are coming from and (b) whether in the School's opinion the companies 'signed up' so far are acceptable sources to the School. I'm sure David can handle (a) but wanted to check how you'd like David/I to play (b) given that you are not at the meeting yourself. I'm guessing you are happy for us to say that you are comfortable with these sources?"*²²⁶ (emphasis added).
- (5) Sir Howard's response to both Fiona Kirk and Professor Held, was that Professor Held *"will have to cover the fund sources as [Sir Howard did not] have the full picture yet"*.²²⁷ Sir Howard did not give a view on the acceptability of the sources. Even if he had not received the ODAR Note on the Companies, he did not then ask to see the due diligence work which he knew was being done by ODAR.
- (6) In that email chain, and in his note to Council, Sir Howard clearly gave Professor Held the task of updating Council on the sources of the funds.
- 3.104 Sir Howard ought to have taken a view himself on the acceptability of the cited sources of the donation, when asked to do so by Fiona Kirk. If he hadn't received the necessary information he should have asked for it. He at least knew that the cited companies had changed since the first meeting which had approved the gift, and that sponsors were contractors, but his note did not mention those points. Professor Held was in an objectively difficult position. He had an interest in having Council affirm the gift but had been given the responsibility of presenting it to them, which had to be done frankly and with detachment.²²⁸
- 3.105 I have concerns about both the tone and content of the presentation Professor Held gave at the October Council meeting²²⁹. I have heard from those who were at the meeting that not only did Professor Held put a clear case for the gift, but that he *"was quite emotionally connected to Saif and it felt hard to have a dispassionate discussion"* and that in his presence one *"couldn't have said a word about Saif Gaddafi"*. Another commented *"he was emotionally involved... The thing which worried me was David Held's passion. He wasn't able to stand back and give any practical view"*.²³⁰ Because

226 Email from Fiona Kirk to Sir Howard Davies, copied to Professor Held, 8 October 2009.

227 Email Sir Howard to Fiona Kirk, copied to Professor Held, 11 October 2009.

228 Professor Held tells me he does not consider he was in a difficult position. He says he only wanted the gift to be affirmed if Council had affirmed it having listened to both sides of the argument, and that Professor Halliday had sent a (revised) memo which Professor Held had encouraged him to do and which was circulated in advance of the meeting.

229 Professor Held disagrees with the Inquiry's assessment of his presentation to Council. Accordingly, where appropriate, I have made reference to his view either in the substance of the text or in a footnote. Professor Held tells me that whether or not there was a failure amongst LSE's central management to ensure Council received the information which was requested, he refutes the suggestion that that central failure included him. He considers it was not his responsibility as an academic to ensure Council received the information which was required, and that Sir Howard did not impose that responsibility on him.

230 Professor Held makes clear to me that he refutes this impression of his presentation. He says that no one suggested at the time that he was not able to stand back and give an objective view or that he was biased in favour of Saif.

of this passion Shami Chakrabarti asked that Professor Held leave the room. She described how once he left the “dynamic of the meeting changed” and members expressed dissenting views more freely.²³¹

3.106 Council felt uncomfortable with the one sided presentation they were receiving. The minutes record that “when presenting to Council on controversial potential donations, the arguments should include a “devil’s advocate” element.” That was an expression of Council’s frustration at the one sided picture which they had received.²³² One Council member commented: “The way it was reported in minutes, almost makes it look as if this was a particular process that was being advocated. That’s not my recollection. My recollection was more that people felt as I did, I didn’t use the phrase ‘devil’s advocate’ somebody else did round the table did but I think we all felt that we were getting one side of the argument, we were getting the passionate case for Saif Gaddafi alongside, by the way, the noble case for the LSE to be engaged in the world and so on and so forth”.

3.107 As to the content of Professor Held’s presentation, he was given the task of updating Council on the “little more” which had been found out about the source of the funds, but Council was not told important information about the source of the funds. It was not told that one of the sponsor companies had a history of bribery and corruption, that the companies had changed since the gift agreement had been signed²³³ and that the source of two years of the gift remained unaccounted for.

3.108 Professor Held is adamant that he fulfilled the duty left to him by Sir Howard and strongly resists any suggestion that he might be at fault in any way in his presentation. He told me that he took ODAR’s advice on how to fulfil that responsibility, and that he accepted their advice in good faith. He pointed me to a section of his speaking note for his presentation to Council which reads:

“There are three corporate sponsors (in construction and engineering) who have made pledges towards the Foundation’s commitments to LSE Global Governance. Just to be clear on this, the LSE is under no obligation (and I have no intention) of publicly acknowledging any corporate sponsor of the Foundation – their recognition is simply a matter for the Foundation. LSE Global Governance would simply acknowledge the Foundation support like any other”.

3.109 Professor Held considers this section of his presentation fulfilled his obligation to update Council on the sources of the gift. He says this section of his speaking note was based on draft wording given to him by ODAR. He considers that his response to Sir Howard’s request was as it should have been and was advised by others and not formulated by him.

3.110 I have looked at the draft wording Professor Held was given by ODAR. I consider it to be a statement that there were no direct relations with the companies, from a legal or “donor acknowledgment” perspective. Although the memo does refer to the section of

231 Although the Chair of the October Council meeting told me that Professor Held would have been asked to leave for the decision section of the meeting in any event, that was not done at the June Council meeting. Another Council member confirmed Shami Chakrabarti’s account, as does the handwritten note of the meeting.

232 The handwritten note of the meeting suggests one Council member commented “The proposition has been quite one sided.” Professor Held says that it was not pointed out to him that his presentation was one sided, and that he was congratulated on his presentation. He considers that the “devil’s advocate” element was sufficiently provided at that meeting in any event through Professor Halliday’s note.

233 Professor Held did tell Council that Saif’s Foundation “raises money on a project by project basis (something we didn’t know about at the last Council meeting) and he hasn’t found it easy (contra Fred) to raise the money!” (Professor Held’s speaking note for the October Council meeting).

Sir Howard's note which asks David Held to update Council on the source of the funds, I do not consider that ODAR was advising Professor Held how he should do that.

- 3.111 The ODAR employee who drafted the memo, Simon Marsh considers this wording was a *“setting the scene/starting point – a summary of what the foundation is not who its suspected funders were”*.²³⁴ Professor Held had asked him for help on describing the particular Foundation. They had a number of conversations about the matter. Such assistance, *“drafting starter and contextual pieces”* is normal in ODAR's line of work. He was upset that any inference would be drawn that in providing such assistance he was attempting to hide from Council the due diligence work which ODAR had done. *“To suggest”* he said *“that ‘Simon Marsh’ was proactively telling Professor David Held what to say is frankly ridiculous”*. Fiona Kirk's view is similar: *“it would be very unusual for a senior academic to take instruction from people they perceive as... administrators”*.²³⁵
- 3.112 Professor Held interprets the note from ODAR differently to the way I interpret it and to the way Simon Marsh understood the assistance he was giving. Reasonable minds differ as to interpretation.²³⁶ I do not think Professor Held was acting in bad faith in the form of words he was adopting.
- 3.113 It is clear that Council ought to have been told about the history of bribery of one of the gift's sponsors. Professor Held agrees ODAR never suggested he should not mention the history of the companies. He conceded in interview it was still open to him to do so, despite what he had been advised by ODAR.²³⁷
- 3.114 Even if ODAR's draft was considered by Professor Held as advice on how to “update Council on the source of the gift”, I am surprised it did not strike him as obviously inappropriate. When Sir Howard left it to Professor Held to update Council he did so knowing the names of the companies and that they were contractors, but in his email of 8 October 2009 to Professor Held and Fiona Kirk, Sir Howard said he didn't have enough information to take a view on the sources himself. It ought to have been obvious to Professor Held that he at least needed to give Council more information than that.²³⁸
- 3.115 Professor Held stressed to me that he had presented the gift in a manner which was approved because he had circulated a draft of his speech to Fiona Kirk, Adrian Hall and Simon Marsh before the October meeting and offered to make any changes, which in the event none of them suggested.²³⁹
- 3.116 However, I consider it was Professor Held and not those other individuals who had been given the task of informing Council of the other information that had been found

234 Simon Marsh, email 9 June 2011, appended to Fiona Kirk's second statement to the Inquiry.

235 Woolf Inquiry Interview. Simon Marsh stressed to me that an interpretation of his memo as an overview of the corporate sponsors which would be incorporated into Professor Held's presentation conflates his role in offering support to an academic's request for some basic descriptive text about the foundation with a role which he did not claim, and which was never asked of him.

236 Although Professor Held does not consider my interpretation of the note to be a reasonable one.

237 Professor Held says that he did not consider it was for him to go beyond the advice he considers he had received since he was not part of the management team. He says it could not have been his responsibility to go beyond what he considered to be advice in relation to the history of the company sponsors.

238 Professor Held disagrees and considers that it was not and is not obvious to him that he needed to give Council any more information than that.

239 Professor Held tells me that because he never considered it to be his responsibility, he circulated his speech to get the management team's consent to what he considers was their responsibility in relation to the contents of his speech.

out about the sources of funds for the donation. He had been expressly given the responsibility by Sir Howard. When Fiona Kirk, in her email of 8 October 2009 to Sir Howard, noted that the issue of Professor Held updating Council on the sources of the funds was “tricky” and asked whether the companies “signed up” so far were acceptable to the School, Sir Howard’s response (copied to Professor Held) was that Professor Held would have to cover the fund sources. Professor Held should have made it clear that the companies had changed since the previous meeting and that one of the companies had a chequered history of bribery. In addition, because Professor Held made clear to me that he would not have proposed the gift if the money was to come from the Libyan state, he should at least have drawn Council’s attention to the fact that there was no information as to what would be the source of the money for the last two years of the donation, so Council could not be satisfied that it would not be money provided by the Libyan state. It remains, however, that Sir Howard should not have left Professor Held with this task.²⁴⁰

(E) The presentation of the views of Professor Fred Halliday

3.117 Professor Halliday was the LSE’s foremost expert on the Arab world. No-one has sought to contest the supremacy of his understanding in their evidence to me. He was also an experienced, successful and pragmatic fundraiser. He had been a very active and integral part of the LSE’s development and fundraising in relation to the Middle East. Between the year 2000 (when ODAR records began) and 2009 he had been directly involved in or influential with over a hundred prospects and donors.²⁴¹ Professor Halliday was therefore doubly qualified to comment on the appropriateness of accepting a gift from Saif’s Foundation as both experienced Arab expert and fundraiser. Dr Mary Blair, when she was Director of ODAR relied on his judgment.²⁴² When Professor Halliday first contacted Sir Howard on the subject of the Libyan gift, Sir Howard responded “*had Mary still been here she would have reminded me to pass the gift by you earlier*”.²⁴³

3.118 Professor Halliday left the LSE faculty and became Emeritus Professor on 28 April 2008. In 2009 he was based at Institut Barcelona d’Estudis Internacionals in Spain. On 8 July 2009, after the gift had been approved by Council but before the gift agreement had been signed, Professor Fred Halliday emailed Professor Sarah Worthington, Pro-Director for Research and External Relations. He had heard about the gift and expressed real concern. He was put in touch with ODAR, and Professor Held and Sir Howard were told of his objection. Despite Professor Halliday’s concern the gift agreement was signed on 17 July 2009.

3.119 In early September 2009, Professor Halliday requested to meet David Held. In advance of the October meeting he emailed Fiona Kirk and David Held a nine page memo entitled “*LSE and the Qaddafi International Charity and Development Foundation. A Dissenting Note*” and they passed it to Sir Howard. The memo gave an assessment of the situation which proved to be remarkably accurate. Professor Halliday stated that he was opposed to boycotts of controversial regimes and that he was cautious, but not opposed to accepting funds from authoritarian regimes. However, he was concerned

240 Even if Sir Howard did not have enough information before he had drafted his note to take a view on the acceptability of the three companies as sources, it was at least relevant that the information about the sponsors had changed and that information could have been included in Sir Howard’s note.

241 ODAR Preparatory Note for Meeting with Fred Halliday on 8 September 2009.

242 Although she says that his opinions were sometimes contentious.

243 Email from Sir Howard to Professor Halliday, 14 July 2009.

that he could not recall any time when the LSE had drafted a policy relating to fundraising from such regimes. On the gift from the GICDF itself, Professor Halliday said:

- (1) It would be clear to anyone with knowledge of Middle Eastern politics that Saif Gaddafi was a central member of the Libyan regime which was not based on formal appointment, but patronage and kinship.
- (2) The claim that the GICDF was independent from the state was not credible. The funds for the Foundation were provided by foreign companies wishing to do business in Libya. The money was paid to secure favours and contracts from Tripoli and it was paid because Saif was considered to be a decision maker within the State. The Foundation was, in matter of fact terms, an entity which levies a tax on foreign firms. The credibility of the trustees was unclear. It was a common practice of Middle Eastern rulers to recruit as international associates people who know little about the region. The GICDF was involved in good works not for charity but to win goodwill.
- (3) Persons without any deep knowledge of Libyan or Arab politics had attempted to persuade him that Libya was changing. However, in 2009 Libya remained one of the most dictatorial and opaque of Arab regimes.
- (4) As to Libya's international conduct, most relevantly, Libya's reputation among other Arab states and peoples was abysmal.
- (5) The ordinary School procedures were not good enough when dealing with authoritarian, secretive and non orthodox donors. Middle Eastern states cannot be researched in the ordinary way, because the transparency present in western countries does not apply. The only way to research is to talk to people who know the countries.

3.120 At his meeting on 8 September 2009 with Fiona Kirk, Simon Marsh and David Held, Professor Halliday was told that Council was to reconsider the gift in any event in light of the Al-Megrahi affair, and it was decided that he should submit a shorter version of his note (Appendix 11 to this Report). That shortened version, although still powerful, was less so than the original. Professor Halliday's original note provided not only a substantial analysis of the situation, but included as background "*Some general considerations*" which would have given his view authority amongst those who did not know him. For example, it set out in detail how he had "*consistently supported the building of relations with Libya in the political sphere*"; examples of how he had "*on numerous occasions been asked by colleagues, from the Director downwards, whether it is prudent for them to engage with Libya, in regard to specific projects... and on every occasion I have supported such moves.*" He also set out his concern that the School had stretched the criteria of admission and supervision that other students are expected to meet for Saif, and set out his view that "*that this donation was signed on the very day that Saif received his degree can only foster suspicions, already widespread in the Middle East and in related circles in London, that he, in effect purchased his degree*". Professor Halliday's original note raised, in great detail his view that "*the School ... has involved itself in a multi-dimensional, formal and informal relationship with Saif, culminating in the signing of an agreement for a donation.*"

3.121 There was clear unease about Professor Halliday's original note amongst those involved with the Libyan donation to the LSE. It did contain allegations about a failure to adhere to academic propriety during Saif's time as a student and, it was thought to contain statements which Professor Held considered libellous to the individuals mentioned

which, included another supporter of his Centre. Professor Held asked members of the International Relations Department who had been sent the note to delete it, citing Professor Halliday's best interests saying "*the first version of the document is so potentially damaging to Fred that it is in his interests that we all do this*".²⁴⁴

3.122 When it came to the presentation of Professor Halliday's views at the October Council meeting, some Council members have described to me that they were presented "*with a nudge and a wink*" and that Council was "*told he was not well... he was rubbished*".²⁴⁵ Others²⁴⁶ do not remember that. What is clear is that, although Professor Halliday's shortened note was put before Council, the substance of his view as to whether the gift ought to be accepted was challenged, by both Sir Howard and Professor Held.

(1) Sir Howard, although not present at the October meeting, had sent a note to Council. In that he recognised that Professor Halliday's views ought to be taken into account but added "*It is fair to say, though, that we have taken soundings from other Middle East experts, who have taken a different view, and especially argued that rejecting this gift now would send the wrong message*". Sir Howard inserted that qualification upon the suggestion of Professor Held.²⁴⁷

(2) Professor Held himself told Council that "*the views espoused by Professor Halliday were not necessarily shared by all in the academic community*".²⁴⁸ He told Council he had "*sounded [the academic community] – no one of same opinion as Halliday*".²⁴⁹

3.123 Professor Held has told me the expert view he was relying upon was predominantly that of Professor Joffé,²⁵⁰ lecturer at the Department of Politics and International Studies, University of Cambridge. The Inquiry has interviewed Professor Joffé. Professor Joffé was of the firm view that he would not have accepted the money from Saif's Foundation.

(1) Professor Joffé said it was in fact Professor Halliday who first contacted him in 2009 asking him about the appropriateness of accepting a gift from Saif. He was told that Professor Halliday had asked Professor Held to speak with him, and had called to ask whether he in fact had done so. Professor Joffé told Professor Halliday he didn't think Saif's gift was something he would have accepted or that he would recommend, and

244 Email from Professor Held to Sir Howard Davies, 14 September 2009.

245 I have interviewed Professor Halliday's widow, Professor Maxine Molyneux. She confirmed to me that Professor Halliday's illness had no effect on his capacity to function as an academic and did not inhibit his ability to lecture and teach. He suffered from depression, and sadly passed away by reason of cancer on 26 April 2010.

246 Including Professor Held, who assumes that if this happened, it must have been after he left the room (although the Handwritten Note of the Council meeting does not suggest that Professor Halliday's views were discussed, aside from a comment that he should be sent a reasoned response to his note, after Professor Held left the room).

247 See Appendix 10. The suggestion was made in an email from Professor Held to Sir Howard on 8 October 2009, in which Professor Held said "*its (sic) important to realise that Fred is only one expert and others contradict the substance of his view.*"

248 Minutes of Council Meeting 20 October 2009 (Appendix 12).

249 Handwritten note of October Council meeting. Professor Held tells me that he considers this record is "*totally incorrect*" and that he would never have said that or thought that and would not have presented Council with what he considers would have been two contradictory views in his presentation.

250 Professor Held told me that when he spoke of "*other experts*" he was also referring to persons he had spoken with at a conference on Libya in September 2009. I have reviewed the synopsis of their views which he emailed to Sir Howard and Fiona Kirk at the time, on 28 September 2009. Again, I do not think that they can be relied upon as disagreeing with Professor Halliday. David Held cited experts at the conference as being "*broadly optimistic*" and said that the Libyans, regime representatives as well as dissidents, "*were supportive of the LSE's engagement with Libya... and none of them thought we should change our position... this kind of link increases their legitimacy.*" Those experts seem to have expressed no view on the nature of Saif's Foundation. Professor Halliday himself was in favour of engagement with Libya. He made as much very clear in his first note, in which he described how had participated in a week long visit by the British Council with the former British Ambassador, Sir Richard Dalton (who I have also interviewed) as someone who had "*consistently supported the building of relations with Libya in the political sphere*" (Professor Halliday, first note on the gift from Saif's Foundation).

Professor Halliday said he would ask again that David Held speak with him. Professor Kaldor also described to me how she urged Professor Held to contact Professor Joffé.

- (2) Professor Held did contact Professor Joffé and told him that the LSE Council had decided to approve the gift. Professor Joffé told Professor Held that had he been approached about the money he would not have taken it. He also stressed the real risk involved in becoming associated with Libya, which he described as a slippery and volatile country, association with which is inevitably risky. However, he felt that given that the gift had been approved by the LSE Council there now seemed little point in rejecting it and thereby causing unnecessary offence. Professor Joffé's view in interview was that given the limited amount of research funding available, if a gift had already been through the proper processes in an institution, it wasn't for him to advise not to take the money. He says he was not told that the matter was going back to Council for a further decision.²⁵¹
- (3) Professor Held did not tell Professor Joffé that the money was to come from private companies operating in Libya. When I told him this, his immediate reaction was that *"they were paying a bribe to Libya to get access to contracts"*. He said that if he had known private companies were the sources, and that Council hadn't known that when it originally approved the gift he would have said *"look I really recommend you not accept this"*.²⁵²

3.124 I asked Professor Held about this. He conceded Professors Joffé and Halliday agreed that the Libyan gift ought not to have been accepted. Professor Held pointed me to his speaking note to Council. He told me that he was *"very careful"* in how he put the advice of the other experts. In his written speaking note for his presentation to Council, Professor Held phrased their advice in terms of whether they thought the LSE ought to change its position²⁵³. He also had emailed Sir Howard and ODAR setting out a fuller version of Professor Joffé's view, including the fact that Professor Joffé would not have accepted the gift himself in the first place.

3.125 Even had Professor Held been as careful in his oral presentation as he were in his speaking note,²⁵⁴ Council is likely to have been given the impression that the substance of Professor Halliday's analysis in his note was disputed by other experts. In fact, no one appears to have contradicted Professor Halliday's views on the Foundation, Libya, Saif and the likely provenance of the source of the Foundation's money. As to those, the experts were agreed on the risks of accepting the money.²⁵⁵

251 Professor Joffé's recollection is that David Held told him the gift had been accepted by Council *"over Professor Halliday's objections"* (Statement to the Woolf Inquiry).

252 Woolf Inquiry Interview. Professor Held's recollection is different. He considers that he did tell Professor Joffé that Council had approved the gift but following the release of Al Megrahi the gift was going to be reconsidered and he spent some time explaining that the gift was not directly from the Libyan state and hence it might be more acceptable. (Professor Held, comments to the Woolf Inquiry).

253 His speaking note reads, at paragraph 3: *"Broadly, since the Al Megrahi affair blew up, I have taken broad based soundings, from the academic and non academic worlds. Apart from Fred Halliday, I have not come across anyone who thinks we should change our position. For example, George Joffé, a highly regarded expert on Libya, thinks that to change our position now would make the LSE look weak and foolish. This view was echoed by people I spoke to at a recent Conference on Libya in Oxford, which brought together a wide range of Libyan experts and critics of the regime from within Libya."* Professor Held tells me that all he ever said was that the experts he had discussed the issue with said that the LSE should not change its position, and he said nothing more nor less than that.

254 See paragraph 3.122 (2) above.

255 I have been told by persons within the LSE that Professor Halliday was of the view after the October 2009 Council meeting that the debate had been concluded to his satisfaction. Reliance is placed on Professor Halliday's response to letters sent to him by Sir Howard and Adrian Hall informing him of the outcome of the October meeting, in which he expressed satisfaction at the detailed attention which Council had given the matter, and *"welcomed the measures which have been put in place to deal with similar cases in the future"* (letter to Adrian Hall from Professor Halliday 12 November 2009). However, Professor Halliday was not at the October Council meeting which considered the gift.

(F) The presentation of the views of the Development Committee

3.126 At both first and second Council meetings Council appears to have been given the impression that the gift had already been scrutinised and approved by the Development Committee but that was not the position.²⁵⁶ Further, the Chairman of the Development Committee, Cato Stonex, had been fiercely opposed to the acceptance of the gift. Council was not informed of that. I found Cato Stonex very impressive as I am sure Council would have done if they had heard from him.

(1) The Development Committee view: conditional referral

3.127 At the June meeting, some Council members seemed to have been left with the impression that the Development Committee had had the advantage of research, information and time for scrutiny. For example, the General Secretary of the Students' Union's email to Howard Davies, Fiona Kirk and Professor Held the day after the June meeting, said that on the basis of a rough web search he didn't expect any reasonable opposition to the gift but commented: "... it was difficult to have a detailed discussion last night without relevant research and facts to hand. It sounds like the discussion on the Development Committee allowed greater scrutiny ..." ²⁵⁷

3.128 That was far from the case. As I set out above, the Development Committee's "show of hands" approval of the gift was conditional upon a suitable response to a number of questions they raised about the gift. The final view of the Development Committee, as collated in a document by Fiona Kirk ("Table of Development Committee views") ²⁵⁸, was that eight members were "in favour" of putting the matter to Council and two were "against" but those votes in favour were not unqualified. For example, of the "in favour" votes taken by email, one was "not averse" but wondered whether the gift could be deferred for 12 to 18 months. Another suggested that a "careful solicitation of all relevant constituents [of the gift] be undertaken" before any acceptance. Another member commented "provided David Held does not solicit any untoward responses as a result of informally raising the questions referred to in the minutes" they were in favour of supporting the majority. Yet another said "[David Held] had made a persuasive case, but suggested we should ask about the source of the money". The acting chair at that meeting (who voted against the donation) "stressed his view that it was important to ensure that any gifts to the School should be sourced from demonstrably 'legal' money otherwise we would risk being accused of accepting money from anyone". I have interviewed Victor Dahdaleh, member of the Development Committee, who was adamant that the Development Committee had not "passed" the gift. They had asked further questions.

256 The minutes of the June 2009 Council (Appendix 6) meeting read that Fiona Kirk reported that "a range of views had been expressed by members of the Development Committee, with a clear majority in favour of accepting the donation." Fiona Kirk considers that she had delivered the table collating the views of the Development Committee (which showed the conditional responses of the Committee members said to be "in favour") to Adrian Hall but that did not make it to Council. She thinks that she was asked to confirm, during Professor Held's oral presentation, whether it was true that the Development Committee had approved the gift, and did so. She told me "the majority of them had said 'good to take in their opinion', 'yes I agree' subject to these further questions that they asked David to explore but [the Development Committee] will not perceive that they were saying... (because they don't see they have that decision making power) ... 'that's fine', they know that they don't have that authority." However, it is clear that not all Council members were aware of the nuances of the Development Committee's approval of the gift. Sir Howard and Professor Held had also been present at the Development Committee meeting. Professor Held had been charged with getting answers to the Committee's questions and was to report those to Sir Howard (Development Committee Minutes, 4 March 2009, Appendix 5). Both Sir Howard and Professor Held were present at the June Council meeting.

257 See footnote 194 above.

258 She contacted those members who were absent, recognising this was a sensitive issue.

3.129 We do not know what the reaction of the Development Committee would have been had they been given the opportunity to reconsider their primary position in light of the response to their questions. They were not asked again because, as Fiona Kirk explained, they were content the issue should go to Council who should be informed of the results: *“they viewed their role as advisory only. So they advised the digging, finding out what the provenance is and then I think they will have thought ... we have kicked it upstairs”*.

(2) The view of the Development Committee Chairman

3.130 The chair of the Development Committee, Cato Stonex had been fiercely opposed to the donation. Prior to the Development Committee meeting he met Fiona Kirk and calmly told her that, although it was right for the Committee to debate the Libyan gift, he would resign were it accepted. That message was passed to Sir Howard. Professor Held called Cato Stonex, arguing it was right to accept the money, but Cato Stonex remained unconvinced. His reason, expressed in interview with me was that *“it was very clear [the money] was from the Gaddafis, there is no other source for the money other than the fact that... being a dictator he has taken it for himself, the oil money... it was money they had extracted for their own purposes...”* He was also concerned about *“a string of bad newspaper stories about the LSE... regardless of the fact that fundamentally it was a bad thing to do, to take money from these sorts of people.”*

3.131 In the event Cato Stonex was not able to attend the Development Committee meeting, which was not, he told me in interview, *“a convenient absence”*. He was away for work.²⁵⁹

3.132 Despite being chair of the Development Committee, Cato Stonex was never fully informed about the source of the Libyan gift until I put the private sources of the gift to him in interview. His reaction, as an experienced City businessman, was that *“I wouldn’t have liked it if it came from his Foundation, but if it had come via a third party then it would have been abundantly clear that it was payment in return for government contracts... really for the LSE to accept payment from these people makes me even more annoyed”*. He considered the notion that Council was to be comforted by the fact that the money came from a private source *“quite a ridiculous idea. It is the opposite in my view. It is abundantly clear. If you are getting money from a Foundation then that money should arrive from that Foundation not from somebody who has something to gain from doing favours”*.²⁶⁰

3.133 The qualified nature of the Development Committee’s decision and the limited scope for it to scrutinise the gift meant that Council ought not to have been given the impression that it had “approved” the gift which, it was said, *“had been extensively debated within the Development Committee before it reached the Council for decision”*.²⁶¹ They ought to have been told of the strong objection of the Committee’s chair, and Council would have benefited from his analysis of the private sources of the gift. His objection was contained in the *“Table of Development Committee Views”*, prepared by Fiona Kirk but that was another relevant document which did not reach Council.

259 In the end he did not resign. Given his aim in being on the Committee was to assist the development of the LSE, he considered it would have been *“counterproductive to go off in a huff because I fear that people haven’t been listening to me”*.

260 Woolf Inquiry Interview

261 Professor David Held, Minutes October Council meeting (Appendix 12).

(G) Conclusion on the presentation to Council

3.134 The presentation of the gift to Council amounted to a chapter of errors. Some Council members have expressed concern to me that they feel, generally, that they are “managed”. In respect of the first Council meeting, one Council member told me “*I felt that some of the information we had been given was being a little, kind of, metered. It was a very uncomfortable discussion, because they wanted what they wanted, they did not like being asked questions. I hold myself equally responsible, because I was very uncomfortable with it, but I was not one of the ones who abstained ... It was being railroaded through, that is what it felt like ... Those people who become Council members, I mean one would hope that ... between us there is a little bit of a brain, but the skill of being an effective member is actually being able to ask the right questions. I felt in that first meeting, we were being blocked. It was total them and us. And it started with a paper not being circulated in the first place*”.²⁶²

IV. The second donation from the GICDF

3.135 At the end of October 2010, ODAR was informed by the Centre for Global Governance that it had negotiated a second donation from the GICDF of £22,857. It was to support transport costs for a speaker series to take place in Libya between October 2010 and December 2011 as part of the North Africa Programme.

3.136 ODAR ran the gift through their internal checklist and because it was under £100,000, was not a new initiative and did not make use of LSE resources, under that policy it did not need sign off beyond the Director or Deputy Director of Operations in ODAR.

3.137 The gift agreement was signed on 11 November 2010, but no money was received.

V. Attribution of responsibility

3.138 In this section I will consider responsibility for the failures in the decision making process relating to the Libyan gift.

(A) Responsibility amongst senior members of the LSE staff

3.139 It is clear that this was a failure on the part of senior office holders within the LSE. The Director, Professor David Held, the Director of ODAR, and Adrian Hall all have some measure of responsibility. They accept that errors were made in the preparations for Council to consider the donation.²⁶³ A failure in the system of governance occurred. Council members were never given the information they should have had.

3.140 I do not believe there was any intention to act other than in what was perceived as being in the best interests of the School. Professor Held was put in a position of conflict because of the needs of his Centre. Professor Held involved Sir Howard in

262 Angela Camber, Woolf Inquiry Interview.

263 Professor Held tells me (although I do not agree) that he considers that his position is different from those in the management team because, as an academic, he did not have any direct responsibility for preparing the matter for Council (see footnote 229 above). He does however, express regret that he allowed Sir Howard to give him any position at all in presenting the case, which, with hindsight he considers was wrong.

the gift from a very early stage.²⁶⁴ Sir Howard considers that Professor Held, when he brought the gift to the Director, was fair and did not try and “bounce” him in to supporting it or “push the gift forward”. Professor Held made clear in discussions about the gift that its acceptance was not a matter for him, it was a matter for the LSE’s key bodies to make a decision. When it came to the reconsideration of the gift, Professor Held had suggested a third option of postponing the gift for two years instead of reconsidering it at Council.

- 3.141 Fiona Kirk was a relatively newly arrived Director of ODAR and she had no experience of fundraising from sources from the Middle East or North Africa. She would not have thought it necessary to look behind the Foundation, but for the Development Committee having raised the point (although she now realises such an approach is not adequate). Fiona Kirk was not aware that Professor Held was not an expert on Libya. Fiona Kirk had a responsibility, as a senior member of staff, to draw concerns about the gift to senior management in the School. Some of her concerns about the gift were not escalated beyond ODAR.²⁶⁵ However, she told Sir Howard that the issue of David Held updating Council on the sources of the money was “tricky” because of the need for a view on whether the companies signed up so far were acceptable sources to the School. Sir Howard left that to Professor Held. The Director of the School, Sir Howard, was in charge in this case. He was being consulted by the senior Professor directly involved in negotiating the gift. Fiona Kirk’s role in that context and in relation to a donation that, uniquely, was to be considered by Council was unclear.
- 3.142 The LSE in general misinterpreted ODAR’s position. Adrian Hall thinks the School had come to rely on thorough vetting procedures taking place in ODAR, and had a sense that more matters were being covered by due diligence than actually were, but this was a case where the gift had been negotiated by an individual academic (and then presented to the Director) and not by ODAR. Adrian Hall was concerned with the broad question of principle as to whether the Council wanted LSE to have any connection with Libya rather than the detail of the gift.
- 3.143 The Inquiry has scrutinised the facts under a severe light, but as the facts unwound at the time the position was no doubt less clear. It is evident, however, that there was a clear departure from what was required.

(B) The contribution of inadequate systems at the LSE for dealing with the ethics of accepting a donation

- 3.144 The history of the Libyan gift at the LSE highlights a need for change in the structures and principles for considering the ethics of accepting a donation. The LSE’s policy and structure for the scrutiny of gifts does not appear to have ever been formally adopted by the institution. Had there been tighter structures in place, particularly to ensure that Council was aware of the concerns about the gift that had been identified by ODAR, and to ensure clear lines of responsibility amongst the various individuals, then the damage to the LSE might have been avoided.

264 Professor Held sent Sir Howard a memo on 8 December 2008, having “promised to keep [him] informed about discussions with Saif and [his] trip to Libya.” In that memo, Professor Held told Sir Howard that “One of the reasons I went to Libya was to introduce [a businessman, hereafter referred to as ‘AB’] ... to Saif and his brother; the meetings went very well and [AB] is confident of business opportunities in Libya. He will also support the Centre – so it looks like we are in promising waters. Saif and I spent several hours together... When we talked about the Centre he indicated that he would be delighted to come in with... others in a major way. I asked for a small fortune ... If you would like to discuss any of this I would be happy to come and see you or talk on the phone. I will get back in touch in any case after Saif indicates his level of support.”

265 See paragraph 3.156 below.

(1) The LSE's policy

- 3.145 In the course of my Inquiry I was shown a document entitled “*Acceptance and Refusal of Donations*”. It is undated, and appears to remain in draft form. It leaves ultimate responsibility regarding the acceptance and refusal of donations with the Council of LSE. The Development Committee are said to be Council's representatives in that matter, and the Director of ODAR is to bring a source of funding to the Committee for discussion in the event she believes there may be an issue with that source.
- 3.146 I made some enquiries into the origins of this policy. Simon Marsh, a longstanding employee of ODAR, gave me some useful background into its genesis. The policy was drawn up just before Dr Mary Blair, former Director of ODAR, left the LSE in 2008. The policy originated in ODAR. It was a document which they, as development staff, felt they needed to create²⁶⁶. It was not a policy which had been handed to them by senior management at the School. He considered it “*an institutional document, but it was never debated by the institution*”.²⁶⁷
- 3.147 Prior to ODAR's production of this document there had been no formal policy on the acceptance and refusal of donations.²⁶⁸ That had been a matter of real concern to Professor Halliday. His parting word to the LSE in 2008, in a paper entitled “*On principles of fundraising*”²⁶⁹ was a call for a rethink and formalisation of the issue of fundraising matters, most particularly fundraising from authoritarian states. In 2009, upon hearing of the Libyan gift, he said he remained unaware of any such rethink or formalisation. Although he welcomed the “*Acceptance and Refusal of Donations*” document, he was concerned that its precise status remained unclear.²⁷⁰
- 3.148 The policy has now been overtaken by events within the LSE's structure of governance. The Development Committee ceased to be a standing committee of Council in 2010. In that sense, the notion that the Development Committee performs Council's role of scrutinising gifts on their behalf no longer fits with the structure of School governance. The status of the Development Committee and its position within the School structure is unclear²⁷¹. The policy appears to be out of date. It needs to be reconsidered and I recommend that the LSE draw up a new written policy on the acceptance and refusal of donations. The history of the Libyan gift demonstrates that any new policy must have a clear procedure for the scrutiny of a gift, with clear lines of responsibility. That process will require the clarification of the role and responsibilities of various entities and individuals involved in donations at the LSE, to which I now turn.

266 He described to me that the reason it was developed was that ODAR representatives realised, mainly from attending fundraising conferences at which other universities were present, that their institution was lacking any proper policy on the acceptance and refusal of donations. It was presented to the Development Committee and approved by them on 14 January 2009, but was not formally adopted by the LSE as an institution wide document.

267 Woolf Inquiry Interview.

268 Lord Giddens, former Director of the LSE, described to me the three principles which were applied during his time as Director, but those were unwritten and are no substitute for a clearly expressed code.

269 “*On principles of fundraising*”, Professor Fred Halliday's Report to the Research Committee on relinquishing the Directorship of the Middle East Centre.

270 Minutes of meeting between Professor Halliday, Professor Held and ODAR, 8 September 2009.

271 Professor Gaskell, Pro-Director for Planning and Resources, described in his report on “*The Governance of Donations for Initiatives*” how, following the review of the Council sub-committees in September 2010, it remains unclear whether the Development Committee is “*owned*” by ODAR or by the LSE.

(2) Entities within the LSE involved in the scrutiny of donations

– Use of the Development Committee to scrutinise donations

- 3.149 In developing these written principles, ODAR was making the best they could of the structures they had. However, unless the Development Committee was restructured it was not a suitable body to vet proposed donations. The Development Committee is a committee of donors who wish to assist with fundraising. Cato Stonex, the current chair told me it is a *“non executive, advisory committee. It tends to be made up of alumni who have both been keen to be involved in helping to raise funds, but also increasingly people who have personally made donations. It is a sounding board both for Fiona [Kirk] and Mary [Blair] as was... We are more of a supporters’ club. People who have made their contribution, and want to be helpful. When someone is trying to organise fundraising for a new area, we sometimes sort of pass the hat round... We aren’t there to supervise donations, we’re there more to encourage.”*²⁷²
- 3.150 This is made clear from the Terms of Reference of the Committee. They do not charge the Development Committee with the task of scrutinising proposed donations. The Committee is to: *“oversee the fundraising programme at LSE and provide volunteer leadership for strategy, identification and solicitation of significant gifts to the School”*.²⁷³
- 3.151 I have no doubt that when presented with questions about the ethics of a particular gift, the Development Committee will act responsibly and consider the issue properly. However, it does seem to be an *“inappropriate fit”*²⁷⁴ to task a committee of alumni and donors dedicated to fundraising with the job of scrutinising gifts. Further, my impression from Development Committee members is that the informal advisory position they occupy means they consider themselves ill placed to properly carry out the task of ethical scrutiny. As Cato Stonex put it, the Development Committee is simply *“not a decision making committee”*. It doesn’t have any power: *“we were just called upon to give our advice as best we could and sometimes it was listened to and sometimes it wasn’t”*.²⁷⁵
- 3.152 For those reasons, when considering what action to take following this Inquiry the LSE must decide on what role the Development Committee should play and set that out in writing. Everyone should be aware of its role, so that it is not relied upon as having performed a detailed scrutiny of donations, a task which the Committee does not necessarily consider it performs. If the LSE decides that the Development Committee ought to perform the role of scrutinising the ethics of accepting or receiving gifts,

272 Woolf Inquiry Interview.

273 Under the Terms of Reference of the Development Committee that is to be done *“through: a. working with the School’s Director and the Director of Development to make introductions and close key gifts; b. acting as a sounding board for the case to support new projects as they develop; c. developing a base of fundraising volunteer leadership; d. helping to organise and assist with special events and other fundraising activities; e. acting as an ambassador for the School and its fundraising programme by promoting awareness and interest in the School’s fundraising programme throughout the School community; f. actively participating and engaging in fundraising activities; g. recommending appropriate recognition for donors to the School. To develop and where appropriate, assist in implementing the School’s fundraising strategy and advise the School on fundraising policy and how philanthropy can maximise the School’s potential.”* These are clearly the tasks of a fundraising committee. Indeed, some of the other questions which the Development Committee asked about the gift at their meeting on 4 March 2009 confirm the view that Committee was acting as a fundraising and not a due diligence body. For example, in addition to wanting to know what was the source of the money for the gift, the Development Committee asked whether *“an alternative or even anonymous source could be considered”* and for Saif’s *“[s]uggestions as to how to solve the perception problem that the School might face.”* (Development Committee minutes, 4 March 2009, Appendix 5).

274 As Adrian Hall put it, in interview with me.

275 Woolf Inquiry Interview.

then the task ought to be given to it in a formal sense and its membership and terms of reference should be reconsidered to ensure it is equipped to perform the task. There should be clarification of where the Committee sits within the School structure. However, the LSE might decide that another committee, one not focused on fundraising, ought to be tasked with the role of such scrutiny. In that event, I think that the Development Committee ought to continue acting as a valuable sounding board for ODAR and assisting with fundraising.

– ODAR's role in the scrutiny of donations

3.153 Under the current policy for the acceptance of gifts, the Director of ODAR is tasked with bringing forward sources of funding with which there may be an issue to the Development Committee.

3.154 In the majority of cases I understand ODAR themselves carry out scrutiny of a gift. They need to be more clearly charged with this task which they are best equipped to perform. ODAR are the LSE's first contact with a potential funder. They consider on a day-to-day basis whether a particular prospect should be asked for money. They apply ethical scrutiny at that stage, before any "ask" is made. They will usually be dealing with the proposed donor and the quicker the donor is informed of the non-acceptability of the gift, the better. ODAR will be in the best position to decide what due diligence is needed. They recognise their role involves only recommending donations that could be properly considered acceptable.

3.155 A significant problem in the case of the Libyan gift was that a request for a donation was made by an individual academic before any central consideration of whether the LSE would want to receive the money. There was at the outset a risk of causing offence and by the time the gift reached ODAR the "*backdrop sense [from Sir Howard and Professor Held] was that actually this probably was right to take*".²⁷⁶ It is clear that although ODAR does play a vital role in seeking gifts, individual academics, centres and departments also fundraise. The Centre for Global Governance has been described to me as a Centre which "*ploughed its own furrow*" in terms of fundraising. At the LSE there are "*entrepreneurial academics who come to [ODAR] only when the paper work needs doing*"²⁷⁷ and for whom ODAR was not proactively seeking monies itself. The LSE needs to consider whether it is appropriate for an individual academic, centre or department to request a donation on their own initiative, without involving ODAR. The School ought to consider whether written guidance should be adopted setting out what steps need to be taken before an individual asks for a donation and who should be notified before this is done. ODAR should be informed promptly of any potential donation.

3.156 ODAR are capable of the task of scrutiny.²⁷⁸ They are also capable of making the right judgment whether a gift should be refused. ODAR's internal view on the Libyan gift was that it was "*too controversial on both ethical and reputational grounds*".²⁷⁹ Were she to

276 Fiona Kirk, Woolf Inquiry Interview. The notion of a "*backdrop sense*" from Sir Howard seems to be confirmed by the internal email correspondence. For example, in May 2009, Sir Howard emailed Professor Held stating that he had mentioned the gift to a Council member who was "*instinctively opposed*" (and who in the event was not at the relevant meetings) and suggested that David Held "*might find it a useful investment of half an hour to have a go at him before the June Council.*"

277 Fiona Kirk, Woolf Inquiry Interview. Indeed, for example, that seemed to be the case with regard to the second gift from Saif's Foundation.

278 Although in this case, the further necessary step of verifying whether the companies were in fact the sponsors was never taken.

279 Covering email to the ODAR Note on the GICDF sent from Simon Marsh to Fiona Kirk on 2 March 2009.

have made the decision, Fiona Kirk would not have accepted the gift. I am satisfied that was her view at the time, not one reached with hindsight. Simon Marsh's last minute negotiations with the Foundation on 16 July 2009, the day before the gift agreement was signed, are telling. He told the Foundation *"The LSE would like more information separate to our trust in the UN's accreditation of the Foundation... as it is still the opinion of ODAR that, without further investigation, the Foundation's motives (state actor) and funders (the [World Islamic Call Society] being the main one) present an ongoing challenge to the Development Committee's ethical policy."*²⁸⁰

3.157 Fiona Kirk rightly accepts that she should have followed up the due diligence on the companies who it was said were the source of the funds more effectively and been more emphatic in expressing her doubts as to the acceptability of the gift. As a senior member of staff in the School she ought to have made clear her view on the gift to others in senior management. I found her a person of integrity who is committed to LSE and who has learnt lessons by what has been a painful experience. ODAR can be relied upon to perform ethical screening of gifts, and act responsibly in elevating concerns about a particular gift under Fiona Kirk's supervision. They provide a valuable research function. ODAR would be in a better position to perform their task if their role was clearly laid down by a much needed revised donations policy.

3.158 That donations policy should be adopted as an institutional document and circulated beyond the central fundraising capacity of the LSE, so all are aware of its principles and apply them in their contact with potential donors. The situation ought to be avoided where there is a request for a donation by an individual academic prior to a consideration of ethical and reputational risk in line with School policy.

– Use of the Council to scrutinise donations

3.159 Although Council are stated in the current policy to have ultimate responsibility for the acceptance or refusal of gifts, this does not mean that that should be part of their day-to-day work. The Council is not suited to perform this task. As Peter Sutherland described to me, it is clear that a body of thirty two members cannot be used as a management tool. It is a body charged with making important decisions of principle. If a gift does go to Council that should be after the LSE has been satisfied as to any query on the source of the money and because the gift raises a genuine issue of principle, as was intended to be the situation in the case of this donation by Sir Howard. Even if the gift should have been considered by the Council in this case, that should only have happened after due diligence work had been completed and after great care had been taken to have all relevant information available. It is undesirable for Council to become involved in the minutiae of a particular gift.

3.160 The Secretary of the LSE is charged with preparation of papers for Council. His office has grown as the School has grown. One witness described to me how it has effectively become the chief operating office for the School. In this case, it seems that the papers necessary for Council to make a proper decision were not presented. Normally, ODAR should be responsible for preparing the documents required for consideration of a gift, whether by Council, by the Development Committee or by a new committee to consider donations. Those should go to the body making a decision on the gift as a matter of course, leaving the Secretary to determine whether any further proposed documents should be included in the event that the gift goes to Council.

280 ODAR contact report for meeting with Omran Bukhres, 16 July 2009.

3.161 Had ODAR's role and responsibilities been set out clearly, and had there been a clear procedure for the scrutiny of gifts and the escalation of concerns about a potential source of funding, the confusion over the due diligence documentation (as set out in Appendix 8) might have been avoided. The confusion over who received ODAR's Note on the Companies highlights, as Adrian Hall put it to me "*a dysfunctional system for escalating concerns about the appropriateness of inbound monies.... we will need greater clarity, for example, about who is responsible for checking at different levels. If ODAR or other specified parts of the School have a due diligence role... then that should mean highlighting the problems, not merely handing over a bundle. The role of the Secretary and the Director needs to be clearer – are they responsible for checking again the due diligence or are they entitled to assume any problems will have been highlighted?*"²⁸¹ Equally, the role of ODAR in a case where a gift has been solicited by an individual academic, centre or department, or where the Director is intimately involved in assessment or negotiation of the donation should be clarified.

(3) A new policy and procedure

3.162 The LSE itself is best placed to deal with the detail of the new structures which they need in light of the findings of my Report and work has already begun under the auspices of a Working Group established by Professor Gaskell to consider "*The Governance of Donations for Initiatives*".

3.163 I emphasise, however, that whatever structure is drawn up for the scrutiny of gifts, that there should also be a wider structure in place for the consideration of ethics and risks more generally. I deal with this in the Conclusions to this Report. If higher education institutions are to keep abreast with best practice in the corporate world and the public sector, then they should have a coherent, institution-wide framework for ethical practice. That should include an Ethics Code and a Committee which deals with issues relating to it. That Code and Committee should not replace the need for a donations policy (or indeed other ethical policies which deal with issues which are complex and require detailed principles and procedures). What is needed is that the policies and procedures for the consideration of donations fall within the umbrella of a wider institutional statement on, and formalised commitment to, ethical practice.

3.164 The LSE will need to think carefully about the place of any committee for the scrutiny of donations within the existing School structure. Clear lines of coordination need to be established between it and other committees in the School. I have in mind one issue in particular. A university has multiple sources of income, including research contracts. I am told "*at the LSE, in the past we have had a distinction between a donation where an individual or a foundation gives money for a particular purpose on the one hand, and research grants or research contracts on the other. But increasingly they are overlapping*".²⁸² The dividing line between what is a donation and what is a research contract is said to be an "*awkward*" one.²⁸³ This is demonstrated by the case of the Libyan gift. Sir Howard commented as to the gift from Saif's Foundation: "*this fell in a slightly funny way between the two because on the one hand it is kind of a research contract really, and on the other hand, it has a character of a donation... perhaps it would have been more professionally handled as a research contract*".²⁸⁴

281 Adrian Hall's Second Statement to Lord Woolf.

282 Adrian Hall, Woolf Inquiry Interview.

283 Sir Howard Davies, Woolf Inquiry Interview.

284 For which see Section VII below.

3.165 In light of that, it is particularly essential that the procedures for scrutinising whether funding is acceptable to the School are consistent, whether the funding comes from a research contract or a donation. There must be a mechanism of communication between any separate bodies which perform the function of scrutiny one or the other type of funding.²⁸⁵ I am encouraged to hear that under the direction of Professor Rees, the LSE has already been working to develop “*an escalation procedure that will deal with both donations in the traditional sense of a word and research funding as well*”.²⁸⁶

3.166 As to the principles which ought to be included in a new donations policy for the LSE, I have had the benefit of receiving example policies dealing with the acceptance and refusal of donations from a number of institutions and from interviewing a number of individuals from other institutions which find themselves faced with decisions on whether or not to accept a particular gift. It is clear that such policies can take a variety of formats and it is not for me to dictate to the LSE the final format of their policy. However, from those examples, the following themes emerge as components to most policies for determining whether a donation ought to be accepted or refused. In general, it appears to be considered that a donation should be refused where:

- (1) It results from illegal activities;
- (2) The activities of the donor are inimical to the objectives of the institution;
- (3) The adverse publicity from the donation would likely result in a reduction of donations from other sources;
- (4) The offer is dependent upon the satisfaction of conditions by the institution which are contrary to the institution’s values and objectives, or unreasonable in relation to the nature of the donation;
- (5) Where conditions tie the donation to a specific activity and the activity itself is not within the objectives or intended strategy of the institution.

3.167 These are broad themes, not a structure for a draft. The Working Group set up to consider “*The Governance of Donations for Initiatives*” intends to consider what policies might be required and put in place following consideration of my Report. I have seen a draft of their report, and am encouraged that the discussions which are taking place within that Working Group, and the seminar discussions it hopes to hold after the publication of my report, will enable there to be a thorough consideration of the new governance structures and policy on donations which are required at the LSE. My hope is that this will become part of a wider initiative at the LSE to create a structure which can consider ethical risk across the institution as a whole, as I will outline in my Conclusions.

3.168 I am certain that in the light of the events surrounding the donation from Saif’s Foundation and the concerns I have expressed in this Report, that the LSE, for the first time, will have the “*rethink and formalisation*”²⁸⁷ of its approach to fundraising called for by Professor Fred Halliday upon his leaving the School.

285 I am told that the work of the Research Committee is such that it would likely not be suitable to charge it with a wider mandate which includes the consideration of donations, and that it is therefore probable that a new structure for the consideration of gifts will sit alongside the Research Committee.

286 Adrian Hall, Woolf Inquiry Interview.

287 “*On principles of fundraising*”, Professor Fred Halliday’s Report to the Research Committee on relinquishing the Directorship of the Middle East Centre, June 2008.

VI. Additional circumstances of the donation: timing of the donation ceremony

- 3.169 The LSE has an appropriately firm, albeit unwritten, rule that no donation can be received from a current student. The rule is vigorously upheld at LSE.²⁸⁸ Saif Gaddafi was not asked to give a gift to the LSE until the first week of December 2008, when Professor Held travelled to Libya with a businessman (referred to hereafter as “AB”) and met with Saif.²⁸⁹ That was approximately six weeks after Saif had received his PhD (on 31 October 2008, although his graduation ceremony did not take place until 17 July 2009).
- 3.170 Although the request for a donation came close to the award of the PhD, I am satisfied that it was only first made after Saif was awarded his PhD on 31 October 2008. In fact, the possibility of Libyan funding for the LSE had previously been raised and been rejected in 2005 on the grounds that no gift could be accepted whilst Saif was a student.²⁹⁰
- 3.171 The rationale of the rule must be that the School wishes to avoid the perception that one can “buy” a degree at the LSE; to avoid the perception that the LSE can use its control over the grant of academic qualifications to extract acts of value from a student.
- 3.172 Given that the rule is so firmly held, it was unfortunate that its rationale – avoiding the perception that one can “buy” a degree at the LSE – was undermined by the timing of the signing of the gift agreement. Saif Gaddafi signed a gift agreement for £1.5 million at a London ceremony held on the same day as the graduation ceremony at which he was formally awarded his PhD. The timing of the two events was unhappy. It could result in a misconception that the gift was a quid pro quo for the doctorate. It was especially risky because of the rumours as to the authenticity of PhD and that the ordinary rules on admission had been bent for Saif. As Professor Halliday put it, in the original version of his note but not in the shortened version which went to Council in October:²⁹¹ *“That this donation was signed on the very day that Saif received his degree can only foster suspicions ... that he in effect purchased his degree”*.
- 3.173 The timing is indicative of a naivety at the LSE about the ease with which institutional reputations are damaged. There is a lack of consciousness throughout all sections of the LSE that individual actions can have an impact upon the reputation of the

288 Every staff member with whom I have discussed this has affirmed the principle. Fiona Kirk in interview gave me an example of its recent application in the case of a wealthy individual, in the process of completing a doctorate late in life, who wanted to gift the LSE. The firm response of the LSE was “no, inappropriate”.

289 The background to the request that Saif give a gift to the Centre is set out at paragraphs 4.29 to 4.35 in Chapter 4. Professor Held asked Saif for a gift in the first week in December 2008. Professor Held cannot be certain himself whether he asked for the gift in the first or the second of two trips to Libya which he made with AB in the period between early December 2008 and January 2009. Contemporaneous emails show that the request for the gift was made before 8 December 2008. Professor Held emailed Sir Howard and Professor Kaldor on that date informing them that he had asked Saif for a gift. See footnote 264 above.

290 Some evidence to my Inquiry suggested that senior staff at the LSE did discuss the idea that Saif might give a gift once he was no longer a student. Such internal and informal discussions amongst staff are not surprising, in the current climate of active fundraising by universities from alumni. It is made even less surprising in light of the fact that an offer of a gift from Libya had already been made and refused in 2005 whilst Saif was a student. Nor do I consider such informal conversations to be improper. The School complied with the firmly held principle that no gift shall be taken from a current student.

291 Council members, when I interviewed them, had not been aware of the unfortunate timing of the donation ceremony.

institution as a whole. This is a further indication of the pressing need for an institution-wide Ethics Code at the School. Saif made those involved in organising the gift ceremony at the LSE aware that the planned date (17 July 2009) was the same day as his graduation ceremony. No-one involved in arranging the ceremony seemed to have been conscious of the unhappy perception which was eventually created. As one interviewee put it to me, handing a student a degree on the same day as receiving a donation from them is “*politically inept.*”

VII. The influence of gifts

- 3.174 The gift from Saif’s Foundation was not financially beneficial to the LSE as a whole.²⁹² It was a gift to the Centre for Global Governance, a research centre within the LSE. The gift was originally said to be part of a drive to secure core funding for the Centre, rather than to be used to fund a particular research project. In the event, the money was spent on a North Africa Research Programme (“NAP”). The Progress Report of that Programme for the year 2009-2010 concludes with a statement that “*The Programme will work with and consult the Gaddafi Foundation on all aspects of the Programme.*”
- 3.175 There has been a consistent theme in the evidence to my Inquiry expressing concern that the need to secure funding for research from private donors has the consequence that research interests are dictated by the interests of the donor, even when the gift comes without conditions. It has been stressed to me that the ethical issue is not simply that of considering the sources of funding but also how these impinge on intellectual agendas, because there is a risk that, for example, centres end up accepting external money because it is available rather than because it supports a pre-defined intellectual programme. There is a clear unease about the maintenance of academic standards or independence in the case of donations from private sources.
- 3.176 As the Sutton Report into the Centre for Global Governance²⁹³ put the matter: “*it is vital that all new academic initiatives, whether research programmes or research centres, should be initiated only if they promise to deliver research output of the highest quality. The availability of finance should always be seen as a secondary consideration in the sense of being necessary but not sufficient. Where funds come from public bodies such as ESRC or Leverhume Trust there is in place an external peer review system which guarantees quality... urgent consideration needs to be given at a school-wide level to ensure that mechanisms are in place... to ensure that outside peer review of a similar kind operates in respect of initiatives that are funded through private sources.*”²⁹⁴
- 3.177 I make no judgment whatsoever on the academic standards of North Africa Research Programme.²⁹⁵ I am not qualified to comment on the academic quality of the NAP and I expect that the advice of Professor Joffé, a renowned expert on Libya who was engaged to assist with the direction of the programme of commissioned papers which the NAP adopted, would have enhanced its quality. I am also satisfied that the Gift

292 As Sir Howard put it in interview “*this wasn’t financially advantageous at all, this would have cost us money.*”

293 See Section D below

294 Sutton Report, paragraph 6.2.

295 Although I note the comment of the Sutton Review into the Centre that the NAP’s model of commissioning research papers from prominent figures in the academic discipline by inviting proposals which were assessed by the Centre, which decided whether or not to commission the research and pay a fee for the papers, ought not to become standard practice. It is understood that was intended to build up the reputation of the NAP Professor Sutton is of the opinion that the research grant ought to have been used to have internal academics write papers in the normal way, “*to make your internal academics build up your reputation by writing their own papers.*” (Woolf Inquiry Interview).

Agreement signed between the LSE and the GICDF did not require the gift to be used for a North Africa Programme. It has been described to me as a “boiler plate” gift agreement²⁹⁶ and it required accountability of the grant coordination to the School’s Research Committee. Professor Held has reassured me that throughout negotiations for the gift he made clear that the grant must come without academic restriction.²⁹⁷

3.178 The interest to my Inquiry is as to concerns expressed over:

- (1) The ability of donors to influence research interests at the LSE;
- (2) The lack of governance structures to regulate the ability of individuals or particular parts of the LSE to independently develop links with other institutions and foreign entities and governments.

3.179 Those issues are to an extent, connected and I consider them below. Before I do so, a word on how exactly the money from Saif’s Foundation was intended to be used before the cancellation of the North Africa Programme in March 2011. That is clearly relevant because, as Yahia Said, research fellow at the Centre for Global Governance put it to me in interview “*obviously taking money from Gaddafi was a risk and it was particularly clear that it was a controversial issue. If one went with that nonetheless the project itself should have been subject to careful management*”.

(A) The use of the donation from the GICDF

3.180 Originally, the funding from Saif’s Foundation had been intended to be used for “*core funding*” for the Centre. Professor Held’s note to the Development Committee meeting on 4 March 2009 had described how the intention was to “*put the Centre on a new financial footing*” with the aim being to end the “*constant search for funds*”. It was said that one of the Centre’s existing supporters had requested that they find partners to that end, and it was considered that Saif Gaddafi might fill that void.

3.181 Although no money was received between the June and October 2009 Council meetings, in that summer following the June meeting, Professor Held considered that the money might be spent on a research programme on North Africa. During the period in which the grant was being discussed, he tells me he had been impressed by the desire for reform held by some Libyans, notably Omran Bukhres (Saif’s assistant) and Youssef Sawani (Executive Director of Saif’s Foundation). They asked Professor Held to help build a bridge between the LSE and Saif’s Foundation to advance that reform and were keen that Professor Held develop a “*virtual democracy centre*” for North Africa.²⁹⁸

3.182 The work of the North Africa Programme has been described to me²⁹⁹ as falling into two categories:

- (1) A research programme on politics, economics and society in North Africa. That consisted of a series of commissioned papers from academics from a number of

296 Sir Howard Davies, Woolf Inquiry Interview.

297 Saif’s letter to Professor Held, forward to Sir Howard and Fiona Kirk on 28 May 2009 confirmed that “*there are no academic restrictions on the award to your Centre. I would be pleased, however, if some of the funds – the amount to be decided by you – could be used to help the Development of the Centre for Democracy in Tripoli. All I have in mind is that you could out from time to time to give lectures, and arrange for other relevant speakers to do the same, in order to help stimulate the development of civil society in Libya.*”

298 Professor Held, Statement to the Woolf Inquiry.

299 Dr Alia Brahimi, Research Fellow, North Africa Programme.

universities, including some Libyan academics. It also involved a seminar series on North Africa at the LSE. The inaugural seminar in October 2010 was given by two speakers, one of whom was the Executive Director of Saif's Foundation itself, Youssef Sawani.³⁰⁰

(2) Pushing for the establishment of a civil society sphere in Libya, and engaging with political reformers. That was said to begin when Dr Brahimi travelled to Libya to meet with intellectuals in July 2010. It was to include a conference on Political Reform in Libya. Dr Brahimi also told me how Saif discussed with her a plan for an LSE-sponsored “*virtual centre for democracy*”, of which she had been unaware, but which appears to be the project the Foundation had suggested.

3.183 The money was also used to pay salaries of staff within the Centre. Academics were appointed as staff to the Programme and half of their annual salary at the Centre was funded by it.

3.184 Some of the funding was also to be used for three annual scholarships for Libyan nationals to attend the LSE. Travel and accommodation costs of the seminar series were covered by the donation. I note also that the cost of Saif Gaddafi attending a conference with one of the academics at the NAP had been budgeted.

3.185 In addition to the work under the NAP, it is clear that Saif's gift to the LSE enabled him to have an ongoing connection with the School. Indeed, at one point Saif had suggested he would like to be on the Advisory Board of the Centre for Global Governance.³⁰¹ A further example is that Saif's LSE email address ought to have expired upon completion of his PhD. However, it was extended on the basis that Saif was “*now working for the Centre for Global Governance*”.³⁰² Saif remained “*S.A.Alqadhafi@lse.ac.uk*” after he had ceased all formal academic connection with the institution. Saif was in the process of publishing a book, building on the ideas in his thesis, before the events in Libya in early 2011. An academic involved in the NAP had begun making arrangements for a launch event for Saif's book to take place at the School. It seems likely that the NAP would have led to the growth of further links between Saif and the School.

(B) The ability of donors to influence research interests

3.186 Professor Joffé, in his interview with me described how “*The British university is desperately under funded... British universities are trapped in terms of funding research and so... the absolutely pure position that used to exist in the 1980s, when universities wouldn't even accept money from the Ministry of Defence, has been eroded. The position is that we are in a competitive world where you are competing for access to sources of funding when they have been profoundly weakened*”. I asked him, in light of a number of submissions I had received about the issue, whether the tail in some senses now wags the dog, in that if a funder is particularly interested in a certain issue then an academic will become interested in that issue, because that will enable them to engage in research. He agreed, but made clear that in such cases academic

300 Another speaker had originally been scheduled but was unable to attend because of visa problems. Dr Brahimi stresses that the seminar was in no way pro-Gaddafi and tells me that the opposite was in fact the case. She tells me that two academics presented an alternative vision for Libya advocating (in the words of the presentation made at the seminar, which she forwarded to the Inquiry) “*a society that runs its institutions efficiently and transparently, within a democratic framework, where his [sic] citizens are granted full and equal rights under the rule of law, and where they enjoy living standards commensurate with their national resources and their productive efforts.*”

301 Professor Held's note to the Development Committee.

302 Email from IT Support to Saif, 1 April 2009. The extension of Saif's email account had to be authorised by a senior staff member, in this case, Professor Held.

standards are not compromised, it is simply that selection of areas of research may reflect the priorities of the funder. As Professor Baroness Onora O'Neill explained to me in interview *"one is constantly going along a cliff edge in this matter, because people generally do not give large sums without having thoughts about how they would like it to be used."*

3.187 Professor Mary Kaldor and David Held were the Co-Directors of the Centre for Global Governance at the time of the grant from Saif's Foundation and the beginning of the North Africa programme. Professor Kaldor has expressed real concern about the involvement of Saif's Foundation with the North Africa Programme.³⁰³

3.188 Professor Kaldor's concern was that the research would become dependent on Saif's Foundation. Libya was such a totalitarian country that they would be unable to do anything in the country without permission from the Foundation. She was worried that although the money was not legally tied, in practice it would not be possible to do anything in Libya without the consent of the Foundation and in that sense there was a tie. In her view, if there was to be work with the Foundation then it ought to have also included work with dissidents and independent people. Professor Kaldor's worry was that when official committees want to work with academics *"sometimes they offer space, and sometimes you are co-opted and it is a very tricky line"*.³⁰⁴ She became increasingly concerned that staff were regularly travelling to Libya, which she says Professor Held said was necessary in order to explain the programme to Saif.³⁰⁵

3.189 Dr Alia Brahimi, a Research Fellow on the North Africa Programme told me *"given the difficulty – impossibility perhaps – of pursuing any form of reform agenda in Libya without the protection of elements of the regime, it seemed important that we consulted with Saif al-Islam and his team on this issue"*. For example, she described how she met Saif and his aides in July 2010 to discuss the civil society dimension of the NAP.³⁰⁶ They decided upon holding civil society training workshops in Libya and Saif and his aides at that meeting decided that the proposed conference on Political Reform in Libya would be possible and that they *"could open up the political space for such an event by September 2011"*.³⁰⁷ Dr Brahimi *"now concur[s] with Professor Kaldor's (revised) view that we ought to have tried to engage with dissidents outside the ambit of the GICDF, even if that meant taking on greater personal risks and greater risks of failure"*.³⁰⁸

303 Professor Joffé has no knowledge of the extent of the involvement of Saif's Foundation in the use of the gift, and would not be expected to. He was looking only at the academic credibility of the commissioned papers and was "one removed" but he considers that the way the programme was set up it seemed to him there was no pressure at all.

304 Woolf Inquiry Interview.

305 Woolf Inquiry Interview.

306 Statement to the Woolf Inquiry, 2 June 2011. Dr Brahimi told me that Professor Kaldor had asked Dr Brahimi to consider joining the North Africa Programme, because she considered it comforting that an academic who she considered sensible and reliable would be involved in Professor Held's new programme. The added benefit was that half of Dr Brahimi's salary would be covered by the North Africa Programme and she would be able to continue with all her usual roles and responsibilities in addition to the job of running the NAP. Dr Brahimi stresses to me that she did not act in a leadership role or on her own initiative in her capacity as a Research Fellow on the NAP, and that her meeting with Saif occurred in the context of her role as a junior academic.

307 Dr Alia Brahimi, Statement to the Woolf Inquiry, 2 June 2011.

308 Dr Alia Brahimi, Statement to the Woolf Inquiry, 2 June 2011. Dr Brahimi is however, adamant that the research programme planned would have been beyond reproach, based on the work the NAP had already commissioned and in which the Libyans had no interest and never attempted to raise with her.

- 3.190 Yahia Said's account in interview with me is that elements within the Centre for Global Governance "felt that the Libyans were treating [Dr Brahimi] and generally the LSE, as if they had hired a PR firm ... we have seen that before with donors who are not used to working with academic institutions. They feel that they have somehow hired a consultant and felt they could follow up closely to the programme that was going on".
- 3.191 Professor Held takes a different view on the involvement of the Foundation in the NAP. He says that there was a total discretion as to how the money was spent. However, I do note the close degree of cooperation between the Foundation and the Centre for Global Governance set out in the Progress Report for the North Africa Programme 2009-2010. That set out that how Professor Held had been engaged in building up the initial research activities of the Programme "in consultation with Saif Gaddafi, Omran Bukhres and many experts in the field" and it concludes that "the Programme will work with and consult the Gaddafi Foundation on all aspects of the Programme". Although the Programme was one for research on North Africa more broadly, that Progress Report set out how the eventual focus was to be on the "specific issues and challenges facing Libya".³⁰⁹ This document was drawn to my attention as a matter of particular concern to an academic who attended a "drop in session" I held at the LSE on 16 and 17 June 2011. Professor Held told me in interview that by agreeing to consult with the Foundation he was establishing a dialogue and there was no authority for the Foundation to determine what the programme did. He considered that having a dialogue with the Foundation was a useful way of getting a sense of priorities, but that "consultation" did not mean giving the Foundation any decision making power.
- 3.192 Irrespective of whether there was or would have been too much interference by the Foundation in the use of the donation, which I cannot resolve, these issues point to the need for structures of governance to ensure that academics keep on the right side of what Professor Sutton described to me as a "tricky line"³¹⁰ of protecting academic integrity from the influence of private donors. It is also essential that there be a regular consideration given by the LSE to the balance of research within the institution as a whole, or various pockets of it.
- 3.193 It is clear that within the Centre for Global Governance the structure whereby the Centre was managed by two Co-Directors, each attached to a different Department, was not an effective system to prevent these concerns arising.

309 "Research. The objective of the Programme is to place Libya within the wider context of the region and, in the first instance, to explore the economic, social, political and security aspects of the region as a whole. This initially broad scope will then allow the Programme to focus on the specific issues and challenges facing Libya. Therefore initially the Programme's research will be characterised by a broad comparative approach among the North African nations, with a view to narrowing its focus over time once the core issues and topics have been explored." (Progress Report 2009-2010). After the first 18 months of the programme it was to focus on "a smaller number of issues that are essential to Libya's future." (Progress Report 2009-2010).

310 He described to me how a large grant for, say, Philosophy, may change the balance of academics in an institution, because it will develop that Department, "but no university in the world would have any qualms about that because you are broadening one academic discipline". The other end of the spectrum is, he said where the donation comes from "XYZ car company and an individual slants his research on the car market unconsciously in favour of painting a better picture of the fortunes of that car company". In between these two "easy extremes" he says are the "area studies" programmes. He very fairly described to me how some people will say there is nothing wrong with doing research in one particular area, and others who will say that such work is too narrow and specific and influences the School's portfolio of research in unacceptable ways. Professor Sutton expressed no personal view to me, but it has become clear that there are pockets within the School which are strongly concerned about regional area studies programmes at the LSE. Professor John Sidel, for example, expressed concern that entrepreneurial research centres provide substantial financial incentives to academics and therefore exercise more influence over research agendas of individual academics than established research trusts combined. In his view "the overall impact of these incentive structures should be considered in the light of the School's broader concern for its overall research profile and reputation for academic excellence." (Submission to the Woolf Inquiry, 18 March 2011.)

(C) Governance structures within research centres

- 3.194 The Libyan episode has made clear that there was no effective mechanism for resolving differences between the Co-Directors. That had the result that in a sense they operated independently of each other, and the gift from Saif was accepted and used for a North Africa Programme, despite one of the Co-Directors having concerns about it and the general influence it would have on the balance of research in the Centre as a whole.
- 3.195 Professor Kaldor had not been aware that Professor Held was going to ask Saif for a gift to the Centre. When she heard, she expressed concern, but was given reassurance that the gift would have to go through the School's processes. She put in a note to the Development Committee, expressing reservation. She also expressed a concern in an amendment she made to a draft of Professor Held's note to the Development Committee that "[g]iven that we already have considerable funding from the Kuwait foundation there is a concern that we would find ourselves identified as a centre that is ready to take funds from repressive regimes" although that comment was not included in the final version of the note which was presented to the Development Committee.
- 3.196 Professor Kaldor was not, however, informed of the Council meeting at which the gift was considered although she says she was reassured by Professor Held that he had expressed her reservations to Council at the June meeting. I have seen some of the email correspondence between Professors Held and Kaldor between the two Council meetings, and Professor Kaldor continued to express concern during that time. She emailed Professor Held on 15 October 2009, prior to the second Council meeting, asking for some more information about the Board of the Foundation and "*what we have let ourselves in for*". Professor Held responded to that email on 21 October, the day after the second Council meeting, saying that the Council had met and re-affirmed the gift. He said to her "*I propose now to forget this whole matter and put the Gift aside for the time being and we can come back to issues of how to spend it later*".
- 3.197 Professor Kaldor had thought that the money from Saif would be spent jointly. That the money was to be "*unconditional core funds*" was, for her, its temptation. Discussions began between the two Council meetings about using the money for a North Africa programme. Professor Kaldor was not opposed to that because "*if we were going to accept the money maybe we should do something to support what is going on in North Africa*".³¹¹
- 3.198 It seems clear that within the structure of governance operating within the Centre, there was no real possibility of one Co-Director putting a halt to the projects of another Co-Director. Each respected the academic work of the other, and were concerned not to cause a "*rift in the Centre*".³¹² In a sense, the work of the Centre was divided between them, each working on their own projects with no real control over the work which was going on under the umbrella of the Centre.

311 Woolf Inquiry Interview. Her reaction when she was told that the money was coming from private companies had been that that was "*worse... Surely it's meant for poor Libyans!*" (email from Professor Kaldor to Professor Held 26 May 2009).

312 Professor Kaldor, Statement to the Woolf Inquiry, 31 March 2011.

(D) The report of the LSE Global Governance Review Committee

- 3.199 The Global Governance Review Committee,³¹³ chaired by Professor John Sutton³¹⁴ has considered this issue and I am grateful for a report it has prepared (“The Sutton Report”). That report sets out how historically it was accepted that research centres would follow one of two governance models. Either they would sit within a single department which would carry responsibility for management of the centre, or the main responsibility for the governance and management of the centre would be in the hands of a steering committee which would have broad representation drawn from across the School.³¹⁵ The report noted that research centres have become increasingly heterogeneous in their organisation and management, and that one element which underlies that heterogeneity is the part played by funding from private donors.³¹⁶
- 3.200 It is essential that research centres benefit from either reporting to a single department (in that each centre ought to have a single director through which it reports to a single department) or that there be a steering committee which is involved in the governance of the centre. The Sutton Report recommended that the Academic Board give consideration to best practice and the merits of a principle whereby each centre has a single director and reports to a single department, or a principle whereby each centre has a steering committee of broad composition.³¹⁷ In the case of the Centre for Global Governance, neither of these mechanisms was in place.³¹⁸ Had they been in place there might have been a more considered discussion within the centre about the desirability of asking Saif for a gift, and the use of the money.
- 3.201 At the LSE, oversight of research activities is provided by the Research Committee.³¹⁹ Professor Sutton, in interview with me, considers that the first hurdle to any research project must, however, be within the individual centre or department. In cases where funding comes from private donors, the scrutiny of research activities falls more heavily on the structure of governance of the centre³²⁰ or department. Departments benefit from a body of professors, with the result, as he put it, that no-one’s “*pet project*” would be able to proceed without the scrutiny of others. Centres vary in their governance, but the key is that there ought to be a structure which achieves the same result, either through departmental control or through a steering committee. To my mind that function must also include ensuring there is sufficient independence from the private donor.³²¹

313 Established at the request of LSE Council on 3 March 2011, the same day as this Inquiry was appointed.

314 Sir John Hicks Professor of Economics, LSE.

315 Sutton Report, paragraph 4.1.

316 Sutton Report, paragraph 4.2.

317 Sutton Report, paragraph 6.1.

318 The Sutton Report recommended that a Steering Committee be put in place immediately at the Centre for Global Governance (Sutton Report paragraph 4.5), charged with, amongst other things, the overview of research programmes, the approval of research projects and for all decisions regarding fund-raising activities and the expenditure of funds. That centre closed as a formal research centre of the School on 31 July 2011. The central message of the Sutton Report as to the governance structures required by research centres will continue to apply more broadly across the School. The Sutton Report recommended that the School appoint a committee of the Academic Board to consult with (the larger) research centres with a view to arriving at an agreed model for their governance and procedure (Sutton Report, paragraph 6.1).

319 A number of witnesses have expressed recognition that, as Professor Sutton puts it in his report, “*the remit and role of the Research Committee needs to be reconsidered*” and I understand that there are efforts within the School to strengthen that Committee.

320 “*Where Centres are drawing their funding from bodies such as ESRC or the Leverhume Trust, the stringent requirements of outside peer review demanded by such bodies means that scrutiny by the Steering Committee is of lesser importance. Where funds are raised from private donors the scrutiny function falls far more heavily on the Steering Committee.*” Sutton Report paragraph 4.3

321 Research which is commissioned, is a different matter, and must be acknowledged as such, as Professor Sutton explained in interview to me.

3.202 What is necessary is that there are governance structures throughout the School to ensure that proper scrutiny of any research project before it is undertaken, and to assist in guarding against the academic integrity of LSE research being undermined by the undue influence of a donor over a project. As to the latter, further protection might be provided by written guidance on the parameters of what is permissible in the relationship between the School and donors. Such guidance should fall within the auspices of the Ethics Code I recommend in my Conclusions, which should deal generally with conflicts of interest at the School.

4 Incidental links with Libya

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I. Introduction

- 4.1 Some of the activities in which an institution such as the LSE engages will inevitably involve risk. As long as the extent of that risk is properly investigated prior to the activity being embarked upon that is acceptable. However, when an institution engages in a particular ethical or reputational risk it is vital that any new activity is monitored since this might exacerbate the scale of the risk. An individual risk by itself might not attract adverse comment, but collectively a group of activities involving risk can have a highly damaging impact on a wholly different scale. Individual risks which by themselves seem worth running, when put together, can threaten to destroy a reputation and become unacceptable.
- 4.2 The LSE's links with Libya became extensive. The antonym "Libyan School of Economics" followed one witness to the Inquiry to a conference in the United States.
- 4.3 The effect of the School's links with Libya, taken together, resulted in significant damage to the LSE's reputation when the uprising against Colonel Gaddafi began in February 2011. The School had effectively tied part of its reputation to that of Libya, or more particularly, Saif Gaddafi. *"How badly the LSE looked depended on what was going on in Libya and that could get worse and worse and worse... so [the reputational damage] was uncontrollable..."*³²²
- 4.4 In this chapter I consider some further links which developed between the LSE and Libya. Logically, the work of LSE Enterprise in Libya belongs in this chapter, but it has attracted such attention that it merits separate consideration in Chapter 5 which follows.
- 4.5 There was no sufficient system in place at the LSE to monitor and assess the cumulative effect of links with Libya which were developing in distinct parts of the LSE. A single link with Libya involved risk. The degree of risk which the LSE took increased as each link with Libya was added.
- 4.6 These incidental links created an increasing perception of closeness between the LSE and Libya. LSE's Council, at their October 2009 meeting, expressed discomfort with the School's relationship with Libya. Council members resolved that *"the totality of the School's relationship with, and work in Libya needed to be carefully monitored and handled to avoid misunderstanding of the School's position"*.³²³ They were right to do so.
- 4.7 This monitoring of the School's links with Libya came too late; the relationship had been long established by 2009. A tighter system for monitoring reputational risk across the School was and is now required. It would have enabled the extent of the existing risk to be taken into account when decisions were made as to what other involvement it would be wise for the LSE to have in Libya. Before a global business goes into operation in a foreign country, it conducts a risk assessment and due diligence exercise. At the LSE an ad hoc group of links developed incrementally, creating a real impression of closeness between the School and Libya, but no similar due diligence or risk assessment exercise had taken place.

322 Sir Howard Davies, Woolf Inquiry Interview.

323 Council Minutes, 20 October 2009. (Appendix 12) .

II. Incidental links with Libya

(A) Links between Lord Giddens (former Director of the LSE) and Libya

- 4.8 Lord Giddens was Director of the LSE at the time of Saif's admission to both the MSc and the PhD. He left the School in 2003, becoming Emeritus Professor at the Centre for Global Governance.
- 4.9 After leaving the LSE, Lord Giddens visited Libya twice under the auspices of the Monitor Group, in 2006 and 2007. On his first visit, he travelled to Libya to give a public lecture at the University of Tripoli, and to meet with Colonel Gaddafi – as well as a range of other figures inside and outside the government – to discuss the potential for democratisation and economic liberalisation in Libya. His second visit was to participate in a televised discussion, chaired by Sir David Frost, with Colonel Gaddafi and the American political scientist Professor Benjamin Barber. This was broadcast by many stations across the world.
- 4.10 Lord Giddens told me that his work with Monitor had nothing to do with the LSE, he was engaged as a *“free floating intellectual”* and indeed his work after he left the LSE is entirely his own matter. However, from the perspective of the LSE and its reputation, work done by a former Director and an Emeritus Professor of the Centre which received the gift from Saif could undoubtedly be perceived as a link between the School and Libya. If known to the LSE it should have been treated as part of the cumulative perception of closeness between Libya, the Centre and the School.³²⁴

(B) Sir Howard Davies

- 4.11 Whilst Sir Howard was Director of the LSE, he personally developed a number of links with Libya. Sir Howard had been approached by, and met with, Monitor, acting on behalf of the Libyan Government in 2005, and had expressed an interest in advising the Libyan Government on financial sector reform. Nothing formal arose from that meeting.
- 4.12 However, both during and after Saif's career as an LSE student, Saif treated Sir Howard as *“a kind of advisor, who could perhaps help with suggestions or connections for projects of economic modernisation in which he was engaged”*.³²⁵ *“He occasionally asked me... called me up... saying have you got anyone who can do this, have you got anybody who could advise... it was always in my case central bank, money markets, stock exchange... but these were things that were hoped to be done by the British Government”*.³²⁶
- 4.13 The Foreign and Commonwealth Office asked Sir Howard to become the Prime Minister's economic envoy to Libya and he travelled to Tripoli for three days in May 2007 in that role. That appointment was part of the British Government's effort to encourage the development of a more liberal Libyan economic system, better engaged with the international community.³²⁷ Sir Howard was seen as a suitable candidate to replace the previous economic envoy because he had a similar profile of expertise

324 This involvement was not known to Sir Howard Davies, Lord Giddens's successor as Director.

325 Sir Howard Davies, Statement to the Woolf Inquiry.

326 Sir Howard Davies, Woolf Inquiry Interview.

327 Letter from the former British Ambassador to Libya, Sir Vincent Fean, to Sir Howard Davies dated 21 June 2011 and forwarded by Sir Vincent to the Woolf Inquiry.

and “Saif Gaddafi’s presence at the School added to the attraction, as that gave the LSE a somewhat higher profile in Libya than it would otherwise have had”.³²⁸ Prior to accepting the appointment, Sir Howard had asked the advice of Professor Halliday, who recommended that he go. His view was “if we can play any part in helping to ... discuss issues with the younger generation who were dying for change... we should do it”.³²⁹

- 4.14 Monitor had contacted Sir Howard again in March 2007, expressing Saif’s desire to have Sir Howard visit Libya and to discuss a role for him on the monetary policy advisory committee and collaboration in the educational realm.
- 4.15 When in Libya as the Prime Minister’s envoy, Sir Howard (with the British Ambassador to Libya) met various entities within the Libyan Government and administration. Following his trip, Sir Howard made a number of connections between Libya and various British institutions including the Stock Exchange, the Bank of England and the Financial Services Authority. His appointment was reconfirmed by Gordon Brown when he became Prime Minister, but Sir Howard did not travel to Libya again as economic envoy.
- 4.16 In November 2007 Sir Howard accepted another Libyan-related appointment. The Libyan Investment Authority (“LIA”), the country’s sovereign wealth fund, asked Sir Howard to join their Advisory Board. Sir Howard had previously refused an invitation to join the Libyan Economic Development Board on the ground it required too much travel to Libya. Sir Howard was asked to join the Board by its then Chairman, Lord Rothschild. The other members of the Board included Gerhard Schroder, the former Chancellor of Germany, and Alfred Gusenbauer, the former Chancellor of Austria.
- 4.17 The position on the LIA attracted an honorarium of \$50,000 per annum. Sir Howard accepted the position but “evaded the question of the fee... because I didn’t want ... the School to take any money from them until [Saif’s] PhD had been resolved.... because it could be perceived as a problem....”³³⁰ However, in September 2010, given that Saif had finished his PhD and the School’s Council had decided to accept a gift from Saif’s Foundation, he asked for it to be paid to the LSE. It was decided the money would be used for scholarships for students from the Middle East, with a preference for Libyan candidates.
- 4.18 Sir Howard made successive Chairmen of Council aware of his appointments, and they were properly declared on the LSE’s register of interests. However, he considers he ought not have accepted the prime ministerial appointment nor the position on the Advisory Board of the LIA. He had considered himself to be doing those tasks in his personal capacity, but now realises public perception did not dissociate that personal capacity from his position as Director. “[E]ven if I was doing [that] because of my previous role” he told me “I was the Director of the LSE and I couldn’t avoid that... it confused my own position with the position of the Director of the School”.³³¹ It is in part because of his recognition of that error that Sir Howard resigned on 3 March 2011 (Appendix 13).
- 4.19 It is right to recognise that Sir Howard’s appointments, and the LSE’s engagement with Libya in a more general sense were encouraged by the British Embassy in Tripoli.

328 Sir Howard Davies, Statement to the Woolf Inquiry.

329 Email from Fred Halliday to Sir Howard Davies, 25 August 2006.

330 Sir Howard Davies, Woolf Inquiry Interview.

331 Woolf Inquiry Interview

The British Ambassador to Libya and Sir Howard remained in regular contact about the developing links between the LSE and Libya. However, as Sir Howard recognises, governmental encouragement does not obviate reputational risk to an institution. It must be for that institution itself to evaluate the risk of a particular activity upon its own reputation. Whilst the support of the UK Government may well be a legitimate and weighty consideration in any assessment of risk, it does not mean that the LSE is not required to form its own assessment of the risks involved in the activities in question.

(C) Involvement of other academics in Libya

- 4.20 Certain academics involved in Saif's education at the LSE developed personal connections with Libya.
- 4.21 I bear in mind that the LSE has a firm, albeit unwritten, rule that no gift should be accepted from a current student. A rationale of the rule could be that any member of the LSE's academic staff should avoid giving the impression that the relationship between a member of staff and a student is being used to benefit personally that member of staff or the LSE.³³²
- 4.22 The extent of the application of the principle, as far as I am aware, has not been clarified and it would be preferable for consideration to be given as to whether and how this should be done.
- 4.23 Three matters considered by this Inquiry have raised the need for such clarification: (1) LSE-E's contractual work in Libya; (2) Professor Ned McClennen's work on a constitutional committee in Libya; and (3) Professor Held's request that Saif establish a business connection with someone who then became a donor to the Centre for Global Governance. I deal with LSE-E's contractual work in Libya in Chapter 5.

(1) Professor Ned McClennen

- 4.24 Professor McClennen developed links with Libya as a result of his connection with Saif. During the same period as he was assisting with the supervision of Saif's thesis, Professor McClennen accepted an invitation to serve on an International Committee that was set up in Libya to explore a new, more democratic, constitution for the country. That led Professor McClennen to travel to Libya 15 times, including during the period when Saif remained a student.³³³
- 4.25 Professor McClennen had officially left the LSE when Saif was working towards his doctorate. However, due to the complicated arrangements surrounding the supervision of Saif's PhD it had been understood at the time of Saif's admission to the PhD that Professor McClennen would continue to tutor him and provide support with the supervision. In that sense he continued to represent the LSE³³⁴. Professor Cartwright,

332 See also Chapter 3, Section VI.

333 Professor McClennen formally accepted the invitation to serve on the Committee on 19 November 2004. It was through this work that Professor McClennen came to know Omran Bukhres.

334 Professor McClennen says that from his perspective, from the time when Professor Cartwright "took over" (as he puts it) he no longer represented LSE, because he had no official status regarding the review of his thesis. Professor McClennen read and commented on selective sections that Professor Cartwright requested of him, but viewed that as purely gratis work and he was never officially listed as a supervisor, and he considers that he did not represent the LSE. To an outsider, however, it could have been perceived that, as Saif's former tutor whose continued input was being requested by his current supervisor, Professor McClennen was representing the LSE.

as official supervisor, requested Professor McClennen's input on a number of precise areas in the thesis. Professor McClennen was not paid for that work of assisting with Saif's supervision and did it on a goodwill basis.

- 4.26 Had Professor McClennen remained a Departmental Professor at the LSE it seems to me unlikely he would have been permitted to engage in the work in Libya at the time he was teaching Saif (although it appears there is no written policy within the LSE on such conflicts, and the LSE's "*Code of Good Practice for Research Students and their Supervisors*" does not cover the point). The extent to which any such rule covers someone in the position of Professor McClennen is even less clear.
- 4.27 It would be incredibly difficult for the LSE to monitor the incidental activities of academics attached to it as visiting or emeritus professors. By the nature of their connection with the School, they tend not to be subject to the same departmental control as other staff. However, Saif's presence at the LSE represented a particular risk to the institution. Professor McClennen himself described the admission as a "*risky gamble*". The LSE should consider how to ensure that those associated with it are aware of its ethical values and the dangers of reputational risk to the LSE. Any relevant Code or guidelines should be circulated, for example, to those who are attached to the LSE as visiting or emeritus professors, or involved with LSE students upon the request of the formal LSE supervisor.³³⁵

(2) Professor David Held

- 4.28 Professor David Held had other connections with Libya, in addition to his assistance with the supervision of Saif's thesis, the gift to his Centre from Saif's Foundation and the North Africa Programme he developed using that donation.
- Business introduction in Libya
- 4.29 As I set out in Chapter 3, Saif was not asked for a gift until the first week in December 2008, approximately six weeks after Saif's doctorate had been confirmed, but before the formal award of the doctorate at Saif's PhD degree ceremony.
- 4.30 However, the circumstances leading up to the request for the gift themselves raise questions over what conduct is appropriate whilst an individual remains a student at the LSE.
- 4.31 The circumstances leading to Professor Held's approach for a gift from Saif are as follows. Professor Held was contacted, out of the blue, by a businessman (hereafter referred to as 'AB') who was hoping to set up his own charitable foundation ('AB's Foundation'). AB had contacted Professor Held for his assistance in setting up that Foundation.³³⁶
- 4.32 At that time, Professor Held was fundraising for his Centre. AB suggested he might donate to Professor Held's Centre. AB wished to develop business connections in Libya. He suggested that he and Professor Held travel to Libya to explore AB's

335 The "*Ethics Matters*" report, produced by the Institute of Business Ethics and the Council for Industry and Higher Education (see Chapter 1, Introduction), at paragraph 1.3 notes, for example, that a code of ethics or ethical framework is often addressed to anyone with an interest in the organisation, and not just to staff. It will often have a wider remit than, for example, a staff code of conduct.

336 Professor Held, Statement to the Woolf Inquiry.

business plan and also to ask Saif for a gift to the Centre for Global Governance. They did so and travelled to Libya in December 2008 (when Saif was asked for a donation) and again in January 2009.³³⁷

- 4.33 A gift was solicited by Professor Held, AB was awarded business in Libya, and AB agreed to gift Professor Held's Centre, becoming a key supporter of the Centre for Global Governance.³³⁸
- 4.34 The relationship between the gift obtained by Professor Held, the obtaining of business in Libya by AB and AB providing a gift to Professor Held's Centre could give rise to an unfortunate perception.
- 4.35 The timing in this event is also unfortunate. Although the trips to Libya with AB and the request for the gift came after Saif's doctorate had been confirmed, Professor Held had emailed Saif requesting that he establish a business connection with AB in July 2008, *before* Saif's PhD had been awarded. The timing of the event was particularly unfortunate because Saif was awaiting the outcome of his resubmitted PhD.³³⁹
- Professor Held's continued advisory role with the Board of the GIDCF, after October 2009
- 4.36 At the October 2009 meeting, Council decided that *"in order to avoid the potential for conflicts of interest and reputational risk, colleagues should not usually serve on the boards of organisations from which they or their units were receiving gifts. The Director would be asked to consider the implications of and as appropriate promulgate, this policy decision"* (see Minutes, Appendix 12). It is important that further consideration is given to Council's policy decision, in particular in what circumstances serving in an advisory position on a board is appropriate. That consideration might take place when the School considers providing written guidance on the parameters of what is appropriate in the relationship between the School and a donor, as recommended in Chapter 3.³⁴⁰
- 4.37 The following circumstances indicate that such clarification is required. Professor Held had been asked by Council to stand down from the Board of Saif's Foundation at the October 2009 meeting. Adrian Hall emailed him on 21 October 2009 and asked him to do so for the duration of the five year grant and Professor Held confirmed he had resigned from the Board.

337 Professor Held described the visit to Libya in an email to Sir Howard on 8 December 2008, having *"promised to keep [him] informed about discussions with Saif and [his] trip to Libya."* In that memo, Professor Held told Sir Howard *"I spent three days in Libya and met a range of people at the highest level. One of the reasons I went to Libya was to introduce [AB] (the person I have told you about, [x] of [x Company]) to Saif and his brother; the meetings went very well and [AB] is confident of business opportunities in Libya. He will also support the Centre – so it looks like we are in promising waters. Saif and I spent several hours together... When we talked about the Centre he indicated that he would be delighted to come in with... others in a major way. I asked for a small fortune ... If you would like to discuss any of this I would be happy to come and see you or talk on the phone. I will get back in touch in any case after Saif indicates his level of support."*

338 Professor Held's note to the Development Committee on the proposed Libyan donation cites AB as having donated £187,500 for the year 2008, with £250,000 per annum for the remaining 3-5 years.

339 The unfortunate perception is heightened by the language of the email entitled *"Important Connection"* sent to Saif on 28 July 2008, in which Professor Held opens *"I have been monitoring closely the progress of your PhD. [The Examiner] and I have had several discussions about it and I look forward to a positive resolution. In the meantime I am writing about a very important connection I would like to make for you..."* When the Inquiry put this point to Professor Held he stressed that he had nothing to do with whether Saif received a PhD or not from the LSE. He says it never occurred to him that the timing was unfortunate.

340 See Chapter 3, paragraph 3.202 above.

- 4.38 However, Professor Held continued to attend Board meetings of Saif's Foundation after October 2009. He told me he did so only in an "advisory capacity".³⁴¹ However, having spoken to two Board members, Sir Richard Roberts and Professor Barber, they too had only advisory power on that Board.³⁴² Professor Held emailed Sir Howard on 17 December 2009 telling him that he was no longer on the Board in a formal capacity but had attended a Board meeting in an informal capacity. He said in that email that he would not attend again, although Professor Held did attend the next Board meeting, in December 2010.
- 4.39 Professor Held acknowledges it was a mistake to join the Board of Saif's Foundation. I also consider it was a mistake for him to have continued to attend the Board meetings, even in an advisory capacity. Professor Held agrees but emphasises that his enthusiasm for democracy in Libya and the development of human rights was forefront in his mind rather than questions of perception of conflict of interest. To my mind his continued attendance at Board meetings was not within the spirit of Council's desire to avoid such perceptions of conflict of interest.

(D) Lectures by Colonel and Saif Gaddafi at the LSE

(1) Saif Gaddafi and the Miliband Lecture

- 4.40 On 25 May 2010 Saif Gaddafi gave a lecture at the LSE as part of the Ralph Miliband lecture series. The subject was "*Libya: Past, Present and Future*". Professor David Held is chair of the Miliband Programme, and had invited Saif to speak as part of the series. He did not consult the Miliband family before doing so. This was an invitation only lecture. No representative of the Miliband family attended. Between thirty and forty journalists were present.
- 4.41 A protest against the Gaddafi regime took place outside the lecture hall. Violence ensued which became the subject of criminal proceedings. LSE Events asked Professor Held whether the event ought to proceed in light of the disruption. They were concerned Saif's security personnel were becoming worked up. Sir Howard was telephoned and decided the lecture ought to go ahead, provided LSE Security was content it was safe to do so.

(2) Colonel Gaddafi: "Libya's Place in the World"

- 4.42 On 2 December 2010 Colonel Gaddafi gave a lecture at the LSE via video link. This followed similar lectures Colonel Gaddafi had given at the Universities of Oxford and Columbia, amongst others. Colonel Gaddafi's own production company set up the video link, which they had been "*going around the world doing at different universities*".³⁴³ It was open only to LSE staff and students and no external guests or media were invited.
- 4.43 It came to be arranged following an approach to the LSE's Conference and Events Office in February 2010 by a journalist who said they had Gaddafi connections. The

341 This was not reported to Adrian Hall, the Secretary of Council.

342 Sir Richard tells me that Professor Held did go out of his way to make sure that the other Board members were all aware that he was not present at the Board meetings as a Board member, but as an advisor. Professor Held's travel for the Foundation's business was paid for by the Foundation, but Professor Held tells me that he insisted that he should be invoiced for an incidental trip to the desert which he had asked Omran Bukhres to arrange prior to a board meeting which had been scheduled in Tripoli in December 2010 (but which was moved to London at the last minute). He said he was clear that that could not be a gift.

343 Louise Gaskell, LSE Deputy Events Manager, Woolf Inquiry Interview.

Director and David Held were informed of the approach. David Held was doubtful about inviting Colonel Gaddafi to speak. The Director agreed with him, and took the view the LSE should not consider a head of state invitation made through a journalist.

- 4.44 However, in March 2010, the Libyan Embassy contacted the LSE to confirm that the request that Colonel Gaddafi speak at the LSE was genuine. In light of that, Sir Howard agreed to host Colonel Gaddafi as a speaker.
- 4.45 David Held said he would not chair the event and Sir Howard Davies was unable to attend. Dr Alia Brahimī declined to chair twice on the grounds that she did not want the North Africa Programme to be associated with the Gaddafi regime. Pro-Director Professor Janet Hartley agreed to introduce Colonel Gaddafi, but did not have sufficient expertise to moderate the questions. In light of that, Dr Brahimī agreed to moderate the questions on condition she would not introduce Colonel Gaddafi. On the day of the lecture, the UK was covered in snow, and Professor Hartley was unable to travel to London. Dr Brahimī agreed to step in at the last minute to introduce Colonel Gaddafi, a decision which she *“took against her better judgment and which distresses [her] still”*.³⁴⁴ She made the introduction *“on behalf of Howard Davies”* and read a message from him, which Events had asked him to send given there was no senior representative of the School present. In his message, Sir Howard commented *“we are pleased that we have been asked to be involved in the process of training Libyan officials to manage a fast developing economy and we very much hope that the relationship will continue”*.
- 4.46 Dr Brahimī has been much criticised for giving Colonel Gaddafi an LSE baseball cap and referring to him as *“Brother Leader”*. I have spoken with LSE Events and both of these acts represent traditions at LSE lectures by heads of state. Colonel Gaddafi’s representatives requested he be introduced as *“Brother Leader... because he didn’t consider himself a president or a dictator... that is his official title”*.³⁴⁵
- 4.47 I do not criticise the decision to allow Colonel Gaddafi to give a video link lecture. The LSE has a strong history of interesting and controversial lectures. It also benefits from detailed *“Code of Practice on Free Speech”*, and a Free Speech Group consisting of a Pro-Director, a Lay Governor and the General Secretary of the Students Union, amongst others. In cases of controversial speakers, or where there have been complaints about a proposed event, the lecture will be referred to that Group to provide an opinion on whether to refuse or withdraw permission for the event.³⁴⁶ They have never asked for a speaker to be turned away, although sometimes ask for increased security.³⁴⁷ The LSE does not consider its lectures give a platform to objectionable speakers, because it has a strict rule that it will never allow an event unless the speaker is willing to take questions and the LSE does not allow the speaker to handpick the audience. This *“opportunity to put questions to such speakers is one of the things that students*

344 Dr Alia Brahimī, Statement to the Woolf Inquiry.

345 Louise Gaskell, LSE Deputy Events Manager, Woolf Inquiry Interview.

346 Examples of the kind of circumstances in which such action may be taken are given in the *“Code of Practice on Free Speech”* and include: where the bounds of lawful free speech are thought likely to be exceeded, such as by incitement to commit crimes or breach of the peace; where the frequency of bookings made by an individual or organisation seems calculated to inhibit access of others to the School’s facilities (*“Code of Practice on Free Speech”*, paragraph 3.4).

347 The Free Speech Group was not consulted on the Colonel Gaddafi lecture, which I am told was because the lecture was by video link so it was not considered that there would be security problems because Colonel Gaddafi was not physically present. I am told that the only concern voiced about that lecture was the risk of association of Colonel Gaddafi with the North Africa Programme, but it was agreed with Professor Held that as long as he was not involved in the event and no mention made of the Programme, the association could be avoided.

come to the LSE for, because ... they are able to ask them questions directly".³⁴⁸ In fact, Colonel Gaddafi's video link consisted entirely of a question and answer session with LSE students and staff.

(3) Lessons to be learned

- 4.48 An LSE academic who attended a drop-in session I held at the School expressed outrage that an LSE spokesperson would refer to Colonel Gaddafi as "*Brother Leader*" even if that were his official title. Although I can understand the benefits of having a blanket policy that speakers are referred to by their official title, where its use might be inconsistent with the LSE's values or damaging to their reputation, the LSE representative making the introduction ought to be advised to consider adopting a more neutral term.
- 4.49 The lecture given by Saif was part of an external lecture series and therefore was not organised through the LSE Events Office, although they provided administrative support. The LSE should give consideration to whether it is desirable that there be some central oversight over any external lecture series which takes place at the School.

III. Structures to monitor risk across the institution

- 4.50 The list of incidental links with Libya which I have set out above is not intended to be exhaustive. There were others. The essential point is that a cumulative body of links developed across the School and together they led to an impression of closeness between the LSE and Libya. That impression had the result of tying the reputation of the LSE to that of Saif Gaddafi, a position which became disastrous for the LSE in the events of early 2011.
- 4.51 At the October 2009 Council meeting, Council members began "*to articulate doubts about the relationship with Libya, and about, frankly, whether they had been told everything they should have been told*".³⁴⁹ They expressed concern about the diverse links which had developed with Libya.
- 4.52 As a result, Council charged Adrian Hall with monitoring the School's links with Libya on an ongoing basis after the October 2009 meeting. He did so by sending termly emails to LSE Enterprise, the Academic Registrar, the External Relations Division, and ODAR. Those identified some of the further links with Libya (such as the individual training programme by LSE-E for a member of LIA and the second gift from Saif's Foundation to the Centre). However, "*there was a sense on 3 March 2011, when compiling the list of links with Libya for the press release, that there were still some links not fully known*".³⁵⁰
- 4.53 The monitoring of the LSE's Libyan links came too late. A firm relationship between the LSE and Libya had already been established by October 2009. It is clear that no one at the LSE ever stood back and considered the cumulative effect of the links as a whole on the LSE's reputation until after the event.

348 Louise Gaskell, LSE Deputy Events Manager, Woolf Inquiry Interview.

349 Shami Chakrabarti, Woolf Inquiry Interview.

350 Adrian Hall, Statement to the Woolf Inquiry, 11 May 2011.

- 4.54 It is necessary that the LSE consider what structure might assist it in monitoring ethical and reputational risks across the institution. I understand that the LSE until two years ago had a risk committee, but that now the Director's Management Team compiles and considers strategic risks to the School which are on a register which is considered once a term. There are numerous ways of implementing a structure for monitoring ethical and reputational risk across the School and the LSE is best placed to decide on the detail. In my conclusions, I set out my view that the School might benefit from an Ethics Committee charged generally with oversight of areas of ethical and reputational risk, which could have some responsibility for taking a holistic view of prospective problem areas and ensuring that the problems are promptly resolved.
- 4.55 Whatever structure is adopted, it should be made clear to all within the LSE that they ought to appreciate the importance of referring relevant situations, together with the necessary information, to the body concerned. As I set out in the next chapter, in order for that structure to have a fully holistic view of the position across the LSE, it is essential that it have some oversight of the activities of LSE-E.

5 LSE Enterprise

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I. Introduction

- 5.1 In this Chapter I consider the contribution made by LSE Enterprise (“LSE-E”) to the LSE’s links with Libya. LSE-E is a wholly owned commercial subsidiary of the LSE which between 2007 and 2011 contracted to carry out two projects which had Libyan connections.
- 5.2 A commercial subsidiary can be of real value to a university. LSE-E’s profit at the end of each year is paid by gift aid to the LSE, resulting in a payment over the years 2005-2010 of £8 million in unrestricted funds. Many LSE academics use LSE-E to manage their consultancy work. LSE-E paid some £12 million in academic salaries over 2005-2010. This supplement to academic salaries enables the LSE to remain a competitive employer, when greater commercial opportunity might draw academics abroad. I have been told in the course of my Inquiry that such related companies will likely become increasingly important to the financial wellbeing of universities in years to come.
- 5.3 However beneficial, related companies expose institutions to risk. There is risk of reputational damage by virtue of the university’s association with a related company.³⁵¹ Particularly where there is shared branding between the subsidiary and the university, the related company has to be treated as a yet further limb of the university itself. Equally, the use of a related company cannot obviate the application of the ethical values to which the university itself ascribes. It cannot be the case that a university can legitimately engage in conduct which it would consider unethical merely by channelling that work through another legal entity. LSE-E is acutely aware of these sensitivities. It is likely for that reason that LSE-E benefits from a particularly well developed ethical code.
- 5.4 Considered in isolation, no criticism can be made of the work LSE-E did in Libya. LSE-E provided a programme aimed at enabling change in Libya. LSE-E did not contract to train forces loyal to Colonel Gaddafi.³⁵²
- 5.5 However, it is clear that LSE-E’s work in Libya carried reputational and ethical risk for the LSE. Saif Gaddafi appeared to be behind the offer of a valuable contract to LSE-E whilst he was still a student. It will be a rare case where a current student has influence over the award of contracts to the value and scale of LSE-E’s contract to train Libyan civil servants. However, LSE-E might, in light of this case, consider whether a provision ought to be inserted into their existing ethical code to deal with the issue of contracts associated with a current student.
- 5.6 Further, although the structure of the relationship between the LSE and LSE-E enables communication between the two branches of the institution, that does not ensure consideration of the extent of the risks jointly created by the activities of LSE and LSE-E. Whilst LSE-E has a strong system for consideration of risks that are internal to its own operations, there is a need for a monitoring of reputational risk across both bodies.

351 See The Higher Education Funding Council for England, *Related companies: guidance for higher education institutions*, December 2005, HEFCE2005/48, paragraph 36.

352 I am informed by Simon Flemington of LSE-E that he believes that LSE-E may be in the position of being asked to continue their contract for training Libyan civil servants under the new Libyan government.

II. LSE-E's Libyan contracts

- 5.7 Two of LSE-E's executive education contracts had a Libyan connection. The opportunity for both arrived through the Director, Sir Howard. Saif Gaddafi appears, albeit opaquely and indirectly, to have been involved in the proposal for the most significant of the contracts which was for the training of Libyan civil servants.

(A) Training Libyan civil servants

- 5.8 In early May 2007, in advance of his visit to Libya as the Prime Minister's economic envoy, Saif came to see Sir Howard and listed a number of areas in which the Libyans wanted to achieve reform. He asked whether the LSE could put on training courses for the Libyan people. Sir Howard said the LSE could look at that through LSE-E. Sir Howard sent a memo to the Chair and Chief Executive Officer of LSE-E, Roger Mountford and Simon Flemington, saying he thought it might be right for someone from LSE-E to go to Libya to explore what they wanted. Upon his return from Libya, Sir Howard suggested LSE-E contact the Libyan Investment Authority, which had expressed an interest in tailored programmes. They did so but no request for work eventuated.
- 5.9 However, in September 2007 one of Saif's "lieutenants"³⁵³ sent a document outlining a brief for two training courses (one in "Public Governance and Administration" and the other in "Leading Organizational Change and Transition in the Public Service") to the British Embassy in Tripoli, with the request that it be forwarded to the LSE so the School could respond with a costed offer for running the course. Sir Howard forwarded the request to Simon Flemington saying "[g]iven the Saif connection ... it would be worth while making an exploratory trip [to Libya], as there could be quite a lot of business in Libya if we wanted".³⁵⁴
- 5.10 Through the Embassy, LSE-E were put in contact with Dr Mahmoud Jibril, the then Secretary of the Economic Development Board ("EDB") which was organising the training programmes. The EDB was a relatively new entity in Libya, thought to have been formed in order to implement a strategy for Libyan growth. LSE-E were told that the work was going out to tender, and was given the name of another international training provider which was said to be bidding for the contract.
- 5.11 LSE-E submitted a bid for the work, which was accepted by the EDB on 3 December 2007. A programme launch event took place on 21 May 2008 in Tripoli. It was attended by Saif Gaddafi and the British Ambassador,³⁵⁵ both of whom spoke at the event. Saif Gaddafi claimed paternity for the course, which he said he had originally discussed with Sir Howard.
- 5.12 The first phase of the course "Public Management and Leadership" ("course 1") took place in Libya. It was attended by 338 participants (in small cohorts) between 25 May 2008 and 21 October 2010. That phase involved a five week course. Participants were taught: introduction to public administration, economic approaches to policy evaluation, budgets and debt, public sector strategy, and regulation and law. They were evaluated through weekly tests, and performance in presentations and in class. The top performing of each cohort progressed to the second phase of the course.

353 Covering letter from Sir Vincent Fean to Sir Howard Davies, forwarding the Libyan request for training on 25 September 2007.

354 Memo from Sir Howard Davies to Simon Flemington, 26 September 2007.

355 Sir Vincent Fean appeared as a representative of LSE-E, due to the inability of an LSE-E staff member to attend at short notice.

- 5.13 That second phase, “*Public Management, Leadership and Change*” (“course II”) took place in London. In total 191 individuals took that course. It concentrated on practical managerial skills of strategy and performance management, organisational leadership and leading through change, personal leadership development, public management and strategy, crisis management and bargaining and negotiation skills.
- 5.14 In March 2010, Dr Jibril asked Sir Howard to ensure that the number of programmes increased, because he considered LSE-E’s training programme to be an important part of getting people into new positions as part of the reform initiative. Dr Jibril is now a senior leader of Libya’s rebel National Transitional Council.
- 5.15 The total value of the contract between LSE-E and the EDB was £2.2 million of which £706,000 remains unpaid.

(B) Individualised tuition for a member of the Libyan Investment Authority

- 5.16 Following a meeting of the Advisory Board of the Libyan Investment Authority at the end of September 2009, Sir Howard sent a memo to LSE-E that an individual within the LIA would like a tailor-made training course to assist him in his position.
- 5.17 Sir Howard put that individual in contact with LSE-E. An executive training programme in financial markets was designed in November 2009, and took place in London between 15 and 16 December 2009. The total value of that contract was £24,375.

(C) Other suggestions for training in Libya

- 5.18 A number of other suggestions for training by LSE-E were made during the course of the relationship between LSE and Libya, but did not materialise.
- 5.19 In September 2009 there was a request that LSE-E bid for executive education work on diplomacy. The intention was that that programme be managed by the EDB, with funds coming from Saif’s Foundation, the GICDF. The contract was said to be of a value of up to £7 million. However, the work did not materialise.
- 5.20 In June 2010, Saif Gaddafi mentioned to Sir Howard that he would like assistance in setting up an Office of National Statistics in Libya. Sir Howard sent a memo to Simon Flemington asking whether LSE-E might assist. Again, no work materialised from this proposition.

(D) LSE-E’s decision to engage in work in Libya

- 5.21 When LSE-E’s Libyan contracts are considered in isolation from the wider relationship between the School and Libya, and ignoring the fact that Saif was a student at the time of their award, they are work which LSE-E cannot be criticised for accepting. Not merely because LSE-E was well equipped to deliver the work, being experienced in the provision of executive education for the public sector, but also because the contract for training civil servants appeared to be a worthwhile programme in which to participate for its own sake.

- 5.22 LSE-E was asked to provide a course which was focused on achieving change in Libya. The background report of RUSI Director Professor Michael Clarke (Appendix 3) makes clear that change was needed in Libya at that time. The design brief for course II, presented by the EDB to LSE-E speaks for itself:

“Change tends to meet with resistance. Planning, creating strategies to involve individuals and groups in the change, and using management techniques designed specifically for transition can make the process of change less problematic. The ... exercises are designed to help the participants who desire to initiate change... This is a highly experiential workshop whereby theories of change are translated into practical tools and applications.”

- 5.23 Simon Flemington has described to me how, in his initial conversation with Dr Jibril, he was struck by the candid nature of his criticism of the Libyan public service and his sense that something could be done to change the way the country worked at an administrative level. Dr Jibril described the Libyan Public Administration as corrupt, sluggish and characterised by fiefdom³⁵⁶ and wanted a course that could help overcome those problems. Those who travelled to Libya in January 2008 prior to the signing of the contract with the EDB had the same impression. Francis Terry, the first Academic Director of the programme, set out in a statement to me how Dr Jibril indicated to him that the EDB was in a “*complex situation*” from which Mr Terry inferred that not all those in official circles approved of what he was doing. “*However, without appearing subversive, Dr Jibril expressed hope that the LSE-E programme would ‘change the paradigm’ of Libyan government, by overcoming the ‘patrimonial culture [which] suppresses initiative’.*”³⁵⁷
- 5.24 The impression of participating in a desire for change in Libya was reinforced by the fact that LSE-E was asked to manage an open selection process for admission to the course, which the EDB hoped would ensure that the most appropriate students (described by Dr Jibril as those that would be “*able to drive change through all levels of the service*”³⁵⁸) would be chosen and would avoid the regime sending only loyalist supporters on the course.
- 5.25 I have received the programme materials for both course I and course II. I have also received a body of submissions from persons who taught on the training programme. Some of them are affiliated with the LSE, others are external contractors who were engaged for this particular project. All are emphatic about the value of the work which was done with the Libyan participants.
- 5.26 In the event, the majority of the course delegates came from outside the mainstream of Libyan government administration. Francis Terry, the Programme Director believes that was because the EDB found existing bureaucrats did not have sufficient command of English and because the EDB did not consider them to have “*leadership potential*” as measured by the psychometric tests they undertook as part of the selection process. The participants came from a wide diversity of occupations, including doctors, teachers, engineers. There was no one of whom he was aware from the military, police, security or intelligence services. His impression of the attendees is confirmed in a number of other submissions I have received.

356 Simon Flemington, Statement to the Woolf Inquiry.

357 Francis Terry, Submission to the Woolf Inquiry.

358 Memo from Simon Flemington to Sir Vincent Fean, 12 October 2007.

- 5.27 The enthusiasm and participation of the delegates was praised. One tutor commented *“As an international development professional, I have carried out quite a few similar exercises on behalf of the German government, the World Bank and others... [LSE-E] was operating in an environment where rising professionals were almost entirely cut off from regular outside influences... the degree of interest and participation from the course participants was quite unlike anything I had experienced anywhere else. Participants were extremely eager to ask questions ... to follow up and discuss, and finally they were not shy (within reasonable bounds) to discuss the implications of my lectures for Libya.”*³⁵⁹
- 5.28 The Chairman of LSE-E, Roger Mountford, told me *“our decision to proceed needs to be seen against the background of the West’s clear strategy of assisting Libya to reform, albeit under the continuing leadership of the Gadaffi regime. Libya had recently been recognised by the USA and elected to the UN Security Council. While far from ideal, this pragmatic approach did seem to be bringing change, of which requests for externally provided executive education across many fields, was an example.”*³⁶⁰ LSE-E was supported in its work in Libya by the British Embassy.
- 5.29 Just as UK universities are willing to accept suitably qualified students from a country with which the UK has diplomatic relations, it is legitimate to have other research or teaching links with such countries, although the legitimacy of the work does not negate the need to assess reputational risks it may carry. One tutor on the Programme put the matter this way: *“Education makes people free... LSE Enterprise focuses on making a positive contribution to a civil society with clients primarily drawn from government and the public sector worldwide. Inevitably some governmental clients will be from developing nations whose governance is of questionable integrity. As an educator, I find it risible to refuse an opportunity to teach public servants from these regimes. They are exactly the people that LSE should teach.”*³⁶¹ Sir Howard Davies had suggested LSE-E explore the possibilities of work in Libya and it was reasonable for LSE-E to rely upon his assessment, as Director of both LSE and LSE-E, that work was to be sought with the Libyans. I see no grounds whatsoever for criticising the work done by LSE-E in Libya, considered in isolation.

III. Commercial contracts and current students

- 5.30 LSE-E acknowledges it is unlikely it would have become engaged in commercial activity in Libya but for the connection between Saif Gaddafi and the School. It was Saif’s approach to Sir Howard for assistance in May 2007, whilst he was still a student, which appears to have led to the LSE being invited to bid for the contract to train Libyan civil servants.³⁶² The award of the contract took place whilst Saif was preparing his PhD.
- 5.31 Although the client in the eventual contract was not Saif himself, and whilst there was a seemingly competitive tender process,³⁶³ Saif appeared to be involved in the

359 Philipp Krause, tutor in a course in budgeting on the Public Administration Programme, Statement to the Woolf Inquiry.

360 Statement to the Woolf Inquiry.

361 Carol O’Connor, tutor on the module *“Leadership in Changing Times”* of the Public Administration Training Course, Submission to the Woolf Inquiry.

362 Certainly, that appears to have been Saif’s understanding of the position, in light of his speech at the launch of the LSE-E programme in Libya.

363 Sir Howard tells me it seemed to him that the Economic Development Board had the capacity to make its own decisions.

request for training and was considered within LSE-E to be connected to the Training Programme,³⁶⁴ albeit that he had no official position on the EDB. The perception could have been created that LSE-E was being awarded a valuable contract³⁶⁵ by a current LSE student.

- 5.32 As I have discussed in previous chapters, the LSE has a firm rule that no gift will be accepted from a student. I consider there is a need for the LSE to clarify the extent of that principle and whether it extends to other benefits beyond donations. The work by LSE-E in Libya raises a similar ethical issue. The LSE should consider whether, and in what circumstances it is appropriate for its commercial subsidiary to accept contracts from a current student.
- 5.33 LSE-E is sensitive of the need to act ethically and with consideration of potential reputational risk to the School. LSE-E's current *"Mission, Values and Guiding Principles"* are explicit: *"LSE-E will have regard not only to the financial risk to LSE-E of any new initiative, but also to any risks to the reputations of the School and its academics, or to its relationships with others... LSE-E will not engage in and undertake work that is unethical or socially irresponsible."*
- 5.34 I am impressed by LSE-E's internal systems for the consideration of ethical and reputational risk. LSE-E's procedures appear to be regularly reviewed in light of ethical issues which have presented themselves to the company from time to time.³⁶⁶ LSE-E's board benefits from a standing ethics subcommittee, which is now responsible for a new client approvals process. LSE-E is *"well aware of the importance of passing all new opportunities through an ethical filter and that there is a risk that third parties may seek to use the School's reputation to support a specific argument or to polish their own reputation by association."*³⁶⁷
- 5.35 LSE-E has a strong sensitivity of ethics and reputational risk. It is well equipped to evaluate and come to the appropriate decision on the issue I raised at paragraph 5.32 above. The LSE and LSE-E should consider the matter in conjunction. LSE-E should also consider whether it is desirable for there to be a provision added to its existing ethical code to provide guidance on the acceptance of contracts from current students.

IV. The accumulation of reputational risks

- 5.36 The structure of LSE-E's board of directors is designed intentionally to ensure that the company is clearly sighted as to strategic issues across the LSE. The interests of LSE's Council are represented by a Nominated Officer within LSE-E.
- 5.37 In the case of the LSE-E's engagement with Libya, those structures of governance worked as they should. There was no fundamental breakdown in communication. LSE-E was aware of the existing Libyan connections when it decided to bid for the

364 Francis Terry, Submission to the Woolf Inquiry; Simon Flemington, in interview with the Woolf Inquiry.

365 I note that LSE-E emphasise that the financial dynamics of this contract were no more favourable than any of their normal executive education programmes and that it was far from being LSE-E's highest margin project.

366 For example, a proposal for commercially sponsored research (entirely unconnected to the Libyan contracts, and from a British client) prompted reconsideration and tightening of LSE-E's *Guiding Principles* in late 2009. Understandably, the events in Libya have caused a further reconsideration of LSE-E's structures for assessing risk.

367 Roger Mountford, Statement to the Woolf Inquiry.

Libyan contracts, but acted justifiably in relying upon the judgment of the Director of the School that they should explore commercial opportunity in Libya. On both occasions when the Libyan gift was considered by Council, Roger Mountford was present. He spoke at the October 2009 Council meeting to report on LSE-E's contractual work in Libya.

- 5.38 Such "communication" of other links with Libya was not sufficient to prevent LSE-E's work from contributing to *"the number of strands of activity with Libya, and their cumulative value, [which gave] an impression of closeness that has proved unhelpful."*³⁶⁸ The decision to encourage LSE-E to do work in Libya ought to have been subject to continued monitoring and assessment in light of the evolving links which the LSE was developing with that country.
- 5.39 LSE-E's well considered systems of governance will likely ensure that it is able to take balanced and ethical decisions within its own sphere of activity. However, LSE-E's activities must fall within the remit of that wider structure for monitoring risk across LSE's brand which I recommended in Chapter 4, Section III if (as is necessary) that body is to have a holistic overview of risk to the institution.

368 Roger Mountford, Statement to the Woolf Inquiry.

6 Conclusions

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Conclusions

- 6.1 In the preceding parts of this Report I have examined in considerable detail the events which followed as a consequence of Saif Al-Islam Alquadhafi becoming a student at the LSE in 2002. Initially Saif's presence was a catalyst for links to be developed between the LSE and Libya. At the beginning of this year, the political situation changed dramatically in Libya and the relations between the west and the Gaddafi regime in Libya deteriorated. This resulted in an onslaught of media criticism directed against the LSE. The onslaught undoubtedly seriously damaged the LSE's reputation. It caused significant distress to staff, students and academics at the LSE.
- 6.2 In this Report I have tried to set out as clearly as possible my view of what happened in the period between Saif becoming a student at the LSE and 3 March 2011 when the Director Sir Howard Davies resigned as a result of the LSE's links with Libya, and I was appointed to conduct this Inquiry. My examination of the facts has had to be detailed since it is important that the whole picture is laid out in a way that enables the reader to form their own judgment about what happened. They can then decide for themselves the extent to which criticisms that I have made are justified. This Conclusion cannot present a complete picture of the history of the links between the LSE and Libya. For that, the reader must consult the individual chapters.
- 6.3 In light of my Inquiry into the LSE's links with Libya, I have decided to make fifteen recommendations to the LSE's Council. My recommendations follow this chapter.
- 6.4 The links which the LSE developed with Libya have clearly brought to light shortcomings in communication and governance within the LSE. This is demonstrated by the fact that until my appointment, I do not think there was any one individual at the LSE who was aware of the full extent of the LSE's involvement in Libya. It had grown like topsy. Sir Howard Davies was informed of a significant majority of the links, but remained unaware of some of them. Adrian Hall, the School's Secretary and Director of Administration, probably became the next best informed person, but that happened only over the course of this Inquiry. Adrian was charged with masterminding the vast collection of material that I needed to conduct this Inquiry. I am indebted to him for the energetic and objective manner in which he performed this task.³⁶⁹ During the early days of the Inquiry, Adrian Hall told me he had not appreciated just how extensive the LSE's involvement with Libya had become.
- 6.5 Looking at all the information I have received,³⁷⁰ I have been provided with a sufficient picture of what has happened to enable me to form a judgment and make recommendations for the future.

369 The LSE is to lose the valuable services of Adrian Hall in 2012, as he is due to retire. That decision was put in place before this Inquiry was appointed and is unrelated to the history of the LSE's links with Libya.

370 See Introduction, paragraph 1.10 and Appendix 1.

I. The broad picture

- 6.6 I have set out a number of failings in this Report, but would like to make clear that I am satisfied that the evidence does not show that any of the academics or staff at the LSE acted other than in what they perceived to be the best interests of the School. There is no evidence that anyone at the LSE was motivated by a desire to advance his or her interests in a manner that he or she appreciated was to the disadvantage of the LSE.
- 6.7 Mistakes and errors of judgments were made and they contributed to the damage caused to the LSE's reputation. Some were individual errors that no system can prevent from occurring from time to time. Here, however the mistakes and errors of judgment go beyond those that could be expected from an institution of the LSE's distinction. Their pattern is such that I am driven to the conclusion that they were in part due to shortcomings in the LSE's management.
- 6.8 The cause of the failings is not critical, but to my mind some possible explanations include:
- (1) The emergence of the LSE from under the wings of London University. A possible result of this is that prior constraints on the LSE's freedom of action that had existed were either removed or relaxed and were not replaced in a form that was adequate to protect the energetic and entrepreneurial institution that emerged.³⁷¹
 - (2) The dramatic growth of the LSE over the last three decades. Adrian Hall estimates the LSE has virtually trebled in size since his arrival at the School in 1974.³⁷²
 - (3) The extent of the changes that have taken place in the university world.³⁷³ In order to retain its standing in such a context, the LSE has had to compete internationally on the world stage for students, academic staff, and the resources needed for the scale of expansion on which the LSE and other UK universities embarked. UK universities have been encouraged to fundraise in the last decade. With a cash incentive provided by the matched funding scheme, the fundraising activities of universities increased in size and effort. Gifts to higher education institutions are now a significant landmark on the British philanthropic landscape, and fundraising organisations within a university have become commonplace. The LSE has had to embark on fundraising internationally on a scale which until relatively recently was unknown in this country, but was well known on the other side of the Atlantic. This scale of fundraising has presented new ethical and reputational risks to the School. To protect the LSE against this increased risk careful procedures for the consideration of donations should have been adopted by the School. LSE's commercial operations managed through LSE-E are also relevant in this regard. Although LSE-E has an independent legal framework, with a well designed ethical

371 Although I recognise that, in the instance of the timeframe within which upgrade from MPhil to PhD must be completed, the LSE's current requirements are in fact now more exacting than they were under the University of London regulations.

372 The number of students has increased from 4,295 in the academic year 1980/81 to 10,205 in the year 2010/2011 (I am grateful to Wayne Tatlow, LSE Head of Planning for this headcount number). Student numbers are not the only area of growth. The LSE runs a large Summer School and Executive Programmes. Research centres have proliferated since the first one was established at the School in the late 1970s. They are now seen as a significant feature of the LSE, said to be important in the competition to bring top academics to the School. Stephen Barclay told me he "first joined the Development Committee ... eighteen years ago. The LSE was a small institution, and most of the support came from alumni and UK institutions. The LSE has grown ... when I first got involved in the Investment Committee, we had a fund of £15 to £20 million, it is now £60 million."

373 See Chapter 1, Section IV.

code, it is part of the LSE brand. A system was needed to ensure that when LSE-E's activities were combined with the LSE's own ventures, the combination of activities did not create an unhappy perception or an unacceptable risk.

- 6.9 A number of witnesses described the LSE's system of governance to me as one which is based to some extent on trust and a presumption of common sense. Sir Howard told me that the School is *"pretty permissive... the centre of the School was on the whole inclined to say yes to propositions put forward by academics."*³⁷⁴
- 6.10 However, these changes in the nature of the world in which LSE operated and was resourced meant that the LSE was working on a scale comparable to that of a global company. Stephen Barclay put in a nutshell what has become a central finding of my Inquiry: *"part of the problem we have got today is that we are like a growing business, but the governance procedures are not adequate to cover the growth... when you are small you do a lot of things on trust, but as you grow up you have to have systems in place, I think you have got to have more than trust."*³⁷⁵
- 6.11 As one of the finest universities not only in the UK but on the world stage how does the LSE's management compare to that of a typical global enterprise? The LSE is behind the standard of many global companies. It falls down on the first hurdle in not having an embedded Ethics Code,³⁷⁶ adopted by the institution, which sets out clearly the values, principles and procedures with which everyone associated with the School ought to comply. The establishment and embedding of this Code is the highest priority.³⁷⁷ Such a Code will enable the LSE to navigate the ethical and reputational issues which arise in the changed world in which it operates.
- 6.12 The LSE's links with Libya present a case for the adoption of an institution-wide Ethics Code. In the Introduction to this Report I listed a number of questions which arose out of the individual links which the LSE developed with Libya. An Ethics Code, or an ethical framework, could have provided a useful point of reference or map for individuals or entities within the School to deal with the issues with which they were presented through the history of the LSE's engagement with Libya.³⁷⁸

II. Saif as a student

- 6.13 I now turn to the acceptance of Saif as a student and his academic career at the LSE. The Philosophy Department, in which Saif was a student between 2002 and 2008, laudably refused to allow Saif to be prejudiced by reason of the conduct of his father.
- 6.14 However, one of the reasons for Saif's admission as a PhD student in 2003 was that it was considered that a great deal of good might be done for Libya and the world more widely if Saif was exposed to liberal influences. The LSE Philosophy Department ascribes to an element of idealism in providing an education to appropriately qualified

374 Woolf Inquiry Interview.

375 Woolf Inquiry Interview.

376 "Ethics" here is defined in the broadest sense, adopting the definition used in *"Ethics Matters: Managing Ethical Issues in Higher Education"* (Institute of Business Ethics): *"It covers the ethical identity of the institution – including how it understands and articulates its values – as well as how those values are embodied in policy and practice."*

377 Recommendation 1.

378 See for example, the *"Illustrative Framework for an Ethics Code"*, produced within the *"Ethics Matters"* Report, which suggests that a number of the types of issues which arise out of the history of the LSE's links with Libya (such as conflicts of interest, gifts, research ethics) could be referred to in an Ethics Code.

students who also come with a promise that they might do some good for the world. That “*idealism factor*” played a part in the decision to admit Saif to the PhD, because although his academic results met the threshold requirement for admission to study for a PhD in Philosophy in 2003, they were not good enough for Saif to have had a clear case for admission on academic merit alone. The “*idealism factor*” is not, however, uniformly applied across departments in the LSE.³⁷⁹

- 6.15 In Saif’s case, the “*idealism factor*” enabled him to study at the LSE, even though his preferred Department would not admit him. Saif, from the outset of his application to the LSE in 2001, had hoped to do a PhD in the Government Department. He managed to secure admission to do an MSc in Philosophy, Policy and Social Value (“PPSV”) in the Philosophy Department in 2002, but it was clear to the Professor who admitted him to that course that Saif was only doing it because he could not secure admission elsewhere.³⁸⁰ It was suggested to Saif that taking the PPSV course could qualify him for admission into a PhD programme at the LSE and he was told that the LSE was one of the best places to study global governance. During his PPSV course Saif took modules in “*Legitimation and Government*” and “*Global Civil Society*” outside the Philosophy Department.
- 6.16 By the time Saif applied again to do a PhD in the Government Department in 2003, it was clear to all that the Government Department was the correct department in which his thesis, which built on his MSc work, should be located.
- 6.17 Professors in the Philosophy Department made efforts to have Saif admitted to the Government Department, but to no avail. In light of Saif’s references, the Government Department formed the opinion that in 2003 Saif was not yet ready to do a PhD. It was agreed by all that Saif was still not in a good position to write a dissertation with the usual amount of supervision, but he could do so with extra teaching. The Government Department was not prepared to create an arrangement to enable Saif’s admission on that basis for the year 2003-2004.
- 6.18 Having failed to secure admission to the Government Department, and following the rejection of a number of suggestions made by professors in the Philosophy Department as to how Saif could be best accommodated, Saif amended his thesis proposal so that it contained sufficient philosophical element to enable it to be undertaken in the Philosophy Department, and he was admitted as an MPhil/PhD student in Philosophy. A result of the “*idealism factor*” is that “*non standard*” candidates who require a degree of work to enable them to achieve a PhD might be accepted to the Philosophy Department, but not elsewhere. The Philosophy Department is willing to invest more time teaching its students, because some of them may have a background other than one in straight Philosophy.
- 6.19 However, Saif’s admission to do his PhD in the Philosophy Department has been described to me by one of the professors involved in his education as “*the option which was least attractive to us... that meant he had to be back stopped, he had to be given additional help because it was not his field and he had to do certain courses and pass certain exams that had nothing to do with what he was working on, it was a*

379 Recommendation 2.

380 At the time of his first application to the LSE Philosophy Department, Saif’s MPhil/PhD application had already been rejected by the LSE Management Department, the Government Department and the Development Studies Institute (“DESTIN”).

very bad situation."³⁸¹ Saif had to be given extra help because, I am told, he wasn't a particularly good philosopher and when he had to take pure Philosophy courses as a requirement of his MPhil registration year he hated them.

- 6.20 Saif had intensive private tuition during both his MSc and his MPhil year. The supervision of his thesis, described to me as interdisciplinary, required the intervention of professors from outside the Philosophy Department, including a Professor from the Government department, and a Professor who had left the LSE. A further supervisor from within the Philosophy Department was engaged to assist, in addition to the two official departmental supervisors assigned to Saif.³⁸² None of the additional supervisors became part of the official supervision record, but their input was substantial and necessary because Professor Cartwright, Saif's official supervisor in the Philosophy Department, was not an expert in all the matters which came within the scope of the thesis.
- 6.21 This is a surprising situation in an institution of LSE's standing. I understand entirely that an interdisciplinary thesis will often require the intervention of supervisors from other departments. However, all were agreed that the proper department for Saif's intended thesis was the Government Department, but that Department did not think he was ready for a PhD. By amending his thesis he was enabled to be accepted to do a PhD at the LSE, but the Philosophy Department was not the happiest home for the MPhil/PhD career Saif wanted to pursue.
- 6.22 Such a situation gives rise to added risk, in Saif's case the risk that he would seek outside assistance. There should be interdepartmental machinery that can be deployed to govern such situations to protect both the LSE and the student. There should be a body with oversight over the admission of postgraduate students and their ongoing programme of work. Such a body should be one to which departments could escalate queries about individual applications or particular situations of concern, and which could at least give some guidance to the departments.³⁸³
- 6.23 Saif embarked on a challenging academic venture at the same time as what has been described to me as his "*hectic*" political career seemed to be placing increasing demands on his time. It should have been appreciated that there was a risk that Saif would, to protect himself from the loss of face in not obtaining his PhD, be tempted to use his resources to obtain help with his work.
- 6.24 There were concerns about the level of outside assistance Saif was receiving with his work as early as his MSc year, when one of Saif's tutors refused to continue teaching him because of the amount of assistance seemingly given to Saif. In his MPhil registration year, Saif handed in an unassigned essay for one of his assessments and his tutor expressed concern that the work Saif was submitting was not his own. Yet another academic, who assisted with the supervision of Saif's thesis, also reported a similar worry.
- 6.25 Despite concerns that Saif was spending too much time outside London, and was receiving assistance with his work, Saif was allowed to continue with his PhD (because his work improved) but was repeatedly warned that his thesis had to be his own work.

381 Professor McClennen, Woolf Inquiry Interview.

382 One of those, Professor Bradley, was not involved with Saif's education after the completion of his MPhil registration period.

383 Recommendation 3.

- 6.26 When the media gave light to concerns about the academic propriety of Saif's work in early 2011, a detailed investigation was launched. It appears from the contents of Saif's LSE email account that he received a level of assistance which was unknown to his lead supervisor and which would not be available to the typical PhD student.
- 6.27 Whilst Saif was a student, the Philosophy Department considered they did not have enough evidence of assistance to embark upon more vigorous disciplinary or investigative action. Such action would have been intrusive and drastic. Although in the light of what is now known about the assistance which Saif received it could be said that more should have been done to investigate, it is clear that the position with which the Philosophy Department was faced was not straightforward. This case highlights that there can be real difficulty for academic staff in detecting the level of outside assistance received by a candidate who does not voluntarily disclose that help, whilst remaining fair to the student and not triggering disciplinary proceedings at what they consider to be a premature stage.
- 6.28 A Panel appointed under the *Procedure for the Consideration of the Allegations of Irregularity in Relation to University of London Awards* will determine whether the assistance Saif received amounts to academic misconduct. I repeat that is not for me to decide whether the assistance which Saif received was improper and this Report makes no comment on that.
- 6.29 Irrespective of the outcome of the University of London academic misconduct proceedings, there are lessons to be learned for the future. First, there should be good lines of communication between departments and academics involved in the work of a particular student. In Saif's case, some of the concerns that he was receiving outside assistance were not passed to his departmental supervisor, and the concerns were not raised beyond departmental level.³⁸⁴ A possible explanation for the concerns about outside assistance with Saif's work was known to a Professor involved in Saif's thesis (but who had left the LSE). However, that possible explanation was not communicated to the Philosophy Department.
- 6.30 Clarification will be needed for the future on whether the working methods which Saif appears to have adopted are acceptable to the LSE. Guidance which is as precise as possible should be provided by the University on what assistance it is and is not appropriate for a postgraduate student to receive. I recognise Saif's case is an exceptional one because of the range of assistance he received. Saif also knew to ask for permission to get some assistance, but did not reveal all his working methods to his lead supervisor, in a way that she considers disingenuous. However, Saif's case marks a good opportunity to spell out the parameters of permissible assistance. To an extent, the principles governing the forms and degrees of allowable assistance remain unwritten. If this recommendation is accepted, a clarification of allowable assistance may be welcomed by not only the many international students who come to study in the UK from a variety of academic cultures, but also by UK students about whom the assumption cannot be made that they know what is and is not permissible.³⁸⁵ Saif should have been told clearly that he had to be transparent about the assistance he was receiving and detail all the help he was being given. In a situation where finding direct evidence of impermissible assistance was difficult, and where the Department was unwilling to act more vigorously in the absence of it, detailed guidelines could have acted as a deterrent. Saif's situation illustrates the need to tailor guidance in some circumstances to the facts of the particular case.

384 Recommendation 4.

385 Recommendations 5 and 6.

6.31 Although I recognise that any further action to detect the level of outside assistance received by Saif would have required invasive and serious investigative and disciplinary methods, academic staff at the LSE also benefit from a body of regulations governing a student's academic life at the School. In particular, there is a clear requirement (subject to waiver upon satisfaction of certain conditions) that a PhD student reside in London. There are a number of tools which already exist to protect the student and the School and academics should be vigorous in using them, particularly when other action (such as disciplinary action) appears to be too drastic a measure in the particular case.³⁸⁶

III. The donation

6.32 I turn to the LSE's acceptance of a donation of £1.5 million from the GICDF. This donation was unique in being presented to Council. It was, in fact, presented to Council twice. I believe the donation would not have been accepted if the matter had been properly presented to the Council at either meeting at which it was considered.

6.33 The source of the money for the donation which the LSE agreed to receive has never been established. If what the LSE was told by Saif about the source of the donation is taken at face value, the due diligence obtained on the gift should have raised real concerns. On the available information the source of the donation could have been payments made to gain Saif's favour. The funding was said to be coming from payments made to Saif's Foundation by foreign contractors operating in Libya, one of which, according to the due diligence available at the time, had a prior conviction for bribery. Why would foreign companies operating in Libya want to donate to the LSE through the conduit of Saif's Foundation?

6.34 The LSE's Development Committee, which first considered the gift, referred it to Council on the premise that more information be found out on the sources of income of Saif's Foundation.

6.35 However, the mistakes in presenting the gift to Council were legion. The agenda for the first meeting did not give proper notice of the issue to be discussed and there were no supporting documents for Council members to read. Two key due diligence notes on the donation were produced by the LSE's Office of Development and Alumni Relations ("ODAR"), but neither reached Council. By mere happenstance the Chairman of BP, one of the companies which had been (incorrectly) cited as a sponsor of the donation before the June 2009 meeting, was also the Chairman of the LSE's Council. He was not told BP had been cited as a sponsor. That is a matter of regret because he could have told LSE's Council of the inherent unlikelihood that BP would make a donation to Saif's Foundation so it could be donated to the LSE. The companies cited as sponsors of the donation changed after the gift agreement was signed, but Council was not made aware of that at the October 2009 meeting.

6.36 The issues which Council was asked to decide had not been properly analysed. Council was asked to focus on the question of "*LSE's role in engaging with serious global problems versus the reputational risk.*" That ignored the fact that the LSE's Development Committee had referred the gift to Council on the condition that more information should be sought on the source of the money for the donation. It

386 Recommendation 7.

ignored the fact that when it comes to accepting money, one has to consider not only symbolism but also the substance of what is on offer.

- 6.37 At the second Council meeting, Council was unwilling to change the position that the donation had been accepted, absent a change of circumstances. The Chairman of Council was unable to attend the October Council meeting due to ongoing health issues. Particularly in those circumstances the second meeting, which reviewed the decision of the June 2009 meeting, should not have taken place without the presence of the Director.
- 6.38 Despite his great experience and ability, responsibility for what went wrong must rest with the Director.
- 6.39 Sir Howard saw the donation as presenting a single issue of the reputational risk of accepting money to which the Gaddafi name was attached. However, the gift in fact involved a complex series of issues. Sir Howard had been present at the Development Committee meeting, which first considered the donation, and which referred it to Council on the premise that more information be obtained on the sources of income of Saif's Foundation. Sir Howard knew due diligence work was being done on the three companies which were cited as sponsors by the time of the October Council meeting. I would have expected him to have asked to see the due diligence work. Fiona Kirk, the Director of ODAR, made Sir Howard aware that leaving Professor Held to update Council on the sources of funds at the October meeting was "tricky", because Council would ask whether, in the School's opinion, the companies "signed up" as sponsors were acceptable sources to the School. She asked Sir Howard whether he was happy for them to say that he was comfortable with the sources. Sir Howard left it to Professor Held to cover that point, and did not ask for the information in order to take a view himself.
- 6.40 The note Sir Howard left to Council in October 2009 did not tell Council members that the information about the source of the money had changed since the gift agreement had been signed. Sir Howard focused on the reputational issue. Professor Held was chosen to present the gift to Council at both meetings, but he had an obvious conflict of interest. His Centre was to receive the gift and by the time of the October Council meeting, he was a member of the Board of the donating Foundation. In the event, Council was not told important information about the sources of the donation. Sir Howard ought to have taken a view on the sources of the donation himself, rather than leaving it to the academic who was to receive the donation.
- 6.41 Part, but a lesser responsibility for what went wrong must rest with Professor Held, Fiona Kirk and Adrian Hall. Professor Held, because although he had asked for assistance in his presentation to Council and had given others an opportunity to comment on what he proposed to say at the October meeting, he did not tell the Council all that he knew of the sources of the donation. However, Professor Held had been placed in a difficult position because of the needs of his research centre and his genuine enthusiasm for Saif as a reformer. He had however, involved Sir Howard in the Libyan gift from a very early stage, and had never tried to force the gift onto the School. Fiona Kirk has a measure of responsibility because, as Director of ODAR she ought to have been more forceful in expressing her view that the donation should not have been accepted. However, she had no experience of fundraising from atypical foundations. Her role in the context of a donation which was, uniquely, to go to the

School's Council and in which the Director was involved, was unclear. Fiona Kirk did not confirm that Adrian Hall appreciated that there were potential complications with the Libyan gift on the basis of the due diligence which had been carried out. Adrian Hall was responsible for preparing the agenda and papers for Council, but both were inadequate.

- 6.42 Far more important than the responsibility of the various individuals is the fact that the LSE, as an institution, did not have a sufficient system for determining whether a donation should be refused or accepted. A new donations policy, with clear lines of individual responsibility and clear procedures for the consideration of donations is evidently required.³⁸⁷
- 6.43 Further ethical and reputational issues, in addition to that of the source of the money, were raised by the donation from Saif's Foundation. First, the timing of the award of the donation, which took place on the same day as Saif's PhD graduation ceremony (although a number of months after his PhD had been confirmed) created an unfortunate perception, particularly in light of the concerns that Saif had received outside assistance during his PhD. Although the LSE has a firmly held principle that no donation will be accepted from a current student, the timing of the acceptance of the donation is indicative of a naivety within the LSE of the ease with which reputations can be damaged.
- 6.44 Second, a consistent theme in the evidence to my Inquiry has been a concern about the proper maintenance of intellectual agendas and academic standards in cases of donations from private sources. There is a concern that private donors can exert undue influence over the use of funds. The gift from Saif's Foundation was used to fund a North Africa Research Programme. I come to no conclusions as to whether there was or would have been excessive influence by the donor over the use of the funds from Saif's Foundation. However, what has been made plain is that proper structures of governance are needed to protect academic integrity against influence from the interests of private donors. The structures which were in place in the Centre for Global Governance did not provide a sufficiently rigorous "first hurdle" for any initiative or project proposed at the Centre.³⁸⁸

IV. Incidental links with Libya

- 6.45 Both before and after Saif was granted his PhD, LSE developed a number of other links with Libya. These links had as their root Saif's admission as a student to the LSE.
- 6.46 There were activities in which the Director personally became involved whilst Saif was a student, namely his appointment as the Prime Minister's economic envoy to Libya and his position on the international advisory board of the Libyan Investment Authority, the country's sovereign wealth fund. Although these links were personal appointments of the Director, they resulted in a perception of further involvement of the LSE with Libya.
- 6.47 There is a firmly held principle at the LSE that no donation will be accepted from a current student. However, consideration needs to be given to whether that principle extends to other benefits. Although Sir Howard's appointments were perceived by him

387 Recommendations 8 to 10.

388 Recommendations 11 and 12.

to be (and were) valuable services to others, to the outside world they could have been perceived as a benefit received by reason of a student's presence at the LSE. In addition the involvement which Sir Howard had with Libya at the time of the donation meant that, viewed objectively, it could have been embarrassing for him if while he was still involved in his Libyan commitments, LSE were not to accept the gift. However, Sir Howard is adamant that he would not have been embarrassed to have refused the donation from Saif.

- 6.48 Other circumstances in the history of the LSE's links with Libya also suggest that a clarification of the width of the principle that no gift will be accepted from a current student is necessary. Professor McClennen, although he had left the LSE, worked for a committee on constitutional reform in Libya whilst he was assisting with the supervision of Saif's PhD thesis. Professor Held requested that Saif establish a business connection with a donor to the Centre for Global Governance whilst Saif was awaiting the outcome of the submission of his revised thesis. Such activities give rise to a risk of a perception that benefits are being obtained from a current student, however benign the activity and however wrong the perception may be.³⁸⁹
- 6.49 The same point arises in the case of LSE-E's contractual work in Libya. That work was clearly of merit. There is a difference between receiving a donation from a student and a body which is legally separate from the LSE seeking and obtaining orders in the normal course of trade. However, there was the troubling feature here that LSE-E only obtained the opportunity of quoting for business in Libya in consequence of Saif's presence at the LSE. Indirectly, the orders which LSE-E obtained totalling £2.2 million in value were dependent upon Saif, or could have been perceived as such.³⁹⁰

V. Governance

- 6.50 I have indicated that Sir Howard has a responsibility for what went wrong in relation to the donation from Saif's Foundation. As Director he also bears some responsibility for other management shortcomings. Although I do not make any recommendation as to this I consider that in the future any Director should take care to limit his or her external obligations. Being a Director of the LSE is an immense responsibility.³⁹¹
- 6.51 I make it clear that while this is the position, Sir Howard was very rightly held in the highest esteem by all sections of the LSE and there was genuine and sincere disappointment that he felt it was necessary to resign. Certainly, his decision to do so was consistent with his reputation for being a person of the highest integrity. He is to be admired for his action and for accepting that errors had been made openly, and without hesitation. That was a noble response. Sir Howard's letter of resignation is appended to this Report at Appendix 13.
- 6.52 In addition it is right to point out that at the time he resigned the LSE was caught in a media storm which was far from passing. After he resigned it rapidly subsided. This was of immense benefit to the LSE and restricted the damage that was being done to

389 Recommendations 13 and 15.

390 Recommendations 14 and 15.

391 Sir Howard described to me how there was a limit on his external engagements. He had agreed with the Chairman at the time of his appointment that he might be on two company boards. During most of his time as Director he was on one public company board and one private one, which he says was less time consuming. Any incidental activities such as the membership of the advisory board of the LIA were to be considered separately. He tells me that there was great care taken generally to manage time conflicts.

its reputation. I am sure this was one of the consequences of his resignation that Sir Howard was most anxious to achieve.

- 6.53 My concern that the problems at the LSE which resulted in this Inquiry are linked to failings in the governance structures at the School is undoubtedly shared within the LSE. At the same time as my appointment, LSE's Council set up a Review Committee into the Centre for Global Governance, the Centre which was to be the beneficiary of the donations from Saif's Foundation. That committee made recommendations which were needed to ensure sound structures are in place to enable proper governance of research centres at the LSE. Centres are admirable in so far as they enable the LSE to promote entrepreneurial initiatives and retain flexibility, but they need proper supervision.³⁹²
- 6.54 In addition, Professor Gaskell has led a Working Group to consider the "*Governance of Donations for Initiatives*" in order to set up a proper system and policy to govern the acceptance and refusal of donations. I applaud the fact that this work, which is clearly needed, has not been delayed by my Report.
- 6.55 Whilst detailed policies and procedures are needed, it is essential that there also be a wider and coherent commitment by the LSE to the formalisation of structures to deal with ethical and reputational concerns. Specific policies are necessary, but the necessary policies should not be allowed to develop in a fragmented way. What is needed is a wider institutional statement or framework which operates as an umbrella under which more detailed policies will fall. I recommend that the LSE adopt an embedded Code dealing with ethics and reputational risk which applies across the institution.³⁹³ Such a Code should provide a first port of call for individuals connected to the LSE who face a situation involving ethical or reputational risk. It should ensure that the standards which the LSE expects of those associated with it are well publicised and accessible.
- 6.56 Throughout this Inquiry I have become increasingly conscious that there is a need for one more committee at the LSE. What the Committee would do is deal with issues relating to the Ethics Code and operate as a resource which could be activated in situations when difficult ethical or reputational issues arise. There are many situations in an institution of the size of the LSE where ethical and reputational difficulties can arise. Sometimes the Director or a Pro-Director may be able to resolve them, but on other occasions they could be referred to this Committee which should be constituted appropriately. In some respects the body could act as a brains trust, in others as a mediator (for example where a dispute engages real issues of academic independence), but above all it should have responsibility for taking a holistic view of prospective risk areas and ensuring that problems are monitored and as necessary promptly resolved.³⁹⁴
- 6.57 In respect of the LSE's relationship with Libya, such a Committee would, I hope, have identified the dangers and risks of the scale of the connection that was developing. It is most important that there exist mechanisms to ensure this Committee receives information to enable it to perform the task I have identified. The Committee is particularly important in supporting the Code to which I have referred. It should be

392 Recommendation 12.

393 Recommendation 1.

394 Recommendation 14.

supported by sub-committees if that would be constructive. If this would be convenient, it could be entrusted with making decisions about donations that are too complex to be dealt with as routine by ODAR.

- 6.58 Risk cannot be avoided. I have recommended that consideration be given on how to achieve better structures of governance. However, it is clear that what is needed is a culture throughout the LSE which is sensitive to risks and ethical values. The trials of the kind suffered by the LSE at the beginning of this year, whilst painful, ought to have made all those within the institution alive to this need. The encouragement of such a culture will be fostered by consultation on and adoption of an institutional Ethics Code and appointment of an Ethics Committee.
- 6.59 The actions that are already being taken by the LSE illustrate that the investigation which has been necessary to enable me to complete this Report can have a constructive effect, and need not be confined to being a post mortem on what went wrong. Fortunately, the LSE is an institution with immense experience and expertise as to what good governance requires. The LSE is best placed to use its resources to determine what is necessary to prevent the damage which has taken place as a result of the School's links with Libya from being repeated. The change in governance structures has to be done in a way which is sensitive to academic independence. There is huge enthusiasm and commitment by the LSE's staff to the institution and this should be harnessed to achieve the improvements that are needed.
- 6.60 It is right that I should record that certain of the academic witnesses who I interviewed drew attention to the fact that in their view there was some concern that the style of management at the LSE has changed. It is difficult to identify the precise causes of the change but it probably amounted to no more than a feeling there was not the necessary openness and transparency about the manner in which decisions were being reached. I hope that the new Director, when appointed, will feel it appropriate to have these expressions of concern investigated and take any action that is appropriate.

VI. Acknowledgements

- 6.61 I would like to end this Report by thanking the members of the supporting team. The first is Emily Neill whose talents and ability have been quite remarkable. The second is Anju Still whose organisational and administrative skills are exceptional. If this Report has any merit, the credit is largely theirs. Without their assistance it would have been difficult indeed to produce this Report. I am grateful also to Maggie O'Boyle and Justin McLaren for the excellent public relations and communications assistance with which they provided the Inquiry. Maggie Stevenson at the House of Lords has performed wonders with my personal diary. My thanks to Phillip Lyndon at Column Communications Ltd for providing excellent design and typesetting of the Report. The Inquiry was conducted from Blackstone Chambers, and I am grateful to Adam Sloane, to Blackstone's IT support team for their immense help, and to Chambers for the generous accommodation given to the Inquiry.

7 Recommendations

Ethics Code and Ethics Committee

- 1 The LSE should have an embedded Code dealing with ethics and reputational risk which applies across the institution. That Code should be reviewed at regular intervals to ensure it is in accord with best current practice. The LSE should set up a Committee, which may have subcommittees so far as this is desirable, to effectively deal with issues relating to the Code. (See paragraphs 1.25 - 1.29, 6.8 - 6.12, 6.55 - 6.57)

Students

- 2 The LSE should consider:
 - a How to achieve greater uniformity of practice for the admission of PhD students;
 - b To what extent it is appropriate in the case of PhD admissions to take into account a student's potential ability to benefit society as a result of their attendance at the LSE. (See paragraphs 2.74 - 2.83)
- 3 There should be an academic body, staffed by academics from across the institution, charged with oversight of the admission of postgraduate students and their continuing programme of work. (See paragraphs 2.86 - 2.88)
- 4 Departments and academics should be regularly reminded of the importance of good lines of communication. That should be supported as necessary by procedures or written guidance. Particularly, they might be required where multiple departments are involved in the work of a single student, for example, when a postgraduate degree involves multiple departments. (See paragraphs 2.100 - 2.101)
- 5 The LSE should lay down guidance which is as precise as possible on what assistance is and is not appropriate for a postgraduate student to receive. (See paragraphs 2.103 - 2.107)
- 6 There should be a clear policy setting out in what circumstances, and in what manner, the question of a student's possible contravention of that guidance will be investigated. (See paragraphs 2.107 - 2.108)
- 7 Academics should be made actively aware of the School's Regulations and should be reminded of their utility as tools for regulation of a student's academic progress in cases of concern. (See paragraphs 2.109 - 2.111)

Donations

- 8 The LSE should adopt, as an institution, an up-to-date policy on donations. That policy should be contained as part of, or in a separate document contained within the School's Code on ethical and reputational risk. (See paragraphs 3.144 - 3.148, 3.162 - 3.168)
- 9 The donations policy should include a procedure for the scrutiny of proposed donations with clear lines of responsibility. The roles and responsibilities of ODAR, the Development Committee and any additional Committee that might have responsibilities in connection with donations should be set out in writing. Any individual who has responsibilities in relation to gifts should have those identified in writing. (See paragraphs 3.149 - 3.161)
- 10 The donations policy should identify whether, and in what circumstances, it is appropriate for an individual, centre or department to request a donation on their own initiative. The donations policy should require that ODAR must be informed promptly of any potential donation. (See paragraphs 3.154 - 3.155, 3.158)
- 11 The School should set out written guidelines on the appropriate relationship between the LSE and a donor. (See paragraphs 3.101, 3.202, 4.36 - 4.39)
- 12 The recommendations of the Sutton Report on the governance of research centres should be implemented. (See paragraphs 3.194 - 3.202)

Incidental links and LSE-E

- 13 The Code should be regarded as being applicable to all individuals performing activities which could reasonably be perceived as being performed on behalf of the LSE. (See paragraphs 4.11 - 4.27)
- 14 The Committee dealing with ethics and reputational risk must have sufficient awareness of the activities of LSE-E and other bodies operating under the name of the School, to ensure that Committee has a holistic view of potential and cumulative risks to the School. (See paragraphs 4.50 - 4.55, 5.36 - 5.39)
- 15 The LSE should consider the width of the principle that no gift will be accepted from a current student and should determine whether it extends to other benefits, including commercial contracts. (See paragraphs 4.21 - 4.35, 5.30 - 5.35, 6.47)

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Appendix 1

Approach taken by the Inquiry

1. On 3 March 2011, the Council of the London School of Economics and Political Science asked Lord Woolf to conduct an independent external inquiry into the School's relationship with Libya.

2. The terms of reference for the Inquiry are as follows:

“An independent inquiry to establish the full facts of the School's links with Libya, whether there have been errors made, and to establish clear guidelines for international donations to and links with the School. Lord Woolf is to make recommendations to the LSE Council as soon as possible. He is to have total discretion as to how he conducts the inquiry, and as to the matters on which he is to report.”

3. A number of steps were taken to ensure the independence of the Inquiry was visible. The Inquiry took place from the offices of Blackstone Chambers, a barristers' chambers of which Lord Woolf is an external member. Lord Woolf's relevant interests are declared below (Table 1). Independent email addresses and IT facilities were set up. The Inquiry had independent public relations and communications support from Maggie O'Boyle and Justin McLaren.
4. The Inquiry sought information from and met with a range of sources, both internal and external to the LSE. The information for the Inquiry has come from the following main sources.
5. First and foremost, the LSE provided the Inquiry with an immense volume of papers. The papers included a vast number of emails, dating back over what was nearly a decade of the LSE's links with Libya. By way of example, an extensive keyword search of Sir Howard's LSE email account and electronic document archives was conducted by the Director's office and the documents provided to the Inquiry. The Inquiry was given electronic access to Saif's LSE email records.
6. Second, the Inquiry conducted a number of interviews with witnesses. Information was obtained from both witnesses internal and external to the LSE (the latter educating the Inquiry as to best practice). A full list of those individuals that were interviewed is set out in Table 2. In a number of instances, witnesses returned for further interview(s) as the Inquiry progressed. Some witnesses brought their own contemporaneous documents with them to interview, and handed those to the Inquiry. Written evidence was received upon request from a number of other individuals, companies and entities (not listed in Table 2).
7. Third, the Inquiry called for submissions of evidence through its website www.woolfse.com and through advertisements placed in the *Times Higher Education Supplement*, *LSE Staff News*, *LSE Student News*, and the LSE's student paper, *The Beaver*. In total 54 submissions were received in this way. The names of individuals and organisations

which contacted the Inquiry are not listed, because the submissions were made in confidence. Those submissions provided not only useful information about the past but also suggestions which support the recommendations made for the future.

8. Fourth, the Inquiry formally contacted 54 universities, charities, museums and other relevant organisations requesting guidance on how they addressed the issue of ethical receipt of donations. As a result of that the Inquiry received very useful information as to best practice.
9. Fifth, the Inquiry held drop-in sessions at the LSE on 16 and 17 June 2011 so as individuals within the LSE could speak to Lord Woolf directly. The sessions were not particularly well attended but those who did attend gave useful information.
10. Before the Report was presented to the LSE, witnesses were given sight of the quotations from their interviews which were used in the Report. A number of individuals who might have construed passages of the Report as being critical of their actions were shown those passages prior to publication, and were given the opportunity to comment. Given his role as chief executive of the School at the relevant time, Sir Howard Davies was given advance notice of the entire Report. A copy of the Report was sent in draft to the Secretary and Director of Administration of the School, to check it for factual errors in the description of the current School structure.

Table 1. Lord Woolf, Declaration of Relevant Interest

1951 to 1954	Lord Woolf was an undergraduate student studying for an LLB degree at UCL, University of London. At that time studying at the University of London was done on an inter-collegiate basis and he took courses at the LSE.
1994 to 2000	Lord Woolf was Pro-Chancellor of London University at a time when LSE was a fully integrated college of the University.
2006 to 2010	Lord Woolf was Chair of the Council of University College London and a Visiting Professor at UCL
2008	Lord Woolf was Chairman of the Inquiry into Ethics at BAE Systems
<p>The Woolf Institute for the study of relations between Jews, Christians and Muslims was named in honour of Lord Woolf. One of the trustees of the Woolf Institute, Lord Khalid Hameed, is the father in law of Dr Alia Brahimi. Lord Woolf had not met Dr Alia Brahimi until she gave evidence to the Inquiry. He was informed of the connection through media reports after the commencement of this Inquiry. Lord Woolf does not think that the connection is material.</p>	

Table 2. List of Interviewees

Allen KCMG	Mark	Sir	Member of the Advisory Board of LSE Ideas, Special Advisor to BP
Barber	Benjamin	Professor	Former Member of the Board of the GICDF
Barclay	Stephen		Director, LSE Enterprise and LSE Council Member
Barker	Rodney	Professor	Department of Government. In 2003, was Research Student Tutor responsible for admissions to the MPhil/ PhD Programme in the Department of Government
Battishill GCB	Anthony	Sir	LSE Council Member, Chaired October 2009 Council Meeting
Behrens	Rob		Independent Adjudicator and Chief Executive of Office of the Independent Adjudicator. Mr Behrens made clear that he was unable to discuss the facts or circumstances of Saif's PhD given the potential for Saif to complain to the OIA at the conclusion of any internal investigation processes
Beloff QC	Michael	Hon	President of Trinity College, Oxford 1996-2006
Blackstone of Stoke Newington PC	Baroness	The Rt Hon the	Vice-Chancellor of Greenwich University
Blair	Mary	Dr	Former Director, LSE Office of Development and Alumni Relations
Bovens	Luc	Professor	Head of LSE Philosophy Department, September 2009 - present
Bradley	Richard	Professor	Head of LSE Philosophy Department, September 2006 - September 2009; Supervisor of Saif Gaddafi's MPhil/PhD

Brahimi	Alia	Dr	Research Fellow North Africa Programme, Centre for Global Governance, LSE
Brown	Chris	Professor	Vice-Chair of LSE's Academic Board and as such Ex-Officio member of the LSE Council, LSE Department of International Relations
Camber	Angela		LSE Council Member
Cartwright	Nancy	Professor	Professor, LSE Philosophy Department; Supervisor of Saif Gaddafi's MPhil/PhD
Chakrabarti CBE	Shami		LSE Council Member
Coker	Chris	Professor	Former Head of LSE International Relations Department
Corbridge	Stuart	Professor	LSE Pro Director for Research & External Relations since August 2010
Dahdaleh	Victor, Phillip		Governor of LSE, member of the LSE Development Committee
Dalton	Richard	Sir	British Ambassador to Libya, 1999-2002
Davies	Howard	Sir	Director of the LSE, 2003-2011
Desai of St Clement Danes	Lord	The Rt Hon the	Internal examiner for the examination of Saif's PhD. Emeritus Professor at the LSE Centre for Global Governance
Donoughue of Ashton	Lord	The Rt Hon the	LSE Governor 1968-1997
Dorstewitz	Philipp	Dr	Tutored Saif during his MSc and MPhil
Fean KCVO	Vincent	Sir	British Ambassador to Libya 2006-2010
Flemington	Simon		LSE Enterprise, Chief Executive
Foster Back OBE	Philippa		Director, Institute of Business Ethics

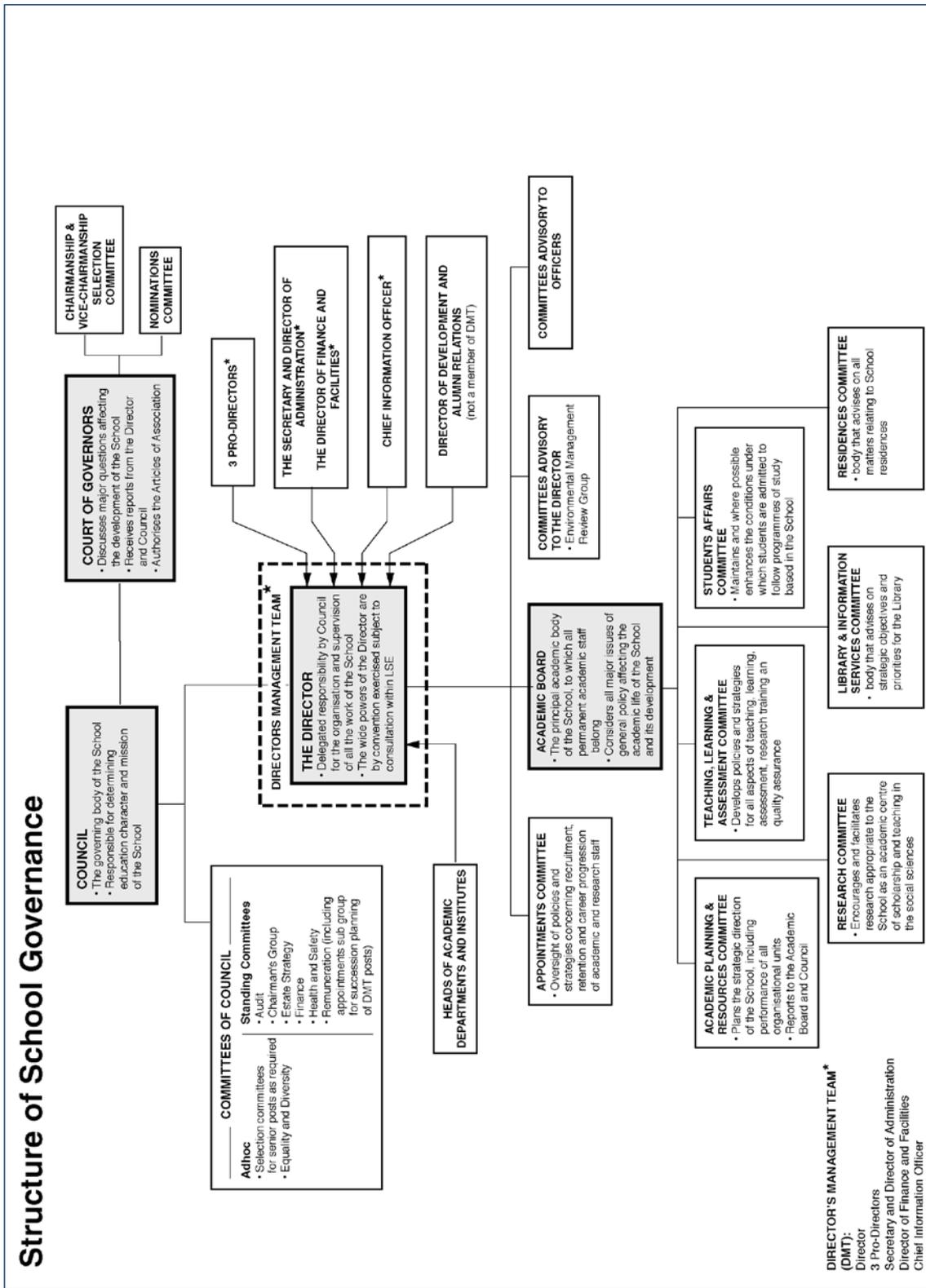
Gaskell	George	Professor	LSE Pro Director for Planning and Resources since August 2007
Gaskell	Louise		Deputy Events Manager, LSE Conferences and Events Office
Gerada	Charlotte		General Secretary, LSE Students' Union LSE 2010-2011. The inquiry also received written evidence from Aled Dilwyn Fisher, the General Secretary of the LSE Students' Union in office at the time the gift from the GICDF was being considered. He was abroad and unable to attend interview
Giddens of Southgate	Lord	The Rt Hon the	Director of the LSE 1996-2003, Emeritus Professor at the LSE Centre for Global Governance
Grabiner of Aldwych QC	Lord	The Rt Hon the	Chairman of LSE's Council and Court of Governors 1998-2007
Grant CBE	Malcom	Professor	Provost and President of University College London
Hall	Adrian		LSE Secretary and Director of Administration
Hartley	Janet	Professor	LSE Pro Director for Teaching and Learning, since August 2007
Held	David	Professor	LSE Government Department; Co-Director, former Centre for the Study of Global Governance; commented on two chapters of Saif Gaddafi's PhD thesis
Joffé	George	Professor	Affiliated lecturer at the Department of Politics and International Studies, University of Cambridge. Formerly deputy director and acting director of the Royal Institute of International Affairs (1997-2000)

Jowell KCMG QC	Jeffrey	Professor Sir	Former Dean of University College of London's Faculty of Law and Head of Law Department, former Vice Provost of UCL, currently Director of the Bingham Centre for the Rule of Law
Kaldor	Mary	Professor	Professor in the LSE Department of International Development; Co-Director, former Centre for the Study of Global Governance
Kirk	Fiona		Director, LSE Office of Development and Alumni Relations, January 2009 - present
Lloyd	Theresa		Theresa Lloyd Associates, Philanthropy Advisory Service
Marsh	Simon		Member of staff, LSE Office of Development and Alumni Relations
Marshall	Margaret H	Justice	General Counsel to Harvard University 1992-1996; member of the governing body of Yale University
McClennen	Edward (Ned)	Professor	Centennial Professor in Philosophy at the LSE 2000-2003; formerly Coordinator of the MSc in Philosophy, Policy and Social Value
McGrew	Anthony	Professor	External Examiner for the examination of Saif Gaddafi's PhD
Molyneux	Maxine	Professor	Professor Fred Halliday's widow
Mountford	Roger		Chairman, LSE Enterprise
O'Neill of Bengarve CBE FBA FRS	Professor the Baroness	The Rt Hon	Former President of British Academy; former principal of Newnham College, University of Cambridge
Patten of Barnes CH PC	Lord	The Rt Hon the	Chancellor of University of Oxford
Peston of Mile End	Lord	The Rt Hon the	Emeritus Professor of Economics at Queen Mary College London

Rees	Judith	Professor	Acting Director, LSE, 2011-present
Roberts	Richard	Dr Sir	Former Member of the Board of the GICDF
Said	Yahia Khairi		Research Fellow, Centre for Global Governance, 1999-2008. Taught Saif Gaddafi on his "Global Civil Society" course taken as part of his MSc
Sidel	John	Professor	LSE, Professor of International and Comparative Politics, LSE
Stonex	Cato		Chairman, LSE Development Committee
Sutherland	Peter		Chairman of LSE's Council and Court of Governors
Sutton	John	Professor	Sir John Hicks Professor of Economics, LSE. Chair of the Global Governance Review Committee, established by the LSE Council 3 March 2011
Underwood	Simeon		LSE, Academic Registrar
Walker	David	Sir	Chairman, University of Cambridge 800th Anniversary Campaign
Worthington	Sarah	Professor	Professor, LSE Pro-Director for Research and External Relations 2004-2010
Zellick CBE QC	Graham	Professor	Former Vice Chancellor University of London, former Principal of Queen Mary, former Head of Law and Dean of the Faculty of Law, Queen Mary University

Appendix 2

The Structure of School Governance



Appendix 3

“Background Paper on Libya: What was generally known about Gaddafi’s Libya after 2003?”

**Professor Michael Clarke, Royal United Services Institute
Report, 20 July 2011**

Background Paper on Libya: What was generally known about Gaddafi’s Libya after 2003?

Michael Clarke

Reputational Background

The reputation of Libya before its apparent change of heart on the nuclear issue in 2003 was well-known throughout the diplomatic world. Colonel Gaddafi had seized power in 1969 and had been involved extensively in wars and civil conflicts regularly since then. He allied himself with Egypt’s President Sadat to launch the 1973 Yom Kippur war against Israeli-occupied Sinai. He was subsequently involved in a war with Egypt itself in 1977, and then sporadically with Chad between 1978 and 1987, intervening in the long-running civil conflict in that country. He overtly supported dictators such as Idi Amin in Uganda, Emperor Bokassa in the Central African Republic and Haile Mengistu in Ethiopia. Gaddafi was directly involved in stoking the Liberian civil war during the 1990s; backing President Doe, and then recruiting agents to oppose him. He subsequently established a close relationship with Liberia’s Charles Taylor which apparently continued until the end of his presidency. Even in his final days in power in 2003, Taylor reportedly obtained weapons from Libya.

The Libyan leader was also known to have given active support; equipment, money and sanctuary, to a number of terrorists and related groups that included the IRA, the Red Brigades and the Red Army Faction, in addition to a number of Palestinian groups. His regime overtly applauded the causes of such groups. Libyan agents were discovered to have been behind terror attacks on airports in Rome and Vienna and on a nightclub in Berlin. As a result of the latter, US forces launched air attacks on Gaddafi’s residence and HQ in Tripoli in April 1986.

Amnesty International has estimated that Gaddafi had initiated around 25 international assassination attempts between 1980 and 1987. Largely as a result of the accumulation of evidence on such activities, the United Nations imposed an Arms Embargo on Libya under UNSCR 748 in March 1992.

Changes in Libyan Policy After 2003

A turning point seemed to have arrived in 2003 when Gaddafi agreed in August to negotiate compensation payments for the victims of the Lockerbie bombing of 1988 and the 1989 bombing of UTA 772 over Africa. The UN Arms Embargo was lifted in September 2003 under

UNSCR 1506, and in December, after a year of secret negotiations, Gaddafi announced the abandonment of Libya's nuclear programme. This abandonment was verified by the IAEA over subsequent years, though the regime is believed to have maintained chemical weapons stocks up to the present.

These developments led to a number of efforts gradually to normalise relations between Libya and the European Union. There was also a new approach towards Libya from the Bush Administration, which in 2007 removed it from the US list of countries deemed to sponsor international terrorism (though this was not without some disquiet in US political and journalistic circles).

Clearly, after 2003, Libya was perceived by the major powers in the world, and within international organisations, to be in a process of generally constructive change, albeit not consistently and with attendant eccentricities in its policy. Nevertheless, international analysts also understood that these 'eccentricities' involved clear and continuing links with a number of guerrilla and separatist groups and groups classified by many as 'terrorist'.

Middle East: In the Middle East, Gaddafi found himself, and Libya, effectively isolated after 2003. Though Libyan investments were still made extensively throughout the region, they earned the leadership very little tangible political support. Gaddafi was determined to resist any jihadist influences in Libya. Much of his policy was latterly driven by attempts to undermine any forces that seemed to offer encouragement to jihadism, but there was little goodwill in the region for him after the previous 20 years. His attempts to promote pan-Arabism had all failed. Libya still consistently called for the destruction of the state of Israel after 2003 and aided and supported the Hamas organisation as the true voice of the Palestinians. There was also considerable support for Hezbollah, though that became a growing enmity over the decade. Gaddafi has also long supported the Polisario guerrillas in their war with Morocco for an independent western Sahara – many Polisario guerrillas are said now to be fighting as mercenaries for him.

Finding effective influence only with sub-national groups in the Middle East over the last decade, Libya has concentrated on its Africa policies.

Africa: Gaddafi's Africa policies have been a mixture of the politically astute and in some cases benevolent, and the explicitly dangerous and destabilising. By 2011 the Sovereign Wealth Fund – the Libyan Investment Authority – was known to have significant holdings in 31 African states in addition to its investments in Europe and the United States. These African holdings were not in the traditional developmental economic sectors but generally in land and banking concerns, which gave Libya some tangible political leverage over governments.

Libyan finance has helped prop up the Sudanese regime of Omar al Bashir, for over 20 years, even as it supplies and supports the JEM rebel movement in Dafur. In Niger, Gaddafi helped instigate uprisings of the ethnic Tuareg rebels against the government, but also tried to act as a mediator between them.

He was accused of playing a similar dual role in the Tuareg rebellions in Mali during the last decade. The Gaddafi regime has long aided the government in Mauritania against jihadi terrorists (anxious as he has always been to degrade the influence of 'Al Qaeda in the Maghreb' - AQIM) but he was also widely accused of involvement in the Mali coups of 2005 and 2008. Gaddafi has been more successful as a mediator in the Central African Republic; and he has long offered his support to the 23 year rule of Blaise Compaore in Burkina Faso. The President of Congo Brazzaville, Sassou Nguesso, still openly supports Gaddafi since the Libyan leader has supported him both financially and militarily during a civil war in Congo that brought Nguesso back to power in 1997. There is a long-standing economic relationship between Libya and Zimbabwe, though personal relations between Gaddafi and Mugabe, very warm up to 2003, have been strained by a number of differences since then. Not least, Libya has attempted to garner considerable political support by providing some \$40 million annually to the African

Union – about 15% of the total budget of the organisation – as well as paying the annual dues of some of the poorer AU member states. Libya also contributes disproportionately to the African Development Bank. Gaddafi assumed the honorific title of “King of Kings of Africa” in 2008 as part of his campaign for a United States of Africa

Overall, Gaddafi's diplomatic and economic initiatives in Africa have not reaped benefits commensurate with the investment. Though many leaders and governments in Africa owe Libya favours, there is considerable underlying distrust of Libyan motives and patterns of behaviour across the continent and Gaddafi's personal diplomatic style – widely described as hectoring and bullying – has alienated large portions of the diplomatic community in states and institutions across the continent over the last decade. The AU is currently his most sympathetic international institution, but analysts generally agree that this support is ambiguous and tepid, at best.

Governance in Libya

The internal system of government established by Colonel Gaddafi has been well-observed for many years as a classic version of revolutionary autocracy. He established a “Revolutionary Council” consisting of 12 fellow officers involved in the 1969 coup. This Revolutionary Council rapidly evolved into a wholly-appointed and non-accountable power structure around himself and his immediate family. In 1977, Gaddafi proclaimed “Jamahiriya”; being a version of popular rule through a system of communal meetings – a complex hierarchy of which provided an indirectly elected membership for the 720-seat General Peoples' Congress of over 7,000 representatives. Political parties have always been banned in Gaddafi's Libya and the press was as tightly controlled as any in the Middle East. The ideological underpinnings of this system are based on the so-called Green Book, first published by Gaddafi in 1975. The Green Book is a mixture of popular socialism, Islam and pan-Africanism, and has provided the basis for Gaddafi's justification of his personalised power for the last 35 years. The Green Book has been taught constantly in Libyan schools.

In reality, however, external observers of Libya have always understood that this constitution and its ideological underpinnings were the basis for what has been called a byzantine bureaucracy which worked as an informal network of shifting power-brokers based around Gaddafi himself and his immediate family. Within this autocratic system, it was impossible for a fully-functioning government to emerge, since all power was devolved only from the centre. Colonel Gaddafi was always juggling two particular power structures below him. One was in a series of shaky coalitions between the three principal tribes of northern Libya: the al-Qaddadfa, the al-Magarihi and the al-Warfalla. Once the original Revolutionary Committees become despised for their corruption and nepotism, Gaddafi tried, from the early 1990s, to use tribal structures as the basis for local leadership committees to feed into his General Peoples' Congress. This never proved stable, however, and the coalitions between the three tribes have always been shifting and uncertain. The second area of personal coalition-building has occurred within the Army. Following a number of attempted coups, Gaddafi consistently weakened the officer corps of the Army during the 1990s and tried to place their loyalties more on a tribal basis. The effect was that he trained and equipped mainly elite-level units, under the personal control of his family, particularly his son, Khamis, and starved the rest of the forces of equipment and training. External observers frequently noted that this had the effect of increasing the centralisation of power and physical force around Gaddafi's family and their immediate associates.

In operating these shifting coalitions, Gaddafi marginalised other groups such the non-ethnic Arabs – the Berbers, the Tuareg and the Toubon – in the south who had long-standing trans-national ties across the Sahel and Saharan belts. This created simmering resentments which were well observed throughout the 1990s. Part of the explanation of Gaddafi's constantly shifting coalitions is also driven by his long-standing fear and suppression of Al-Qaeda and related groups and his difficult relationship with non-Salafist groups such as the Sufi orders and the Muslim Brotherhood.

Corruption in Libyan Policy

It has also been generally believed by analysts of Libya that the Gaddafi family were running Libya in an overtly corrupt way, though there are differing views as to how this worked in practice.

Libya's Sovereign Wealth Fund – the Libyan Investment Authority – was established in 2006 in a sensible measure to help integrate Libya's economy into the western economic system at a time of rising oil prices. It came increasingly to be regarded as a fund that had two aspects; one a respectable investment fund that gave 20 to 30 banks around the world funds to manage – though with mixed success. The other aspect was that the LIA appeared to be effectively run and controlled by Saif al-Islam Gaddafi, through Mustafa Zarti, a personal friend of his. In 2010 the LIA's assets were estimated at around £50-60 billion and included interests as diverse as Eni, the Italian energy company, Juventus football club and the publishing group, Pearson. The LIA's assets in the US, and some of those in Europe, have now been frozen, though not its holding in Italy. Early losses by the LIA, and, according to the Financial Times, 'allegations of corruption swirling around the fund', created a change in strategy and the Central Bank in Tripoli latterly took more control over its funds and activities, handling many of its investments in-house. Nevertheless, the public association between the LIA and the most famous son of Colonel Gaddafi created a widespread suspicion that it had become an instrument for the control of the family's personal wealth. Goldman Sachs, for example, have recently been under investigation by the US Securities and Exchange Commission, according to the Wall Street Journal, on the grounds that they may have violated US anti-bribery laws when dealing with the LIA. The independent US organisation, Global Witness, claimed that many western institutions were holding Libyan state oil revenues from the LIA, in which the Gaddafi family asserts control.

International business and diplomatic circles were in no doubt, as Libya opened itself to various economic deals after 2003, that the country worked through an extended client-patron dependency, using family, tribal and regional ties. 'Gaddafi makes no distinction between his personal assets and the resources of the country' said the prosecutor of the International Criminal Court in documents filed at The Hague in May 2011. This accusation had been widely believed to be true by those dealing with, and studying Libya, in the years between the opening of the Gaddafi regime in 2003 and the beginning of the revolution in the country in February 2011. This has not been regarded as necessarily better or worse than many of the other governments in the region, but there were no illusions among analysts after 2003 that Libya was somehow less corrupt than other neighbouring states.

At the top of Libya's client-patronage system was the demonstrable ability of the Gaddafi family and its loyalists to gain significant consultancies and 'signing bonuses' on large foreign contracts; and it was well-known that all foreign contracts worth over \$200 million would have to be signed off personally by Colonel Gaddafi. US diplomats evidently referred to the relationships between the Gaddafi family and foreign investment interests as 'shotgun partnerships'. It was also widely believed, and subsequently confirmed, that Libyan banks were involved in breaking international sanctions on Iran by laundering large amounts of Iranian cash and extracting lucrative fees for doing so.

Professor Michael Clarke

Director

Royal United Services Institute

20 July 2011

Appendix 4

Offer of admission to the MPhil/PhD in Philosophy in 2002

1. Saif was made an unconditional offer to study the MPhil/PhD in Philosophy starting in 2002-03.¹ However, Saif acted on the advice of Professor McClennen, given to Saif in an email of 15 July 2002, and applied and was admitted to an MSc course in Philosophy, Policy and Social Value for that academic year.
2. There is considerable confusion over the offer made to Saif for admission to the MPhil/PhD to commence in 2002. Professor Luc Bovens (current Head of the Philosophy Department), Professor Worrall (Director of Graduate Studies whilst Saif was a PhD student), and Professor Cartwright (Saif's PhD supervisor), were unaware of the offer made to Saif in 2002 until the Inquiry informed them of it.
3. Professor Cartwright and Professor Worrall say they would have been vigorously opposed to the MPhil/PhD offer made to Saif in 2002 had they been consulted at the time. Professor Bovens tells me that it would have been simply inappropriate to accept someone directly onto the MPhil/PhD programme if they had no background in Philosophy.
4. Despite an investigation by Professor Bovens, the background to the 2002 MPhil/PhD offer remains unresolved.
5. There are no standard admissions papers such as those that are normally filled out by a departmental representative with a signature on them relating to Saif's offer of admission to the MPhil/PhD in 2002. The Graduate Office emailed a Pro-Director on 16 July 2002 informing them that the Head of the Philosophy Department had approved an offer to Saif of admission to the MPhil/PhD course. That offer was made on 17 July 2002. However, the then Head of Department, although copied to that email to the Pro-Director, says they did not admit Saif to the MPhil/PhD in 2002 and suggests there was a clerical error or a verbal miscommunication between the Graduate Office and the Department. Professor Bovens considers this is the most likely explanation for the offer.
6. However, Professor McClennen told Saif in his email of 15 July 2002 that "*the relevant persons (Convener, etc) in the Department of Philosophy... have approved your admission in one or the other of two ways*" (emphasis added). Saif was told that his direct enrolment, in 2002, into the MPhil/PhD course had been approved. Although Professor McClennen advised Saif to take the MSc course, he told Saif that the choice between the MPhil/PhD and the MSc was "*up to him*". The email from Professor McClennen to Saif of 15 July 2002 ended: "*Just fill out the forms indicating which option you want to choose...*"
7. Professor McClennen says he did not approve the offer of admission to the MPhil/PhD in 2002, and in fact he tried to convince Saif to take the MSc rather than the MPhil/PhD. I am told he cannot recollect how he learned about the offer of admission to the MPhil/PhD in 2002 before he emailed Saif on 15 July 2002, setting out Saif's "*options*".

1 Offer letter dated 17 July 2002.

8. An email from the Departmental Manager in the Philosophy Department at the time to the Graduate Admissions Office (copied to other Professors in the Philosophy Department) of 23 July 2002 set out to the Graduate Office the position as follows: *“I’m sorry to tell you but (a case of too many cooks I’m afraid!) [Saif] actually wants a place on the MSc in Philosophy, Policy and Social Value and not the MPhil as most people who got involved assumed... We were waiting for Saif ... to respond to Ned’s email to him dated 15 July... In this long and detailed email he was given all the options and the decision of what he wanted to do was left with the student... I was also waiting to hear from him and I did. I received a faxed application form from him dated 20 July which clearly states that he wishes to apply and be offered a place on the MSc... The ‘other’ people involved have gone ahead and made him an offer without taking all the facts into account... I have this afternoon had a lengthy conversation with Ned and can confirm that it is the MSc that the student wants...”*
9. Professor Bovens, current Head of the Philosophy Department, has not been able to resolve the background to the offer of MPhil/PhD admission made to Saif to commence in 2002. It is not necessary for the Inquiry to do so in order to make recommendations for the future.
10. For the purposes of this Inquiry, it is sufficient to note two points. First, the Philosophy Department consider it would have been an error to admit Saif to the MPhil/PhD in 2002, because he had no relevant background in Philosophy. Second, the Department considers that such an error could not be made now. The test for admission to the MPhil/PhD has become much more stringent because of the increase in the number of applications and the requirement that PhDs be completed within four years of study and because responsibility for PhD admissions has now shifted to the Director of the Doctoral Programme who convenes a board to make all MPhil/PhD decisions. As to that latter change, the Inquiry recommends that the LSE, as an institution, give consideration more widely to the diffusion of best practice in respect of the admissions procedures for doctoral students.²

² See Chapter 2, Section IV(A).

Appendix 5

Redacted extract from minutes of the Development Committee Meeting of 4 March 2009



<p>4. Ethics Policy</p>	
<p>4 (a) Libya Gift, Centre for Global Policy</p> <p>Professor David Held (DH) summarised the report attached with the papers, which was produced as a response to the ongoing need for financial support for the centre. DH has developed relationships with [REDACTED] and also [a Businessman ("AB")] [REDACTED] who through [REDACTED] will support the centre and the [REDACTED]. ("AB) [REDACTED] introduced DH to Saif Alqadhafi as a potential donor and they met twice in Tripoli, resulting in a £1.5m offer of support, coming with no academic restrictions. DH also stated that Saif was in no way like his father, and was genuinely welcome in the west as a reformer, and that outstanding issues such as Lockerbie and nuclear inspections had been dealt with.</p> <p>HD reported on the background of Saif during his time as both an MSc and PhD student at the School, including an informal approach about three years ago from Libya to support a Chair, which at that time was politely declined. He also reported that Saif approached him at Davos to enquire about the proposal now on the table.</p> <p>[REDACTED] stated that DH had made a persuasive case, but suggested we should ask about the source of the money. DH stated that he believed the monies would be donated through the Gaddafi International Foundation for Charity Associations, and noted however that the accounts of this organisation were not audited.</p> <p>[REDACTED] said that we should explore what the effect of accepting a gift containing the Gaddafi name would have on the School and expressed the view that the issue to be considered was one of perception.</p> <p>[REDACTED] agreed that consideration of the reaction of the media/students to the School accepting a gift from Libya was important, and that if the money were accepted it would be vital to promote where the money was going, and the fact that it carried no academic restrictions.</p> <p>[REDACTED] enquired what the School would do in the case that the political outlook changed for the worse in Libya, asking if we would return the money.</p> <p>[REDACTED] pointed out that at Davos, former US-President Clinton had suggested that Saif could possibly become the leader of Libya in the course of time, but this was somewhat uncertain.</p> <p>[REDACTED] said that he knew Saif from his time as a student and believed him to be genuinely well-motivated in his desire to create a civil society in Libya.</p> <p>[REDACTED] stressed his view that it was important to ensure that any gifts to the School should be sourced from demonstrably 'legal' money otherwise we would risk being accused of accepting money from anyone. He then, having acknowledged the advisory role of the Committee, asked for a show of hands for or against accepting the money – with the majority confirming that they would recommend to Council to accept the gift.</p>	

FK pointed out that there were a number of committee members who were not present and that their views should be sought before any recommendations were made to Council. DH offered to speak with any Committee members who would find this helpful

FK / DH

It was then agreed that DH informally approach Saif to ask further questions about the following:

David Held to liaise with HD

- The exact vehicle through which the donation would be given – i.e. the source. If it were to be the Gaddafi International Foundation whether we could receive a copy of the articles of association, and details on the sources of the Foundation's income to provide comfort on the provenance of the possible gift
- Whether an alternative or even anonymous source could be considered.
- Formal clarification that the gift would be unencumbered.
- For his suggestions as to how to solve the perception problem that the School might face.

Appendix 6

Extract from minutes of Council Meeting of 23 June 2009

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

Line 13 Attachments

COUNCIL

23 June 2009

MINUTES

A meeting of the Council was held on Tuesday, 23 June 2009 from 5.15pm to 6.50pm in BOX, 5th Floor, Tower 3

PRESENT: Mr Peter Sutherland (Chairman), Ms Anne Lapping, Mr Howard Davies, Dr Ros Altmann, Mr Stephen Barclay, Professor Chris Brown, Ms Angela Camber, Mr Alan Elias, Mr Aled Dilwyn Fisher, Mr Mario Francescotti, Professor George Gaskell, Mr James Goudie QC, Professor Janet Hartley, Ms Kate Jenkins, Professor Paul Kelly, Dr David Lane, Professor David Marsden, Mr Ashley Mitchell, Dr Eileen Munro, Professor George Philip, Mr Brian Smith, Professor Sarah Worthington

BY INVITATION: Mr Richard Goeltz (North American Advisory Board), Mr Mike Bragg (Staff Consultative Council), Mr Roger Mountford (LSEE Nominated Officer), Dr David Held and Mr Victor Dahdaleh (for item 162-167 only)

IN ATTENDANCE: Ms Catherine Baldwin, Ms Jenny Bone, Ms Barbara Bush, Mr Andrew Farrell, Mr Adrian Hall, Ms Fiona Kirk, Ms Jayne Rose

APOLOGIES: Sir Anthony Battishill, Ms Shami Chakrabarti, Mr Wol Kolade, Professor Robin Mansell, Professor Richard Sennett

DONATIONS TO THE CENTRE FOR GLOBAL GOVERNANCE

162. REPORTED, by Professor David Held, Director of the Centre for Global Governance:

- (a) that the Centre for Global Governance had been offered a donation of £1.5m from the Gaddafi International Charity and Development Foundation, which is Chaired by LSE alumnus, Saif Al Islam Al Gaddafi;
- (b) that the Foundation was registered in Switzerland, accredited by the UN, and filed its audited accounts on an annual basis;
- (c) that no academic constraints had been placed on the use of the gift, although Mr Gaddafi had requested Professor Held's assistance in developing a Centre for Democracy and Civil Society in Tripoli;
- (d) that Libya's relationship with the West had improved in recent years, and that Saif Gaddafi was considered by many to be a reformer;
- (e) that the gift would not be funded by the Libyan State or regime, but would come from donations by companies in the private sector;
- (f) that fellow major donor, George Soros, had been consulted and supported acceptance of the gift;
- (g) that the principal risk of acceptance was reputational.

163. REPORTED, by the Director of Development and Alumni Relations: that a range of views had been expressed by members of the Development Committee, with a clear majority in favour of accepting the donation. Due diligence work had been undertaken to ensure the probity of the Foundation.

164. REPORTED, by Mr Dahdaleh: that senior politicians and opinion formers in the Gulf region had spoken of the high regard in which they held Saif Gaddafi.

165. IN DISCUSSION:

- (a) that the Centre was well established, had its own agenda, and that Saif Gaddafi would be one of a number of supporters;

- (b) that the reputation risk appeared high in relation to the size of the donation;
- (c) that it might be difficult to convince detractors of the arguments in favour of acceptance;
- (d) that there were dangers in not offering hope of rehabilitation and re-engagement to people in isolated states.

166. REPORTED, by the SU General Secretary:

- (a) that the discussion of major donations at Council was welcomed;
- (b) that, having no prior knowledge of the Foundation, he would wish to make enquiries before exercising judgement.

167. RESOLVED:

- (a) to accept the donation from the Gaddafi International Charity and Development Foundation;
- (b) that, following further investigation, the SU General Secretary should raise any queries or comments with the Director of the Centre for Global Governance or Director of ODAR.

Appendix 7

ODAR Note on the GICDF

2 March 2009

This appendix contains the ODAR Note on the GICDF, created before the Development Committee Meeting of 4 March 2009. The Inquiry has not conducted its own investigation into the Foundation, and makes no representation as to the accuracy of the information contained in this Note.

ODAR notes on: Proposed Donation of £1.5 million to the Centre for the Study of Global Governance from the Gaddafi International Charity, run by Saif Alqadhafi.

Professor Held has advised ODAR that (to best of his knowledge) the vehicle for the £1.5 million donation to the Global Policy Centre would be the Gaddafi International Charity & Development Foundation.

Overview

The **Gaddafi International Foundation for Charity Associations (GIFCA)** is an international non-governmental organisation (NGO) with an income of £15,000,000 (2007, see below for list of donors). GIFCA's headquarters are located in the Libyan capital Tripoli and offices in Chad, Germany, Philippines and Sudan. GIFCA was established in 1998 upon signature of its charter in Geneva, Switzerland. The president of the Foundation is Saif al-Islam al-Gaddafi, a son of the Libyan leader Muammar al-Gaddafi.

Elected by the Foundation's executive committee, the executive director is Salah Abdessalem (President of the Libyan Human Rights Association) who oversees GIFCA's seven subsidiaries, each of which has its own management. The subsidiary societies of GIFCA are:

1. Human Rights Society;
2. Libyan National Society for Drug Control;
3. Society of Brothers in the South;
4. De-mining Society;
5. Society for the Underprivileged;
6. 1973 Libyan Airline Victims Society; and,
7. Centre for Infectious Disease Research and Control in Africa.

GIFCA's objectives

- to support the efforts of the associated societies and coordinate their activities;
- to support the principle of voluntary work for the welfare of society and safeguarding human rights;
- to support the establishment of new NGOs based on volunteering that will implement projects and activities to the benefit of society;
- to support vulnerable segments of society;
- to work with welfare organisations for the elimination of poverty;
- to create awareness of social and humanitarian work through public information activity at national and international level; and,
- to strengthen co-operation with international and regional organisations with similar objectives.

Media attention/reputation

The Gaddafi International Foundation for Charity Associations has intervened in various hostage situations involving Islamic militants and, most notably, the crisis of the HIV trial in Libya and the resulting European Union-Libyan rapprochement. In January 2004, GIFCA was instrumental in resolving the compensation issue in relation to the 1989 bombing of UTA Flight 772 when it concluded an agreement with the French UTA relatives organisation to pay \$1 million to each of the 170 victims' families.

Interviewed by French newspaper Le Figaro on December 7, 2007 GIFCA's president Saif al-Gaddafi said that the Libyans convicted for the Pan Am Flight 103 and the UTA Flight 772 bombings "are innocent". When asked if Libya would therefore seek reimbursement of the compensation paid to the families of the victims (\$2.33 billion in total), Saif al-Gaddafi replied: "I don't know".

Typical example to the Foundation's tone: Most recent press release

Release by the Foundation following the Statements of Czech Prime Minister's Spokesman on the Israeli Aggression on Gaza

Gaddafi International Charity and Development Foundation (GICDF) followed with deep concern the statements made by the spokesman of Czech Republic Prime Minister, Mirek Topolánek, whose country currently holds the rotating presidency of the European Union, and which described the barbaric Israeli aggression on the Gaza Strip as defensive action and that it was merely a crossing of Gaza borders with no violence or victims!!

The Foundation denounces such statements and confirms without going into the details of response that if the Czech Republic does not withdraw its remarks and apologize thereof, it will be obliged to ask the Libyan State to sever its political and economic relations with the Czech Republic, because that position is an insult to the souls of the martyrs and the wounded and to the dignity of an entire nation.

Emphasizing the regional and international role played by the Foundation, GICDF President, Mr. Saif Al-Islam Muammar Gaddafi, intends to make contacts with Arab and Islamic countries to pressure the Czech Republic in order to back away from this position.

Gaddafi International Charity and Development Foundation (GICDF)
Issued in Tripoli : 1st January, 2009

Opinion

The following is a summary of ODAR's perceived positives and negatives (where applicable) of the Gaddafi International Charity & Development Foundation (focusing on the organisation only - without regard for the historical or geopolitical contexts).

- Governance
 - Positives: the Foundation is legally distinct from the state and it has a transparent governing structure and process of electing senior personnel.
 - Negatives: the Foundation's processes, operations and future is dependent only on the will of Saif Gaddafi and in this sense the LSE would not have a relationship with an organisation.
- Accountability
 - Positives: the Foundation issues yearly reports detailing its mission, operations, grants, income and expenditure and funders.
 - Negatives: finances in yearly report do not appear to be independently audited. Currently, we don't know enough about the Foundation's donors.
- Philanthropy/Motivations
 - Positives: clear demonstration (and physical evidence) of charitable project expenditure, the emphasis on supporting (predominantly) Islamic causes would be considered acceptable by the UK Charity Commission (although we have no idea for sure what type of Islamic cause is supported/considered controversial).
 - Negatives: is the foundation an attempt to disguise the past (motivated by rapprochement and succession)?
- Openness
 - Positives: The Foundation's annual report details its mission, operations, grants, income and expenditure and funders. There is a theoretical opportunity for dialogue and criticism with/of the Foundation as it operates in the third sector sphere.
 - Negatives: finances in yearly report do not appear to be independently audited.

- Scrutiny
 - Positives: The Foundation's annual report details its mission, operations, grants, income and expenditure and funders.
 - Negatives: The Foundation's Articles of Association were signed in Switzerland (and although Swiss Trust law is changing) there is no obligation to scrutinize, under Swiss law, any deeper than money laundering. (It would appear) the Foundation's annual report is not independently audited (*this is unusual and devalues 'openness' and 'accountability' above*).
- Political
 - Negatives: As can be expected the Foundation offers unconditional solidarity to Islamic nations it perceives as threatened. The entire Foundation could be seen by the LSE community as an instrument for rapprochement and succession.
- Donors

We have no way of independently verifying these sources

Revenues (contributions) on 31/12/2007 (in LYD)

Designation	Value
Donations by the Foundation's companies	482,029,701
Islamic Call Society	25,526,998,950
Jerma Shipping Company	170,000,000
The Green Book Studies Center	325,000,000
Various donations	1,074,156,604
Other revenues	210,669,744
Total	27,788,854,999

(Approximately £15,000,000 – roughly same revenue as the Sigrid Rausing Trust in the UK)

The Foundation's main funder, the Islamic Call Society was set up by Colonel Gaddafi and today comprises of more than 250 Islamic Organizations from around the world who are members of its General Congress. As the Foundation's major stakeholder there is high potential for further antagonising the School's Jewish Community – given the organisation's proactive and partial support for Palestine.

Appendix 8

History of the papers relating to the donation from the GICDF: Adrian Hall, Fiona Kirk and Sir Howard Davies

1. As I set out in Chapter 3, there is a factual dispute about who received the papers which ODAR prepared on the donation from Saif's Foundation, most notably the ODAR Note on the Companies, which I cannot resolve. It is not important for my purposes who is right and who is wrong in their recollection of what happened to the ODAR paperwork in this case. What matters is that the failure to get the paperwork to reach Council reveals systemic failings in the way the LSE dealt with this matter. During the course of the Inquiry the detail has, however, become a matter of importance to the individuals involved. For that reason, I have set out the history of the paperwork in this appendix.

Papers available at the time of the June Council meeting

2. Adrian Hall was first made aware of the possibility of a Libyan gift on 4 May 2009. Adrian had circulated the draft Council agendas for the summer term 2009 to the Director's Management Team for their consideration. Sir Howard responded by email asking Adrian when the "*Libya/David Held*" question was being considered. Adrian had not been made aware that a gift from Saif was to be considered by Council and consequently did not know what the "*Libya/David Held*" question was. He emailed Sir Howard's PA telling her he did not know what this was and was told that it possibly related to a "*potentially problematic gift*" and that he should check with Fiona Kirk of ODAR whether Fiona thought there was something which needed to be run past Council. Adrian Hall emailed Fiona asking whether she "*could shed any light please on Howard's cryptic query? Should we be asking Council about 'whatever it is'?*"¹
3. Fiona Kirk replied by email on 5 May 2009 saying that Council needed to be asked about accepting a possible gift from Saif Gaddafi.² She told Adrian that the Development Committee had a "*majority view that the School should accept such a gift*", which was "*given in the full understanding that the Development Committee is purely advisory and that the issue would need to go to Council.*" Fiona attached some background documents and noted that despite the email exchanges between Saif and Professor Held there remained "*some unanswered questions on the vehicle through which any such gift might be/could be made and having clarity on this could impact the views of Council.*"³
4. In her email of 5 May 2009 to Adrian Hall, Fiona Kirk attached the material which went to the Development Committee, the minutes of the Development Committee meeting (which revealed the Committee's outstanding queries about the gift) and

1 Email from Adrian Hall to Fiona Kirk, 4 May 2009.

2 Email Fiona Kirk to Adrian Hall, 5 May 2009.

3 In his email to Professor Held of 22 March 2009 responding to the Development Committee's question about the source of the gift, and the "*exact vehicle through which the donation would be given*", Saif had responded with the possibility that "*the Gaddafi International Foundation can donate the money to the [Foundation believed to be that of a businessman (hereafter known as 'AB')] then [AB's Foundation] can donate the Center. What do you think.*" There had been some discussion between Professor Held, Fiona Kirk and Sir Howard about the possibility of using AB's Foundation (see Chapter 4, paragraph 4.29 - 4.35) as a means to secure the donation from Saif's Foundation. Sir Howard's view on that was that the Gaddafi connection could and should not be hidden (email to Professor Held and Fiona Kirk, 29 May 2009).

Saif's email response to those questions (which did not answer their query about the source of the funds). She told Adrian that she was collating the views of the Development Committee given the sensitivity of the gift, and later emailed him the Table of the Development Committee Views, on 16 May 2009.

5. Fiona Kirk later forwarded Adrian Hall Professor Held's email which described how Saif had cited (but had yet to confirm) BP, Shell and British Gas as sponsors of the gift, "so that [Adrian] had the background for putting this issue forward to Council".⁴
6. On 29 May 2009 Simon Marsh of ODAR emailed Adrian, saying that Fiona Kirk had asked him to liaise with Adrian to offer help and support as regards material for the June Council meeting. Simon Marsh asked Adrian how he would like the material and stated that he could offer a number of documents including ODAR's overview of the GICDF and the documentation ODAR had on the GICDF.
7. Adrian notified his Governance Team of that email but by that time the Director's Management Team had already, in early May, decided that to focus Council on the issue of principle that there should be an oral presentation only at the meeting, from Professor Held.
8. Simon Marsh says that he brought Adrian Hall a bundle of papers in advance of the June meeting.⁵ Adrian has no recollection of having received that bundle.

Papers available by the time of the October Council meeting

9. Further due diligence documents were available before the October Council meeting, including the ODAR Note on the Companies. I cannot resolve whether Adrian Hall ever received these documents.
10. Fiona Kirk has told me she has a "clear memory" of having two sets of bundles of papers on the Libyan gift at a meeting she had with Professor Held and Adrian Hall on 12 October 2009, convened to rehearse what to say at Council about Professor Halliday's note to Council. This bundle of papers is said to have included: the ODAR Note on the companies; a balance sheet of the GICDF;⁶ a bundle of media clippings about the LSE's relationship with Libya; and the UN NGO criteria printed from the UN DPI's website.
11. Adrian Hall does not recollect having received those documents.⁷ Professor Held also cannot remember being presented with a bundle, although he did receive ODAR's Note on the Companies (in paper rather than electronic form) in advance of the October Council meeting. Simon Marsh of ODAR agrees with Fiona Kirk's recollection. He

4 Email from Fiona Kirk to Adrian Hall, 26 May 2009.

5 Which he said included: the UN criteria for association as an accredited NGO (printed from the website by ODAR), ODAR Notes on the GICDF, Professor Held and Mary Kaldor's Notes to the Development Committee for the meeting on 4 March 2008; an email response from Saif Gaddafi to Professor Held responding to the Development Committee's questions posed at their meeting of 4 March 2008; Table of Development Committee Views on the gift, collated by Fiona Kirk following the Development Committee meeting; a letter from Saif to Professor Held outlining the donation and the GICDF; an email exchange between ODAR and the UN DPI confirming that the GICDF had met the criteria for registration.

6 Which again indicated the Islamic Call Society, understood by ODAR in their Note on the GICDF to be a creation of Colonel Gaddafi, as the major source of the Foundation's income.

7 Adrian Hall stressed to me that a thorough search did not reveal the presence of the ODAR Note on the Companies in his personal papers.

remembers the bundles being brought to the meeting and expressed frustration to me at the way in which he considers documents of lesser importance seem to have been “cherry picked” from it by the time of the Council meeting (although he in no way attributes responsibility to any individual for that).⁸

12. Sir Howard cannot recollect having seen the ODAR Note on the Companies. That Note was prepared on 6 October 2009. Fiona Kirk’s diary entry, which I have seen, reads that she had a meeting with “Howard re Libya Council papers” on that same day as the ODAR Note on the Companies was prepared. Fiona Kirk assumes that the ODAR staff worker who prepared that Note was working to that deadline so that Fiona Kirk could bring the memo with her to a meeting she had with Sir Howard to discuss the Libyan gift later that day.⁹ Sir Howard sent a draft of his memo to Council to Fiona Kirk (copying in Professor Held) on 8 October 2009, two days after their meeting, and asking for comments on the draft. Fiona Kirk replied with some comments and noted: “I see that you’ve decided only to attach only press cuttings. I assume you have the [Financial Times] article you reference ... And you have the other cuttings that I left with you.”
13. That could suggest Fiona Kirk had given at least some material to Sir Howard at their meeting, which she assumes would have included the ODAR Note on the Companies. However, the recollections of all involved are not sufficiently firm for me to be able to find whether Sir Howard did or did not receive it. Sir Howard cannot remember receiving it (and has not found it in his extensive paperwork). Fiona Kirk credits him with an excellent memory, and he credits her as being a very scrupulous person.¹⁰

8 From the email correspondence, it appears as though Sir Howard’s decided to select the press clippings for presentation to Council with his note (email 8 October 2009) (see paragraph 12 below) although it remains unclear what happened to the other due diligence documents prepared by ODAR.

9 Fiona Kirk was able to tell me she received the memo from her staff worker at 12.30pm, just over an hour before the meeting with Sir Howard, and that her normal practice when she delegates work to a colleague in ODAR is to let them know the meeting time so that they send the work for that deadline.

10 As he put it in interview, not a “gung ho” fundraiser, but someone who looked at things in an objective way.

Appendix 9

ODAR Note on the Companies

6 October 2009

The following document has been heavily redacted. That is because, although the Inquiry and the LSE have written to them, it has not been established whether the three companies which were cited by Saif's assistant as the sponsors of the donation in advance of the October 2009 Council meeting were in fact sponsors of the donation. In that context it would be unfair to name the three companies. The redaction is extensive, and the due diligence document changed almost beyond recognition, in order to protect the identity of the companies. The companies are designated in this redacted version as Companies 'A', 'B', and 'C' and subsidiaries are designated with variations of the relevant letter.

Notwithstanding the need for significant redaction, I consider it useful to append this Note to my Report. It gives a picture of the information about the donation which was available before the October 2009 Council meeting, but which was not presented to Council. For my purposes it is irrelevant whether or not this information is correct, or whether these companies were in fact the sponsors of the gift. What is important for the purposes of the Inquiry is that there was information available which would have raised a concern about the donation, but that information was not made available to LSE's Council.

I repeat that it has never been established that any of these three companies were sponsors of the gift to the LSE nor, if they were sponsored why they agreed to support the donation. Nor do I know whether any of the information about the three companies contained in this Note is correct. The Inquiry makes no representation as to the accuracy of the information contained in this Note.

06/10/2009

Supporters of the Gaddafi International Charity and Development Foundation

['Company A']

[A] are a large Italian construction company, which undertakes a great deal of work both domestically and abroad. Last year they recorded a turnover of £ billion and .

The majority shareholder

Directors:

BOARD OF DIRECTORS

[Redacted Board of Directors list]

Links to Libya:

[Company 'A1'] is an Italian-Libyan joint venture, currently bidding for the construction of in Tripoli.

also undertaking the construction of a Libya.

- [Date] [A] secured contracts worth \$ million, for Libyan , to be built by [A1].
- in [Date], it was revealed that a Libyan wanted to buy
- In [Date] [A's] Libyan subsidiary [A1], won contracts worth m euros from the country's Ministry.

[A] holds a per cent stake in [A1], which was created in , with the Libyan owning the remaining per cent stake. has been operating in Libya for over years.

reports on various projects carried out by the group including the , [list of eleven major construction projects in Libya]

[REDACTED] 06/10/2009

[REDACTED] ['Company C']

[REDACTED] in this context seems to be referring to [C] [REDACTED], a design and construction company established in [REDACTED]. The Directors are [REDACTED].

Controversy:

[REDACTED]
[REDACTED] especially controversial following Abdelbaset al-Megrahi's release.
[REDACTED]

Links to Libya:

[REDACTED] advising British military contractors on exports. [C-Libya] [REDACTED] itself specializes in seeking commercial opportunity in Libya, especially in the military sphere.

Appendix 10

Note from Sir Howard Davies to the October 2009 Council Meeting

Council
20 October 2009

CL/2

LIBYA GIFT

At the Council meeting on 23 June we decided to accept a donation of £1.5 million to LSE Global Governance from the Gaddafi International and Charity Development Foundation. Subsequently, on 17 July, we signed an agreement with Saif Gaddafi (who was awarded his PhD at a graduation ceremony on the same day). There was some modest publicity surrounding that agreement.

Since then, of course, there has been the Magrahi affair. I do not propose to summarise that, as you will all have read more than enough about it in the press. The temperature seems to have reduced somewhat since then, but the episode has undoubtedly caused some reassessment of relations with the Libyan regime and the Gaddafi family. For that reason, I think it makes sense for the Council to look again at the question and decide whether or not it wishes to maintain its previous decision. We have told Saif Gaddafi that we are planning to take your views again. To date we have chosen not to claim any of the funds nor have we incurred any costs or commitments that would be dependent on receipt of these funds.

We have also received a paper, which I attach, from Fred Halliday. Fred left the School last year to take up a position in Barcelona, as many of you know, and has no official status other than as Emeritus Professor. He lectures here from time to time. But as an expert on Middle-East affairs, and someone with a long association with the School, I am sure we should take his views into account. It is fair to say, though, that we have taken soundings from other Middle East experts, who have taken a different view, and especially argued that rejecting this gift now would send the wrong message.

I am sorry that I will, exceptionally, not be present at the Council meeting on 20 October. So I thought it appropriate to give you my view, and a little bit more background, in this note, though I have nothing very new to say beyond what was explained at the last meeting in June.

Undoubtedly, the publicity surrounding the release of Magrahi and particularly his reception in Tripoli, was a set-back in terms of the image of Saif Gaddafi as a modernising influence on the regime. On the other hand, the events did cause the press to look hard at his record, and there have been several published interviews with him. Indeed a couple of journalists read his PhD thesis – not something which happens to every PhD candidate here! And such press coverage as there was of the LSE dimension to the relationship with Libya was broadly neutral. We have carried out an extensive search and not found any negative references to the School. I attach the main press coverage which mentioned the School's links. Also, the general impression of Saif Gaddafi as a modernising influence was maintained, with his support for democratic progress, as set out in his thesis, referred to several times.

As for the Foundation itself, the position is broadly as described at the last meeting. We have found out a little more about the sources of funds for the LSE project and David Held can update the Council on that dimension at the meeting.

It may be worth saying just a word or two, also, about the broader links between the School and Libya. We receive a number of students from there, of course, which is quite normal. And we do quite a lot of 'executive education' for public bodies in Tripoli. (A recent Financial Times article about that connection is also attached). Some of this arises because of the Saif connection. Also, as I mentioned last time, because of the Saif connection I was asked by Tony Blair (an invitation subsequently confirmed by Gordon Brown) to be the Prime Minister's economic envoy to Libya. So far that has not amounted to a great deal. I have visited the country once and helped set up various training programmes, some carried out by the LSE, others by the Bank of England and the London Stock Exchange, focused on trying to strengthen the financial infrastructure in the country. I was subsequently asked to be a

member of the International Advisory Board of the Libyan Investment Authority, along with Jacob Rothschild and Gerhard Schroder and others. (I have attended a couple of meetings: it is not a paid position). This has all been generally positive from the School's point of view. Libya is one of the largest customers for LSE Enterprise.

Finally, while the British (and indeed American) governments are clearly very unhappy about the events surrounding the prisoner release, my understanding is that the substance of both bilateral relationships has not changed. No ambassadors have been recalled, for example.

I should also note that I have received no communications on this matter arguing for rejection of the gift from students, alumni or faculty, apart from the note from Fred Halliday which is attached. Indeed there has been very little attention paid to it.

After some reflection, I think my own view remains as it was before. The donation is one which comes without strings attached, and the work of our Global Governance Centre is positive and well appreciated. The centre has managed a large donation from Kuwait well, and has undertaken a lot of independent research on Gulf issues. These funds will strengthen it. We have not been criticised for taking them, as far as I have been able to ascertain. So, on balance, I would proceed. But, as I said last time, if Council members collectively took a different view, then I would regard that as an entirely reasonable viewpoint to take, and I believe the reputational consequences of changing our minds, while not trivial, are manageable.

Appendix 11

Note from Professor Fred Halliday to the October 2009 Council Meeting

1

Memorandum to LSE Council

LSE and the Qaddafi Foundation: a Dissenting Note

1. As senior academic and administrative colleagues are aware, I have, since visiting Libya in 2002 as part of a British Council delegation, had serious misgivings about some of the School's dealings with that country. These I have expressed on numerous occasions, in writing and verbally, to senior colleagues. While I am in favour of British government and business attempts to develop links with Libya, and support LSE work that is of a consultancy and advisory character, and while encouraging personal contact with whatever Libyan officials we meet, I have repeatedly expressed reservations about formal educational and funding links with that country. Most recently, upon hearing that Council had approved a grant of £1.5m. from the Qaddafi Foundation, and prior to the signature of the agreement between the School and the QF, I wrote to senior administrative staff (the Director, Deputy Director of Research) and to Professor David Held, the leading proponent of our accepting this grant, expressing my misgivings. Subsequently, on September 8, I had an extensive meeting with Professor Held, and with two officials of ODAR, at which our disagreements were aired. The following is a summary of my main concerns, ones anterior to, but reinforced by, developments over the summer in regard to the Lockerbie affair. I understand, indeed, that Council is intending to re-examine this matter, and hope that the following comments will be of assistance in that regard.

2. Major Concerns

On the basis of the documents and conversations I have had with School officials about this matter, I would wish to register the following reservations about acceptance of the Qaddafi Foundation donation:

- (i) While it is formally the case that the QF is not part of the Libyan state, and is registered in Switzerland as an NGO, this is, in all practical senses, a legal fiction. The monies paid into the QF come from foreign businesses wishing to do business, i.e. receive contracts, for work in Libya, most evidently in the oil and gas industries. These monies are, in effect, a form of down payment, indeed of taxation, paid to the Libyan state, in anticipation of the award of contracts. The funds of the QF are, for this reason, to all intents and purposes, part of the Libyan state budget. 'NGO status', and recognition of such by UN bodies, means, in real terms, absolutely nothing. Mention has been made, in verbal and written submissions to the School and in correspondence to myself, of the membership of the QF's advisory board: a somewhat closer examination of the most prominent politicians involved, and of their reputations and business dealings, should also give cause for some concern.
- (ii) That the President of the QF, and its effective director, is himself the son of the ruler, and, for all the informality of the Libyan political system (even the 'Leader', Colonel Qaddafi, has no formal position), in effect a senior official of that regime, confirms this analysis. In Arab states many of the most

- important positions have no official title, and kinship, and informal links, are more important than state function – and this, above all, in Libya.
- (iii) Much is made by supporters of the QF grant of the fact that Libya is changing internally. This may or may not be the case – it is simply much too early to say. Certainly, the overwhelming balance of informed press conference, and the reports of human rights organisations such as Amnesty International and Human Rights Watch, is that while some of the worst excesses have, for the moment ceased, Libya has made no significant progress in protecting the rights of citizens, or migrant workers and refugees, and remains a country run by a secretive, erratic and corrupt elite. Perhaps part of the problem here is a misunderstanding by colleagues of the role of the ‘liberal’ wing within such states. It is not a question of whether or not they are ‘sincere’ – they may well be – but of what their function is: in Libya, as in such states as Egypt, Saudi Arabia, Iran the primary function of such liberal elements is not to produce change, but to reach compromises with internal hard-lines that serve to lessen external pressure. So it has been, since 2002, with the various Libyan initiatives affecting LSE and the UK/US foreign policy establishment in general.
- (iv) Much is made of Libya’s altered position in international relations. For sure, and for reasons of its own, the Libyan government has, above all since 9/11, negotiated compromises with the west on a number of issues, notably Lockerbie and nuclear weapons. Its leaders have met a number of politicians and diplomats from foreign countries. This is all to the good. But it is worth being cautious here. First, because tactical changes in foreign policy are not, for the purposes of evaluating political and academic links, sufficient. Secondly, because, although in some areas of foreign policy the country has changed, in others it has not: it continues to call for solution to the Arab-Israeli dispute that in effect, involves the abolition of both the Israeli and Palestinian states; it is using its money and influence to provoke extremism in southern Africa; its leader has recently called for the abolition of a sovereign European state – Switzerland. Among the guests of honour at the 1 September 2009 celebrations in Tripoli was the leader of the Somali pirates, operating and menacing international shipping in the Horn of Africa. I will not dwell here on the summer’s events surrounding Lockerbie: suffice it to say that Libya’s handling of this has not been characterised by either consistency or clarity.
- (v) The most important issue of all is that of reputational risk to LSE. I have myself defended acceptance by the School of grants from some authoritarian countries (e-g- Arab Gulf states): but there should be clear limits on this, depending on the degree of political and human rights abuses perpetrated with them and on their ongoing foreign policy conduct. Here I would draw attention not just to the prevailing consensus in Whitehall and the City, which are now happy, for their own legitimate reasons, to do business with Libya, but to broader reputations concerns in regard to British and American public opinion, particularly with regard to Lockerbie, and indeed across the Middle East, in the Arab world as much as in Israel, where reserve about this state, and about its more prominent ‘liberal’ representatives, remains high. And for good reason. The most restrained reaction I have had from alumni now occupying positions of responsibility in the Middle East is that it is far too early for the School to take this step. For this reason, and taking into

3

account the other factors mentioned above, I welcome Council's decision to re-examine this matter.

Professor Fred Halliday, Emeritus Professor of International Relations, LSE; Academic Governor 1994-1998; Founding Chairman of Centre for the Study of Human Rights, LSE 2001-2002; Director-Designate, LSE Middle East Centre, 2006-2008.

4 October 2009.

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Appendix 12

Extract from minutes of Council Meeting of 20 October 2009

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

COUNCIL

20 October 2009

MINUTES

A meeting of the Council was held on Tuesday, 20 October 2009 in BOX, 5th Floor, Tower 3

PRESENT: Sir Anthony Battishill (in the Chair), Ms Vivina Berla, Professor Chris Brown, Ms Angela Camber, Ms Shami Chakrabarti, Ms Bronwyn Curtis, Mr Alan Elias, Mr Aled Dilwyn Fisher, Mr Tim Frost, Professor George Gaskell, Professor Janet Hartley, Ms Kate Jenkins, Professor Paul Kelly, Dr David Lane, Ms Anne Lapping, Professor Robin Mansell, Professor David Marsden, Professor Eileen Munro, Professor George Philip, Mr Brian Smith, Professor Sarah Worthington.

BY INVITATION: Mr Mike Bragg (Staff Consultative Council), Mr Roger Mountford (Nominated Officer, LSE Enterprise).

IN ATTENDANCE: Ms Jenny Bone, Ms Barbara Bush, Mr Adrian Hall, Professor David Held (until Minute No. 21), Ms Fiona Kirk, Ms Jayne Rose, Ms Jean Sykes, Mr Wayne Tatlow.

APOLOGIES: Mr Stephen Barclay, Howard Davies, Mr Richard Goeltz (North American Advisory Board), Mr Mario Francescotti, Ms Sophie de la Hunt, Mr Wol Kolade, Professor Richard Sennett, Mr Peter Sutherland.

THE CHAIRMAN

12. REPORTED, by the Secretary and Director of Administration: that Mr Peter Sutherland was recovering from a period of ill health. Mr Sutherland had retained a keen interest in the School during his period of recuperation and had been kept abreast of School developments. He hoped to return to the School later in the Michaelmas Term.
13. RESOLVED: that the Secretary and Director of Administration would convey to the Chairman the best wishes of the Council.

MATTERS ARISING

Donation for the Centre for Global Governance

16. RECEIVED: paper CL/2, "Libya Gift", comprising introductory remarks from the Director, a letter from Professor Fred Halliday entitled "LSE and the Qaddafi Foundation: A Dissenting Note", and a collection of media reports on links between the LSE and Libya.

17. REPORTED: that Council had decided on 23 June 2009 to accept a donation of £1.5m over 5 years from the Gaddafi International Charity and Development Foundation for the LSE Centre for the Study of Global Governance. Since that time, there had been widespread condemnation of Libya's handling of the return of Abdelbaset Al-Megrahi and the Director had received a letter from Emeritus Professor Fred Halliday which counselled against acceptance of the donation. Accordingly, the Council had been given the opportunity to consider whether, in the light of events over the summer, LSE's links with Libya had attracted negative publicity to the School, or might do so in future and, if so, whether that was sufficient to warrant reconsideration of the gift.
18. REPORTED, by Professor David Held (Co-Director, Centre for the Study of Global Governance): that the decision to accept the gift was a matter for the LSE/ Council; that the Foundation was a UN accredited NGO; that the gift was funded by private sector organisations (in construction and engineering); that the gift was unrestricted and had no conditions on use; that a public signing ceremony had been undertaken, and that a u-turn at this juncture might affect the School's relations with Libya and cause personal embarrassment to the Chairman of the Foundation, Dr Saif al-Islam Gaddafi; that the views espoused by Professor Halliday were not necessarily shared by all in the academic community; that, having trawled traditional media and the blogosphere, no evidence had been found that LSE's links with Libya had attracted criticism, despite the 'storm' created by the Al-Megrahi affair; and that it was important to engage with the Middle East and North Africa.
19. IN DISCUSSION the following points were made:
- (a) that there were concerns about the reputational risk of rejecting the gift, having accepted it in the summer;
 - (b) that with the exception of Professor Halliday, no member of the School community had queried the decision to accept the Libyan donation, although this might reflect the timing of the original discussion near the end of the Summer Term and the publication of the relevant Council minutes in September;
 - (c) that in future more information should be provided to Council about controversial potential donations, more time allowed for consideration, and Council should benefit from a "devil's advocate" approach when considering the arguments;
 - (d) that in future the totality of the School's relationship with a country should be overseen to enable early identification of potential reputational risk;
 - (e) that LSE Enterprise had experience of working with the Libyan state, delivering executive education. They had operated with complete independence and their work had been positively received by others, including the School's supporters in the United States;
 - (f) that some individual members of the North American Advisory Board had indicated that acceptance of the donation would not affect the extent to which US alumni would financially support the School;
 - (g) that although Professor Held had joined the Board of Trustees of the Foundation *after* acceptance by Council of the donation to the Centre for Global Governance in June 2009, concerns remained about the perceived conflict of interest.
20. REPORTED, by Professor David Held:
- (a) that due diligence work and research had been undertaken to establish the credentials of the Foundation. The donation had been extensively debated within the Development Committee before it reached the Council for decision;
 - (b) that the Foundation was created in order to be to be an exemplary NGO within North Africa. Its support for democracy and human rights had at times placed it at odds with the Libyan State, but it had enjoyed some success in areas such as penal reform;
 - (c) that the Foundation raised funds on a project-by-project basis, with the money coming from private sector companies, rather than the Libyan government;
 - (d) that, following the Council meeting on 23 June 2009, Professor Held had been invited to join the Board of the Foundation in an individual capacity. Upon the advice of Council, Professor Held would be willing to resign that position;
 - (e) that the donation from the Foundation represented less than 20% of the operating costs of the Centre for Global Governance, with the remainder coming from a diverse range of other sources.

21. REPORTED, by the LSESU General Secretary: support for discussion of controversial major donations at Council.

Professor Held left the meeting.

22. RESOLVED:

- (a) on balance, that the decision of 23 June 2009 to accept the gift would stand;
- (b) that in order to avoid the potential for conflicts of interest and reputational risk, colleagues should not usually serve on the boards of organisations from which they or their units were receiving gifts. The Director would be asked to consider the implications of, and as appropriate promulgate, this policy decision. In this context, Council accepted Professor Held's offer to stand down as a Board member of the Gaddafi Foundation;
- (c) that the totality of the School's relationship with, and work in Libya needed to be carefully monitored and handled to avoid misunderstanding of the School's position;
- (d) that when presenting to Council on controversial potential donations, the arguments should include a "devil's advocate" element. Council should be given sufficient time to weigh all of the arguments, and to have the opportunity to reflect before reaching a decision;
- (e) that the Secretary and Director of Administration would write to Professor Halliday to inform him of the outcome of discussions at Council.

Appendix 13

Sir Howard Davies' letter of resignation, 3 March 2011

EXTRAORDINARY MEETING OF THE COUNCIL

3 March 2011

RESIGNATION OF THE DIRECTOR

156. REPORTED, by the Chairman: that the Director had tendered his resignation in a letter to the Chairman dated 3 March 2011 which read as follows:

"When the reputational consequences for the LSE of accepting the donation from the GICDF became clear, I offered to resign my position as Director. You asked me to reconsider, and to talk first to the Council. At its meeting on Tuesday the Council offered me its support, and I was very grateful for that. But on reflection I have concluded that it would nonetheless be right for me to step down, even though I know that this will cause difficulty for the institution I have come to love.

The short point is that I am responsible for the School's reputation, and that has suffered. I believe that the decisions we have made were reasonable, and can be justified. The grant from the foundation was used to support work on civil society in North Africa, which will have value in the future. The training programmes we have run in Libya will also prove valuable in enhancing the practical skills of many people who will be needed under whatever successor regime emerges. I should also say that I have no evidence whatsoever that anyone has behaved improperly in this whole episode. To the best of my current knowledge (though we are currently reviewing the evidence), the degrees to Saif Gaddafi were correctly awarded, and there was no link between the grant and the degrees.

But however laudable our intentions, in the light of developments in Libya the consequences have been highly unfortunate, and I must take responsibility for that. I advised the Council that it was reasonable to accept the money, and that has turned out to be a mistake. There were risks involved in taking funding from sources associated with Libya, and they should have been weighed more heavily in the balance. Also, I made a personal error of judgment in accepting the British government's invitation to be an economic envoy, and the consequent Libyan invitation to advise their sovereign wealth fund. There was nothing substantive to be ashamed of in that (modest and unpaid) work, and I disclosed it fully, but the consequence has been to make it more difficult for me to defend the institution than it would otherwise have been.

So I think it would be better for the institution if we announce that I intend to step down. I know this will cause some short-term disruption, but I have concluded with great sadness that it is the right thing to do. I am of course willing to help with the transition in any way I can, and to stay on for a period of time if that is helpful. I am grateful to you [Peter Sutherland, Chairman] and your predecessor Tony Grabiner for giving me the opportunity to lead this fine University, and I wish it every success in the future."

The Rt Hon. the Lord Woolf
House of Lords
London SW1A 0PW

<http://woolfse.com/>

October 2011