

International Development Sub-Committee on the Work of the Independent Commission for Aid Impact

Oral evidence: ICAI's review on the UK aid response to Covid-19, HC 1187

Wednesday 20 April 2022

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Members present: Theo Clarke (Chair); Mr Richard Bacon; Sarah Champion; Nigel Mills.

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Witnesses

I: Sir Hugh Bayley, Commissioner, ICAI; Nigel Thornton, Review Team Lead, ICAI, and Director, Agulhas.

II: Catherine Nettleton, Additional Director – C-19, FCDO; Gareth Nugent, Chief Commercial Officer, FCDO.

Examination of witnesses

Witnesses: Sir Hugh Bayley and Nigel Thornton.

Q1 Chair: Welcome to our witnesses for the second part of our oral evidence session on the Independent Commission for Aid Impact's review into the UK aid response to Covid-19. I am delighted to welcome our first panel. Could you introduce yourselves, please?

Sir Hugh Bayley: I am Hugh Bayley. I am one of three commissioners of ICAI and was the lead commissioner for this particular review.

Nigel Thornton: I am Nigel Thornton, who was the team leader for this review, along with Gemma Norrington-Davies, who, unfortunately, cannot be here. I work with the service provider supporting ICAI.

Q2 Chair: Hugh, could I start you off with a summary, please, of the findings of your review?

Sir Hugh Bayley: We found that the initial response on the use of ODA in responding to Covid was rapid, credible and appropriate. It was significant in terms of new cash: £733 million was allocated within a few weeks of the onset of the pandemic. There was a particular emphasis at that time on vaccine development and distribution.

It is fair to say that those early decisions benefited from using development specialists to guide ODA, in terms of both the central response, the allocation of the £733 million, which meant mainly to multilateral institutions, and reprioritising the aid spend in country with country-level officials pivoting, to use the term that came into currency. The promising start, however, was undermined later on by the aid cuts, the timing of the merger to create FCDO, and a growing centralisation of decision making, which took decisions away from development specialists.

We made three recommendations: first, that the Government should work hard to accelerate the distribution of vaccines to developing countries; secondly, that they should, wherever possible, delegate decision making on operational matters on how ODA is spent to development experts—those managing those programmes—and, thirdly, that they should review their drawdown strategy. As you are aware, in the early phase of Covid, many UK officials on foreign postings were brought back to the UK for duty of care reasons. We received a lot of evidence to suggest that it was one size fits all, or at least in some countries it was a one-size-fits-all drawdown, in which people were required to come home. For some people, there were good reasons to come home, for instance if they had underlying health problems. In other cases, maybe single officials would have been prepared to stay in post and could have done useful work, had they been allowed to do so.

Q3 Chair: Are you satisfied with the Government's response to your recommendations?



Sir Hugh Bayley: As always, we like it when they agree. They fully accepted one of our three recommendations. The other two have been partially accepted and we will wait to see and examine in our follow-up reviews how far they have acted on and implemented our recommendations.

In terms of the fully accepted recommendation, that is the one on delegation. In the Government response, they say that the FCDO's new programme operating framework advocates delegation, which it does. As a word of warning, I would say that it does not mandate delegation. It says, for instance, that the head of mission, who might well be an ambassador with a lot of foreign policy experience but not necessarily development expertise, is not expected to take responsibility for day-to-day leadership of ODA programmes, but they may choose to retain that senior responsible owner role. The proof of the pudding on that will be in the eating.

In terms of the two partially accepted recommendations, on accelerating vaccine distribution the Government of course made a pledge in June last year, at the G7, which the Government chaired, to donate 100 million doses of vaccine to developing countries. As of 17 January this year, the latest figures we have, the UK had distributed 17.8 million doses through COVAX, the international distribution agency, therefore fulfilling by that date 18% of its commitment.

By contrast, Team Europe—that is to say the EU member states when aggregated together—had delivered 48% of their commitment, Japan 26% and the USA and Canada 23%. We believe there is still a lot of scope for the Government to accelerate the rollout of their proportion. That is a matter, of course, for you to discuss with the FCDO. I simply observe that the OECD reported in February that 72% of people in OECD and developed countries are fully vaccinated, but, at that date, only 6% of those in low-income countries were fully vaccinated. If we want a high level of vaccination globally, a great deal more needs to be done.

On reviewing the drawdown approach, the Government say they have this in hand. They have not published the findings of their review. You might want to ask when the findings will be available to you and your Committee. We are pleased that they are conducting a review and seeking to learn lessons.

Q4 **Chair:** What impact did the pandemic also have on how you carried out this review?

Sir Hugh Bayley: Although this was a rapid review, rather than a full review, conducted within a six-month timeframe, rather than a 10, 11 or 12-month timeframe, we consulted 1,115 documents. In terms of desk-based review, we conducted 138 interviews with key informants, 74 of them being in the three countries that we used for case studies—Pakistan, Zambia and Sudan. We produced an annotated bibliography. We checked our emerging conclusions with an academic round table to



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make sure we were up to speed with the work that academics were doing on aid in the pandemic.

What impact did Covid have on this study? It had a significant impact. Our three country visits were conducted remotely. We were able to speak to officials in those countries, both UK officials and officials from other donors and multilaterals, but not directly to people who were benefiting from UK aid programmes. With remote interviews, you lose texture and depth. When you are in country, you are rubbing shoulders with people, in the back of a Land Rover maybe, for hours at a time and you get a closer feel of what is actually happening in country than you do when you have an hour slot on Zoom or Teams for an interview.

Also, many UK officials had been withdrawn from post, so they were not on the spot. We will doubtless come to this at some point with your questions. Some were complaining to us that drawdown was hampering their work and was inappropriate in some cases.

Q5 Mr Bacon: On that last point, Sir Hugh, that many UK officials were withdrawn from post, you mean because of Covid and temporarily, or because of the cuts.

Sir Hugh Bayley: Yes, exactly so.

Q6 Mr Bacon: Of those who were withdrawn simply because of Covid, how many, if any, have gone back, or is there a schedule for them going back?

Sir Hugh Bayley: I do not have direct figures, but I would say the vast majority now have gone back.

Q7 Mr Bacon: In 2018, ICAI did a global health threats review. Could you say how, if at all, the Government drew on the recommendations from that review in their response to Covid-19?

Sir Hugh Bayley: I could say a few things but, with your permission, I would like to invite Nigel to speak. He was part of the delivery team at ICAI at the time the review was undertaken. It was before my time as a commissioner.

Nigel Thornton: It was a well-received review at the time and, as we usually do, ICAI followed up a year subsequent to find out how well it was received. In July 2019, which was a year after we delivered, but obviously six months before the onset of the pandemic, we found that there had been quite a lot of positive action based on that report. We had made four recommendations. The Government had accepted three totally and one partially.

The recommendations included strengthening and formalising cross-Government learning. That was actually the partial accept but, when we went back and found out what they had done, they had done that as well. There had been strengthening of cross-Government learning through



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something called the global health oversight group in particular. We recommended that they strengthen learning. Specifically, we found out that they had done a fair number of specific learning exercises, so there was a wealth of knowledge that was on paper by July 2019.

We also recommended then that what was DFID at the time should have sufficient capacity in terms of staff on global health threats. Recruitment was underway and was taken forward for seven new staff as well, particularly for Africa.

There was also a request to refresh the global health security strategy. There was work underway in July 2019 and, at the end of 2019, that had not yet come to fruition and has not still come through.

All those actions meant that, when the pandemic hit, our review, but also a lot of tacit knowledge within the Department, was able to be put into action very quickly. One thing that we found was that the very rapid response that Sir Hugh has mentioned in the initial onset of the pandemic was enabled by a lot of explicit learning that was written down, not least because of our recommendations, but also tacit knowledge within the heads of staff who were experts, who had been involved in SARS and the Ebola outbreaks. That was able to be martialled very rapidly.

Q8 **Mr Bacon:** One recommendation was for the creation of a global health strategy. Are you saying that the global health oversight group was tantamount to having a global health strategy? My understanding is that they did not actually have a full strategy at that point.

Nigel Thornton: That is correct. There was not a strategy, but the global health oversight group was a very important piece of the machinery that enabled a coherent response.

Q9 **Mr Bacon:** Do you think that the absence of a strategy hindered it? You make it sound like it is rather positive: a lot was done and it helped very quickly.

Nigel Thornton: Yes, but the recommendation was not carried forward, so it is very difficult to make an assessment of a without-case like that. We can say that, from this review, the response was very rapid and very effective in those initial stages.

Q10 **Mr Bacon:** Sir Hugh, you said that DFID had invested in its capacity to respond to crises, but that it was not enough to respond to a long-term crisis or challenge on this scale. Do you think that the Government could have done more to prepare for a scenario like this and, if so, what?

Sir Hugh Bayley: Every global emergency is different and unique. Nobody could have predicted how a Covid pandemic would pan out.

Q11 **Mr Bacon:** Were there learnings from Ebola, for example, which were taken on board speedily?



Sir Hugh Bayley: Yes, there were. There was no specific plan that matched this pandemic, but learning from SARS, Ebola, H1N1 and the bird flu epidemic was applied. The application of lessons learned from those epidemics certainly helped officials take good decisions in those early weeks about how to distribute the £733 million that was allocated early on.

Q12 **Sarah Champion:** Nigel, could I start with you? You found that cuts to the aid budget hindered many efforts aimed at tackling the secondary effects of Covid. I wonder if you could give us some examples of that.

Nigel Thornton: One interesting thing was that, in the very early stages of the pandemic, there was a lot of knowledge being generated about what the secondary effects would be. There was a lot of awareness within DFID that, for instance, there would be issues around increases in violence against women related to the pandemic. There would be challenges for people's basic livelihoods, so you needed to do things like protect cash transfers, for instance. Also, there were issues around basic services, such as services for women and children.

We saw all those services cut in some form or other in various of the case studies that we had. It was striking to us that there was a breadth of knowledge that was around knowing what those secondary impacts would be and yet, when the cuts came, not all those areas were protected. In some cases, there were significant cuts.

You will be aware of the 85% cut for UNFPA. That, in particular, was seen as something that was quite confusing for partners. People did not understand how that could be done where there is a recognition that the secondary impacts would affect women and particularly family planning services as well. The UN has given figures, and I think we give them in the report, about the number of unwanted pregnancies that would be expected as a result of Covid. Those were the kinds of examples.

There was a very specific example that we quote in the report about cash transfers in Jordan. The chief economist in DFID had identified the need to preserve cash transfers and social safety nets, and yet that particular programme was cut by 27% in a situation where there was a recognition that refugees in Jordan were a great burden to the local community—not just that, but it was an area of some security delicacy. Those are some of the examples. We could go on, but that gives a flavour of some of the cuts that were made.

Q13 **Sarah Champion:** From what you are describing, it feels as though the decisions to make the cuts were running on one path and the reality of the pandemic playing out was running on a second one. There did not seem to be much crossover in the logic.

Nigel Thornton: Sir Hugh has mentioned the importance, and the recommendation mentioned the importance, of delegating decision making to the local level as much as possible. There were three phases of



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changes and reprioritisation. The second phase, which was in post-April/May, was actually in response to the reduction in GNI. In that phase, you saw good decision making, effectively, but the final decisions were taken at that point by a star chamber sitting in Whitehall.

The third set of cuts, which was the 0.5%, were much deeper. Again, in the end, the decisions were taken not at the point of delivery but by Ministers in Whitehall. That is the issue. We recognise in the report that any cuts of that size were going to have an impact on the ability to respond to Covid. Had those decisions been made closer to the point of delivery, we think that that probably would have been more effective.

Sir Hugh Bayley: They would have provided more value for money, if I can make that point. Some of the centrally driven cuts have inhibited, quite significantly, the response of developing countries to the pandemic. For instance, UK funding for polio eradication was cut by 95%, and yet many countries have repositioning or pivoted their polio immunisation teams to provide Covid immunisation. Had that been realised at the time a decision was made, I think it would have been seen as a greater priority to keep money in immunisation programmes. The mistake would have been less likely to have occurred if it had been development experts who had been making the final decision.

The UK was in a particularly difficult position, because we were and remain a major donor, but we were the only G7 country to cut aid as a consequence of the pandemic. The scale of the reductions needed meant that broad-brush decisions had to be made, which included closing programmes that were performing very well and delivering good value for money. When you close programmes early, you lose a good deal of the benefit of the spending that you have already invested. There were serious consequences, in terms of the response to the pandemic, of making cuts on the scale that the UK Government did.

Q14 **Sarah Champion:** My personal view is that it is the Government's prerogative to change or merge Departments as they see fit, but I wish that they had paused it during the pandemic. Sir Hugh, you mentioned in an earlier answer, and, Nigel, you touched on it, the growing centralisation of decision making away from experts. Again, I am not sure if your report covered this. Do you think that was because experts were leaving, or it was a political choice to shift it to a more centralised view and away from those on the ground, or indeed those former DFID staff?

Sir Hugh Bayley: If you want a frank answer, I have spent some time as a Minister. When you face a crisis, there is huge pressure on you, as a departmental Minister, to be on top of decisions and to be able to report to the Treasury or to Downing Street that you are delivering what the Government want overall. I understand why decisions were centralised at a time of crisis, but it led to suboptimal value for money decisions on the use of ODA.



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The new programme operating framework the merged Department has created, as I say, creates the ability to pass that decision making back to experts who know the countries in detail and the mechanics of delivering aid. If that is what actually happens in practice in the future, a good lesson will have been learned.

Mr Bacon: Can I come in on this point?

Sarah Champion: I might cover your point, but yes.

Q15 **Mr Bacon:** I do not want to stop you in your flow. Can we distinguish between a cut that one would have preferred not to have happened and a cut that, for better or worse, had to be made, but was less well made than it could be? It is the second one that, I think, Sarah is interested in, and I too. You gave a good example of the polio vaccine. Obviously, if there were people in the field doing vaccinations for polio, they could also have been doing Covid, and they had planned to but nobody knew it. That would have involved the expenditure continuing, not a cut. Can you give us an example of a cut that could have been a less bad cut, even though it had to be a cut, if it had been implemented differently from how it was done?

Sarah Champion: Can I roll it into what I was going to ask? Is there a difference between the way DFID responded and the way FCDO responded, which might be at the nub of that?

Sir Hugh Bayley: We certainly did not look at the opportunity cost and say, "You should have cut X rather than Y." We observed early on a lot of vulnerability mapping being undertaken by what was then DFID. The policy from Ministers and the Permanent Secretary at the time was that one should protect well-performing, high-performing programming, and protect programming in particular fields, one of course being to protect women and girls. That was a programme that was cut in the end.

The pandemic, as we now know, has led to an increase in domestic violence and an increase in violence against women and girls. The UN calls it a shadow pandemic. You are right: if you are having to make cuts because of an overall cash constraint, you are going to have to make difficult decisions. Our plea would be that you use the development expertise—

Q16 **Mr Bacon:** I understand all that. I am awaiting an example of where the fact that the operational expertise in country, or in field, was not used led to a less good cut than could have been the case—the opportunity cost that you were talking about—where a decision could have been a better cut, if I can use that phrase, than it was.

Sir Hugh Bayley: That is a question you need to put to Government officials. In retrospect, do they think they could have found a better alternative than the polio cut, the violence against women and girls cut, or the cut to general health system strengthening, and, if so, what? It was not within the scope of our review to do an "if so".



Nigel Thornton: There is one that comes to mind immediately on this, where officials told us at the time. It was actually a cash transfers question, which is about social safety nets in Pakistan. Officials said, "If we had had that decision, we would not have cut that as deeply by any means. We would have looked to reprioritise it." That was a very clear one where we were told at the time that officials said, "No, that is not quite what we would have done."

Q17 **Sarah Champion:** Sir Hugh, you almost gave us the answer, because you said that DFID was doing the vulnerability mapping and prioritising high-performing and key areas. I was waiting for you to say that that did not flow through the FCDO.

Sir Hugh Bayley: Nigel had mentioned that there were three rounds of reprioritisation, the initial one driven by the pandemic itself and the then Department for International Development saying, "Within the budget envelope we have, how can we do the maximum to respond to Covid within our existing spending?" The second round was precipitated by the fall in GDP and the third round by the decision to cut from 0.7% to 0.5%.

In those first two rounds, we were told that there is good evidence that the impact on those who are on the receiving end of UK aid was a critical factor. The final round was made centrally in Whitehall, as Nigel says, by a ministerial committee—a star chamber. Some of the decisions were taken against the advice of officials managing programmes. I cannot attribute that to the departmental merger. You may say that it is more attributable to the decision to reduce spending from 0.7% to 0.5% mid-year and therefore precipitating the need for very significant in-year budget reductions. That third round was a round where the decision making was being taken with less reference to development specialist advice.

Q18 **Mr Bacon:** Could you say why you chose Pakistan, Zambia and Sudan as the country case studies? What were the main similarities and differences between the UK's Covid response in these different countries?

Sir Hugh Bayley: We chose the three to accommodate difference. We looked at the volume of aid that individual countries were receiving, the percentage change in the volume of aid as a result of the budget reductions, the assessed vulnerability, both to Covid and to secondary impacts—loss of livelihoods for example—and geography. We included, in the three, Asia and Africa, larger and smaller programmes, and larger and smaller cuts.

I took the view that we should include Sudan because it was the only developing country to have received a significant budget increase, as a result of the Government's response to the revolution and the new opportunities to build a more accountable and modern state in Sudan. It was not an increase in budget designed to deal with Covid, but it seemed right to look at a country where there was a budget increase.



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What did we learn? The Covid threat was recognised earlier in Asia than Africa, perhaps because of the previous bird flu and SARS experience in Asia. We learned that no new funding was allocated for Covid responses within country programmes at country level. We saw that the ability to respond depended on pivoting existing programmes towards new objectives. Some programmes became impossible to deliver. For instance, if schools were cut, education programmes could not be delivered and there was spare cash that could be pivoted to assist the Covid response.

The pivoting was proactive. It was led by officials in the field before central advice came down. In Pakistan in particular, they started very early. Maybe Nigel would like to expand on that, if you have time.

Also, we learned that Covid was one of many challenges countries faced. It is not that Sudan was suddenly dealing with Covid. It was dealing with Covid and an influx of refugees because of the conflict in Tigray, across the border in Ethiopia. Zambia was recovering from a drought and famine. They had multiple crises to deal with.

The last thing I would say, which we learned from the country visits, is that other donors in some instances were able to backfill to take on funding where the UK made cuts, but only if they abandoned other programmes of their own to release the money. There was an official from a G7 donor who said to us, "The UK cannot expect us to pick up the slack, because that would mean us cutting programmes that we have already committed to." Nevertheless, some of them did. On some occasions, UK funding was replaced by other donors.

Q19 Chair: Sir Hugh, you mentioned earlier the mandatory drawdown of overseas staff and it having a detrimental impact on the Department's Covid response. Could I ask for a bit more detail on some of the practical impacts of the mandatory drawdown on the pandemic response?

Sir Hugh Bayley: Let me start off by recognising that the FCDO has a duty of care to its staff, but it appeared to us, and to many of the staff we interviewed, that it was exercised less flexibly than by some other donors and implementing partners. Quite a number of staff questioned the policy, especially health advisers, some of whom made the point that this was the time in their career when their advice was needed most and they were withdrawn from the field.

One G7 donor from another country made the point that she was the only health adviser left in a sub-Saharan country because other donors had withdrawn their staff. That gave her enormous influence over health policy in that country. She was in the Ministry constantly, because other advisers, although available online, were not in country.

The drawdown reduced capacity to deliver at post. Staff, when drawn down, reported domestic difficulty back in the UK. Most had to rent accommodation. They had to find schools for their children. They had to



juggle childcare and home schooling with this Covid response that they were still trying to provide remotely from the UK. It certainly impaired the response. As I say, I am glad the Government partially accept our critique and they are reviewing their drawdown approach. We, and no doubt you, will wait and see what they propose.

I have one last point. People were saying, "This should not apply equally to everybody." There are some people who, because of family commitments, really cannot stay in a country where evacuating quickly would be impossible. Others were happy and, indeed, wanted to do so, because they felt their time had come. This was a time when they, as development specialists, could deliver what they have trained and prepared for all their lives to do.

Q20 Chair: Can I clarify? It was mandatory, so even if they wanted to stay, the officials did not have the choice to do so.

Sir Hugh Bayley: Yes, in certain countries. In Pakistan, they did not do a drawdown, I think I am right in saying, because it was judged that emergency health provision would be available in country should people need it and that communications would be easier. In some more remote countries there was a decision. A lot of these decisions were predicated on the belief that it would be impossible to transport people out rapidly if necessary.

We found that, in the early months of the pandemic, the Government had not paid enough attention to non-commercial operators, for instance UN WFP. The WFP has a massive air transport programme and was providing emergency evacuation where necessary, or making provision to provide, perhaps I should say, emergency evacuation where necessary to other donors' personnel. The UK could have latched on to that as a reason to leave some personnel in post early on, had it chosen to do so.

Chair: That is interesting.

Q21 Sarah Champion: Could we speak about vaccines and specifically COVAX? Sir Hugh, what more could the Government do to accelerate the supply and rollout of vaccines in developing countries?

Sir Hugh Bayley: I have already explained to you that we are the slowest of the G7 in delivering to COVAX the vaccines that we have promised to COVAX. I will not go through the figures again. Globally, the pandemic is far from over. If we feel more relaxed about it in the UK, it is because we have a high level of immunisation through vaccination. Other countries do not. In the UK, 73% of the population is fully vaccinated. In Pakistan, it is 54%, in Zambia 10% and in Sudan 8%. Those are updated figures—the latest figures. You have earlier figures in the report itself.

The threat of Covid remains and the benefits to this country of increasing levels of vaccination in other countries are still there. We are in a position now where the global supply of vaccines is greater than the demand and the use that is being made of them. Actually providing and manufacturing



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the vaccines is no longer the problem. The problems are refrigeration, distribution, and persuading the public in developing countries that it is in their interest and in the public interest to be vaccinated—getting doses into arms.

I noticed Nadhim Zahawi going into a Committee next door. He was the vaccines Minister in a previous incarnation and energetically pursued that challenge in the UK. There needs to be that energetic leadership by the international community for global vaccination.

Q22 Sarah Champion: COVAX is the mechanism that we all invested in and the UK has obviously donated to, but it has not yet delivered at scale. What do you think the issues around COVAX are?

Sir Hugh Bayley: You would need a further study, or the FCDO needs a further study. It is the right initiative to work on a multilateral basis when facing a global challenge, but it has faced production delays. One very large producer country decided, because of its own domestic needs, not to supply vaccines to COVAX, which COVAX had been planning. It has faced distributional challenges. The overall distribution of vaccines is very far from equitable. Indeed, COVAX has increased global health inequalities.

Q23 Sarah Champion: That is a big statement. Why?

Sir Hugh Bayley: The level of vaccination is significantly lower in low-income countries, and therefore the immunity of those communities to Covid is less than it otherwise would be. Therefore, the secondary impact, loss of employment, violence against women and girls and so on, is greater than it would be otherwise.

Q24 Sarah Champion: Is that because countries like the UK gave to COVAX rather than running their own scheme and because COVAX has not delivered?

Sir Hugh Bayley: No. In the latest figures I have seen, the UK has delivered 17.8 million doses through COVAX and another 5.5 million bilaterally. The intention was that COVAX would be the main purchaser globally for developed countries as well as developing countries, so you get economies of scale that would apply to both, and it would be the main distributor. Neither has happened. Rich countries have bought their own supplies because they wanted to secure supplies and therefore chose to do it bilaterally. COVAX was expecting to deliver 2 billion doses in 2021. It actually delivered about 1 billion doses out of some 9.25 billion doses delivered globally, so it did not become the major delivery partner.

Q25 Sarah Champion: Did it become a white elephant?

Sir Hugh Bayley: No, I do not think that it is a white elephant, but it is an institution that needs global help to resolve the difficulties. It had difficulties with licensing agreements, intellectual property rights, as I have mentioned, and competition for vaccine access. Those who, rightly,



created an international agency to deliver vaccinations need to get together to iron out those problems so that it works better in future.

Nigel Thornton: We are talking about the issues of distribution. Just to illustrate that, at present, the percentage of population fully vaccinated in the UK is 73%. In Pakistan as of now, it is 54%. When we did our review, it was 14%, so actually it has gone up significantly. In Sudan, when we finished our review it was 1.3%. Now it is 8% and in Zambia it is 9.8%. You can see the disparity of access there between the developed world and the lower-income countries. That is what we are talking about.

The only thing I would add to what Sir Hugh has said is that COVAX was absolutely the right mechanism to try to manufacture, but a whole supply chain view was needed that takes it right to the user. It shows the weaknesses in health systems in the countries and the need to strengthen those health systems.

Chair: Thank you very much to our first panel.

Examination of witnesses

Witnesses: Catherine Nettleton and Gareth Nugent.

Q26 **Chair:** Welcome to our second panel. Could I ask you both to introduce yourselves?

Catherine Nettleton: Hello. I am Catherine Nettleton. I am Covid-19 director in the FCDO. I have been doing that job since January 2021.

Gareth Nugent: I am Gareth Nugent. I am the chief commercial officer at the FCDO. I have been in post since January this year.

Q27 **Sarah Champion:** You both listened in to the earlier panel. Do you think what you heard is a fair assessment?

Catherine Nettleton: Yes. The report that ICAI has done on our aid response to C-19 has been very thorough. Despite the fact it is a rapid review, it has done an excellent job of looking at some key issues about our response. We very much welcome that report, because we need that sort of independent scrutiny to make sure that the delivery of our aid is done as effectively as possible.

It has made some recommendations that we do not agree with entirely. Of the three recommendations, we have accepted one and the other two we have partially accepted.

Q28 **Sarah Champion:** There were particular comments around value for money. Gareth, I wonder how you ensure that spending decisions, particularly when they are in relation to cuts, offer value for money to the taxpayer.



Gareth Nugent: There are probably two elements to that question. The first is the value for money of programmes within the portfolio. As part of the prioritisation exercise, the teams were looking at the programmes across a range of objective criteria, which included value for money, the outcomes of the programme, the feasibility of making any reductions to those programmes and what the impacts of those reductions would be on the outcomes and the beneficiaries of those programmes. Value for money was part of that overall assessment within the prioritisation exercise. That is the first measure or assessment of value for money.

The second is looking forward to when you are implementing any contract adjustments on the back of that prioritisation exercise. That is why my commercial team were negotiating those adjustments with suppliers. What they are trying to achieve there is making sure those adjustments represent value for money from a taxpayer's perspective, but also negotiating in such a way that we are minimising the adverse impacts of those changes on the supplier, beneficiaries and recipients of those contracts. That is the balance that we were trying to strike in our negotiations.

- Q29 **Sarah Champion:** Sir Hugh identified three rounds of cuts. For the first two, that focus on making strategic cuts that would do the least harm seemed to be the priority, but then it shifted for the last round of cuts. I know the main Committee has received lots of evidence from people who were in the final year of a three-year programme and, by completely cutting them, the outcomes were never achieved, not to mention the reputational damage that was done. Do you think what you heard from Sir Hugh and Nigel was a fair representation? For that drop from 0.7% to 0.5%, were you able to make those value for money arguments?

Gareth Nugent: Yes. The value for money assessment applied to all three rounds of prioritisation. As Sir Hugh mentioned, the cuts in the last round were more fundamental. Inevitably, some more difficult decisions are made within that round of reductions. No, Sir Hugh's comments are fair.

- Q30 **Sarah Champion:** Catherine, ICAI recommended that you should "do more to accelerate the supply of Covid-19 vaccines to developing countries" and Sir Hugh has expanded on that. Since then, what action has the Department taken to accelerate that rollout?

Catherine Nettleton: Our work on dose sharing, as we call it, has been a high priority of the FCDO. Last year, we pushed hard at the G7 summit, which we were hosting, to raise the profile of the need for dose sharing, and successfully galvanised the G7 and other countries into sharing this common effort to try to increase the number of vaccine doses that were shared around the world.

- Q31 **Sarah Champion:** It did not feel like we had much credibility to do that at that point.



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Catherine Nettleton: We have managed to share a decent amount of Covid vaccines to lower and middle-income countries, mainly through the COVAX mechanism and directly with some of those countries.

Q32 **Sarah Champion:** Can you put a number on “decent”?

Catherine Nettleton: You are going to challenge this choice of words, which I perhaps regret. You are going to say that we could have done more.

Sarah Champion: No, I am asking you how many you define as a decent amount.

Catherine Nettleton: We have donated 53.1 million vaccines. Of these, 46.4 million, so the lion’s share, have gone through COVAX and 6.7 million have been delivered directly. We are one of the countries that were the frontline players in creating COVAX. Despite the challenges that Sir Hugh has rightly mentioned for COVAX, it was innovative and the best possible mechanism we could probably have created to share vaccines in a world in which vaccines are created by the commercial sector.

Q33 **Sarah Champion:** I am very proud of the intent and that we led it, but last June the Prime Minister said that the UK would donate an additional 100 million. I am assuming that is on top of the 53.1 million you have said. Where are we with that ambition?

Catherine Nettleton: The Prime Minister has made a commitment to offer 100 million vaccines by the middle of this year. That includes all those vaccines that I have mentioned.

Q34 **Sarah Champion:** I think he said that they were going to be additional though, so maybe that was additional to what had already been delivered.

Catherine Nettleton: I do not have that figure to hand as to quite how many we had donated at that point at the G7 summit. It is a fact that we have not donated 100 million vaccine doses yet.

Q35 **Sarah Champion:** Are you able to confirm how many of the UK vaccine doses to low and middle-income countries will actually count as ODA?

Catherine Nettleton: Of the ones that we donated in the last year, all those will count as ODA. The OECD DAC has confirmed that. For the donations this year, we are awaiting the guidance from the DAC on the rules for this year.

Q36 **Mr Bacon:** Could you say, Catherine, when the 100 million will have been distributed by? You must have an internal plan for roughly when you expect that to have happened by. What is the date?

Catherine Nettleton: We were hoping to be able to deliver these doses by the middle of this year. That offer is still very much there, so we remain committed to offering 100 million doses. We must recognise that there are challenges at the receiving end. Besides supply questions, in



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the countries where we feel the doses could be best used there are delivery issues. There are confidence issues. There are other factors affecting demand.

Mr Bacon: There are other factors, apart from confidence and delivery issues, affecting demand.

Catherine Nettleton: Yes, other demands in their health sector. It is up to the country in question to decide where its priorities lie. If it has other health challenges that it regards as higher priority than Covid-19, it is legitimate for it to focus on those other health challenges. That might make it difficult for it to absorb C-19 vaccine doses.

Q37 **Mr Bacon:** Mr Nugent, you mentioned earlier an attempt to ensure a variety of considerations were taken into account, including value for money as one of them. One of them was the feasibility of stopping a particular programme. One of them was the overall impact and minimising the impact on the suppliers you said as well.

We heard earlier the example of polio vaccination teams that were cut, although they had pivoted to also doing Covid. It would have been an exceptionally useful way to spend money to have those teams also doing the Covid. It would have provided everything that was already happening, plus what was specifically required. The decisions, we heard, were made in a very centralised way, not taking account of local expertise. Why did you not take more account of local expertise in that way, because it plainly would have delivered more value for money, as well as greater impact?

Gareth Nugent: I do not think that we can make a blanket statement. I am referring here to, to use Sir Hugh's phraseology, the first two rounds of prioritisation, so Covid impact and then GNI adjustment. For some of the adjustments that we made to contracts and relationships that we had with bilateral suppliers, in those stages we took account of feedback from people in post.

I would have to take a look at the contract that Sir Hugh is referencing, but there are other examples, such as an agri-business contract in Africa and a women's sexual health contract that covered countries in both Africa and Asia, where we adjusted the contracts. That was from a commercial point of view, pausing some elements of the contract but ramping up other elements of the contract, changing some of the commercial terms that we have in place with the suppliers, so switching from a payment by results method to a time and materials method, or paying monthly as opposed to quarterly, so helping them with their cashflow. For some suppliers, we covered their sunk costs of activities that we were going to discontinue. During this period, we were looking at each of those contracts on a case-by-case basis and adjusting as necessary.

Q38 **Mr Bacon:** According to your CV, you have spent much of your life working in the procurement area. One is familiar with the fact that



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Government spend a lot of money through contractors. The whole of the commercial world within Government has been professionalised considerably in the last 20 years or so. It is often the case that, when circumstances change, Governments want to change contracts and suppliers do not necessarily wish to do so.

I am thinking specifically of the Fujitsu contract for IT in the health service, where the Government wanted to scrap it and the Fujitsu company was very willing to continue with the contract, but did not want to do a different contract. The terms of the contract were such that it was very difficult for the Government to get out of the situation. In these circumstances, are these contracts you are dealing with full of force majeure clauses that say, "Circumstances have changed. You are going to play ball, are you not?" and, broadly, they say yes? Do you find, as often is the case in other parts of the commercial world when it is not a pandemic, that suppliers have a variety of possible reasons for being difficult? How has the conversation been, for the most part?

Gareth Nugent: There are some fundamentals that are the same regardless of what type and sector of supplier you are dealing with, but after three months in post I have found a slightly different dynamic with development suppliers. You are having to pivot and adjust. You are subject to all sorts of different forces and impacts that are outside your control, depending on the countries and regions you are working in. By their very nature, these contracts have to be more agile and flexible. That is demonstrated in the behaviour of the suppliers.

Q39 **Mr Bacon:** Hang on. You say that these contracts have to be more agile. This was part of my question. Are they written in such a way that they are agile and you do not have a difficulty in having those negotiations, or is it that everyone turns around and says, "Look, we will have to ignore this bit"? How does it work in practice?

Gareth Nugent: It is a little bit of both. We will sit down and renegotiate a contract if we are going to be changing the scope of that contract. Bear in mind that 80% of our bilateral contract spend goes through our strategic suppliers. These are suppliers with which we have a longstanding relationship. On a more general point, we cannot deliver our objectives and our outcomes without the support of these suppliers.

To my earlier point, it is still a contractual relationship—do not get me wrong—with a contract, a commercial model and KPIs etc. For want of a better word, the culture of the relationship is slightly different to the relationships I have had with companies such as Fujitsu or other IT suppliers, for example. Again, that is a personal observation after a few months in post.

Q40 **Mr Bacon:** You said that 80% goes through your strategic partners. Who are the strategic partners? How many of them are there? Are we talking about the typical famous NGOs that everyone has heard of—Christian Aid, Oxfam and so on—or others?



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Gareth Nugent: Our relationship management programme currently does not extend to the management of NGO providers.

Q41 **Mr Bacon:** Who are we talking about? Who are these organisations and these companies?

Gareth Nugent: PwC is on there. I do have a list. I can provide you with a list in writing after the meeting.

Mr Bacon: Yes, if you would not mind. Read out a few more, because it is interesting to know.

Gareth Nugent: Forgive me while I just—

Q42 **Mr Bacon:** How many of them are there, roughly? You said that 80% goes through the strategic partners. How many strategic partners are there on the list?

Gareth Nugent: Currently on the list there are about 15.

Q43 **Mr Bacon:** What is the distribution of the 80% chunk between those 15? Is it roughly equal or is there a big grouping towards the top end, with most of the spend going through four, five, six or eight major firms?

Gareth Nugent: There is a big grouping going through the top firms. On the list we have PwC, Palladium, Mott MacDonald, DAI, Oxford Policy Management and Crown Agents. Again, I am happy to follow up with more detail in writing.

Mr Bacon: If you are able to, send us a spreadsheet showing the amount of money—the 80% you referred to—that goes through the strategic partners and, of that, the amount that is going to each one, grouped by size so we can see who is getting the most.

I have one more question. It became very apparent in the UK domestic public sector over the last 20 or 30 years that there grew up—you mentioned PwC; I am sure Mott MacDonald was also involved in PFI schemes—a type of firm that had not previously existed. Serco would be an example; Capita would be an example. Their core skill was learning to bid well, and thus they got more and more contracts. I am not that surprised that you mentioned PwC in this context, although I do not suppose that most people who go to PwC to train as accountants expect to end up involved in global vaccine distribution, which shows you how things have changed over the years.

There is a downside to having a small core of people who have huge skills in bidding and who, after they have succeeded in bidding, then say, “We will tool up.” This became apparent to me with Schlumberger, who you may know used to be the people you went to if you wanted a drill bit for a North Sea oil rig. They could get it to you anywhere in the world, in fact. They would get it to you in the South China Sea or the Arctic. It turned out that Schlumberger was the biggest employer of doctors in the United Kingdom after the national health service, which was something I



had never been aware of.

Atkins, the engineering firm that you used to go to if you wanted a bridge or a motorway built in Saudi Arabia, turned out to be the people running the contract for education services in the London Borough of Southwark. I only discovered this when I heard on the radio that they were pulling out, because it turned out they were not very skilled at running education services in the London Borough of Southwark.

Chair: Can we stick to COVAX?

Q44 **Mr Bacon:** To what extent have these big global firms piled in because they can see a big pot with money attached, and driven their skillsets through the contracts and hoovered them up, to the exclusion of others that might do a better job and have better local knowledge? How have you guarded against that?

Gareth Nugent: There are probably two things I would say there. First, the team for commercial development that we have both in London and East Kilbride would guard against that, for want of a better word, monopolistic behaviour.

The other point I would make is that there is a concerted effort across Government—it also applies to us in FCDO in our programme spend—to use more small and medium-sized enterprises as well. We published an SME action plan literally within a few weeks of me joining. We are looking to drive up the amount of development spend that—

Q45 **Mr Bacon:** You would expect that 80% to go down and that 20% to go up as a proportion of the total.

Gareth Nugent: Logically, that should happen if we have more SMEs. It depends on the size of the contracts that we are putting through those SMEs but, logically, yes.

Q46 **Mr Bacon:** Forgive me, but that is a mantra that we have heard the whole time I have been in Parliament—over 20 years. We do not seem to see as much of it in practice, because it is so difficult to do a good job with lots and lots of small entities. It is so much easier to contract with a small number of large players. When can we expect to see that 80% number drop significantly?

Gareth Nugent: I cannot put a specific date on it.

Q47 **Mr Bacon:** Does your SME action plan not have a specific date in it?

Gareth Nugent: Not to my memory, no, but I can check on that and come back to you.

Mr Bacon: Thank you very much.

Q48 **Chair:** Catherine, if I could come back to you first, I was interested that you only partially accepted two of ICAI's three recommendations in its



rapid review on vaccine equity and staff drawdown. Specifically, why was it that you did not accept in full the recommendations?

Catherine Nettleton: I will perhaps take staff drawdown first. As Sir Hugh mentioned, we have a duty of care to our staff. This extends to all the people on the FCDO platform overseas, both FCDO staff and other Government Departments represented on our platform. We have a legal obligation to take all reasonable steps to protect staff from reasonably foreseeable harm in the course of their work. That is a very serious and compelling framework within which we have to operate.

Back in March 2020, when the drawdowns were happening, DFID, as it then was, had staff on the FCO platform, as it then was. The drawdown was limited to those countries where we felt there was a sufficiently serious risk that we were duty bound to draw down staff. This was not a blanket ban across all our posts. A final decision on this was taken by the FCO as the platform provider in consultation with the Government Departments that had staff in each post. DFID was fully involved in the decision.

As to the numbers, there were 61 overseas locations where there were DFID staff and 37 of those locations had a mandatory drawdown. The mandatory drawdown meant that those with vulnerabilities, dependants and staff in non-business-critical roles were drawn back to the UK. They were given assistance in relocating to the UK, assistance for schooling for their children and accommodation. This was not always in accordance with every individual's view of what they wanted to do, so some decisions were taken at certain posts that not 100% of the staff would have agreed with.

The core that was left maintained operations, drawing in the support from those staff who had been sent back to the UK, who were still working remotely. Although people with very strong local expertise were drawn back to the UK, I would argue that they were still able to continue their work and input their local expertise from their remote location. Of course, we also benefited from the presence of our locally contracted staff, who remained in country.

Q49 **Chair:** Just before you answer on vaccine equity, I want to push on this point. We heard evidence in our previous panel that, for example, there was only one health adviser left on the ground in the whole of sub-Saharan Africa in the middle of a global health pandemic. They had loads of access to Government Ministers; they were absolutely used and seen as a vital stakeholder on the ground. Were there situations where staff did want to remain in country and did not agree with the decision to be brought back to London, and where it would have been helpful if they had stayed on the ground, had they been given the choice to do so?

Catherine Nettleton: I do not recognise that story of a particular health adviser, so I cannot comment on that at all. Yes, there were staff who would have preferred to stay in country. I understand that from the ICAI



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report. They were still able to do a good job remotely. It was a slightly different job, but I would say they were still very much contributing to the work of the post.

We must also recognise that the constraints in country at the time could have meant that, in any case, their ability to do their job would have been highly limited, if there were local lockdowns or rules against movement. It is theoretically possible that they were able to contribute more because they were based in the UK. The moment the risk was assessed as having passed, people were brought back to post. By September 2020, six months later, most DFID staff were back in post, as were most FCO staff at the time.

Q50 **Chair:** Then there was the point on vaccine equity.

Catherine Nettleton: We have already spoken about this a bit. It is a huge issue. There is a legitimate question to be asked about the distribution of vaccines around the world. We can see that very starkly from the figures on how many vaccines have been available to those in high-income countries and how many in lower and middle-income countries.

Given that context, the FCDO effort was to distribute as much as we could to lower and middle-income countries via the COVAX mechanism that we set up and via the influencing work that we were very keen to do right from the start. We raised the profile of vaccines as the best solution at that point in the pandemic. We very successfully stamped that on the world stage as a path that needed to be followed quite early in the pandemic. It has proved its worth in that stage of the pandemic.

All that said, our ability to donate ourselves came after supply to our own citizens. The Government have been clear that the initial priority was to supply our own citizens with the vaccine doses that we procured through the various stages of the vaccine rollout. When the demand in the UK allowed, we transferred doses to COVAX or made offers directly to certain countries. That was the context in which we were working.

The ICAI report describes that context. We recognise what the ICAI report says up to a certain extent, but we have to be clear sighted about the constraints we were under. Over time, we have been increasingly working with partners such as Gavi, CEPI and WHO to do more and more on other forms of help for lower and middle-income countries so they can absorb more vaccines and so they can focus on their own health priorities.

Most recently, we hosted the SEPI summit. I am going to have to find the reference to the amount of money we raised. I am afraid I do not have it off the top of my head.

Q51 **Chair:** You can write to the Committee afterwards to give us that specific detail. I am conscious of time, because we only have 10 minutes left and



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I have another colleague to bring in. If I could bring that remark to a finish, there is a final quick question from me to Gareth.

In 2020, the Department was told to reprioritise its work in response to the pandemic. What criteria did you use to assess which programmes should be prioritised or not?

Gareth Nugent: There were two groups of criteria. The first was assessing the programmes against the Government's 2020 priorities. That included the Covid response, poverty reduction, girls' education, climate change and delivering environmental outcomes. They were the broad priorities that the programmes were being assessed against.

Then the criteria below that included some of the things I have mentioned previously: value for money, the national interest, programme performance, the impact of the development programme and, by extension, looking at the extent to which it was feasible to make any reductions from those programmes. It was that basket of criteria that we were assessing each and every programme against. The strategy, finance and programme teams, with ministerial input, were looking at all those programmes and assessing them against those criteria.

Q52 **Nigel Mills:** Gareth, just to follow up on that quickly, in its information note ICAI said there was a lack of transparency and communication around the prioritisation of aid that left suppliers with uncertainty. Is that something you recognise? Are there ways of doing that better, if we ever get into this situation again?

Gareth Nugent: Yes. To Hugh's point, the process was centrally managed, but there was a series of communications to suppliers during that time. Then DFID notified all supply partners once the changes in GNI started to become clear. The then Secretary of State for DFID wrote to all supply partners, including NGOs, in May explaining the work that was being done and the support that would be made available to supply partners. Following that, there were five roundtable meetings with NGOs and civil society organisations led by Baroness Sugg and Nick Dyer to talk about the prioritisation and aid spending. Within my team, the commercial team, we leveraged the strategic relationship management team to communicate to suppliers as well.

I recognise that it was a more centrally managed process, but I would say we did demonstrate a degree of transparency in the process to suppliers and, importantly, what we were able to do for them in terms of supporting them through this period by making contract adjustments and notifying them of other cross-Government relief that was available to them.

Q53 **Nigel Mills:** It is hard, because the suppliers want to be told, "You are fine," or, "You are stuffed," do they not? You do not know that until the process is complete.

Gareth Nugent: Correct, yes.



- Q54 Nigel Mills:** Catherine, if I can just come back to our ambition to vaccinate the world, the G7 intimated that it could do this by the end of the year. We are only 2.5 billion people short of that so far. You are struggling to get your 100 million out by the middle of the year. Is there any way we are going to vaccinate the world by the end of this year?

Catherine Nettleton: There are various constraints. There is the supply constraint, but also the demand constraint that I have mentioned. We are trying to encourage other ways of making vaccines available. I stress that it is still the prerogative of the individual countries to decide how they want to administer their health priorities.

If they do not feel it is a priority to be using their health resources, not necessarily financial resources but their people, on Covid-19 vaccines, we understand that. If they have a problem of confidence in C-19 vaccines, we are keen to work with them to help them make sure there is correct information out there about the vaccines. We have had a project running in support of that on countering misinformation.

- Q55 Nigel Mills:** Are there particular challenges around individual vaccines? Is AstraZeneca unfairly not wonderfully well received?

Catherine Nettleton: That is last year's story, maybe.

Nigel Mills: We are not using it.

Catherine Nettleton: There is now a recognition that different vaccines have different roles at different stages of the pandemic. AstraZeneca very much proved its worth at the beginning of the pandemic. At the booster stage, yes, perhaps there is a preference for mRNA vaccines.

- Q56 Nigel Mills:** A third of the world still have not had any vaccines. Is AstraZeneca still a useful one? Do we have loads of those lying around to send out?

Catherine Nettleton: Not only did AstraZeneca produce a high-efficacy vaccine at very short notice early in the pandemic, but it provided that at not-for-profit costs and set up manufacturing partnerships across the world to bring the provision closer to lower and middle-income countries.

Another area where we are working is to encourage manufacturing partnerships, including an initiative in Africa. We see that as very much a solution for the future to have a ready supply of vaccines in regions so it is not reliant on a few manufacturing bases in the developed world.

Another area that we have been working on heavily is just the general work of strengthening health systems—that has the advantage of enabling vaccines to reach people—alongside other immunisation priorities. We are now focusing on these areas in parallel to vaccine donation, which we have been doing for many months now. This is an area where we need to be cranking up our work to make sure health



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systems around the world are as strong as they can possibly be to counter the challenges of Covid-19 and future pandemics.

Q57 Sarah Champion: I have a completely random question for Gareth, if that is okay. I have been contacted by a number of suppliers to FCDO that were surprised from a safeguarding point of view that, during the procurement process, you do not ask for DBS checks from frontline suppliers. Is that correct? If so, why? Finally, is it something you could change, please?

Gareth Nugent: The short answer would be that I could go away, look into that and come back to the Committee in writing. I do not have the answers today. We will definitely come back in writing.

Sarah Champion: I would really appreciate that.

Chair: Thank you. I call this meeting to an end.