

International Development Committee

Oral evidence: The FCDO's approach to value for money, HC 422

Tuesday 3 June 2025

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Members present: Sarah Champion (Chair); Monica Harding; Noah Law; Alice Macdonald; Brian Mathew; David Mundell; Sam Rushworth; David Taylor.

Questions 97-113

Witnesses

I: Baroness Chapman of Darlington, Minister of State for International Development, Latin America and the Caribbean; Melinda Bohannon, Director General, Humanitarian and Development, FCDO.

Examination of witnesses

Witnesses: Baroness Chapman of Darlington and Melinda Bohannon.

Chair: We will now move on to value for money. This inquiry was started before the most recent round of cuts. It is something that the Committee is somewhat obsessed about, because we are very minded of our obligation to the taxpayer to demonstrate value for money in every pound that is spent. We are also very minded that value for money does not always mean the cheapest option, so we will probe you a little bit on this. Monica, could you start, please?

Q97 **Monica Harding:** How would you personally define the term value for money?

Baroness Chapman: I do not have a personal definition. The Government use the NAO definition. Being married to someone who was on the PAC for many years, it is about, has what you have done and spent your money on delivered the things that you have said you wanted to achieve when you started? That is our approach to value for money. When you are talking about development, it is slightly more complicated, because you can say that our objective is to do this thing, in this community, in this country. You can do that thing in that country and score very highly on value for money, but you are not looking at what then happens in 10 or 20 years' time, which is what development is really all about. I think there is an extra layer around impact and sustainability, which we are worried about, even though the straightforward NAO definition probably would not look at that.

Q98 **Monica Harding:** I will come back to that definition in a minute, but sustainability is not included within the FCDO's value for money principles. Why is it not? You just referred to it.

Baroness Chapman: The five Es would look at that.

Melinda Bohannon: Yes, and actually, it is included in the wider definition of value for money that we take. We use the NAO and then we have the four or five Es, but there are also wider, international definitions of VfM we consider, of which resilience is one. Also, as part of our impact assessment, we look at the question of resilience too, and sustainability.

Q99 **Chair:** That you consider, but you have not adopted them?

Melinda Bohannon: Sustainability and resilience are not formulaically captured, but they are part of our considerations.

Q100 **Monica Harding:** Our evidence from Action for Global Health and Oxford Policy Management seems to suggest that sustainability should be included within your framework, and that it should go beyond the five Es to include sustainability.

Baroness Chapman: I think it is.



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Melinda Bohannon: As the Minister describes, when we are looking at interventions, we need to balance—as will have been the case as part of that score—the short-term impact in terms of vaccines delivered. But we also want our health strategy to support health systems over the longer term—indeed, that is what we do. I think that I would challenge that feedback from OPM that that is something that we have not considered, because it is what we consider as part of our health multilateral architecture reforms, as part of the work that we do with the global health initiatives.

Q101 **Monica Harding:** The programme operating framework defines value for money as value to the taxpayer, not maximising the impact of those living in poverty. What is your reflection on that?

Baroness Chapman: I suppose that it depends what you think the taxpayer wants you to do. If you think that we are spending their money on alleviating poverty, then our ability to do that is providing value to the taxpayer. I think that the public support the aims of development, but they get cross about it when they think that we are making spending decisions that are not having the impact that we say they will have. The challenge for the Department, constantly, is trying to make sure that everything we spend does have the impact that the public would want to see their money achieving.

We had an example, which I referred to earlier, of social protection in Malawi. We were providing cash—a decision made under the previous Government—to a community to enable them to spend money on climate resilience for their homes. We paused it because it did not sit with what we were trying to do under the new decisions that we had been making since the cut was made. You could say that putting extra money into the hands of that community has alleviated poverty within the timeframe of the project, but if you were to go back in 10 years' time, would that have still been the case? Has that created a new way of supporting livelihoods in that community? Have the Government there mainstreamed that approach? Have we done the systems reform, the policy changes and the building up of that social protection system in that country to enable that investment that the UK taxpayer was making to have the impact that we wanted?

Some of this is judgment and some of it is evidence that you build up over time by trying these things, and looking back and saying, "Actually, the best approach is to work with the Government and get the policy and system change, rather than doing the thing that might get you the quicker impact."

There is judgment involved in this. It is about making sure that we adapt programmes as we go and that we learn from the outcomes of programmes, and we are able to use that learning in future decisions.

Q102 **Monica Harding:** Do you think that reducing poverty should be explicitly mentioned as a central tenet of the approach, as it was in DFID value for money?



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Baroness Chapman: I think it is. There are secondary benefits to the way that you spend your development money—and they are important—but unless you are alleviating poverty, you are probably not going to get them. We have talked about migration and prevention of displacement of people being a benefit, which it is, as are improvements in our ability to trade with a country as it develops. But that alleviation of poverty is the foundation of everything we do. I do not know anyone who would disagree with that in the Department.

Chair: Thank you. Just because of time, we are going to start throwing questions at you. Could you throw short answers back at us, please?

Q103 **Noah Law:** Thank you, that was very clear on the purpose of our ODA. Which areas of development do you feel that private finance could be most useful in contributing to value for money?

Baroness Chapman: I think that is largely dependent on the country that we are talking about. There are so many. What surprised me is just the variety of investable opportunities that exist. One of the things that we are trying to do, particularly with the World Bank, is to get more of the investment into the lowest income countries—the trickier places that are harder to get the commercial finance into. Because of the reduction in the amount of money that we have to spend using those investment methods of getting change, they will have to be more widely deployed, perhaps, than they have been up to now.

Q104 **Noah Law:** Briefly, is there a country-specific approach to value for money to support what you have just said?

Baroness Chapman: No, we have a single approach to value for money, but I think that what you are trying to achieve, which determines whether or not you have achieved value for money, does alter depending on where you are.

Sitting suspended for a Division in the House.

On resuming—

Q105 **Alice Macdonald:** As you mentioned, the FfD conference is coming up in Spain. Could you tell us what your priorities are for the conference?

Baroness Chapman: Yes. Melinda, help.

Melinda Bohannon: A handful of things which work to extend development finance: private capital mobilisation, debt transparency, domestic resource mobilisation, illicit finance and women and girls.

Q106 **Alice Macdonald:** Bond has said that the UK has so far rejected proposals for a debt workout mechanism. Is that right?

Melinda Bohannon: I do not know that we have rejected outright any proposals on debt. We are in conversation with Bond and others about what we can do on debt sustainability, and they have made proposals on debt legislation, which we have looked at with them and the Treasury and

couldn't fulfil, but I am not aware of having rejected a proposal on debt workout.

Q107 **Alice Macdonald:** A final question: what would a good outcome from that conference look like in terms of your priorities?

Melinda Bohannon: The first thing would be an agreed document. The second would be that countries, globally but particularly in the Global South, recognise the importance of building on the Addis Ababa action agenda and extend an agreed definition of the modern development finance landscape that we need to deliver the SDGs.

Q108 **Sam Rushworth:** I want to ask about localisation and whether you feel that offers better value for money than centrally managed programmes.

Baroness Chapman: I hear varying things about this. If you speak to development directors in-country they pull a very snarly face about centrally managed programmes. But I will be looking at all of these, because I think, in the world that we are entering, where there is less money, we need to be able to ensure that we are getting absolute value from everything that we are doing, and that we don't end up with centrally managed programmes cutting across things that we are doing in countries. The whole thing needs to be much more joined up. We are going to be looking at the new operating model that we have been working on, and that is part of the engagement process over the summer, so that we can figure out how we can get the expertise that we have in-country and the expertise that we have here in London working in a more synchronised way.

I really like things that we have done on a more regional basis, where you have development directors able to design programmes collaboratively; I think that works really well. The balance between our centrally managed programmes and our bilateral programmes, I think, is something that we need to give some serious thought to. We need to ensure that they complement each other, that there is no duplication and that everything is done within sight of each other because I am aware that we will not be able to support the number of programmes that we have been supporting up to now.

Q109 **Brian Mathew:** Have the Government considered the role that philanthropic organisations can play in developing value for money across its development priorities?

Baroness Chapman: We are a Government, not a philanthropic organisation. There are things that a philanthropist might want to fund, like the programme in Malawi that we were talking about. If you are Rory Stewart, you have your charity, you are able to get people from Silicon Valley or wherever to invest in it and you can deliver, that's great. How they assess their value for money and what they are prepared to spend their money on is completely different from how a Government need to think and behave.



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There are things we are able to do, working more in partnership with other Governments, that philanthropic organisations would find more challenging. One thing that I want to do is try to work in a way that is complementary to philanthropic organisations. An obvious example is the work that the Gates Foundation does on health. We work very closely with it, and Gavi, which is coming up, is one of the examples of how we will be doing that. In an ideal world, the activity is complementary. We need to stay close to our friends and colleagues who work through philanthropic organisations. Is that what you mean?

Q110 Brian Mathew: Well, in the past you have done a lot of work such as co-funding NGOs' work. There is also the issue of PwC and the work that it does with women and girls. There has been a big cut in aid, so has some thought been given to how you can better deliver what desperately needs to be delivered?

Baroness Chapman: Only about 5% of our spend is done through other organisations—the PwC, private sector-type stuff. I was quite surprised that it was as low as that, if I am honest. There is an argument that some things are better done through organisations; we might want to deliver other things ourselves. How we make those choices is all about value for money, but it is also about making sure we retain capacity and capability in the FCDO, so perhaps we need to get people who have been a specialist in one thing to do more. This is a bit like the conversation that we were having about our diplomatic teams and people with development expertise. We don't want to see them as two different cohorts of people any more; they need to be one team.

Q111 Chair: Minister, we are very sorry for how we have had to stop and start this session. If it is okay, we would like to put to you in writing some of the questions that we didn't get to. These are ongoing inquiries, so if we could get a timely response, that would be great.

I have one final question. Next week is the UN Ocean conference. The UK agreed to ratify the ocean treaty, which is a very significant document for the world, but also for us if we are looking to meet our biodiversity obligations. We have pushed for when we are going to ratify it, and we have now moved to, "When the parliamentary timetable allows." That is great, but the Government control the parliamentary timetable. At the conference next week, if you, or whoever is going, are able to outline what the timetable is likely to be, even if you are not going with the ratified treaty, I think that would give confidence to those whose lives literally depend on getting it ratified. Could you give us some hope that we might get something concrete for next week, please?

Baroness Chapman: I wish that I could.

Q112 Chair: At least you are honest, Minister.

Baroness Chapman: I know, but what's the point? We are as committed as ever to it. I recently gave evidence alongside Minister Hardy at the Environmental Audit Committee on it. That commitment remains. I am told the same as you: that this is about parliamentary timetabling. I know



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it is fiendishly difficult. A Minister like me can pop up and say, "Oh, but this is only a small thing. Everyone agrees with it. Why can't we just find time to do it?" But the business managers look at you like you are a bit insane.

Q113 **Chair:** The problem, Minister, is that if we are to meet our 30 by 30 target—if we are not going to see small island developing states literally submerged—we do not have that much time.

Baroness Chapman: I appreciate that. I am happy to commit to have further conversations with the business managers. I am sure pressure from elsewhere would be well received too.

Chair: Minister, as ever, you have been very gracious with your time and very honest with your answers. We appreciate it. Thank you so much.