



Department  
for International  
Development



# DFID's Annual Supplier Conference Summary Report

Wednesday 14 October 2015  
BIS Conference Centre, 1 Victoria Street, London



*The Year of Innovation and Learning*

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Front cover image © Jessica Lea/DFID

On 25 April, a magnitude 7.8 earthquake struck Nepal, killing more than 5000 people and injuring thousands more. The UK swiftly responded to Nepal's request for international help, sending search and rescue teams, emergency medics and logistical support.

***For more information click [here](#)***

# 1. Foreword

## DFID Annual Supplier Conference: The Year of Innovation and Learning

This year's conference took place on Wednesday 14 October 2015 and 'The Year of Innovation and Learning' was the theme. This was our third and biggest Annual Supplier Conference to date, with nearly 100 organisations represented from across our supply chain.

The Secretary of State for International Development opened the conference, DFID's Permanent Secretary delivered the key note address and Stefan Dercon, DFID's Chief Economist, led an engaging session on the economic outlook in DFID. Together these speeches demonstrated the strategic importance DFID places on this event and provided the opportunity for DFID to share key messages and expectations with delivery providers.

There was a fantastic level of engagement between a wide range of DFID's delivery providers, including:

- Current suppliers, supply chain partners and potential suppliers
- Small to medium-sized enterprises (SMEs)
- Non-governmental organisations (NGOs)
- Multilateral organisations
- Suppliers that focus on Girls and Women
- Trade bodies
- Research Institutes and academics

There were high calibre internal and external speakers delivering presentations and workshops covering priority areas for DFID and delivery providers, including:

- Public scrutiny – Sessions covered compliance with DFID's Statement of Priorities and Expectations for Suppliers focusing on supply chain relationships, how we are working together, encouraging new suppliers (particularly SMEs) and developing markets, as well as covering the issue of what is fair and reasonable profit, transparency and open book contracting
- Gender diversity – A session by WeConnect, promoting women-owned businesses, and how suppliers should be improving the women-owned businesses within their supply chains
- Youth engagement – This follows DFID's recent Youth Summit, which emphasised how suppliers could enhance their approaches to youth engagement and recognise opportunities to see young people as agents of change
- Adaptive programming – A practical session from Emma Proud of Mercy Corps and DFID's Head of Better Delivery Pete Vowles focussed on application within DFID's programmes
- Innovation and digital – DFID's Digital team encouraged greater use of digital technology in programmes and shared details about the newly launched Digital Principles for development
- Capacity building for procurement in the south – The Chartered Institute of Procurement and Supply (CIPS), promoted the CIPS Foundation, which supports developing country students gain professional qualifications.

Throughout the day there were positive discussions, debates and challenging conversations. It provided a great opportunity to network and share key messages, challenges and DFID's expectations. Feedback and tweets have been extremely positive with overwhelming agreement about the benefits of the conference.

**Nick Ford**

**Head of Procurement & Commercial Department, DFID**

# 2. Agenda

09:00 - 09:30	Coffee on arrival	
09:30 - 09:45	Welcome and Introduction	Nick Ford
09:45 - 10:15	Opening address	Rt Hon Justine Greening MP Secretary of State for International Development
10:15 - 11:00	Economic outlook in DFID	Stefan Dercon
11:00 - 11:30	Coffee & Networking	
11:30 - 12:10	<p><u>Choice Session 1</u> DFID programmes Supply chain partner relationships</p> <p>Or</p> <p><u>Choice Session 2</u> Fair and reasonable profit Transparency</p>	<p><u>DFID Leads</u> Session 1 Colette Whigham Debbie Healey David Goodlass</p> <p>Session 2 Anne Langley Louise Conetta Joshua Reddaway, National Audit Office</p>
12:15 - 12:35	Connecting Women's Enterprise with Market Opportunity	Maggie Berry, WEConnect International
12:35 - 12:55	Adaptive programming: The suppliers perspective	Emma Proud, Mercy Corps
13:00 - 14:15	Networking lunch	
14:15 - 14:45	DFID Future Vision	Mark Lowcock
14:45 - 15:05	Youth Engagement	Martin Leach & Alexandra Rigby
15:10 - 15:40	<p><u>Session 1</u> Innovation &amp; Digital Developments</p> <p>Delegates remain in allocated room</p>	<p>Angela Cummiskey Annette D'Oyly Frances Sibbet Alix Zwane, Global Innovation Fund <b>RED</b> then <b>GREEN</b> room</p> <p>Presenters will swap rooms &amp; repeat sessions</p>
15:45 - 16:15	<p><u>Session 2</u> Adaptive Programming &amp; Lesson Learning</p>	<p>Pete Vowles Gwen Hines <b>GREEN</b> then <b>RED</b> room</p>
16:15	Conference close	Nick Ford

# 3. Summary of sessions

## Opening Address

Rt Hon Justine Greening, Secretary of State for International Development



The Secretary of State opened the event with the recognition that it should provide a key opportunity for DFID and suppliers to work together towards driving even greater efficiency and value for money across development programmes. The Secretary of State noted it is important that whether channelled directly, or by using suppliers, our development budget must have the greatest possible impact on the lives of the poorest people in the world and provide the best possible value for money for UK taxpayers. Competition innovation can generate savings that can be ploughed back into aid efforts.

The Secretary of State stated that DFID Suppliers will be expected to deliver projects that focus on areas relevant to the Sustainable Development Goals (also known as the Global Goals).

She also emphasised that as DFID has changed its procurement approach to be more effective, suppliers must be prepared to align their business models with DFID's current and future direction. This includes DFID driving a harder bargain with suppliers who need to demonstrate that they work continuously to improve value in their contract delivery. They need to demonstrate this by being transparent in all areas of their contracted work and by adhering to the principles set out in [DFID's Statement of Priorities and Expectations for Suppliers](#).

**Please click [here](#) to read the full text of the opening address speech: "Delivering better performance and better value for money in development".**

# Economic Outlook for DFID

Stefan Dercon

Chief Economist, DFID

DFID must deliver effectively and efficiently for the world's poor and for Britain's taxpayers. DFID made a significant contribution to the MDGs but we need to be even more ambitious if we are to help the world achieve the Global Goals.

## 1) Economic environment

- Progress has been made on poverty in East Asia and Pacific but African poverty has risen. Africa is likely to become more fragile
- In fragile countries and conflict zones extreme poverty will rise
- We are facing the global challenge of reversals in richer countries e.g refugees in Jordan

## 2) Operating environment

- Every environment that DFID works in around the world is different, and we need to understand these differences.

## 3) Authorising environment

- As a government organisation DFID deals with scrutiny and scepticism from the public and Parliament
- The best supply chain partners are those with vision of the whole supply chain structure
- Suppliers must align with DFID and understand the economic, operating and authorising environments
- DFID suppliers need to constantly learn, adapt and innovate

## **DFID's Future Vision**

**Mark Lowcock**

**DFID Permanent Secretary**

DFID's Future Vision requires suppliers to deliver high quality, transparent, and accountable programmes. Every pound of spend must have maximum impact. DFID will now focus on growing the supply base by addressing supply market barriers

### **Key messages for suppliers:**

- DFID has delivered well in the last Parliament and DFID's delivery providers play a key role in achieving this
- DFID's own Ministers and ministries of partner country governments are very grateful for DFID's recent work that has been delivered. For example work in countries such as Sierra Leone, Afghanistan, Somalia and South Sudan, would not have been achieved without our delivery providers.
- There are many examples of delivery providers delivering good work in DFID priority areas such as: girls and women, tackling extreme poverty and infant mortality. In the future there will be thematic continuity in these priority areas of DFID's work and more focus on humanitarian crises
- Performance and value for money are critical. Ministers have seen funding well spent and performance has been good, and we must continue to show UK taxpayers that the money spent achieving our development aims.
- DFID is driving many improvements with suppliers, partners and multilaterals. Scoring assessments create the environment for ongoing improvement
- Using the latest good practice in procurement approaches to ensure the best outcomes for beneficiaries DFID is focused on driving accountability, growing the supplier base, addressing supply market barriers, expanding local supplier capacity and fee rate benchmarking across sectors.

# Connecting Women's Enterprise with Market Opportunity

**Maggie Berry**

**WEConnect International**

Maggie Berry highlighted the importance of having women owned businesses in the supply chain and detailed how WEConnect works. WEConnect International is a global non-profit organisation pro-actively encouraging inclusion of women in the supply chain.

## Key messages for suppliers:

Why focus on women?

- Women represent \$1 trillion dollars of business
- Women impact on 70% of consumer purchase decisions made
- On average women own 35% of privately owned businesses but only 1% of corporate and global spend is with women – owned businesses own by women
- Women are most commonly owners, managers, or are in control of small to medium-sized businesses

How does WEconnect Support women in business?

- WEConnect certifies that businesses are owned, managed or controlled by women, and is also working to track and verify the buying power of women
- By sharing procurement requirements and identifying and connecting relevant women owned businesses.

Examples of initiatives include:

- Clinton Global Initiative - Invests in women with a commitment to spend \$1.5 billion over a five year period (until 2018). This figure has been over achieved already. Additionally the target of investing in 15,000 women has been exceeded and has reached over 40,000 women
- Canada's International Development Research Centre has provided a grant for the development of a searchable database of women-owned businesses in India, and in more than 80 other countries. The database includes revenues for companies, the availability of access to lines of credit, the number of employees and legal incorporation status

**Please contact [WEConnect International](#) about projects that would be of interest to you**

## **Adaptive Programming: The supplier perspective**

**Emma Proud**

**Mercy Corps**

Emma Proud delivered a practical experience of Adaptive Programming that outlined four vital elements to the application of Adaptive Programming.

### **Key messages for suppliers:**

- There needs to be recognition that everything can't be known at the start of a programme and experimentation is a must and strategies must evolve over time
- The data used in a programme must prove results and demonstrate how money is spent wisely. There are four elements vital for adaptive programming:
  1. Organisational Culture
  2. People and Skills
  3. Tools and System
  4. Enabling Environment
- Collect more evidence and use it effectively to improve programmes
- Be driven by the need to learn, to be more innovative and to achieve greater impact, work together with partners to share learning and find joint solutions for adaptability
- Mercy Corps are currently working with a partner organisation on ADAPT (Analysis Driven Agile Programming Techniques) - a case study approach to understand the enablers and inhibitors of adaptive programming.

**To read Mercy Corps adaptive management document please click [here](#)**

## Youth Engagement

David Bailey, Education & Partnerships Team, DFID

Alexandra Rigby, DFID Intern

Following the success of DFID's Youth Summit, DFID highlighted the importance of improving youth engagement and delivery providers' role in achieving the vision.

- Globally we now have the largest ever population of young people, and notably youths will increasingly be recipients or beneficiaries of DFID funding
- Increasing the "demographic dividend" is achieved when young people enter employment
- Young people can be viewed as change makers by three ways:
  1. Transitions - childhood to early adolescence; from education to employment. Focussing on education and skills and health programmes help this.
  2. Agents - Young people changing the world, by challenging "social norms" and fulfilling their full potential. Their views should be integrated into DFID programmes.
  3. Advocates - Focus on inspiring and empowering young people to influence policy and accountability. Young people will drive innovation and should have a voice.

Demonstrating the benefit of youth engagement, Alexandra Rigby spoke about her recent experience working on the DFID funded International Citizen Service (ICS) programme in Tanzania. Alexandra shared her learning on key aspects of local engagement and community involvement. As a result of being involved in the programme Alexandra, along with the other young people, has developed a passion for international development work. To date the ICS programme has involved 5,000 young people a year.

***For more information about International Citizen Service (ICS) click [here](#)***

# 4. Summary of Workshops

## Workshop 1

### Adaptive Programming and Lesson Learning

**Pete Vowles, Head of Programme Delivery, DFID**  
**Gwen Hines, Director, International Relations, DFID**

DFID's aspirations on Adaptive Programming and lessons to learn in order to succeed were outlined in this workshop.

#### Key messages to suppliers:

Challenges for adaptive programming can be categorised under three headings: development problems, operating context and organisational context.

Programme design is only a small part of the wide context. Challenges can stem from any of the following areas: how we design, when we recognise uncertainty, response to change, learning as we go, adapting to changes, being honest about what's not working.

- When dealing with these challenges we need to maintain rigour, focus and the ability to demonstrate impact
- All DFID programmes sit somewhere on a spectrum of flexible and adaptive programming
- We have to gauge the operating environment and recognise uncertainty at design
- DFID aspiration is to build a culture where we can escalate risks where safe to do so, challenge ourselves and be challenged

What is DFID doing?

- Embedding the SRO structure
- Making capacity Improvements
- Organisational clarity – via focussed guidance e.g. SMART rules, operating framework
- Creating an organisational culture committed to learning

We will succeed if: we recognise uncertainty and plan for learning and adapting have open ended design, develop better feedback and data, and recognise adaptation is good value for money.

We will fail if we: lose focus or rigour, use poor evidence or data, fail to build trust via delivery chains, see slush funds as a solution, restrict our ability to learn and adapt through poor design.

## Workshop 2

### DFID Programmes and Supply Chain Partner Relations

Colette Whigham, Head of Strategic Commercial Engagement, PCD, DFID

Debbie Healy, Divisional Advisor, DFID

David Goodlass, Divisional Advisor, DFID

This session was on supply chain partner relations and how DFID wants sub-contractors to be engaged in supply chains. Suppliers discussed four key topics

#### Key messages for suppliers:

Suppliers engaging with sub-contractors must be familiar with this [letter](#). The letter sets out that DFID requires sub-contractors to be an active and transparent part of the supply chain, and in order to be effective DFID requires a healthy supply base where sub-contractors are treated fairly.

Attendees broke into four groups to discuss the following topics and fed back their views. The main points that came up for discussion are summarised below:

#### Topic 1) Supply chain exclusivity

- The existing model of markets favours exclusivity and needs altering to improve opportunity
- There should be benefits to suppliers and sub-contractors from opening up the market in the supply chain, however some sub-contractors have found it difficult being a non-exclusive sub-contractor

#### Topic 2) Payment-by-Results(PbR)

- PbR is challenging and with it comes a steep learning curve
- Suppliers raised the concern that they struggle to share risks and benefits equally across a consortium when using PbR
- PbR has both advantages and disadvantages. PbR is highly incentivised and is less focussed on detail and more focussed on outcomes. PbR is here to stay so there is a need for all parties in the supply chain to learn how to adapt to it.

#### Topic 3) Programme size

- In terms of efficiency it was noted that increases in transaction costs were incurred and this ought to be a consideration with smaller programme procurements
- For bigger programmes PbR is taken on by the direct contractors, who in turn, take on the risk of their sub-contractors. Suppliers discussed good and bad examples of this.

#### Topic 4) Selection of sub-contractors

- Sub-contractors should have shared values and the relationship should be complementary
- It takes time to build relationships at domestic level
- From the sub-contractors point of view when there is risk, who is responsible to DFID - the sub-contractor or the direct contractor?
- Suppliers should talk directly to sub-contractors. Sub-contractors' ideas are sometimes lost in translation and relationships become unproductive.
- Early market engagement sessions as part of the early market shaping are helpful for sub-contractors.

## Workshop 3

### Innovation and Digital Developments

**Angela Cummiskey, Senior Procurement & Commercial Manager, DFID**

**Olivia O'Sullivan, Innovation & Results Analyst, DFID**

**Frances Sibbet, Digital Service Lead, DFID**

**Alix Zwane, Global Innovation Fund**

Innovation from the DFID perspective also includes innovation in the supply chain, the work of DFID's Innovation Hub, as well as the innovative approaches being generated from digital developments.

#### Key messages for suppliers:

- DFID has many specific funding vehicles and aid instruments to support innovation that are already in place
- The Innovation Hub has been set up within DFID to support broad based programmes and funding models which don't fit neatly into one sector or come from programme offices
- Internal innovation focused learning and development takes place regularly in DFID. There are regular inspirational speakers, workshops and events such as the annual Digital 4 Development week that highlights new innovative approaches to development to DFID staff
- Innovation in DFID Programmes will now be captured in The Innovation Register. This DFID based register will identify transferable innovative solutions in programmes or where case studies can be developed on best practice
- DFID's Digital Development Team advises programme teams on how digital can be used in cost effective, and value for money ways to help alleviate poverty
- Suppliers should be using a digital structure for proposals, think ahead and think about size and suitability of digital within programme contexts
- DFID has introduced the [Principles for Digital Development](#)
- The Global Innovation Fund (GIF) is a non-profit innovation fund supported by a number of international partners who have pledged over \$200 million over the next five years. Investment is made in social innovations that aim to improve the lives and opportunities of people in the developing world. The GIF has made significant progress with over 2500 applications received to date.

## Workshop 4

### Fair and Reasonable Profit and Transparency

**Anne Langley, Head of Programme Sourcing, PCD**

**Louise Conetta, Commercial Business Partner, Policy and Global Programmes**

**Joshua Reddaway, National Audit Office**

This session discussed how the public and Parliament expect that profit from international aid is fair and reasonable. [Open book accounting](#) has now been accepted in contract management, even for fixed price contracts and transparency is vital in this approach.

#### Key messages for suppliers:

- Whether with NGOs or with a private sector contractor transparency on costs, including on profit where applicable, is a priority for DFID, across all of the project portfolio
- There has been recent public scrutiny in the media on areas such as on the profits made by our supply partners
- Working together in an open and transparent way will be able to build public confidence and respond to the increased level of public scrutiny of the work we do
- We must show the excellent progress that has resulted from the work we do
- Suppliers should be working with the National Audit Office (NAO) to be more transparent
- In 2003, the NAO was granted the right to audit all government contracts to review the public money expenditure. In 2013, NAO used a pilot of 4 suppliers and used open book costings to audit. This resulted in two of the suppliers being referred to the Serious Fraud Office
- This example highlights the importance of open book and transparency between government departments and their supply base
- Open book accountancy is particularly important in the public sector for many reasons; it helps hold departments to account and it improves programme performance. There is now a much greater acceptance of open book accountancy as evidence for the public that costs & profits are fair and reasonable
- Transparency requirements will lead to open book accountancy being the accepted norm for public sector programmes, clearly showing where taxpayers money is spent
- Open book accountancy is not appropriate for every contract but every contract should be transparent and have in place an assurance strategy in relation to contractual obligations
- New working methods in contracts will require judgement to assess fairness of costs and profits. Agreed standards upfront and benchmarking should be used.

# 5. Delegate Feedback

- **97%** of delegates were either satisfied or very satisfied with the conference
- **95%** of responses indicated that they agreed that the sessions were both appropriate and informative
- **97%** of respondents were either satisfied or very satisfied with the speakers/presenters
- **80%** felt that the theme of the conference was clear
- **100%** of respondents either agreed or strongly agreed that the Conference was well organised

## Quotes from delegates

Great to hear from the Secretary of State

Great to hear from senior DFID staff directly

Great networking opportunity

Excellent youth presentation

Great open discussion and interaction with DFID

There was a smooth organisation and good flow of the event

Very good guest speakers

Informed by conference discussions delegates shared their short and medium-term plans to respond to DFID's priorities and aspirations. Some of these included:

- Investigate and adopt The Global Principles for Digital Development
- Review NAO's report on open book and supply chain reassurance
- Adopt open book accounting internally
- Apply for innovative funding
- More communication and collaboration
- Review approach to tender proposals
- Greater focus on youth
- Review of supply chain in relation with DFID focus
- Consider adaptive programming
- Improve dialogue with management team
- Better working practices
- More awareness of DFID's needs, processes, priorities and agenda
- Increase procurement analysis
- Share learning and experiences
- Improve feedback with supply chain suppliers

# 6. Annex A

## Information Stands

Direct support was provided to conference delegates throughout the day at the following information stands:

### 1) WEConnect International

Maggie Berry, European Executive Director for [WEConnect International](#), that promotes women owned businesses, was on hand to discuss how to support supplier diversity in procurement in the global context, and to promote the ways WEConnect International are helping majority owned women businesses to connect into the corporate supply chain.

### 2) The DFID Digital Development team

DFID Digital experts were on hand to discuss the practical aspects relating to the management of DFID programmes with a digital element, and to provide advice with the new requirement for all suppliers to comply with The Global [Principles for Digital Development](#).

### 3) Chartered Institute of Procurement and Supply (CIPS)

Dawn Caplin represented CIPS, the leading professional procurement body. CIPS was at the at the supplier conference to specifically promote [the CIPS Foundation](#) a charity focused on supporting developing country students to gain this professional procurement qualification.

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