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To DFID's Supply Partners

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Dear all,

Responding to COVID-19

We are living in unprecedented times. The Coronavirus pandemic has led to changes more dramatic than any we have seen in our lifetimes. I am incredibly grateful for the work that you, our valued suppliers, are doing to keep the most vulnerable populations safe. Your vital work has never been more important. I am writing to you today to explain how we will support you to help you to continue to deliver.

There has never been a more important time for the UK to deploy our expertise, our science, our world-beating aid programmes and our international convening power to help the most vulnerable in the world. Diseases do not respect borders, and our ability to protect the UK and developing countries from coronavirus will only be effective if we strengthen health systems globally. By preventing the virus from spreading in the poorest countries we will save millions of lives around the world and reduce the risk of future waves of infection, that could also come to the UK and overwhelm our NHS.

DFID will play a leading role in delivering and coordinating international assistance. We have already pledged £744 million for an immediate response to the pandemic, including essential support for research into vaccines, diagnostics and treatments.

We can and will do more. DFID is reviewing our portfolio in light of the COVID-19 response. This will enable us to identify existing activities which can already support the response and others which can be adapted or scaled up, such as our support to health systems and humanitarian crises. I am reviewing our spending plans for this financial year and reprioritising, including by pausing work where needed.

DFID will rely heavily on the capacity, resilience and flexibility of our supply partners, both in the private sector and civil society to meet the challenge of COVID-19. Thank you for the incredible work you have been doing to help the most vulnerable. I recognise that we are asking for your help at the same time as you are dealing with the disruption caused by the pandemic to your operations and supply chains and appreciate the concern the virus will be causing your own staff and their families. I am grateful for the messages many of you have sent reaffirming your commitment to do whatever it takes to protect the poorest in the world from the impacts of the coronavirus pandemic.



I am writing now to set out how we will work in partnership with our supply partners in the private sector and civil society to respond to the pandemic, maintain delivery of essential programmes and manage the impacts on organisations and staff.

A generous and unprecedented package of support has been made available by the Chancellor of the Exchequer for UK businesses. Private sector suppliers can apply as applicable to the Business Interruption Loan Scheme for SMEs, or to the Large Business Interruption Loan Scheme, which offers support to UK based businesses with a turnover between £45 million and £500 million a year. Private sector partners based in the UK can also access the Coronavirus Job Retention Scheme (known as “furlough”) for employers with a PAYE scheme. Businesses are allowed to apply for more than one of the measures available but cannot combine the schemes to receive more than one benefit for the same costs.

Civil Society Organisations (CSOs) are also able to access the furlough scheme, but many will not be eligible to access the Business Interruption Loan Schemes, or the Small Business Grant Fund. However, we have pledged new funding specifically for civil society to support the international COVID-19 response, including £20 million for international NGOs (most of which will be allocated through the Rapid Response Facility), and a significant amount through the DFID Unilever COVID19 Hygiene and Behaviour Change Coalition. This is in addition to the key role CSO partners are playing in the delivery of our COVID-19 response through DFID’s country programmes. Looking further ahead, CSOs will in many cases also receive funding as part of DFID’s significant investment in the multilateral response to COVID-19.

DFID programme teams are already working collaboratively with our partners to find flexible and pragmatic ways to maintain delivery of essential programmes. We are prepared where necessary to alter milestones, move from output to input based payments, allow personnel to work from different locations and take a reasonable approach to workplan adjustments. We will ensure continued prompt payment of all invoices due and expect partners holding the primary funding agreement to ensure prompt payment in dealing with supply partners further down the supply chain.

The first resort of supply partners in managing the impact of COVID-19 should be the extensive package of support made available by the Chancellor and the measures programme teams can take to vary funding agreements. I recognise, however, that in some cases, additional DFID support to our contract and grant funded programmes may be needed to maintain delivery or ensure that delivery capacity remains intact where there is no other option than to pause programmes.

I am therefore prepared to apply the Cabinet Office Procurement Policy Note 02/20 and similar principles for grants, which allow for relief on services and goods provided in the UK, to DFID aid programmes. This means offering as a last resort and on a case-by-case basis for DFID contracts and grants:

- **Payment in advance** to meet ongoing costs where there is a strong value for money case, up to a ceiling of 25% of the value of the contract;
- **Support for continued cash flow** for partners delivering essential aid programmes, including continuation of payments where all other options have been exhausted and the programme is paused.

My objective in offering this support is to maintain critical aid programmes, ensuring that the maximum amount of funding reaches the people who need it, and protect DFID’s capacity to respond to the impacts that COVID-19 will have over months and years in our partner countries. Together with the pipeline of new funding opportunities we are developing to respond to the pandemic, this will also help private sector and civil society partners manage impacts on your organisations. But even in these unique circumstances, I have an overriding responsibility to the British taxpayer to ensure best value for public money and cannot give a guarantee to any partner that DFID can or should make good all the financial impacts of the pandemic on your organisations.

In applying for relief, supply partners should follow the process set out on DFID's supplier portal and first apply to their programme's Senior Responsible Owner. The request will then be assessed by senior officials, with Ministerial oversight, against the criteria set out in the Cabinet Office guidance, to ensure value for money, compliance with government accounting rules and consistency with the International Development Act. In considering requests for relief we will want to be sure that:

- Other sources of support have first been accessed or are not appropriate. Non-UK partners will be eligible for relief on DFID programmes, but expected to follow the business support measures available from their own governments first;
- Relief is cascaded promptly down supply chains to downstream partners;
- Open book accounting will apply for the period while supplier relief is provided.

This brings DFID support into line with that set out in the Cabinet Office guidance and offered by domestic government departments to supply partners delivering goods and services in the UK. It should not be more generous. The period of relief runs until the end of June and we will review these arrangements when the Cabinet Office reviews relief for suppliers delivering goods and services in the UK.

I would also like to stress the importance of maintaining standards of safeguarding against sexual exploitation, abuse and harassment and guarding against the risk of aid diversion during the current crisis. The evidence shows that exploitation and abuse increase during crises. It is important that we all review the measures we have in place and adapt programmes where necessary. Any credible suspicions of abuse, or of aid diversion related to your programmes should be reported to reportingconcerns@dfid.gov.uk, or on +44 (0)1355 843747

This is of course a rapidly changing situation. Close communication and coordination will be critical in responding and adapting to the pandemic and the needs of our partner countries as they evolve. We will continue to update guidance on DFID's supplier portal and you can raise any questions and issues by e-mailing PCDSupplierCovid19@dfid.gov.uk.

Baroness Sugg has already held initial roundtables to hear the views and concerns of Civil Society Organisations, small businesses and larger private sector organisations, and she will chair a high-level Steering Group of CSOs. Senior officials are holding bi-monthly check-ins with BOND, Humentum and British Expertise International, as the representative bodies for civil society and the private sector. We have opened a weekly survey for our supply partners to keep us up to date on the challenges you are facing.

We will keep all these channels of communication open as we work in partnership with you to keep essential programmes running, protect staff and programme beneficiaries, step up DFID's response to the pandemic in our partner countries and maintain the longer-term viability of the UK's international development work. What we do in the coming months will save lives and help the world's poorest countries sustain the many development gains they have made with the help of UK aid and the generosity of the British people.

Thank you once again for the work you are doing to deliver this crucial work to save lives around the world.



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