

**DFID Management Response to the Independent Commission for Aid Impact recommendations on:**

**DFID's Use of Contractors for Aid Delivery, May 2013**

ICAI Recommendation	Accept/ Reject	Action already taken	Action to be taken	Target date
<p><b>Recommendation 1:</b></p> <p>DFID should support its devolved delivery model with strategic guidance, informed by its sectoral experts, on when and how contractors of different sizes and specialisms can deliver most effectively. This should include a strategic partnering model for how best to use its major and SME contractors.</p>	Accept	<ul style="list-style-type: none"> <li>• DFID has already strengthened its Business Case process and guidance to ensure that the use of contractors on programmes is given consideration on a case by case basis. The report recognises that overall DFID made good choices in its decisions to use contractors.</li> <li>• DFID already has work underway relating to the strategic choices the department makes in its use of contractors.</li> <li>• As the report notes, DFID is using frameworks to appoint pre-qualified contractors capable of delivering services in particular sectors. This is helping us to better understand the capability of different contractors in these particular market sectors and to use this to inform sourcing decisions. DFID is also now working to develop our understanding of contractors, their business models and their capabilities.</li> </ul>	<p>1. DFID will complete its review of strategic choices the department makes in its use of contractors. This will include a fundamental look at when the department should be delivering in-house and when and how it should bring in suppliers to maximise results and value for money.</p>	Dec 2013
<p><b>Recommendation 2:</b></p> <p>DFID should prioritise its commercial reforms, so that PrG can support more strategic decision-making on the use of contractors and develop more productive relationships with them.</p>	Accept	<ul style="list-style-type: none"> <li>• DFID updated its commercial strategy in 2012. Implementation is progressing well and DFID is continuing to increase its focus on improving commercial performance.</li> <li>• Progress with this was radically accelerated following a review by the Secretary of State in late 2012. The Secretary of State held the first roundtable meeting with DFID's largest suppliers. This increased the emphasis on strengthening</li> </ul>	<p>2. DFID will prioritise its commercial reform programme and focus on a smaller number of key areas.</p>	July 2013

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		<p>the management of relationships with our major contractors to improve value for money and their commitment to the DFID Statement of Priorities and Expectations for Suppliers will help to drive improved working.</p> <ul style="list-style-type: none"> <li>In line with the wider Civil Service Reform plan DFID is making good progress in our work to ensure that all staff across DFID recognise and have the skills to perform the commercial aspects of their role.</li> </ul>		
<p><b>Recommendation 3:</b></p> <p>DFID should update its bid evaluation process, strengthening the role of the programme's designers during procurement, to enable a more sophisticated and balanced assessment of costs, timings, risks and results.</p>	Partially accept	<ul style="list-style-type: none"> <li>DFID is obliged to operate within the EU public procurement regulations. Its procurement and bid evaluation processes are sound and, as the report notes, resulted in good decisions being made with regard to the selection of suppliers.</li> <li>DFID recognises that as programmes and tenders become more complex our approach will need to evolve to encourage increased early market engagement and a more sophisticated evaluation of bids. DFID is already taking steps to obtain early market feedback (e.g. by holding more pre-bid meetings with contractors) and to encourage and enable procurement staff and programme designers to apply the current bid evaluation process to ensure a more sophisticated assessment of value for money.</li> </ul>	<p>3. DFID will review its bid evaluation practice to identify how to improve early market engagement and how to strengthen the role of programme designers during procurement.</p>	Dec 2013
<p><b>Recommendation 4:</b></p> <p>DFID should develop a resourced plan for its programme management</p>	Accept	<ul style="list-style-type: none"> <li>DFID recognises that strengthening programme management is a key area of improvement for the Department.</li> <li>DFID has already created a new advisory cadre</li> </ul>	<p>4. DFID has made strengthening programme management a top priority in our Departmental Improvement Plan for the coming year and the Head of Profession</p>	Nov 2013

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<p>capability, to ensure end-to-end accountability for programme delivery and minimise disruption from staff rotations.</p>		<p>for Project and Programme Management (PPM), appointed a Head of Profession for PPM and continues to invest in learning and development for programme managers.</p> <ul style="list-style-type: none"> <li>• DFID has developed an extensive training programme on Programme Management which has been rolled out across the organisation.</li> <li>• DFID has already commissioned an end-to-end review of the project and programme management cycle (the process for the design, development, delivery and evaluation of programmes).</li> </ul>	<p>will develop a detailed plan to implement this.</p>	
<p><b>Recommendation 5:</b></p> <p>DFID should strengthen learning from contractor-delivered programmes, to feed into the design, procurement and delivery of other programmes.</p>	<p>Accept</p>	<ul style="list-style-type: none"> <li>• DFID has published its Statement of Priorities and Expectations for Suppliers. This includes a commitment from contractors that they will 'openly share and transfer innovation and knowledge of what works to maximise overall development impact'. More than 200 contractors have now signed up to confirm their commitment to this. DFID is encouraging contractors to publish and share insightful lesson learning of 'what works' to inform future programmes and will soon hold its first Supplier Conference.</li> <li>• DFID has strengthened its approach to monitoring the performance of contracts and contractors. This is an important part of our work to strengthen the management of relationships with our major contractors, which also provides wider opportunities to facilitate improved information sharing and lesson learning.</li> </ul>	<p>5. As part of its effort to develop stronger relationships with its contractors DFID will ask them to propose practical ways to bring their insights and learning from programmes back into DFID and to share these across programmes.</p>	<p>Nov 2013</p>

