



Department
for International
Development



Annual Procurement and Commercial Report Financial Year 2019/2020



JULY 2020

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Foreword from Baroness Sugg

I am very pleased to introduce DFID's second annual Procurement and Commercial Report. It shows how we are driving better value for money in DFID's own spending and across the international system, and delivering more from our aid, both for UK taxpayers and poor people across the world.



Britain is a world leader in international development. We can all be proud that UK aid is working to save and change the lives of the poorest and most vulnerable people in the world. Good commercial practice is critical to that leadership, enabling DFID to develop innovative and ever more efficient ways to deliver our aid.

2019-20 saw notable commercial landmarks. In September, we held our first ever UK aid supply partners' conference and as DFID's Ministerial Champion for Small and Medium Sized Enterprises I am proud that 45.5% of contract spend in the last year for which we have audited figures was with SMEs - the highest proportion in government.

The Foreign and Commonwealth Office and Department for International Development are merging to form a new international department in September this year. As one of the team of joint Ministers working across both DFID and the FCO, I am very pleased to highlight the existing and already growing collaboration between the two departments in the UK's work overseas as we prepare for the merger. FCO and DFID already work side by side in more than 40 locations overseas and the creation of the new Foreign, Commonwealth and Development Office will bring UK aid and diplomacy in a single, unified international approach to promote our national interest and the UK's role as a force for good in the world.

In 2020 the world has faced a new and formidable enemy in the form of COVID-19. As we have done many times before, the UK has provided leadership to the global response to this terrible pandemic. DFID has moved rapidly to strengthen health systems and support efforts to develop a vaccine. I am grateful to all our suppliers and delivery partners who have brought vital expertise and operational flexibility to the response.

More than ever it is clear that our aid is both the right thing to do and firmly in the UK's national interest. There has never been a more important time to deploy our science, world-beating aid programme and international convening power to help the world's poorest countries and reduce the risk of future global waves of infection reaching the UK and placing extra burden on our NHS.

Baroness Sugg

Parliamentary Under Secretary of State for International Development

Introduction from Nick Ford, Head of Procurement and Commercial Department



This second Annual Procurement and Commercial report is part of our continuing commitment to transparency and improvement in DFID's use of public funds. It sets out both our achievements and where more remains to be done.

The reforms we have introduced in the last few years enabled DFID to realise efficiency savings of over £100 million in 2019-20. This brings total savings from more effective procurement to £594 million since 2015.

The strategic relationship management programme covers 80% of DFID's contract and grant spend. We worked with civil society organisations to introduce the Supply Partner Code of Conduct into our accountable grants to promote the highest standards of performance and ethical behaviour.

We introduced a new generation of funding frameworks to help level the playing field for small businesses operating as sub-contractors and developed award-winning, innovative contract designs to work more effectively in difficult environments. Despite spending more of our budget with SMEs than ever before, we want to do more and developed a new [SME Action Plan](#) to make our funding opportunities more accessible for both UK SMEs and local in-country businesses.

Building on the Open for Business events we held across the UK in 2018, we have developed new digital ways of engaging with supply partners to remove barriers to participation. In September 2019, we held our first UK Aid Supply Partner Conference in partnership with other aid-spending government departments and around 200 supply partners in attendance.

At the end of the period covered by this report we faced the unprecedented challenge of Covid-19. We are working hard to support DFID's response by accelerating approval processes to adapt our programmes, listening to feedback from supply partners and finding pragmatic, flexible ways to keep essential programmes running.

Covid-19 has demonstrated just how important it is that our development and diplomatic efforts are fused together more closely. The merger of DFID with the FCO later this year gives us a new opportunity to strengthen commercial capability, combine the best of both departments and deliver even better results.

Nick Ford, FCIPS

Head of Procurement and Commercial Department

1. Introduction

Purpose of Report

Good commercial practice is critical to the delivery of public goods and services, including the UK's official development assistance. Rightly, the public increasingly demands the highest ethical standards and behaviours, as well as value for money.

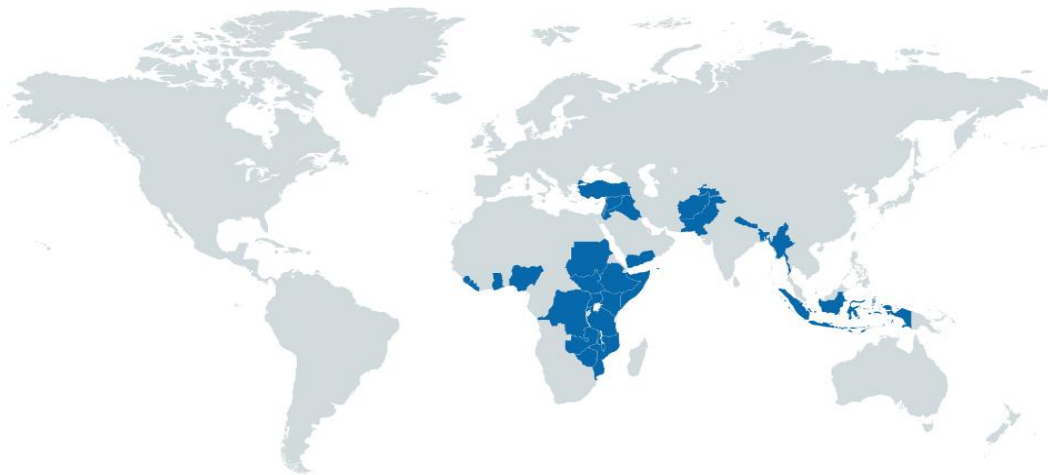
DFID's procurement and commercial practice has been transformed over the last few years. We have made significant progress in the way we think and behave commercially and are determined to drive further improvement. Our aim is not just to spend aid well but show it "could not be spent better".

DFID's Annual Procurement and Commercial Report is part of our commitment to greater transparency in our commercial performance and that of our supply partners, showing the value that good commercial practice adds as we work together to end extreme poverty in the national interest.

UK aid

DFID leads the UK's efforts to reduce poverty and deliver the Sustainable Development Goals (SDGs) in line with the UK Aid Strategy, helping deliver HMG's wider national security objectives. We are investing in peace, the planet, prosperity, people and partnerships – all underpinned by a focus on quality and maintaining the necessary staff and expertise on the ground.

DFID works in extremely challenging environments and collaborates with a diverse range of public and private stakeholders, including other national governments.



We provide technical assistance and goods across a range of sectors to meet both immediate humanitarian needs and longer-term development goals. UK aid is helping refugees and those displaced from their homes because of conflict or humanitarian crises access medical supplies and sanitation. It is improving the lives of girls and women through better education and a greater choice of family planning and is now leading the international effort to develop a coronavirus vaccine. Longer-term, our aid is helping to strengthen the institutions, public services and economic development of developing countries. All of this adds to the complexity of the commercial challenge and requires the highest standards of procurement and commercial practice.

Funding instruments and partners

To achieve our objectives, DFID channels funds through a diverse set of delivery partners and funding instruments. These include legal contracts and other funding instruments such as Accountable Grants and Memorandums of Understanding.

Each modality and partner has its own advantages and our agreements are tools to get the best from our suppliers and delivery partners. The choice of which funding arrangement and partner to use is made as part of the Business Case written for all new DFID programmes and the design of the funding agreement should maximise development impact.

Our contractors are a mix of private sector companies, employee owned companies, academic institutions and Non-Governmental Organisations, also referred to as Civil Society Organisations. All have expertise in international development, delivering a wide range of activities and services, including technical assistance.

Civil Society Organisations include both large international non-governmental organisations and smaller organisations based in our partner countries. They can provide in-depth local knowledge and are able to operate at community level.

Multilateral development organisations have well-developed networks in most of our partner countries, strong working relationships with partner governments and are able to operate at scale.

This report provides information on the contractual spend issued centrally through DFID's Procurement and Commercial Department. It also reports on progress in extending commercial reforms into other funding modalities, such as the Accountable Grants we provide to Civil Society Organisations. In this year's report we have also provided an overview of our work to ensure best value for money from the funding we provide to multilateral organisations like the UN and World Bank to deliver UK aid programmes and objectives.

Legislative Framework

DFID is proud that UK Aid is untied and that all our contracts are awarded to the most capable supply partner offering best value for money. DFID's contracts are tendered in accordance with the UK Public Procurement Regulations 2015, which ensure open and fair competition between bidders. This means our contracts are

competitively tendered following a set of standard processes set out in the regulations.

Future UK Public Procurement Policy

Under the terms of the Withdrawal Agreement with the European Union, the Transition Period will end on 31 December 2020. UK public procurement will continue mostly unchanged immediately after this period, but longer term, the way the UK Government approaches procurement could be different. DFID is participating in early discussions with the Cabinet Office about the opportunity to reform the public procurement regime.

Data Quality

The data used to compile statistics for this report are extracted from DFID's central system and from offline spreadsheets. There is a risk of error in some attribution of the data but overall the risk is relatively low, and we take steps to verify the data and minimise input errors. This includes updating information from previous years if discrepancies or new reporting guidelines are identified.

Definitions

A list of definitions used in this report can be found at Annex A.

Related Publications

- DFID's [Annual Report](#) provides information on DFID's results achieved, spending, performance and efficiency
- DFID's [Statistics on International Development](#) provides information on the key international measure of official aid spend, known as Official Development Assistance (ODA)

Contact Details

For enquiries (non-media) about the information contained in this publication, please contact the [Procurement and Commercial Department](#).

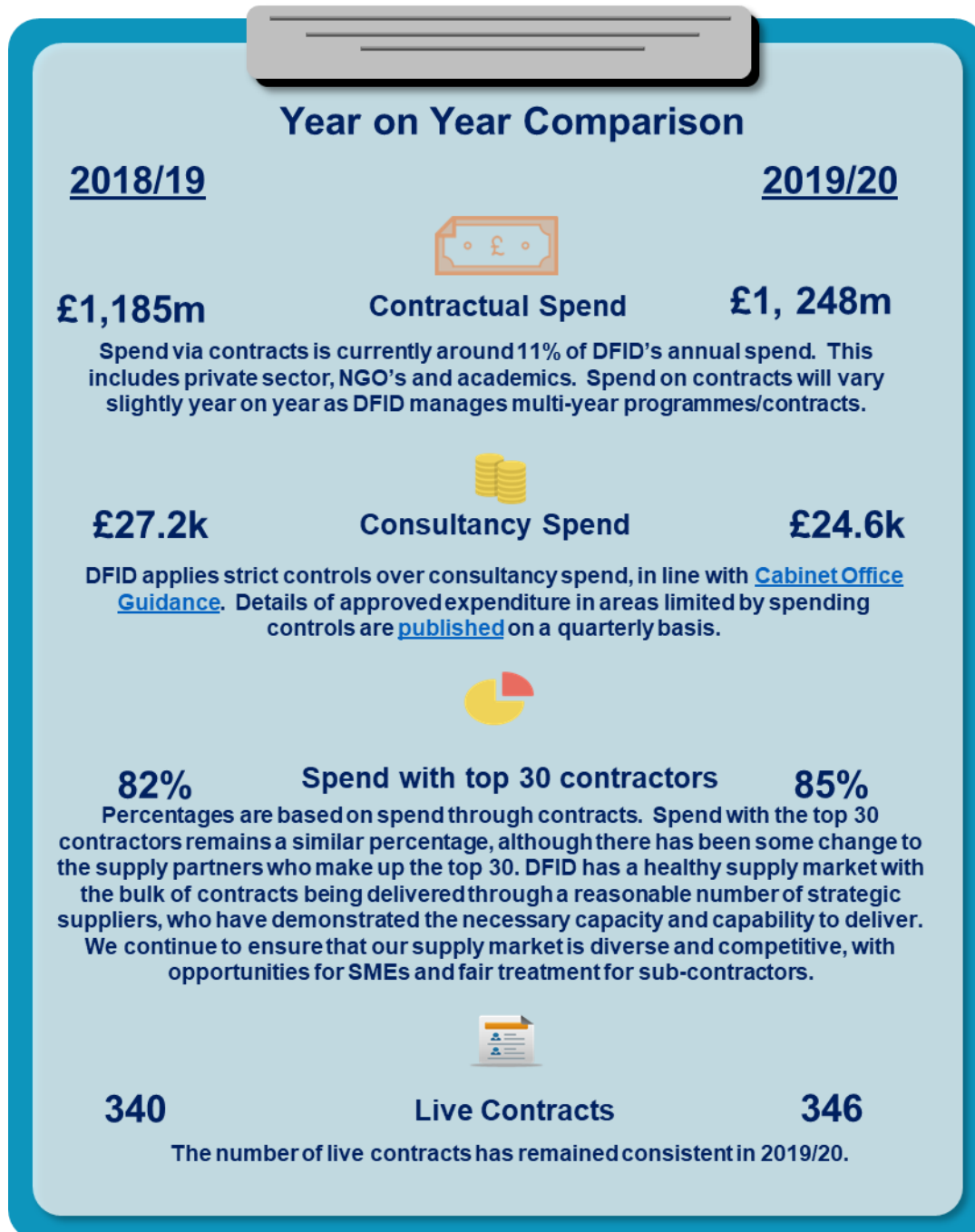
For media enquiries please contact the DFID Press Office on +44 (0) 20 7023 0600.

For further information on development issues and DFID policies, please contact the Public Enquiry Point on 0845 300 4100.

2. Procurement Statistics

Spend – Financial Years 2018/19 and 2019/20

The figures below show information on DFID's direct spend of Official Development Assistance through contractors in the financial years 2018/19 and 2019/20



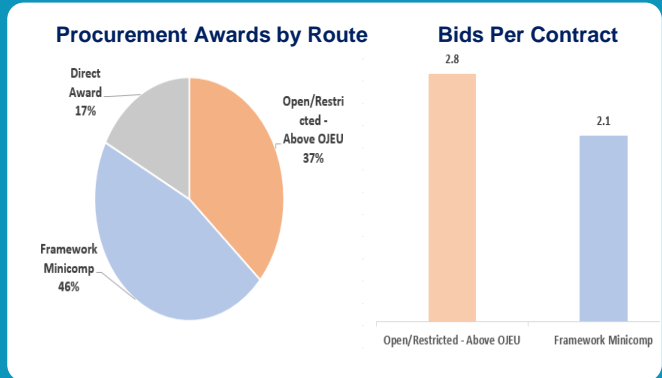
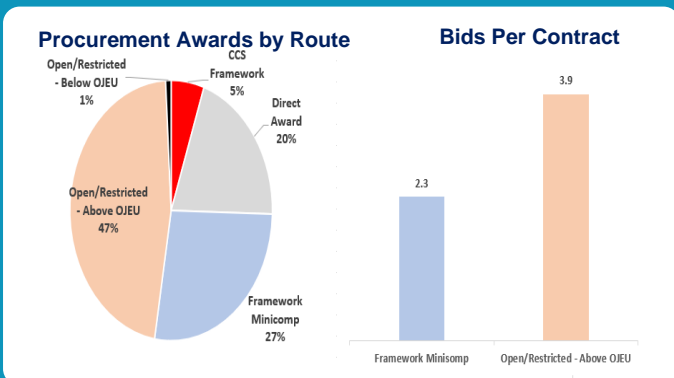
Awarded Contracts Summary

2018/19

2019/20

£1.39bn New Awards	114 Contracts Signed	£12.2m Average Value	16% New Supply Partners (Direct awards)	£1.31bn New Awards	104 Contracts Signed	£12.6m Average Value	8% New Supply Partners (Direct Awards)
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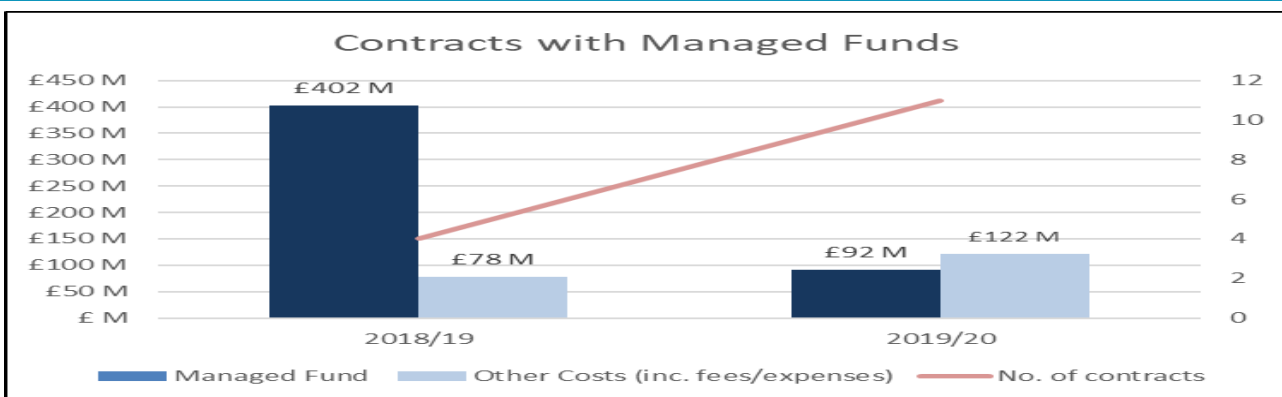
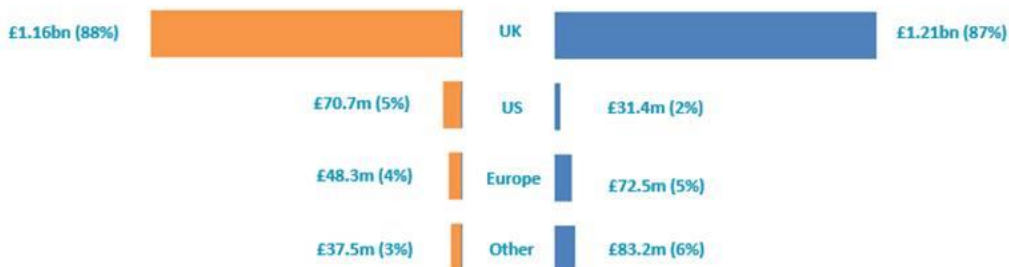
The number of contracts awarded in 2019/20 dropped compared with 2018/19, but the average value of contracts increased slightly, so that the overall amount of funding contracted remained broadly constant. The number of new partners securing contracts decreased significantly. This reflects the push made in 2018/19 to encourage new entrants, including through our Open for Business events. We will want to improve this position in the next financial year, including through a new SME action plan and market creation strategy.



During 2019/20 there has been a significant increase in the use of framework mini competitions. Frameworks are a quicker and more efficient way to deliver many aid programmes, but this has led to an overall decrease in the average bids per OJEU contracts.

Contracts Awarded by Supplier Nationality

(based on winning suppliers account registration details)



There are a greater number of contracts with a fund element during 2019/20 but these are smaller funds that those awarded in 2018/19

Contracts are awarded to run over multiple years, therefore changes to contract award data will vary year by year depending on the specific procurements awarded during the year. Details of contracts awarded can be found in [contracts finder](#).

3. Commercial Vision

Commercial Vision and Priorities

DFID's [commercial vision](#) is to provide best-in-class commercial expertise which delivers the right things at the right time, maximises development impact, is fully aligned to DFID and HMG priorities and drives commercial reform across DFID, HMG and the wider international development system. We do this by:

- Contributing commercial expertise and advice to improve the design of development programmes, enhance development results and maximise value for money;
- Managing procurement and amendment of DFID contracts;
- Managing DFID's commercial relationships with strategic supply partners;
- Ensuring supply partners delivering on DFID's behalf act ethically at all times throughout supply chains;
- Using our commercial expertise to raise standards in the procurement of aid across government; and
- Helping deliver DFID's value for money and effectiveness agenda in the international development system.

Governance

DFID's specialist commercial expertise is housed in the Procurement and Commercial Department (PCD). PCD ensure robust scrutiny of contracts, set DFID's commercial policy in line with Ministerial direction, provide commercial advice to programme teams and ensure adherence with procurement legislation and policy. Information on our procurement policies and how to become a supply partner can be found on [Gov.uk](#). In 2020 we reviewed our commercial operating model to ensure its relevance to the changing nature of global poverty and development. The result of that review will now feed into preparations for an integrated commercial function in the new Foreign, Commonwealth and Development Office.

Government Commercial Organisation Function (GCF) and Government Commercial Organisation (GCO)

DFID's Procurement and Commercial Department is part of the GCF cross-government network procuring and supporting the procurement of goods and services for government. The Government Commercial Organisation (GCO) is the employer of senior commercial professionals within the GCF. The GCF leads the programme of commercial reform across government, provides guidance on best practice for public sector procurement and defines how all government departments should operate to ensure consistency of commercial behaviours and purchasing across government.

Government Commercial Operating Standards

The Government Commercial Operating Standards (GCOS) assess all government departments against a common set of standards and indicators.

In 2019 GCOS was re-purposed as an assessment framework to help organisations establish common expectations, benchmark their commercial maturity and drive continuous improvement and learning.

Organisations use pre-defined maturity indicators to objectively self-assess against 20 metrics across 7 standards, identifying evidence to support their attainment level for each area of commercial practice. The completed assessment is then subject to independent peer review by another government department.

Pre-defined GCOS success criteria indicate if standards are met – and whether ‘good’, ‘better’, ‘best’ (or in ‘development’ if not yet ‘good’) - to establish a baseline of commercial performance. The standards identify areas which have the greatest need for improvement as well as areas of strength. DFID have achieved a rating of 2 development, 8 good and 10 better metrics (6 good and 1 better standards).

The tables below provide the status of DFID’s performance against the GCOS.

Summary by Metric

Metric		2019
1.1	Overall commercial strategy and plan	Better
1.2	Commercial pipeline and planning	Good
1.3	Commercial governance and management framework	Better
1.4	Commercial leadership and senior ownership	Better
2.1	Improving commercial capability	Better
2.2	Commercial resourcing and operating model	Better
2.3	Contract management competency	Development
3.1	Shaping and defining the business need	Good
3.2	Supply market analysis and early market engagement	Better
3.3	Developing and analysing commercial options	Good
4.1	Bid evaluation and supplier selection	Better
4.2	Appropriate risk allocation between parties	Better
4.3	Applying effective contract terms	Better
5.1	Contract mobilisation and transition	Good
5.2	Managing delivery and performance	Good
5.3	Managing contract risk	Good
6.1	Delivering category and market strategies	Good
6.2	Supplier relationship management	Better
7.1	Using commercial systems and tools	Development
7.2	Reporting and utilising commercial intelligence and insights	Good

Summary by Standard

S1	Commercial Strategy, Planning and Governance	Good
S2	Commercial Capability and Resourcing	Good
S3	Define: Pre-Procurement	Good
S4	Procure: Procurement and Contracting	Better
S5	Manage: Contract Management	Good
S6	Managing Categories, Markets and Supplier Relations	Good
S7	Commercial Systems and Information	Good

Commercial Board

The Commercial Board was established in 2018 to coordinate the implementation of commercial reforms, build greater commercial capability and drive good commercial practice across the Department.

The Board plays a coordinating and advisory role, providing feedback and challenge that shape commercial solutions appropriate for DFID, with a mandate to socialise good commercial practice within the business. It acts at four levels:

- **Strategic:** setting DFID's commercial policy and reform priorities;
- **Organisational:** reviewing and improving DFID's commercial management infrastructure and governance;
- **Programme:** ensuring efficient procurement and commissioning of programmes;
- **Capability and culture:** building capability across the organisation and developing more collaborative ways of working between delivery and commercial functions.

The Board is now in its second year and continues to fulfil its remit to test commercial logic and imperatives against operational requirements and balance the need for corporate policy compliance with flexibility in delivery. In 2019-20 the Board:

- Shaped DFID's **commercial vision**, which sets an ambitious 5 years programme of work to apply commercial good practice proportionately across DFID's total funding portfolio, improving both value for money and development outcomes;
- Considered proposals for how best to apply commercial good practice to DFID's **multilateral funding** and commercial input to the renegotiation of framework agreements;
- Supported work on piloting the **application of the Supply Partner Code of Conduct** to CSOs, working closely with BOND;
- Led work to improve the corporate **oversight and governance of grants**, without compromising the speed and flexibility they provide;
- Agreed pilot proposals for greater **early life-cycle delivery assurance** to improve the effectiveness and value for money of major investments, as part of strengthening assurance throughout the programme cycle;
- Considered how best to rollout the Cabinet Office **Contract Management Training and Accreditation Programme** into DFID, in a way consistent with DFID's operating model;
- Agreed proposals to progressively delegate routine and low-cost procurement activity to trained **Delegated Procurement Specialists**, beginning with no-cost amendments. This will give spending departments greater control over the bulk of their amendments, speeding up handling and approval times, whilst enabling specialist commercial resource to focus on more strategic procurement and support to the frontline.

Concept Notes and Business Cases

DFID chooses carefully which method of delivery will be most effective and deliver greatest value for money for each programme through its Concept Note and Business Case process. The **Concept Note** is the first formal approval stage of the programme design cycle and is a document designed for Ministers as the primary audience. It gives a clear justification for programme funding and statement of evidence to inform choices about what interventions to fund and how to deliver them in the Business Case.

The **Business Case** uses the Treasury “five-case” model. It provides fuller information, assessing the various delivery routes available and using market analysis to determine whether the preferred option is commercially viable, provides value for money and delivers the maximum impact for UK aid.

Early Market Engagement helps us gauge the market appetite and advantages of the different delivery routes available and, where appropriate, refine programme design.

Where tendering a contract is deemed most appropriate, the process is subject to The UK **Public Contract Regulations** 2015 and we assess the most appropriate public procurement route to ensure sufficient competition, competitive prices and value for money.

Role of Commercial Delivery Managers (CDMs)

We have a network of CDMs attached to DFID’s overseas offices and UK-based spending departments. CDMs work with programme teams to develop and implement programmes, including engaging and shaping the local supplier markets. They are responsible for:

- Commercial input to all DFID programmes regardless of the form of funding agreement;
- Working with the central Market Creation and Programme Sourcing teams on early market engagement;
- Support in developing Commercial and Appraisal Cases for Business Cases over £5 million (and other relevant sections of the Business Case where appropriate), working with the design team and Senior Responsible Owner for the programme;
- Developing and implementing Commercial Delivery Plans for their business unit, including improvements in commercial capability;
- Providing advice and support on effective supplier and contract management, including contract amendments;
- Engagement and collaboration with third party implementing partners, civil society, multilaterals and overseas governments to improve commercial capability;
- Commercial quality assurance of Business Cases over £40 million;
- Sharing lessons learned and best practice.

Procurement Steering Board (PSB)

DFID's Procurement Steering Board provides assurance of DFID's compliance with commercial controls, government operating standards and encourages organisational learning and continuous improvement to support driving greater commercial acumen within the full programme life cycle of DFID funded projects. It reviews:

- Sourcing Strategies for any contracts with an award forecast for £10 million and above;
- Contract awards above £10 million;
- Requests for termination or suspension of any contract; and
- Contract amendments and extensions.

A sub-committee of the Procurement Steering Board approves light touch sourcing strategies for programmes between £5 million and £10 million. Sourcing Strategies below £5 million and contract awards below £10 million are approved by relevant procurement staff with the appropriate delegated level of authority.

The PSB is constructed to help enhance learning within DFID, ensuring better outcomes and driving value for money. It provides a process to transfer individual knowledge into organisational knowledge and then maintain this knowledge for future sharing to drive continuous improvement.

Sourcing Strategies

Sourcing strategies enable DFID to choose the best commercial option to deliver a programme based on detailed research and market analysis. Each strategy is reviewed and approved by the Procurement Steering Board to ensure that all commercial options are considered and the right one chosen to deliver the programme. By doing this analysis early we can identify and address problems before the programme is launched and estimate more realistically the time needed for inception.

Case Study - Lafiya contract

Lafiya is a £100 million contract, the main component of a seven-year programme of UK support to the health sector in Nigeria. It works in five northern States of Nigeria which have some of the worst health indicators in Africa.

DFID's Procurement and Commercial Department and Country Office in Nigeria designed a multi-dimensional health programme, which provides for both flexibility and control in programme management and works closely with other DFID programmes, Nigerian State Governments, civil society and aid programmes funded by other donors.

The programme provides a commercial model to address a key challenge in international development: working flexibly and adaptively while still delivering value for public money. It uses an activity based mechanism (task orders) to balance the flexibility to test new and innovative approaches with rigorous financial management. The programme identifies an outcome but does not specify the outputs that will achieve this. Instead it tests, pilots, scales up or closes down activities in a feedback loop that enables the programme to learn from experience what works best.

The approach has several advantages:

- ✓ It allows the programme manager to focus resources on aspects of the programme that are working well and scale back aspects that are not as successful;
- ✓ It solves the value for money problem of a contract that can't specify upfront the programme deliverables, allowing the programme manager to focus the programme progressively on the most effective and best value interventions.
- ✓ It places control over the programme with the Senior Responsible Owner and programme management team, who are best placed to understand local conditions and steer the programme accordingly;
- ✓ Importantly, it enables DFID to manage the contract effectively without issuing iterative contract amendments. This reduces the administrative burden on DFID's programme and commercial teams and frees up time for higher priority work;
- ✓ Activity Schedules and Task Budgets are a better value for money option than contract amendments, for whose use DFID has been criticised in the past by the Independent Commission for Aid Impact (ICAI).

Finally, the programme will strengthen incentives for the State Governments in Nigeria to increase investment in health care (Nigeria has one of the lowest levels of funding to healthcare in the world). 10% of Lafiya's budget is allocated to an "Incentive Fund" available to participating States, which is allocated in proportion to State Government investment in health. This will leverage greater government resources and ensure programme results are sustainable.

Multilateral priorities

The bulk of DFID's funding is routed through multilateral development organisations, including the United Nations (UN), International Financial Institutions such as the World Bank and Global Health Institutions. This can take the form either of core funding to the organisation, or a specific funding agreement with a multilateral partner to deliver a bilateral DFID programme. The latter is often referred to as "multi-bi" funding and is set out in an agreement between DFID and the agency concerned.

Commercial expertise and advice is increasingly being used to complement and support the UK Government's agenda for reform of the international development system and improve the effectiveness of multilateral development organisations.

In line with the pace and ambition of DFID's multilateral departments, the procurement and commercial department provide specialist commercial advice on workstreams that deliver across four key areas:

- **At a strategic level** - ensuring DFID business planning processes applies commercial expertise and best practice consistently by developing overarching commercial guidance;
- **At an organisational level** – ensuring DFID inputs into key commercial multilateral reform processes, and that funding agreements include reform objectives and track commercial performance and drive efficiencies where needed;
- **At a programme level** – exploring opportunities to streamline multi-bi programmes (e.g. by identifying joint/pooled procurement opportunities by region or sector) and ensuring all multi-bi programmes, are awarded after appropriate market analysis to deliver maximum value for money;
- **At a global level** – working effectively with other donors to build support for commercial reforms and joint working where opportunities arise (e.g. commodity and supply chain analysis, joint commissioning).

Across these workstreams Procurement and Commercial Department have:

- Seconded a supply chain expert to the UN Population Fund (UNFPA) Supplies programme to support development of a UNFPA Supply Chain Management Strategy and subsequent policies, a global training initiative to improve commercial capabilities across UNFPA, and inventory assessments of "last mile" delivery partners in 16 countries to improve the visibility of commodities and identify the risks involved in each supply chain;
- Provided guidance and support to the Global Family Planning Visibility Analytics Network (Global FP VAN), a network that will allow all supply chain organisations to make better decisions by having access to the same data at the same time;
- Explored multilateral pooled and multi-donor funding options to support DFID business planning;
- Provided support to DFID programmes on mobilisation of funding to multilateral partners through commercially robust funding arrangements;
- Provided commercial inputs to the DFID and UK teams in discussions on UN framework arrangements to streamline and deliver coherence across bilateral UN development agency programming;
- Contributed to DFID's overall target for making efficiency savings through specific initiatives including support for multilateral commodity procurement, pooled procurement

mechanisms and collaboration between UNFPA and the Global Fund on sharing access to long-term agreements for the procurement of condoms and lubricants.

Reviews

Independent Reviews

There have been no new reviews in FY 19/20 but the Independent Commission for Aid Impact (ICAI) have followed up on their previous two reviews - [Achieving value for money through procurement Part 1: DFID's approach to its supplier market](#) (November 2017) and [Achieving value for money through procurement Part 2: DFID's approach to value for money through tendering and contract management](#) (September 2018). The outcome of ICAI's follow up report was not available at the time of writing this report and will be published in July 2020.

4. Market Creation - opening our supply market

Developing our supply base

Increasing the size and diversity of our supply market, by bringing in new supply partners, is a key element of DFID's commercial strategy. We are continuing to develop our supply base and open up our markets by engaging proactively with the supply market, early market engagement for specific programmes, publication of our pipeline of upcoming procurements and the use of social media.

PCD has carried out analysis of the health of DFID's supply market and the bidding behaviour of all supply partners, including local organisations.

Early Market Engagements






Early Market Engagement helps us gauge the market appetite and advantages of the different delivery routes available and, where appropriate, refine programme design.

In the period April 2019 to March 2020 the Market Creation team supported 42 separate market engagement events with a total of 2,692 attendees.

Month	EME No.	Attendees	New	New (%)	SME	SME(%)
Apr-19	2	95	37	39%	25	26%
May-19	3	188	88	47%	22	12%
Jun-19	6	240	51	21%	34	14%
Jul-19	4	237	67	28%	34	14%
Aug-19	2	81	27	33%	6	7%
Sep-19	1	99	23	23%	18	18%
Oct-19	1	100	39	39%	23	23%
Nov-19	1	35	8	23%	12	34%
Dec-19	1	41	6	15%	6	15%
Jan-20	7	309	61	20%	114	37%
Feb-20	8	608	105	17%	176	29%
Mar-20	6	659	138	21%	197	30%
Totals	42	2,692	650	24%	667	25%

Traditionally, EMEs have been held in a DFID office either in the UK or in-country, with supply partners travelling in to join officials. Dial-in facilities might be provided but this was not consistent practice, and events would often suffer from technical issues if a large number of external participants attempted to join.

Listening to feedback from supply partners, we reviewed our approach to EMEs and in April 2019 started making more effective use of new technology to embed a digital approach. As part of this we have identified the various points we could engage the market and developed options to approach each one:

	 Group Session (UK)	 Group Session (Local)	 Webinar	 Survey	 One to One Session
Open for Business / Office Pipeline Days	✓	✓		✓	
Market Testing	✓	✓	✓	✓	
Pre-Business Case	✓	✓	✓	✓	
Pre-Tender		✓	✓	✓	
Post Tender (Single Bid Feedback)			✓	✓	✓

Education Pipeline Early Market Engagement

Early Market Engagement events (EMEs) help to gather feedback on our planned contracts, encourage increased competition and capture market intelligence. Our “traditional” EMEs were delivered from one location, either in the UK or in the target country. These face-to-face events were not accessible to all supply partners due to where they were located. Both supply partners and the DFID team would have to travel to the chosen location of the EME incurring costs on both sides. Security within DFID added another layer of difficulty for the EME team as all supply partners were given escorted passes.

We are now making increasing use of EMEs delivered via Skype for business, which allows up to 250 people to dial in through a laptop or phone from anywhere in the world. Following analysis of the commercial pipeline, we identified a large volume of education related programmes across multiple countries. We used Skype to hold a successful Education Pipeline Event with 89 suppliers, from 14 different countries participating online. This allowed greater interaction with suppliers and reduced the time and staff needed to host the event.

The new approach has a number of advantages:

- It breaks down barriers to participation, particularly with SMEs and in-country supply partners who would not be able to participate in person;
- It removes the need for officials or supply partners to travel to events, saving DFID money and reducing our carbon footprint;
- It promotes consistency of experience for supply partners. We have now developed standard templates for use at all EMEs, ensuring that supply partners hear consistent messages from DFID on how we approach the market and making it easier for our market to engage with us;
- Online events make it easier for supply partners to ask more sensitive questions one-to-one with DFID officials that they might hesitate to raise in front of potential competitors, improving the design of DFID programmes and their value for money.

Set up in 2016, the @DFIDProcurement twitter account is part of our approach to communicate transparently with our market. It is used to share details of upcoming market engagement events, promote feedback surveys and convey key commercial messages to the market. As of January 2020, our twitter account has more than >3,400 followers, making it the second largest following of a commercial twitter feed across HMG.

DFID attended a 'Meet the Buyer' event in Hampden Park Glasgow in November 2019. This event hosted exhibitors from the public sector, private contractors and business support providers, and was the largest free procurement event in Scotland. The Procurement and Commercial Department spoke with 86 supply partners looking for information about working with DFID.

In March 2020, DFID attended the USAID Frankfurt 2020 Small Business Conference. The two-day conference offered DFID an opportunity to understand USAID's programming priorities and procurement needs for Europe, Eurasia, Middle East, and Africa. It afforded the opportunity to further develop DFID and USAID's partnership and learning across the development sector along with access to the international SME market.

Small and Medium size Enterprises (SMEs)

SMEs are a vital part of DFID's supply network. DFID's confirmed procurement spend with SMEs in the financial year 2018-19 was 45.4%¹ of our total contract spending, of which 20.3% (£241m) was contracted directly with SMEs and 25.1% (£297m) was spent through sub-contractors in DFID's supply chains. This is the highest proportion of any department in government.

DFID has consistently exceeded the HMG target of 33% procurement spend with SMEs by 2022. This reflects the success of the [SME Action Plan](#), which has been in place since 2017 and improvements in how we collect indirect SME spend data from our tier 1 supply partners.

At the time of publication we can only give our projected estimate of SME spend for 2019-20. This is likely to show a reduction from the previous year, as responses from some supply partners have been delayed due to COVID-19 and supply partners previously classified as SMEs have now grown to the point at which they no longer count towards our total SME spend.

Frameworks

Frameworks provide access to a pre-qualified range of suitable supply partners, making it easier and quicker for DFID to draw down support and respond flexibly to opportunities as they arise. By aggregating spend they provide DFID with better value for money, reduce the administrative burden on supply partners, shorten procurement timescales, open up the market to new supply partners and increase opportunities for SMEs and micro organisations.

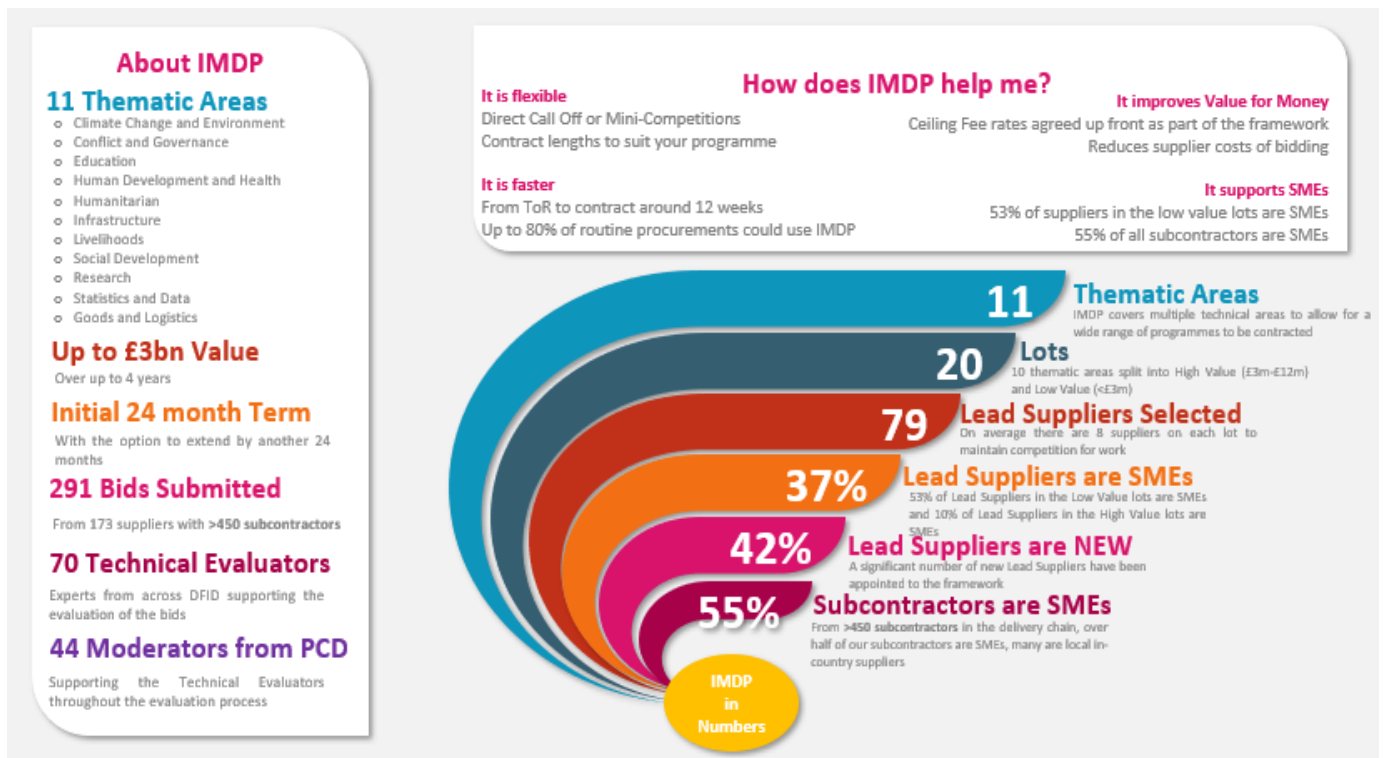
¹ [Central Government Direct and Indirect Spend with Small and Medium sized Enterprises 2018/19](#)

DFID’s current frameworks are set out below:

Framework	Prime			Sub-Contractors			
	Large Suppliers	SMEs	Total	Large Suppliers	SMEs	Unclassified	Total
Expert Advisory Call Down Service	3	1	4	47	72	0	119
General Economic Development Framework	12	1	13	45	87	0	132
Global Evaluation Framework	12	8	20	81	113	135	329
Independent Monitoring & Process Evaluation Regional Framework	4	9	13	8	64	13	72
International Multi Disciplinary Programme (IMDP)	49	33	82	252	301	0	553
	80	52	132	433	637	148	1205

In May 2019 we launched a new International Multi-Disciplinary Framework. The IMDP has been designed to cover procurements up to £12 million and is expected in time to account for up to 80% of our routine procurement.

The framework is structured via key thematic areas and by values, with low value “lots” for programmes up to the value of £3 million. The framework has opened up competition with a total number of 82 prime suppliers and more than 450 subcontractors. 29 of the prime suppliers are new to DFID and 16 of those new supply partners are small and medium-sized enterprises (SMEs). Over half of the subcontractors are SME’s.



UK Supply Partners

DFID's contracts are tendered in accordance with the UK Public Procurement Regulations 2015, which ensure open and fair competition between bidders. British companies have continued to be very successful in this competitive market, winning a significant proportion of our work and the majority (over 80%) of large contracts awarded by DFID.

There is a major deficit of technical capacity in the poorest countries and the market for professional services and technical assistance in developing countries runs to tens of billions of pounds a year. British firms have strong expertise in this area and compete effectively in the global market.

DFID contracts are worth around £1 billion each year to UK business and accountable grants a further £500 million to UK-based Civil Society Organisations. Funding on this scale will support a substantial number of jobs in the UK.

Transparency and Feedback

DFID has set high standards and measures to provide greater transparency, scrutiny and control of costs by supply partners.

We continue to benchmark our practice against that of other donors, other government departments, private sector businesses and sector experts and most importantly, we engage with our supply partners to improve performance, monitor the impact of reforms, understand their experience of working with us and identify improvements.

In 2019 we reached out to supply partners to hear their [feedback](#) on DFID's Commercial Cost template. We listened and simplified the [template](#) and excel form and will tailor where possible to synchronise with the tender it accompanies. We have rationalised guidance on eligible costs so that there is now one [Eligible Cost Policy](#) applicable to contract and grant funded supply partners.

We also have a mature fee rate database with over 23,000 entries and have started monitoring supply partner profit levels following the first set of returns by supply partners against the profit monitoring clause in DFID contracts. Following feedback from supply partners we are now creating methodology and guidance to accompany the profit monitoring clause.

An accurate pipeline of forthcoming procurement opportunities is an important tool for supply partners in deciding which tenders they may wish to bid for and to plan accordingly. We publish a pipeline on Gov.UK and are progressively extending the number of items and timeline it covers. However, we recognise this remains an area for further improvement. We will continue to work with programme teams to improve the pipeline of contract opportunities for our partners.

DFID successfully launched the new [Supply Partner Portal](#) in August 2019, further details on the portal can be found in Section 7. Prior to launch, user acceptance testing was conducted with DFID's supply base. This allowed DFID to elicit detailed feedback and build early engagement and support ahead of the launch of the portal. A group of 12 organisations which represent the varied demographic of DFID's supply market in terms of size, spend and thematic area were invited to participate in the exercise.

5. UK Aid Supply Partner Conference

Maximising impact across Government

Engagement and feedback from our supply partners is an essential element in improving DFID's commercial practice. On 4 September 2019, we held the first ever cross-government UK Aid Supply Partner Conference at the BEIS conference centre. Its theme was Maximising Impact Across Government, recognising that aid is a truly government-wide priority.

Over 200 representatives of DFID's private sector and civil society partners attended the conference. Officials from DFID, FCO, the Home Office, the Department of Business, Energy and Industrial Strategy, the Department of Environment, Food and Rural Affairs, and the Department of Trade and Industry all attended.

This was an exceptional day, enabling government officials and supply partners to share knowledge and experience, hear from high calibre speakers, and workshop key policy and operational areas for the delivery of UK aid.

Agenda

Session 1

UK Aid and working across Government

Session 2

The role of the Government Commercial Function

Session 3

Address from Secretary of State for International Development

Session 4

Safeguarding

Session 5

Strategic directions in UK aid

Session 6

Breakout sessions

Session 7

Climate & Environment Strategy

Session 8

Disability Inclusion

Session 9

Breakout 2

Session 10

Breakout 3

Closing Remarks

The conference agenda was designed to give delegates the opportunity to engage with the full range of government departments who spend "Official Development Assistance" (ODA). Breakout sessions followed plenary discussions and presentation, giving supply partners chance to quiz officials and begin to map out what new policy directions meant for them.

Zac Goldsmith MP, the then Minister of State for DFID with responsibility for procurement and commercial practice delivered the opening address. As a joint Minister with DEFRA he focused in particular on the challenge of climate change.



The Government's Chief Commercial Officer, **Gareth Rhys Williams**, gave the conference an overview of the work of the Government Commercial Function and its vision to *"be the best commercial function in the UK"*.

"This is the first UK Aid supply partner conference that is aimed to improve the way we work commercially and make better use of taxpayers' money."

We should improve the delivery of the ODA agenda by negotiating value and delivery and the vendor must make a fair return. To improve contract management, training has been launched across government so that there is consistency in skills.



The vision and mission of the Government Commercial Function is to have the ODA departments working together to share best practice and raise standards by having a consistent approach to delivering UK aid."

The then Secretary of State for International Development, **Alok Sharma MP**, delivered the keynote address. He pledged to *"work across the whole of government...and make sure UK aid is tackling global challenges that affect us all, such as climate change, disease and humanitarian disasters"*.

The Secretary of State went on to discuss how we *"develop measures to drive commercial excellence and ensure that we are getting the best that the UK's business and voluntary sectors can offer"*.

Safeguarding

DFID, Bond, and IMC Worldwide led a panel session on Safeguarding against Sexual Exploitation, Abuse and Sexual Harassment (SEAH).

The panel agreed that safeguarding could not be just another tick box exercise but required a zero-tolerance approach from all development actors, and a combination of robustness and sensitivity in supporting survivors. Visible, sustained leadership would be needed to change the culture both within the international development sector as a whole and within development organisations.

Strategic Directions in UK Aid

DFID's Deputy Chief Economist, presented research into the changing nature of global poverty, how this might affect the drive to achieve the Sustainable Development Goals, and the implications for the UK's development strategy. Despite the huge reduction in global poverty over the last 40 years, large numbers of people in around 50 countries are still stuck in a poverty trap. The direction of economic growth suggested that poverty would become increasingly concentrated in sub-Saharan Africa. DFID would therefore focus increasingly on sub-Saharan Africa and on fragile and conflict-affected states.

The Head of the Government's Joint Funds Unit, outlined the work of the two strategic cross-government funds established to support delivery of the UK's security and global prosperity objectives: the £6 billion Conflict, Stability and Security Fund (CSSF) and £1.2 billion Prosperity Fund.

Disability Inclusion

For our final plenary session of the day, we welcomed a panel consisting of representatives from the UN Convention on the rights of persons with disabilities, the International Disability Alliance, DFID, Sightsavers and the International Disability and Development Consortium.

Sightsavers provided a sign language interpreter and closed captions for this session and the follow-on breakout sessions.

Over 1 billion people across the globe have some form of disability. Achieving the Sustainable Development Goals would require a strategy to "leave no one behind" and the inclusion of people with disabilities into every aspect of programming, from design onwards. The panel agreed that both donors and supply partners needed greater expertise in disability inclusion, based on better data and should cooperate to mainstream disability into development programmes and employment policies.



6. Supply Partner Management

Strategic Relationship Management Programme (SRM)

DFID's Strategic relationship management programme continues to unlock innovation and drive mutual improvements in performance based on collaborative relationships between customer and supplier. The SRM programme covers:

42

Supply Partners

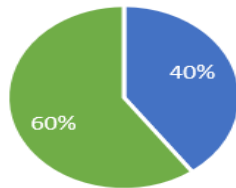
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Countries/Spending teams

80%

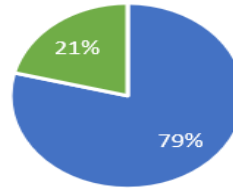
Contract/grant funds

Split of Supply Partners by Type



■ Private Sector ■ NGO

Split of Supply Partners by Size



■ Large ■ SME

Assessing performance

The programme is underpinned by a performance scorecard process which is used to assess supply partners' performance against six performance pillars: Flexibility, Delivery & Support, Quality, Value for Money, Partnership and Risk & Compliance.

As part of our continual improvement within the programme, we have redesigned the previous SRM scorecard to make it easier to complete and more focused, reducing the number of questions from 16 to 4 questions on Quality, Delivery, Value and Innovation and Risk & Compliance. The numerical grading system (from 1-7) used in the first iteration of the scorecard has been also replaced with closed questions that can be directly linked back to the funding agreement lifecycle.

We also intend to increase our coverage of supply partners' spend from 80% to 100% of the portfolio. This will enable us to develop a truly holistic view of our portfolios with partners to improve performance, drive VFM and unlock greater creativity and innovation.

The first round of new generation scorecards was due to be launched in the first quarter of 2020. However, these were paused to allow all teams to respond to Covid-19 and its impacts on DFID's supply partners.

Although scorecard assessments have been paused during Covid-19, we continue to work with our SRM supply partners on Joint Business Plans. DFID continues to assess supply partner performance as part of its day-to-day programme management and the Annual Reviews conducted by SROs.

We have also continued to hold formal review meetings with SRM partners. These Quarterly Reviews and bi-annual Strategic Reviews provide regular and structured opportunities for DFID and supply partners to discuss key policy and strategic issues, local issues that may need resolution and any organisational changes that might impact on the overall relationship. It is important to note that no commercially beneficial information is shared preferentially with any supply organisation, through any channel, including the SRM programme, in accordance with DFID's duty under the Public Contract Regulations 2015.

The supply partners covered under the SRM programme are:

Gold			Silver		
	SME	Type of Org		SME	Type of Org
British Council	No	NDPB	Adam Smith International	No	Private
Christian Aid	No	NGO	Cardno Emerging Markets	No	Private
Crown Agents	No	Private	Care International UK	Yes	NGO
DAI Europe			Clinton Health Access Initiative	No	NGO
IMA World Health	No	Private	Concern Worldwide	No	NGO
IMC Worldwide Limited	Yes	NGO	Crown Agents Bank	Yes	Private
International Rescue Committee	Yes	Private	Danish Refugee Council	No	NGO
Marie Stopes International	No	NGO	GSMA Mobile for Development Foundation Inc	Yes	Private
Mercy Corps Europe	No	NGO	Halo Trust	No	NGO
Mott MacDonald	No	NGO	International Medical Corps UK	No	NGO
Oxford Policy Management	No	Private	International Planned Parenthood Federation	No	NGO
Palladium	No	Private	IPE Global Ltd	No	Private
PriceWaterhouseCoopers	No	Private	KPMG	No	Private
Save the Children	No	Private	Liverpool School of Tropical Med.	No	NGO
Tetra Tech International Development	Yes	NGO	London School of Economics & Political Science	No	NGO
			London School of Hygiene & Tropical Medicine	No	NGO
			Louis Berger Group, Inc	No	Private
			Mannion Daniels Limited	Yes	Private
			McKinsey & Co	No	Private
			Norwegian Refugee Council	No	NGO
			Overseas Development Institute	Yes	NGO
			Oxfam	No	NGO
			People in Need	No	NGO
			Population Services International	No	NGO
			Sightsavers	No	NGO
			SNV Netherlands Development Org.	Yes	NGO
			Voluntary Service Overseas	No	NGO

Supply Partner Code of Conduct

DFID's Supply Partner Code of Conduct was launched in October 2017 and has now been live for two years.

DFID continues to hold Supply Partners to high standards to be sustained throughout the whole programme life cycle through the Supply Partner code of conduct which forms part of DFID's contractual [terms and conditions](#).

The application of the Code to our contracts helps to:

- Protect the integrity of DFID and its supply partners, providing assurance to taxpayers that public money is being used effectively and ethically;
- Enable more regular and meaningful management information for DFID's country teams and intelligence on our supply partners to inform the development of DFID's supply chain strategies;
- Support a more proactive approach to risk assessment, enabling DFID to identify financial vulnerability in time to develop appropriate risk mitigation plans and business continuity plans to protect programmes delivering benefits to poor and vulnerable people;
- Build up a body of evidence, data and research that will form the basis for a resilience strategy for DFID's supplier market to stimulate growth (including for SMEs) and increase stability in our market;
- Deliver better value for money across our main supply partners' portfolios; and
- Help supply partners to improve and raise their standards.

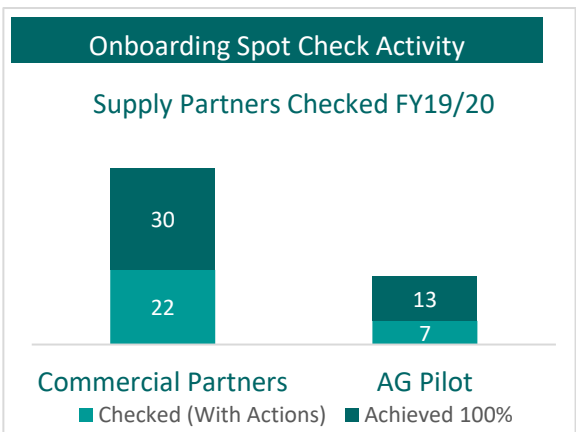
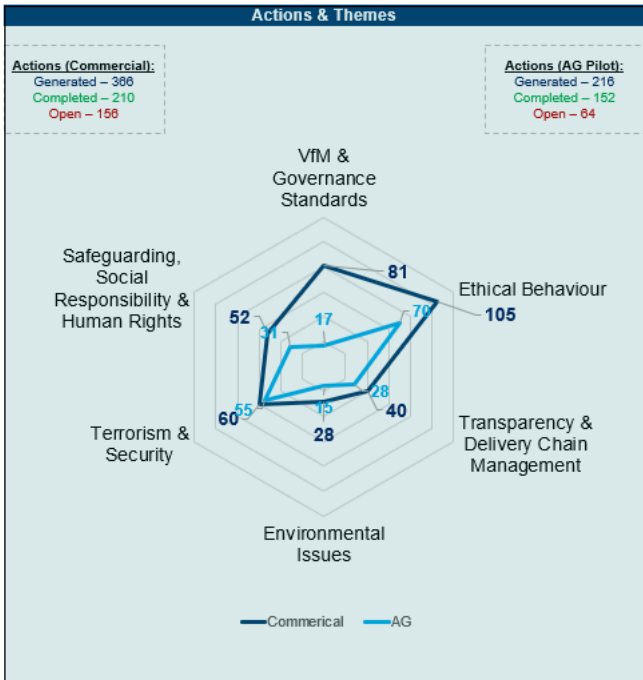
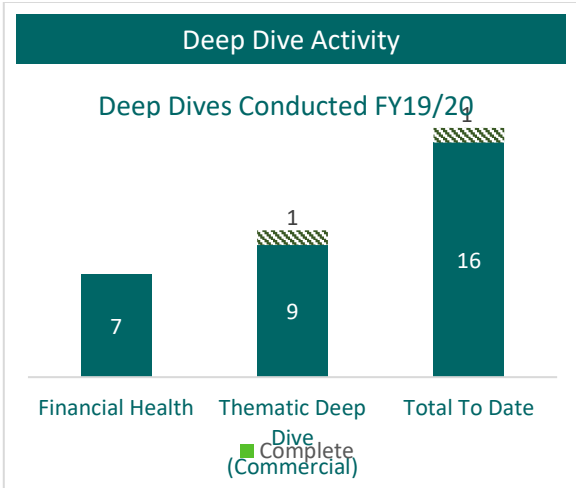
Supply partners are asked to demonstrate sustained high standards in the following areas:



Managing compliance

Compliance with the Code is managed by a dedicated compliance team of specialists who work collaboratively with supply partners throughout the lifetime of the funding arrangement, providing the highest degree of assurance of ethical behaviour and value for money to the public and beneficiaries.

The Compliance and Risk team has carried out spot checks of compliance and “deep dives” into key areas of the Code, such as financial sustainability. These have generated improvement actions, strengthening supply partners’ policies and procedures in the areas of whistleblowing, safeguarding and recruitment.



Pilot for application of Code to Accountable Grants

In 2019-20 DFID and 20 Civil Society Organisations, including BOND, undertook a pilot programme for application of the Code for Accountable Grants awarded by DFID to CSOs. This has helped both DFID and CSOs understand better how the Code applies to CSOs and the requirements for implementation. It will help DFID and BOND to work together to develop a Code learning community for CSOs that wish to learn more or share good practice.

The outcomes of the pilot are being collected and analysed to determine how the full roll-out to AGs can best be shaped using the experiences and lessons learned from the pilot. However, some important issues remain to be discussed and agreed with key stakeholders before the Code can be applied to all DFID Accountable Grants. The timescales for this are currently unclear due to the impact of Covid-19.

Digital improvements

During 2019-20 we have utilised software to reduce the manual effort and provide robust early warning indicators on credit and procurement risks on our Commercial Supply Partners and introduced a new SRM and compliance & risk Management system, inSPIRE, provided by State of Flux). The performance and compliance modules are the first to be rolled out, and other supply partner modules (such as Joint Business Planning) will come later. The new platform will provide real-time results and reduce inefficiencies experienced with the current manual process of obtaining supply partner data, systemising and digitising our processes to generate enhanced insight into the performance of our supply base.

DFID has undertaken a small pilot of the new platform with 'gold' supply partners. The Foreign and Commonwealth Office (FCO) are also progressing with the technology pilot. This puts us in a strong position to roll out the platform in the new Foreign, Commonwealth and Development Department and is intended to become the basis of a consistent approach to supply partners for compliance, risk and SRM across ODA spending departments.

Other Government Departments

DFID continues to work with other government departments spending aid to establish a single UK Aid Commercial Hub, driving common practices, systems and processes wherever possible and ensuring consistently high commercial standards across all UK aid. In turn, this will drive better outcomes for the world's most vulnerable and UK taxpayers.

Our focus in the last year has been collaboration, particularly with the FCO, to operationalise the SRM and Code compliance approach across government. We have concluded supplier segmentation, which differentiates between supply partners and classifies them based on consideration of key factors such as business criticality, risk profile and the volume/complexity of funding agreements.

We are continuing to develop the basis for a single Strategic Relationship Management programme for all UK aid supply partners across government. This work is being led out of DFID utilising the Cabinet Office best practice methodology to conduct a path-finder SRM roll-out across a small number of high-impact (Gold) supply partners.

When completed, this will enable us to speak to our supply partners with one voice across government, something for which our supply base has been calling for some time.

Gold Supply Partner Summary

The below table sets out the performance of suppliers against the standards in the Code of conduct and other important performance measures.

Gold Supply Partners (A-Z)	Contracts			Policies				Subcontractors						Code of Conduct Corporate Assurance 2019/20						
	New T&C's Accepted	Procurement Spend 2019/20 (includes fund values ¹)	Volume of Contracts	Gender Pay Gap	Total Modern Apprentices	Modern Apprentices	Social Inclusion (Disability)	% of DFID Revenue Subcontracted	% DFID Subcontracted Revenue to UK Registered	% of DFID Revenue Paid to SME's ⁴	% of DFID Revenue Paid to In-Country Supply Partners	% DFID Subcontracted Revenues to UK based SME Organisations	Average Days to Pay Invoices ²	VfM and Governance Standards	Ethical Behaviour	Transparency & Delivery Chain	Environmental Issues	Terrorism and Security	Safeguarding, Social Responsibility & Human Rights	Published Modern Slavery Statement
BRITISH COUNCIL	✓	£20.9m	6	N/P ³	0	0	✓	35.1 %	10.9%	25.3%	40.9%	8.5%	6.2	✓	✓	✓	✓	✓	✓	✓
CHRISTIAN AID	✓	£3.0m	2	10.5%	1	0	✓	5.8 %	67.7%	5.8%	15.2%	67.7%	26	✓	✓	✓	✓	✓	✓	✓
Tetra Tech International Development	✓	£18.9m	16	36.9%	0	0	✓	96.7 %	39.2%	81.2%	52.6%	56.4%	19	✓	✓	✓	✓	✓	✓	✓
Crown Agents	✓	£83.8m	7	N/P ³	0	0	✓	69.1 %	27.4%	25.0%	57.9%	17.9%	34	✓	✓	✓	✓	✓	✓	✓
DAI Europe	✓	£82.7m	19	22.6%	0	0	✓	65.4 %	Not Available ⁴	49.5%	45.6%	Not Available ⁴	22	✓	✓	✓	✓	✓	✓	✓
IMA World Health	✓	£26.5m	2	N/P ³	0	0	✓	34.7 %	0.0%	5.5%	78.0%	0.0%	30	✓	✓	✓	✓	✓	✓	✓
IMC Worldwide Ltd	✓	£47.2m	17	N/P ³	1	0	✓	60.1 %	46.3%	64.4%	86.6%	19.2%	21	✓	✓	✓	✓	✓	✓	✓
Marie Stopes International (MSI)	✓	£34.7m	3	Awaiting Submission – Extension request due to COVID-19 ⁵									✓	✓	✓	✓	✓	✓	✓	✓
MERCY CORPS EUROPE	✓	£2.4m	1	-17%	0	0	✓	62.3 %	0.0%	0.0%	0.0%	0.0%	12.3	✓	✓	✓	✓	✓	✓	✓
MOTT MACDONALD LTD	✓	£86.1m	18	20%	138	0	✓	23.1 %	64.8%	10.3%	25.3%	24.4%	32	✓	✓	✓	✓	✓	✓	✓
OXFORD POLICY MANAGEMENT	✓	£55.2m	46	Awaiting Submission – Extension request due to COVID-19 ⁵									✓	✓	✓	✓	✓	✓	✓	✓
PALLADIUM	✓	£89.7m	27	-1.6%	1	0	✓	57.9 %	60.8%	52.2%	39.2%	56.7%	24.5	✓	✓	✓	✓	✓	✓	✓
PRICEWATERHOUSECOOPERS	✓	£154.6 m	10	9.7%	47	1	✓	74.9 %	41.9%	29.2%	21.3%	72.7%	24	✓	✓	✓	✓	✓	✓	✓

¹ Procurement spend includes funds under management

² Average days to pay data taken from <https://www.gov.uk/check-when-businesses-pay-invoices> or voluntary submissions to DFID from supply partners

³ N/P – Not Provided due to the impact of COVID-19 on suppliers. Government Equality Office have temporarily suspended the requirement for businesses to report this data for 2019/20 <https://www.gov.uk/government/news/employers-do-not-have-to-report-gender-pay-gaps>. The following suppliers have indicated that Gender Pay Gap reporting will resume in 2020/21 - British Council, Crown Agents, IMA World Health and IMC Worldwide Ltd

⁴ DAI have been unable to provide a breakdown of subcontractor spend with UK based organisations due to internal systems limitations. This is being reviewed for reporting in 20/21

⁵ Due to COVID-19 both Marie Stopes International and Oxford Policy Management requested extension to submission for Annual Declaration / Supplementary Information. The Code of Conduct Assurance for both is based on current Code review status.

Top 20 (by value of spend) Silver Supply Partner Summary

The below table sets out the performance of suppliers against the standards in the Code of conduct and other important performance measures.

Silver Supply Partners (A-Z)	Contracts			Policies				Subcontractors						Code of Conduct Corporate Assurance 2019/20						
	New T&C's Accepted	Procurement Spend 2019/20 (includes fund values ¹)	Volume of Contracts	Gender Pay Gap	Total Modern Apprentices	Modern Apprentices on DFID Programmes	Social Inclusion (Disability)	% of DFID Revenue Subcontracted	% DFID Subcontracted Revenue to UK Registered Organisations	% of DFID Revenue Paid to SME's (Regardless of Location)	% of DFID Revenue Paid to In-Country Supply Partners	% DFID Subcontracted Revenues to UK based SME Organisations	Average Days to Pay Invoices	VfM and Governance Standards	Ethical Behaviour	Transparency & Delivery Chain Management	Environmental Issues	Terrorism and Security	Safeguarding, Social Responsibility & Human Rights	Published Modern Slavery Statement
ADAM SMITH INTERNATIONAL LTD	✓	£31.3m	10	Awaiting Submission – Extension request due to COVID-19 ²										✓	✓	✓	✓	✓	✓	✓
AECOM LIMITED	X ³	£8.5m	9	Awaiting Submission – Extension request due to COVID-19 ⁴										No Contracts Currently Live with Code ³						
CARDNO EMERGING MARKETS (UK) LTD	✓	£13.1m	5	0.3%	0	0	✓	94.7%	27.7%	28.8%	16.1%	47.0%	27	✓	✓	✓	✓	✓	✓	✓
CHEMONICS	✓	£11.5m	3	N/P ⁵	0	0	✓	0.8%	0.0%	0.3%	0.0%	0.0%	31	✓	✓	✓	✓	✓	✓	✓
CONCERN WORLDWIDE	✓	£8.8m	1	Awaiting Submission – Extension request due to COVID-19 ⁴										✓	✓	✓	✓	✓	✓	✓
IPPF	✓	£41.4m	1	10.9%	0	0	✓	85.9%	61.5%	47.4%	38.5%	36.0%	17.5	✓	✓	✓	✓	✓	✓	✓
KPMG LLP	✓	£36.6m	6	Awaiting Submission – Extension request due to COVID-19 ²										✓	✓	✓	✓	✓	✓	✓
London School of Economics and Political Science	✓	£13.9m	2	Awaiting Submission – Extension request due to COVID-19 ⁴										✓	✓	✓	✓	✓	✓	✓
London School of Hygiene and Tropical Medicine	✓	£7.3m	2	Awaiting Submission – Extension request due to COVID-19 ⁴										✓	✓	✓	✓	✓	✓	✓
Mannion Daniels Limited	✓	£44.6m	2	14%	0	0	✓	56.0%	62.4%	37.2%	37.6%	73.7%	21.6	✓	✓	✓	✓	✓	✓	✓
McKinsey & Co, Inc UK	✓	£9.3m	3	Awaiting Submission – Extension request due to COVID-19 ⁴										✓	✓	✓	✓	✓	✓	✓
OPTIONS CONSULTANCY SERVICES LIMITED	✓	£3.6m	3	N/P ⁵	0	0	✓	50.3%	62.6%	25.4%	37.4%	25.9%	21	Compliance Process Underway ⁶						
Overseas Development Institute	✓	£6.6m	3	10.2%	0	0	✓	100.0%	53.9%	99.2%	45.3%	54.3%	30	✓	✓	✓	✓	✓	✓	✓
PLAN INTERNATIONAL UK	X ³	£5.7m	1	11.9%	1	0	✓	86.9%	24.4%	0.0%	0.0%	0.0%	4.7	No Contracts Currently Live with Code ³						
Population Services International	✓	£9.1m	1	N/P ⁵	5	0	✓	59.1%	0.0%	9.2%	15.6%	0.0%	28.4	✓	✓	✓	✓	✓	✓	✓
PRICEWATERHOUSECOOPERS - India	✓	£4.6m	3	N/P ⁵	0	0	✓	22.4%	7.3%	15.2%	74.5%	0.0%	11.1	✓	✓	✓	✓	✓	✓	✓
Sight Savers International	✓	£21.3m	2	4.2%	0	0	✓	55.6%	16.0%	14.0%	28.2%	17.3%	4.8	✓	✓	✓	✓	✓	✓	✓
SNV Netherlands Development Organisation	✓	£3.9m	1	N/P ⁵	0	0	✓	Not Available via Internal Systems ⁷					30	Compliance Process Underway ⁶						
THE HALO TRUST	✓	£15.2m	1	N/P ⁵	0	0	✓	45.2%	52.7%	0.0%	0.0%	0.0%	5	✓	✓	✓	✓	✓	✓	✓
VOLUNTARY SERVICE OVERSEAS	✓	£17.6m	1	Awaiting Submission – Extension request due to COVID-19 ⁴										Compliance Process Underway ⁶						

¹ Procurement spend includes funds under management

² Due to COVID-19 the Supply Partners requested extension to submission for Annual Declaration / Supplementary Information.

³ The following supply partners do not currently have contracts under the current T&C's - AECOM Ltd and Plan International UK Ltd

⁴ Due to COVID-19 the Supply Partners requested extension to submission for Supplementary Information

⁵ N/P – Not Provided due to the impact of COVID-19 on suppliers. Government Equality Office have temporarily suspended the requirement for businesses to report this data for 2019/20 <https://www.gov.uk/government/news/employers-do-not-have-to-report-gender-pay-gaps>. The Supply Partners have indicated that Gender Pay Gap reporting will resume in 2020/21.

⁶ The following supply partners are currently under compliance assessment in relation to the Code of Conduct - Options Consultancy Services Ltd, SNV Netherlands Development Organisation and Voluntary Service Overseas

⁷ SNV Netherlands Development Organisation have been unable to provide a breakdown of subcontractor spend with UK based organisations due to internal systems limitations. This is being reviewed for reporting in 20/21.

7. Building Commercial Capability and Systems to deliver

Building Commercial Capability

Good commercial practice is an essential element in delivering better development results, better value for public money and assurance that organisations funded by public money behave ethically and professionally at all times. DFID is building its commercial capability in line with high government standards set by the Cabinet Office.

Increasing capability of commercial staff

DFID is continuing to develop the commercial capability of staff:

- Individuals in the majority of DFID's senior commercial roles (Grade 7 and above) have been accredited by the Government Commercial Organisation through an Assessment and Development Centre (ADC);
- 47% of DFID's procurement and commercial team are accredited members of the industry's professional body, the Chartered Institute of Procurement and Supply (CIPS). All staff with membership of CIPS are working towards chartered status which includes further professional development and enrolment in the CIPS ethics course;
- We support continuous professional development in the department with regular knowledge drops to share learning through practical real-life examples, as well as regular formal learning such as, CIPS ethics, anti-fraud and corruption and legal updates;
- To further support learning and build capability we will be building a skills matrix for the department that will support targeted learning interventions;
- DFID's professional procurement and commercial Cadre supports learning by delivery of bi-annual development events. These run over 2 – 3 days and focus on current commercial issues, best practice, career development and tactical learning. Our event in November was opened up to DFID's Delegated Procurement Officers to promote further learning.

Awards

DFID's Procurement and Commercial Department has won six CIPS (Chartered Institute of Procurement & Supply) awards, one GO Excellence in Public Procurement Awards Scotland and one Civil Service Award since 2013. The most recent awards received in 2019 were for the CIPS Supply Management Awards for Public Procurement for the Women's Integrated Sexual Health programme (WISH) and the GO Excellence in Public Procurement Awards

Scotland for the LINKS programme which is a flagship economic development programme in Nigeria.

Increasing capability of non-commercial staff

PCD supports the professionalisation of programme delivery teams by providing learning and development products to non-commercial staff with:

- Induction training for DFID staff designated as Senior Responsible Owners of programmes. This includes training in the commercial involvement required at business case stage, Strategic Relationship Management, compliance with the Supply Partner Code of Conduct and market creation practices;
- Induction training for new Advisors covering the Procurement cycle, including how to work effectively with commercial colleagues;
- Providing commercial training for Programme Managers as part of the integrated capability offer; and
- Promoting and encouraging all non-commercial staff to engage with various types of commercial training via the Government Commercial College, this includes the recent series of webinars designed to help Programme staff navigate issues that may materialise due to the current operating environment.

As part of our drive to build greater commercial capability and delegate no or low cost amendments and contract call-downs to programme teams, this year we have created a training and accreditation programme for Delegated Procurement Specialists (DPS). We have accredited 19 specialists across 14 spending departments. The new specialists based within the programme teams, will have greater commercial expertise and responsibility, developing basic contract management skills through on-the-job experience.

DFID has created an online Aid Learning Platform (ALP) which is aligned to DFID's Programme Delivery Cycle and can be accessed by all DFID staff. An e-manual facility on ALP now makes it easier to find key guidance documents. ALP also hosts a number of modules on the commercial acumen competency as well as other content including risk management and programme design which is relevant to contract management.

An integrated training package for face-to-face training has been developed by capability leads across DFID, working with a commercial training partner. This product follows the programme lifecycle and the skills required at each phase, weaving commercial, financial and risk challenges into a realistic problem to be worked through. A pilot has been concluded, but the launch and full rollout of the package has been delayed in order to release resources for the Covid-19 response.

We are working with the Cabinet Office to professionalise contract management by introducing training and accreditation of those who manage supply partners and contracts. DFID has over 300 staff registered for the Cabinet Office Contract Management Capability Programme (CMCP) Foundation level online training. 89 staff have undertaken the assessment and have been accredited. Our early focus has been on Foundation level training but we have identified the first cohort of 11 staff to undertake Expert level training which is delivered via online learning, face to face workshops and an assessment.

Commercial Information Management System (CIMS)

The Commercial Information Management System (CIMS) project was launched in 2018 as part of a wider transformation of DFID's commercial management information (MI). The project set out to achieve three key outcomes:

1. Replacing the historic eSourcing platform to manage high-value procurements;
2. A central register of all DFID funding arrangements, including contracts, accountable grants and multilateral funding agreements;
3. Better Management Information on DFID's funding agreements and supply partners.

The new CIMS platform was successfully launched in August 2019 providing an end-to-end eSourcing solution for contracts, including a contract register and new [Supply Partner Portal](#). CIMS is now producing higher-quality MI to support decision making across the business. Data from the platform is accessible through PowerBI dashboards, allowing users to access and interrogate data as required. Traffic on these dashboards is used to measure engagement from the userbase.

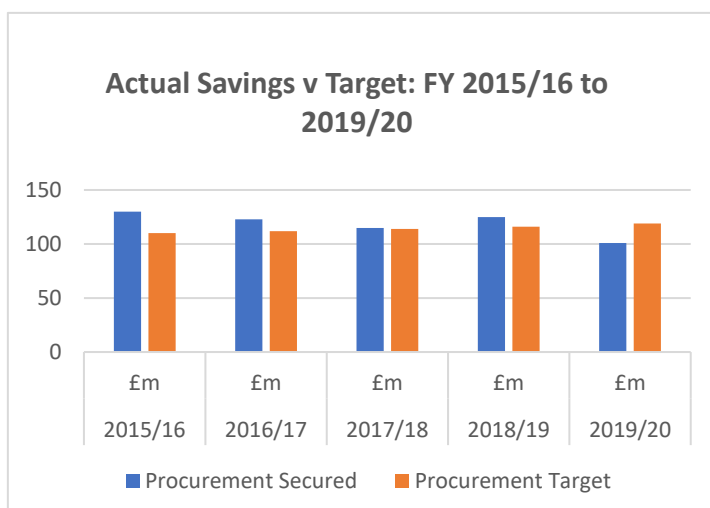
The next phase of the CIMS project will look to incorporate local contracts into the platform and DFID's other non-contractual funding arrangements to enable a single platform for the management and data of all funding instruments.

Efficiency savings

In 2015 DFID announced plans to make over £400 million of efficiency savings by 2019/20. DFID has currently made procurement efficiency savings of £594 million, through more effective procurements. The table below provides more details on savings achieved through procurement.

Savings have been delivered by implementing new frameworks which drive additional value and by continuing our collaboration with other development organisations to procure goods and services in collaboration to maximise value for money and drive economies of scale.

Further information on the department's efficiency savings through estates, IT and departmental pay can be found in DFID's annual report and accounts.



8. Next steps

In our first annual report we said that our next steps would be to:

- **Extend key commercial reforms to DFID’s accountable grants**

In 19-20, we worked with civil society organisations and BOND to tailor the Supply Partner Code of Conduct for application to DFID’s accountable grants with CSOs. 20 CSOs have now been onboarded. This enables DFID and its civil society partners to report for grants as well as contracts on the Code’s protections on safeguarding, social responsibility, environmental protection and other key areas.

- **Continue to build DFID’s commercial capability**

New commercial guidance and training has been provided as part of DFID’s continuing professionalisation of its programme managers. We have also established a new cadre of trained and accredited Delegated Procurement Specialists embedded in DFID’s programme teams. They will eventually deliver low value amendments and call-down contracts from framework agreements, speeding up processing times and releasing commercial capacity for more strategic work.

- **Strengthen DFID’s contract management;**

DFID has over 300 staff registered for the Cabinet Office Contract Management Capability Programme (CMCP) Foundation level online training and 89 staff have undertaken the assessment and have been accredited. We will continue to roll out the programme in the next financial year.

- **Identify opportunities for “portfolio” procurement**

We have begun thematic analysis of key sectors as the first step toward identifying potential portfolio procurements, with a first pilot in education and climate. We have also contributed to the design of DFID’s next generation of Centrally Managed Programmes, which deliver efficiencies by operating across a number of countries and regions.

- **Work towards a single commercial hub for all UK aid;**

We have begun to integrate supply partners’ contracts with other aid-spending government departments into DFID’s Strategic Relationship Management programme (SRM), as a first step to a single, cross-government SRM, compliance and risk programme

- **Clarify options for commercial reform of multilaterals.**

Section 3 of this report provides an update on our work during the last financial year to strengthen value for money from DFID’s multilateral funding.

Commercial priorities for 2020-21

We will continue with the workstreams set out above during the next financial year. Our key priorities will be:

- **Commercial support for an effective development response to Covid-19.**

At the end of the period covered by this report, DFID stepped up its engagement with supply partners to address the challenges posed to them and DFID-funded projects by Covid-19. We have been working collaboratively with supply partners since then to find pragmatic solutions to support both our partners and continuation of our programmes where appropriate.

Good commercial practice will be even more important to ensure value for money for the UK taxpayer and maximum impact for the people and countries who need UK aid to recover from the impact of Covid-19. We will continue to provide flexible commercial support and expertise and work with our supply partners to help the UK address the impacts of the pandemic on the health and economies of poor people and countries across the world. We will continue to engage with our supply partners to make best possible use of their expertise and experience.

- **A fit-for-purpose commercial operating model to support the strategic objectives of the new Foreign, Commonwealth and Development Office**

The creation of the new department enables us to combine our combined commercial resource and expertise to deliver more effective diplomatic and development outcomes across the world and spend UK taxpayers' money in the most effective way. We will work with our colleagues to ensure we have the right commercial skills, processes and structure in place to deliver the new department's objectives now and into the future.

Annex A – Glossary

Civil Society Organisations (CSOs): Non-governmental organisations, trade unions, and church faith and community groups have a long and impressive record of involvement in international development. These civil society organisations and networks can play a vital role in empowering poor people overseas and in building global alliances in support of eliminating world poverty. Official funding to CSOs for development and humanitarian assistance abroad is reported in ODA.

DFID programme: DFID's expenditure on development assistance. The DFID programme comprises broadly: Bilateral aid to developing countries, where DFID's budget is used to fund specific activity with a recipient country or in sectors. This includes jointly managed funding where DFID has a stake, such as the Conflict, Stability and Security Fund or International Climate Fund; Multilateral aid, including core funding to multilateral organisations such as UN agencies, the World Bank and the UK share of EC development programmes, and Administration costs.

Direct spend: Money paid directly to Supply Partners through funding instruments.

Indirect spend: Money paid to Supply Partners which is subcontracted via the supply chain.

Official Development Assistance (ODA): those flows to developing countries and multilateral institutions provided by official agencies or by their executive agencies, each transaction of which a) is administered with the promotion of the economic development and welfare of developing countries as its main objective; and b) is concessional in character (See the OECD statistics directives)

The UN target for ODA (0.7 per cent of GNI), endorsed in 1970 by the UN General Assembly, is expressed in terms of net ODA (i.e. after deduction of loan capital (i.e. principal) repayments) as a percentage of Gross National Income.

Technical Assistance: the provision of know-how in the form of personnel, training, research and associated costs. (see the DAC directives for the different types of aid used for statistical purposes)

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