

Press release: Priti Patel cracks down on “scandal” of unethical practices with tough new reforms on aid suppliers

The International Development Secretary Priti Patel today announced a bold plan for tough reform of the Department for International Development’s (DFID) work with suppliers, by clamping down on the risk of profiteering, excessive charges and unscrupulous practices.

Following a fundamental review of DFID’s work with suppliers, Ms Patel is introducing stricter new rules that will ensure all contractors deliver the best possible results for the world’s poorest people and provide value for taxpayers’ money, with the threat of legal repercussions for those who break the rules.

New measures announced today include:

- a robust new Code of Conduct which is leading the way across government to ensure the highest standards of ethical and professional behaviour by DFID suppliers, with legally enforceable sanctions – such as ending contracts early – for those caught breaking the rules by our new compliance team
- tougher scrutiny of costs and greater transparency by including new clauses in contracts to allow DFID to inspect costs, overheads, fees and profits of suppliers in detail and new powers to intervene to tackle profiteering and cut out waste
- publishing annual league tables of supplier performance to name and shame those who are not delivering value for money
- stopping so-called “bid candy” practices, by which large suppliers include smaller businesses to win bids, but then drop them from the contract
- cutting red tape to boost competition and open up DFID’s market to new businesses including small enterprises in the UK and the world’s poorest countries.

The International Development Secretary Priti Patel said:

These tough reforms provide a clear message to aid suppliers – any misuse of taxpayers’ money is a scandal that will not be tolerated.

DFID is leading the way across Government with new measures that will ensure aid is spent in the best way, with every single penny delivering value for money. New legal penalties allow us to take firm action against those who break the rules.

We will make the supplier market we work with more competitive and transparent, providing greater opportunities for new and smaller businesses in the UK and ensuring we work with those who can achieve the best results that UK taxpayers and the world’s poorest deserve.

These reforms will ensure that every DFID contractor upholds the highest standards and is held to account for meeting them. They enable DFID to be smart and tough with its big suppliers and give more opportunities to new and smaller businesses in the UK and the poorest countries.

Aid contractors play an important role in development work when they deliver well. They provide specialist expertise, flexibility and deliver UK aid’s life-changing work in some of the most fragile and dangerous places in the world.

Note to Editors

1. In December 2016, the International Development Secretary announced a fundamental review of DFID’s management of its contracted suppliers, to ensure the highest standards of ethical behaviour and protect against any possibility of profiteering by suppliers. This review has now concluded.
2. The International Development Secretary has published an open letter to suppliers today setting out these tough new reforms, as well as a [new code of conduct for suppliers and DFID staff](#).
3. DFID has already introduced new contract terms and conditions to apply to all new procurement tenders and extensions from September 1 2017. From today, we will begin to renegotiate existing contracts in line with these changes, focusing on our existing major, high-value contracts. These are contracts individually totalling over £20 million, which account for a third of the overall value of DFID’s contracts and are delivered by our 30 biggest suppliers.
4. We will continue to roll out these tough new reforms to Civil Society Organisations funded by Accountable Grants over the coming months.
5. New clauses in supplier contracts include Open Book Accounting clauses allowing DFID to inspect costs, overheads and fees of suppliers in detail, and clauses giving DFID the power to intervene to prevent profiteering – both policed by a rolling programme of compliance checks.
6. As part of its wider international development reform agenda set out in the [Multilateral Development Review](#), DFID will press multilateral development organisations to adopt similar measures.
7. As a demonstration of the important work DFID has been undertaking in

recent months, the Department has been awarded the 2017 Chartered Institute of Procurement and Supply (CIPS) Annual Award for 'Best Contribution to the Reputation of the Procurement Profession'.