

Talking Points for DFID – Making the necessity for cuts power a faster pivot

It is becoming clear that DFID is trying to both scale up its response to COVID-19, with an eye on secondary impacts, and scale back its overall budget in a context where GNI is falling.

Humentum proposed a way to pivot spending on 11 May, (Option 1 below), which would have enabled a faster and more consensual way of cutting existing programmes in order to leverage money now being prioritised for the COVID-19 response. Given the even tighter fiscal constraints facing DFID we believe what we previously proposed is still valid, as some new programming is still urgently needed. We now propose a second option, which requires no new money but would speed and facilitate the cutting process in ways which will free up resources for the most relevant and best value for money existing programmes.

1. Accelerated pivot to leverage urgent new programs

DFID would launch a new funding scheme called something like “Accelerating the COVID-19 Pivot”. Applications would be on the proviso that successful bidders would need to find 50% of the funds either from reductions they can agree with DFID SROs on their existing portfolio, or from other non-DFID sources of income. In that sense it would be somewhat like AidMatch, but not necessarily connected to a single distinct public fundraising campaign. Where new programming is the best way to respond to COVID-19, this would be the best value for money option for DFID, as it will leverage new money with old in a process that will be welcomed rather than resisted by existing partners and suppliers.

2. Incentivised cutting process to expand or lengthen Gold-rated programmes

DFID has already gone through a process of ranking existing programmes Gold, Silver or Bronze based on their relevance to the COVID-19 context. While DFID has started the process of seeking to cut Bronze-rated programmes, this will prove a difficult and time-consuming process for both DFID and the suppliers concerned and is likely to meet with significant resistance. A faster and more partnership-based model for making these cuts would be to incentivize the shifting of money from Bronze to Gold-rated programmes within the portfolio of each existing partner or supplier, wherever possible. This would be excellent value for money as many Gold-rated programmes require cost-extensions as they will need to be scaled up or extended in time to achieve their full potential impact in the current context. Expanding or extending existing successful programmes is also good value for money compared to launching new funding processes, which are time consuming for both DFID and applicants and are likely to be over-subscribed in the current context.

Therefore, if DFID allowed the option of allowing the grant-holders to identify cuts to Bronze and Silver programmes that could be used to extend the impact of Gold-rated programme it would probably pivot funds faster and with much less resistance. There will be some partners and suppliers who have no Gold-rated programmes, (DFID should know how many), and there may be no alternative but to pursue cuts with these– but at least this would overall be a less time-consuming and conflictual process at the sector level.

Further Discussion

We would welcome further discussion of these ideas at our upcoming meeting on 3 June 2020.

Tim Boyes-Watson, Global Director of Advocacy and Alliances, 3 June 2020