



OUTSOURCING CONFLICT, JUSTICE, SECURITY AND STABILISATION INTERVENTIONS

What Works Series

UK Stabilisation Unit

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Acronyms

| | |
|----------------|--|
| AU | African Union |
| CHASE | Conflict, Humanitarian and Security Department |
| CSSF | Conflict, Stability and Security Fund |
| DA | Defence Attaché |
| DFID | Department for International Development |
| DOC | Duty of Care |
| DRC | Democratic Republic of Congo |
| ECOWAS | Economic Community of West African States |
| EU | European Union |
| FCAS | Fragile and Conflict-Affected States |
| FCO | Foreign and Commonwealth Office |
| GNI | Gross National Income |
| HEAT | Hostile Environment Awareness Training |
| HMG | Her Majesty's Government |
| ICC | International Criminal Court |
| IGAD | Inter-Governmental Authority on Development |
| INGO | International Non-Governmental Organisation |
| M&E | Monitoring and Evaluation |
| MoU | Memorandum of Understanding |
| NATO | North Atlantic Treaty Organisation |
| NCA | National Crime Agency |
| NfP | Not-for-Profit |
| NGO | Non-Governmental Organisation |
| NSC | National Security Council |
| NSRP | National Stability and Reconciliation Programme |
| OPT | Occupied Palestinian Territory |
| PSC | Project Steering Committee |
| S&J | Security and Justice |
| SSAPR | Security Sector Accountability and Police Reform |
| SSF | Somalia Stability Fund |
| SSMI | Strategic Support to the Ministry of Interior |
| SU | Stabilisation Unit |
| TOR | Terms of Reference |
| UN | United Nations |
| UNOPS | United Nations Office for Project Services |
| UK | United Kingdom |

Executive Summary

This paper focuses on how to improve the use of outsourcing to implement interventions funded by the Conflict, Stability and Security Fund (CSSF).¹ Over the past 20 years there has been a significant trend in HMG towards the delivery of conflict, justice, stabilisation and security interventions in the most hostile, fragile and conflict-affected states through the use of external contractors.

This paper is aimed primarily at CSSF programme managers and departmental managers who oversee CSSF activities. It examines the benefits and challenges inherent in different delivery approaches and provides practical guidance on the use of outsourcing.

What is outsourcing? This paper defines outsourcing as the agreement by HMG to contract out a range of CSSF-related services and interventions to an external delivery partner.

Who are HMG's key outsourcing partners? The CSSF Joint Secretariat has established a Framework Agreement with a range of suppliers to help HMG respond in a more integrated manner to crises, instability and insecurity. Implementation partners include the private sector, not-for-profits (NfPs), and INGOs. A significant proportion of CSSF-related assistance is also delivered by multilateral agencies but they are not included in the Framework Agreement. Under the CSSF Framework Agreement, suppliers work either on their own or as part of consortia combining several different partners. There are advantages and disadvantages of using certain types of contractors in different contexts. But experience suggests that *how* contracts are designed and managed by HMG is just as - if not more - important than *who* implements these contracts.

Section One (pp. 10-14) provides detail on these outsourcing partners, why they are increasingly being used, and the challenges and limitations of outsourcing as a delivery method.

There are different options available for implementing CSSF programmes in fragile and conflict-affected states. They range from those delivered and managed fully in-house, to those where delivery and management are outsourced, to a "mixed model" approach. There are several variants of this option which enable HMG to draw upon the skills and experience of a range of suppliers while retaining overall programme control.

Because each delivery option has different strengths and weaknesses, identifying which is best in different contexts can have significant implications for programme success. **Section**

¹ Announced in June 2013, for FY 2015-16 and as a successor to the Conflict Pool, the £1 billion Conflict, Stability and Security Fund (CSSF) pools new and existing resources across Government to prevent conflict and tackle threats to UK interests that arise from instability overseas. The National Security Council (NSC) will set priorities for the Fund, drawing on the most effective combination of defence, diplomacy, development assistance, security and intelligence.

Two (pp. 15-18) provides a more detailed overview of these different options and their advantages and downsides.

Section Three (pp. 19-40) discusses some factors to consider and things to avoid when outsourcing. There are three stages in this process: first, deciding whether to outsource; second, handling the procurement process; and third, managing outsourced programmes.

Deciding whether to outsource

This cannot be determined without putting some initial thought into defining, shaping and designing an intervention. Clarifying up front what problem the programme is intended to address, the desired outcomes, and HMG's interests is the first step to selecting an appropriate implementation model.

As a general rule, the more sensitive, urgent and strategic the task, the stronger the argument for hands-on HMG engagement, particularly during programme conception and design. These tasks are usually done in-house by embassies and DFID country offices in FCAS, often supported by Stabilisation Unit where they lack sufficient internal capacity.

Other criteria which may impact on the choice of implementation model include: the resources available, operating context, procurement requirements, the risks and security implications of the activity, value-for-money considerations, and HMG duty of care responsibilities. Whether or not it is desirable to draw on external support will depend in large part on whether HMG has the required level and type of management capacity.

Once the basic programme design is complete, it is important to assess at the outset whether outsourcing is the right approach for the specific context, objectives and task. Experience in fragile and conflict-affected states shows that keeping certain aspects of programming in-house through a mixed model approach can enable HMG to better manage implementation.

A key step before commencing procurement is to develop a clear set of terms of reference (TORs) which clarify the scope of the intended programme and general approach required, and help HMG to evaluate bids from prospective implementing partners. The process of developing TORs is not a purely technical matter, but is also likely to involve a political negotiation with a partner government to get buy-in for HMG's proposed programme, agree the broad goals and activities, and to clarify implementation options.

For a checklist of issues to consider when deciding on whether to outsource, see page 22.

Handling the procurement process

Procurement of suppliers can be a complex and lengthy process. While specific guidelines are available for CSSF programmes which relate to tendering and contracting, there are

other, more strategic considerations which can help to lay the groundwork for a much more effective outsourced programme.

Ensuring continuity in programme design and implementation – This is often a challenge when CSSF programmes are outsourced. Changing conditions on the ground can call into question the initial programme design. Giving delivery partners a larger role in programme design and allowing for adaptive programming can help to address this problem. But HMG needs to remain engaged at all stages of the programme cycle, both on the political and technical sides.

Ensuring broad access to available expertise – This can be difficult because many larger outsourced programmes in fragile and conflict-affected states tend to be implemented by a fairly small group of large contractors. It is important that tendering processes are flexible enough to enable HMG to also benefit from the specialist expertise of smaller suppliers and improve the value for money of CSSF programming.

Approach and past performance of suppliers – How suppliers operate is just as important in ensuring successful delivery as cost and the qualifications of key personnel. Given the highly political and complex nature of CSSF programming, much depends on the make-up of the overall team and contractor behaviour – though this is a tricky area to formally assess given legal and practical challenges. Ensuring adequate local expertise is also vital so that programmes are appropriate to context.

Encouraging flexible and adaptive programming – This is important because the context for CSSF-related programming may change rapidly. The Terms of Reference and procurement process should encourage prospective suppliers to set out an iterative approach that is conflict-sensitive and politically informed, rather than detailed implementation plans. This requires HMG to then apply criteria for evaluating tenders which focus on flexible and adaptive programming.

Defining appropriate results - How results are defined in fluid and unpredictable contexts can have a significant impact on supplier performance and programme outcomes. Standard programme management systems do not lend themselves to the flexibility required because there are so many political and security factors outside the control of the contractor. This may discourage risk-taking and innovation. Programme assessments should focus more on process indicators which show the steps being taken to achieve longer-term outcomes, rather than only on outcomes themselves.

Results-based vs. input-based contracts - While there is no right and wrong approach, the way in which payments in contracts are structured in CSSF programmes can influence how contractors deliver. There can be potential perverse incentives, for instance, for contractors to focus on quantitative achievements rather than qualitative improvements, or to only invest enough resources to meet narrow programme targets rather than promoting longer-term outcomes. What kind of contract is appropriate depends very much on the context.

Setting the terms of the partnership - TOR and contracts should clarify HMG's expectations at the outset as well as exact roles and responsibilities of both the contractor and HMG. The degree to which HMG will need to tightly oversee programme delivery will depend on the sensitivity and level of risk involved. Whatever the context, robust supplier and contract management, in particular regular meetings with implementing partners, are key to ensuring that implementation is on track and that HMG is fully briefed on developments on the ground.

Managing transitions between contracts – This requires particular attention if a programme is extended and put out to tender again and a different contractor wins the bid. Programme continuity can be harmed when one contractor replaces another. Work may be put on hold for a period of time and institutional knowledge from the first phase of the programme can be lost. Contracts must contain provisions requiring delivery partners to maintain full and accurate records of their activities, pass these on to their successors, and participate in lesson-learning sessions where the incumbent contractor can present and share lessons with the incoming contractor. An exit strategy should form part of every contract.

For a checklist of issues to consider when handling the procurement process, see page 30.

Managing outsourced programmes

Ensuring a clear HMG-supplier division of labour - Experience suggests that “light touch” programme management rarely delivers the results that HMG wants. Where capacity is an issue, HMG needs to be an intelligent customer – on the one hand, outsourcing what it is not necessary to do in house; on the other, retaining control over the more political and strategic tasks. The optimal breakdown in management tasks between HMG and an implementing partner will need to be determined on a case-by-case basis.

Working politically and managing risk - CSSF-related activities will often require engagement with national or local political authorities on sensitive issues. Contractors often do not have the political leverage or access that HMG does, or are sometimes too risk averse, to address the political aspects of programming. This needs to be considered within programme design and how implementing partners address political aspects should be factored into the bid evaluation wherever possible. But a pragmatic approach may be required as it may not always be realistic or desirable for HMG to be the sole interface with government, particularly in large programmes, given that an HMG representative may not be around when required to resolve a particular problem.

Coordinating HMG inputs and priorities - With a growing number of HMG departments now engaged in CSSF-related activities, reporting lines for programmes can become confused. This may make it difficult for HMG stakeholders to develop a full picture of the situation on the ground. Suppliers may also be sent different messages on what HMG wants which it can be difficult for them to reconcile. Cross-HMG coordination and joint HMG-supplier

discussions on work-planning are key to avoiding these problems. Appointing a single lead HMG point of contact is also good practice.

Building relationships with implementing partners - Although outsourced programmes will necessarily have a certain amount of autonomy, strong partnerships with suppliers are ultimately required to ensure that programmes deliver on HMG policy and political commitments, to ensure quality control, and to manage risks effectively. One practical benefit of this, where levels of trust are high, is that contractors are more likely to be up-front when they are experiencing difficulties, and HMG can in turn provide both the space and advice which they may require to work through the problems. This can help to foster joint learning.

Monitoring and evaluating programmes - This is an essential element of managing CSSF-related activities, particularly in difficult environments requiring frequent adjustments in programme strategy. M&E approaches that are prevalent in mainstream development practice will generally need to be adapted because basic data and baselines may not be available and time constraints may make it difficult to develop a robust theory of change to inform planning. CSSF-activities may need to adopt a 'probe-assess-adapt' methodology based on a rudimentary theory of change as a solid basis for more iterative and agile approaches to project management.

Learning from experience – This is key to improving programme performance, but is often inadequately addressed by both HMG and contractors. It is particularly pertinent to CSSF programmes given both their relative 'newness' and the complexity of the environments in which they are delivered, which makes the capacity to learn and adapt an essential precondition of success. The failure of project activities does not mean the failure of the programme. Programme success in fragile and conflict-affected states is more about the ability to respond and quickly adapt when an activity is not going as anticipated. HMG needs to ensure that suppliers are clear that there is a tolerance for risk and a willingness to accept the failure of some project activities provided that lessons are captured, shared and the programme learns from that experience.

For a checklist of issues to consider when managing outsourced programmes see page 39.

Introduction

The purpose of this *What Works* Series paper is to provide practical advice about conflict, stabilisation, security and justice activities with examples, evidence and tools, consistent with HMG's engagement on stabilisation and wider aspects of working in fragile and conflict-affected states. It draws on HMG learning to date and is primarily designed for CSSF programme managers and departmental managers who oversee CSSF activities. It is also relevant for HMG staff managing departmental conflict, stabilisation, security and justice programmes, project implementers, deployed SU staff and Deployable Civilian Experts (DCEs), and stabilisation practitioners generally. It is not a formal statement of HMG policy.

The vast majority of UK assistance for conflict, justice, security and stabilisation work is not delivered by HMG directly but is 'outsourced' to a range of delivery partners. Despite this significant trend in recent years, there has been a gap in HMG guidance for staff on issues to consider when outsourcing. This paper² provides practical advice on how to increase the effectiveness of outsourced programmes. It focuses primarily on the use of outsourcing to implement interventions funded by the Conflict, Stability and Security Fund (CSSF)³ but also is relevant to other outsourced government programmes that address these issues such as those supported by the Department for International Development (DFID). It provides readers with practical guidance on when to outsource programmes, how to design them and contract delivery partners, and how to manage outsourced programmes.

This paper draws on a previous SU internal report written in 2012⁴ which has been supplemented with a range of new interviews conducted with staff from DFID, FCO, Home Office, SU and the CSSF Joint Secretariat with experience in procurement or in managing outsourced programmes in countries including Burma, DRC, the Occupied Palestinian Territories, Nigeria, Somalia and Syria. In addition, interviews were conducted with three companies which have been contracted to implement HMG programmes, including Adam Smith International, Aktis Strategy, and the Law and Development Partnership. A shortened version of the paper has been produced as an Operational Guidance Note for the CSSF.

The full paper is structured as follows:

- Section One defines outsourcing and provides background on HMG's key outsourcing partners;
- Section Two provides an overview of different outsourcing models and their pros and cons;

² This paper was written by Dylan Hendrickson and Andrew McLean on behalf of the Stabilisation Unit.

³ Announced in June 2013, for FY 2015-16 and as a successor to the Conflict Pool, the £1 billion Conflict, Stability and Security Fund (CSSF) pools new and existing resources across Government to prevent conflict and tackle threats to UK interests that arise from instability overseas. The National Security Council (NSC) will set priorities for the Fund, drawing on the most effective combination of defence, diplomacy, development assistance, security and intelligence.

⁴ "Identifying the most effective means by which implementation of security and justice programmes can be achieved", Dylan Hendrickson and Duncan Hiscock.

- Section Three discusses when to outsource, the handling of procurement processes, and issues around managing outsourced programmes effectively.

At the end of each of these sections, there is a checklist of “issues to consider” which sums up the key questions that programme managers and departmental managers who oversee CSSF activities should be asking.

Section One: Background on Outsourcing

What is outsourcing?

For the purpose of this paper, outsourcing is defined as the agreement by HMG to contract out a range of CSSF-related services and interventions to an external delivery partner.

Who are the key outsourcing partners?

In order to support HMG to deliver its ambitions in conflict-affected states, the CSSF Joint Secretariat has established a Framework Agreement with a range of suppliers. The Framework will provide access to effective and cost-efficient services which will help deliver HMG’s objectives contained within the National Security Council Strategies and help HMG to respond in a more integrated manner to crises, instability and insecurity in the most hostile, fragile and conflict-affected states.

HMG CSSF interventions are delivered by a range of outsourcing partners. Some are delivered by single organisations while others are delivered by consortia which combine a number of different partners. These consortia are typically led by one major private sector actor bringing together under one umbrella a range of other partners with specialist expertise drawn from the private sector, NGOs, academic institutions and independent consultants. Often the same consultants may be used by a range of different partners.

Implementation partners include the private sector, not-for-profits (NfPs), and INGOs. A significant proportion of CSSF-related assistance is also delivered by multilateral agencies but they are not included in the Framework Agreement. There can be advantages and disadvantages of using certain types of contractors in different contexts (see Section Two below). But the qualifications noted above demonstrate that it is unhelpful to make sweeping generalisations about different types of contractors. *How* contracts are designed and managed by HMG is as - if not more - important than *who* implements these contracts.

Private sector for-profit companies

The companies that deliver CSSF activities are quite varied in their profile. Some are quite small with a specific focus on an aspect of the CSSF such as conflict, countering violent extremism, intelligence, justice, migration, security, stabilisation; others are development-

oriented companies for whom these activities represent one of several streams of expertise; others again are very large consultancy companies where CSSF-related activities are just one of many lines of commercial work.

NfPs

International and local non-governmental organisations, think tanks and university departments are used by some departments to help deliver CSSF interventions. Many international and local organisations receive individual project support from embassies and DFID country offices, and many are contracted on an *ad hoc* basis for specific pieces of work from London.

Multilateral organisations

A wide range of support is delivered through international organisations (e.g. UN agencies and the World Bank), regional organisations (e.g. the AU and EU), and sub-regional organisations (e.g. IGAD and ECOWAS).

Why is outsourcing commonly used in CSSF programming?

The overwhelming use of external delivery partners for CSSF-related programmes is an extension of the general trend in HMG over the past 20-30 years away from delivering services solely through the public sector. A number of key factors have converged in recent years to lead to outsourcing being the most frequent option for many HMG CSSF services and interventions:

- *Increasing HMG ambition to work in fragile and conflict-affected states:* the National Security Strategy and Building Stability Overseas Strategy recognise that addressing conflict and instability, unaccountable and ineffective governments, terrorism and organised crime, human rights violations, migration and poor socio-economic development in other countries is both morally right and in Britain's national interest.
- *Increasing aid budget:* Because of the increased focus of the UK aid budget on FCAS this has led to larger programmes in challenging places. Under the CSSF there will also be an increasing emphasis on large tendered programmes.
- *Scale and size of delivery required:* The magnitude of the challenges in fragile and conflict-affected states requires a significant scale of programming to have a beneficial impact. This necessitates large programmes which are often too big for HMG to implement in-house.
- *Access restrictions for HMG in FCAS:* Duty of care obligations and high cost can make it difficult to deploy staff to many priority contexts over sustained periods. HMG has found that contractors, with their ability to source and manage local contractors, can be effective delivery partners in these environments.

Box 1: Getting around access restrictions in Afghanistan

The aim of HMG's project on Strategic Support to the Ministry of Interior (SSMI) was to advise as well as offer training opportunities for Afghan officials. This support was intended to help MOI to effectively sustain responsibility for security once it had been transferred from the International Security Assistance Force (ISAF). Full implementation of the project was outsourced by HMG to an international company. This was done in part because the security conditions under which the project operated were difficult (security costs represented approximately 17% of the total budget). It was felt that external contractors, particularly local staff, would have more room for manoeuvre to get around Kabul and would also adapt better to the cultural space within the MOI than HMG civil servants.

- *Core staff capacity:* The strategic shift to do more in fragile and conflict-affected states and the increased aid budget has not been matched with a corresponding increase in staff numbers (though there are less restrictions on hiring CSSF programme staff than for other departmental roles).
- *Niche capabilities of external partners:* As in any other sector, outsourcing allows HMG to draw on a wide spectrum of specialised expertise which it would be expensive or impossible to maintain permanently 'in house'.
- *Benefits of different identities:* Outsourcing arrangements allow HMG to choose delivery partners with an identity and approach appropriate to FCAS contexts which may bring political and programmatic advantages.

What are the key challenges/limitations of outsourcing?

Despite the significant trend towards outsourcing in recent years, within HMG there is a perception that these programmes have a patchy performance record in terms of their impact.. There are different challenges associated with different types of delivery partner (as the table below in Section Two highlights) but there are a number of common challenges that most outsourced programmes face which need to be understood and addressed in order to improve programme effectiveness:

- *Ensuring effective HMG political engagement:* This is necessary to ensure that contractors effectively support HMG objectives and that the political aspects of CSSF-related activities are adequately addressed. Clarity on which elements of programming need to remain under HMG's direct control and which can be taken on by contractors is key so that issues such as risk management and political relations with partner governments and other donors are appropriately handled. When programmes are outsourced, it is critical that HMG officials provide sustained political engagement with partner country government counterparts, as this can

provide leverage and cover that contractors do not necessarily have the political standing to provide on their own.

Box 2: Benefit of strong HMG direction in Somaliland

The FCO Addis Programme Team, supported by the MOD, led a procurement process for a £2.75m CSSF Security and Justice Sector Reform project in Somaliland. There has been FCO, MOD and DFID led work on security and justice capacity building for more than 3 years and advice and training has been provided to key parts of the Somaliland police, defence and criminal justice service. Over the last 3 years these activities have been delivered by two different implementers but have been given strong HMG direction to ensure that changes in supplier over time do not affect the realisation of key outcomes. Under the conflict pool this work was also implemented alongside mine clearance programme delivered by an international NGO that supported the same Somaliland entities with weapons storage and handling. This year's FCO-led and joint FCO-MOD CSSF work takes place alongside DFID police and justice programme activity. Combining three procured solutions to related issues in Somaliland requires constant oversight and management across HMG programme and policy teams, but ensures that the impact of these programmes are more than the sum of their parts.

- *Incentivising good programme management:* HMG's procurement process needs to be predictable and clear on what it wants from contractors and how they should deliver it in order to incentivise good programme management. It is important to systematically share relevant knowledge, guidelines and current thinking about how HMG wants assistance to be delivered with potential contractors, and to address these issues in TOR and contracts. If a logframe is used as a programme management tool, it can be useful to include an explicit output on programme management behaviours that it is deemed useful for the programme to promote (e.g. measure and reward the strength and quality of partnerships in a consortium, and the flexibility and responsiveness of the programme to changing circumstances).
- *Encouraging flexible and adaptive programming:* Standard programme management and evaluation systems do not lend themselves to the flexibility required to deliver CSSF programmes effectively in unpredictable contexts. Contractor innovation and legitimate/managed risk taking should be encouraged. This requires creativity in terms of how contractor performance is assessed and flexibility in adapting results frameworks and expected results to changes in the context. Making programmes flexible requires adaptable programme documents, short planning cycles and regular lesson learning and feedback loops that focus on how change will be brought about, rather than what it will be.⁵

⁵ DFID Case Study: Designing and Operating a Flexible and Adaptive Programme: Investment Climate, July 2015.

- *Defining appropriate results:* It is critical to ensure that money is well spent. However, the political and uncertain nature of CSSF programming in volatile contexts makes it difficult to set clear, precise and realistic targets. Targets may need to be revised along the way in response to changes in the context. It is important to consider contractor performance separately from, as well as in connection to, programme performance.
- *Ensuring smaller suppliers are not penalised:* The way in which programmes – and then the tenders for these programmes – are designed can privilege private sector actors which are better able to pre-finance and manage large CSSF programmes. That said, experience has proven that even large suppliers (e.g. private companies, the UN) are not always resilient enough to cope with contextual pressures (human, financial, political). To maximise impact, it is important to also encourage small suppliers with niche expertise and often strong local networks. Greater consideration should be given to other factors besides cost and lead personnel which impact on contractor performance, including technical proficiency, contractor behaviour (particularly relating to local partners), overall make-up of a team, and “local” knowledge.
- *Developing strong partnerships with suppliers:* Having the right staff, with the right skills, in the right place is critical for HMG to be a fully-engaged and ‘intelligent’ customer. Given HMG staffing constraints, strong partnerships need to be developed with suppliers based on mutual trust and effective communication, with incentives for delivery partners to perform effectively.

Box 3: Developing a strong HMG-supplier relationship in Somalia

The CSSF programme team, via the FCO, procured services for a private sector organisation to support stabilisation activities in Mogadishu and South-Central Somalia. The selection of NIS was the result of a thorough market assessment and development of key relationships with potential suppliers. The relationship between NIS and the CSSF team has been very collaborative as HMG sought to develop NIS’s capacity to deliver in newly recovered areas and in new technical fields. This has involved the letting of multiple discrete contracts to ensure that NIS was not flooded by UK funding, whilst ensuring that projects delivered over time (and under different contracts) build upon one another.

Section Two: Overview of Different Delivery Models

Overview of different delivery models

There are several options available for implementing HMG-funded programmes in fragile and conflict-affected states. The table below⁶ illustrates these options on a spectrum ranging from those delivered and managed in-house and those where delivery and management are outsourced.

There are two “in-house” options (A and B), in both of which HMG is directly responsible for management and implementation. The two options differ primarily in terms of the stage of an HMG engagement where they are appropriate, and scale. Option A usually occurs in response to a request for assistance from within HMG and involves providing small-scale support, usually on an *ad hoc* basis and drawing on HMG staff, to get an activity up and running. Option B is generally more ambitious in nature and entails establishing a broader implementation capacity to deliver longer-term programme assistance requiring specific additional resources from within the HMG system.

There are three “outsourced” options which differ primarily in terms of the type of external entity which is contracted to deliver a programme, and how the procurement process works. Option C involves contracting an external service provider (usually a private sector entity, though occasionally public sector actors such as an academic institution), usually through a competitive process, to implement a programme under HMG direction. Option D is a variant of this where HMG provides either personnel or funds to a regional or international organisation (EU, UN, AU or NATO) to support its work. In Option E, funds are provided to either a local not-for-profit organisation or an INGO to implement or expand a programme which is in line with HMG objectives.

Option F is a “mixed model” approach combining in-house and externally-procured capacity under overall HMG management to deliver one programme. There are several variants of Option F which enable HMG to draw upon the skills and experience of private sector companies, NGOs and multilateral organisations while retaining overall programme control.

⁶ CSSF Thematic Information Paper (TIP): Programme Delivery Models, CSSF Secretariat.

| | A. Direct management and implementation by HMG team | B. Insourced delivery | C. Private sector for-profit companies | D. Multilateral Partnerships | E. Partnerships with not for profit groups | F. Mixed model |
|----------------------------|--|--|---|--|---|---|
| What is it? | Providing support, usually on a small scale or <i>ad-hoc</i> basis, responding to requests on a case by case basis. Delivered by a variety of mechanisms. HMG provides the platform and staff operate under HMG duty of care (DOC). | Establishing an HMG funded and managed implementation capacity, including platform coverage (and with HMG remaining as the DOC owner) through which programmatic assistance can be provided. | Contracting an external service provider to implement a programme, or part of it. The outsourced provider will usually be responsible for its own platform arrangements, including DOC. | Contributing personnel or funds to support and influence work of a multi-regional or international organisation (EU, UN, AU or NATO). Platform support can be provided by HMG or by the agency. | Providing funds to a local NfP organisation to implement or expand their programme, or to an INGO(s) that shares HMG's objectives. Platform responsibilities remain with the partner organisations. | A combination of insourced and outsourced providers working together under overall HMG management to deliver one programme. |
| Issues and variants | May be appropriate for early stages of engagement with a set of actors where relationships are being built, or where there are high degrees of volatility Requires up front clarity on where expertise can be drawn from to enable rapid deployment | Major differences with A is that (i) specific additional resources, including platform and management are brought to bear from within the HMG system, and (ii) this option is often designed at greater scale to give programmatic effect. This approach is sometimes deployed by the military (eg regional training teams), and sometimes include non-military activity (eg Sierra Leone). | Key issue is clarity of expectations for service provider to enable clear accountability to both HMG and beneficiaries/ partners. Can be bought into by other partners & donors. Some framework agreements of pre-selected suppliers, such as the CSSF framework agreement can be useful in that they provide a pre-selected group of suppliers from which a partner can be selected with a more streamlined tendering process. | Need to establish what UK engagement looks like (Influence? People? Funding?) and relative roles of HMG staff at post, in London and in the headquarters of the partner organisation (New York, Brussels etc). | Grant Agreement requires the ideas to come from outside HMG, but can be a degree of negotiation over what kind of work HMG is willing to support and where. | Multiple options for structuring this, from having multiple delivery platforms working to a single governance structure, to a single joint platform with HMG taking DOC responsibilities for all. |

Strengths and weaknesses of different models

Because of the range of different options available for implementing programmes, identifying which is best can have significant implications for programme success.

Direct HMG management and implementation

The *strengths* of Option A are that it offers maximum flexibility, is quick to set up, and allows for activities to be adapted rapidly. Ownership of activities by HMG policy makers is also likely to be strongest with this option. Its *weaknesses* are that it is resource intensive for HMG, both in financial and human terms. It is also difficult to scale up due to its reliance on HMG staff resources.

Insourced delivery

The *strengths* of Option B are the clear link between HMG policy and delivery mechanisms which facilitates political engagement. By keeping implementation in-house it is also easier to work at higher levels of classification and to manage risks (especially security ones). Its *weakness* is that it is resource intensive to set up.

Private sector for-profit companies

The *advantage* of Option C is that it shifts the bulk of the administrative and logistical work involved in programme delivery to the private sector. In so doing, it also brings in expertise which may not exist within HMG. Where security is an issue, another advantage is that this may allow for more flexible working arrangements. But there are also several potential *disadvantages*: finding the right implementing partner can be both a time-consuming and uncertain process (i.e. there is no guarantee that the partner selected will have the capacity to work effectively). Furthermore, profit motives of implementing partners can at times be in tension with other objectives, and tensions between private companies and other state and non-state actors can affect overall impact, coordination and the quality of partnerships. Unless HMG commits sufficient time to programme management, delivery can get divorced from HMG's political strategy.

Multilateral partnerships

Option D has a number of specific *advantages*: multilateral partnerships can provide greater political space to work on sensitive conflict and security issues, reduce the political vulnerability of working bilaterally, help share risks with others, result in more coherent international responses to a crisis, and achieve greater impact because one can work to scale. On the flip side, however, one of the main *disadvantages* is that multilaterals are protective of their independence, which may limit UK influence. The track record of multilaterals involved in crisis response is mixed, furthermore, and the impact of funds channelled through them may not be easy to measure or attribute to HMG. Finally, multilaterals often find it challenging to adopt overtly political approaches which can, in certain contexts, reduce the effectiveness of their programming.

Partnerships with not-for-profit groups and INGOs

Option E is particularly advantageous when strong local knowledge and access is required. NfPs and INGOs often find it easier to engage in politically-sensitive activities than multilaterals, and tend to be better value-for-money than private sector organisations. Their

local character may also offer them more flexibility when it comes to security arrangements. But their relatively small size, compared to larger private sector firms and multilaterals, can make it difficult for them to bid for large tendered programmes or scale up activities. Under the CSSF, there are incentives for a portfolio approach to be developed so as to provide incentives for NfPs, with niche areas of expertise, to be included in bids with larger organisations.

Mixed model

Option F combines many of the *advantages* of the other options by enabling HMG to bring together the best resources from both internal and external service providers under an overall HMG umbrella to deliver one programme. This allows HMG to retain a guiding role to ensure that there is a clear link between its political priorities and the delivery mechanism, which is paramount when working in difficult environments. But the *downside* of this model is its added complexity: it is dependent on a clear HMG strategic vision accompanied by a willingness to innovate and effective policy oversight and programme management capacity, which are not always present at the same time.

Section Three: Issues to consider when outsourcing

When outsourcing, there are a range of factors to consider and some common pitfalls to avoid. What is an optimal solution in one context may simply not work in another. While there is no “right way” or “wrong way” to go about outsourcing, there are nonetheless three key stages in the process, each of which raises issues that require careful consideration: first, deciding on whether to outsource; second, handling the procurement process; and third, managing outsourced programmes.

a) Deciding on whether to outsource

The decision on whether or not to outsource a programme cannot be taken before initial thinking has been done to define the nature and scope of an intervention. These issues are examined in detail in two separate *What Works* papers on [Analysis](#) and [Planning](#). But there are a number of more specific issues which relate to assessing the case for outsourcing which should be given consideration at the same time.

Identifying desired programme outcomes

Clarifying up front exactly what problem the programme is intended to address and what outcomes it is intended to contribute towards is an essential first step in determining the appropriate implementation model. Identifying these outcomes requires a clear understanding of the context, including consideration of the full range of HMG interests and activities as well as those of other local and international partners. It is often helpful at this early stage to have an initial discussion with procurement people to discuss what is possible, and what procedures will need to be followed. While there is often pressure to start designing a programme immediately, undertaking a careful contextual analysis and ensuring

consensus across HMG on the overall approach first is key to avoiding problems further down the road.⁷

Determining the benefits of outsourcing

As a general rule, the more sensitive, urgent and strategic the task, the stronger the argument is to have a more hands-on HMG engagement, particularly in the initial programme conception and design. These tasks are usually done in-house by embassies and DFID country offices in FCAS, often supported by SU where they lack sufficient internal capacity. There are some advantages of having an HMG person lead this process given their knowledge of how parent departments work, their ability to facilitate consensus-building across HMG, the relative ease of deploying them where a platform is already in place, and strengthening embassy buy-in of the programme.

But there are other criteria which may impact on which implementation model is most appropriate for designing programmes, including: the resources available for programming, the operating context, design and procurement requirements, the existence of appropriate partners, the risks and security implications of the activity, value-for-money considerations, and HMG duty of care responsibilities. Whether or not it is desirable to draw on external support will depend on the scale and complexity of the programme, the length of the design phase, and whether HMG staff with the appropriate skills can be allocated to the task at this stage.

The main potential benefit of outsourcing aspects of programme design is accessing external expertise that HMG lacks. Contractors may have networks, relationships and staff in countries with access that HMG does not have. External support can be used to develop the initial programme funding proposal, draft the accompanying business case (now mandatory within the CSSF and DFID), or produce the preliminary design of a programme before it goes through the final approval process and out to tender. From the point of view of ensuring technically well-conceived programmes, the use of outside expertise may well be desirable though an external supplier may not have a full picture of how HMG functions or the contacts necessary to negotiate between departments.

Once the basic programme design is complete, it is important to assess at the outset whether outsourcing is the right approach for the specific context, objectives and task. Experience in FCAS shows it is important to consider whether there are benefits in certain aspects of programming being kept in-house through a mixed model approach. This would allow for a combination of insourced and outsourced providers working together under overall HMG management to deliver one programme.

Assessing HMG management capacity

Another key consideration in determining the appropriate delivery model is to accurately assess what *level* and *types* of HMG capacity will be required in-country to manage and

⁷ For more detailed information on the role which *analysis* and *planning* play in defining, shaping, designing and monitoring interventions funded by the CSSF, see the relevant *What Works* papers.

support CSSF-related assistance programmes effectively. In Libya, for example, after the overthrow of Colonel Gaddafi but before the crisis worsened, HMG established its own implementation platform due to the sensitivity of the local context and the need to have a firm political grip on programming. In other contexts such as Syria, programming is outsourced but HMG has appointed a police adviser (in addition to programme management and political staff) who can input into the technical aspects of CSSF programming and ensure work is aligned with UK objectives.

Because CSSF programme funds can be used to resource staff posts dedicated to managing an outsourced activity, this provides greater flexibility for HMG to become directly engaged in programme implementation where this is deemed politically important.

Box 4 – Dilemmas of using multiple contractors (SSAPR)

DFID has sometimes contracted a number of different companies to deliver activities on large security and justice programmes. The rationale for this, as in the case of the Security Sector Accountability and Police Reform (SSAPR) programme in the DRC, was that there was not one single actor which had all of the competencies required to deliver the programme effectively on its own. Thus contracts were agreed with three different private sector providers to cover activities in four areas i) police reform; ii) internal accountability; iii) external accountability; and iv) monitoring and evaluation.

However, this arrangement was difficult to manage. Each of the contractors had different organisational cultures and worked to a different results framework, objectives and performance indicators. There was inadequate incentive for collaboration on activities and, despite the fact that office space was shared, communication and cooperation was often strained in the early stages of the programme. Following a review of performance, a new integrated results framework, integrated work plan and various other steps helped to push the components to work more closely together, and this led to significant improvements in delivery – but as it was impossible to remove the original component structure, this did continue to cause some challenges throughout the programme’s lifetime.

Developing appropriate TOR

Once a decision has been made to outsource, a set of TOR will be required to advise prospective implementing partners on both the scope of the intended programme and the general approach that will need to be adopted, so they can prepare their bids. The process of developing TOR should ideally start early on in the process of developing a programme. It is not a purely technical matter, but is also likely to involve a negotiation with a host government to get in principle buy-in for HMG’s proposed programme and to agree the broad goals and activities, and to clarify implementation options. If HMG is intending to outsource the programme, then it may be appropriate at this stage to inform the partner government of this and explain why it has decided to use this implementation option. As these issues are clarified, this will help to determine how best to deliver a programme and to flesh out the requirements from suppliers if it is outsourced.

There are a number of key considerations in developing TOR. First, they need to provide a clear and structured basis for HMG to evaluate bids without micro-managing the content of suppliers' proposals. They need to be clear on what HMG wants to achieve, for instance in terms of strategic behavioural change in a partner institution or improved performance in a particular sector. HMG will therefore require a strong understanding of the institutions they want to work with before finalising TOR and this may require an initial scoping mission led by an HMG-mandated person.

Second, in the difficult contexts where CSSF programming occurs, it may not be appropriate for TOR to specify too much detail e.g. on the work streams required, indicators to measure programme performance, team structures and activities. Because it takes time to design a good programme, this task may be better done during an Inception phase where a contractor will have the time to build relationships and assess the context in greater detail in order to make informed choices. HMG is likely to get more innovative responses from the market if there is flexibility for suppliers to define approaches; this will also help to set one bid apart from others.

Third, there is often a discrepancy between HMG's long-term vision for change and short-term CSSF contracting. Successful change processes take a minimum of 10-15 years from start to finish while CSSF contracts are rarely more than 3-5 years in duration⁸. The key challenge is to reconcile the need for an approach oriented to long-term capacity-building, change management and local ownership with the pressures suppliers are likely to face to demonstrate concrete results within a short-term programming cycle. TOR therefore need to encourage the development of methodologies and approaches which are coherent and manageable in their own right while still contributing to the longer-term vision.

⁸ From 2016 CSSF will move to a three-year bidding cycle, though some DFID S&J programmes have a time-frame as long as five years.

Checklist One – Issues to consider when deciding on whether to outsource

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| Step 1 | <p>Identify desired programme outcomes</p> <ul style="list-style-type: none"> • <i>What problem is HMG trying to address through this programme?</i> <ul style="list-style-type: none"> - Analyse nature of problem and the political and security context - Assess HMG interests in relation to this problem - Consider views of partner government and other stakeholders • <i>What is the intended outcome of the programme?</i> <ul style="list-style-type: none"> - Discuss and agree desired and feasible outcomes with other HMG departments - Consult relevant local and international partners - Consider how this programme will complement other UK and donor activities • <i>What steps are needed to develop the initial idea into a fully-fledged programme?</i> <ul style="list-style-type: none"> - Assess how strategic, urgent and sensitive the task is - Decide whether additional support is needed (e.g. from Stabilisation Unit - SU) to help with detailed analysis of context and programme design | |
| Step 2 | <p>Determine the appropriate delivery model</p> <ul style="list-style-type: none"> • <i>Have you considered all factors that will impact on programme implementation?</i> <ul style="list-style-type: none"> - Operating context (including risks and security implications of activity) - Scale and complexity of the programme - Availability of resources for managing and overseeing it - Whether appropriate implementing partners exist - Design and procurement requirements - How quickly the programme needs to start and its total duration i.e. including all phases, from design to implementation and any possible hand-over. - Duty of care responsibilities • <i>What are the pros and cons of the various delivery models that are available? (Consult the Programme Delivery section of the CSSF Consolidated Guidance issued by the JS)</i> <ul style="list-style-type: none"> - Assess if there are aspects of the task that mean HMG should have a direct role in implementation. | <ul style="list-style-type: none"> - If considering commercial contractors consider requirements of compliant routes to market. In conjunction with CSSF Procurement Hub informally engage with the ‘market’ of potential suppliers to get a clear sense of available options for implementing partners - Consider if there is an advantage in terms of neutrality and international coordination of using an international organisation to deliver - Identify if there is a need for specific expertise or the ability to manage large-scale funding which a private sector company could provide - Decide whether there is a need for local knowledge and advocacy which a not-for-profit group or International Non-Governmental Organisations (INGOs) could offer. - Consider ‘platform’ issues associated with different options (i.e. what support HMG can provide to implementing partners and duty of care requirements) |
| Step 3 | <p>Assess HMG’s management capacity</p> <ul style="list-style-type: none"> • <i>What capacity will HMG require to manage the programme effectively?</i> <ul style="list-style-type: none"> - Consider what political, technical advisory and programme management capacity HMG will require - Assess adequacy of resources in-country to meet management requirements • <i>Which management tasks can potentially be taken on by the delivery partner?</i> <i>Can additional management capacity be brought in using programme funds?</i> | |

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| Step 4 | <p>Develop appropriate programme Terms of References TORs</p> <ul style="list-style-type: none"> • <i>Are the TOR clear on what outcomes HMG wants to achieve?</i> <ul style="list-style-type: none"> - Consult HMG stakeholders on TOR - Make sure that TOR are clear on the scope and boundaries of the programme - Use specific and jargon-free language in the TORs • <i>Do the TOR allow scope for prospective implementing partners to innovate?</i> <ul style="list-style-type: none"> - Ensure the TORs are clear on the long-term change required and potential stepping stones towards it without specifying the exact activities required | <ul style="list-style-type: none"> - Confirm that the TORs do not restrict implementing partners to specific team structures or work streams that may not be compatible with the context or enable delivery - Ensure that TOR specify any red-lines that are critical for HMG • <i>Have the TOR been sensitively discussed with potential (local) partner(s)?</i> <ul style="list-style-type: none"> - Assess whether local partners have the abilities to fulfil intended roles in the TOR - If the host government is a delivery partner, ensure sufficiently high-level and broad-based buy-in to weather any political changes which may occur |
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b) Handling the procurement process

Procurement of suppliers for outsourced CSSF programmes can be a complex and lengthy process. There are specific guidelines for CSSF programmes which relate to tendering, awarding and contracting. This *What Works* paper complements these by highlighting some strategic considerations about how the procurement process is handled that can help to lay the groundwork for a much more effective outsourced programme.

Ensuring continuity in programme design and implementation

There have often been gaps between the conception, design, inception and delivery phases of programmes which tend to be exacerbated when they are outsourced. This has been a particular problem in the past for large, outsourced DFID S&J programmes. Their development has frequently been drawn out, sometimes spanning several years from the initial conception of the programme through the preliminary design, development and approval of a proposal, tendering and award of the contract, and finally commencement of implementation. During this period of time conditions on the ground can change calling into question the initial programme design. It can also pose challenges for contractors in terms of acquiring and holding on to the staff resources they need to implement the programme. Even when the design remains valid, there can be a large gap in thinking between those designing the initial programme, those that prepare tender documents, and those that then go on to implement the programme. Rarely is it the same people involved at each stage of this process, even when it is all done within HMG.

The CSSF Framework is intended to help address these issues and is streamlining some of these processes. However, it is important to design programmes and make decisions on the appropriate delivery model to help mitigate against this risk. In general, programmes delivered in-house are more likely to go to implementation quicker than outsourced programmes. Programmes implemented through NfPs or international organisations are less likely to be subject to the same level of gaps between stages as those implemented by the private sector because they are administered by accountable grants and MoUs respectively, rather than commercial tenders.

One way to address the problem of a lack of conceptual continuity between design and implementation is to give delivery partners a larger role in the design of programmes. This has led to increasing use of 'design-build-implement' contracts where the same contractor is responsible for each phase of the programme. Typically in these cases, TOR specify the key objectives and scope of a programme, and it is then up to contractors to propose an approach, and then design a programme, that responds to conditions on the ground. Given that implementation is usually influenced by the organisational culture of delivery partners, this is intended to lead to a better fit between the design and the mode of working of those tasked with implementation.

However, even with 'design-build-implement' programmes, HMG procurement processes normally require a gap between the design, inception (if there is one) and implementation

phases. In order to avoid exacerbating this it is important that programme managers in country discuss the specific needs of CSSF-related activities with procurement staff at headquarters, for example, why programme outputs should not be agreed before the inception phase is complete.

If there are gaps between programme stages, programme managers need to ensure that national counterpart ownership of the programme is sustained. This may require particular attention if there is a change in a high-level official with whom the programme was negotiated. It can be beneficial to ensure that funds are allocated for early implementation projects during design and inception phases, and managed separately and directly by HMG during gap periods. This can help to build partnerships and test approaches. If possible, seek to build in flexibility to expand the scope and duration of a programme on the basis of results achieved.

If the programme's design is done by a delivery partner it is important to ensure that this does not weaken HMG's ownership of the implementation process or ability to manage the programme. HMG engagement at all stages of the programme cycle is vital, both on the political and technical sides. In the Kenya example (see box 5), two staff from SU who were involved in the initial scoping mission were also asked by the DFID country office to have a sustained periodic engagement in programme design and implementation to help retain HMG institutional knowledge and ongoing support.

Box 5 – Lessons from gaps between programme stages in Kenya

In Kenya there were significant delays on a DFID-funded security and justice programme between the initial scoping study done in 2012, the design phase March-May 2014, the inception phase January-September 2015, and the start of full programme implementation. This was partly due to mandatory gaps between different stages of the contracting process. During this time, the programme context changed significantly – there were elections in 2013, the terrorist threat significantly worsened including the attack on the Westgate shopping centre, Kenya/UK relations were strained due to the ICC cases against the President and Vice-President (with the charges against the President subsequently dropped), and the Inspector General of Police and Minister of Internal Security were sacked. In such circumstances, local stakeholders can get frustrated by continual delays and raised expectations which are not met.

A key lesson from this process was the importance of investing considerable time in managing relations with key partners to sustain their support for the programme. Another lesson was the need to build flexibility into programme design to respond to changing contexts.

Ensuring broad access to available expertise

It is important to ensure that procurement processes enable HMG to have access to the best expertise available and to achieve value for money. Experience shows that the majority of outsourced HMG programmes in FCAS have tended to be implemented by a fairly small group of large contractors. The 'supply' of suitable contractors is relatively limited and there are few organisations with dedicated in-house capacity to deliver large-scale CSSF programmes, including the ability to pre-finance large activities. Smaller suppliers which may have relevant regional or technical expertise have thus often been excluded or obliged

to become a sub-contractor which often results in the specialist knowledge they bring to a programme being diluted.

HMG has addressed this issue by encouraging smaller suppliers to bid for the CSSF Framework Agreement, by ensuring adequate flexibility in tendering processes so that partnerships between large and small suppliers can be formed, and by prohibiting exclusivity deals and tied arrangements.

If a consortium of organisations wins a tender on the strength of the diverse expertise of its member organisations then it is important to track the roles of each organisation in implementation. In some instances, lead organisations may use smaller organisations to help win a bid but then allocate them a minor role in programme delivery. Programme Managers need to make sure that they are getting access to the skills and experience on the basis of which the tender was awarded. Another approach of lead organisations is sometimes to contract the Directors or management staff of a smaller consortium member as consultants, rather than making their organisations institutional partners. Local not for profit groups can be adversely affected by this modality of contracting individuals, not organisations, which is in part incentivised by the lead organisation's desire to maximise their profit margin.

Assessing the approach and past performance of suppliers

The way in which tenders are currently assessed risks over-emphasising cost and key personnel at the expense of other factors crucial for successful delivery. One implication of the highly political nature of CSSF programming is that much depends on the qualities and experience of staff and how the contractor behaves. There are differences between private sector actors, international actors, INGOs and local NfPs in terms of their incentive and organisational structures which may affect how they deliver programmes on the ground. While it is not possible to generalise about whether one category of actor is preferable over another, these factors should be taken into account during the tender assessment process.

In terms of assessing staff qualities and experience, overall team make-up is as important as the years of experience of lead personnel. Assessment methodologies often focus only on lead personnel, but this is problematic because there is no guarantee that they will be available for the duration of a programme and because the criteria by which they are assessed may not be appropriate. There are different considerations when determining what type(s) of expertise are required: in-depth expertise in one country, or experience from various countries which may enable them to transfer and apply knowledge into a new situation; whether there is benefit in having personnel from the region concerned (i.e. Africans working with African governments) who have necessary local knowledge and can politically and culturally facilitate relationship building; whether local language skills are required or external consultants can work effectively through translators; or whether process skills like managing adaptive approaches and facilitating learning are required. In reality, a mixture of knowledge and skills is required which will rarely be found in one person, hence the need to scrutinise the wider team being put forward.

The overall contractor ‘approach’, backed by examples from previous experience, should be weighted higher than detailed work-plans. Initial programme designs rarely survive the inception phase. Even if they do there is no guarantee that the people who drafted these plans will be involved in implementation. It is more important to understand how well-equipped the prospective contractor is to handle the range of issues involved in running a programme. This may include not only their technical proficiency, but also other aspects of their behaviour, particularly how they deal with local partners. Where it is particularly important to consider behaviour, Procurement/Commercial advisers could be asked for advice on whether and how this can be assessed: directives in theory allow some scope for considering past performance but there are various legal and practical considerations about if and how this can be done.

It should not be automatically assumed that organisations tendering for CSSF programmes have real expertise and experience in this area of work. It is possible for organisations to point to a track record of managing large public sector projects – thus scoring well against tender criteria – even though their CSSF-related experience is limited. In effect, they may be “body shops” that sub-contract out much of the work involved in delivering a CSSF-related programme. This should not in itself rule these organisations out, but HMG staff should scrutinise whether they have sufficient internal expertise on CSSF-related issues to guide those who they sub-contract and to manage the actual tasks of implementation effectively, as well as their ability to identify competent alternatives if those contractors and staff initially identified are not available.

A final consideration when selecting an implementation partner is how to ensure adequate local expertise so that programmes are appropriate to context. Some contractors, particularly those which lack extensive experience in CSSF contexts, are risk averse when it comes to hiring and may favour international consultants over regional/local ones in a bid to manage perceived liabilities more effectively. Internationals may be favoured over regional experts because contractors feel outside their ‘comfort zone’ when dealing with consultants from other cultures, and feel they have greater control over internationals. This conservative approach can result in a reliance on received wisdoms about how CSSF systems work rather than bringing in experts who will challenge conventional programming approaches. A key lesson from HMG CSSF programming is that context-specific programming and local knowledge are vital to success.

Encouraging flexible and adaptive programming

The context for CSSF-related programming may change rapidly requiring programmes to be flexible and adaptive. In this context, asking for detailed work plans within the procurement process may not be appropriate. Procurement processes should encourage suppliers to take an iterative approach and set out how they propose to go about monitoring the evolving political and security context and adapting their programming, rather than requiring detailed 3-5 year implementation plans which are unlikely to be relevant for long. This

requires HMG to develop criteria for judging tenders which prioritise flexible and adaptive programming.

Ensuring the supplier's approach is informed by ongoing political analysis is critical to its capacity to pursue this approach. Annual reviews can provide an opportunity to review the Theory of Change and results framework and revise them to the new reality. Reviews can

Box 6: Political and security analysis in Somalia and Syria

The DFID-funded Somalia Stability Fund (SSF) has two political analysts in its secretariat who provide real time information and views on local dynamics to inform grant decision-making. These posts are employed by Sahan, a Nairobi-based research organisation, paid by a grant from the SSF.

The CSSF-funded Access to Justice and Community Safety programme in Syria has established a research team that analyses open source information and reports from field researchers on local atmospherics to inform programme implementation (e.g. to what extent are armed actors present and influencing what the police do?)

be flexibly used to go beyond examining the delivery of outputs to test whether assumptions still stand, and if outcomes are still appropriate as well.

Defining appropriate results

How results are defined for programmes that are being delivered in fluid and unpredictable contexts can have a significant impact on supplier performance and programme outcomes. Standard programme management systems do not lend themselves to the flexibility required in these contexts. This is a challenge because deliverable results are normally agreed in contracts, then included in results frameworks, and contractor performance is measured against this. As such, programme performance and contractor performance are inextricably linked though this may not be appropriate when there are so many political and security factors that are potentially beyond the control of the contractor.

While it is fairly straightforward to agree simple targets at the output level, such as for the number of people, say police, trained, this may not be a very helpful indicator of quality or effectiveness. If such indicators are set without detailed knowledge of the local context they can also be counter-productive. Once such results are fixed in commercial contracts they are very hard to change and risk leading to perverse incentives skewing the focus of suppliers. At the outcome and impact level it can be difficult to set meaningful indicators given problems of data gathering in FCAS, the number of external variables and problems of attribution – all the more so if suppliers are required to present these indicators in their initial bids before the situation is well enough understood.

Suppliers are often reluctant to take programme risks in FCAS for fear that if they fail this will reflect badly on their performance, and may therefore have commercial repercussions as well. Yet this is at a time when HMG is increasingly recognising the need for risk-taking in FCAS. For example, the DFID Management Board has stated that in FCAS, "DFID is willing to

take considered programme risks to increase potential effectiveness and secure potentially transformative long-term results.”⁹

HMG’s recent experience in volatile environments suggests that in order to encourage considered risk-taking and to disentangle programme from contractor performance, the best approach may be to track how the contractor is managing the contract and whether programme activities are helping to lay a foundation for transformative change (even if that change itself is somewhat off). Results frameworks should include a focus on process indicators which show that the foundations and stepping stones are successfully being laid to achieve longer-term outcomes, rather than only focusing on the outcomes themselves¹⁰. This may include assessing the quality of work plans, the use of risk logs, and communication strategies.

HMG staff should also assess suppliers on how they have integrated conflict sensitivity into their programme management, to ensure that CSFF programming is maximising its peacebuilding impact and not inadvertently increasing tensions. These basic standards of programme management need to be integrated into both TORs and contracts and backed up with constant discussion between HMG and the supplier.

Results-based vs. input-based contracts

Some CSSF contracts are results-based with payments based on the achievement of outcomes on conflict, justice, security and stabilisation issues. Others are performance-based, with the contractor demonstrating it has delivered what it said it would do. Others again are input-based and based on reimbursements of expenditure. While there is no right and wrong approach, it is important that HMG staff are aware of the potential perverse incentives in contracts. The way in which payments in contracts are structured can influence how contractors deliver.

‘Payment by results’ in which tranches are released on the completion of key milestones has the benefit of creating performance incentives but could lead to the contractor focusing solely on those stipulated results at the expense of emerging priorities. This method could also encourage the supplier to deploy the least possible resources in order to achieve that target so that the result is achieved in a quantitative but not qualitative way. Conversely, payment based on expenses may create an incentive for the contractor to deploy more resources than necessary as they will receive a percentage of the cost of each consultant used. Another issue to be aware of is the need to ensure that the nature of these targets/results is internally consistent across the contract or that payments are appropriately proportioned. For instance paying for ‘programme offices to be opened’ is a different quality of result to ‘X number of women have access to legal aid in X villages’.

⁹ P. 22, How To Note. Results in FCAS, op cit.

¹⁰ Using the OECD International Network on Conflict and Fragility (INCAF) typology of three aspects of process, examples of indicators in different contexts could include: *breakdown of a process into different steps towards a certain objective; results in capacity building, results in relationship-building*. These examples of process indicators all evidence some change in behaviour which increase the chance of a longer-term improvement in conflict and security indicators.

Hybrid contracts combine both approaches and increase flexibility (e.g. 2/3 of the budget may be paid out against achievement of milestones which are reviewed quarterly and changed along the way if need be; and 1/3 of the budget may be paid out in fixed sum payments against monthly programme reports).

Setting the terms of the partnership

Being clear about the nature of the HMG/contractor relationship is critical to effective outsourcing. The TOR and contract should spell this out and clarify HMG's expectations at the outset and roles and responsibilities. The contractor may feel that having won the contract as best bidder they have a free reign to implement. The degree to which HMG will need to tightly oversee the delivery of external partners depends on the sensitivity and level of risk involved in the context and programme. In Somalia and Syria, experience shows that HMG needs to set the strategic direction and make key programmatic decisions, being clear to contractors that their role is to implement these decisions. In more benign contexts, more discretion can be allowed. Whatever the context, it is critical to structure regular meetings to ensure that implementation is on track but also to brief the contractor on political developments they may be unaware of and for them to brief on what is happening on the ground.

Managing transitions between contracts

Outsourced programmes for CSSF are typically contracted for a period of 2-3 years. If a decision is made to extend the programme, it will normally be put out to tender again, with a possibility that a different contractor will win the bid. This poses a number of challenges in terms of ensuring programme continuity, as one contractor replaces another. During the hand-over from one delivery partner to another, work may be put on hold for several months at a time, contacts and relationships developed by the first contractor will need to be developed by the new contractor, and institutional knowledge of what occurred during the first phase of the programme is often lost.

In order to mitigate against this it is vital to ensure that contracts contain provisions that require delivery partners both to maintain full and accurate records of their activities, but also to pass on relevant programme information to their successors.

Checklist Two – Issues to consider when handling the procurement process

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| Step 1 | <p>Ensure continuity in programme design and implementation</p> <ul style="list-style-type: none"> • <i>Have you considered how the use of different delivery models may impact on the continuity of your programme?</i> <ul style="list-style-type: none"> - In-house HMG delivery is likely to go to implementation quicker - Private sector contracts will need to be tendered with risk of implementation gaps - Commercial delivery via local not-for-profit organisations/INGOs if unsolicited can be arranged by accountable grant without tendering; if through tender or call for bids, should follow same process as for commercial entities. - Delivery by international/regional organisations can be arranged by MoU and does not require tendering - If contract is commercially tendered, a design-build-implement model can minimise programming gaps, but consideration should given to inclusion of break clauses after each phase to allow for tendering to most appropriate delivery partner. • <i>Have you planned for HMG engagement (e.g. by SU) at each stage of programme development to ensure continuity and keep national counterparts engaged?</i> • <i>Does your supplier contract require it to maintain full records of all activities and pass on relevant programme information if it is replaced by another contractor?</i> |
| Step 2 | <p>Ensure broad access to available expertise</p> <ul style="list-style-type: none"> • <i>Does your procurement process ensure that you will have access to the best expertise available and achieve value-for-money?</i> <ul style="list-style-type: none"> - Discuss with procurement staff to ensure that the procurement process treats suppliers of different sizes appropriately, including ensuring the treatment of SME's by larger prime contractors is to the required standard - Discuss with procurement staff how best to take your ToR to suppliers - Consider adequate flexibility in the procurement process to allow for partnerships, consortia and subcontracting relationships between large and small contractors - Specify in TORs that experts with relevant geographical and technical expertise cannot be tied to specific contractors through exclusivity agreements |
| Step 3 | <p>Assess the experience and past performance of suppliers</p> <ul style="list-style-type: none"> • <i>Do your assessment criteria take into account the full range of factors necessary to ensure that a contractor can deliver a programme effectively?</i> <ul style="list-style-type: none"> - Check that contractors have adequate in-house expertise in the area of work rather than simply relying on external consultants - Confirm that contractors have included enough local and technically-specific expertise (including relevant language skills) to strengthen context-specific programming |

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| Step 4 | <p>Encourage flexible and adaptive programming</p> <ul style="list-style-type: none"> - <i>Does your procurement process take adequate account of the politically-complex and changing context in fragile states?</i> <ul style="list-style-type: none"> - Discuss with procurement staff that it may not be appropriate to ask prospective suppliers to develop detailed, multi-year work-plans until the inception phase - Ensure the inception phase allows adequate time to analyse the context detail, develop relationships, and define appropriate and realistic outputs. - Consider the ability of suppliers to continuously monitor and analyse the changing situation and to develop the programme iteratively. - Check that capacity for political analysis is built into the programme to help monitor the evolving context and inform decision-making on programme direction - Make sure programme contracts and the ToRs for annual reviews place particular attention on supplier capacity for flexible and adaptive programming |
| Step 5 | <p>Define appropriate results</p> <ul style="list-style-type: none"> • <i>Is your programme management system flexible enough for contractors working in fluid and unpredictable contexts?</i> <ul style="list-style-type: none"> - Do not include detailed deliverable results in contracts and results frameworks when there are many political and security factors outside the contractor’s control - Design the results framework to assess contractor performance in addition to programme performance - Encourage suppliers to be innovative and take considered risks to increase potential effectiveness of interventions • <i>Does the results framework use process indicators and management indicators to assess contractor delivery?</i> <ul style="list-style-type: none"> - Ensure the results framework focuses on establishing the short and medium-term foundations for long-term transformative change rather than just on longer-term outcomes - Include process indicators such as the development of key relationships, coordination of partners, inclusiveness of processes and adaptability to risk - Assess how conflict sensitivity and political analysis are integrated into programme management |
| Step 6 | <p>Decide type of contract</p> <ul style="list-style-type: none"> • <i>Have you considered the range of contract options available and the different ways in which they may influence (sometimes perversely) performance incentives?</i> <ul style="list-style-type: none"> - Results-based contracts can incentivise performance but may lead suppliers to focus solely on achieving those results rather than on emerging priorities. - Input-based contracts may encourage contractors to deploy more resources than necessary to achieve a project objective. - Hybrid contracts combine both approaches and increase flexibility (e.g. 2/3 of the budget may be paid out against achievement of milestones which are reviewed quarterly and changed along the way if need be; and 1/3 of the budget may be paid out in fixed sum payments against monthly programme reports). |
| Step 7 | <p>Set the terms of the HMG-contractor partnership</p> <ul style="list-style-type: none"> • <i>Do the ToR and contract clearly set out the relationship between HMG and the supplier and their level of autonomy in decision-making?</i> <ul style="list-style-type: none"> - Spell out clearly the specific roles and responsibilities of HMG and the contractor - Ensure that the terms of the partnership reflect the sensitivity of the programme and the level of risk - Consider the most appropriate cost model – either unit or service cost approach - Spell out clearly HMG’s expectations about how it and the contractor will interact - Make sure that both the ToR and contract stipulate regular meetings to track progress and review direction |

c) Managing programme implementation

Once an implementing partner has been selected and contracted and a programme is underway, there are a number of key considerations for HMG to manage its implementation effectively:

Ensuring a clear HMG-supplier division of labour

It is vital to ensure that there is sufficient HMG capacity to manage the programme effectively. Programme performance will be directly affected by the degree and quality of management inputs from the HMG side. Experience shows that it is more HMG resource-intensive to try and get a programme back on track when performance is weak than to dedicate sufficient time to manage it well in the first place. Inputs may be required at various levels: a) the programme manager her/himself; b) technical inputs (e.g. from Conflict, Governance or Police Advisers or Defence attache) c) political analysis (e.g. from Political Counsellor) d) senior managers within an Embassy who oversee the work; and e) managers in parent departments back in the UK who are directly implicated in a programme; and f) the new CSSF “regional boards” with a responsibility to oversee and provide strategic-level programme inputs. However, the bulk of responsibility will lie with the programme manager to ensure outsourced programmes run smoothly.

There are benefits in agreeing a clear division of labour with implementing partners at the outset of programmes. HMG needs to be an intelligent customer – on the one hand, outsourcing anything that is not necessary to do in-house, provided implementing partners have the capacity to deliver; on the other, retaining control over the more political and strategic tasks that should be conducted in-house. The optimal break-down in management tasks between HMG and an implementing partner will need to be determined on a case-by-case basis.

Given limitations on programme managers’ time there will be incentives – and perhaps also pressures from senior managers – to incorporate as many management tasks and responsibilities as possible into the delivery partner’s work programme and contract.

If the contractor is able to take on and discharge these tasks effectively and this does not reduce HMG oversight of the programme, then getting the contractor more involved in the management side of things can be beneficial. However, experience suggests that there is often a gap between what contractors commit to deliver and what is actually feasible in the political and security context. This may arise because HMG’s TORs are overly ambitious and suppliers feel under pressure to promise more than they can deliver to win contracts, or simply because they underestimate the challenges of working in difficult working conditions.

For these reasons, a careful assessment of needs and an appropriate level of resources must be allocated by HMG to fulfil its programme management requirements. The issue is not just about head-count: staff also require the appropriate skills and must be in the position long enough to develop the local knowledge and relationships required with national counter-parts to work effectively. Outsourcing should not simply be used to shed off management tasks which need to be done in-house.

Once there is a clear division of labour, it is important to make explicit in the programme manager's work-plan what percentage of his/her time will be spent managing a particular programme, and to get this signed off on by senior management. This may not always be possible, but in the case of the NSRP in Nigeria (see box below) this was key to delivering a level of performance which met DFID's expectations.

Box 7: Managing the National Stability and Reconciliation Programme in Nigeria

There is often a tension in out-sourced programmes between HMG's desire to delegate as many management tasks as possible to meet value for money requirements and the need to ensure adequate oversight and performance management. In the case of the NSRP, this involved more "hands-on" management by the lead DFID adviser than was originally anticipated. During the inception phase of the programme, the work plans were reviewed and modified which entailed substantial changes as well in the procurement and contracting processes. There was pressure on the contractor to do more with less staff in a dynamic and fluid context where programme activities were constantly being delayed or changed. To ensure effective delivery, the management requirements on DFID's side increased, particularly since the programme was politically sensitive and there was a need to carefully track progress. In order to ensure adequate time to manage the programme, the adviser got written in to his contract that he would spend 40% of his time in support of the programme to reflect its high risk/high reward nature.

A second critical element of effective programming in stabilisation environments is ensuring that there is a strong HMG hand on the tiller. CSSF-related activities are by definition both political and high-risk in nature. Where legitimate state authority is weak or non-existent, this will often require engaging with local or national political authorities and contractors are generally not well-equipped to manage these political dimensions of a programme. They neither have the political authority nor links that HMG staff do, and they are rarely fully *au fait* with HMG policies.

It is important to recognise that partner country actors may well not understand the distinctions and relationships between HMG core staff and contractors. HMG is perceived by stakeholders in the partner country to be responsible for the programmes they support, regardless of who is implementing them.¹¹

Unless the political engagement and risks are effectively managed, this can limit a programme's effectiveness in various ways. Contractors may either be too risk-averse (not wanting to ruffle any feathers and trying to implement the programme in the most technical, non-controversial way possible), as a result of which the programme will fail to achieve its wider objectives; or contractors may assume too much responsibility and/or take too many risks, effectively meaning that HMG does not have enough control and

¹¹ A related problem (for example in DRC) is that other donors do not see the private sector (PWC, for example) as a legitimate development actor. Hence, HMG needs to explain better why they outsource, the key criteria for selection, etc.

opportunity to manage relationships with local stakeholders. At worst, this can damage HMG's reputation.

Ultimately, contracting adds another layer of reporting and management (without even considering further sub-contracting), which may further complicate efforts to engage on sensitive political issues and manage risks. But a pragmatic approach will usually be required as it may not always be realistic or desirable for HMG to be the sole interface with government, particularly in large programmes – flexibility is required because the HMG staff may not be around when required to resolve a particular problem. It is not helpful to simply draw a red line between 'political' (HMG) and 'technical' (supplier) engagement - contractors delivering assistance must also work politically. The box below describes three different approaches to handling this issue.

Coordinating HMG inputs and priorities

Cross-HMG coordination and joint HMG-supplier discussions on work-planning are helpful to avoid the contractor being given contrasting inputs from different departments. Where there are differences of view on priorities within HMG, it can be very difficult for suppliers to resolve this on the ground. This may result in suppliers feeling under pressure to keep all departments happy, with a risk that a little of everything is done resulting in a programme that has little strategic coherence or impact. For example, where HMG has a parallel counter-terrorism initiative underway which has not been adequately coordinated with a CSSF activity, this may undermine the latter's developmental aspects leaving the supplier with little scope to remedy this.

Box 8 – Contrasting approaches to political engagement: Ethiopia, DRC and Syria

On a DFID-funded security and justice programme in Ethiopia, direct contact between the contractor and the Ethiopian Government was initially limited during the design phase. The contractor was not routinely invited to Steering Committee meetings and was reliant on reports from DFID and minutes of the meetings. Most communication between the contractor and the Steering Committee was via email or DFID rather than face-to-face briefings and exchanges. This made it difficult to strengthen mutual understanding. DFID Ethiopia tried to address this by allocating part of each month's steering committee meeting for dialogue with the Team Leader. This helped to facilitate direct discussion on key issues.

In the DRC SSAPR programme, DFID had one governance adviser dedicated to managing the programme which involved three different contractors. Together they had more than 30 staff engaging daily with governmental and non-governmental counterparts. This made it impossible for DFID to be a gatekeeper to government interaction and made it important that all team members were aware of the political dimensions of programming.

In HMG's Integrated Community Security Programme in Syria the FCO took a hands on role in managing the political dimensions of the programme by organising a weekly meeting bringing together HMG, other donors (Denmark, the US and the Netherlands), and the contractor. This enabled the donor stakeholders to discuss and build consensus on how to handle political and risk management issues so that the contractors were not left in the position of having to interpret HMG's preferences in this area and represent HMG in its interaction with local authorities.

Because a growing number of HMG departments now have an interest in CSSF-related activities, there is an increased risk that reporting lines for programmes will become confused. Unless clear arrangements for shared briefings are made then sometimes the Ambassador, Political Counsellor, Defence Attaché and DFID Governance/Conflict Adviser all end up receiving pieces of *ad hoc* information but not the full picture. At posts where there are different HMG actors involved in programme oversight, establishing a clear routine for information sharing and briefings is important for HMG coherence.

Building relationships with implementing partners

Effective partnerships with contractors are important to ensure that programmes deliver on HMG policy and political commitments, to ensure quality control, and to manage risks effectively. Rather than seeing contractors simply as “service providers”, viewing the relationship as a partnership and cultivating trust and effective communication is vital to programme success.

In practice, a divide between policy and delivery often emerges which can contribute to a real feeling of 'us and them' among contractors. This can raise barriers between HMG staff and contractors. Contractors often feel that they are out of the loop, which is often accidental but can occasionally be deliberate. One way this may manifest itself is by contractors not being invited to government/Embassy meetings where the core business relates to programmes they are involved in. The nature of interaction between HMG and its delivery partners affects trust and relationship building.

Contractors are more likely to be up-front when they are experiencing difficulties where levels of trust are high, and HMG can in turn provide both the space and advice which they may require to work through the problems. This is key in high-risk environments where the likelihood of programme failure is high and contractors may require a flexible approach which enables them to “test the waters” first, to learn, and then adapt their programming.

One approach to outsourcing which can enhance co-operation is a ‘hybrid’ model of programme management, whereby an HMG staff member is embedded within the programme (for example as a Programme Manager), while other posts are filled by the contractor. This may smooth information flows in both directions, increase understanding and trust between contractors and HMG, and reinforce HMG ownership and political management of the programmes. For example, a DFID staff member is Head of the Secretariat of the Somalia Stability Fund which is managed by a private sector company.

In practice, there will often be a fine line between HMG making legitimate requests for updates on programme performance and micro-managing or interfering in implementation. Outsourced programmes require a sufficient degree of autonomy to function effectively – being clear on reporting requirements is therefore crucial. But there are also other issues which cannot be put into the contract, for instance the division of labour between HMG and the supplier when dealing with national counterparts. For example, to operate effectively and build a strong relationship with the counterpart, contractors may need to allow the

counterpart to feel that they are the “client” (even though it is ultimately HMG); it can be acceptable for the contractor to downplay certain issues and leave HMG officials to address certain problems which are better coming straight from the UK Government and/or need to be delicately managed – providing this is an agreed and coordinated division of labour.

Coordinating implementing partners

In some situations HMG may divide up a programme into several components which are contracted to different implementing partners. As the case of the SSAPR in the DRC illustrated, doing this can help to bring in a wider range of institutional expertise and competences, but this is also likely to complicate programme management, particularly in terms of coordinating suppliers. Unless they are adequately incentivised to collaborate together (for instance, by having a shared results framework), contractors will tend to work independently which will almost certainly compromise efforts to achieve overall objectives.

A separate coordination challenge may emerge in certain contexts, such as Somalia or Northern Nigeria, where HMG supports a range of different projects with different aims (often supported by different departments) which operate according to different procedures. Although these projects may appear to be unrelated, it is in HMG’s interest to ensure a coherent “portfolio approach” both to increase efficiency of implementation and ensure conflict sensitivity and coherence – i.e. that individual projects do not impact negatively in others. This will usually entail involving suppliers in discussions with HMG senior managers to discuss practical ways to coordinate, where necessary, and manage risk.

In the typical CSSF working environment, there are also likely to be a range of other international and national actors who are active, including NfPs, private sector, bilateral and multi-lateral donors, private security companies and INGOs. In certain cases, one or more of these actors will be cooperating under a shared framework with HMG, but in others they will be operating according to their own objectives and perspective. This places a high premium on achieving close coordination across HMG departments and units so that HMG’s priorities and activities can be effectively aligned where appropriate with other actors.

Monitoring and evaluating programmes

M&E is an essential element of managing CSSF activities, particularly in difficult environments where frequent adjustments in programme strategy and approach may be required in order to achieve results.

CSSF programming in difficult environments will require adaptation of the M&E approaches that are prevalent in mainstream development practice. The [What Works guide on M&E](#)¹² and the [CSSF Thematic Information Paper on M&E](#) provide useful technical advice on how to approach M&E in these contexts where political expectations are often high and there is pressure to show results quickly. There may be multiple actors working to different mandates and limited access to beneficiaries. Basic data and baselines may not be available and time constraints may make it difficult to think strategically or develop a robust theory of change which can inform planning.

¹² Monitoring and evaluation of Conflict and Stabilisation interventions: What Works Series, October 2014.

In these contexts, the tangible benefits which HMG is seeking to promote in terms of increased stability, security and justice will generally depend on achieving less immediately tangible changes in behaviour, attitudes, and practices. This does not mean that entirely different tools are required, but it may be necessary to understand, measure and work towards results in outsourced programmes in a different way. These programmes require clarity about the long-term strategic vision towards which they are working, and a strong HMG hand is required to ensure they do not lose sight of this vision.

However, at the level of activities a more iterative, evolutionary approach may be required. There needs to be flexibility about short- to medium-term objectives and milestones, and in particular, there needs to be much greater flexibility about the means by which short- to medium-term objectives are achieved. The political realities on the ground and the process of assessing, learning, and adapting needs to actually drive programming – these approaches should be at the centre of programme delivery mechanisms, and contractor staff should be selected based on their abilities to operate in this way.

This may pose challenges with respect to contracting and HMG oversight of contractor performance. It is more difficult to design contracts where many of the results are deliberately vague and will be fleshed out as the programme develops, but this may be necessary to avoid tying contracts to firm but ultimately irrelevant targets. At the same time, however, highly iterative programming is also more labour intensive and may put a strain on both procurement and programme management processes at a time when there is pressure to reduce staff numbers.

Similarly, it is more difficult to assess programme performance when it is not a simple “yes” or “no” question about whether certain outputs and outcomes have been delivered. Instead, more qualitative – and possibly more mutual - forms of assessment and analysis may be required which recognise the complexity of what the contractor is being asked to do but still hold the programme and the contractor to rigorous standards.

Learning from experience

Lesson learning is key to improving programme performance but is often inadequately addressed by either HMG or contractors. Systematically assessing what works and does not work facilitates programme management and enables programmes to establish a bank of institutional knowledge which can inform the design of future programmes. This is also invaluable for other HMG programmes as well as other donors seeking to learn from experience. It is particularly pertinent to CSSF programmes given both their relative ‘newness’ (and consequent lack of detailed evidence about success factors) and the complexity of the environments in which they are delivered, which makes the capacity to learn and adapt an essential precondition of success.

Because learning about programme effectiveness often resides with contractors, the challenge for HMG is to acquire that knowledge so that it can inform policy makers, programme designers and other implementation partners. But unless there are adequate incentives for contractors to develop and share lessons, they may be reluctant to put down

on paper anything that will suggest they are not performing well, and they are often not contractually obliged to do so. If contractor pay awards are based only on the achievement of results, there may feel under pressure to claim that they are achieving all their tasks and to sweep any challenges they are facing under the carpet. This is counter-productive.

Box 9: Monitoring methods for the Somalia Stability Fund (SSF)

There are significant challenges to monitoring programmes which operate in contexts where HMG has limited if any access. The SSF uses a combination of five methods:

- Reports from SSF grant recipients.
- Information from the SSF country team, who *can* do on-the-ground monitoring.
- A DFID-managed third party monitoring contract (across whole Somali portfolio).
- The *Shaqadoon* SMS feedback system www.stabilityfundsomalia.so which promotes accountability and transparency and empowers hard-to-reach communities so their voices can be heard in design and programming processes. Citizens can text complaints or views on projects to a free number.
- Political analysts in the secretariat have their own informal local information network.

In addition, where lesson learning has been done, contractors may be reluctant to pass on these lessons to other companies, particularly when their contract has not been renewed and another company has been selected to continue with the programme. Contractors thus need to be incentivised appropriately in the contract to admit their difficulties so they do not fall back on the excuse that they cannot share commercially sensitive information unless the need to do so is clearly written into their contracts.

Ensuring that HMG staff can benefit from lesson learning is all the more important because many CSSF-supported processes will only realistically achieve long-term change over a 10-20 year time frame, while most HMG representatives are rarely in place for more than three years. Furthermore, while contractors may have a longer horizon of engagement, this is not always the case. When there are handover issues – as noted above - local HMG staff can act as an informal source of institutional memory.

From a contracting perspective, HMG needs to ensure that programmes are incentivised to store and share relevant information in a useful format. In addition, contracts need to incentivise other less tangible, but extremely important aspects of implementation, such as the development of a theory of change which can provide a more dynamic framework to inform risk management, lesson learning and assessments of programme performance.

Checklist Three – Issues to consider when managing outsourced programmes

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| Step 1 | <p>Ensure a clear HMG-contractor division of labour</p> <ul style="list-style-type: none"> • <i>Is there adequate HMG capacity in place to manage the programme?</i> <ul style="list-style-type: none"> - Determine the skills and expertise required to manage the programme - Assess which inputs will be required from different parts of HMG (political counsellor, governance/conflict advisers, programme managers, defence attaché, senior managers at Post or in the UK, the CSSF regional board, etc.) | <ul style="list-style-type: none"> • <i>What should the breakdown in management tasks be between HMG and the contractor?</i> <ul style="list-style-type: none"> - Assess the contractor’s management responsibilities and its capacity to discharge required tasks - Spell out the contractor’s responsibilities in their contract - Make sure your personal work-plan is explicit about how much time you will require to manage the programme |
| Step 2 | <p>Work politically and manage risk</p> <ul style="list-style-type: none"> • <i>Have you anticipated how the key political issues and risks that will affect delivery of your programme will be managed by HMG?</i> <ul style="list-style-type: none"> - Identify and assess key political issues and risks affecting the programme - Develop a list of key political interlocutors - Identify an HMG “owner” for each risk - Ensure there is a strategy to mitigate these risks | <ul style="list-style-type: none"> • <i>Have you agreed with the implementing partner how they will work together with HMG to handle political issues and manage risk?</i> <ul style="list-style-type: none"> - Ensure that the contractor is clear on the political dimensions of the programme - Spell out the respective roles of HMG and the contractor in managing risks - Specify in the contract who will interface with key government stakeholders, and how |
| Step 3 | <p>Coordinate HMG inputs and priorities</p> <ul style="list-style-type: none"> • <i>Are arrangements in place to manage the work plan effectively and ensure effective cross-HMG coordination?</i> <ul style="list-style-type: none"> - Ensure that CSSF activity is coordinated with other HMG activities - Ensure that the contractor is clear on HMG priorities and expectations regarding its role - Establish clear reporting lines for the contractor - Clarify arrangements for cross-HMG information-sharing <p>Agree a schedule for joint briefings/work planning sessions between the contractor and relevant departments</p> | |
| Step 4 | <p>Build relationships with implementing partners</p> <ul style="list-style-type: none"> • <i>Are conditions in place to build a strong and effective working partnership between HMG and the contractor?</i> <ul style="list-style-type: none"> - Discuss with the contractor how to build an effective working relationship - Clarify with the contractor the roles and responsibilities of different implementing partners - Spell out the reporting requirements clearly in contracts - Agree with the contractor how much you will get involved in day-to-day management of the programme - Ensure there is a clear division of labour between HMG and the contractor for dealing with national counterparts <p>Ensure that there is provision for the supplier to take on appropriate burden of administration tasks, such as scheduling meetings, producing reports etc.</p> | |
| Step 5 | <p>Coordinate implementing partners</p> <ul style="list-style-type: none"> • <i>Is a clear coordination framework in place for the CSSF programme and other related HMG or donor activities?</i> <ul style="list-style-type: none"> - Where there are multiple implementing partners, ensure that a mechanism is in place as well as incentives (i.e. a shared results framework) to foster collaboration - Align your CSSF programme with other HMG programmes in region to promote a coherent portfolio approach <p>Align CSSF & other HMG activities where relevant with the activities of other national and international partners</p> | |

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| Step 6 | <p>Monitor and evaluate programmes</p> <ul style="list-style-type: none"> • <i>Is the M&E approach for your CSSF programme appropriately adapted to the environment you are working in?</i> <ul style="list-style-type: none"> - Ensure that your M&E strategy allows for iterative and adaptive programming and is integrated into the overall programme management strategy - Decide on the best way to assess programme performance - Ensure that there is a clear division of labour for M&E between HMG and the contractor(s) - Determine the requirements for data collection and production of base-lines and a theory of change - Ensure that you have allocated adequate human and financial resources for M&E |
| Step 7 | <p>Learn from experience</p> <ul style="list-style-type: none"> • <i>Has a clear strategy for lesson learning been built into the programme?</i> <ul style="list-style-type: none"> - Make sure that the implementing partner's responsibility to share lessons is written into their contract - Ensure that there is a provision in the contract for transfer of all institutional knowledge to HMG and a new implementing partner following contract completion - Consider how the programme will be adapted to reflect lessons identified <p>If you are changing posts, ensure that you have in place a bank of programme knowledge including lessons to hand over to your successor</p> |