

Response to the Parliamentary International Development Committee's Inquiry on DFID's Use of Contractors

About Coffey International Development Ltd.

1. Coffey International Development Ltd. is a key supplier of services to the UK Department for International Development (DFID), partnering with DFID to design and deliver projects in over 20 countries. Our teams specialise in the fields of civil society support, economic growth, education and vocational training, food security, health, gender, governance, social inclusion, and security, law and justice. In addition, Coffey's in-house evaluation and research team measures the effectiveness, impact and value for money of development aid throughout the world and equips organisations and our projects with tailored monitoring and evaluation systems.

Summary

2. Private development management companies, NGOs and multilaterals all have a role to play in partnering with DFID to address development challenges. Each type of organisation has its own strengths, and is better or worse suited to different situations. In numerous contexts, development management companies, such as Coffey, offer the best value for money for DFID. For the purpose of this inquiry, below we discuss four benefits to DFID of partnering with development management companies:
 - Development management companies are particularly adept at addressing today's complex, multi-faceted challenges. This includes having the expertise and capabilities to manage programmes composed of especially assembled teams and partner organisations which *together* are able to provide solutions to such challenges.
 - Development management companies are particularly well-suited to implementing institutional change programmes in challenging environments. Institutional change is crucial for long-term, sustained impact in developing countries.
 - Development management companies are agile, enabling them to quickly assemble and disassemble solutions to varied development challenges. They have the flexibility to adapt to shifting UK government priorities and to changing contexts in the countries where they work.
 - Development management companies take on commercial risk, while working under highly uncertain conditions. By being held accountable for what they achieve, they are required to provide the best results, in the most efficient way.

Addressing complex development challenges

3. Today's development challenges are complex. They are almost always the result of multiple interconnected causes, such as inadequate financing, poor knowledge or skills, crumbling infrastructure and lack of political support for change. To address these multi-faceted challenges effectively, multi-faceted solutions are needed. Such solutions require the input of individuals and organisations with a range of skills, knowledge (both technical and contextual), and relationships (whether with impoverished communities or heads of state).
4. Development management companies are particularly adept at addressing multi-faceted challenges. A key strength of ours is our ability to manage programmes composed of especially assembled teams and partner organisations which *together* are able to provide a solution to a complex problem. We use our extensive networks, built over years, to identify the right people and organisations to deliver programmes effectively. For example, in Pakistan's Khyber

Pakhtunkhwa Province, the UK government-funded and Coffey-managed Aitebaar programme is working to improve the delivery of security and justice services. Coffey assembled a programme team composed of individuals with experience in police procedures, investigative skills, gender-responsive policing, prosecutions, policy formation, human rights, women's rights, communications, finance, human resources and security. Moreover, the team includes individuals with political acumen and the ability to forge the right political relationships to make change possible. 134 of the 138 programme staff are Pakistani nationals.

5. Complex programmes also utilise the expertise of multiple partner organisations, many of whom are NGOs, while some are smaller specialised contractors. For instance, on Aitebaar, we are partnering with five organisations to deliver the programme. They cover specialist areas such as investigation skills training, the provision of legal aid, community mediation, media and gender. Jamii Thabiti, a UK government-funded community security programme Coffey is managing in Kenya, by the end of July we will have contracts with 23 local organisations by August 2016, and more thereafter. On an economic development project in Nigeria, we have Memoranda of Understanding with 41 local organisations, both public and private.
6. After assembling these configurations, we oversee them, managing the programmes and providing the teams with operational and security support. Additionally, we build the capacities of our local teams and partner organisations, including small local NGOs, so they can be more effective both on the programme at hand and in their other work. In Pakistan, for instance, the Aitebaar programme worked with a Pakistani NGO, SRSP, to raise awareness of people's rights and responsibilities with regards to security and justice. Aitebaar helped SRSP improve its programming rigour (for instance through better monitoring of impact) and trained 198 community activists to deliver awareness-raising sessions. Aitebaar has also partnered with the Pakistani Dost Foundation to provide legal aid to over 100 marginalised juvenile prisoners. In working with the foundation, we realised that the foundation's youth team lacked professional skills, and so introduced an eight week internship programme. In Kenya, the Jamii Thabiti programme is using the Organizational Capacity Assessment Tool (OCAT) to identify all of the programme's local partner organisations' weaknesses. Based on the assessments, we will develop capacity building plans for each organisation.
7. Without management development companies, DFID would need to assemble teams, manage multiple small partner organisations, build local capacity, take on day-to-day project management, and provide project teams with operational and security support. This would place a significant administrative burden on the department, and DFID would forego the efficiencies that experienced management development companies bring to the process.
8. Management development companies also work closely with DFID to understand what the department wants to accomplish, on individual programmes and more widely in the country, region or sector. Small, local NGOs, in particular, often do not have the same insight into what DFID, or the UK government more broadly, is trying to achieve. Partnering with management contractors enables these NGOs to learn about DFID's priorities without requiring them to invest resources in building that relationship. DFID, in turn, benefits from the managing contractor providing the programmatic oversight that ensures partner NGOs' activities on a given programme are aligned with the department's aims.
9. Additionally, management development companies have no (political) agendas, other than to implement projects on behalf of the UK government. We are hired to achieve specific results within given timeframes, and focus on delivering what our clients need on the programmes, without being pulled in other directions.

Institutional change: helping governments serve their citizens

10. Development management companies are particularly well-suited to implementing institutional change programmes in challenging environments. The programmes we implement help key institutions (such as government ministries, courts and the police) in developing countries become more capable, accountable and responsive to the needs of wider society. As a result, they are better able to provide citizens with services such as education, health care, security and justice. Our work also focuses ensuring that services reach poor, often disenfranchised communities, as well as disadvantaged or marginalised groups, such as women and the disabled.
11. There is no 'silver bullet' when it comes to institutional reform. Our programmes require multi-pronged approaches, targeting the strategic, policy and operational levels at the same time. Beyond this, the most difficult challenge remains changing the mind-sets of those involved to adopt approaches that run counter to their usual thinking.
12. While success is rarely achieved in the short-term and often requires significant resource commitments, there is a plethora of literature that advocates for institutional change work in development. It leads to long-term sustainable change, and is often of strategic benefit to HMG. We have seen first-hand that while difficult, institutional change is not impossible.
13. For example, in Afghanistan, Coffey has been working on a UK government funded programme to improve the capabilities of the Afghan Ministry of Interior, which oversees the police. The ministry's weaknesses impact on the performance of the police, which struggles in protecting citizens' rights, adhering to the rule of law and delivering its law enforcement functions. The programme provides training and guidance to ministry staff, in order to improve the ministry's leadership as well as strategy and policy mechanisms. Since the programme began in 2011, the ministry's capabilities have improved in key areas, and it can now carry out many processes independently, which it was not able to do previously. For example, the ministry is now preparing budgets for all its planned activities, which greatly improves its ability to achieve its goals. In 2013, for the first time, 100% of the planned expenditures the ministry budgeted for for the coming year were broken down by individual activities. All of the activities in the ministry's 2015 strategy and strategic plan were allocated to specific ministry departments for implementation.
14. In Pakistan, the Aitebaar programme has established six 'model' police stations (which serve a constituency of over 420,000 people). These stations have more effective investigations capabilities and better coordination between the police and prosecutions services than other stations in the province. They are focused on serving their communities, including victims of crime and women. Additionally, six women's desks have been set up at the stations to provide dedicated services to women, who might be reluctant to speak to male police officers in this highly patriarchal society. These desks are staffed by female police officers especially trained for this role. Since the desks were set up, reporting of complaints by women to the police has gone up by 67%. As part of its work, Aitebaar has trained 1294 police officers in areas such as specialised investigation techniques, gender and human rights, victim support services, community-centred policing and police prosecution coordination procedures. It has also been working with policy-makers and security and justice service providers to help them reform processes, procedures and laws that support effective and accountable delivery of police services. 20 procedural documents pertaining to police, prosecutions, probation and parole have been developed. These include four codes of conduct for the police – on issues such as the search of premises, property seizures and questioning – as well as a comprehensive Gender-Responsive Policing policy and a Victim Support Strategy.

15. Development management companies are well-suited to institutional change work for a number of reasons. For one, institutional change programmes are complex, and as noted above, require a mix of skills, knowledge and relationships that we can assemble. For instance, Coffey recently worked on a UK government funded project to support the Government of Egypt in its economic policy-making. Coffey used in-house expertise and its network of external experts, local partners and officials from across the UK civil service. Thanks to our ability to bring together the right mix of specialist expertise, Coffey was able to deliver nine activities during the five-month project. According to the British Embassy in Cairo, the embassy had only had access to sufficient expertise to directly deliver three activities over the preceding 12 to 18 months. By procuring specialist expertise through Coffey, it was able to deliver three times the number of activities in less than half the time, with the same amount of resources.
16. Second, and just as importantly, institutional change programmes are highly political. They require us to be able to have access to the right people in the countries we work in (including, often, senior officials), to gain their trust, and to secure their support for change. Development management companies invest in building these relationships. Additionally, because we do not have our own agendas and are implementing on behalf of the UK government, we are often seen as an extension of the government, increasing our political clout and thus access. And yet, we are not UK civil servants, enabling us to take risks where civil servants could not.
17. Third, development management companies can access even relatively dangerous locations and to embed our staff in the institutions they work with. Because we can take more risks than civil servants, we are able to work more closely with local communities and individuals. For example in Afghanistan, Coffey's team was able to work daily from an office within the Ministry of Interior, which greatly improved dialogue and trust between the team and ministry officials. And while Coffey takes the safety and security of all its team members very seriously and provides high quality duty of care, our security costs in high risk environments are lower than those of multilaterals such as the United Nations. This is in part because we keep a low profile in such areas and because we apply a nuanced approach to security management, understanding we cannot cover one country or a long period of time with one broad brush. Additionally, because of our ability to access communities on the ground, we are able to combine our work at the institutional level with community-level activities, bolstering the chances of success of the institutional change work. For example, in Pakistan, the Aitebaar programme is helping communities voice their concerns regarding security and justice issues (using media and in-person events, the programme has reached 33,500 people). This should provide additional pressure for security and justice services to change.
18. Fourth, development management companies are agile and can adapt to changing contexts. The institutional environments we work in are highly politicised, with regular turnover of staff, reflecting shifting political alliances. When new individuals come in, particularly at the senior level, they bring new priorities and strategies. Projects need to adapt to these changes while maintaining a focus on project aims. This may require a project to change its activities or even staffing. Agility is therefore critical in these environments. But it is also a major strength in development management more broadly.

The agility to quickly assemble and disassemble solutions and adapt to changing contexts

19. Development management companies' structures allow us to be very agile. We are lean operations with relatively low fixed costs relative to the number and size of our assignments. Coffey Europe, for example, has 95 permanent staff and manages about 100 assignments at any given time (while some assignments are short, many are large-scale multi-year programmes).

Instead of keeping numerous staff permanently on our payroll, we maintain large networks of freelance practitioners/specialists and call upon these individuals when their capabilities are needed for specific assignments. Currently, Coffey has 374 individuals like this working on our assignments. Permanently maintaining staff in all the different technical and geographic areas where we work would be unfeasible. On a much greater scale, the same is true of the development work the UK government does as a whole – it would be impossible for all the individuals to be employed by any one organisation, including a government agency.

20. In part due to our extensive networks, and due to our institutional knowledge and operational and security support staff, we can assemble teams quickly and prepare them to be deployed and start working in a matter of a few weeks. Through a framework contract we manage, for example, we can assemble teams within 10 working days, and deploy them within another 10, including in high risk areas such as Somalia. At times, we have assembled teams in five days, and have deployed staff in two.
21. As noted above, agility is also important because it means we can adapt more quickly to changing contexts where we work. For example, if due to change, such as an election or new policy, an activity no longer appears relevant or seems unlikely to gain traction, it can be stopped. Additionally, thanks to our agility we can accommodate the UK government's shifting priorities. We can identify resources necessary to accommodate the new needs, and coordinate and manage new configurations of people and partner organisations to ensure projects are still relevant and effective in altered contexts. This would be difficult to do, due to internal policies and processes, by organisations with greater fixed resources, and by organisations whose cultures are not accustomed to changing track mid-course.
22. Development management companies can also move staff from one location to another much more easily than the civil service can. For example, Coffey was able to bring an operations manager who was working in Pakistan to Egypt in a matter of a couple of weeks, because we wanted him to take on a specific role.
23. While having a lean structure that enables agility, Coffey's established global presence means we can realise synergies and pass the cost savings onto our clients. In particular, we can share facilities, infrastructure and set up costs (such as business registrations) amongst our various programmes. For example, in Kenya, Coffey has an office in Nairobi that currently hosts the Jamii Thabiti programme. We are in discussions with our parent company, Tetra Tech's, smart city programme on sharing the office with their team. Additionally, we can spread risk amongst all of our group programmes, lowering our insurance costs per programme.

We take on commercial risk, while working under highly uncertain conditions

24. Development management companies take on commercial risk when implementing programmes. Increasingly, DFID contracts are 'milestone' based. This means contractors need to achieve pre-defined 'milestones' before getting paid for their work. If a milestone is not achieved, the payment is not made, no matter the time and resources expended on the programme. The majority of Coffey's contracts with DFID are milestone-based (the remaining are 'time and materials' contracts).
25. We take on this risk despite operating in highly uncertain contexts where progress towards programme aims can easily be derailed. On the political side, for example, if a new minister no longer supports a policy change a programme has been working towards with the previous minister, months of work might come to a halt. Security issues too can at any moment diminish

our ability to operate. For example, we've had to pull staff out of Kabul for days due to a serious security incident in Kabul.

26. Such situations and the risks they pose to programmes are not a reason to stop working in high risk environments – indeed, if we are serious about poverty reduction and stability, we must work in such uncertainty. However, there needs to be an acknowledgement of the high level of risk that development management companies take on while being held accountable for delivering results.