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# DFID's use of contractors

Saferworld submission to the International Development Committee's inquiry on DFID's use of contractors, May 2016

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## Introduction

1. Saferworld welcomes the International Development Committee's inquiry into DFID's use of contractors. Saferworld is an independent not-for-profit organisation working to prevent conflict and build peace in over twenty conflict-affected and fragile contexts. Saferworld often works in the same space as large contractors, particularly on security and justice programming in fragile contexts. The majority of programming in this thematic area is outsourced to partners rather than delivered by HMG. While we cannot provide a comprehensive overview of the comparative costs and advantages of DFID's outsourcing options, this short submission will aim to provide some framing ideas from a conflict prevention and peacebuilding perspective for the committee to consider in light of the increasing use of large private sector contractors over other suppliers for conflict, security and justice programme delivery in fragile states.
2. In carrying out this inquiry, we encourage the Committee to think about the use of large contractors or other mechanisms for programme delivery in terms of both intended and documented outcomes for individuals and communities living in conflict-affected and fragile contexts. The use of large contractors in these contexts should be assessed from the perspective of whether they are likely to contribute to the objective of making people safer from violence and conflict and building more sustainably peaceful societies, which is essential to long-term development.

## Outsourcing

3. The Stabilisation Unit (SU) has recently issued guidance on outsourcing conflict, justice, security, and stabilisation interventions, which is very relevant to this inquiry.<sup>1</sup> It clearly outlines some of the considerations and constraints that officials face when choosing to outsource programming to a range of actors including large contractors under the Conflict, Stability and Security Fund, but which are applicable more widely to programmes that address these issues. The guidance summarises the reasons for the increased use of external delivery partners including: increased ambition for HMG in fragile states to tackle a range of development and security issues in the UK national interest; an increased aid budget to spend in complex contexts; the demands of larger-scale programming; security constraints on officials to run programmes themselves; and reductions in staff numbers that have diminished the capacity of officials to manage projects directly.<sup>2</sup> These are important factors to take into account; they dictate the type of suppliers and projects undertaken by DFID and other departments and limit the amount of direct involvement and oversight officials can provide on ever larger programmes in insecure contexts.
4. The guidance also assesses the strengths and weaknesses of different supplier models. The SU notes that large private sector contractors are able to manage large programmes by taking on administration and logistics, or providing pre-financing, which is out of reach for smaller non-profits.<sup>3</sup> However it also notes that when outsourcing to large private sector contractors, "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."<sup>4</sup> Time for programme management is at a premium and the administrative burden for already pressured officials of managing small grants is roughly equivalent to that for larger ones. This creates a

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<sup>1</sup> Stabilisation Unit, (March 2016), "Outsourcing conflict, justice, security and stabilisation interventions". What Works Series. <http://sclr.stabilisationunit.gov.uk/publications/what-works-series>.

<sup>2</sup> *Ibid.* p.12

<sup>3</sup> *Ibid.* p.14

<sup>4</sup> Stabilisation Unit, (March 2016), "Outsourcing conflict, justice, security and stabilisation interventions". What Works Series. <http://sclr.stabilisationunit.gov.uk/publications/what-works-series>.

disincentive for DFID to directly fund small but strategic projects that genuinely respond to the context and needs of local people.

5. Successful programmes build on what people living in conflict-affected contexts are already doing to survive, adapt and develop rather than imposing external solutions. This requires relationships on the ground with people and communities, civil society groups, authorities and others that can help with understanding and adapting to the local context and with overcoming deficits of trust and confidence in external interventions. Such relationships take time to develop, require consistent and regular interaction and are greatly facilitated by an in-country presence and long-term partnerships with local organisations. We argue that this is typically best achieved with relatively small-scale interventions sustained over long periods of time and managed by local groups, rather than large time-bound projects administered by big international development consultancy firms or INGOs.<sup>5</sup>

### **Conflict-sensitive programming**

6. We encourage the Committee to think about DFID's use of contractors across a range of programming in terms of whether their approach and programming is conflict-sensitive and how far it contributes to sustainable peace. With the stated intention to spend at least 50% of DFID's budget in conflict-affected and fragile contexts it is no longer acceptable to limit interventions to a 'do no harm' approach which seeks to avoid interacting with the drivers of conflict. Any intervention that introduces resources can affect political and power dynamics both positively and negatively and must therefore be designed, implemented and monitored with this in mind.
7. If development projects are not inclusive, participatory and accountable to local populations in fragile states, they risk undermining prospects for long-term development and reinforcing drivers of conflict.<sup>6</sup> The risks are two-fold. On the one hand, the benefits of interventions (e.g. schools, roads, jobs, contracts, etc.) may not be evenly shared among local communities, effectively privileging and strengthening one group relative to another. In contexts where communities are divided along ethnic or religious lines, this risks aggravating tensions between groups, potentially leading to violence and renewed conflict. On the other hand, in contexts where the legitimacy of the state is contested, and ongoing reforms or peace processes are attempting to reconcile differing spheres of influence and governance, international projects that support a top-down state-centric vision of development are likely to be perceived by peripheral communities in conflict with the state as attempts to extend central control and dominance. This in turn entrenches resistance among such communities and can breed distrust of the international community, who may be seen to be taking sides in the conflict.
8. These risks do not apply solely to private contractors: government development agencies and international NGOs also run these risks. However, where there are top-down, client-based operating models some large contractors may be: a) less likely to undertake in-depth consultations with local communities so as to understand the local conflict dynamics and adjust their programmes accordingly; and/or b) less likely to see it as their role to question the state's vision of development, even when the legitimacy of the government is contested.
9. Our experience has shown that successful aid-funded projects need to be based on a solid understanding of the local context and tailored to that context in order to be effective. This is particularly important in conflict-affected contexts, which have complex political, social and cultural dimensions and the situation on the ground can change quickly. This requires a detailed and nuanced understanding of the national political dynamics and how these play out in the local environment. Developing and maintaining such a conflict-sensitive approach is facilitated through sustained local partnerships and a long-term in-country presence.

### **Procurement processes**

10. The SU argues that it is much more about how contracts are designed and managed by HMG than who implements these contracts. Saferworld agrees with this assessment to an extent; there are positive and negative examples of programming by all types of contractors, whether they are large private consultancies or small non-profits. However, we would argue that the choice and mix of implementation partners will impact the overall end result. A strategic mix of suppliers can be employed to make use of their different strengths. However, there is an increasing tendency to privilege large private suppliers over smaller more specialised or local actors due to the size of budgets, scale of ambition, and lack of a corresponding increase in officials to manage programmes as mentioned above.

<sup>5</sup> Saferworld, (10 March 2015), "The International Development Bill: a double-edged sword" <http://www.saferworld.org.uk/news-and-views/comment/168-the-international-development-bill-a-double-edged-sword>

<sup>6</sup> With reference to the Sustainable Development Goal 16 to promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build accountable and inclusive institutions at all levels.

11. From our experience, large contractors typically rely on a model of sub-contracting out to a chain of other organisations to deliver, often starting with international non-governmental organisations which then bring in local partners. This model is susceptible to creating distance between the contractor from the actors and realities on the ground. Equally, the further along the chain, the more removed the sub-contractor will be from the overall project budget, aims and structure. The contractors, in some cases, keep the subcontractors in anonymity so they do not know the identity or deliverables of the other subcontracted organisations. This can lead to the duplication of activities or subcontractors working in the same location without being able to create synergies to strengthen the coherence of the programme and the potential impact. There is also a significant pay differential between those working for the large contracted firm and local partners who are further down the chain, one which is often not transparent to the participating organisations.
12. DFID's procurement processes and hence the approach taken by large contractors tends to favour a model of soliciting individual CVs from a range of organisations which may then be 'cherry-picked' to carry out specific bits of work. Smaller not-for-profit organisations like Saferworld will instead typically work in hybrid teams of in-country programme staff and international experts working alongside local partners. This is part of a model of building and supporting local capacity and long-term partnerships for change. Such teams offer a combination of years of in-country and international experience, local networks and up-to-date analysis drawn from those experiencing and responding to conflict and instability.
13. A rethink is needed on how to ensure a good mix of organisations that draws on the strengths of different business models to effectively respond to the complex dynamics on the ground in conflict-affected contexts. Steps should be taken to create a more conducive environment for these partnerships; the practicalities of grant management appear to incentivise the increasing use of large contractors under the existing model. We urge the Committee to reinforce the need for programme decisions to be based on what is most likely to respond effectively to the needs of communities first and foremost in order to be considered good value for money. We recommend procurement mechanisms be designed to incentivise programme models that value collaboration, partnerships, and local-level capacity building.

## About Saferworld

Saferworld is an independent international organisation working to prevent violent conflict and build safer lives. We work with local people affected by conflict to improve their safety and sense of security, and conduct wider research and analysis. We use this evidence and learning to improve local, national and international policies and practices that can help build lasting peace. Our priority is people – we believe that everyone should be able to lead peaceful, fulfilling lives, free from insecurity and violent conflict.

We are a not-for-profit organisation with programmes in nearly 20 countries and territories across Africa, the Middle East, Asia and Europe.

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