

Helpdesk Report: Contracting Out Government Health Services

Date: 4th November 2011

Query: The OECD have produced a handbook on contracting out government services in post conflict and fragile situations but are there any organisations offering long term technical assistance to countries to help guide them through this process?

Enquirer: DFID UK

Content

1. Overview
2. Information on PDG and BSF
3. A List of Organisations
4. Sources on Service Delivery
5. Additional Information

1. Overview

This helpdesk response concludes that there are a large number of consulting firms that could provide long term technical assistance to countries considering contracting out government health services. Comments from specialists about this issue can be found in Section 5 and provide a very useful overview of the situation. A list of organisations providing this form of technical assistance is provided in Section 3.

Additionally, the main mandate of the Partnership of Democratic Governance, OECD was to set up a “help desk” for post-conflict and fragile countries to implement innovative service delivery mechanisms, including contracting out. Interventions were meant to last for a few years and then be handed back to the national government of the fragile states.

However, this closed in June 2011 and the niche the PDG filled as a neutral broker, direct advisor and a source of comparative knowledge remains to be filled by the donor community. INCAF’s members have not ruled out the possibility that this role be taken on by them in the next biennium (2013-2014). The World Bank has been doing some interesting work with public-private partnerships, but this doesn’t have the same operational element as the PDG.

Despite this, most specialists concluded that setting up a new organisation may be:

- duplicative of expertise and capacity that already exists and is already done by different donors and management agents

- risky from a market perspective since the new organisation would have, in essence, only one “product” on offer.

DFID also has a Global Procurement Framework for the procurement of services and capacity building. The organisations used for this are Crown Agents, Charles Kendall and the International Procurement Agency. Greater use could be made of these services.

One specialist stated a different need in these situations. She said that the challenge is often to coordinate the donor response in post conflict-fragile situations and to provide senior competency. She believes that if donor agencies would support that coordination component (with senior advisors), the contracting out modality would benefit.

Bridging State Capacity Gaps in Situations of Fragility: Lessons Learned from Afghanistan, Haiti, South Sudan and Timor-Leste

OECD, 2009

<http://www.oecd.org/dataoecd/1/18/42416165.pdf>

Among the important conclusions to be drawn from these papers, which examine the impact of technical assistance interventions in selected post-conflict or fragile contexts, is the importance of donor coordination. Ad-hoc, piecemeal approaches have too often undermined development effectiveness. Technical assistance must be part of a larger, country-owned strategic planning process in order to promote longer-term sustainable capacity development. These efforts should also be placed in the broader context of state building approaches, if they are to be truly effective.

2. Information on PDG and BSF

Partnership for Democratic Governance

http://www.oecd.org/document/14/0,3746,en_39406396_39407430_39407310_1_1_1_1.00.html#3

The PDG’s main purpose was to help developing country governments, in the absence of national capacities, and as an interim measure, to be more responsive to their citizens through helping to design initiatives and projects for the effective delivery of public services and core state functions by interim personnel for a specific period of time.

In response to a request from a developing country, the Partnership would facilitate the improvement of selected government services and core state functions, and help to develop the capacity of government to ensure delivery of effective, accountable services and functions. It also developed knowledge of the opportunities and constraints to governance by testing, evaluating and sharing innovations in this field. It worked only where specific short-term capacity gaps relevant to its mandate could be identified and where these gaps fell within the remit of national development planning.

Cases of foreign consultants leaving no sustainable results behind and being accountable to donor governments—rather than to the countries in which they work—are only too well known. At the same time, long-term capacity building efforts can mean that urgent reconstruction needs are not addressed and can drive struggling states further into crisis. While measuring the impact of traditional interventions is difficult, evidence suggests that current practice around capacity building, particularly in fragile states, is flawed.

The PDG's work helped to redress this problem through a combination of innovative approaches which promotes stronger incentives for sustainable local institutions, while helping countries meet their urgent needs to get over a temporary reform "hump".

In 2008, the Advisory Unit created an independent Experts Group to provide neutral and cutting-edge recommendations to the Partnership's members on potential scenarios, development efficiency measures and other strategies. Through this Group, the Advisory Unit commissioned analytical papers on lessons learned from technical assistance linked to service delivery and core government functions in fragile and post-conflict states, which form the basis of this first volume in the Experts' Series.

The Handbook: Contracting out government functions and services in post-conflict and fragile situations

OECD, 2010

<http://www.oecd.org/dataoecd/24/14/46119235.pdf>

The Handbook shows that in post-conflict and fragile situations, the use of external providers has allowed developing and developed countries alike to provide essential services such as clean water, and core functions ranging from customs services to domestic resource mobilisation. However, in countries with limited capacity and where sovereignty is still in the making, the use of external providers who are contracted to handle a service or function fully or partially has been viewed as controversial and the subject of much debate. When not done properly, contracting out risks bypassing or substituting the state, and can undermine the development of its capacity to manage and deliver these services or functions. However, contracting out also enables developing countries to assert their sovereignty by setting policy and regulating the services or functions being contracted out, including during the critical phases when peace is being consolidated.

Best Practice Guidelines for Contracting Out Government Services

OECD, 1997

<http://www.oecd.org/dataoecd/19/40/1901785.pdf>

Effective contract management requires a new set of skills for many government organisations.

Organisations that contract out activities need to maintain their knowledge of the market and their technical knowledge of the activity. This is imperative in order to be able to communicate with the contractor on equal terms, and to be in a position to effectively tender the activity again. This is especially relevant in the case of contracting out complex activities.

It can be considered inappropriate to assign responsibility for the contract management function to staff members formerly responsible for in-house production, especially if they were part of an unsuccessful in-house bid.

PDG Concluding Report

OECD, 2011

<http://www.oecd.org/dataoecd/63/52/48303654.pdf>

Example of PDG's Work:

In Guatemala, the Advisory Unit led a consensus within the Guatemalan Executive Branch and among international organisations and donors active in the country that an inter-agency unit was needed to enhance the national government's actions to improve the capacity of municipalities to deliver essential services to their populations. With the three central government institutions, the PDG facilitated the provision of three professionals with strong track records in municipal development to support co-ordination and capacity strengthening at the central and departmental levels.

The future:

The PDG was recognised by both donors and partner governments as a neutral broker, and served as a bridge to innovative OECD expertise to developing countries. In the future, this model could be carried forward by other OECD directorates working on development-related issues. This niche remains to be filled by the donor community, but INCAF provides practical guidance to help improve donor responses to conflict and fragility (see *correspondence with James Eberlein, OECD*).

Another interesting case study can be found at:

Promoting Haiti's Reconstruction: Service Delivery Guidance, OECD, 2010

<http://www.oecd.org/dataoecd/21/16/44538012.pdf>

Basic Services Fund, South Sudan

<http://www.bsf-south-sudan.org/>

BSF was established in 2005 with the goal to support the Government of Southern Sudan (GoSS) in expanding primary education, primary health, and water and sanitation services to communities recovering from conflict.

The approach of BSF towards the above mentioned goal and purpose is to directly finance NGOs to deliver basic services, and to help to build capacity among local communities and national NGOs for the management and maintenance of basic services. Therefore, the purpose of the BSF is furthermore to strengthen GoSS capacity to plan, monitor and co-ordinate non-state service delivery in the education, health and water and sanitation sectors.

BSF receives support from International Donors and directly finances local and international NGOs to deliver basic services through primary education, primary health, water and sanitation projects in Phase 1 - Round 1 (2006-2008), Phase 1 - Round 2 (2007-2008), Phase 2 (2009-2010) and Phase IA (2010-2011).

The BSF website is a resource for partners (GoSS, grant recipients, donors) and stakeholders (community), to view and share information on progress and lessons learned. Progress Reports of all grant recipients, Maps, BSF Documents and Project Documents, GoSS Policies, Miscellaneous Reports and Forms & Guidelines are also available on the website.

3. A List of Organisations

1. Organisations specialists confirm offer this services

- BMB (Basic Services Fund which is supported by DFID and other bi-lateral agencies) has been contracting out services on behalf of the government since 2006.
- Crown Agents (Maya Jaffe) have worked in this area in South Sudan, Afghanistan, Pakistan and Sierra Leone.
- International Finance Corporation (Rob Taylor)
- Abt Associates (Babara O'Hanlon)
- Individual Consultants (On Request from Ben Loevinsohn, World Bank)
- CORDAID (Fenneke Hulshoff)
- Deloitte Consulting
- Price Waterhouse
- Oxford Policy Management
- Coffey International
- EU
- World Bank
- John Snow Inc.
- International Procurement Agency (<http://www.dfid.gov.uk/work-with-us/procurement/procurement-of-goods-and-equipment/international-procurement-agency/>)
- Charles Kendall
- INCAF-possibly in the future. The International Network on Fragility and Conflict (INCAF) was founded in 2009 to help improve international responses to the most challenging development settings. Part of its role is to provide practical guidance to help improve donor responses to conflict and fragility and it takes an inclusive approach to its work by engaging with partner countries, including through country-level consultations.

2. Organisations it has been suggested offer this service

- CARITAS
- MSF
- International Rescue Committee
- GSDRC

4. Sources on Service Delivery

**Service delivery in Fragile Situations: Key Concepts, Findings and Lessons
OECD, 2008**

<http://www.oecd.org/dataoecd/17/54/40886707.pdf>

**Performance-Based Contracting for Health Services in Developing Countries:
A Toolkit**

Benjamin Loevinsohn, The World Bank, 2008

<http://siteresources.worldbank.org/INTHSD/Resources/topics/415176-1216235459918/ContractingEbook.pdf>

GSDRC Topic Guide on Service delivery in conflict and fragile contexts

<http://www.gsdrc.org/go/topic-guides/service-delivery/service-delivery-in-conflict-and-fragile-contexts>

**GSDRC Helpdesk Report on Non-State Providers of Health Services in Fragile
and Conflict-Affected States**

<http://www.gsdrc.org/go/display&type=Helpdesk&id=482>

**GSDRC Helpdesk Report on Non-State Providers of Education in Fragile and
Conflict-Affected States**

<http://www.gsdrc.org/go/display&type=Helpdesk&id=484>

5. Additional information

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