

Contracting Out



This Thematic Lesson Paper (TLP) is slightly different to the model of other TLPs, which are based on the lessons distilled from eight projects in DFID-Bangladesh's (DFIDB) Rural Livelihoods Programme (RLP). This TLP reflects on the lessons from contracting out the evaluation of and lesson learning from, these projects to a managing agent contracted by DFIDB. This out-sourced contract was the Rural Livelihoods Evaluation Partnership (RLEP). The lessons recorded in this TLP relate specifically to DFID contracting out, its mandatory annual project review procedure (Output to Purpose Reviews and Project Completion Reviews), but some of the lessons are also relevant to outsourcing more generally.

Thematic Lessons Paper (TLP) series documents are available in many formats based on stakeholder demand for product style identified through a communications needs assessment survey. This document is the 'Master' or full version of TLP, which includes more detailed lessons clustered under key issues and their evidences recorded as key findings. This TLP series also has available a two page policy brief or 'Summary Sheet' in English. All the documents produced under TLP series are accessible at www.lcgbangladesh.org/rlep.

The TLP draws together the experiences of contracting out in a particular thematic context. The lessons in this document are grouped under the following key issues:

- Contract Design & Systemic Issues
- Effectiveness
- Partnership
- Capacity Building
- Opportunities for Innovation

**8 PROJECTS
WITHIN
DFID'S
RURAL
LIVELIHOODS
PROGRAMME
(RLP)**

1. Fisheries Training and Extension Project- II (FTEP II)
2. Agricultural Services Innovation Reform Project (ASIRP)
3. Research and Extension in Farm Power Issues (REFPI)
4. Poverty Elimination Through Rice Research Assistance (PETRRA)
5. Support For University Fisheries Education and Research (SUFER)
6. Fourth Fisheries Project (FFP)
7. CARE Rural Livelihoods Programme (CARE RLP)
8. Community Based Fisheries Management (CBFM2)

KEY LESSONS SUMMARY

1. The available evidence would appear to support the view that outsourcing can reduce transaction costs and 'add value' but there needs to be clarity of the respective roles and responsibilities between the various agencies involved to ensure this reduction occurs.
2. An outsourcing arrangement with a similar purpose to that of RLEP should be flexible in design to respond to changes such as expanding and contracting programme portfolios, organisational changes, and new aid modalities.
3. Valuable lessons around design of out-sourcing are emerging. These lessons are in the areas of:
 - the volume of projects, and benefits arising from economies of scale.
 - the importance timescale and integration with projects and the programme.
 - varying OPR typologies (e.g. full evaluation vs 'light touch') demand different resource levels.
 - projects jointly funded by different donors create problems for monitoring regardless of outsourcing, especially, if they have different evaluation mechanisms.
 - the need to be flexible to organisational changes in DFID, including the implications of funding source (administration vs programme cost).
4. The cost-benefit of a RLEP type arrangement is dependent upon design issues and how DFID defines 'added value' for the lesson learning process and review quality. The experience of the RLEP contract indicates that for a Dhaka-based management team, three persons will provide the best value for money when contracted to oversee the monitoring of 10-12 projects and two persons if a strategic communications component is not an expected output. The differential extra cost attributed to the Managing Agent (MA) compared to additional DFID advisory and support staff for this number of projects is estimated to be very marginal.
5. Outsourcing reviews improves the quality and rigour of ToRs and review reports (thus increasing returns on the investment in M&E), but this may be less significant for joint funded projects e.g. DFID/World Bank Fourth Fisheries Project.
6. An external agency offers a potential organisation learning and knowledge sharing benefit from the cross learning activities and synthesis of lessons from many projects. However, advisers have highly personalised (rather than corporate or institutionalised) approaches to learning. Therefore, innovative ways are required to 'market' lessons internally within DFID [This was constrained during RLEP's two years by the early and rapid shift away from the natural resource based rural livelihoods development portfolio].
7. Contracting out to an independent MA offers opportunities to explore new ideas and approaches for reviewing projects and sharing information. One innovative practice was to 'cluster' 2-3 similar projects to be reviewed simultaneously. Lessons emerging reveal that the process does require additional time (2-3 days for cross-learning) compared to single project reviews, but early indications point to improved learning for cross-cutting and implementation issues, reduced transaction and direct costs and overall quality of output as a result of added cumulative value from cross-project learning.
8. Other opportunities for innovation possible for RLEP were the development of: i) an interactive website for topical discussion and archiving key relevant documents, ii) stakeholder specific communication products (e.g. Thematic Lessons Papers), iii) end of review lesson sharing workshops crafted around important generic themes relevant to a wider stakeholder group of policy decision-makers, planners and practitioners and, iv) 'GoB lesson learning and influencing workshops' to share thematic-based lessons synthesised from the programme with senior GoB officials and develop a 'way forward' from the GoB perspective.
9. There is a shortage of local consultants available for the intensive and complex analysis required for DFID annual review-type work (i.e. OPR and PCR). When the quality of the review products are paramount and time and fund to achieve this is constant, the capacity building process for local consultants does not work well. A specifically targeted programme with capital cost implications for specific bespoke type training and mentoring during the review process will be necessary to enhance the population of suitable consultants for OPR and PCR type work.
10. Whilst RLEP has taken an innovative approach to conducting reviews and communicating the lessons, the overall merits and benefits of outsourcing will be very dependent on how DFID views the purpose of future review processes (e.g. simple 3 day interventions for administrative purposes or longer comprehensive challenge and lesson learning functions built in), and on the future structure and resources of DFIDB.

Key Issue 1 Contract Design & Systemic Issues

There are two very important first points of consideration when outsourcing; Why outsource? and What will be the added value? These two questions are linked. Outsourcing may occur because DFID wants to introduce new ideas and thinking to an area of its work, or it may be more pragmatically concerned with the need for an 'extra pair of hands'. Therefore, in addressing an RLEP-type situation, the question is whether the function of contracting out is primarily (a) to have the annual project review process managed externally, thereby reducing the need for as many DFID staff in the office, or allowing existing staff to use the time doing other more policy-oriented work, or (b) whether it is to offer additional services to the area of project evaluation, such as assisting projects with their M&E, and taking a lead on the learning dimension of evaluation. The situation regarding RLEP is in reality somewhere between these two positions the outsourcing was driven by a reduction in numbers of advisory staff in the Dhaka office, but having identified outsourcing as a possible solution to the problem, additional value was sought from the contract.

Lessons Learnt

Model type. Before starting detailed design of an outsourcing arrangement, it is important to first consider aims for outsourcing: i) merely an administrative function for annual project monitoring, ii) monitoring with added strategic lesson learning for DFID and, iii) monitoring with an array of added project support functions and communications initiatives.

Arising from the differing models will be a range of consequential factors that need to be carefully considered. Due consideration must be given to internal funding streams (administration budget or programme cost), cost-benefit, added value in terms of organisational lesson learning and wider stakeholder lesson sharing, impact upon diverting adviser time to programme planning versus their disadvantages of the greater distance from on-going programmes.

Key Findings

The RLEP model was the more complex version aimed to reduce DFIDB's transaction costs in its review process, thereby freeing up advisers' time; improve programmatic lesson learning; improve the quality of project reviews and associated outputs; enhance individual project support functions and communicate programme lessons to DFIDB and the wider development community.

Concurrently, DFIDB underwent significant restructuring and refocusing of its development agenda diverting attention away from the Rural Livelihoods Strategy (RLS) and thus affecting the overall strategic lesson learning process. The advanced stage of the Rural Livelihood Programme projects and declining portfolio of projects affecting 'economies of scale' also compromised adequate testing of the model.

Additional project support functions that it was intended RLEP should provide such as the development of process monitoring and communication approaches were not integrated into the designs of projects in the RLP portfolio, further compromising testing potential effectiveness of the model.

Lessons Learnt

Future-proofing & Flexibility. Greater flexibility needs to be built in to the design process so that the managing agents (referred to as 'MA' hereafter) are able to adapt to changes such as expanding and contracting programme portfolios, organisational changes, and new aid modalities, including sectoral budget support and Sector Wide Approaches (SWAs).

Management approaches to weigh up include locally based Team Leader (as in RLEP), remotely based management team (more like a PASS¹ model), and drawdown and framework contracts. The two latter approaches allow management inputs to be small when the review work is at a low volume, but the level of interaction with DFID is also less. This leads to consideration of 'pay-as-you-go' funding models for outsourcing (possibly fixed price per review and low or negligible costs outside reviews), or pricing the 'management' function and the 'review' function separately.

Key Findings

RLEP was conceived to manage reviews for projects within DFIDB's Rural Livelihoods Programme (RLP), guided by its Rural Livelihoods Strategy (RLS). However, DFIDB underwent an internal restructuring process soon after the RLEP contract started. In the restructuring the RLS was discontinued, and the portfolio of projects in the RLP were distributed across three newly created teams in the office.

¹Programme for Advisory and Support Services

There were three main implications of this: (i) RLEP was premised on an on-going programme of RLP work. Instead, there was a rapidly declining RLP portfolio as projects naturally came to an end with no new pipeline projects, as originally envisaged. (ii) RLEP was established to evaluate a programme portfolio of projects. It has continued to be as 'programmatic' as possible in its function, and the cross-project learning has proved to add value. However, having fragmented the RLP, DFIDB had more difficulty seeing the whole, tending latterly towards cut-down project-by-project reviews. (iii) Since the RLP was effectively 'killed' in the restructuring, its projects were seen in DFIDB as somewhat of the past relating to a different Country Assistance Plan (CAP) and more old-fashioned development paradigm. By association, RLEP was also perceived as being of less relevance, which decreased the internal audience for lessons.

The declining RLP portfolio also meant that the review work was heavily front-loaded, with 7 reviews in the first six months, compared to 2 reviews during a six-month period two years later. Nonetheless, this did create space to focus on distillation and communication of lessons.

Lessons Learnt

Dhaka-base management. UK-based management would provide a straightforward administrative function for reviews whereas Dhaka-based (or host country) management offer a higher value service for reviews and associated learning activities. Intimate knowledge of project activities particularly the challenging issues they face and support to the review consultants once provided by DFID advisers, is available through the Dhaka-based office. A MA proximal to DFID and the projects will become an increasingly valuable organisational asset the more DFIDB becomes detached from project implementation and progress monitoring.

Key Findings

Changes in DFIDB staffing and organisational structure, and reduction in staff numbers, meant that DFIDB became more arms-length from its projects, and that DFIDB contact points served mainly an administrative function for some projects. Given this context, RLEP Dhaka-based management provided consultants and lead advisers in DFIDB additional information relating to project progress and implementation. However, for this contract, the value of internalising lessons could not be realised to the extent intended due to the aforementioned organisational changes within DFIDB. Nonetheless, this points to significant added value of a host country/Dhaka-based management agency, compared to one managed solely from the UK.

Lessons Learnt

Funding Stream. If the MA's contractually agreed funds are internally allocated under the country office administration budget line, it becomes vulnerable to budget squeezes. This constrains contract implementation and reduces the quality of the review process, and the value that the MA can add. Also, transaction costs for DFIDB increase as it increasingly micro-manages the MA with the aim of reducing expenditure within DFID's budgetary period. Future outsourcing contracts might explore using 'project' or 'programme' formulations for a MA, which skew the spend towards programme and away from administration. It is understood that the evaluation agency for the Chars Livelihoods Programme has less of a problem with the squeeze on administration budgets, and may provide lessons.

Key Findings

As a result of changes in DFID programme funding, RLEP's funding stream came through the local DFIDB office's allocation for programme administration. This meant that (i) RLEP was the single largest item in the administration budget, making it an obvious target for cuts, and (ii) there was occasionally restricted access to funds, which compromised project review quality, because the higher cost consultancy teams for OPR and PCR work could not be supported.

DFIDB's driving factor for review methodology increasingly became fund availability, leading to greater control being exerted over the MA on consultancy input (e.g. team size) and time period for the reviews. This in turn meant that the MA became more akin to a sub-contracted consultancy agency for each review and thus there was less opportunity to add value compared to similar previous non-MA arrangements.

Lessons Learnt

Project Integration. To improve effectiveness of the partnership, buy-in and partner participation, the outsourcing design should be more integral to a larger office-wide programme with functional M&E and communication linkages built in to the design of projects. For on-going projects, at the time of MA start-up, GoB and DFID need to support and encourage their project teams, where appropriate to utilize the services provided by the MA.

Key Findings

RLEP was intended to have a role in supporting projects' M&E activities. At the time of RLEP inception, many RLP projects had already passed their mid-term and had therefore already established their own monitoring and communication structures and systems. Many projects had their own in-house expertise, making it difficult for RLEP to fulfil a role in these areas. For those projects located with GoB departments this issue is complicated further by their adherence to inflexible project documents having no stipulated cooperation with an external agency for these (new) activities.

Lessons Learnt

Timing and Programme synchrony. If the MA is in place before a programme or major suite of projects come on stream then the linkages, roles and responsibilities become easier to implement. This requires some consideration for synchronisation with the country programmes, particularly, if MA oversight is programme specific (e.g. Rural Livelihoods Programme). Longer term outsourcing would minimise asynchrony with project cycles and improve harmonisation with a constantly fluxing development agenda.

Key Findings

RLEP was programme specific and began as mentioned, its activities at the time when most of the projects had passed their mid-point. In fact, within one year of project start-up, 5 of the 8 RLP projects had ended and at two years, only one project remained.

Furthermore, as noted above, the Rural Livelihoods Strategy was phased out soon after RLEP inception because DFIDB underwent a major restructuring.

Lessons Learnt

Location of RLEP. Basing the MA in the offices of one of the local consortium partners can be a better alternative to an independent office location particularly during the initial stages (first few years).

Key Findings

RLEP was based in two rooms in the offices of a local consulting firm, Bangladesh Engineering and Technological Services (BETS). This enabled the office to be up and running very quickly, provided all necessary communications and administrative support and important for some locations, provided protection from external problems such as 'toll collecting' and other forms of petty extortion.

Lessons Learnt

Administrative and Logistics Issues. Effective logistical support for the reviews (especially cluster reviews, i.e. 2-3 projects reviewed simultaneously) must be preceded by adequate preparation time during project start-up and post-inception period. Ideally, to perfect procedures, one singleton review should precede cluster reviews in the first instance.

Clustering of projects reduces transaction costs and generally increases overall effectiveness of the logistics function. Administrative support from the local consortium partner worked well and reduced overall costs (compared to an independently managed office) but diminishing returns for this arrangement are expected for larger programmes.

Key Findings

In the knowledge of RLEP starting, a small back-log of project reviews had built up, compounded by usual delays in contract start-up. This impinged on the inception period when the MA was establishing systems and procedures, and becoming familiar with the projects. The reviews started intensively from very early on in the contract. This was a strain, particularly as it was decided to undertake the first 6 reviews as 2 clusters of 3 similar projects reviewed simultaneously. Nonetheless, once the RLEP office, staff and administrative systems were all in place, the administrative management of several project reviews simultaneously minimised duplication of effort compared to singleton reviews.

The local partner BETS provided good support services although greater demands on their staff, led to some difficulties encountered when sharing clerical and ancillary staff reducing comparative benefits. Although on balance, the arrangement did work for RLEP, a larger outsourcing contract may justify the option for a fully independent office set-up.

Lessons Learnt

Legal Status. Due consideration to local project formalities and legal status (e.g. work permit for expatriate staff) is important for the implementing MA.

Key Findings

Since the RLEP was a 'contract' issued directly by DFID, rather than a 'project', which would have had GoB approval, start-up transaction costs were increased. The issues were around obtaining a work permit for the expatriate manager, because as an internal contract, there was no formal GoB quota for approved work permits.

Lessons Learnt

Typology of Reviews. If all reviews have a fixed budget and generally do not exceed 15 days there is little room for flexibility in the review design. For example, projects that are unlikely to achieve outputs and purpose may require significantly more consultancy input than those that are progressing well. The same may be true for very successful projects with many lessons for wider strategic learning.

Key Findings

RLEP experimented with different approaches to reviews, the main one was clustering the reviews of broadly similar projects. There was also an attempt to share 'cross-cutting' consultants (e.g. on gender) between these simultaneous reviews, although this was not successful. Variations were also tried with the proportions of national and international consultants, overall size of team, and commissioning a national consultant to undertake background work in advance of the field review. Having a resident MA's Project Manager, enabled him to develop a very sound appreciation of the project, and enter in to dialogue with DFIDB and the project to tailor the review to the project need. This flexibility latterly became constrained as DFIDB imposed budget restrictions and dictated team size and structure.

Key Issue 2 Effectiveness

Lessons Learnt

Quality Assurance. Outsourcing reviews improve quality and rigour of ToRs and review reports (thus increasing returns on the investment in M&E). Better reviews should in turn have an impact upon project performance.

In an outsourced scenario, there is more time to invest in the investigative and consultative process prior to drafting ToRs, to better target those ToRs to specific work areas e.g. areas of significant interest, perhaps a breakthrough, new strategic learning, areas to challenge the project and those in which the project is facing particular difficulty.

Better quality assurance is achieved through engaging an independent consultant to ensure that the report does accurately reflect the ToR and fulfils DFID's reporting requirements.

Improvements in the review process may not be as significant for joint funded projects.

Key Findings

There is a general consensus among advisers and project staff that the quality of ToR and reports have improved when managed externally.

The exception is the jointly funded Fourth Fisheries Project. For this project, the asynchronous inputs of consultants from the World Bank and RLEP compromised effectiveness. According to project staff, whilst the World Bank Aide-Memorie documentation serves their internal administrative purposes it does not (unlike the detailed RLEP managed reports) provide sufficient guidance to the project management team. Furthermore, an independent quality assurance assessment of the Aide-Memoire was inappropriate under this arrangement.

RLEP was able to invest more time into the planning process for the reviews than most DFID advisers and DFID project officers. For most projects, improved quality and greater usefulness of the final documentation and review presentations was the result of: i) preparing the ToR 2-3 months in advance of the review for circulation and commentary, ii) advance 'booking' of most appropriate consultants with more attention given to team combination, iii) RLEP support during the review, iv) cross learning by reviewing projects simultaneously (cluster reviews see next section), v) extensive and active follow-up for commentary on the review report from DFID advisers and project management, and vi) quality assurance contracted out to an independent consultant.

Lessons Learnt

Lesson learning in DFIDB. Advisers can potentially benefit from the cross learning and synthesis of lessons from many projects when an external agency manages the information 'packaging' process. Having a specific mandate for distilling lessons from the programme can potentially improve the effectiveness of reflective learning. An outsourced monitoring unit is in an overarching position enabling it to synthesise lessons across the whole programme thus providing added weight to, as well as, define relative importance for a range of issues. However advisers' have a highly personalised (rather than corporate or institutionalised) approach to learning. While people in general tend to use information which (a) comes from sources they trust, and (b) is easy to acquire and digest, it is important to 'market' these type of lessons internally in DFID. Otherwise they are not perceived as useful, and advisers will depend on what they variously glean from emails, the internet, work they commission, and from meetings and colleagues.

Key Findings

Due to significant changes in DFIDB's structure, orientation, work modality, and country portfolio, RLEP's synthesis of lessons around specific themes had greater value to other stakeholders, including Government of Bangladesh, than DFIDB itself. This is because (i) lessons were being abstracted from RLEP's 'portfolio' of projects that was a small sub-set of DFIDB's entire programme; (ii) lessons may be too general and 'not new' to advisers already familiar with projects; (iii) Advisers did not perceive projects that were largely concerned with agriculture and fisheries to have much relevance to current portfolios (although the lessons were in fact on very relevant cross cutting issues).

Also, learning is constrained within DFIDB because it does not have a formalised organisational learning approach and system in place. The outsourced unit offers a possibility for information to be packaged and presented according to the communicated needs of senior decision-makers and mid-level project officers alike. For this contract, DFIDB did not coordinate the informational 'needs' to RLEP.

Lessons Learnt

Lesson learning for other agencies. Sharing information from the rural livelihoods programme was most appreciated by government officers, project staff, practitioners and academics from public and private sector agencies working in Bangladesh, particularly those working on livelihood programmes.

A Managing Agent, like RLEP can be more responsive to their needs and has the flexibility to implement and research new and innovative ideas and approaches.

This role for an outsourced agency, that builds good communication networks with a wide pool of stakeholders, is also an important part of DFID's influencing agenda.

Key Findings

Over the life of RLEP, DFIDB advisers became less accessible. This was due to new security arrangements in their office and a shift to more design and programmatic planning work instead of monitoring and technical support. Thus staff from non-DFID projects and visiting short term consultants made more frequent contact with RLEP for information to help them with their review and decision-making work.

RLEP was able to attract a wider audience for its evaluations lessons/products through a number of innovative approaches to information sharing e.g. cluster review lesson sharing workshops, interactive website, tailored communication products, GoB senior official lesson sharing and influencing workshops (See 'Opportunities for Innovation' below).

Lessons Learnt

Contact with DFID. Contracting out, by design, does add an additional bureaucratic layer, which reduces projects' contact with DFID advisers. This may distort information flow between the project and adviser and, in the context of reviews, distance the linkage between project, associated government officials and DFID advisers. Passing on information through another party risks misunderstandings and anecdotal evidence from the projects suggest that for some, especially government officials, there is a preference to maintain a direct line of contact with the senior advisers, partly an issue of protocol, respect (to their rank) and prestige. However, this can be minimized if the tripartite partnership between the MA, projects and DFID is working well and DFID advisers have time to maintain some contact with senior GoB project managers.

Key Findings

Full contact and engagement by the DFID adviser with the project's activities and monitoring processes is the most effective mechanism to maximise information of relevance to the advisor for any one project within their portfolio. [But, there are additional benefits contracting out can offer if in-house cross learning and lesson synthesis is not an organisational function and/or an external communication system (for the lessons) is not a systemic function implemented by the DFID country office (see below)]. Due to the 'sea change' within DFID and the relatively minor role RLEP had in contributing lessons to the new development agenda the potential benefits for this pilot were not realised.

Anecdotal evidence suggests that a number of projects and government officials preferred the traditional direct contact with DFID advisers (one of the reasons a proposed contracting-out of monitoring in Uganda did not go ahead).

Previously, DFIDB used to arrange Project Coordination Meetings (PCMs) for projects within the same programme (project leaders and respective advisers participate). Such an event would have also suited an RLEP presentation of lessons distilled across the programme.

Lessons Learnt

Transaction costs. Although difficult to measure, transaction costs for advisers are lower when outsourcing the project review function. With lower transaction costs, professional staff can spend time on activities that are more strategic and have long-term value.

Key Findings

Anecdotal evidence is that DFIDB staff and support teams benefited from not having to prepare ToRs, identify and negotiate with consultants, deal with logistics during reviews, not have to provide management during the review period or follow-up on documentation and payments. The benefits were thus lower transaction costs per project review undertaken. The time that would otherwise have been spent on review matters could be deployed to 'higher value' or more strategic work.

However, the DFIDB project officers dealing with RLEP had more interaction with the MA during the start-up stages, and thus their transaction cost savings were offset to some extent, although this lessened steeply as time progressed.

Lessons Learnt

Monetary Costs. Although comparing direct and actual costs are possible, a judgement of 'benefit' or Value For Money is dependent on DFID's emphasis on 'added value' (e.g. review quality, staff transaction cost, communications process). Additional direct costs [when the ratio of projects to review and outsourced staffing (and costs) are optimized] may be minimal, calculated to be less than £100,000 per annum for 10-12 project coverage.

Key Findings

For a small outsourced office managing reviews for 10-12 projects, monetary costs would not be significantly higher than if DFID was managing the review process itself. At least one additional professional DFID staff (unavailable at the time and thus the main premise for RLEP) would be required along with an estimated equivalent of one person year for administration and logistical support. This cost would be very similar to a full time Dhaka-based expatriate consultant and local logistics officer. Additional costs (compared to administering reviews directly from DFIDB office) are mainly office rental, local office service costs and vehicle hire costing £30,000 to £50,000 per annum rising to £50,000 to £75,000 p.a. with UK company management (including financial) and oversight costed in. Therefore, the additional outsourcing cost of £100,000 estimate in this lesson may be regarded as a 'ballpark' maximum. And does not consider other costs incurred by the equivalent DFID staff e.g. vehicle use, desk space etc. Also, it is important to relate this additional cost to the value of:

- i) Professional DFID staff spending more time on programme development issues.
- ii) Less permanent public sector employees required.
- iii) High quality reviews and potential spin-off (e.g. improved project implementation, better internalising of learning and long term cost associated benefits).
- iv) Targeted and effective communications outputs can be achieved for very minimal additional local staff costs only (additional office related costs minimal for one extra MA local staff member).
- v) DFID representation easily accessible outside the main office especially for brokering information. As the RLEP office became better known, the Team Leader had to deal with an increasing demand for assistance from mainly visiting consultants but also to provide guidance, advice and documentation to newcomers.

Lessons Learnt

Economies of scale. The volume of projects covered by the MA under the outsourcing agreement is intrinsically linked to added value and cost-benefit. During the design phase the added value function should be consistent over a fixed period through contract flexibility and better programme forecasting. For a small office of three staff, the optimum number of projects for annual reviews is deemed to be 10-12 with some communications output. (Optimum refers to potential cost-benefit, added value, lesson synthesis, productivity ratios and work loads).

Key Findings

RLEP fulfilled a key role in managing project reviews based largely on a need to outsource this function during a period of intense project activity coinciding with reduced DFIDB staffing. However, as the portfolio declined (not envisaged in the original design) RLEP had less review work to do. This made it difficult to maintain good value for money. However, this was a pilot and therefore afforded time to explore and test communications initiatives (e.g. interactive websites, lesson sharing and influencing seminars for Government officials).

Lessons Learnt

DFIDB Country programme monitoring. Indicators drafted for the Country Assistance Plan (CAP) are those prepared for the Directors Delivery Plan. There is presently no system for rigorous or systematic regular monitoring to assess progress towards attaining these indicators. In this case a potential effectiveness for out-sourcing is envisaged i.e. if the contract extends office-wide to all projects, monitoring of the DDP or CAP indicators can be successfully added to the MA's responsibility. The relative neutrality of the MA will give the analysis of progress against indicators greater credibility to external observers.

Key Findings

RLEP attempted to link monitoring to the Country Assistance Plan indicators but there was insufficient interest from projects and the country office to justify progressing this area of work. The lack of interest stemmed from a perception that the RLP projects were a small contribution to CAP, they were misaligned to most indicators, and there was a reluctance by DFIDB to alter the projects' Quarterly Monitoring Report (QMR) format to generate better information on indicators.

Key Issue 3 Partnership

Lessons Learnt

Local consortium partners. Involving national and international firms does provide an opportunity for cross-learning and strengthens opportunities for delivering on outputs by combining comparative strengths. However, to maximise this potential, more needs to be done at the design phase to ensure partner benefits from the contract are clearly understood, their expectations are met and commitments formalized. Partners with DFID programme and sector experience are important.

Building local capacity through 'learning-by-doing' on an OPR is very unrealistic and overly demanding on the international consultants, especially the team leader. DFIDB has reviewed and recognised the issue of local consultant quality on a number of occasions over the preceding 10 years, but had failed to address the thorny issue of building a cadre of suitable local consultants to serve its needs. If this is to be done through the vehicle of an outsourcing contract, it needs to be properly resourced.

Key Findings

Local consortium partners understood that the contract was designed to build the capacity of their consultants by training them up to 'OPR standard'. Although 'building local consultant capacity' was a prescribed activity for RLEP, the capacity building needs or the process for identifying those needs for consultants was never accurately defined.

This meant that RLEP was challenged with, in most cases, local consultant services unable to cope with the complexities and intensity of project OPRs and PCRs. Local consultants' background, experience and analytical ability were often too 'wide of the mark' to deal with important analytical issues arising in OPRs.

Local consortium partners consistently struggled to find suitable consultant to contract to RLEP, and the most reliable local consultants that RLEP came to depend on were well known, and tried and tested local independent consultants. They preferred to continue working as independents, not through the local partner firms, as they did not see the merit of working for a local consultancy who would contract them to RLEP, but add no value in that process.

Lessons Learnt

Tripartite Partnership. Setting mutually acceptable guidelines for the partnership during the inception period contributes towards clarity of roles and maintaining good relational norms. However, the introduction of new monitoring arrangements and adding of a new management layer was not enthusiastically welcomed by established projects (already passed their mid-terms). Nonetheless, their working relationships with RLEP were still good.

Identifying contact persons both in DFIDB and in the projects does not necessarily result in the intended outcome of promoting RLEP within the organisations. Ideally, the relationship should be written into individual project design and contact persons from the projects may be functionally specific to M&E, communications but not exclusively designated for all contact (although this is only possible if the MA precedes projects). Similarly, contact in DFID should be a broader cross-office engagement. The Team Leader should be able to exercise their discretion on the most relevant people in DFID with which to communicate. There is also need for functional context specific linkages for other persons e.g. Communications officers maintain a direct linkage and two-way exchange of information. For instance, there was an opportunity for DFIDB communications to exploit RLEP exposure to wider networks, contacts with champions in GOB, NGOs and use RLEP lesson sharing opportunities e.g. Lesson Learning Workshops and interactive web sites to move towards their overall communication objective: "increasing the understanding of DFID's programme on the reduction of poverty in Bangladesh". On the other hand, RLEP could have made use of the linkage to understand the changing demand for information inside DFIDB, take advantage of the internal communication systems of their communications strategy to disseminate information across DFIDB and identify the channels of influencing or varied information systems available inside DFIDB where information can be fed into.

Key Findings

A tri-partite guidelines for partnership working between DFIDB, projects and RLEP was agreed upon during the inception workshop. This consisted of 108 guideline points to indicate respective roles and responsibilities through different stages of the project review process. The guidelines for the tripartite working were generally adhered to, resulting in a successful functional and cordial three-way partnership arrangement. Information sharing, organising lesson learning workshops proved easier with projects that appointed mid level/junior officers as communication focal persons to liaise with RLEP Communications Officer than those that engaged higher level management staff to maintain the linkage.

The decision to have a single point of contact for RLEP in DFID (the Project Support Officer) limited opportunities to 'market' RLEP to a wider audience within DFIDB and therefore it rapidly became branded as a natural resource/rural livelihoods project and to some extent, associated with the past. This also limited RLEP's ability to 'sell' information distilled from the Rural Livelihood Programme of projects to an interested audience outside the earlier RLP family.

Linkage and exchanges between DFIDB and RLEP Communications were not formalised through both the communication strategy and plans. DFID communications strategy was written much earlier than RLEP strategy. Moreover, even though DFID communications depended on information deriving from other projects or sources, the mechanism for acquiring this information is not clear in the strategy (Mulhall, 2003). Moreover, RLEP Internal Review study (October 2004) identified that for internal communication the Media & Communications Unit in DFID-B is not used as a key learning channel.

Key Issue 4 Capacity Building

Lessons Learnt

Capacity building in projects. If the out sourced consultancy pool is to be utilized effectively for capacity building initiatives within projects, then this needs to be built into project design from the outset i.e. the process of utilising consultancy resources in this manner needs to be formalised and explicitly stated in all project documentation. A flexible demand driven service (e.g. assistance for M & E livelihood analysis and communications) from the projects with clearly stated modalities and a code of practice would improve capacity building around specifically identified areas.

Key Findings

RLEP had an activity to improve project process monitoring and communications but projects were too far advanced in their implementation to change M&E processes and/or had their own in-house expertise. Also, the type of service available from RLEP and mechanism for projects to access those services was not stated in project documentation which can be problematic for joint funded GoB projects having their own project implementation documents.

Lessons Learnt

National Consultant capacity building. Building a training element into the contract which focuses on 'bespoke-type' training relevant to OPR/PCR and DFID's development agenda will significantly contribute to consultants' competency for this type of work. However, this must be preceded by intensive consultant screening and needs assessment. Therefore, the timing for this lead work must be incorporated into the contract rather than an immediate start for reviews.

Key Findings

The contract did not provide resources specifically for consultant training. Also, due to the front-loaded nature of the review work, formal training would not have been impossible (without fundamental design changes) during the first year. A two-tier approach involving proven consultants, if available, whilst training others would accommodate OPR work early in the contract. This may require additional Dhaka-based staff. In reality, RLEP was totally reliant on consortium partners providing consultants 'ready-to-go' i.e. fully conversant with OPR work with analytical skill competences to work independently. Unfortunately, in most instances there are too few consultants of that calibre and then they are often too busy (Shields 2002 and Jupp 1995). Shields (2002) estimated a training investment cost of £3,500 per consultant.

Lessons Learnt

To improve effectiveness of the lead consultant mentoring of local consultant during the review, an extended period of interaction is necessary.

Key Findings

Time for mentoring was inadequate, and was complicated by complexities for cluster review lesson learning (which involved extra tasks for the lead consultants). Furthermore, budget constraints, which worsened unexpectedly when RLEP's expenditure was cut in line with across the board administration cutbacks, reduced opportunities for mentoring.

Lessons Learnt

Additional ToR for lead consultants should set verifiable training objectives. Evaluation of skill and knowledge development by mentoring of local consultants may be tasked by the host country MA Team Leader. Trained-up consultants would then be more likely to be used on more than one occasion.

Key Findings

Although ToR for consultants stipulated that they are responsible for mentoring local consultants it was not rigorously monitored, except informal discussion with the MA team leader at a convenient post review time. Local consultants also felt a sense of not belonging to the programme, which was understandable given the little work on offer. They could not see the long term benefits of an association with RLEP.

Lessons Learnt

Local consultants can diversify knowledge and skill-sets by engaging with the MA on guided and facilitated self-development programme that included, at negligible cost, their attendance at cross-project workshops, etc.

Key Findings

Since consultants did not foresee long term and lucrative involvement with RLEP, they understandably took work elsewhere. This weakened attempts to establish an effective process of self-development which RLEP had initiated with some consultants following their lead consultant evaluations and post review discussions with RLEP Team Leader.

Key Issue 5 Opportunities for Innovation**Lessons Learnt**

Flexibility for new approaches. Contracting out to an independent MA offers opportunities to explore new ideas and approaches to reviewing projects and sharing information.

Key Findings

RLEP was dedicated to improve the quality of the review and strategic learning process across the rural livelihood portfolio of projects. Therefore, the management team is in a position to develop upon existing processes and look for areas of improvement (but still conform to DFID's mandatory documentary requirements).

Lessons Learnt

Cluster Reviews. This refers to reviewing two or more projects simultaneously (usually three). A number of lessons arise from 'clustering' reviews.

- i) The key lesson from clustering is that more time should be allocated to preparation and implementation (i.e. 2-3 more days for cross-cutting learning).

- ii) There is improved learning on cross-cutting issues for programme development because issues can be contrasted and compared against differing project circumstances. Similar outcomes from specific activities across different projects give added weight to that issue. The approach to lesson learning became more thematic and less sectoral.
- iii) There is improved cross-project learning for better project implementation especially for project management teams. Managers of like projects which are clustered can learn from one another.
- iv) There are reduced transaction and direct cost for review implementation. This includes efficiency gains in DFID adviser involvement e.g. briefing and debriefing meetings.
- v) There is better use of consultancy resources by linking consultants' work areas across projects by area of specialisation.
- vi) There is a reduced logistical workload by managing and combining administrative matters simultaneously e.g. visa letters, hotel bookings, transport arranging all reduced to one task.

Key Findings

RLEP arranged for projects to be reviewed simultaneously ('clustered') as follows; i) the 'Government' projects, i.e. those working within a government Department: ASIRP in DAE, FFP and CBFM2 in DoF ii) the competitive research fund projects: REFPI, SUFER and PETRRA, working with university and research institutions and iii) CARE Rural Livelihoods Programme (merging of three projects SHABGE, GO-INTERFISH and LMP).

The cross-cutting issues emanating from the review process were gender, livelihood impact assessment, socio-economic analyses, institutional reform, partnerships, competitive grant schemes and M & E.

The cluster reviews were implemented very early in contract, while systems and processes were still being evolved. This meant that there was really insufficient time allocated to preparation. The lack of flexibility in time allocated to the review period also constrained the cross-cutting lesson learning process (cross-cutting needed some additional time). Therefore, the outputs from these initiatives did not meet with expectations. Due to the declining portfolio of projects the clustering system could not be improved over time.

Lessons Learnt

Lesson Sharing Workshops. End of review workshops attempt to synthesise key lessons emerging across, in most cases 'clustered' projects providing 'added weight' to the issues. Key lessons emerging from these workshops are:

- i) If an extra 2 to 3 days are allotted, the consultants would address cross project issues and distil out the lessons more effectively.
- ii) If DFIDB advisers have previously been involved with specific project monitoring encompassed within the MA contract, the lesson sharing workshops are less useful but efficiency increases as more projects are reviewed within the cluster but outside their individual portfolios.
- iii) The purpose and expected output from the workshop must be communicated to invited persons well in advance so that participants are not coming to the event expecting a presentation on project performance and progress. More senior project staff should be invited to separate wrap-up sessions with project management, DFIDB advisers and consultants which focuses exclusively on project performance and recommendations.
- iv) Participants tended to prefer the workshop to be thematic based using the projects as examples. For example, Process vs Structure was one theme which introduced the idea of the CARE RLP becoming more process orientated in its approach towards community development and empowerment. Another focussed on the relative merits of Competitive Grant Schemes highlighting positives and negatives of implementing the scheme through the REFPI, SUFER and PETRRA projects.

Key Findings

- i) Consultants tended to focus more on completing review documentation towards the end of the review mission, and in the case of jointly funded projects (e.g. FFP is jointly funded by World Bank) demanded more input for consensus building meetings. This meant that workshop preparation time was minimal.
- ii) Non-DFIDB Workshop participants found the information presented more useful than DFIDB advisers (largely because those attending from DFIDB had intimate knowledge of the projects under the previous non-RLEP arrangement).

- iii) Many participants particularly those from GoB and staff closely related with the project expected presentation content to focus on project progress, although the projects did also have individual 'wrap-up' meetings prior to the sharing workshops. Presentations on the details of project performance are inappropriate for a wider stakeholder audience. This was not communicated to the invitees by RLEP well in advance of the event.
- iv) For the first cluster workshop, five cross-cutting issues were contrasted and compared across the projects and discussed during break-out groups. This proved to be too demanding for a half day session (surveys showed that this was the preferred time period for such events). Later events focussing upon one type of approach or issue proved more popular and rewarding. The most recent event discussed pertinent issues affecting progress and highlighted successes for Community Based Fishery Management with specific focus on the experiences of FFP.

Lessons Learnt

Rural Livelihood Exchange. The purpose was to set up a dual function of brokering the most relevant rural livelihoods information and exchange ideas and views around selected themes and topics.

Lessons emerging;

- i) The site tended to attract most attention from young professionals interested in learning about livelihood issues and senior professional seeking project review information.
- ii) An interactive site takes time to establish and should be led by well known organisations (e.g. FAO, World Bank, DFID, IUCN etc.) and/or participated by very senior persons within participating organisations (e.g. Departmental Directors, DFID advisers and Programme Managers, well known senior consultants).
- iii) It has to be highly topical and relevant to the stakeholder audience.

Key Findings

Group members represented by other development agencies in Bangladesh showed most interest in accessing project and livelihood related materials. The interactive site set up for groups of discussants did not work at all.

The evidence for the lesson on how to make an interactive site work is not sourced within RLEP. However, the failure of the RLE site to succeed is in fact the corollary evidence of more successful interactive sites and anecdotal evidence from development communications experts.

As mentioned, the shift in the DFID development agenda meant that much of the information available on the site was perceived by DFID staff as associated with the past.

Lessons Learnt

Lesson sharing documentation e.g. this 'Lessons on Rural Livelihoods in Bangladesh Thematic Lesson Paper (TLP) series'. Future planning must be based on the evidence and lessons drawn from the past. Identification of important themes by the RLP stakeholders is an important first step before distilling lessons from the programme and these are presented to the wider community in a tailored product according to certain group's needs.

Key Findings

RLEP developed sets of communication products for 10 different themes. Each set comprised of: i) Two-page summary (Bangla and English); ii) TLP - Lessons only (4-6 pages) and; iii) TLP Lessons and Key Findings (10-12 pages). The key findings ground the lessons in the programme i.e. the evidence for which the lessons are derived. Each version was sent to stakeholder groups according to their requested need identified during a stakeholder Communications Needs Survey. The impact of TLPs has not yet been evaluated.

Lessons Learnt

GoB lesson learning and influencing workshops. The sharing of lessons synthesised from the programme with senior GoB officials, managed by a reputable national agency well known to all government officials, has proven to be very successful in terms of their own assessment of awareness of issues affecting project implementation and having the opportunity to express a way forward from the GoB perspective.

Key Findings

Working closely with a sub-contracted national agency specialising in development communications and policy processes, carefully prepared workshops were used by RLEP to present the lessons from across the programme as collated and documented in the Thematic Lessons Papers (TLPs). The experiences and lessons from this process are presented in a separate (TLP Series 10) entitled “Lesson sharing with GoB: Experiences of Unnayan Shamannay”.

WAY FORWARD?

- To better understand the relative merits of an outsourced arrangement involving a Managing Agency (MA) for programme monitoring, DFID should commission a global review of all types of outsourced contracts specifically designed to monitor and evaluate country programmes and projects. The review should include outsourced consultancy support and communication services where generic implementation and process issues may be similar.
- An in-depth analysis of the potential transaction cost benefits for DFID country advisers and, added value of outsourcing in its various forms should be linked to the above review. This may be part of the above study or a separate study since it involves reviewing advisers' present time allocation to various tasks, relating this to 'doing more for less' and improving the efficiency of country office teams.
- Currently, there exists a code of practice for completion of the regulation OPR and PCR forms but little guidance for DFID country offices relating to the modalities and methodology for conducting an OPR or PCR i.e. there is not a standardised evaluation methodology. This is a similar lack of advice on a sharing process for potentially valuable information arising from the studies. Therefore, DFID should consider developing a strategic code of practice for conducting project annual reviews and guidance for lessons arising so that whilst the flexibility in decision to conduct a review in a particular way exists there should be better guidance for DFID project officers and project management teams to be able to make clearer objectively-based decisions on the most appropriate review type to use at any one time (i.e. a ranging suite of review typologies from the desk officer completing the form independently through to a comprehensive review comprising of International and National Consultants over a 2-3 week period, who in addition to completing the regulation DFID OPR/PCR tables produce a detailed constructive and often challenging report).
- For greater 'added value' a communication process should be an integral part of an outsourced management contract for programme monitoring. DFID country offices should maximise the benefits from the process, by adopting improved practices of strategic internal organisational learning.
- An outsourced arrangement involving a Managing Agency will most likely provide the highest returns on investment if the contractual period is much longer than RLEP's 2 year period and the monitoring function extends over the entire country programme. This would also provide the Managing Agency with an opportunity to independently assess progress against the intended objectives set in the DFID Country Assistance Plan (CAP).
- In addition to extending the time period for the MA, future outsourced contracts for monitoring should ensure the following:
 - The model type is flexible and respective partners' roles and responsibilities are clearly defined;
 - The intended cost-benefit and added value is clearly stated at the outset with the best available performance indicators at the time;

- The funding stream should not be affected by fluctuations in office administration expenditure (i.e. programme cost rather than administration cost);
 - There should be greater emphasis on integration with projects (e.g. written in to the project documentation and fully supported by DFID and GoB [(or any host government)]);
 - The flexibility in design should allow opportunities for innovation for the review, M & E, consultant capacity building and communication process;
 - Although dependent on locality and programme size, the communications element of an outsourced arrangement can add considerable value for a relatively small additional overhead and operating cost and, the 'value' extends beyond learning within DFID to a much wider stakeholder community.
- RLEP's lesson sharing and inefficiency initiative successfully conducted with senior echelons of GoB shows considerable promise as a future avenue for exchanging views and information. This type of initiative provides an important strategic learning and experience sharing platform for programme and policy decision-makers, complementing other more formal government-donor linkages. Therefore, the experiences of RLEP should be used to build into future designs specific components with fund allocation for developing this initiative further.
 - Local consultant capacity building requires careful consideration and analysis. If the human resources development process is linked to performance indicators then specific funds should be allocated to training and apprentice-type participation in reviews and other consultancy missions.

FURTHER READING

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