

Management


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Managing subcontractors

Sub-contracting is common practice within many development programmes and market systems approaches. It involves identifying, selecting, hiring, and supporting external organisations and consultants to deliver specific components of a programme. Unlike other forms of development aid, where subcontractors are delegated to undertake discreet pieces of work, sub-contracting can be more challenging for markets systems programmes.

For example, Engineers Without Borders identified one archetype of failure that prevents effective facilitation as 'the outsourcer'. This is when a market facilitation project outsources different implementation activities to separate sub-contractors and the result is that project strategy becomes disjointed. With each unit working on their own piece of the puzzle they may lose sight of the larger vision of systemic change.

Another drawback is when a subcontractor has a pre-existing relationship with market players based on direct support, which can create expectations that undermine more facilitative partnerships.

 **Driving organisational change: taking the value chain approach from principles to practice**

Key drivers needed to spark and sustain organisational change.

So why subcontract? The sub-contracted model can offer a means of quickly widening programme coverage, as well as bringing new expertise and networks into play. Sub-contractors also have specific technical expertise, which may not be found

Sub-contracted implementation is based on the principle of partnership, and not delegation. Key considerations are:

- › Sub-contractor additionality, or the added value a sub-contractor brings
- › Sub-contractor capacity
- › Sub-contractor credibility
- › Terms and conditions that reflect the market systems approach

Other considerations may include:

- › Partnership agreements: Some programmes use legally binding contracts, others use more informal Memoranda of Understanding (MoU)
- › Reducing risk: One option is paying partners in tranches so future instalments can be held back if needed, or paying contributions on completion of defined milestones
- › Regular reviews and adjusting interventions: Programme M&E data can inform decision making about the intervention and be used to adjust the intervention plans

In practice, programmes tend to use a mix of in-house and outsourcing. Not outsourcing strategy, diagnosis and measurement is recommended if you want to retain control.

Developing partnerships with market actors

Guide on preparing MOUs in market systems programmes.

☰ M4P Operational Guide, Chapter 6: Management

How implementers can move away from 'business as usual'.