SUMMARY

1. Among Whitehall Departments, the Department for International Development is the largest user of consultants. It is one of the few Departments to have its budget secured.

2. There are often doubts around the value for money provided by consultants to the UK Government. There are concerns about the high rate of remuneration paid by DFID to contractors.

3. The Select Committee is recommended to mandate specific regulations regarding limits in tenure and emoluments of consultants.

4. The absence of specific training or professional code of conduct brings the effectiveness of consultants into doubt. Professional bodies exist which could regulate consultants and bind them to a code of ethics.

5. The Select Committee is recommended to propose suitable training and accreditation of UK international development consultants through recognised professional bodies. These professional bodies could also accredit consultants in developing countries thereby extending the UK’s Soft Power influence.

INTRODUCTION

6. The International Development Select Committee’s inquiry, *Beyond Aid: The Future UK Approach to Development* is addressing the issues of the impact of the UK’s non-aid policies on developing countries, and the role of DFID in facilitating other UK Government departments and other UK organisations to assist developing countries. Private consulting firms form an important element of the Aid Process and are often contracted by DfID to deliver technical assistance, and advisory services.

7. Of all Whitehall departments, DfID spends the most on Consultants.\(^1\) Due to paucity of its work force, DfID expects that significant numbers of consultants will continue to be used.\(^2\) This submission seeks to address the perception of inefficiency and ineffectiveness of DfID employed consultants by drawing on the Authors’ experience in international development consulting. This submission is based on an earlier submission to the House of Commons Public Administration Select Committee.\(^3\)

UK’S INTERNATIONAL DEVELOPMENT EXPENDITURE

8. The Coalition Government’s Comprehensive Spending Review in 2010, resulted in a pledged to maintain international development spending at 0.7 % of the budget.\(^4\) In order to compensate for the paucity of appropriately experienced staff, DFID often engages external suppliers to implement programmes. That expenditure has exceeded £400m over the past few years,\(^5\) representing a government priority that is likely to come under greater scrutiny as constraints on domestic spending continue to bite.

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\(^1\) O’Mahoney, J., and Markham, C., (2013), Management Consulting, Second Edition, Oxford University Press, Pg. 298
\(^3\) House of Commons, Public Administration Select Committee, Inquiry into Civil Service Skills. Written evidence from A. Ashraf and R. Athreya [CSS00007] [http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/public-administration-committee/civil-service-skills/written/7196.html](http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/public-administration-committee/civil-service-skills/written/7196.html)
\(^4\) Spending Review Statement, Chancellor of the Exchequer, Rt Hon George Osborne MP, 20 October 2010, House of Commons, Hansard, 20 Oct 2010: Column 954
9. At the same time, the UK is aiming to increase the use of Soft Power in International Diplomacy. This is defined as the ability to affect others to obtain the outcomes one wants through attraction rather than coercion or payment. DFID is considered to be an important instrument for Soft Power and so the government will wish to maximise its impact, even during times of austerity.

10. **Value for Money (VfM):** A broad consensus exists, including within DFID, that both the UK taxpayer and the recipients of UK foreign aid have not received Value for Money. Several initiatives have been introduced to rectify the situation including reducing the proportion lost to DFID’s running costs through efficiency measures and through the appointment of the Independent Commission of Aid Impact (ICAI). It is mostly in this context that the use of consultants has come under public scrutiny in the past few years.

11. **Consultants:** The issue of appropriateness of fees charged by external suppliers has been raised in Parliament. Calls to evaluate if they provided value for money were submitted to the ICAI when it was first created. DFID accepted the need for reform and the importance of incorporating value for money criteria. It has also adopted the Aid Transparency Guarantee, whereby all expenditure over Five Hundred Sterling Pounds was to be listed on its website. However, there continues to be concern over the remuneration paid to certain consultants and is considered to undermine public confidence in DFID expenditure. One explanation is that the situation is in part created by a tendency for consultants to overcharge clients. A way around this would be to align remuneration and bonuses to scales for similar roles in Government, Armed Forces and International Organisations.

12. DFID has discussed increasing its supplier base and lack of competition within fragile environments. One possible solution could be to limit the tenure of consultants working with DFID. In the case of consulting firms a maximum duration could be set for which Directors and other senior officials could hold office. There are presidencies for similar practices in public sector bodies. This would also be beneficial to consultants since it would limit the risk of exposure to danger and unpleasant environments.

13. **Code of Conduct for Consultants** has been adopted by DFID, which stipulates a appropriate pricing and earning a fair but not excessive reward. There are also provisions on treatment of sub-contractors, supporting economic growth etc. It would be useful if DFID were to regularly scrutinise contractors to see if the Code is being applied. Furthermore, the Select Committee itself could consider scrutinising working practices in these firms.

**CONSULTANT SKILLS AND TRAINING**

14. The Government has highlighted the importance of adequate skills for staff. These skills include an awareness of and working with multilateral organisations, skills to work with the FCO and the MoD for policy development, and specific expertise required by vanguard personnel working in fragile states. However, no specific consultancy skills are mandated for those actually delivering advice on development related activities.

15. The Government invests heavily in standardised training and development of its Diplomatic Service and Armed Forces. However, there is no standard recognised professional training or...
specific code of conduct for consulting firms or individual consultants. While consultants do not require the academically rigorous standards and examinations of professions akin to Medicine, or Accountancy, they could greatly benefit from a professional approach to their training and standards of operation. Given the strategic importance of international development to the UK and the UK’s considerable investment in it, there are distinct advantages in professionalising these consultants so that greater efficiency, effectiveness and impact can be achieved.

16. Knowledge gained from academia, NGOs and various government reviews has led to radical changes in the way foreign aid is targeted and delivered. The resultant policies, strategies and procedures have resulted in evidence of more sustainable improvements. Consequently, recent cases of failure and poor performance are increasingly attributed to inefficiency within the UK government or to corruption and other weaknesses in the recipient communities abroad. Nevertheless, there is good anecdotal data to suggest that impact of programmes involving governance capacity building; institutional reform etc is highly dependent on the skills and personal qualities of the consultants involved. That is true of both UK consultants and of locally employed consultants.

17. Usually well qualified in educational terms and possessing specialist experience, many consultants are weak in consultancy skills, particularly those relating to cross-cultural communications, facilitation and demarcation of responsibility and accountability. International development consultants have also exhibited instances of poor appearance and grooming. This demonstrates an ignorance of the significance of personal bearing and dependability, particularly in Eastern and Southern countries, elements which underpin basic consultancy skills. Notwithstanding any technical impact, ill-trained consultants are unable to enhance the influence and reputation of the UK abroad. This is the underlying goal of UK foreign aid. A well-trained consultant should have necessary Political Intelligence, a key element of Soft Power.

18. Consultants are often relatively young and inexperienced in comparison with the senior officials they advise or mentor. Recipient countries already see aid as a slight on the dignity of their nation. Being faced with a relatively inexperienced novice exasperates the resentment. Knowledge and assimilation of Client Handling Skills are critical for a successful consultant. An appropriately educated consultant, even a beginner, is more effectual if equipped with the Emotional Intelligence skills to face such circumstances.

19. Firms are perceived as being whimsical in choosing candidates. They seem to prioritise academic qualification and experience over coaching, mentoring and advisory skills. Effectively trained consultants should be able to embody relevant codes of conduct and ethics in their behaviour, resulting in a more professional approach consistent with UK government standards. Accreditation that encompasses standardising training, ethical and behavioural aspects would further assist consulting firms in recruitment by making the profession more attractive to new recruits.

**TRAINING BODIES**

20. Training bodies for various sectors already exist, which could provide training to consultants:

1) CMI/IC: In the case of Public Administration and Governance Consultants the Chartered Management Institute (CMI) and its sub-group, the Institute of Consulting (IC), could be the best professional body to specify and regulate such training.

2) Energy Institute: Natural Resources is an important portfolio of DFID. These consultants could be accredited to the Energy Institute.

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19 O’Mahoney, J., and Markham C., Pg. 285
20 O’Mahoney, J., and Markham C., Pg 213-215
21 HL 150, Para 120
22 Refo and Wark, (2014), Leadership PQ, Kogan Page
23 Refo and Wark, Ibid. Pg 36-37
24 O’Mahoney, J., and Markham, C., Pg 225-226
25 Goleman, D., (1998), Working with Emotional Intelligence, Bloomsbury
26 Chartered Management Institute, www.managers.org.uk
27 Institute of Consulting, http://www.iconsulting.org.uk/
3) Chartered Institute of Public Finance and Accountancy\textsuperscript{29} is the only professional body in the world dedicated to public finance. Appropriate consultants could be required to hold its certification.

21. The CMI code of conduct can be modified for international development. The IC’s and DFID’s codes of conduct are already in close harmony.\textsuperscript{30,31} Thus existent suitable templates need be adapted and authorised in DFID’s Frameworks. The introduction of the DFID Code has faced opposition.\textsuperscript{32}

22. Energy Institute, and CIPFA would need to introduce customised training curriculum for international development. They could also work with the Institute of Consultants to align their codes to the IC Code for their domains.

23. UK University Masters Programmes in International Relations and Development Studies should augment the occupational worth of their qualifications by incorporating fundamentals of Consulting Skills and with certification by the Institute of Consulting. The Armed Forces offer training combination of academic studies in International Relations or Development studies and Consulting Qualifications to some officers as part of Staff Development. Once standardised all such academic and professional organisations are likely to facilitate any new training and certification requirements set by the government in their qualifications.

24. The IC and the CMI offer a programme titled Professional Consulting Skills. This provides a central synopsis of the proficiency requisite for a consultant. A specifically adapted programme suitable for international development consultants is offered as\textit{ Consultancy for the public sector: A foundation in essential consultancy skills}. This leads to the Award in Professional Consulting awarded by the Chartered Management Institute.\textit{ Consultancy Development International (CDI)} a CMI Approved Centre delivers this in association with Public Administration International, which is a leading DFID contractor. CDI additionally has offered it across several countries particularly to Public Sector Consulting units in National Governments. Participants on programmes have included Armed Forces Officers and international development consultants working with Multilateral Organisations.

25. Several Academic programmes are accredited to the Energy Institute. The Alumni of these are often international development consultants with expertise in Natural Resources and Extractive Industries. Making membership of the Energy Institute a prescribed prerequisite would augment standards and oversight in this sector, based on their implementing pertinent consulting codes of practice.

\section*{EDUCATION: SOFT POWER}

26. Education forms an important part of UK Soft Power.\textsuperscript{33} By prescribing mandatory consulting training and education, the UK could provide an international lead in creating the benchmark of training and conduct in this field as many countries lack these. Other donor government and institutions (eg UN and EU) may be encouraged to introduce similar systems if they see the advantages from a UK initiative. Having established the lead, the UK would have an opportunity to export both design and delivery of training, providing an important soft power advantage, as alumni of UK institutions are often positively orientated towards the UK.\textsuperscript{34}

27. As many development programmes are jointly delivered with other international partners and host recipient nation consultants, there will be potential for greater impact of outcomes through improved cohesion of methodology if partners employed similar training. DFID should, therefore, consider similar training for locally recruited consultants to maximise the impact of UK development aid. Such teaching would further enhance the recipient nation’s administrative and governance capacity. This could also facilitate South-South Cooperation since there would be a common approach.

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\textsuperscript{28} Energy Institute, \url{http://www.energyinst.org/home}
\textsuperscript{29} Chartered Institute of Public Finance and Accountancy, \url{http://www.cipfa.org/}
\textsuperscript{30} Institute of Consulting, (2012), \textit{Code of Professional Conduct and Practice}
\textsuperscript{31} DFID (2013), Ibid
\textsuperscript{32} ICAI, (2013), DFID’s Use of Contractors to Deliver Aid Programmes, Para 2.26
\textsuperscript{33} HL 150, Para 200
\textsuperscript{34} HL 150, Para 202
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RECOMMENDATIONS

28. The Committee is recommended to:

a. Provide guidance on limiting the remuneration and tenure of international development consultants employed by DfID in order to increase value for money.

b. Consider an extension of its current role to include longer term monitoring of the use of consultants.

c. Specify the need for accreditation of international development consultants employed in future DfID contracts, based on specific training and codes of conduct.

d. Acknowledge that the Institute of Consulting (IC) is the most pertinent body to stipulate apposite criteria and provide training for international development consultants.

i. Professional bodies in energy and finance could align their codes practices to the IC Code such that their members could have accreditation routes to work as international development consultants.

e. To appreciate the secondary benefit of such training and accreditation in UK’s Soft Power through its existing education and training capability.

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35 Civil Service Skills - UK Parliament
http://www.parliament.uk/business/committees/committees-a-z/commons-select/public-administration-select-committee/inquiries/parliament-2010/civil-service-skills1/