

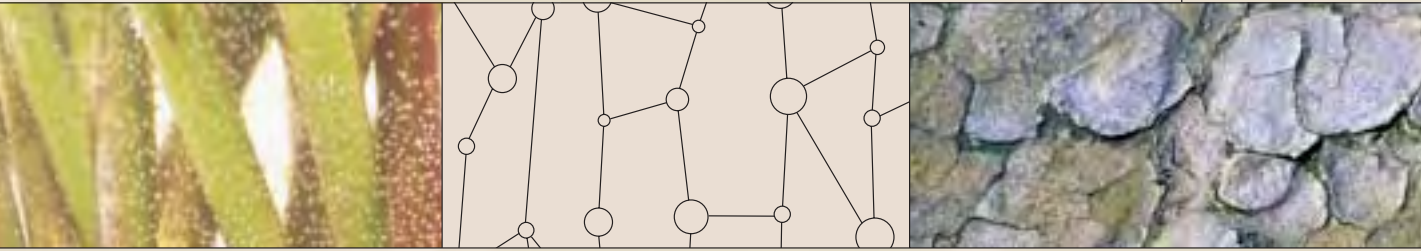
GTZ Policy on Contract and Cooperation Management



Deutsche Gesellschaft für
Technische Zusammenarbeit (GTZ) GmbH

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▷ FOREWORD

Changes in the international development cooperation arena have led to a continuing expansion of the spectrum of work performed by GTZ in recent years. Our organisation's core activity – providing services for various clients within the scope of international cooperation for sustainable development – is increasingly geared to societal change processes. New forms of contract and cooperation are gaining ground, such as projects and programmes to tackle transnational problems, large-scale programmes which pool inputs from several bilateral and multilateral donors, and the organisation of international conferences.

We operate in dynamic situations, where the conditions that influence our work can change rapidly. Only if our operations are not shackled by rigid planning from the outset can we bring about effective change. Flexible planning gives us the leeway to continually review our frequently diverse roles in project/programme steering and to assume, along with our political partners, the responsibility for achieving the objectives set. Harsher international competition is also forcing us to adopt new approaches to contract and cooperation management.

Corporate management has adopted this GTZ policy on contract and cooperation management to give staff throughout our organisation common orientations for their work. The intention is to boost the effectiveness and efficiency of our operations.

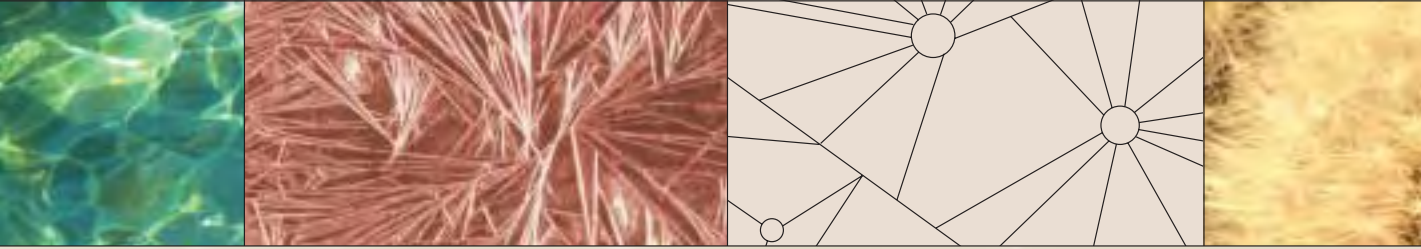
This paper replaces the “Project Cycle Management” guidelines. “Objectives-oriented project planning” (ZOPP) ceases to be applied as the obligatory planning tool, and is henceforth one of several acceptable planning methods.

Managing Directors

Dr. Bernd Eisenblätter

Wolfgang Schmitt





1. OUR UNDERSTANDING OF CONTRACT AND COOPERATION MANAGEMENT



GTZ provides services on behalf of the German Government and other public- and private-sector clients. The contract for these services is our central point of reference; a “project” is one of several possible ways to execute the contract.

The services we provide comprise the preparation, back-up, implementation and evaluation of international cooperation for sustainable development. Our clients award us contracts, not projects¹. We deliver our services in various forms; projects and programmes are two possible ways of implementing a contract. The expectations and interests of partners and target groups are important in determining how a contract is implemented. Focus always centres on the services required and the objectives specified in the contract.

On the basis of the relevant contract, our corporate values and our corporate guiding principles we identify how the operations are to be implemented and the precise nature of our own role vis-à-vis the contracting client, the recipient of our services, the cooperation partners and the target groups².

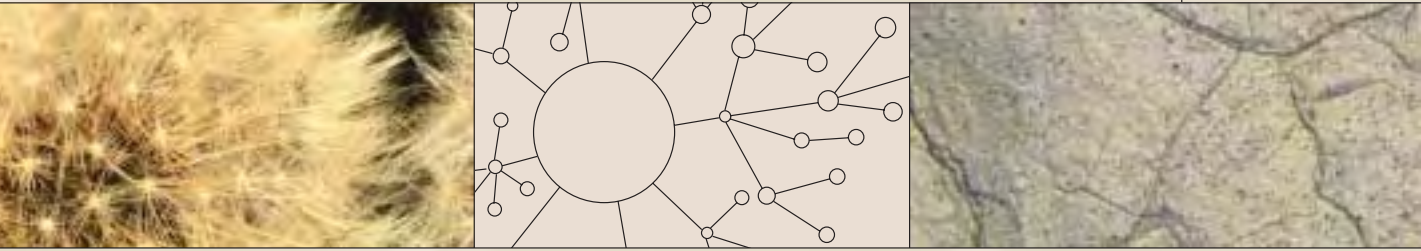
In most of the contracts we receive, the client placing the order for the project/programme is not identical with the recipient of our services/ the partner or with the intended final beneficiary (target group). This network of services and cooperation is termed a dynamic “interests polygon”, within which all actors continually exert a mutual influence. It takes GTZ’s “three-way client relationships” concept one step further, and helps us define our self-image as a service provider, while stressing our “client orientation”.

The success of development cooperation stems from common coordinated action by development organisations working on site and from involving all societal stakeholders relevant for achieving the objective. In our cooperation countries, this includes government organisations and also private-sector bodies, NGOs and other civil society organisations. To stay on track in this field of divergent, often conflicting interests, we must never lose sight of the responsibility we bear vis-à-vis the client contracting our work and of the yardsticks it uses to judge our performance. Our actions must be geared to the stipulations in the contract our client charged us to carry out.

While the contract and cooperation are being implemented we play various roles, e.g. adviser, trainer, financier, administrator, resources manager, mediator or representative of the interests of the contracting client. For each individual contract we must identify and clarify the expectations of all parties involved, define the resultant roles, and re-negotiate these wherever conflict arises over allocated roles. The aim is to render the expectations more transparent and, in the ideal situation, reconcile the interests of the contracting client, the partners, the target groups and international cooperation partners. This makes it easier for our projects/programmes to achieve their objectives.

[1] A project is a package of measures delimited in terms of function, geographical and economic scope and time-scale, and designed to achieve a specific objective.

[2] “Our corporate identity”, GTZ, Eschborn, 2001



▷ 2. IMPACT ORIENTATION

Our clients expect us to achieve the objectives stipulated in the contracts they place with us. GTZ contract and cooperation management is geared to generating the desired impacts, and ongoing impact monitoring is the yardstick for steering our interventions.



We orient our project/programme management work to the impacts our interventions are to generate. With the introduction of the new AURA contract and cooperation framework system, our performance in our contractual relationships with the German Federal Ministry for Economic Cooperation and Development (BMZ) is measured primarily in terms of how far the objectives are being achieved. The officers responsible for contracts and cooperation are being given greater scope for action and, along with the partners, must at all times be in possession of reliable information on whether the project/programme is progressing towards the predetermined objectives set by the contracting client.

To improve our impact monitoring it is important not only to monitor activities, but also to identify what changes our own activities have brought about – by no means an easy task in international cooperation.

GTZ uses an impact model that presents the interrelationship between a project/programme and the development changes (e.g. poverty reduction), at six different stages³:

These are:

- ▷ **inputs**, as prerequisites for project/programme activities;
- ▷ **activities** of the project/programme;
- ▷ project/programme **outputs**;
- ▷ the **utilisation** of these outputs by other actors;
- ▷ the **outcome or results** of this utilisation;
- ▷ other progress in development, which can plausibly be seen as **indirect results** of the given project/programme

No generally binding rules can be used to draw the line on the impacts a project/programme can achieve; this must be determined on a case-by-case basis

[3] In the international discussion the term "results" is frequently found as a synonym for "outcome" and "impact".



2. IMPACT ORIENTATION

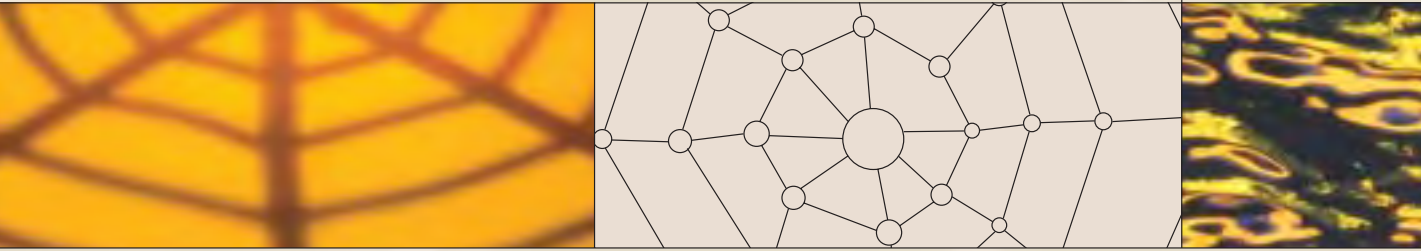


Changes observed in the surroundings of a project/programme that can be attributed to the project/programme are termed its impacts or results. But the further we look beyond the immediate confines of the project/programme the more difficult it becomes to describe changes observed as being directly generated by the specific project/programme. Therefore, limits have to be set for the projects' and programmes' impact monitoring activities. While it is impossible to monitor everything, it is nevertheless important to know about all impacts that might have a positive or a negative effect on the project/programme achieving its objectives. Such impacts are quite easy to record up to the "output" level. The task becomes more difficult at the "outcome" and "indirect results" levels. However, after a certain time has elapsed, all projects and programmes should be aware at least of the direct benefits or outcome they are generating, and should be able to identify and attribute these appropriately. The officers responsible for contracts and cooperation need this information, not only for steering, but also for their reports to the contracting client.

[4] See also "Establishing Plausibility in Impact Assessment", GTZ December 2001

The causes of the indirect results of a project/programme cannot generally be attributed using everyday monitoring methods. Too many other actors are involved for one project/programme's specific contribution to be assessed in isolation. Nevertheless, changes in the "environment" of a project/programme, e.g. in the framework conditions or actions of other development organisations have to be monitored. Changes of this sort can have a major impact on the project/programme, and might even call for a review of its objectives. Vice versa, monitoring might establish that the changes the project/programme was aiming to bring about have already taken place. While they can no longer be attributed directly to the overall goal being achieved, the project/programme may well have made a contribution to them. Any such changes should be attributed to changes at the level of the overall goal, using plausible hypotheses. If professional standards are respected when drawing up such hypotheses, the project/programme's contribution to overarching development processes can be credibly communicated.⁴





▷ 3. RESPONSIBILITY, PARTNERSHIP, OWNERSHIP

Development demands changes on the part of the individuals and organisations involved. All participating parties have a legitimate interest in ensuring that the changes are successful and that they generate the desired impacts. Change processes are sustainable when the individuals and organisations that are to change desire such changes, actively help shape them, and accept responsibility for them.

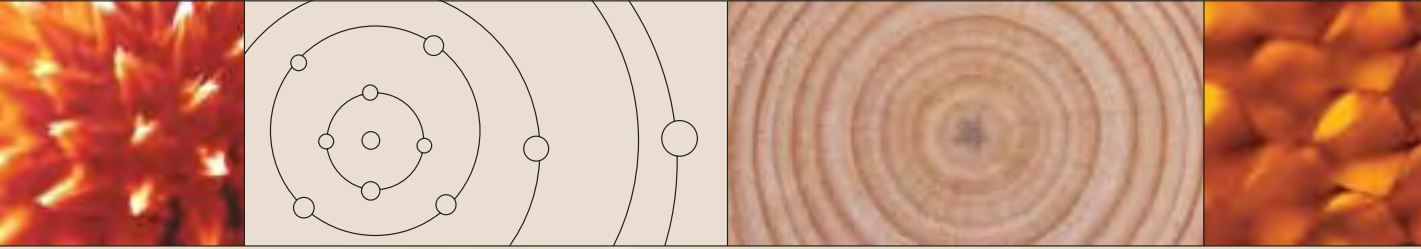


We use the term “ownership” to describe the interest in, responsibility for and active commitment to achieving a change goal. In our projects/programmes, ownership of the set goal is shared by a large number of actors – including ourselves. The will and the ability on the part of local actors to assume responsibility increase in the course of joint preparatory and implementation work. Ownership on the part of our partners, which we actively trigger and consolidate, finds its expression at political level in the shape of the will to achieve the intended changes, and in the express wish for a German contribution. For project/programme implementation we need partners who want change, who make an effort to achieve the agreed objectives and who assume responsibility within the change process. Before ownership can emerge, the individuals and organisations involved must realise that the planned changes will benefit them.

In the past, we considered that the ownership of a project lay exclusively with the partner and consequently that GTZ could only contribute to the “partner’s project” and was not responsible for achieving its goal. However, since the fundamental assumption that we merely provide support for a “partner’s project” does not fully satisfy our contracting clients’ interest in obtaining impacts through their investments, GTZ today expressly accepts that it too shares with its partners the responsibility for attaining objectives and for the results of its work. This is what we term “partnership”.

When we accept a contract we implicitly assure our client that we consider the objectives to be realistic, even if we cannot guarantee that they will be achieved. Our co-responsibility for achieving the objectives means that we will do everything in our power to attain the agreed objectives within the scope of the role we have been accorded, that we will continuously monitor potential risks, and that we will inform the client in good time if there is any doubt that the objectives can be achieved with the given inputs.





◉ 4. LEVELS OF INTERVENTION, MODES OF DELIVERY, ECONOMIC EFFICIENCY



GTZ's work involves a wide spectrum of modes of delivery, which are applied at different levels of intervention. In line with the principle of minimum intervention they are combined flexibly so as to achieve maximum sustainable impact with appropriate inputs.

GTZ's modes of delivery today cover a wide and varied range of services including consultancy, project and financial management, training and upgrading, placement of experts and organisation and management of conferences. GTZ makes a distinction between four levels of intervention: micro, meso, macro and transnational/global levels and agrees with its partners on the level at which services should be delivered in order to achieve the objectives as efficiently and sustainably as possible.

Flexibly combining various modes of delivery and levels of intervention to match the specific situation is the key to the effectiveness of our work. It is a major competitive edge of the GTZ. Ongoing building of local expertise, intensified networking with local competence and the pooling of resources are further ways in which we boost our efficiency and effectiveness.

Wherever they are not specifically laid down in the contractual terms, we select and combine various modes of delivery, gearing our selection criteria to achieving sustainable impact, to the principle of minimum intervention (geared to the capacities of our partners and the depth of intervention requested), and to economic efficiency.

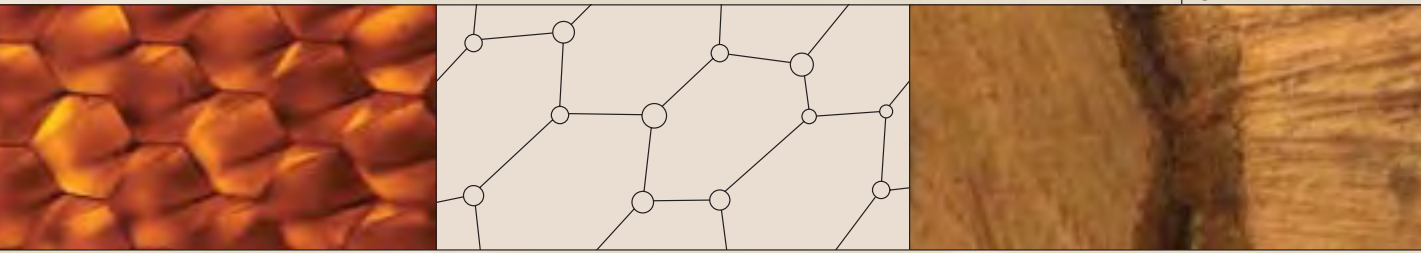
GTZ's efforts to maximise economic efficiency focus on both inputs and outputs. On the input side, all service delivery processes undergo rolling optimisation in order to ensure maximum development-policy impacts while reducing inputs. This process has led to:

- ▷ leaner procedures and shorter coordination loops;
- ▷ consistent adoption of the principle of minimum intervention;
- ▷ flexible use of instruments to prepare and implement our contracts.

By means of product development and knowledge management activities, greater use is made of GTZ's pool of expert knowledge, and recurrent development costs for one-off solutions can be avoided.

On the output side, gearing all interventions more explicitly to the desired impacts makes contract and cooperation management more effective and efficient.





▷ 5. PLANNING AND STEERING

Planning aims to provide a common view of the status quo and facilitate interrelated and coordinated activities by the various actors involved. We have slimmed down the planning procedures for our project/programme preparation, thereby providing the necessary scope for flexibility in uncertain situations and reducing costs.



The circumstances in which our contractual operations are embedded are too dynamic to be well served by rigid procedures. Moreover, funding has become scarcer, competition is ever harsher and expectations are rising. We must be ready to launch our interventions at short notice, to respond rapidly to unforeseen circumstances and to provide conclusive evidence of our accountability. Co-responsibility for achieving objectives precludes any exhaustively detailed upstream operational steering. The officers responsible for contract and cooperation do not have to legitimate their work vis-à-vis the client by means of intricate plans. They can focus planning efforts on what is necessary, productive and helpful for achieving objectives, i.e.:

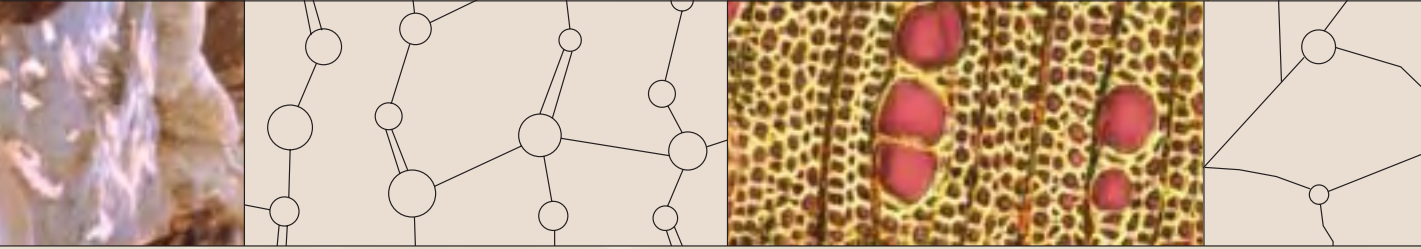
- ▷ setting a realistic goal;
- ▷ generating a common understanding of the project/programme;
- ▷ strengthening the will and motivation of all stakeholders;
- ▷ opening options and ensuring scope for action;
- ▷ generating common responsibility for achieving the objectives.

Before we can agree on operational steps, all parties involved must have a clear understanding of the objectives. We must realise how the impacts of the project/programme are interrelated in line with GTZ's impact model described in Section 2. For this, it is important to establish who are the actors in the project/programme and who are the recipients of services.

Operational planning and agreements with the participating actors about procedures are an integral part of the implementation phase. They allow the actors involved to make their contribution towards achieving the objective. For our partners, planning provides transparency about what support they can expect to receive from the GTZ. And this transparency is often a prerequisite for their willingness to embark on joint action. The degree of detail required and the time-scale will be dictated by the purpose of planning.

By its very nature, our work involves a high level of risk. Risks and uncertainties call for open and flexible management of our interventions. Our work demands expertise and experience, however, the core of our competence is not our ability to produce answers in predefined problem situations, but our ability to learn in uncertain and changing circumstances.





6. QUALITY ASSURANCE IN CONTRACT AND COOPERATION MANAGEMENT



GTZ has declared that “client satisfaction” is its yardstick for quality. Professional concepts for implementation as well as for knowledge and quality management are our major levers for ensuring professional service delivery.

Putting GTZ's contract and cooperation management policy into practice

The Notes on GTZ Policy on *Contract and Cooperation Management* will help you in managing your contracts. The six themes covered in this GTZ policy paper structure the review and clarification procedures, for instance in your dialogue with superiors.

The procedures to be followed by the business area “GTZ International Services” are generally laid down in the contractual terms of reference and defined in more detail in the inception report.

Knowledge management

Knowledge is the locomotive and the crucial dimension in GTZ's value added process as a service provider. Our consistent competitive edge is the knowledge that we as an organisation have at our disposal, the efficiency with which we use this knowledge, and our willingness to acquire new knowledge and to share and apply existing knowledge. We must offer our clients and partners our best knowledge worldwide, “packaged” in the form of our services.

Experience gained in handling contracts and cooperation is assessed and documented on the basis of learning and knowledge goals; this experience is then systematically incorporated when planning and implementing new contracts. Every staff member provides

the information needed for a knowledge management system based on mutual exchange and cooperation. Throughout every phase of the project/programme cycle, the body of knowledge available within the GTZ is to be actively harnessed and incorporated in contract implementation work. In the same way, the new knowledge generated has to be processed and made generally available throughout our organisation.

Quality management

Quality management must ensure that GTZ continues to satisfy the changing demands of its clients and that it not only remains competitive, but indeed further boosts its competitive edge. One quality management instrument we use is the European Foundation for Quality Management (EFQM) system. It is complemented by numerous in-house processes designed to underpin our performance capacity as well as the professionalism and entrepreneurial competence of all staff members.





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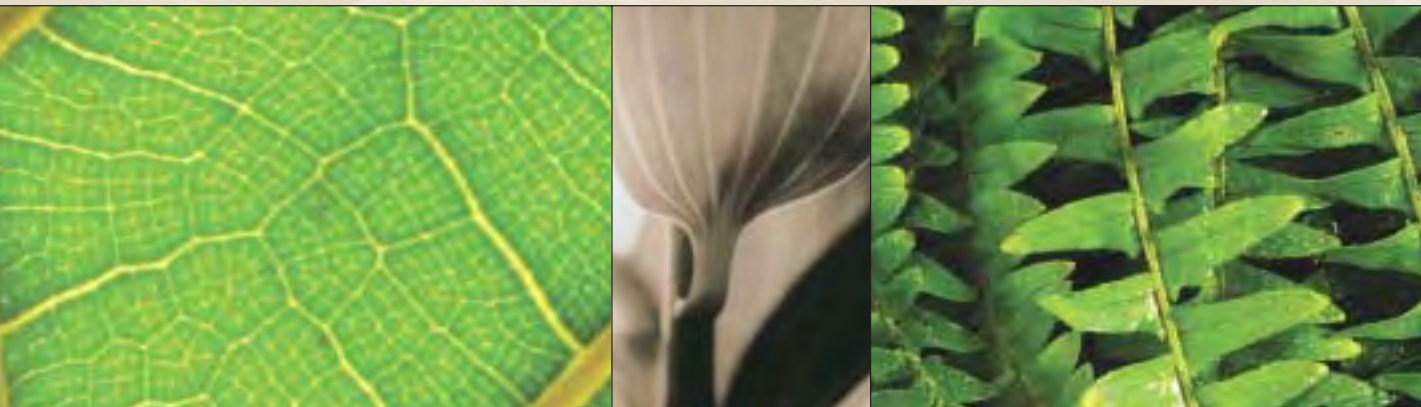
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