

Tough choices

by Toby Fyfe

Considering alternate service delivery procurement

Procurement should be fairly straightforward, right? Simply defined, it's the buying of goods and services. But in the public sector, of course, governments procure goods and services both for their own use (office supplies, for example) and to achieve a specific policy objective or outcome such as improved service to citizens. They do this under conditions not experienced by the private sector.

Achieving longer-term outcomes

Government procurement is often more complicated and time-consuming than private sector procurement. And, at one level, this is as it should be. Critical elements of public sector procurement relate to transparency, fairness and best value. This means ensuring neutral standards, as well as objective and pre-established criteria, both of which are designed to make sure the public interest is met and that there is appropriate accountability. On the positive side, this leads to processes and procedures that ensure probity and value for the citizen; on the negative side, it may result in a cumbersome and process-based procurement system.

Procuring pencils in a way that protects the public interest is relatively easy. Procuring goods and services so that the government can better achieve a policy objective is more complex. In these situations, government outcomes are typically long-term and can involve major investments (such as IT systems), making value difficult to define and measure. To help them meet these longer-term outcomes, governments are increasingly working with other governments and sectors to implement alternative service delivery (ASD) solutions.

So, what is ASD?

Alternative service delivery is a management response to the challenge of improving

performance. It can be defined as is an organizational option or response to the challenge of improving the capacity of governments to manage change, promote innovation and meet their infrastructure and service delivery obligations more efficiently and effectively.

There are two types of ASD: delegated arrangements and collaborative or partnership arrangements.

Delegated arrangements happen when the government delegates functions, activities and responsibilities to arm's-length agencies or other sectors.

The federal government ASD policy defines collaborative arrangements or partnerships as "arrangements between a government organization and one or more parties, in which there is an agreement to work cooperatively to achieve a public policy objective for which there is shared authority and responsibility for achieving results... joint investment of resources (time, funding, expertise); shared risk-taking; and mutual benefits." The parties can include other government departments and jurisdictions, as well as the voluntary and private sectors.

Collaborative arrangements include public-private partnerships (P3s), which can facilitate infrastructure construction and operation as well as improve service delivery. In the infrastructure area, P3s are being used to build schools, hospitals, roads and waste treatment facilities. In the service area, they are being used for everything from parking enforcement to solid waste collection.

The use of ASD implies working together, and so relationship building is important, particularly when long-term service or infrastructure projects are put in place. This can complicate the determining of best value when governments delegate or create partnerships. A Lac Carling 2003 conference workshop recommended that value in collaborative ASD

investments be measured not simply in terms of money saved, but also against the meeting of longer-term outcomes. For example, it noted that a government might value an ASD arrangement because it demonstrates "relevance" or "presence" to its citizens, an increasing concern of governments that fear they are being seen as irrelevant. A recent Accenture report confirms that the lowest bid does not always serve the public interest best: it notes that governments often follow the ASD route in order to improve efficiencies.

Inside ASD

So how might ASD work for a government that wanted to procure services in order to meet a policy objective? Let me give you a couple of examples.

Example one. A provincial government is responsible for supplying and selling various permits to hunters and fishermen. Not surprisingly, most of its clientele live in remote and northern areas of the province in small communities that are not easily accessible. Traditionally, the selling of permits was done out of a government office. Buyers would have had to drive a fair distance to a regional government office that was open at its convenience.

With cutbacks, the province decided that it was unable to maintain even those few-and-far-between government offices. However, surveys showed that citizens' expectations for service were in fact increasing, and so the government actually wanted to improve service even though it had decided to close the regional offices in order to save money. Finally, the government was worried about 'presence' or 'relevance': it did not want its northern residents (voters) to think they had been abandoned by their government.

ASD approach provided the solution. The government decided to delegate the selling of

specific licences and permits to private sector agents. These agents were usually small shop owners, who maintained opening hours around the needs of the community and were hired to provide the service on behalf of the provincial government. A sign with the provincial logo indicated that the service was being provided on the province's behalf. Money was saved, service was improved, and a provincial presence was ensured thanks to the signage. A relationship was built between the government and the agents, who were given the responsibility of selling permits to those who qualified.

Example two. The government has a long-term policy outcome related to improving community capacity, and has financed a program with the mandate to work toward that goal. The program will support groups in smaller, economically depressed communities in order to provide them with the knowledge, skills and tools they need to restore pride and develop a sustainable economic base. The government has financial resources available, but does not have special knowledge of, or an office in, each community. For the program to succeed, it will need to work

through local organizations and individuals, who in turn will develop specific community-based tools and programs.

Once again, an ASD approach provided the solution. The government decided to collaborate with local church and business organizations – in essence working through them to reach into the community. Thus, it formed partnerships in which the government provided specific support and the community organization brought its expertise, knowledge and project flexibility to the table. Appropriate reporting and monitoring mechanisms were put in place so that progress made toward achieving the expected results could be identified, and improvements made as required.

In this case, the ASD option did not specifically involve saving money. However, the partnership did involve building a relationship with the community organizations, and once again was able to demonstrate government presence in the community.

Considering the ASD option

It can be argued that governments have three main areas of activity: service delivery, management and planning for the future. All

three are important, but increasingly, governments are realizing that they can use ASD to improve service delivery and management, so that they can concentrate on longer-term social outcomes.

ASD means governments can focus on their core business. ASD can promote efficiencies. In the service delivery area, governments can delegate activities (such as delivery of licences by private sector agents) or work in partnership to achieve results (such as by creating relationships to deliver a program or service). And, ASD can foster horizontal cooperation on policy issues that, in today's interdependent universe, increasingly cut across traditional departmental and jurisdictional stovepipes.

At the end of the day, ASD is good management. ♾

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