The Governance & Development Practice

Implementing adaptive management:
A front-line effort

Is there an emerging practice?

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Abstract

Among the many principles that currently inform donor-funded development initiatives, three appear to stand out: they should be politically informed, locally led, and adaptive. There is as yet little practical guidance for aid implementers regarding *how* to operationalise these approaches. What will it take to shift practice away from linear and planned approaches, towards models which foster local leadership and which engage with emergent and complex systems?

This paper suggests that the answer is not to throw out the discipline of the logical framework, results frameworks, or theories of change. Rather they need to be handled rather more reflectively and 'elastically'. The purpose of this paper is to set out how this can be achieved, and to propose 15 tools for donors, implementors and front-line staff to apply adaptive management (AM) in practice, at critical stages of the project cycle and within the dominant aid paradigm. This is what we are calling PILLAR: politically informed, locally led and adaptive responses. We are framing PILLAR to cover the full project cycle (design, implementation and review), hence the nomenclature of an 'end to end' approach. Our hope is that these tools will eventually replace the current planned, log-frame driven and top-down approach to aid design and delivery which dominates the development sector.

Foreword

Abt Associates Australia is privileged to be managing a number of 'flagship' Australian-funded bilateral development programs in Papua New Guinea, Indonesia, and Timor Leste, as well as a regional program 'Investing in Women' in the Philippines, Indonesia, Myanmar, and Vietnam. In all these initiatives we are seeking not only to implement adaptive management practices to improve development outcomes for the most poor and vulnerable, but also to learn from them as we go. In each of these programs the challenges vary just as the context varies. We cannot take for granted that what works in one country and one program will work in another. At each stage, and in each location, we must interrogate what we *think* we have learned, and investigate the impacts as we implement new ways of working. This is what it means to say: "we need to learn what works, where and why".

As Managing Director of the Australian arm of Abt Associates, I am particularly keen for all our programs and all our staff to work with partners and reflect on this challenge. Not only must we do this at the individual program level, but we must synthesise what we are learning across all our programs. For this reason, I would thank Abt Associates staff in Jakarta, Dili, Manila, Port Moresby and of course in Canberra for their work on this paper. I am sure that the paper will not be the last word on adaptive management, but I am equally sure that it represents a significant step forward regarding how to do it at the front-line.

Jacqui de Lacy
Managing Director, Abt Australia

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1. Politically informed, locally led, adaptive responses: the need for an 'end to end' approach

1.1   Among the many principles that currently inform donor-funded development initiatives, three appear to stand out: first, that they should be politically informed; second that they should be locally led; and third, that they should be adaptive. The purpose of this paper is not to interrogate these principles or summarise different views expressed in the literature. Rather, it is to grapple with the question of how to operationalise them. It is written from the point of view of two practitioners[1] who are operating at the 'front-line' and who are struck by the predominance of papers that explain the 'what' and the why', but rarely the 'how'.

1.2   These three principles arise not only from a recognition that development initiatives often do not go according to plan, but also from concerns regarding the nature and functioning of the logframe, and results frameworks more generally. As far as the logframe is concerned, Chris Mellor, then in the Evaluation Department of what was the Department of International Development, identified three intrinsic problems: (i) they assume that causal pathways can be known in advance; (ii) they condense and simplify 'messy realities' and assume they can be treated in reductionist ways; and (iii) they establish incentives to deliver, rather than to adapt.[2] While the logframe undoubtedly requires donors to think more rigorously about their investments, it can sometimes act as something of a 'straightjacket', preventing the emergence of more flexible and appropriate ways to design and deliver investments. Adaptive management is part of the response.

1.3   Plans set out both objectives and pathways of change. Adhering to them may appear deceptively attractive. But evidence tells us that things happen along the way: governments change, ministers move on, pandemics occur, social movements rise and fall, and legislation is passed. Any project may be deep into its implementation phase before the relationship between cause and effect becomes clear. All too often, expecting Outcomes and Impact (specified years ago) to be achieved in the manner originally determined represents a triumph of hope over experience.

1.4   If these two concerns are now widely recognised, why is it proving so hard to adopt alternatives to the planned 'log-frame' approach to aid? There are two reasons. First, donor domestic settings – policies, processes, and accountability requirements – create powerful incentives for planned, budgeted, and sequential approaches to aid design and delivery.[3] Second, the logframe itself appears to offer greater certainty and reduced risk: greater certainty regarding results and spending profile over the life of the project, and reduced risk of project failure, resource wastage, and reputational damage. Indeed, the logframe is seen as providing the very answers to those domestic donor requirements.

1.5   What will it take to shift practice away from linear and planned approaches (top left quadrant of figure 1), towards models which foster local leadership and can engage with emergent and complex systems (bottom right quadrant)? This paper suggests that the answer is not to throw out the discipline of the logical framework, results frameworks, or theories of change. Rather they need to be handled rather more reflectively and 'elastically'. We need tools for planning, monitoring and reporting which can be actioned within the dominant aid paradigm.

Externally led,
best practice

Top-down, planned
approach to delivery

Simple /
Planned

Complex /
Emergent

Adaptive, locally led
approach to delivery

Locally led,
best fit
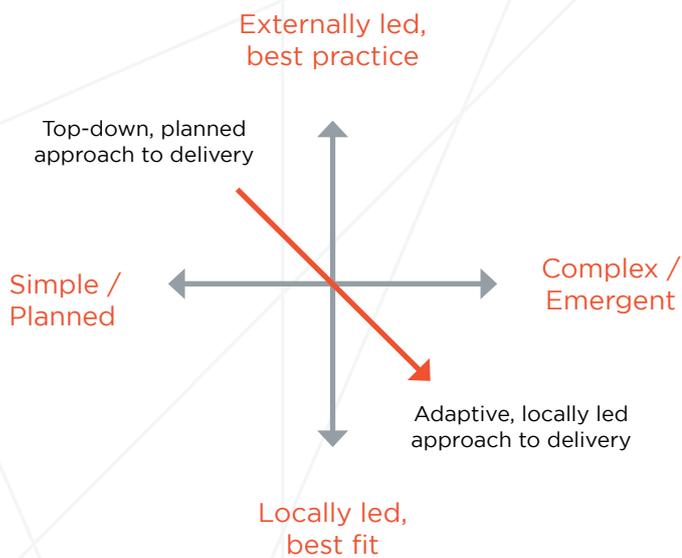
Figure 1: From central planning to disjointed incrementalism[4]

1.6   **The purpose of this paper is to therefore propose a set of actionable tools and approaches for donors, implementors and front-line staff to apply adaptive management (AM) in practice, at critical stages of the project cycle.** This is what we are calling PILLAR: politically informed, locally led and adaptive responses. We are framing PILLAR to cover the full project cycle (design, implement and review), hence the nomenclature of an 'end to end' approach.

1.7   **This paper is aimed at donors and front-line implementers working in all sectors.** It is not limited to 'governance' programs. We are aiming to support Indonesian project managers in an INGO, an advisor managing an education project in Mindanao, a 'Senior Responsible Officer' for a health initiative in Nepal. This paper is not aimed at the most critical actors in the development process – national actors working inside the political and social systems of their own country or community. For these actors, the concepts and tools in this paper are of only tangential interest. Change makers already know how to work politically, build coalitions, and

adapt and learn from failure. They do not need a tool-kit to do this day in day out. But what they *do* need is for donors and implementers to be setting in place the incentives and systems for them to lead change in "PILLAR" ways. That is what this paper seeks to provide.

Structure of the paper

1.8   **Section two summarises current debates on development that is politically informed, locally led and adaptive.** From where can the origins of the current interest in adaptive management be traced? To what extent is it a recent phenomenon? What are the differences among the various terms that populate the literature: Problem Driven Iterative Adaptation (PDIA), Doing Development Differently (DDD), and Thinking and Working Politically (TWP)?

1.9   **Section three considers three weaknesses in current approaches:** first, a reliance on an over-simplified project cycle, thus divorcing it from real-world practice; second, the overwhelming focus of adaptive management on the delivery phase of the project cycle; and third, the confusion in the use of adaptive management terminology.

1.10   **Section four presents a way of framing PILLAR to identify how to 'design in' an adaptive management approach at each relevant stage of a re-imagined project cycle.**

1.11   **Section five proposes a revised way of framing the project cycle** The framework recognises that adaptive management requires explicit consideration at the pre-implementation phases as much as it does at delivery.

1.12   **This framing is used to propose a set of tools which are summarised in sections 6-9.** The tools themselves are presented in the annex. The tools provide an alternative to the planned approach. They serve as a framework to give donors confidence increasingly to

[4] With apologies to Charles Lindblom

'let go' *within* the confines of an aid project, and know that those implementing and delivering aid have the necessary systems, incentives, and staff in place in order to:

- *shift power and authority to local actors* to define problems and solutions to those problems;

- *allow for aid activities to be informed and adapted* based on learning and a deep understanding of context (including politics and gender) – rather than externally driven agendas; and

- *be confident that outputs, results, and outcomes can occur and be "measured"* in emergent ways through implementation, rather than be locked in at design.

1.13   What we are proposing builds on many established theories in sociology, political science, business management, economics and complexity thinking as well as the experience of practitioners working in different sectors and countries. What we have done is attempt to bring this together and offer – in one place – a single set of practical tools and approaches tailored to donors, implementors and local actors.

1.14   Section 10 concludes.

2. The state of the debate

2.1   **Defining adaptive management.** Sometimes Wikipedia gets things right. It defines adaptive management as "a structured, iterative process of robust decision making in the face of uncertainty, with an aim to reducing uncertainty over time via system monitoring". At the end we might want to add "with a view to revising investment allocations and reconsidering priorities".

2.2   **Adaptive management is not new.** In 1989, what was then the

Overseas Development Administration (ODA) of the UK government published an internal paper entitled 'The Process Approach to Projects'. It was authored by the Chief Social Development Adviser, Dr Ros Eyben, and it noted two key characteristics:

I.   *Precise outputs and immediate objectives, and how to achieve them within overall objectives, are not defined for the duration of the project but are revised and developed as the project proceeds. The overall objective may, for example, be the increase of agricultural productivity but the complex mix of technical and organisational inputs and the mix of crops evolves during implementation; and*

II.   *Design, appraisal and implementation are participatory, recognising the need for local commitment and the essential role of local participants and beneficiaries in defining and agreeing what should be done. The local actors involved may range widely, from rural farmers and co-operative society members to central and local civil servants or enterprise managers persuaded to reform organisations and working practices. There is a need to ensure that women are not excluded.*[5]

2.3   **These two precepts have stood the test of time and summarise the case for locally led, adaptive management as well as any recent publication.** The paper reveals its age only in two ways: first the reference to (then fashionable) co-operative societies, and second, by omitting any reference to politics, political influence, political capture or rent seeking. The paper was thus ahead of its time in terms of its approach and understanding, but was understandably behind the times as it pre-dated the arrival of the New Institutional Economics and the seminal work of Douglass North. Now we have no such excuse.

2.4   **More recently, the origin of the interest in politically informed, locally led, adaptive responses stems from two sources, one**

rooted in academia, the other in practice. The academic imperative is the result of work by Matt Andrews, Michael Woolcock and Lant Pritchett at the Harvard Kennedy School of Government, and is known as Problem Driven Iterative Adaptation (PDIA). This has had a huge influence on development thinking; indeed, the PDIA narrative gave birth to the commitment to 'Doing Development Differently' (DDD). This led to the publication of the DDD manifesto which called on development organisations to, well, to do development differently.[7] However, the extent to which this has influenced development practice is open to debate.

2.5   The second source can be traced to a meeting held in New Delhi in November 2013, when a hundred or so (mainly governance) donor practitioners met to reflect on the politics of development and to consider why donors were seemingly so reluctant to engage with the issues arising. The meeting established the International Community of Practice on Thinking and Working Politically (TWP). The CoP continues to flourish and has recently (November 2020) been granted funds by the FCDO to put its work on a more substantial and formal footing. The CoP has its own website[8] and a Washington DC CoP has been established to sit alongside the international one.

2.6   Much of thinking and the working on adaptive management has come out of the UK. The Overseas Development Institute (ODI) led the way in 2014 with the publication of the influential paper 'Politically smart, locally led development', by David Booth and Sue Unsworth. This was followed by a series of papers on AM (see bibliography). ODI has worked closely with the Department for International Development (DFID, now the Foreign, Commonwealth and Development Office, FCDO) in investigating the implications for the logframe, for monitoring and evaluation, for contracting, and for learning.

2.7   The Department of Foreign Affairs and Trade (DFAT) in Australia has also been actively researching the topic. In 2020 it published three papers on adaptive management, although each focuses on the 'what' and the 'why' rather than the 'how'.[9] The authors of this paper have documented their experience of adaptive management in the DFAT-funded programs for which we are responsible.[10]

2.8   Matt Andrews and his colleagues provided an update on PDIA in January 2016.[11] The subject was given a further boost in 2018 with the publication of Dan Honig's book 'Navigation by Judgement: why and when top-down management of foreign aid doesn't work'. Some solid case study work has also been undertaken – again principally by the ODI for the FCDO, and by Angela Christie and Duncan Green of Oxfam.

[7] See https://www.odi.org/sites/odi.org.uk/files/odi-assets/events-documents/5149.pdf

[8] See https://twpcommunity.org/

[9] DFAT. 'Rapid Review: Adaptive, Flexible Aid'; 'An Overview of Monitoring and Evaluation for Adaptive Management' ,and 'What is adaptive management and how does it work?' all 2020

[10] Teskey, G., Thinking and Working Politically – Are we seeing the emergence of a second orthodoxy? ABT working paper series, 2017, and Teskey, G., Tyrrel, L., Thinking and Working Politically in Large Multi-Sector Facilities – Lessons to date, ABT Governance Working Paper Series, 2017.

[11] Doing Iterative and Adaptive Work, Harvard Center for International Development Working Paper 313

[12] A Schingheider, E Pellfolk, G Maneo and H Desai 'Managing to Adapt: Analysing Adaptive Management for Planning, Monitoring Evaluation and Learning', LSE and Oxfam, April 2017; and A Christie and D Green. 'The Case for an Adaptive Approach to Empowerment and Accountability Programming in Fragile Settings'. ITAD, Oxfam and IDS Sussex, 2019

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2.9   **Comparing PDIA, DDD, and TWP.** Figure 2 summarises similarities and differences across these three sets of abbreviations.

	Doing Development Differently	Problem Driven Iterative Adaptation	Thinking and working politically	Adaptive Management
Three features emphasized	Use locally legitimate institutions Partnership not principal agent Focus on real results	Relentless focus on a specific problem Make many small 'bets' Learn awnd adapt as you go	Explicit recognition of competing interests Engage with (i.e fund) reformers / pro-poor coalitions Based at all times in political economy perspectives: country / sector / program / issue	'Structured, iterative process of robust decision making in the face of uncertainty, with an aim to reducing uncertainty over time via system monitoring' Wikipedia
Common features	Context is everything Best fit not good practice No blueprint — rather flexible, adaptive, and responsive programming Real-time learning Long-term commitments with staff continuity Enabling, not doing			

Figure 2: PDIA, DDD and TWP

Source: authors

2.10   **There is significantly more that unites than divides these perspectives.** Each has three common emphases: (i) the importance of understanding the policy and institutional context – and that it is likely continuously to change; (ii) that all actors – individually and collectively – will have interests and incentives to which they will respond; and (iii) that both design and implementation must be appropriately flexible, adaptive and responsive. (We return to these terms to define them in paragraphs 3.11 – 3.12).

2.11   **With 'traditional' programs, problems and solutions are identified at design stage by experts, and usually are heavily conceptualised, rendering them both attractive and unrealistic at the same time.** Initiatives are then planned in predominantly sequential and planned ways. By contrast, the approaches summarised in figure 2 assume that it is not possible to predict how change is going to happen at the outset. Nor will it always be possible for external actors to decide what the problems and solutions to those problems are. Adaptive management requires the conventional approach of design, implementation, and review to be undertaken simultaneously – not sequentially – and in 'real time' by local actors, i.e. those actually involved in, or benefiting from, the change process.

2.12   **The British, American, and Australian development agencies (the Foreign, Commonwealth and Development Office, United States Agency for International Development, and Australia's Department of Foreign Affairs and Trade respectively)** all embrace this approach, although each employs a slightly different terminology. USAID refers to adaptive management and 'collaborating, learning and adapting' or CLA. FCDO emphasises TWP: 18 months prior to its absorption into the FCDO, DFID published a 'Governance Position Paper' which identified what it called four 'shifts', the first of which was:

"Development interventions still too often underperform because they do not understand local politics and incentives or take politically feasible approaches that recognise the long-term, and

[13] DFID, 'Governance for Growth, Stability and Inclusive Development' DFID Position Paper, March 2019 page 15

difficult nature of change. Moving forward we will continue to prioritise the importance of thinking and working politically. For example, as we have done, integrating PEA in our Country Development Diagnostics and Inclusive Growth Diagnostics to guide strategic portfolio decision making." (Original emphasis).[13]

3. Three weaknesses in current planning approaches

3.1   **The first weakness is that the schematised project cycle bears marginal resemblance to the real-world decision-making process undertaken by donors.** While simplification can encourage understanding, oversimplification can also encourage inappropriate application. The second weakness is that adaptive management is overwhelmingly applied to delivery tasks alone, ignoring other points in the cycle where it is demands consideration. The third weakness is that the terms flexibility, adaptation, and responsiveness are rarely defined and are used indiscriminately and interchangeably. This section examines each weakness in turn.

Weakness one

3.2   **The project cycle.** Figure 3 shows the conventional project cycle. This is taken – at random – from the Asian Development Bank.[14] Some variant is common to all donors.
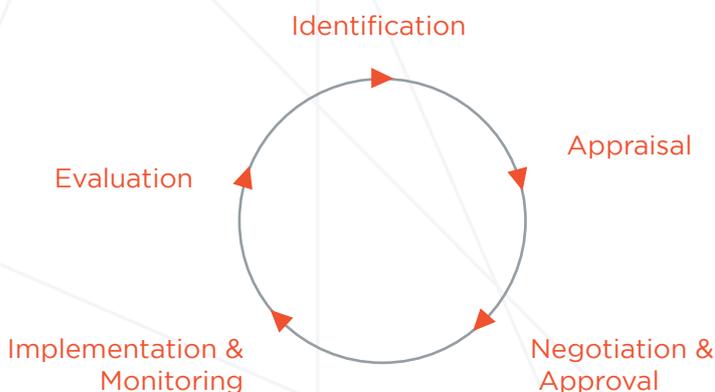
Figure 3: The project cycle

3.3   **The process followed by donors mirrors this cycle only at a high level of generality.** In order to both design and implement politically informed, locally led, and adaptive approaches, a dividing line must be drawn at the point of project commencement: there are a set of specific tasks that are undertaken prior to commencement (by the *donor*), and a different set of specific tasks undertaken after commencement (by *both the donor and implementor*). This may appear self-evident but not only do conventional formulations of the project cycle blur this distinction, but it is critical for carefully considered and *planned* adaptive management.

3.4   Adaptation cannot just start when delivery starts; processes and systems have to be consciously designed, put in place, and appropriate decisions taken by the donor, to enable adaptive management. There are three basic tasks in the pre-project start phase and three in the post-project start phase. Prior to commencement the three tasks are:

- *identifying which 'problem' is to be addressed and choosing which project to fund (selection).* This is where the 'politically informed' element of PILLAR is critical. To what extent is the investment politically feasible? To what extent does the "problem" lend itself to an adaptive approach? Who has a stake in making change happen?

- *outlining the basic idea* – often called the Investment Concept Note (ICN). This task will consider whether the approach to the investment should be an adaptive one; and

- *specifying contracting and procurement arrangements* for effective and efficient delivery. If the approach adopted is to be adaptive, contracting and procurement arrangements must be supportive.

3.5   **The idea of 'adaptation' has little relevance for the first two**

[14] Asian Development Bank. 'Development Project Planning Overview', 2011. PowerPoint presentation slide 11

tasks, defining the problem and outlining the basic idea. But it has major implications for contracting and procurement, as discussed below.

3.6 **After project commencement, an adaptive approach requires appropriate arrangements to be in place at three 'levels' within the project.** The donor and implementor are both responsible for establishing these:

- ensuring that high level project *governance arrangements* are in place and functioning, covering donor-partner government oversight, strategy, and policy settings;

- putting in place appropriate *programming arrangements*, covering work planning and budgeting, and also internal operating platforms for staff, financing, sub-contracting, and procurement; and

- *arrangements for the delivery of project activities,* including the real-time collection of monitoring data.

3.7 **These two stages and the six tasks are summarised in figure 4.** These tasks more accurately reflect real world donor processes, and each has major implications for adaptive management.

Phase	Task
Three main 'pre-start' tasks	**Selection:** what is the real driver/s of the problem/s being addressed? Why choose this initiative? Is it politically feasible? Is there potential for change? Why do we think so? **Investment concept:** what is the high-level objective of the project and why is it both desirable and feasible? What is our best guess theory of change and what resources do we judge will be required? Are we able to oversee and manage the initiative?[15]
	Procurement and contracting: What services are we seeking from the market? How do we seek and assess this at tender? How do we then carry across the incentives for PILLAR in contracting and performance management?
Three main 'post-start' tasks	**Governance arrangements:** ensuring high level governance arrangements (among the donor, host, and implementing agencies) are in place and functioning, and that they enable adaptive management. In adaptive programs this task may include detailed investment design
	Programming: establishing appropriate programming arrangements (for activity design, annual planning and budgeting) as well as operational platforms (for recruitment, for sub-contracting, for real-time expenditures) that enable adaptive management
	Delivery: physical implementation of activities and arrangements for real-time monitoring and learning

Figure 4: Pre- and post- start donor tasks in practice

Weakness two

3.8 **The second weakness of many discussions of adaptive management is the focus on delivery.** Adaptive management speaks to each of the three pre-start tasks differently. It has little relevance for project selection. It has some relevance for the investment concept design – does the initiative warrant an adaptive approach? It is important to remember that adaptive approaches are not always and everywhere relevant. As Eyben noted in 1989, only when it is not possible to be precise about "outputs and immediate objectives" and where both the theory of change and the results framework are more akin to 'best guesses', will an adaptive approach be appropriate. In these circumstances, "they need to set out a clear end goal, hypotheses for how to achieve that goal(s) and a strong approach to evidence-building and decision-making to test whether those hypotheses are valid or not".[16] By contrast, adaptive management has major implications for procurement and contracting. We return to this in section 6.

3.9 **It is the post-start phase that requirements for adaptive management are most important.** The practical implications of this are presented in sections 7 – 9.

3.10 **The simple, sequential, process presented in figure 3 is misleading for politically informed, locally led, adaptive responses.** Many of the processes internal to the project are simultaneous rather than sequential. In figure 4, the three tasks of the post-start phase need to be undertaken at the same time. They are neither linear nor sequential.

Weakness three

3.11 **The third weakness of current writing on adaptive management is the lack of clarity on the meanings of flexibility, adaptation, and responsiveness.** Each of these terms has a specific meaning, and they occur in different ways and at different speeds. Figure 5 summarise these differences. *Responsiveness* happens at the upper part of the program logic – at the goal or impact level. Programs change in response to major policy change or crises – such as Covid. Any such changes are authorised by the program's governing body. Program responsiveness is thus primarily a function of adaptive governance.

3.12 **By contrast, adaptation and flexibility take place lower down the project framework,** focusing on activities and outputs. *Flexibility* refers to increasing or slowing the rate of spend or the rate of implementation on existing (agreed) activities. *Adaptation* refers to amending activities, outputs and sometimes even outcomes. The key element of adaptation is that it occurs as a result of a *considered, purposive, and purposeful assessment* of project progress. Adaptation is not the result of significant high-level policy change or major contextual impact, such as a natural disaster or a pandemic. A program can be responsive without being adaptive or flexible. Adaptation and flexibility are the central aims of adaptive management.

Flexibility – Activity level	Adaptation – Activity and Output levels	Responsiveness – Outcome and Goal / Impact
The ability within the financial year to: • to increase or decrease spending and / or the budget, on planned activities • to increase or decrease the pace of implementation on planned activities	The ability within the financial year to: • amend planned Activities • add new Activities drop existing Activities • amend agreed Outputs • add new Outputs drop existing Outputs • amend milestones • add new milestones • amend the Theory of Action and the Theory of Change	The ability within the program period to: • to amend Outcome and Goal statements in response to policy changes of the donor • to amend Outcome and Goal statements in response to policy changes of the host government • to amend Outcome and Goal statements in response to sudden and major political economic, or social events

Figure 5: Flexibility, Adaptation and Responsiveness
Source: authors

4. Framing an approach to enable politically informed, locally led, adaptive responses

4.1 **The framing proposed in this paper builds on the work of Angela Christie and Duncan Green. Their 2019 paper proposed an innovative and persuasive approach to the post-project start phase for adaptive responses, and one that goes beyond 'mere implementation'.**[17] The current authors would suggest that this is the first step to a more complete 'end to end' approach to AM. Their approach is shown in figure 6. It is worth presenting in some detail. Two sets of relationships form the building blocks of this approach. First, the relationship between the donor/commissioner (in country) and the program manager, and second, the relationship between the program managers and the staff responsible for 'front-line' delivery' . These two sets of relationships are critical to the success of adaptive responses. They have to be built on trust and this we know is hard earned. There is a considerable literature on this but it will not be addressed in this paper.

4.2 **An 'end to end' approach to PILLAR demands specific processes at each 'level' of project implementation (post-start).** For implementation to be truly adaptive, the tasks as depicted in figures 4 and 6 need decision making systems that enable changes to be made in real time. The first level (the one on the left in the figure 6) is arguably the one that matters the most: *adaptive governance*. Unless project sponsors (the donor and the partner government) explicitly put in place an appropriately authorising environment, adaptation is unlikely to be possible.

4.3 **Adaptive governance refers to the overall strategic oversight of the program: what it is meant to achieve and how resources will be deployed to achieve objectives.** Adaptive governance is the responsibility of the donor agency and the host government. Together, they are responsible for putting in place policy dialogue processes, strategic intent, program priorities, and reporting systems. One of the key functions of any governance mechanism is to ensure that the program *responds* to any changes in the donor or host government policy context, or to any major crises that may occur.

[17] A Christie and D Green. ' The Case for an Adaptive Approach to Empowerment and Accountability Programming in Fragile Settings', A4EA paper, 2020, page 4
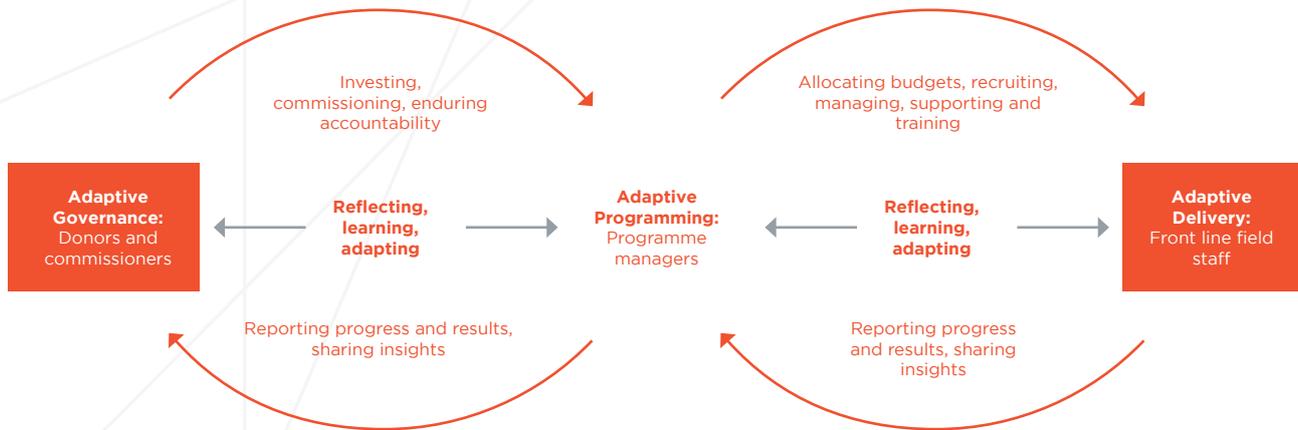
Figure 6: Adaptation is governance, programming, and delivery

Source: Angle Christie and Duncan Green. ' The Case for an Adaptive Approach to Empowerment and Accountability Programming in Fragile Settings', A4EA paper, 2020, page 4

4.4   **It is worth quoting Christie and Green at length here:**[18]

'Adaptive Governance normally resides with the donor, particularly the officer(s) in the donor agency responsible for funding the programme and following its progress. They must both manage upwards, coping with the inevitable pressures for results, reporting and shifting priorities that swirl around any donor agency (nationally and in HQ), and manage downwards, ensuring that the programme accounts for how it is spending donor money, but also retains the freedom of strategic manoeuvre that lies at the heart of adaptive approaches'.

4.5   **The second (middle) level is adaptive programming.** This is the primary responsibility of the implementing agent, be they a managing contractor or a civil society grantee. It is the implementor's responsibility to ensure its systems, processes, procedures, and staff are able to manage the program adaptively and flexibly.

4.6   Again, quoting Christie and Green:[19]

Adaptive Programming is a slower and more structured process, usually in the hands of the senior team within the programme office and informed by frontline staff and the patterns and players that they are spotting or that are emerging from delivery. (….) staff told us that programmers need a 'balcony view', so they can understand and respond to both the incentives of the funders, and the delivery teams' decisions in the context in which they are operating, within an organisational culture of humility, patience and trust. Adaptive programming involves less frequent cycles of reflection on in-situ strategy than adaptive delivery, focusing instead on how the broader programme is faring, and the context is evolving. Adaptive programming is often informed by commissioning expert analysis and bringing in critical friends to help question and challenge in order to identify new directions and opportunities.

4.7   **The third 'level' is adaptive delivery.** This refers to the work undertaken by local officials, non-state service providers, communities, churches, private sector companies and health officials/volunteers. An adaptive program will incentivise all such actors to identify and solve what they perceive to be 'the problem'. This level involves these actors negotiating relationships, politics, policy, and planning processes to improve how decisions are made and how resources are allocated.

4.8   **Christie and Green capture this aspect of adaptive management powerfully:**[20]

Adaptive Delivery is the daily, on-the-groundwork undertaken by a delivery team, with their fingers on the social, political, and economic pulse of the world in which they operate…… Instead of implementing 'The Technical Plan,' they think politically and on-their-feet, continuously navigating through a fog of ever-changing conditions, many moving parts and players, ambiguity, and uncertainty and towards political ends…..

When it works well, delivery teams do this using curiosity, evidence, emotional intelligence and instinct (noticing the frown on the face of the minister and changing tack in mid conversation) in a powerful blend of on-the-spot learning, thinking and decision-making set against a backdrop of a deep understanding of cultural and social norms. In this way, frontline workers come up with best guesses on what to do next, then test and correct in a continuous engagement and learning process. Personal networks are crucial.

4.9   **Putting in place processes to ensure adaptive management at these three 'levels' will undoubtedly be challenging.** They will differ significantly from 'traditional approaches. These differences are summarised in figure 7.

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[18] Ibid page 13
[19] Ibid page 13
[20] Ibid page 12

'Traditional'	Locally led and politically informed
Governance	
• Donor responsibility • Technical 'experts' lead design • Problem statement focused on technical issues. • Focus on proximate causes • One possible pathway for change	• Co-creation with host government • Local partners lead problem definition/design • Political analysis (including GESI) to match technical • Root causes identified • Multiple possible pathways for change identified
Programming	
• Fixed inputs, outputs, and outcomes • Problem statement/activities revisited annually (or at end of program evaluation) • Decisions taken by management re program changes • Team comprises technical experts • Mostly international staff • Single organisational structure for life of program • Fixed budget by activity at start of year • Choice of delivery mechanism (grants, contracts etc) dictated by project legacy and compliance requirements only	• Outcomes often fixed, inputs and outputs flexible • Problem statement/ activities/ budget constantly revisited • Program teams have responsibility for program change • Team comprises 'insiders', technical experts, political informants, with gender and diversity a priority • Mostly national staff • Organisational structure changes • Budget allocations indicative at start of year • Choice of delivery mechanism (grants, contracts etc) dictated by compliance but also the problem on which the team are working
Delivery	
• Sequentially follows design • Data collection that focuses on quantitative output level knowledge • Focus on monitoring and evaluation for accountability purposes • Largely reports positive results • A single baseline set at program start	• Occurs at same time as 'design' • Data collection that focuses on qualitative and tacit knowledge and consistent GESI indicators • Heavy focus on learning and rapid cycle evaluation to inform programming in real-time • Reports on failure • Baselines that may change as the ToC/ToA changes

Figure 7: Adaptive management cf traditional management

5. Adaptive management for the real 'donor world'

5.1   **We have argued to date that there are four major 'points' or 'tasks' in the donor project cycle where particular and specific arrangements have to be put in place to enable adaptive management.** This is what will make adaptive management an 'end-to-end' process:

• *procurement and contracting:* seeking and assessing the appropriate capabilities from market, then translating incentives for PILLAR into contracting and performance management;

• *adaptive governance:* strategic program design and oversight enabling responsiveness;

• *adaptive programming:* internal program leadership, operations, and systems enabling flexibility and adaptation; and

• *adaptive delivery:* 'on-the-ground' work undertaken by front line providers

5.2   **Figure 8 re-presents the six tasks from figure 4, but it does so reflecting the time element.** The three tasks in the pre-project start phase must be performed sequentially. All have to be completed before moving on to the post-start phase, where the three tasks by their very nature are undertaken simultaneously.

5.3   **Sections 6-9 summarise the ways in which adaptive management can be operationalised** at these four critical points in project design and delivery.

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Pre-project
start up

Adaptive Procurement and Contracting (donor)

• Investment and selection
• Investment and Concept Note Procurement and Contracting

Post-project
start up

Adaptive Governance (donor and partner government)

• Policy dialogue
• Strategy and strategic intent: investment criteria;
• Ways of working: the authorising framework and financial delegations

Adaptive Programming (Implementing agency)

• Thinking
• Working
• Acting
• Reflecting and learning
* Adapting
• Scaling and transition

Adaptive delivery (local partners)

• Recruiting and developing staff
• Adaptive risk management
• Flexible budgeting and delegations
• Measuring adaption

Figure 8: Framing Adaptive Management

6.   Adaptive procurement and contracting

6.1   Adaptive management has important implications for contracting and procurement. The nature of the contract between the donor and the implementing partner is one of the most significant constraints on effective adaptive management. There are very good reasons for this. In theory, contracting is simple: a principal (the donor) engages an agent (a managing contractor, an NGO, a think tank) to do 'something'. That 'something' is specified in the contract. Generalising, there are two ways for payment to be made: first, the principal pays the agent for inputs, activities, and outputs based on invoices plus fees, or second, the principal pays the agent for outcomes and impact delivered, plus fees. A third option of course is for some hybrid mix of the two.

6.2   The dilemma can again be put simply (and simplistically): the principal has an interest in payment by results (outcomes), while the agent has an interest in payment by input, activity, and output. This takes us to three issues that sit right at the heart of the logframe and which have a major impact on contracting:

*   to what extent is each level of the logframe (inputs, activities, outputs, outcomes, and impact) tightly prescribed?

*   what level of influence does the agent have over each of these levels of the logframe? and

*   how is it possible to design a contract that both incentivises the agent to deliver the upper part of the logframe (outcome and above) while recognising that a lot of what happens at this level lies beyond the agent's control?

6.3   This area of contracting is a work in progress – but progress is being made. Hybrid models are increasingly common. Increasingly risk is being shared between the principal and the agent: where the risk of *implementation failure* (not delivering what was agreed) is born by the agent, and the risk of *development failure* (outcomes not or only partially met despite activities being delivered efficiently and effectively by the agent) is born primarily by the principal. The justification for this is that project selection is the responsibility of the principal (the donor in country), and it is incumbent upon them to make good judgments at selection stage regarding technical possibility and political feasibility.

6.4   There is another consideration currently overlooked in contracting and adaptive management. To what extent do donors screen potential implementing partners for their ability to operationalise adaptive management? The tools and processes outlined in the annex to this document indicate the extent of the challenge and the complexity of the work required by implementers in order to manage adaptively. Note # 1 suggests some questions to be asked early on in the contractor screening process.

6.5   Interested readers are referred to ODI's 2016 paper on contracts for adaptive programming.[21] However the paper mainly discusses contract theory, rather than proposing answers to the three challenges noted in paragraph 6.2 above. The paper does however sum up the issue concisely on page 1, as shown in figure 9 on the next page. Figure 10 lists the tools for adaptive contracting presented in the annex.

[21] ODI. Contracts for adaptive programming'. October 2016

Box 1: What is an adaptive contract?

Many practitioners and scholars now advocate a new approach to international development cooperation: tackling locally-defined problems through a process of experimentation, learning and adaptation.

From contracting perspective, the contract for a traditional development project is static and simply specifies how much will be paid for delivering pre-specified actions or outputs. But best laid plans often go awry. Introducing the flexibility to adjust plans during implementation implies not fully pinning down objectives and methods in advance. From a contracting perspective, that can mean not completely specifying in the initial contract how much will be paid for doing what (although, as this paper will show, such uncertainty creates problems to which the solution can be a contract that makes limited commitments).

For the purpose of this paper we define an adaptive contract as one that encourages experimentation, learning and adaptation. Although this set of contracts includes payment-by-results (PbR) and other forms of static contract designed to encourage experimentation, this paper also concerns itself with dynamic contracts which do not pin down how what is required (and what will be paid) in later periods may respond to what occurred in earlier periods.

Figure 9: Adaptation in contracting and procurement

Task; what it is and why	Tools	Who leads?
To what extent do contractors have systems in place to enable adaptive management?	**Note #1** • Screening for implementing agents and contractors	The donor
What sort of 'adaptive' contract should be chosen?	**Note #2** • Different contract types • Who bears the risk? • Payment by results	The donor

Figure 10: Tools for adaptive management at procurement and contracting

7. Adaptive governance

7.1   Adaptive governance and leadership require a different policy making and management approach compared with planned programs. It requires different ways of working as between the donor and the partner government, and between the donor and the implementing partner. And PILLAR requires different (locally led) ways of engaging, and more strategic and contestable donor decision-making structures.

7.2   Arguably this is the most challenging aspect of adaptive responses, as it requires donors to make some significant shifts in their ways of working. There is a growing literature on the political economy of donors[22] and the incentives they face. For the time poor program manager at 'Post', they are forced to strike a Janus faced pose, delivering 'results' back to their HQ, while encouraging implementing partners to 'adapt' to constantly changing local conditions, but without veering too far away from delegated budgets and approved spending lines. A line about riding a tiger comes to mind.

7.3   There is experience of highly successful adaptive governance arrangements. Deservedly much-hyped is the DFAT-funded 'Coalitions for Change' (CfC) program in the Philippines. Thanks to a visionary trio of individuals (two middle-level administrators in the Australian Embassy in Manila, and a charismatic Filipino lawyer), long-term commitment, and a flexible and adaptive approach, CfC has delivered incredible results.[23] It can be done.

7.4   There are three key tasks for adaptive program governance:

• Policy dialogue between the donor and the partner government;

• Adaptive program leadership: what will be the strategic approach of the internal program leadership?

- How will strategies be designed, tested, and reviewed?

- Ways of working: how will the donor and the program work together? What will be the arrangements for delegated authority of financial and programming decisions?

7.5   **Figure 11 summarise the three tools for adaptive governance.** They are included in the annex.

Task; what it is and why	Tools	Who leads?
Policy dialogue approach/ engagement with partner government	**Note #3** • Policy dialogue	Jointly - donor and partner government
Internal management approach	**Note #4** • Strategy and annual planning • Investment criteria • Decision making/ contestation process	Project Executive Team
Decision making process	**Note #5** • Delegations from the donor • Escalation/ decision tree	Project Team Leader Donor representative

Figure 11: Tools for adaptive governance

8. Adaptive programming

8.1   **Adaptive programming is targeted at program managers and workstream leads in the program management office.** The tools presented are designed to explain how program managers can select, design, implement and review activities, grants and projects using an adaptive approach. Again it should be stressed that 'PILLAR' is not just something programs do at the point where they draft a grant agreement, or when an activity review is undertaken – it is a complete, 'end-to-end' approach to aid programming. It covers all aspects of the aid project cycle. This includes:

- *establishing readiness:* building genuine partnerships and relationships, working out what fits with local priorities and how 'ready' partners are to engage with the program on an adaptive basis;

- *thinking:* how the program will work with partner governments allowing them to define and select issues, reflect on opportunities and strengths as they see them (not as we do), how we develop program strategy in a collaborative manner, and how we draw on GESI and political insight;

- *acting:* how we support partners to prioritise what to do, where are the entry points, and how we experiment and track implementation/ lessons;

- *reflecting/learning:* how we take stock of changes in the context with partners, program achievements and lessons learnt, contest and share learning (formal MERL data as well as tacit knowledge);

- *adapting:* how we adjust activities, budgets, outputs and keep people bought in to more testing and adaptation; and

- *scaling and transition:* how we work with partners to determine when and how we take successful initiatives to scale and transition out of certain roles to allow partners to lead.

8.2   Figure 12 summarises the tasks of adaptive programming.
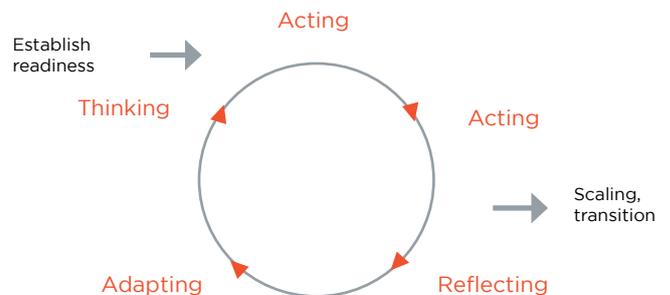
Figure 12: Adaptive programming

[22] See for example The Asia Foundation 2016. 'Politically Informed, Searching Programs: Lessons For Aid Practitioners And Policy Makers' William Cole, Debra Ladner, Mark Koenig, and Lavinia Tyrrel
[23] John Sidel and Jaime Faustino, The Asia Foundation, 2019. 'Thinking and Working Politically in Development: Coalitions for Change in the Philippines'

8.3   Figure 13 summarises the tools needed to put this into practice at program design, delivery, and review. The tools are contained in the annex.

Task; what it is and why	Tools	Who leads?
Establishing readiness	**Note #6** • Readiness criteria	Program workstream leads for reviewing criteria MEL unit for baselines
Thinking	**Note #7** • Defining the issue • Unpacking the issue • Political, power and strengths analysis • Prioritising and finding entry points	Program workstream leads, teams GESI and PILLAR team for political and power analysis
Acting	**Note #8** • Strategy template • Setting 'Measures that Matter'	Program workstream leads, teams Consult MEL unit on setting 'measures that matter'
Reflecting/ learning	**Note #9** • Timeline • Strategy Testing reflection sessions	Program workstream leads, teams MEL facilitate strategy testing
Adapting	**Note #10** • Adjustments sheet • Updated strategy	Program workstream leads, teams
Scaling and transition	**Note #11** • Taking to scale concept note • Transition criteria	Program workstream leads, teams

Figure 13: Tools for adaptive programming

9. Adaptive delivery

9.1   In order to apply a truly 'end to end' approach in program delivery (through grants or sub-contracts to partners), the primary implementing agency must be supported by a suitable operations platform. This includes how staff are recruited and developed, how budgets are managed, how risk is reported and mitigated, and finally how results are measured and monitored. Figure 14 summarises tools for these functions – again they are presented in the annex.

Task; what it is and why	Tools	Who leads?
Human resourcing and learning and development	**Note #12, Including:** • a soft skills matrix • core adaptive management competencies for program staff • key performance indicators for adaptive management • a learning and development course for staff	All program managers – at hiring and performance assessment All program staff – to participate in training Program HR team – at hiring and performance assessment
Risk Management	**Note #13, Including:** • Allowing for risks to be assessed and adjusted and updated on a regular basis • Redefining what is meant by 'developmental risk' in the risk register	All program managers and staff – in balancing the need to take calculated developmental risks; with fiduciary and other safeguards
Budgeting/ delegations	**Note #14, Including:** • Delegations and process for escalating critical issues to the donor	All program managers – in following the delegations and decision-making processes agreed with the donor MEL and finance teams – in ensuring timely and appropriate reporting
Measuring adaptiveness	**Note #15, Including:** • Standards and an assessment matrix for PILLAR	MEL units and workstreams - in ensuring timely and appropriate data collection, analyses and reporting to donor and partner government

Figure 14: Tools for adaptive delivery

10. Conclusion

10.1   **Operationalising adaptive management – what we have called PILLAR – is conceptually difficult, politically risky and organisationally challenging.** However, given what we have learned about complexity, systems theory, competing interests and incentives, changing policy contexts, and the sheer unpredictably of individual and collective human behaviour, it seems - to these authors at least – that there are two options. Either we accept the challenges and embrace PILLAR, or we resign ourselves to the likelihood of continued program underperformance or failure.

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Annex: The Notes

Introduction

Adaptive contracting and procurement

1.   Screening for implementers

2.   Adaptive contracting

Adaptive governance

3.   Policy dialogue

4.   Internal program management for PILLAR

5.   Donor – Contractor ways of working/decision making

Adaptive programming

6.   Establishing readiness

7.   Thinking

8.   Acting

9.   Reflecting and learning

10.   Adapting

11.   Scaling and transition

Adaptive delivery

12.   Recruiting and developing staff for adaptive management

13.   Adaptive risk management

14.   Flexible budgeting and delegations

15.   Measuring adaptive management

Introduction to the notes

The following notes are aimed at practitioners overseeing, designing or implementing aid programs.

They are *your* (donor or implementer's) guide for applying PILLAR in your work, and what your role is in helping others to do the same.

The 15 guidance notes are grouped by the four areas required for PILLAR:

1. **Adaptive Procurement and Contracting**

2. **Adaptive Governance**

3. **Adaptive Programming**

4. **Adaptive Delivery**

Each section is then supported by templates and worksheets which explain, in practical ways, how you can put these approaches into practice through your work.

The intent is that, by following these notes, **they will serve as a comprehensive alterative to the planned, log-frame driven and top-down approach** to aid design and delivery which tends to dominate the development sector. Together, these notes form an adaptive, politically informed and locally led model for the end-to-end (from procurement to evaluation) delivery of aid.

Acknowledgements: These templates and worksheets draw from or adapt a number of important bodies of work: the Harvard Kennedy School's Problem Driven Iterative Adaptation (PDIA) approach, the Coalitions for Change Development Entrepreneurship approach, the Asia Foundation's work on Strategy Testing, and the DLP's approach to Everyday Political Economy Analysis.

Lessons and templates from work the authors have undertaken directly or indirectly with the following programs has also informed guidance notes: the DFAT-Asia Foundation Partnership, the PNG-Australia Transition to Health (PATH) program, and the KOMPAK and INOVASI programs in Indonesia.

The work of these programs and approaches are cited by the authors throughout this annex, however the interpretation and application of these ideas and approaches are the responsibility of the authors alone.

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Adaptive Contracting and Procurement

Note #1: Screening for implementers

Purpose

To propose a simple set of measures a donor should look for and assess when procuring for PILLAR programs. This note contains:

- A detailed annex of tools and approaches a strong PILLAR bidder would display.

Introduction

It is increasingly common to see bidders making grand claims about their ability to "think politically" or "work adaptively" at tender, but often with limited explanation of *how* they would apply these approaches - both their operational and program management systems.

Pushing bidders to provide this level of detail at tender gives donors greater comfort that they are selecting a bidder who has the systems, personnel and know-how to implement these ways of working from the moment the contract is awarded.

Six features to assess at tender

For PILLAR to work in large-scale programs, they need to be embedded in both (i) operations (i.e. budgeting, recruitment, team structure and management, risk) as well as (ii) in the program management cycle itself.

We propose a simple set of six measures/ features for donors to look for in assessing tenders that require PILLAR approaches to delivery:

Program management approach – key features

i.   A system for **problem selection and identification** which is led by local partners and draws heavily on political, as well as other integrate analytic tools (e.g. LNOB/GESI)

ii.   **A system for developing strong and sometimes multiple Theories of Change (ToC) and Theories of Action (ToA)** (in particular political action) for the one problem

iii.   A **system of monitoring and learning which is embedded (not separate) to 'design' or 'implementation'.** This system's key purpose should be to test program strategies and assumptions (ToA/ToCs), including both regular formal and informal Review and Reflection points (R&R) to integrate learning and evidence into decision making in real-time as possible, and show how these R&R points will lead to changes in activities and budgets.

Operations and personnel – key features

iv.   A **management structure** that can (i) delegate high levels of discretion over budget, activity decisions and local networks/ relationships to local actors (be it national program staff or program staff with local reformers) while also (ii) ensuring strong contestability at critical decision points (e.g. for changes over X amount of funding).

v.   High numbers of **national staff of diverse backgrounds (incl. gender) in program management positions** – with a focus on recruiting staff with political knowledge and 'insider' networks specific to the reform problem at hand (i.e. and not just for operational or technical skills)

vi.   A **budget management system** which can not only forecast and track expenditure against overall targets, but which also allows flexibility to move funds between activities and workstreams in response to performance and changes in political context.

Annex 1 details specific tools that a strong bid will contain: noting that the precise systems will vary by bidder – depending on their own internal organisational incentives and the local political economy.

ANNEX 1: ASSESSING THE PILLAR CAPABLITIES OF BIDDERS – EXAMPLES OF STRONG RESPONSES

On the left-hand side of the following table are the features a donor may expect to see from a bidder who is proposing a more 'traditional' (planned) project management approach. These factors are broken down by stage of the project cycle (design, implementation and review). By comparison, the middle column compares this to an adaptive approach. On the right-hand side are examples of some of the practical tools and systems which a donor may see from a bidder – to prove they have the capability to implement PILLAR to program management. This list is by no means exhaustive. It is also not a blueprint. Strong bid candidates should be able to come up with their own bespoke approach to PILLAR for the program and context in question, based on this guide.

	More traditional, planned approach	PILLAR approach	Some example PILLAR systems or tools which may be displayed by a bidder in their response
Design	Problem statement focused on technical issues. Focus on proximate causes. Technical 'experts' lead design One possible pathway for change	Political as well as technical focus. Root causes identified Local partners lead problem definition/ 'design' Multiple possible pathways for change identified	• A process for local partners to lead ToA/ ToC development and problem definition • Actor and institutional mapping; other forms of integrated analysis • Multiple possible ToC or ToAs for the one problem
Implementation	Sequentially follows design. Problem statement/ activities revisited annually Most decisions taken by management re-program changes Team comprises of Mostly international staff recruited One single organisational structure for life of program Fixed budget by activity at start of year Choice of delivery mechanism (grants, contracts etc) dictated by project legacy and compliance requirements only.	Occurs at same time as 'design' Problem statement/ activities/ budget constantly revisited Program teams have responsibility for program change Team comprises 'insiders', technical experts, political informants Mostly national staff recruited Organisational structure which changes in response to politics Budget allocations indicative at start of year Choice of delivery mechanism (grants, contracts etc) dictated by compliance but also the problem on which the team are working (i.e. grants may be more appropriate if the partner can be trusted to make financially responsible and politically informed adaptations to the project as they implement)	• A clear program system that requires teams to frequently revisit ToC/ToAs and adapt budget/ activities in response • Relationships fostered on the basis of influencing those with power • Key management and donor contestability points for major program changes identified • High levels of budgetary delegation • High levels of delegation to teams regarding activity-level decisions • High levels of delegations to teams to manage local relationships/ networks • Unallocated budget 'pots' with a set of criteria to quickly release funds • Budgets allocated to high level outcomes with internal management authorised to shift funds based on the political context and performance of initiatives • Team comprises 'insiders', technical experts, political informants • Mostly national staff recruited
Monitoring, Evaluation and Learning	Fixed inputs, outputs and outcomes Data collection that focuses on quantitative output level knowledge Largely reports positive results A single baseline set at program start	Outcomes often fixed, inputs and outputs flexible Data collection that focuses on qualitative and tacit knowledge Reports on 'failures' Baselines that may change as the ToC/ToA changes	• A MERL Framework and reporting processes which are sufficiently linked with adaptive management processes (e.g. strategy testing outputs inform six monthly reports) • A knowledge management approach for sharing of lessons and learning swiftly between teams • 6-monthly formal review and reflection tied to budget/ activity updates • AND/OR quarterly team review and reflection tied to budget/ activity updates • Regular team meetings to make micro-adjustments to activities • MEL plans (outputs, indicators at minimum) that can be updated as ToA/ ToCs change • 'Failure' and lessons learnt captured and shared • For programs with a particular focus on piloting and scaling • An approach for assessing when and how promising activities will be taken to scale (informed by evidence of impact to date) • Sometimes programs also include criteria for scaling (e.g. partner govt must co-finance or lead, evidence of impact of pilot and potential for change to be institutionalised etc)

Note #2: Adaptive Contracting

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ANNEX 2: INTRODUCTION

Contracts can enable or constrain the ability of a donor, project, partners and project team to work in PILLAR ways. Yet there is little guidance on what the key ingredients of an adaptive contract are. While this area is still an emerging practice, there are six features likely to be required by most adaptive contracts.

Feature	Explanation
1. **Clearly defined roles and responsibilities**	Adaptive contracts need to not only define the role and responsibility of the *agent*, but also the *principal*. It must be clear what the funder and national partner are responsible for (generally quality of policy dialogue, setting of high level strategy and contribution towards overall goals) versus that of the implementor (quality of implementation, achievement of inputs, outputs and contribution to intermediate outcomes, ability to implement a PILLAR approach, quality and depth of local relationships, fidelity of MEL systems and ability to take evidence based decisions in real-time during delivery).
2. **Risk sharing**	Related to the above, adaptive contracts will explain how risk will be shared – whereby the funder and national partners are accountable for *developmental failure* (outcomes not or only partially being met despite activities being delivered effectively and efficiently) and the implementor is accountable for *implementation failure* (inability to achieve or adjust outputs, inputs, activities and short-term outcomes in response to the political context).
3. **Payment based on both (i) fidelity of PILLAR approach and (ii) contribution to outcomes**	Adaptive contracts will set clear performance expectations and milestones tied to intermediate outcomes (rather than inputs or outputs) as well as a milestones which reflect the fidelity of the PILLAR approach (how well is the agent implementing the approach?). Tying performance to both outcome and process allows for two things. First, flexibility at the activity, output and input level. Second, for the funder to reward the effective implementation of a PILLAR approach (even if the achievement of the resultant outcome was not possible given political or other factors outside the implementers control)
4. **Ways of working and measures for performance all parties privy to the contract**	Moving to a risk sharing model in contracting has to be accompanied by clearly defined ways of working and performance measures. Agreed ways of working need to reflect the different roles and expectations of all the parties involved in the program – including partner governments or local actors; and provide clear and measurable metrics for performance. Annex 15 provides some indicative measures in this regard.
5. **Options for third party review and validation – tied to contract review points – when it comes to assessing progress and payment**	Moving away from tightly defined contracts which specify inputs and outputs in detail comes with greater risk for all parties. Thus, having a structured process for third party review – which assesses progress of all parties towards their contractual and performance expectations – linked to a contract performance review and adjustment point, is one way of mitigating this risk. It also reduces the burden on the funder to be across all aspects of the implementers performance, and provide them with external reassurance as to whether things are on or off track.
6. **May have performance bonuses tied to demonstrated adaptations and course corrections following failure**	This we have not seen before; but we hypothesise that placing a financial reward on the ability of a program to acknowledge underperformance and adjust activities, strategies and budgets in response – would help reduce instances where implementers are incentivised to hide activity failures or poor performance (for fear of being penalised financially by the funder). We would be interested to hear if any parties have tested such an approach.

Adaptive Governance

Note #3: Policy dialogue[24]

Purpose

To outline a simple policy matrix for donors to complete, in partnership with government and the implementing partner/s. This matrix encourages a PILLAR approach to policy dialogue.

This note contains:

- A simple policy matrix

- Questions/ guidance to consider when completing the template

Simple PILLAR Policy Matrix[25]

This is adapted from DFAT's Policy Dialogue Guidance Note (December 2020). Guidance on what each component should include is included overleaf.

Investment Outcome	
The Reform Problem / Issue *(Draw from Note #7 'defining the issue')*	
Policy Outcome sought	
Program entry points for policy dialogue *(Draw from Note #7 'defining the issue')*	
Key influencers / conditions we must work with *(Draw from Note #7 'power, political, strengths analysis')*	
Policy dialogue lead within donor	
Partnership engagement lead within the program	

Questions o consider/ answer when completing the template:

1.   End of Investment Outcome

Identify which end of investment or intermediate outcome this reform issue will contribute to and why

2.   The Reform Problem/Issue

Using analysis from Note #5 'defining the issue', describe the root cause of the reform issue you are trying to address.

A good issue statement is one that:

- Is simple and concise, getting at the root cause of the issue (not just the symptoms)

- Is defined by local stakeholders through consensus

- Is a reform issue that matters to those who can influence change?

- Can be broken down into smaller components

- Allows for real, sequences and strategic responses

- Will motivate change

- Clearly considers issues of inequality and exclusion

3.   Identify the policy outcome(s)

Using analysis from Note #5 'defining the issue', describe the specific policy change the program is hoping to influence or achieve. Make sure the outcome(s) are clear, measurable and have realistic timeframes. This could be broken down as follows :

- Policy agenda: registering an issue on the local political agenda or in the public domain

- Policy rhetoric: changes in the 'discursive commitments' of governments and/or key policy actors

- Policy process: changes in the delivery of the policy itself

- Policy content: changes in laws, regulations, or policies

- Policy implementation: behaviour changes required to turn the written policy into practice

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[24] See for example The Asia Foundation 2016. 'Politically Informed, Searching Programs: Lessons For Aid Practitioners And Policy Makers' William Cole, Debra Ladner, Mark Koenig, and Lavinia Tyrrel
[25] These components and the guidance draw from and expand the five policy dialogue components outlined in p3 of DFAT's Policy Dialogue Matrix Guidance Note (December 2020). Due credit should be provided to DFAT here for the original work.

4. Program entry points for policy dialogue

Draw from Note #5 'finding entry points' here to reflect on the following

- Where is there greatest authority to engage on the issue (this might be formal or informal, e.g. legal)

- Where is there greatest acceptance for you to engage on the issue?

- Where do you have greatest ability to influence change (e.g. might include partner resources etc)

- Have you captured opportunities for policy dialogue at multiple levels?

- Are there opportunities to support the donor via a sector policy reform matrix or economic policy reform process, or a multilateral development bank (World Bank, Asia Development Bank) loan process, where the donor has a seat at the table?

- Have you identified a mixture of formal and informal opportunities? See the matrix for concrete examples.

- Have you thought about engagement at national and sub-national levels?

5. Key Influencers and Coalitions

6. Blockers or Excluded Parties

Draw from Note #4 'political, power and strengths' analysis here (in particular stakeholder mapping):

- Based on analysis, select which stakeholders to prioritise conducting policy dialogue with: who is in the 'pro' side, where is there potential for coalitions to emerge, who has political capital and is willing to expend it to achieve change?

- Are there any like-minded stakeholders that the donor could enable and/or facilitate joint advocacy on priority issues, such as sector or donor working groups?

- Where are the potential blockers of reform, what do they want and what will influence their behaviour? How influential are they?

- Who is excluded from the reform process? What would it take to include them? Think carefully about GEDSI

7. Allocate sufficient resources – for consideration elsewhere

- What resources (time, activity budget, political capital or otherwise) will this take to achieve from the program perspective? Is it achievable?

- Are roles and responsibilities differentiated as among the donor, the partner government, and the contractor, including who leads on what issue?

- Have you budgeted for these activities in your annual plan?

8. Policy dialogue lead within the donor?

9. Partnership engagement lead

- List the leads in the program and the donor. Clearly distinguish their roles and who has authority for which decisions/discussions and who leads which relationships.

[26] Harry Jones, 'A Guide to Monitoring and Evaluating Policy Influence', ODI Background Note, 2011.

Note #4: Internal program management for PILLAR programs

Purpose

To detail an approach for PILLAR programs to set and adapting program strategy

Introduction

PILLAR programs have high internal management requirements. Because greater flexibility is a design objective of adaptive programs, strong (but proportionate) internal contestation processes are required. This serves to mitigate risk (program management must show that they are supporting local reforms, and that they are taking contextual and political insight into account when it makes decisions), as well as guard against the program being asked to do everything and losing strategic focus.

There are three techniques to ensure any program maintains its focus while allowing for activities and budgets to adapt towards outcomes.

I. the **establishment of 'best guess' strategies at three levels;**

II. **specific and precise investment criteria** for all new activities at implementation; and

III. **an internal contestation process** for approving new activities and adjusting existing strategies.

Strategy levels

Adaptation begins with a 'best-guess' strategy that has been designed with counterparts. It will not be a perfect strategy, but it must explain (i) what the issue is; (ii) what local partners want to achieve and their strengths; (iii) how we think we're going to achieve it, (iv) how

gender equality and social inclusion has been considered and (v) the assumptions we are making about how this change will happen. It is from this starting point that a program then implements, tests its strategy/ies, learns, and ultimately *adapts* it as it goes. Programs can be designed to be adaptive at three different levels:

1. *At a whole of program level:* to increase or decrease spend or pace of implementation, focus of work or reallocate resources, among workstreams and intermediate outcomes;

2. *At a workstream level:* to increase or decrease spend or pace of implementation, focus of work or reallocate resources, within a single workstream; and

3. *At an individual reform* or location level: to increase or decrease spend, focus of work or pace of implementation within a single reform issue or location (e.g. province).

A 'best guess' strategy will be developed with partners at each level.

A guiding program strategy at the whole-of-program level will explain the relationship between the IOs and EoIOs. This will be owned by the donor and the partner government. It will be reviewed, contested, and updated annually to inform development of the Annual Plan.

Intermediate outcome strategies will be developed which explain how each workstream contributes to each IO. There should be a workstream lead accountable for each IO strategy, and other workstreams will be expected to show how their work feeds into the strategy. These will be updated at six-monthly intervals. Any budget and activity changes from these meetings will inform monthly finance/strategy meetings and update any performance assessment framework.

A program may also establish **strategies for a particular activity, reform issue or location.** These will be used

when there is a major issue all workstreams want to solve, in order to achieve their IOs. These are then updated quarterly or six-monthly during the Strategy Testing process.

Templates for IO and reform/ location strategies are at **How to Note #6.**

Investment criteria

As the program proceeds, it will be required to design new activities and projects. These requests may come from partners, from the donor or from program staff. Specific investment principles/criteria should be used to identify and agree new activities in any adaptive program.

Internal Contestation Process

The internal process for identifying, developing, contesting' and approving new activities – and updating strategies – could be as follows.

1.   A new activity will be identified, or a request received

2.   The workstream will develop the activity as an Activity (or Investment) Concept Note with counterparts (see template in "How to Note 3") and, if required, develop a Reform or IO strategy to accompany it (in some instances a new activity may simply require a Reform or IO strategy to be updated)

3.   The Activity Concept Note reviewed by the workstream lead against the program principles

4.   The Activity Concept Note and revised Strategy will then go to the program executive for contestation and approval. The executive will also recommend to donor if required

Investment Criteria – Apply to all new Activities

Outcom	
	1. Impact – contribution of the activity to program end of investment outcomes and associated intermediate program strategy area
	2. Sustainability/transition – change is likely to continue without additional donor support
	3. Scalability – change is likely to spread beyond the initial activity or project site
GESI	**4. Gender Equality and Social Inclusion** – demonstrable change can be achieved for women and girls, persons with disabilities and the poor in leadership and decision making, access to services and safety
Efficiency	**5. Value for money** – across the eight VFM principles of cost consciousness, encouraging competition, evidence-based decision making, proportionality, performance and risk management, results focus, experimentation and innovation and accountability and transparency
	6. Feasibility of implementation – given identified risks is effective implementation possible?
	7. Complementary and coordinated – includes appropriate partnerships and cooperation and does not duplicate other activities
Ownership	**8. Commitment** – partner government commitment (including political and policy)
	9. Supports reform efforts – complementary to government-led reforms
	10. Relevance – contribution to government priorities and donor country priorities
	11. Solving local issues – activity will contribute to solving a locally-identified issues
Learning	**12. MERL and innovation** – commitment to building evidence and adapting approaches, based on learning
	13. Adaptive Management – the activity has been established to take a PDIA and adaptive management approach to delivery

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Note #5: Donor – Contractor ways of working/decision making

Purpose

To propose the donor-program decision making structure. This structure has been adapted from the PNG-Australia Transition to Health (PATH) program and would apply to all new investments/activities and major changes to existing activities. Includes the following template:

- Approvals/ Activity (or Investment) Concept Note template

Introduction

Adaptive programs require higher levels of delegated authority for budget management from donors than 'traditional' (planned) approaches. This is because the people best placed to make decisions about when to drop, add or change activities are national staff and partners at the front line, not external experts in donor agencies or program headquarters.

Adaptive management therefore puts in place a different way of operating for both donors and implementing partners.

- Contractors will have to establish different ways of working with any grantees or partners. Adaptive management requires adjusted approaches to budgeting, operations, MERL and human resources; and more risk enabled, strategic and contestable internal decision-making structures; and

- Donors will need to adjust how they engage with partners, as well as how they manage contractors: focusing on setting strategic direction for the program and holding the contractor accountable for output and outcome level achievements, rather than a micro-focus on inputs and activities.

The move from current ways of working to an adaptive approach will take time,

persistence, and a willingness to make mistakes and learn. It will be a change management process for governments, donors, and contractors alike. This transition process will work only if there are high degrees of trust and transparency among all parties.

The donor must have confidence that the contractor has the necessary human resources, budget management, project and adaptive management, MERL and GESI, operational and relationship and partnership management skills in place to 'let go' and provide the program with greater scope to make decisions about inputs, activity design and implementation and outputs.

A set of criteria 'triage' the most critical issues for decision by the donor. Investments are critical if they are:

High risk in terms of reputational risk, fiduciary risk, or developmental risk (risk of not achieving a development outcome), or poorly aligned with program logic

Political in nature for either government, or pertain to the bilateral policy relationship between the two governments (e.g. certain advisory positions in government)

A substantive change or update to program intermediate outcomes or structure

High value in nature, either above a certain level for new activities or proposals, or changes which require over a 20% variation in expected activity/project spend

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Activity Concept Note / Approvals Template

APPROVAL NOTE #0001		
REQUEST DATE:	**RELATED DECISIONS: # 0000** – 'Description of related decision' CIC:	
REQUESTED BY: .... **DONOR APPROVAL:**	**DECISION SOUGHT FROM DONOR** ☒ Agreement to proposal ☒ Agreement to budget **WHEN DECISION IS REQUIRED BY DONOR** [Insert date] **IMPLICATIONS IF DECISION DELAYED** ☒ High – describe ☐ Low – describe **TYPE OF ASSISTANCE** ☒ Grant ☐ Sub-contract ☐ Technical Assistance ☐ Procurement ☐ Other **WORKSTREAM** ☐ Details…. ☐ ☐ ☐ ☒ ☐ ☐ Other - ………………………	**AGENCY ASSISTANCE?** ☐ ☐ ☐ ☐ ☒

BRIEF DESCRIPTION (proposal attached):

Insert description

TRIAGE ASSESSMENT:

☒ High Risk (reputational, fiduciary, developmental)   ☐ Substantial change to IOs required

☒ High Value (above certain level or 20% change in funding)   ☒ Political Risk

SUMMARY ASSESSMENT AGAINST PROGRAM PRINCIPLES:

Insert description

RECOMMENDATION: It is recommended …

Principle	Score
Outcome	E.g. 3
GESI	
Ownership	
Efficiency	
Learning	
Overall	

SCALE AND ASSESSMENT GUIDE

All proposals are given a total rank as a proxy for their degree of alignment to strategic intent. This is as follows:

NOT OR POORLY ALIGNED		MEDIOCRE ALIGNMENT	WELL OR HIGHLY ALIGNED	
1	2	3	4	5

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However recognising that aggregate scores can mask a poor mark on a single principles, any proposal which scores a "1" or "2" in *any* category is "red flagged" during this approvals process for additional scrutiny – as this ranking implies that the proposal does not fit some aspects of strategic intent.

ASSESSMENT AGAINST PRINCIPLES:

PRINCIPLE		SCORE
Outcome	*Impact* Insert description	E.g. 5
	Sustainability/transition Insert description	
	Scalability Insert description	
GESI	*Gender Equity and Social Inclusion* Insert description	
Efficiency	*Value for Money* Insert description	
	Feasibility of Implementation Insert description	
	Complementary and Coordinated Insert description	
Ownership	*Commitment* Insert description	
	Support reform efforts Insert description	
	Relevance Insert description	
	Solving local issues Insert description.	
Learning	*MERL and Innovation* Insert description	
	Adaptive Management Insert description	
	Total Score	xx/65

TASK PERFORMANCE CRITERIA / M&E DATA TO BE COLLECTED
- To be included in grant conditions

BUDGET ESTIMATE

	BUDGET	
ITEM	CURRENCY	DONOR CURRENCY
TOTAL		

Measurement scale

Very Unlikely	Unlikely	Neutral	Likely	Highly Likely
1	2	3	4	5

Adaptive Programming

Note #6: Establishing readiness

Before adaptive programs can develop activities to support the priorities of partners, a minimum set of criteria must be met. These are detailed in the following worksheet. This worksheet has been adapted from the PNG-Australia Transition to Health (PATH) program.

Critaria	Conditions to meet criteria	Comments
Government (administrative and political commitment)	Government written approval Agreement in place with program (stipulating shared goals, principles, and roles) Key partner government interlocutors 'approve' engagement Agreed activities and priorities included in partner government plans, and mutual obligations/results recorded (co-funding also stipulated and budgeted for if applicable)	• To be filled out by program team – with justification for answer
Local stakeholder/ community commitment	An inclusive mix of community representatives (including women and persons with a disability – or their networks/groups) or members (again, representing gender and social diversity) are consulted on, and approve of, initial priorities and ways of working An inclusive mix of non-state actors are consulted on, and approve of, initial priorities and ways of working	• To be filled out by program team
Program commitments	Personnel have established trusted, respectful relationships with partner government Budget allocations approved for funding any partner government staff to work on the program	• To be filled out by program team
An organisational structure in place	Partner government has minimum organisational structure in place (e.g. decision-making body) which reflect involvement of women Partner has existing budget, plan or set of priorities (however rudimentary) for program to work with and set plans against	• To be filled out by program team
Baseline/ foundational analysis underway or completed	Program is undertaking: • Analysis of political, community and GESI context • Initial assessment (baselining) of capacity • Review of existing planning processes and documentation	• To be filled out by program team

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Investment criteria

As the program proceeds, it will be required to design new activities and projects. These requests may come from partners, from the donor or from program staff. Specific investment principles/criteria should be used to identify and agree new activities in any adaptive program (repeated from Note 2). These criteria have been adapted from the PNG-Australia Transition to Health Program (PATH).

Internal Contestation Process

Internal Contestation Process

The internal process for identifying, developing, contesting' and approving new activities – and updating strategies – could be as follows.

I.   A new activity will be identified, or a request received

II.   The workstream will develop the activity as an Activity (or Investment) Concept Note with counterparts (see template in "How to Note 3") and, if required, develop a Reform or IO strategy to accompany it (in some instances a new activity may simply require a Reform or IO strategy to be updated)

III.   The Activity Concept Note reviewed by the workstream lead against the program principles

IV.   The Activity Concept Note and revised Strategy will then go to the program executive for contestation and approval. The executive will also recommend to donor if required

Outcome	**1. Impact** – contribution of the activity to program end of investment outcomes and associated intermediate program strategy area
	2. Sustainability/transition – change is likely to continue without additional donor support
	3. Scalability – change is likely to spread beyond the initial activity or project site
GESI	**4. Gender Equality and Social Inclusion** – demonstrable change can be achieved for women and girls, persons with disabilities and the poor in leadership and decision making, access to services and safety
Efficiency	**5. Value for money** – across the eight VFM principles of cost consciousness, encouraging competition, evidence-based decision making, proportionality, performance and risk management, results focus, experimentation and innovation and accountability and transparency
	6. Feasibility of implementation – given identified risks is effective implementation possible?
	7. Complementary and coordinated – includes appropriate partnerships and cooperation and does not duplicate other activities
Ownership	**8. Commitment** – partner government commitment (including political and policy)
	9. Supports reform efforts – complementary to government-led reforms
	10. Relevance – contribution to government priorities and donor country priorities
	11. Solving local issues – activity will contribute to solving a locally-identified issues
Learning	**12. MERL and innovation** – commitment to building evidence and adapting approaches, based on learning
	13. Adaptive Management – the activity has been established to take a PDIA and adaptive management approach to delivery

Note #7: 'Thinking'

Once the program and local partners are satisfied that readiness criteria are met, the following steps to be undertaken with those partners:

- Supporting partners understand and define the issues they want to address

- Working with partners to understand how politics and power are going to influence change

- Identifying where to start (entry points)

The following four worksheets provide a guide for program staff to use in undertaking this work with partner governments and local collaborators.

1. Defining the issue worksheet

2. Understanding the issue worksheet

3. Power, politics. and strengths worksheet

4. Identifying entry points worksheet

DEFINING THE ISSUE - WORKSHEET

In order to effectively apply adaptive management thinking we need to understand what the issues are that partners want to solve and why they are challenges.

Step 1: Knowing what a good issue statement is

A common mistake made by aid programs is to jump straight to the 'result' or 'solution' without fully considering the locally defined causes of the issue at hand – especially the political and gendered dimensions of the issue .

Another common mistake is to define a key 'solution' as simply the inverse of your 'issue'. Rarely is this the case. E.g. if the issue is "the government lacks

cash" then the solution must therefore be "more cash". Yes? No. This is not the solution at all – it is merely a re-statement of the issue. While dedicating more money in the budget to basic services may be part of the solution, it is almost always not the full story.

The final trap is putting every possible issue into an issue statement.

E.g. "the key issue tackled by this project include: the weak capacity of providers to deliver services, low public awareness of their rights, weak demand by CSOs and public groups for quality services, poor government data collection on service delivery, unclear and inappropriate policy and regulations regarding service, a lack of political will and the uneven pace of decentralization".

While all these factors may indeed be important and true, they do not tell us what the biggest challenge is, what the strengths and opportunities are, or where to start.

So, as we can see, it is not only hard to come up with a clear issues statement – but the way we define the issue, and the way we understand it (break it down) has big implications for the types of "solutions" we arrive at. Poorly defined issue = poorly defined proposals and recommendations.

A good issue statement is one that has all the characteristics listed in Box 1.

Box 1: Good issue statement

A good issue statement* is one that:

- Is simple and concise, getting at the root cause of the issue (not just the symptoms)
- Is defined by local stakeholders through consensus
- Matters to those who can influence change
- Can be broken down into smaller components
- Allows for real, sequences and strategic responses
- Will motivate change
- Clearly considers issues of inequality and exclusion

Please note these criteria have been adapted from the PDIA Toolkit. Any additions are the author's own.

Step 2: Listen and collaborate

The first step to defining and understanding the issue is to consult with and listen to local partners.

While the process for reaching consensus on 'issues' may differ by locality, community, and language group, five factors apply:

- Program nation al staff should lead: Program facilitators (both women and men) will establish their own processes for engagement in each location, based on their deep knowledge of the context;

- Externals take a 'back-seat': Non-local staff should aim to be invisible in many of these processes;

- Inclusion must be front and centre: National facilitators will be mindful of who is being included, who is excluded from discussion – and work to increase representation of women, girls, including those with disabilities and underrepresented groups in their engagement with all local partners. This may mean single sex groupings, pre-consultation capacity building and support to ensure certain groups of people feel safe and empowered to take part etc (see the GESI events checklist and the Disability inclusion guidance procedures)

- Consultations should include key change agents/blockers: decision makers and people or groups who might want to block or support change. They need to be a part of defining why something is an issue for their community or constituency and agree to do something about it.

Step 3: Deconstruct the issue

The table on the next page is adapted from the PDIA Toolkit[27] (Harvard Kennedy School). It is a guide for facilitators ask the right questions to support partners to define clear issue statements.

Name of workstream

_____

Date

_____

Location/Those involved

_____

1.	**What is the issue?**
2.	**Why does it matter? Does it matter differently for different groups of people – including why it matters for women, girls, and persons with disability?**
3.	**To whom does it matter?**
4.	**Who needs to care more?**
5.	**How do we get them to give it more attention?**
6.	**What does the issue look like when it is solved?**

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UNDERSTANDING THE ISSUE - WORKSHEET

Once the issue has been defined program facilitators will want to then ask the right questions to **break down** a challenge. This helps to identify what the real, root causes of the issues are – and work out where to start (i.e. entry points to then design activities for).

The following table is taken directly from the PDIA Toolkit (Harvard Kenney School). It served as a guide to undertake this process.

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Your issue as a question: e.g. Why are is corruption occurring in the procurement of vaccines?

Cause 1	Cause 2	Cause 3
E.g. Officials divert resources for personal purposes		
Why does this happen? E.g. Officials feel obliged to redistribe money	**Why does this happen?** [Text]	**Why does this happen?** [Text]
Why does this happen? E.g. constituents expect MPs to redistribute	**Why does this happen?** [Text]	**Why does this happen?** [Text]
Why does this happen? E.g. Local norms make it appropraite to 'share' in this way	**Why does this happen?** [Text]	**Why does this happen?** [Text]
Why does this happen? E.g. Local communities are poor and depend on this sharing	**Why does this happen?** [Text]	**Why does this happen?** [Text]

Issue statement: based on the causes and sub-causes above – this is where the issue statement is finalised.

E.g. Money for vaccines are lost in procurement (*measured by X*) leading to service delivery gaps (*measured by Y, Z*)

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POWER, POLITICAL AND STRENGTHS ANALYSIS – WORKSHEET

In order to address the challenges local partners have identified in the previous worksheets, the program must understand *why* these are issues (what's driving the status quo?), *who* has a stake (or not) in solving these issues and what *strengths and opportunities* exist and can be harnessed to make change. These issues are unpacked in the form of a power, political and strengths analysis.

The DLP's Everyday Political Economy Analysis (which has informed this worksheet) outlined two steps:

- Step 1: Understanding interests: What drives people? At a household, community, and systems/institutions level?
- Step 2: Understanding change: What space and capacity do people have to effect change?

### Step 1: Understanding interests: What makes people tick?

As a first step, sit with trusted partners and your team and map (using the following diagram) who the key stakeholders are that have the potential to influence the issue you want to address.

Place them on the map according to how influential they are (left hand axis) or how supportive they are of the reform (right hand side of the axis). For example, if the CEO of a company were very influential but anti-reform, you would list them in the top left-hand corner.

As you include these actors, put a square around those who you think are *very likely* to use their political capital to make a change, and a circle around those who are only *moderately likely* to spend their political capital. You may also wish to use lines or arrows to indicate where different individuals or groups have a connection on to each other (e.g. the CEO of a company might be the sister or brother of a prominent academic).

While you are completing your map, keep in mind that stakeholders can be both individuals (e.g. the Minister) as well as networks and coalitions (e.g. oil company, women's group etc). Power is also more than just "political power". It is also about how households, communities and cultural structures operate (which in turn shapes factors of exclusion and inequality). These factors help us to focus as much on who is "off the map" and why, and how to bring them "on to the map".

Actor and Action Map
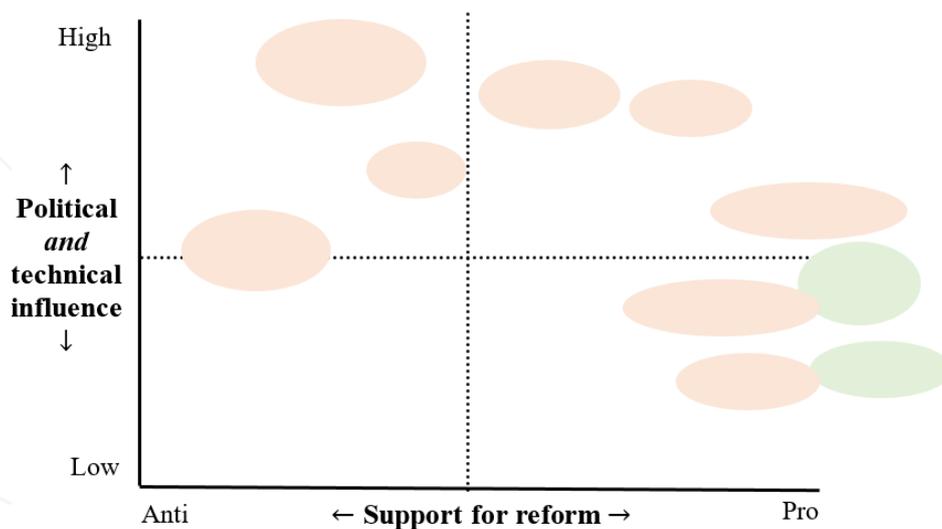
Once you have completed the map, ask questions to help understand what is motivating stakeholders.

<div style="float:right; border:1px solid #999; padding:8px; width:200px;">

Best-Guesses are OK!
Remember that your answers is simply your <u>best-guess</u> at this point in time. It is OK if you don't fully understand what is motivating an individual or group, much of this you can only learn-by-doing when you build relationships and implement your activities.

</div>

- **What do they want?** "Is it to secure a source of income? To secure power? To repay a favour? To make the world a better place?"[28]
- **What constraints do they face**? Are the constraints formal (e.g. policies, laws)? Are they informal (e.g. unwritten rules, such as gender norms or expectations of what they should do or not do)?
- **Who and what is influencing them**? "Does their behaviour reflect the interests of others and who is missing from that interest group? How are the interests of those they work with, or other organisations of individuals, influencing them? Think outside their organization or ministry too:" what about non-local actors including donors, or your own project or team? Do you have any influence over them?
- **Where does gender and inclusion fit in this picture (remembering that power is gendered)**? How does gender influence power and power relationships (at household, community, and institutional/ systems levels)? What can be said about both the situation of women in general on this map, as well as the situation of particular groups of women (e.g. unmarried women, single mothers etc) or of disadvantaged men? And *who have you left off your map and why* – the disadvantaged, underrepresented or those without power – and what does this mean for your analysis?[29]

Step 2: Understanding change. What space and capacity do people have to effect change?

Now, given our best-guess at what is driving these individuals or groups, and the constraints they face, we must assess how realistic it is that they can lead change.

- **Who are they key decision-makers on your map?** "Who gets to decide, vote, sign off, fund, and chair the process? This is not just about the formal decision-making chain but those people / organisations that hold informal power over a decision. Who has power to make change?" Who does not have power to make change and why?
- **Do they have potential partners?** "Are they trying to go it alone? Are there like-minded individuals or groups? Can we work beyond the usual suspects, e.g. private sector, faith leaders, activists?"
- **What are their key decision points?** "What is the known timeline? Are there windows of opportunity?"
- **How likely are the 'pro' side to succeed?** If not, what else need to be done to help them succeed?

Step 3: Seeing strengths and opportunities

In considering opportunities for change, it is often easy to focus only on the negatives. The 'lack of' something. Whereas in reality there are vast strengths and opportunities (often not recognised) within and between people, groups, and communities that – if harnessed – can be very powerful in overcoming challenges. The following questions will help identify these strengths:

- **Vision for change:** what motivates and excites people? What hopes and desires do people have in the health sector? What vision do people have for their community, family, organisation etc for a better future? How are people's visions different and where do they align?
- **Personal and collective strengths:** what do people see as their strengths? This might be a specific skill, or it might be something to do with their experience, wisdom, or status. How does a community or group have more strength by working together? What positive social relationships and ties exist between people?
- **Resilience:** how do people and groups cope with setbacks? What can be learnt about how people or groups worked together in a positive way in the past? What would it take to encourage people to do this again?

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[28] DLP's 'Everyday Political Analysis' p2
[29] Adapted from Pettit, J. (2013) Power Analysis: A Practical Guide. Stockholm: Sida

FINDING ENTRY POINTS – WORKSHEET

Name of workstream_____Date_____Location/ those involved_____

Helping partners with the issues identified may require multiple entry points. It also requires being honest about where there is space to make change, and where there is not.

The PDIA Toolkit argues there is little point focusing on issues where there is no **acceptance** by local partners to change, no **authority** for local partners to make change, and no **ability** (practical things, like time, money, capacity) to make change.

On each of the causes of the issue you identified above, discuss these three factors (acceptance, ability, and authority) with partners using the following guide. This guide is from the PDIA Toolkit (Harvard Kennedy School):

Questions	High Medium or low?	Comments/ assumptions
Authority: Overall how much authority do you have to engage on the cause of the issue? *This might include legal or formal authority, thinking about who has authority to block or enable change*		
Acceptance: Overall how much acceptance do you have to engage on the cause of the issue? *This will draw on your political actor map and look at who has an interest in the work succeeding or not*		
Ability: Overall how much ability do you have to engage on the cause of the issue? *This might include partners' personal resources, money, staff etc*		

Ultimately the program will want to focus on those issues and causes that have large acceptance, authority, and ability to work on. These decisions require serious judgment on behalf of program staff and partners – hence it is critical that the program recruit and retain staff with the right skills to facilitate these complex decisions. Refer to How to Note #10 for more detail here.

How to note #8: 'Acting'

Following the 'thinking' stage, the program will work with partners to determine what to do (setting a strategy, then designing activities), and identifying how it will know whether it has succeeded or not (setting measures that matter).

This is explained in the following three worksheets, which are adapted from The Asia Foundation's Strategy Testing and the Development Entrepreneurship approaches.

1.   Reform of location strategy worksheet

2.   Intermediate outcome worksheet

3.   Measures that matter worksheet

REFORM STRATEGY - WORKSHEET

Once entry points have been identified, a strategy template is completed for intermediate outcomes and for major reform or location-based activities. This should be relatively straight forward as it is informed by all the work completed in the Note #5 worksheets. Credit for this template goes to The Asia Foundation (see Strategy Testing approach in bibliography). Any changes are the authors' own.

Name of Reform or Location: _____   Responsible (list authors too): _____

Initiative Start Date: _____   Revision Date: _____

Issue Statement: *What is the issue you are trying to address?*   *This is the outcome of what you did in your "Defining and Understanding the Issue" Workbook

. . . because of

Analysis of Key Dynamics: *What are the reasons why this remains an issue?*   *This is the outcome of any Politics Power and Strengths Worksheet - remember to include some gender and social inclusion analysis here and to also focus on strengths.

However, if we do . . .

Interventions/Strategies: *What does the program need to do, and what do others need to do, to overcome this issue? (remember to ensure strategies are inclusive of women's voice, agency, safety and issues and needs facing people with disability and focus on starting with strengths not 'deficits' or what people/communities lack)*   *This is the outcome of your Entry Points Workbook

Then we expect that . . .

Expected change: *What does success or change look like?*   *This you identified in your "Defining the Issue" Workbook

As a result . . .

Intermediate Outcome: *And which intermediate outcome will this contribute to and how?*

INTERMEDIATE OUTCOME STRATEGY - WORKSHEET

Name of IO: _____Workstream responsible (list authors too): _____

Date developed: _____   Revision Date: _____

Issue Statement:

What is the issue this IO is trying to address?

*This is the outcome of what you did in your "Defining and Understanding the Issue" Workbooks

---

. . . because of

Analysis of Key Dynamics:

What are the reasons why this remains an issue?

*This is the outcome of any Politics Power and Strengths Worksheet - remember to include some gender and social inclusion analysis here and to also focus on strengths.

However, if we do . . .

Interventions/Strategies:

What does your workstream need to do, what do other workstreams need to do, and what do our partners need to do to overcome this issue? (remember to ensure strategies are inclusive of women's voice, agency, safety and issues and needs facing people with disability, and focus on starting with strengths not 'deficits' or what people/communities lack)

*This is informed by your Entry Points Workbook

Then we expect that . . .

Expected change:

What does initial success or change look like?

*This you identified in your "Defining the Issue" Workbook

As a result . . .

Intermediate Outcome:

How will these initial successes contribute to the nominate IO, and other IOs, and how?

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MEASURES THAT MATTER - WORKSHEET

Following the drafting of an initial strategy template, teams should also identify a "measure that matters". This concept is from The Asia Foundation's Development Entrepreneurship approach (and as such credit is due here).

These are measures which will reveal the hard truths about whether progress is being made on the issue partners have selected.

These measures can be about process or about a result. Generally, a mix of both is best.

The four criteria for selecting measures are on the right.

The MEL team should support teams in refining these measures and linking them to any broader program Monitoring or Performance Assessment Frameworks.

Criteria
1. Easy to understand
2. Ratios or rates of change to make comparisons
3. Relatively easy to collect/ use govt data systems where possible
4. Relatively clear link between project intervention and outcome

Proposed Measure	Data source	When and how collected
	Team to complete	*Team to complete*

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Note #9: 'Reflecting and learning'

Following the 'acting' stage, the program should use a process called 'strategy testing' to reflect and learn while it implements.

This is explained in the following three worksheets.

1.   Facilitating a strategy testing session worksheet

2.   Strategy testing timeline worksheet

3.   Revised strategy worksheet

FACILITATING STRATEGY TESTING - WORKSHEET

What is Strategy Testing?

Strategy Testing (and the templates which follow here) were originally designed by The Asia Foundation.

Every three or six months, the performance assessment team in the program will facilitate each workstream and its partners to hold a strategy testing session. Strategy testing is the way programs *adapt* how they are working. The purpose of these sessions is to reflect on:

- What has changed in the political, gender and social, health and operating context
- Major events or accomplishments since the team last met
- Learning and evidence about what activities or interventions are working and why (including MERL data – e.g. government memos, quarterly reports, baselines)

Discuss and contest:

- The team's strategy (by IO or reform/location), given changes in the local context and what the team has learnt since implementing the program

Revise:

- Each section of the team's strategy (issue statement, strategies, outcomes) as required
- Budgets and activities

Document:

- A revised strategy (with changes in mark-up mode)
- Changes made in an Adjustments Sheet

How to facilitate a Strategy Testing session

Teams are free to tailor their strategy testing sessions how they wish, however, at minimum teams should:

- **Maximise local partner participation and contributions** to discussion, including holding discussions at locations and times convenient to partners and in ways that promote participation of women, persons with a disability and other unrepresented groups. Ensure you have facilitators who are able to identify excluded voices and groups and have techniques to include them in the process
- **Align strategy testing sessions to partners own planning and budgeting processes**, e.g. to inform annual planning
- **Have a performance assessment specialist or MERL coordinator** attend to document and/or facilitate discussion.
- Complete a **Timeline** of key events before discussion and submit this to performance assessment team afterwards

Use the questions **Strategy Testing Reflections Worksheet** to guide discussion.

STRATEGY TESTING TIMELINE - WORKSHEET

Name of strategy/program _____

Version_____

Date modified _____

Date	Major Events, Decisions, & Accomplishments	Event Type*	Relevance/Explanation

* **Using the categories below, please code the type of event**:

1 - *External Event*: includes significant political events and other occurrences affecting the political economy

2 - *Initiative Decision*: a significant strategy decision or TOC adjustment

3 - *Initiative Accomplishment:* a significant milestone achieved or fulfilment of an intermediate outcome

4 - *Initiative Roadblock*: a programming delay or failure, a change in partners, or a political barrier

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REVISED STRATEGY - WORKSHEET

A performance analyst or MERL Coordinator will generally facilitate strategy testing sessions, or train teams to facilitate them themselves (especially for more frequent, quarterly, events).

Teams are free to adjust how sessions are run to suit their context and relationships – but as a guide, it is suggested that discussion begin with (i) a presentation of the timeline so everyone is clear on major changes since they last met, then (ii) questions are asked to review and update the team's strategy. Guiding questions are included below against each section of the strategy document.

Changes that made to the strategy document should simple be included in *Mark-Up* mode.

Issue Statement:

Possible Review Questions:

- *What have learned about the issue we are addressing since we last met?*
- *Have there been changes in context that mean we have to adjust how we define the issue?*

. . . because of

Analysis of Key Dynamics:

Possible Review Questions:

- *What political, economic, gender and social or administrative changes have occurred?*
- *How have key actors, their interests and incentives changed?*
- *How have these changes, and what we have learnt, impacted our understanding of key dynamics?*

However, if we do . . .

Interventions/Strategies:

Possible Review Questions:

- *Do we need to change or drop any of our current strategies or add any new ones?*
- *Are our strategies sequenced correctly?*

Then we expect that . . .

Intermediate Outcomes:

Possible Review Questions:

- *Do our intermediate outcomes still hold true? Are they the right success factors to get us towards the ultimate outcome?*

As a result . . .

Ultimate Outcome:

Strategy Review Questions:

- *Have there been changes context or new information that require adjusting our Ultimate Outcome?*

Note #10: 'Adapting'

Following each strategy testing session, program staff and partners may want to make changes and adjustments to budgets, activities, and their priorities and (sometimes) outcomes.

This will be undertaken in line with the formal delegations of authority the program has from the donor, as outlined in Note #12.

This process is explained in the following worksheet.

1.   Adjustments worksheet (credit: The Asia Foundation)

ADJUSTMENTS- WORKSHEET

Changes to the strategy	Degree of Change *	F A or R?**	Justification/Explanation	Implications (if any)
Issue Statement [Please summarize the changes made]				
Analysis of Key Dynamics: [Please summarize the changes made]				
Strategy(ies): [Please summarize the changes made]				
Intermediate Outcomes: [Please summarize the changes made]				
Ultimate Outcome: [Please summarize the changes made]				

* Using the categories below, please rate the degree of change made to each section of the strategy:

0   *None:*   No change in wording or only slight changes (i.e., "wordsmithing") in phrasing

1   *Minor*: A "tweak" of one or two components, but something more significant than a change in phrasing

2   *Significant*: Adding or subtracting one or two items or revising multiple items. Less than a complete rewriting of the section, but more than revision of one item.

3   *Wholesale*: A major shift requiring a complete or near-complete rewriting of this section of the strategy

	Flexible	Responsive	Adaptive*
Definition	Ability of program to increase/ decrease spend and pace of implementation	Ability to amend (usually) program outcomes, goals, strategic intent in response to host govt or major/ sudden unexpected events	Ability of program to adapt activities, strategies etc based on real-time learning/ changes in operating context during implementation
In practice?	E.g. spend is decreased under IO X under PATH with funds transferred to IO Y within the same financial year	E.g. add a new area of work and set of activities/ resourcing/ IO under PATH to respond to Covid	E.g. Working with a PHA and find disbursement of recurrent PHA allocations the binding constraint to services in that province; so adapt strategies, priorities

** Using the categories on the right, please rate if the change is a result of adapting, being flexible or responding.

Note #11: 'Scaling and Transition'

Introduction

As the program progresses into successive years of implementation, we expect that:

1. Some activities will be deemed successful and ready to be taken to scale or adapted for new communities or localities.

2. Some activities will be deemed ready for transition from non-local leadership, delivery, or funding, to local leadership.

TRANSITION CRITERIA- WORKSHEET

Criteria	High/ medium/ low	Explanation
Financial	Team assessment	Team explanation of rating *E.g. budget planning and acquittals, business plans in place*
Administrative	Team assessment	Team explanation of rating *E.g. ToRs for all agency staff in place linked to agency plans*
Political/ leadership	Team assessment	Team explanation of rating *E.g. gender equity and participation in key governing structures*
Institutions	Team assessment	Team explanation of rating *E.g. new legislative rules are followed by partners*
Public and bureaucratic accountability	Team assessment	Team explanation of rating *E.g. public participation in budgeting and planning, data is available*
Performance	Team assessment	Team explanation of rating
Capacity to self-replicate	Team assessment	Team explanation of rating *E.g. district education authority has met 4 of its 5 basic performance indicators for the year*
GESI	Team assessment	Team explanation of rating *E.g. opportunities for women and under-represented groups to influence neglected tropical disease resource allocations, women in leadership positions*

Adaptive Operations

Note #12: Recruiting and developing staff for adaptive management

Purpose

To provide managers and staff with guidance on how to recruit for, develop and assess adaptive management skills within their teams, and for their own learning and development.

This note does so by providing:

I.   a **soft skills matrix** for recruiting staff and informing performance assessment;

II.   **core PILLAR competencies** for the development of staff; and

III.   **key performance indicators** for PILLAR.

Audience

This note will used by:

•   **program staff** – as a tool to manage their own career path, performance, and development needs;

•   **program HR staff** – to inform hiring decisions/requirements, personnel TORs, and annual performance management, and;

•   **the program executive** – who can use this framework to track how effectively they are displaying these skills, as well as building these skills across the program.

Context

All program staff (technical, programmatic, and operational) in a PILLAR program must know how to apply these skills in practice, and in ways appropriate to their work area and job descriptions.

The skills required to 'be adaptive' or 'enable adaptation', and to do this

in inclusive and gender-responsive ways, are not easily categorised in the traditional "technical" skills development programs recruit for (e.g. 10 years + experience). What matters most are soft skills. These include:

•   Able to build deep, trusting local relationships with people of different backgrounds

•   Commitment to gender equality and inclusion

•   Self-reflective and able to acknowledge failure and learn from it

•   Comfortable to operate in uncertainty

•   Comfortable 'leading from behind', and committed to building the capacity and motivation of counterparts to lead work

•   Ability to apply politically sound judgement in decision making

•   Able to work within a small team and with significant autonomy

•   Willing to be vulnerable and reveal what they do not know or understand

•   Resilience, persistence, and "grit" – willing to see out difficult or demotivating periods

•   Intrinsically motivated

(i) Soft skills matrix

The following table – which was designed by the Australia-Indonesian INOVASI program, and slightly adapted by the authors of this paper – outlines the six soft skills that program staff and advisers will be recruited for and assessed on. While all roles in a program will require these skills, the roles that *must have* exceptionally strong soft skills are those who will work at the interface between the program and the partner government.

The differences between 'poor' and 'exceptional' performance are also outlined, to assist managers come annual performance assessment.

Soft Skill	Poor	Mixed	Good	Exceptional
(i) Cultivates deep trusting, local relationships	Has limited relationships with counterparts required to deliver on role. Is not considerate of cross-cultural skills. Cannot provide examples of how they have applied cross cultural skills in the work	Has some – but not all – relationships established with key counterparts. Demonstrates some awareness of cross-cultural skills but does not identify specific skills or strategies needed to apply them. Understands importance of cross-cultural skills and GESI but demonstrates some errors in applying them	Has a stable network of relationships with a small number of key actors relevant to their work. Demonstrates cross-cultural skills in their work practices. Demonstrates and values difference and diversity – works well with women, men, people with disabilities and excluded populations	Has strong and deep network of relationships at multiple levels and with people of different backgrounds. Has strong grasp of skills needed to work cross culturally with women, men, people with disabilities and excluded populations and adapt and applies these to different parts of the national context. Champions difference and diversity
(ii) Personal and professionally committed GESI champion	Does not consider gender equality and social inclusion. Cannot provide an example of social inclusion practices or shows poor selection of approaches to integrating GESI in work	Expresses some consideration of GESI but does not identify specific strategies for gender and social inclusion. Appreciates importance of GESI but still demonstrates errors in selection of GESI approaches	Clearly incorporates GESI in to work. Uses appropriate strategies for mainstreaming of GESI and of supporting targeted GESI outputs/ outcomes. Demonstrates good understanding of GESI issues relevant to role	Clear examples which demonstrate incorporation of GESI into policy and programme results. Including ability to identify power holders and advocate for GESI
(iii) Decision-making / Judgement	Do not use a decision-making process. Unable to break down complex issues into components. Does not demonstrate political awareness or consider other sources of information in decision making.	Uses decision-making processes but struggles to articulate the process clearly. Breaks complex issues down into components, however, does not consider the outcomes of various courses of action to reach a conclusion. Does not triangulate or use multiple sources of information for decision-making – including political insight.	Uses decision-making processes and can articulate this process clearly. Breaks complex issues down into components. Uses critical thinking to analyse the outcomes of varying courses of action to reach conclusions. Triangulates information from differences sources considering GESI difference and political insights. Can act and make decisions without complete information, does not hesitate to act, and make sound decisions in a timely manner.	Uses decision-making processes and can articulate this process clearly. Breaks complex issues down into components. Uses critical thinking to analyse the outcomes of varying courses of action to reach conclusions. Triangulates information from differences sources considering GESI issues, and political insights. Can act and make decisions without complete information, does not hesitate to act, and make sound decisions in a timely manner. Not afraid to take calculated risks to come to a solution.
(iv) Resilience, ability to be self-reflective and learn from failure	Does not show and ability to stay focused under pressure Does not self-reflect or identify areas for improvement. Struggles to deal with setbacks and adapt to experience	Demonstrates some ability to stay focused under pressure, however, does not always prioritise. Identifies importance of dealing with setbacks but does not always know how to bounce back from failure. Does not show an ability to adapt in response to experience	Demonstrates an ability to stay focused under pressure and competing demands and priorities. Acknowledges failure, reflects, deals with setbacks, and bounces back from failure	Demonstrates an ability to stay focused under pressure and competing demands and priorities. Acknowledges failure, reflects, deals with setbacks, and bounces back from failure. Shows they adapt their behaviour following set back. If one way does not work, find another.

Soft Skill	Poor	Mixed	Good	Exceptional
(v) Adaptiveness/ flexibility	Does not demonstrate an awareness of the need to modify behaviour with changes in work environment. Resists working under uncertainty.	Awareness of the need to modify behaviour with changes in work environment, but not always successful at modifying approaches. Can struggle with uncertainty at times.	Modifies behaviour to deal effectively with changes in the work environment. Tries new approaches, and correctly identifies when or where they need to adjust their work. Sees opportunity in uncertainty	Modifies behaviour to deal effectively with changes in the work environment. Tries new approaches, and correctly identifies when or where they need to adjust their work. Does not persist with ineffective approaches. Sees opportunity in uncertainty and works to seize these opportunities.
(vi) Capacity Building (CB)	Is not considerate of capacity building. Cannot identify specific capacity building modalities or approaches. Does not understand differences between individual, organisational, and institutional levels of CB. Cannot explain how CB might be approached in the local context	Expresses some understanding of capacity building approaches, but unable to identify specific strategies for this role. Limited understanding of the differences between individual, organisational, and institutional levels of CB, the impact of GESI in CB, and how to apply them in the national context	Clearly understandings all three levels of CB and incorporates a variety of CB approaches with a GESI lens into their work. Understands how CB works and can apply principles such as trust, empathy, sustainability, and ownership in their work.	Clear examples which demonstrate incorporation of CB with a GESI lens into their work using a variety of approaches and modalities (individual, organisational, and institutional). Able to suggest and take forward innovative strategies for building capacity and local buy-in, in ways that work in the national context

(ii) Core competencies

Beyond recruiting and managing for soft skills, the program will help staff develop skills across four core AM competency areas: **leading from behind, thinking politically, navigating by judgement and collaboration.**

Competency Area	What this entails?
(i) Leading from behind *(locally led)*	• Understanding the causes of issues affecting delivery, not just symptoms • Focusing on strengths (desires, hopes) that people have – not 'deficits' • Facilitating local actors to lead issue definition and program design • Identifying leaders and coalitions and empowering them to own and lead change, using both process skills and material support (e.g. TA) • Building long-term relationships with key local actors to help them sustain change and bring others along with them • Tools for locally led issue identification
(ii) Thinking Politically	• Understanding of the incentives, institutions and interests which influence program delivery at the sub-national level, including drivers of exclusion (especially gendered drivers) • An understanding of the role of leadership, women's leadership, and agency in change • Tools of analysis, including political economy analysis
(iii) Navigating by Judgement *(reflecting, learning, and acting / experimenting)*	• Ability to take stock, contest, and triangulate information • Ability to be self-reflective and encourage others to do so • Ability to apply sound judgement in the face of uncertainty • Understanding of how to systematically test ideas through programming • Willingness to be honest about and learn from failure • Tools of adaptation, including strategy testing

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Competency Area	What this entails?
(iv) Collaboration	• Able to identify where other parts of the health system/ other people and networks, organisation (esp. From GESI perspective) need to help local reformers sustain change; and helping get their buy in • Able to work productively across different parts of the program to achieve a common goal

Not all staff need to have an 'expert' level of understanding of AM competencies. But all staff do need to have an 'awareness' of these ways of working. The differences are explained below:

AM	
Awareness	Can demonstrate basic awareness and appreciation of core AM capabilities – in order to identify how these ideas relate to their work area, and know when and how to seek expert advice or commission expertise to advice on program strategy, design, implementation or review or internal operating processes (e.g. budgeting)
Skilled professional	Has proven experience in applying some or all of the above capabilities in AM. Knows how to support local actors (considering GESI groups) to identify issues and help them think through and adapt how they will respond. Has the local networks, relationships, and skills necessary to undertake AM
Expert	Has a track record of performance and delivery on AM thinking and programming and is recognised for these technical skills. People at this level should be able to harness this authority and apply a comprehensive understanding of AM concepts and issues in order to: • Interact with, build capacity of and influence stakeholders on issues relating to governance and development policy • Lead or provide expert advice on program strategy, design, implementation, review, and learning processes (including the production of learning products, and considering GESI) • Mentor or build staff capacity (women and men)

The different levels of awareness of AM competencies, by position, are as follows:

Level of competency	Program position (indicative)
Awareness	• Communications Manager • Disability / GESI Coordinators • Central Agencies Facilitator / Analyst • Frontline Program Managers • Operations Unit Managers
Skilled professional	• Performance Analysts • Executive Team • Senior Management Team • MERL Adviser • GESI Adviser
Expert	• AM Adviser

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(iii) Performance Indicators

In order to reward and encourage the application of AM competencies, the following deliverables, and Key Performance Indicators (KPIs) could be included in each team members Terms of Reference (ToRs).

Competency Area	Example deliverables in TOR	Example performance Indicators	Means of Verification (MoV)
A Team Leader	Create and maintain an enabling environment for adaptive and politically informed program delivery. This will be measured by the breadth and quality of adaptation towards outcomes across the program - as captured in the MERL	(i) at least one whole-of-program strategy testing (ST) / reflection session facilitated annually (ii) level of staff satisfaction with leadership in terms of enabling AM (iii) regular, strategic senior management/ exec meetings held that make decisions about where and how to add/drop/ adjust focus across the program between front-line and upstream areas	(iv) frequency of whole-of-program ST sessions as reported in the MELF (v) staff survey run annually by people and culture team (vi) as before (specific question in staff survey regarding the structure and functioning of executive meetings)
MERL Teams	Establish, put in place systems, and support program and operational staff to apply the AM approach (approach to be developed in partnership with the program AM Advisers)	(i) quarterly or six-monthly strategy testing facilitated for all major work areas (ii) staff competency and understanding of AM improves year on year	(i) frequency of ST sessions as reported in the MELF (ii) aggregate the ratings provided by managers in annual performance reviews regarding AM soft skills
Program Teams	Support counterparts to understand and apply AM approaches to policy making and program delivery	(i) quarterly or six-monthly strategy testing facilitated with partners (ii) partner counterpart competency and understanding of AM improves year on year	(i) frequency of ST sessions as reported in the MELF (ii) partner counterpart self-assessment
GESI Teams	Ensure GESI is considered at each stage of the AM approach	(i) participate in quarterly or six-monthly strategy testing to ensure GESI is considered during reflection meetings (ii) review and align AM approach with GESI strategy	(i) GESI participation in ST sessions as reported in the MELF (ii) AM approach is aligned with GESI strategy
Communications Teams	Use communications opportunities to apply AM good practice and to build acceptance of approach with donor and counterparts	(i) annual communications survey facilitated to determine effectiveness of AM in practice	(i) results of the annual communications survey

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Competency Area	Example deliverables in TOR	Example performance Indicators	Means of Verification (MoV)
Finance Teams	Support the program executive to implement a whole-of-program approach to budget management	(i) executive provided with timely and accurate forecasting data to inform program review meetings (ii) financial systems enable executive decisions regarding budget allocation (at least quarterly) to be quickly translated into programming	(ii) Data reports and ad hoc reports provided as required
Human Resource Teams	Recruit, develop and retain staff skills in AM across the program – appropriate to level	(i) Process skills rubric used to recruit staff (ii) Process skills rubric and grades applied by managers at performance review (iii) L&D plans developed and rolled out to build core competencies in AM (iv) regular updates to strategy	i. annual staff survey ii. reviews as per program or corporate requirements iii. staff recruited in line with strategy iv. strong staff retention rates v. development plans include AM competencies vi. six-monthly/annual updates to strategy as agreed
Operations & Security Teams	Deliver operations (risk, etc) in line with the AM approach outlined in the relevant sections of the program's Operations Manual; and look for new opportunities to improve policies and procedures to enable AM during delivery	(i) relevant AM components in operations manual followed (ii) operations staff identify areas for improvement in operations to enable AM during implementation	(i) tasks and reporting in line with operations manual (ii) improvements raised with management

Note #13: Adaptive risk management

Purpose

To explain the implications of AM for risk management.

Adaptive risk management

The principles of adaptive management must be considered in two ways in the program's Risk Management Plan:

1.   Allowing for risks to be adjusted and updated on a regular basis; reflecting the fact that risks will change in the program's operating context; and

2.   Defining what is meant by 'developmental risk' in the risk register, and training staff in how to weigh up developmental risk against other risks through implementation.

Adaptation of the risk register

The register should be reviewed, and risks updated, on a quarterly basis, allowing staff to make changes to risks and their ratings based on changes in the operating context and also outcomes from six-monthly and annual whole of program Strategy Testing sessions.

Risk of program failure (developmental) risk

Under an adaptive program, it is assumed that the most effective way to achieve development results is to deliver aid flexibly. As such, any AM program must have a higher appetite for program results 'failure' compared with planned programs. This is because program teams will need to test approaches while implementing and make decisions on what might work. It is critical that program staff are able to make these decisions and not to fear

the risk of failure, while also ensuring that non-negotiable program risks are appropriately managed (e.g. child protection).

AM programs should seek to increase program tolerance for developmental risk in two ways:

- Risk management training to ensure that staff are able to distinguish between different program risks – and know how to weigh up the differences between them. In particular, the difference between developmental results risk (i.e. the risk of program failure) and other programmatic risks (e.g. risks to Children and Disadvantaged Groups); and

- Under the risk sub-category 'development results' (see below), staff will be encouraged to take a less cautious approach to risk management under this sub-category when reporting on – and managing for this risk.

Risk Category	Risk Sub-Category	Risk Approach[1]	Minimum Residual Risk Rating[2]
Strategic Risks	Partner Capacity & Relations, Reputation	Highly Cautious	High
Program Risks	Development Results**, Compliance, Vulnerable Persons, Disadvantaged Groups and Children	Cautious	Very High

Note #14: Flexible budgeting and delegations

Purpose

To outline what level of budgetary delegations may be required to enable PILLAR.

Introduction

Adaptive programs require a higher level of delegated authority for budget management from donors than 'traditional' (planned) approaches to delivery. This is because decisions regarding adjustments to activities in as real time as possible, based on learning about what is working what is not and why, and changes in the political context. This has implications for how budgets are managed.

The rule of thumb is that adaptive programs require delegated authority to:

- Shift financial allocations between activities within a financial year

- Scale up/down spend for activities within a financial year

- Shift financial allocations between work-streams within a financial year

- Scale up/down spend for work-streams within a financial year

- Shift financial allocations between/ or within personnel budgets within a financial year to match implementation needs

- Generate new activities or areas of work

However, donors have their own financial, compliance, accountability and bilateral requirements which limit the scope to which these delegations can be achieved. It is important that programs take these into account as they operate. For example, it is often not possible to:

- Shift financial allocations to later

financial years (there may be no scope for 'carry over');

- Decide on significant changes to program goal, outcomes, or intermediate outcomes or whole workstreams without prior agreement from the donor; and

- Establish, change, or stop high-profile or politically important initiatives without prior approval.

Budget Management

Unlike a traditional, planned program the Annual Workplan will adjust through the year based on learning and changes in the operating context.

In order to achieve this, the program's executive team will need the scope to vary, without donor approval, budgets, and activities under the agreed Annual Workplan that are **not "critical"** in nature. These changes (to activity plans and budget) could then be tabled for information at monthly meetings as required where year-to-date expenditure and forecasts will be reviewed and agreed. This is to ensure a 'no surprises' policy for donors and partner governments alike. These monthly meetings could also agree adjustments required to work areas and indicators/outputs/outcomes under the performance assessment framework as a result of changed activities and budgets.

The program should ensure that agreements are minuted, saved, and made available to all parties involved. This is critical for transparency, risk mitigation and audit purposes – including providing documentation showing why adjustments were made come mid- and end of program evaluation.

Any **critical** changes will be reviewed by the program's executive team and proposed to the donor using the process detailed in Note 2.

Note #15: Measuring adaptation

Purpose

To explain how the program the donor and the partner can measure and report on how they are enabling or applying an AM approach. This the note has five sections:

1.   Why measure AM?

2.   Who is responsible for whether AM succeeds?

3.   A set of standards and assessment matrix for *adaptive governance*

4.   A set of standards and assessment matrix for *adaptive implementation and delivery*

5.   A set of standards and assessment matrix for *adaptive service delivery*

1.   Why "measure" AM?

AM is a way of working to achieve better outcomes. It is not an end in itself. The most effective measure of whether we are applying AM approach effectively is the **achievement of intermediate outcomes.** The logic behind this is that by is applying AM principles and tools appropriately, then the program will always be pursuing the most politically possible, and technically sound, paths to achieving the program intermediate outcomes. Thus, their achievement is partial proof of the processes and approaches we used to get there.

However, as part of the program's responsibility for implementation, donors also require reports on **how well we are applying the AM approach.** As much trust is placed in the AM contractor, in return, the donor wants to be confident that the program has in place the best quality systems, people and processes to deliver the IOs.

2.   Who is responsible for ensuring AM succeeds?

AM depends on four levels, the last three being the most critical for implementing partners:

1.   Adaptive procurement and contracting: this is the primary responsibility of the donor, who is responsible for setting the incentives for the market to establish, then deliver, aid programs in adaptive, locally led and politically informed ways;

2.   Adaptive Governance: this requires policy engagement processes, priorities, procurement, contract management, and reporting systems that enable programs to be adaptive. The program itself has limited influence here;

3.   Adaptive Programming: this is the primary responsibility of the contractor, who is responsible for putting place the internal leadership, operations and program systems required to enable AM; and

4.   Adaptive Delivery: this is the 'on-the-ground' work undertaken by government officials, non-state service providers, communities, private sector companies and volunteers to identify and solve what they see as problems or challenges. Programs have some influence here, but it must be driven by nationals and partners.

3.   Indicative standards and assessment matrix for adaptive management

	Standard	What this entails?
Adaptive Governance	**Delegations are set and followed**	• Financial and decision-making delegations as agreed at mobilisation are followed by all parties • Requests for new activities align well with program principles, and where they do not, the reason is explained and documented
	Results and partner performance assessments value and incentivise adaptation and experimentation	• Performance assessment frameworks utilise a mix of bedrock indicators (indicators that remain fixed throughout the program), open-ended or basket indicators (at higher levels of the logframe, not all of which are to be achieved - they are indicative), and sentinel indicators (indicators that are symptomatic of system-wide change) • Some funding reserved for innovations, pilots, and experimentation, where 'performance assessment' is subjugated to learning
	Ways of working follow a partnership, not a principal-agent approach	• A partnership approach replaces the traditional principle-agent relationship, characterised by: - Regular and honest feedback between all parties (including acknowledging when things are working and accepting blame) - Inviting each other to decision making processes and respecting views each party brings • Agreeing mutual obligations for who is responsible for doing what to make the program succeed, and following these obligations
	Contractual and budgetary flexibility are afforded at appropriate times	• In year financial flexibility is provided to allow for the evidence-based: - Adjustment of spend between work streams - Adjustment of spend within a work stream - Dropping or adding of new activities Sound justifications for revising IOs, EoIOs, indicators, program approaches, risk assessments, or the dropping or adding of new activities agreed
Adaptive Programming	**Strategies set and adapted**	• Strategies set at a program, intermediate and reform or location level based on meaningful consultation with a range of stakeholders • Strategies updated at six monthly or annual intervals based on learning, MERL data and political and contextual insight/analysis • Strategies are used by executive to communicate shared priorities to team and to encourage cross-work stream collaboration
	Decisions are contested and draw on evidence	• Decisions made by the program management to establish new activities or adjust existing ones are: - contested by a diversity of views in the program - made based on appropriate evidence and contextual and political insight - made in line with program principles and investment criteria reflective of genuine commitment by partners to work towards the change identified
	Authorizing space maintained	• Understanding of the incentives, institutions and interests which influence the program environment or context at national or sub-national level, including drivers of exclusion (especially gendered drivers) • An understanding of the role of leadership, women's leadership, and agency in change • Tools of analysis, including political economy analysis

Adaptive Delivery	Accurate and timely data collection	• Collection of data on physical progress and financial expenditure • Collation into agreed reporting format
	Timely reporting on progress and issues arising to senior program management	• Reports to senior management on progress and explanation of variation • Immediate suggestions/proposals for revisions or amendments, new activities and dropping existing ones • Early thoughts on relevance of underpinning theories of change
	Regular and inclusive consultations held with all stakeholders	• Who has been engaged and on what issues? • Diversity of stakeholders • What has changed (or may change) as a result of these consultations
	Data interrogated in real time jointly by implementation and performance teams	• Assessment of progress against budget and 'plan' • Recommendations made regarding pace of implementation and funding requirements

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The following assessment matrix explains how we will know the extent to which these standards are being applied.

Soft Skill	Poor	Mixed	Good	Exceptional
Adaptive governance	Strategies unclear or not set. Strategies not communicated to staff. No systems or processes in place for adapting strategies. Decisions taken by small group without transparency or contestation. Decisions appear ad hoc and unaligned to strategic intent	Some attempt made to put strategies in place, but not always clear how they relate to work areas and on what basis they should be adapted. Limited documentation of changes and evidence rarely considered during decision making	Clear strategies established at all three levels of the program and updated regularly through formal reflection points. Decisions made at formal meetings based on evidence and in line with the investment criteria. Partner government do not object to decisions	Clear examples which demonstrate the swift and thoughtful adaptation of strategies to seize emerging opportunities in the health sector – including between formal reflection points. Program staff can explain how their work contributes to IOs. Decisions are well documented and made transparently considering and contesting a range of viewpoints. Donor and partner continue to encourage flexibility and may even grant greater autonomy/responsibility. Program exec able to suggest new lines of work and opportunities to donor and partner. Both become champions of program decisions/ideas
Adaptive programming	National counterparts not consulted on decisions. Issues identified with little consideration of the political or context. Little commitment or potential buy in by partners to addressing issue. Focused only on deficits, not strengths. No mention of inclusion or gender. No program adaptation	Some counterparts consulted. Limited impact on decisions. Limited evidence of inclusion. Mostly consultative rather than participatory. Evidence of real time thinking and acting weak. Some little evidence of proposals for adaptation.	Reasonable evidence of meaningful collaboration: stakeholders actively involved in decision making. Some new activities commenced. Evidence of interrogation of theories of change. Reasonable team collaboration of interpretation of data	Strong examples of real time analytical work: interpreting data and considering adaptation. Strong partner led assessment process. Strategy testing in place and functioning. Clarity on reasons underlying progress.
Adaptive delivery	Poor and untimely data collection. No interrogation of that data and poor reporting to management. Data collection and interrogation separated. No proposals for change	Data collection sporadic: some assessment but not systematic. Reporting patchy. Limited and poorly evidenced ideas for new activities and budget changes	Reasonable performance on data collection and analysis. Reports largely on time. Proposals for change largely sensible and evidence based	Strong evidence of coherent, systematic, and integrated data collection and analysis process. Clear justification for budget adjustments. Proposals for change well-argued and evidence based

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