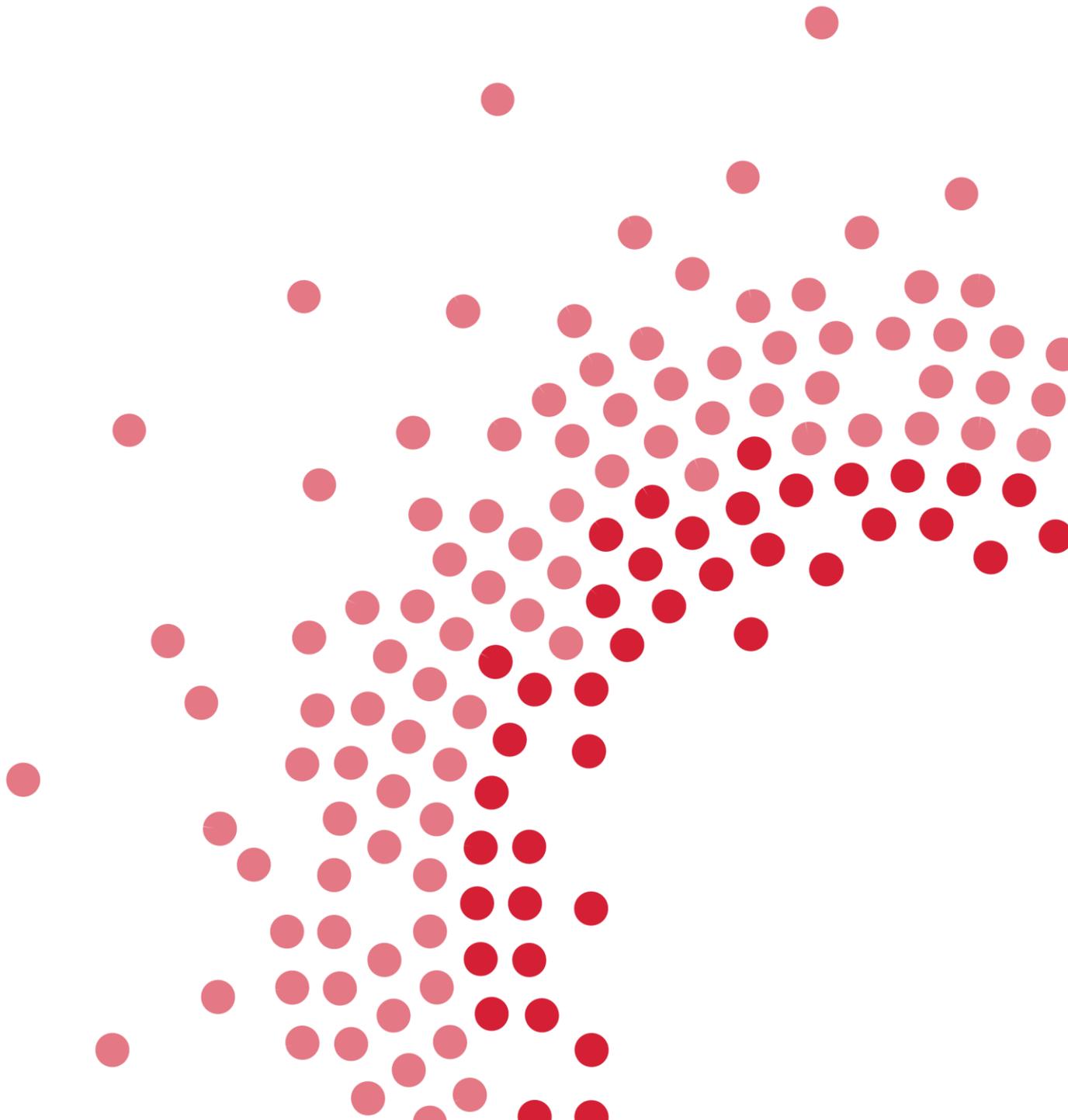




# Adaptive management

What it means for CSOs



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## About Bond

Bond is the civil society network for global change. We bring people together to make the international development sector more effective. [bond.org.uk](http://bond.org.uk)

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## Executive summary

Adaptive management is an approach to tackling international development challenges that are complex. The starting point is an assumption of uncertainty about what will work to address the challenge. It is then characterised by a flexible approach involving testing, monitoring, getting feedback and – crucially – making course-corrections if necessary. Adaptation is often defined as an alternative to approaches that emphasise adherence to detailed plans to solve development problems in a more linear, mechanistic way. In practice, the management of most interventions falls somewhere along a spectrum between linear and adaptive. Adaptive management is best understood as a broad approach, rather than as a specific method or set of tools.

This introductory paper is intended for managers and leaders in civil society organisations and funders, who are not already immersed in the issue. It provides insight into what adaptive management is, when and why it may be appropriate, and what may be required for organisations to adopt adaptive approaches.

Working adaptively may not be appropriate in all circumstances. There are relatively simple problems and simple contexts in which more traditional, linear programming approaches are valid.

However, it is increasingly recognised that many key development challenges have complex features – from addressing climate change to institution-building to migration to addressing inequality. And the contexts in which those challenges need to be addressed are often also complex. Even many “simple” interventions (such as vaccinating children) take on complex dimensions when they need to be implemented in difficult environments such as fragile and conflict-affected states. CSOs and funders will need to work in more adaptive ways than they currently do to respond appropriately and effectively.

There are many existing tools and techniques that can be used for adaptive management (participatory appraisal, political economy analysis, feedback mechanisms, etc.). However, to increase adaptive management practice, arguably a greater focus is needed on creating the right institutional and funding conditions to enable and facilitate it, including more widespread acceptance of uncertainty and risk in programming. This may require quite profound changes for some organisations, meaning that the challenge of increasing the use of adaptive management should not be underestimated.

At project and programme level, adaptive management requires teams with skills and interests in learning and reflection, with an appetite to take appropriate risks and make course-corrections in their work when needed. Conditions within project teams that enable adaptation include strong communications and collaboration across different functional areas such as programmes, monitoring, evaluation and learning (MEL) and finance; use of rigorous monitoring and feedback mechanisms; clarity of processes about how changes in plans and interventions can be made; and more delegated decision-making.

Entrepreneurial staff can sometimes make use of adaptive management approaches in spite of a poor enabling environment. However, for adaptive management to take place at scale requires intentional efforts by CSO leaders and funders to put in place the conditions needed for it.

At an organisational level in CSOs, key enablers of adaptation include:

- Clear senior leadership support, including demonstrating personal interest in learning and continuous improvement, accepting that going off-plan and off-budget will often be necessary; and legitimising and resourcing time spent by staff on monitoring, learning and reflection;

- Seeking and nurturing staff with competencies in reflection, learning, curiosity and open communications;
- Ensuring that finance, planning and performance management systems enable and do not unduly hinder changes in interventions and budgets based on learning.

Funders in turn need to undertake similar measures so that their requirements and processes facilitate adaptation by those they fund. As with CSOs, funders vary in the extent to which they demonstrate adaptive behaviour currently. Additional aspects that are more specific to funders include:

- Promoting ongoing, open communications with grantees to build trust and mutual understanding, as this can enhance speed of decision-making around proposed changes in interventions;
- Enabling greater decision-making by funder staff closer to programme implementation, and simplifying and streamlining approval processes for requests to changes in budgets, intervention plans and results frameworks;
- Focusing more on past evidence of learning and adaptation by prospective grantees and contractors when appraising their funding applications;
- Adequately funding reflection and learning in budgets
- Adapting results frameworks to better recognise 'success' in complex, adaptive programmes, for example through menus of indicators, inclusion of good learning and adaptation practice as a result in its own right, and seeking and expecting a contribution to change, rather than results that can be attributed solely to one intervention.

Whether working in simple funder - implementer relationships, or more complicated partnerships with multiple actors, it is important to seek alignment in attitudes, risk appetite and flexibility of processes among all the actors involved if an adaptive management approach is to be adopted.

# 1. Introduction

Adaptive management in international development and humanitarian work is an approach to addressing the sorts of complex problems that feature heavily in the Sustainable Development Goals. It is characterised by a flexible, exploratory approach in the face of uncertainty and complexity, involving testing, monitoring and getting feedback and – crucially – making course-corrections if necessary. It is often contrasted with approaches that emphasise adherence to detailed plans to solve development problems in a more linear, mechanistic way. In reality, there is a spectrum of management approaches between linear and adaptive.

The terms “adaptive development” and “adaptive programming” are also used to cover similar issues. The former may be criticised for not explicitly including humanitarian work, while the latter can be interpreted as focusing on programme delivery and excluding areas of work such as advocacy and campaigning. “Adaptive Management” is used here with the intention of including all of these areas.

In some respects, it is an emerging and rapidly-developing area with new papers, blogs, resources and workshops produced weekly<sup>1</sup>. In other respects, it can seem like just the latest practical contribution to debates about the best approach to tackling international development problems. It is best understood not as a specific method with an associated toolkit, but rather as an approach based on an acceptance of the profound implications of complexity and systems thinking for our ways of working. Many existing initiatives and areas of work can comfortably be accommodated within the adaptive management tent, including participatory approaches, organisational learning, feedback mechanisms, and a variety of evaluation methods.

Organisations that embrace learning, flexibility and have humility about their ability to effect change, and which have funding from sources that encourage - or at least do not constrain - such an approach, are best positioned to carry out adaptive management at scale. However, many of the best early examples of adaptive management come from projects in which committed individuals and teams find enough “wobble room” even within a constraining organisational and funding environment to work in adaptive ways.

This introductory paper is intended for audiences in civil society organisations (CSOs) and funders who wish to gain insight into what adaptive management is, when and why it may be appropriate, and what may be required to adopt adaptive approaches in their organisational contexts. The focus is on issues involved in adaptive management in the sorts of contexts affecting many CSOs, including internal organisational bureaucracies, working with multiple funders with often different processes and requirements, and working with multiple partners. However, it does not aim to be a 'How To...' manual or toolkit. The paper is informed particularly by discussions on adaptation among development actors in the UK and to a lesser extent the USA.

For this audience, it is mainly assumed that ‘projects’ - with defined objectives and often short- to medium-term in nature - will be the most common unit of activity. It is recognised that there is a tension between this way of approaching development issues, and the nature of dealing with complex challenges and systems change. Adaptive management may be easier to do with longer-term, strategic funding approaches. However, the funding environment facing most CSOs at the time of writing suggests that they need to understand how best to do adaptive management within a reality dominated

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<sup>1</sup> For a useful recent overview of the different initiatives relating to adaptive management, see Algozo and Hudson (2016)

by project-based funding. It is assumed that there are many ways that ‘projects’ can be framed, designed and managed, some of which are more amenable to adaptive management than others.

Section 2 focuses on what Adaptive Management is, its origins, and how it is different to existing management good practice. Section 3 illustrates what adaptive programmes look like and covers what can be done when you have wiggle room or a supportive environment. Recognising that enabling environments are not present currently in many organisations, Sections 4 and 5 respectively discuss what policies and practices conducive to adaptive management look like in CSOs and funding organisations. Section 6 briefly looks at working in adaptive ways in the context of partnerships.

## 2. What is adaptive management?

### 2.1 Characteristics of adaptive management

There are many aspects of adaptive management that are not new. Because its scope is broad – both in terms of covering all phases of the ‘project cycle’ and in encompassing issues from HR to finance to donor reporting – it draws upon a lot of established good practice. This has led some to see it just as “old wine in new bottles”, or the latest in a long history of buzzwords in development circles.

However, this section discusses three key features of adaptive management thinking which in combination make it distinctive:

1. It accepts and treats many (but not all) of the problems in international development as “complex” in nature.
2. It focuses on “course-correction” of activities *within* the lifetime of projects as well as from one project to the next.
3. Proponents often recognise the need for system change within the aid world to enable adaptive management. Recognising constraints such as the need for accountability both to funders and to people in developing countries, they approach this in pragmatic rather than revolutionary terms.

These foundations lead to some of the most visible characteristics of adaptive programmes, which are discussed further throughout this paper:

- A strong emphasis on rapid learning and feedback to inform changes;
- Flexibility in implementation to enable the above (including within budgets and results frameworks);
- Responsibility for decision-making is delegated to staff as close to implementation of work as possible, recognising that those close to the intervention (both affected populations and frontline staff) are thought to have the best knowledge of circumstances;
- The focus should be on problems that are identified and agreed by local people<sup>2</sup>;

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<sup>2</sup> Within the Doing Development Differently manifesto, there is a stronger version of this, with an emphasis on local ownership being built throughout the programme

- A politically-smart or power-sensitive approach is taken: this recognises that problems look different depending on whose perspective they are viewed from, allows space to explore the politics underpinning a problem and emerging contextual opportunities for action<sup>3</sup>;
- Accountability focuses on progress towards agreed high level results and on learning, rather than on pre-defined implementation plans and milestones (asking “did we do the right thing?” rather than “did we do what we said we would do?”).

### 2.1.1 Complexity in international development

Like much jargon in international development (e.g. value-for-money, impact), “complexity” has both a common-sense and a more formal meaning. It is the formal meaning of “complex” that is important in adaptive management. A complex issue is characterised<sup>4</sup> as:

- Being highly context-specific: you can’t simply transfer solutions from one context to another
- Having multiple components which interact in ways which are unpredictable, but which can be observed: thus you cannot make simple predictions about how an intervention will affect outcomes
- Having inter-relationships between components whose nature and patterns can only be understood during or after the event by observation.

Looking across the Sustainable Development Goals, it is clear that many of the current priorities in international development are complex in nature: combating climate change, increasing gender equality, ensuring peace, justice and strong institutions, for example. These typically require concerted action by multiple actors, often working across national boundaries, involve long-term social change, have specific contextual factors, and are often deeply political in nature. In contrast, ‘simple’ problems can be addressed in a mechanistic way, and there are predictable consequences of interventions. This ‘machine’ view is associated with standardisation, ‘best practice’, planned processes and scaling up<sup>5</sup>. In reality, many interventions are managed in ways that fall somewhere along a spectrum between ‘adaptive’ and ‘simple’.

Furthermore, in addition to such ‘causal’ complexity, ‘contextual’ complexity can arise<sup>6</sup>. In fragile and conflict-affected states or in humanitarian emergencies, even addressing “simple” problems requires an ability to be adaptive.

It is not possible simply to reduce complex problems into a set of separate component parts, each of which can be picked off and solved with a specific intervention. This reductionist approach is a particular risk in the ‘projectised’ world that many CSOs work in, with a high dependence on restricted funding.

While it is necessary to put some boundaries on the scope of any intervention to make it manageable, work that is intentionally designed to be adaptive may involve multiple partners working to address different aspects of a complex problem, and exploring and sensing the best way forward. This may not

<sup>3</sup> See, for example, the ‘Doing Development Differently’ Manifesto (<http://doingdevelopmentdifferently.com/>), the ‘Thinking and Working Politically’ community (<https://twpcommunity.org/>) and Duncan Green’s ‘How Change Happens’ (forthcoming; or see <http://oxfamblogs.org/fp2p/heres-my-attempt-at-a-takeaway-message-on-how-change-happens-what-do-you-think/>)

<sup>4</sup> This description is taken from the Cynefin framework, as described in Williams & Hummelbrunner (2010) which distinguishes between “simple”, “complicated”, “complex” and “chaotic” situations and problems. Building a piece of Ikea furniture, for example, is a simple problem; you can just follow the instructions (usually). But raising a child is a complex problem. You can read parenting books and get training, but there are so many factors affecting an individual child that you have to tailor and adjust your approach over time, and you can’t expect to replicate your approach even among siblings.

<sup>5</sup> From Jean Bolton’s presentation at the PPA Learning Partnership/ Bond Adaptive Development meeting in September 2015. See also:

[www.embracingcomplexity.com](http://www.embracingcomplexity.com)

<sup>6</sup> Valters et al, 2016 (p7)

be a comfortable way of working for many. Uncertainty creates personal anxiety, makes accountability more complicated and poses a challenge for communications: many of our systems and processes are not designed to accommodate it.

### **2.1.2 Course-correction**

The planning of most interventions by CSOs in international development starts with problem- and response-analysis. All sorts of tools and approaches have been developed to help refine our analyses and intervention designs: participatory appraisal, gender analysis, conflict analysis, political economy analysis, literature- and evidence reviews, etc. These have long been recommended practice and are familiar requirements in funders' proposal formats. But such analysis is often treated as a one-off exercise: you plan your intervention based on it and map it out in a logframe or some similar tool, and set off for 3-5 years.

Such analysis is still needed for adaptive management. But it is used to develop flexible intervention plans that are based on hypotheses rather than over-confident assertions about how change will happen. And because you cannot predict in advance exactly how your intervention will play out in addressing a complex problem or how the context will change, adaptive management requires that such analysis is ongoing, not once-off. Systems keep changing around you, therefore you need to "act, sense and respond" iteratively.

Being adaptive does not mean that lessons from the past or from other contexts are irrelevant: they must be considered. But it does mean being more humble about their applicability. Teams should still make an informed decision about the best direction in which to set off, but they must be open to the likelihood of needing to change path along the way in response to new learning or emerging challenges or opportunities.

Individual projects and programmes can be 'adaptive' along two dimensions:

- Adapting tactically or strategically
- Adapting through sequential testing or multiple experiments

#### **2.1.2.a Tactical and Strategic Adaptation**

Tactical adaptation refers to tweaking interventions in response to monitoring information or feedback (i.e. adaptation in response to 'single loop learning'). This is done to some extent in response to monitoring already, and there has been a growing emphasis on the importance of this sort of adaptation in response to 'citizen/ constituent feedback'. It can address issues like the opening hours of clinics or siting of wells, important for programme performance and engagement of communities.

Strategic adaptation refers to more profound course-correction, in response to learning or feedback that questions the appropriateness of the project outcomes, target group or location, for example (i.e. adaptation based on "double loop learning"). Feedback again is important for this, but the focus of requests for feedback needs to be more fundamental, and the programme team may need a deeper reflection process and a variety of monitoring information to inform such changes.

It is important to note that choosing when to make a course-correction is not always straightforward. Sometimes the evidence itself is not conclusive: The Asia Foundation's case study of an adaptive

programme in Bangladesh illustrates how even with good metrics and quarterly reflection processes, there was still a lot of judgement required about whether to make changes<sup>7</sup>.

There can be a temporal aspect to this. Although the outcomes of some interventions can be observed quickly (e.g. treating acute malnutrition), with many complex problems it can take time to truly understand the effect that your intervention is having, and thus care is needed to interpret feedback and monitoring information. For example, in problems where solutions can have a 'j-curve' effect, outcomes can appear to get worse before they get better (e.g. growing community sensitisation around child protection issues can lead to increased reports of abuse as previous under-reporting is addressed, before actual prevalence of abuse declines), and this would need to be understood to avoid early and inappropriate course-correction.

### **2.1.2.b Sequential Testing and Multiple Experiments**

Sequential adaptation refers to trying one approach, and altering it or trying a different approach in response to learning and feedback. An alternative is carrying out multiple (usually relatively small and rapid) experiments simultaneously, seeing which one - or which combination - works best and continuing that while stopping the others.

In all cases, a theory of change for the intervention(s) provides a strong basis for determining what to look for to guide adaptation. A good theory of change will make explicit assumptions and hypotheses about context and expected change, and testing these – or generating new ones - is central to the adaptive process.

The emphasis on changing course within a project lifetime has significant implications. It places more emphasis on an ongoing process of learning. It requires an authorizing environment – within CSOs and from funders or other decision-makers - in which changes to budgets, plans and targets can be made when justified. And it means holding people accountable for what they achieved, but not whether that was exactly what they said they would achieve at the start of the intervention or whether they did it in the way they said they would. These accountability issues are discussed further in Sections 4 and 5.

### **2.1.3 The need for system change to enable adaptive management**

Experience is clear that much pioneering adaptive work is undertaken by entrepreneurial and innovative teams or individuals, working within existing systems and finding ways to eke out room for flexibility<sup>8</sup>. This is described further in section 3.1. However, as set out in Sections 4 and 5, there are clearly emerging lessons about what factors help and hinder the ability to be adaptive, especially in an intentional and organisation-wide way. If adaptive approaches are to be used more widely, it will be necessary to address the need for organisational change both within CSOs and their funders that will enable this: such change will not happen by itself. There are compelling political, financial and communications drivers and incentives for sticking with simplicity, which make this a challenging endeavour<sup>9</sup>. Proponents of adaptive management therefore often recognise a need for profound change in the aid system to deliver those sorts of organisational changes.

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<sup>7</sup> Ladner, 2015

<sup>8</sup> E.g. See Faustino (2012) on “development entrepreneurs” and ADAPT (2016c) case study from Uganda

<sup>9</sup> Another tension between perceived good practice and such institutional disincentives on a different issue has been termed “The Hypocrisy Trap” (Weaver, 2008); while Booth et al (2016, p10) lay much of the blame for challenges in the uptake of political economy analysis on “unhelpful rules and procedures derived from wrong-headed planning concepts... [arising from] the fact that the aid business is steered by a public and political debate that presents a highly simplified reality”

## 2.2 Where has adaptive management come from?

The growing prominence of thinking and practice on ‘adaptation’ in recent years comes particularly from those working on themes of accountability, governance and strengthening of institutions<sup>10</sup>. Consideration of ‘what works’ in those areas came to focus on solutions tailored and adapted to context and discovered through an iterative process. Experience has shown that where interventions that had been successful in one context were imported to another, they often failed to work as expected. Andrews et al., for example, highlight the example of attempts to import a successful model for an anti-corruption bureau from Hong Kong into Malawi which failed because they focused too much on the model solution than on the particulars of the problem and context in Malawi<sup>11</sup>.

Adaptive approaches have also emerged from a recognition that better tools alone are not the answer. The use of analytical tools, such as political economy analysis and power analysis, have generated important insights around local context and power, but have not necessarily achieved their objective of leading to better-designed and adapted interventions. The problem has been that additional insight at the start is not enough: an approach to a complex problem that is more informed but still linear is still not fit for purpose<sup>12</sup>; ongoing analysis and the ability to change course in response to those insights is needed. Approaches such as “Problem-Driven Iterative Adaptation<sup>13</sup>” and “Thinking and Working Politically” originate from these areas.

Adaptive approaches are being increasingly recognised as relevant to a much broader range of complex problems. Organisations such as Mercy Corps, IRC, Peace Direct and Christian Aid have applied such approaches to work in peacebuilding, livelihoods/ markets, education and emergency relief, for example.

The current interest in adaptation also speaks to critiques of narrow interpretations of the ‘results agenda’ and Results-Based Management, which inform the way many interventions are designed and implemented. The emphasis on funders holding implementers accountable for achievement of pre-defined (and often short-term) results that can be clearly attributed to a single intervention does not sit comfortably with a worldview based on complexity and systems thinking.

A number of donors – most notably DFID and USAID – have begun exploring more flexible approaches to grant-making and contracting to facilitate adaptation. They recognise a disconnect between the potential value of adaptive management approaches on the one hand, and some of their processes which emphasise accountability for adherence to pre-determined plans, budgets and targets on the other.

Initiatives such as the development of DFID’s Smart Rules and the work of their Better Delivery team sought to achieve a better balance between the ongoing need to ensure good accountability for effective spending of taxpayers’ money, and the need for flexibility and understanding in a context where uncertainty and risk are normal. DFID’s Smart Rules are associated with a stripping out of all but the most essential requirements, and an increased emphasis on decision-making by designated Senior Responsible Owners who are closer to the interventions in question. Forthcoming revisions to USAID’s Operations Policy (ADS)<sup>14</sup> are expected to follow a similar route to DFID’s Smart Rules.

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<sup>10</sup> Although debates about “blueprint” versus “process” approaches go back at least to the 1980s, as shown in Booth (2015)

<sup>11</sup> See Andrews et al (2015) for details of this example.

<sup>12</sup> Booth et al (2016)

<sup>13</sup> See Andrews et al. (2015 and 2016) on PDIA, and <http://doingdevelopmentdifferently.com/>

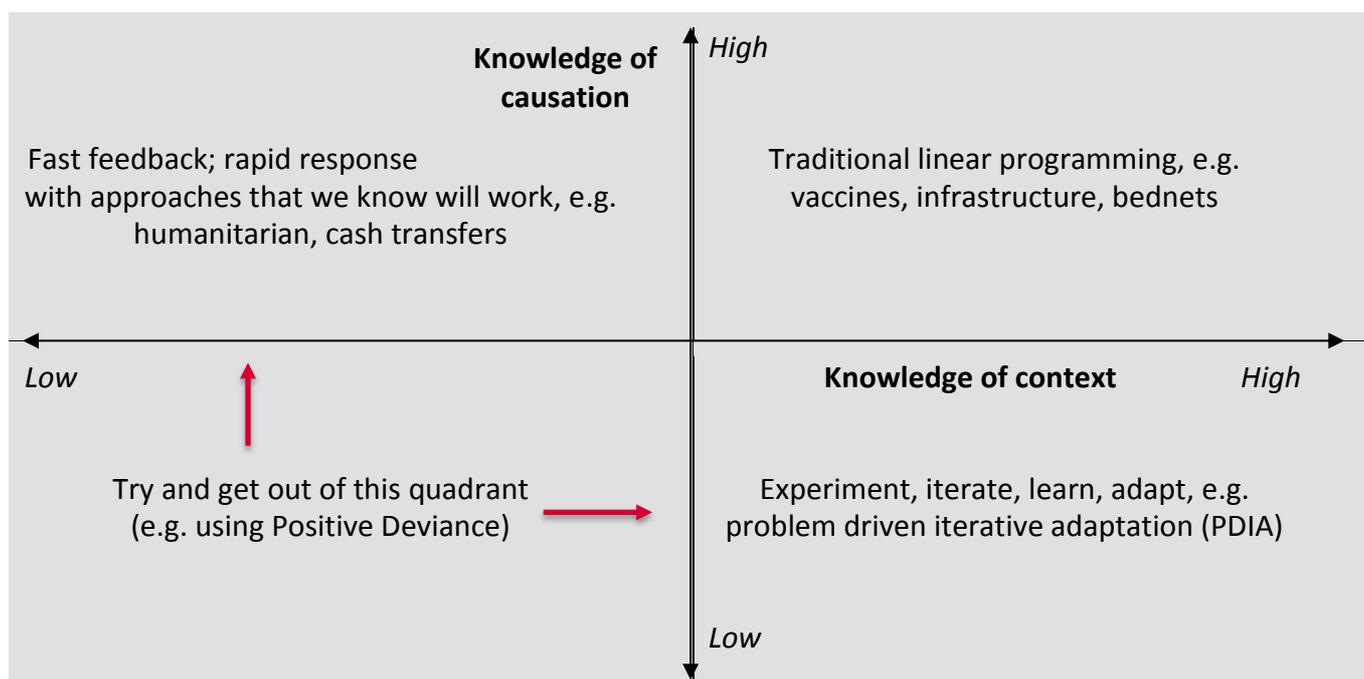
<sup>14</sup> Samir Doshi, USAID, personal comment (July 2016)

### 2.3 When is an adaptive approach appropriate?

Adaptation is not always necessary or appropriate, though being open to the possibility of needing to adapt is. When working in a stable context on a relatively simple problem, with an intervention that has been widely tested and proven to work in similar contexts, it will typically be appropriate to adopt more traditional, linear programming approaches. However, the push for more adaptive approaches is based on an assumption that such circumstances are less common than the current level of usage of linear approaches warrants.

Considering whether the causes of a problem are well understood or not<sup>15</sup> and whether the operating environment is fluid or not, a useful matrix has been developed by IDS' Ben Ramalingam and elaborated upon by Duncan Green<sup>16</sup> to indicate when it is appropriate to adopt adaptive approaches.

This table below is useful because it also highlights two different contexts in which different types of adaptation may be appropriate. If an organisation finds itself in the bottom left quadrant, with low knowledge of the context or a stable context, and low understanding of the problem, they should get out of this situation before attempting to intervene. This can be done by developing a better understanding through various forms of situation and problem analysis, including potentially looking for and exploring examples of 'positive deviants'. (This would normally be considered the design phase before an intervention.)



If the problem being addressed is simple or complicated, but the context is complex, a tactical approach to adaptation can be undertaken: you can try relatively tried-and-tested approaches, but gather feedback and regular monitoring data and tweak your intervention modality accordingly.

<sup>15</sup> Some problems may not be well understood simply because they are very complex, but for others the causes may be somewhat invisible (e.g. some social norms) or actively hidden (e.g. by those with a vested interest in maintaining the status quo).

<sup>16</sup> Ben Ramalingam, cited in <https://oxfamblogs.org/fp2p/doing-development-differently-a-great-discussion-on-adaptive-management-no-really/>

If the problem is a complex one, but you're working in a relatively stable and knowable context, then a more strategic form of adaptation – where you're not sure what intervention will work - is appropriate, and you can test different interventions simultaneously or sequentially (e.g. using PDIA).

So, while adaptive management is under-utilised currently, there may still be a place for traditional, linear approaches, i.e. when working in a stable and known environment, and addressing a problem with well tried-and-tested methods. Monitoring, feedback and being open to the possibility of needing to change are still important in those contexts, but can focus more on management and delivery of plans, rather than checking more fundamental aspects of the work.

## 2.4 Critiques and Challenges to Adaptive Management Approaches

Given how much buzz there is around adaptive management in international development circles currently, it is important to acknowledge that there are some important questions still to be addressed. The mainstream is still occupied by more linear approaches, and if adaptive management is to move from pioneering work into the mainstream, the following challenges will need to be addressed:

- Is there enough evidence to show that addressing complex problems with adaptive approaches is more effective than with more linear approaches?
- How can pressures to demonstrate the sorts of tangible, attributable results which are expected by many funders, CSO leaders and the general public in donor countries be reconciled with the messy reality of adaptive management of complex problems?
- If the ability to predict the results of interventions is accepted as being low, how can those intervening best be held accountable for responsible spending of funds? How can “well-managed failure” be distinguished from “poorly-managed failure”?
- What does “value-for-money” look like in adaptive programmes?
- Can the sorts of attitudes of curiosity, reflection, risk-taking and acceptance of uncertainty needed for adaptive management be fostered sufficiently to scale it up?

It will take further evidence and experience of adaptive management to answer these questions.

# 3. Adaptive programmes

This section discusses some of the enablers and inhibitors of good adaptive management practice at the level of the individual project or programme.

## 3.1 Curiosity and risk appetite among team members

Adaptation comes more naturally to staff – both individually and collectively in teams - who have a strong interest in learning about whether their work is achieving the results it set out to achieve, and who have a strong inclination towards action-oriented reflection. Such individuals and teams are willing to recognise mistakes, to take some risks and do not feel obliged to stick to plans if they cease to be fit for purpose. Reflective team leaders can build relationships with others in their organisations and in

their funders, budget adequately for learning, and engage other decision-makers with compelling evidence to negotiate flexibility to respond to learning. They assuage anxieties about risk, and help find creative interpretations of rules to enable change (or simply break rules!), having confidence that positive results will be more welcome than failure resulting from strict adherence to plans.

Case studies in the IRC/ Mercy Corps “ADAPT” initiative have highlighted these key characteristics in project staff who have worked adaptively. In an agriculture and market systems programme in Uganda, for example, the focus was on hiring team members with local knowledge who demonstrated inquisitiveness, and there was a level of investment in building the teams skills ‘beyond what is seen in most programmes’<sup>17</sup>.

It is essential that learning is not seen solely as the responsibility of ‘Monitoring and Evaluation’ staff, as it is the application of learning to improve project implementation that is at the heart of adaptation. This requires interaction between a range of staff: M&E, programme managers and officers, finance, etc., not to mention participants in the project.

Technical M&E skills are still required within a team. The quality of data – whether qualitative or quantitative - and feedback used for adaptation must be good enough to be reliable, and this will require understanding of issues such as representativeness, appropriateness of methods and design, avoidance of bias, etc. Where dedicated M&E staff are part of teams, it is important to seek people with good communication skills in addition to technical skills, as they need to be able to make their information understandable to and actionable by other staff.

### 3.2 Open communications within the project team

Within the team implementing the project or programme, regular open communication is helpful for building trust among team members. It also enables a shared understanding of and buy-in to the need to make changes among all relevant staff: in programmes, operations/ logistics (who facilitate the movement of teams and inputs in the field) and finance (who facilitate amendments to budgets).

### 3.3 Open communications with programme participants

Adaptation has to occur in response to learning and feedback – it is not chaotic improvisation. Communities and local stakeholders are in the best place to identify changes in their contexts and to note if project implementation is missing the mark. If and when they are engaged in a respectful and meaningful dialogue, they are well placed to suggest concrete improvements and adaptations that can be made. For development interventions to ‘adapt’, it is therefore essential that channels be established for two-way communication with communities, which enable them to be aware of activities, provide feedback to implementing organizations and to hear about changes made in response<sup>18</sup>. Intentionally soliciting, analysing and responding to this feedback on a real-time basis means that we don’t have to wait until a final evaluation to find out something hasn’t worked or could have been done better. Instead, iterative changes can be made with the best use of resources.<sup>19</sup>

There are still challenges both in doing this at scale and – particularly – in getting organisations to use that feedback at head office levels to inform strategic adaptation of their work in response<sup>20</sup>. Arguably

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<sup>17</sup> ADAPT, 2016(b)

<sup>18</sup> Pilots of seven feedback mechanisms in six countries led by World Vision in DFID Global Poverty Action Fund projects highlight the importance of ‘closing feedback loops’ such that participants - empowered by seeing that their feedback is taken seriously - are more likely to provide further, valuable, feedback. See [www.feedbackmechanisms.org](http://www.feedbackmechanisms.org) and the synthesis paper by INTRAC (2016)

<sup>19</sup> The author is grateful for the contribution of Isabella Jean from CDA Inc. to this section.

<sup>20</sup> INTRAC (2016)

this is related to some of the more institutional challenges rather than technical challenges involved in doing so, addressed in section 4 and 5 below.

### 3.4 Investment in feedback, monitoring and reflection

There are costs to the generation of reliable monitoring and feedback information, and further costs - particularly staff time costs - which need to be incurred to make adaptation possible.

Adaptive management does not require more in terms of data collection than most guides on good practice in monitoring would recommend. The key cost difference is the staff time required to share, reflect and act upon that information. Regular workshops or reflection meetings (e.g. monthly or quarterly) are commonly recommended, but may need to be more frequent and reactive depending on the nature of the project and how fast and frequently new information is generated. The Asia Foundation's "Strategy Testing" approach to monitoring adaptive programmes is a good example of a new method that explicitly builds in regular reflection points to review and evolve a theory of change. Major external events, changes in the political context, key decisions, accomplishments and setbacks are all tracked and critically assessed to make a judgement about whether current intervention approaches are working or whether adjustments are needed<sup>21</sup>.

These costs will exceed the minimum needed to fill in results frameworks and meet funders' reporting requirements. Funders may vary in their willingness to pay for more than the minimum required for accountability. However, because adaptive approaches are expected to be more successful at addressing complex problems, there is an assumption among proponents that additional learning and reflection costs are justified by greater cost effectiveness ultimately. Further evidence is required to validate the value-for-money case<sup>22</sup>.

It is worth noting that flexible, adaptive approaches to implementation can be challenging to reconcile with certain evaluation approaches, such as randomised control trials. An evaluation approach that attempts to isolate, attribute and measure the impact of an intervention that is largely unchanging over its lifetime does not sit well with the nature of complex problems. There are a variety of more theory-based and non-experimental evaluation methods that are more suitable<sup>23</sup>, but these are less well-known currently and lack the prestige in some decision-making circles that RCTs have.

### 3.5 Delegated Decision-Making and Confidence to Make Decisions

For adaptation actually to happen, the monitoring and reflection by teams needs to be translated into actionable decisions about changes suited to that context. Adaptive management is facilitated by enabling those decisions to be taken close to the point of implementation, at greater speed, by staff 'on the ground' with the necessary contextual and programmatic knowledge.

Evidence suggests that this does lead to better programme outcomes. One study of funder decision-making from Harvard<sup>24</sup> analysed evaluations of 14,000 projects and confirmed that greater local decision-making autonomy - allowing adaptations to fit local context - led to better project outcomes, particularly in more unpredictable fragile contexts and in thematic areas where outcomes are harder to observe. In the most fragile contexts, the interventions of organisations with high staff autonomy on

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<sup>21</sup> Taken from Ladner (2016)

<sup>22</sup> This is one of the areas of focus on the forthcoming DFID/ USAID "Global Learning for Adaptive Management" (GLAM) contract.

<sup>23</sup> Such as realist evaluation, outcome mapping, developmental evaluation, soft-systems methodology and critical systems heuristics. Valters et al (2016) cover some of this in more depth

<sup>24</sup> Honig (2014)

average scored more than a full point higher on a six-point scale of project success than those of low-autonomy organisations.

Delegated decision-making can also speed up adaptation. ADAPT's Sierra Leone case study compares how two different IRC education programmes with different decision-making and compliance processes responded to the changing context when the Ebola virus hit the country. It illustrates well how the project with the longer decision-making chain - and with different attitudes to flexibility among the partners involved - was delayed in taking necessary action<sup>25</sup>.

There is an important human element to this, though. Enabling delegated decision-making has to go hand-in-hand with supporting those to whom that responsibility has been delegated to feel confident in making decisions. Where this constitutes a change from previous norms of detailed guidance, processes and sign-offs, some staff will feel uncomfortable using more judgement in their decision-making<sup>26</sup>. Peer support, coaching and leadership support, combined with consistent signalling of delegation as a key part of the organisational culture can help address this.

### **Box 1: Adaptation: how to *do* it or how to *enable* it?**

This paper does not attempt to be a toolkit of how to do adaptive management. However, as work on this issue progresses, there is a gradual shift from a focus on the principles behind it, to case studies or collections of case studies of it being done, to more detailed guidance on adaptive approaches.

In the latter category, working papers on "Problem-Driven Iterative Adaptation" by the Building State Capability team at Harvard are a good place to start for practical tools<sup>27</sup>. Mercy Corps also has a shorter paper with good checklists illustrating key facets of adaptive management which may be more easy to relate to most CSOs' work<sup>28</sup>. Useful case studies have been provided by Mercy Corps and IRC under their ADAPT programme, and by the Asia Foundation in collaboration with ODI. ODI have also published a report with detailed discussion of good learning practices for adaptive management<sup>29</sup>. A new 'Global Learning for Adaptive Management' programme jointly commissioned by USAID and DFID is intended to review and develop improved monitoring, evaluation and learning tools suited to adaptive management.

However, adaptation is arguably an issue (like innovation<sup>30</sup>) where the emphasis needs to be on how to enable or facilitate or foster it, rather than on how to do it.

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<sup>25</sup> ADAPT (2016c), Sierra Leone case study

<sup>26</sup> Pete Vowles, DFID, comment at PPA Learning Partnership/ Bond Adaptive Development meeting, July 2015

<sup>27</sup> See in particular Andrews et al (2015) for work on the problem analysis part, and Andrews et al (2016) on iterating and adapting.

<sup>28</sup> Mercy Corps (not dated)

<sup>29</sup> Valters et al. (2016)

<sup>30</sup> See "An Introduction to Social Innovation for NGOs" by Bond, SIX and Oxfam (2016)

## 4. Adaptive organisations

Examples of spontaneous, entrepreneurial use of adaptive approaches tend to arise in organisations with some pre-existing conditions that enable it. Sometimes such entrepreneurs are not conscious of those conditions and take them for granted. The importance of the enabling environment may only be apparent to those who try to use adaptive approaches and then discover previously unrecognised internal barriers. This section looks at what organisational characteristics and processes can help or hinder adaptation.

### 4.1 A Culture of Learning and Adaptation

Enabling adaptation is a cultural challenge as much as – if not more than – a technical challenge. Culture is hard to disentangle from some of the more specific factors listed below. Key aspects of an adaptive organisational culture include:

- Accepting and embracing uncertainty and an appropriate amount of risk
- Valuing and prioritising reflection and learning
- Open communication
- Facilitating flexibility

In practice, these features are observable through, for example, what leaders are seen to do themselves, and what is seen to be encouraged and to get rewarded in the organisation. Byrne et al. illustrate this with examples: are staff expected to have all the right answers, and is not knowing the answer always a bad thing? is wanting to change logframes or budgets seen as the result of bad planning or as a smart response to new understanding<sup>31</sup>? This is not to say that an adaptive culture always tolerates lack of knowledge or never assumes that bad planning can occur. Rather, it understands when complexity makes this reasonable, and considers whether good learning processes have been followed.

These features can be profoundly different to the current dominant cultures and incentives in many CSOs. This is why the adoption of adaptive management approaches will be so challenging for many. At present, supporters of adaptive approaches are more of a sub-culture within their organisations, establishing their credentials and seeking to influence and become more embedded within the mainstream culture.

### 4.2 Senior leadership buy-in and support

Culture and leadership are intertwined: “[culture] is often created by leaders who are in turn influenced by it”<sup>32</sup>. Leadership can come from many parts of an organisational hierarchy, but there is an especially important role for senior leaders to help create a conducive environment for learning and adaptation. This is because successful adaptive management requires multiple teams and parts of the organisation to work in concert: programmes, operations, MEL, finance, HR, communications, etc. If those different teams and functions have incentives and drivers that are in tension with one another, progress on adaptation will be painfully slow. Senior leaders have a key role to play in ensuring teams’ incentives are

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<sup>31</sup>Byrne, Sparkman and Fowler (2016)

<sup>32</sup> Byrne, Sparkman and Fowler (2016)

aligned, as well as in role-modelling and encouraging the behaviour they expect in others. Strategies, policies and day-to-day communications can all be used to this end.

External stakeholders and partners need to be aligned in their attitudes to adaptive management. Mercy Corps therefore highlight that another role for a senior leader is to be “an arbitrator that amplifies or dampens signals being sent by others, internal and external”<sup>33</sup>.

### 4.3 Promotion of adaptive competencies

In recognition of the importance of certain personal skills and competencies that can help or hinder adaptive management, some leading organisations on adaptation are incorporating this learning into their HR practices at organisational level. Mercy Corps, for example, is building in adaptive capabilities such as ‘curiosity’ into its ‘Cornerstones of Leadership’ competency framework<sup>34</sup>, reflecting the importance of inquisitiveness and a desire to learn among staff. The Asia Foundation has similarly highlighted developing “successful searching teams” as a common trait in their adaptive work<sup>35</sup>, with what they call “development entrepreneurship” being a key character trait and working style.

Organisational HR processes may need to adapt to recruit for and develop these sorts of competencies. They need to be seen as equally important as technical qualifications and “years of experience”: The Asia Foundation notes that there needs to be a balance of expertise and competency across teams working adaptively<sup>36</sup>. The presence or absence of curiosity and entrepreneurialism needs to be elicited from prospective candidates in different ways to simple reviews of CVs and interviews, for example by requesting evidence of learning behaviour in applications, and by including scenario-based or role-play exercises within interview processes.

An area for further research is whether it is feasible and/ or better for organisations to try to build these sorts of competencies in existing staff, or whether to focus on bringing them into the organisation through new recruits.

### 4.4 Supportive internal accountability mechanisms

If internal key performance indicators all show ‘red’ when a project deviates from its original budget or delivery plan, or if staff get negative performance reviews for not delivering according to plan or for not achieving planned results having taken responsible risks, adaptation will be inhibited. Tracking of progress is still central to adaptive management, but in the face of evidence that work is off track, a reflective rather than a controlling response is needed.

For complex problems, being off-track is almost inevitable. It is more appropriate for accountability mechanisms in such contexts to look for indicators of adaptive behaviour. These include evidence of feedback and learning being generated and used to understand progress and why things may be off-track, and for making course-corrections. Section 5 on accountability to funders elaborates on some of these points.

### 4.5 Supportive financial and planning systems

Informal feedback from CSO staff during PPA Learning Group and Bond events on adaptation suggest that internal financial, procurement and grant management systems can be a major barrier to working

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<sup>33</sup> Allana, 2014

<sup>34</sup> Nigel Pont, Mercy Corps, personal comment (July 2016)

<sup>35</sup> Cole et al (2016), p18

<sup>36</sup> Ibid, p18-19

adaptively. It is common for project managers to spend substantial amounts of time itemising and phasing budgets for internal financial management purposes. Unless it is a relatively simple and pain-free process to justify and make changes to those budget plans subsequently, it will be challenging to adapt activities. Mercy Corps' case study on its RAIN resilience programme in Ethiopia provides a good illustration of how adaptations in finance and procurement systems can unblock opportunities to work in a more effective adaptive way<sup>37</sup>.

Of course, good financial management requires ongoing attention to budgets and avoidance of the risks of mis-spending, but organisations need actively to work on achieving the right balance between advance control and accountability after the fact if they want to be work on complex problems effectively. Furthermore, when inflexibility in CSO financial systems has simply cascaded down from inflexible funder requirements further up the decision-making chain, clearly the focus for promoting change needs to be on the funder.

#### 4.6 Organisational change: top-down, bottom-up or adaptive?

Individuals and organisations wanting to adopt more adaptive management approaches will want to consider how best to change their institutional enabling environment. While the factors above can be difficult to change, the present situation in their organisation does not need to be taken as a given. Some key points to bear in mind when seeking organisational change include:

- There is usually potential for some creative bending of rules and working adaptively within existing organisational constraints. Project managers interested in working adaptively should try to do so even if they do not see all the enabling factors listed here present in their organisations. Mid-level 'umbrella holders' in organisations can play important roles in sheltering their team mavericks from the pressure to conform, and encourage them to bend the rules<sup>38</sup>.
- To date there are no documented efforts of organisations trying to introduce more adaptive management through a planned, top-down process: most organisations trying it have had some of the enabling conditions listed above already in place in which bottom-up experimentation with adaptation has occurred, and which has helped prompt wider organisational thinking on further steps they could take to scale up adaptive work.
- We would hypothesise that purely 'bottom-up' attempts to mainstream the use of adaptive approaches in organisations will struggle to get traction in the absence of both supportive organisational systems and culture, and supportive funders (see Section 5).
- Finally, it is important to note that bringing about organisational change to facilitate adaptive management is itself a complex challenge of systems change that is amenable to being addressed using adaptive approaches.

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<sup>37</sup> Mercy Corps, 2013 (p15)

<sup>38</sup> Duncan Green, Oxfam, personal comment.

**Box 2: Adaptive management and external communications**

There is a dissonance between the way many actors in the aid system communicate about international development problems, and the reality of our work. There have been excellent initiatives to challenge simple and disempowering narratives in communications about international development<sup>39</sup> and many organisations are more sophisticated than this, but in the UK context, the most visible mass communications to the public by CSOs often follow one of two basic formulae:

- Emotional story + simple solution from outsiders = happy ending
- Story of unfulfilled potential + simple solution from outside that builds on people's own capacities = happy ending

Considering the thinking behind and practice of adaptive management, some of the key attributes of those dominant forms of communications that are troubling are:

- Lack of acknowledgement of the risk of failure or lack of success in our work, and lack of explanation that some things going wrong is not only inevitable but often also constructive in finding a path towards a solution;
- Over-emphasis on single solutions and/ or single actors as the cause of change, and an associated expectation of a direct connection between a particular financial contribution and an observable outcome;
- Creation of a disincentive for CSOs to change the narrative as it could imply admitting either that previous communications were misleading, or that CSOs were misguided in their confidence of their own abilities to bring about change.

It is possible that such forms of communications and the dissonance between their claims and the public's understanding of how CSOs work and their perception of lack of progress in addressing development problems have contributed to declining public trust in CSOs in the UK<sup>40</sup>, and to vulnerability to media criticism and 'exposés'.

At the same time, how to get 'cut through' with audiences while also communicating complexity is undoubtedly a tough brief to give to communications staff. It will be important for those seeking more progressive and realistic approaches to communications to engage with staff who work on adaptive management to find messaging that can engage and inspire the public, while also setting realistic expectations. Using nuanced, real life narratives may be an effective route, for example. In turn, greater alignment between programming and communications staff should help reduce some internal organisational barriers to adopting more adaptive approaches.

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<sup>39</sup> E.g. Darnton & Kirk's (2011) "Finding Frames" and the more recent Narrative Project (<http://www.narrativeproject.org/>)

<sup>40</sup> See, for example in the UK, the Charity Commission (2016); however, in contrast, the Edelman Trust Barometer (2016) suggests a recent upturn in trust in NGOs internationally after a previous decline

## 5. Funding adaptation

The role of funders in enabling or hindering adaptive management goes well beyond a simple choice of whether to provide restricted or flexible funding. The behaviour of CSOs is strongly influenced by their funding sources in a variety of more or less subtle ways.

### 5.1 Suitability of funding instruments for complexity

Funders need consciously to align their strategic objectives with their funding modalities and risk appetite. In particular, they need to recognise explicitly when achievement of their strategic objectives requires work on complex problems. Funding modalities that are suitable for service delivery of simple solutions by single actors with tangible, attributable, short-term results are not fit-for-purpose for effective grant-making to address complex problems. Some funders may choose to focus on more or less risky issues and adopt management approaches appropriate to those. Others, however, may wish to have a diverse portfolio of funding mechanisms and approaches with a balance of higher- and lower-risk approaches.

For CSOs wishing to work on complex problems, it is important to understand how well prospective funders can facilitate such work, and what room for manoeuvre there is in their rules. Choosing not to go for available funding opportunities can seem like a luxury that most CSOs can't afford. But where there is a predictable clash between what is needed to tackle a complex problem and what funders will allow, CSOs need to give serious consideration to whether they will be able to negotiate enough space to work effectively, or whether they should seek an alternative source of funding.

### 5.2 Appraisal of Proposed Adaptive Approaches

CSOs typically compete for funding from funders. And funders have systems and criteria for appraising and comparing those proposals or bids to determine who to award the grant or contract to. When bidding for work on relatively simple, predictable problems, it is possible to compare the proposed intervention plans and to carry out some value-for-money analysis based on the expected outputs, outcomes and costs indicated in proposals.

This analysis is hard enough even for more straightforward interventions: those doing the appraisal need to deal with issues like optimism bias and spurious accuracy in predictions. However, it becomes harder to make fair and transparent appraisals when dealing with interventions where adaptive management approaches are planned and expected activities and outcomes are uncertain. Funders need to get to grips with this area, and CSOs also need to understand how their proposals will be judged in this context so that they can put forward the best possible case for them. Proposal templates can ask for plans from suppliers about how they might carry out simultaneous or sequential testing of approaches, and how they will gather evidence, carry out reflection and use it to consider course correction at various points in an intervention. However, appraising the relative merits and likely value-for-money of these proposals is challenging.

Some existing guidance on appraisal (e.g. the UK Treasury's 'Green Book') deals with uncertainty and risk, but the forms of economic analysis recommended are often not appropriate or proportionate for appraising smaller projects and/ or those with less tangible outcomes. They also often treat risk and uncertainty as things that can be minimised through good management, rather than intrinsic facets of the problem being addressed.

This is an area requiring further research, but some possible avenues for this can be tentatively suggested:

- Funders can request prospective suppliers to provide evidence of having carried out an adequate appraisal of the context and a review of evidence from previous work on similar problems. This analysis should then be demonstrably used by CSOs to justify any request to manage the work in an adaptive way, and to inform hypotheses or a theory of change about how to address the problem in hand. Only minor adjustments to existing proposal formats should be needed to more explicitly address the latter;
- Funders can ask for evidence of the organisation's past and current practice around systematic use of learning from evidence to adapt work (instead of focusing mainly on how they promise to do M&E and adaptation in future), as was done with the Dutch Ministry of Foreign Affairs' "Dialogue and Dissent" programme in 2015. The quality of responses to such requests may be poor initially, as some organisations cherry-pick rare examples of such past practice. But demonstrating that such an approach is valued by funders and incentivising it consistently can contribute to improved practice over the longer-term;
- Due diligence processes can be used to understand organisational enablers/ inhibitors of adaptive management and how staff are held accountable internally;
- When appraising or scoring proposed staff in bids, funders can look not just for formal qualifications and years of experience, but also for evidence of having managed in adaptive ways previously;
- Funders can include substantial inception periods in programmes, and appraisal can be weighted more heavily towards prospective suppliers' plans for the inception period compared to what follows.

### 5.3 Adequate budget for monitoring, evaluation and learning

Funders sometimes include rules about the minimum or maximum amount of a project or contract budget that can be spent on monitoring, evaluation and learning (MEL). It is recognised that there can be a lot of fuzziness in allocating costs to MEL rather than other budget lines. But overall it is important that funders are open to CSOs making the case for investing significant staff time and resource in generating and reflecting on the feedback and evidence needed to inform adaptive management.

CSOs should also feel confident in proposing the full and true costs of MEL in proposals. Importantly, this should include adequate support for the non-project-specific costs for an organisation of having an adequate MEL system, and not be limited purely to the generation of information needed for the delivery of a single project<sup>41</sup>. Comic Relief is an example of a funder demonstrating good practice in this area by proactively increasing the MEL budget when they feel grant applicants have under-resourced this area<sup>42</sup>.

### 5.4 Enabling flexibility during delivery

Funders have a vital role to play in minimising the friction or procedural hurdles involved in those they fund making changes to planned activities or budgets, where such changes are likely to improve

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<sup>41</sup> See for example Bond and Mango (2016) on the low current levels of indirect M&E costs recovered by many CSOs.

<sup>42</sup> Comment from Jennie Richmond, Comic Relief, at the PPA Learning Partnership/ Bond event on funders' approaches to Adaptive Management, December 2015.

outcomes. Key changes that CSOs need to be able to make when working on complex problems may include:

- budgets (line item flexibility and/ or use of broad budget headings);
- intervention plans (e.g. broadly-defined logframes, limited requirements for detail in activity plans);
- and results frameworks (e.g. broadly-defined results targets; menus of indicators; or inclusion of inception periods after which more refined results may be specified).

There is an onus on CSOs to make compelling cases for changes. But as part of the deal, funders need to be able to make swift decisions and to allow changes where there is a convincing case that they will ultimately lead to better results from the programme. Funders need to provide clear information to CSOs on decision-making processes relating to such changes, e.g. who to contact, who can authorise what changes, and how fast decisions can typically be taken. In reviewing adaptive management issues recently, BEAM Exchange found that one of the biggest barriers was “a lack of knowledge about what is allowed according to existing rules, regulations and procedures”. As funders’ rules change (e.g. DFID’s Smart Rules and USAID’s Operations Policy), or when smaller donors have less codified rules, the gap between what is actually allowed and what is known to be allowed may be significant.

One example of a funder demonstrating such flexibility is USAID/ OFDA’s funding of Mercy Corps’ ‘Ebola Community Action Platform’ in Liberia. There, a limited number of indicators were included in the results framework to give partners flexibility in how they approached interventions<sup>43</sup>. Another example is the DFID-funded Strengthening Accountability and Voice Initiative (SAVI) in Nigeria, where a close relationship between DFID advisers and SAVI staff has fostered a flexible approach. From an early logframe with classic characteristics of over-specification of tangible results, the logframe was subsequently changed 14 times, and now includes quite broadly-defined indicators which enable a variety of locally-appropriate interventions and approaches to contribute to overall results<sup>44</sup>.

Funders with staff close to the field and/ or with regular contact and good relationships with implementers who have authority to make decisions on changes are most suited to facilitating adaptive management. They are able to make faster decisions based on “softer” evidence and trust in their implementing partners, while still holding implementers ultimately accountable for results. Such an approach can be more expensive for funders, but if work is geographically concentrated or average grant sizes are large, it may be more feasible. There is some work to suggest that such an approach both promotes better relationships with grantees<sup>45</sup> and – in complex settings - can enhance achievement of outcomes<sup>46</sup>. Therefore, the return may be worth the higher costs.

DFID’s Smart Rules is an example of an institution-wide effort to strip down rules and processes to a minimum, and to delegate decision-making to responsible staff who are closer to projects and should be able to make quicker decisions. Experience reported by DFID staff<sup>47</sup> suggests that important factors on the funder side for making such an initiative work include:

- Being clear with staff about their own accountability and the organisational risk appetite;
- Training and supporting staff who may naturally have varying levels of comfort with working within a flexible structure and with using their own judgement in decision-making;

<sup>43</sup> ADAPT (2016a)

<sup>44</sup> Derbyshire (2016)

<sup>45</sup> Wallace (2009)

<sup>46</sup> Honig (2014)

<sup>47</sup> Pete Vowles, DFID: comments at PPA Learning Partnership/ Bond Adaptive Programming event, June 2015.

- Seeking ways of ensuring continuity in SRO roles: regular movement of staff can both undermine relationships with grantees and miss the opportunity to staff to build up their own knowledge and expertise on specific contexts and issues (which in turn can help their confidence in using their own judgement).

Payment by Results (PbR) contracts and variants such as Social/ Development Impact Bonds are promoted by some<sup>48</sup> as a way of enabling adaptive management, by combining flexibility with accountability for results (not for delivery of pre-defined activities). In practice, there is a mixed picture of practice in PbR: the good theoretical case can be undermined by funders paying for “results” defined at output (rather than outcome) level, or by requiring detailed interim reports and making budget amendments bureaucratically difficult. The financial risk of PbR contracts can also inhibit risk-taking and innovation. But there is certainly scope to design PbR contracts in an intentional way to support adaptive management<sup>49</sup>.

### 5.5 Accountability: incentivising results and learning

Results frameworks – the bases upon which funders judge whether an intervention has been successful or not – too often focus on the achievement of pre-determined, short-term tangible changes. Results frameworks that are fit-for-purpose for adaptive work need to accommodate uncertainty about what changes an intervention might bring about, and the possibility that an intervention may be considered successful in ways other than bringing about positive short-term outcomes for the target population.

There are a number of ways that funders can accommodate uncertainty at project inception about what results might be achieved:

- Have menus of indicators which provide a best, theory-based hypothesis of the types of changes that an intervention might bring about, but with an expectation that only some of them will be achieved (e.g. the Legal Assistance for Economic Reform (LASER) project<sup>50</sup>);
- Have broadly-defined indicators into which a range of specific changes can fit (e.g. the SAVI project in Nigeria<sup>51</sup>);
- Allow for refinements to targets and results after inception periods or initial experimentation.

Equally important – particularly in short-term projects that contribute to longer-term change - is to reward the process of learning and adaptation as results in their own right<sup>52</sup>. This goes beyond simplistic learning indicators, for example the number of reports or learning products produced. Instead it focuses more on demonstrating that the project has used evidence to make course-corrections - including evidence from other actors working on the same problem - that should improve the likelihood of achieving long-term change. A funder currently using this approach is the World Bank’s Global Programme for Social Accountability<sup>53</sup>. Valters et al (2016, p32) give an illustration of what a logframe suited for an adaptive programme could look like: goals/ impact and outcomes may look the same, but outputs related to learning and responsiveness to learning are included alongside other flexible indicators.

<sup>48</sup> See for example, the Centre for Global Development: <http://www.cgdev.org/initiative/cash-delivery-aid>

<sup>49</sup> There are of course other pros and cons of PbR contracting unrelated to adaptive management which funders need to consider, see Bond (2014)

<sup>50</sup> Manuel (2016)

<sup>51</sup> Derbyshire (2016)

<sup>52</sup> As recommended, for example, by Guijt (2010, p287), Perrin (2015, p196) and Valters et al (2016, op cit.)

<sup>53</sup> GPSA (2015)

Incentivising good learning and reflection processes can also help avoid the risk that “working in an adaptive way” is used as an excuse for poor management. When the end result of an adaptive programme is less than was expected, a key challenge faced by funders can be to distinguish ‘badly-managed failure’ from ‘well-managed failure’<sup>54</sup>. Reviewing and assuring the quality of the process of learning, reflection and making course-corrections is central to making that distinction, and CSOs should expect to be able to provide evidence to inform that.

### 5.6 Can all funders support adaptive management?

These approaches may require more or less substantial changes to existing donor practices. It has been suggested<sup>55</sup> that foundations may be particularly suited to supporting this sort of work because of their long-term time horizons and relative insulation from political and financial pressures that can promote shorter-term focus or simpler issues. It is possible that for some funders, there will be real limits to how effectively they can support work that requires adaptive management approaches. Deeper challenges that may face some funders include:

- Internal accountability pressures that emphasise simplicity and evidence of direct contribution to change;
- Low risk appetite;
- Reluctance to complicate the appraisal process in highly competitive funding situations by introducing more judgement and potentially a perception of less objectivity in decision-making;
- Pressure to reduce the cost of their grant-making and grant management processes (which may discourage the sort of frequent interaction and relationship-building that is recommended for adaptive management).

Ongoing experience in the UK will continue to provide interesting lessons about how funders can manage such tensions. In a context of austerity but ring-fenced aid budgets, growing public distrust of CSOs and questioning of the effectiveness of aid, funders with ultimate accountability to the general public such as DFID and Comic Relief are actively grappling with this tension. There is a growing dissonance between, for example, on the one hand a desire to align work to small sets of indicators, to seek to make strong simple assertions of change brought about directly by funders and a desire to demonstrate zero tolerance for waste or failure, and on the other hand dealing with the messy realities of working on complex problems. Sometimes these tensions can be reflected in inconsistent approaches to adaptive management within the same funder, e.g. supportive programme officers but sceptical finance teams. It remains to be seen whether these tensions can be reconciled constructively in a systematic way, or whether donors will have to make a choice between supporting adaptive management or not.

For CSOs, it is important to be aware of these tensions when seeking funding for work on complex issues. It may be the case that funders with internal accountabilities that can tolerate complexity, and who are used to funding work with those characteristics (e.g. on advocacy, governance, capacity-building, peacebuilding) may be more fertile ground. There is currently a mismatch between the prevalence of complex problems and the existence of funding opportunities which are suited to addressing them. So there will undoubtedly be a need to engage with other donors to promote more adaptive approaches, both on a case-by-case basis and through collective dialogue.

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<sup>54</sup> Pete Vowles, DFID, personal comment, June 2015

<sup>55</sup> Kania et al. (2014)

## 6. Partnership for adaptive management

It is increasingly rare for development work to involve organisations working in isolation. Partnership is sometimes thought of in terms of international CSOs working with local CSOs. However, ‘partnerships’ include a growing number of configurations of donors, fund managers or consortium leads, international CSOs, local CSOs, government and/ or private sector partners and sometimes research partners. These actors may work in institutionally-complicated chains, where the number of links in decision-making between funders and the local people supported with aid is greater than might be implied by the structure of this paper.

The existence of such constellations of actors often reflects the need to bring diverse skills and approaches to bear on complex problems (although sometimes it also reflects attempts to shift costs and risks in different ways). To manage work in an adaptive way in such arrangements can be more challenging, however. All the points emphasised throughout this paper on flexibility, open communications, fast decision-making, etc. are potentially harder when more actors are involved. Some of the examples from the IRC/ Mercy Corps ADAPT pilots highlight cases where differing organisational cultures and processes can create blockages to efficient adaptive management.

On the other hand, some more straightforward partnership arrangements between local CSOs and international CSOs can promote and encourage adaptive approaches, especially in balanced, respectful partnership when adaptation is an instinctive and normal way of working for actors close to the ground<sup>56</sup>.

The key lesson here is that when building partnerships to address complex problems or contexts, it is important to intentionally seek out partners who have similar risk appetite and ability to be flexible: they need to be like-minded in relation to being adaptive.

## 7. Conclusion

Adaptive management is best understood as a broad approach, rather than as a specific method or set of tools. What is distinctive about adaptive management is not that interventions may be changed in response to monitoring and learning. It is that those interventions are based on an understanding that engaging with a complex problem or system will require an exploratory, flexible approach because solutions are not known in advance. When uncertainty and change are treated as the norm, there are profound implications for CSOs and funders.

Teams managing programmes in an adaptive way include inquisitive staff, to whom learning and reflection comes naturally. They collect and make sense of information and data from monitoring and feedback mechanisms and more informal channels. They communicate well among themselves, with communities and with funders. And they are given (or find wiggle room to take) decision-making powers which enable them to change course based on their informed judgement.

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<sup>56</sup> David Clark, Christian Aid, personal comment, June 2016.

Given how many of today's development problems are complex in nature, these sorts of behaviours and practices need to become more widespread. For that to happen, it is not sufficient to rely on individual 'development entrepreneurs' or mavericks alone, as valuable as those pioneers are. Changes to the enabling environment within CSOs and in funding relationships need to occur.

Organisational leadership and culture need to facilitate and promote adaptation. This means accepting uncertainty at times, and accepting that plans and budgets will need to change. It means putting in place HR, finance, communications and other systems that facilitate learning, reflection and course-correction to ensure that the best results possible are achieved, even if they are not the results that were expected. When building partnerships to address complex problems or contexts, organisations need to seek out others who are like-minded in terms of risk appetite and willingness to work in adaptive ways.

Funders in turn need to facilitate adaptation. They must have a variety of funding modalities, suited to supporting work on more or less complex problems. They must be better able to appraise alternative proposals and intervention designs in the face of uncertainty about activities and results. Their results frameworks and performance assessments must focus more on adaptive behaviours and on broader indicators of success or menus of possible indicators, and not on rigid adherence to pre-determined plans and budgets.

More and more practical examples are emerging of adaptive management and of how to address its challenges, and more are needed. But while further technical solutions will emerge, arguably the more profound challenges are around how CSOs and funders can change the system which they have created for their own work so that it appropriately incentivises and supports adaptive approaches. This is itself a complex problem to which adaptive management approaches need to be applied.

### Next steps for adaptive management

Adaptive Management is a fast-evolving area of work, with many actors involved in related research and practical experimentation<sup>57</sup>. There is self-awareness among practitioners about being in the early stage of a 'hype cycle'<sup>58</sup>, and needing to progress beyond initial inflated expectations and get to the 'slope of enlightenment'. For CSOs in this context, some key immediate priorities are:

- Ongoing sharing of peer learning and experience<sup>59</sup>
- Clearer examples of how to reconcile some of the tensions that hold back the scaling-up of adaptive approaches (e.g. around communication of complexity with the public; finding better ways to incentivise learning; assuaging concerns around financial management without resorting to advance controls)
- Better articulation of the conditions under which adaptive management is appropriate and successful, and under which it isn't
- Collective engagement and dialogue with funders to actively remove barriers to the appropriate use of adaptive management.

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<sup>57</sup> See for example: <https://oxfamblogs.org/fp2p/where-have-we-got-to-on-adaptive-learning-thinking-and-working-politically-doing-development-differently-etc-getting-beyond-the-peoples-front-of-judea/>

<sup>58</sup> [https://en.wikipedia.org/wiki/Hype\\_cycle](https://en.wikipedia.org/wiki/Hype_cycle)

<sup>59</sup> For example, via the Bond working group on "Adaptive Development" that has emerged from the series of events with the PPA Learning Partnership and USAID's new Community of Practice.

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