Report

Putting theory into practice

How DFID is doing development differently

Leni Wild, David Booth and Craig Valters

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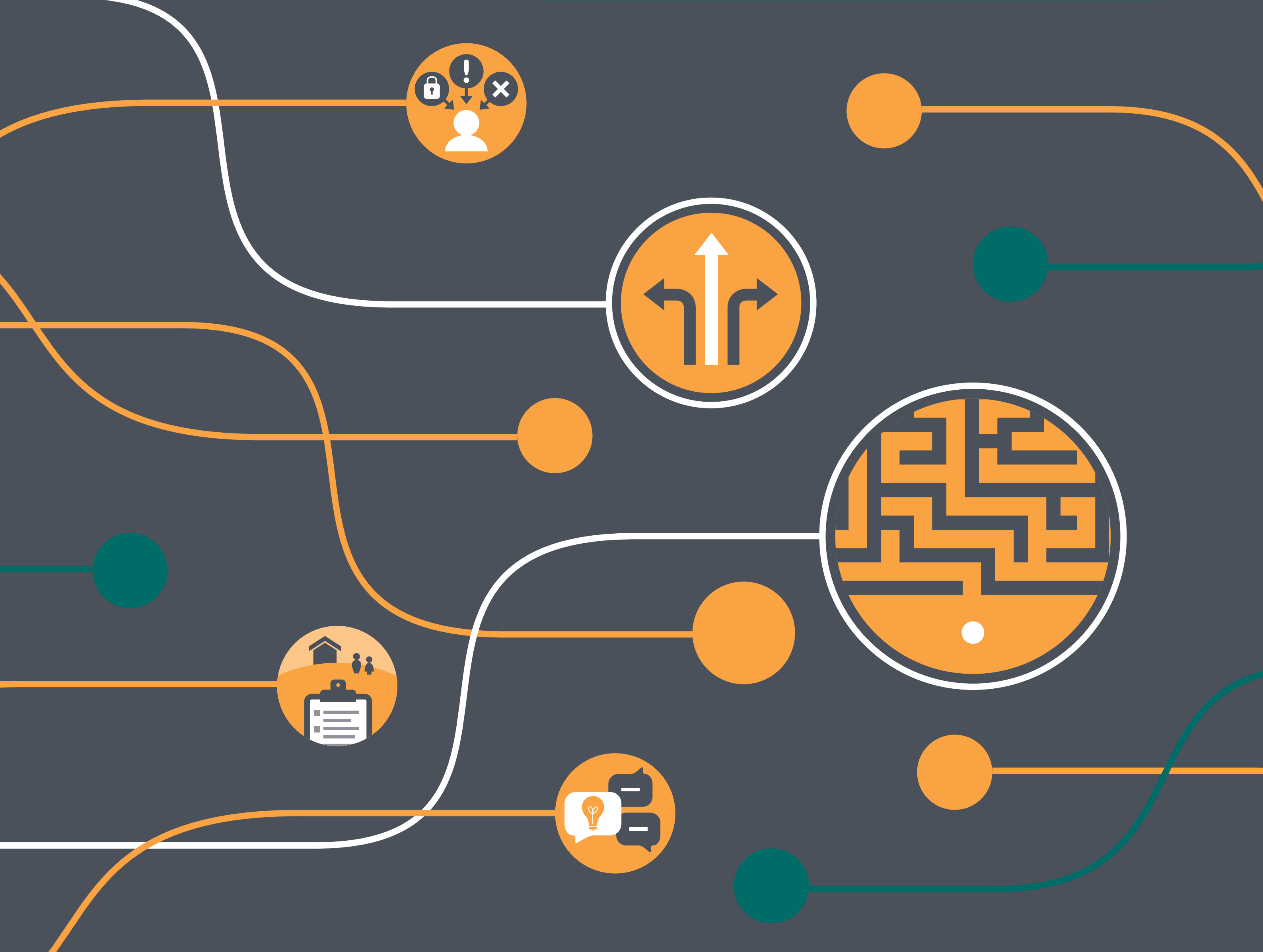

Overseas Development Institute
203 Blackfriars Road
London SE1 8NJ

Tel. +44 (0) 20 7922 0300
Fax. +44 (0) 20 7922 0399
E-mail: info@odi.org.uk

www.odi.org
www.odi.org/facebook
www.odi.org/twitter

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Acronyms

CIG	Centre for Inclusive Growth
CPRD	Country Poverty Reduction Diagnostic
CSO	civil society organisation
DCED	Donor Committee for Enterprise Development
DDD	Doing Development Differently
DFID	Department for International Development, UK
EQUIP-T	Education Quality Improvement Programme, Tanzania
FCO	Foreign and Commonwealth Office, UK
FOSTER	Facility for Oil Sector Transparency, Nigeria
IGD	Inclusive Growth Diagnostic
LASER	Legal Assistance for Economic Reform
M4P	Making Markets Work for the Poor
MOD	Ministry of Defence, UK
NGO	non-governmental organisation
ODI	Overseas Development Institute
PDIA	problem-driven iterative adaptation
PbR	Payment by Results
PERL	Partnership to Engage, Reform and Learn
PPA	Programme Partnership Arrangement
SAVI	State Voice and Accountability Initiative, Nigeria
SDC	Swiss Agency for Development and Cooperation
SRO	Senior Responsible Owner
TAF	The Asia Foundation
TMEA	TradeMark East Africa
ToR	terms of reference
USAID	United States Agency for International Development

Executive summary

The big global challenges faced today – from conflict and failing states, to climate change and women's empowerment, to improving sanitation, education quality, health systems and more – all require fresh thinking and better approaches. We need to move beyond the classic aid response: the assumption that if only we provide enough money and technical knowledge, problems will be solved. We need to engage with the underlying social, political and economic systems; and the incentives and behaviours of the actors within them. Doing this is not easy. It requires a focus on testing, learning and adapting; working with reform leaders to ensure any solutions are a good fit to the problem and context at hand. This has recently been captured in calls to 'do development differently' and related concepts like adaptation, entrepreneurship, and being smart about the politics of development.

This agenda is not new. Adaptive management was influential in the 1980s and early 1990s, with numerous studies showing how, in a context of uncertainty, 'blueprint' planning and monitoring leads to costly failures. As official development agencies moved away from projects, and adopted sector-wide approaches and direct budget support, these ideas seemed less relevant. However, in the last few years, the rise (again) of aid projects has brought them to the fore. The growing concentration of aid in fragile and conflict affected states (where uncertainty and complexity are particularly pronounced) has reinforced the trend. In addition, in a context of domestic austerity, greater scrutiny of aid spending has added sharpness to discussions about aid effectiveness in general.

Against this background, several influential agencies are now, at least in principle, committed to putting an 'adaptive' approach into practice. The UK's Department for International Development (DFID) is among the leaders, and has made some headway in implementing these ideas. This report reflects the experience of staff from the Overseas Development Institute (ODI) in supporting these efforts within DFID throughout 2016.

What is the current extent of Doing Development Differently in DFID?

DFID's has a portfolio of programmes in a number of different fields of development work that, while diverse in scale and scope, exhibit some common 'doing development differently' features.

They include:

- agile governance and economic growth programmes,
- market systems and private sector development initiatives,
- support to reforms in systems for basic service delivery;
- some aspects of conflict, security and humanitarian support; and
- programmes that focus on gender equality, and 'women and girls'.

Across these, there is a growing emphasis on being 'problem driven' – setting aside standard formulas and templates and focusing instead on specific constraints to development that need to be unlocked to enable progress. There is often an emphasis on facilitation or convening local efforts, and on being politically smart in critical areas such as inclusive economic development.

Less encouragingly, while DFID programmes have found it relatively easy to design flexible, responsive forms of support, they have found it harder to commit upfront to experimentation and 'learning by doing' as a core method of work. While there are a few good examples of facilitation of locally-led change, this also remains a challenging dimension.

What has driven innovation?

The drivers and shapers of these innovations include people, exercising influence in a handful of DFID offices, and process changes at the centre. Initiatives in, and links across, DFID investments in countries like Burma, the Democratic Republic of Congo, Nepal, Nigeria and Tanzania seem to have played a catalytic role. To begin with, they took shape '*despite*' DFID systems and processes. This is no longer the case. Changes to internal rules, and new and more conducive diagnostic tools, have exercised a positive influence.

Underlying behaviours and incentives have been slower to change, of course. For this reason, more needs to be done to create conductive environments for new ways of working, including supportive management and leadership. What is key, however, is to avoid this agenda going in the direction of other attempts at 'mainstreaming' – which in the process, have often lost their edge and been reduced to tick-box exercises or, worse, another level of compliance for already over-loaded staff.

Where is action still needed?

The moment has come to take the recent innovations in programming to a higher level, taking due account of the current climate of scepticism over levels of aid spending. The 'doing development differently' approach recognises the uncertainty and the complexity of development, and sets up systems to properly manage these challenges. This includes taking action to scale back funding where there are early signs of failure. As well as being better 'value for money' for UK aid, it also achieves real results. This is a message that should have resonance at both ministerial and senior management levels.

In this spirit, we recommend further actions in five areas:

1. *Build leadership vision and a supportive management culture:* The 2016 Bilateral Development Review commits DFID to 'a culture of learning and adaptive programming'. This needs to be backed by a well-communicated collective vision from the top. Ministers need to authorise and encourage senior managers – including Heads of Office – to turn adaptive working into more common practice. In making the case that doing development differently provides a coherent and credible basis for public spending on aid, DFID has much to learn from relevant innovation in private-sector leadership and management.

2. *Make adaptation more strategic:* These approaches should not be confined to individual programmes or projects. This misses opportunities for understanding how programmes work together or fail to do so, with major implications for results. The focus of high-level approval, monitoring and evaluation should shift to country (or regional) strategies and portfolios rather than individual projects, giving space for a mix of programmes that work together and lend coherence to the overall aid and development effort in a country.

3. *Move towards more 'adaptation by design':* DFID, and other agencies wanting to move in a similar direction, should develop greater shared clarity about the core principles for more purposefully adaptive programme design. Without reverting to excessive guidance, more active dissemination of examples would help staff make more structured choices about which specific applications (including results frameworks) are appropriate for a given problem, sector or portfolio.

4. *Streamline approval and procurement to manage uncertainty:* Programme approval processes should accept the premise that uncertainty is a feature of the reality of development, and not just the product of poor programme design. Designs should be criticised for lack of clarity about their aims and methods, but not for failing to deliver certainty. For agencies like DFID that work closely with contractors, a better dialogue is needed on what is required for managing and implementing these types of programmes. Alternative contracting models should be considered, including a more sophisticated interpretation of 'payment by results'.

5. *Find new ways to support locally led problem solving:* Without a strong element of leadership by well-placed and motivated domestic nationals, adaptive problem solving initiatives will lack the ability to navigate the formal and informal politics of change, and impacts will remain superficial. Given the well-known challenges of 'country ownership', greater and more innovative use of 'arm's length' support and new approaches to using third parties to facilitate reform coalitions, may be the most realistic option in many settings.

1. What is Doing Development Differently?

From time to time, policy ideas that have languished for years in the margins of public discussion move quite suddenly to the centre of practical policy debates. Radical reforms that have been dismissed in view of the scale of vested interests stacked against them, now seem relevant to all. New buzzwords acquire currency (Leighton and López, 2013). A recent example of this phenomenon is in the field of international development, with what is variably called 'problem-driven iterative adaptation' (PDIA) (Andrews et al., 2013), 'development entrepreneurship' (Faustino and Booth, 2014) or simply 'doing development differently' (DDD) (DDD, 2014).

A decade ago, few of these ideas had significant purchase on the policies and practices of large international development agencies or developing country governments. Today, several influential agencies, with the UK's Department for International Development (DFID) as one of the leaders, are committed to putting them into practice and have made some headway in doing so. These efforts are remarkable and deserve close attention to draw out important lessons that can be built upon in DFID, and applied elsewhere too. This report aims to contribute to the lesson-learning by summarising the results of the authors' engagement with reforms in DFID during 2015/2016. In this section, we explain:

- What is really different about what is being proposed;
- The reasons why this agenda is now gaining traction in DFID; and
- Our evidence base and the questions it allows us to address.

1.1. Doing Development Differently: what it is and what it entails

Doing Development Differently has its origins in two, complementary, observations about the development efforts of governments, donors and their implementing partners:

1. To a large and increasing extent, they are not about simple resource and knowledge transfers but about achieving change in *complex* economic, social and political systems. Complex systems comprise many interacting elements, and the elements themselves can learn, adapt and change over time, making the behaviour of the whole highly uncertain and unpredictable. In such systems, crucial cause-and-effect relationships are not just unknown but *cannot* be known in advance or made the bases of strategies of change (Ramalingam et al., 2008; Boulton et al., 2015).

2. Interventions that offer *ready-made* solutions to development problems (e.g. standards of institutional 'best practice') typically fail, and sometimes do real harm. This happens because as 'solutions', they are unrealistic on account of the unavoidable uncertainty of complex systems, but also because pre-fabricated formulas can harm motivations and 'ownership'. Ready-made solutions can, therefore, have the effect of weakening the incentive of *domestic* actors to work out ways of handling the problems they face.

One response to these challenges has been the *Doing Development Differently Manifesto*, a short list of basic principles developed by a network of development professionals that the Overseas Development Institute (ODI) helped to convene (Box 1).

Importantly, these principles are considered relevant to all areas of development policy and practice. Most of the complex challenges in development involve conflicts of interest and power, and thus politics – of the formal and informal kinds. For this reason, DDD ideas have been associated with phrases like 'thinking and working politically'.[1] Yet the DDD agenda is not about doing more 'governance' work, as traditionally conceived by donors – that is, supporting reform to political institutions, such as parliaments or political parties, or building better accountability systems. Nor is it only about supporting governments to implement policies or undertake reforms at the macro level. DDD is relevant to a whole range of actors – from national bureaucrats to community activists,

1. A 'Thinking and Working Politically' community of practice convened by the Developmental Leadership Program has held a series of events and discussions on these themes. For more, see: https://twpcommunity.org/.

Box 1. The Doing Development Differently Manifesto

Drawing on examples of development successes, this Manifesto identifies six principles for 'doing development differently':

- Focus on solving local problems that are debated, defined and refined by local people in an ongoing process
- Legitimise reform at all levels (political, managerial, social), building ownership and momentum throughout the process
- Work through local convenors who mobilise all those with a stake in progress
- Blend design and implementation through rapid cycles of planning, action, reflection and revision
- Manage risks by making 'small bets', pursuing activities with promise and dropping others
- Foster real results – real solutions to real problems that have real impact.

Source: http://doingdevelopmentdifferently.com/

and those in the private sector and beyond – whose activities influence, in one way or another, the quality of development outcomes. DDD principles provide a realistic way of gaining traction on a wide range of economic, social and political problems.

Some implications

While these ideas have a great variety of potential applications at many different levels, they have some core prerequisites that must be taken seriously. The first is the **importance of embracing fully the consequences of complexity**. This means accepting the following:

- Programmes (or portfolios of programmes) should have clear goals or objectives, in terms of their contribution to improved development outcomes, that are set out and agreed in advance.
- However, the means of achieving these goals – the activities and outputs, or what a given intervention commits to producing[2] – cannot be specified in similarly concrete terms. Instead, what needs to be clearly articulated at the outset is a structured process for testing and learning, to discover what will work best to achieve these aims, also known as 'learning by doing'.
- Using some of the new terminology that is gaining currency, DDD means assessing an intervention on how effectively it 'crawls the design space' (Pritchett et al., 2013) or uses 'rapid cycles' of learning and adaptation to evaluate plausible strategies to achieve change (Faustino and Booth, 2014; Ladner, 2015).

These sorts of programmes must, of course, deliver concrete results. But what exactly gets done, and by when, is open to change, based on the findings of the testing process, rather than on a detailed plan developed at the start of the programme. The focus shifts: instead of delivering activities determined at the outset, programmes should identify core needs, and test and demonstrate workable solutions.

Putting learning at the centre of programme design and performance management in this way (Valters et al., 2016) is fully consistent with the well-established professional field of rapid-cycle evaluation, sometimes called developmental evaluation (Patton, 2011; Hargreaves, 2014). It is radically different, however, from the 'results agenda' that has been dominant in many donor agencies over the last decade or more, and which commonly requires interventions to pre-specify all their outputs and activities up-front, in concrete and preferably quantified terms.

The second thing required by DDD is a practical way of supporting what we propose to call **locally-led problem solving**. The basic assumption here is that change is best led from within, and is weakened when it is externally-driven, purposely or otherwise. The emphasis is on avoiding both directly donor-driven approaches and 'isomorphic mimicry', where country actors emulate donor-preferred models and end up making only superficial changes that do not deal with the real issues (Pritchett et al., 2010). For donor agencies, this means putting some distance between the funds they provide and the actors in the driving seat of reform or change processes.

This should be possible. Until recently, the leading European donors committed to relinquishing control of development funds for the sake of country ownership by providing substantial volumes of direct budget support. There are also recent models of 'arm's length' aid, which seek to support country-owned problem solving without the previous emphasis on using government systems (Booth, 2013). Nevertheless, supporting this principle

2. This seems preferable to the OECD DAC definition of outputs, as 'The products, capital goods and services which result from a development intervention; may also include changes resulting from the intervention which are relevant to the achievement of outcomes' (OECD/DAC, 2009: 28). At least in the first part, the DAC definition has an unhelpful bias towards 'blueprint' programme design.

on a significant scale, without the simple device of budget support or direct financial aid, is one of the most challenging dimensions of the DDD agenda for an official development agency.

Do donors and implementers always need to 'do development differently'? If they are trying to support change in contexts that are uncertain or to address problems that are complex, because they involve changes in behaviour, incentives and interactions within a system, then yes. But this does not mean it needs to be reflected in all aspects of donor funding – and even within these contexts and problem areas, as we shall see in later sections, there is ample room for variation in how DDD is implemented: how 'problems' are defined, the meaning of 'local leadership' and the degree of flexibility required by adaptive management, among other things. In other words, we acknowledge that there may be a number of paths to doing things differently.

1.2. Why DFID, why now?

The ideas underpinning 'doing development differently' are not new. They had a substantial presence in the project management field of the 1980s and early 1990s, beginning with David Korten's (1980) plea for a 'learning process' approach. The literature of this period included several solid case studies showing how, in a context of uncertainty, 'blueprint' planning and monitoring leads to costly failures (Rondinelli, 1983; Therkildsen, 1988; Porter et al., 1991). This literature was concerned not only with the rigidity of planning approaches, but also with the institutional damage being done as a result of the proliferation of aid projects. In due course, addressing this second concern translated into an overriding preoccupation with country ownership of development efforts, producing among other things Sector-Wide Approaches, a preference for direct budget support and the Paris Declaration on Aid Effectiveness. In the process, interest in adaptive planning became less apparent.

This history provides at least part of the answer to why there is renewed interest in adaptive development. It is, among other things, a response to the retreat from budget support that has occurred over the last few years, and the return to donor country operations that consist of a portfolio of projects or programmes.

The other part of the answer is about the steady build-up of concern among some of the leaders of large development agencies about incentives and performance in their organisations. It is widely recognised that internal factors in development agencies – particularly spending pressures and the wrong kind of demand for accountability – can have negative effects on their ability to contribute to development impact. Former United States Agency for International Development (USAID) administrator Andrew Natsios, famously argued that the 'counter-bureaucracy' in USAID worked against good development practice, by reinforcing a narrow focus on compliance, bureaucratic checks and inappropriate measurement. This crowded out interest in real impact and what experienced practitioners knew about how best to support sustainable change (Natsios, 2010). Others (Ostrom and associates, 2002; Bain, 2016; Gulrajani and Honig, 2016; Vähämäki, 2015) have documented these types of concerns in other agencies.

Since DFID was established in 1997, it has been among the world's leading development agencies. In its first decade, the department played a major role in eliciting stronger international commitments to poverty reduction and aid effectiveness. Decentralisation of decision-making to country offices allowed it to set high standards of practice which influenced the whole field of development assistance. Since 2007, an enhanced focus on results, evidence and value for money in aid spending has been a central feature alongside efforts to exercise global leadership on issues like anti-corruption and governance reform.

In the years since 2007, the 'results agenda' has come to play a substantial role in shaping DFID's practice. It has involved the comprehensive use of multi-level quantitative targets as the basis for planning and monitoring interventions, and has become the central feature of political communications about the usefulness of aid (Valters, Whitty and Rabinowitz, forthcoming). A review by the Independent Commission on Aid Impact (ICAI, 2015) has suggested that this aspect of DFID practice may have fallen into the trap of creating a 'counter-bureaucracy', as in Natsios' critique of USAID, paying more attention to measurable quick wins than to sustained development impact.

In 2013, DFID undertook an internal exercise known as the End to End Review. Set up as a high-level response to some specific programme failures, it provided a bottom-up process through which staff were able to feed back experiences and perspectives on what was working well and less well within the organisation. The analytical process for the review was also part of a project that aimed to support DFID's use of 'complex systems' tools (Ramalingam et al., 2014). While not the first attempt by DFID to update its rules and procedures, the review usefully generated recommendations in a number of key areas: programme management needed to evolve, and would be assisted by simplified rules, reduced paperwork and streamlined processes; DFID programmes should become more responsive to changing conditions on the ground and improve their ability to commission and manage adaptive, flexible interventions; good programmes required collective responsibility and clear accountabilities; and changes in culture and behaviour were needed to support all of this (Vowles, 2013).

The End to End Review was followed up by a series of internal reforms. These included a substantial streamlining and simplification of corporate requirements, expressed in a condensed set of Smart Rules; programme governance arrangements centring on a new role of 'Senior Responsible Owner (SRO);[3] and investments in improving delivery, including greater attention to cross-agency learning and additional training. These reforms are in line with the spirit of doing development differently, and have provided a new platform for taking that agenda forward in DFID.

It is unclear whether this progress will continue in the current political climate. Since 2015, under the Conservative government, scepticism and scrutiny of the aid budget has increased. This could be healthy, if senior leadership in government and DFID recognise the value of these recent reforms for improving development results.

1.3. Our evidence base and questions

This report draws on a limited but important evidence base. It records findings and conclusions from an intensive period of engagement by a number of ODI staff with DFID internal processes over approximately one year. This engagement was supported by an accountable grant from DFID to ODI, part of which was tailored to supporting greater use of adaptive programming.

As part of this programme of work, ODI researchers have collaborated with DFID staff in a wide range of departments. including the Better Delivery Department, the Policy Division, the Research and Evidence Division, evaluation and results advisers, procurement staff, and others with responsibility for innovation. Country visits were undertaken to exchange experience and concerns with DFID offices and partners in Malawi, Rwanda, Tanzania and Nepal. Remote contacts were also established with a number of other country offices.

The ODI team has contributed to sessions on adaptive programming at the professional development conferences of various DFID cadres. It has led focused training exercises (e.g. for new cohorts of SROs). ODI have co-produced, with DFID staff, various briefings and notes, including a series of mini-case studies of DFID's existing adaptive programmes and a series of 'top tips' on how to commission and manage these types of programmes. We have had occasional meetings with members of senior management, regular interactions with an internal DFID Reference Group and informal discussions with representatives from across the department.

As we carried out this work, we documented our experiences and reflections. Obviously, these do not include robust assessments, still less impact evaluations, of any of the DFID initiatives and programmes that we discuss. We also focused on those programmes we felt were examples of a doing development differently approach, rather than looking at DFID's work as whole. In this respect, our evidence base is limited. However, the team were able to connect with staff in different parts of the organisation, both at the frontline of operations and those based at the centre. As such, we are able to answer a defined set of questions and to make some observations on how the DDD agenda is progressing. As part of our grant arrangement, DFID has given us permission to publish our experiences and perspectives in this report. Naturally, the report reflects only the views of the authors and must not be taken as representing any official perspectives by DFID.

The questions we aim to cover are:

- What is the current extent of 'doing development differently' in DFID?
- What has driven and shaped the innovation?
- What are the remaining areas in which action is needed?

In Section 2, we discuss the degree to which DFID at headquarters and in country offices and programmes have taken on board DDD-type ideas and principles. Section 3 provides our reflections on the way forward in light of those recent experiences, and Section 4 summarises our main ideas about next steps.

3. An SRO is, essentially, a more clearly identified programme leader who is granted greater 'empowered accountability'.

2. Doing Development Differently in DFID: the experience and its drivers

There is a history going back many years in some DFID country offices of support to agile or adaptive programmes. However, the pace of innovation is changing. Today, an increasing number of DFID procurement processes explicitly seek to commission flexible and adaptive and/or politically smart development initiatives, referencing such terms as PDIA, 'thinking and working politically' or adaptive programming.

In this section, we discuss:

- Which DFID programmes are changing and how?
- What are the common features across this range of experience?
- What factors are driving or enabling change?

2.1. Which DFID programmes are changing and how?

There is no specified format for 'doing development differently' in DFID. Rather, it has been left open to those designing programmes to determine which specific tools or methods to propose, constrained only by the relatively permissive framework of corporate requirements codified in the Smart Rules.

Therefore, the range of experience in applying these principles in DFID programmes in different sectors is diverse. At present, examples of innovative programming range from small, agile programmes focused on building and facilitating reform coalitions around a given issue or problem, to large sector programmes targeting system-level reforms (for instance, in education, or around private sector development). Some programmes operate effectively as 'portfolios', combining adaptive alongside more conventional elements. We touch on examples of each of these below.

In what follows, the aim is not to establish whether interventions have been successful on the ground, or what their lasting implications are likely to be. Except where in-depth case study work is cited, our views are based on reviewing Business Cases[4] and other documents, and conversations with relevant programme staff. It is also worth noting that DFID does not usually implement programmes directly, working instead through other agencies, contractors and sub-contractors. In all these respects, it should be taken into account that the authors' distance from the ground-level reality in reviewing these examples is sometimes substantial.

Governance and accountability programmes

Many DFID offices are working in complex environments and have therefore prioritised agile governance and accountability programmes – trying to support changes in political systems and accountability processes in a given country. Adaptive programmes in this context have been designed to address common criticisms of the dominant aid approaches in governance and public sector reform (Andrews, 2013; Fritz et al., 2015; Booth and Cammack, 2013). These criticisms frequently highlight the limitations of 'one size fits all' approaches that claim to know what solutions will work on the basis of experience elsewhere; promote reforms that lead to superficial changes rather than real improvements in performance; and overload already weak reform capabilities with unrealistic expectations (ibid.).

In this spirit, some programmes now aim to start with more realistic assumptions about how change happens – recognising, for instance, that political progress is often incremental and is achieved with difficulty, as a result of marginal shifts on how interests are perceived, particularly by elites (Wild et al., 2015). This is combined with approaches that are 'problem driven', which do not start with a standard prescription of what will work but instead

4. In 2011, DFID replaced the previous formats for programme proposals with the Business Case. All proposals for funding (of bilateral aid projects) had to explain the need, commercial justification and viability of the intervention following a 'five case' model developed by HM Treasury for use across government.


Attorneys at the Public Defender's Office in Monrovia © Bob Miller

involve deliberate experimentation, testing and learning to discover the right solutions or 'best fit'. There are now a growing number of well-known examples within DFID that have tried to work in this way, including the State Voice and Accountability Initiative (SAVI) in Nigeria (now in its second incarnation, as part of the Partnership to Engage, Reform and Learn, PERL, programme) and Pyoe Pin in Burma.

These programmes have made some useful innovations. They include an explicit, if loosely defined, commitment to 'do things differently', going against the grain of dominant aid approaches where they have been found lacking. In the **SAVI Nigeria** example, a key innovation was to 'take the money off the table', moving away from the common approach of providing grants to civil society organisations (CSOs) and instead focusing on facilitation, coaching and support. SAVI has sought to link CSOs with others (within government at different levels, regional parliaments and the media) in ways that shift incentives and avoid donor dependency (Booth and Chambers, 2013; Derbyshire et al., 2014). Both SAVI and Pyoe Pin provide useful examples of DFID's showing greater political awareness, not just by periodic injections of political context analysis, but with programme designs informed from the outset by awareness of the political economy. With these programmes, DFID have shown that worthwhile change is possible even in very challenging contexts, if politically smart methods of multi-stakeholder facilitation are adopted. Moreover, both programmes grew out of longer histories of programme innovation in both countries, and were able to import lessons from other sectors and projects too.

Subsequent phases of programming in Nigeria have been able to show more explicitly what this involves. The next phase of DFID Nigeria's governance and accountability programming, known as **PERL**, is now the largest governance programme of its kind (costing up to £100 million over five years). It includes the next iteration of SAVI alongside a number of other pillars. The Business Case advocated an approach based on 'problem-driven iterative adaptation', understood as requiring: a selective focus on issues with political traction, a clear understanding of the local political economy, a willingness to experiment with a variety of intervention approaches, well developed monitoring and evaluation systems, and strong management systems to adapt the programme design according to lessons learnt and the changing political context.[5] This programme is still at an early stage in its implementation but it clearly articulates the combination of being politically smart and adaptive.

5. See: https://devtracker.dfid.gov.uk/projects/GB-1-204822/documents

Support to economic growth and development

Innovation in the areas of economic development, markets and livelihoods has been prompted in different ways. On the one hand, efforts to grapple with the underlying institutional constraints to inclusive economic growth have generated interest in programme design informed by political economy. On the other hand, appreciation of complexity has been for some time a core driver of market systems approaches like 'making markets work for the poor'.

Many recent programmes start from the recognition that fundamental institutional constraints need to be addressed if economic growth is to be sustained and turned into real transformation.[6] Experience here includes the recently concluded **Facility for Oil Sector Transparency** (**FOSTER**) in Nigeria, which is now moving into its second phase, and the **Centre for Inclusive Growth** (**CIG**) in Nepal. FOSTER was a £14 million programme that aimed to promote transparency and accountability in Nigeria's petroleum sector. It combined technical expertise with a deep understanding of the political economy of the sector, using long-term partnerships to strengthen institutions, laws and policies as well as providing opportunistic support to capitalise on emerging windows of reform. It helped recoup over £300 million of Nigeria's public funds, influenced major legislation and has begun to tackle the problem of illegal gas flaring (Booth, 2016). CIG in Nepal was concerned with the country's huge untapped hydropower potential and was focused on how to secure foreign direct investment in spite of Nepal's history of political instability and other governance challenges. It helped to broker and negotiate hydropower deals including agreement on a potential foreign direct investment of $2 billion (ibid.).

A related example is **Legal Assistance for Economic Reform** (**LASER**), a £4.3 million programme over three years that aims to improve the investment climate in developing countries by helping governments identify and solve commercial law and justice problems. LASER has worked in Kenya, Rwanda, Sierra Leone, Somaliland and Uganda; and in more light touch ways in Burma, Bangladesh and Tanzania. Its design again reflects recognition that investment climate and institutional reform efforts have often failed to foster competitive markets, growth and jobs. It adopts problem-driven approaches, which identify specific constraints in these areas and test out a range of solutions.

Programmes such as FOSTER, CIG and LASER share several features:

1. They aim for a 'tangible' outcome such as better channelling of oil revenues or securing a particular investment deal. For these programmes, releasing these specific constraints is not only key to unblocking transformative economic processes; it also has useful demonstration effects that can trigger improvements in government performance in other areas (Booth, 2016).
2. These programmes illustrate the connection between being politically smart and being flexible and adaptive. On the one hand, being politically smart means being able to respond quickly to new opportunities or to signs that windows of reform are closing. On the other hand, it means being able to operate within complex systems, with multiple actors and incentives, where it is not easy to predict in advance exactly how the parts of a system will respond, requiring a strong focus on testing and learning.

As in the governance field, subsequent phases of the programmes mentioned above have recently been commissioned. And the design documents are increasingly explicit in seeking an approach that incentivises testing and learning in order to address particular institutional constraints to progress in economic development.

Prefabrication yard, Nigeria © Christiano Zingale

6. In many developing countries, political stability is often secured in ways that reinforce rather than address these constraints – for instance, by preventing the state from making credible commitments (including to potential investors), investing insufficiently in public goods (crucial to making private enterprise profitable) or undermining the ability to facilitate coordinated investments (Sen, 2013; Booth, 2016).

Private sector and market development

Frameworks such as **Making Markets Work for the Poor (M4P)** (DFID and SDC, 2008) and the outputs of the Donor Committee for Enterprise Development (DCED, 2015) emphasise disciplined 'learning by doing' approaches too. These draw on complexity science – a collection of ideas and concepts that stress understanding of complex systems with interconnected and interdependent elements, where feedback processes both promote and inhibit change, and system characteristics and behaviours emerge from the interaction of these different elements (Ramalingam et al., 2008). They also draw on systems thinking, a related area but with some differences. Systems thinking gives greater emphasis to dominant rules, and rule-based learning and control within a system, whereas complexity science puts more emphasis on unpredictability, self-organisation or agency within systems (ibid.).

DFID programmes have reflected these ideas in a number of ways. First, DFID has invested in a number of programmes that implement market systems (including M4P) approaches. For these programmes, economic poverty is recognised as resulting from the structure of market systems. Thus, M4P aims to analyse and influence market systems and facilitate changes in behaviour to improve target markets and create conditions for these markets to be continuously strengthened, even after the intervention has ended.

Recommended methods emphasise a facilitative role (i.e. acting as a catalyst to stimulate but not displace market functions or players), based on a strong understanding of how a particular system functions (DFID, 2013). Given the unpredictable nature of change processes, an experimental and adaptive approach is also stressed (ibid.). Operational guidance, produced by DFID and Swiss Agency for Development and Cooperation (SDC), deals with how relevant results measurement can be achieved, employing different methods on a case-by-case basis to capture, interpret and act on information to support adaptation (DFID and SDC, 2008). These principles are supported by the DCED Standards for results measurement, which provide programmes working in complex market systems with a common approach to results measurement. As of January 2017, DFID was involved in 28 market systems programmes, worth a total of £842.8 million over their lifetime.


Owino Market in Kampala, Uganda © Jane Stimpson

There have been more limited, and more experimental, attempts to apply complexity thinking to private sector development. The most prominent example for DFID is its **Private Sector Development programme in the Democratic Republic of Congo (DRC)**. Reaching £100 million over up to 10 years, this is one of the first major programmes for which complex systems thinking has been explicitly used at the design and approval stages. It supports a portfolio of projects, including an M4P component, a flexible funding facility, support for harmonised business laws in the region and access to finance, as well as a decision support unit to generate evidence and verify results.

To prepare the Business Case, workshops were facilitated by an external expert in complexity (Ramalingam et al., 2014; Ramalingam, 2013). Private sector development was identified as being inherently complex, with a number of idiosyncratic and interrelated features that were both causes and effects of DRC's underdeveloped economy. At the same time, the overall operating environment of DRC itself was seen as complex, with system-wide behaviours emerging unpredictably from interactions between different groups inside and outside the state (ibid.). Tackling any one of these problems in isolation was unlikely to unlock private sector development; the system as a whole needed to change. However, it was impossible to fully know in advance how to foster this type of change (Ramalingam et al., 2014).

The Business Case therefore set out a non-linear approach to achieve change through multiple components. The design was strong on outlining governance arrangements and defining key decision triggers and processes consistent with a relatively open-ended design. Feedback from those involved in implementation recognises that the design was helpful in keeping open numerous potential avenues for support. In this respect, flexibility and openness benefited the programme, but DFID and the implementers had to work hard to clarify issues and agree boundaries as the programme progressed through its initial stages.

Arguably, applications of these market systems approaches have, in some cases, been stronger in addressing technical market failures than in dealing with underlying political and governance blockages (e.g. Booth and Golooba-Mutebi, 2015). They may also be less applicable to the higher level interventions needed to shift overall patterns of investment and growth. Nonetheless, it remains that these experiences exemplify some of the same principles at work.

Strengthening service delivery systems

A notable area of DFID investment is basic service delivery. There is a small, but growing, number of examples of service delivery programmes that take a fairly explicit systems approach and have built adaptation and learning into their design. One example that ODI has been able to track is the second phase of a **Rural Water Supply and Sanitation Programme in Tanzania**, which provides up to £150 million over five years to increase access to clean water and improved sanitation, part of DFID's Testing What Works initiative.

The design for this programme started from the acknowledgement that donors and governments have been trying with limited success to improve rural water supply by financing its construction. Results have been hampered by low sustainability and lack of maintenance of infrastructure. Consequently, the DFID Business Case expressed the need to try something new, including testing how effective payment by results (to district authorities) might be for generating new incentives and measurable improvements in rural water supply and sanitation. For instance, would it encourage district authorities to prioritise maintenance over the creation of new infrastructure? The programme includes both 'standard' support to the provision of new infrastructure (which is linear, pre-planned and uses well-understood technologies) and an explicitly adaptive element to test complementary measures.

The Testing What Works initiative is a programme led by DFID's evaluation department. It aims to encourage adaptive programming within DFID, by helping programmes incorporate high-quality evaluation and research which purposefully tests the effectiveness of their approach. Programmes then aim to adapt their activities based on evidence, which strengthens their ability to achieve results.

Experience in implementing the Tanzania programme has highlighted the increasing need to engage with the realities of decision-making at different levels of government, and come to terms with the underlying political constraints that seem to shape district-level performance. Over time, the programme is shifting towards greater testing of different approaches that can help address these constraints, relying less exclusively on the expected incentive effects of payment by results.

Another programme that has integrated adaptive principles into a system-level approach is the **Education Quality Improvement Programme (EQUIP-T)**, again in Tanzania. This programme is for approximately £52 million over five years, and aims to support better learning outcomes at basic education level, covering a quarter of Tanzania. The Business Case focuses explicitly on a 'complex' problem – namely that despite rapid expansion in the number of children attending school, quality remains a major issue, as do geographical and gender inequalities. It points to a number of political economy realities that impact on these trends, including resources that are not allocated evenly, systems that exist but do not always function, and poor management and lack of accountability for under-performance throughout the system.

Primary school in Iringa, Tanzania © Camfed 2008

Against this background, EQUIP-T aims to work on systems and processes within the education sector and on developing an evidence base on how sustainable improvements in quality can be made. This calls for a strong focus on managing complexity and learning by doing. Reflecting the decentralised nature of the Tanzanian education system, the programme is designed to work 'with the grain' at sub-national levels.

These types of programmes are still fairly new for DFID, and the evidence on how well they are working is still emerging. However, a number of new programmes are currently under design in service delivery sectors, confirming this as a growth area in the future. Preliminary analysis suggests that 'learning by doing' elements have been incorporated in these new programmes, but that this is not always done in ways that enable specific testing of hypotheses about possible causal mechanisms. Although, as mentioned, the Tanzania water programme is moving in the right direction in this respect, feedback from those involved in new programmes suggest that in practice, results frameworks are not always sufficiently attentive to learning processes. It has also been challenging for DFID to find suppliers who are well equipped to work in this way in some cases.

Court in Port Loko District, Sierra Leone © UNICEF Sierra Leone

Conflict, security and justice

DFID is increasingly focused on what they call 'fragile states and regions', with the government committing over 50% of aid spending to these places in the UK Aid Strategy (2015). The notion of 'doing development differently' might be thought particularly appropriate to interventions in conflict-affected places, given highly uncertain change processes and the paucity of evidence around effective conflict prevention and resolution (Cramer et al., 2016; Carayannis et al., 2014).

Despite the gradual but persistent shift of resources to conflict-affected countries, it is unclear that much headway has been made in applying flexible or adaptive approaches in these contexts. An ICAI (2015: 1) review of DFID's security and justice interventions, for example, found 'the repetition of a standard set of interventions across very different country contexts … [concluding that] DFID does not have an active learning approach to the portfolio and is repeating approaches with a poor track record of results'.

Applying adaptive working is complicated by the strong cross-departmental push in this area of work, which requires DFID, the Foreign and Commonwealth Office (FCO) and the Ministry of Defence (MoD) to develop shared language, objectives and strategies. There are risks that consensus across government is more likely to be achieved by falling back on standard 'train and equip' programmes, for instance around security and justice sector reform, than by innovating with adaptive and learning approaches (Denney and Valters, 2015).

DFID had supported a series of **Programme Partnership Arrangements (PPAs)**, which were intended to be relatively long-term, flexible arrangements with civil society organisations with expertise in key areas. Some of these arrangements had a focus on conflict, security and humanitarian issues, and allowed some programmes to be explicitly flexible in approach. For example, The Asia Foundation (TAF) in Nepal built on their existing community dispute-resolution work to establish new sub-national conflict resolution forums, which helped to manage tensions as new federal boundaries were negotiated. Similarly, PPA funding for TAF's Philippines office allowed local civil society groups to respond quickly to and mitigate active clan conflicts (*rido*) in Mindanao (Valters, 2016). As a modality of support, however, PPAs have since come to an end, reflecting a concern that these arrangements in general were used too loosely and without a clear line of sight to results, as well as a government preference for promoting competition among implementers (DFID, 2016a).

Areas of active conflict demand a particularly nimble approach to humanitarian assistance too. DFID co-funds a South and Central Syria Programme, which supports local civil society groups to respond to changing humanitarian needs on the ground.[7] The implementers of this programme, Mercy Corps, have agreed a notification

7. DFID provided an $11m grant from July 2014 to June 2016 for food assistance, WASH, NFIs and livelihoods; OFDA provided a $3.5m grant for WASH and NFIs; and DFATD provided a $1.4m grant covering child protection and education.

rather than approval process for working with new partners, and they are offering sub-grants, which rapidly reduces the scope for onerous procurement processes that hold up assistance (Mercy Corps and IRC, 2016). DFID has also provided initial support to the Humanitarian Innovation Fund, which provides grants for projects, research and partnership-building. This is promoting approaches to humanitarian assistance that have strong affinities with adaptive management (Obrecht and Warner, 2016). However, to date there are fewer examples than one might expect of this sort of innovation given the clear necessity of doing development differently in relation to conflict, security and justice.

Gender equality

In recent years, there has been a considerable level of ministerial support for programmes focused on gender equality and 'women and girls'. There are a small number of DFID programmes in this area which explicitly take adaptive approaches. We detail two here, drawing on O'Neil (2016).

The first is **Voices for Change,** a £39 million programme being implemented by Palladium, Social Development Direct, Women's Rights Advancement and Protection Alternatives, and Itad in Nigeria. The aim of the project is to change discriminatory social norms, which inhibit women's empowerment. The project looks at change over a 20-year period, with the first four years (2013-2017) being used to test various programme approaches. The inception year was used to help define the problem(s) as they relate to women, such as violence, leadership and decision-making. It aims to be locally-led, through working with existing groups, who can sustain themselves after the project ends. Implementers are encouraged to 'fail fast and scale fast'. The output and outcome level indicators are changed as necessary, alongside using multiple forms of informal and formal information to test what is working, where and why.

The second is **Ligada** ('connected' in Portuguese), a £14 million female economic empowerment programme in Mozambique running from 2015-2019. The Oxford Policy Management (OPM)-led consortium sought to embed a testing and learning approach. As such, activities were not specified in the inception phase. Rather, the time was used to define the scope of the problem. There were some predefined pillars under which activities were to take place, but these were broad enough to leave room for manoeuvre. The Ligada management team directly involved themselves in research, in order to integrate findings into programme decisions in the future. The team is now trying to use M&E data in ways that help them learn and adapt – to make better programme decisions. This includes regular beneficiary assessments (rather than big impact evaluations), small surveys, and frequent reviews of their theory of change (O'Neil 2016).

Gender programmes have a tendency to fall back on 'best practice' rather than 'best fit' or locally-appropriate approaches. The examples discussed above demonstrate this is not necessary, nor always the case. A broad focus on a gender issue (such as women's economic empowerment) can create the space to drill-down to specific problem areas. The Voices for Change programme's 20-year timeframe highlights that change in the social norms around gender equality will take time, and progress is not assured. Yet this reinforces the importance of finding ways to focus on specific areas in which it might be possible to get traction, ideally through existing coalitions.

Both of these programmes have tried to embed regular testing and learning. However, on the whole, it remains rare for gender-related programmes to 'use structured experimentation to test different possible ways of empowering women and girls and to adapt their approach based on learning about which programme activities work more or less well' (O'Neil 2016: 30).

Adaptive and gender programming have much to learn from each other (Moyle 2015). On the one hand, weak attempts by major donors and implementers at gender mainstreaming highlight the need for a more problem-driven, politically-smart and adaptive approach. On the other, feminist understandings of power and inequality can bring different lenses to the political economy analysis commonly used by adaptive programming advocates. These lenses can also be turned inward on the aid industry, to ensure that adaptive approaches do not in practice reinforce or reproduce structural inequalities – but challenge them (O'Neil 2016).

Women's rally, Kenya © Anique

2.2. Some commonalities across the range

While DFID's experience remains varied, and in important respects uneven, there does seem to be growing momentum around elements of doing development differently across a variety of sectors. In many of the areas surveyed above, previously standard approaches have been found wanting. Building on this, there is a common emphasis on becoming more problem driven and on identifying specific constraints that, if unlocked, could lead to broad-based development results, whether in governance, economic development, education or sanitation. A number of the more innovative designs also place strong emphasis on facilitation roles – the need for the programme to act as a convenor, broker, or catalyst for change rather than as a 'deliverer' of core services or of change processes themselves. The attention to becoming problem driven and acting as facilitators or convenors of reform is underpinned by a shared recognition that blueprint or template approaches are unlikely to work when faced with high levels of complexity.

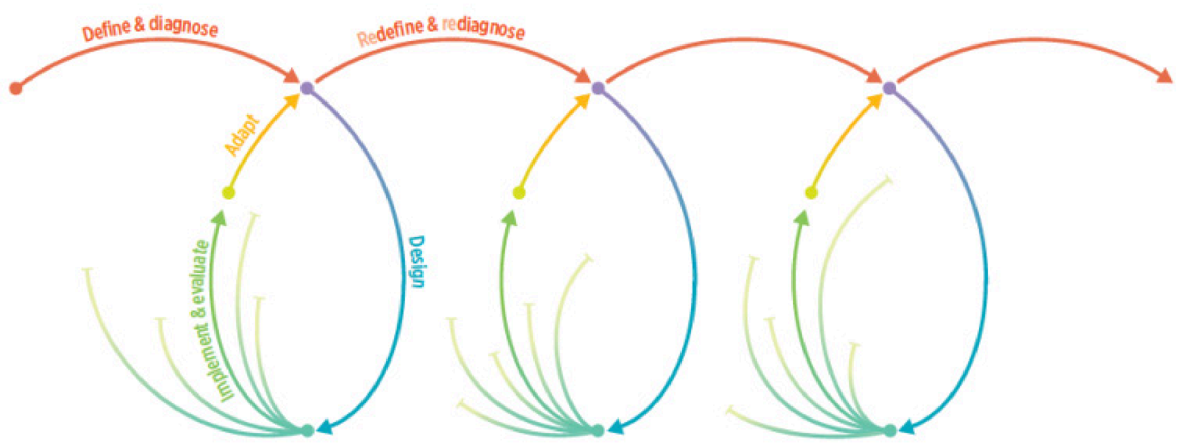
A number of the examples reviewed place emphasis on being 'politically smart' in some way, which is also a core underlying element of these principles. There is evidence that the DFID programmes that combine political economy insights with a flexible and adaptive approach are the ones that achieve real results, as some of the examples from Nigeria and Nepal show (Booth, 2016). The way political economy analysis is drawn upon in these programmes differs from the conventional approach. Often there is an in-depth analysis at the beginning, as part of the inception period, but this can be primarily an exercise in due diligence. After that, a much bigger focus is on what has been called 'everyday political analysis' (Hudson et al., 2016). This involves fairly light touch but structured and on-going questioning of some core concepts (What are peoples' incentives? What space and capacity do people have to build change?).

Another core element of DDD is the emphasis on testing and learning – blending design and implementation through a series of rapid cycles of planning, action and review, with scope to change direction or alter future activities based on what is learnt (see Figure 1, drawn from the World Bank's 2015 World Development Report). Here, the DFID experience so far is more mixed. To date, it seems to have been easier for staff to build-in an ability to respond to changes in context, than to set out an approach that commits to purposeful experimentation or 'learning by doing'. We discuss the implications of this observation in Section 3.

Finally, one of the key DDD principles is the idea that change should be locally led. Here again, there are more mixed signs of progress. On the one hand, DFID's TradeMark East Africa (TMEA) is widely acknowledged as a major success story of 'arm's length' aid, having significantly contributed to development prospects in one African region by addressing specific barriers in close partnership with regional and national actors (Booth, 2013). In Nepal and Nigeria, actions on key economic development issues have been supported in ways that have facilitated the search for solutions by country actors (Booth, 2016). In Nigeria, the SAVI programme has shown how it is possible to reverse the classic pattern of donor relations with national and local non-governmental organisations (NGOs) by 'taking the money off the table' and adopting a more facilitative stance (Derbyshire and Mwamba, 2013).

On the other hand, informal feedback and the authors' own observations suggest that the space for genuine 'locally led' reform initiatives can be significantly constrained by the requirements of funding modalities, the perceived need for control and accountability to DFID, and

Figure 1. The rapid cycles of planning, action and review



Source: World Bank's 2015 World Development Report by the types of implementing partners DFID commonly funds. This reflects a much bigger set of tensions around 'ownership', which has been a core principle of aid effectiveness for decades but a challenging one, since in practice those providing funding have great difficulty in handing over control of its use.

This generally encouraging overview does not imply that, in the near future, all DFID programmes will reflect the new thinking, and the examples here reflect on a small sample of DFID support. It is most likely that a significant body of DFID support will continue to follow more conventional, blueprint-planning approaches where a linear theory of change is set out and standard inputs are delivered. In some contexts, and for some purposes, this may indeed be the appropriate response. However, particularly in some or the more challenging country contexts (for example, pre 2010 Burma, DRC or Nigeria) and in sectors where standard approaches to change in complex systems have been failing for some time, a body of innovative practice already exists.

2.3. Drivers and enablers

Some of the driving forces behind these innovations are specific to countries and sectors of work. But others involve aspects of the enabling environment, falling under the two headings of people and processes.

People

Within a fairly decentralised system, DFID programmes can be significantly shaped by the people designing them and their immediate superiors, especially Heads of Office. What is striking about the examples reviewed here is that they cluster around a set of recurring country contexts – including Nigeria, Nepal, DRC and Tanzania. What has driven experimentation in these country offices? Both the nature of the context and the people in each office seem to matter.

Several of these countries – including Nigeria, Nepal and DRC – epitomise challenging contexts where there are many perverse incentives in play and a good deal of volatility. Here, conventional, linear support is unlikely to be effective. Others, such as Tanzania, are country contexts which are 'stuck' – less unpredictable or fluid than the conflict-affected contexts, but countries where elites are not particularly motivated to deliver for their citizens and there is a long history of development support achieving mixed or poor results (Cooksey and Kelsall, 2011; Whitfield et al., 2015).

Analysis from elsewhere suggests that these challenging settings can be the most likely to attract 'mavericks' – those who are willing to accept higher levels of risk, to experiment and try new approaches (Bain, 2016). Certainly, some staff in those offices have been pioneers of imaginative programming that has had important successes. In several cases, they took their attitudes and learning with them when they moved to other country offices – for example, a number of experienced governance advisers from the Nigeria office have gone on to apply lessons in other countries, such as Burma, Bangladesh and DRC. The leadership at country-office level matters too – the level of openness of a DFID country head, and their willingness to support a country portfolio that has a mix of risk profiles and levels of experimentation can be significant.

In general, findings from ODI participation in various meetings and trainings suggest that DFID staff usually do not need to be convinced of the rationale for adaptive programming. Rather, they often lack confidence and/or are unsure about how to do it well and, most importantly, question whether the incentive structures exist to really support adaptive programming – which brings us to processes.

Processes

A few years ago, a project that looked to pilot complexity-inspired tools and principles found that processes within DFID at that time worked against their substantive adoption. It highlighted that existing management processes took a 'one size fits all' approach, with an emphasis on *ex-ante* design and control, which did not incentivise adaptation and learning (Ramalingam et al., 2014). Since then, as noted in Section 1, a number of internal reforms have taken place. By distilling DFID's corporate requirements down to their essentials, the Smart Rules promote more 'empowered accountability' for programme leads and encourage a focus on managing risk in calculated ways rather than on the basis of mere compliance. DFID staff in general report that this change of emphasis is viewed positively, creating more space to work in innovative ways, while giving staff some confidence that they will not be acting in contravention of rules if they design programmes that are set up for trial and error. Some of these types of programmes (including several of those discussed above) are now being actively championed by staff working in procurement, in evaluation and at some leadership levels.

Changes in particular processes and procedures have helped this agenda to travel within DFID. First, the preparation of Business Cases has been made a lighter-touch procedure. It remains the case that programmes costing above £5 million – the majority – require ministerial approval. However, the detailed annexes that were required by previous formats are no longer compulsory. The lengthy and complicated programme design process that had made the organisation inward-looking and not always very realistic about what could be achieved (ICAI, 2015) have been made less daunting.

Second, a new instrument, Country Poverty Reduction Diagnostics (CPRDs), was developed by the Chief Economist's Office in collaboration with Policy Division, to provide a better framing for Business Cases at the country level. In each DFID country office, CPRDs are expected to set out how economic, political and social institutions interact and what this means for efforts to reduce poverty. CPRDs were mandatory in the 2013 Resource Allocation Round, and were updated in the 2015 Round. Many country offices also undertake a multi-disciplinary Inclusive Growth Diagnostic (IGD). While the CPRD and IGD formats contain no particular bias in favour of adaptive, locally led or politically smart programming, they do encourage joined-up consideration of the complexities of change at the country level.

These changes in rules and procedures have made innovative programmes more permissible. So, it is no longer the case that these programmes happen despite corporate processes. On the other hand, informal incentives can still pull in a different direction and the changes so far have not provided much positive guidance on how to do these types of programme well. In this area, ODI's work with DFID has sought to be supportive, including documenting short case studies and sharing 'top tips' based on the ways existing programmes were developed, from design and procurement, to delivery and results. In Section 3, we look at what will be required to take DFID investment in these approaches to the next level, and to really embed them within the department's ways of working.

3. Reflections and way forward

A good deal has happened in a few short years to make DFID more capable of embracing doing development differently approaches.[8] However, since much of the innovation in programming is fairly recent, there is still ample room for underlying processes and incentives, including management and leadership cultures, to become more supportive. What is certain is that further efforts will be needed before these approaches become part of the 'DNA' of the department.

In this section, we discuss five areas where more can be done to extend and consolidate current efforts:

1. The meaning of adaptive management
2. Approval and procurement challenges
3. Operationalising locally led problem solving
4. Making adaptation more strategic
5. Leadership, management and organisational culture.

3.1. The meaning of adaptive management

In Section 2, we noted that DFID has not attempted to specify an approved approach for 'doing development differently' or for undertaking adaptive programming. Instead, the method has been to clarify, with the Smart Rules, the room for innovation by SROs, and then to allow new programming approaches to emerge. We also observed that there has been limited progress towards establishing programmes that are committed to experimentation and 'learning by doing' from the start, as distinct from building in flexibility to respond to changes in circumstances during implementation.

Towards adaptiveness by design

At present, there are few examples of adaptive techniques being used to experiment and test out different approaches as a core part of programme management. Various evaluations and reviews of market systems work, for instance, have highlighted that these approaches in practice still rely on fairly linear results frameworks and have been relatively weak in carrying out purposive testing of hypotheses and theories of change (DFID, 2013; Byrne et al., 2016).

The aim within DFID – especially in the Better Delivery Department, which has been championing this agenda – has been progressively to increase the number of programmes that are adaptive or experimental 'by design' rather than 'by default'. However, as DFID's experience with adaptive programming reaches a certain level of maturity, it is useful to reflect on whether the *ad hoc* approach – allowing space for multiple interpretations of adaptive programming and largely unguided choices about which models and tools to use – is still appropriate.

Currently, for programmes that DFID staff have identified as needing to be flexible and adaptive in some way, the precise meaning of this design feature is typically left open at the Business Case stage. Business Cases are expected to appraise a set of options for tackling a development challenge, and then conclude on which option looks most promising. The Cases reviewed by ODI (all available online through DFID's development tracker portal) do review a range of options, of which a flexible or adaptive intervention is often one, but they do not appraise different types or styles of flexible/adaptive programme design. Business Cases should probably not be expected to go into great detail on this in advance of the procurement and inception phases, but it might be helpful for them to be explicit about the availability of alternative models and the need for choices about how to operationalise the concept of adaptive programming.

Along the same lines, the current set of Smart Rules permits greater use of innovative approaches (for instance, stating that a logframe is not required, as long as a sufficient results framework is provided). In the future, it might be useful to supplement this with more positive guidance on the range of available models of adaptive working, to help structure choices on which is most appropriate for a given problem, sector or programme. Greater ongoing support and guidance on how to do adaptive management well would also be helpful.

8. Interestingly, the Bilateral Development Review states 'We recognise getting good quality feedback, and using it to inform decision-making requires a flexible way of working, a culture of learning and adaptive programming' (DFID, 2016b).

Towards better monitoring

Similar issues are posed by current approaches to monitoring and evaluating programme performance. In general, it is still relatively rare for programme designs to be firmer about the outcomes they wish to see than about the proposed means of getting them. We have very few well documented examples of programmes that, recognising the implications of complexity, pre-specify *only* an outcome-level contribution and a robust rapid-cycle evaluation *process* at the output level.

Some programmes have sought to give a central place to learning and adaptation while continuing to pre-specify activities and outputs, either by allowing these to be regularly revised or by presenting them as a menu of options, with a commitment to deliver only a specified proportion. Exemplifying the first of these options, the SAVI programme has reported that its logframe changed 14 times during its first phase of programming.

It may be useful to allow scope for results frameworks to be revised as a programme learns. However, this kind of flexibility does not guarantee that learning will be put at the centre of programme monitoring. It falls short of building monitoring around recognition of uncertainty and the purposeful testing of different strategies to achieve a given (fixed) outcome. Compromising on this can encourage a continued focus on compliance with plans. It can undermine incentives to stop support if there are early signs that an intervention is not performing as it should. It can mean that implementers continue to feel they are going to be rewarded for whether they have stuck to their plans, rather than for whether they are learning enough about how to achieve programme goals.

Greater shared clarity on how to operationalise these ways of working will happen in due course. In the meantime, there is more to be done to disseminate examples that demonstrate how things can be done differently. For example, it can be shown that it is possible to use logframes and other planning frameworks in ways that support programme learning. An example of an adaptive logframe is given as Annex 1. It sets out a set of clear objectives at the outcome level, and focuses monitoring of outputs on the quality of the agreed rapid-cycle learning process. This process itself generates the needed markers of when and how the outcome-level objectives are likely to be met.

3.2. Approval and procurement challenges

Developing more consistency and knowledge around different models or examples of good practice for these types of programmes needs to be reinforced by supportive approval and procurement arrangements. Current experience suggests there can still be blockages around these processes.

Certainty and process

First, our conversations with staff about Business Case approval processes signal that programme designs are still expected to provide a relatively high level of certainty in order to secure approval. In some cases, there will be justifiable criticism that the programme design has not been well thought through. These types of programmes should certainly be very clear, even at design stage, about the kind of outcomes they are aiming for. They should be built upon solid evidence indicating that the outcome selection is technically sound and politically feasible. They should outline a clear process for how they will test, learn and iterate to discover how best to contribute to the selected outcomes. However, even when these conditions are fully met, staff can still find it hard to secure approval for programmes that are perceived to be risky because they do not provide 'certainty'. This kind of objection needs to become less common, through recognition that setting out a process for how to manage risk and uncertainty helps to reduce – rather than increase – that risk (and that it will be riskier to assume certainty where there is none).

Second, centring monitoring and progress reviews on a process of learning may be resisted for a number of reasons. Commercial service providers have an interest in a predictable flow of funds, which leads them to prefer outputs and indicators that are concrete and can be relied upon as disbursement triggers. Satisfactory completion of a rapid learning cycle can, in principle, be a reliable trigger so long as implementation is of the expected quality. However, in view of the lack of documented examples of this kind of practice, caution will dictate a preference for more concrete outputs.

This reluctance to embrace a rapid cycle learning approach may be reinforced by the way the results chain of development is still often conceived, which conveys a strong bias against the notion that a process, such as a learning cycle, could be considered a legitimate output. Although under the Smart Rules, DFID programmes are not required to have logframes, there has been no equivalent authorisation to abandon the general concept of the 'results chain' that has underpinned thinking about programme monitoring in recent years. In typical depictions of a results chain (e.g. in DFID, 2011), processes are situated near the bottom (just above 'inputs' and equivalent to 'activities'). Thus, by definition a process cannot be an output, even if the process in question is the main thing that the programme is designed to deliver. There are different views as to how influential this 'results chain' concept currently is, but at least for some, it can mean that monitoring plans with a robust strategy-testing or rapid-cycle evaluation process at their centre are not seen as defensible.

Procurement

In our experience, procurement staff can be among the champions of innovative programme design, despite common perceptions to the contrary. Procurement processes are often blamed for setting up barriers to flexible and adaptive programmes but our review does not support this conclusion. Adaptive, learning-orientated programming can actually align well with the cutting edge of procurement theory and practice (see Box 2), although this does not mean the implementation is straightforward.

Difficulties seem to arise particularly when inconsistent contracting and payment options are selected, or when programme staff lack confidence and therefore seek to commission flexible and adaptive programmes while also maintaining a conventional level of control. In general, procurement staff find themselves in the same position as programme advisors: open to trying a different way of working but lacking the confidence or a clear signal from leadership that would convince them to embrace it fully. They are also short of examples from other programmes of contracts and funding agreements that have created the right incentives for implementers to learn and adapt.

Insights from the experience of the technology sector, where principles of 'agile' or 'adaptive' technology development are fairly well established, highlight a number of related principles for how to contract (Bernstein, 2015). These are relevant to the idea of 'relational contracts', as they stress – among other elements – that an adaptive programme will require more continuous and close involvement between both sides from the start (rather than the classic model where a funder hands over what is contracted, and only interacts if there is a problem).

Recent efforts to reform procurement processes have tended to focus on Payment by Results (PbR). One rationale for moving to supplier contracts based on 'results', rather than inputs or activities, is that this gives service providers greater freedom to discover how best to achieve the agreed outcomes. Arguably, this is in the same spirit as adaptive programming, as noted in Box 2. However, experience in practice seems to be mixed. Many such contracts have ended with a hybrid approach, where a proportion of the payment to the provider has been made against outputs or outcomes, but the remainder continues to be paid against pre-specified activities, narrowing the space for real experimentation. There are also fears that payment by results may have reduced levels of ambition, as suppliers in practice only agree to payment triggers they know they can achieve. A more in-depth review is needed of the experience with PbR for adaptive programmes, to understand how to ensure it builds the right incentives.

Service providers

Clearly, whether or not programmes are genuinely doing development differently depends on who is implementing them. Service providers or implementing partners need teams and staffing with the right capacities, skills and experience to be able to manage programmes in new ways. This might require teams who are politically savvy, including in ways sensitive to gender inequalities (O'Neil 2016). Anecdotally, we observe that some nominally adaptive programmes are not being implemented by people and teams with sufficient expertise, or the necessary political networks and skills, to be able to act in the required ways.

Box 2. Contracts for adaptive programming

Adaptive programming is not incompatible with acceptable contracting and procurement procedures. In fact, the latest theory and practice is in line with these ideas. Bryan and Carter (2016) suggest lessons from contract theory for practitioners of adaptive programming. They define an adaptive contract as one that encourages experimentation, learning and adaptation – and flag that this is increasingly common practice in many commercial sectors, although not without its challenges in implementation there too.

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. This contrasts with a typical contract for a traditional development project, which is static and simply specifies how much will be paid for delivering pre-specified actions or outputs. Flexible planning may draw on more 'relational' models of contracting – that is, defining the parameters and terms of the relationship, rather than pre-specifying all the deliverables, which is possible when there is a history or track record of past funding.

Bryan and Carter also find that adaptive programming can be problematic for contracts. Since aid agencies commissioning the services of contractors cannot always know what actually happens during implementation, service providers may not genuinely experiment or may indeed, conceal the results if it is in their interest to do so. Bryan and Carter reflect on different ways to overcome these potential challenges, including Payment by Results (PbR), as long as payments are made for future success rather than early on. Another is to offer a menu of contracts to sort between different suppliers, where those with lower ability choose lower-rewards, lower-risk contracts and those with higher ability choose potentially more lucrative contracts that impose a greater penalty for failure.

This is not necessarily their fault. DFID is now sending out some market signals that they want to increase their investment in these types of programmes. Yet based upon our conversations with suppliers during country office visits and other engagements, we find that implementers of different kinds still have some way to go before really internalising these sorts of approaches. As Duncan Green recently noted, while Oxfam staff may be doing interesting things in this area, 'all too often, in practice this runs up against the pressures of competitive funding bids, which push us to drop all the fancy stuff and stick to plain vanilla, linear projects' (Green, 2016). In practice, competitive bid processes can still end up rewarding those who state upfront what they will deliver and how, rather than those that are frank about the learning process that is needed.

Moreover, implementers themselves:

- often have their own systems and processes which are based on blueprint planning;
- can be wary of buying into cyclical fads by donors;
- must work with multiple donors, some of whom do not work in this way; and
- have a strong incentive to seek regular, predictable funding streams linked to known deliverables.

Many organisations simply do not know what the real room for manoeuvre might be with DFID, or fully understand what the Smart Rules really signal, which calls for better communication around these issues. The current political and media climate around aid spending may also encourage organisations to play it safe, rather than to try new approaches.

From the last few years of experience, what emerges is a need for DFID to be clear about what it is commissioning during the procurement process. In the past, Terms of Reference (ToR, the key document that DFID 'takes to market' during procurement) have often not made explicit the need for experience of working in this way.[9] Some recent examples, such as the ToRs of the Nigeria PERL programme (see Section 2.1) have been much more direct in indicating these requirements.

3.3. Operationalising locally led problem solving

As highlighted in Section 2, a core principle of DDD is that reform or change processes have to be, in some real sense, led by domestic actors – they cannot only reflect donor priorities or donor-induced action. Real progress has been made, with examples including TMEA, SAVI, and the work on economic development in Nepal and Nigeria. To extend and deepen these precedents, more attention needs to be paid to who DFID partners with and how these partners are funded.

Who to partner with

Supporting locally led problem solving is only possible if there are domestic actors with the right motivations and capabilities. This is very country-specific. In some developing countries, there are many such people inside government. In most developing countries, however, the ethos of both politics and the public service can work against these motivations and capabilities. This is why the concept of country ownership of development efforts enshrined in the Paris Declaration on Aid Effectiveness has proved so problematic in practice. Nor is this only a government problem. In the private sector, those successful in business are not automatically interested in collective causes and public policies that benefit enterprise overall. Most CSOs lack the sort of funding base to allow them to become centres of independent thinking about national problems. It can therefore be hard to find those who are self-motivated to deliver reforms.

Yet in most countries, some individuals, small groups or organisations do exist. They may be found in any sector and at any level of activity, from national policy arenas to villages and neighbourhoods, in informal networks and in the interstices of formal structures. This could include reformers in sub-national government, private companies, rights-based NGOs or feminist networks (O'Neil 2016). Multiple combinations of actors can make up credible coalitions. Knowing who or what the relevant players might be, and even where to look for them, is of course challenging. Donor staff sitting in country offices or at headquarters often lack the local networks and knowledge needed to distinguish between those with genuine commitment to reform and those who only claim this. This underlines the need for staff to invest in local knowledge – to set aside time to meet regularly with well-informed, well-networked people and groups in a given country. Locating the relevant actors should not be an insurmountable task if full use is made of local knowledge and institutional memory.

How to provide funding

Even in middle-income countries in Asia and Latin America, locally led problem solving is typically resource-constrained. Unless there is active support from the centre of government, as in the reform breakthroughs in Latin America studied by Grindle (2002), would-be problem solvers often cannot abandon their day jobs for long enough. Modest injections of donor funding can have a disproportionate impact by easing the wheels of an otherwise seized-up system, as emphasised by senior commentators on DFID support in countries like Peru

9. For instance, bidders have not routinely been asked to explain how they have responded to failure in the past, what their learning strategies are or how well connected or networked they are in the country.

before British aid to Latin America was closed down (Rocha Menocal et al., 2008).

The question is how to deliver any such support without the 'strings' that cause the problem solving to be, or perceived to be, donor-driven. In the former Latin American programmes, DFID was able to fund useful M4P and similar interventions directly without negative side effects because in this particular region, DFID was perceived as a small donor without an 'agenda'. DFID does not have this option in most other countries it works in today, given that it increasingly concentrates its resources on countries of strategic priority, often involving considerable financial investments.

In this type of context, the most likely way forward is the use of 'arm's length' models of delivery, where a third party of some kind manages support to local reform processes and takes on some of the risk. Special purpose vehicles of the TMEA sort are one potential model and the SAVI programme – based on a contract with a commercial service provider – is an alternative. The way USAID and the Australian government have used TAF to provide this type of intermediation in the Philippines is another relevant model (see Box 3), even though the deep involvement of TAF in several Asian countries over a very long period makes its capabilities somewhat exceptional.

In some ways, the 'local leadership' dimension of DDD is the most challenging of all. But it is important not to overstate the level of ambition. The goal is to make development policy and practice less donor-driven, and aid less supply-driven. This will not be achieved simply by declaring that international players take a back seat and allow indigenous actors to take the steering wheel. The naivety of that understanding directly undermined the Paris Declaration search for country-owned development. However, significant headway can be made with new forms of 'arm's length' support, including robust ways of assessing motivations, building relationships and monitoring progress.

Box 3. Arm's length funding for economic reform in the Philippines

Over the last decade, self-directed teams of indigenous reformers have played a substantial role in improving the environment for inclusive development in the Philippines. They have been helped to do so by modest injections of international funding by USAID and the Australian Agency for International Development/Australian Department of Foreign Affairs and Trade among others.

The donor funding did not result in the reforms being or being perceived as donor driven, and it enabled the working methods of the frontline reformers to be problem driven, politically smart and highly adaptive. This unusual state of affairs was made possible by the fact that the funding was made available through TAF – a well-established international NGO. A succession of grant agreements with TAF identified broad objectives but not the specific reforms to be pursued or the methods to be employed. A senior programme manager at TAF was trusted to develop the approach by trial and error but with a strong focus on evidence and monitoring progress. This senior programme manager shouldered the burden of reporting to the funders, first on the trial-and-error process and later on outcomes and expected development impacts. The impressive results included a reform of urban property registration that gave millions of people rights to their land for the first time, and increased taxes on alcohol and tobacco, the revenue from which is earmarked to health insurance for the poorest.

Sources: Asia Foundation (2011); Booth (2014)

3.4. Making adaptation more strategic

As explained in Section 2, the changes in processes since the End to End Review have included the introduction of tools such as CPRDs and IGDs, which focus fresh attention on understanding country context. These tools should assist in giving strategic direction to country portfolios. However, in practice, our work suggests that incentives still remain focused on individual programmes, rather than on broader country strategy.

A portfolio perspective

This focus on individual programmes is understandable to the extent that DFID, like other aid agencies, is once again largely project- or programme-based. The danger is that opportunities will be missed for understanding how programmes can work together to achieve a set of shared objectives, and to unblock common institutional constraints. Country offices still have business or operational plans (set for four to five year periods), which should indicate how well the country portfolio is able to be 'more than the sum of its parts', and in particular what the vision is for harvesting synergies across different programmes. But it is left to the country offices themselves to determine how to measure their overall impact on these higher level objectives, and practice varies.

This is a challenge not just for DFID, but for many of the agencies grappling with this agenda. One obvious entry point is portfolio management, placing greater emphasis on the synergies across programmes and their different contributions to a wider strategy (Box 4).

In considering portfolio management, it is useful to distinguish between 'balancing' and 'bundling'. Balancing refers to selecting a mix of investments with varying characteristics, much as one might balance a financial portfolio by investing in both stocks and bonds (i.e. a way of spreading risks and potential wins). Bundling refers to cases in which there are multiple components of a single investment, as in the case of a mutual fund. Both are viable strategies for helping to manage a portfolio of investments, but have different characteristics that may be of interest to operational staff, senior management and implementing partners. In a particular sector, DFID may be interested in bundling – the DRC Private Sector Development programme, and the Nigeria PERL programme have elements of bundling, as they combine adaptive and less adaptive components in one programme. Across a number of sectors and at the country or regional level, balancing might be key – understanding the spread of risk, the potential returns and how different programmes or components relate to each other over time.

Greater grounding of adaptive programming in country strategies and diagnostics (e.g. CPRDs) would help to raise the perspective above the level of the individual programme. Portfolio management is practiced within DFID, but our observation is that it could be more strategic, with benefits for, among other things, the effective utilisation of adaptive programming. The ways portfolio management could add value include:

- Obtaining a balanced mix of programmes that are adaptive and non-adaptive in a given sector or country portfolio: This could help in managing concerns that adaptive programmes can have high staff costs and unpredictable spending rates, and could support synergies between programmes that are more or less adaptive.
- Experimentation with a range of interventions to address a common problem: This would allow for a 'multiple bets' approach, helping to manage risk and create space for complementarities and learning across different implementing partners.

This may be a sufficient agenda for some DFID country offices. However, for adaptation to be more strategic there is a tougher nut to crack – coordinated adaptive practices across multiple donors, agencies and implementers. While we do not expect all of these to align their understandings of adaptive programming, DFID could play a useful role in creating spaces where these approaches can begin to get traction in the wider community of development actors. DFID has played this kind of role previously in relation to the Paris Declaration and results, evidence and value for money, with some successes. Initial conversations among DFID and other agencies in Nepal, for instance, suggested a strong appetite for moving in this direction.

3.5. Leadership, management and organisational culture

Moving towards more strategic portfolio management needs to be underpinned by strong leadership, especially on the part of DFID Heads of Offices and senior management. Ultimately, this needs to be supported and sanctioned by Ministers who have a really significant impact on how the department works and can exercise significant day-to-day control. The importance of leadership in providing the authorising environment for adaptive, learning-orientated approaches to public sector and market reform has been widely acknowledged (Byrne et al., 2016; Andrews et al., 2016). As Andrews et al. (2016) note, 'authority structures have huge implications for what organizations do, how they do things, when, where, and with whom'. This is no less relevant to the process of embedding efforts to DDD in a large development agency.

There has been useful progress in connecting up different parts of DFID on the DDD agenda – staff with an interest in more adaptive, learning approaches now seem to be in more regular contact, whether they specialise in procurement, evaluation, policy or programmes. Some senior leaders within DFID (at Head of Office and directorate level) have championed these ways of working. Some country offices have created supportive environments across multiple sectors and programmes. But, with changes in the ministerial team in the UK, and in the absence of a well-communicated collective vision from the top, this may not have created a wide enough 'authorising environment'.

Box 4. Portfolio management defined

USAID gives a formal definition of portfolio management as: 'The process by which assets are 1) Selected based on optimal mix for the Agency, including consideration of program impact, relationship to ongoing projects, synergy with other projects, displacement of other projects, and long-term budget projections, and 2) Regularly reviewed for risk/return and to ensure their successful contribution to the portfolio' (Source: https://www.usaid.gov/sites/default/files/documents/1868/glossary.pdf).

However, our definition of portfolio management is much broader, referring to how an agency like DFID makes decisions about its mix of investments (policies and programmes), how it matches these to its overall objectives and how it balances appetites for risk against return or performance. It is linked to the idea of engaging in an ongoing process of strategic review of all programmes, and their contribution to the whole; creating space for different types of interventions (with a view to managing different opportunities and risks appropriately), and critical engagement with internal staff and external stakeholders on the portfolio's direction.

Looking ahead, greater efforts are going to be needed to secure high-level political commitment to DDD. In the UK, the current public climate is characterised by a high level of scrutiny – and some scepticism – regarding UK aid spending. This may not seem a propitious context in which to advance an innovative agenda at the highest level, yet the sorts of approaches described here can provide reassurances to taxpayers that money will be wisely spent. An approach that recognises uncertainty up-front and tries to manage it by starting small, testing and adjusting – including by stopping funding promptly when interventions are found not to be working – is, we would argue, a far more defensible strategy than one that relies on large, pre-planned investments.

Learning from others

In making this case, there are relevant lessons from experience in the private sector, and from models of entrepreneurship including 'lean start-ups' (Box 5; Figure 2 and Faustino and Booth, 2015). Insights from the private sector parallel much of the debate in development practice. They start with the recognition that traditional business models assume reasonably stable environments, with the predictable delivery of initiatives. They assume an ability to exert control by breaking delivery down into smaller components that can be delivered in a linear fashion. But in more complex business environments, the challenge is to discover new products and processes while the context continues to evolve.

As McClure comments,

> *'Traditional plans and control structures are inappropriate for this environment. Pretending that opportunities can be defined upfront, clearly evaluated and remain stable all while a step-by-step business process runs its course ignores the reality of changing markets. There are too many unanswered questions, complex interactions, and shifting needs. Instead, the enterprise must become radically more responsive' (McClure, 2015).*

Particularly pertinent, these commercial experiences suggest that these approaches cannot be isolated within individual projects or 'pockets' in an organisation. Instead, they need to involve the entire organisation.

As we have previously recognised, there are several reasons for not expecting all DFID programmes to come into line with DDD principles. McClure's 'radical responsiveness' may, therefore, be an over-ambitious goal for the department as a whole but it does draw important attention to some potentially missing pieces in DFID's leadership vision.

Box 5. Innovation in lean start-ups

A 'lean start-up' uses an approach to business development based on the principles of lean production, a manufacturing methodology that values a business' ability to change quickly, especially through quick feedback loops. In *The Lean Startup*, Ries defines a start-up as 'a human institution designed to create new products and services under conditions of extreme uncertainty', an approach that can be used even in a very large enterprise. Ries argues that, while innovation is a bottom-up, decentralised and unpredictable process, this does not mean it cannot be managed effectively, through an adaptive organisation.

An adaptive organisation is therefore defined as one that automatically adjusts its process and performance to current conditions, following the points below:

- A **minimum viable product**: Developing an early model of a product and then taking it to market to test as soon as possible (what Ries calls a 'Build-Measure-Learn' feedback loop) with the minimum amount of effort. This helps entrepreneurs start the process of learning as quickly as possible.
- **Five whys**: Asking the question 'why?' five times to understand the root cause of a problem that needs to be addressed. Ries argues that teams should go through the Five Whys whenever they encounter any kind of failure. This requires an environment of mutual trust and empowerment.
- **Validated learning**: A process in which one learns by trying out an initial idea and then measuring it to validate the effect. Each test of an idea is a single iteration in a larger process of many iterations whereby something is learnt and then applied to a succeeding test.
- **Structural attributes**: Start-up teams require three structural attributes: small but secure resources, independent authority to develop their business, and a personal stake in the outcome.

Source: Ries (2011)

Leadership and vision

We could envisage, for example, a stronger role for Heads of Office, and other senior managers, backed by more appropriate incentives. A recent report on doing development differently in the World Bank recommends greater efforts to hold senior staff accountable for their work, by measuring either influence or correlates of impact (Bain, 2016). There are difficult questions about attribution and the right level at which to set these impact measures, and the World Bank has significant organisational and political differences to DFID. Nonetheless, Bain's recommendations deserve consideration and adaptation to the DFID context. They include introducing performance measures for senior leadership that relate to priority outcomes in country strategies; greater recognition/rewarding of the 'soft skills' needed to support policy change; recognition for those who have made a difference in complex and challenging contexts; and more accountability for learning and applying new knowledge (ibid.).

A number of international NGOs have recently begun to document their experience in trying to build leadership and change internal practices. For example, Mercy Corps' experience in its Northern Karamoja Growth, Health and Governance Programme (Uganda) underlined the need to embed a learning culture within the office and among staff, including by regular and consistent messaging from the top and giving space for employees to feel comfortable sharing failures with management. It also indicated changing hiring practices for senior staff, to pay attention to emotional intelligence and soft skills like coaching, as well as stronger use of data to monitor and manage performance (EWB and MercyCorps, 2014). Similarly, Médecins Sans Frontières' Swedish Innovation Unit has documented its interest in being more open and honest about difficulties, and the use of iteration and protyping to allow for fine tuning of approaches (Tanaka et al., 2016).

A cross-cutting theme of much of the discussion on building supportive leadership and organisational culture is 'trust'. This is prominent in much of the general management literature as well as in development-specific theory and practice (Bouckaet, 2012; Gulrajani and Honig, 2016; Byrne et al., 2016). Trust is needed on multiple levels – internally, so that individuals feel able to acknowledge failure and share challenges and lessons; and externally, so that a similarly open dialogue is possible between a funder and its implementers. Analysis by Honig (2015) reinforces this. It focuses on the extent to which donor agencies give their staff space for judgement and autonomy – only possible with high levels of trust. The research finds that development organisations that gave more scope to 'navigate by judgement' performed better in fragile states than those that 'navigate by measurement' – that is, that focused on narrow measurement, control and reporting upwards (ibid.).

In DFID, one unintended consequence of additional scrutiny of individual programme design, including at ministerial level, may have been to create a perception of lack of trust between different levels of the organisation. Some of the ideas discussed in this section – including shifting attention (and therefore approval processes) away from stand-alone programmes to country strategies and portfolios – could help create the greater sense of trust and reliance on the judgement of in-country staff and senior managers that seems to be needed.

Finally, management theory points to an organisation's culture as central to institutionalising change. Until new behaviours are rooted in social norms and shared values, they are subject to degradation as soon as the immediate pressure for change is removed. The literature points to at least two factors as particularly important to institutionalising change: first, having a conscious attempt to show people how new approaches, behaviours and attitudes have helped improve performance; and second, taking the sufficient time to make sure that the next generation of top management personifies the new approach (Kotter, 1995). Doing development differently in DFID seems unlikely to call for anything less.

4. Conclusion

4.1. Summing up

From its establishment in 1997 as a full department of state with a distinct remit for supporting international development, DFID has enjoyed an enviable level of influence in the world. In its first decade, it played a major role in strengthening international commitments to poverty reduction and then led the movement to put the issue of country ownership at the centre of debates about the effectiveness of aid.

In recent years, with UK aid spending rising to 0.7% of national income, DFID has come to be associated with a different set of causes, including financial transparency, control of corruption, demonstrating results and achieving 'value for money'. These are important concerns but can run the risk of becoming a narrow agenda, focusing efforts on measurable but superficial deliverables at the expense of what it takes to make a real difference in poor and conflict-affected countries. Can ideas about doing development differently provide a credible way forward – one that maintains, or indeed strengthens the focus on results, delivery and effectiveness but does so in ways that are consistent with what is known about how development happens?

We think so, and are encouraged by DFID's recent investments that are inspired by DDD principles. These include the 'better delivery' procedure reforms, the associated training initiatives and the generally more favourable authorising environment for programmes that aim to be flexible, learning-orientated, politically smart and/or less solution-driven. As we have illustrated, there is now an array of DFID-funded programmes that reflect one or more of these ambitions, from agile governance and accountability programmes to market systems or private sector development initiatives, and to programmes aiming to improve systems for basic services.

While programmes of these kinds have existed in the past, arguably they happened despite DFID systems and processes. This has changed, with the recent set of reforms making internal systems more permissive in principle. However, this may not be sufficient to lead to better programming. There is danger of 'adaptation-lite' – that is, of approaches that pay lip service to DDD principles, rather than fully embracing them. To really move to the next stage requires stronger leadership and management backing, to change the working culture.

There are bigger dangers afoot for DFID and its sizable budget, with political and media scrutiny and scepticism increasing in recent months. We do not aim to debate these issues here. We are concerned, however, that this scrutiny and scepticism might encourage DFID and its partners to play safe, sticking to pre-planned and highly controlled projects, becoming more risk-averse and reversing the progress documented in this paper.

4.2. The future agenda

Thus the future agenda is how to embed learning, testing, and adaptation within the DNA of DFID. In some country offices, there has been a strongly enabling environment, with supportive Heads of Office and department leaders in country contexts that demand fresh thinking, like-minded development partners and informal support for operationalising adaptive principles. These experiences can be built upon and used to diffuse innovative ways of working. But they need to move from reflecting the motivations of particular individuals to something which is embedded in the expectations of senior managers – and has political backing from Ministers to support this.

The moment has now come to take all these efforts to a higher level. We conclude with further suggestions on how to achieve this multi-level transformation:

- ***Build leadership vision and a supportive management culture:*** To date, reasonable progress has been made through reforms to internal processes, all approved or to some extent championed by Ministers (past and present). The commitment to 'a culture of learning and adaptive programming' is set out in the 2016 Bilateral Development Review. This further political support and backing, and unambiguous signals to authorise and encourage senior managers – including Heads of Office – to support these ways of working and help them to get accepted as standard practice. Looking at the performance competencies of senior civil servants could be one way of strengthening this.

- ***Take a more strategic approach to delivery and results:*** This leadership vision needs to be underpinned by a shift from a focus on individual projects to overall strategic objectives. As we have argued, a sole focus on individual programmes can miss opportunities to understand how programmes do or do not work together to achieve shared objectives. There is much to be gained, therefore, by focusing planning, approval, monitoring and evaluation more on country or regional strategies and portfolios, and less on individual programmes.

- ***Move towards more 'adaptation by design':*** Without reverting to the excessively detailed guidance that the Smart Rules were meant to replace, there would be an advantage in developing clearer guidance on how to do adaptive programming well, including reflection on a range of models or approaches and which are more appropriate, for a given problem, sector or portfolio. Going further with documentation of examples and experience to show how to do these types of programmes well – including developing results measures and frameworks that set clear objectives but then build around testing and learning – will be key.

- ***Streamline approval and procurement to manage uncertainty:*** While programmes should be clear about what they aim to achieve and provide, this must not be confused with providing certainty about everything they will deliver. This should be made clear to key suppliers, by providing more explicit ToRs and considering a range of appropriate contracting models, with further thinking about where and how to best to use PbR support. It also requires much greater emphasis that these types of programmes are not riskier – the real risks lie in operating in uncertain environments or processes and in not adopting these sorts of approaches, which aim to manage that risk appropriately.

- ***Find new ways to support locally-led problem solving:*** This should start from the recognition that development and poverty reduction are not things that the UK or other external actors can 'deliver' on their own. At its best, aid can provide the otherwise missing conditions that support, facilitate or unblock change processes that are truly transformational because they are seen to be in the interests of leaders and citizens. Greater use of arm's length support and targeted assistance – using third parties to manage reform coalitions or networks – may be the most realistic way to contribute to this end.

Annex 1: Example of an adaptive logframe

	Programme summary	Indicators	Means of verification	Assumptions/risks
Goal	The country's underperformance in development and economic and social inclusion is reduced	Rate of increase in high productivity economic activities, employment generation and quality of human capital	World Bank Country Economic Updates	N/A
Purpose (outcomes)	A set of measurable outcome improvements, meeting the criteria, technically sound and politically feasible, agreed by consensus in the inception period • Example: the passage of an essential and likely self-implementing law to facilitate firm growth and collective action among domestic road constructors	Passage of the law; revision of a regulation; or significant improvement in a key statistic, depending on the nature of the objective	Official gazette; ministerial circular; relevant data from national statistics office	Received technical judgments about the contribution of the selected outcome improvements to the goal are valid
Outputs	There is a single output, consisting of a rigorous, high-quality procedure for trying out, in sequence or in parallel, of each of several possible combinations of actions or intervention strategies that might contribute to a subset of the selected measurable outcomes	Key indicators of the quality of the procedure will be: • A timeline and set of success criteria agreed in advance for each intervention strategy (to provide fast feedback on 'is it working?') • Each is supported by an explicit set of assumptions or 'mini-theory of change' • Timely adjustments to the approach are made, permitting a similar trial of the 'next best guess' until a sufficiently effective formula is discovered	• Six-monthly monitoring meetings by the programme leadership and a 'critical friend' who is not involved in implementation • Annual reviews by independent assessors appointed by DFID	The process of 'failing fast' and adapting promptly to knowledge gained allows the discovery of effective solutions and contributions to improved outcomes
Activities	A work plan and timeline are prepared for each of the strategies to be trialed, in each of the selected areas of outcome improvement	Indicators provided in each work plan, for activity monitoring	MOVs provided in each work plan	Activities are pursued with sufficient vigour that imaginative strategies are devised, acted upon and assessed in a timely way

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Overseas Development Institute
203 Blackfriars Road
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Fax +44 (0) 20 7922 0399

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