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# GOVERNANCE

## WORKING PAPER SERIES

Thinking and working politically in large, multi-sector  
Facilities: lessons to date

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## Foreword

Since its founding in 1965, a hallmark of Abt Associates' work has been its pursuit of new and better ways of delivering community and development assistance. Initially much of Abt Associates work was focused in the fields of health and social policy. Nowadays, the company also applies its technical and program capabilities to governance – including on issues of front line service delivery, community driven development, local governance, economic and public sector management and leadership and coalitions.

Abt Associates sees 'governance' as more than just a sector: it is a way of thinking about how development (i.e. change) occurs. As such, Abt Associates applies 'governance' as a way of working across all sectoral and governance-specific investments. Our approach is distinguished by seven features:

- i. investing deeply in local staff and relationships, and networks and partnerships;
- ii. integrating real-time, high quality contextual and political analysis into our programming;
- iii. focusing on best-fit, locally defined problems and solutions;
- iv. focusing on approaches and solutions that are not only technically sound, but also politically possible;
- v. working with the 'grain', acknowledging that change cannot be driven by outsiders;
- vi. using iterative, adaptive and responsive programming techniques, and;
- vii. focusing more on enabling and equipping leaders rather than 'doing'.

This paper, the second in Abt Associates' *Governance Working Paper Series*, examines the company's experience in rolling out more politically-informed, iterative and adaptive approaches to development in three large, multi-sector Facilities. All three Facilities are funded by the Australian Government: KOMPAK in Indonesia, the Papua New Guinea Governance Facility (PGF)

*"...the most pertinent conclusion from this review is that such large multi-sector Facilities create their own constraints (at least in the first year) to thinking and working politically. Indeed, the context and the inheritance, strongly favours doing development pretty much the same..."*

and the Australia-Timor Leste Partnership for Human Development (ATLPHD).

The authors conclude that progress on 'thinking and working politically' in such high-value, high-profile, multi-sector and multi-project Facilities is mixed; we seem to be better on the 'thinking' part than the 'doing' part. Some aspects of the agenda are easier to operationalise than others: taking account of context, understanding institutions (at least formal ones), designing regular 'review and reflection' exercises. Some, by contrast, are extremely challenging: understanding the incentives and interests of key individuals, the role of collective action, getting the right mix of staff and partners, replacing the principal-agent relationship between the donor and contractor with one based on partnership and having the right skills to implement, learn and adapt as we go.

Probably the most pertinent conclusion from this review is that such large multi-sector Facilities create their own constraints (at least in the first year) to thinking and working politically. Indeed, the context and the inheritance strongly favour doing development pretty much the same. The main factor here is the need to continue implementing legacy projects and immediately produce outputs to justify the Facility model.

Looking forward, the authors believe it is possible to identify whether an implementer can match the rhetoric and *actually 'do TWP'* in a Facility mechanism. In concluding, the authors propose ways that donors can look for and incentivise these traits at tender and review.

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## Thinking and working politically in large, multi-sector Facilities: lessons to date

Graham Teskey<sup>1</sup>, Lavinia Tyrrel<sup>2</sup>

### 1 Executive Summary

1.1 Comparatively little has been written about the experience of ‘thinking and working politically’. Many development agencies are increasingly *thinking* politically, but there is scant evidence yet regarding the practice and implications of *working* politically. This is particularly the case in the few high value, multi-sector ‘Facilities’ that the Department of Foreign Affairs and Trade in Australia is now funding.

1.2 This review is based on the authors’ involvement with three such Facilities<sup>3</sup> over the last two years. It considers the extent to which the recommendations of Doing Development Differently (DDD), Problem Driven Iterative Adaptation (PDIA) and Thinking and Working Politically (TWP) resonate in practice<sup>4</sup>. The paper presents two broad sets of findings: first, how the TWP agenda in practice differs from that which is suggested in the (admittedly limited) literature (section 4), and second, what ‘it takes’ to think *and work* politically in large, complex multi-sector Facilities (section 5).

1.3 We found seven areas where the TWP agenda in practice was both broader and rather more challenging than that discussed in the literature. These are summarised in Table 1.

**Table 1: Testing the theory against the three Facilities**

Issue	Findings
Context and Structure	<ul style="list-style-type: none"> <li>➤ Context and structure and formal institutions well appreciated – informal institutions less so</li> <li>➤ Tacit knowledge re agency</li> </ul>
Search Frame (i) Problem identification, selection and entry points	<ul style="list-style-type: none"> <li>➤ Problems identified sometimes contingent, rather than root cause</li> <li>➤ Facilities inherited many projects – no <i>tabula rasa</i> for selection. This severely constrained choice in first two years of all three Facilities</li> <li>➤ ‘Technically desirable’ triumphed over the ‘politically feasible’</li> <li>➤ No space for ‘many small bets’ as suggested by PDIA</li> </ul>
Search Frame (ii) Design, implementation, monitoring and learning	<ul style="list-style-type: none"> <li>➤ By far the most challenging objective – to integrate implementation, monitoring and real-time learning</li> <li>➤ Systems usually separate implementation teams and monitoring teams</li> <li>➤ Staff rarely have skills to achieve both</li> <li>➤ Even where successful, reading the current political economy and knowing precisely <i>how</i> to respond requires experience and extremely good judgement</li> </ul>
Search Frame (iii) Flexibility and iteration	<ul style="list-style-type: none"> <li>➤ Flexibility very closely associated with TWP but constitutes only a small part of the agenda</li> <li>➤ Flexible budgets but one component: how flexible are the design, the pace, the modality, the partners and the choice of inputs and activities?</li> <li>➤ Systems for iteration – subjecting progress to internal review and reflection –easier to implement</li> </ul>
Collaborating institutions and team building	<ul style="list-style-type: none"> <li>➤ Challenging to assemble teams <i>ex ante</i>; a mix of technical skills, political understanding, political ‘insiders’ and effective networks needed for success. They take time to assemble</li> <li>➤ Cannot assume all nationals have great insider knowledge, and all expats don’t....</li> </ul>
Modalities	<ul style="list-style-type: none"> <li>➤ Hard to replace principal-agent relationship (donor- contractor) with partnerships</li> <li>➤ Implementing the search-frame approach (issues 2, 3 and 4) requires high levels of trust</li> </ul>
Complexity, contingency and compromise	<ul style="list-style-type: none"> <li>➤ Policy reform is complex and contested and often requires a roundabout way of achieving success – contingency plans needed and may need activating at short notice</li> <li>➤ Communications plans critical here in explaining approach to all stakeholders</li> </ul>

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<sup>4</sup> The term TWP is used in this paper as a catch-all for these three ‘bodies’ of work

1.4 The high level lesson to emerge is that thinking politically is much easier to achieve than working politically. We found that in all three cases teams thought constantly about the functioning of institutions, the interests of key stakeholders (including the donor), the extent to which things ‘were working’ and if they weren’t, why not, how to support local institutions, and opportunities for new initiatives. What was more demanding was how to take forward and implement the ideas that came up: budgets were usually prescribed in advance, changing inputs, activities and time scales require lengthy processes and donor approval, and partner governments themselves frequently prefer certainty and surety over possibility and experimentation.

1.5 The most demanding specific ‘requirement’ of TWP – a central part of the *Search Frame* approach – is that “we learn and respond as we go”. This is very easy to say and extremely difficult to achieve. Implementation and delivery teams are just that, and monitoring and learning is usually hived off to a separate part of the organisation. Thus as well as staff not having the skills to address both simultaneously, they have no incentive to do so: “M&E is not my job”. Dealing with this requires a changed mindset (and training, skills and competencies) at the individual level, and changed structures and therefore incentives at the organisational level.

1.6 Another key lesson is that TWP is hard to achieve in the early years of those donor-funded investments which themselves are ‘re-workings’ of extant projects – for the obvious reason that many if not all projects and activities have been pre-selected and budgets allocated. Finally, the challenge is assembling the right team should not be underestimated. In all three cases this took 12-18 months. It is impossible to judge in advance how the senior management team will ‘gel’, the extent to which networks claimed are the right ones, and whether staff will indeed be able to play the role of trusted interlocutors with both the donor and the partner government.

1.7 Section 5 examines what it takes to think and work politically – first from the viewpoint of the donor-implementer relationship, and second the demands TWP places on the implementer’s internal systems, capabilities and incentive structures.

1.8 As implementation begins, it may be inevitable for managing contractor (MC) and donor staff to fixate on the minutiae and slip back into more traditional project management approaches (i.e. did we faithfully implement our activity plan as agreed at design?). While many of the incentives to ‘do TWP’ must to be created and enforced by the MC themselves, there are also ways for donors to hold MC’s accountable for adhering to ‘TWP’ principles during implementation of large Facilities. Four possibilities are:

- focusing performance incentives (i.e. in contracts, quarterly performance assessments, and at mid-term review) at the outcome, not the output or input level;
- assessing the quality of evidence and decision making criteria by which the MC selects, designs and makes choices about the ways in which activities will be modified during implementation;
- including performance milestones which encourage (or at least do not deter) increased numbers of projects / activities changed as a result of Review and Reflection points (R&R) exercises, and frank conversations held with the donor and partners regarding program ‘failure’; and
- focusing performance milestones (especially in the first 12-18 months of operation) on the quality of the MC’s program and operational systems for designing and delivering ‘TWP’

1.9 Regarding the implementer (the MC) themselves – we identified six key systems or capabilities as needing to be in place successfully to incentivise and drive TWP approaches in Facilities. These are:

- a system for problem selection and identification which is led by local partners and draws heavily on political, as well as technical, analytical tools;

- a system for developing multiple Theories of Change or Theories of Action (in particular political action) for each and every problem;
- a system of monitoring and learning which is embedded (not separate) in 'design' or 'implementation' processes. This system's primary purpose should be to test Theories of Change or Theories of Action, have both regular formal and informal R&R, preference tacit knowledge and it *must* be linked to a process for making activity and budget modifications following R&R. Without a clear consequence from R&R exercises, one of the key features of a TWP approach is lost – i.e. the ability to adapt the program in real-time and in response to what teams are learning or observing in the political context in which they operate;
- a management structure that delegates high levels of discretion over budget, activity decisions and local networks/ relationships to program managers. This allows for those with the key informant relationships and greatest knowledge of the operating context to make micro-adjustments to the project as they implement (rather than having to wait until formal R&R or approvals – by which point the reform opportunity will most likely be lost);
- high numbers of national staff in program management positions – with a focus on recruiting staff with political knowledge and 'insider' networks specific to the reform problem at hand (i.e. not just placing staff in operational or technical positions or recruiting those with purely technical or project management skills); and
- a budget management system which cannot only forecast and track expenditure against overall targets, but which also allows flexibility to move funds between activities and work streams in response to performance and changes in political context.

1.10 The paper concludes that progress on thinking and working politically in such high-value, high-profile, multi-sector or multi-project 'Facilities' is mixed. Some aspects of the agenda are easier to operationalise than others: taking account of context, appreciating institutions (at least formal ones), designing regular R&R exercises. These are mainly the 'thinking' parts of the agenda.

1.11 By contrast, the 'working' parts are more challenging: understanding and responding to the incentives and interests of key individuals, the potential role of collective action, getting the right mix of staff and partners, replacing the principal-agent relationship between donor and contractor with one based on partnership (maybe this will always be beyond us by its very nature), having the right skills to implement, learn and adapt as we go, and having back-up plans and strategies in place when unforeseen 'stuff happens'.

1.12 Perhaps the most pertinent conclusion from this review is that large multi-sector Facilities create their own constraints to thinking and working politically. The context, the inheritance, favours doing development pretty much as it was done previously. The driving incentive here is the need to continue implementing legacy projects and immediately produce results to justify the existence and significant spend associated with the Facility model. With high levels of scrutiny, and the volume of resources in one single contract (and contractor) there was – and is – pressure from the donor to show how the new Facility mechanism can deliver for them and partners, and prove that it was worth the investment.

1.13 Only time will tell if this mixture of incentives and drivers will change as each of the three Facilities enters the 'mature implementation' phase.

## 2 Purpose

2.1 We are all aware that ‘Thinking and Working Politically’<sup>5</sup> (TWP) is one current ‘big thing’ in development – at least, in some development circles. At the same time as this agenda has gained traction there has also been a rise in the number of Facility<sup>6</sup> mechanisms being used to deliver bilateral aid to the Indo-Pacific. Part of the justification for these mechanisms (at least in the Australian context) has been that they provide a platform for aid to be delivered in more politically-informed, iterative and adaptive ways.

2.2 Abt Associates is now the incumbent on three Australian Government Facilities: KOMPAK in Indonesia; the Papua New Guinea Governance Facility (PGF); and the Timor Leste Partnership for Human Development (ATLPHD). Combined, these three Facilities have a total value exceeding AUD 500 million over four years.

2.3 Based on the early implementation<sup>7</sup> experience of these three Facilities, this working papers summarises the key lessons Abt Associates has learnt when attempting to give effect to the TWP agenda. The paper is structured as follows:

- **Section 3** sets the context for the three Facility mechanisms and our take on the TWP agenda;
- **Section 4** reflects on the ‘bigger picture’. We examine where Abt Associates’ experience across the three Facilities has either reinforced or deviated from the international theory and practice of TWP. In so doing, we argue that it is the elements of the *Search Frame* (problem identification, design/implementation/ monitoring and learning, and flexibility and iteration) that have been the hardest but most important part of our experience in applying TWP.
- **Section 5** reflects on the ‘grubby reality’ of what it actually takes to institutionalise the *Search Frame* (i.e. the heart of TWP-ing) in large Facility-style delivery mechanisms. We reflect on these lessons at two levels (i) in the relationship between the donor-implementer and (ii) at the level of the implementer’s (in this case the managing contractors (MC)) own systems, capabilities and incentives. In this section, we also reflect on whether there is any difference between our experiences applying the *Search Frame* under a Facility mechanism to that of a traditional program.
- **Section 6** concludes and identifies implications for other implementers and donors looking to adopt TWP approaches in Facility mechanisms.

## 3 Context

### The increasing use of Facility mechanisms

3.1 Abt Associates are implementing three large Australian Government (Department of Foreign Affairs and Trade) Facilities, with a total value exceeding AUD \$ 500 million over four years: KOMPAK in Indonesia commenced in January 2016; the Papua New Guinea Governance Facility (PGF) commenced in May 2016; and the Timor Leste Partnership for Human Development (ATLPHD) commenced in July 2016.

3.2 While these Facility mechanisms have no single agreed definition (indeed the ATLPHD Design notes it is a ‘quasi-facility’<sup>8</sup>), five features are apparent across the three design documents. Facilities of this nature:

<sup>5</sup> TWP here is taken to embrace the ‘Doing Development Differently’ agenda, itself based on Problem Driven Iterative Adaptation

<sup>6</sup> We use the capitalized version of the term, as it refers to a specific sort of aid modality in DFAT programming

<sup>7</sup> First 18 months.

<sup>8</sup> The DFAT Design notes that ATLPHD is a hybrid of both a program and a Facility, but it does not provide further detail on the conceptual or practical difference between these two terms.



- i. encompass a significantly broader range of development initiatives and sectors than is usually the case in more 'traditional' development programs;
- ii. embrace a programming approach that defines the problems to be tackled and long-term development goals to be achieved, but with less direction *ex ante* on the choice of activities, inputs, outputs and outcomes;
- iii. emphasise responsiveness (both in terms of budget and the project cycle) to the local context and Australian Government priorities;
- iv. transfer a large degree of both responsibility for day-to-day program management and risk to the MC; and
- v. seek, at least in theory, to be implemented through a management arrangement where objectives (or end of Facility outcomes) are specified but the pathway to achieving them is left unspecified.

3.3 It is also possible for Facilities to adopt hybrid approaches, whereby part of the budget is dedicated to implementing a series of pre-defined activities (more akin to a program), while a separate portion is set aside to be opportunistic (more like a Facility). Similarly, there are some Facilities with strong theories of change and clearly specified future funding pathways, like a program – whereas others are designed to be much more responsive and thus encompass a set of activities that don't necessarily add up to a cohesive set of outcomes.

3.4 Such Facilities represent a change in the way DFAT designs and delivers its country and sector programs, as well as a different way of working for MCs. While Facilities undoubtedly create new business opportunities (as well as inherently interesting and rewarding work), they represent new challenges for the contractor industry: contractors are now held accountable for much more than 'merely' procuring, delivering, monitoring and reporting. In addition, contractors must navigate complex bilateral relationships and unpredictable local political contexts to deliver 'transformative' development outcomes. These are no small challenges, given that the latter has alluded most of the development industry for the past five decades.

### The Thinking and Working Politically agenda

3.5 Doing Development Differently (DDD), Problem Driven Iterative Adaptation (PDIA), Thinking and Working Politically (TWP) and Adaptive Management (AM) all refer to a similar set of ideas: how to design and implement development initiatives that reflect the unpredictable way on which change unfolds and the political economy of the country / sector context – and indeed the donor context too. But each emphasises a slightly different set of issues, as shown in the table on the right.

**Table 2: PDIA, DDD and TWP – Commonalities and Differences**

	Doing Development Differently	Problem Driven Iterative Adaptation	Thinking and working politically
<b>Three features emphasised</b>	Use locally legitimate institutions Partnership not principal agent Focus on real results	Relentless focus on a specific problem Make many small 'bets' Learn and adapt as you go	Explicit recognition of competing interests Engage with (i.e. fund) reformers / pro-poor coalitions Based at all times in political economy perspectives: country / sector / program / issue
<b>Common features</b>	Context is everything Best fit not good practice No blueprint – rather flexible, responsive, adaptive programming Real-time learning Long-term commitments with staff continuity Enabling, not doing		

3.6 Our experience is that these characteristics do not adequately capture the range of issues that programs are dealing with – in particular, the unique experiences of trying to think and work politically in large, high-profile, multi-sector Facilities.

3.7 In what follows, four points should be born in mind:



- i. our reflections are bound by both time and the size of our sample group. At the time of writing, reflections could only be drawn from the three Facilities Abt Associates was then managing. Furthermore, each Facility had only been operating from between 18-32 months. As such, it is fair to expect that the ability of each Facility to think and work politically would naturally increase with time – as program and operating systems, program teams, relationships, theories of change and so on are bedded down. Thus we expect that the conclusions we make now would be different to that made in years four and onwards of each Facility.
- ii. against most of the criteria in the brief, KOMPAK in Indonesia has made more headway than either the ATLPHD or PGF. This is due to its longer-life to date (now almost three years), and the more sophisticated institutional environment in which it operates;
- iii. all three Facilities are large in value (upwards of AUD \$ 500 million combined), involved the novation of multiple existing DFAT projects under one MC, are high in public profile, and were designed with specific efficiency and effectiveness goals in mind, and;
- iv. the views in this paper are those of the two authors (the Abt Australia Governance team), not necessarily those of Abt Associates and its management.

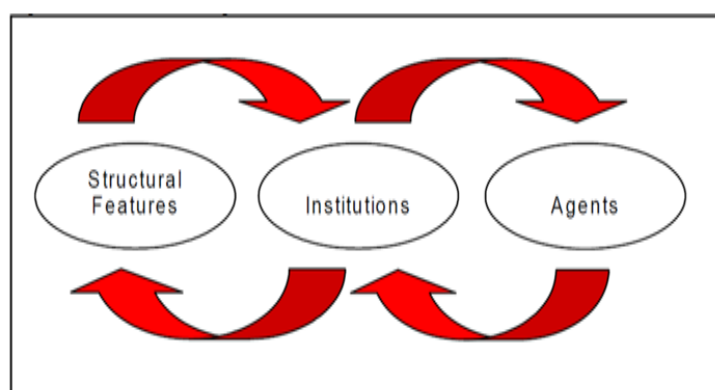
#### 4 Key finding (i) Reflections on the theory and international experience

4.1 In the three Facilities, the TWP agenda was broader and more challenging than that discussed in the literature to date. This is probably explained by the fact that there is little -if anything- written up on the actual 'lived experience' of large, multi-sector Facilities that are designed with TWP in mind. DFAT and Abt Associate's experiences are thus unique in this regard.

4.2 When the Facility experience was compared to the international literature, we found seven areas where TWP required deviation from more traditional or conventionally designed and implemented programs.

##### Issue 1: Context and Structure

4.3 This refers to one of the major mantras of TWP – to take into account political economy. This is usually interpreted on some variation of DFID's original (2000) "Drivers of Change" approach as follows



##### Findings:

4.4 In all three programs, issues of structure (geography, history, polity, resource endowment) and institutions (formal and informal) were, and continue to be, well understood and appreciated –

particularly at activity design and strategy development. That said, formal institutions were better understood than informal, and – especially in the case of PNG – there was a sense from the written record that the formal institutions of governance were taken at face value. This overt focus on the formal is probably due to the way in which each of the three Facilities have been established. They exist as a formal partnership between the Government of Australia and their bilateral counter-part and, as such, preference the formal institutions of the state by virtue of how the two governments engage. Thus formal reporting and commentary make an analysis of informal institutions (rents, patronage, path dependency; the very idea of a ‘predatory’ or ‘shadow’ state) almost impossible. Thus in all three cases we saw the privileging of the ‘formal’ over what sometimes actually happens.

4.5 In all three cases it was agency – the ability of individuals to act and make a difference for good or ill – as well as collective action, which was less developed. There was much tacit knowledge about certain powerful actors held by staff across all three programs, but it was not obvious that this was being translated into policy or program implications. In instances where knowledge was translated, it was done in a rather ad-hoc manner and not systematically across the program cycle (e.g. KOMPAK has only now begun integrating actor mapping into its quarterly review process). Furthermore, the focus has often been on ‘how to leverage individuals’ to support different parts of the program agenda – versus what does it take to support powerful actors to work collectively to solve common problems; and how might these coalitions evolve over time in line with the reform objective.

## Issue 2: Search Frame (i) Problem identification, selection and entry points

4.6 After 18 months of experience, our judgement is that these are issues that are given insufficient emphasis in the literature. There are three elements here:

- i. **problem identification and issue selection.** After the contract had commenced, each Facility invested considerable resources in identifying the nature of the problem at an activity or project level. But all too often the problem was articulated in descriptive, end-point or proximate terms, rather than root causes. For example: ‘salaries are not paid on time’. While yes this is a problem at the front line, articulating it in this way does not help identify ways and means to help address it. The problem has to be traced back to its root cause;
- ii. **starting with a ‘blank slate’ versus the reality of program legacy.** The limited literature on TWP offers lessons on how to ‘iterate’ and ‘experiment’ throughout implementation – yet these all assume that there is a high degree of autonomy at project outset to choose and define problems and entry points that lend themselves to a TWP style or programming. In reality, it is rare that a contractor is given a ‘blank slate’. In ATLPHD for example, 70% of projects were novated into the ‘Facility’; complete with their own pre-existing problem definitions, log frames and assumptions about how change will occur. As such, the task was to work out what it took to shift legacy projects to those which rely on a local definition of the ‘problem’ (i.e. not a donor-imposed definition), and where there is genuine willingness domestically to make change. Inevitably this meant re-contesting design assumptions, problem definitions, and theories of change: as well as bringing stakeholders along with this change process. Given this is the reality for most contractors, the literature is shockingly light on guidance in this regard; and
- iii. the rhetoric is **to select initiatives that are ‘technically desirable and politically feasible’**. It is not that it is not happening, but it does seem that the emphasis remains on the technically desirable part. This may be linked to the point above – that agency and collective action are the hardest element of political economy consistently to track and understand.

4.7 A final point here is that what is a specific recommendation of PDIA<sup>9</sup> – making ‘many small bets’ – fails to resonate. We found four factors that militate against this:

- i. many small bets add to the (perceived) spread of the program, which makes it harder to demonstrate coherence and additionality (‘the whole being greater than the sum of the parts’ – which was a common thread across all three Facilities);
- ii. DFAT (to some extent rightly) require clarity on predictable results and impact (and as we know, small bets may ‘fail’ or take years to pay off, long after budget and project cycles end);
- iii. there was little free cash in any of the Facilities in the first year for experimentation, and the pressure to achieve expenditure targets was high, which resulted in little appetite for unpredictable funding lines; and
- iv. the time required of staff to manage the scale, complexity and visibility of each of the Facilities made ‘making many small bets’ extremely unlikely.

### Issue 3: Search Frame (ii) Design, implementation, monitoring and learning

4.8 This undoubtedly proved to be the most challenging of all the demands of the TWP agenda. Development agencies put a huge emphasis on design. We all recognise the greater effort and acclaim accorded to successful design work rather than monitoring and evaluation exercises. Conceptually, ‘design’ holds a particularly important place in how to think and work politically.

4.9 The theology is that design, implementation, monitoring and learning proceed simultaneously, not sequentially, as is the case in more mainstream projects. TWP requires that we learn as we go; we see what is happening and respond accordingly; more resources and effort here, a slow-down there. We collect the evidence and reach real-time judgements. This sounds straightforward but this is far from the case. Two demands are made here upon managers: first, designing / implementing / monitoring / learning; and second, understanding and responding:

- i. **designing / implementing / monitoring / learning:** there are two issues here: one about process and one about people. In terms of process, usually aid-funded projects deliberately separate implementation from monitoring. Monitoring and Evaluation Units (more recently Monitoring and Learning Units) are usually created to fulfil corporate reporting requirements, rather than project-based learning requirements. All too often there is little functional or organisational integration between implementers and monitoring teams. Implementers rarely see monitoring and learning as ‘their job’. We found this repeatedly in these three Facilities. Second, these skills are often difficult to find in the same person. Staff tend to specialise in implementation or M&E – largely because of the way the project cycle has always been depicted. Unless contractors and development agencies revise their processes and systems – and demand that implementation, monitoring and learning be combined – this disjuncture will probably continue. The implication is that the TWP project cycle begins with learning, not design; and
- ii. **understanding and responding:** monitoring is the easy bit. Even learning may be straightforward. But understand and responding creates three challenges:
  - it requires knowing and a degree of surety. How appropriate are our theories of action and our theories of change? Maybe we can provide a plausible explanation for ‘how things have played out’ – but do we know enough to respond appropriately? Here the

<sup>9</sup> Matt Andrews, Lant Pritchett, Michael Woolcock, June 2012. Escaping Capability Traps through Problem Driven Iterative Adaptation. CID Working Paper No. 240

emphasis is on 'appropriately'. We do not want just 'to react'. We need to respond in a way that makes it more likely that we are moving towards our goal;

- do we have permission and the authorisation to respond in real-time? This point is critical. It means operating in a conducive authorising environment - having permission from both the donor and internal management team to make micro-adjustments to activities and budgets in response to the domestic reform environment – and not needing to wait for lengthy or formal approvals (at which point the opportunity will have most likely come and gone); and
- it requires a high degree of humility and resilience to acknowledge when project assumptions turn out to be wrong, to admit 'failure' and to actively take on board new information and advice to evolve the project. No small feat when many project manager's (understandably) perceive that their careers to be tied to project 'success'.

4.10 It seems fairly clear too that the larger, the more complex and the higher profile is the initiative (and all three Facilities are large, complex and high profile) the more difficult will it be to operationalise a 'search-frame' type approach. Why? First, there seems to be just too much at stake with these large Facilities to appear to be 'noodling around' (i.e. experimenting without a clear project plan in mind). Second, there are high expectations that these Facilities will immediately begin producing tangible outputs and results to justify their existence: an approach which can run counter to the TWP philosophy (where results may appear unpredictably or take years to eventuate). Third, the larger a Facility is (in terms of staff and funding) – the more formal systems and supportive leadership it takes consistently to incentivise staff to use a 'search frame' approach, take calculated risks and operate outside their comfort zone.

4.11 To what extent did our Facilities achieve these demands? For PGF and ATLPHD it is probably too early to say. But KOMPAK is undoubtedly moving strongly in this direction; it is constantly publishing learning notes (as in the document on the right, released early October 2017).

New Publication  
October 2017

**KOMPAK**  
Kolaborasi Masyarakat dan Pelayanan untuk Kesejahteraan



**Mechanism Reforms of the Special Allocation Fund (DAK) to Promote Development Growth and Equity in Indonesia**  
(KOMPAK Working Paper Series No.2)

This study provides input to the government (especially the Directorate General of Fiscal Balance / DJPK) for future discussions of proposal-based DAK mechanisms (implemented in 2016) with relevant ministries:

#### Issue 4: Search Frame (iii) Flexibility and iteration

4.12 This is the one feature that is most closely associated with TWP. It has almost become its leitmotif. This is problematic, as many claims are now being made for initiatives to be 'thinking and working politically', which in reality have – merely – slightly flexible budget schedules. This does not constitute doing development differently: it is doing development pretty much the same, based on project frameworks, with predetermined objectives, modalities and activities, but which are given slightly greater leeway in terms of implementation schedules.

4.13 Budgetary flexibility is of course important, but it is only a small part of the agenda. There are two simple points to be made here:

- flexibility and adaptation refer to the same characteristics.** Both are concerned with the ability of the 'design' of the initiative to understand and respond to changing circumstances ('stuff happening') and adapt to the changing needs of the day. In what dimensions is the design appropriately 'pliable' or 'flexible'? This should encompass modalities, problem identification, scheduling, working partners, choice of staff (in particular, selecting those open to taking calculated risks and learning from failure) objectives as well as mere budgets; and

- ii. **iteration refers to the regular and / or frequent ‘conscious revisiting’** and reconsidering of the full landscape of the initiative. It means deep thinking, reflection and self-criticism: are we doing the right things in the right way with the right partners?

4.14 So how did the three Facilities do? In some ways, exceptionally well. All three Facilities commenced operations without a guiding high level strategic framework (which caused a number of issues as discussed in the separate Facilities note), but it did mean that teams were able to identify new initiatives (usually for year two operations) that reflected current priorities and concerns. The downside was that all three Facilities were responding more to the priorities of DFAT (see principle-agent point under Issue 6 below) of the than their partner governments. Again this was less marked in the case of KOMPAK.

4.15 In terms of iteration, it is too early to comment on ATLPHD and PGF, but KOMPAK has now put in place a rigorous six monthly internal review and reflection exercise, and PGF and ATLPHD are heading in this direction. Yet the question remains for all three Facilities: how to incentivise appropriate micro-project/ activity adjustments on a day-to-day basis in response to the context, without needing to wait for formal six-month review points?

4.16 There is one important implication of this if funding partners truly desire flexibility, adaptability, responsiveness and meaningful iteration, and it is a binary choice: either they are fully, directly and immediately involved in all the contractor’s decision-making processes, or they place their full confidence in the rigour and robustness of the contractor’s internal decision-making processes (this being demonstrated by means of an independent audit). Of course the corollary for the contractor is absolutely to ensure the rigour and robustness of those internal decision-making processes.... It is a two-way street.

### **Issue 5: Collaborating, institutions and putting teams together**

4.17 TWP emphasises working with locally legitimate institutions and engaging with reformers and pro-poor coalitions. Our experience suggests that this was difficult to achieve from the outset – because in all three cases many organisational contracts were novated and many activities had to be continued. This is understandable; as time progressed, KOMPAK was able further to refine its network of strategic partners, and ATLPHD is now doing the same.

4.18 Experience from the Coalitions for Change (CfC) program in the Philippines<sup>10</sup> suggests that to be successful, four requirements are needed: a set of technical policy skills (people who understand intimately the nature of the problem that has been identified and agreed with partners); a set of equivalent political skills (people who understand the incentives and institutions that swirl around ‘the problem’, and someone on the inside to act as informant, go-between and policy-broker – honest or not). Also required, linking them together, is a political network.

4.19 The CfC program found that the ‘political insider’ was the hardest to identify and ‘recruit’. Our experience has been the same. But this point needs elucidating: we all know that change is domestically led and that donors and contractors both (rightly) put a high value on employing national staff. But two simple mistakes can be made:

- i. automatically to assume that all nationals will understand the nuances and foibles of their domestic political and administrative processes. They may not, just as many of us don’t fully understand our own domestic processes; and
- ii. automatically to assume that they will all be equally influential and valued by host governments. Regardless of technical abilities, it is clear that – as in all polities – some nationals will be more acceptable than others. And indeed, the acceptability of an individual may vary over time (e.g. depending on who is in power or the type of reform issue the

<sup>10</sup> Jaime Faustino, internal presentations, The Asia Foundation 2015

program chooses to work on). Finding political insiders who really are ‘on the inside’ (those that really are trusted, whose advice is sought after, and can actually influence the business model at hand) is really hard.

## Issue 6: Modalities

4.20 TWP requires partnerships between donor and contractor, rather than principal-agent relationships. This is important for several reasons: (1) national staff must be trusted and permitted to transact key relationships required to work politically and influence reform outcomes, (2) the implementer needs to be able to experiment – in particular, to explain and learn from ‘failure’ – without fear of repercussion from the donor and, (3) the implementer needs sufficient budget and autonomy (which inevitably extends from a partnership based on trust) to make micro-adjustments to activities in line with the pace of reform.

4.21 However, as per the reasons we saw in the previous section, principal-agent relationships dominated the first nine months of all three Facilities. As each Facility has matured and trust has grown, the nature of the DFAT-Abt relationship has changed, with KOMPAK leading the way. Given the issues raised in the previous session, this is not at all surprising. As both sides learn about Facility implementation, it can be expected (hoped) that partnerships will strengthen: and thus the space and permission for TWP to grow.

## Issue 7: Complexity, contingency and compromise

4.22 The final point to emerge from these three cases is that all policy reform operations are complex, contested and contingent. We are not yet sure that we have learned all the lessons that need to be learned here, but it what is clear is that what may appear to be simple ends (in KOMPAK’s case for example changing the government’s inter-governmental fiscal transfer formula) may necessitate complex, parallel and possibly overlapping reforms: to achieve objective A we need to achieve X, Y and Z along the way. Much of this may only become apparent once the initiative is under way. Hence the need for flexibility and iteration. And as well as compromise, this required a carefully thought-out communications plan. Developmental arguments need communicating; hearts and minds need winning. All three of these Facilities are currently giving far more priority to communications – for different audiences – than was originally planned.

## 5 Key Findings 2: The ‘grubby reality’ of applying the Search Frame in Facilities

5.1 Reflecting now on what it takes to institutionalise – what we see as the heart of the TWP approach: the *Search Frame* (issues 2-4 of the above) – we found three levels where systems, capabilities and incentives are required systematically to drive this approach. These include:

- i. At the level of the **donor-implementer relationship** (in this case, the implementer being the MC);
- ii. At the level of the **implementers own internal systems, capabilities and incentive structures**, and;
- iii. At the level of the **implementer-grantee or implementer-sub-contractor** relationship.

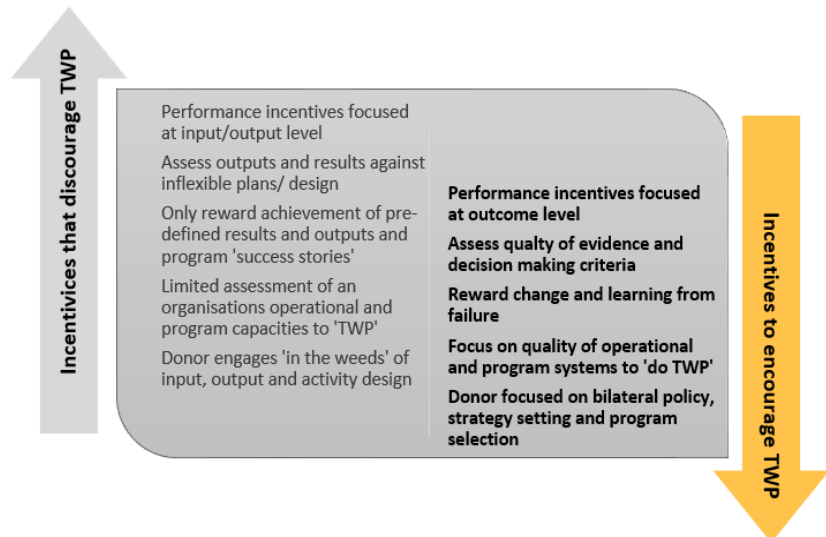
5.2 In each Facility, we found that the absence of appropriate incentives, capabilities and systems at any of these levels has the potential to not only stymie a *Search Frame* approach, but actively work to disincentivise it. For example; even if the donor encourages the implementer to apply a *Search Frame* approach in the way it establishes contracts, structures budgets and rewards performance – the approach is unlikely to take hold unless the implementer themselves have the systems and capabilities necessary to translate and enforce this way of working across its portfolio of activities.



5.3 In the following two sections, we outline early (and common) lessons on how to reward a *Search Frame* approach in large Facility mechanisms. We do not yet delve into the third layer (the implementer-grantee or implementer-sub-contractor relationship) as each facility is still very much experimenting and learning about what works best at this level.

### Level (i) – the Donor-Implementer Relationship

5.4 As implementation begins, it may be inevitable for MC and donor staff to fixate on the minutiae and slip back into more traditional project management approaches (i.e. did we faithfully implement our activity plan as agreed at design?). While many of the incentives to apply a *Search Frame* approach must be created and enforced by the MC themselves, there are also ways for donors to hold MCs accountable for adhering to 'TWP' principles during implementation of large Facilities. These are summarised in the diagram on the right. On the left are the type of donor incentives that can discourage the *Search Frame*, and on the right are those which can foster it:



5.5 To unpack these findings in further detail:

(i) **Focusing performance incentives (i.e. in contracts, quarterly performance assessments, and at mid-term review) at the outcome, not the output or input level**

5.6 Doing so forces the MC to lift their gaze away from whether inputs / outputs were delivered faithfully as per the plans laid at design – and to focus instead on how they expect to get from our outputs to our outcomes. This is in essence the MC's theory of change. Such an approach allows donors to focus on:

- the realism of the assumptions being made about how change will occur, and
- why the outputs the program will plausibly lead to the outcomes required.

5.7 Having said that, a legitimate concern of donors is that moving the focus to the outcome level will be insufficient to drive a *Search Frame* approach. Indeed at worst it may increase mistrust between the donor and MC: if outputs / inputs are undefined, how can donors be assured that the MC will chose the most effective and efficient path to achieve the required change (i.e. 'getting from output to outcome')? How will donors know whether the MC is overinflating their change stories and results or not (given that they have full control over the input / output level)? For these reasons, we suggest that the above approach needs to be coupled with the following techniques to satisfy donor risk requirements.

(ii) **Assessing the quality of evidence and decision making criteria by which the MC selects, designs and makes choices about the ways in which activities will be modified during implementation**

5.8 Such an approach forces the MC to demonstrate how politics, interests, incentives and institutions were systematically considered in problem selection and design. It also requires the MC to use



evidence (including tacit knowledge gleaned from local relationships) to justify why certain choices were made to stop, drop, halt or expand any activity or budget during implementation.

5.9 By exposing the evidence and criteria used by the MC to make adjustments and justify investment choices, the donor will also be able to avoid situations where changes are made either based on poor information or for more nefarious ends (e.g. overinflating results). One way in which this approach can be applied practically is through donor participation<sup>11</sup> in regular formal or informal R&R points. In KOMPAK, for example, the program comes together on a six-monthly basis to test program assumptions, review progress and determine where and how activities need to be adjusted based on changes in the operating context.

(iii) Including performance milestones which encourage (or at least do not deter) increased numbers of projects / activities changed as a result of R&R exercises, and frank conversations held with the donor and partners regarding program ‘failure’

5.10 The tendency of a donor-MC relationship is for the MC to want to highlight good news stories to the donor and for the donor to be suspicious of the MC’s intent. However, in order for a TWP approach to take hold, it is critical that both parties are able to enter into frank and honest conversations about program failure. In reality, if the MC is truly focused on outcomes, and genuinely committed to testing ToCs and adapting projects in line with the local pace of reform, some activities will inevitably ‘fail’. Elections happen, key individuals move on, local reform agendas change and social movements arise unexpectedly. Thus, rather than rewarding only good news stories (which encourages this cycle of over-inflation and distrust to continue) donors must encourage and reward conversations which reflect on ‘failure’. Only then is the MC more likely to acknowledge where things don’t work as planned, without the fear of repercussion come performance review points.

5.11 Similarly, it is critical for donors to shift incentives away from simply rewarding the presence of review and reflection exercises, but instead the number of activities, projects and budgets changed as a result of these exercises. Doing so indicates to the donor that the MC uses these R&R points as more than ‘just a talk fest’, and is able to close the loop between learning, monitoring and implementation as discussed above.

(iv) Focusing performance milestones (especially in the first 12-18 months of operation) on the quality of the MC’s program and operational systems for designing and delivering ‘TWP’

5.12 Details on what (the MC judges) to be the key program and operating systems an MC requires to apply a *Search Frame* are outlined below. Suffice it to say that by interrogating the quality of these systems at tender and implementation – the donor not only has confidence that the MC’s processes for getting from the input to the outcome level are robust, but it also allows the donor to ask harder questions of the MC – such as:

- E.g. “how robust was the political analysis which informed problem selection?” NOT input questions such as “why are you putting X advisers in X department”
- E.g. “how well placed are the MC’s local partners/ staffs networks to influence those with power?” NOT “do you have a final organisational chart in place yet”.

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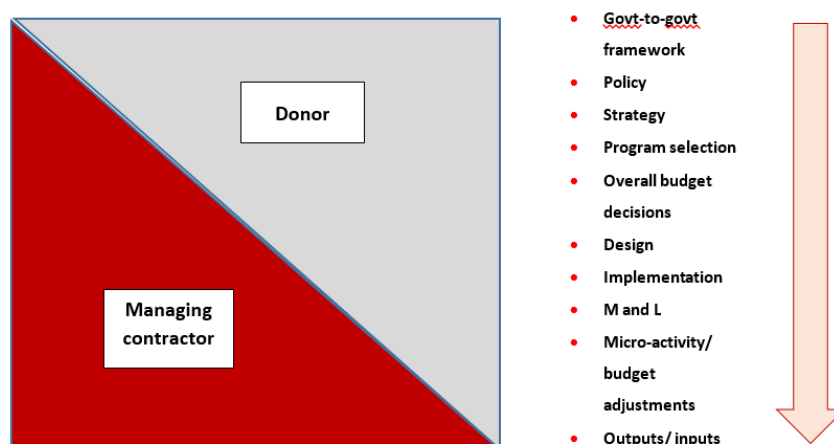
<sup>11</sup> It is important to note that this approach requires donors to have individuals on hand who possess deep development skills and in-country knowledge to assess the quality of evidence and decision making criteria. Such skills are different to day-to-day project management skills, which entail good linear thinking, attention to detail in budget, contracting etc. Rather, it requires a much deeper knowledge of development theory and how change occurs in the context the facility is operating. Such skills may have to be contracted in by donors who are shifting their staff profile away from deep development and in-country knowledge, to a more generic civic servant skills-set.

(v) Clearly distinguishing between roles of the donor and MC with regard to program management

5.13 Articulating the precise tasks of the donor *vis a vis* the MC is more of an art than a science. Our experience however was that in the first 18 months of existence in each of the three Facilities under review we were given very little room for manoeuvre. In principle TWP suggest leaving the ‘nitty-gritty’ of activity design (choice of input/ outputs, contract management, grant making and financial management within certain thresholds) to the MC, and focusing the donor’s role on assessing:

- quality of program management systems;
- quality of evidence used to justify whether the project is on track or not;
- how strong are the MC’s local relationships;
- quality of political analysis used to inform decision making; and
- how responsive the MC is to changes in the local operating context.

5.14 In a Facility mechanism, the donor negotiates the government to government framework, sets the high level policy and strategic intent of the program, makes budget allocations, whereas design, implementation, micro-budget review and adjustment is left to the MC. This is shown schematically in the figure on the right.



**Level (ii) – the Implementer’s Systems, Capabilities and Incentives**

5.15 Moving down to the next layer – the implementer themselves – we see **six** key systems or capabilities as needing to be in place for the MC to successfully incentivise and drive a *Search Frame* approach in Facilities. These are:

- A system for problem selection and identification which is led by local partners and draws heavily on political, as well as technical, analytical tools (actor mapping, institutional analysis and so on);
- A system for developing multiple Theories of Change or Theories of Action (in particular political action) for the one problem;
- A system of monitoring and learning which is embedded (not separate) to ‘design’ or ‘implementation’. This system’s primary purpose should be to test Theories of Change or Theories of Action, have both regular formal and informal Review and Reflection points (R&R) preference tacit knowledge and it *must* be linked to a process for making activity and budget modifications following R&R. Without a clear consequence from R&R exercises, one of the key features of a TWP approach is lost – i.e. the ability to adapt the program in real-time and in response to what teams are learning or observing in the political context in which they operate;
- A management structure that delegates high levels of discretion over budget, activity decisions and local networks/ relationships to program managers. This allows for those with the key informant relationships and greatest knowledge of the operating context to make micro-adjustments to the project as they implement (rather than having to wait until formal R&R or approvals – by which point the reform opportunity will most likely be lost);

- v. High numbers of national staff in program management positions – with a focus on recruiting staff with political knowledge and ‘insider’ networks specific to the reform problem at hand (i.e. and not just placing staff in operational or technical positions or recruiting those with purely technical or project management skills); and
- vi. A budget management system which can not only forecast and track expenditure against overall targets, but which also allows flexibility to move funds between activities and work streams in response to performance and changes in political context.

5.16 Table 1 below explains these traits in further detail: noting that, of course, the precise nature of these systems will vary by contractor – depending on their own internal incentives and political economy. On the left-hand side of the following table are the features a donor would expect to see under a more ‘traditional’ project management approach at each stage of the project cycle. On the right-hand side of the table are the systems or tools which (we believe) the donor would expect to see reflected by a MC who knows how to not only ‘do development well’ but also ‘do TWP’ (and apply a *Search Frame*) in practice in a large facility mechanism. Indeed, we believe donors could even go so far as to build these systems and tools into their tender processes, as a way of assessing which bidders actually have the operational and programmatic capabilities to match the TWP rhetoric.

**Table 3: Traits Expected of a Managing Contractor to Drive TWP Approaches to Programming**

Stage in Program Cycle	Project Management 101	TWP –ing	System or Tool Displayed by MC
<b>Design</b>	Problem statement focused on technical issues Focus on proximate causes Technical ‘experts’ lead design One possible pathway for change	Political as well as technical focus Root causes identified Local partners lead problem definition/ ‘design’ Multiple possible pathways for change identified	<ul style="list-style-type: none"> <li>✓ A process for local partners to lead ToA/ToC development and problem definition</li> <li>✓ Actor and institutional mapping</li> <li>✓ Multiple possible ToC or ToAs for the one problem</li> </ul>
<b>Implementation</b>	Sequentially follows design Problem statement/ activities revisited annually Most decisions taken by management re-program changes Team comprises of mostly international staff One single organisational structure for life of program Fixed budget by activity at start of year Choice of delivery mechanism (grants, contracts etc) dictated by project legacy and compliance requirements only	Occurs at same time as ‘design’ Problem statement/ activities/ budget constantly revisited Program teams have responsibility for program change Team comprises ‘insiders’, technical experts, political informants Mostly national staff recruited Organisational structure which changes in response to politics Budget allocations indicative at start of year Choice of delivery mechanism (grants, contracts etc) dictated by compliance but also the problem on which the team are working ( <i>i.e. grants may be more appropriate if the partner can be trusted to make financially responsible and politically informed adaptations to the project as they implement</i> )	<ul style="list-style-type: none"> <li>✓ A clear program system that requires teams to constantly revisit ToC/ToAs and adapt budget/ activities in response</li> <li>✓ Relationships fostered on the basis of influencing those with power</li> <li>✓ High levels of budgetary delegation</li> <li>✓ High levels of delegation to teams regarding activity-level decisions</li> <li>✓ High levels of delegations to teams to manage local relationships/ networks</li> <li>✓ Unallocated budget ‘pots’ with a set of criteria to quickly release funds</li> <li>✓ Budgets allocated to high level outcomes with internal management authorised to shift funds based on the political context and performance of initiatives</li> <li>✓ Team comprises ‘insiders’, technical experts, political informants</li> <li>✓ Mostly national staff recruited</li> </ul>
<b>Monitoring, Evaluation and Learning</b>	Fixed inputs, outputs and outcomes	Outcomes often fixed, inputs and outputs flexible	<ul style="list-style-type: none"> <li>✓ 6-monthly formal review and reflection tied to budget/ activity updates</li> </ul>

	Data collection that focuses on quantitative output level knowledge Largely reports positive results A single baseline set at program start	Data collection that focuses on qualitative and tacit knowledge Reports on 'failures' Baselines that may change as the ToC/ToA changes	<ul style="list-style-type: none"> <li>✓ Quarterly team review and reflection tied to budget/ activity updates</li> <li>✓ Regular team meetings to make micro-adjustments to activities</li> <li>✓ MEL plans that can be updated as ToA/ToCs change</li> <li>✓ 'Failure' and lessons learnt captured and shared as knowledge products</li> </ul>
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### What is unique in delivering aid under a Facility mechanism vs 'traditional' programming?

5.17 So what does this lived experience tell us about how TWP is playing out under a Facility mechanism of the type Abt Associates is currently implementing, vis-à-vis more traditional projects? Are any of these lessons unique to Facilities, or are they generic to any project delivered bilaterally regardless of its implementing modality?

5.18 On one hand, what we have identified above re-affirms many of the lessons present in international literature and case studies– including the need to:

- i. Select individuals and build teams based on their mix of technical, insider, political and entrepreneurial skills (see the Coalitions for Change experience);
- ii. Use review and reflection processes that are embedded in programming and focus on testing and adapting theories of change in real time (see the Asia Foundation's experience with Strategy Testing);
- iii. Ensure that problem selection and identification focuses on the political, as well as technical, aspects of challenge at hand – and don't forget informal institutions, agency and collective action (see almost all literature produced by the Development Leadership Program over the past decade);
- iv. Provide high levels of autonomy to program teams, especially with regard to relationship building and micro-activity adjustments (see the Coalitions for Change experience as well as The Asia Foundation's reflections on implementing the DFAT-TAF Partnership);
- v. Focus donor accountability and funding at the outcome level (not the input/output level) and ensure there are systems in place to allow for funds to be shifted based on the political context and performance of initiatives (see the Coalitions for Change experience as well as The Asia Foundation's reflections on implementing the DFAT-TAF Partnership); and
- vi. Encourage a partnership and high level of trust between the donor and MC (vs a principle-agent relationship) to allow for program failure, lessons learnt and experimentation to be understood and supported.

5.19 But on the other hand, there are a number of factors that we judge to be specific to a TWP approach in large, multi-sector, high-profile Facilities:

- i. **Facilities must be able to deliver on the whole spectrum of programming – traditional as well as non-traditional delivery approaches:** Given the public profile of large Facilities, as well as the high numbers of existing projects which are novated or mandated over into the new facility, the MC must have a the capability (systems, people) to deliver the complete spectrum of programming: from highly iterative, experimental ways of delivering aid, through to the more traditional pre-planned, log frame approach. This not only allows the partner government and donor to select their preferred program approach, it also reflects the fact that not all development problems require a highly flexible and iterative approach to implementation (e.g. vaccine dissemination in PNG requires a high level of pre-planning and organisation to get right);

- ii. **Not everything can be 'TWP'ed:** A key lesson from our Facility experience is knowing what projects will lend themselves best to a TWP approach. High spend, high visibility, politically-important projects may struggle to adopt TWP. Partly because TWP initiatives usually have low and erratic budgets (which reflect the pace of reform and not external expenditure targets) and partly because the project has usually been designed with a specific outcome and delivery approach in mind (and as such, it is hard to 'add TWP' in later down the line). It is also politically advantageous to have large swaths of a facility that can ensure expenditure targets are met, be highly visible and deliver predictable outputs and results that can be easily communicated back to domestic constituencies in the donor country;
- iii. **Communication and early wins:** Given the visible nature of the three Facilities Abt manages, it has been critical to focus on effectively communicating the value of the mechanism to local stakeholders (what it is, how it is different to previous projects) – and promoting early wins that are of mutual benefit to both the donor and partner government. Raising the profile and support for the Facility mechanism has a flow on effect for TWP programming. The greater the buy-in and trust from both sides for the Facility, the more likely parties are to authorise small, quarantined areas of funding to trial TWP approaches to programming. This is still a work in progress in the three Facilities under review;
- iv. **Thinking and working politically will take time in large Facilities:** In many respects, thinking and working politically is a higher order program management skill. Being able to 'do development differently' first requires one to 'do development well'. This creates challenges for MC's who – upon winning the Facility – must not only build an operational and programmatic platform capable of delivering effective aid programs (on time, within budget and on result) but also *adapt* this platform to allow for greater program adaptation, iteration and an ability to think and work politically. In all three examples, it is clear that achieving these higher order skills takes time. The first six months of operation were overwhelmingly focused on recruitment, establishing base operating systems (finance, HR etc) and novating or renegotiating old projects into the new Facility mechanism. The second period (six to twelve months) are then focused on strategy development and the realignment of new initiatives: at which point thinking and working apolitically becomes a possibility as design assumptions, problem definitions and theories of change are opened up for re-negotiation;
- v. **Thinking and working politically in large Facilities requires a degree of formalisation to roll-out:** Unlike other cases where TWP has been trailed in relatively small value and small projects – Facilities (of the type we know) are large in value, include many small activities and projects, and have large numbers of staff (upwards of 100-200 in some cases). For this reason, formalising a program and management structure that enforces and monitors the key elements of a TWP approach (see table 1 above) becomes all the more important than in smaller projects or stand-alone grants (where the efforts of one individual or an informal network can often be enough); and
- vi. **There may be linkages between different types of programs which can (and should) be exploited to improve outcomes from TWP interventions:** One final point, which we are still testing through implementation, is that Facilities should be careful not to divide 'traditional' and TWP style interventions. Indeed, we are finding that the relationships, knowledge, networks and program experience amassed in one part of the Facility can benefit other parts. For example: connections with the Ministry of Education may in fact provide access to key power brokers for another part of the Facility who are adopting a TWP approach to sub-national service delivery allocations.

## 6 Conclusions

6.1 Progress on ‘thinking and working politically’ in such high-value, high-profile, multi-sector or multi-project ‘Facilities’ is thus mixed, as perhaps would be expected. Some aspects of the agenda are easier to operationalise than others: taking account of context, appreciating institutions (at least formal ones), designing regular ‘review and reflection’ exercises. These are mainly the ‘thinking’ parts of the agenda.

6.2 By contrast the ‘working’ parts are rather more challenging: understanding and responding to the incentives and interests of key individuals, the potential role of collective action, getting the right mix of staff and partners, replacing the principal-agent relationship between donor and contractor with one based on partnership (maybe this will always be beyond us by its very nature), having the right skills to implement, learn and adapt as we go, and having back-up plans and strategies in place when unforeseen ‘stuff happens’.

6.3 Perhaps the most pertinent conclusion from this review is that large multi-sector Facilities create their own constraints (at least in the first couple of years) to thinking and working politically. Indeed, the context, the inheritance, strongly favours doing development pretty much as it was done previously. The major factor here is the need to continue implementing legacy projects and immediately produce results and outputs to justify the existence and significant spend associated with the Facility model. With such high levels of scrutiny, and the volume of resources in one single contract (and contractor) there was – and is – pressure from the donor to show how the new Facility mechanism can deliver for them and partners, and prove that it was worth the investment. This also means showing each government agency ‘what’s in it for them’ at the project and sector level. Thus, these needs must first be met before space can be carved out, and project legacies overcome, for some small experimental funds with which to ‘noodle around’<sup>12</sup>.

6.4 Despite this, that a number of substantial achievements in the three Facilities can be noted:

- all sought to reflect the domestic political and economic context;
- all sought to work with and through local institutions, in the public, private and third sectors;
- all have put in place, or are seeking to put in place, rigorous internal planning, review and learning systems;
- all sought, and are now seeking to identify opportunities for new initiatives;
- all have plans to integrate systems and staff for implementation and learning; and
- all are attempting to increase the degree of flexibility to the extent possible.

6.5 Looking forward, we believe that it is possible to discern common features that prove whether an implementer can match the rhetoric and *actually* ‘do TWP’ in Facilities. Indeed, donors may wish to explicitly look for and reward these traits come tender and performance review. These common systems and capabilities include: a system for problem selection and identification which preferences local partners and the political dimensions of reform; an approach to developing multiple theories of change (or action) for the one problem; a system of monitoring and learning which is embedded in design and implementation; a budget management system that allows flexibility to move funds between activities and work streams in response to performance and changes in political context, and; a management structure that delegates high levels of discretion over activities and budgets to program teams and preferences the political networks and skills of its local staff.

6.6 While much of what we have outlined above echoes the long list of lessons from international experience on ‘doing TWP’: we have attempted to provide a set of examples on (i) what systems and capabilities are actually required to give effect to TWP in practice and (ii) what donors could (or should)

<sup>12</sup> Again thanks to Jaime Faustino for this wonderfully evocative phrase



be doing to incentivise a TWP approach in Facilities. Importantly, what we are proposing for both parties represents a different way of structuring donor-MC relationships to that which is currently the norm. In particular, for donors we propose a performance management approach which shifts the point of accountability away from the input / output level and towards outcome level, coupled with a relentless focus on the quality of program and operational systems, evidence and decision making criteria and on learning (in particular learning from failure).

6.7 This approach challenges the core of how risk and risk mitigation are currently perceived in donor agencies (i.e. seek to control as many variables as possible that could impact on a program outputs). Indeed, it is fair to ask “how on earth can a donor be confident that the MC will deliver in good faith and on time if they relinquish control over the minutiae of program management?” However, in our assessment (and we do not make this lightly) we believe that the mix of accountabilities discussed above will mitigate risk by reducing the burden on donors to take on the responsibility for decisions about inputs / outputs (issues about which they generally know rather less about than the MC who deals with this daily). Indeed, the approach proposed actually significantly raises the stakes for implementers. By holding MCs to account for the quality of their decisions, program systems and outcomes – they are now responsible for the ultimate ‘leap of faith’ in the program logic: that their choice of outputs, in a highly unpredictable and politically charged foreign country, will indeed deliver good development outcomes. This is a challenge the contracting industry should rise to.





## Abt Associates

Abt Associates is a mission-driven, global leader in research, evaluation and implementing programs in the fields of health, social and environmental policy, and international development. Known for its rigorous approach to solving complex challenges, Abt Associates is regularly ranked as one of the top 20 global research firms and was named one of the 40 international development innovators. The company has offices in the U.S., Australia and the U.K., and program offices in more than 50 countries.

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