

## SHIFTING AID MODELS TO MANAGE FOR SYSTEMIC CHANGE

This briefing paper was produced following a policy forum hosted by Engineers Without Borders Canada (EWB) in January 2014. The event brought together a small group of policy makers, development practitioners and thought leaders from Canada, the United States, Uganda, Ghana, Malawi, and the United Kingdom to explore and discuss models of aid that allow for the pursuit of complex, adaptive program design while retaining the rigour and “value-for-money” aspects of the current convention -- i.e., results-based management (RBM).

### INTRODUCTION

There have been two prevailing, and in many ways contradictory, paradigms in international development in the past decade: (1) systems change approaches; and (2) results-based management. Both stem from the real and perceived failures of the sector to live up to its promise of poverty reduction.

The first paradigm relates to the fact that social and economic systems are increasingly complex, interconnected and adaptive. As such, a growing number of practitioners agree that by taking a holistic, or systemic, view of social problems we can better understand how to intervene in ways that promote sustainable solutions without promoting dependency, distorting markets, or increasing vulnerability. This often involves development partners taking a backseat role to local businesses, government, and civil society, and being flexible enough to provide support where necessary to strengthen those local systems.

A second major paradigm has been termed ‘the results agenda’. This school of thinking developed from the arguments that i) development was failing to achieve expected results and that ii) this failure stemmed from either a lack of evidence related to

### At-A-Glance

#### **What is results-based management (RBM)?**

The paradigm of measurable, quantifiable, target-based relationships between development practitioners and funders. This includes tools and processes such as logical frameworks (log frames), Gantt charts, activity plans, and deliverable/output-based contracts.

#### **What is evidence-based policy, and how is it related to RBM?**

The philosophy that interventions and policies should be based on rigorous, grounded, often quantifiable evidence. Only that which is proven must be taken to scale or funded. The key difference may be framed as: while EPB is a framework to guide decision-making, RBM is an accountability mechanism.

#### **What do we mean when we speak of ‘complex programs’ creating ‘systemic change’?**

Complex programs aim to shift mindsets, behaviours, and norms in entire local systems: a market sector, a methodology of governance, a keystone business. Since these change initiatives rely heavily on local partners changing their behavior, there is a lower degree of control and predictability. For example, instead of providing capacity and financing services to farmers to increase their productivity & incomes, a systems change program may choose to permanently alter how agricultural businesses interact with farmers (and each other) such that up-to-date knowledge, products, and financing is sustainably available to farmers through local businesses for long after the program ends.

impact or limited accountability on the part of NGOs and implementing partners to their donors. This led to an emphasis on quantitative evidence of scalable

solutions and the rise of results-based management in the development sector. For example, the emergence of randomized control trials in the sector is indicative of this thinking.

The EWB policy forum was prompted by a recognition of the tensions inherent in these two dominant paradigms<sup>1</sup>, and a hope that reconciling them will strengthen development practice. The forum intended, in this spirit, to flesh out the tensions, illuminate next steps, and spark further conversation.

## KEY TENSIONS

There are a number of tensions that arise when results-based management intersects with systems change approaches, including:

**Attribution and measurability vs indirect interventions.** RBM relies on targets, measures, and clear lines of attribution between a program's activities and the intended impact in order to manage for timely, accountable, and predicted development results. In contrast, interventions that aim to create systemic change rely on working in partnership with intermediaries, and sparking behavior change that spreads across local institutions. Since change is being driven by others, attribution is difficult to claim and timelines are difficult to predict. Targets are difficult to set when the change is intended to spread through networks of local actors with the development agency playing an increasingly hands-off role.

**Context-specific vs scalable solutions.** The evidence-based policy discourse speaks of scaling up solutions that have been (rigorously) proven to be successful. Programs creating systemic change, on the other hand, are highly sensitive to local cultures and contexts. Additionally, the process of change, which is owned by local actors, matters just as much as the change itself.<sup>2</sup> As a result, while systemic change solutions may have a significant impact (at scale) in a particular context, the solutions are often not replicable in other environments.

**Results and activity targets vs adaptation.** RBM requires the setting of benchmarks and goalposts (for activities as well as intended results) that serve as performance metrics. In systemic change interventions, continually changing social, political, and business norms means development activities must adapt regularly; during implementation, some targets and measures may be shown to no longer be relevant, and should be discarded in favor of new ones. This creates a tension with RBM, as goal posts cannot be pre-determined and set in stone as easily. High-level results may remain the same (e.g., improving access to health services in a given area), but intermediate results and activities can change quite drastically (e.g., a program may choose to stop working with health centers and instead decide to work with drug distributors to combat counterfeit drugs in the supply chain).

**Reflection and analysis vs accountability and action.** While RBM requires activity deadlines and targets, creating systemic change requires investing heavily in reflective processes and time to 'think'. This is true both at the start of and during a program, and often times it is not predictable when one may have to stop activities in light of new information and re-evaluate the strategy. Particularly at the beginning of a systemic change program, a team may spend 6-9 months – before the first intervention is even designed – on just building local relationships and investigating the dynamics in a particular system. For example, a program wanting to improve animal health in a pastoral area may investigate questions such as: how veterinary services are perceived by the poor, the quality and types of animal health care available in an area, detailed analysis of the individuals providing those services, incentives at play that drive their current behavior, etc.

**Managing risk in development spending.** While holding tremendous potential for sustainability and large-scale impact on poverty, from a fiscal management perspective systems change approaches are inherently more risky. The approach calls for explicit upfront investment in pilots, studies, and relationships – some of which may not yield impact at

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<sup>1</sup> Taylor, B., 2013, "Evidence-Based Policy and Systemic Change: Conflicting Trends?" *Springfield Working Paper Series (1)*. The Springfield Centre, Durham.

<sup>2</sup> Barder, Owen. "Is 'the struggle' the baby or the bathwater?" February 2014. *Center for Global Development*. Available: <http://international.cgdev.org/blog/struggle-baby-or-bathwater>

all. Impact is a product of a discovery process, of cumulative learning, of experimenting with a number of different local partners, and of jumping on sometimes unpredictable time-sensitive opportunities as they emerge. This understandably makes funders nervous – results, activities, and targets are difficult to set with certainty.

While USAID's *Development Innovation Ventures*<sup>3</sup> (DIV) and the Canadian government's *Grand Challenges Canada*<sup>4</sup> are great examples of portfolio-based approaches to experimentation, they are not adequate for inciting local systemic change for two reasons: (a) these programs do not utilize an overarching mission, steeped in local context, to bind the multiple initiatives; and (b) there is an assumption that one good idea can be scaled up (as opposed to multiple simultaneous efforts sparking a system-wide change over time). Thus the question of risk remains unresolved: who bears what risk, and how is risk shared between implementing organizations and funders?

## MOVING PAST THE DICHOTOMY: SOME NEXT STEPS

The tensions between the two paradigms reveal – as with most dichotomies – potential for marrying the best of both worlds. Below are some suggestions and food for thought for embarking on that journey.

**1. Define common program and activity archetypes with respect to how costs, spend rates, activities, and timeframes differ to enable realistic results management.** There are different archetypes of programs, all important dimensions of development practice, that have a positive impact on the poor. Two major archetypes are: programs that deliver services to the poor directly, and programs that focus on changing a local system. Programs that deliver services (e.g., healthcare) or infrastructure (e.g., roads) promote economic growth and healthy, prosperous communities. At the same time, programs that spark systemic change support the long-term

growth of local systems that will continue to provide needed solutions to communities in the future. A program or activity aiming to spark systemic change in complex local systems (public, private, civil society) is inherently different from one that is providing a product or service directly to the poor (both of which are different from, say, a grant scheme program). All archetypes play different and valuable functions. There is a need, however, to define and agree on how these program archetypes differ in terms of results management and design. Often, even when some activities may appear to be similar across the archetypes, the intention and methodology is different.

**2. Rally around a shared mission as opposed to an activity plan at the program level, and build a culture of communication and discussion to enable adaptation of activities around this shared mission.** During the policy forum, logical frameworks were quoted as being a “grossly misused tool.” Log frame analysis is meant to drive mutual understanding between funder and implementer on the hypotheses behind and the ultimate aims of a program; in other words, it is meant to be a conversation tool. Instead, log frames are often used as an accountability tool. Ideally, implementers should be held accountable to the ultimate outcomes (which should be framed as a high-level mission) in a log frame.

This speaks to a broader point on the need for regular conversation during the implementation phase of a program where the lower levels of a log frame (intermediate results and activities) are revisited and revised. One methodology of development management discussed was Problem Driven Iterative Adaptation<sup>5</sup> (PDIA), where a very clearly defined problem agreed on by all stakeholders serves as a rallying point for revising activities and plans regularly. This allows for adaptation without mission drift.

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<sup>3</sup> United States Agency for International Development. *Development Innovation Ventures*. Available: <http://www.usaid.gov/div>

<sup>4</sup> Government of Canada. *Grand Challenges Canada: dedicated to supporting bold ideas with big impact in global health*. Available: <http://www.grandchallenges.ca/>

<sup>5</sup> Andrews, Prichett, and Woolcock. “Escaping Capability Traps through Problem Driven Iterative Adaptation (PDIA).” June 2012. Working Paper No 240. *Center for International Development*. Harvard University.

## Illustrative Example of Program Archetypes

	<b>Delivering vital health services</b>	<b>Systemic change in local health</b>
<b>High-level outcome (or mission)</b>	Decreasing infant mortality & improving maternal health over 5 years by training local staff and holding perinatal and antenatal clinics with mother care groups.	At the end of 5 years, public and private local clinics providing affordable, high-quality maternal health services to new and expecting mothers for the foreseeable future, reducing infant mortality over time.
<b>Implications for activities</b>	Can be planned for and RBM used for accountability: recruitment of talented health professionals, scheduling & setting up mobile clinics, registering mothers, provision of supplies, following a curriculum of best practices in maternal health care	'Time spent upfront learning and building relationships with local health facilities and businesses. Activities change and emerge over time. Need may arise for a sudden catalytic investment in a targeted partner, or provision of an invisible subsidy that – for example – demonstrates to clinics how to attract health professionals into the area
<b>Implications for timeframe and pace of change</b>	Set number of mothers will receive services per year, resulting in an immediate, sizeable, & measureable improvement in infant mortality in the area for the program duration. Infant mortality may rise again after program ends.	No impact on infant mortality for at least two years, then small change as early adopter local actors begin to provide services. This will appear, from a RBM perspective, to be 'low performance'. There will be an eventual spread of the practice to a number of local actors with modest – but continuing – decrease in infant mortality by the end of the program.
<b>Implications for costs and spend rates</b>	Budgets and budget lines can be predicted with a reasonable degree of confidence. Majority of costs will be entailed in providing services to the beneficiaries (mothers). Spend rate will likely be uniform over the program duration.	Cheaper, as services are not being financed. Money spent disproportionately on knowledge: research, staff capacity, investigation, travel, convening local stakeholders; in the current convention, many such costs are viewed as 'overheads'. There will be need, perhaps, to finance some challenge grants or cost-shares to shift incentives or finance a new practice by a willing local actor.

**3. Invest in capacity – at multiple levels – for staff to understand how their individual role differs in the case of different program archetypes.** There is a gap in up-to-date learning on the tactics and strategy of systems change. This is evident in the day-to-day tactics employed by field staff in implementing organizations, in how program managers approach management, in how proposal writers design programs, in poorly designed RFPs from funders, and in how procurement departments manage contracts. There is a dire need for investment in the capacity of staff across the board in what 'systems change

programs' means for their specific role: e.g., what support does a contract manager at a donor organization need to negotiate changes during program implementation? How can a technical advisor at a large NGO better design programs to enable systemic change? This realization has already been reached by major donors such as USAID<sup>6</sup> and the UK's DfID<sup>7</sup>, who have both invested in learning platforms this past year. They are to be commended for taking this step.

<sup>6</sup> United States Agency for International Development. *Leveraging Economic Opportunity (LEO) Program*. Available: <http://www.acdivoca.org/leo>

<sup>7</sup> UK Department for International Development (DfID). Market Systems Development Platform II: <http://devtracker.dfid.gov.uk/projects/GB-1-203732/>. Predecessor, M4P Hub: <http://m4phub.org/>

**4. Do not equate rigor with rigidity.** Creating systems change requires decisions based on evidence, and the regular collection and processing of qualitative and quantitative data, formal and informal, to inform programmatic decisions. There is great alignment between the philosophy of data-driven development and the methodology of systemic change. The Evidence-Based Development Network<sup>8</sup> (Overseas Development Institute) serves as an excellent example of this in action. In the paradigm of RBM, however, rigor can be confused with rigidity. Program logics and activity plans are set in stone in order to manage for results; however, as new information comes to light during program implementation that challenges the very assumptions present in the program logic, that evidence must be acted on to revise the logic (and subsequent activities, measures, and targets) accordingly.

## QUESTIONS TO CONSIDER MOVING FORWARD

**On capacity and shared understanding...** What are the specific capacities that need to be addressed across the spectrum of implementing organizations and donors, in order to enable systems change approaches? How might we provide relevant, context-specific support to staff in these organizations to strike a balance between results management and systemic change?

**On a culture of adaptation...** How might we build a culture of conversation between front-line staff in donor and implementing organizations that enable the two to adapt and navigate contractual structures together? How might we organize around a shared mission at the program level as opposed to a shared work plan while ensuring adequate results management and accountability?

**On risk...** Should organizations investing in systems change fund experimentation out of their overhead budgets? That is currently unfeasible due to the stigma associated with 'overhead', which leave little room for experimentation. Should 'investigative' funding be a separate pot of money available to implementers? If so, can that be done without

limiting the implementer from jumping on a time-sensitive opportunity during implementation? How might we best fund experimentation that rallies around a specific, coherent systems change?

## FURTHER READING

**Blog post following the January 2014 EWB policy forum:** <http://usaidlearninglab.org/lab-notes/taking-time-stop-and-think-shifting-aid-models-manage-systemic-change>

**Springfield Center's working paper on evidence-based policy and systemic change:**  
<http://www.springfieldcentre.com/wp-content/uploads/2013/07/Evidence-Based-Policy-and-Systemic-Change1.pdf>

**EWB's Microlinks seminar (September 2013) on the building blocks of learning organization:**  
<http://usaidlearninglab.org/media/building-blocks-learning-organizations-enabling-flexible-adaptive-development-programming>

**Matt Andrews, Lant Pritchett, and Michael Woolcock (Harvard Center for International Development) on Problem-Driven Iterative Adaptation:**  
[http://www.hks.harvard.edu/var/ezp\\_site/storage/ckeditor/file/240\\_Andrews,%20Pritchett,%20Woolcock\\_BeyondCapabilityTraps\\_PDIA\\_FINAL.pdf](http://www.hks.harvard.edu/var/ezp_site/storage/ckeditor/file/240_Andrews,%20Pritchett,%20Woolcock_BeyondCapabilityTraps_PDIA_FINAL.pdf)

**A Synthesis Paper on monitoring & evaluation for systemic change programs, developed by the SEEP-sponsored Market Facilitation Initiative (MaFI):** <http://www.seepnetwork.org/monitoring-and-measuring-change-in-market-systems---rethinking-the-current-paradigm-resources-937.php>

**Comments? Questions? Reactions?  
We are eager to engage with you.  
Please contact Amir Allana  
([amirallana@ewb.ca](mailto:amirallana@ewb.ca)) and/or James  
Haga ([jameshaga@ewb.ca](mailto:jameshaga@ewb.ca))**

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<sup>8</sup> Overseas Development Institute. *Evidence-Based Development Network*. Available:

<http://www.odi.org.uk/publications/7609-light-touch-review-evidence-based-policy-development-network>