



BACKGROUND

By all measures, PRIME¹ is a very complex project; a 62-million dollar project, covering five technical components, managing an innovation fund, addressing gender and disability, operating in three regions of Ethiopia through ten partner organizations that co-locate in seven field offices.

In areas frequently exposed to unpredictable changes in climate, food prices, government policies, conflict, and livestock/crop disease, PRIME seeks to strengthen the systems within which vulnerable households live by facilitating change through local entities and the

private sector. PRIME's leading implementing agency, Mercy Corps, decided to follow the principles of adaptive management to ensure that activities are responsive to the evolving needs of the complex systems it seeks to strengthen.

Complex vs. Complicated Systems

...the main difference between complicated and complex systems is that with the former, one can usually predict outcomes by knowing the starting conditions. In a complex system, the same starting conditions can produce different outcomes, depending on interactions of the elements in the system.

Sargut & McGrath. Learning to Live with Complexity. Harvard Business Review, September 2011.

...building a highway is complicated, but managing urban traffic congestion is complex.

Kamensky J. Managing the Complicated vs. the Complex. Viewpoints Fall/Winter 2011. The Business of Government

1. PRIME is a 5-year USAID-funded initiative to increase household incomes and promote resilience to climate change through innovative, scalable, market-driven approach in pastoralist areas of Ethiopia.

WHAT IS ADAPTIVE MANAGEMENT?

Adaptive management has been defined as “a structured, iterative process of robust decision making in the face of uncertainty, with an aim to reducing uncertainty over time via system monitoring...a tool which should be used not only to change a system, but also to learn about the system.”²

In essence, managing adaptively means:

- Taking small bets to build on successes and learn from not-so-successful interventions;
- Using rapid feedback loops, based on context analysis and program monitoring to adapt and improve implementation; and
- Changing strategies timely to meet an overall goal in response to new information

Mercy Corps believes adaptive management is supported by four different but interconnected elements:

Culture: Organizational culture provides the cues, expectations and incentives to prioritize learning and adaptation. It is both a foundation for, and a product of, people using skills, tools and systems to manage adaptively.

People & Skills: A respected, empowered and accountable team, equipped with critical thinking, analysis and creativity who are expected to gather and use data in their work. Structuring, recruiting and equipping our teams require careful leadership, planning and investment.

Tools & Systems: A foundational culture of investigation, debate and agility needs to be supported and reinforced by a broad set of technical and managerial tools, processes (such as recruitment) and systems (such as finance, procurement and M&E).

Enabling Environment: The ability to be lean and nimble requires buy-in and flexibility from the enabling environment beyond a single agency, such as from donors and host governments.

What does Adaptive Management look like in action?

Mohamed works in the Jigjiga field office, Ethiopian Somali Regional State, as a dairy value chain specialist. The project, designed a few years prior, decided to focus on improving the domestic trade with camel milk, given the strong local demand from this region. Activities were designed to focus on training women’s groups on improved milk production and sanitation in order to improve milk quality and hence improve market competitiveness and increase sales. Mohamed, working in the epicenter of the camel milk production, observes that milk production and sanitation do not get adopted by the target beneficiaries no matter how well the training events are planned, designed and implemented. Although his superiors as well as local government stakeholders have established that the lack of knowledge in good dairy practices and sanitation, and overall low technical capacity of the producers is the main factor contributing to poor market success, Mohamed realizes that the lack of financial incentive effectively discourages the producers to reduce production costs, improve quality and increase the quantity of the milk produced and marketed. He reports his findings in one of the weekly project reports, leading the team to meet for a strategic review of their activities. After several discussions, the team decides to re-focus some of its efforts to strengthen the incentives on the demand side. The technical team refines the existing results chain to reflect the changes on the ground and allows field teams to conduct a rapid assessment, pilot, and implementation of activities of their new strategy.

2. Holling, C.S. (1978). *Adaptive Environmental Assessment and Management*. Wiley, London. Reprinted by Blackburn Press in 2005.

Mohamed was successful in his attempt to adapt and change his project strategy because of the following factors:

Hiring the right people: Mohamed had a clear understanding of market dynamics, giving him the ability see system-level flaws where others did not. Technical abilities are important, as is being proactive and entrepreneurial.

Empowering staff: Even though his supervisors and other project stakeholders had focused activities in working with producers only, Mohamed felt empowered to suggest otherwise. He was not afraid to challenge leadership to take another look.

Encouraging learning/adapting: Leaders of this project worked hard to create a culture where management does not always know the right answer, peer review, respectful dissent and creative tension are encouraged.³

Using tools/processes effectively: The project had the necessary tools and processes in place to encourage learning and adapting. Mohamed used the weekly report to describe what he learned, which then resulted in a Strategic Review.

Fostering an enabling environment: A flexible work plan and full line-item flexibility encouraged by the donor allowed the team to rapidly adapt to needs and dynamically shift within the market systems they aimed to support.

Some Tools/Processes that Support Adaptation

- The Results Chain
- Strategic Reviews
- In-House Studies and Investigations
- After-Action Reviews
- Weekly Reports

Navigating Complexity: Adaptive Management at the Northern Karamoja Growth, Health, and Governance Program. 2014

ADAPTIVE MANAGEMENT IN PRIME: Operationalization and lessons learned

Culture: PRIME leadership builds the project culture by creating a clear vision, messaging, and role-modeling, and setting clear expectations. In one-to-one interactions and group meetings, leaders encourage staff to think critically, to provide feedback and ideas to each other's input, and ask questions to support learning. Events, such as monthly regional and partner meetings, and monthly/quarterly technical workshops are held to share learning and celebrate successes. As much as possible, decision-making authority is delegated to those closest to the implementation and monitoring of activities through a decentralized concept note system. Offices are co-located and structured for working collaboratively, and support functions are trained to handle adaptation and innovation.

Challenges and lessons learned:

Flat and decentralized organizational structures that empower staff also facilitate adaptive management. Although PRIME is highly decentralized in terms of tabling initiatives and identifying opportunities for actions, it has a complex managerial structure. While co-location and reporting lines are meant to promote collaboration, field staff can feel separated by several layers of management to technical leaders, unintentionally reinforcing a local culture used to hierarchical structures.

- Although the concept note system has been instrumental in countering this hierarchy, some staff feel that less approvals should be required to implement activities, while others would like to be included in the approval process.

PRIME staff, local partners, and project support functions such as human resources, finance, and procurement were not used to PRIME's management approach, resulting in delays of implementation and recruitment of individuals not suited for a project like PRIME. To remedy this, the project facilitated:

- Workshops, refresher trainings (ex. annual Economic and Market Development workshop), and leadership "role modeling" within the consortium to instill an AM culture.
- Exchange trips with teams from more successful regions to share best practices/experiences.
- The projects' market development team to revise their recruiting process from a traditional panel interview to a two-step process involving case studies and innovative ideas to test applicants' entrepreneurial mindset and critical thinking.

People & Skills: Hiring and developing the right people with the right skills and attitude is imperative. PRIME has ensured that it has adequate staffing levels that allow team members time to reflect, analyze, learn and share information for activity adaptation. For example, leaders encourage staff to attend technical webinars and present at conferences, even when this takes staff away from their day-to-day activities. The PRIME team also conducts regular skills trainings, such as the annual Economic and Market Development Workshop, and encourages cross-team collaboration and learning. PRIME aims to identify leaders with critical thinking skills and entrepreneurial spirit, in addition to technical expertise. Some teams within PRIME have adapted their recruiting process from a traditional panel interview to a two-step process involving case studies and innovative ideas to test applicants' entrepreneurial mindset and critical thinking. Office co-location ensures that learning is happening not just in Mercy Corps, but all of PRIME's consortium partners, and that cross-functional skills are being built by encouraging collaboration between technical components. Though this has led to increased integration between project components, efforts continue to fully realize the potential of integrated activities.

Challenges and lessons learned:

During ramp-up of the project, staffing was too thin, resulting in existing staff not having enough time to reflect, learn, and establish collaboration and feedback loops. Staff attending workshops or conferences we also not sharing what they had learned with the team.

- Staffing levels were increased and the process of disseminating research was enhanced.
- Staff who attend external trainings or workshops must present to colleagues what they have learned about the topic.

Tools & Systems: One of the main tools applied by PRIME to promote adaptive management is the concept note system, whereby all activities in the general work plan and budget are initiated by writing a concept note, or mini business-case. The concept note approach contributes to a culture of learning, peer review, flexibility, critical thinking and engagement, and focus on objectives, all of which are vital to successful implementation of complex projects such as PRIME. PRIME further applies these tools, processes, and principles to support adaptation:

- Flexible work plans and budgets
- Indicators and monitoring plans that evolve with the project
- Continuous Monitoring and analysis through formal to informal systems
 - Formal: surveys, institutional database, activity reports, weekly reports
 - Semi-formal: weekly, monthly, and quarterly meetings; after action reviews
 - Informal: encouraging open discussion between partners in co-location.
- In-house studies and investigations
- Space for reflection, sharing progress, and raising challenges, especially as concept notes and reports are drafted to document the experiences.
- Quick Pilots - allowing the team to quickly test hypotheses, test feasibility, evolve the approach and move into scaling successful activities.

Challenges and lessons learned:

Research studies, assessments, and reports were being conducted and shared, but were not being used enough to modify approaches/activities. We found that although research was being conducted and disseminated, staff did not have enough time to read the research and reflect on the consequences of the information on the project.

- The research lead is now required to develop a summary PPT presentation in addition to a research report and is also tasked with presenting the results at relevant recurring monthly meetings during which results can be discussed with colleagues.

Dynamic and unpredictable changes in the systems PRIME operates in and the project's inability to "guarantee" results on partnerships with the private sector, makes finalizing indicator targets, such as jobs created, quite difficult.

- PRIME annually conducts indicator reviews to fine-tune targets based on the changes on the ground and subsequent adaptations made on the project.

Enabling Environment: Based on prior experiences with projects of similar complexity, in the design of PRIME USAID took into account the need to use adaptive management to achieve results. Mercy Corps also has a cooperative agreement with USAID, versus a contract which can be more restrictive. The award includes 100% budget line-item flexibility, and USAID allows for indicators and work plans to be adjusted in a timely fashion. The process for changing activities/strategies is through annual work planning, concept notes system, and regular technical meetings.

Challenges and lessons learned:

External stakeholders and consortium partners were not used to flexible work plans and the facilitative development approach, resulting in mistrust, lack of buy-in and misguided recommendations. The traditional manner of reviewing the activities and results of a relief or livelihoods support activity whereas the implementer is observed through direct provision of goods and services to the target beneficiary groups was used by external stakeholders to review PRIME's progress and contribution, instead of focusing on monitoring systems' change and increased resilience of the targeted beneficiaries.

- PRIME regularly communicated, and is continuing to communicate the principles of Adaptive Management to external stakeholders whenever possible. This has improved their understanding and buy-in of PRIME's approach and activities.



Racho Dhenge Golo lives in the village of Wario Guyo Hidiale in Oromiya. PRIME works in this region to strengthen the health of livestock. Racho's livestock now have access to a veterinarian and medicine. His herd is larger and healthier, providing plenty of fresh milk for his family to drink -- and extra milk he sells at the local market to supplement his income.

To follow PRIME's progress, visit us at www.prime-ethiopia.org

For more information about the program, please contact:

Diana Picon

Learning and Knowledge Management Advisor
Pastoralist Areas Resilience Improvement
through Market Expansion (PRIME)
Mercy Corps Ethiopia

dpicon@et.mercy Corps.org
+251 (0) 934506397 (mobile)
+251 (0) 111-110-777 (Office)

Lorenz Wild

Senior Economic Technical Advisor
Pastoralist Areas Resilience Improvement through
Market Expansion (PRIME)
Mercy Corps

lwild@mercy Corps.org
+251 (0) 934395765 (Ethiopia mobile)
+1 202 463 7383 (D.C. Office)