2022 CLA CASE COMPETITION

COLLABORATE • LEARN • ADAPT

Case Title:

Learning by Doing: Adaptive Management in Kosovo

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Organization: USAID/Kosovo

"The [evaluation of procurement bids] procedure has given us the opportunity to apply with the best options and get selected for what is most economically advantageous." - Kujtim Thaqi, owner of EuroIng
Credit: DAI for USAID/Kosovo

Summary:

In 2017, USAID/Kosovo piloted the use of the Cost-Plus Award Fee (CPAF) contracting mechanism with its Transparent, Effective, and Accountable Municipalities (TEAM) activity - an activity that focused on countering corruption by strengthening Kosovo's municipal procurement systems. During design, USAID/Kosovo and Washington staff made the deliberate decision to include an adaptive management requirement within the TEAM contract. In making this decision, USAID/Kosovo was faced with the organizational challenge of finding a way to incentivize and incorporate adaptation into its activities and streamline award fee evaluation processes to contribute to better development outcomes. After a series of collaborative discussions, USAID and its prime partner decided to host quarterly focus groups to regularly collect information on the changing public procurement environment. The team posited that this data would enable the activity to react and adapt to new information in a timely manner. The sessions resulted in a series of recommendations, and activity staff made the deliberate decision to shift resources to meet some of the newly identified needs. For example, based on participant feedback, USAID funded the development of the NGO-led Open Procurement Transparency Portal, which more easily allows citizens to hold public procurement officials accountable. After implementing this initial set of adaptive management approaches, mindsets began to shift; TEAM staff started buying into the concept of adaptive management and the importance of including it within the contract structure. Following this evolution, USAID staff reported seeing the contractor proactively use information to adapt activity interventions and improve development outcomes. The introduction of adaptive management into USAID/Kosovo's contract was nothing short of transformative: at the development level, opportunities for corruption were losing ground with increased citizen engagement in procurement processes, and civil society had the agency and information to step into their role as the voice of the community.

Which two subcomponents of the Collaborating, Learning & Adapting (CLA) Framework are most reflected in your case? Please reference them in your submission.

- Internal Collaboration
- External Collaboration
- Technical Evidence Base
- Theories of Change
- Scenario Planning
- M&E for Learning
- Pause & Reflect
- Adaptive Management
- Openness
- Relationships & Networks
- Continuous Learning & Improvement
- Knowledge Management
- Institutional Memory
- Decision-Making
- Mission Resources
- CLA in Implementing Mechanisms

1. WHAT: What is the general context in which the case takes place? What organizational or development challenge(s) prompted you to collaborate, learn, and/or adapt?

In 2017, USAID/Kosovo piloted the use of the Cost-Plus Award Fee (CPAF) contracting mechanism. Under this incentive contract, the amount of profit or fee is directly related to the contractor's performance.

USAID/Kosovo chose to pilot this new mechanism with its Transparent, Effective, and Accountable Municipalities (TEAM) activity - an activity that focused on countering corruption by strengthening Kosovo's municipal procurement systems. During design, USAID/Kosovo and Washington staff made the deliberate decision to include an adaptive management requirement within the TEAM contract. In making this decision, USAID/Kosovo was faced with the organizational challenge of finding a way to incentivize and incorporate adaptation into its activities and streamline award fee evaluation processes to contribute to better development outcomes.

While the parameters on how to provide the award fee were clear, how to implement adaptive management was less so. The term is a popular part of USAID's lexicon today, but in 2017 it was still quite new. As a result, Mission staff had little to no experience with the official concept, and there were few specific examples to pull from. Piloting the CPAF, therefore, meant more than just understanding the mechanism itself; it also meant figuring out what adaptive management meant in the field and how to operationalize it. In the early days, common questions were: How adaptive is adaptive enough? How innovative is innovative enough?

Because the Mission was prioritizing adaptive management and incorporating it into the contract without significant precedent, our contracting partner had the advantage of flexibility in how they chose to approach the award; at the same time, however, because it lacked specificity, the concept also created apprehension. Luckily, the TEAM activity's Contracting Officer's Representative (COR) was exceptionally knowledgeable and experienced. In coordination with the Mission's M&E Specialist, he saw the value in the opportunity and led the effort with creativity, patience, and persistence. Over the course of the five-year activity, he worked with the activity's contractors to co-create locally-led, evidence-based adaptive management strategies that USAID and contract staff alike learned to seamlessly integrate into the TEAM activity's regular processes.

2. WHY: Why did you decide to use a CLA approach? Why was CLA considered helpful for addressing your organizational or development challenge(s)?

From the start, USAID/Kosovo recognized adaptive management's utility and potential to ultimately improve public procurement in Kosovo. Anti-corruption activities are nearly always complex because they are implemented in environments that are constantly changing. If an activity successfully closes a loophole, corrupt actors will simply look for new ways of entering into the system. CLA - in particular, adaptive management - was the perfect tool to help USAID and its contractors stay informed and make changes to activity implementation in response to regularly changing circumstances. Strong support from Mission leadership also made this possible, as adaptive management takes dedicated staff time and effort to learn.
The Mission's ultimate approach to adaptive management - a part of the CLA framework itself - incorporated a number of additional CLA components, ultimately affirming the future framework's relevance to and implementability in the field. These include but are not limited to:
--Internal and External Collaboration: In this case, the COR knew that collaborating with a large number of diverse stakeholders would result in a stronger understanding and better implementation of adaptive management in public procurement. In particular, lessons from his experience with co-creation taught the COR that brainstorming sessions and regular feedback loops were essential.
--Pause and Reflect, Decision-Making: Because USAID and contract staff could not rely on any previous experience with adaptive management to make decisions during the TEAM activity, the COR understood that deliberate decision-making was important. Pause and reflect sessions became an opportunity to slow down and make evidence-based, intentional decisions about the way forward.
--Relationships and Networks: Cultivating strong, trusting relationships with the contractors was a priority for the COR from the start. He knew that buy-in from the contractor was essential to making adaptive management work and that securing it would be a challenge for the TEAM activity.

3. How: Tell us the story of how you used a collaborating, learning and/or adapting approach to address the organizational or development challenge described in Question 2.

First, the team had to decide what adaptive management was. The purpose, they figured, was to change activity interventions or shift resources if it meant improving development outcomes. These decisions, however, needed to be deliberate and evidence-based. As a result, TEAM staff began with a simple question: what are we missing? In other words, what information might help us see the activity in a new light - one that might lead to adaptation of our interventions?

The contractor and USAID staff collaboratively reflected on this question, and after several discussions the answer became clear: the activity needed new and continuous data. Specifically, it needed qualitative information from a broad array of stakeholders (including stakeholders who don't directly contribute to or benefit from the activity) to keep activity staff informed of the changing environment and provide ideas on how to further improve public procurement in Kosovo. The team posited that this data would enable the activity to react and adapt to new information in a timely manner.

As a result, TEAM's contractor took the lead on designing and hosting a series of focus groups, or pause and reflect sessions, with partners, beneficiaries, community members, and experts (e.g., academics, consultants). The contractor and USAID staff collaboratively developed the focus group questions and focused on collecting information that would fill existing data gaps, identify and reaffirm desired outcomes, and track perceived impact. In order to keep track of and plan for the workload required, the COR asked that the contractor add the focus group schedule of events to the work plan. The initial focus groups took place on a quarterly basis and ultimately led to a series of recommendations for improving public procurement in Kosovo. To build institutional memory, these recommendations were documented within the contractor's annual report.

After a series of focus groups, TEAM staff met to discuss the results. During that meeting, they realized they were at a key decision point: either continue as is, or shift resources to meet some of the newly identified needs. Ultimately, they made the deliberate decision to do the latter. For example, to improve transparency, USAID had previously promoted the use of an e-procurement system in Kosovo. Focus group participants, however, noted that the system was too difficult to use. First, it could only be accessed on certain computers. Second, documents were unsearchable, making the system nearly impossible to use to hold government institutions accountable. In response to this stakeholder feedback, TEAM staff worked with information technology experts to develop the NGO-led Open Procurement Transparency Portal - a user-friendly, public system that retrieves data from the government's e-procurement system on a daily basis. It is searchable, accessible from any computer, and a tool that citizens, journalists, businesses, and government officials can use to hold institutions accountable. As of May 2022, the portal had nearly 44,000 active users. (Kosovo's entire population is roughly 1.8 million.)

After having a number of discussions with USAID staff and implementing an initial set of adaptive management approaches, mindsets began to shift, and TEAM staff started seeing the value in adaptive management as part of the contracting mechanism's structure. They began to use existing information to adapt in new ways. For example, contract staff identified a gap in the list of target institutions critical to USAID's anti-corruption efforts. After several discussions with the contractor and USAID's Contracting Officer, TEAM staff decided it was within both the scope of work and the interest of the activity to add a new, critical actor to the list of target institutions. Beneficiaries reported seeing this as an important step towards ensuring the institution in question did not minimize or damage the activity's anti-corruption work.

4. ORGANIZATIONAL IMPACT: How has collaborating, learning and adapting affected your team and/or organization? If it's too early to tell, what effects do you expect to see in the future?

The introduction of adaptive management into USAID/Kosovo's contracts was nothing short of transformative: at the organization level, adaptive management helped to strengthen relationships between USAID and partners, make processes smoother and more intentional, and improve morale. At the development level, opportunities for corruption were losing ground with increased citizen engagement in procurement processes, and civil society had the agency and information to step into their role as the voice of the community. This is evident in the following examples.

First, USAID/Kosovo now systematically uses the CPAF across many of its signature contracts. This is a direct result of the TEAM pilot, which found award fee contracts to be an excellent way to incentivize and challenge our contractors in Kosovo to pursue better results. More importantly, however, adaptive management is a best practice that is now incorporated and prioritized across activities.

Second, according to USAID staff, our contractors have become more familiar with the concept of adaptive management and are now proactively implementing it during projects and activities. This change took time. When USAID first introduced the idea of adaptive management in Kosovo, there was some push-back; understandably, the contractor was unclear on how to implement and quantify a concept without examples or a definition. In the early days, a common question was how adaptive or innovative was enough? After cultivating a trusting relationship with USAID, however, and seeing the type of results that adaptive management brought about, our contractor began regularly integrating this component of the CLA framework into their work as well as their annual reports. In fact, USAID saw a number of scalable lessons in our contractor's approach to implementing and reporting on adaptive management. The Mission encouraged all of its partners to consult with TEAM staff during the development of their Monitoring, Evaluation, and Learning Plans. Finally, still today, CORs, Agreement Officer's Representatives (AORs), and contractors often pull from the adaptive management and work plan templates developed for the TEAM activity.

5. DEVELOPMENT IMPACT: How has using a CLA approach contributed to your development outcomes? What evidence can you provide? If it's too early to tell, what effects do you expect to see in the future?

TEAM's use of adaptive management contributed to a number of development outcomes. For example, one of the TEAM activity's objectives was to train civil society organizations (CSOs) to monitor public procurement at the municipal level. The initial iteration of the training lasted one to two days. However, feedback from participants suggested that this was not enough time for CSOs to create credible monitoring reports on their own in the field. The TEAM training staff, therefore, chose to regroup and present an updated idea to USAID. The new training, they suggested, would last a full two weeks and look more like on-the-job training than a traditional classroom training. These were called "Applied Learning Workshops," and each CSO would come equipped with a real example from their municipality. Throughout the two weeks, CSOs would learn how to create credible monitoring reports using this real example, and would leave not only with the knowledge of how to create monitoring reports, but with a practical deliverable as well.

USAID ultimately agreed to the change. Although this new format would cost more than initially anticipated, it was likely to have a stronger and more long-lasting impact. The results proved worthwhile. Following the implementation of this updated course, TEAM staff reported credible monitoring reports coming from each of the 30 CSOs who took and passed the training course. In addition, over the course of the five year activity, the number of municipal procurement malfeasance cases reported by CSOs increased from eight in Year 1 to thirty-seven in Year 5. Finally, the number of civil society organizations and media recommendations on corruption red flags and irregularities in public procurement addressed by municipalities increased as well: from 72 percent in Year 1 to 80 percent in Year 5.

6. ENABLING CONDITIONS: How have enabling conditions - resources (time/money/staff), organizational culture, or business/work processes - influenced your results? How would you advise others to navigate any challenges you may have faced?

The greatest enabler of adaptive management within the TEAM activity was support from USAID leadership. More specifically, without Mission Director and Contracting Officer support, the COR would have had a difficult time cultivating a strong, trusting relationship with our contractor and convincing them of the importance of this principle. In this example, the COR spent nearly a year figuring out what adaptive management looked like and how to incorporate it into the TEAM activity in a manner where everyone understood what it meant to succeed. Although taking this time was incredibly important, it required significantly more USAID and contract staff time and effort than originally anticipated. This resulted in some frustration both at USAID and among contract staff, and even led staff to wonder whether the additional time and effort meant they were doing more than their contract allowed. Ultimately, continued support from Mission leadership provided the encouragement staff needed to keep going. Without that support, it is likely that adaptive management would not have been understood or implemented as thoughtfully and deliberately as it was.

The greatest obstacle to adaptive management is inflexible contracts: if activities are going to adapt mid-stream, contracts must provide opportunities for them to do so. USAID staff worked collaboratively across multiple offices during the activity design and solicited feedback from external stakeholders during co-creation sessions to ensure this was not a major obstacle. However, USAID staff ultimately found that even more flexibility would have been helpful. The other obstacle to adaptive management can be buy-in from contractors. Without a strong, trusting relationship between USAID and its partners, buy-in to new concepts can be difficult and implementation can be weak. In addition, a clear and shared understanding of what it means to succeed is also important. In these cases, it’s important that USAID finds ways within the existing regulatory and policy framework to provide contractors with the space and the resources necessary to prioritize adaptive management.