ADAPTIVE MANAGEMENT DEEP DIVE

SUMMER 2019 UPDATE

PHOTO: JASON HOUSTON

QUESTION 2

Adaptive Procurement Practices

U.S. GLOBAL
DEVELOPMENT
LAB

This Evidence Deep Dive *is a companion to the Question 2 Evidence Brief, produced as an output of the U.S. Global Development Lab's Evaluation, Research, and Learning (ERL) Plan - a utilization-focused learning agenda supporting evidence-informed decision making in Lab operations and science, technology, innovation, and partnerships (STIP) programming. A process and set of products, the ERL Plan facilitated Lab learning and adaptation around four bureau-wide areas of inquiry: uptake of products, services, and approaches; adaptive management tools and practices; support to awardees and partners; and sustainability of results.*

Insights from the ERL Plan are shared here as a record of emerging opportunities for evidence-based adaptation that could be acted on by USAID and other development actors. This work also contributes to the evidence base for the Agency-wide Self-Reliance Learning Agenda - an effort to support USAID as it reorients its strategies, partnership models, and program practices to achieve greater development outcomes and foster self-reliance with host country governments and our partners.

INTRODUCTION

Known barriers to adaptation can be divided into three categories:

- **Information Barriers** (e.g., not having the right information at the right time)

- **Structural/Process Barriers** (e.g., our own procurement policies and contract management practices)

- **Internal and External Value Barriers** (e.g., our own organizational culture and tolerance for risk, the organizational culture of our partners, or misalignment of our values to those of the beneficiaries)

This deep dive expands on the material presented in the *Question 2 Evidence Brief,* providing more robust findings, conclusions, and recommendations for specific approaches that can be used to overcome barriers to adaptive management. It answers "what", "so what", and "now what" questions for each approach:

- **How can the Lab/STIP best support Agency programming to adapt** within shifting environments?

- **What does this mean for us** (in the Lab/at USAID/as development practitioners more broadly)?

- Given this information, **what should we do going forward?**

APPROACH: ADAPTIVE PROCUREMENT PRACTICES

There is an increasing recognition within USAID and the larger international development community of the need for flexible and responsive implementation approach to help countries and communities mitigate, adapt to, and recover from shocks and other emergent conditions. Taking these approaches in development activities can help to reduce losses, prevent a downward spiral of divestment leading to destitution, and protect hard-won development gains.

Shocks are detrimental and unanticipated events, including but not limited to famine, natural disasters, outbreaks of conflict, economic collapse, and epidemics. Crises associated with a wide array of shocks, stresses, and emergent properties are possible, if not probable,

within USAID's usual project implementation timeframe of five years.

Rarely do we perfectly predict the trajectory of both our intervention and the context in which it operates over the course of a three to five-year award. Adaptive programming can help us pivot interventions to respond to less dramatic changes such as changing demographics due to migration, or simply better or worse intervention results than were anticipated during program design.

This demands a more flexible, responsive approach to development investment and programming. Adaptive programming is not just for shocks though — it can be beneficial in responding to other less-emergent

circumstances, such as staff turnover on project management teams, changes in leadership or local government priorities, and budget shifts at donor organizations. USAID's Acquisition and Assistance Strategy recognizes and prioritizes the need for the procurement process to support adaptive management:

"USAID will integrate design, procurement, and implementation by structuring procurement processes to link design to implementation; focusing on adaptive management practices while reducing overly prescriptive USAID rules and policies; and making smarter use of data and evidence."

ADAPTIVE PROCUREMENT FINDINGS – WHAT DO WE KNOW?

- Many programs operating in complexity or uncertainty will require adaptations during implementation in order to stay on track or to accommodate new and emergent conditions in the contexts in which they are operating.

- All instruments predicted to require adaptations should be designed to allow for less cumbersome adaptations.

- Acquisition and assistance (A&A) instruments are often perceived by USAID staff (and sometimes IPs) as being inflexible and not allowing for adaptations without slow and cumbersome bureaucratic processes such as award modifications - but many existing instruments are built with opportunities for adaptation "baked in".

- Adaptive instruments often require more attention and involvement from AORs/CORs as well as a closer, trust- based relationship with IPs so that adaptations can be implemented in a timely manner.

ADAPTIVE PROCUREMENT CONCLUSIONS – SO WHAT?

- AOR/COR workload (i.e., being spread too thin) is a major barrier to designing and managing adaptive procurement mechanisms — these often require forethought in design rather than a more "off the shelf" approach, and of course more attention during implementation.

- Some AOs and COs perceive adaptive procurement instruments as "risky", which can inhibit the Missions or OUs that they serve from utilizing instruments that could facilitate adaptation. The risk in avoiding these mechanisms (i.e., failing to adapt and thus implementing a less effective program) is often under-weighted in these assessments.

- While there is a healthy push to diversify the types of instruments used and emphasize "adaptive mechanisms," it is still important to note that adaptive management can be applied to any types of awards, including contracts and cooperative agreements.

- Most Officers intuitively understand the need to adapt and are eager to apply the concept at the activity-level, but lack clarity of how the concept can be applied in practice. More concise guidance that spotlights specific examples of what works and pitfalls to avoid could enable more uptake in the field.

ADAPTIVE PROCUREMENT RECOMMENDATIONS – NOW WHAT?

Our review of the evidence suggests that the Agency and other development actors should consider the following:

- Program and activity design teams should refer to the USAID A&A Strategy for guidance on flexible procurement mechanisms, as well as sample language for building adaptive capability to all new awards.

- Several years after the introduction of CLA, Missions have been the laboratories of adaptive partnering,

experimenting and innovating to translate the concept into practice. With a first-generation of adaptive programs to consider, more could be done to tap the experiences of individual technical or contracting officers, capture examples of adaptation at the activity level, and share examples of what works and common missteps in concise and practical guidance.

- Launch of the USAID A&A Strategy in December 2018 committed the Agency to several steps on adaptive partnering, including the development of an Adaptive Partnering Toolkit with a "menu of options" for building adaptive practices into awards and new policies to support adaptive management, especially (but not exclusively) in crisis contexts or non-permissive environments. As stated in the Strategy:
  - "Adaptive management is key to optimizing our A&A approaches. We will emphasize it in all of our awards, including through the development of a menu of options for integrating flexibility and adaptability that highlights the importance of the existing Collaborating, Learning, and Adapting (CLA) approach from design to implementation....
  - "To support adaptive management in crisis response and non-permissive environments, the Agency will develop policies enabling USAID to quickly respond to challenges on the ground. This will enable us to direct, pivot, or initiate rapid response activities designed to complement Agency response to an emerging crisis... " (A&A Strategy, page 9)

- The Agency's Effective Partnering and Procurement Reform (EPPR) project, in implementing the A&A Strategy, is preparing to task these actions to Agency stakeholders. The new Development, Democracy, and Innovation bureau could be well-positioned to identify how different technical sectors have benefited from adaptive mechanisms (e.g. single holder IDIQs) and adaptive approaches (e.g. inception periods), and could lead the effort to identify this important area of innovation.

- USAID could incorporate more extensive training for AOs/COs and AORs/CORs on adaptive instruments, so that our procurement and award management cadre are aware of the full suite of adaptive instruments that are available to them.

- USAID could consider hiring and certifying more AORs/CORs or making fewer but larger awards with IPs so that AORs/CORs can devote a greater percentage of their effort to building trust relationships and managing adaptively in collaboration with those IPs rather than the bureaucratic box-ticking required by a time-consuming large portfolio of small awards.*

---

* NB: this recommendation may be difficult to implement in constrained budget environments and does run up against other recommendations such as supporting smaller, local partners — a balance must be struck. At least one Lab program (for which a large portfolio of small awards is a feature rather than a bug) has mitigated this challenge by hiring ISC employees as dedicated A&A Specialists (not an essentially governmental function) to help manage and alleviate some of the administrative burden on the small pool of AOs/Cos and AORs/CORs in resource constrained environments.

Opinions presented in the document do not necessarily reflect the views of the U.S. Agency for International Development or the U.S. Government. Feedback and questions may be directed to the Lab's Office of Evaluation and Impact Assessment at LabEIA@USAID.gov.