

Fostering a Results-Focused Learning Culture

The Role of the Donor

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A learning culture helps a project systematically adapt and improve strategies and implementation so that it maximizes positive and sustainable results. It also helps a project objectively assess its impacts so that it can report them clearly and credibly. While a project's culture is primarily shaped by its team leader and senior project managers, the donor and its managers also play a critical role in enabling and encouraging a learning culture in projects. This note shares my experience from working with a variety of pro-poor private sector development projects and their donors on how donor managers can foster a results-focused learning culture in the projects they fund and oversee.

Why is a learning culture important?

As a technical consultant, projects ask me to assist them in improving their results measurement systems. They are typically looking for technical fixes, such as clearer indicators or better assessment of attribution. But too often projects miss the main point of results measurement – using it as a tool to adapt and improve strategies and implementation so that the project maximizes its positive impacts. Consequently, whether or not the project achieves significant results becomes a gamble based on plans often conceived long before, rather than a managed process where the project team systematically pursues the achievement of the project's objectives. Over time, I've come to the conclusion, that this – rather than any technical issue – is the number one problem we have in results measurement.

The good news is that I've found a number of projects that are genuinely results-focused, where the managers and staff are involved in assessing results credibly, analysing and interpreting those results and using them to improve project strategies and implementation. These projects have one key thing in common – they have a learning culture that pervades the whole organization. The learning culture in each project provides the incentives and structure for the project team to understand and learn from successes, challenges and failures. This process enables the project to adapt and maximize long-term positive impacts with the time and money available. The culture also helps the project to assess results thoroughly and objectively, contributing to their ability to report impacts clearly and credibly.

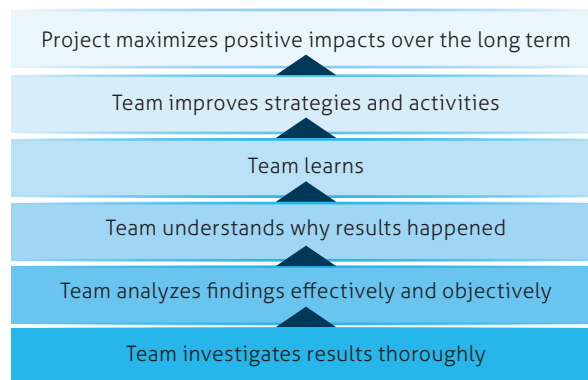
What is a learning culture?¹

For the purposes of this note, a learning culture:

- encourages project staff members to gather thorough information on the context in which the project works and on its results;
- supports project staff members to analyse the information objectively, with an eye towards understanding what is happening and why, rather than confirming pre-conceived ideas; and
- motivates and enables project staff members to use information on the context and results to improve strategies and activities.

Figure 1 illustrates the aim of a learning culture for results measurement.

FIGURE 1 *The Aim of a Learning Culture*



¹Miehlbradt, A. 2015. *Building a Learning Culture – The case of the Market Development Facility in Fiji*. Donor Committee for Enterprise Development. <http://www.enterprise-development.org/page/casestudy6>



A learning culture is underpinned by a continuous process. Project staff gather information on what is happening in the field, analyse that information to understand observed changes and why they are happening, and use those insights to improve strategies and implementation. Key characteristics of a learning culture include:

- bright and inquisitive staff with a passion for learning;
- a focus on 'getting out there' – interacting with and learning from local stakeholders;
- frequent discussion and debate with plenty of constructive criticism and substantive suggestions;
- an attitude of sharing and addressing problems, not sweeping them under the rug;
- regular and disciplined reflection on what's working, what's not and why;

- incentives that rewards improvement and do not penalize taking considered risks;
- information sharing and cross-learning among teams; and
- an ethos of continuous improvement.

I recently wrote a case study for the Donor Committee on Enterprise Development (DCED) explaining how one Australian funded project, the Market Development Facility, has fostered a strong and effective learning culture that has contributed to the project's focus on results. The case study is targeted towards practitioners, principally team leaders and other managers implementing projects. For those interested in this perspective, it can be found at: <http://www.enterprise-development.org/page/casestudy6>

The Market Development Facility's Learning Culture²

The Market Development Facility (MDF) is a multi-country, private sector development program funded by the Australian Government Department of Foreign Affairs and Trade (DFAT). MDF's goal is to create additional employment and income for poor women and men through sustainable and broad-based pro-poor growth.

At the heart of MDF's learning culture is a cycle of behaviours that help the MDF team to learn and improve. This cycle is represented in Figure 2. While this cycle takes different forms at different levels, the most obvious is the intervention level.

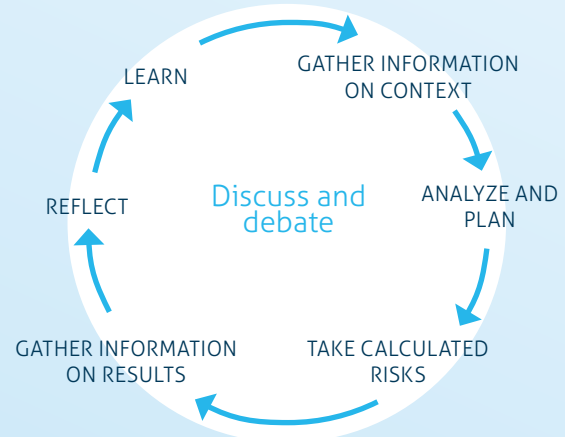
To design an intervention, MDF business advisers gather information, for example on potential partners, incentives and innovations in the market. They analyse the information and discuss how to design an intervention that will result in pro-poor growth in light of the findings they have. They then work with a potential partner to design a partnership agreement that lays out how MDF and the partner will work together. For MDF, each partnership agreement contains calculated risks in terms of how much and what kind of support is needed to enable the partner to adopt an innovation, whether the partner has sufficient incentives and capacities to adopt the innovation and if the innovation will result in the expected income and jobs for poor people. As with any project, some interventions work and some do not, based partly on the teams' analysis and work with the partner and partly on factors in the partner and the market.

During and after the intervention, the team gathers through information on the results of the intervention both at the level of the partner and among beneficiaries. Using this information, the team regularly reflects on what is going well, what isn't and why, as well as how that links back to their analysis, intervention design and

work with the partner. This regular reflection forms the basis of learning where team members internalize lessons about what works best to generate pro-poor growth. At the centre of this cycle are discussions and debates, both in frequent small meetings and through structured team reflections every six months. The discussions enable the team members to revise and refine their understanding over time and to feed their improved understanding into interventions, sector strategies and the overall portfolio.

An example of adjusting an intervention: MDF developed a partnership with Standard Concrete Industries (SCI), to help the company produce agricultural lime in Fiji for the first time. Agricultural lime addresses soil acidity, a major problem in Fiji, and increases crop yields. Monitoring results showed that sales were not picking up as expected. Further investigation revealed that SCI's marketing activities had been ineffective in broadly raising awareness of agricultural lime among farmers. Thus, MDF adjusted its support to SCI to help the company develop a more effective marketing campaign.³

FIGURE 2 Learning Cycle in MDF



²ibid.

³For more examples, see Heinrich-Fernandes, M. 2015, *Innovating Private Sector Engagement in the Indo-Pacific Region – The Australian Government-supported MDF Programme in Fiji*, p. 49 http://marketdevelopmentfacility.org/?type=publication&posting_id=5432

How can a donor foster a learning culture in its projects?

While a project's learning culture must primarily be developed by its team leader and senior managers, the role of the donor in encouraging and enabling that culture is important. Below are the top tips I've gathered on the donor's role. As there are procedures and incentives in most donors that make it challenging to follow some of these tips, I've also identified some key challenges and how they can be overcome.⁴

BE FLEXIBLE. Having the flexibility to improve strategies and implementation is key to improving project performance. It is important that a donor shows flexibility both in the design and during implementation. A clear but flexible design specifies high-level objectives and a broad approach but gives the implementing organization considerable flexibility on the ways in which to pursue the objectives within the approach. If the design is too rigid, the project team will not have the opportunity to learn and



Click on the image to see Malcom Bossley, DFAT Senior Program Manager discuss his experience with MDF and its culture.

adjust. The design should also provide some flexibility in the staff complement and positions, so that the project can build a team that works and learns together. A flexible donor supports the evolution of a project during implementation, not only technically but also in its structure and operations. This is not a blanket approval of all the project's requests but considered flexibility based on frank discussions about why changes are expected to improve project performance.

CHALLENGE	HOW TO OVERCOME
Donors need clarity and some predictability to invest in a project. This can clash with the need for flexibility.	<ul style="list-style-type: none"> • In the project design, specify the criteria and the process for developing the strategies and activities, rather than the strategies and activities themselves. Include how the donor will input into the decision-making process. • Designate process milestones, such as strategies drafted, initial staff training completed, results measurement system established etc. • Ask the project to make projections of high level results after a year of implementation and to revise these regularly. • Ask the project to explain the processes it will go through, for example to develop strategies and build staff capacity, and how these will lead to better overall project management and implementation.
The donor must manage risks of poor performance in the project.	<ul style="list-style-type: none"> • Encourage the project to implement a wide enough portfolio of activities that poorly performing ones can be dropped without significantly affecting the overall success of the project.
Financial expenditure can be unpredictable and uneven when a project is changing its strategies and activities based on experience.	<ul style="list-style-type: none"> • Ask for monthly updates on budget utilization. • Discuss with the project which interventions are exceeding expectations, on track and not meeting expectations – and the implications for the project expenditure. • Allow the project to move funds across budget line items so that it can allocate more funds to what's working and less to what's not. • Ensure that the donor and the project are always working off the same and most updated budget, so that adjustments can be made easily.

⁴This section draws on published and unpublished work by the following authors, including:

Posthumus, H. Forthcoming. *Monitoring and Measuring Results in Private Sector Development*. Swiss Development and Cooperation.

Bekkers et al. Forthcoming. *Guidelines for good Market Development Program Design: A managers' perspective*.

Roggekamp, P. 2012. *Experiences in M&E to Date*. DCED Seminar Bangkok. <http://www.enterprise-development.org/page/download?id=1804>

⁵DFAT, forthcoming. *Market Based Approaches to Agricultural Development – Operational Guidance* (available from the DFAT Agricultural Productivity and Food Security Section)

COMMUNICATE THE EXPECTATION OF IMPROVEMENT.

Setting and reinforcing this expectation is critical. It puts the project in the role of 'implementer,' managing a project to maximize sustainable results through an adaptive process, rather than the role of 'executer,' carrying out a pre-planned set of activities. Examples of how to communicate this expectation at different project stages follow.

- *Design:* In the project design document, explain that the project will continuously gather information on its context and results and use that information to develop and improve its strategies and activities.
- *Tender:* In the tender documents, ask the tenders to explain how the project will develop a learning culture and process to adapt strategies over time. Specify that the team leader must have skills and experience to operationalize this.
- *Implementation:* Regularly ask why and how the project has adapted its strategies. Ask for examples of improvements to interventions.

CONSIDER THE PROJECT CULTURE DURING THE TENDER.

A project culture is established by its team leader and senior managers supported by the implementing agency. Therefore, the perspective and capacity of the key personnel to carry this out must be considered in the tender. During the tender interviews, the donor can ask the team leader candidates for examples of how they have developed a learning culture and adapted project strategies in the past, as well as probe the extent to which the candidates themselves are reflective and learn from past experience.

DEVELOP A RELATIONSHIP WITH THE PROJECT.

The aim is to establish a partnership that allows the donor and the project management to frankly talk over all aspects of the project, from technical challenges through to human resource management. This level of dialogue enables the donor and the project management to substantively and openly discuss how to adapt and improve project strategies and implementation. A few tips follow, which I've noticed help to build a partnership – and are useful in their own right.

Including a Learning Culture in Design – 3i⁶

Investing in Infrastructure (3i) is a DFAT funded project in Cambodia with the goal of unlocking opportunities for economic growth and trade by increasing investment in private sector-led small-scale infrastructure. An excerpt from the program design document follows:

'Whilst 3i will have dedicated M&E staff, 3i will also ensure that all of its staff understand the importance of M&E, are involved in data collection and interpretation, and use monitoring data to improve program performance. To ensure program monitoring is regularly utilised to improve program performance 3i will develop and maintain a strong staff culture of reflection and learning.'

- *Listen.* Most projects work in a complex and changing socio-economic environment, which requires them to evolve their strategy over time to influence that environment. It's important for the donor to understand as much as possible about the project firstly by listening to the project team explain their strategies, interventions, successes and challenges. This sounds abundantly obvious. However, we need to realize that most projects start out with some trepidation about their relationship with their donor, fearing that the donor will be judgmental without fully understanding the realities of the project and its context. A donor's open attitude, underpinned by listening, can go a long way towards establishing a partnership where both organizations feel they are on the same side, with the same goal of maximizing the project's positive and sustainable impacts.
- *Ask why.* The decision-making ability of a project's personnel is perhaps the single most important factor in its success. Therefore, understanding that decision-making is critical. Conversations about the reasons behind a project's strategy and activities provide a way for the donor to guide the program. The donor is able to point out where the reasoning behind activities is not as clear as it might be, enabling the project to effectively adjust. Finally, asking why emphasizes to the project that the donor is interested in its reasoning, not just its activities or results.

⁶DFAT 2014, 3i: Investing in Infrastructure Program Design Document <https://dfat.gov.au/about-us/grants-tenders-funding/tenders/business-notifications/Documents/cambodia-3i-infrastructure-design.pdf>

- *Meet frequently.* Relationships and understanding develop over time. Regular meetings, say every fortnight, enable a donor and a project to form a solid relationship where the donor is able to effectively participate in the project's learning and improvement.
- *Share information.* A donor may often pick up information about changes in the socio-economic context – such as new government policies or trade relationships, which a project has less access to. Sharing this information can help the project to adapt and improve, as well as build confidence in the relationship.
- *Accept that not everything will go right.* To keep the relationship honest and open, it's important to accept when there are problems. This isn't giving a license to the project not to perform. Instead it is accepting that not everything in a project will work. The aim is to develop a trusting relationship where problems are discussed openly and solutions sought together.
- *Respect differences.* Donor personnel have a solid knowledge of donor policy and skills in managing the process of project design, approval and operation. Project managers have strong technical knowledge and skills in managing project implementation. A relationship where these skills and knowledge are shared in the spirit of mutual respect will build the effectiveness of the project.

UNDERSTAND THE APPROACH. While donor personnel are not usually technical specialists, they can and do learn about the approaches of projects they oversee. There are a variety of ways to learn about a project approach, including visiting other projects with a similar approach, reading about the theory and examples of the approach, hiring technical support and talking to colleagues that have overseen similar projects.

FOCUS ON PROCESS (NOT RESULTS). It seems counterintuitive that the donor – who designed the project to achieve results – should focus on process, rather than results, once the project has started.

Building the capacity of DFAT Managers for MDF

DFAT invested in building the capacity of the DFAT Fiji Program Manager responsible for MDF by sending him to visit the Cambodia Agricultural Value Chain Program, as both projects use a market development approach. This visit helped the DFAT Fiji Program Manager understand how MDF was expected to develop. As a multi-country project, MDF has subsequently started in four additional countries. The DFAT Fiji Program Manager and the DFAT Canberra Program Manager have been instrumental in explaining to colleagues in the subsequent countries how MDF works and how it is expected to roll out in country. DFAT has also hired technical expertise to advise both the project and DFAT itself. Observing how the technical experts interact with and advise the project has been another source of learning for DFAT managers.

An analogy on this is useful. When interviewed about their performance, world-class athletes don't say that during their entire race they thought about the medal they wanted. They say that they focused on the process, each action they needed to take to maximize their performance. As a project's 'coach,' the donor also must focus on the process in the project – each of the actions the project needs to take and how those actions can be more effective over time in enabling the project to reach its goal. Examples of the types of question to ask follow.

- How does the project gather and interpret information to feed into its strategies and interventions? How does the project make decisions on the composition of its strategies and the choice and design of its interventions?
- How is the project incorporating key cross cutting issues, such as gender, into its thinking? What questions are asked and how do the staff incorporate their findings into strategies and interventions?
- How is the project developing its human resources management? Does the project have good systems in place to recruit and retain high calibre staff? How is the project building the capacity of its staff? Are the staff improving their capacity as a result?

CHALLENGE	HOW TO OVERCOME
There is pressure for results early on both from the donor government and from stakeholders in country.	<ul style="list-style-type: none"> • Understand how the project will evolve in each year of implementation and discuss with the project when various types of results can be expected. • In the early stages of the project, report on the research done, consultations conducted and the development of strategies. • Make the most of intermediate results, such as partnerships established and private sector investment leveraged. • Encourage the project to implement some early interventions – ‘low hanging fruit’ that may not tackle the most intractable constraints but will show early success and build the project’s reputation.
Donor incentives sometimes emphasize annual activities and results whereas an adaptive project maximizes positive results over the long term.	<ul style="list-style-type: none"> • Clearly explain the donor’s priorities, reporting requirements and communications needs to the project. Update the project as these change. • Openly discuss with the project management how they can respond to the donor’s requirements while still employing an adaptive approach. • Communicate internally the long term strategy behind the project and how it fits with the donor’s priorities.

ASSESS HOW RESULTS MEASUREMENT IS INTEGRATED WITH MANAGEMENT.

Assessing the results of the project and regularly feeding that into implementation decisions is a critical aspect of learning and improving. But it doesn’t happen automatically. It is critical that the project has a system where results measurement is an integrated function that supports project management. The development and operationalization of this system must start from the beginning of the project. Some of the key aspects to look for follow.

- Are all project implementation staff and managers involved in results measurement?
- Do the team leader and other senior managers champion the integration of results measurement with management – leading, assisting and encouraging the staff to use information on results in regular decision making?
- Is there a practical and effective system for results measurement including how findings are fed into decision making at various levels of the project? Is the system clearly documented?
- Does the project conduct a regular review of its strategies – where the team takes time out to reflect on what is working, what is not and why, and feed that analysis into improvements in strategies and interventions?

- Do the team leader and senior managers insist on discipline in all aspects of results measurement so that information is available, analysed and used?
- Is staff members’ involvement in results measurement assessed as part of their performance appraisal?

FOCUS ON PEOPLE.

The project team is the most important factor in the success of the project. The donor can play a useful role in shaping the team by communicating to the project the importance it places on investing in staff both through recruitment and capacity building. A few tips on the process of building a team:

- Sometimes, there is too much focus on CVs while many of the most important characteristics for project staff aren’t visible on a CV. They include curiosity, analytical capability, humility, adaptability, an interest in and respect for all types of people, commitment and a healthy scepticism of ‘accepted wisdom.’
- It will take time to build a strong team. There may be some personnel changes in this process. That’s OK provided that the team is improving its ability to work together and challenge each other constructively.
- In my experience it is impossible to recruit a team with all the necessary skills and expertise. Capacity building is always needed – both training and on-the-job coaching. Supporting this will pay off in the effectiveness of the team over time.

Questions to ask on learning culture – CAVAC II⁷

The purpose of the Cambodia Agricultural Value Chain program (CAVAC) is to increase the productivity and incomes of small farmers and trade in milled rice and other crops by strengthening market systems and investing in irrigation infrastructure. For Phase II of CAVAC, DFAT has explicitly planned to assess the project's learning culture during regular review missions.

Examples of questions for the missions:

- Is there a plan and a philosophy how to establish and maintain the learning culture?*
- How is motivation and culture monitored by managers? Is this enough?*
- Are staff members aware of the importance and consider the activities by managers appropriate and effective?*
- Has clear action been undertaken to 'correct' obstructing elements?*
- Is there genuine trust and willingness to share?*

LOOK FOR EVIDENCE THAT A LEARNING CULTURE IS DEVELOPING. Discuss progress with the project team leader. Some of the things to look for are:

- Staff ask lots of questions, in the field, to each other and to project management;
- A flat organizational structure that encourages valuing all staff members;
- Project managers reward initiative;
- Project staff and managers spend a lot of time in the field;
- Plenty of teamwork;
- Project staff and managers openly discussing problems and challenges; and
- A 'buzz' in the office as the project team shares and discusses issues.

The bottom line

Reducing poverty sustainably and at scale is challenging. If it was easy, we would have less poverty in the world today. The only way we're going to progress faster and more effectively is by learning from what we're doing and improving on it. Thus, cultivating a learning culture in projects – and indeed donors – is a core part of our responsibility for results.

About the author

Alexandra Miehlsbradt has worked in pro-poor private sector development for over 20 years as a practitioner, researcher and consultant. She is a leader in the global effort to improve monitoring and results measurement and the effective use of information in projects. The author thanks the following people for their inputs into this note: Harald Bekkers, Malcolm Bossley, Hans Posthumus, Peter Wilson, Nick Wolf and the FSI managers.

⁷DFAT 2015, Cambodia Agricultural Value Chain program (CAVAC) Phase II Investment Design

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