

***Adopt-Adapt-Expand-Respond: a framework for
managing and measuring systemic change
processes***

Briefing Paper

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1 An ambition to change how systems work

The ambition to change how systems work is borne of a wish to make the benefits of development intervention as inclusive and long-lasting as possible. This entails encouraging national players to 'carry' the 'means' by which poverty is reduced, rather than have these 'means' rest with the temporary influence of international agencies. The questions are simple - when the programme leaves, how will those affected by intervention continue to benefit and how will those unaffected by intervention access benefits?

The only way that development can live up to its name is if systems are improved, not circumvented and undermined. To be most effective, outside intervention needs to focus investment and human resource effort on transforming the terms and conditions that shape the poor's participation. For their improved participation to become institutionalised, intervention must succeed in changing those specific aspects of how systems operate - known as supporting functions and supporting rules - that hinder poor women and men in taking advantage of opportunities to improve their livelihoods.

Market systems development programmes aim to do just this - to leave behind systems that work better for the poor. Those who implement them are tasked with 'facilitating systemic change' – but what does the term 'systemic change', and the 'facilitation' implicit in its implementation, truly mean to practitioners and their funders? Has 'systemic change' as a term been concretely defined and is it uniformly understood across the aid industry, or even across different market systems development initiatives? Once defined, how do programmes interpret their role in facilitating it? Are programmes equipped to manage and measure their progress towards achieving 'systemic change' and, therefore, able to tell when their facilitation task is complete? For this, practitioners need a way of judging whether the results of their intervention have been 'systemic' and, if not, what to do next. Funders would also benefit from increased clarity so they are better able to hold programmes with 'systemic change' mandates to account - for example, during annual reviews.

With the intent of promoting greater precision and some degree of commonality in how practitioners and funders understand and how programmes operationalise 'systemic change', this *Briefing Paper* formally introduces the Adopt-Adapt-Expand-Respond (AAER) framework (hereby referred to as *the systemic change framework*) as one contribution to that endeavour.¹

¹ Though the *Framework* and its accompanying indicators are only now being formally introduced through this Paper, they have been trialled and in operation since 2011 with several M4P programmes and, since 2012, a key feature of the Springfield Centre's "*Making Markets Work...*" training programme.

2 The need for definitional clarity: what is systemic change?

As more and more development programmes are commissioned and tasked with implementing in accordance with the market systems development approach (M4P), and as the term 'systemic change' grows in both its general and context-specific usage, the prospective confusion and threat of 'systemic change' meaning different things to different people (both related and unrelated to the 'development industry') has real consequences. In the aid industry, a lack of definitional clarity may allow users of the term to 'dumb it down' and misuse it.² More importantly, without a shared understanding of which changes are 'systemic' and which are not 'systemic', the continued use of the term is effectively meaningless.

First and foremost, there is a requirement to be specific about what we mean by a 'system' and root our definition of 'systemic change' in this context. In market systems development (M4P) programmes, the systems in question are 'market systems' and 'supporting systems' (also known as 'interconnected systems'). Market systems are commonly understood to be multi-player, multi-function, and multi-rule arrangements comprising the core function of exchange (some sort of commercial or non-commercial demand-supply interaction) and an array of supporting functions and rules that shape and influence this core function. Supporting systems can best be understood as the treatment of one of the supporting functions (eg. road infrastructure) or rules (eg. importation of basic seed) of the market system as systems in their own right - each with their own demand-supply interaction at the centre.³

Effecting a sustained change in how market systems operate for the benefit of the poor (who are either on the demand or supply-side of the core function) therefore requires improving the 'pro-poor' performance of the supporting functions and rules that hinder the terms of their exchange. This necessitates programmes to target intervention towards improving supporting systems. Whilst we know that 'systemic change' is intimately related to the market players that perform and pay for supporting functions and rules, it needs unpacking in greater detail - what are the attributes of a change that make it 'systemic'?

Reading across the discipline, it is possible to identify two common attributes - relevant even beyond a wider 'aid programming' context.⁴ First, there is customarily a clear 'before' and 'after' picture, where the 'after' picture suggests that there has been some kind of shift to a new way of thinking or working that is deemed unlikely to reverse. These 'shifts' or 'transformations' are often referred to as needing to be 'adopted'. Second, reference to 'systemic change' appears to be linked to the involvement of more than one organisation or type of organisation (ie. the term 'stakeholders', as opposed to 'stakeholder', might be used). 'Systemic change' is therefore commonly understood to have a size, weight, and importance that suggests whatever is to be 'adopted' becomes somewhat 'normalised' or 'mainstream'.

² For example, there have been cases of programmes reporting 'systemic changes' when in actual fact they have simply entered into a collaboration with a private sector company that has yielded some level of pro-poor impact. Often these 'changes' have not involved the incentivising and capacitating of the company to continue with this new way of working without the programme's continued investment and advice, and have not affected the underlying causes of market system under-performance that prevents other companies from adopting similar changes.

³ Readers are advised to refer to the *Operational Guide for the Making Markets Work for the Poor (M4P) Approach*, (DFID/SDC, 2008) for definitions and details of what a market system is. The 2nd edition of the *Operational Guide for the Making Markets Work for the Poor (M4P) Approach*, forthcoming in 2014, presents updated guidance.

⁴ Authors/specialists commentating on a number of social, political, and economic fields - education, political science, environmental and climate science, venture philanthropy - are themselves using the term.

That is, 'systemic change' is often put in direct contrast to small-scale, or incremental, change.

To reduce each of these points to one word, then, is to suggest that changes that are termed 'systemic' have both attributes of *sustainability* (read: 'shift', 'unlikely to reverse', practices being 'adopted') and *scale* (read: 'stakeholders' and 'mainstream'). Building these attributes back into an aid programme context, 'systemic change' could be equated to programme outputs that result in pro-poor outcomes both remaining 'in-tact' and growing further, to some extent, post-intervention. This requires the 'means' - ie. the programme outputs - themselves to become embedded in how systems operate and for players within these systems who have a stake in the original outputs to be capable and interested enough to adjust and improve upon these 'means' as market contexts naturally evolve.

This takes us to the question of definition: Do aid-funded initiatives require one universal 'dictionary definition' in order to agree on what is and what isn't 'systemic change' or can agreement in this regard be achieved using the aforementioned attributes of 'systemic change' alone? All the same, the attributes of scale and sustainability have featured strongly in a number of attempts to define 'systemic change' over the last half-decade:

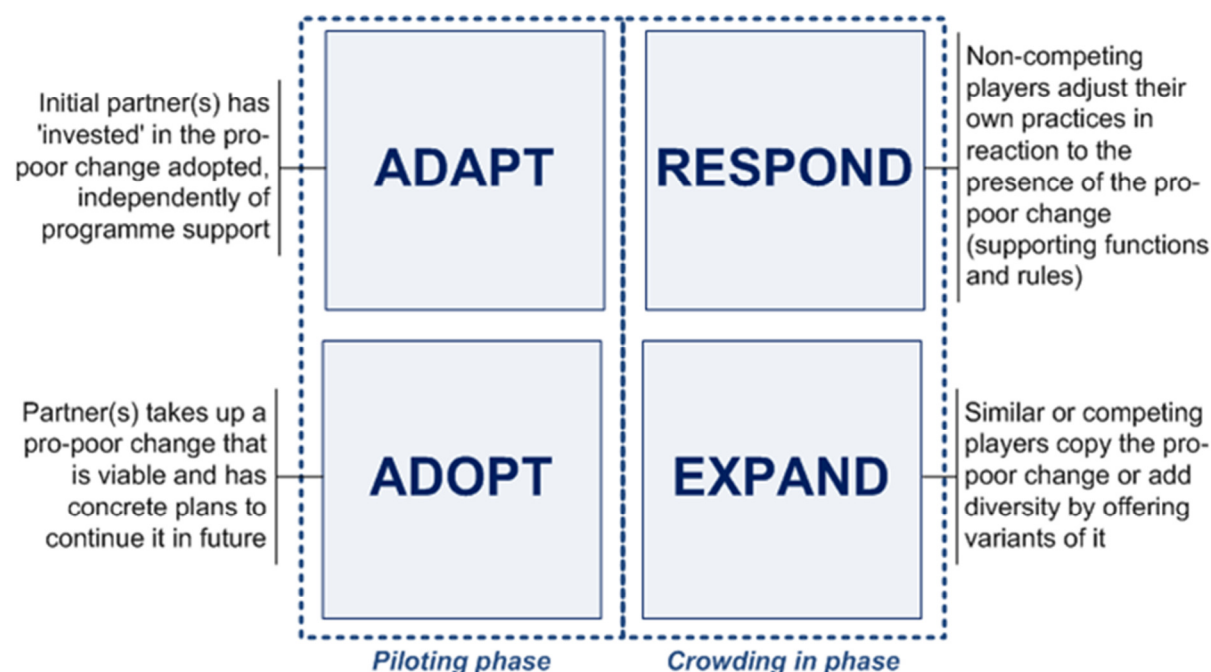
- *"Samarth-NMDP considers a change to be systemic when it has taken root in the market system. In other words, when the new and improved behaviours of permanent market players are sustained, independent of project support, and manifest themselves beyond the market players the project has directly partnered with."* (*"Making Sense of Messiness..."*, Ripley & Nippard, 2014)
- *"Changes become systemic when the new or altered behaviours/practices of market players, which give rise to pro-poor outcomes, are upheld by market players themselves without programme support ... "* (*Good Practice Note: Facilitating Systemic Change*, The Springfield Centre, 2011)
- *"Systemic change: change in the underlying causes of market system performance - typically in the rules and supporting functions - that can bring about more effective, sustainable and inclusive functioning of the market system."* (*The Operational Guide for the Making Markets Work for the Poor (M4P) Approach*, DFID/SDC, edited by The Springfield Centre, 2008)

3 Working towards a framework to assess systemic change

Facilitating 'systemic change' is a process, not an event. During the piloting phase, it calls upon facilitators to continuously reflect on: (i) how well owned behaviour/practice changes are by the programme's partners; and (ii) how players in the wider system are reacting to the new behaviours/practices of these 'early adopters'. If the former doesn't occur, then facilitators should not encourage something that has only elicited partial buy-in to be amplified. If the latter doesn't occur, then the pro-poor outcomes are at risk of remaining small and exclusive, and are somewhat fragile and more likely to reverse.

As definitions have begun to emerge for the term 'systemic change', it has become clear that aid programmes also need a means to understand exactly when system-level outputs have become 'systemic changes' and subsequently, a framework or tool to guide and improve both intervention strategy decision-making and the monitoring of programme progress towards achieving changes of this nature - ie. is intervention having the desired effect, are adjustments needed, should partnership A or B be terminated, when is the programme's facilitation task over? The systemic change framework (*Fig 1, below*)⁵ was developed in response to these two-fold management and measurement needs.

Figure 1: The Systemic Change Framework



On the management score, the aim was to equip programmes to be able to assess and take stock of what recent 'acts of facilitation' have achieved (have sustained improvements to supporting functions/rules been made?) and reflect on whether further 'acts of facilitation' are necessary to support pro-poor 'experiments' in becoming pro-poor 'systemic changes'. On the measurement score, the aim was to provide a clear method by which programmes could identify where outputs have not resulted/are unlikely to result in significant behaviour and practice changes, both at the 'player' and the 'multi-player' level.

⁵ The AAER systemic change framework is currently known (by the author) to have been utilised in several significant M4P programmes - first with Katalyst (Phase II), then with PrOpCom Maikarfi, and most recently with Samarth-NMDP. Other aid initiatives may also be using it or variants of it, unknown to the author.

Applicable to both these management and measurement purposes, the systemic change framework breaks down the status of 'pro-poor change' within the system into four distinct components (adopt, adapt, expand, respond). Each serves to describe market player ownership over, and responsiveness to, behaviour and practice changes at different levels - from individual 'partner' organisations (on the left-hand side) to the multiplicity of competing and non-competing market players operating in the same space (on the right-hand side).⁶

Application at the piloting phase

The purpose of the piloting phase is to test and prove a 'systemic change' concept - often referred to as a pro-poor innovation - with market players. Pro-poor innovations may be products; services; role changes and the uptake of new or changed responsibilities; amendments or additions to business models and how organisations cater to a particular segment; but, are always, in some shape or form, behaviour/practice changes. By the end of the piloting phase, the behaviour/practice changes trialled should have 'stuck' with the market players - be fully-owned, undertaken, overseen, and paid for by the players themselves, not the programme.

Adopt⁷

A market player(s) has successfully adopted a behaviour/practice change to the ultimate benefit of the poor producer/worker/consumer, recognises the value of continuing with these changes irrespective of programme inputs, and has accordingly made plans to invest in upholding these changes and cover any associated recurrent costs.

Adapt

The market player(s) that adopted the behaviour/practice changes pioneered during the pilot has made qualitative and/or quantitative investments that allow them to continue with or augment changed practices, without programme support. These actions, independent of the programme, constitute an 'acid test' for whether pro-poor outcomes will sustain at any level.

Application at the crowding-in phase

Beyond the piloting phase, nascent pro-poor changes may be strengthened through supplementary acts of facilitation, where the programme engages other players in the aim of making new behaviours and practices more common, varied and better supported. In the absence of autonomous market responses to what has been 'successfully' piloted, the ambition of the facilitator should be to encourage a response so that pro-poor outcomes do not remain small and vulnerable to 'opposing' economic, political, social, and environmental forces.⁸

⁶ In terms of the phases of programme implementation, the left-hand side of the *Framework* equates approximately to the piloting phase and the right-hand side, approximately, to the crowding-in phase. The *Framework* can be employed to 'advise' programmes as to when might be most appropriate to phase-out piloting activities and follow new leads; adjusting intervention strategy to begin a new phase of activity.

⁷ *Adopt* is always 'reached' first. After *adopt*, it is important to note that the *adapt*, *expand*, and *respond* may not be 'reached' in sequence.

⁸ *Expand* and *respond* may also occur autonomously (ie. without the programme's instigation) depending upon the nature of the market and the dynamism and capabilities of market players within it. Often the lack of autonomous response is evidence that the systemic constraints have not been addressed through piloting phase interventions. Irrespective, it is frequently the case that the 'demonstration effect' is relied upon by programmes whose desire it is to incite systemic changes, though this is seldom enough in under-developed, less sophisticated markets.

Expand

A number of market players similar to those that pioneered the pro-poor behaviour/practice changes have adopted comparable changes - either pure copies or variants on the original innovation - that are upheld without programme support.

Respond

The emergence and continued presence of the pro-poor changes have incited market players in supporting systems to react to the new market reality by re-organising, assuming new/improved roles, developing their own offers, or moving to take advantage of any opportunities that have been created. The response enables pro-poor behaviour/practice changes to develop further, or evolve, and indicates a new capability within the system, suggesting that it can and wants to support pro-poor solutions to emerge and grow.

The 'definitions' for each component (*above*) are accompanied by a set of "if you left now..." questions for programmes to routinely ask themselves concerning the sustainability and scale of their results (*Box 1, below*). The aim of these questions is to encourage reflection on whether or not a programme's facilitation task is over - ie. whether it is time to exit. The definitions and questions together provide a basic resource from which programmes can create their own intervention-specific indicators.

Box 1: "If you left now..." reflection questions

Status	Reflection question
Adopt	If you left now, would partners return to their previous way of working?
Adapt	If you left now, would partners build upon the changes they've adopted without us?
Expand	If you left now, would pro-poor outcomes depend on too few people, firms, or organisations?
Respond	If you left now, would the system be supportive of the changes introduced (allowing them to be upheld, grow, and evolve)?

Though difficult to generalise across different initiatives, a table detailing indicative 'headline' indicators and sample intervention-specific indicators corresponding to each component of the *Framework* has been developed, and is presented in the Annex of this paper.⁹

Debates

Throughout three years of testing/operationalising the systemic change framework within different programmes, a number of important questions have been raised during its application. In each and every case, these critiques (*Box 2, below*) have driven learning and have lead to refinements in messaging and indicators in particular.

⁹ An edited version of these "Sustainability Indicators" will feature in the 2nd Edition of the *Operational Guide*, forthcoming in 2014.

Box 2: Debates arising from the application of the systemic change framework

Issue	Commentary
<p>Are there any pre-requisites to using the <i>Framework</i>?</p>	<p>The systemic change framework is only useful if programmes are applying it in the right context. There needs to be: (1) a programme-wide ambition to develop systems; (2) an understanding of what the systemic constraints are and a solution that responds to them; and, (3) a vision of future system functioning that aligns new behaviours/practices with the players that can have the capacities and incentives to perform/pay for such practices in the long-term. Possessing a clear understanding of what the specific 'systemic change' that programmes are aiming to bring about is - the before vs. after picture - is also of utmost importance so that users of the <i>Framework</i> are clear exactly what they are tracking/assessing.</p>
<p>Elements of pro-poor change or degrees of systemic change?</p>	<p>Some programmes have interpreted the different components - adopt, adapt, expand, and respond - as degrees of 'systemic change'. However, degrees or stages suggests a chronology, which simply doesn't hold in every case (ie. 'respond' may occur autonomously before 'expand'). Referring to them as 'degrees' also suggests that everything is somewhat 'systemic' (from low to high), rather than there being a clearer line between what is and what isn't 'systemic' (which tends to be more helpful). The implication of this is that evidence of 'adopt' alone is not evidence of pro-poor changes being 'systemic'. Another implication is that the "line" of what is and isn't 'systemic' is increasingly being understood as being the left-hand vs. the right-hand side of the <i>Framework</i> - where the sustainability and scale attributes are in clearer evidence at the 'system-level' and not just the organisation-level. Related to this, there has been an interesting discussion on programme-instigated changes vs. autonomous changes. Arguably, as soon as there is evidence of any organisation autonomously changing how they work to greater pro-poor effect as a direct consequence of earlier programme efforts/influence, it is fair to say that the system, at some level, is reacting. Hence, the "line" can also be drawn when there is evidence of autonomous pro-poor activity that the programme hasn't itself invested in, but has influenced through earlier action.</p>
<p>Market systems and contexts differ. Isn't some judgment still necessary?</p>	<p>Indeed, there is always a need to exercise 'judgment' when using frameworks as tools. In a 2x2 matrix situation, blurred boundaries are a matter of fact. The systemic change framework needs to be applied in the context of the market system in which programmes are working to effect change. Monopolistic or monopsonistic market systems (eg. government extension services) may require more of a judgment between 'adapt' and 'expand' and therefore, what is and what isn't 'systemic'. Likewise, getting the balance between 'scale' and 'sustainability' attributes depends upon the 'thickness' of markets (ie. the number and diversity of players and roles).</p>

Annex: Indicators

Table 1: Sustainability Indicators Version 1, corresponding to the systemic change framework

Component	Key questions	Headline indicators (blue) and sample intervention-specific indicators (black)
Adopt	<i>If you left now, would partners return to their previous way of working?</i>	<ul style="list-style-type: none"> • <i>Partner contribution to the pilot:</i> Partner invests financially and non-financially (eg. existing staff taking on a new role) towards piloting a new way of working. Significant contributions from a pilot-phase partner demonstrate the value they have attached to what has been trialled, commitment, and therefore a degree of ownership. Note: this doesn't mean that the costs of each intervention activity have to be shared. • <i>Long-term viability/benefit of practice changes:</i> The nature of this indicator depends upon the commercial-mindedness of the partner in question. <i>For more commercially-motivated partners:</i> commercial viability of practice changes (eg. difference to partner's costs, revenues, and margins); competitiveness (eg. new business, greater orders, increased market share, customer retention, larger customer/sourcing base); or, positioning to realise longer-term, non-immediate benefits (eg. identifying and targeting a new market segment, market creation, diversification, establishing business footprint). <i>For less commercially-motivated partners:</i> viability of practice changes (eg. difference to partner's costs and service efficiency); fulfilment of priorities (eg. synchronicity with policies and political mandate, responsiveness to electorate, improvements in service quality or coverage). • <i>Partner satisfaction and intent to continue:</i> Partner's satisfaction with results from the pilot; interest in and ownership over learning that emerges from the pilot; partner willingness to assume all recurrent costs by pilot end; concrete plans have been made to invest in upholding practice changes without the programme, next term. • <i>Partner ability to continue:</i> Partner possesses the organisational capabilities and human resources (eg. financial, technical, etc.) to uphold the practice changes piloted. • <i>Target group's satisfaction and benefit:</i> Beneficiary groups are satisfied with and benefiting from the effects of the partner's behaviour/practice changes (eg. poor women and men are satisfied with their new/improved access to and usage of products/services, new relationships, their improved performance and interaction with the market, etc.).

<p>Adapt</p>	<p><i>If you left now, would partners build upon the changes they've adopted, without us?</i></p>	<ul style="list-style-type: none"> • <i>Independent investment:</i> Former (pilot-phase) partners have invested in upholding, or improving upon (qualitatively or quantitatively) the change(s) adopted, without programme support (eg. investments in improving the product/service so it doesn't become outdated, tailoring piloted changes to better fit with organisational priorities/capabilities, 'rolling-out' practice changes in new geographies either directly or through franchisees/subsidiaries or sister concerns, employment or reassignment of staff, incorporation of practice changes into organisational 'business plan' or corporate strategy and the allocation of a budget, etc.). • <i>Target group benefits sustain:</i> The programme's beneficiary groups continue to benefit after programme support to the pilot-phase partner ends (ie. the former partner's independent tailoring does not divert benefits away from poor women and men).
<p>Expand</p>	<p><i>If you left now, would target group benefits depend on too few people, firms, or organisations?</i></p>	<ul style="list-style-type: none"> • <i>Competitors or similar types of organisations 'crowd-in':</i> The nature of this indicator depends upon whether or not the pilot intervention engaged with commercially-motivated players. For <i>more commercially-oriented engagements</i>: competitive response (eg. number of competitors that copy the practice changes pilot-phase partners made, number of competitors offering variants of the pro-poor innovation originally trialled); positive engagement with 'scale agents' (eg. 'apex' players that have influence over a large number of relevant players). For <i>less commercially-oriented engagements</i>: influence, 'spread', and 'contagion' of practices (eg. identical/similar practice changes are adopted by similar organisations, institutions, or departments). • <i>Ability to accommodate competition or collaboration (depends on the nature of the system):</i> For <i>more commercially-oriented engagements</i>: reduced barriers to entry faced by competitors and new players (ie. later 'adopters'). For <i>less commercially-oriented engagements or more collaborative systems</i>: leadership and effectiveness of representative organisations; undertaking of joint ventures; respect for rules/regulations/standards (eg. adhering to voluntary/industry codes of conduct and compacts, etc.).
<p>Respond</p>	<p><i>If you left now, would the system be supportive of the changes introduced (allowing them to be upheld, grow, evolve)?</i></p>	<ul style="list-style-type: none"> • <i>System responsiveness and receptiveness:</i> Non-competing players in supporting systems respond with practice changes of their own that enable early and late 'adopters' to operate more effectively or further improve their performance (eg. new services and service providers emerge, niche/intermediate products emerge, 'rule' bodies adjust and re-configure existing regulations and practices, players take on new roles and responsibilities to fill gaps, streamline procedures, etc). • <i>Ability of 'adopters' to cope with shocks:</i> Evidence that the practice changes of early and late 'adopters' can withstand adverse events or indifferent/negative reactions from players in supporting systems (eg. droughts/floods, economic downturns or commodity price shocks, innovation/imports from overseas, moderate political pressures, the subsidising of contradictory 'models', poor decision-making by oversight/governing bodies, etc.).