BEAM EXCHANGE

Fit for Business:

Modifying internal procurement processes to suit adaptive MSD programmes

MSD Procurement Series #4

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Conception

This paper is the collaborative product of a group of accomplished MSD practitioners and donors who worked together voluntarily over four months in early 2020 to synthesise their accumulated knowledge and experience of procurement arrangements for programmes that use the Market Systems Development (MSD) approach.

With the support from the BEAM Exchange, the group met on a bi-weekly basis to examine a particular aspect of MSD procurement based on common interests and collective experience. The group defined the problem from different perspectives, and gathered case studies from their organisations to reflect on possible solutions and new ways of thinking. This paper captures the most important ideas and conclusions, and has been reviewed extensively by both MSD practitioners and donors.

Acknowledgements

The BEAM Exchange - in partnership with the DCED - is a platform for knowledge exchange and learning about the role of markets in poverty reduction.

The Donor Committee for Enterprise Development

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Executive summary

Adaptive management - deliberate and iterative learning for navigating complexity – is central to market systems development. Programme teams adjust interventions, add and drop market actor partners, and pivot sectors as their knowledge of market systems improves. Yet each of these decisions has financial and legal implications. The underlying organisational and contractual infrastructure for MSD can easily be taken for granted and most adaptive management guidance is focused on technical issues.

This paper identifies key principles for MSD programme managers who want to modify internal procurement processes that allow adaptation of partnership agreements and contracts. These include the importance of building trust and relationships with operations leaders and staff in programme teams at the HQ level and with donor agencies.

The four main areas are summarised below, with the guiding principles for each listed.

Area of Change	Guiding Principles
Modifying procurement and contract processes	a. Contracts with market actors that reflect principles of self-selection b. Minimise approvals for changes to interventions/partnerships
Integrating technical and operations teams	c. Treat operations staff as a valued core part of MSD programme teams d. Change workflows to increase technical-operations interactions e. Explain the rationale behind policies and procedures
Relationship with HQ: programme managers and global support functions	f. Create and exploit opportunities for HQ staff to spend time in country g. Proactive efforts to build trust on both sides of the HQ-Programme divide adds value to implementing organisations h. Develop global organisational policies with some room for adjustment by programme teams
Relationship with donor	i. Shift from transactional to partnership model j. Understand donor incentives, constraints and risk tolerance

In the full paper, the guidance in each area of change is supported by examples from leading programmes, including several that have undergone overhauls from a more conventional value-chain or direct delivery to adopt the MSD approach.

A note on terminology

Different agencies use different language when describing their different roles, activities, and contracting formats. In order to make this paper more readable across agencies we have adopted generic terms to focus the conversation on conceptual, rather than definitional differences. The table below defines this generic terminology with corresponding examples and descriptions.

Generic Label	Synonym / Example	Description
Organisations		
Donor	Funder	The agency providing funding for a programme or activity.
(Lead) Implementer	Prime; Lead contractor; Supplier	The institution, company or NGO that has the principal contract with the Donor to deliver the activity.
Sub-contractor	Implementing partner	An agency, company, NGO or local organisation that is sub-contracted by the Lead Implementer to deliver a component of the activity.
Business Partner	Recipient; Client	A business that is directly involved in programme interventions as a partner or recipient of grant, investment or technical support.
Activities		
MSD Programme	Project; Program; Activity	A temporary organisational structure for implementation - may include staff from one or multiple implanting organisations.
MSD Intervention Area	Initiative; Activity	A coherent set of actions planned within a specific market system to effect system change
Roles		
Donor Representative	Contracting Officer (USAID); Program Officer (DFAT); Program Manager (SIDA); Senior Responsible Owner (DFID/FCDO)	The donor manager responsible for overseeing and liaising with an MSD programme; usually based in a country office.
Head Office (HQ) Manager		A manager based in an implementer's HQ with responsibility for supporting an MSD programme

Generic Label	Synonym / Example	Description
Business Development Staff	Fundraising staff	HQ staff responsible for writing proposals and soliciting donors.
Programme Manager	Team Leader; Chief of Party	The most senior manager of an MSD programme team, with overall decision-making responsibility
Operations Manager	Chief Operations Officer; Finance and Grants Manager	A senior manager with oversight of multiple operations functions: finance, logistics, procurement, grants etc.
Operations Staff	Procurement officer; Grants officer; Finance/Accountant	The programme staff responsible for particular areas of operational administration and compliance.
Technical Staff	Intervention Manager; Sector Lead; Market Facilitator, Partnership Manager.	The programme staff focused on designing, developing strategy, delivering, monitoring and learning from interventions with business partners and other actors within changing market systems.
Contracting Formats & Related Documents		
Tender	Request for Proposal (RFP)	The offer from a donor to pay for something.
Procurement (of programme):	Contract; Grant Agreement; Collective Agreement;	The process used by a donor to solicit proposals and select an organisation (or consortium) to fund to implement an MSD programme.
Procurement (of goods/services):	Service contract; Purchase order	The use of financial funds, by an MSD programme, to purchase goods and services for use in implementation.
Subaward	Grant; subgrant	The use of financial funds to engage another organisation to implement part of the programme on behalf of the implementer / consortium.
Partnership agreement	Adaptive Market Actor Agreement, Market Actor Umbrella, MoU	A written agreement between an MSD programme and a market actor that may define strategy, roles or planned activities, but does not include any funding commitments.
Concept note		A short and non-binding document that outlines ideas for a new product, service or business model.

Fit for business: modifying internal procurement processes to suit adaptive MSD programmes

About the MSD procurement series

Development programmes typically involve a collaboration between funders (who pay) and implementers (who do). These parties' interests overlap but are not identical. Procurement and contracting are used to reconcile those interests in a formal and transparent manner, but it can become an adversarial process. This militates against the building of a constructive relationship of trust, necessary for the flexible, adaptive approach which is so vital if the MSD approach is to be effective in reducing poverty.

This paper is fourth and final in a series that documents the insights from informal conversations between funders and implementers on how to resolve this essential dilemma.

The other papers in this MSD Procurement Series are:

Paper 1: **Decisive Structures:** procurement format options for MSD programmes and their different implications

Paper 2: **Deepening the Relationship:** a stage-by-stage guide to strengthening partnerships between donors and implementers in MSD programmes

Paper 3: **Getting off the Ground:** practical lessons for the launch phase of MSD programmes

The series is published under the auspices of the MSD Working Group of the DCED to stimulate further exchange and reflection; it does not necessarily represent the official views of either the DCED or its members.

This **Paper 4** explores how MSD programmes need to modify their internal procurement processes for engaging with private sector market actors. For organisational, legal and contract structures to become more fit for the business of MSD, we need better mutual understanding between MSD programme teams and their counterparts in operations, finance and procurement. This paper thus focuses on the interaction between technical staff and operations staff, and in doing so shines a light on the latter, an under-appreciated member of MSD programme teams. Given that often large implementing organisations are responsible for delivering MSD programmes, any change to partnership agreements or contract templates requires coordination with both the donor and the implementing HQ.

Fit for business: the issues in a nutshell

The central challenge from an operational and risk management point of view is that adaptive MSD programmes require deviation from the "conventional" processes and contract structures of direct delivery programmes. These rely on two tried and tested modes of engaging other organisations and partners.

i.   Grants or sub-grants: programmes pay NGOs or not-for-profit organisations to deliver activities, training etc.

ii. Competitive procurement: programmes buy products and services directly from private businesses to either use in programming or give to beneficiaries.

These two modalities have evolved through repeated use and as organisations sought efficiencies and economies of scale, they have been embedded in standard templates for large NGOs and contractors who are also the ones implementing MSD programmes.

Competitive procurement processes do not work well when MSD programmes look to contract one private firm as an intervention partner (sole sourcing). But grant agreements, designed for working with local NGOs, can be difficult to amend or adapt to work with private sector actors.
Hybrid mechanisms are desperately needed, but not easy to develop.

The problem manifests in relationship issues at two levels:

–   at the **programme level**, between technical and operations teams; and

–   at the **organisational level**, between programme leaders and HQ leaders.

At the **programme level**, MSD technical teams and their operational and procurement counterparts can have quite different understandings of the goal and strategy of an MSD programme. Most MSD programmes' investment in recruitment, early capacity building and ongoing mentorship of staff is heavily slanted towards those leading technical strategies - heads of portfolio; sector leads; intervention managers and business facilitators. This effort is rarely extended to operations, finance or grants teams. As technical staff become familiar with MSD strategies and tools, they may still struggle to put this into practice: for instancing knowing how to get a deliverable paid, or how to get a partnership agreement signed with approval from the legal and finance departments.

Depending on the organisational structure, functional staff in operations, grants or procurement may be part of a country office supporting multiple programmes including MSD and non-MSD. From their perspective, colleagues in the MSD programme may appear to simply be ignorant about how procurement processes work, constantly asking for exceptions and special cases.

At the **organisational level**, there is a significant challenge to get an MSD programme launched (see Series Paper 3), with operational and technical teams synched and the funding mechanisms and processes in place to actually engage the private sector. In the design of new grant funding and procurement manuals, programme leaders will typically engage in lots of back-and-forth with HQ on the compliance issues. For complex grants, trust is critical to devolved decision making. In cases where trust has yet to be established, programme leaders may be perceived by HQ to be 'going rogue' as they push to deviate from tried-and-tested contract templates that have evolved over years of experience (albeit for a different purpose and context).

Insights and guidance

1. Modifying procurement and contract processes

There are processes you need to modify in any organisation to address the specific needs of MSD or working with private sector partners. How do you set up the contracts so that, when there is a change in your intervention or activity, you don't have to go through the process of a contract amendment every time you want to make a change?

Principle 1a: Contracts with market actors that reflect principles of self-selection

Guidance:

- Programmes should support business changes that are 'in the interest' of market actors (the programme as strategic advisor, not as a customer buying the service of the firm).

- Technical teams can approach individual market actors, but it is also helpful to have an overarching umbrella mechanism that solicits new ideas from actors too.

- Ultimately, the agreement between programme and market actor needs to support ownership of business decisions within the firm. If actors are not ready to follow through on commitments, the programme can step away until they are. The Adaptive Market Actor Agreement introduced below offers this functionality:

> **Example: BAVC's Adaptive Market Actor Agreement**
>
> The DAI implemented USAID Bangladesh AVC activity was designed with a $7 million grant fund that was repurposed to align with the MSD approach. The programme was majorly reoriented along multiple dimensions. As part of this process, the Chief of Party and Finance and Grants Manager worked together to develop a new partnership manual which uses a [Blanket Activity Announcement](#) (BAA) to solicit self-selecting market actors. Individual partners are then managed with an Adaptive Market Actor Agreement (an overarching MoU). By creating an entire policy manual with templates, infographics, procedures, and work instructions the BAVC field team was able to defend and provide clear transparency not only to the field team in programme management but also their head office support staff.

Principle 1b: Minimize approvals for changes to interventions/partnerships

Guidance:

- Design high-level partnership agreements that clarify the objectives, but retain flexibility at tactical levels of implementation, so that timelines, budgets and terms of engagement can change based on learning. This can avoid delays associated with lengthy repeated approvals of lower-level changes.

- Create intermediary mechanisms, such as PRISMA's Intervention Steering Document, that anticipate and support changes in activity details separate to the actual financial contract with a market actor.

> **Example: PRISMA's Intervention Steering Document**
>
> PRISMA, a Palladium-implemented $165 million 10-year MSD programme in Indonesia, developed its first grant agreements based on a standard grant template with a detailed scope of service and budget. Within several months it became clear that the template was not suited to the fluid and adaptive nature of MSD. Activities in the field changed quickly and often, requiring constant contract amendments. Private sector partners' financial reports slowed significantly when they realized the administrative burden of reconciling expenses according to donor requirements. Taxation issues with grants in Indonesia soon made it clear that alternative partnering modalities would also be required. It took almost two years to convince HQ and the donor of the need to develop new partnership templates. Agreements now share accountability and risk. The Intervention Steering Document offers a mechanism to manage changes to activity details without the need for contract amendments. Palladium is currently using PRISMA examples to develop a range of MSD-friendly contracts for all Palladium's MSD programmes.

2. Integrating technical and operations teams

Every MSD programme has its own internal organisational and team structure. It is up to programme leadership to make changes to formal and informal structures that challenge perceptions and increase trust and connectivity between technical and operations team members.

Principle 2a: Treat operations staff as a valued core part of MSD programme teams

Guidance:
- Invite operations staff to key meetings; seek their input and give them responsibilities.

- Create a leadership position for operations that mirrors technical leadership positions, to work closely with the programme manager.

> **Example: PRISMA's Chief Operations Officer position**
>
> PRISMA has had its struggles over the years with an implementation-operations divide but has profited from engaging a Chief Operations Officer with MSD experience as part of the Senior Management Team. This has encouraged the rest of the management team to consider the important role operations plays in ensuring needed programme flexibility and adaptability.

> **Example: BAVC's cross-team efforts to build MSD capacity**
>
> BAVC's Senior Management Team re-opened the lines of communication internally in AVC between operations and technical staff to reset relationships and bridge the communication gap. All-staff strategy sessions were held twice a month, encouraging open dialogue, constructive comments and feedback, and brainstorming on key internal communication and how to support market actors. Teams were asked to reflect on examples of breakdown between technical and operations strategy and critically evaluate and pull apart the underlying communication setbacks that resulted in these issues and delays in activity execution (e.g. deliverables not related to business, administrative reporting for private firms, administrative barriers for on-boarding). Senior Management provided training to build the technical team's capacity to approach and collaborate with private sector

partners in a way that shifted the focus from donor-funded interventions and results frameworks and focused instead on how the partners could use their own business strategies to contribute to inclusive market systems growth.

Principle 2b: Change workflows to increase technical-operations interactions

Guidance:
- Include operations staff and leaders in training and ongoing MSD coaching and mentorship efforts, as well as joint learning visits to programmes.

- Develop cross-functional teams and liaison roles that structurally encourage technical staff to learn about operations and vice-versa

Example: BAVC's Liaison Teams and Clearly Defined Roles

BAVC's key strategies for changing workflows were:

- Defining a single technical partner lead for each market actor to establish a primary point of contact with the AVC programme.

- Ensuring market actors understand that activities developed with AVC would expand their business and not just be for USAID reporting. This required simplified deliverables linked to the market actors' business metrics and not USAID directed indicators.

- Encouraging AVC support staff to assist the market actor with administrative grant application documents to speed up contracting timelines.

- Creation of a Liaison team made up of operations staff who grasped the technical side of MSD and could assist the Finance & Grants Manager and technical partner lead in bridging the gap between the two teams and attending all meetings to ensure documentation and compliance.

Principle 2c: Explain the rationale behind policies and procedures

Guidance:
- To anticipate and overcome technical teams being frustrated with operational processes, create spaces to hear issues, and explain why processes are in place. PRISMA's town hall meetings give a concrete example below.

Example: PRISMA's Town Hall Meetings

Programme Town Hall meetings with all 150 staff members now discuss operational issues in addition to technical issues. The programme has reduced the resistance of implementation staff towards administrative procedures by clearly presenting policies in terms of risks – risks to the individual, risks to the programme and risks to the donor. These conversations have led to workshops between procurement and implementation teams, and joint visits where technical staff focus on deal-making while procurement staff can initiate due diligence processes. In this way, the implementation team better understands the reason behind rules and the operations team better understands the reality in the field.

3. Relationships with donor

MSD programmes are acting on behalf of donors, and a central challenge is to stay true to the principles of the approach, while being accountable to rules, guidelines and processes of the donor.

If adaptive management is to function well, it is essential for all parties involved to be informed about what is taking place within activities. For this reason, people and relationships become central. A key determinant of programme effectiveness is the characteristic of the donor representative or team overseeing activities, and the actual people and relationships involved.[1]

A narrow focus on only compliance and procurement misses an important opportunity for change: trusting relationships between programme leaders and donor counterparts. While there are structural incentives that can create a distance between donors and implementers, much can be done to improve the quality of relationships.

Principle 3a: Shift from transactional model to partnership model

Guidance:

- Discuss shared risks and how to distribute risk; consider increased information flows that can serve to increase trust and create flexibility.

Example: PRISMA's Partnership Broker approach

For the first five years of PRISMA there was an inherent tension between the donor and the programme team as a result of commercial contractual arrangements. With the MSD approach being implemented for the first time in Indonesia by the donor, this led to misunderstandings about 'what' and 'how' the programme should achieve its contractual obligations. At the beginning of the second phase of PRISMA (2018-2023) the programme invited the donor to undertake a joint process using the Partnership Broker approach to develop a clear "ways of working" agreement. While there was some scepticism from members on both sides, a facilitated workshop was agreed. The process focussed not just on clarifying the role of each side, but on recognising that design, decisions and solutions could be co-created. There was a focus on mutual accountability and shared risks (as well as rewards). Because everyone committed to the workshop and actively engaged in the process, the partnership between donor and programme has moved from a transactional to a more collaborative relationship. Behaviours developed over decades of managing bilateral programmes were changed. Arrangements were agreed that supported, rather than undermined, the partnership. Decisions have been made collaboratively and both parties are more aligned.

Principle 3b: Understand donor incentives, constraints and risk tolerance

Guidance:

- Implementers need to learn about the donor's operating environment - pressures, targets, incentives and non-negotiables. This requires ongoing communication that is a two-way

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[1] Adapted from Brand, M. (2017) Adaptive Management in Practice: A Market Systems Application in Bangladesh

conversation, with programme leaders inquiring into donor thinking and learning, as well as sharing updates from implementation.

- When implementers invite donors to engage in work planning processes, more information can be shared, creating a deeper appreciation for the real-time learning and adaptation. Where this is linked to budget envelopes, it can decrease the need to continually ask for approvals.

- It's important for all players to recognise that risk tolerance is a function of both organisational culture in a particular country office, and the individual donor representative. Inquiring into each of these dynamics can help donors and programme leaders find ways of working that fit the context.

Example: Mercy Corps MALL and constant communication

Mercy Corps MALL programme (2017-2020) is a pilot programme in Nigeria that was retrofitted after its first year to adopt the MSD approach to revitalise agricultural input and poultry market systems. One of the programme's hallmarks is the healthy working relationship between the donors and Mercy Corps. Throughout its life-cycle the programme has made concerted efforts to better understand its donor incentives and pressures as it pivots to more market-driven approaches. At consistent intervals every quarter, and at the HQ levels, programme leaders engage donor representatives by spending time with them to better understand current high-level broader trends, incentives and activities around the donor's thematic areas of focus.

Within Nigeria, Mercy Corps and donor representatives in-country have frequent check-in calls and meetings to discuss and agree on targets and other programme-associated deliverables from the programme's work plan. Since the programme works across areas of NE Nigeria that are currently affected or recovering from conflict, these meetings also explore opportunities to best adapt the MALL programme to shocks and stresses (current and potential future) within the programme's geographical focus. Furthermore, donor representatives are active participants in programme learning and strategy reviews convened at the Nigeria-country level. At the HQ level, Mercy Corps participates actively in learning events convened by the donors. This has led to evidence-based programming that is in sync with donor expectations and incentives.

Example: BAVC and USAID/Bangladesh - continuous engagement

Fortunately for AVC the donor representative and their team at USAID/Bangladesh were responsive, communicative, open to learning and trying new things, and had a good understanding of market systems and the implications for their programming. The continuous engagement of the donor representative supported AVC's market systems shift. This was possible because the Bangladesh Mission created the bandwidth for its staff to engage with a single activity in more depth than is typical. As a result, the donor was able to understand when and where the programme was adapting interventions and could provide technical and contracting support by attending work planning processes. Direct access to frank discussions of intervention progress meant the donor was a part of the learning process, rather than being informed afterwards, or worse, having the failures covered up. This hands-on approach increased trust, which increased the risk tolerance of the donor to allow the programme to try new interventions.

4. Relationships with HQ: programme managers and global support functions

Perhaps the most under-appreciated opportunity for improving MSD is the internal relationship-building between field-based programme teams and their colleagues operating thousands of miles away in headquarter offices. These two internal groups within an implementing organisation experience similar tensions to those between donors and programme teams. Large organisations play an important role in defining the rules of the game for contracting and procurement within MSD programmes. Key supporting functions (e.g. finance, operations, procurement, compliance, legal), have a crucial influence on templates for contract and partnership agreements.

While leaders at HQ level are crucial for fostering understanding with other colleagues (in operations, finance and procurement), programme teams who are closer to implementation may perceive that top management at HQ is the primary source of flexibility and significant change. In such cases, strong leadership, foresight and clear communication from the donor can be useful leverage for influencing HQ to approve internal system changes; whereas narrow 'by the book' interpretations from donor and HQ alike can constrain programme leaders in the flexibility of their contractual toolkit. Some regulations may simply be unavoidable - and HQ teams tasked with ensuring adherence may simply be doing their job - even if they end up perceived as inflexible by programme teams.

Principle 4a: Create and exploit opportunities for HQ staff to spend time in country

Guidance:

- Programme teams can invite HQ staff to attend MSD training and participate in work planning.

- Organise secondments where possible.

Example: PRISMA HQ secondment to programme office

As part of its proposal for PRISMA, Palladium negotiated with the donor to have the HQ Programme Manager located in-country. While this was done for commercial reasons, the benefits to the programme were enormous. The HQ Programme Manager could see first-hand the conditions in the field, was an integral part of decision making, and understood the challenges of applying standard HQ protocols. By working closely with programme teams, the HQ Programme Manager became an important advocate for the programme in terms of changing HQ systems and allowing greater operational flexibility. However, the right mix of people is an important factor of success. It took several tries before the right combination of HQ Programme Manager and programme Operations Head was found. The ideal candidates have some MSD experience, are problem solvers, are professionally compatible and do not have a 'no' default setting. The other important ingredient of success was to invite other important HQ personnel to visit the programme and review systems and processes. The Director of Risk visited Indonesia to review procurement processes and his approval opened doors for greater flexibility.

> **Example: Helvetas Eastern Europe's learning exchanges**
>
> The South-eastern and Eastern Europe Unit of Helvetas manages a portfolio of MSD programmes in more than 6 countries. Most of the programmes are managed from Switzerland where programme managers lead a team and steer programmes in the different countries. Prior to COVID-19, geographical proximity between Switzerland and programme countries has allowed frequent exchanges among HQ staff, programme teams and donors. Helvetas supports annual training programmes for donors, HQ staff (including finance, administrative and procurement) and market actor partners as well as learning visits to programmes. This reflects an understanding of capacity development as a multi-directional process: between HQ staff, donors and partners. In addition, a regional management retreat held annually involving HQ staff (from management/technical as well as finance/admin) and programme teams has helped build relationships and transparent learning processes.

Principle 4b: Proactive efforts to build trust on both sides of the HQ-Programme divide adds value to implementing organisations

Guidance:

- Early trust leads to programme teams being more open to HQ input; lower trust from HQ slows approvals, increases bureaucracy and creates resentment of HQ by programme team.

> **Example: BAVC trust-building creates conditions for major changes**
>
> As with many value chain programmes, AVC was initially grants driven. During the shift to a market systems focus, AVC streamlined its grant-making process to make it less cumbersome and more collaborative, adaptive and market-oriented. This adaptation needed buy-in from HQ. Following a turnover in HQ support, the new project managers participated in MSD training at the beginning of the project reorientation. Their participation in field staff training helped generate buy-in and opened up space for brainstorming ideas and ways to make compliance work for the project. This led to ongoing exchanges with the HQ Contracts Manager to review all templates, manuals and changes to procedures and workflows. BAVC was fortunate to have a Contracts Manager who was willing and able to 'think outside the box' and within 3-6 months the new process flow and a specific manual for market actors were approved and implemented.

Principle 4c: Develop global organisational policies with some room for adjustment by programme teams

Guidance:
- Build awareness and understanding in policymaking parts of HQ about the unique aspects of the MSD approach

- Develop policies that have some space for adjustment or adaptation

- Encourage country offices and programmes to engage in dialogue with HQ counterparts on how to adapt and adjust policies

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Example: Habitat for Humanity's cross-functional efforts to develop MSD-conducive procurement

Traditionally, Habitat for Humanity International (HFHI) is widely known for building affordable houses across the globe through direct delivery methods. Recently, Habitat began applying MSD approaches to address the global housing deficit, led by Habitat's Terwilliger Center for Innovation in Shelter. The Terwilliger Center originally attempted to change procurement and contracting processes by working directly with regional operational structures, however the centre has recently pivoted to manage grants at a global level. Having a central, globalised operations unit in the centre has helped to coordinate policies from parallel operations structures (legal, HR, finance etc.) to build MSD-focused processes that can be adopted and adapted by the wider organisation. The centre also recently created a new global position to support MSD programmes with adaptive management. COVID-19 has accelerated this process of consolidating MSD process development to speed up the adoption by the larger Habitat for Humanity International organisation.

Example: Helvetas recognition of the complexity of market systems

Helvetas has learned that translating adaptive management into creativity and innovation requires an inclusive culture and collaborative environment, adequate investment and a human development strategy. The HQ team has learned to appreciate that the intensity and nuance involved in managing MSD programmes reflects the complex adaptive systems within which programmes work. There is now an emerging shared understanding among HQ management staff, HQ finance/admin and procurement staff and programme teams in the different countries that designing, implementing and monitoring MSD programmes' performance is not about following checklists or formulae.

Conclusions and relevance of the other papers in this series

The aim of this paper is to bring to the fore the important role of operations staff and programme funding mechanisms (grants and procurement). It provides advice for programme managers on how to integrate operations experts into technical MSD strategies. This extends beyond the programme team to include building relationships with the donor representative and the implementer HQ.

This paper is the fourth and final in a series of guidance derived from the MSD Procurement and Contracting Clinics. It builds on the ideas from the previous three.

Whereas the first paper, **Decisive Structures** suggests that donors experiment with a wide range of formats when awarding MSD programmes, this paper provides examples for similar experimentation at the programme level.

The second paper **Deepening the Relationship** emphasises early relationships between donors and implementers, whereas this paper 4 teases out the distinction between HQ and field teams.

The third paper, **Getting off the Ground**, shares lessons on what to do <u>before</u> funding mechanisms are set-up, while this paper 4 focuses more on adjusting the funding mechanisms themselves over the full duration of implementation.