

LASER

**Legal
Assistance
for Economic
Reform**

Monday morning in Kigali: what do you do when you get off the plane? Practical guidance for PDIA practitioners

DFID Legal Assistance for Economic Reform Programme

Updated January 2016



The Legal Assistance for Economic Reform (LASER) programme is a £4.3 million DFID-funded initiative (2014-17) implemented by The Law & Development Partnership (LDP) and KPMG that supports developing countries to strengthen their investment climates. LASER works with developing countries, including fragile and conflicted affected states (FCAS), on investment climate and institutional reforms including offering assistance to support the design and implementation of effective donor programming and leverage legal technical assistance, including pro-bono expertise. LASER shares lessons learned about what works and does not work, and partners directly with:

- Developing country governments (including Ministries of Justice, Commerce, Trade and the Judiciary) – in a demand driven, politically informed and highly flexible way; and
- Donors (such as DFID and the World Bank Group) on the design of large-scale investment climate / institutional reform programming which incorporate flexible, adaptive approaches.

LASER focus countries are Bangladesh, Kenya, Myanmar, Uganda, Rwanda, Sierra Leone, Somaliland and Tanzania.

This guidance note is part of a suite of LASER products which develops latest thinking on approaches to investment climate and institutional reform (including *doing development differently*, *thinking and working politically* and *problem driven iterative adaptation*), which can be accessed via the LASER website <http://www.laserdev.org/resources/>. This note assumes some familiarity with those approaches (see LASER synthesis papers, which discuss the approaches in detail) and draws on a wide-ranging literature review; on experiences under the LASER programme; on discussions with implementers of other like-minded programmes¹; and more generally on LDP's fifteen years' experience of working on investment climate issues on the ground.

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¹ Including Nigeria State Accountability and Voice Initiative (SAVI), the Budget Strengthening Initiative (BSI) and Nigeria Facility for Oil Sector Transparency and Reform (FOSTER).

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Context

What this guidance is

1. This is practical guidance for development practitioners on how to ‘do development differently’ and apply a problem driven and iterative approach on the ground. This guidance sets out a number of good practice approaches that can offer valuable insights for how advisors can best provide technical support to developing country partners. The approaches set out herein can be used through scoping, detailed design and ongoing implementation of projects.
2. This guidance may be read alongside LASER’s hour glass methodology for undertaking institutional reform at scale (see LASER website and case studies). The hour glass is not a pancea but does offer new insights and ways into tackling complex problems which lie at the heart of investment climate and other sector programming. This guidance draws on lessons learnt from LASER’s practical experience on the ground, in particular through the LASER Rwanda pilot (see box 1 below), which was carried out during February 2014².

Box 1: The LASER Rwanda pilot

Rwanda was selected as a LASER pilot country after a scoping mission in November 2013. The Rwanda scoping mission identified a set of problems that the LASER pilot could potentially explore in each of the areas of: commercial dispute resolution, applicability of formal laws, competition policy and law, and sustainable demand-driven commercial law support. One of the objectives of the LASER Rwanda pilot was for a resident adviser to develop, explore and test what a problem driven approach means in practice in a commercial law and justice (CLJ) context. The experience in the pilot gave enough evidence to support and endorse the continued adoption of PDIA taking the intervention forward. The lessons learnt during the pilot and subsequent experience engaging in Rwanda have led LASER to develop this guidance highlighting key considerations in putting PDIA into practice on the ground.

Who this guidance is for

3. This guidance note is for donors and development practitioners involved in designing and implementing investment climate programmes – through supporting the development of new laws, regulations or administrative procedures, for example, or through more general organisational strengthening and capacity development. The ultimate beneficiaries are the population of the country, who all benefit from the economic growth that investment can bring, but the entry point for engagement is the developing country ministries, departments and agencies (or in some cases non state actors) who administer ‘the rules of the game’ for private sector operations.

LASER’s strategic approach: problem driven, politically informed, iterative

4. LASER contributes to latest thinking on doing development differently, of which Problem Driven Iterative Adaptation (PDIA) plays a key role. PDIA maintains that poor performance of past development assistance largely arose because development agencies did not take into account

² Further details of the engagement can be found on the LASER website www.laserdev.org/resources/

local processes of economic and political competition, the status of political and economic market development, and the unique and varied social systems in existence at country level. As a result many reform initiatives have failed. This experience has been particularly acute in the justice sector, where development agencies attempted to transfer best practice legislation and regulatory practice into justice systems that were unable or unwilling to absorb them. PDIA rejects externally driven, top-down, and prescriptive approaches in favour of locally defined and led change. It instead emphasises adaptive change achieved through iterative experimentation and learning.

5. LASER's approach is to 'think and work politically'. This means focusing on: what drives political behaviour? How does this shape specific policies and programmes? Who are the main 'winners' and 'losers'? And what are the resulting implications for development strategies and relevant programmes? Particular attention is given to the interface between politics and the economic processes that generate wealth, and that influence how political choices are made, as these critically influence development outcomes. 'Thinking and working politically' is thus a process of discovery through an incremental learning approach and not a one-off exercise.
6. It is important to explore the nature of 'the problem' in some detail before trying to craft solutions, and to recognise that solutions need to be crafted by developing countries themselves supported by development partners. Iteration implies a process that gradually approximates towards a desired value or a defined way forward.

Box 2: PDIA in a nutshell

What to do:

- Identify the problem (or possibility);
- Undertake a process of identifying context specific solutions through step-by step activities with rapid, results-orientated learning;

How to do it:

- Engage with and build up trust with people – involve/work with a broad set of actors from the outset;
- Be politically savvy – thinking and working politically;
- Recognise that the solution needs to be implementable with skills and resources available;
- Work within government systems and frameworks for reform that are already in place;

See Matt Andrews (Harvard) ninety second explanation of PDIA³

³ Matt Andrews is an Associate Professor of Public Policy at the Harvard Kennedy School. His research focuses on public sector reform, and he has conducted extensive work in applying problem driven iterative approaches to solving governance problems in developing countries. For Ninety second explanation of PDIA see: <http://youtu.be/ODN4eDUDbog>

Chapter 1: First steps

Initial analysis

- 1.1 Before travelling to the identified country you should have already undertaken significant initial research (phase 1), identifying service delivery issues and recognising their complexity to identify initial priorities. Note that each potential issue that could be engaged with is located in a complex, multi-institutional, political environment or 'system' whose complexity is likely to include layers of history, as well as a range of different perspectives of the various actors involved in the system⁴.
- 1.2 A second point that should also be completed is the undertaking of high level analysis, or at least reviewing existing analysis (phase 2), remembering that this type of analysis can only take you so far in the process. Note that this kind of analysis is not the answer to complexity. It does not deliver solutions: the way to find out what works is through iteration and improvement⁵. Remember, the key problem with institutional reform is often not the *what?* but rather the *how?*
- 1.3 Now that the first two phases have been completed you can start to identify promising institutional entry points for engagement. No money is put on the table. What is offered is technical expertise to help with a problem where there is, or appears to be, real traction for change within the institution.
- 1.4 Establish yourself in the identified host Ministry once an agreement for cooperation has been established:
 - Explain clearly why you are there and what your offer is;
 - Agree a structure with your host Ministry counterpart e.g. agree to meet once a week to discuss progress and agree a way forward;
- 1.5 Test and/or reconfirm (depending on the context) if this offer works. Who is it attractive to?
- 1.6 Generate some quick wins to build trust and buy in with counterparts. Offer to help with anything that is going – even if it appears small and insignificant.
- 1.7 Read the relevant Poverty Reduction Strategies Papers and ministry strategic plans.
- 1.8 Identify existing reform groups and efforts already ongoing within partner institutions, either through sectoral working groups, the Ministry of Finance (often a powerful reform driver through the budget process, linked to national policies and M&E systems), or other, and get to know them well.

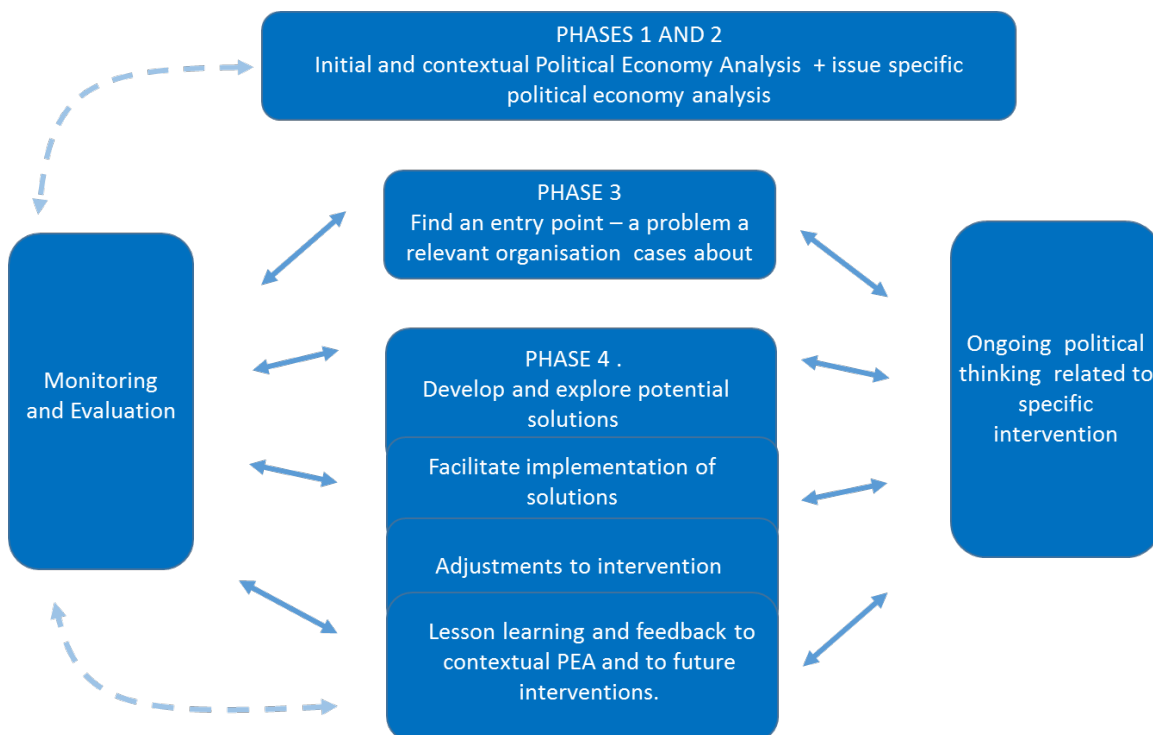
⁴ Boulton, J (2015) Embracing Complexity – Strategic Perspectives for an age of turbulence. Oxford: OUP.

⁵ Barder, O. (2013) Science to Deliver, but no 'Science of Delivery'. Washington DC: Center for Global Development. Available at: <http://www.cgdev.org/blog/no-science-of-delivery> Last accessed on: 30.09.15.

Identifying initial problems

- 1.9 When you arrive on the ground, you first need to work with local stakeholders to (i) identify a specific problem that you can help to solve, where there is real traction for change; (ii) analyse and ‘deconstruct’ the problem; and (iii) work out potential solutions to the problem.
- 1.10 It can help the process to document in your reporting:
- The process undertaken [see Problem Diaries below];
 - The problem that has crystallised to be addressed - [consider a problem tree – see Box 4];
 - Initial short term (first three months of implementation) steps that will be taken to address the problem - [This may include an altered states diagram and workplan];
- 1.11 It is important to set out a monitoring and evaluation (M&E) framework for the intervention. It is also critical to be open to adjustment and change (see Figure 1 below).

Figure 1: Ongoing adjustment to change and new information



Problem Diaries

A problem diary is a tool which enables a problem to be identified and analysed including the change you want to see. The diary component means recording actions and events in relation to each particular problem on a regular basis. At the outset you might aim to capture each potential problem in a diary. Once you have narrowed your focus on a set of problems, then you can similarly focus the diary on the problem identification and resolution process for these priority areas. You can do this by capturing, each fortnight, the changes in positions, policies, actions, behaviours and performance of the main stakeholders and the programme’s support. Over time you can reflect on what has

happened each fortnight to provide not just a description of the process but also analysis. Recording events as they happen (i.e. at least fortnightly) enables you to tell the story over time and more clearly identify twists and turns and the iterative process in practice. It also enables you to identify themes or failures, because these might not always be apparent at the time it is being recorded. You may wish to have a team discuss the problem diary with you, on a monthly or six-weekly basis. This can help to test assumptions, identify new approaches to the problem and to discuss the lessons from the diary that may be worth highlighting in case studies or other lesson learning products.

<i>Problem no. X</i>	<i>Problem description</i>
<i>Brief description of problem</i>	
<i>Process by which problem was first identified (who, where, when, how, why etc)</i>	
<i>Narrative of how problem deconstruction and solving has been approached</i>	
<i>What happened (who, where, how, why etc)</i>	

People - engaging with stakeholders and building trust

- 1.12 Ownership is the bedrock of successful reform. To achieve this, you need to build relationships and trust. This may be easier to achieve if you do not offer large amounts of money (see David Booth on ‘Facilitating development: an arm’s length approach to aid’⁶). For example, key economic stakeholder groups in Rwanda included the Ministry of Trade and Industry, civil society and the Rwanda Development Board. Aim to work within core teams of reformers, or people interested in the specific reforms you are there to support, so to have a team who can both generate ideas and provide influence in the context.
- 1.13 Engage with a broad set of agents – building on local processes/networks, making sure groups from government, nongovernment and business are all represented; NGOs and business normally are included in government policy-making and planning processes (i.e. sector working groups). If not, however, find a way to include them.
- 1.14 Holding some kind of meeting/workshop (hosted by relevant Ministries) at some point in the process may be appropriate. This would be an opportunity to build relations with new and established partners as well as gain their trust.
- 1.15 You should work to achieve a balance of gender and ethnic/ regional/ religious diversity within the working group – this is especially important for FCAS contexts so that planned activities take conflict sensitivity principles into account. You should also consider skills and roles needed to achieve reforms (see Box 3 below).

Box 3: Skills and roles needed to take forward reform

- Matt Andrews⁷ suggests that there is need to build up ‘coalitions of reformers’ with technical and political skills including:

⁶ <http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/8330.pdf>

⁷ Andrews, M and Bategeka, L (2013). Overcoming the limits of institutional reform in Uganda. Centre for International Development, Harvard University Working Paper No 269, October 2013. Accessible at

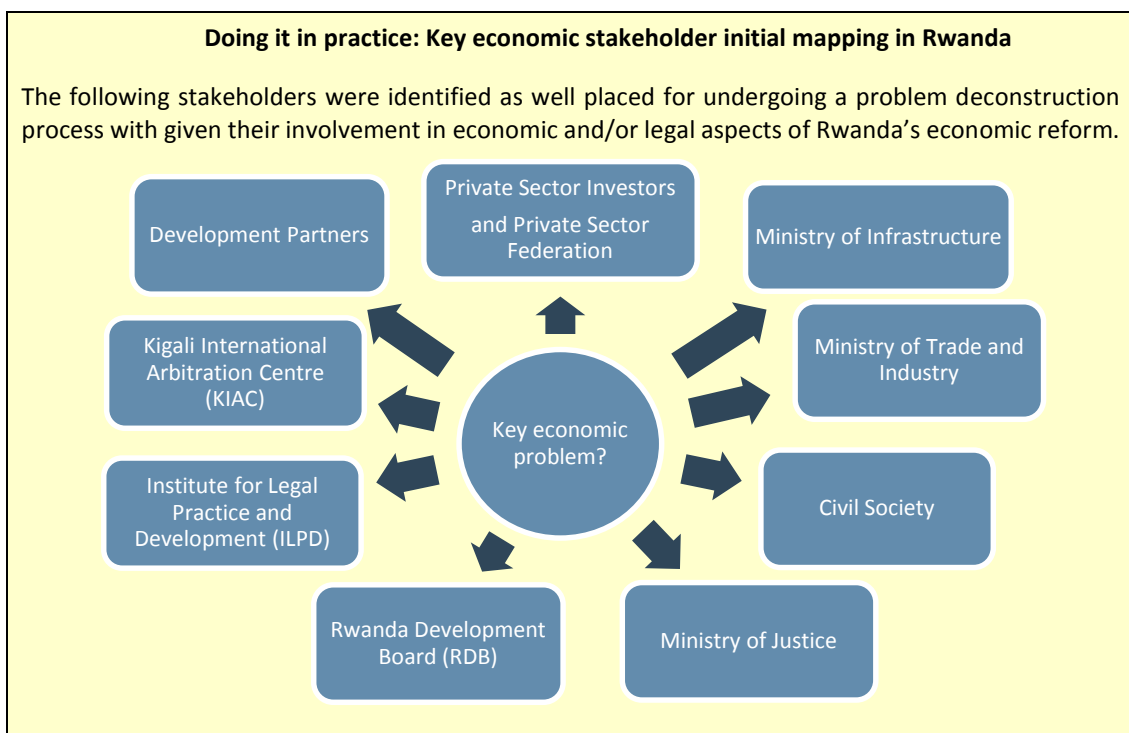
Authorisers - allow activities to take place;
Motivators and inspirational agents - keep other agents moving ahead;
Connectors and conveners - bring other agents together;
Resource providers and finders - ensure that teams and coalitions have capabilities required;
Problem identifiers and communicators - identify, construct, and deconstruct problems;
Ideas people - deconstruct, analyse, and solve problems;
Implementers - establish the new rules of the game emerging from the reform processes;

- The Disney model suggests the need to separate ‘dreamers,’ ‘critics’ and ‘planners’ in a reform/planning process (see Annex).

1.16 You need to work out how to do all of this in light of your position vis-à-vis government ministry and counterpart organisation. Be clear on ‘locus standi’ and ‘convening power’, so that expectations are consistent with your approach. Use political nous (see below).

Politics - thinking and working politically⁸

1.17 It is important to develop and further your own understanding of the context and the political economy. Engaging with people with deeper local knowledge is envisaged. Focus should be on problems and players involved, and to identify winners and losers in this space.



http://www.hks.harvard.edu/var/ezp_site/storage/fckeditor/file/pdfs/centers-programs/centers/cid/publications/faculty/wp/269_Andrews_Uganda.pdf

⁸ This is explained in more detail in LASER Guidance Note: Politically smart approaches to donor investment climate programming.

Chapter 2: Identify key problems (or possibilities)

- 2.1 The entry point for PDIA is to identify problems. Part of this is having an eye on possibilities, for example, for a programme focussing on investment climate reform, you might ask 'what would more investment look like?' and 'what is constraining that possibility?' Ask open questions: Where would you like to be? What would you like things to be like? Appreciative enquiry techniques would include questions such as “What is working well at the moment? How could we build on that?”
- 2.2 Work out with local stakeholders: what is constraining achieving the possibility/desired goal? Rather than starting with the solution (e.g. we need a new competition law), start with the problem we are trying to address (e.g. limited investment). The framework below (Table 1) may help (drawing on Matt Andrews).⁹

Table 1: Framework for initial problem identification

What is the possibility – what do we want to achieve	
Basic problem/constraint (why aren't we achieving it)	
Data to illustrate the severity of the problem	
Why does it matter	
What would the problem look like solved	

- 2.3 Work with stakeholders to deconstruct the problem – which is likely to be complex with various causes and sub-causes. Different techniques to deconstruct problems are suggested in Box 6.

Box 4: Participatory techniques help to deconstruct the problem

- **Problem tree** - Tree head – clear statement of problem at hand and why it matters. Nominate many possible reasons why the problem is emerging unsolved from the different perspectives of stakeholders. Identify reasons and sub-reasons;
- **Ishikawa analysis** - fishbone diagram; http://en.wikipedia.org/wiki/Ishikawa_diagram
- **Five whys or STAR technique** (See Annex A);

- 2.4 While deconstructing the problem, map the political economy issues around the particular problem: who wins from the current situation: what are the incentives/interests? This should be analysed in the following ways:

- Institutional framework:
 - What is the architecture of relevant formal institutions?
 - What are the relevant informal institutions?

⁹ Andrews, M. and Bategeka, L. (2013). Overcoming the limits of institutional reform in Uganda. Centre for International Development, Harvard University Working Paper No 269, October 2013. Accessible at http://www.hks.harvard.edu/var/ezp_site/storage/fckeditor/file/pdfs/centers-programs/centers/cid/publications/faculty/wp/269_Andrews_Uganda.pdf

▫ Do accountability institutions work?

- Interests and incentives: what incentives and interests do institutions and their actors face? Does the structure of the economy favour particular groups? How is economic power concentrated (e.g. de facto monopolies, oligopolies)? How do economic and political interest combine? How are rents generated and from whom?
- Ideas and ideology: what is the historical legacy? What is the relevance of cultural beliefs and practices (including expectations regarding leadership)? Does religion play an important role? What is the role of political ideology?

2.5 In practical terms these questions can be hard to answer and there will not always be a consensus on the answers. It is possible there will be existing analysis to draw upon (especially from the World Bank or DFID). In the absence of any pre-existing analysis it would be good to undertake interviews with a range of individuals and organisations with a strong grasp of the country context and the stakeholder landscape, and will attempt triangulation of key conclusions. Key concepts that will need to be explored, according to circumstances, may include¹⁰:

- Path dependency issues
- Principal agent problems
- Collective action dilemmas
- Veto players and gatekeepers
- People with a voice in selection of leaders, and winning coalitions
- Rent generation and distribution
- Patronage networks, clientelism and neo patrimonialism

For specific examples of this process, see David Booth article¹¹ on working politically.

2.6 Each intervention will have its own M&E framework on behavioural or organisational change for that set of activities. The M&E framework will record progress with reference to what achievements LASER would expect to see; like to see; and love to see.

- ‘Expect to see’ – people or organisations understand the message from a project (whether this comes through engagement or other forms of dissemination) and begin to act on it
- ‘Like to see’ – they engage with the message and change the way they do things
- ‘Love to see’ – they have completely internalised the message and it informs everything they do

¹⁰ From the World Bank’s ‘Problem-Driven Governance and Political Economy Analysis’. Accessible at <http://siteresources.worldbank.org/EXTPUBLICSECTORANDGOVERNANCE/Resources/PGPEbook121509.pdf>

¹¹ “Applied political economy analysis and ‘working politically’ in development work: Keeping it all together,” specifically look at the table on p.5, “Taking stock of change-facilitation and reform entrepreneurship”.

What is the behaviour or organisational change we would...			
Example 1	Expect to see	Like to see	Love to see
Issue: Testing the PDIA approach	Ownership of the problem analysis and of LASER advice	Concrete moves to partnership	Partnership around coherent plans for CLJ and defined LASER intervention
	<ul style="list-style-type: none"> ▪ LASER Adviser briefing and advising Rwanda MINIJUST counterparts on PDIA ▪ LASER Adviser setting up working arrangements and structures in MINIJUST to implement a PDIA approach with focus on diagnosing priority CLJ problems ▪ Joint working (on the job practical advice and mentoring) with GOR team to practice using tools and develop a PDIA process that fits local context 	<ul style="list-style-type: none"> ▪ Lesson learning review of PDIA processes and application of tools by MINIJUST officials ▪ Evidence on PDIA – pros and cons in Rwanda summarised for LASER and Minister ▪ Proposals developed for taking forward problem analysis in context of CLJ and Justice sector strategy 	<ul style="list-style-type: none"> ▪ Conclusions on the effectiveness and applicability of PDIA in Rwanda ▪ Established working relationship between LASER advisers and MINIJUST staff ▪ GOR team equipped and working on a range of CLJ related problems ▪ GOR acceptance and adoption of PDIA approach involving continuous learning and adaption
What is the behaviour or organisational change we would...			
Example 2	Expect to see	Like to see	Love to see
Issue: Design of a LASER intervention for Rwanda	Ownership of the problem analysis or framework	Concrete moves to partnership	National partnership around coherent plan for CLJ
	<ul style="list-style-type: none"> ▪ Structured consultation with stakeholders to identify CLJ needs and priorities: MINIJUST, Judiciary and legal profession. ▪ Problem analysis and delineation of the steps for solving problems (facilitated workshop and draft paper by LASER Adviser) ▪ Political context assessed (draft paper from LASER Adviser) 	<ul style="list-style-type: none"> ▪ Stakeholders agree CLJ problem areas to focus on with LASER support ▪ Identification of changes or reforms needed by GOR e.g. new policy, laws, improved system capacity etc. ▪ Agreement of planned outputs and outcomes from LASER support ▪ Agreement of LASER inputs required and duration ▪ LASER intervention in one or more areas crystallised into defined initiative (project description prepared by LASER Adviser and GOR team) 	<ul style="list-style-type: none"> ▪ Minister endorses problem analysis and proposals ▪ Partnership is established and future role of LASER is agreed with GOR ▪ Simplified log frame or results chain for future LASER intervention ▪ Agreement on next steps and work plan
What is the behaviour or organisational change we would...?			
Example 3	Expect to see	Like to see	Love to see
Issue: Building momentum with “quick wins”	Ownership of the problem analysis or framework	Concrete moves to partnership	National partnership around coherent plan for CLJ
	<ul style="list-style-type: none"> ▪ Early engagement options explored with Minister ▪ At least 3 quick wins identified for early action 	<ul style="list-style-type: none"> ▪ Menu of quick wins drawn up and prioritised by likely benefits ▪ Action plan and budget for quick wins programme 	<ul style="list-style-type: none"> ▪ Successful delivery of at least three “quick wins” by April 2014 ▪ Specific concrete results of “quick wins”

	<ul style="list-style-type: none"> ▪ Expertise and resources required for implementation of quick wins identified 	<ul style="list-style-type: none"> ▪ Performance targets agreed and GOR staff tasked to implement “quick wins” ▪ LASER Adviser advises and supports key tasks for “quick wins” implementation ▪ Any unanticipated needs are identified and resourced 	<p>to be determined (e.g. feasibility study conducted etc.)</p> <ul style="list-style-type: none"> ▪ Results of “quick wins” communicated to stakeholders and media in Rwanda
What information will you need to know you’re on the right track?			
Routine monitoring	Meeting notes and day to day logs or diary of progress. Feed into final report.		
Project reporting-one off	Feedback from partners is recorded. For example completed feedback survey. Prepare stories of change with stakeholders and include in end of term report.		
Other e.g. media, other donors			

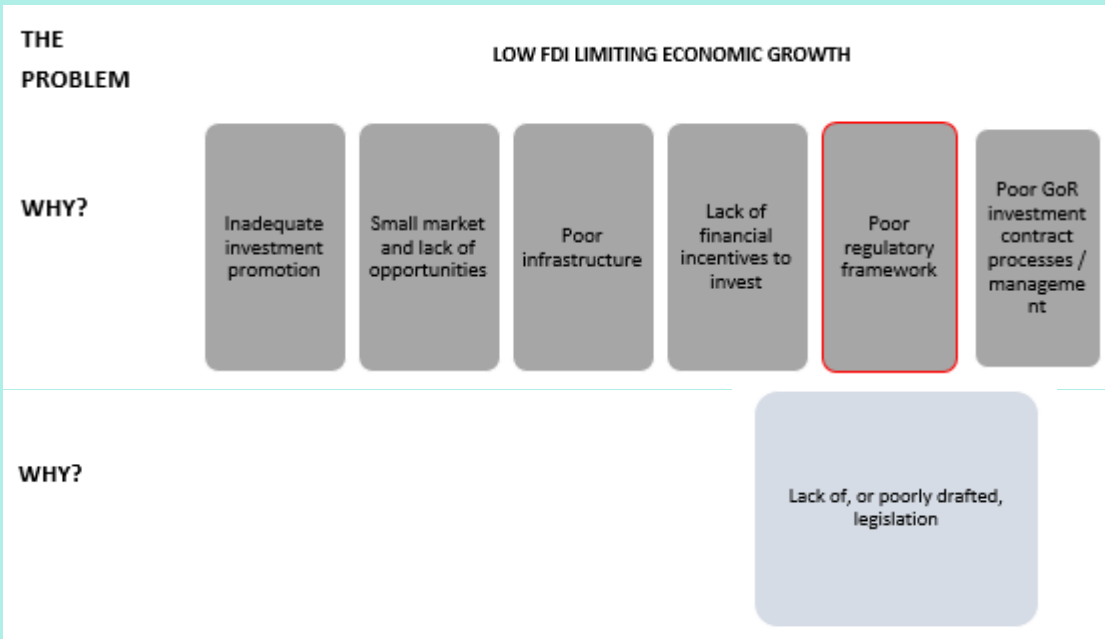
Doing it in practice – Foreign direct investment in Rwanda

Upon arrival in Kigali, the Ministry of Justice provided the LASER resident adviser with a very helpful overview of key commercial justice issues and the importance of capacity building the Legal Advisory Services department within the Ministry of Justice. When meeting with stakeholders to brainstorm the main problems hindering economic reform – which legal assistance could help address – a number of answers emerged. In Rwanda, key constraints on economic growth include poor infrastructure, small markets (due to a relative lack of regional integration in practice), a lack of appropriate incentives (e.g. tax and Special Economic Zone incentives), a poor regulatory framework etc. However, one that repeatedly emerged was that the EDPRS 2 target growth rate (11.5%) cannot be achieved in the short to medium term by domestic measures alone and would require significant increases to Foreign Direct Investment (FDI).

Initial problem identification

What is the possibility – what do we want to achieve	Improve economic growth
Basic problem/constraint (why aren't we achieving it)	Low FDI
Data to illustrate the severity of the problem	In 2012, Rwanda's FDI was only \$160 million, significantly less than levels in all neighbouring countries, with the exception of Burundi: DRC (\$3,312m), Tanzania (\$1,706m), Uganda (\$1,721m) and Burundi (\$1m) ⁵ . And in relative terms, Rwanda's FDI was equivalent to only about 2.3% of GDP, much lower than the sub-Saharan African average of over 4%.
Why does it matter /why is it a problem?	<p>First, meeting with the IFC it was important to understand why FDI was four times lower than expected given Rwanda's recent success in Doing Business (moving up the global rankings from 54th in 2013 to 32nd in 2014). The main reason appeared to be that Doing Business indicators focus on factors important to domestic SMEs, which aren't always the same as the broader investment climate factors important to foreign investors. In addition, the Rwanda Doing Business indicator ranked the worst is "Trading across borders" (Rwanda ranked 162 out of 189 countries for this indicator) which is particularly important for foreign investors – and there were no reforms in in this area in either 2012 or 2013 measured by Doing Business.</p> <p>Meeting with the IFC, the following issues were explored: Does economic growth really need more FDI, or can it in fact be driven by SME growth in Rwanda? AfDB is providing credit to SMEs in response to access to finance being a constraint on the sector – though the Doing Business indicator for getting credit is 13 for Rwanda, compared to the sub-Saharan Africa average of 113, suggesting access to finance is not likely the most binding constraint. Whereas in contrast, there was a consensus</p>

	on the importance of FDI to economic growth in Rwanda, particularly at this point in time. [other reasons] including poor regulatory framework
Why?	-
What would the problem look like solved	



Chapter 3: Process: develop and explore potential solutions, and identify short, iterative next steps

- 3.1 There should be a clear ‘end state’ that you can help to achieve throughout your implementation of the phases. But do not try to come up with a linear plan for how to achieve it. Instead work out with stakeholders what the range of potential solutions might be and short, next steps to take reform forward.
- 3.2 Create a broad, safe and creative design space for people to operate in. The entry point for change may be to assist with solving a system-wide, or a much smaller problem. Whichever it is, it is important to see the bigger picture. Purposive muddling may sometimes involve going round in circles, but the development practitioner needs to have an overall vision of direction of travel, and to be able to join the dots.

Box 5: Participatory techniques for identifying solutions

- **Brainstorm entry points for reform** – ‘find and fit’ solutions according to local context (including available resources). Matt Andrews (mentioned previously in this document) suggests that entry points exist where there is: (i) political authority supporting change; (ii) acceptance of the need for change; and (iii) ability to come up with new ideas and implement them.
- **Participatory development of an outcome map/theory (ies) of change** - identify and work on more than one pathway to change until the most effective pathway is identified.
- **Bridges transition model** - (See Annex A)
- **‘Current to desired state’ technique** - (See Annex A)
- **Disney creative thinking and problem solving technique** - (See Annex A)

- 3.3 Be willing to consider many different possibilities; take risks. Risk assessment should be part of the process of deciding which intervention to pursue. The approach LASER has taken is to assess risk at a portfolio/country level; that means allowing for some riskier interventions as risk often opens space for innovation. As long as there is balance across the portfolio, risks of individual interventions are mitigated.
- 3.4 During the process of exploring solutions, undertake a process of looking at funding issues: *do we really need funds for this? If so...*
- Are the funds within the existing budget?
 - Can funds be reallocated?
 - Can you achieve efficiency savings?
 - Can you increase budget allocations in the next budget round to fund the intervention?
 - Do you need to source donor funds?
- 3.5 Very broad criteria for problem/solution:
- Catalytic;

- Overcomes specific bottlenecks;
- Solvable within resource envelope of counterpart agency;
- Brings a new approach that enables existing efforts to make a step change in progress by accelerating change or by maximising the benefits from existing other efforts;
- Mindful of specific impact on women and girls, and takes that into account throughout planning process;

3.6 Identify a solution, start to work on it. Work step by step with rapid results-orientated learning. Plan what to do with a short term horizon (max three months) and take the first step – ideally with the counterpart taking the lead, and you in a supportive role. Steps should be tightly time-bound e.g. a few days or week maximum. Meet regularly to discuss *how it is going*.

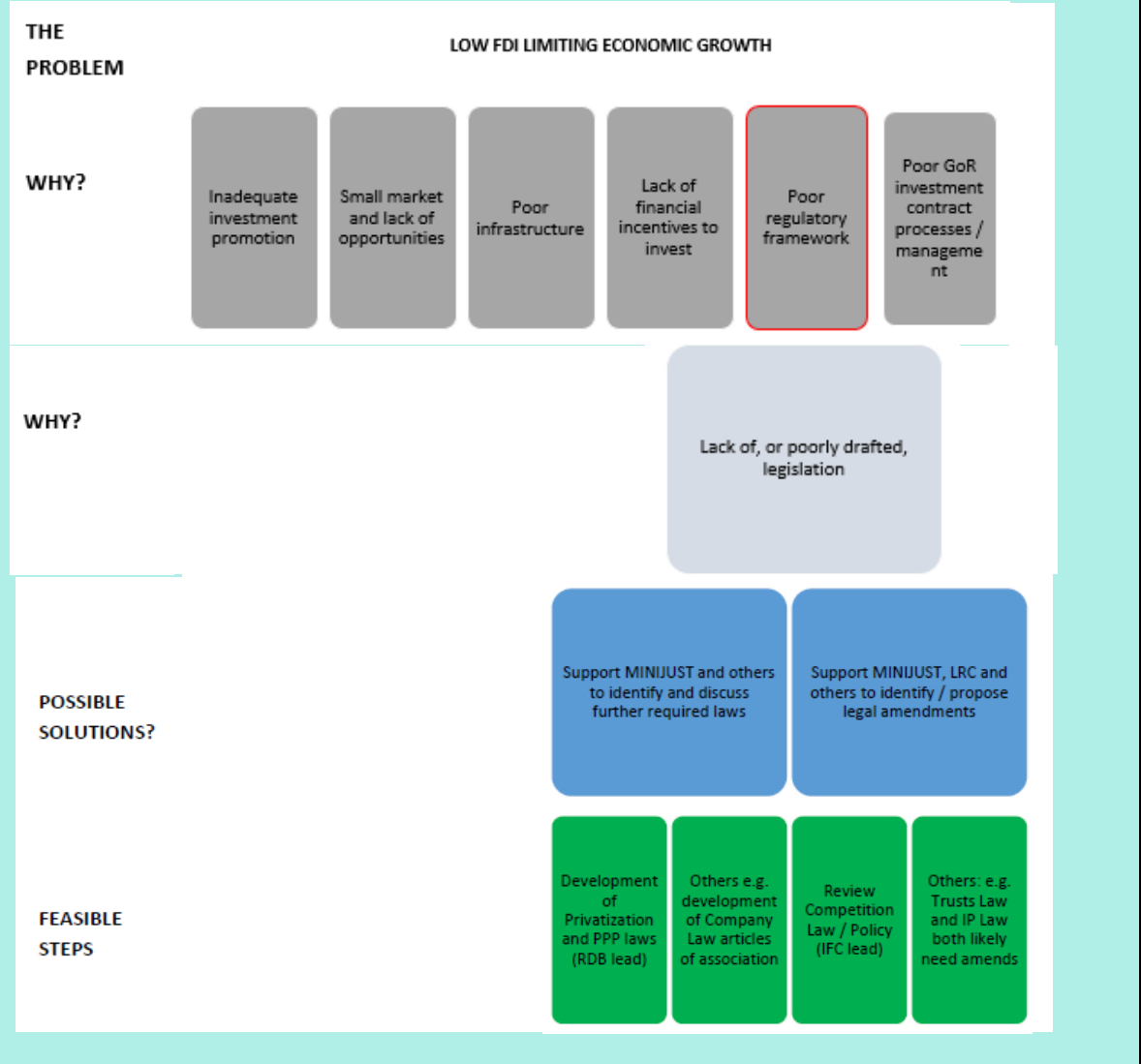
Doing it in practice: FDI in Rwanda (continued)

In trying to tackle FDI in Rwanda, it was important to meet the Rwanda Development Board (RDB) – the Government lead negotiator – which is involved in all large FDI deals that involve government. It was clear quite quickly that RDB shared the view on the importance of FDI and the need to promote and manage FDI for economic reform. From their perspective the problem used to be that the Government was not getting fair deals – due to much stronger legal and commercial advice on the private sector side. But in recent years that has started to change, and through building up RDB which now has specialist lawyers on a retainer through the Africa Legal Support Facility (ALSF). RDB has started to develop model contracts for (1) energy projects, and (2) mining concessions – areas in which they have the most deals. They are also developing contracts for (1) privatization and (2) PPP and would welcome them to be reviewed and to consider if/how they could be replicated given the specific nature of those deals. RDB now also sees the main problem as line ministries – who are responsible for management of contracts once a deal goes ahead – not having sufficient understanding of, nor the ability to effectively manage, the complex investment contracts. As significant amounts of FDI are directed to energy and mining sectors in Rwanda, MININFRA and the Ministry of Natural Resources (MINIRENA) are the most in need for technical assistance support to help them understand and manage complex investment contracts.

Following the lead from RDB, in deconstructing the problem further with MININFRA it was clear they agreed that the contract management process was a critical limitation on FDI at present. However, they also raised the importance of strengthening the regulatory framework as development of privatization and PPP laws are underway, but there are still significant limitations with current legislation that deters FDI, such as the Company Law (No. 7 of 2009 and No.14 of 2010), Intellectual Property law (No. 31 of 2009) and Competition law (No. 36 of 2012). To understand how much this matters, the Private Sector Federation (PSF) – an independent, no longer Government funded, institution – was consulted. The PSF agreed that the regulatory framework needed strengthening and that it was a significant problem for their members and they would welcome support in generating dialogue on the issues.

A literature review provided the basis for rich discussions over the extent to which FDI was being crowded out by Government owned businesses. A politically informed and sensitive approach was particularly useful here and enabled stakeholders to share views more openly. The following issues were explored: Why has privatization in Rwanda taken so long, is it because of state reluctance or the legitimate desire to avoid rushing privatization and making mistakes as has happened in some neighbouring countries? Is there a lag in FDI partly due to perception of

investors, i.e. apprehension over the state’s involvement? There were divergent opinions on these issues, but the problem deconstruction process helped stakeholders to hear contrasting views and to either affirm or re-assess their own perspectives. The problem deconstruction and solution identification process is illustrated below.



Chapter 4: Monitoring and learning lessons

4.1 LASER’s approach to M&E includes:

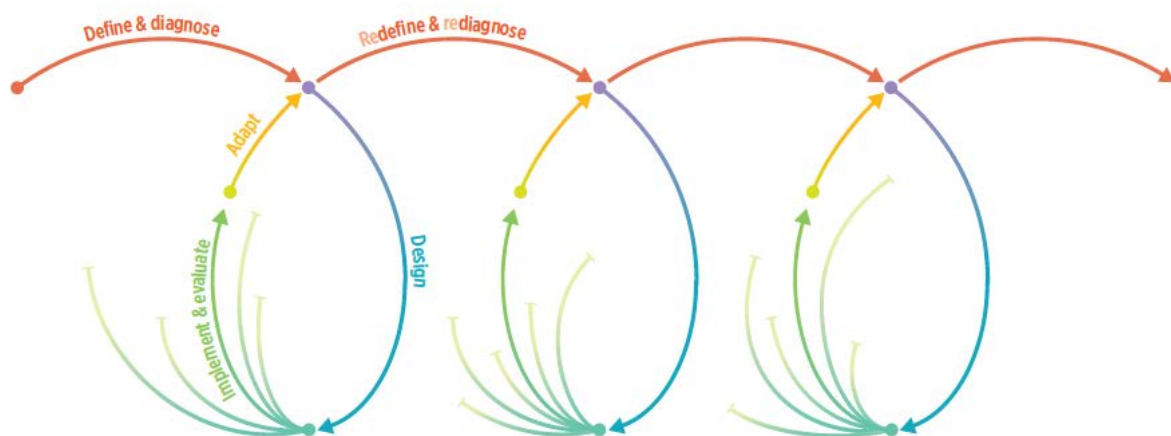
- Document the process in real time: document what you do weekly if possible – or at least fortnightly – by writing a diary or making short recordings. Short feedback loops are critical.
- Develop a long term M&E plan. In particular, establish the baseline at the outset so you can track how the situation has changed and ideally how the project has influenced change (or not). Each intervention/activity needs to feed into the M&E plan in some way.
- What did not work is just as important as what did work. M&E is for learning, not policing: document the learning, even if there is a failure; feed learning back into next intervention; share learning with the larger team And other advisers.

For further guidance on conducting M&E, please do not hesitate to contact the LASER team (info@laserdev.org) for our more comprehensive M&E guidance notes.

Be prepared to adjust to new possibilities

- 4.2 You should continuously be searching for new problems and solutions. Meet regularly with the reform team as well as other well-informed individuals within the specific context to generate new possibilities for engagement. Be prepared to adjust to change and new information (as illustrated by figure2 below).

Figure 2: Non-linear approach to programming¹²



- 4.3 Allow space for less predictable or unanticipated events. This can be through examining trends; scanning the horizon for potential future events; keeping an eye out for opportunities and threats; recognising that some opportunities that emerge could be for transformational reform; and navigating and re-examining the project as events emerge.

¹² World Bank, World development Report 2015

Annex: Soft skills tools

LASER advisers have had a series of tools available to assist them in implementing the PDIA approach. Different methods and their specific characteristics are introduced below, with more detail on each one to follow later in this annex.

1. GATHERING INFORMATION: The STAR Technique

The STAR technique uses objective, relevant questioning to focus on key areas and gather information whilst allowing others to tell their stories. This is an exploratory tool for problem solving and providing feedback.

2. ANALYSING PROBLEMS: The 5 Whys Technique

This is a forensic tool to establish exactly what needs to be changed. The 5 Whys is an iterative questioning technique originally developed in Japan. By asking a series of increasingly specific “why” questions the aim is to identify the root cause of a problem.

3. LEADING THROUGH CHANGE: Bridges Transition Model

The Bridges Transition Model is a supportive tool particularly when groups are change averse or resistant. William Bridges’ developed his Transition Model to illustrate that, during a time of change, the transitional period is as important as the change itself. He identified three key transitional stages that people go through and stressed that progress can vary significantly from person to person.

4. PRACTICAL ACTION PLANNING: Current State to Desired State methodology

By creating a strong image of the desired state and comparing it with the current state this Neuro-Linguistic Programming (NLP) based methodology uses a non-linear analysis to identify key actions.

5. CREATIVE ACTION PLANNING: The Disney Strategy

Generally known as the Disney Creative Strategy, this technique was originally formulated by Robert Dilts, a NLP expert. This creative, problem solving process aims to examine an issue from 3-4 key perspectives including the ‘dreamers’, the ‘planners’ and the ‘critics’. The aim of separating the perspectives is to maintain motivation and promote creativity.

6. APPRECIATIVE INQUIRY:

Appreciative Inquiry (AI) is a method for studying and changing social systems (groups, organizations, communities) that advocates collective inquiry into the best of what is, in order to imagine what could be. This is followed by collective design of a desired future state that is compelling and thus, does not require the use of incentives, coercion or persuasion for planned change to occur.

Table 2: Soft skills application Matrix:

	Building Relationships	Problem Solving	Iterative Examination	Feedback	Lessons Learnt
STAR			✓	✓	✓
5 Whys	✓	✓		✓	
Bridges	✓	✓	✓	✓	✓
State Method	✓	✓	✓	✓	✓
Disney		✓	✓	✓	✓
Appreciative Inquiry		✓	✓		

1. STAR QUESTIONING TECHNIQUE

Gathering Evidence & Learning Lessons

Overview

The widely used STAR questioning technique is a formula which provides a framework to gather specific information. It helps get a full picture and understanding of what happened.

The process involves asking open questions or using short prompts in a structured way. The focus is on 4 key areas identified by the STAR acronym which stands for:

Situation: where and when; context and background;

Task (or Target): why and who; aims, people, budget;

Action: what and how; what was done and how;

Result: what; success and learning;

Principally used in recruitment this method is equally useful in problem solving as it focuses on a problem but within a constructive and future focused framework.

Application

In any situation which involves gathering information and particularly useful to help others articulate problems.

The model is flexible and you can move back and forward between the STAR points to gather information as the conversation, meeting, brainstorm or interview develops.

Value

An objective, non-judgmental approach, the STAR allows you to ask tough questions in a subtle and powerful way whilst allowing others to tell their story and move forward.

The STAR formula can be used to give feedback or to use in a brainstorming situation to analyse a problem.

Materials & Method

This technique can be used anywhere and quickly taught to others. It is best illustrated by using recent and relevant examples.

It can be used 1-1, in a meeting or with a group, or in a seminar.

How it Works

The key to success is to recognise which avenues to pursue during a conversation or meeting and have a set of short prompts and precise questions ready to help others tell their story. For example:

“Tell me about the project” “Timescale?”

“Who was involved?” “Their roles?” “Go on”

“What happened?” “And next?” “Say more”

“Specifically how did you measure success?” “What’s different now?” “How do you know?” “What was useful about that experience?” “Where do we go now?”

2. THE “FIVE WHYS’ TECHNIQUE

Systematic Problem Analysis

Overview
 The 5 Whys is a practical and easily remembered problem-solving technique that quickly gets to the root of a problem. Originally developed by Toyota in the 1970s to develop internal systems and processes the technique has been widely adopted many other sectors.
 The 5 Whys strategy is a simple process involving asking: "Why?" and "What caused this?" in an iterative way to get to the bottom of problem.

Application
 This technique reflects many of the PDIA principles whilst remaining a deceptively simple technique. It can be used in many situations which involve exploring problems and identifying lessons learned. At times it can be too simplistic and other tools (e.g. “Root Cause Analysis) may be needed (see www.mindtools.com).
 Note : The use of the word “Why” repeatedly can feel interrogative unless it’s balanced with softer skills but a combination of this technique and high emotional intelligence can lead to results very quickly whilst building and maintaining relationships.

Value
 A very useful tool to get to the root of problems quickly and helpful when people feel stuck. However, more sophisticated tools may be required as back up to avoid oversimplification and misleading results.

Materials & Method
Adaptable for individuals and groups but a recording process is vital.

How it Works
 Write down the problem.
 Check understanding.
 Ask the first Why question
 Write the answer down
 Repeat until you agree you have identified the root cause of the problem and have identified lessons
 This may take more or less than 5 questions.

Sample Questions:

- Why did the project fail?** Because we didn't deliver our services on time.
- Why were we unable to meet deadline?** The job took much longer than we thought
- Why did that happen?** Because we underestimated the complexity of the job.
- Why did we do this?** Because we did not spend enough time with the client
- Why didn't we do this?** Because we were too focused on other projects.
- What does this tell us?**
 We need to review how we map our work from the start.

3. BRIDGES TRANSITION MODEL

Leading Through Change

Overview
 In his 1991 book “Managing Transitions” change consultant William Bridges introduced his Transition Model. His aim was to help people understand and deal with change at a professional, environmental or personal level. The model focuses on transition rather than change and highlights 3 stages of transition.
 Bridges suggest people are likely to move through a transitional phase before they can successfully adapt to change. They do this at their own pace and Bridges identify 3 distinct stages which are:
 Ending, Losing and Letting Go (The Past);
 The Neutral Zone;
 The New Beginning (The Future);

Application
 Through discussion or practical activities this model helps people explore how change affects them through the 3 transitional stages.

Materials & Method
 This model can be used 1-1 or in a meeting or seminar setting. The model is best represented visually so PowerPoint, flip diagrams or getting participants to recreate their own model spatially are all relevant and effective techniques.

How it Works
 To create your own “Transition Zone” draw the model on the floor and invite people to

It helps bring to the surface obstacles or motivators for change. At each stage different things are explored.

Value

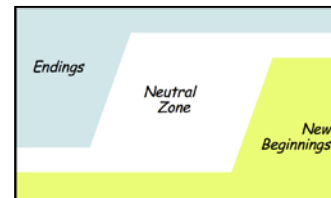
As well as a training or facilitation tool the model can be used for personal preparation when you are leading discussions around change. Reflecting on Stage 1 can help clarify what a group cherishes and values about the status quo. Looking at Stage 2 this highlights the impact of ambiguity and the importance of moving forward whilst acknowledging what has been left behind. Bridges suggests people reach Stage 3(the new beginning) at different times with those driving change getting there first which can put pressure on others.

Understanding which stage people are at and what can help them move forward helps you understand how to enable change.

“step into” each stage discussing what these stages mean to them. Focus specifically on what they are losing, what they are taking with them and what they will gain.

The model also lends itself to learning through storytelling or metaphor is also a great tool for exploring the challenges of adopting new systems and process with multi-cultural groups.

The Model



4. CURRENT TO DESIRED STATE

Creative Problem Solving (An NLP tool)

Overview

This problem solving technique is based on Neuro-Linguistic Programming principles and is adapted here to focus on business outcomes. It aims to help people create a realistic picture of a dream or goal then, by applying a specific process, help an individual or group identify what needs to happen to achieve their desired state. So far so familiar!

The twist with this tool is that it uses NLP principles to bring the goal/dream to life and a disrupted timeline to promote ideas and pin down specific action. The effect of using this technique is to help people experience what success really looks and feels like and therefore increase their motivation to achieve it.

Application

This technique reflects many of the PDIA principles and is both engaging and thought provoking. It can be used 1-1 working through a template, with a large group using a series of flip sheets or in a meeting situation. It can also be used within the training room by creating different areas where participants “step into” the different stages of the process and describe what they experience.

Value

Once mastered this tool can be used time and again, revisited or built on. Ideal for taking an iterative approach it can be used to focus on one minor change or more wide reaching aspirations. It is also a useful planning tool and can be used for personal preparation for an event.

How it Works

Create 5 columns on paper or flips.

Label them :

Current State;

Next Steps;

½ Way;

¾ Way;

Desired State;

1. Topic. Decide the topic of your “desired state” e.g. equal access to grants;

2. Desired State

Ask people to describe the “desired state” in as much detail as possible. What will they see, hear and experience. Avoid problem solving and record details;

3. Current State. Do the same in this column. Avoid problem solving but create a detailed picture of what is happening now;

4. Move to the “**1/2 way**” column and explore what needs to be in place ½ way from now to the desired state;

5. Move to the “**3/4 way**” column and repeat;

6. Now go back to the “**Next Steps**” column. Identify action needed in the short term in detail and agree a plan.

5. THE DISNEY STRATEGY

Creative problem solving

Overview

Originally proposed by Neuro-Linguistic Programming author Robert Dilts the “Disney Creative Strategy” resulted from Dilts’ examination of how Walt Disney developed and produced animated films.

The methodology provides a structure for brainstorming and developing ideas. It involves using three sequential roles, or thought processes, namely the Dreamer, the Realist, and the Critic.

Application

The methodology is principally used by teams and can be applied in a variety of situations but is particularly useful for complex problem solving or when ideas and creativity are in short supply. In other words when people are stuck or the way forward unclear.

The Strategy

The Disney Creative Strategy is a tool for brainstorming and developing ideas. It involves using three sequential roles, or thought processes, namely the Dreamer, the Realist, and the Critic. As you imagine and develop your ideas, you move from one role to the next, putting yourself into these different mindsets, so that you can better analyse what you're doing. Below are the essential elements associated with each role:

The Dreamer

Taking on the Dreamer role in this first phase, you and your group focus on free association and brainstorming of ideas. Anything goes here. It's your chance to let your imagination run wild!

The Realist

Next, it's time to be realistic and decide which of your ideas are actually possible or practical. What would you need to do in the real world in order to make them happen?

The Critic

Here you need to examine your chosen proposal and its real world implications from a more critical viewpoint. You want to make sure that your plan is as comprehensive as it can be. Every detail needs to be scrutinized and refined.

Sound planning requires innovators to take on all three roles, and work through them in order. Some of your team members may be more naturally disposed to one or other role, and you need to make sure you balance the process so that all roles are used.

Not enough emphasis on The Critic phase may mean you produce unrealistic proposals that are doomed to fail. Equally, if you skip the Dreamer stage, your plans could well lack the imagination needed for true innovation to take place.

How it Works

www.mindtools.com

See guidance reproduced left and below (permissions being sought):

How to Use the Tool

Step 1: Create Space

If you have the space, it can be helpful to use a different room or space within a room for each phase. This will help you and your team to switch mindsets and move into each different role. And it's also vital that someone is in charge of documenting each stage.

Step 2: Step into The Dreamer

Once you've gathered your team, make sure everyone is clear that you're starting with The Dreamer role. Each person should feel free to **brainstorm** and bounce ideas around during this time. Don't introduce any limitations here. Avoid mentioning budgets, time frames or rules. If you and your team could do anything with this project, what would you most want to do? What ideas really excite you?

Step 3: Transition to The Realist

Once you've given everyone plenty of time to brainstorm ideas, it's time to switch into The Realist role.

In this phase you're going to refine and adjust your ideas to make them more concrete. This is when your team will focus on taking action: planning, scheduling and evaluating the idea or ideas they find most promising.

Step 4: Transition to The Critic

In this last phase you and your team must look at your ideas from a critical point of view. You need to question and test every step of the process, pretending you're a "naysayer", and trying to find fault with any proposition. Your goal is to criticize and refine your plan until it's as good as you can get it.

Make sure you allow enough time at each stage for ideas to fully develop. Moving from one phase to the next too quickly can stifle people's imagination.

It's also especially important that, during the Critic phase, you and your team remember to criticize the plan itself, and not the person or people coming up with the idea.

6. APPRECIATIVE INQUIRY

Overview

The Appreciative Inquiry model is based on the assumption that the questions we ask will tend to focus our attention in a particular direction. Some other methods of assessing and evaluating a situation and then proposing solutions are based on a deficiency model. Some other methods ask questions such as “What are the problems?”, “What’s wrong?” or “What needs to be fixed?”

The Strategy

- 1) The constructionist principle proposes that what we believe to be true determines what we do, and thought and action emerge from relationships. Through the language and discourse of day to day interactions, people co-construct the organizations they inhabit. The purpose of inquiry is to stimulate new ideas, stories and images that generate new possibilities for action.
- 2) The principle of simultaneity proposes that as we inquire into human systems we change them and the seeds of change, the things people think and talk about, what they discover and learn, are implicit in the very first questions asked. Questions are never neutral, they are fateful, and social systems move in the direction of the questions they most persistently and passionately discuss.
- 3) The poetic principle proposes that organizational life is expressed in the stories people tell each other every day, and the story of the organization is constantly being co-authored. The words and topics chosen for inquiry have an impact far beyond just the words themselves. They invoke sentiments, understandings, and worlds of meaning. In all phases of the inquiry effort is put into using words that point to, enliven and inspire the best in people.
- 4) The anticipatory principle posits that what we do today is guided by our image of the future. Human systems are forever projecting ahead of themselves a horizon of expectation that brings the future powerfully into the present as a mobilizing agent. Appreciative Inquiry uses artful creation of positive imagery on a collective basis to refashion anticipatory reality.
- 5) The positive principle proposes that momentum and sustainable change requires positive affect and social bonding. Sentiments like hope, excitement, inspiration, camaraderie and joy increase creativity, openness to new ideas and people, and cognitive flexibility. They also promote the strong connections and relationships between people, particularly between groups in conflict, required for collective inquiry and change.

How it Works

Appreciative Inquiry attempts to use ways of asking questions and envisioning the future in order to foster positive relationships and build on the present potential of a given person, organisation or situation.

How to Use the Tool

The most common Appreciative Inquiry model utilises a cycle of 4 processes, which focuses on what it calls:

1. **Discover:** The identification of organizational processes that work well.
2. **Dream:** The envisioning of processes that would work well in the future.
3. **Design:** Planning and prioritizing processes that would work well.
4. **Destiny (or Deploy):** The implementation (execution) of the proposed design.

The aim is to build - or rebuild - organisations around what works, rather than trying to fix what doesn't. All practitioners try to convey this approach as the opposite of problem-solving.