



**USAID**  
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# LEO LEARNING DAY SUMMARY



**LEO**  
Leveraging Economic  
Opportunities

**REPORT NO. 2**

**MAY 2014**

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## **DISCLAIMER**

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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## ATTENDEES

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Elizabeth Dunn

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Jennefer Sebstad

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Linda Jones

Lindsey Jones

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Lucho Osorio \*

Luckshmi Nirmalananda\*

Lucy Creevey

Madiha Nawaz

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Marian Boquiren\*

Meg Brown

Mike Field\*

Nisha Singh

Olaf Kula

Raquel Gomes

Ruth Campbell

\* *Virtual Participants*

## EXECUTIVE SUMMARY

The Leveraging Economic Opportunities (LEO) project [learning agenda](#) incorporates interrelated and mutually informative research topics that respond to the objective of supporting inclusive and sustainable growth through market systems development. LEO seeks to support missions and implementers in improving the performance of market systems to generate growth, and to structure that growth in such a way that it is inclusive and resilient.

Within the overarching goal of increased market systems performance, LEO's learning topics can be viewed through two lenses:

- **Inclusivity**—the capacity of market systems to profitably engage and benefit women, the very poor, the food insecure and other vulnerable or marginalized groups; and
- **Resilience**—the ability of market systems to adapt to the changing environment in ways that sustain and even increase benefits to a wide range of system actors.

On April 30, members of the project technical committee, key researchers, and representatives from USAID met together to look at the interconnectedness of the different elements of the LEO learning agenda

### MEETING OBJECTIVES

The objectives of this meeting were to:

- Take stock of what had been learned so far under LEO
- Cross-pollinate various streams of research that have areas of overlap and/or synergy
- Discuss priorities for the LEO research in the next 9-12 months
- Determine concrete next steps to forward the LEO agenda

As we promote a transition to adopting a market systems approach, we need to understand how it is different from the value chain approach (and from narrow interpretations of that approach), and what needs to be done differently in project design and implementation. There have been discussions and an MOU with DFID and SDC on how to promote convergence around the market systems approach, and we can learn from M4P project implementation. While systemic thinking and complexity is beginning to be used within USAID, it is still too theoretical. We need to identify tools to operationalize it on the ground.

### MEETING AGENDA OVERVIEW

The meeting started with a presentation and discussion about the Market Systems Framework, led by Ruth Campbell. Jeanne Downing and Kristen O'Planick led the discussion on implications of the inclusive market systems framework on analysis throughout the project cycle. Mike Field and Margie Brand presented on how to facilitate systemic change and what is needed to operationalize it. This was followed by a session, led by Elizabeth Dunn and Raquel Gomes, on what has been learned so far about how to measure systemic change. The afternoon began with a discussion on inclusion and its importance with respect to the market systems framework. Jennefer Sebstad framed the discussion, and this was followed by presentations and discussion on the three interrelated areas under inclusion—women's empowerment (led by Lindsay Jones), push/pull approaches (led by Anna Garloch) and resilience (led by Bronwyn Irwin). The presentations were followed by small group discussion on synergies between the three areas, and how this should inform LEO research. The day closed with a discussion of research priorities moving forward, based on the work done so far and the discussions during the day.

## PARTICIPANT EXPECTATIONS FOR THE DAY

Question to all the attendees: *What you want to get out of today? What do you see as the really big challenges facing LEO? What challenges you about inclusive markets within the area in which you are working?*

Responses showed a lot of commonalities about the need for all LEO outputs and efforts to be practical. Through LEO we are learning a lot of good things, but we need to put it into practical terms and create tools and guidance that is useful for implementers and missions. There is a need to create processes that support learning for donors, implementing partners, and their field staff to accelerate and deepen the market systems work they are doing.

The LEO learning agenda is broad and there are many directions in which it can go, so we need to determine priorities and identify where LEO can add the most value. LEO should look at promoting a common understanding of some of the key terms, and provide tools and examples of how to apply them. There is also a need to create an evidence base around the market systems approach, and help implementers and missions understand the benefits of this approach. LEO can play a role in the practical application of complexity thinking. LEO should also be responsive to the needs of USAID missions, and seek to influence processes that include policymakers and practitioners to promote adoption of good practice.

## MARKET SYSTEM FRAMEWORK

The Leveraging Economic Opportunities project aims to improve USAID programming by enabling the development of inclusive market systems. To support this process, LEO has developed a framework that defines market systems and provides general guidelines for interventions. The presentation was based on the [market systems framework](#) briefing paper which describes the framework to USAID and implementers, promoting a common understanding of market systems as well as the opportunities and challenges of relevance to interventions.

The work under LEO aims to broaden thinking in terms of market development, moving beyond a focus on isolated value chains. While the value chain framework has been useful, learning over time has revealed the need for an expanded model that expresses the wider context in which value chains operate, especially in the context of promoting inclusive market development. The updated approach aims to catalyze a process that results in a market system that is able to adapt as needed over time to deliver a sustained flow of benefits to system actors, including the poor and otherwise disadvantaged.

The purpose of market system development is to sustainably improve the wellbeing of poor households. Therefore, the development goal is to stimulate market systems that are competitive, inclusive, resilient and adaptive. The poor households that we want to include and benefit are also systems. Decisions about resource allocation are being negotiated within households and members have different incentives, informal rules and norms, and physical constraints that come into play. One thing we have seen in some recent impact evaluations is that increases in farm-level incomes are not (in some cases) leading to immediate, measurable improvements in household income. Therefore it is critical to look at the household system within the market system.

Given that market systems are a mix of simple, complicated and complex processes, the question is how should we intervene? The following guidelines have been proposed:

- Define the development objective
- Articulate the theory of change
- Define the intervention space
- Analyze the market system
- Select and design an initial set of interventions
- Facilitate sustainable systemic change
- Ensure knowledge flows
- Monitor on an ongoing basis

## DISCUSSION

The proposed framework seems to be comprehensive and theoretically sound. However there are some gaps that should be addressed. The framework does not include any focus on scaling or local systems development, which are important priorities within USAID. The framework should provide guidance on what is needed to make interventions adaptive and resilient to shocks. Adaptation can be part of resilience and it might be helpful to merge those topics, while being sure that adaptation remains clearly articulated. We know that local contexts and cultural norms have a significant role to play in market systems, however, the current framework does not take this into account. It would also help to add an introduction to the current framework brief to explain how it has evolved, and why we are heading in this direction. There are parts that are innovative, and we need to pitch it in that way to elevate its attractiveness within USAID.

It would be helpful to align the guidelines more closely with the four systems characteristics (competitive, inclusive, resilient, and adaptive). With regards to inclusivity, we need to determine who is traditionally excluded and why, and identify what we need to do to bring them into market systems, and how to build resilience so they remain profitably engaged, even in the face of shocks.

In the guidelines, there are eight points—some sequential, some not. It would be useful to reinforce that this is deliberate. However, it is also important to ensure that the intervention sequence is appropriate and it is not causing unintended negative impacts.

To make this framework more helpful and usable, we can illustrate points with good examples, and apply guidelines in short (1- to 2-page) cases. As demand for large numbers of beneficiaries trumps the way projects are designed, how can we use this framework to address how we capture and understand results? Changing the way results are measured and assessed could provide projects with the flexibility they need to make ongoing changes to activities on the ground.

## IMPLICATIONS OF THE INCLUSIVE MARKET SYSTEMS DEVELOPMENT FRAMEWORK FOR THE PROJECT CYCLE: ANALYSIS AND DESIGN

This session focused on the process of analyzing market systems within the context of informing and influencing effective project design. The presentation drew on two resources: [Making Sense of Messiness](#) and *Adapting Lean Thinking to Market Systems Development* (not yet published). Market systems analysis is done at three levels—macro, meso and micro. The macro-level focuses on the high-level theory of change. There is a lot of recent research into projects and interventions in Africa, which provides useful information for understanding the multiplier effects of agricultural development, the impact of safety nets, etc.

At the meso level, there is the traditional analysis for project design, which includes end market and value chain analyses. However, with the new lens of the market systems approach, we need to look also at interconnected systems, using network mapping to understand the boundaries of a system, analyzing the intensity of that system, the rules and knowledge flows. While some of this analysis is already being done, there is a need to do more, and we must identify and agree upon effective tools for analysis.

At this level of analysis, we should also be looking at the overall vision and goal of the project, which may not change over time. However, the strategy, which starts with an initial theory of change and set of interventions, will change over time through a continuous learning process that is informed by the third level of analysis. At the micro level, the focus is on intervening, learning and adapting through the use of feedback loops. Challenges relate to the type of system in which interventions occur: [simple, complicated or complex](#). We always like to say we are working in complex environments, though our systems are usually a mixture.

In order to intervene, learn and adapt effectively, we need to shorten the feedback/learning loops, gather and analyze tacit knowledge, and use that to inform decision and changes.

## DISCUSSION

Below is a summary of the main recommendations for what LEO can do in this area:

*On shortening feedback loops*—Seek out market facilitation projects using results chains to learn more about how to incorporate them effectively and how to adapt them to be more flexible. Look at existing tools such as the results chain, Springfield’s framework for measuring systemic change, diaries, mobile technologies, Sensemaker, network analysis, barrier analysis, etc., to understand how useful these are. The DCED Standard supports shorter loops and is already widely applied. Document user experiences through practical cases or tools. Analyze existing experience and knowledge to develop a clear intervention lifecycle that clarifies how feedback loops work. Build on existing M&E on interesting projects to further LEO objectives. Improve facilitators’ dialogue skills, build trusting environments, talk a lot and encourage the involvement of a wide range of staff and market actors.

*On the indicators needed*—Distinguish between indicators related to outcomes (developmental objectives), systemic change and early change. Instead of a set of indicators, present a set of ‘indicator categories’ with a sample indicator basket. Give guidance around the need for projects to tailor and adapt indicators to context (which changes over time) versus the ability to aggregate. LEO could pilot the design/use of early change indicators. LEO could look for cases of resilient/adaptive markets and figure out how we measure it. Consider using Donella Meadows’ 12 leverage points to develop indicators of change at different “depths” in the system. Think about the momentum, direction and scale of change.

*On the Cynefin Framework*—There was some skepticism about the usefulness of the framework for project design and implementation. However, others noted that it was valuable in reminding us that not all processes are complex, and helped make sense of “tipping points” that lead to scale-up, crowding in or viral dissemination of ideas. LEO could examine case studies to document if/how the Cynefin framework helps improve design and implementation. There was a suggestion to build a mid-project re-design proposal document into the project life-cycle as a deliverable.

*On the New Market Systems Framework*—We need to blur the distinction between project design and implementation: even when defining the vision, there is facilitation of stakeholders to change mindsets, align incentives, etc. Current design processes do not include market systems analysis. Design teams will need to better understand market systems and will need tools to do this. LEO should develop tools to support the different kinds of analysis needed. The theory of change is the start of the project design process, and there

is a need for tools that implementers can use to develop theories of change that hit all four objectives (competitive, adaptive, resilient and inclusive) of the inclusive market systems framework. There is also a need to help implementers understand trade-offs (or complementarity) between competitiveness and resilience or inclusion. The market systems framework may lead to the realization of the importance of other market systems, such as labor and non-farm systems—which is important if agricultural productivity is not inducing economic growth, or is excluding those with small land holdings.

## **FACILITATING SYSTEMIC CHANGE**

This purpose of this session was to identify and discuss some of the questions and emerging issues around facilitation. An analogy to market systems development was explored using the [Dancing Guy video](#), where an initial “lone leader” starts to dance and “followers” gradually start to join in. The session examined some of the issues and questions around the need for and process of facilitating systemic change. The focus was less on getting the dancing guy to dance, but rather on the conditions in place to make other people start dancing. At first, many of them seem apprehensive about starting to dance. Applying this to a market development context, people often do not want to deviate from “normal” behavior. In some societies, particularly those that devalue individualism, pressure to take on a new behavior grows once momentum builds. We need to focus more on pressure points that encourage behavior rather than focus on making individuals adopt behaviors. In market systems, we work to facilitate signals, feedback mechanisms or loops between actors to incentivize and direct the momentum.

Just as the dancers in the video were reinforcing and supporting each other’s behavior, we want to look at what reinforces and supports behavior between market actors. In market systems development, we aim to facilitate feedback mechanisms that can balance or counterbalance behavior. Think about consumer hotlines and ways that media can be used to advocate for its listeners. We want to amplify and triangulate signals by working in multiple systems at the same time (e.g., media, consumer protection systems, support models, ICT firms providing support services).

Market systems that are harder to reach can have particular ethnic and political biases that are hard to change. We are looking at how we use market-based feedback as a way to better understand these biases. How do we facilitate feedback loops that have the supporting function and the counterbalancing function? Another key question is how to start leveraging work in multiple systems at the same time—how can we create feedback between the interconnected systems? How do we modulate our support more aggressively?

Many of these strategies are being explored by the Kenya Market Trust (KMT) project. The project is trying to actively incorporate this approach and thinking in terms of facilitation.

## **DISCUSSION**

What are practical examples of using the private sector to drive behavior? KMT was interested in promoting soil testing in areas where there was a lot of degradation and recommendations being provided were not always appropriate. They worked with agro dealers to sell soil testing services at a discount, and conduct an awareness campaign through a radio station. The project had an IT firm come to the event to sell a phone-based service tool to track how they used soil testing. Then they had the agro dealer track what the users thought of soil testing. In the end the overall goal was to figure out how it was in everyone’s business interest to make soil-testing work.

When you are talking to different market actors, do you share info among them, or do you maintain confidentiality? It depends: The project may be talking to four or five market actors, but no one knows they are talking to everybody at the same time. Some actors want confidentiality, some do not. If a project provides resources, then the resulting information should be available to all. For example, KMT was supporting several ICT firms at the same time, and brought them together to introduce them to new ideas. Innovative thinking about cost-sharing, field reps, etc., started emerging. The market is big enough for them all to benefit. It might be beneficial for LEO to start collecting examples of such facilitation roles, although implementation in KMT is in the initial stages.

It was noted that the first five dancers were men who joined the dance as individuals; the first women came joined as a pair. Gender differences are important in thinking about the self-selection process.

## **MONITORING AND EVALUATION**

As part of an initial set of activities, LEO conducted a literature review on evaluating systems and systems change. From this we learned that we do not have to throw out everything we know about good evaluation practices. It would be more effective to integrate systems concepts into existing evaluation practice. It is important to distinguish between the intervention and the system. Causal models show what happens when the intervention is introduced into the system and are used to track responses to an intervention. There is agreement on some indicators for systemic change, such as imitation, independent investment (without project support), and adaptation and innovation (when market actors modify the donor-promoted technologies or practices).

In considering the full extent of outreach of a market system facilitation intervention, we know that different groups of market actors can be influenced. Facilitation activities interact with direct contacts who are commercially connected to indirect contacts. The imitators include “crowding-in” firms that imitate direct contacts, and “copying” firms that imitate indirect contacts. These firms in the “imitation space” imitate the new practices demonstrated by firms at the same functional level of the value chain. In addition, there is an “adaptation space” that includes the four types of firms (direct, indirect, crowding-in, copying) plus other firms that innovate in response to changes in market systems. There are also employment and multiplier effects.

LEO’s priority is to support USAID missions in monitoring market systems facilitation projects. A recent TDY in Uganda found that the mission and its implementers had a strong incentive to figure out how to measure indirect contacts and early signs of change. Recommendations include analyzing relationship changes for signs of early progress, mapping networks to estimate indirect contacts, and using results chains to shorten feedback loops.

## **DISCUSSION**

It was noted that in many cases the relationship matters only inasmuch as it serves as a channel for behavior change. Projects often get caught up in establishing new commercial relationships, but existing relationships can also be leveraged.

Also noted was the need to regularly revise targets.

## INCLUSION

Inclusive development refers to processes that are focused on including unbanked and under- or unserved populations. There are multiple dimensions of inclusion: a) economic dimensions, measured in terms of poverty threshold of \$1.25 per day as well as resources, opportunities and capabilities; b) social dimensions related to gender norms, living situation, disability, race, caste, etc.; and c) geographic dimensions, as poverty is concentrated in poorer, more fragile states and in remote geographic areas isolated from markets.

Inclusion links growth and poverty reduction. Growth is a key driver of poverty reduction (by creating jobs, employment, and secure livelihoods for the poor), and has a greater impact on poverty reduction where income distribution is more equal. There is consensus around the recent high-level panel report on the post-2015 Agenda that inclusive growth is one of five “priority transformations.” Inclusion sees the poor as economic actors, and it involves specific steps to ensure that the poor participate in and benefit from growth.

## WOMEN’S EMPOWERMENT

The [USAID policy on Gender Equality and Female Empowerment](#) features three main goals: reducing gender gaps in regards to resources and opportunities, reducing gender-based violence, and increasing the capability of women and girls to realize their rights and influence decision-making. In general, many economic development projects meet the first goal, and some meet the third. However, very few projects address the second goal, and those that did saw indirect change.

It takes the coordination of multiple actors across many layers to bring about positive change in empowerment. Empowerment is complex, and there are no silver bullets or linear paths to achieve women’s empowerment. Integrated market and gender analysis is essential, and making the “business case” is useful for empowering women, but is one of many tools. Strengthening agency is essential to empowerment.

The Women’s Economic Empowerment aspect of LEO plans to fill gaps on what it means to empower women through market systems approaches, including themes such as scaling up women’s empowerment, analyzing and addressing labor dimensions, ways to address socio-cultural norms within a system, ways to achieve behavior change, using networks to promote women’s empowerment, gender-sensitive monitoring and evaluation, and the role of market systems projects in mitigating and preventing gender-based violence.

The next steps are to draft a framework for women’s economic empowerment; create tools for communicating business cases; prepare briefing papers on M&E for women’s empowerment, and networks and empowerment at the household level; support the upcoming USAID toolkit for addressing gender-based violence; and launch a SEEP working group on women’s economic empowerment.

## DISCUSSION

It was noted that you need to be careful not to start too fast with initiatives to empower women, or the results will not be locally owned and will not reach scale. The focus on women’s economic empowerment should not be viewed as a tradeoff with achieving competitiveness targets: both women’s and men’s roles are critical to most agricultural value chains, and women’s contribution to the development of the market system is essential.

Though there have been tools and case studies on gender for many years, we need to determine how to promote behavior change on the ground. There is currently a lot more analysis than actual change arising as a

result of the analysis. How can we come up with a behavior change causal model that explains how what we are going to do will change anything?

## **PUSH/PULL**

The very poor are a part of markets in many ways beyond being producers, but their benefits from market participation are limited. Market systems that provide pathways for inclusion require a strategic approach. Push/pull is one of several approaches, and an area that LEO has a lot to contribute to.

The push/pull framework is notable because it is an approach, not just a lens. It is tied to a long-term vision and systematic implementation plan, with a complex view of the many types of systems involved in poverty. It puts an emphasis on the how, where, when, and why of the interaction, while integrating sequencing and layering. It looks for desired behavior changes, using a knowledge management system to understand how changes are occurring. LEO is focused on the intersection and interaction of push and pull. It is still in the early stages, but we have begun a literature review which shows that there is limited existing evidence. In response to the recent call for project examples, we received over 50 submissions. During the review of the examples it was clear that we are starting to see some trends, including the need for all projects to address behavior change, attitudes, aspirations and attitudes. So far, there has been a lot of push, but not a lot of pull. Much of the focus to date is on models and theory, with very little attention paid to management.

It is important to bear in mind that poverty is incredibly complex and having a defined framework is key. One question is whether the push/pull terminology is helpful or hurtful. The terms “push” and “pull” are open to interpretation and “definition creep.” Because the terms are easily separated, people tend to view it as two sets of activities rather than a strategic approach. There is also the question of labor as an asset. We tend to acknowledge it, but then move on without including it in our design and strategy. How do we interact with systems outside of the commercial system, such as community support, and gender norms? Finally, how to we bring together things that are happening under resilience and push/pull that are similar, but might be called different things?

## **DISCUSSION**

Some projects unintentionally embody the approach, using push strategies under the name of value chain strategies. Some Feed the Future-funded projects are doing both push and pull, but there is often a disconnect between the two. The overarching theory around how push and pull are supposed to interact is proving to be somewhat flawed in certain places. It is important to understand the operational context.

Progress has been made, though: Previously, push and pull programs were contradicting each other, and disrupting each other’s programming. Now we are trying to coordinate, showing how you can use the high-level programming to encourage projects to better work together. Push/pull can serve as an advocacy or coordination tool to bring people together. Raising and addressing aspirations also plays an important role in push/pull strategies, and some projects do a lot of mentoring which helps with this.

It is also important to make sure the correct intervention approach is used. Labor and employment promotion calls for a different approach than livelihoods. A good example of a successful intervention is the BRAC graduation model. If you are working with the extreme poor who only have their labor to sell, the theory of change is that you provide them some sort of asset building and capital support. To scale up, you need to work with local government and maybe also MFIs and other private sector players.

## RESILIENCE

Resilience has become a popular operational concept over the past few years, particularly in areas of high poverty that suffer from repeated crises. Resilience was popularized because the significant investments in humanitarian support in response to shocks often did not address the underlying vulnerabilities, leaving people no better prepared for the next shock.

According to the USAID definition resilience is *“the ability of people, households, communities, countries, and systems to mitigate, adapt to, and recover from shocks and stresses in a manner that reduces chronic vulnerability and facilitates inclusive growth.”* To date there has not been much discussion about the role of market systems in resilience and LEO is working to fill this gap. Engagement in market systems strengthens communities’ resilience by increasing assets and income, food availability, and reducing risk through diversification, but it is also important that the market system itself is resilient.

Resilience shifts the focus from meeting the short-term immediate needs of vulnerable populations to building longer-term capacities: the absorptive capacity to cope or mitigate and reduce the impact of shock; the adaptive capacity to learn and adjust to shocks and stressors; and the transformative capacity to fundamentally change the structure of the system. LEO is developing a framework for strengthening resilience through market systems engagement.

There are many assumptions about the determinants of resilience; but not yet much evidence. It is clear that the determinants of resilience vary for the different shocks, so we need to understand the nature of the shocks themselves. The literature showed that resilient systems have some key characteristics in common: they are adaptive and able to learn, and they encourage diversity. It is important to note that there is often a tradeoff between resilience and efficiency as shock preparedness requires addressing a wide variety of shocks that may or may not occur. For example, a farmer who wants to reduce risks to rainfall variability as a result of climate change will invest in drought-resistant seed, irrigation, and better agronomic practices. Yet these investments have costs and the farmer will only benefit if there is erratic rainfall or a drought, but could lose the investment if there is a flood.

One key question to be investigated is whether competitive market systems that are good at adaptation in response to new market opportunities are also able to adapt to shocks and stressors, and if so, under what circumstances. LEO will also delve deeper into diversification strategies as, for example, we are learning that income diversification is not enough; resilience requires diversification from sources of risk.

## DISCUSSION

The presentation talked about the difference between the role of market systems in promoting resilience at the individual, household and community levels, and the importance of ensuring the market systems itself is resilient. LEO will look at both of these levels of organization. Many development practitioners are struggling with the resilience of individuals, households and communities, not knowing how markets can contribute. Meanwhile, NGOs themselves can contribute to stress within markets when they provide direct transfers after a shock, which means private-sector channels shrivel and die.

There are some similarities between the definition of competitiveness and resilience, as both feature adaptation. Competitiveness might be used as a lens to look at the resilience of market systems.

## SMALL GROUP DISCUSSION: DIVERSIFICATION AND LABOR

- *Why is this topic relevant to inclusive market systems? How does your work under LEO relate to diversification and labor issues?*
- *What projects, donors or other institutions are focusing on this issue? What learning can we draw on?*
- *How can we integrate this issue into LEO across learning agenda?*

We should seek to learn from youth programming, and expand our thinking to the informal sector and off-farm labor. Labor is often escaping to urban areas, and remittances are essential for resilience. This will become an increasingly important issue, although it is currently not a focus for most donors. With the push for scaling up technologies, we have to consider the displacement effect of mechanization. It is not necessarily a negative outcome, but we need to take it into consideration.

## SMALL GROUP DISCUSSION: SOCIAL AND CULTURAL NORMS

- Social and cultural norms are clearly relevant to women's empowerment. For example, women tend to take out a series of small loans, reflecting a different risk profile to men.
- Norms are often dictated by social networks, and a shift to professional networks can produce different signals. Networks—and in particular, bridging and linking capital—have an important role in building resilience.
- Shared norms impact the ease of establishing trust. It is harder to predict a person with different norms; conversely, commercial interactions may be easier/less risky with someone less close.
- Norms are different according to food versus cash crops. Norms occur at many levels, including the market. We can challenge how market actors view success, and use retail tactics to empower consumers.
- How are we judging “good” versus “bad” norms? Need to see what leads to successful (equitable, competitive) outcomes and build on those; change or work around others.
- There is a difference between culturally appropriate and culturally effective. We need to use effective role models to amplify demonstration effects.
- Norms change over time, even without project interventions. We need to capture change through our feedback loops.
- Norms are often perceived as resource-intensive to analyze—the challenge is incorporating them into projects. A few projects have an anthropologist/sociologist in staff for a year. Staff also needs training.

## **CONCLUSION: WHAT IS IT CRITICAL FOR LEO TO DO?**

The overall recommendations around what LEO should prioritize to promote the adoption and implementation of an inclusive market systems approach include:

- Build an evidence base through both qualitative and quantitative research to support the adoption of the inclusive market systems approach.
- Support a shift toward the use and adoption of the inclusive market systems approach by creating practical tools for implementation and measurement, so as to move from theory to practice.
- Use the power of networks, informal or formal, to influence practice and generate learning based on field experience.
- Convince donors and practitioners of the need to look beyond only agriculture.
- Promote shared learning among donors and projects.
- Get missions and practitioners excited about inclusive market development for economic reasons.
- Promote the use of facilitation within market systems programs.
- Identify practical ways of measuring systems change.

# ANNEX: PRESENTATION SLIDES

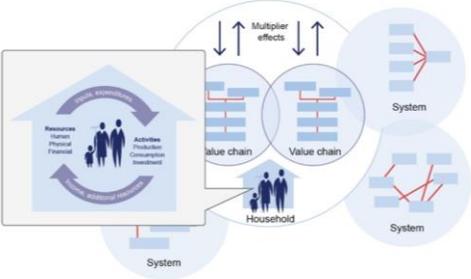
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## Leveraging Economic Opportunities

Supporting learning and practice  
in inclusive growth through market systems



## Market Systems Framework



The diagram illustrates the Market Systems Framework. It features a central 'Household' icon (a family) connected to two 'Value chain' icons. Above the value chains are 'Multiplier effects' with double-headed arrows. To the right, there are three 'System' icons, each represented by a network of nodes and lines. The household icon is also connected to a 'System' icon below it. The value chains and systems are interconnected, showing the flow of resources and information between different levels of the market system.

## Market Systems Framework

- ✓ **Competitive** upgrade to meet demand and grow market share
- ✓ **Inclusive** benefit the poor and society as a whole
- ✓ **Resilient** address, absorb and overcome challenges
- ✓ **Adaptive** organize and structure to respond to change

## Market Systems Framework

**Simple**

- Order
- Cause & effect
- Perceivable & predictable
- Replicable
- Standard operating procedures
- Best practices

*Example: Baking a cake*

**Complicated**

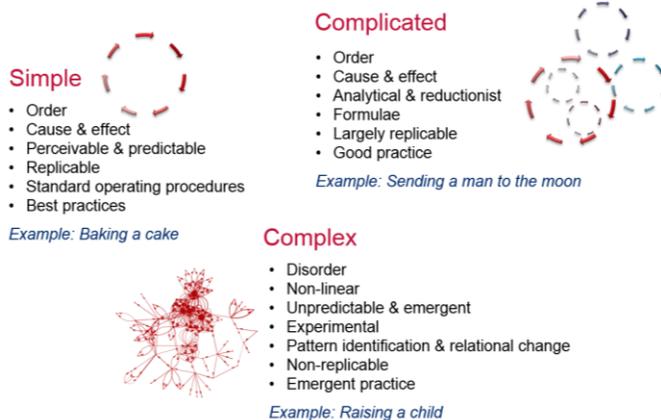
- Order
- Cause & effect
- Analytical & reductionist
- Formulae
- Largely replicable
- Good practice

*Example: Sending a man to the moon*

**Complex**

- Disorder
- Non-linear
- Unpredictable & emergent
- Experimental
- Pattern identification & relational change
- Non-replicable
- Emergent practice

*Example: Raising a child*



## Market Systems Framework

- Define the development objective
- Articulate the theory of change
- Define the intervention space
- Analyze the market system
- Select and design an initial set of interventions
- Facilitate sustainable systemic change
- Ensure knowledge flows
- Monitor on an ongoing basis

## Analyzing Market Systems

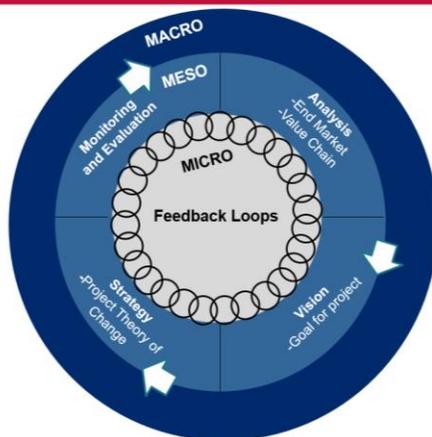
How, When and Where?



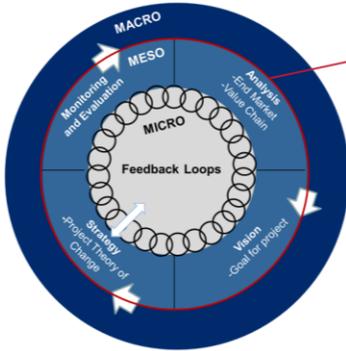
### Levels of Analysis

MACRO	High level theory of change
MESO	Project level analysis and design
MICRO	Intervention level learning loops

### Levels of Analysis



## Initial Analysis



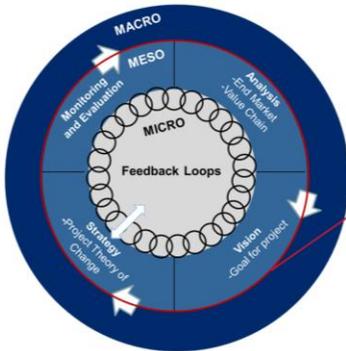
### How does the system function and why?

- end markets
- value chains/market systems

### WHAT IS DIFFERENT?

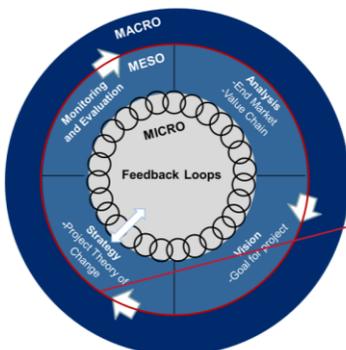
- **inter-connected systems** – eco-system, land tenure, transportation, policies
- **network mapping**
- **relationship analysis**
- **analysis of rules** – formal & informal (policies, gender, cultural, political)
- **analysis of knowledge flows** – where knowledge and skills currently are and/or could be exchanged

## Vision



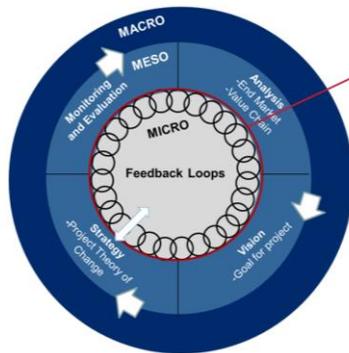
- What we want to achieve— project goal (may not change over time)

## Strategy



- How to achieve the vision
- Initial interventions specified
- Initial results chain(s)
- Project theory of change
- This theory of change is a set of hypotheses about how interventions will change the system - IT WILL CHANGE OVER TIME FROM A CONTINUAL LEARNING PROCESS

## Micro-level Process



### Intervene, learn, adapt

- Loops differ based on the type of system
- (simple) intervene categorize, adapt,
- (complicated) intervene, analyze, adapt,
- (complex) intervene, learn, adapt

### Challenges

- How to shorten feedback/learning loops?
- How to make observations or gather tacit knowledge
- How to analyze observations (tacit knowledge) in ways that can inform decisions?

### Flip chart 1: Shortening the Feedback Loops

- How to not get lost in the process? How to really make operational?
- How to collect tacit knowledge? How to analyze it?
- What are the best tools for application? Should LEO test some of the proposed tools? Are some already in use in facilitation projects that we can ask about them?
- Anything else LEO should look to do here to help projects move forward?

### Flip chart 2: What Indicators Do We Need

- That support short feedback loops
- Provide info on direction, momentum, scale and connect to higher level results
- What should LEO do next on this?

### Flip chart 3: Cynefin Framework

- How do we categorize our work using this?
- Do we need new tools to figure that out?
- What are the implications for learning - given the type of system - on the need/form of analysis?
- How do we operationalize this? Does it matter enough that we should try?
- Should LEO try to gather case examples to ground this? Anything else we should do?

### Flip chart 4: New Market Systems Framework

- What are the implications of a broader definition of the system for project design? Do we need to do anything differently? If so, what?
- What should LEO do here as next steps?



## Facilitating Systemic Change



## When working within market systems ....

How do we **create wider pressure within market systems** to influence firms that are harder to reach or influence directly?

- How do we focus on the **pressure points that drive behavior** rather than focusing primarily on pushing specific actors to take on new behaviors?
- How do we consider the **forces in and on the system** being the aim of our interventions rather than the immediate outcome of our interventions?
- How do we **recognize pressures from ethnic ties or political patronage** that keep firms from changing in a constructive direction?

## When working within market systems ....

How do we create this wider pressure through **constructive feedback mechanisms within market systems** to drive overall system behavior?

- How do we **use feedback to better understand dynamics and biases and structure and target interventions**?
- How do we facilitate feedback loops that provide incentives to change through a **reinforcing / supportive function** and a **balancing / counter-balancing (cross-checking) function**?

## When working within market systems ...

How do we **leverage working in multiple systems at the same time**?

- How do we **amplify and triangulate feedback** by working in multiple systems at the same time?
- How can market systems create pressure through **feedback mechanisms between interconnected systems**, such as leveraging the role of media systems, civil society systems, and support market systems as important market feedback mechanisms?

## When working within market systems ...

How do we **modulate our support to market actors more aggressively?**

- How do we establish **short term, meaningful relationships with many market actors** to then see who self-selects out and who we should continue working with?
- How does one of our core roles become **reading and reacting**: Reading market actor behavior and reacting through increasing or decreasing support? How do we constantly assess behaviors that market actors are taking on?
- How do we **modulate the resources** that we provide to market actors by how well they are doing (including TA, money, etc.) – **mimicking effective market forces**?

## When working within market systems ...

How do we create **viable market-based experiences for market actors**, rather than ourselves, to take on?

- How do we **hide our interventions and resources within market-based transactions**, which are invisible to the poor and other market actors so that all they see is the market system starting to work around them?
- How do we support market actors to **use traditional marketing tools** to drive new behavior?
- How do we **facilitate a full life cycle** of promotional and marketing activities, rather than promoting once-off activities with no customer feedback and ultimate systems building perspective – **viable experiences need a beginning middle and end?**



## Leveraging Economic Opportunities

What are the implications of market systems facilitation for M&E?



## LEO M&E Emphasis Areas

1. Evaluating systems and systemic change

2. Understanding and measuring full benefits of market system facilitation

3. Supporting missions in monitoring

## 1. Evaluating Systems and Systemic Change

### Activities

- Literature review with annotated bibliography
- Cloud-based collection of references

### Learning

- Add systems concepts to evaluation foundations
- Intervention is distinct from system
  - Causal models track response to intervention
- Indicators of systemic change are emerging

## Indicators of Systemic Change



Imitation (at several levels)

Continued, independent investment



Adaptation and innovation

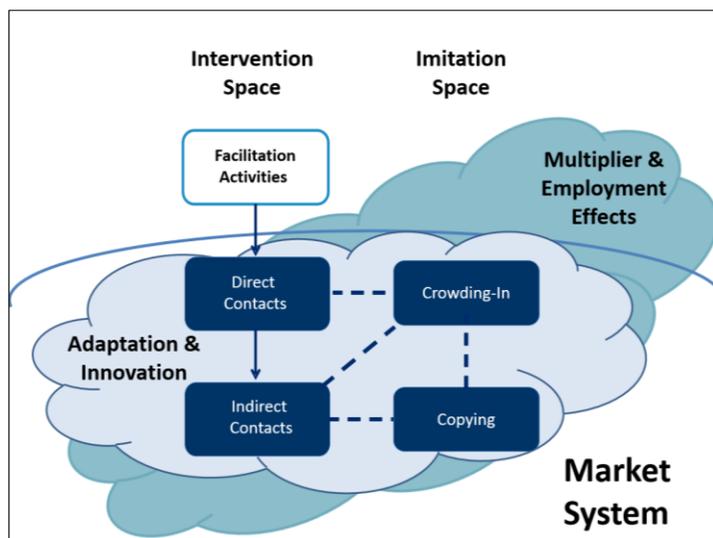
## 2. Full Benefits of Market System Facilitation

### Activities

- Conceptual model for full benefits of MSF

### Learning

- Direct contacts
- Indirect contacts
- Imitation
- Adaptation & innovation
- Multiplier & employment effects



## 3. Supporting Missions in Monitoring

### Activities

- Doc-based analysis of current M&E practice
- Field-based analysis of 4 MSF activities (Uganda)

### Learning

High demand for support

- Measuring indirect contacts (BFS)
- Detecting and communicating early progress (Mission)
- Adjusting formal monitoring practices (Mission/IPs)
- Learning and adapting to system feedback (IPs)

## Monitoring Recommendations



Analyze relationship changes for signs of early progress

Use knowledge of network to estimate indirect contacts



Use results chains for IP learning and to shorten feedback loops

## LEO M&E: Planning

1. Evaluating systems and systemic change
  - Evaluation framework for MSF
  - Indicators of systemic change
2. Understanding/measuring full benefits of MSF
  - Guidance on estimating indirect contacts
  - In-depth analysis of current practice
3. Supporting missions in monitoring
  - Tools for monitoring changes in relationships
  - Guidance on using results chains



## Leveraging Economic Opportunities

Focusing on the *Inclusive* of Inclusive Market Systems Development



### LEO Definition

*Inclusive* market systems are those that engage and benefit a range of actors including the poor, women, youth, ethnic minorities and/or other disadvantaged groups. In inclusive market systems, these actors are able to acquire access to the opportunities, skills and resources to upgrade, and reap the benefits that arise from the upgrading process.

### What do we mean by 'inclusion'?

- Inclusion has multiple dimensions (economic, social, geographic)
- Inclusion links growth and poverty reduction
- Inclusive market development recognizes the poor as economic actors who contribute to and benefit from growth

## Women's Empowerment



## Women's Empowerment

### Our Team

Lindsey Jones, ACDI/VOCA  
Erin Markel, Market Share Associates  
Lucy Creevey, Independent Consultant

## Women's Empowerment: Definitions

### USAID Policy on Gender Equality & Female Empowerment

- Reduce gender disparities in access to, control over and benefit from resources, wealth, opportunities and services — economic, social, political and cultural;
- Reduce gender-based violence and mitigate its harmful effects on individuals and communities; and
- Increase capability of women and girls to realize their rights, determine their life outcomes, and influence decision-making in households, communities and societies.

## Women's Empowerment: Definitions

When women and girls acquire the power to act freely, exercise their rights, and fulfill their potential as full and equal members of society.

While empowerment often comes from within, and individuals empower themselves, cultures, societies, and institutions create conditions that facilitate or undermine the possibilities for empowerment.

## Women's Empowerment: Light bulbs

- Empowerment is complex: there are no silver bullets or linear pathways
- Integrated market and gender analysis is essential
- Making the “business case” is one of many tools for including women...  
...but, agency is necessary for empowering women.

## Women's Empowerment: Outstanding Questions

### Filling the Gaps

- What does it mean to empower women through market systems approaches?
- Thematic gaps:
  - Trade-offs and scaling up
  - Labor, both paid and unpaid
  - Socio-cultural norms
  - Behavior change
  - Networks and leadership
  - Monitoring and evaluation
  - Gender-based violence
- Papers, case studies, tool development & training

## Women's Empowerment: Next Steps

- Draft a framework  
*What does it mean to empower women through market systems approaches?*
- Create tools for communicating business cases
- Write briefing papers on:
  - M&E for women's empowerment in market systems projects
  - Networks and empowerment at the household level
- Support USAID toolkit for gender-based violence and economic growth
- Launch a SEEP Working Group on Women's Economic Empowerment

## Push/Pull



### Push/Pull Approach: Introduction

- Gainful participation in markets is not a given, and poverty is not homogeneous
- Market systems that provide pathways for inclusion of the very poor requires a strategic approach if change is to be scalable and sustainable.
- Several strategic approaches:
  - Poverty-sensitive lenses to market development
  - Graduation models
  - Financial inclusion models
  - Push/Pull or Pathways out of Poverty

### Push/Pull Approach: Our Working Definition

A strategic approach to poverty reduction that utilizes both push and pull strategies to drive more beneficial and sustained inclusion of the very poor into market systems.

- embraces a systems approach
- emphasis on how, when, where and why of interaction
- integrates sequencing and layering
- supported by robust causal logic and KM

LEO is focused on the **intersection and interaction**  
**between** push and pull

## Push/Pull: Light bulbs

- Poverty is incredibly complex, multi-dimensional!
- A defined framework key to operationalizing approach
- Sequencing, layering, KM systems are key elements
- Behavior change, aspirations, attitudes.
- Lot of push, not a lot of pull
- More attention needs to be paid to MYAP-style programs
- Much of the focus to date is on models and theory.. Very little attention paid to management.
- “Definition creep” – and wildly different interpretations

## Push/Pull: Outstanding Questions

1. Terminology – helpful or hurtful?
2. Evidence base around hypothesis.
3. How to differentiate the **approach** from a **lens**, and implications of both in an IMS framework.
4. Differentiation in strategies for consumption deficit vs surplus households
5. More learning from market development programs
6. Labor – how do we address this?
7. Less/non-commercial systems – how do we interact?
8. Overlap with LEO's resilience activity

## Push/Pull Approach: Next Steps

- Refine our learning framework – April/May
- Follow up, learning products w/ Example writers – May-July
  - MYAP/DFAP-style projects
  - Country-based collaborations (e.g. Ethiopia, Tanzania)
  - Managing
- E-consultation on STEP-UP and MaFI - June
- Finalize literature review – May-June

## Resilient Market Systems



### Resilient Market Systems: Definitions

*"Resilience is the ability of people, households, communities, countries, and systems to mitigate, adapt to, and recover from shocks and stresses in a manner that reduces chronic vulnerability and facilitates inclusive growth." - USAID*



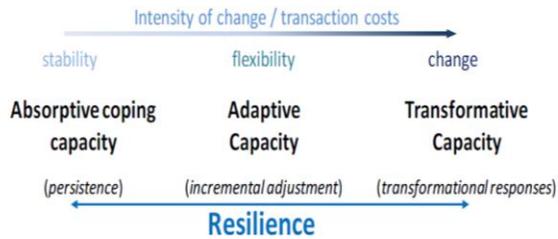
### Resilient Market Systems: Definitions

**Market systems resilience** is the capacity of the market system to mitigate, adapt to and recover from stressors and shocks without compromising long-term competitiveness.

It requires three capacities...

- **Absorptive capacity** to cope
- **Adaptive capacity** to learn and adjust
- **Transformative capacity** to fundamentally alter the structure of the system

## Resilient Market Systems: Framework



Source: Béné, Christophe, Rachel Godfrey Wood, Andrew Nesham, and Mark Davies. 2012. "Resilience: New Utopia or New Tyranny? Reflection about the Potentials and Limits of the Concept of Resilience in Relation to Vulnerability Reduction Programme." IDS Working Paper 405. The Institute of Development Studies.

## Resilient Market Systems: Light bulbs



- There is a lack of evidence of determinants of resilience
- Key characteristics of resilient systems
- The determinants of resilience vary with different shocks
- There is a tradeoff between resilience and efficiency

## Resilient Market Systems: Outstanding Questions

- Does the adaptive management of market systems translate into increased resilience?
- There is consensus that diversification is important for resilience, but diversification from what and how?
- Governance is key to determining who is more resilient. What structures lead to greater resilience?

## Resilient Market Systems: Next Steps

- Working on a market systems resilience paper that will include a definition and framework
- Participating in IFPRI2020 Building Resilience for Food and Nutrition Security to learn more about interventions in this area



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