



# DEMYSTIFYING MARKET SYSTEMS RESILIENCE

PRESENTATION TRANSCRIPT

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*Julie Maccartee:*

Hello, everyone. We'll get started in just a few minutes. In the meantime, go ahead, answer the poll questions, if it strikes you as something that you would like to do. Welcome to the webinar!

Hello, everybody. Before we get started, I wanted to do a quick soundcheck, make sure you can hear me and my voice is coming through clearly. If you can let me know in the chat box that you can hear me. That would be excellent. Loud and clear from Steven!

I see our captioner is getting started, typing what I'm saying. That's exciting, a good sign as well.

We'll switch over to the presentation in just a moment, and then we'll get started.

*Julie Maccartee:*

Hello. Welcome to this webinar, Demystifying Market Systems Resilience. I'm Julie MacCartee and I'm a knowledge management specialist with the USAID bureau for resilience and food security. I will be the facilitator today and you'll hear from me periodically. As many of you have noticed Y main way to communicate today is through the chat box. Thank you for introducing yourselves, we love to see familiar regulars coming back to the webinars and new attendees. Please continue to introduce yourselves. You're welcome to ask your questions any time throughout the webinar in the chat box.

We'll be collecting your questions and we'll do our best to answer as many of them as we can during the Q&A portion of the webinar, which will occur after the presentation.

We're recording this webinar, and by virtue of attending today you'll be on the list to get a post-event email with the recording, the transcript, the other post-event resources. Keep your eyes open for that. Also I wanted to call your attention to a few downloadable files and links that are near the top of the screen, recommended resources that will be mentioned throughout the webinar today.

*Julie Maccartee:*

All right. Today we have Tatiano Pulido and Kristin O'Planick from the USAID bureau for resilience and food security and will share what we mean by market systems, why it matters and what tools are available to support measurements. I will introduce the speakers and pass it over to them. Kristin O'Planick, a market systems specialist and USAID bureau for resilience and food security. She has worked in a variety of technical areas, including market systems, enterprise and livelihood development, food source, food security, agri business, sustainable tourism, if you're a market link regular, you have problem heard her voice in the past as a previous facilitator for the webinar.

Then we will have Tatiano Pulido, who is a monitoring evaluation and learning specialist with USAID bureau for resilience and food security with ten years of experience leading issues in food security and in her current position she supports the design and implements innovation approaches to monitoring evaluation and learning, particularly leading to the development of market system measurements and resilience in food security. I'm excited to pass the mic to Kristin O'Planick. She'll take it away.

*Kristin O'Planick:*

We're looking at competitiveness, inclusiveness, resilience, the three things that we hope to enhance in place where there is the final compilation. We realized we had nothing to measure that resilience and it has caught up with what we have learned. The theory and tools have advanced over the past two years, field use is still emergent, we have so much yet to learn. We don't expect this to be exactly right, but they do reflect what we know now. We have intended to wait for results from ongoing field research before having a community webinar on this topic, but in light of our current context with COVID the need for understanding the theory and tools has become urgent. Here we are. While the intention of this body of work is that it is applied in our everyday operations prior to a shock, applying concepts now will help inform COVID-19 response such as our near term actions can also serve to improve the long-term resilience of the market systems in which we're working. Please note that while Tatiano Pulido and I tend to use examples from the feed the future portfolio, with which we work daily, the concepts can be applied in any market context. Over to you.

*Tatiana Pulido:*

Great. Thank you. So what do we mean by market systems resilience? There is no official definition for it, what you see on the slide is a working definition that speaks to the ability of a market systems to draw on resources and solve problems in the face of a shock or stress. So what is particularly interesting in market systems resilience is that there is much emphasis put on large, rapid onset shock such as extreme weather event, in current helpful, community resilience work, we're seeing the initial indications that long-term stressors such as HIV/AIDS, corruption on migration, they can be just as disturbing for the market systems. Ultimately, market systems resilience is about managing risk, to retain that market functionality for the benefit of our target populations. In most places we work, our best way to measure the market system is to use firms as a unit of analysis. That's because businesses tend to be the most sensitive to changes in the structures, relationship, behaviors that govern the market.

*Tatiana Pulido:*

So by assessing how they interact, behave to changes in the system, we can understand not only the potential challenges to the efficiencies and inclusion in the market systems but also fragility and there by its resilience. Clarification points, however, while we use the firm as a proxy unit of analysis, market system resilience is not about making each individual firm resilience. This is a critical difference from how we think about resilience at the household level where we ideally want every household to sustainably escape poverty. Within our market systems, we need firm entry and exit to maintain innovation and competition that contribute to a healthy market system. So, a key weakness question we continue to grapple with, it is how to improve the resilience of a market systems while recognizing that some firms should fail. Also, a final thought before I turn it back over to Kristin O'Planick, throughout our work in this area, it is really important to engage with a humanitarian colleague with measuring market systems resilience and to be prepared for rapid monitoring in the event of a major shock which I think we're all pretty aware of given our

current situation.  
Over to you.

*Kristin O'Planick:*

Now that we have a sense of what market systems resilience means, why do we even care? First, we recognize that in the market systems where we work, risk is typically pushed on to the most vulnerable actors. We're talking on a need specifically that would be small scale producers and small enterprises. This matters because we recognize that the resilience capacity at different levels is interlinked. The resilience of a household is linked to the resilience of the community, and to the market system in which it engages.

So, if we're serious about improving resilience at the household level we need to think about market system resilience as well. As we engage with market systems, we should always be thinking about how we can help shift risks to actors better able to manage it. As an example, our activity in Mozambique facilitated a distribution model for agricultural input. This is based on regular fixed delivery routes to retailers based on catalog orders from the national distributor. In shifting the business model the inventory holding and their associated risks were moved from the more vulnerable, small retailers back to the large national distributor who can better manage venture risk and more easily access financing to support that inventory.

*Kristin O'Planick:*

In this case, reaching the last-mile grow holders and growing the input market was the primary goal, the change also provided resilience benefits for the market system. This is the kind of thinking that we really interested in. Now, let's address the elephant in the room for all of the economists and the complex system experts that are joining us. Yes, markets are inherently resilient. That's why it is so hard for us to change them in the first place. As complex adaptive systems, they're constantly responding to a variety of stimuli and organizing and reorganizing accordingly.

They always have been, and they always will be. This is a neutral fact that is neither positive nor negative in how we think about market systems.

However, we must be clear that for USAID and many other donors at this point, resilience is a positive, normative construct. We need to be able to sit comfortably with the tension between the neutral quality of resilience in a complex system and the development concept that sees resilience capacity as supporting continued development progress even in the face of a disturbance. At the household level, preventing poverty back sliding, at the system level, protecting development gain. Essentially, we care how the resilience capacities can either mitigate the impact of a likely disturbance or shorten the recovery timeline with the view to development objectives. Note that there is a critical second piece to this when considering recovery post disturbance, it is very relevant to us now. How that recovery happens, it matters as much, maybe more, than mitigating the impact. For example, we don't want power dynamics to shift to increase exclusion, extracted behaviors that cause harm to our populations of interest.

We don't want the quality of products to deteriorate like with food safety further disadvantage the poor. This is important for us to be thinking about during recovery phase.

*Kristin O'Planick:*

This brings us to this lovely illustration that we have borrowed. It captures the idea of how this recovery phase could have very different trajectories depending on the capacity of the system. Those three different redlines there in the green circle. One day we'll refashion this to similarly show different trajectories after the disturbance depending on the capacities of the system, but I think you get the idea. So when the disruptive event could happen, you know, there are different ways that that disruption can ripple through the system and then depending on the capacities there are different ways that recovery can happen. The whole idea behind the body of work behind the market system resilience, it is that the right system capacities can dare I say flatten the curve on the impact of the disturbance, and then enhance the curve on the recovery. So now let's take a look at the two pieces of official guidance from USAID on this topic? Both of these are in the resources box at the top left of your screen. Note that there are other great tools out there as well, and we find them equally valid at this point. We encourage you to peruse them all before deciding what is right for your situation. At the end of this presentation, we'll point you to the page on market links where you can find everything that we know about.

*Kristin O'Planick:*

The first USAID piece, guidance for assessing resilience in market systems was led by USAID office in collaboration with the office for foreign disaster assistance and the former bureau for food security. The goal of this guidance was to provide an adaptable method, particularly for USAID missions to begin to assess market system resilience. It borrows from mercy corps stress framework and is envisioned to support a decision process which will create parameters around which market systems, which target population, which likely risk, what critical market functions, et cetera, and I will straight each of these with case studies. The intention is to hone down to what you really want to look at, this idea of market system resilience doesn't become an overwhelming analytical exercise. If you're trying to consider resilience for every aspect of the market system, you will never come to any answers. While this guidance was written to maximize the use of secondary data, there are other ways that the guidance could be used, such as with participatory workshops when we can do those once again.  
Back to you.

*Tatiana Pulido:*

Like we said, this guidance helps hone thinking on the market systems resilience to identify the resilience capacities that should be strengthened in the market system. So this brings us to the question of what are the determinants of market systems resilience and as with anything new, there really is no definitive list. Sorry, guys!.

What we did, we held a meeting back around October, 2019 with inspector, discussed our experiences around market systems resilience strengthening. At this meeting, we arrived at a general consensus on the determinants of market systems resilience, even though different tools have named or grouped them slightly differently. To explain the determinants, let me use the naming and grouping examples from the goals for social framework, which is used to an lies the resilience of communities to disasters.

*Tatiana Pulido:*

In random order, the first determinants we agreed on, it is connectivity, referring not only to the number, extent to connection among market actors, but also to the quality of the relationship. So for example, too much connectivity stagnates the system, too little creativity weakens the system as a whole. Diversity refers to the amount of variation in risk profiles in the system. You can generally measure diversity in the system through the products and markets and marketing channels existing in that market system. Redundancy, the third determinants, it is the leader to diversity, it speaks to the number and to the capacity of market after of actors to carry out system functions. You need enough redundancy in a system to allow for market functionality in the face of a shock or stress, not too much redundancy that you then affect innovation, quality, or that functionality in the market system.

Governance, it is the capacity of the market system to make decisions, allocate resources and generally act as whole to address the risk it faces.

Participation speaks to the inclusive nature of the system. It doesn't include vulnerable groups, such as women, youth, Persons with Disabilities, other indigenous and ethnic populations. The final determinant of market systems resilience that we generally agreed upon, it was tied to learning. This refers to the way that the market systems gather information and make new or many taken existing system organization. So a couple of things to keep in mind here. First, more is not always better. You heard as I was going through the list of determinants that amplifying one of these, it could lead to greater fragility in the market systems. Balance and context matter more than absolute measures as we don't know what the right answer is.

*Tatiana Pulido:*

Let me tell you, this makes measuring market systems anything really tricky. Second, I really want to reiterate this point, it is that this is not a definitive list of determinants. We had mentioned that we were at the early stages of learning from all of our collective work on market systems development and learning and strengthening. This is the one of a handful of conceptions and similar approaches to give you, our colleagues thinking and applying work in the field a reference point. So let me give you another example of a mental model. There's a second guidance piece that was commissioned by USAID and Kenya guidance, and now it is under the Bureau of Resilience and security. This guidance piece explores market system resilience determinants and theory of change measurement. This framework links the determinants in structural or behavioral categories with behavioral related determinants serving as a proxy to understand the rules and information flows of the system. You can see that the determinants, the characteristics as they're called in the guidance piece is similar to the ones I described previously. What's particularly interesting about this guidance piece, it is that the determinants allows a continuum where they must be balanced to create what is what they call a proactive market system, and that is a market system that can neutralize or mitigate risk through innovation or problem solving.

*Tatiana Pulido:*

On the other end of the continuum, you can end up with a mix of determinants that lead to a reactive market system, and that is one that focuses on accumulating resources for a very any row defined identity group to withstand the shock or stress experienced by that market system.

Once again, I want to emphasize that through market system resilience, it is about finding that balance more than getting to an absolute number on any one of these determinants.

What we're striving for in market systems resilience, what's described here as a proactive market system, it is a system that can evolve structural and managed patterns for maintaining risk and function and do so in a competitive, inclusive manner.

*Kristin O'Planick:*

Now that we have talked about this in broad strokes, we want to take a look at some practical examples we have seen in this space that help translate the concepts into programming. As much as we find theory delightful, it doesn't make a difference unless it impacts the work on the ground.

This is an example of one that we think can be useful for designing activities or during implementation for work planning, for example.

As a market system suppose Jim last year, mercy Corp led this exercise that we adapted for internal USAID sessions we have done on this topic over the last several months. Since we can't do a group exercise here and now sadly, we wanted to share an example of the output from one of the sessions and maybe inspire you to try something similar with your teams or stakeholder groups in our current context. In this exercise, you can consider a specific market system, as you see here, specific disturbance, drought, specific groups of market actors -- for this purpose we did a household, small, medium enterprise, the government, you can make the market actors more specific, again, if you're doing the work planning, you may have a specific ministry to think about. Then you think about the behaviors, the strategies that the actors might use before disturbance to help mitigate the impact and then after the disturbance to recover and adapt.

*Kristin O'Planick:*

You can note, this group, they put price gouging, it is kind of hidden there, you can see it, as a potential response from small, medium enterprises. That's great. Because it is important to recognize that there are negative coping strategies. Again, remember that how recovery happens matters. We definitely want to be paying attention to what potential negative coping strategies are, you can think about how to help facilitate and steer market actors to more positive coping and recovery strategies.

We have one more from this exercise, and this example, the group explored the fact that sometimes the shock can present positive business opportunities. With price volatility, sometimes that works in your favor. What could be responsive to that post shock to really take advantage of that moment of a positive disturbance. That's also something to bear in mind.

Once all of the ideas are brainstormed, it can be instructive to then think about how the ideas fit into the buckets of the different determinants for resilience that Tatiano Pulido was talking about and just pick a set to use from any of the

guidance documents or different things and organizations that come up. It doesn't matter. Have a set of determinants, and think about. You may find that most of the ideas you came up with, they're about connectivity, diversity, for example. Those seem to be ones we think of a lot. Then you could go back, you can think more deliberately about other determinants to fill the gaps, for example, things about how the system is doing in learning, participation, decision making. With all of the potential behaviors and strategies in front of you, it becomes good fodder for typical facilitation think, what actors have key levers to pull, which have incentives for change that you can work with, who has the ability to amplify in the larger system and so maybe that's an intervention point we should target.

This way, it helps deliberately feed the ideas of capacities into the thought process.

Back to you.

*Tatiana Pulido:*

There's recently been a business resilience analysis to test the theories of 10 hypothesis on the impact of COVID-19, our universal shock, on businesses coping strategies and recovery aspirations. The study asked a series of questions via mobile phone to over 1100 firms across 16 departments of Honduras that gage in about 17 different types of economic activities. This assessment averaged 16 minutes for respondents to complete and took a week in general to complete all 1100 surveys. It was conducted in the first week of April and I believe there's a second round that should be happening right around now, mid-May. I would like to take a little point now, just as I'm putting my specialist hat on, to say who says that data collection has to be onerous? So if you want to know more about this, check out the blog post link on the left-hand side of the screen. There is also this really grit one-page general reflection section about conducting the type of rapid surveys toward the end of that report which is great knowledge sharing.

Finally, we also have with us, participating, the monitoring evaluation and learning director for transforming market systems. Take advantage of this opportunity to ask him any specific questions related to this resource in the chat box below.

*Tatiana Pulido:*

Another tool that uses this concept and determinants we have talked about today, the iDE market systems resilience index developed in northwest Bangladesh. This approach, it is more qualitative in nature and each market resilience determinants, it is associated with a theory of indicators or performance statements. Then using secondary data, academic research, a workshop approach, which here at USAID sometimes we call a whole-system approach, stakeholders evaluate each indicator or performance statement and give it a score. The score for the indicator for performance statement associated with the determinant are combined to generate an index score for that determinant. I'll unpack that more.

What is a determinant? We talked about that affects market systems resilience, it is redundancy. A performance statement used to determine whether there is enough redundancy in the market system they're working on asks whether there are multiple market actors providing input services. Through secondary

data analysis and review, and the workshop consensus, where all stakeholders of the market are in the room, this performance statement, it is discussed and then given a score. Once all the indicators, performance statements associated with the redundancy determinant are discussed, scored, they are combined using a weighted average to create an overall index score for redundancy in the market system. So we're looking at this on an annual basis to review and analyze and discuss the various indicators and performance statements to create the index score for the determinant. What's really neat about this tool as well, they also use color coding for the various determinants so that you can easily visualize changes on an annual basis across the determinant. If you're interested in learning more about this tool, you can find the short paper by clicking on the link in the web link box on the left. We also have with us Chris Nicoletti, a senior director of impact and analytics at iDE if you want to pose specific questions to him on the chat box about this specific tool.

*Tatiana Pulido:*

Finally, these are by no means an exhaustive list of all the efforts underway to measure market system resilience, we encourage you to share your work and experiences. Honestly, it was in part on motivation and doing this webinar with you now. We know of a couple of upcoming sharing events, sharing effort for upcoming efforts I should say, over the next couple of weeks our colleague also start a market link blog series on the work measuring market systems resilience in Somalia. MIT and George Washington University colleagues will also be sharing work on rapid market systems assessments in the state of the COVID-19 shock using this system mapping methodology in Uganda. Actually Courtney Blair and other team members from the work stream are with us too. They can post a link to their brief on this work in the chat box right now.

In general though, you can find many of the resources that we discussed here on market systems resilience at the market systems resilience resource page on market links under the tools and training section, or if you want, the direct link is also on the left-hand side of the screen and you can just click on that now. We're always available for follow-up and eager to hear about your experiences in working on development and strengthening the market systems resilience. We're always only a short email away and we would really like to hear about the efforts and work with you on creating that general body of knowledge. Thank you for the time. Thank you for participating with us today. I'll turn it over to Julie to help facilitate the discussion.

*Julie MacCartee:*

Thank you so much. Thank you to all of our participants for introducing yourselves and posting great questions in the chat box. We have a good amount of time now to dive into answering questions and to discuss these topics. I think we'll go ahead and dive in. Let's see. I'll start with a fairly straightforward, blunt question posed by Gary on the finding market systems resilience. Gary says the contents and determinants make sense but for a complex analytical framework, how is achieving market systems resilience any different from simply strengthening the market system? Is it essentially looking at broader production, marketing systems rather than individual market change which may be by definition are more vulnerable?

*Kristin O'Planick:*

That's a great question, one we have grappled with and been asked in every discussion we have talked about. Wonderful.

I think that the key is that if you take the three lenses of competitive, inclusive, resilient as from a development perspective, the ways in which we're trying to improve a market system for development outcomes, what we find, it is that when we think about more traditional ideas of market system strengthening, those tend to go more towards sales, employment, growth from a more competitiveness perspective.

*Kristin O'Planick:*

So if you go ask a business, talk to them about, you know, what isn't working for them, what are their constraints, they always give you the answers that really relate more towards those competitiveness aspects. Access to finance, always, not finding the right workforce, with the right skills, we know all of those answers already. If you go, you ask them more specifically about what do they see as their primary risk, and make the conversation about risk, you get different answers. This really hit us over the head when we heard about some of the findings during this, from the Honduras team project, which is one of the first that kind of had the deliberate conversations with businesses about risk, not about growth.

What you find, it is that businesses make very deliberate decisions, vis-a-vis risk that may actually hurt their competitiveness but they find that making those decisions toward resilience matter more and I'm sure we could find examples of this in the current context too. I think this is how we get to the idea that there is a difference if you're talking in generalities about improving the market system, particularly from a Western mental model, we're always thinking about profits and growth. If you go in with a very deliberate risk lens, you find different things than you may have otherwise. That's why we're parsing this out as a specific conversation even though I think theoretically you're right, all of these things fold up into the idea of a stronger, better market system. Until we pull them apart, think about them deliberately, we overlook them. You know, the same can be said about inclusion. I don't know if you have something to add to that.

*Tatiana Pulido:*

I think you hit it right on the head. I think it is really about remembering that this is resilience, it is one of three lenses that we measure the health or look at the health of the market system.

*Julie MacCartee:*

I thought I would ask a question to you from Peter Boone who note that had you were referring to the market systems resilience unit focus being the firm. As you know, many of our projects work on the main focus group that we're trying to boost our informal small holder farmers that may or may not be a part of a producer group to include them as a part of the firm delineation.

*Tatiana Pulido:*

Typically we don't include the small farmer firm, specifically not included as a definition, that's why we have the cost point, the reason why, we're finding through the work, the research that we do on resilience at household, community level resilience, and the work we do on market system resilience of

firms, other enterprises that are probably higher up in the value chain, what have you, that there are different incentive structures that play into account in the decision making structure.

As opposed to a small holder farmer and other firms or enterprises that are much more commercially oriented. So that's where generally speaking the research that we're doing, what I'm seeing, they come across my inbox, it is how the delineation is occurring.

Why.

*Julie MacCartee:*

Thank you.

I'll pose another question to you, it came in during your portion of the presentation. There was a question on the redundancy aspect in the list of market systems capabilities that you shared. What metrics were or are used to assess redundancy and to what degree is action taken?

*Tatiana Pulido:*

Sure. Here too, Don, Chris, others who have implemented on, this feel free to chime in on the chat box to in terms of how you thought about measuring redundancy.

It is very context specific. A lot of what I have seen is looking at just the amount of efforts at a very basic level, looking at the amount of system market actors that carry out a specific function and then really grappling through a subjective, qualitative assessment with key inform. Interview, with other qualitative tools trying to understand what the right is given the context. Unfortunately, I can't give you a this is the indicator, this is the methodology, part of what we're -- why we're doing this here, it is because we want more people to share their experiences. As a very basic level, that's what we're seeing. It is a beginning of both understanding and mapping out a system of what we call cross-market functions actors we have, how many input suppliers are in this particular system, how many retailer, so on, so forth, and through context understanding and discussions with key market system actors and stakeholders coming to an understanding of whether this is the right balance, if there is too much, too little and then really piloting and experimenting with that. Everything we have talked about, it is really about just really trying to find that balance and trying to figure out how to -- what the correct composition looks for that given context.

*Julie MacCartee:*

Thank you.

Let's see.

A question came in from David who asked about how financial services and micro finance institutions play a role. What are the potential trade-offs of focusing on credit for small holder producers and middlemen to build market resilience.

*Kristin O'Planick:*

My response to that, it would be that it will depend on the specific market context. I think that the key with so much of this, and part of why we really were interested in the first piece of USAID guidance that we talked about, to really force decision making around setting parameters and specificity of what

you're looking at, what you're trying to change and for which target population. Depending how you set the parameters, I think the answer to that question could be completely different. Given the specific situation and the goals that you are trying to achieve, that may be really important or less important and depending on the market, that may be something that isn't the biggest constraint or problem or it may be something that is a very critical leverage point.

That definitely gets the it depends response.

I think a lot of people won't be happy with us. We don't -- we have to emphasize, we don't have the this is the answer (Tatiano Pulido) it is really about this is very new, you are all doing a lot of work as well in figuring this out and we did want to provide you with the general framework of it looks like this is the right direction we're heading, this looks like the areas that will really play a key role in developing or strengthening market system resilience and then now it is really about let's generate and learn about the specific nuances around the how. Right. So please don't be frustrated. I think we're all in this together. It really -- market system development, it context specific as has been reiterated.

*Julie MacCartee:*

We have a question from Lauren who asked where are we with discussions on the importance of social capital for household level resilience, and perhaps further explain what is meant by social capital in case anyone needs that.

*Kristin O'Planick:*

Household level resilience, it is the expertise of other colleagues of ours. We have taken on the market system level resilience. I think we can definitely say that we know social capital is very critical, a very critical capacity, and there are different kinds of social capital depending on if -- I think the terminology is bonding, bridging, I forget the exact definitions of those. It is basically about your social connectedness within community groups, familial groups, ethnic groups, social connectedness outside and across other groups, both kinds matter, again depending on the specificity of cultural context, place, depending on the type of shock that household is experiencing, depending on if the household is experiencing a shock that is a shock that effects everybody in the community, is it an idiosyncratic shock that effects only that household? There is a lot of nuance there, but given that we are not the household level experts we would leave it at that. We know for sure, it matters a lot.

*Julie MacCartee:*

Thank you.

I happened to notice that Julie Noble asked whether we can share the chat box transcript, there is a lot of valuable resources, discussion going on. Yes. The chat box transcript is one of the post-event resources you will get in an email along with the full transcript of the audio of this webinar, the recording, and some other suggested resources. You will see that in the inbox, share with colleagues, look through yourself in a week or two's time.

Okay. On to additional questions.

I think an interesting question came in from high watch who asked can someone predict resilience of a specific system to future identical shocks using the scores determined from the scores of market systems resilience.

*Julie MacCartee:*

The short answer to that, right now, it is no (Tatiano Pulido) we can't. But that is the ideal that we want to head to, to get enough understanding and knowledge about how the relationship between the various determinants to strengthening market system resilience to be able to then be able to start looking at not just understanding the State of play, but then forecasting or, you know, modeling out hopefully the actual forecasting I guess, the actual resilience of that market system and ability to maintain that functionality. There is a question of whether that is even feasible at any level within resilience, I think that the work is very much ongoing in terms of just trying to understand how the dynamics work in the interplay that was given in that particular context. That's something ideal to have. Still I think very long-term vision.

*Julie MacCartee:*

Thank you.

I also wanted to pose the question from Sarah Ward, she asked something that's probably on many attendees' minds. She said she would like to hear how the market systems development projects are adapting right now to the current crisis from COVID-19 and does any of what you shared today, if it has been relevant or useful for adapting?

*Kristin O'Planick:*

A great question.

This is actually something we're interested in as well.

Please, let us know. We're hearing things from the field that, of course, I think the initial reaction, which was the right one, and the TMS example reflects that, it was getting out, talking to the market actors, to your partners, as to what they're experiencing post shock and how it is impacting the way they work to then help formulate, okay, how do we make strategic shifts in our work plans and in our interventions to try to help address that. There is again this tricky line, to consider some of the businesses that will go out of business due to this shock should in terms of a healthy business cycle. Certainly not all of them should. You know, this shock, it is at a much larger level than the ones we usually are thinking about now when we do this and the fact that it is global, it is very unusual because typically the shock we consider may be regional in nature but not beyond that, there are a lot of unknowns with the global nature and the fact that every market system is impacted somewhat similarly, and trying to think through what that means for the response tactic, it has put us in a stance to a very much need to learn as we go. That's part of why we want to put this out now as this topic, in the hopes that some of these things will be useful as people start figuring out based on the assessment of their partners where to go from here. I can't say that we're seeing a uniform way forward at this point. We're very interested in hearing what people are doing and I'm sure people in the chat box, on the ground, feel free to respond to this question if you need some decisions about your own pivots, please do share.

*Julie MacCartee:*

Thank you.

Going back a bit to defining market systems resilience, what is the difference between market rapport and market systems resilience?

*Kristin O'Planick:* You want to take a first stab or do you want me to?

*Tatiana Pulido:* Go for it. I can talk about it in terms of the one standpoint.

*Kristin O'Planick:*

I think it depends, again, of the different resources that are out there, they're pitched differently. This idea of how inclusion relates to resilience, I think it is one of the many areas that we have for learning yet. There are definitely approaches within this space that see the two as very much intertwined and, of course, from a development perspective, we're always equally interested in inclusion as we are with resilience. I think our current focus, it is to try to put the idea of resilience at parity with inclusion and competitiveness. We're always thinking about the three equally. Understanding, there could be trade-offs between those three. I think we definitely have seen trade-offs between competitiveness and resilience, and again Honduras has nice concrete examples of that, where firms took deliberate actions to avoid certain risks, but full well knowing it hurt the global competitiveness in the coffee sector, for example. We know there is a potential for trade-offs. We just don't know enough about it yet to be clear if being resilient has some sort of negative impact on inclusion or if the two are so synergistic that they are enhancing both, it is mutually reinforcing. We like that idea definitely and there are a lot of thought leaders that believe that to be the case. I don't know that we have any real evidence on that yet.

*Tatiana Pulido:*

Sure. I will broad brush this, I have done a lot of work with I think the DCD, who really spearheads the approach, and from that perspective, a couple of difference differences between the two approaches we're doing. This is market system development I would say, because I tend to view market system resilience as one of the three levers that we assess the market system development and to help with the market system. A key difference I'm noticing, it is that there is a much more direct use -- a direct linear correlation, a hypothesis they develop and design between the actual intervention to either -- so to be objective of increasing employment or income for that target population. They're looking at a very -- a result chain, using a lot of that, just direct linear association and relationship in terms of understanding how to implement their interventions and measure that impact. The way we tend to think of market system development, where we have a lot of discussions around USAID, whether or not that's actually feasible given the properties of the complex system which, you know, are emergent, meaning that we know that things add up and different parts somehow influence the overall structure and behavior of the system, but we're not necessarily sure if it is that linear or that clear-cut. I think that's an area where we continue to engage and to think about in that way.

*Tatiana Pulido:*

From a wealth perspective, it is slightly -- it is a very, very small nuance in terms of the theory of change behind the markets working for the poor versus the way that USAID is thinking about market system development, and that being said though, we exchange I think a lot of the information across the two regardless of the change because a lot of the tools, a lot of the methods, approaches, they still lend themselves to be sharing and to amplify one approach versus the other.

They're slightly different, but there is still enough commonality there that we very much see it as collaborative work to reach that overall goal and having the same overall goal.

*Julie MacCartee:*

Interesting. Thank you.

Thank you to everyone that's posting questions. A lot of really good questions coming in.

Let's see, we have got a question from Gary who asked if there is an adherent trade-off between market resiliency and efficiency, large firms have efficiencies of scales but leave all their eggs in one marketing basket when there is a shock, disruption to the system.

I would say yes. I think we believe that to be the case based on what we know and what we have seen and even if you talk to the big multinationals, they recognize the need to not be fully efficient because of the risk that presents for exactly the reason you said. If you talk to Walmart and such, they build in redundancy to the supply chain, they know that one of the chains can be knocked out at any time by whatever, cyclone, you name t.

They do that purposely, knowing that there is a trade-off, that there will -- that they will be a little less efficient, it will hurt the market margins a little bit, but that overall, the trade-off, it is worth it to achieve the right balance, it gets back to what Tatiano Pulido has been talking about. This is about trying to find a balance in the market system such that -- and I saw a comment about propping up things that should go away. It is exactly the point. there is a normal business cycle, there should be businesses that fail, there should be turn over, there should be innovation, entry and exit, absolutely. We do not want the idea of market system resilience to hinder that.

It is more about thinking how do we protect development progress that's been made over the last decade or more given that the size of certain disturbances, they're becoming greater or we see the long-term stressors, like outright migration devastating economies. Thinking through how do we -- how do we find that balance between maintaining the progress that's been made, still allowing for that natural cycle of creative destruction and innovation? Again, there is no perfect answer to that. You need to remain cognizant of that tension.

*Julie MacCartee:*

In the exercise, you have three groups, small holders, SMEs, government, was there a reason you didn't include other groups, lead buyers, financial institutions, buyers, other key market system actors?

*Kristin O'Planick:* We only had 20 minutes to do the exercise. Yes.

*Julie MacCartee:* Good answer!

*Kristin O'Planick:* And we were also -- we deliberately left those buckets big, and I also saw some comments for example why livestock sector, it is probably too big to be useful. I agree. This is a training exercise to get people familiar with the concept. It wasn't an explicit kind of work planning exercise. If you would adapt this for the work planning, please be much more specific than that. We had people from countries all over, a global audience together, so we needed to be able to talk about a very neutral livestock sector with neutral actors that everybody could draw from their experiences. In doing this for kind of a work planning or specific project design situation, be much more specific.

*Julie MacCartee:*

Great. Thank you.

Let's see.

Does USAID have intentions to drawing comparisons across context or markets using an MSR measurement approach? If so, how do you envision standardization to allow for the comparisons? They note that they're asking us because they're asking themselves, not entirely sure how to do the comparisons.

*Tatiana Pulido:*

The first answer is no. We're nowhere near thinking about that or have even discussed that yet, because again, it is so context specific and the work we're doing, it is so -- what we're really trying to do here is build the resources and the tools and the approach to market system resilience one as mentioned, when looking back at all the work that's been done around market systems development, this is one of the three lenses that didn't have a lot there. We were like gosh, we want to build that up.

Two, also really building up the tool sets from the ground up. If it comes to a point where we have -- we understand enough that we are able to have a tool, controls for change or variability in the different concepts we work in, perhaps. Perhaps. In general, I think to just try to -- I know I say this, and people take it worth a grain of salt, it is true as specialist, we try to look at individual country, individual context specifically in terms of measuring that progress against benchmarking against themselves basically.

It is just very hard to standardize this type of work across countries. Then putting some sort of suggested value in terms of progress or not across countries given how context-specific this work is. We haven't really touched that, even discussed anything like that. We're very much just at the beginning in terms of trying to build the resources and tools up and hopefully as a community come to an agreement and consensus in terms of what really makes

sense and at what level does standardization make sense for measuring market system resilience.

*Julie MacCartee:* All right. A question from a strategic, business viewpoint, don't you think that looking at the market systems notes in part makes more strategic sense than assessing the whole market system?

*Kristin O'Planick:* You want to take that one?

*Tatiana Pulido:*

(Laughter). Sure.

I think yes and no. One of the things I would also ask there, it is just going back to the research question that we have grappled with, it is really focused on the node, the unit, the actor, you know, some of them in the market are supposed to -- some firms are supposed to fail. How do we grapple with understanding and incorporating that aspect of the health of the market system with focusing on the node? We're not really trying to amplify or ensure that every node is function functioning to the maximum capacity because part of the I guess overall health of that system would be -- that some of the nodes, they need to disappear.

I think that's what I was trying to go to earlier on in the presentation, that's trickier to understand, when is that going and when is it not? The other thing too, trying to take a step back and understand the market systems, it comes from a place where there's a theory around complex adaptive systems about emergent behaviors that arrive as a system level that if you study just the individual node, you will miss. There are behaviors and other characteristics and structures that occur naturally that don't have a one to one relationship with the actual components of that complex system such as a market system. That is also the part where we in USAID are trying to understand if that theory applies to market system development as a complex system, does it not? That's a lot of what I alluded to earlier with trying to answer some of the questions, that there is that slight nuance and difference between the way that working in market systems resilience space, the way that others do, the way we do it. They believe, yes, you can, if you work with a node, enhance that ability, then that will -- that benefit will be replicated and trickle out and create a response to and improve the market system. We're saying that it may not be that clear-cut and that direct.

*Julie MacCartee:*

Thank you.

We have about 10 or so more minutes left for questions. We'll get to as many as we can. Since I know that some of you may need to drop off, I thought we could bring up our ending poll so that anyone who may need to depart can provide us some feedback before we finished the webinar. We have three polls in the middle of the screen. Let us know what you need to apply this to the

programming. The other two questions as well.

Interesting question, how does the likelihood of multiple layered shocks in 2020, for example COVID-19 and cyclone in page dash, COVID and low customers in East Africa, et cetera, allow us to look at our analytical processes for resilience or does the global covariant shock of COVID make it an outlier that skews future analysis.

*Kristin O'Planick:*

I'll give a general answer and let you get specific with that perspective.

This is such an important question. I'm glad you asked it. I would say it is not -- it is an important question regardless of COVID because in many, many cases the market system is facing layered shock and stresses, especially the stresses. You know, this is something that we mentioned back at the beginning, but before COVID, things we were finding from people in initial forays of this work, it was that the stresses, they seemed to matter more to business outcomes than the more rapid onset shock.

We definitely don't want to forget about those. You will, I think, inevitably have layering in any context. Now, the question is layering of what? How exactly to navigate that? I think it is kind of the next step of this. In all of the exercises, discussions that we have done thus far for simplicity we have focused on one shock or stress at a time to have people really think around those.

Particularly, within the current crisis, I think teams will just have to really stretch their capacities and very purposefully think about, you know, COVID, locusts and what -- how do those two things come together and how do different market actors respond to the things simultaneously, recognizing that there may be responses that are specific to one thing and not relevant to the other, but that they will be managing both of those at the same time.

I think we need to be doing that, I can't say we have an example of that yet, if you have got something in the chat box to add, where you may have done some things like that, but from more of a learning, training exercise perspective, we have always just stuck with looking at one thing at a time, just really to help people move forward. The reality of how this needs to be implemented, it is likely going to be in a layered shock and stress situation.

*Tatiana Pulido:*

From a market perspective, the COVID situation to me is a covariant shock, albeit one that's an outlier because we're experiencing it at a global level, and so then kind of the impact of it, it is that much more greater, right.

In terms of tools we would use to assess the impact, the aspirations, the coping strategies of individual groups, units of analysis that we would be interested in, that is I think a lot of the work we had done beforehand, it could be adapted to get that type of information regardless of what shock we're talking about, whether it is COVID or something else. I think where I'm starting to see a lot of changes, and, you know, appropriately so, given the shocking method, the way we're collecting it. Right. The -- if you take a look at USA hung, transforming market systems, the resilience analysis, that report at the very end, that one page that I referenced, it has some reflections. I guess on how things are pivoting in the space to assess the information, what I'm seeing, obviously a lot more rapid assessments, a lot quicker turnaround time from when you collect information and make it available. We're having to keep and really prioritize in a

realtime nature of this particular shock because it is so specific. Obviously, the way we're collecting that information, so really having to look at the critical questions that are necessary to understand all of the impacts that this has, and being able to do that remotely, be it through mobile phone surveys, other remote assessment tools. That's really where I'm starting to see this. I think in general, it is going to be really interesting after we get our feet under us a little bit more. Looking to come back, reflect on the experience, in terms of doing rapid assessments, collecting information for this particular shock, seeing where we come out with, in terms of what was most useful in those processes, what could have been improved. I'm thinking that -- I'm thinking that a lot of discuss is going to involve around needing the quick, quick feedback groups and the frequency which we need to be collecting this information and updating this information and at what point do we stop. I think a lot of the -- what we're experiencing now, it is going to be really good reflection, pause and reflect, inserting CLE, a good pause and reflection moment later on as we once -- once we get our feet under us.

*Julie MacCartee:*

It is pretty clear, we need to find or continue to have great venues for continuing the conversation here. We have had so many great questions and comments in the chat box. We were not able to answer all of them today. I think there is value, we'll definitely take a look at them and continuing the conversation as much as we can.

I think we'll have -- well, I'll ask one more audience question and we'll have some final wrap up words for those of you that can stay a few more minutes. Our last question right now, it is from Russ Webster, how can we going forward reframe this discussion, market systems resilience, to make it less theoretical and more operational?

*Kristin O'Planick:*

We love that! This is always what we're trying to do and a bit of why we didn't want to have this webinar quite yet, it is because we wanted more robust operational examples. Again, COVID-19 has kind of forced our hand. I think that part of that, it is for us to ironically move away from talking about resilience and talk more and more about risk and specific probable risks. COVID-19 makes that interesting because we probably would not have put that in anyone's probable category, but here we are. I think that as people take these concepts, move them into the operational space, talking more and more about risk, less about the concept of resilience, that really makes that operational shift. When you talk to a business about risks, they have condition create things to tell you. When you look at data about shocks and stresses in the environment, how it plays out in different risk scenarios, that gives you clear parameters to work within. I think that's one way to really move us into a more operational space. Today of course we were in the theoretical space, and like what was said, there are things going on in the field, they're continuing even in the face of COVID, there are more things happening because of COVID, and we're really hoping to draw all of that operational learning out. We always had planned to have some sort of learning event in the fall, to pull together these operational learning and hopefully COVID-19 permitting we will be able to get together for a large event to really dig into that operational learning and

advance from the theory. That is certainly our intention.  
Anything to add?

*Tatiana Pulido:* No. You said it.

*Julie MacCartee:* Thank you both so much.

*Kristin O'Planick:*

In terms of final points, I want to reiterate, much of the audience, that's our development colleague, I saw a few humanitarians in there. Again, reminder, please, you know, we might be talking a lot to our humanitarian colleague right now because of COVID, but it is not necessarily something we do in a normal time and space. We should be. In terms of thinking about risk. Thinking of recovery. What they have learned from really being on the frontline of that for so long. It helps to inform what we're doing.

Then also bearing in mind that while we need to build the connections with them, the understanding, the coordination, the communication, we are not asking our development assistance partners to become humanitarians. That is not your expertise and we don't want to pull you away from the development things that you are doing. We want you to inform the development things that you're doing by the consideration of risk and what it means for your development activities. When operating in a host post-shock space, to bare that in mind, it doesn't mean that post-shock, now we want you to just make grants to a whole lot of businesses because you're trying to play humanitarian to help them survive, you may need to do some strategic things of that nature for certain leverage points in a system, we still want you to approach things as a development actor with a development lens. Informed by the humanitarian perspective, if that makes sense. Of course, we are wading our way forward in learning so much as we go into this. Maintain that strategic perspective as you do this. Any final remarks from you?

*Tatiana Pulido:*

Just to remember that market systems resilience is one lens of three, including inclusion and competitiveness, that we use to measure the health of a market system. Keep that in mind as you're developing systems, assessments, that it is one component of three. You don't want to create an overly complicated time-intensive approach to assessing, measuring, implementing this one aspect of a much greater development objective that we have in strengthening the health of the market system.

Just really encouraging you all to keep sharing your experiences through market links, with Kristin, myself, more and more that we're able to pull these resources, to build this approach, the toolkit together, the more effective it will be.

*Julie MacCartee:*

Thank you so much to you both. Thank you to our participants for the rich participation in the webinar today. Just a couple of quick announcements before we wrap up, join market links on June 4 for a you cans SAID webinar on keeping firms and supply chains afloat in the age of COVID-19. This will share challenges that we're facing during this pandemic and speakers from the field will discuss how they're reorienting programming. Keep your eyes on the emails for that.

Also Agrilinks it is planning three webinars in June, a lot of uptick in demand for webinars lately as you may imagine, we'll cover seed system, fall army worm and market based ag technology scaling. Those have not been announced yet, but that's the plan. If you're on that mailing list you'll get those announcements as well.

Then also sometime in the fall, we're also expecting to share some research findings from the field using the methods that you learned about today. Thank you all very much for joining. Have a great rest of your day. We'll see you on future market links and Agrilinks webinars. Take care.

*[End of Presentation]*

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