



MARKETLINKS

EMBEDDING EVERYDAY PEA IN MARKET SYSTEMS PRACTICE

PRESENTATION TRANSCRIPT

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Kristin O'Planick:

Hi, everyone. Welcome to this Marketlinks webinar. I am Kristin O'Planick and today I will facilitate Embedding Everyday PEA in Market Systems Practice. During the last year or so, the topic of political economy comes up again and again. Apparently . . . we do see while political economy inherently has been part of market systems in the framework and the way that we think about how the system is operating is something that something that we haven't explicitly addressed and kind of seems to get forgotten. We are not taking deliberate steps to really understand the political economy of the incentive of where we are working.

That is why within USAID the market system folks talk to governance and human rights colleagues. We see importance of converging tools and seeing the community with market system's practical experience. Today we hope to advance this by the concept of everyday political analysis and how it assists market change. A reminder: Staff will send you a certificate after the webinar you can use to get the LPs.

Let me introduce our speakers.

Marc Cassidy is a specialist in applied political economy analysis. Marc advises USAID and other clients on how to incorporate thinking and working politically (TWP) into their program/project design, implementation and monitor and evaluation processes. He served as team leader and member of various applied political economy research assignments on such topics as sustainable fisheries, environmental impact assessments, artisanal gold mining, labor rights, HIV-AIDS, among others.

Mike Field is currently a Senior Technical Advisor at EcoVentures International. Previously, Mr. Field led USAID's Agricultural Value Chain project in Bangladesh. Other recent experience includes advising and training donor and project staff in Mozambique, Kenya, Thailand, Nigeria, Stockholm and Zimbabwe on applying systems concepts to private sector, resilience, and enabling environment challenges. Mr. Field continues to provide guidance on improved practice on systems approaches via various learning platforms.

Melanie Bittle is the Chief of Party for the USAID Private Sector Driven Agriculture Growth Project (PSDAG) in Rwanda and works for Research Triangle Institute (RTI). She has over 20 years of experience in business and overseas economic development to include agriculture value chains, policy and public/private dialogue, public/private partnerships, business analysis, entrepreneurship training and advising, and team management. Prior to PSDAG, Ms. Bittle served as the Enterprise Development Specialist for the USAID Food and Enterprise Development (FED) program for Liberia.

With that I will turn it over to you, Marc.

Marc Cassidy:

Thank you. Good morning. Good afternoon, depending on where you are. First, I will talk about baseline political analysis and then get into the everyday political analysis. Many of you are aware of the importance of understanding politics when it comes to success in your program. Pay close attention to politics or small "p" politics, the institutional politics that animates any institution or development program is kind of subject of our discussion today and kind of the purpose of doing applied political economy now.

Why political economy for the most part provides a systematic way of paying attention to what's going on around you in the politics and incentivizes you to actually inform your donor or for the donor itself to be able to have a better understanding of what the challenges are so when they are designing a program they know what they know better to pay closer attention to assumption.

For all of you who are not aware, there is a thinking and working community of practice which as you can see on the screen there is a hyperlink to. It has been established you see the USAID's latest thinking on the front page and some other resources there as well. So, moving on to the next slide.

So, we are not in any way, shape or form saying the political economy analysis is replaced with technical analysis. Good technical analysis is always required. Your facilitation and framework are very impressive and there is much for the DRG folks to learn from us as we can learn the other way around. There is much we can learn from you as you can learn from us. As you can see, the next part of the slide, the technical analysis has looked at the capacity constraint and basically designs and implements technical interventions to basically deliver new institutional benefits. My slide is not advancing. May I have help with it.

Applied political analysis adds to the technical thinking focusing on who wins and who loses from the current system and why. It really gets into the why.

It situates the removes the broader institutional context and matches risks and assumptions and designs and political savvy interventions technically sound and politically smart. That is the purpose of the baseline study of today. we are talking mostly about everyday PEA but it's very important to understand how the baseline thinking works in order to do everyday PEA.

Moving to the next slide, those of you not familiar with USAID applied PEA framework, this is it. I will briefly go through it because this is the kind of mental map you need in your mind when doing everyday political analysis although this is more elaborate, takes more time to do if you do a baseline study.

First, I want you to understand the purpose of your study. A lot of people think they are doing political economy analysis and perhaps they are. But if you don't have a clear purpose for what you are doing you may have all different ideas on what political economy analysis is. So, spending time to figure out what your core question is and what you really want to investigate takes time. And in that process, you may do a desk study, literary review, answer as many questions as you possibly can before you begin the interview process.

I want to emphasize that this takes time and should not be quickly run throughout when you have decided on your core questions, answered as many questions as you can from your desk study before you begin the interview process. Key informing interviews or focus group discussions using semi-formal or formal interview techniques. Then you clearly try to interrogate the foundational factors, rules of the game and **. Your core question, basically helping you understand why things are the way they are. Then this basically you take time to triangulate. That happens when you look at the dynamics of all of the factors. The foundational factors rule, geography. The rules of the game are both implicit and explicit incentives that influence the core questions. And the current events, could be a recent election, earthquake or something like that that recently happened and influenced the dynamics around the question. Now this framework was developed for USAID and USAID staff. So, it was more of a donor focused framework. However, implementers any of they can use it: It is not dramatically different that they can't use it. USAID staff, the importance really is to understand the implications of your findings because so often we find because you spent time and effort figuring out a particular core question you realize that oh, my God if we move forward with this program we are going to knock on doors that may not be appreciated. We need to let the ambassador, the director knows, maybe other donors know. There are implications for us moving forward. That is what that is. It is also a form of having recommendations. What you can and can't do? All of this gives you what we say is politically smart development approaches. So that's the kind of framework, in a very quick nutshell. Moving forward.

At this point do I turn it over, Kristin?

Kristin O'Planick:

Yes. We will hand it over to Melanie to share some of her experience from Rwanda.

Melanie Bittle:

Good morning or afternoon to everyone. This is Melanie. I am calling from Rwanda. I run the private sector cultural project funded by USAID here. We are in our final year. The way our project is set up our core mandate is to improve, as our name says.

We do that working directly with the government and working directly with the private sector. So, this structure for us was really, really important in Rwanda because the government so long had been the primary investor in agriculture pretty much since the genocide, at least. That was in order to help the country reach a more food secure position.

Up to about four years ago they were really good at that. From a production standpoint they were able to increase production and get to a more food secure position; but now that the farmers were starting to generate surpluses it was necessary to help the country commercialize as a culture. It was increasing to bring in the private sector. In this case the government had been an integral part in the market system gone above and beyond the normal and in some case being a direct market player. For instance, they might create business, processing facilities so farmers would have a market for produce immediately, bring down risk for the credit sector but also provide services that are not profitable for the private sector like infrastructure and education and at the same time doing so allowing the private sector to come in, be the primary investor using specialized skills market incentive.

In this case, understanding the political economy, how it would affect their market system in this context would be really important because the political economy and how it operates could easily have a positive or negative effect in the country.

A little more background on the government side, we were helping the government upgrade their investment promotion strategy to attract more private sector investment. Helping them get more useful information about land and investment opportunities and also helping them and the private sector engage in public private dialogue to improve the enabling environment and make their business more competitive. We were working with four primary government institutions, including the Ministry of Agriculture and the Ministry of Commerce and industry as well as investment promotion agency. And then Rwanda is decentralized from a government perspective, so we also worked with the local government officials in 15 of the 30 districts where we worked with the private sector. Then on the private side we were working with over 50 SMEs, 120 cooperatives and four other private sector civil society organizations.

So, really, I kind of learned PEA on the job over last four years. We did not actually start out with a PEA on the project but I think after listening to Mark and looking at what the PEA could do and understanding what we have gone through as the projects it really would have been very, very important for us to have it. Not only to help inform how we should engage with the private and

public sector here but also to give us a heads up on certain internal shocks that might affect the private sector investment including our own.

For us it's less about being controlling the situation because there are things we can't and shouldn't be controlling. But it is more about being more prepared and understanding a perspective and the environment of our counterparts. At beginning of the project, like Marc pointed out, we did a technical analysis to inform our programming but just didn't have the one piece informing us about the political and the power structures and incentives especially on the government side. So, I think there were three areas where we really could have used the PEA from beginning. One was understanding incentives driving the behavior of the government as major market player as well as facilitator in Rwanda. Specifically, the government is very, very, very structured. All of the government staff and ministries are on performance plans set every year and this extends all the way to the district and sector level. If they don't meet the performance plans there are immediate consequences.

So, trying those actors trying to meet those performance plans have very significant consequences in terms of what the private sector's don't how they can do it and it can really shake things up depending on what they are choosing to do.

They also here tend to respond to the private sector issues really, really quickly and make sudden changes. The second way that we thought it would be useful is obviously understanding the private sector, understanding their behavior and how they are incented and how they organize and work together. This goes above and beyond understanding whether or not farmers are organizing in a cooperative but really understanding how they interact with the government and how do they get their needs met either through a public private dialogue mechanism or other structured mechanisms. It would have we eventually figured this out. But I think it would help to know how strong civil society was; how prepared were they to dialogue with the government and which ones were the strongest points of entry.

And then finally the third thing was a how does local or regional conflict play into the private sector market. Rwanda itself is actually very, very secure but surrounded by some neighbors that are not. Specifically, DRC, for instance. In some cases there is a chance spillover conflict whether it be small or large. Understanding that and any link that there might be with some type of highly profitable or even political commodity is very, very important. Not because the project could be able to control it but because it would be useful for program also resiliency planning. And here there is a very, very heavy military and police presence because they need to try to maintain that level of security.

If something goes wrong usually they will involve the police and the military and they are a daily part of the private sector activities. That is really not something that we are used to seeing but that is just part of how things operate and how they keep things to be as stable as they are. So, for us, being very aware of that process and being aware of which of those commodities that are really, really profitable and they could any disruption or unfairness in how much people are operating on the private sector side could spark some type of conflict so it incentivizes the government to get involved in a different way.

So those are some of the examples that we have from Rwanda. The PEA in the beginning would have helped us but also doing ongoing PEAs. What we ended up doing is I have staff that are very much engaged in the local environment. I have staff that are former government employees. So, they have been able to do everyday PEA with me everyday. But did not start out with any typical PEA analysis. So, it has been an ongoing learning environment for all of us.

Kristin O'Planick: Great. Thank you, Melanie. Marc, do you have some response?

Marc Cassidy: Sure. Melanie, it's great to see you are doing ongoing PEA and looks like you hired the type of people with the right skills to help you pay attention to how politics influences your programming. Did these staff come on from the very beginning? Were they part and parcel of your team from start up to now?

Melanie Bittle: So, we had two staff advisers at main ministries. That has been really, really helpful. They have scopes of work for being advisers on investment activities which is fine. But really they are ambassadors, able to interpret our messages through our government counterpart but also interpret messages back to us in cases where there are things we don't really understand. That has been very, very key.

Then, second, I eventually did employ someone in our key personnel position who was a former government employee and it's a bit tricky here. It's kind of unusual to do that. But we got very, very lucky and so he was able to really fill me in on really how the government works because it goes down to even understanding how their budget calendar works. Because of their timing, what they are focused on and motivated to do and how your programming can work within that budget cycle and the program cycle on their side. That has been extremely useful. Even my regular counterparts working on the private sector side are really tuned in to, like, the local news.

And so, you know, people speak English here, but they speak English, you know, professionally. So, it's not everybody that speaks English. The main language is Kinyarwanda which is difficult to learn. A lot of the news outlets, TV and radio news the dialogue is in that. They keep an ear to the ground and inform me of

different things going on I may not be aware of because I am checking English level news sources. Or maybe I am just not up to date on everything.

The government here uses Twitter a lot and so all of my staff are really engaged in Twitter. They are constantly updating me on: This event is happening.

For instance, today is Eid, so the government takes that as a national holiday; they usually come out the night before to announce it; and my staff are paying attention to all of the news feeds coming out and they send information to us on what's going on. So that helps a lot. So that's how we have been able to manage it. But it's been a real learning experience.

I find myself saying I don't really understand what am I missing, a lot. In trying to go into detail with my staff to say what is driving this behavior here, can you help explain to me. At the same time, I am careful to tell them I am not here to do any harm. We are here we are only interested in you accelerating and to be able to get this private sector investment in the door. So I am not asking you this because I want to do any harm I am asking because I need to understand how to work better with my counterparts to give them what they need.

Kristin O'Planick:

Great. Thank you, Melanie.

Marc Cassidy:

Melanie, it does sound like you created a system whereby you are paying attention to how politics influences in your program trajectory. In Rwanda there is the abundance of political will at higher levels of government; and through the incentives that they have created through these annual assessments they all have to go throughout, so, your team seem to be very agile and that's great to see. In terms of using everyday political analysis, USAID has basically recommended that the collaborative learning and adapting process CLA process, used as a way to make everyday political analysis not something you have to do. Minimize the burden of paying attention to how politics influence usually outcome.

So, on the right side of the wheel, basically it's the cultural factors that an organization needs to have in order to do this. What is your experience using a political economy analysis in your work? Successful, the processes. The left side is the program cycle which basically gives implementers guidance on how to regularly incorporate this thinking and how to and systematize it.

It basically gives you an opportunity to check your theories of change assumption on a regular basis so that you can adapt and the donor's basically saying to the implementer this is what we expect of you, here's a process to do it. Incorporate your and we are now saying incorporate some political thinking

into the CLA process so that we can do two things at the same time; however, it is not the only process; to do iterative political economy analysis or iterative.

Moving to the next slide, Everyday Political Analysis is a methodology pioneered by the UK's University of Birmingham Development Leadership Program a few years ago. Really what it does is pares or strips down the complex PEA process into something practitioners can do on a daily, weekly or monthly base to help them think and work politically. It focuses on interpreting changes in government, business and society through a political lens. For instance, why did the Minister of Agriculture abruptly change his mind on a key reform issue. Why was the fertilizer subsidy reintroduced after multiple studies basically said it was a detriment to the market and who is really behind farmers blockade of the road.

These are the kind of questions you would ask in an everyday political analysis scenario. Not to overcomplicate things. We want to test the simplest explanations to determine whether they need further investigation.

Sometimes things are what they appear and other times they are the exact opposite. But this is just a methodology for your staff to kind of have that mindset. That is incentivized by the project leadership; that staff have the capability to think in a politically smart way. The next slide. Everyday Political Analysis looks at interests, understanding interests. So, staff would ask a few questions, are we clear on who we want to influence or support? Is it an individual or is it an institution? What is the status of that individual or institution? Are we confident that these are the right people that we should be talking to? Is this the right institution? What is their motivation I've had experiences doing political economy analysis where the donor was convinced it was a particular institution that was really holding the keys to reform. On further investigation, using the baseline study then iterating, using the Everyday Political Economy Analysis we found that particular ministry although it should have been the correct ministry was not really the power. They were basically saying what they were told to say but had very little decision-making power and we were actually training working with people. So, once we figured that out we were able to tell the donor: Time to pivot. And because we had some evidence that was triangulated over time they agreed, and we were able to do that. It did result in us figuring out that we were working with . . . now we were on the right track.

And sometimes there are clues: Are the people you are working with acting in accordance with their past behavior or is it basically talk. Are your counterparts facing unseen action barriers? For example, why are then moving so fast. We didn't anticipate it. Who is behind them we should know that so we don't miss

and opportunities and are they acting in accordance with their past behavior, with norms, customs? In character with religion, ethnicity, gender considerations?

Then the other part of Everyday Political Analysis is understanding change: Are we all on the same page regarding our own ideas and interests. We think we understand what the donor has asked us to do and whether a grant or cooperative agreement in USAID speech where the grantee has a bit more control. Are we sure we are operating in accordance with what we intend to get out of this? What are the risks associated with this approach? Are eyes wide open? Are we sure we are working with the actual decision makers? If not, who are they.

Similar questions: Are we targeting a single individual or institution. And do we really have incentives that we can offer to hold this group or this coalition or this group of individuals together or are we basically offering them things that they are not necessarily that interested in? Or if they are interested in it, it is not enough to really change make change happen. Are they politically viable, is what we are asking them to do? Do we know their decision points? Do they have a particular timeline? Once again are we paying attention. Seem likes Melanie is with her team in Rwanda, they are paying attention to that Twitter feed; so they know when all of a sudden a powerful individual in the country has decided that we are going to make a move and we need to know whether or not our programming could actually be there to help make that happen and solidify it or it's best we don't get involved. The reason the questions, systematically paying attention using the political analysis. And your staff has the skills you cannot miss windows of opportunity as they present themselves.

So, to compare the two, Thinking and Working Politically and Everyday PEA, as I mentioned earlier, baseline PEA takes time, anywhere from a month to six months. It all depends on the resources you have. The depth of the core question you are asking; and what you really want to know. But it's really normally bounded by a specific question. Then you also need to establish the level of analysis whether it's regional, national, sector or problem because if you don't know what level of analysis you are focusing on using a baseline PEA you would not get a viable or useful answer. PEA helps test assumption of the theory of change the development of intervention and the findings and recommendations are used to guide programs. It can be used any time during the program cycle.

A PEA should not result in paralysis by analysis or not be a 60 page paper/report no one's going to read. It is applied political economy analysis for a reason; it is only there to help development practitioners do their jobs better and be able to

communicate effectively with their donor and for the donor to actually know what they can expect to implement.

On the other hand, Everyday PEA can use many of the principles and approaches of the baseline PEA but on a much more pared down basis. Use the baseline PEA stay alive, ensure that it is a living document. As I mentioned earlier, it is a development of simple and clear process to provide process management, gives information about operating environment. That is why I loved Melanie's presentation: She was describing what it looks like in Rwanda.

It can track contextual changes with geography, sectors changes and issues of interest. It is iterative. Products include issue briefs, environmental scans, memos, PowerPoints, verbal discussions, outcome journals. These are some of the products that are tangible evidence that you are doing Everyday PEA.

Kristin O'Planick:

Great. With that, let's turn it over to Mike. Can you help contextualize the concept of everyday PEA for what that would look like in a market systems program?

Mike Field:

Thanks, everyone. Thanks, Marc, great looking at framework. Market systems perspective, a long period of time we have been doing any thinking about it. We did not have all of the structures and tools in place. It reminds me a long time ago when we started applying market systems, thinking about a project in Danby [phonetic] 15 years ago why worked on the agricultural retail system if you want to call it that.

The project I was working on is working with agricultural input firms to essentially help them market to rural populations. There are rural populations there. Far off main towns. As we started to do this project, we initially started with let's help the input firms do a live profession promotional event so they could kind of get to note rural populations see how they are, explain the benefits of their product, things like that.

Then we would start to do this process, go help them figure out what would be a good mostly commercial community to go to and then they could go, do their stuff we could help them figure out how to do it mostly in the background. One of the earlier events, in a village pretty far off the beaten track and we got the word right before the event that the local community leader wanted to introduce the input. We thought it would be helpful giving the referencing stuff. As I came, I was in the background the day of the event, the political leader came in essentially and he turned saying that we are here, we have gathered you here because I really want to make your lives better. And then he turned, pointed me out and said, I brought this guy here to help give you free seeds. Needless to say, I was like: I'm in big trouble.

So I spent the rest of that promotional event in the front trying to explain my role as catalyzing a relationship between the input firm and you as farmers and that is really important for you to essentially have the relationship yourself, I shouldn't be here. All of the principles that made no sense to them at all. Leaving, we gathered the team together and said look, I am engaging in a 3D chess match and still playing checkers. I have no idea of the circumstances, the context and you guys know more than I do, the staff.

After that we do profiles, try townspeople's incentives, interests, the larger dynamic, national political, localized political. It is important. At that time, we started to get a sense: People make decisions for a lot of wide-ranging decisions. When we do technical analysis, we ignore the wider factors of why they make decisions and we needed to make those adjustments. 15 years later after spending lots of time and lots of resources and projects trying to figure out how to do this better and better, the last project we started out when I first engaged the staff to have a completely different staff structure so we now in that project had specific need for diversified perspectives, political, cultural, market, agriculture, investment banking, in the team.

We also needed, from different regions, we wanted different male and female, old and young. We wanted a wide range of perspectives because that was more helpful at team figuring out the complex sets of forces. Institutional maybe structural government as well as emerging forces from the younger generation that could be something we could leverage. It also created a more dynamic complex problem-solving team. We did a whole bunch of other things informed by change management to talk about how you manage teams rather than individuals. In that project we were able to do some really interesting things that in the early days never would have been able to think through. I am going to give one example. We were working in the flower industry in Bangladesh the flower producing hub.

They were immature in a lot of the practice changes we figured out that was pretty clear. But less clear about spent more time on the underlying political social dynamic in that area. We realized that the association that had emerged around the flower association had gone to great lengths to consolidate its power around production and trade in a way that often we thought, or I thought not particularly nice I will say it that way. So, we realized through the staff that we had to adjust the tactics we were using and almost think about the power in a different way as part of the intervention strategy. So what we did is looked towards larger firms coming in that had much more national power base so not as easily intimidated by the lower power concentrations so they could be able to ignore it in some ways and have a little more juice if you want to manage investments and we also tried to diversify the relationships away from the

association to other parts, the production zones and other parts of the country in the southern part of Bangladesh to see more diversified pockets of power rather than one power source. That was tricky because that person saw what we were doing and leveled threats at us and other people.

But the process was quite important for us because what we saw was a unique situation in flowers in particular in that we saw that the power infrastructure could be shifted if it was shifted, would allow opportunities for women to start dominating an industry unlike any other industry. They had emerged for various reasons, labor market movements and stuff to be some of the best farmers, some of the better traders and even some of the better retailers emerging in the bigger cities.

We could see where women could start to take on roles challenges, bigger roles challenges, it was in their interests to do that. It was hard to do that with the power concentration of this one person managing the association. We needed to figure out alternatives to managing their businesses and creating relationships that wouldn't be defined by one person, taking a percentage off the top, which they did in that sense. It has been an important tool, integrating a more full understanding of why people make decisions in economic contexts. That is much broader, but also means our understanding of the situation is much broader and we need to be able to manage the factors, embrace the complexity a lot more.

Kristin O'Planick:

Great. I want to pick up on something that Melanie had mentioned, now you also brought up, Mike, this issue around no harm, do no harm. For meetings, some of the places where we bumped up against political economy issues, people are threatened because of how we are trying to create change and we know things are way too sensitive to readdress. So, we seem to ignore, but: How do we better balance recognizing that we have interests in doing no harm and need to protect our staff in particular. Which Melanie mentioned a bit.

But at the same time if we are really trying to create systemic change in these markets, some of these things we do need to push against to some extents. So, I would be happy for comments from any or all of you on that.

Mike Field:

I can start in that we have a specific case we struggled with almost this specific issue. In a project in Kenya through the Political Economy Analysis we saw that a state enterprise that was managing in the seed industry was having a lot of influence on how seeds were evolving the market, could be used, produced, created to be available. Especially what they called orphan seeds.

So, beans and stuff like that that had emerging commercial value, but it was difficult for private sectors to have access to them because the seed company

was integrated into the ministry and then somewhat integrated into the whole process of certification.

We realized that was creating a whole political bureaucratic influencing process influencing the dynamic of seeds being brought out, especially of new and emerging crops.

Rather than take that on directly in some cases we did a more political analysis to find out who was interested and had incentive and some power to manage that from a different place.

What we saw was the competitiveness that emerged with a really dynamic leader. They were struggling a little in terms of finding the first target of their intervention. We engaged them, kind of offered them capacity building and on the ground resources to improve their availability to understand what competitiveness means, the political, dynamics of that. And for that, they would look at seed relatively early on. But we also had talked to them about looking at dairy and tea. They said no problem at all, but quietly, to me: We are not looking at dairy or tea. I said am I thinking what you are saying. They are saying, we are saying exactly what you are thinking.

We had to work with them, say we all know that there are some issues there, but what is the rational course for you as a market actor to take on what could we help you do, stop forcing you into a circumstance.

I have been in circumstances where the project says you have to go after the dairy, tea what have you because I think it is bad. See the tensions there, see what they are comfortable taking things on where we know there will be conflict, they can manage conflict in areas they didn't think they comment and give them the resources, knowledge and how to do it the most useful way.

Kristin O'Planick:

Great. Melanie, did you have anything to add on your presentation? You talked about creating safe space for your staff. Do you want to elaborate?

Melanie Bittle:

For my staff, it's building trust, letting them know the USAID project and demonstrating I am not going to use the information in a way that will negatively affect everyone. A lot of my approach to doing things is really listening to my counterparts. A lot of times they will ask for me to do something and then I have to go in and I have to kind of really ask a lot of questions to understand the reasoning behind why they want something. And then, when my staff can see that I am responding positively to them and I am trying to help come up with a solution for a project that they are being faced with; that kind of building a level of trust with them. In some cases, I have to say I have to make guesses and say: Do you think this is going on? Or: Do you think that is going

on? You don't really have to tell me, but this is what I am assuming right now. But it's really about creating that relationship with my staff as well as with my government counterpart and then demonstrating to them that, through my actions and through the project's actions that we are there to try to help them. So, we are not there to try to do anything that is going to make things difficult for them or hurt them. That is pretty much what we have been doing.

Kristin O'Planick: Thank you. Marc?

Marc Cassidy: I would like to comment that Mike hit the nail on the head when he suggested: Okay, let's find the local actors already moving in this direction; see what incentives we can offer them; see how far they can take it. Ultimately that is the purpose of the entire enterprise: Is to really support those who have actually the market incentives and political will and define where the political will exists in order to make the change sustainable. And of course, be able to say to your donor or whomever: Okay, the tea and dairy industry in this country, given most factors, is not a good investment, so move on.

Kristin O'Planick: Maybe a couple of takeaways, then Q&A from our audience.

Beginning with the first: Thinking and Working Politically. Those of you not familiar with this acronym it is the point of using Political Economy Analysis. Applied Political Economy Analysis is one of the ways to show you are thinking and working politically. To make markets work . . . enabling environments more conducive to enabling environments.

Collaborative Learning and Adapting, CLA, is used in many programs throughout the world including Political Economy Analysis, is a part of it, is a way to do two things at the same time. And Everyday Political Analysis, the EPA process, is a way to simplify and systemize approach top political economy. And Mike/

Mike Field: What's interesting is I found the PEA, when we have really seen and really gone into the details of how people interact and transact, they really are influenced by a whole set of their lives, localized political, national political, social, cultural and markets. They have equations in their heads about which ones are influencing what way. We need to embrace that and get the political understanding of that equation is almost central. Often in a lot of cases, especially in small countries is the more important. That is where they are managing risk more not on the economic risk side. That is where they take on risk in some cases. Manage risk through social political networks. Those influences are important often at the individual level. It is not the "big P", as Marc said, the government in rural communities, the large government has no influence on them all. But localized politics is critical. Critical to understanding how markets work in those environments.

Kristin O'Planick:

Okay. Thank you. Now we will take our questions from the audience. Please keep typing questions as you have them. We will get to as many as we can. If some are left hang maybe, we can address those in writing and follow up afterwards. Marc, we still have a lot of definitely more questions about PEA in general. There have been quite a few questions about really looking at how you include the socio-economic factors in that process, who gets to determine what the question is you are looking at. And how do you look at specific groups within that such as young people?

Marc Cassidy:

Good question. We who determines what the core question or baseline focus of a PEA is. At USAID it will be sector lead who will decide I really want to know more about this. And therefore, they that will make the research of the goal of the political economy team is to shape the question, the answer in the time frame that has been given.

And for an implementer, it could be the chief of party, one of the technical staff who say we really don't know enough about this part of the country are where how markets work in this part of the country. I need to take a deeper dive this is one way we can find out how things work in this particular area. Because I rushed through the baseline process; normally it is an entire day just to go through a PEA baseline process.

The Dream Team, let's say, for a PEA study has someone who is familiar with how to use political analysis and economy analysis but has a specialist on the team. That makes this so fascinating: People with different expertise learn from each other. The economist, almost like a child, asks: Well, why is it that way; what can we do? Anything we actually can do with our money and time, change the incentives so that will change? Other times, there is an entire economic analysis that's done separate from the political analysis. While PEA the "E" is any of the economy, the part that focuses on politics and how and why things work and, as Mike made reference to: Kind of a wider, something asking a wider set of questions, what motivates people.

It is not always just money or promotion. There is a whole range of things that motivates people. We assume we know what they are. We could be making a fatal mistake if we do that. Hopefully that helps.

Kristin O'Planick:

What about attention to certain target groups such as women: How is that handled in a baseline PEA?

Marc Cassidy:

Right. The stakeholder analysis is normally part and parcel of many PEAs. We look at usual suspects, those obviously part of the subject matter study and then the unusual suspect: Youth, religious or church leaders, they could be

non-state actors . . . not saying we are out regularly interviewing . . . these actors.

We talk to people who know them, make sure we understand their influence on the system. These are considered as they make sense and we trying to ensure that we look at the gender implications of our research. Because while political economy analysis says we want to go with the grain of a society, we don't want to recommend going with the grain of a society if it is further entrenching gender and youth roles, let's say youth roles and responsibilities that do not solve the problem, actually make the problem more entrenched.

Kristin O'Planick: Great. I would imagine you could articulate a PEA question specific to why certain things exist around how young people are engaged in a market or how [inaudible] could be useful.

Marc Cassidy: Sure. If that is the focus of your PEA, that could be a core question or supporting question that gets at the core questions. Almost always those questions are included.

Kirstin O'Planick: Great. Question broadly: Marc, having engaged in explicit political economy analyses, then Mike and Melanie, for where you uncovered the political economy factors: How has that changed the conversation with the donor in those situations and how does that usually end up?

Mike Field: Easy question. Thanks. What's interesting is that the systems thinking has references to this, self-organization, we call it. If you look at something, looks a certain way, you have to understand it is organized to look that way. You have to ask: Why does it work that way?

In starting the conversation with the donor or your counterpart in USAID or other places you do have to get at deeper questions, and some is not market incentives; that is the problem, it is political/social incentives, especially in some of the gender cases.

You try to figure out, well, if I really want to solve this problem, looking at it with this narrow lens and understanding isn't helping me understand at all the circumstances, but as you open it up, look at other circumstances, you often get to a difficult question often is, well, you want me to look at this but when we look at the broader context, looking intervening here is not going to be helpful. Even the last project we had this specific case where they had organized technical reasons a specific crop as having value. But the social, cultural and political norms around that crop meant there is no network or relational binders.

People didn't say they worked in that crop; they worked in a larger sense, horticulture not in a sub horticulture. They grew whatever they wanted in the horticulture area, what they wanted. Asking them about one crop, tomato, did not make sense because it created no relationship context.

We had to go back, say, you wanted us to look in here but when I need to talk to people, I need to find out their interests, which is not tomato; it is horticulture. I can't practically focus on tomato; I am going to focus here.

Then we have to go there. There is a rationale. It has to do with political economy analysis. That affects how they determine what their interests are, where they apply their economy resources and capital too.

Kirstin O'Planick: Melanie, I know you had a lot of conversations with your mission counterparts. Would you comment on this?

Melanie Bittle: Yes. So, as I said before, this would be a useful tool for us to use because there are commodities that political. A lot of investment has gone into them for good reasons and it is not really that easy for the private sector to just select and there are reasons why people engaged in value change.

There are political reasons why they would push certain value changes. Now, in terms of you know whether or not our missions were using PEA, I don't know if they used them in the past. They had not been using them in the most recent past on these agriculture projects we are working on most likely because the mission people are not coming from a governance background. They are coming more from a banking background, from agriculture only background.

So, even though we are all fully, fully aware of these politics around certain value chains and certain crops, we haven't I think as Mike or Marc said earlier, we haven't really put a structure around how to have that conversation, analyze it, and help us make decisions on what crops to go into. There are plenty of crops here that people would come in from the outside and say that that crop doesn't make sense here. But that's not the environment that we are working in.

And you pretty much have to kind of work within what the government has set up and what they have engaged in so far. So, that part for us would be really, really interesting. Then, diving down to how the private sector would find it useful with respect to those crops.

Mike Field: I would say that many donors are changing their ways. USAID, changes in its rules, ABS 200, 201, encouraging, learning, collaborative learning, adapting works, World Bank, PDIA (phonetic) process of Thinking and Working Politically.

There is appetite, I find, in donors for questioning assumptions so their investments, they can go back to their parliaments and say, well, we pivoted, and we pivoted with evidence. And this is the structure we used and as a result we think we got greater value for taxpayer money.

Kristin O'Planick:

We have a question here about going back to our local staff. People on the ground. And Melanie gave some great examples about how her staff are helping collect information that she needs and to understand things and make better decisions around where they are putting their investments. But the question of balancing that need to correct that type of information with the work that they need to actually be doing and I think this gets into some other questions people raised about getting a bit more into how this integrates with CLA and adaptive management. I think that is part of the answer to this maybe we can comment around that.

Marc Cassidy:

I can start with that. That is a good question. Another thing that implementers and USAID have to do on top of their busy schedule. That is really the reason we are having this conversation, I believe, it's because we do believe there is value in having people with this expertise who are trained with this sort of knowledge on a program, to do it. These could be separate experts or could be the way you hire staff the way you bring people, the way you train your staff.

So, this is part and parcel of implementation and not something separate; another thing yet that you have to do. Once again, this is a mindset change, a paradigm change; it's all part of the evolution of coming to terms with the fact that politics does influence development outcomes. So, that's my long answer to your short question.

Mike Field:

To jump on and add a little bit from a market systems side, we would almost say, almost mirroring exactly what Marc said, the purpose of the market systems program is to integrate the full set of forces, so people behave in a certain way. The systemic change is not mechanical in productivity or farming, but the underlying reasons why they want to make those changes and then integrated political and social and cultural and market forces that would drive them to want to make those changes aside from a technical fix because we told them to do it.

In that sense, the integration is good to a central thinking approach. So, when we work with the team, we work on the team now when I work with a team, we have frameworks and analytical tools that integrated.

And marry learning, research and doing more. We have internal probes and pilots and they are as much research questions as interventions. Where some of the opaque things we are seeing. A lot of the politically as Marc said, it is

dynamic, any combination could get different force and behavior patterns working. It is not clear which is working in which circumstance unless you push a little bit.

As we push a little, other things become important. Unless you see as a disaster, response, as a stress comes on that wasn't there before, priorities change. When priorities change behaviors change. There is a set complex dynamic that by doing we get better insight into how they prioritize things, when stress comes on that helps us suggest or amplify feedback or incentives with our resources.

Kristin O'Planick:

Melanie, I want you to talk on this with some respect to how produces can be employed. It is something you discussed a little. You made a pivot around. You brought on staff specifically because you realized you needed some of these capacities. Maybe you can speak to that a little.

Did you have more kind of operational operations in terms of how you were allocating resources beyond hiring people, change budget, SMEs change, anything else in how you are managing the program?

Melanie Bittle:

Rwanda may or may not be unique. The government is so involved in the private sector. It's just part of our daily lives. It is not even really asking something extra of our staff even on the private sector side to do because the two are so intertwined here, the government and the private sector. They are not very separate I know that is not the case in some other countries. We you know, thankfully, don't have a huge problem with corruption here. So . . . but it is just a way the system is set up here and the way it operates. When they designed the project, it was designed as a market systems approach project. They didn't ask us to do a PEA per se but created an entire component to deal with the public sector which I think was extremely smart for us.

So, we already had positions on the budget that were meant to be liaising with our government counterparts. Now one of the other things that we realized later on and maybe my Rwandan staff already knew this but I don't think the designers of the project on the American side understood this: There is a very specific way to operate on the local level; and if you have not informed the government of your activities, if you are not engaged with them in a very organized manner, meaning up present your work plans and budget on a yearly basis it gets accepted and you participate in the joint development action forums on the local level; then also make them aware of your activities they can just come in and stop all of your activities. If you have a training or a presentation or something like that.

So, we did end up having to add staff on the project to be able to maintain that relationship with the local government, to be able to keep up that information flow with them. Maybe if we had done a PEA in the beginning really to understand the structures: Where are the entry points with the government; you know, how are we going to operate on the national and the local level; that we maybe would have known it from the beginning and not have to add it later now one of the things I did do I had a key personnel position that was the point person for managing all of the government activities and the point person for being in contact with our government counterparts.

Previously I had an ex pat in that position who knew Rwanda really well but what I realized about halfway through is that because they weren't Rwandan themselves, they were missing kind of a relationship communication link with our counterparts that person ended up leaving on their own accord but when I went to recruit for the position I made a very, very specific requirement for, recruitment requirement of looking for someone who had extensive experience working with the government and were Rwandan, made it so they could not be an ex pat because having those lines of communications on my own I realize that there are just some things that are just not going to be said to me as a foreigner.

There are things they are not going to be able or won't want to communicate in English. So, I needed to have that type of person on my staff who had that prior experience and could also speak the local language and understand the culture to be able to translate for me.

So, yeah, I think understanding these structures from the very beginning will help the project understand how to staff the project. But also, how are they really going to be able to communicate and be able to relate to their counterpart when it really counts.

Kristin O'Planick:

Great, thank you. So, we have another question here that is kind of an interesting conundrum. So, you do some PEA, maybe it's your baseline, maybe an everyday thing. You figure out person who really holds the power, maybe the entity not a person per se, isn't within the scope you are working. Then what do you do? That is not necessarily going to be a technical solution issue. It's beyond where you really have been interacting and engaging. Market systems give you inherent ability to adjust some of these things but tactically how would you handle that.

Mike Field:

Power in terms of being an influencer to make change or power in terms of a power source that doesn't want to change?

Kristin O'Planick: Hold power and key decision-making ability you could take that either way, I guess.

Mike Field: There would be different strategies on both. We are more running into the question where, at least I have, where there is a power concentration that has vested interests, they use the power to bend rules in their favor all the time. Whether political dynamics to work in their favor, regulatory dynamics to work in their favor or use market forces to win and keep people out of the market.

We look for people who are often second tier firms, have some power but may not know how to engage in a way that would make sense directly. So, we would help them figure out how to engage indirectly or engage in a different part of the economy where they aren't interested. This is again where political chip comes in because we are not talking about a straightforward market analysis. We are laying on top of it a marketing or business strategy just on top of a business landscape where they can grow, gain power under cover to take on the vested interest or create an alternate power node that would be viable. The other thing we work with the firm that has the power to see a different export or different market completely where they have to play by a more rules-based game. That often has in the past had them then rethink how they have to organize their core business, because the new thing they want requires them to it. We were doing this in dairy places where we wanted them to export and they were the problem locally.

Getting them to see there is an export market, the export market they have no power to require schools, standards, they start to organize to be more rules different. That is a couple of tactics we have in the other one. If we found the person who is outside, who has lots of power and is really wanting to change and is a good lever then we will go back and beg USAID to work with them. At times. If not, how they may see an advantage to expanding into the area we want which we have done also.

Marc Cassidy: Mike described using adaptive management, pivoted, something they could do, rather than having paralysis by analysis. So, I think it's well done. That is exactly what we should be doing, I would say.

Kristin O'Planick: Great. I know we have a question here from Richard about USAID mechanisms. I am happy to follow-up with you offline for that. But I think there are some things available to our missions. They are looking to do political economy analyses through a variety of different bureaus because this is kind of a cross cutting issue.

We definitely can find a way to help you. And there are some weblinks if you haven't seen them, yet which includes an example we did a few years ago in

Serbia, asked before they designed a market systems program to take a look at political economy there to include that in part of their design work. We layered it into certain value chain analyses. I really appreciated the discussion in the Chatbox. A lot of you offered some great advice and examples. We appreciate your adding that to the dialogue. But we have layered into political economy analysis explicitly value chain analogies.

One example, we did post on Marketlinks, you will be able to find, is the Cambodia analysis that the NEA project did. Where the mission knew political economy was an issue and wanted that to be a deliberate piece about analysis. So those things can be done.

One other piece to that, Marc, maybe you quickly can address: In terms of if we were trying to approach integrating Political Economy Analysis, what is the kind of specialist we are looking for – the skill set? Where do we find these people?

Marc Cassidy:

I believe so but I would have to check with the implementer in particular. What would that look like context driven indicators, benchmarks as opposed to hard and fixed indicators.

I think it was also part of the work plan. The work plan can be stifling if it's not flexibility enough. I have to look to see which ones actually it intentionally as opposed to adjusted along the way.

Kristin O'Planick:

Great. Any final comments before we close?

Mike Field:

For me, like I said before this was something I was learning on the job. So, I find it really, really useful that we have these tools and have these examples and I hope to see it integrated more into project designs in the agriculture market systems space.

Now that I have had this very intense experience working with the government, I look back on the projects I worked on in other countries, Liberia, Guatemala and Afghanistan. Even though we were not focused on this, I cannot come up with any situation where we did not have to engage with the government on something. I think this is something that's really, really important to pay attention to and I hope that it becomes more commonplace. I know, for me at least, going forward in projects that I'm working on, I am going to be implementing it.

Kristin O'Planick:

Great. Marc?

Marc Cassidy:

I encourage you to join the almost revolution Tom Carothers. This is a paradigm change, will take time and everybody's best efforts and critical

appraisal of the process. So, I look forward to continuing to work with the market systems people and the rest of you.

Kristin O'Planick:

All right. A huge thanks to our speakers and Adam who has been working hard in the Chatbox. This is certainly an area we want to keep working. Please reach out to Marketlinks on things you want to share how we can continue to merge these. We are looking at this in three ways: one, collecting smart data in market systems; two, continuous market assessment and three, paper result methodologies. Thank you for joining us and we look forward to the next time.